



PIIL:SEC: NSE/BSE:20
September 3, 2020

BSE Limited Corporate Relationship Deptt. PJ Towers, 25 th Floor, Dalal Street, Mumbai – 400 001 Code No.523642	National Stock Exchange of India Ltd. Exchange Plaza, Plot No.C/1, G-Block Bandra Kurla Complex, Bandra (East), Mumbai – 400 051. Code No. PIIND
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Dear Sir,

Sub: Annual Report for the financial year 2019-20 and Notice convening 73rd Annual General Meeting.

Pursuant to the Regulation 30 and Regulation 34 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, we submit herewith Annual Report of the Company for the financial year 2019-20 along with Notice convening the 73rd Annual General Meeting (AGM) of the Company to be held on Friday, September 25, 2020 at 11.00 a.m. (IST) through Video Conference (VC) / Other Audio Visual Means (OAVM) only, in accordance with the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020 issued by the Ministry of Corporate Affairs (“MCA Circulars”) and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 issued by the Securities and Exchange Board of India (“SEBI Circular”).

The Annual Report and Notice are also available on the Company’s website at www.piindustries.com

This is for the information of the exchange and the members.

Thanking you,

Yours faithfully,
For **PI Industries Ltd.**

Naresh Kapoor
Company Secretary

Encl: As above.



Resilient & Resolute

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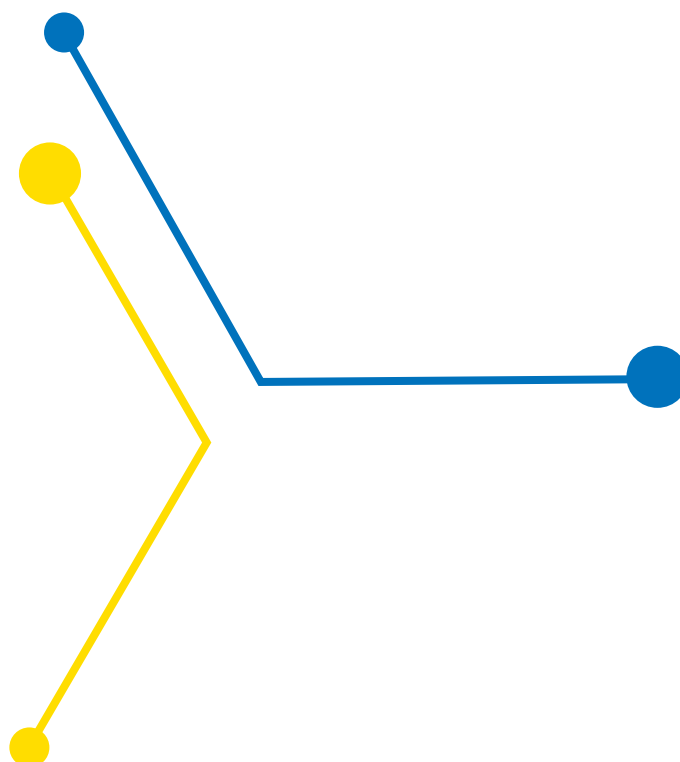
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Cautionary Statement Regarding Forward-Looking Statement

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 Ltd. 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.

Resilient & Resolute

Resilience is to a business enterprise what immunity is to human beings. The dynamically evolving business environment brims with uncertainties and volatilities. Like humans strengthen their immune system, business organisations too need to strengthen resilience. Among all equals, a resilient organisation tides over testing times much efficiently and blossoms to its full potential when the tide turns.

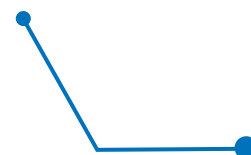
At PI, nurturing and fortifying resilience continually is a key strategic priority. Resolute firmly in the fertile grounds of our corporate vision and values, resilience gets nurtured by our unique business model and steady growth momentum. We fortify resilience with technological advances and de-risk it with steady diversification of our business spectrum.

Our transformational business journey over the last decade yielded all-round multiplier results. The growth of more than 6 times in revenue, nearly 8 times in operating profit, more than 10 times in net profit and over 70 times in market capitalisation.

We added a several resilient enablers in the year gone by. A highly synergistic acquisition added sizeable strength to our domestic business spectrum while also strengthening export revenues and overall production capacity. We successfully forayed into pharma, chemicals, solely on the strength of our research and development capabilities and

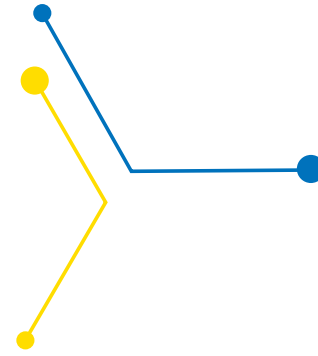
knowledge to deal with complex chemistries. We scaled up our farm automation services from the pilot to the commercial stage. We also resolved to raise sizeable capital through a mega QIP in order to accelerate our resilient fortification.

Thanks to our resilient & resolute, we navigated the COVID-19 disruption with a negligible impact. More importantly, we entered FY21 maintaining a hawk's eye on our resilience goals.



With a new global chemical order on the anvil, stakeholders' expectations from PI are rising. As we usher into a new decade, we are also raising the bar to play at a much higher level. Our insatiable quest for higher knowledge in complex chemistry and a universal approach to also apply our capabilities in a range of adjacencies beyond agrochemicals shall catapult PI into the next level revenue league soon. All along, what we won't ever compromise is our Resilient & Resolute.

We are PI Industries



Incorporated in 1947, PI Industries (BSE: 523642, NSE: PIIND, ISIN ID: INE603J01030) focuses on complex chemistry solutions in agri and pharma sciences. With the strength of over 3000 employees, PI Industries currently operates a strong infrastructure set-up consisting of 5 formulation facilities as well as 13 multi-product plants under its 4 manufacturing locations. These state-of-the-art facilities have integrated process development teams with in-house engineering capabilities. The Company maintains a strong research presence through its R&D facility at Udaipur, where it has a dedicated team of over 300 scientists and chemists. The facility includes advanced research and development labs, kilo plants and pilot plants with NABL certification. Over the years, the Company has successfully leveraged its capabilities across the Agri-sciences value chain by providing integrated and innovative solutions to its customers by partnering with the best. Its business approach is built on the foundation of trust, integrity and IP protection. PI Industries has formed partnerships with leading companies globally where it provides solutions across the fields of research & development, regulatory services, manufacturing services, application development, marketing, distribution and customer connect initiatives. Through its evolution,

the PI Industries brand has brought value-added offerings to millions of farmers in the country and across the globe thereby carving a niche position in the minds of the local and global customers. Some of the key strengths of the Company are its strong technical capabilities in the area of research and development, manufacturing services, brand building, strong distribution presence in India and customer connect initiatives. PI Industries is geared to show accelerated performance backed by a combination of attractive opportunity and well-integrated capabilities given its partnership approach to business.

3000+

Employees

300+

Scientists & researchers



VALUES



TRUST.

LIKE THE EARTH, WE ARE DEPENDABLE

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



SPEED.

BLAZING AHEAD, LIKE FIRE

We constantly strive to work with speed in the way we observe, think and act.



INNOVATION.

ENLIVENING, LIKE THE AIR

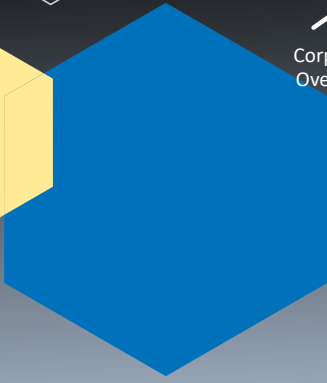
In the constant quest for the horizon, the never-ending search for a better, newer way to do things; Innovation, for us, is a way of life.



ADAPTABILITY.

ADAPTIVE, LIKE WATER

We are constantly transforming ourselves. Being nimble-footed, we are highly responsive to change.



Corporate
Overview

Management
Reports

Financial
Statements

Notice



Our Value Proposition

Integrated and innovation-led service offerings

Comprehensive solutions via partnerships

Deep relationships with 20+ global innovators, built on IP protection

Present across the value chain, driven by strategic partnerships

01

Non-conflicting Business model built on end-to-end partnerships with global innovators

~90% CSM revenues from patented molecules; 60%+ domestic revenues from in-licensed molecules

Unique business model & adjacencies

02

Proven capabilities in agrochemicals; being replicated across other chemicals segments now

FY21 marked pharma foray, successfully developed and scaled up a COVID-19 drug intermediate

03

A diverse and competent Board of Directors with rich professional expertise across various technical and business functions

Diverse Board, experienced leadership

An experienced leadership team of highly qualified professionals with a proven track record

Global specialty chemicals market expected to grow at 5.4% CAGR between 2019 and 2024

M&A activities to aid specialised CSM players

Promising opportunity landscape

Innovators' focus on core competencies to fuel steady growth in CSM and production outsourcing

Global supply chain diversification to direct more opportunities towards innovative Indian players

Tailwinds in Agchem and Pharma Industry

06

R&D team of ~300 researchers and scientists

5 formulation facilities

Strong assets - tangible & intangible

Globally certified technologies across 4 manufacturing facilities & 13 multi purpose plants

Tech-enabled distribution network, relationships with over 2.5 million farmers

Market leading brands, revolutionary mechanised spraying services

05

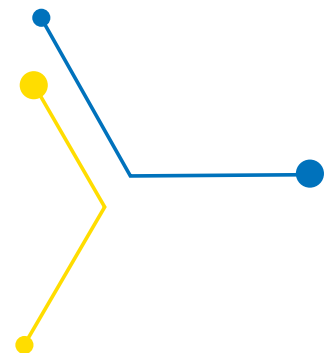
04

Track record of sustained performance

Revenue CAGR (10 Years) of 17.68%

Pre-tax RoCE of more than 20% over last 3 years

EBITDA CAGR (10 Years) of 21.58%





PP SINGHAL
CENTENNIAL

Celebrating
100 Years of
our Founding
Vision

Shri P.P. Singhal
1920-1979



2020 marks the centennial year of Shri. P.P. Singhal, the visionary founder of PI Industries. Born in a patriotic Indian family with a progressive outlook, he graduated from the University of Allahabad with a gold medal awarded for his scholastic achievement in Chemistry.

With a vision to contribute to a self-reliant new India, he founded Mewar Oil Mills Limited, at Udaipur in 1946. 15 years hence, he went on to establish his next enterprise, Pesticides India, which has blossomed today as one of the most innovative specialty chemical companies of modern day India and is known as PI Industries.

One of the pioneering Indians to enter into the pesticides business when the then Government called for a greater private sector participation in strengthening the country's agenda of attaining food security, he made immense contribution in the first green revolution of India.

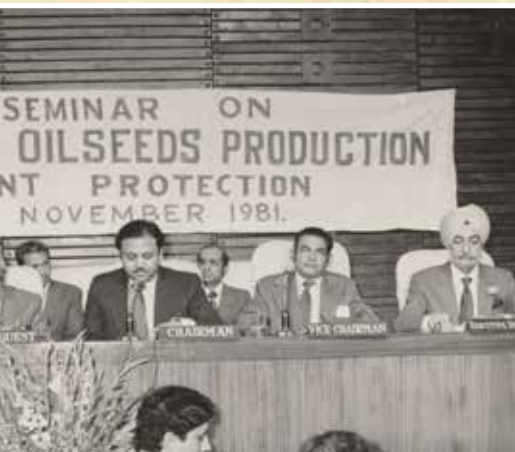
As a man who saw innovation to be the game changer for Country's progress and self sufficiency, he pushed the envelope for 'Make in India' then. To take crop protection chemicals to the nook and corner of the vast Indian farm map, he employed innovative means to craft thousands of entrepreneurs who took upon themselves the last mile delivery of these revolutionary products,

as part of his distribution network. Driven by his passion of overcoming odds and blending scientific advances with traditional agronomy, millions of farmers soon rose to catapult India on the global food map as a leading player. Considering that the country's economy got heavy lifted by agriculture, much before the manufacturing and services sector gained significance, Shri P.P. Singhal can be credited to ignite these millions of engines of India's growth.

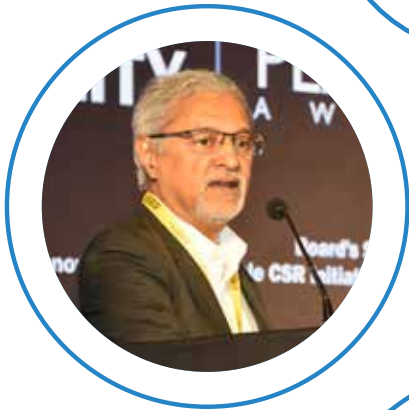
A compassionate and helping man deeply committed towards the collective rise of Indian enterprises, Shri P.P. Singhal helped many others to establish themselves across agro-chemicals and other streams of business.

A distinguished and highly respected man from Udaipur, he was associated with a number of social and cultural institutions and actively supported the excellence cause in sports, academics and art. He was bestowed the prestigious title of 'Rajya Priya' by His Highness, Udaipur.

On the auspicious occasion of the birth centennial of its founding vision, Shri P.P. Singhal, the strong PI family rededicates itself to further his legacy of innovation led excellence, one that aims to solve modern day problems with precise, guided exploration in the field of chemistry, focus on sustainable solutions even in the early years of science and technology.



Snapshot FY20



Strategic High Points

- Acquired Isagro Asia, turned around with a 10% growth YoY
- Signed agreement to in-license 2 new products for farm and PPM segment
- Closed FY20 with a residual order book of over \$1.5 billion
- Made submission of registration Dossier for new miticide
- Withdrew 5 EOLC products from the portfolio
- Filed 22 patent applications during the year
- Closed FY20 with nearly 60 molecules in the R&D pipeline

Awards and Recognitions

- Golden Peacock Award for CSR in Chemical and Fertiliser Segment



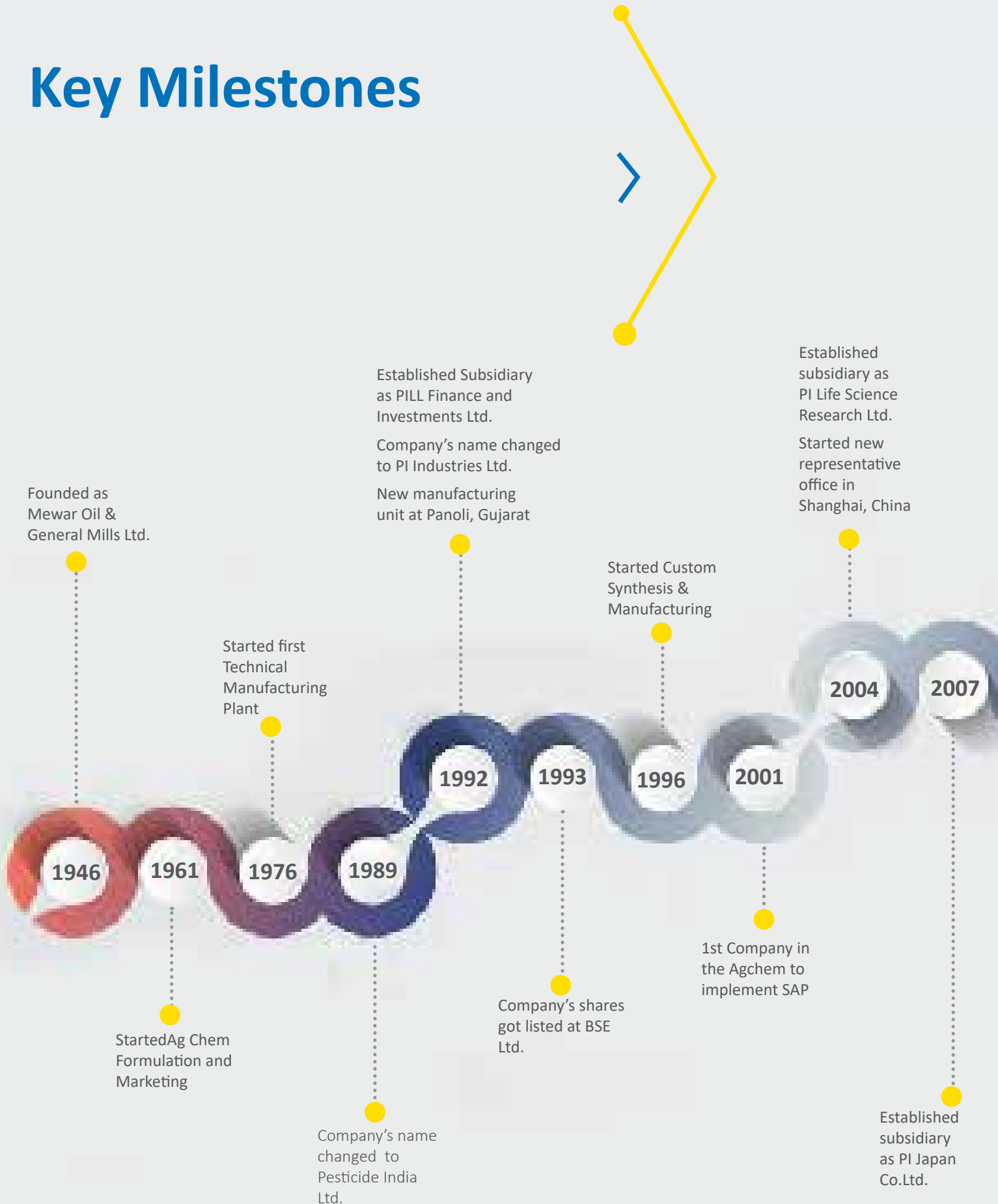


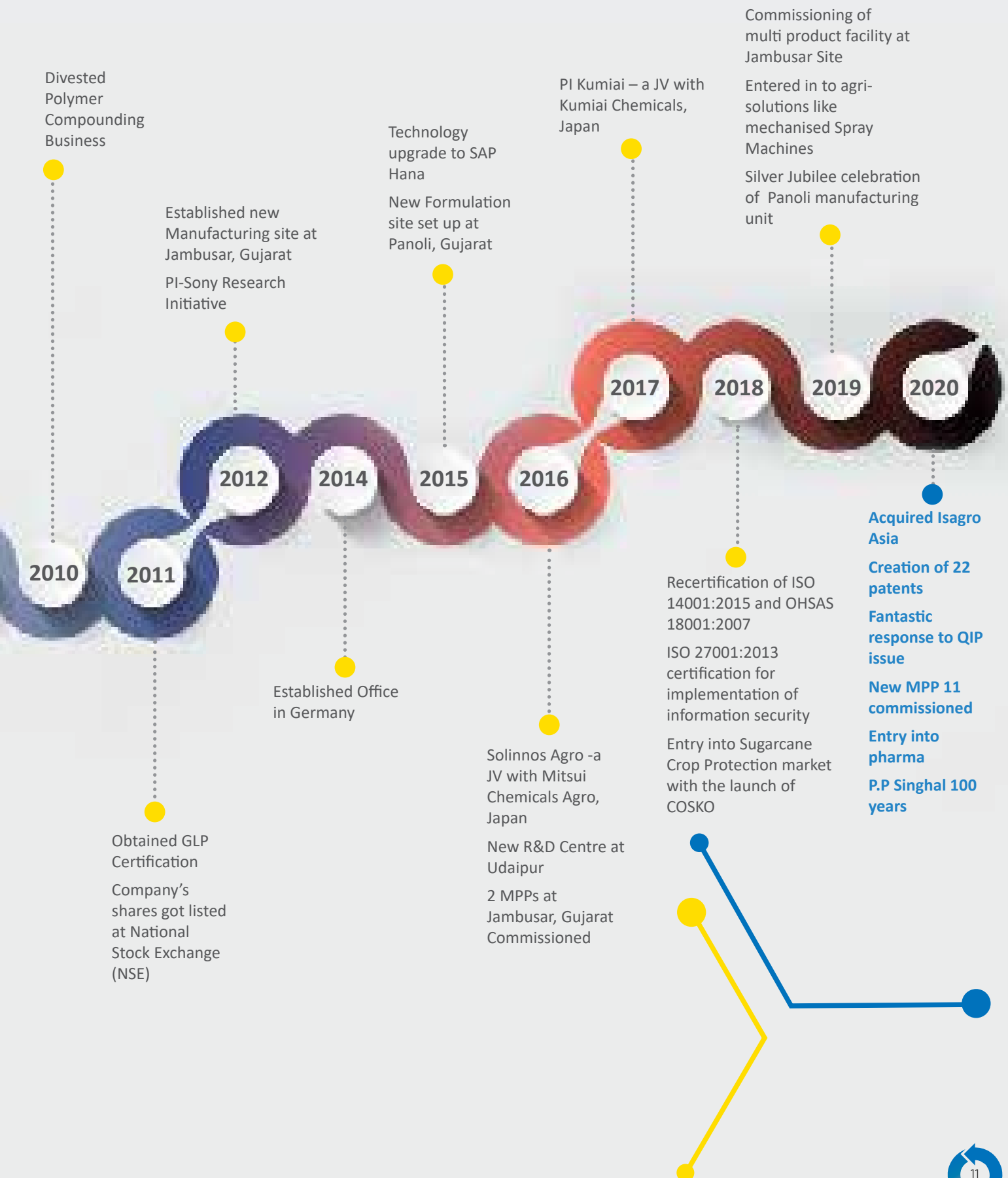
Operational Highlights

- Initiated commercial-scale business with 3 new customers
- Launched 2 new products in CSM business and 3 new products in domestic business
- Launch of wheat new herbicide AWKIRA, aggressive positioning of OSHEEN into cotton and COSKO in rice (to fill the gap of Phorate 10G) received an overwhelming response
- 150 Spray Machines on ground sourced from Japan, encouraging response from farmers
- Stabilised 1st full year operations of MPP-8, Commissioned a new MPP, Commenced construction of 2 new MPPs
- New inquiries grew by over 70%; over 20% of new inquiries in the non-agri-chem area
- Launched mPower for field force management and CRM
- Launched Track and Trace App by installing QR codes in key products



Key Milestones





Financial Highlights

Key Figures

₹ Million

Year Ended March 31	FY 20	FY 19	FY18	FY17	FY16	FY15
Revenue from operations *	33,068	28,409	23,087	23,829	21,973	20,325
EBITDA	6,977	5,731	4,920	5,505	4,294	3,700
Profit Before Tax	5,944	5,346	4,636	5,065	4,009	3,526
PAT	4,423	4,077	3,665	4,574	3,097	2,432
Net Fixed Assets	19,373	13,667	10,856	10,201	9,430	6,623
Cash Profit	5,755	5,003	4,491	5,300	3,634	2,924
EBITDA Margins (%)	21.1	20.2	21.3	23.1	19.5	18.2
PAT Margins (%)	13.4	14.4	15.9	19.2	14.1	12.0
ROE (%)	17.1	17.9	19.2	28.4	26.8	27.0
ROCE (%)	19.8	23.3	23.5	29.7	31.5	38.1
D/E Ratio (In times)	0.20	0.02	0.04	0.10	0.10	0.10
EPS (Face Value @ ₹ 1)(In ₹)	32.0	29.6	26.6	33.3	22.6	17.8
DPS (Face Value @ ₹ 1)(In ₹)	4.0	4.0	4.0	4.0	3.1	2.5

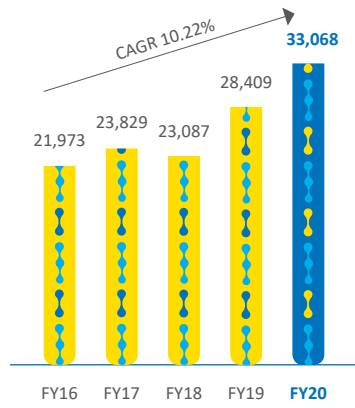
Balance Sheet Summary

₹ Million

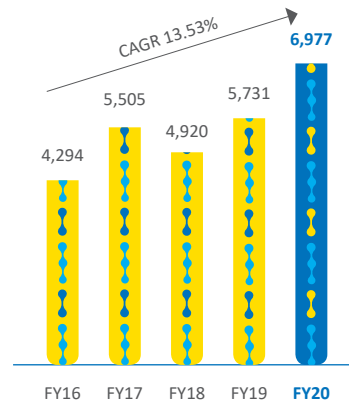
Year Ended March 31	FY 20	FY 19	FY18	FY17	FY16	FY15
Non-Current Assets	24,360	14,573	11,629	10,769	9,911	7,260
Current Assets	16,704	16,874	14,521	12,062	9,438	8,887
Total	41,064	31,447	26,150	22,831	19,349	16,147
Shareholder's Funds	25,911	22,747	19,122	16,089	11,547	9,022
Non-Current Liabilities	4,962	578	879	1,229	1,885	754
Current Liabilities	10,191	8,122	6,149	5,513	5,917	6,371
Total	41,064	31,447	26,150	22,831	19,349	16,147

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

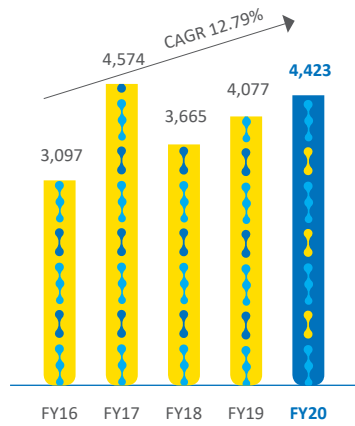
Revenue from Operation
(₹ in Million)



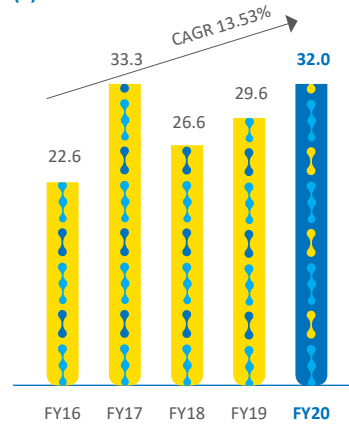
EBITDA
(₹ in Million)



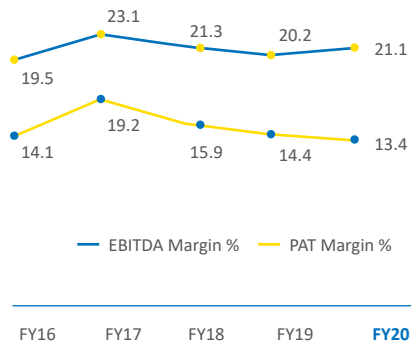
PAT
(₹ in Million)



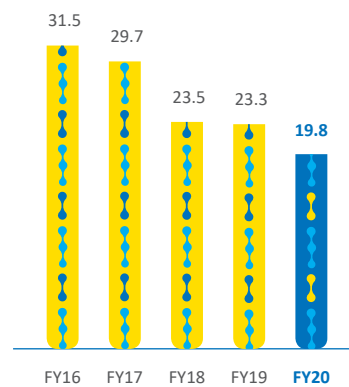
EPS
(₹)



EBITDA & PAT Margins
(%)



ROCE
(%)



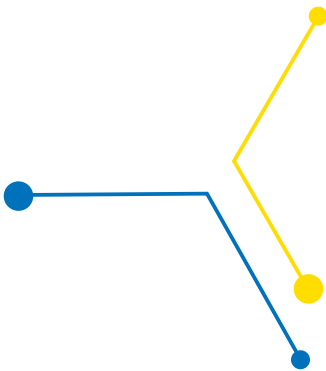
Chairman's Message

Dear Shareholders,

I trust this letter finds you and your dear ones safe and in good health. I am pleased to present the Company's Annual Report 2019-20.

We as a human race were struck by a devastating blow which we are now battling. A virus which is not only invisible, does not differentiate and is unrelenting in its spread. Governments, large and small organisations, and every individual across the world had no choice but to shutdown all normal activity to protect and contain the spread of this virus. Despite this we have seen untimely loss of many lives, across the board disruption of economic activity and adverse hugely adverse impact on millions of livelihood.





Mere resilience is not good enough in a technologically fast changing world. Our response is to get out of our comfort zones, understand future trends in emerging technologies, consumer preferences, and regulations which shape our businesses, think prospectively and not just predictively, formulate powerful long term strategies for growth.

PI too had to deal with the situation, and we have done so with courage, compassion and careful planning. We had to ensure the safety of our employees, our customers including millions of farmers, and many others we interact with every day, whilst continuing to make and reach our products which were vital to our food chain. This required a great deal of agility, foresight and resourcefulness to overcome the many uncertainties thrown up almost every hour. We prevailed, and will continue to do so.

The pandemic caused by Covid-19 created a greater awareness of the fragility of our environment. Greater appreciation of the need to take care of our beloved planet and the immense resources it provides has resulted in more people requiring environmentally responsible behaviour from corporates and individuals. At PI we have always adopted a responsibly sustainable approach to all that we do. Be it our products or the processes we use, we apply multi-dimensional evaluation criteria and not just the single dimension of financial outcome. This enables us to innovate and bring in new and better technologies, practices and a higher level of resilience.

Mere resilience is not good enough in a technologically fast changing world. Our response is to get out of our comfort zones, understand future trends in emerging technologies, consumer preferences, and regulations which shape our businesses, think prospectively and not just predictively, formulate powerful long term strategies for growth.

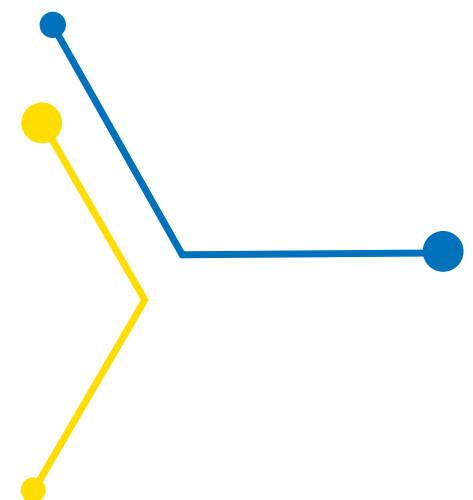
As these mega trends continue to shape our world, our daily lives and our ability to be relevant, at PI we are expanding our pool of human talent, continue to build a culture of openness, responsive leadership, greater levels of ownership, and accountability. We believe our accountability is not just to produce excellent financial outcomes, but in addition, hold ourselves responsible for sustainability of our environment and the betterment of our society.

Our values of trust, innovation, adaptability and speed guide as we formulate new strategies, refine our business models, adopt new technologies and work practices, and set new goals.

We are resolute in our aim is to transform PI from being a good and highly successful Company to a great one, as envisioned by our founder Shri P. P. Singhal, who's centenary year we celebrate this 2020.

Warm regards,

Narayan K. Seshadri



Fortifying Resilience

An interactive session with Mayank Singhal, Vice Chairman & Managing Director and Dr. Raman Ramachandran, Managing Director & CEO



Mr. Mayank Singhal
Vice Chairman & Managing Director



Dr. Raman Ramachandran
Managing Director & CEO

How has our protracted investment in research and development panning out? Tell us some success stories from the 12-18 months and also about the pipeline.

Mayank: At PI, we have steadily intensified our focus on research and development (R&D) besides collaborative R&D with customers, particularly in CSM business. We have invested steadily in R&D for the past six years with an objective to offer solutions to our customers based on the latest in science. The scale-up that our R&D assets – infrastructure, talent, processes, tools, knowledge – have accomplished so far enables PI to become a knowledge-based partner.

Our research pans the entire value chain from discovery to go to market, and work together with our partners in developing IP.

In addition, our research teams are developing next generation technologies and chemistries which would support our foray into adjacent verticals with a decisive technological edge in our CSM vertical. We have witnessed some initial success in the pharma domain during the year. We are confident of more successes with time. Our aim is to position PI as an organization which is always in the cutting edge of technology in life sciences with a rich haul of IP over the next four to five years.

Raman: At PI, we are proud of our research infrastructure and talent which compares with the best in the world. In the financial year 2019-20, we have filed about 22 patents. We continue to scale-up our R&D abilities. We are pleased with the progress we have made so far and are confident of creating significant value in the coming

years. The inquiry flow and process scale-up increased during FY20. Nearly 20% of new inquiries are from the non-Agro segment, helping us further our strategic objective of diversification.

Tell us about our successful foray in pharma space? How satisfying is it to succeed through the organic route?

Mayank: Enabling successful forays into adjacent spaces has been a vital objective of our accelerated R&D scale up. Considering the long gestation for such investments to come to, we are delighted at this early success in pharma arena. Our conviction in the research-led IP oriented strategic path and also confidence in our R&D assets have strengthened. We are very optimistic about scripting more such breakthroughs soon.

We successfully developed advance intermediates to be used in COVID-19 drug and have supplied to a few large Pharma Companies from Japan and India., Initial quantities of the COVID-19 intermediate commenced in the first quarter of FY21 following accelerated ramp.

As and when these drugs under evaluation are launched, we are ready to commercially support the demand and this is likely to happen in the next 2 quarters.

Now that our pharma foray stands delivered, how are we planning to scale it up, going forward?

Mayank: Our success is an outcome of relentless work in pharma intermediates space of over two years, in addition to sizeable investments in technology development. Having reached here, now we are defining a multi-pronged diversification strategy in intermediates and advanced intermediate spaces. The work is progressing on several potential partnerships, molecules and products.

With a view to pursue that strategy in a focused and accelerated manner, we are creating two wholly owned subsidiaries. The enabling structure would help us fully optimize our pharma potential. We are also exploring a few suitable inorganic options. The preference would be for the assets with complementing technologies and clientele to what we already have with our own technology. This would accelerate our growth and presence in the pharma space.

How satisfied are you with investors' response to the just concluded QIP? What are the immediate deployment plans of the proceeds?

Mayank: The first quarter of FY21 marked the successful completion of our ₹ 2,000 crore QIP. We were overwhelmed with investors' interest and participation, which included several marquee domestic and foreign institutional investors. We were humbled by multiplier demand of nearly 6 times the book size and thank the investor fraternity for their rock solid trust in PI, prevalent disruptions and volatilities notwithstanding.

Raman: While the QIP has been completed, deployment plan would be crystalized over the next two to three quarters. The broad outline of deployment pockets remains as detailed during QIP. It would include inorganic options that facilitate our diversification into complementing adjacencies including pharma. We would also explore the acquisition of a few smaller blocks that either complements our technology platforms and abilities or be synergistic to our business or both.

What were the two-three high points of our business performance in the year gone by?

Mayank: From the strategic standpoint, the financial year 2019-20 (FY20) brought many reasons to cheer upon. We completed a highly synergist acquisition of Isagro (Asia) Agrochemicals Pvt. Ltd. Post-acquisition,

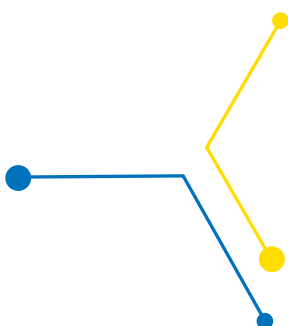
we also covered significant ground towards quick turnaround and integration of the acquired asset during the year. Successful scripting of the pharma foray, also accomplished during the year, would go on to attain historical significance as it helps PI transcend the agro domain and also bear testament to our robust research and technology platforms. The strategic decision of ₹ 2000 crore QIP taken in the last quarter of FY20 was the icing on the cake. With these three material events, FY20 fortified our foundations for pursuing many new opportunities as we usher into a new decade.

Raman: FY20 was an equally significant year from an operational standpoint too. PI showed significant resilience in navigating disruptions in the global supply chains in the last quarter. We stayed the course to deliver all-round growth. Our revenues grew by 16.4% to reach ₹ 3306.8 crore, aptly aided by scale-up in export volumes. Our EBITDA and PAT grew at 21.7% and 8.4% respectively. Our performance could have been even better, but for the lockdown impact primarily in the domestic revenue.

We commissioned two new multi-product plants (MPPs) and commercialized five new products during the year. We launched three new products in the domestic market, including one wheat herbicide which has been well received by farmers. We optimized our domestic product portfolio with the withdrawal of 5 products and label expansion of several other products. The farm application services model was piloted with nearly 150 spray machines. Farmers have appreciated this valued added service by PI as they face shortage and higher farm labor costs. Our research teams continued their good work towards developing the next-generation technologies and chemistries that are aimed at facilitating entry into adjacent verticals with the technological edge.

What makes the recent acquisition of Isagro special for PI? How has this acquisition panned out so far and what are your future plans with this asset?

Raman: Isagro Asia is the first acquisition of this size for PI and hence special. Also, it is value accretive to both the Custom



At PI, we have steadily intensified our focus on research and development (R&D) besides collaborative R&D with customers, particularly in CSM business., We have invested steadily in R&D for the past six years with an objective to offer solutions to our customers based on the latest in science. The scale-up that our R&D assets – infrastructure, talent, processes, tools, knowledge – have accomplished so far enables PI to become a knowledge-based partner.

synthesis business and also our domestic distribution business. For CSM business, Isagro's manufacturing site which is adjacent to PI's Panoli site will be repurposed to manufacture higher margin and newer products while also increasing capacity utilization. Domestic distribution business of Isagro will be transferred to Jivagro, a subsidiary of PI and focus on Horticulture and plantations market segments and will have a portfolio and field resource to address needs of farmers in this segment. With PI's domestic distribution business focusing on row crops (Rice, wheat, sugarcane, cotton, pulses) and Jivagro focusing on horticulture and plantations we believe we will cater to the differential needs of these customer segments. The progress of the integration and business performance has more than met our expectations so far.

What would be our business priorities for FY21? How does the business outlook look like?

Mayank: My view of FY21 is quite intriguing. COVID-19 has effectively blurred the vision and assessment prowess of all experts of the economy, industry and global trade. Set in this highly disruptive and volatile environment, PI Industry's leadership teams are tirelessly addressing more than a plateful of strategic opportunities and operational challenges. The idea is to make up for the time lost during the intervening lockdown between FY20 and FY21, without losing sight of an exciting future that the teams have put in accelerated momentum with a lot of ingenuity, passion and hard work.

Faster integration of Isagro, rapid scale-up and opportunity maximization in our COVID-19 pharma intermediate, structural enablement of our post-QIP plans, and successful closures in our acquisition spectrums are four strategic priorities that would fortify our new growth levers. In the traditional business spectrum, we have significant growth opportunities coming our way that I would leave for Raman to detail.

Raman: In addition to what Mayank has already covered, we are happy to note two favorable mega trends positively impacting our domestic and export businesses. The far-reaching agricultural reforms and provisions coupled with a very good and

evenly distributed monsoon rains augur very well for our domestic business. The global shift in CSM outsourcing space is coinciding with our recent technological success. The growth in the CSM inquiry pipeline, in quantitative and qualitative terms, is very encouraging. Thankfully, we are well prepared as we enter this growth cycle. My view of FY21 for PI is a year of accelerated growth and profit accretion.

No discussion is complete these days without touching upon the new normal. What does the new normal mean for PI Industries and how are we planning to embrace it?

Mayank: For a company that was founded 73 years ago, PI showed tremendous agility and nimbleness in the face of the COVID-19 outbreak. Its intrinsic resilience draws strength from adaptability to a fast-changing world. I am happy to share that the Company collectively rose to the challenge not just to protect its assets – people, plants, processes, and business – but also went on to beat several odds to keep the supply chains running. You would be happy to note that PI managed to contain opportunity losses on account of lockdown and global impairment in supply chains to a very minimal level. The passion and commitment of our teams outshined the industry by successfully launching the COVID-19 intermediate in this period itself. The fact that all these could be accomplished while keeping our people safe leaves us with tremendous new learning for the future.

Raman: Swift transition to and from the lockdown mode was accomplished with meticulous planning and immaculate execution. Taking the production back to pre-COVID levels and realizing almost 85-90% of unfulfilled orders, speak volumes of our preparedness to adapt to any difficult situation.

Having successfully relocated a vast majority of employees to work from home (WFH), we unveiled a structured engagement doctrine. A slew of initiatives for encouraging WFH for non-operating staff and incentives for on-site operating teams, standard operating procedures (SOPs) for return to work, a safe workplace was put in place. Proactive digital connect protocols thru WebEx/MS team/zoom were arranged and activated

for customers, large retailers and farmers. We took the help of customer surveys to assess ground reality and special needs besides frequently connecting with other stakeholders to reinforce trust. Our teams also stepped up various digital marketing initiatives to effectively substitute field marketing activities that came to a standstill due to lockdown. In addition, digitization of key business processes and investment in strategic digital areas are of high focus.

Taking upon our larger societal responsibilities, we proactively worked with governments, local administrations, and NGOs in different states to support their fight against this pandemic. Whether it was disinfection of large public areas, distribution of PPEs, food, health check camps to the disadvantaged sections of our society, or helping local health centers in putting up the necessary infrastructure to tackle COVID-19, we actively contributed to supporting communities around us in these very difficult times for our country.

We are headed towards a new manufacturing world order. How do you view it shape the global chemical sector over the next two-three years? How is PI gearing up to navigate the shift?

Mayank: In the 25th year of WTO-induced globalization, the flaws in overly concentrated global supply chains are getting amplified. COVID-19-induced disruptions and intensifying US-China trade war have further exposed the risk. Countries as well as companies with internal operations (scale) would need to redraw their global manufacturing and sourcing map in order to split the risk across more countries/regions. India shall find itself at a sweet spot for a range of manufacturing including chemicals, specialty chemicals in particular. While the shift would take time to crystalize and location departure would rarely be absolute, we are already seeing early signals in our own interactions. We find ourselves uniquely poised as the industry frontrunner with a decades-old track record.

As part of our own de-concentration efforts, we intend to go a step closer towards becoming a global manufacturer with setting up our first overseas plant in the near term.

MPP11



Board of Directors



Mr. Narayan K. Seshadri

Chairman
DIN : 00053563

Mr. Narayan K. Seshadri, a qualified Chartered Accountant, started his business consultancy career with Arthur Anderson. Joining KPMG afterwards, Mr. Seshadri rose to the position of Managing Partner of its business advisory practice in India. Besides PI Industries, he is also the Chairman of AstraZeneca Pharma India Ltd. and has been the Chairman of Magma Fincorp Ltd. in the past. He serves on the Boards of Magma Fincorp Ltd, Halcyon Resources and Management Pvt. Ltd., TVS Investments Pvt. Ltd., A2O Software India Pvt. Ltd., Kalpataru Power Transmission Ltd., Tranzmute Capital & Management Pvt. Limited, SBI Capital Markets Ltd., Radiant Life Care Pvt. Ltd., Halcyon Enterprises Pvt. Ltd., The Clearing Corporation of India Ltd., Kritdeep Properties Pvt. Ltd., Clearcorp Dealing Systems (India) Ltd., CG Power and Industrial Solutions Ltd., TVS Electronics Ltd., Ramky Enviro Engineers Ltd.

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, Managing Director and CEO with effect from December 1, 2009 and subsequently its Vice Chairman & Managing Director w.e.f. 9th September 2019. Leveraging his rich experience of over two decades in the fields of chemicals, intermediate and agrochemical industries, he has played an instrumental role in the rapid development of Company's customer base. He has also been responsible for bringing in superlative changes in policies and transforming operations and systems, thus, providing synergy to various business activities of the Company. Besides PI Industries, he also serves the boards of PI Life Science Research Ltd., PILL Finance and Investment Ltd., TP Buildtech Pvt. Ltd. Fratelli Wines Pvt. Ltd. and CropLife India.



Mr. Mayank Singhal

Vice Chairman & Managing Director
DIN : 00006651



Dr. Raman Ramachandran

Managing Director & CEO
DIN : 00200297

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

Mr. Rajnish Sarna is a qualified Chartered Accountant and has a diverse experience of over 29 years in the areas of Business Development & Strategy, Customer Relationship Mgt., Operations, Finance, Risk Mgt, Legal Contracting & Compliances, Investor relations, Information Technology and Process Reengineering, etc. He has been associated with PI for nearly 24 years responsible for the overall transformation of the Company over the last several years by managing numerous portfolios from Finance, IT, Business Development, CSM Operations and Merger & Acquisition related activities. His current role is focused on identifying new business opportunities, Mergers & Acquisitions, evaluate and execute such possibilities apart from various other strategic initiatives, Investor relations, handling joint ventures and key customer relationships on behalf of the Company and also as Chief Investor Relation Officer. He is currently on the Board of PI Life Science Research Ltd., PILL Finance and Investment Ltd., Solinnos Agro Sciences Pvt. Ltd. PI Kumiai Pvt. Ltd and Jivagro Ltd.



Mr. Rajnish Sarna

Executive Director
DIN : 06429468



Mr. Arvind Singhal

Non Independent Director
DIN : 00092425

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

Holding a PhD in Medical Microbiology from University of Calcutta, Dr. T.S. Balganesb 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 Balganesb 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, IKP, Hyderabad and Isagro (Asia) Agrochemicals Pvt Ltd.



Dr. T.S. Balganesb

Independent Director
DIN : 00648534



Mrs. Ramni Nirula

Independent Director
DIN : 00015330

Mrs. Ramni Nirula holds a Bachelor's Degree in Economics and a Master's Degree in Business Administration from Delhi University. Possessing more than three decades of experience in the financial sector, she has held various leadership positions in the areas of Project Financing, Strategy, Planning and Resources and Corporate Banking. Mrs. Nirula was the Managing Director & CEO of ICICI Securities Ltd. and also headed the Corporate Banking Group of ICICI Bank. She serves on the Board of Utkarsh Coreinvest Ltd., DCM Shriram Ltd., CG Power and Industrial Solutions Ltd., HEG Ltd and Usha Martin Ltd.

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



Mr. Pravin K. Laheri

Independent Director
DIN : 00499080



Ms. Lisa J. Brown

Additional Director
DIN: 07053317

Ms. Lisa J Brown holds a bachelor's degree in Law from the University of Derby and is a registered Trade mark Attorney. She has an extensive rich experience of more than 2 decades in diverse sectors including, industrial, technology, consumer etc. with an in-depth expertise on subjects like IP management, compliance, risk assessment and corporate restructuring. She has demonstrated value through an approach of risk-based analysis to deliver corporate growth, strategy execution and governance through her various board and executive roles held in reputed organisations like SSL International Plc, London, Pets at Home Limited, a national retailer in the United Kingdom, WABCO Holdings Inc. The induction of Ms. Brown on the Board shall help the company to strategise its inorganic initiative's more efficiently apart from strengthening the existing risk compliance and governance framework.

Leadership Team



Dr. K.V.S. Ram Rao
CEO – CSM Business



Dr. Prashant Hedge
CEO – AgChem Brands



Mr. Devendra Kumar Ray
President & Head-Mfg Strategy



Dr. Atul Gupta
President-Operation



Mr. Samir Dhaga
Chief Information Officer



Mr. Rahul Gautam
Chief People Officer



Mr. K.V. S Satish Kumar
Chief Sustainability Officer



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



Dr. P.V. Srinivas
Sr. Vice President
Process Technology

Corporate Information

Board of Directors

Mr. Narayan K. Seshadri
Chairman, Independent Director

Mr. Mayank Singhal
Vice Chairman & Managing Director

Dr. Raman Ramachandran
Managing Director & CEO

Mr. Rajnish Sarna
Executive Director

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

Dr. T.S. Balganesb
Independent Director

Ms. Ramni Nirula
Independent Director

Mr. Pravin K. Laheri
Independent Director

Ms. Lisa J. Brown
Additional Director
(w.e.f 04.08.2020)

Chairman Emeritus

Mr. Salil Singhal

Chief Financial Officer

Mr. Subhash Anand
(till 18.08.2020)

Company Secretary

Mr. Naresh Kapoor

Statutory Auditors

M/s Price Waterhouse Chartered
Accountants LLP., Gurugram

Internal Auditors

M/s KPMG India LLP, Gurugram

Cost Auditor

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

Secretarial Auditor

Mr. R.S. Bhatia

Bankers

State Bank of India

Axis Bank Ltd.

Standard Chartered Bank

Citibank N.A.

HSBC Bank (Mauritius) Ltd.

Registered Office

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

Corporate Office

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

Research & Manufacturing Facilities

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

Share Registrar & Transfer Agent

Kfin Technologies Pvt. Ltd.

(Formerly known as
Karvy Fintech Private Ltd.)

Unit: PI Industries Ltd.

Karvy Selenium Tower-B,
Plot No.31 & 32

Financial District, Nanakramguda,
Serilingampally Mandal,
Hyderabad – 500 032, India.

Contact Person : Mr. N. Shivakumar

Tel. No.091 40 6716 2222

Fax No. 091 40 2300 1153

E-mail ID: einward.ris@kfintech.com

shivakumar.n@kfintech.com

Website: www.kfintech.com

Share Department

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

Corporate Identity Number (CIN)

L24211RJ1946PLC000469

Combatting COVID-19 with Resilience

As responsible corporate citizens, we at PI are dedicated to our industry and the community in India's fight against this pandemic. PI is committed to helping the vulnerable sections of our society whose livelihoods have been disrupted.

We at PI have stepped up our efforts to show solidarity with our employees, migrant/contractual workers, customers, and local communities. We resolve to emerge stronger together!

PI's COVID-19 related initiatives

The COVID-19 pandemic created an unprecedented crisis globally. Reacting quickly to the contingency, PI teams mobilised great support to deal with the outbreak. Be it the communities around our plants or our employees across locations, our cross-functional teams are working with great internal cohesion and compassion to mitigate the impact.

For Employees

During the COVID 19 times we first connected with our employees and assured them safety. We formed Rapid Response Team to oversee critical business aspects on daily basis. HR connected with employees through regular employee engagement programs.

Every location has a first response team. A Standard operating procedure for return to work was adhered at temporary camps in the factory. Our employees willingly participated and followed super hygiene at the workplace. We have provided incentives for operating team which are working from manufacturing sites. We adhered to all government and industry guidelines across our plants and offices.

Considering employee safety and well-being we have given a lot of impetus to employee engagement during the ongoing crisis. While 'Working from Home', we made sure to keep our teams positive and provided them the flexibility to the 'new normal'. Our top management was quick to adopt technology to stay connected with teams across various locations. Mr. Mayank Singhal, Vice Chairman & Managing Director initiated leadership dialogues. These virtual interactions lifted the morale of the employees.

Community Interventions

Teams at PI swung into swift action to support the government and the community during the COVID-19 crisis. To mitigate the effects of the outbreak, PI has undertaken numerous community initiatives which include awareness on health and safety, provision of food, sanitisers, sanitisation drives, partnering with the local administration among several others.



PI for Community

We at PI Industries provided manufacturing support to help fight Corona. We quickly started manufacturing and supply of sanitisers. We deployed more than 60 machines and worked for 642 machine days. We distributed sanitisers to more than 45,000 people in villages around our plants in Jambusar and Panoli in Gujarat.

We distributed dry ration kits to more than 50,000 people. We supplied 10,000 mask made by women in rural areas which provided a means of income for women.

Our cross-functional teams are working with great internal cohesion and compassion to mitigate the impact. We at PI Industries are committed to Fight Corona.



PI for business partners and customers

We at PI manufactured sanitisers at our production line and supplied it to our retailers and distributors. This helped them in meeting the urgent demands. We supported the Governments' initiative of social distancing by keeping at least six feet distance by educating them. We

conducted webinars for farmers. Around 11,000 farmers were benefited from these webinars.



Employee Engagement at PI



Celebrations



Independence day



Diwali



Eye Check-up

We believe that a highly engaged workforce is critical to the delivery of superior customer experience. Engaged and committed employees go beyond the call of duty to deliver business results.



MPP 11 Plant Inauguration



Comprehensive talent management programme known as 'Project Udbhav'



World Environment Day



Womens Day

Keeping our employees motivated we care for the safety and well being of our employees. We as a team believe in celebrating all the festivals to keep employees engaged.



Innovate for a Brighter Tomorrow

Accelerated scale-up of our research and development (R&D) framework – assets, activities, affiliations and associations – over the recent four-five years has cast a robust foundation for a knowledge-driven globally competitive PI. With a firm belief in research and innovation capabilities to be our game changer, we have steadily been investing around 3-4% of our revenues in R&D activities.

Our best in class R&D center at Udaipur has strengthened PI's standing in the global agrochemical sector. It has also been paving way for our entry into several chemical adjacencies, pharma being the first success story recently scripted. Spread over 1,30,000 sqft, it is one of the largest agrochemical research facilities in Asia.

Conducting research across library synthesis, molecule design, lead optimisation, route synthesis, biological testing, greenhouse testing and micro field, our scientists continue to work on new areas of fine chemicals. The pool has successfully carried out synthesis and scale-up for several new

molecules in the area of agrochemicals, pharmaceutical intermediates and imaging chemicals. Our R&D capabilities have helped us develop new processes and chemical formulations to cater to the requirements of our customers.

An external network allows the outsourcing of non-innovative lab-work and extended toxicological and eco-toxicological tests, advanced biological screening of new compounds and mixtures in relevant markets. Our cooperation partners are located in India, Europe and South America. PI would like to position itself as the first fully integrated Agro company in India to develop new active ingredients, e.g. fungicides and insecticides for the protection of a wide variety of crops. PI has fast attained the pole position among Indian companies with respect to the number of patent applications on innovative agrochemical active ingredients. While our peers remain focusing either on product innovation or on the manufacturing of advanced intermediates or active ingredients, our research strategy combines process and product innovations



both. We are focusing on 15-20 projects targeting innovative products to fight animal pests and crop diseases.

PI has started to file the series of patents and concerning the patent filing for innovative agrochemical active ingredients, PI is already the leading company in India.

The P.P Singhal Research Centre facility at Udaipur is equipped with Chemical Discovery labs, Analytical Labs, Biological Testing Labs, green Houses, Process Innovation labs, Process Development labs, Kilo plant and Pilot plant among others. The Analytical labs possess NABL ISO 17025 accreditations and GLP certifications. IT infrastructure includes electronic lab notebook software and a centralised laboratory information management system for data and information ensuring paperless management. As of March 31, 2020, PI has employed [300] researchers and scientists who specialise in-process research and complex chemistries, [131] of which possessed a doctoral degree.

ESG - A Business Enabler

Pursuing sustainable development stands deeply embedded into our core business strategy. At PI, our idea of value is holistic, long-term, inclusive and fair. The value that we pursue can only be co-created by cumulative contributions from all stakeholders. When it comes to partaking, the created value must be shared among all stakeholders. Representation of the social and environmental stakeholders is ensured through relevant policies and proxies at the highest governing and operational levels.

The evolving ESG (Environmental, Social and Governance) doctrine offers an effective framework to benchmark, define, aim, measure, report, and improve one's ESG priorities and progress thereon. With a firm conviction in the business case of sustainable development, at PI Industries we have been steadily imbibing it with increasing investments in social and environmental aspects. Not just limited to our operations, the endeavor is to progressively cover our entire value chain.

Interweaving sustainability with the business strategy begins with the identification of business risks that might be addressed/mitigated through sustainability measures. At PI industries, we closely monitor global sustainability trends and endeavor to align our strategic approach with evolving best practices. The strict adherence to the principle of 4R (Reduce, Recycle, Reuse & Recover) has helped us improve our environmental performance.



Water consciousness remains at the core of our sustainable development priorities. Staying focused on the reasonable reduction of water usage across our manufacturing operations, we have undertaken a slew of measures in recent years. These include recycling of water used in cooling towers (by increasing the cycle of concentration), reducing water consumption in the process cooling towers (by replacing wooden drift eliminators by PVC drift eliminator), recycling of MEE condensate in cooling towers, reusing the treated wastewater for drum decontamination and other cleaning purposes, incorporating drip irrigation system (as an alternate method to surface irrigation) to conserve water in gardening activities, and rainwater harvesting among others. As part of tertiary treatment, we have installed reverse osmosis (RO) and ultrafiltration for increased recovery of wastewater. We are evaluating some new technologies that help operate cooling towers at higher levels of TDS and conductivity (through electro-coagulation) to reduce the blowdown quantity and make-up water requirement.

PI has provided condensers with chilled brine to condense out fugitive emissions and reduce their concentration before they are directed to scrubbers. Adequate scrubbing system to prevent the entry of fugitive emissions into the atmosphere is in place. PI has also installed an online VOC (Volatile Organic Compounds) monitoring system across its plant peripheries to check for fugitive emissions.

All manufacturing units use state-of-the-art technologies, thereby ensuring cleaner and efficient operations. PI employs both direct and indirect energy sources with a mix of renewable and non-renewable fuel types in its operations. Relentless initiatives have been put in place for improving energy efficiency across our operations.

PI continuously explores avenues to reduce water consumption, energy efficiency and GHG intensity across its processes. Recent initiatives in this direction include replacement of pressure reducing valve with the microturbine in auxiliary power generation, efficiency improvement through optimisation of heat transfer area in the chilled water system, and installation of

variable frequency drives, heat recovery systems, and LED lamps among others.

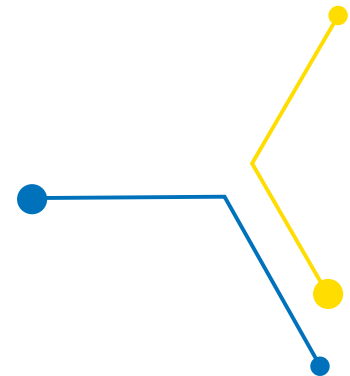
Waste reduction in our day to day operations remains another priority. Aspiring to find value in generated waste, the Company continues to invest in adequate recycling facilities. The long term goal is to become a Zero Liquid Discharge (ZLD) Company. A transition towards smart packaging is steadily being made with a view to minimise packaging waste.

PI is steadily adopting newer technologies that help improve its environmental consciousness. Under the industry-wide global sustainability assessment initiative 'Together for Sustainability' (Tfs), we have registered with ECOVADIS, the assessment partner of Tfs. The Company to be rated as 'GOLD' category supplier with a score of 67 points (out of 100).

Another key tenet of business sustainability is upholding high standards of safety and health across operations and locations. A robust management system ascertains the level of risk in every new process being undertaken. PI regularly reviews and upgrades key safety process elements such as PHA (Process Hazard Analysis), PSSR (Pre-Startup Safety Review), MOC (Management of Change) and set-up targets. Designated cross-functional safety committees are responsible for driving occupational health & safety at respective manufacturing units.

PI seeks to continually improve upon the safety practices and sets goals for improvement on incident rates. We regularly conducts the training programs on best safety practices for employees and contractual workforce. Various videos have been tailored according to the localised requirement. Frequent external and internal audits form a part of continual efforts in improving various leading and lagging indicators. Educating and encouraging every member of the workforce to embrace safety as a non-negotiable value remains paramount. Timely certification and testing of equipment/instruments form an integral part of the safety protocol.

During the year, the employees celebrated Safety Week, Fire Safety Day and World



Environment Day with great enthusiasm and participation. Different programs ranging from quiz competition, slogan completion, poster competition, tree plantation, etc. were carried out.

Empowering local communities is the foremost constituent of PI's sustainability policy. Through various community initiatives and farm extension activities, PI has achieved considerable water conservation in agricultural rice fields across major rice-producing states in the country. Jointly with various national and state agricultural universities, PI has undertaken numerous programs to promote sustainable agriculture practices. Our extensive CSR interventions continue to uplift the marginalised communities around the plant locations.

This includes the deployment of 3 mobile medical units for doorstep delivery of primary healthcare, improving the quality of primary education in schools, providing skill training and employment opportunities to youth, enabling financial linkages for women, among others. During the COVID-19 outbreak, our CSR team partnered with local government agencies to augment medical facilities, sanitisation drive and distribution of food packets.

While pursuing we remain business objectives, the Company we remain committed to strike the right balance between economic progress, environmental conservation and social uplift. Sustainability, a value intrinsically embedded in the business doctrine, makes PI a sustainability champion.

Corporate Social Responsibility

Corporate Social Responsibility at PI has laid a robust foundation for creating a positive impact on the lives of marginalised communities via a targeted, integrated and environmentally sustainable approach. With targeted interventions across education, health, environment, agriculture, women empowerment and skill development, our PI engages with society through PI Foundation. This has benefited the underprivileged population around its plant location and farmers across the country.

Being a science-led organisation, we acknowledge our responsibility towards

societal and environmental consciousness. Social, ethical, and environmental considerations form an integral part of the process of new technology development. Through continuous life cycle assessment of its products which remain driven by the principle of product stewardship, PI emphasizes reducing its environmental footprint.

Deep-rooted in the triple bottom line framework, PI's CSR interventions help it deliver sustainable development across Environmental, Social and Economic pillars. The rigorous process for formulating a

framework aligned with the Sustainable Development Goals (SDG) reflects PI's continued commitment to contribute to their accomplishment. PI's CSR interventions align with several SDG goals, in particular with goal number 1,3,4,5,6,8 and 13.

PI's CSR efforts received several appreciations and recognitions during the FY20, the foremost being the coveted Golden Peacock award in the CSR category. The award is in recognition of the significant impact of the CSR initiatives undertaken by the PI.

Resource Conservation & Sustainable Farming

Widespread propagation of sustainable farming offers an important lever to further ESG goals of PI. With a slew of initiatives and activities, PI remains steadfast in influencing the adoption of science-led agriculture practices that are economically, environmentally and socially sustainable. These include farmer training, field demonstrations and farm extension initiatives on leading agronomic practices that boost farm incomes while also protecting the environment and conserving the natural resources.

Over the years, PI's efforts on the propagation of the DSR technique has impacted over 18 Lac acres of farmland, out of which nearly 2.04 lac acres got added in FY20. The resultant shift from the traditional way of rice cultivation to DSR has helped save upto 1.6 trillion liters of water in FY20 alone. Adoption has also reduced drudgery to a significant level besides helping save an average of ₹ 7000/ acre in the cost of paddy cultivation.

PI's interventions across various horticulture crops have impacted the yield significantly. Propagation of better tomato cultivation practices across Maharashtra, Karnataka, Rajasthan and Tamil Nadu have reportedly resulted in significant yield increments as opposed to farmer's conventional practices.

As part of promulgating sustainable agriculture practices in banana cultivation, PI's interventions have helped 560 farmers achieve a three-fold increase in the productivity in the Theni district of Tamil Nadu. In another project on increasing income through promoting Farmer Producer Organisations (FPOs) in the Rayagada district of Orissa, there has been an increment of 50% in agriculture-based income for 1,300 farmer families. PI also participated in educating and equipping around 30,000 farmers with alternative technologies to burn stubble.



50,000 new farmers, along with the existing, benefited through leading agronomic practices and saving over 1.6 Trillion Litres of water through the adoption of Direct Seeding of Rice (DSR) technique in FY20.

Health, Hygiene and Sanitation

PI recognises its responsibility as well as the ability in ensuring access to preventive healthcare for marginalised communities in an equitable manner around the plant locations. Associated high costs and inaccessibility of primary medical services have remained a concern, leading to elevated mortality rates in the region.

Under the National Health Mission Project aimed at improving health entitlements in remote locations, PI's 'Swasthya Seva' initiative operationalised 3 fully functional Mobile Healthcare Vans for the benefit of the community in villages around its plant locations. The community outreach has brought healthcare to underprivileged people, including women, the elderly and children and provided services like prevention, treatment, immunisation & counseling on health issues. In order to ensure the successful adoption of these initiatives, the village development communities were empowered to decide on the timing, location and eligibility to access these services. This resulted in tremendous success in administering vaccinations against diseases such as Polio, TB and DPT.

Over the years, there has been a significant decrease in primary healthcare issues via timely treatment within the outreach of MMUs. During the FY20, a total of 20,98,642 cases were treated using our Mobile Healthcare vans by taking measures to ensure last-mile coverage. Efforts were also made to revive Kumar pal Blood Bank in Ankleshwar for catering to over 10,000 people.

Amid COVID-19 outbreak, PI organised several awareness sessions on precautions against coronavirus in villages around its plant locations. The necessity of social distancing and hand sanitisation was especially emphasised. Mobile Healthcare vans extended their services for conducting the thermal screening, distributing hand sanitisers, masks and other necessities to villagers.



Continuing to further and sustain its contribution of 12 school toilets, built earlier in Jambusar and Panoli as part of Swachh Bharat Abhiyan, PI continued to ensure their upkeep and maintenance in FY20. In addition, quarterly awareness sessions on WASH involving 3,500 school children were conducted during the year.

PI has also undertaken safe drinking water initiatives in several villages of Punjab, Haryana and Jammu & Kashmir that benefits 43,717 farmers in agricultural mandis. In addition, awareness was spread to 1500 farmers in Lucknow, on strictly following safety guidelines on the usage of Agro-chemicals.

1,08,642 lives impacted through our Mobile Health Units (MHUs) and blood bank project in FY'20

Education and Skill Development

With a firm belief that education is the passport to a better future, PI has undertaken an education initiative on improving age-appropriate learning levels in children and teaching outcomes for tutors.

To promote comprehensive learning our mobile education van has been imparting learning to the last mile through interactive techniques. This aims at improving the enrolment, reducing dropout, improvement in attendance, passing grades and primary completion. The students have shown a 78% increase in class appropriate learning levels and 82% school attendance in our project area. Under the initiative, 11,450 children from 135 government-run schools across 82 villages were taught reading, writing, comprehension and arithmetic during FY20.

We also imparted employment linked skill-development courses on chemical plant operations, BPO, Sales & Marketing and Hospitality in Gujrat. These courses have helped more than 478 Youth gain employment in organised sector jobs.



Over 18,000 Govt. School Children benefited from our Learning Enhancement program and 478 youth gained employment through Skill Development Programs.

Women Empowerment

Usually, women across rural India are financially dependent on their male counterparts. Emanating primarily from their lack of literacy and education, their

non-participation in independent economic activities inhibit families from realising their fullest earning potential.

To help underprivileged rural women overcome this challenge, we initiated an entrepreneurship and skill enhancement program. From the formation of

Self-Help Groups (SHGs) to facilitate the opening of bank accounts to imparting skill development and training, we prepared beneficiary women for dignified meaningful occupation across the dairy, agriculture and micro-enterprises.

During FY20, the program yielded the formation of 185 new SHGs covering 3,700 women and facilitated monthly savings meeting for 370 cumulative SHGs. The cumulative beneficiary count crossed 10,000 women mark from 80 villages in Jambusar and Panoli regions of Gujarat, during the year.



Improvement in the livelihood of over 10,000 women members & their families through Entrepreneurship and skills enhancement.

Rural Infrastructure Development

Provision of basic infrastructure services including water, sanitation and safe disposal of waste remain central to progressive rural living. Several public-private initiatives have enabled reasonable progress in facilitating better infrastructure across rural India. Differential performance across states, however, still leaves several villages lagging behind.

PI had observed, in the previous financial year, a dearth of basic sanitation facilities in the villages surrounding our plant operations in Jambusar earlier. During FY20, it initiated the strengthening of drainage and sewage system in these areas, thereby contributing to the cleanliness and hygiene of the villages. Going forward, this project will be intensified by setting up of sewage treatment unit for the communities in two villages, thus benefitting over 13,000 rural people.



Strengthened rural infrastructure by initiating drainage and sewage treatment in rural villages

Management Discussion & Analysis



Economic Overview

Global Economy

In 2019, the global economy encountered a multitude of challenges - protracted trade disputes, slowing domestic investments, decelerating international trade, subdued manufacturing activities and rising tariffs. The demand side constraints affected global commodity prices including that of oil and metals. Aiming to improve liquidity, several Central Banks lowered policy rates. The US dollar reigned supreme, strengthening across all other major currencies. As per IMF estimates, the Global GDP growth slowed down to 2.9% for 2019, a ten-year low since the financial crisis of 2009. The slowdown was uniform across advanced, developing and emerging economies.

As the world ushered in 2020, a health emergency was building up in the city of Wuhan in China. The novel Coronavirus disease (COVID-19, as it got named later), went on to become a pandemic, spreading across continents at an alarming speed. By the end of March 2020, COVID-19 had brought virtually the entire global economic activities to a grinding halt. Countrywide lockdowns prompted by severe health emergencies have not only halted domestic economic activities but have also disrupted global supply chains with unimagined severity. By the end of May 2020, the health crisis appeared to peak in many of the impacted regions and lockdowns had started to give way to a hesitating resumption of mankind's long march back towards normalcy.

Given the severity and worldwide spread of the pandemic's impact, all economic forecasts became subject to frequent revisions. In its June 2020 World Economic Outlook, IMF has predicted the global GDP to record a rare contraction of -4.9% in 2020, before experiencing a sharp rebound to a 5.4% growth in 2021.

Indian Economy

The country entered 2019-20 in election mode, with the seven-phase polling to elect the new government, spanning almost 40 days. Return of another government with a strong majority offered a sense of continuity on policy, reform and growth fronts. The drag

of the NBFC crisis from the earlier year, however, continued to weigh heavily on private investment and consumer demand.

Doubling of farmers' income, propelling the country's economy towards the \$ 5 trillion mark, rationalizing corporate taxes, attracting global companies to manufacture in India, ease of doing business and expanding exports were the key themes. Aiming to revive growth by way of boosting private investment and consumption, the Government and Reserve Bank took major policy decisions towards a substantial reduction in corporate taxes and successive lowering of interest rates.

The impact of COVID-19 started to become visible on the Indian economy towards the fag end of the financial year 2019-20. The country went into a nationwide lockdown from March 25, 2020. As per IMF, the Indian economy recorded a modest growth of 4.2% in 2019. The growth rate is expected to severely moderate to -4.5% in 2020 before recording a sharp rebound to 6.0% in 2021.

Global GDP Growth Trend (%)

	FY18	FY 19	2020	2021
World Output	3.6	2.9	-4.9	5.4
Advanced Economies	2.2	1.7	-8.0	4.8
Emerging Market and Developing Economies	4.5	3.7	-3.0	5.9
India	6.1	4.2	-4.5	6.0

Source: World Economic Outlook, IMF

Agriculture Sector Overview

Global Scenario

Agriculture has evolved into a highly diverse sector. Agricultural operations today range from small subsistence farms to large multinational holdings. Perishable farm produce is not only sold fresh in the local markets but simultaneously across the world too, thanks to modern tech-enabled value chains. Transcending their



traditional roles of providing mankind with food and fiber, farmers today have also become producers of renewable energy.

About two billion people derive their livelihood from agriculture. In spite of steadily improving agricultural yields and production, about 820 million people worldwide still remain undernourished. In addition, millions suffer from other forms of malnutrition such as micronutrient deficiency and obesity.

The global agricultural production is estimated to grow by 15% between 2019 and 2028 while land use is predicted to remain flat, according to OECD-FAO Agricultural Outlook. Most of the additional food demand is projected to originate in regions having high population growth, in particular Sub-Saharan Africa, India, the Middle East and North Africa. Several years of strong supplies have reduced the international prices of most of agricultural commodities. With productivity improvements outpacing demand growth, real prices are projected to remain at or below the current levels over the coming decade.

Food use of cereals is projected to grow by 150 million ton (Mt), rice and wheat accounting for 50 Mt each, by 2028. Consumption of Sugar and Vegetable Oil are estimated to grow by 30 Mt each for the said period. Consumption of dairy products, meat and fish are expected to expand by 20 Mt (milk solid equivalent), 40 Mt and 25 Mt respectively, between 2019 and 2028.

With nearly one-fourth of all emission coming from agriculture, forestry and land use change, the pressure on agriculture to reduce its carbon footprints is mounting. Sustainable agriculture practices

and increasing intervention of new technologies are going to be the driving agricultural themes in the near future.

Indian Agriculture

As the world's second most populous country, India is home to vast agro-ecological diversity. Four out of 34 global biodiversity hotspots and 15 WWF Global 200 eco-regions fall fully or partly within India. Having only 2.4% of the world's land area, the country harbors around 8% of all recorded species, including over 4,500 plant and 91,000 animal species.

Agriculture, with its allied sectors, is the largest source of livelihood in India. With 82% of Indian farmers being small and marginal, 70% of country's rural households still depend primarily on agriculture for their livelihood. India is the world's largest producer of milk, pulses and jute and the second largest producer of rice, wheat, sugarcane, groundnut, vegetable, fruit and cotton. It also ranks as a leading producer of spices, fish, poultry, livestock and plantation crops.

Harvesting its fourth consecutive bumper crop, India produced a record 295.67 Mt of food grain in the crop year 2019-20 (July-June). Higher by 10.46 Mt over the previous year, this highest ever production was fuelled by record outputs across rice (117.94 Mt) and wheat (107.18 Mt). Likewise, nutri/coarse cereals, oilseeds, maize, and cotton too reached record production levels with output being 47.54 Mt, 33.50 Mt, 28.98 Mt and 36.05 million bales respectively.

Despite achieving grain self-sufficiency, the production in India remains resource intensive, cereal centric and regionally biased.



Access to world class agronomy practices and agri-inputs remains sparse. The stress on water resources remain a key challenge while raising farmers' income by way of a holistic policy of enabling (instead of subsidizing) reforms can make farming sustainable and farmers prosperous. The Government of India has announced several pro-farmer initiatives to double farmers' income by 2022 and provide growth impetus to the agriculture sector. These include the Pradhan Mantri Kisan Maan Dhan Yojana ('PM-KMY'), Pradhan Mantri Kisan Samman Nidhi ('PM-KISAN'), the e-NAM portal to promote 'One Nation One Market', Direct Cash Benefit Transfer etc.

As part of its Covid-19 related stimulus, the Government of India has announced a slew of reform measures and a support package of ₹ 1.63 lakh crore for the agriculture sector. Considered as the mother of major agricultural reforms of recent times, its key provisions include deregulation of agricultural commodities from the Essential Commodities Act, limiting stock limit only to emergencies, giving selling choice to farmers and allowing private sector participation in agriculture, and substantial fund allocation for development of agricultural and food processing infrastructure.

These measures, when implemented in letter and spirit, can make Indian agriculture more competitive – profitable, diverse, tech-enabled and sustainable. The real benefits of these measures would take two-three years to become visible on the ground and lead to a lasting enablement of Indian farmers. .

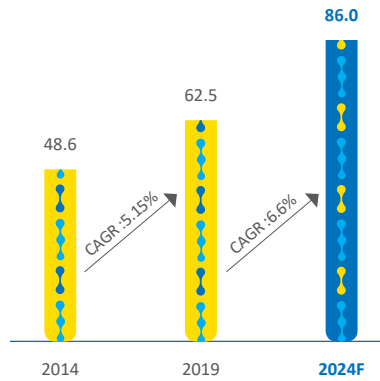
Crop Protection Industry Overview

Global scenario

Crop protection chemicals (CPC) play a vital role in reducing crop losses from a range of insects, herbs, fungus, nematodes, rodents, etc. They play a significant role in improving yields and farm income.

Valued at \$62.5 billion in 2019, the CPC industry is estimated to grow at 6.6% CAGR until 2024 to reach \$86 billion. Having been dominated by synthetic products for many decades, the industry is now witnessing growing popularity of bio-pesticides, which are estimated to grow at a much faster CAGR of 16% to reach \$15.5 billion in 2024, from its current base of \$7.5 billion in 2019.

Global crop protection chemicals market (in US \$ billion)

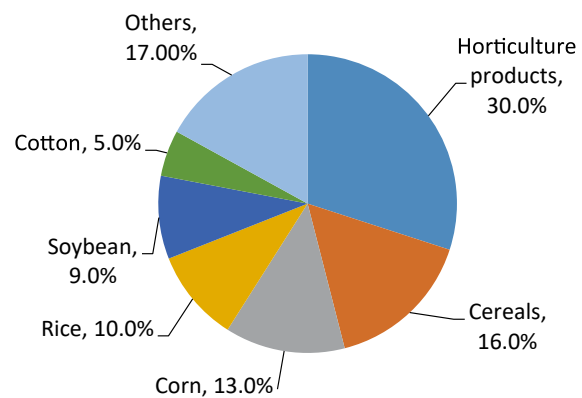


Source: Frost & Sullivan Research & Analysis

Contributing a dominant 41.8% of overall demand, the APAC region is the largest consumer of CPC, followed by Europe at 22.1% and North America at 15.1%. Herbicides constitute 55% of CPC demand while fungicides and insecticides contribute 23% and 22% respectively. Patented products, generic products and proprietary off-patent products constitute 30%, 28% and 42% of the global CPC market respectively.

Horticulture segment contributes nearly 30% of the global CPC demand, followed by cereals, corn, rice and soybean at 16%, 13%, 10% and 9% respectively.

Global CPC market segmentation by crop type, 2019



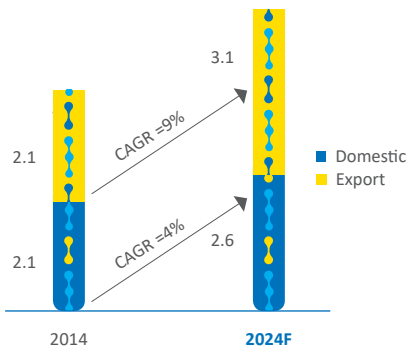
Source: Industry research

Indian crop protection industry:

India plays a critical role in the global CPC landscape, thanks to a large domestic market and a globally competitive CPC manufacturing ecosystem that helps it export the surplus production. India is the fourth largest producer of agrochemicals after USA, Japan and China. India is a net exporter of CPC, with nearly 50% of all its production being exported. The primary export markets are US, Brazil, Netherland and France. The export constitute of both, active ingredients and formulations.

The Indian CPC industry is valued at \$4.2 billion, equally split (50:50) between domestic and exports, in 2019. It is estimated to grow to \$5.7 billion by 2024, with exports' contribution increasing to 55% to reach \$3.1 billion.

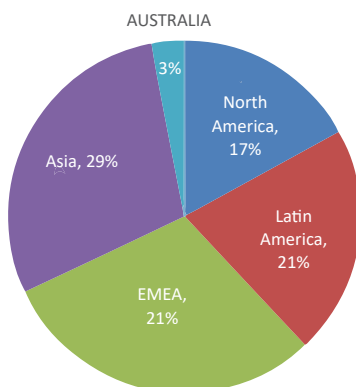
Indian CPC market by exports & domestic consumption (US \$ billion)



Source: Frost & Sullivan Research & Analysis

At 0.6 kg/hectare, India has one of the lowest per capita CPC consumption, as compared with kg/per hectare figure of 13, 12, 7, 6 and 5 for China, Japan, US, Brazil and France respectively. As the country aims to improve farm productivity and diversify cropping pattern with increased share of horticulture, average consumption is poised to steadily increase over a sustained period of time.

Indian CPC market – by export destinations, 2019



Source: FICCI, Industry research

India CPC Growth Drivers:

India CPC Growth Drivers: Aimed at doubling of farmers' income, the union and several state governments have been running numerous support initiatives that put more money in the hands of farmers. These include various incentives/ subsidies and frequent raise in minimum support price of key commodities. The recently announced stimulus and reforms package would provide further fillip to modern farming.

Crop protection chemicals would play a pivotal role in helping achieve these objectives. Per hectare consumption would steadily rise on account of the following:

- Increasing income would empower farmers to reduce crop losses by investing in high quality crop protection chemicals
- Increasing horticulture and floriculture acreages would help demand growth for CPC products

- Continuing and intensifying labor shortage would push demand for specific herbicides
- Increasing popularity of bio-pesticides would accelerate demand growth

Company's Business Overview

PI Industries is one of India's foremost agrochemical companies. Offering integrated and innovative products and solutions to its customers, PI enjoys tremendous brand recognition and a strong global presence built over the years on strong foundation of Trust, Integrity and Respect for IP.

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

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

Discovery, Development and Scale-up

Research & Development is one of PI's key strengths and serves as a great enabler of Company's business model. The state-of-the-art R&D centre spread over an area of 1,30,000 square feet at Udaipur, Rajasthan, provides excellent infrastructure and lab facilities for research scientists to carry out activities and specialize in the discovery space, including library synthesis, molecule design, lead optimization, route synthesis, biological testing and greenhouse testing.



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

PI's strong team of 300+ research scientists includes more than 130 Doctorates specialized in process research and complex chemistries. The Company's research & product development capability forms the core of its partnership with global innovators when it comes to in-licensing arrangements for patented / proprietary products for commercializing. In-depth expertise in process research, process development and analytical references enable PI to provide integrated solutions to global customers. The Company continues its focus on new innovative chemistries and processes, cutting-edge technologies.

Product Evaluation & Registration

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

The Company also has a highly knowledgeable, skilled and capable team of registration professionals with deep understanding of Indian

regulatory system to register products in India and also facilitate the registration services for the innovators seeking registration in India. The team specializes in planning and coordinating studies with CRO's related to bio-efficacy, residue and toxicological studies in compliance with the applicable regulations for the purpose of quality data submission and regulatory approvals.

Manufacturing

PI has invested in state-of-the-art technologies in order to ensure the highest level of safety, product quality, productivity and consistency in the resulting products. The four integrated manufacturing facilities are cumulatively spread across 100+ acre land and include 13 multi-purpose plants. The manufacturing units are equipped with dedicated high-pressure reaction facilities with high level of futuristic automation. In addition, PI's 2 Formulation units at Panoli cater to domestic requirements of local as well as global clientele. The multi-purpose plants give PI the flexibility to produce new products in a short span of time and scale up to meet the demand of its clients. The manufacturing facilities are ISO 9001, ISO 14001, OHSAS 18001, ISO 50001 and ISO 17025 certified that conform to very high safety and environment management standards. The Company's formulation facilities process agrochemicals in WDG, WG, SC, E, EC, DP, GR, etc. and have a world-class warehousing facility. PI's manufacturing facilities are also equipped with the amenities that help recover, recycle, preserve and reduce water consumption, which in turn, boost its Green Initiatives.





Marketing & Distribution

PI has a rich legacy and track record in building strong brands and delivering on its customer promise by leveraging the strong marketing and distribution set up. The Company's marketing teams adopt a three-pronged approach in building powerful brands and creating strong recall value for its products. Pre-launch efforts include mapping the target users & markets, on-field training, generating testimonials, brand awareness and teaser campaigns. The product launch campaigns include theme, location and venue finalization, 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 PI's major brands like NOMINEE GOLD, OSHEEN, BIOVITA, COSKO, ROKET, KEEFUN, ELITE, HUMESOL have built a strong association with farmers and a strong recall value in the minds of the consumers. During the year under review, the Company has launched two new products namely AWKIRA & COSKO SC which received positive feedback from farmers & channels alike. Inculcation of digital strategy to reach customer base efficiently and in time has added an edge to the marketing strength and the Company is ever poised to tackle the needs of changing markets.

PI has a very strong and wide distribution network spanning across the length and breadth of the country. It deploys 30 stock points including its own depots and C&F agents who work on hub-and-spoke distribution model to ensure timely delivery of Company products. With 9 zonal offices, 28 depots, 1500 experienced field force, 10,000 active dealer/distributors and more than 1,00,000

retailers spread across the country, PI reaches out to more than a million farmers. Its centralized SAP-based ERP system provides an efficient last mile connectivity.

Customer Connect

PI firmly believes that investing in an improved customer experience forms the core of its business model and leverages its extensive presence in the rural areas effectively by combining the use of latest technology in outreach programs. The Company's strategic business partners' meets are held at regular intervals wherein the channel partners are informed and trained on the shifting paradigms in agriculture. In addition, necessary trainings are also provided to enable them to be ready to deal with technological advancement in agriculture. PI's 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.

Financial Review

Revenue from Operations stood at ₹ 33,068 million for FY 2019-20 as compared to ₹ 28,409 million for the previous year, registering a growth of 16.4% on YoY basis. The Operating Profit for FY 2019-20 increased by 21.7 % to reach ₹ 6,977 million as compared to ₹ 5,731 million in the previous year. The Net Profit for the year grew by 8.4 % to reach ₹ 4423 million as compared to ₹ 4077 million in the previous year. Earnings per Share (EPS) for the year stood at ₹ 32.04 per share as compared to ₹ 29.56 per share for the previous year. Debt equity ratio was at 0.2 as compared to 0.02 in the previous year.

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

Particulars	FY 2019-20	FY 2018-19
Earnings per Share (EPS)	32.04	29.56
Current Ratio	1.64	2.08
Debt Equity Ratio	0.2	0.02
Operating Profit Margin (%)	21.1%	20.2%
Net Profit Margin (%)	13.4%	14.4%
Inventory Turnover	4.59	5.30
Debtors turnover	6.03	4.29
Interest Coverage Ratio	34.02	92.16
Return on Networth	17.06	17.92

Internal Controls Systems

The Company possesses a suitable mechanism for internal controls. It follows a well-designed documentation system for policies and procedures covering all financial and operating functions. These controls have been developed and designed in a manner to properly maintain accounting records for ensuring reliability of financial reporting, monitoring of operations, protecting assets from unauthorized use or losses and compliance with regulations. The Company has digitalized all key process controls through the ERP systems to maximize automated control transactions. The auditor verifies IT-enabled controls as part of the review of functions and processes as part of the Internal Audit function. The Company has an Audit Committee Charter which defines the scope of work, requirements, accountability, independence and reporting responsibilities of the Internal Audit Function. This is headed by 'Head – Internal Audit' who reports functionally to the Chairman of the Audit Committee and administratively to the Managing Director & CEO. At the start of the fiscal year, the Audit Committee of the Board approves a risk-based internal audit plan, based on which the internal audit reviews are conducted. The Annual Audit Plan is aligned with the major risks identified by the businesses. The scope of audits comprises review and reporting on key process risks, adherence to operating guidelines and statutory compliances. It also recommends improvements for monitoring and enhancing efficiency of operations and ensuring reliability of financial and operational information. The Audit Committee monitors and reviews significant internal audit observations, compliance with accounting standards, risk management and control systems and profitability. The Company has engaged Chartered Accountancy firm M/s KPMG LLP for conducting internal audit reviews. They conduct opening meeting with the auditees, understand processes, roll-out the scope and terms of reference, identify control gaps and suggest remediation plans. Their engagement also included review of existing design, tests of Internal Controls over Financial Reporting controls (ICFR) for scope in audit areas and for other key processes/ functions to support/ enable the process of CEO-CFO certification and Director's certification under Section 134 of the Companies Act, 2013.

Risk Management

The Company's risk framework encompasses practices relating to the identification, analysis, evaluation, treatment, mitigation and monitoring of the strategic, operational, and legal & compliance risks to achieve its key business objectives. Risk Management at PI seeks to minimize the adverse impact of these risks, thus, enabling the Company to leverage market opportunities effectively and enhance its long-term competitive advantage. The focus of risk management is to assess risks and deploy mitigation measures. This is done through periodic review meetings of the management. Risk Management Committee is formed comprising of 6 members, majority being board members including one Independent Director. The primary responsibilities of the Committee shall include:

- Formulate a Risk Management Framework and recommend the said framework and any amendments thereto to the Board for its approval.
- Establish that appropriate methodology, process and systems are in place to monitor, evaluate and report risks associated with the business.
- Review the adequacy of the existing measures to mitigate various risks.
- Evaluate and approve new risks and mitigation measure that may be recommended by the Chief Risk Officer in respect of any function and review the action for its implementation on an ongoing basis.
- Evaluate and direct that appropriate processes and systems are in place to monitor, evaluate and report cyber security risks associated with the business of the company and to review the adequacy of the existing measures to mitigate the said risk.

Human Resources

To support the high growth strategies of both business segments, PI added 921 employees (gross) to its permanent workforce across all levels during the year. A revamped Internal Job Posting process and effective use of social media helped complete the hiring programme effectively and efficiently. In addition to psychometric tests, PI introduced competency-based assessments for all senior level hires. In keeping with its compensation benchmarking policy, the Company conducted a wide-ranging compensation survey and made market corrections where necessary with view to retaining high-performing talent as well as to ensure that the pay levels and structure remain competitive with market.

Recognizing the importance of identifying and developing high-performers as well as employees with potential for fast-track growth, the Company initiated a comprehensive Talent Management programme – Project Udbhav. This project covers all managerial and leadership levels in the company and consists of:

- Evaluating employees against behavioral and leadership competencies using a battery of proven tests
- Developing and implementing individual development plans for each employee through a mix of experiential learning, executive education, cross-functional teaming and coaching and mentoring

- Developing differentiated career paths for employees based on their performance and potential
- Establish a structured process for Talent Review to monitor the progress and development of employees in line with business needs
- Use the outcomes of the assessments to develop succession plans for critical role
- Integrate the outcomes of the above with career decisions

As on March 31, 2020, 108 employees had completed their assessments and are in the process of working on their development plans.

Responding to employees' feedback about the need for visibility as to career paths, a new and holistic Career Management Framework was launched in the agri-input business. This framework sets out in detail the various career options available to employees in the different functions at all levels and defines the capabilities and competencies required for an employee to progress their career in multiple ways. During the coming year, it is proposed to extend this framework to cover other parts of business

Employee Engagement continues to be in focus. A 3-point survey was conducted to elicit employee feedback. A digital platform (MYIdea) was developed for employees to share ideas and suggestions for improvement for sharing ideas. These have been welcome by employees and have resulted in their enthusiastic response. Initiatives like Stepthalon, Dental Camp, Zumba at Udaipur, International Yoga Day have been the highlights of attracting employees and bringing them closer to the culture of the organization.

Continuous improvements of HR Systems and Processes were made during the year, based on user feedback. Besides making the system user friendly, these improvements have also strengthened system controls. A comprehensive HR SOP has now been developed to act as a standalone document for process reference and compliance Total workforce of the Company stood at 3000+ as on March 31, 2020.

Impact of Covid-19

COVID-19 pandemic in last month of FY 2020 developed rapidly into a global crisis, forcing governments to enforce lock-downs of all economic activity. For the Company, the focus immediately shifted to ensuring the health and well-being of all employees, and on minimizing disruption to services for all our customers.

Company's operations were disrupted at its R&D center at Udaipur, Rajasthan, multi-purpose plants at Gujarat and sales depots across the country. This resulted in partial deferment of Company's domestic and export revenues for the month of March' 20 to Q1, FY 21. The Company has since been able to resume operations at its various sites from the beginning of April in a gradual manner and management believes that being into an essential commodity,

there is no significant impact of COVID-19 pandemic on the current and future business condition of the Company, financial statements liquidity position and cash flow and has concluded that no material adjustments are required in the financial statements. Management continues to closely monitor the situation

Information Technology

PI always keeps a sharp focus on enabling its business with state-of-the-art tools, technologies and platforms. The Company's approach has been to partner with business in fuelling growth and ensuring the highest standards of quality in services and products. In order to meet these objectives, coupled with the commitment to its customers, the company strives and provides timely business deliveries with the best in-class quality. Accordingly, the cornerstone of digital strategy and digital road map is completely mapped to business and customer.

A mobile first digital Strategy has focused on bridging the digital divide with the consumers, customers, retailers and distributors. Accordingly, the company has launched a unique and nuanced platform – 'mPower' which transforms key field operations on the ground for domestic distribution business, thereby touching the lives of millions of farmers and ensuring that they receive the best of solutions and services. This platform empowers the field force as well as sales /marketing teams, duly blending demand generation activities and curating farmer interactions that finally lead to enhanced productivity for the farmer thereby leading to increased sales. The platform provides the ability to slice and dice data and produce in-depth Business Intelligence & Analytics that can drive diverse business strategies catering to focused /targeted sales, cross-sell and upsell of products. PI has always believed in strategic and long term partnerships. Accordingly driving customer and channel loyalty has been a key focus area. The 'mPower' platform also has the ability to strategize, plan and execute channel and customer loyalty which is to be rolled out this season for select products. This platform is duly amalgamated with PI's Track and Trace system that has SKU level, sub-shipper and shipper level QR coding implemented at manufacturing sites for specific high value products. Combined with mobile applications for the channel and farmers; the company will be in a unique position to reward its partners via extensive loyalty programs. PI's exclusive offering to farmers in select geographies is the provision of spraying services through custom-designed imported spraying machines. mPower also provides the necessary digital tools to cater for the scheduling, allotment and overall management of these spraying services to the farmers.

The company has also deployed a strategic customized platform for product pipeline management called PRISM (Portfolio Relationship Intelligence and Strategic Management). PRISM tracks and manages SLA based workflows of all entities involved in commercializing new products for the entire cycle of Strategic Intent to Final Closure and Commercialization.

The company hosts all the research data into Electronic Laboratory Notebooks (ELN) which has been used to automate all kind of testing workflows and protocols as per OECD guidelines. A number of additions and enhancements to the existing Electronic Lab Notes (ELN), a scientific collaboration platform used by Company's scientists have been undertaken and implemented directly improving their efficiency and productivity. It has also implemented the Spotfire platform as an add-on to Electronic Lab Notes to enable advanced research intelligence and analytics speeding up the Discovery Cycle.

Bringing about innovation and reduction of operational costs whilst increasing throughput and enhancing quality is one of the key objectives. PI has embarked on implementation of the Golden Batch Project which is a part of an AI enabled platform under the category of Manufacturing Execution Systems (MES). The platform integrates with fully automated DCS plants and provides deep data driven insights into manufacturing processes coupled with AI based analytics leading to improvements in key metrics of operational efficiency and excellence.

The entire digital ecosystem of PI is powered by state-of-the-art IT infrastructure co-located at a Tier 4 Data Centre with multi-layered cyber defenses. The Company also has an active Business Continuity System in place with real-time data replication and switch-over ability of its critical business systems in case of a disaster. Data Security is of utmost importance and accordingly we have deployed best in-breed cyber defenses. Accordingly, to match up with international standards, the company is now fully compliant with the ISO 27001:2013 certified for all its locations thus ensuring technology and cyber security policies, procedures and other controls involving people, processes and technology contribute efficiently to data protection and management.

Business Outlook

The business environment across company's key business verticals remains favorable. Forecast and initial trend of a good monsoon with even distribution has already seen record growth in crop acreage. Government's financial support to farmers and other Covid-19 related relief measures shall also propel farmer investments in crop inputs. Company's newly launched as well as repurposed/ repositioned brands shall further augment revenues and profitability in its domestic business.

The order book, inventory positions and production off-takes in CSM exports business augurs well. The influx in enquiries with a sizeable portion from non-agrochemical segment shall help accelerate and sustain momentum over near to medium terms.

The Company's recent success with COVID-19 intermediate drug and its subsequent demand from few Indian and international pharmaceutical players shall help scale up Company's recent pharma foray.

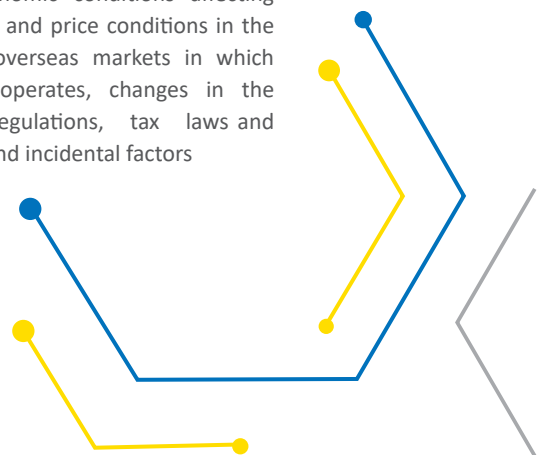
PI's strategy of accelerating growth through a mix of organic and inorganic measures is well supported with a robust financial position and an active M&A pipeline.

In view of above factors, the Company assesses its business outlook to be positive and promising over the coming few years.



CAUTIONARY STATEMENT

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



Board's Report

Dear Members,

Your Directors are pleased to present the 73rd Annual Report on the business and operations of the Company together with the Audited Financial Statements for the financial year ended March 31, 2020.

1. FINANCIAL HIGHLIGHTS

Particulars	₹ (in Mn)	
	FY 2019-20	FY 2018-19
Revenue from Operations	33,068	28,409
Other Income	479	600
Profit Before Interest, Depreciation and Tax	7,456	6,331
Interest	180	59
Depreciation	1,332	926
Profit before Tax & Exceptional items	5,944	5,346
Less: Current Tax	1,249	1,169
Deferred Tax	(272)	(100)
Profit after Tax	4,423	4,077
Add: Other Comprehensive Income	(560)	77
Total Comprehensive Income	3,863	4,154
Balance of retained earning brought forward from previous year	18,368	14,908
- Profit for the year	4,423	4,077
- Other Comprehensive Income (OCI) for the year	(14)	(1)
Appropriations:-		
Final Dividend on Equity Shares 2018-19	207	345
Interim Dividend on Equity Shares 2019-20	414	345
Dividend Distribution Tax on Equity Shares	127	142
Transfer to General Reserve	0	0
Balance Profit / (-) Loss carried forward	22,029	18,368
Earnings Per Share - Basic (in ₹)	32.04	29.56
- Diluted (in ₹)	32.02	29.54

2. KEY HIGHLIGHTS

Your Company's Revenue from Operations for the year stood at ₹ 33,068 Mn as compared to ₹ 28,409 Mn last year registering a growth of 16.4 % on YoY basis. The Operating Profit for the year was at ₹ 6,977 Mn as compared to ₹ 5,731 Mn last year i.e. an increase of 21.7 % YoY. The Net Profit for the year on stand-alone basis stood at ₹ 4,423 Mn as compared to ₹ 4,077 Mn in the previous year i.e. a growth of 8.4 %YoY.

Your Company's Net Profit on a consolidated basis stood at ₹ 4,566 Mn during the year as compared to ₹ 4,102 Mn in the previous year, a growth of 11.3 % YoY.

The Earnings per share (EPS) for the year stood at ₹ 32.04 per share, a growth of 8.40 % as compared to ₹ 29.56 per share for the previous year.

Your Company invested ₹ 229 Mn in fixed assets for expansion of manufacturing and Research & Development capacities.

No amount was transferred to general reserves during the year.

Your Company also commissioned a new MPP plant at Jambusar during March 2020.

Acquisition of Isagro (Asia) Agrochemicals Pvt. Ltd

Your Company completed the acquisition of Isagro (Asia) Agrochemicals Private Ltd ('Isagro Asia') on December 27, 2019 by acquiring 100% stake from Isagro S.p.A. and its affiliates. The total transaction value of acquisition is ₹ 4432 Mn. Isagro Asia has a 30 Acre manufacturing site including production plants for agrochemical technical and formulations adjacent to your Company's existing manufacturing unit in Panoli (Gujarat). Thus, the acquisition shall help the company to have additional manufacturing capacities, synergy benefits of adjacent mfg. site, long term contract for export of products to Isagro S.p.A. and also help the Company strengthen its position in domestic market by leveraging the complementary product portfolio and pan India distribution channel of the acquired entity.

Scheme of Amalgamation

As a part of the acquisition plan, Isagro Asia business will be reorganised in such a way that domestic distribution business is demerged to Jivagro Ltd, a wholly owned subsidiary of PI Industries Ltd ('PI') and remaining business gets merged with PI. Accordingly, the respective boards of Isagro Asia and PI in its meeting held on February 12, 2020, considered and approved the Scheme of Amalgamation between Isagro Asia and PI under the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, read with applicable rules framed thereunder whereby all business other than domestic distribution business of Isagro Asia shall be merged with your Company upon receipt of the regulatory approvals from NCLT.

Domestic distribution business of Isagro Asia shall be demerged to Jivagro Limited, a wholly owned subsidiary of your Company upon receipt of the regulatory approvals from NCLT through a separate Scheme of Demerger as approved by their respective Boards.

3. BUSINESS PERFORMANCE

During the year under review, your Company launched new products namely AWKIRA & COSKO SC which received positive feedback from farmers & channels alike. Inculcation of digital strategy to reach customer base efficiently & in time has added an edge to the marketing strength & Company is poised to tackle the needs of changing markets. In brand sales, growth was well supported by successful launch of Awkira along with support from Vibrant, Cosko & Header. In the herbicide segment, Company's flagship brand 'Nominee Gold' despite facing fierce competition from generics touched a sale of 500 KL for the first time while grabbing a 70% growth share in overall Bispyribac Sodium growth as Company continued to explore new geographies where it was not present. Your Company is focused on introducing an advanced line-up of innovative products that will complement the existing sales. Several high potential products are already in the pipeline, the intent is to develop new brands, introduction of new innovative products, strengthening of existing partnerships & forging of new ones, channel expansion and focus on customer connect are some of the key strategic initiatives expected to drive the growth in coming years. Revenues from domestic business were lower on account of deferment of sales for the month of March, 2020 due to lockdown situation in the country. However, your Company was able to gain those revenues in the month of April' 2020 & May' 2020 itself.

Your Company's exports grew ~ 33% as compared to previous year on account of increase in volume growth of existing products, addition of new products as well as increased operating efficiencies

across the plants. Various new technology absorption measures were also undertaken at plants. With a vision of Chemistry 4.0, your Company initiated deployment of new analytical tools which aim at increased production and asset efficiency. The Company continued building up the base of local vendors for raw material thus reducing Company's dependency on Chinese market. Your Company is working with innovator partners to introduce novel molecules globally. Commercialisation of 5 new molecules during the year alongwith the enhanced utilization of multi-purpose plants at Jambusar SEZ and commissioning of a new plant, will provide further growth impetus to Company's export business in the coming years.

Consequent to the nationwide lockdown announced from March 25, 2020, Company's operations were disrupted at its R&D facilities at Udaipur, manufacturing facilities at Gujarat and sales depots across the country. This resulted in partial deferment of Company's domestic and export revenues for the month of March to the next quarter. The Company has since been able to resume operations at its various sites from the beginning of April in a gradual manner and management believes that being into an essential commodity, there is no significant impact of COVID-19 pandemic on the current and future business condition of the Company, financial statements, liquidity position and cash flow. Accordingly, no material adjustments are required in the financial statements. Management continues to closely monitor the situation.

4. AWARDS AND RECOGNITIONS

Mr. Salil Singhal, Chairman Emeritus of your Company was conferred with the '**Lifetime Achievement Award**' at the CNBC-AWAAZ Rajasthan Ratna Awards ceremony held at The Lalit Hotel, Jaipur. CNBC-AWAAZ team, with their in-depth research, identified outstanding contributors from across the state. Mr. Singhal emerged a clear winner for being instrumental in creating a positive image for the state with his exemplary work across different sectors.

Besides this, your Company was also awarded ISO 27001:2013 Certification from British Standards Institute for implementation of information security based on global standards and frameworks. The certification has been renewed for Udaipur and Gurgaon locations and fresh Certifications issued for plants located at Jambusar and Panoli were received during the year.

For its CSR initiatives, your Company won the '**Golden Peacock Award**' for Corporate Social Responsibility (GPACSR), in fertilizer and chemicals segment, at the 14th International Conference on Corporate Social Responsibility held in Mumbai on March 4, 2020.

5. RESEARCH & DEVELOPMENT (R&D)

During the year under review, the Research & Development team successfully carried out synthesis of 44 new development molecules. Out of these, 13 molecules were scaled up successfully for their next stage of development and 5 molecules were transferred to the next stage. Apart from synthesis and scale up of new products, the Research & Development team also undertook process improvements for 10 projects in order to identify cost improvement opportunities and then implement such project improvements at the plant level. Environment, Health and Safety (EHS) considerations were given the usual special emphasis in the process development work.

Your Company is running a state-of-the-art integrated R&D set-up

for crop protection, with chemical discovery, laboratory and greenhouse facilities for biological testing and with farm resources for first field trials. This facility supports various R&D projects, with focus on plant diseases, animal pests and weed control. Scientifically, it involves chemical synthesis from discovery to scale-up, analytics for structural elucidation, quantitation as well as preparative purification and separation, molecular design and modelling, classical biological testing (in vitro lab, in vivo lab, greenhouse and field), and supporting biochemical and molecular biology research – everything connected by a high-end electronic data documentation and management system. These activities are complemented by a knowledge management unit which is responsible for literature and patent search, patenting and intellectual property management.

The research assignments involve global innovator partners. Your Company's research strategy and implementation are well supported by a strong team comprising of more than 300 research scientists having expertise and international experience in chemistry, analytical techniques, biological and biochemical testing, mode of action, tox and e-tox studies, IP management and basic / detailed process engineering.

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

6. FINANCE

Your Company continued to focus on managing cash efficiently and ensured that it has adequate liquidity and back up lines of credit. Net Cash from operations for the year stood at ₹ 6,438 Mn. Your Company follows a prudent financial policy and aims at maintaining an optimum financial gearing. The Company's Debt to Equity Ratio was almost 0.20 as on March 31, 2020.

During the year, CRISIL carried out the review of credit rating of loans and based upon its assessment, reaffirmed the credit rating for long term loans at AA/Positive whereas 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.

7. DIVIDEND

During the year, the Board of Directors of the Company declared an interim dividend of ₹ 3/- per equity share in its Board Meeting held on February 12, 2020 on 13,81,07,993 equity shares of ₹ 1/- each which was paid on March 02, 2020. The Directors are pleased to recommend a final dividend of ₹ 1/- per equity share of ₹ 1/- each, which if approved at the forthcoming Annual General Meeting, will be paid to all those Equity Shareholders of the Company whose names appear in the Register of Members and whose names appear as beneficial owners as per the beneficiary list furnished for the purpose by National Securities Depository Limited and Central Depository Services (India) Limited as on record date fixed for this purpose. The total dividend for the year would be ₹ 4/- per equity share carrying face value of ₹ 1/- each.

DIVIDEND DISTRIBUTION POLICY

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

Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") the Company has formulated its Dividend Distribution Policy which specifies the financial parameters, internal and external factors that are to be considered by Board while declaring a dividend. Dividend Distribution Policy is uploaded on the website of the Company which can be accessed at [https://www.piindustries.com/Media/Documents/Dividend%20Policy%20\(f\).pdf](https://www.piindustries.com/Media/Documents/Dividend%20Policy%20(f).pdf)

8. SUBSIDIARY, ASSOCIATES & JOINT VENTURES

As on March 31, 2020, your Company had five (5) Wholly-owned Subsidiaries and two (2) Joint Venture Companies. In accordance with Section 129(3) of the Companies Act, 2013, the Company has prepared a consolidated financial statement of the Company and of all its subsidiary Companies.

The key highlights of these Subsidiaries and Joint-Venture Companies are as under:

SUBSIDIARY COMPANIES

PI Life Science Research Ltd.

Your Company owns 100% stake in PI Life Science Research Ltd., which carries on the business of R&D for developing new products. The Company posted a profit of ₹ 17.3 Mn earned on account of various R&D activities for developing new products.

PI Japan Co. Ltd.

Your Company owns 100% stake in PI Japan Co. Ltd, a Company based in Japan which takes care of business development activities of your Company in Japan. The Company posted a net profit of JPY 3.3 Mn during the year ended March 31, 2020. 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 for the purpose of consolidation.

PILL Finance and Investments Ltd.

Your Company owns 100% stake in PILL finance. The Company posted a profit of ₹ 1.1 Mn during the year ended March 31, 2020

Isagro (Asia) Agrochemicals Private Limited

Isagro Asia became a material wholly owned subsidiary of your Company by virtue of acquisition of its 100% stake from Isagro S.p.A. and its affiliates on December 27, 2019. The Company is engaged in business of agrochemicals. The total revenue of Isagro Asia stood at ₹ 687 Mn with net profit of ₹ 137 Mn posted during the period ended March 31, 2020 i.e. from Dec 27, 2019 till March 31, 2020.

Jivagro Limited

During the year, your Company incorporated another subsidiary named Jivagro Ltd. on December 12, 2019 to carry out the business as manufacturer, importer, exporter, wholesaler, retailer and dealer/distributor of agro chemicals, bio-stimulants, bio

control and other agri-input. It is proposed to hive of domestic distribution business of Isagro Asia to Jivagro Limited upon receipt of regulatory approvals from NCLT as required under the provisions of the Companies Act, 2013. During the period ended March 31, 2020, Company incurred an expense of ₹ 0.3 Mn on account of incorporation expenses. The Company has not yet commenced business operations.

JOINT VENTURES

Solinnos Agro Sciences Pvt. Ltd

Solinnos Agro Sciences Pvt Ltd ('Solinnos') is carrying out registration activities for different products of Mitsui Chemicals Agro Inc, Japan, ('MCAG') in India. Your Company holds 49% stake in Solinnos through its subsidiary Company namely PI Life Science Research Limited whereas remaining 51% stake is held by MCAG, Japan. The Company posted a net profit of ₹ 0.70 Mn during the year ended March 31, 2020.

PI Kumai Pvt. Ltd

PI Kumiai Pvt Ltd ('PI Kumiai') is mainly engaged in mfg. & trading of agrochemicals in collaboration with Kumiai Chemical Industry Co. Ltd, Japan ('Kumiai') who owns 50% stake in this joint-venture. Your Company holds remaining 50% equity in PI Kumai through its subsidiary Company namely PI Life Science Research Ltd. The aforesaid joint venture posted a profit of ₹ 15.01 Mn during the year ended March 31, 2020.

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

In accordance with the provisions of Section 136 of the Companies Act, 2013, the Annual Report of the Company, containing the Standalone and Consolidated Financial Statements along with the Audited Annual Accounts of each Subsidiary Company have been placed on the website of the Company i.e. www.piindustries.com.

9. RISK MANAGEMENT POLICY AND INTERNAL CONTROLS

Your Company has a well-defined risk management framework in place which inter alia, includes identification of risks, including cyber security and related risks inherent to operations of the Company. Risk management process has been established across the Company and is designed to identify, assess and frame a response to threats that affect the achievement of its objectives. Further, it is embedded across all the major functions and revolves around the goals and objectives of the organisation. 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.

Pursuant to Regulation 21 of Listing Regulations, your Company has constituted a Risk Management Committee of the Board comprising of 6 members, majority of which are Directors including 3 Executive directors, one Independent Director and 2 Executives of the Company. The Committee is authorised to monitor and review risk management plan apart from reviewing and recommending the modification to the Risk Management Policy, if any.

The Board has adopted policies and procedures for ensuring orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial disclosures. Internal Control Systems are commensurate with the nature and size of Company's business and in view of the complexity of its business operations, these are designed to meet the challenges. The control system comprises of continuous audit and compliance by in-house internal audit team supplemented by internal audit checks by M/s KPMG India LLP., Internal Auditors of the Company. M/s PKF Sridhar & Santhanam LLP, have been engaged as the Depot Auditors to perform the internal audit function, assess the internal controls and statutory compliances in various areas and also provide suggestions for improvement.

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

10. INTERNAL FINANCIAL CONTROLS AND ITS ADEQUACY

Your Company has in place adequate internal financial controls with reference to the Financial Statements commensurate with the size, scale and complexity of its operations. The Company has in place an adequate Internal Financial Controls, with reference to financial statements. The Company has identified and documented all key internal financial controls as part of its Internal Financial Control reporting framework. The Company has laid down well defined policies and procedures for all critical processes across Company's plant, offices wherein financial transactions are undertaken. The policies and procedures cover the key risks and controls in all the processes identified to respective process owner. In addition, the Company has a well-defined financial delegation of authority which ensures approval of financial transaction by appropriate personnel. The Company uses SAP ERP to process financial transactions and maintain its books of accounts to ensure its adequacy, integrity and reliability. The Company has also deployed control tool to monitor evaluation of same for operating effectiveness and review process is carried out independently by the Internal Auditors.

Accordingly, the Board is of the opinion that the Company's internal financial controls were adequate and effective as on March 31, 2020.

11. RELATED PARTY TRANSACTIONS

All arrangements / transactions entered into by the Company with its related parties during the year were in the ordinary course of business and on an arm's length basis. During the year, the Company has not entered into any arrangement / transaction with related parties which could be considered material in accordance with the Company's Policy on Related Party Transactions read with the Listing Regulations and accordingly, the disclosure of Related Party Transactions in Form AOC - 2 is not applicable. However, names of Related Parties and details of transactions with them have been included in Note no 35 of the financial statements.

Prior omnibus approval of Audit Committee is obtained for the transactions which are foreseen and repetitive in nature. A

statement of all Related Party Transactions is presented before the Audit Committee for its review on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

The Policy on Materiality of and Dealing with Related Party Transactions as approved by the Board is uploaded on the Company's website and can be accessed

[https://www.piindustries.com/Media/Documents/Related%20Party%20Transactions%20Policy\(r\).pdf](https://www.piindustries.com/Media/Documents/Related%20Party%20Transactions%20Policy(r).pdf)

12. AUDITORS

Statutory Auditors and Auditor's Report

The shareholders of the Company at 70th AGM held on September 06, 2017 had appointed M/s. Price Waterhouse, Chartered Accountants, LLP, (ICAI Registration No-012754N/N500016), as Statutory Auditors of the Company for a term of 5 years and accordingly they hold their office till the conclusion of Annual General Meeting to be held in 2022. The Auditors' Report is unmodified i.e. it does not contain any qualification, reservation or adverse remark or disclaimer.

Cost Auditor

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 ended March 31, 2020.

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.

As per Section 148 of the Companies Act, 2013, read with the Companies (Cost Records and Audit) Rules, 2014, your Company is required to maintain cost records and accordingly, such accounts and records are maintained.

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, 2020. The Secretarial Audit Report for the financial year ended March 31, 2020 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, 2020 is annexed to this report as **Annexure 'B'**.

13. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The details of loans & guarantees given and investments made covered under the provisions of section 186 of the Companies Act, 2013 are mentioned in Note No. 7 to the financial statements.

14. DEPOSITS

Your Company has not accepted any public deposits during the financial year 2019-20 and no amount of principal or interest was outstanding as on March 31, 2020.

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

During the year, Company had transferred an amount of ₹ 2,12,682/- towards unclaimed dividend pending for more than seven years. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unclaimed amounts lying with the Company as on the date of last Annual General Meeting held on September 09, 2019 on the Company's website and same is also available on the website of the Ministry of Corporate Affairs. The details can be viewed at Company's website at following link: <https://www.piindustries.com/investor-relations/Investor-Information/Unclaimed-Dividend>

Pursuant to the provisions of Sec 124 of the Companies Act, 2013 read with IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has transferred 11,010 equity shares pertaining to shareholders in respect of which dividend remained unclaimed for a period of seven consecutive years to demat account of IEPF authority by way of corporate action through NSDL. The shareholders can claim their shares by making an application in form IEPF-5 online with IEPF authority. Mr. Naresh Kapoor, Company Secretary acts as a Nodal Officer of the Company for IEPF matters.

16. BOARD AND COMMITTEES

Board of Directors

Your Company is managed and controlled by a Board comprising an optimum blend of Executive and Non-Executive Professional Directors and Independent Directors. The Chairman of the Board is a Non-Executive Independent Director. As on March 31, 2020, the Board of Directors consists of Eight (8) Directors consisting of three (3) Executive Directors including a Vice Chairman & Managing Director, Managing Director & Chief Executive Officer and a Whole-time Director apart from five (5) Non-Executive Directors, out of which four (4) are Independent Directors including one (1) Woman Independent 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. The Board members possess requisite qualifications and experience in general corporate management, strategy, finance, banking, taxation, risk management, merger & acquisitions, human capital & compensation, technology, legal and regulatory fields which enable them to contribute effectively to the Company in their capacity as Directors of the Company.

Mr. Ravi Narain ceases to be the Non-Executive Independent Director of the Company w.e.f. May 01, 2019 consequent upon the order passed by SEBI in the matter of National Stock Exchange Ltd on April 30, 2019. Mr. Ravi Narain has also confirmed that his resignation has nothing to do with company and is on account of SEBI order which has also been informed to Stock Exchange by the company. The Board places on record its appreciation for the services rendered by Mr. Ravi Narain during his association with the Board of the Company.

The Board at its meeting held on 4th June 2020, pursuant to the recommendation of Nomination & Remuneration Committee and taking into account the report of performance evaluation, re-appointed Dr. T.S. Balganes (DIN 00648534) as an Independent Director for a second consecutive term of 5 years w.e.f. September 05, 2020. The Board opines that Dr. T.S. Balganes possesses the requisite expertise and experience including the proficiency. The Board recommends his re-appointment for the approval of the members at the forthcoming Annual General Meeting.

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr. Arvind Singhal (DIN: 00092425) retires 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.

Declaration(s) from all Independent Directors have been received confirming that they meet the criteria of independence. Further, details as required under the Companies Act, 2013 and Listing Regulations, 2015 for directors seeking appointment/re-appointment are furnished in the notice of annual general meeting. The aforesaid appointments are subject to approval of shareholders at the ensuing annual general meeting.

Changes in Key Managerial Personnel

On the basis of the recommendation of the Nomination & Remuneration Committee and Board of Directors, shareholders in its last AGM held on September 09, 2019 approved the elevation in position held by Mr. Mayank Singhal from Managing Director & Chief Executive Officer to Vice Chairman & Managing Director w.e.f. September 09, 2019.

Further, in order to strengthen the Board, Dr. Raman Ramachandran was inducted on board as a Whole-time Director w.e.f. July 01, 2019 and was elevated to the position of Managing Director and Chief Executive Officer w.e.f. September 09, 2019 which was duly approved by shareholders in its meeting held on September 09, 2019. There has been no change in any other Key Managerial Personnel of the Company during the year.

Evaluation of the Board's Performance

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

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 under review, seven (7) Board Meetings were held on May 17, 2019, June 17, 2019, July 24, 2019, August 09, 2019, September 09, 2019, October 23, 2019 and February 12, 2020. The details of the Board meetings and attendance of the Directors are provided in the Corporate Governance Report.

Composition of Committees

Audit Committee

As on March 31, 2020, Audit Committee comprises of 3 members with Mr. Narayan K. Seshadri as the Chairman, Mr. Rajnish Sarna and Ms. Ramni Nirula as members. Further, details on the Committee reference, meetings held are given in the Corporate Governance Report.

Recommendations of Audit Committee

There have been no instances during the year when recommendations of the Audit Committee were not accepted by the Board.

Stakeholder's Relationship Committee

The Stakeholder's Relationship Committee comprises of 3 members with Mr. Pravin K. Laheri, Independent Director as the Chairman, Mr. Mayank Singhal and Mr. Rajnish Sarna as the members. Further details on the Committee reference, meetings held are given in the Corporate Governance Report.

A detailed update on the Board, its composition, detailed charter including terms and reference of various Board Committees, number of Board and Committee meetings held during FY 2019-20 and attendance of the Directors at each meeting is provided in the Report on Corporate Governance, which forms part of this Report.

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, 2020, 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, 2020 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.

17. 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 copy of Annual Return can be accessed at Company's website at <https://www.piindustries.com/investor-relations/Investor-Information/annual-return>

18. EMPLOYEES

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.

Human Resources and Trade Relations

In support of the high growth strategies of Company's business, your Company added 921 employees (gross) to its permanent workforce during the year across all levels. A revamped Internal Job Posting process and effective use of social media helped your Company to complete its hiring programme effectively and efficiently. In addition to psychometric tests, your Company introduced competency-based assessments for all senior level hires.

In keeping with its compensation benchmarking policy, your Company conducted a wide-ranging compensation survey and made market corrections where necessary with view to retaining high-performing talent as well as to ensure that pay levels and structure are competitive with market.

Recognising the importance of identifying and developing high-performers as well as employees with potential for fast-track growth, your Company initiated a comprehensive Talent Management programme – **Project Udbhav**. This project covers all managerial and leadership levels in the Company and consists of:

- Evaluating employees against our behavioural and leadership competencies using a battery of proven tests
- Developing and implementing individual development plans for each employee through a mix of experiential learning, executive education, cross-functional teaming and coaching and mentoring
- Developing differentiated career paths for employees based on their performance and potential
- Establish a structured process for Talent Review to monitor the progress and development of employees in line with business needs
- Use the outcomes of the assessments to develop succession plans for critical role
- Integrate the outcomes of the above with career decisions

As on March 31, 2020, 108 employees had completed their assessments and are in the process of working on their development plans.

Responding to employees' feedback about the need for visibility as to career paths, a new and holistic Career Management Framework

was launched. This framework sets out in detail the various career options available to employees in the different functions at all levels and defines the capabilities and competencies required for an employee to progress their career in multiple ways.

Employee Engagement continues to be in focus. A 3-point survey was conducted to elicit employee feedback. A digital platform (MYIdea) was developed for employees to share ideas and suggestions for improvement for sharing ideas. These have been welcome by employees and have resulted in their enthusiastic response. Initiatives like Stepthalon, Dental Camp, Zumba at Udaipur, International Yoga Day have been the highlights of attracting employees and bringing them closer to the culture of the organization.

Continuous improvements of HR Systems and Processes were made during the year, based on user feedback. Besides making the system user friendly, these improvements have also strengthened system controls. A comprehensive HR SOP has now been developed to act as a standalone document for process reference and compliance.

Total permanent workforce of the Company stood at 2749 as on March 31, 2020.

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

Your Company has a zero tolerance for any abuse against Women at Workplace. Policy on Prohibition, Prevention and Redressal of Sexual Harassment of Women at Workplace and matters connected therewith or incidental thereto covering all the aspects as required under the "The Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013". The Company has constituted Internal Complaints Committee (ICC) known as Prevention of Sexual Harassment (POSH) Committee to enquire in to complaints of Sexual Harassment and recommend appropriate action. The Company has not received any complaint of sexual harassment during the financial year 2019-20.

Particulars of Employees and related disclosures

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

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

Employee Stock Option Plan / Scheme

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

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

19. VIGIL MECHANISM – WHISTLE BLOWER POLICY

Your Company has an established 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

[https://www.piindustries.com/Media/Documents/Whistle%20Blower%20Policy\(r\).pdf](https://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 have been denied access to the Audit Committee.

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

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

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

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

<https://www.piindustries.com/sustainability/CSR/CSR-Policy>

Your Company carries out its 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 2019-20, the Company has contributed an amount of ₹ 102.3 Mn to PI Foundation, aggregating to 2% of its average net profits for preceding 3 financial years. PI Foundation has spent an amount of ₹ 84.8 Mn. PI foundation has not been able to spend the entire money as projects are ongoing projects spread over 2-3 years. Various CSR initiatives taken during COVID-19 included support to the local administration in fast and efficient sanitization of large areas by deploying services of hi-tech Japanese farm spray machines free of cost in nearly 50+ locations so far, spanning across the states of Andhra Pradesh, Telangana, Rajasthan, Gujarat, Haryana, Delhi, Punjab. State govt. has appreciated the efforts of PI in providing these spray machines to carry out sanitization drive at large scale.

- Distribution of over 10,000 food packets so far to migrants and daily-wage labourers.
- Manufacture and distribution of ~45000 sanitizers so far in the neighbouring communities around PI's operations.
- Using mobile Medical Units 24x7 in 64 villages of Jambusar, Gujarat spreading awareness on the necessity of social distancing, hand-sanitization, conducting a thermal screening and distributing masks and other kits to villagers.
- Support to contract workers by continuing to pay their wages and arrange food and basic amenities for them during lockdown while ensuring COVID-19 prevention and containment protocol

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 'F'** which is attached to this report.

22. CORPORATE GOVERNANCE

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

23. MANAGEMENT DISCUSSION AND ANALYSIS

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

24. BUSINESS RESPONSIBILITY REPORT

A separate section of Business Responsibility describing the initiatives taken by the Company from an environmental, social and governance perspective, forms part of this Annual Report as required under Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

25. SHARE CAPITAL

During the year, your Company had issued 77,342 Equity Shares of ₹ 1/- each, which were allotted to PII ESOP Trust (Trust), set up to administer PII Employee Stock Option Plan-2010. The Trust allocates these shares to the employees of the Company and its subsidiaries upon exercise of stock options from time to time under the aforesaid Scheme. As a result of this allotment, the paid-up equity share capital of your Company increased to ₹ 138.1 Mn (comprising of 13,81,07,993 Equity Shares of ₹1/- each as on March 31, 2020) from ₹ 138.0 Mn (comprising of 13,80,30,651 Equity Shares of ₹1/- each as on March 31, 2019).

Further, your Company re-classified 50,00,000 preference shares of ₹100/- each into 50,00,00,000 Equity Shares of ₹1/- each by seeking approval from shareholders in its last Annual General Meeting held on September 09, 2019. The Authorized Share Capital of the Company is ₹72,30,00,000/- (Rupees Seventy-Two Crores Thirty Lacs only) divided in to 72,30,00,000 (Seventy-two crores thirty lacs) Equity Shares of ₹1/- (Rupee one only) each.

26. CHANGES IN MEMORANDUM & ARTICLES OF ASSOCIATION

During the year, Company carried:

- a) the alteration of the object's clause by way addition of following new objects i.e.
 - (i) to deal in research & development, testing, prototyping, manufacture, import, export, consulting and sale of energy storage cells, devices for different application areas and also carrying out SEZ activities.
 - (ii) Buy, Sale or lease industrial land, either alone or in consortium with a real estate development group, for development and operation of a Special Economic Zones, necessary infrastructure and utilities for industrial usage.
- b) new set of Articles of Association was adopted and substituted in place of the existing Articles of Association of the Company in compliance with the applicable provisions of Companies Act, 2013.

The above changes were duly approved by shareholders in Annual General Meeting held on September 09, 2019 and same have also been taken on record by Registrar of Companies, Jaipur.

27. QIP

The Board in its meeting held on February 12, 2020 approved the proposal for raising of funds through a qualified institutions placement ("QIP") to eligible investors for an aggregate amount not exceeding ₹ 20,000 Mn by issue of equity shares and/or other eligible securities, at such price or prices as may be permissible under applicable law, in one or more tranches, in accordance with the applicable laws, subject to receipt of necessary approvals from shareholders and regulators, wherever required. The proposal was placed before shareholders seeking their approval by way of special resolution vide postal ballot, results of which were declared on March 24, 2020. Your Company is pleased to inform that aforesaid proposal has been approved by shareholders by requisite majority. Due to unprecedented outbreak of COVID-19 pandemic situation which resulted in economic slowdown and global stock market turmoil, Company has deferred the launch of QIP to July, 2020, subject to market conditions.

28. 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.

29. ACKNOWLEDGEMENTS

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

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

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

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

Sd/-
Narayan K. Seshadri
Chairman
DIN 00053563

Place: Gurugram
Date: 4th June' 20

FORM AOC-I

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

Part "A": Subsidiaries

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

(₹ in Mn.)

S. No.	Particulars	Name of the subsidiaries				
		PI Life Science Research Ltd	PILL Finance and Investments Ltd	Isagro (Asia) Agrochemicals Pvt. Ltd	Jivagro Ltd	PI Japan Co. Ltd
1.	The date since when subsidiary was acquired	9th December, 2004	17th August, 1992	27th December, 2019	12th December, 2019	23rd March, 2007
2.	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	NA	NA	N.A	N.A	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	INR	INR	JPY;1 = .624175
4.	Share capital	14.97	3.60	149	2.00	3.48
5.	Reserves & surplus	279.55	38.77	2918	(0.21)	17.58
6.	Total assets	296.71	42.52	3992	2.11	29.78
7.	Total Liabilities	1.22	0.15	925	0.32	8.72
8.	Investments	165.29	4.36	1325	-	-
9.	Turnover	37.65	2.54	601	-	57.92
10.	Profit before taxation	24.02	1.69	44	(0.32)	2.67
11.	Provision for taxation	6.73	0.58	130	(0.11)	0.66
12.	Profit after taxation	17.29	1.11	-	(0.21)	2.01
13.	Proposed Dividend	-	-	-	-	-
14.	Extent of shareholding (In %)	100%	100%	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 | Jivagro Limited |
| 2. | Names of subsidiaries which have been liquidated or sold during the year. | Nil |

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

Sd/-
Narayan K. Seshadri
Chairman
DIN 00053563

Place: Gurugram
Date: 4th June' 20

Part “B”: Associates and Joint Ventures
Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to
Associate Companies and Joint Ventures

(₹ in Mn.)

S. No.	Name of Associate Entity	Solinnos Agro Sciences Pvt. Ltd.	PI Kumiai Private Ltd.
1.	Latest audited Balance Sheet Date	31st March'20	31st March'20
2.	Date on which the Associate was associated	2nd May 2016	4th July, 2017
3.	Shares of Associate held by the Company on the year end No. of shares (No.)	5,14,500 equity shares of ₹ 10/- each.	9,550,000 equity shares of ₹ 10/- each.
	Amount of Investment in Associates (₹ in Mn.)	51.45	955.00
	Extend of Holding (In percentage)	49 %	50 %
4.	Description of how there is significant influence	PI Life Science Research Ltd (wholly owned subsidiary Company of PI Industries Ltd.) holds 49% equity in Solinnos Agro Sciences Pvt. Ltd and 50% in PI Kumiai Private Ltd and accordingly able to participate in financial and operating policy decision making of the Company.	
5.	Reason why the associate/Joint venture is not consolidated	In case of Solinnos, control is with Mitsui Chemicals Agro Inc., Japan which holds 51% equity in the Company. In case of PI Kumiai, PI Industries hold 50% equity and 50% equity is held by Kumiai Chemical Industries Ltd. Hence, same is not consolidated line by line and is accounted on equity basis only.	
6.	Net worth attributable to shareholding as per latest audited Balance Sheet	12.96	206.33
7.	Profit/(Loss) for the year	0.70	15.05
i.	Considered in Consolidation	-	-
ii.	Not Considered in Consolidation	0.70	15.05

- Names of associates or joint ventures which are yet to commence operations. Nil
- 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: 4th June' 20

Note: It is consolidated as per Equity method.

Form No.MR - 3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020
[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, and considering the relaxations given by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020, 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, 2020 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;
 - 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, 2020 complied with the aforesaid laws.

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

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

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

I further report that:

- a) The Company has allotted 77,342 equity shares to PII ESOP Trust on November 14, 2019 under the PII- ESOP Scheme 2010.
- b) The Company has transferred an amount of ₹ 2,12,682/- to IEPF account towards unclaimed dividend in respect of which dividend remained unclaimed for a period of seven years.
- c) The Company has transferred 11,010 equity shares to IEPF account in respect of folio(s) where dividend has not been claimed by the shareholders for seven consecutive years in accordance with IEPF Rules, 2016.
- d) The shareholders of the Company at their last Annual General Meeting held on September 09, 2019 has taken following major decisions :-
 - i) Approved the continuation of Mr. Pravin K. Laheri, Independent Director on board for remaining tenure after attaining the age of 75 years.
 - ii) Adopted new set of Articles of Association.
 - iii) Restated the Authorised capital clause as follows
 "The Authorized Share Capital of the Company is ₹ 72,30,00,000/- (Rupees Seventy-Two Crores Thirty Lacs only) divided in to 72,30,00,000 (Seventy-two crores thirty lacs) Equity Shares of ₹1/- (Rupee one only) each"
 - iv) Amended Objects Clause of the Memorandum of Association of the Company by way of addition of following new clauses after existing Clause no. 38 in its main objects.

39. Buy, Sale or lease industrial land, either alone or in consortium with a real estate development group, for development and operation of a Special Economic Zones, necessary infrastructure and utilities for industrial usage.

40. To deal in research & development, testing, prototyping, manufacture, import, export , consulting and sale of energy storage cells, devices for different application areas and all other matters incidental to same.
 - v) Appointed Dr. Raman Ramachandran as Director liable to retire by rotation and also approved his appointment as Managing Director & CEO of the Company w.e.f September 09, 2019.

- e) The Company completed acquisition of Isagro (Asia) Agrochemicals Pvt. Ltd ('Isagro') by acquiring 100% stake from Isagro S.p.A., Italy and its affiliates. The acquisition was completed on 27th December, 2019, when entire share capital except 1,000 equity shares were directly acquired. The interest in said 1,000 shares was acquired on Feb 12, 2020. The Company became the beneficial owner whereas PI Life Science Research Ltd remain the ostensible owner. This action was necessary to keep the minimum number of members of the Isagro (Asia) Agrochemicals Pvt. Ltd.
- f) The Company has got incorporated a wholly owned subsidiary in the name and style of Jivagro Limited vide Certificate of Incorporation dated December 12, 2019 issued by Central Registration Centre, Ministry of Corporate Affairs, Manesar, Haryana. The registered office of the said Company is situated in State of Maharashtra.
- g) PI Industries Limited (PIIL- holding Company) has been evaluating the structuring of the acquisition of Isagro in the context of its own technical capabilities, marketing strategies and operating characteristics. Accordingly, PIIL desires to house the Domestic B2C segment of the Isagro Asia into Jivagro Limited and consolidate the other two segments, viz., Technical and CSM segments with itself. It has therefore been proposed to segregate the Domestic B2C Segment from Isagro Asia to Jivagro Limited by way of a demerger and amalgamate the businesses remaining with Isagro Asia, post the proposed demerger of the Domestic B2C segment into Jivagro Limited with and into PI Industries. Accordingly, the Board of Directors of PI Industries Limited at its meeting held on 12th February, 2020, has considered and approved, a Scheme of Amalgamation ("Scheme") between its wholly owned subsidiary namely Isagro (Asia) Agrochemicals Private Limited ("Isagro Asia") and PI Industries Limited ("PIIL") and their respective shareholders as per provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, and rules framed thereunder.

Post approval of the Scheme, Isagro Asia will get dissolved without the process of winding up.

It is worth mentioning here that simultaneously Board of Jivagro Ltd and Isagro (Asia) Agrochemicals Pvt Ltd., (Both are WOS of PIIL) have approved a Scheme of Arrangement whereby through this scheme entire business pertaining to Domestic B2C Segment of the Isagro Asia with all its assets and liabilities will be transferred to Jivagro Ltd on going concern basis. Domestic distribution business of Isagro Asia shall be demerged to Jivagro Limited, a wholly owned subsidiary of PIIL.
- h) The Board of Directors in its meeting held on Feb 12, 2020 has approved the proposal of raising funds through issue of securities up to a limit not exceeding ₹ 2000 crs by way of QIP (Qualified Institutional Placement). The aforesaid proposal was placed before shareholders by way of special resolution through postal ballot which was passed by requisite majority on March 24, 2020.

Sd/-

R.S. Bhatia

Place: New Delhi
Dated: 4th June'20

Practicing Company Secretary
CP No: 2514
UDIN: F002599B000325341

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

ANNEXURE TO THE SECRETARIAL AUDIT REPORT

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

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

Management's Responsibility

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

Auditor's Responsibility

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

Disclaimer

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

Place: New Delhi
Dated: 4th June'20

Sd/-
R.S. Bhatia
Practicing Company Secretary
CP No: 2514
UDIN: F002599B000325341

**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 2019-20 as well as the percentage increase in remuneration of each Directors as under:

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

Name of Director	Ratio to Median Remuneration	% increase in remuneration over previous year
Non-Executive Director		
Mr. Narayan K. Seshadri	9.07:1	1.86
Mr. Pravin K. Laheri	3.10:1	7.14
Ms. Ramni Nirula	3.64:1	-5.38
Mr. Ravi Narain*	0.04:1	-98.95
Mr. Arvind Singhal	2.36:1	-12.31
Dr. T.S. Balganes	2.86:1	-19.77
Executive Director		
Mr. Mayank Singhal, Vice Chairman & MD	162.84:1	14.02
Dr. Raman Ramchandran, MD & CEO**	52.69:1	
Mr. Rajnish Sarna, Whole-time Director	77.28:1	5.63

Notes:

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

* Mr. Ravi Narain ceased to be a director w.e.f May 01, 2019.

** Dr. Raman Ramchandran was appointed on Board w.e.f. July 01, 2019

2. The percentage increase in median remuneration of employees in Financial Year 2019-20: 12%
3. The number of permanent employees on the rolls of Company as on March 31, 2020: 2749.

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:

Name of Director	% change in remuneration
a) Average increase in salary of employees (other than managerial personnel)	12%
b) Average increase in salary of managerial personnel	11%

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: 4th June’20

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

The position of the existing scheme is summarized as under -

I. Details of the ESOS

S. No.	Particulars	PII ESOP Scheme
1	Date of Shareholder's Approval	21-Jan-11
2	Total Number of Options approved	62,62,090
3	Vesting Requirements	Options vest after lock in period of one year from the date of grant and thereafter options vest in graded manner over a period of four years as per 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	Method of Settlement	Shares
7	Source of shares	Fresh equity allotment by Company to Trust
8	Variation in terms of ESOP	Nil

II. A. Option Movement during the year ended 31st March, 2020

S. No.	Particulars	No. of Options	Wt. avg exercise Price
1	No. of Options Outstanding at the beginning of the year	4,39,351	592.87
2	Options Granted during the year	0	NA
3	Options Forfeited / Surrendered during the year	72,488	711.90
4	Options Exercised during the year	1,58,695	499.27
5	Total number of shares arising as a result of exercise of options	1,58,695	NA
6	Money realised by exercise of options (₹ Mn)	80	NA
7	Number of options Outstanding at the end of the year	2,07,178	623.36
8	Number of Options exercisable at the end of the year	1,31,036	574.51

B. Option Movement during the year ended 31st March, 2019

S. No.	Particulars	No. of Options	Wt. avg exercise Price
1	No. of Options Outstanding at the beginning of the year	6,87,924	492.55
2	Options Granted during the year	0	NA
3	Options Forfeited / Surrendered during the year	84,882	581.35
4	Options Exercised during the year	1,63,691	177.59
5	Total number of shares arising as a result of exercise of options	1,63,691	NA
6	Money realised by exercise of options (₹ Mn)	29	NA
7	Number of options Outstanding at the end of the year	4,39,351	592.87
8	Number of Options exercisable at the end of the year	2,31,200	499.46

III. Weighted Average remaining contractual life

Range of Exercise Price	Weighted average contractual life (years) as on 31st March, 2020	Weighted average contractual life (years) as on 31 Mar 2019
25 to 75	NA	NA
No. of Options Outstanding	0	0
75 to 150	3.16	4.11
No. of Options Outstanding	24,349	54,716
150 to 450	4.47	5.34
No. of Options Outstanding	5,254	45,958
450 to 750	5.57	5.55
No. of Options Outstanding	1,77,080	3,38,677

IV	Weighted average Fair Value of Options granted	During the year ended March 31, 2020	During the year ended March 31, 2019
(a)	Exercise price equals market price	Nil	Nil
(b)	Exercise price is greater than market price	Nil	Nil
(c)	Exercise price is less than market price	Nil	Nil
V	The weighted average market price of options exercised during the year ended March 31, 2020		1327.53
	The weighted average market price of options exercised during the year ended March 31, 2019		840.68

VI Employee-wise details of options granted during the financial year 2019-20 to:

(i)	Senior managerial personnel	
	Name of employee	No. of Options granted
	Not Applicable - No Options Granted during the year	
(ii)	Employees who were granted, during any one year, options amounting to 5% or more of the options granted during the year	
	Name of employee	No. of Options granted
	Not Applicable - No Options Granted during the year	
(iii)	Identified employees who were granted option, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	
	Name of employee	No. of Options granted
	None	

VIII Method and Assumptions used to estimate the fair value of options granted during the year ended Mar 2020:

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, 2020 Weighted Average	March 31, 2019 Weighted Average
1. Risk Free Interest Rate	N.A.	N.A.
2. Expected Life (in years)	N.A.	N.A.
3. Expected Volatility	N.A.	N.A.
4. Dividend Yield	N.A.	N.A.
5. Exercise Price	N.A.	N.A.
6. Price of the underlying share in market at the time of the option grant.(₹)	N.A.	N.A.

* No Options Granted during the year ended 2020 and 2019

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

(Rs in Mn)

Sr. No.	Particulars	31-Mar-20	31-Mar-19
1	Employee Option plan expense	(4)	13
2	Total liability at the end of the period	42	73

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

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

Place: Gurugram
Date: 4th June'20

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**Steps Taken or Impact on Conservation of Energy:**

- a) Under the continual energy conservation plan, the Company has continued to improve on energy efficiency & conservation efforts. Stricter efforts towards continuous monitoring and controls of energy utilization including generation & distribution had been in focus throughout.
- b) With a view on long term sustainability, the Company has initiated steps towards utilizing alternate sources/ renewable source of energy.

Steps taken during the year (2019-20) to conserve energy include:

- a) Installation of micro turbine in place of Pressure Reducing Valve to generate auxiliary Power – (13k units generated)
- b) 43% reduction in power consumption of breathing air compressor by replacing three high pressure reciprocating air compressors with one efficient low-pressure screw compressor.
- c) 45% reduction in power consumption of scrubber blower motors by installation of Variable frequency drive and inter locking with vacuum pressure.
- d) 30% reduction of power consumption by inter-locking of Process Cooling tower fan motor with water temperature (auto temperature cut off mode).
- e) 7 % power consumption reduction by variable frequency drive in -35 Brine secondary pump.
- f) Reduction in Fume incinerator fuel consumption by utilizing incinerable solvents as fuel.
- g) Reduction in boiler fuel consumption, by utilizing Flash steam to heat boiler feed water & for generation of hot water in plants.
- h) 17% reduction in power consumption of reactor by reducing existing RPM 104 to 50 RPM without disturbing the process time cycle & quality.
- i) Replaced 125W HPMV Lights in plant area with 45 W LED Lights (Phase-II Completed, 500 no).
- j) Energy conservation by installation of occupancy sensors in lighting circuit at admin building common area.
- k) Pressurised De aerator was installed in Boiler for removal of dissolve oxygen and hence reduction in chemical consumption.
- l) Reduction in power consumption & effluent generation by switching to semi-dry vacuum pump with intermediate cooling system in place of oil ring vacuum pumps.
- m) Reduction in cooling tower blow down and chemical consumption by Installation of non-chemical cooling water treatment system.
- n) Installed dedicated cooling tower for MEE operation, to ensure sustainability and reduce energy losses in -35 Brine unit.
- o) Elimination of cooling water pump by installation of evaporative condenser in refrigeration system.

Plans for the Year 2020-21

- a) Combustion efficiency enhancement in Boilers through fuel emulsification system.
- b) To reduce transmission losses, upgraded power supply source from 22 KV to 66 KV.
- c) Online auto tube cleaning system for Chiller condenser to improve the performance and hence specific power consumption.
- d) Variable frequency drive to be configured with pressure transmitter to regulate and maintain the constant pressure in secondary pump of chilled water & cooling water for energy conservation
- e) Replacement of belt driven air blower with efficient direct coupled blowers.
- f) Reduction in pumping power consumption by optimization of head through reduction in impeller diameter.
- g) Optimization of air compressor running for reduction of overall power consumption required for generation of compressed air and nitrogen.
- h) Introduction of efficient centrifugal technology for higher capacity chilling system in place of screw compressors.
- i) Install Back Pressure Turbine in main stream supply line from boiler to generate power produce 8 to 3.5 kg/cm²
- j) Installation of Active Harmonic Filters.
- k) Replacement of Plate Type Heat exchanger with Shell & Tube type heat exchanger in chilled water & -15 Brine units to reduce SPC
- l) Replacement of 125W HPMV Lights in plant area with 45 W LED Lights to reduce energy consumption (Phase-III)

Steps planned for utilization of alternative sources of energy.

Planned to utilize energy from Solar + Wind Hybrid through open access & wheeling.

(B) TECHNOLOGY ABSORPTION**1. Efforts made towards technology absorption**

- a) 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:
- b) Flow-chemistry lab which was commissioned previously is being utilized with the aim to develop commercially viable products to improve productivity, reduce risk and plant footprint. Presently work of screening the molecules are in progress and expected to deliver some cost-effective alternative process by the year end in 2020.
- c) Strengthened developmental facility in the previous year has resulted into more molecules under scale studies. In the FY 20-21, it is expected to commercialize about 10 molecules against 5 to 6 in previous years.

- d) The work on setting up facility to undertake fluorination chemical synthesis has been completed and process development of a few molecules is initiated.
- e) Continuous improvement of the commercial production processes have been made possible through technology absorption methods which include:-
- f) Continuous pressure filtration (Rotary pressure filter) technology was established in DPX manufacturing in Oct-2019 and another system will be commercialised in MPP-11. Continuous fluidized drying process technology installation in new plant (MPP-11) are under progress and likely commissioned by Q2, 2021.
- g) To get energy efficiency and waste reduction, ACN purification by pressure swing technology is worked out and system being under implementation stage. Likely commissioning is expected by end of Q1, 2021.
- h) To reduce manpower and improve efficiency in analytical process, FTNIR is considered for in-process sample analysis and it will be tested in MMH production. The outcome of technological impact will be known by Q2, 2021.
- i) 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.
- j) 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:

- a) Development of indigenous technology has led to cost reduction, use of environment friendly synthesis routes and conservation of foreign exchange.
- b) In-house development and commercialisation of Acetic Acid recovery from aqueous stream of DPX manufacturing resulted into significant saving of cost and also reduce the waste generation drastically.
- c) IP generation in the name of Company through new technology development by innovative solutions.
- d) Developmental processes have been initiated at lab scale. This will convert few batch processes in to continuous uninterrupted processes which will ultimately result into consistency of the product under manufacture.
- e) Training sessions among different groups of R&D have resulted in effective and innovative solutions.

- f) 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.

3. Imported Technology:

- a) The details of technology imported: Mono methyl Hydrazene synthesis
- b) The year of import: 2017-18
- c) Whether the technology has been fully absorbed: Under progress and is expected to get commissioned in 2nd quarter of 20-21.
- d) If not fully absorbed, areas where absorption has not taken place, and the reason thereof: N.A

4. Expenditure on R&D

(₹ in Mn)

Particulars	Current year 2019-20	Previous year 2018-19
a. Capital Expenditure	229	50
b. Revenue Expenditure (including Depreciation)	920	788
c. Total	1,149	838
d. Total R&D expenditure as percentage of Revenue from Operations	3.47%	2.95%

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

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

(₹ in Mn)

Particulars	Current year 2019-20	Previous year 2018-19
Foreign Exchange Earned	24,399.44	19,260.90
Outgo of Foreign Exchange	11,240.43	8,925.84

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

Sd/-
Narayan K. Seshadri

Chairman
DIN: 00053563

Place: Gurugram
Date: 4th June'20

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

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

2. The Composition of the CSR Committee as on March 31, 2020.

CSR Committee Members comprised of following members as on March 31, 2020

- Mr. Pravin K. Laheri, Independent Director, Chairman of the Committee
- Mr. Mayank Singhal, Vice Chairman & Managing Director, 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 ₹ 5115 Mn.

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above) ₹ 102.3 Mn.

S. No.	Details of CSR spent during the financial year 2019-20	
(a)	Total amount spent for the F.Y.	₹ 84.8 Mn
(b)	Amount unspent, if any	₹ 17.5 Mn
(c)	Manner in which the amount spent in the table on the following page.	

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

Your Company has contributed an amount of ₹ 102.3 Mn 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 ₹ 84.8 Mn during the financial year 2019-20. The unspent amount is part of the ongoing CSR projects. Further, PI Foundation has shortlisted & is finalizing several new projects to be undertaken under CSR activities.

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

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

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

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

Sd/-
Mayank Singhal
Vice Chairman & Managing Director
DIN : 00006651

Place : Gurugram
Date : 4th June’20

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

(₹ In Mn)

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	Amount spent on the projects or programs (1) Direct Expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	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	<ul style="list-style-type: none"> Management of CCLV and Whitefly in cotton crop by community-based approach (PAU, Punjab) Water Conservation through Accelerating the Adoption of Direct Seedling of Rice (DSR) Technology in Punjab, Haryana, Bihar, Karnataka, AP and Telangana Developing Green Cover in Ankleshwar, Gujarat 	19.43	19.43	19.43	Spent through PI Foundation Amount 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	<ul style="list-style-type: none"> Vocational Training Program on Chemical Plant Operators, Quality Assurance and Quality control in Dharm Singh Desai University, Nadiad, Gujarat Improvement in the learning outcome of school children in the villages near plant locations. Training in IT, Sales & Hospitality for rural underprivileged Youth in Jambusar, Gujarat Prime Minister's Fellowship Scheme for Doctoral Research Skill Development Certificate Course for Rural Youth in Bee-Keeping 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 Increased Income for Banana Farmers through Skill Development in Tamil Nadu Income generation programme through sustained agriculture in Rayagada, Odisha Farmers training on tomato cultivation for livelihood enhancement in Karnataka, Tamil Nadu, Maharashtra and Rajasthan 	31.44	28.88	28.88	Amount spent through PI Foundation / Implementing Agency

(₹ In Mn)

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	Amount spent on the projects or programs (1) Direct Expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
3.	Health, Hygiene and Sanitation	Promoting preventive healthcare and Sanitation & making available safe drinking water.	<ul style="list-style-type: none"> PI Foundation Swasthya Seva through 3 Mobile Medical Vans in 64 Villages of Jambusar, Gujarat Construction, up keeping and maintenance of School Toilets in Schools in Bharuch, Gujarat Provision of safe drinking water in mandis of Punjab, Haryana and Jammu Address the environmental pollution and health hazards associated with stubble burning in Punjab and Haryana Strengthening the drainage system in villages of Jambusar Taluka in Gujarat Establishment/ Revival of Kumar pal Gandhi Blood Bank with component facility in Ankleshwar, Gujarat. Promotion of safety measures during agro-chemical application in Lucknow, UP 	47.38	16.81	16.81	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	<ul style="list-style-type: none"> Empowerment of Women through Skill Development & marketing support for dairy around plant location Financial & Legal Literacy of Women around plant location Support to Women Small Farm Holders & Workers under Dairy Value Chain- Women Entrepreneurship and initiating Cattle Feed Centres in villages of Jambusar and Panoli, Gujarat 	15.77	13.77	13.77	Amount spent through PI Foundation / Implementing Agency
5	Promotion of Rural Sports	Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports	<ul style="list-style-type: none"> Promotion of rural sports through annual sports meet organized at the GIDC Ankleshwar 	0.25	0.25	0.25	Amount spent through PI Foundation / Implementing Agency
6	Rural development	Rural Development Projects	<ul style="list-style-type: none"> Provision of solar lights and mobile chargers to cyclone affected districts in Orissa Need based assessment for rural development around plant location Support to local villages around plant location as per the requirement 	1.60	1.60	1.60	Amount spent through PI Foundation / Implementing Agency
7	Training and Capacity Building of CSR Team and Administrative Expenses (5% of Actual CSR Exp)			5.79	4.04	4.04	-
	Total			121.66	84.78	84.78	

Corporate Governance Report

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

PI strongly believes in enhancing the stakeholder's value through good corporate governance practices which not only involves transparency, empowerment, accountability and integrity but also trust, speed, innovation and adaptability that has been the key enabler in inculcating stakeholders trust & confidence, attracting & retaining financial & human capital over the years. The Company's overall governance framework, systems and processes reflect and support our Mission, Vision and Values. The Company is constantly striving to better them and adopt the best corporate practices and it believes that good Corporate Governance is essential for achieving long-term corporate goals and to enhance stakeholders' value.

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

2. BOARD OF DIRECTORS

Composition

The Company's Board comprises an optimum mix of Executive, Non-Executive and Independent Directors, and conforms with the

provisions of the Companies Act, 2013, Listing Regulations. Our Board consists of eminent persons with considerable professional expertise and experience, provides leadership and guidance to the management, thereby enhancing Stakeholders' value. There is a clear demarcation of duties and responsibilities among the Chairman, Vice Chairman and Managing Director, Managing Director & CEO to ensure best corporate performance and socio-economic value creation.

As on March 31, 2020, the Board comprised of (8) eight Directors, out of which (5) five are Non-Executive Directors and (3) three are Executive Directors including Vice Chairman & Managing Director, 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 50% of the Board strength, more than the requirements of the Companies Act, 2013 and the Listing Regulations, 2015.

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

Name of Director & Designation	Category	No. of positions held		No. of Board Meetings Attended during FY 19-20	Presence at last AGM
		Board [^]	Committees ^{^^} Member/ (Chairman)		
Mr. Narayan K. Seshadri, Chairman DIN 00053563	Non-Executive & Independent	9	7(3)	7	Yes
Mr. Mayank Singhal, Vice Chairman & MD* DIN 00006651	Executive & Non-Independent	3	1(0)	7	Yes
Dr. Raman Ramachandran, MD & CEO** DIN 00200297	Executive & Non-Independent	2	0	5	Yes
Mr. Rajnish Sarna, Whole-time Director DIN 06429468	Executive & Non-Independent	4	2(0)	7	Yes
Mrs. Ramni Nirula, Director DIN 00015330	Non-Executive & Independent	6	5(1)	7	Yes
Mr. Pravin K. Laheri, Director DIN 00499080	Non-Executive & Independent	4	2(2)	6	Yes
Mr. Arvind Singhal, Director DIN 00092425	Non-Executive & Non-Independent	4	-	5	Yes
Dr. T.S. Balganes, Director DIN 00648534	Non-Executive & Independent	1	-	6	Yes
Mr. Ravi Narain*** DIN 00062596	Non-Executive & Non-Independent	-	-	-	-

[^] Includes position held in PI but excludes position of directorships held in Private Limited Companies, Foreign Companies and Government Bodies.

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

* Mr. Mayank Singhal was elevated to the position of Vice Chairman & Managing Director w.e.f. 09.09.2019 as duly approved by shareholders in its Annual General Meeting held on 09.09.2019

** Dr. Raman Ramachandran was inducted on the Board as a Whole-Time Director w.e.f. 1.7.2019 and has been elevated to the position of Managing Director & CEO w.e.f. 09.09.2019 as duly approved by shareholders in its Annual General Meeting held on 09.09.2019.

*** Mr. Ravi Narain resigned from the Board w.e.f. 01.05.2019 pursuant to SEBI order debarring him for holding directorship in any listed Company for a period of 5 years in the matter of National Stock Exchange of India Ltd. He has informed the Company that his resignation has nothing to do with the Company and is result of SEBI Order, copy of same filed by the Company with Stock Exchange(s).

Name of listed companies and category of directorship held by Directors is appended at end of Corporate Governance Report as **Annex 'A'**.

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 web link of same is given below:-

[https://www.piindustries.com/Media/Documents/PI_Terms%20and%20Condition%20of%20Appointment%20of%20Independent%20Director\(R\).pdf](https://www.piindustries.com/Media/Documents/PI_Terms%20and%20Condition%20of%20Appointment%20of%20Independent%20Director(R).pdf)

The maximum tenure of Independent Directors is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and Section 149(6) of the Act.

Procedure/Guidelines for Appointment of Directors

The Nomination & Remuneration Committee monitors the developing competency requirement for the Board which is based on the long-term business 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, seven (7) Board Meetings were held on May 17, 2019, June 17, 2019, July 24, 2019, August 09, 2019, September 09, 2019, October 23, 2019 and February 12, 2020. The maximum gap between any two Board meetings was less than 120 days.

Board Procedure

The annual calendar of the Board/Committee meetings is agreed upon by the board members at the beginning of the year. The Agenda backed by comprehensive information is circulated well in advance to the Board members. The facility to participate through video-conference is provided to board/committee members, who are unable to attend in person. In addition to the information required under Part A of Schedule II of Regulation 17(7) of Listing Regulations, 2015, the Board is kept informed of major events/items and approvals taken wherever necessary. Board also reviews the status of the compliances relating to various applicable laws and the steps taken by the Company to rectify the instances of non-compliance, if any. The Board critically evaluates the Company's strategic directions, management policies and their effectiveness. The Board regularly reviews inter-alia, industry environment, annual business plans and performance against the

plans, business opportunities including investments/ divestment, related party transactions, compliance processes including material legal issues, strategy, risk management practices and approval of financial statements. Senior Executives are also invited to provide additional inputs at the Board meetings for the items discussed by the Board of Directors, as and when required. Frequent and detailed interaction provides a strategic road map for the Company's future growth. Compliance certificate with regard to compliance with applicable laws duly signed by the Managing Director, Chief Financial Officer and Company Secretary is placed before the Board on quarterly basis.

Separate Meeting of Independent Directors

A separate meeting of Independent Directors was held on February 12, 2020 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. They meet to discuss and form an independent opinion on the agenda items, various other Board-related matters, identify areas where they need clarity or information from management and to annually review the performance of Non-Independent Directors, the Board as a whole and the Chairman. The Lead Independent Director updates the Board about the proceedings of the meeting. Apart from this, the Independent Directors also engage with Statutory Auditors, as well as Internal Auditors Partners at least once a year, to discuss internal audit effectiveness, control environment and their general feedback. The Lead Independent Director updates the Board about the outcome of the meetings and action, if any, required to be taken by the Company.

Familiarization Programme for Independent Directors

The Company has adopted a well-structured induction programme for orientation and training of Directors at the time of their joining so as to provide them with an opportunity to familiarise themselves with the Company, its management, its operations and the industry in which the Company operates. The induction programme includes one-to-one interactive sessions with the top management team, business and functional heads among others, and also includes visit to plants to understand the operations and technology. Apart from the induction programme, the Company periodically presents updates at the Board /Committee meetings to familiarise the Directors with the Company's strategy, business performance, operations, R&D, finance, compliance, risk management framework, human resources and other related matters. The Board has an active communication channel with the executive management, which enables Directors to raise queries, seek clarifications for enabling a good understanding of the Company and its various operations. Quarterly updates press releases and regulatory updates are regularly circulated to the Directors to keep them abreast on significant developments in the Company. Detailed familiarisation programme for Directors is available on the Company's website

<https://www.piindustries.com/Media/Documents/Familiarisation%20program%20for%20directors.pdf>

Skill /expertise/competencies identified by the Board of Directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the board with effect from the financial year ending March 31, 2020.

The Board comprises of individual members possessing the required skill/expertise/competencies in business management,

M&A, finance & tax, technology, corporate governance, risk management, gov't/public policy, marketing/sales, human capital/compensation, Industry experience, Legal & Regulatory affairs. for skill matrix for individual directors is appended at end of this report, refer **Annex 'B'**.

Board Evaluation

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

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

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

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

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

3. COMMITTEES OF THE BOARD

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

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

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

i) AUDIT COMMITTEE

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

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

Terms of reference

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

- (a) Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- (b) Discuss with the Statutory Auditors, before the audit commences, about the nature and scope of audit, as well as post-audit discussion to ascertain any area of concern.
- (c) Review and monitor the auditor's independence and performance, and effectiveness of audit process; approval of payment to statutory auditors for any other services rendered by the Statutory Auditor.
- (d) Review with the Management the performance of statutory and internal auditors, and adequacy of internal control system.
- (e) Review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- (f) Review the reports of internal audit for internal control weaknesses and discussion with internal auditors on any significant findings of any internal investigations by the internal auditors and the executive Management's response on matters and follow-up thereon.
- (g) Review the management letters / letters of internal control weaknesses issued by the statutory auditors.
- (h) Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- (i) Evaluation of internal financial controls and risk management systems.
- (j) Recommend to the Board the appointment, re-appointment and, if required, the replacement or removal of Statutory Auditors/Internal Auditors/Cost Auditors/Secretarial Auditor, terms of appointment of auditors and fixation of audit fee.
- (k) Approve the appointment of CFO after assessing the qualifications, experience and background etc.
- (l) Review with the Management, the quarterly financial statements and the auditor's report thereon, before submission to the Board for approval.
- (m) Review with the Management the Annual Financial Statements and Auditors Report thereon before submission to the Board for approval, with particular reference to:

- matters to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of Clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013.
 - changes, if any, in accounting policies and practices and reasons for the same.
 - major accounting entries involving estimates based on the exercise of judgment by Management.
 - significant adjustments made in the financial statements arising out of audit findings.
 - compliance with listing and other legal requirements relating to financial statements.
 - disclosure of any related party transactions.
 - qualifications in the draft audit report, if any.
- (n) Review and approve the Related Party Transactions, Scrutiny of inter-corporate loans and investments, valuation of undertakings or assets of the Company, wherever it is necessary.
- (o) Looking into the reasons for substantial defaults, if any, in payment to the depositors, debenture holders, shareholders and creditors.
- (p) Review the Management Discussion and Analysis of financial condition and results of operation.
- (q) Review, with the Management, the statement of uses/application of funds raised through an issue, the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- (r) Review the functioning of the Whistle Blower Mechanism;
- (s) Perform such other functions as may be prescribed under the Companies Act, 2013, listing regulations, 2015 or any other law or as may be delegated by the Board from time to time, to be performed by the Audit Committee.
- (t) Review the utilization of loans and/or advances from/investments by the holding Company in its subsidiaries exceeding ₹ 100 crore or 10% of the asset size of such subsidiary, whichever is lower which shall include existing loans / advances / investments.

Composition and attendance of the members of Audit Committee during the financial year 2019-20

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

During the financial year ended March 31, 2020, the Committee met Four (4) times on May 17, 2019, July 24, 2019, October 23, 2019 and February 12, 2020 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 2019-20 is as follows:

Name of Director	Category	Number of meetings during the financial year 2019-20	
		Held	Attended
Mr. Narayan K. Seshadri Chairman	Non-Executive & Independent Director	4	4
Mrs. Ramni Nirula Member	Non-Executive & Independent Director	4	4
Mr. Ravi Narain* Member	Non-Executive & Independent Director	-	-
Mr. Rajnish Sarna Member	Executive & Non-Independent Director	4	4

* Mr. Ravi Narain ceased to be a member of the Committee as he resigned from Board w.e.f May 01, 2019.

The Chairman of the Audit Committee, Mr. Narayan K. Seshadri was present at the Annual General Meeting of the Company held on September 09, 2019.

ii) STAKEHOLDER'S RELATIONSHIP COMMITTEE

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

Terms of reference

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

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

- o Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/statutory notices by the shareholders of the Company

Composition and Attendance of the members of Stakeholder's Relationship Committee during the financial year 2019-20

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, 2020, the Committee met Four (4) times during the year on May 04, 2019, September 30, 2019, November 15, 2019 and January 15, 2020.

The Composition and Attendance record of the members of the Stakeholder's Relationship Committee for the financial year 2019-20 is as follows:

Name of Director	Category	Number of meetings during the financial year 2019-20	
		Held	Attended
Mr. Pravin K. Laheri Chairman	Non-Executive & Independent Director	4	3
Mr. Mayank Singhal Member	Executive & Non-Independent Director	4	4
Mr. Rajnish Sarna Member	Executive & Non-Independent Director	4	4

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

During the year, the Company received 86 complaints for issues e.g. non-receipt of Dividend Warrants / Share Certificates, Annual Reports, issue of duplicate certificates/deletion of joint name due to death, transmission of shares etc. which were duly attended and resolved, no complaints were pending as on March 31, 2020.

The Chairman of the Stakeholder's Relationship Committee, Mr. Pravin K. Laheri was present at the Annual General Meeting of the Company held on September 09, 2019.

iii NOMINATION & REMUNERATION COMMITTEE

Terms of Reference

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

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

- c) Formulating the criteria for evaluation of Independent Directors and Board as a whole.
- d) Annually evaluate the performance of the directors, senior management and key managerial personnel of the Company.
- e) 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.
- f) Administering the stock options scheme of the Company.
- g) 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.
- h) Review and ensure organisation structure and leadership preparedness to meet the growth objectives of the Company.
- i) Provide input and support on HR initiatives & performance.
- j) Induction process for new Directors.
- k) 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.
- d) Remuneration is reflective of the principles of the good governance in relation to remuneration policies that are in practice in other competing businesses.

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

Remuneration to Independent Directors and Non-Independent Non-Executive Directors

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

Remuneration for Managing Director/Whole-time Director/ KMP

The remuneration payable to Executive Directors is approved by the Board of Directors based on the recommendation of the Nomination & Remuneration Committee which considers 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. Annual increments are decided by the Nomination & Remuneration Committee within the salary scale approved by the members and are effective from April 1, each year.

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

Basic salary is provided to all employees commensurate with their skills and experience. In addition to the same, the Company provides employees with certain perquisites, allowances and benefits including stock options etc. The Company also provides Medclaim and personal accident insurance coverage 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 & Remuneration Committee during the financial year 2019-20

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

During the financial year ended March 31, 2020, the Committee met four (4) times on May 17, 2019, June 17, 2019, July 24, 2019 and October 23, 2019.

The Composition and Attendance record of the members of the Nomination & Remuneration Committee for the financial year 2019-20 is as follows:

Name of Director	Category	Number of meetings during the financial year 2019- 20	
		Held	Attended
Mrs. Ramni Nirula Chairman	Non-Executive & Independent Director	4	4
Mr. Narayan K. Seshadri Member	Non-Executive & Independent Director	4	4
Mr. Pravin K. Laheri Member	Non-Executive & Independent Director	4	3
Mr. Arvind Singhal Member	Non- Executive & Non-Independent Director	4	2

iv) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

The CSR Committee seeks to guide the Company in integrating its social and environmental objectives with its business strategies and

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

Terms of Reference:

- a. Formulate and recommend to the Board, a Corporate Social Responsibility Policy, strategy and goals, which shall indicate the activities to be undertaken by the Company;
- b. Recommend the amount of expenditure to be incurred on CSR activities.
- c. Monitor the implementation of Corporate Social Responsibility Policy of the Company from time to time and;
- d. Monitor the implementation of the CSR projects or programs or activities undertaken by the Company.

Composition and attendance of the members of Corporate Social Responsibility Committee during the financial year 2019-20

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, 2020 on May 17, 2019 and February 12, 2020 respectively.

The Composition and Attendance record of the members of the CSR Committee for the financial year 2019-20 is as follows:

Name of Director	Category	Number of meetings during the financial year 2019 -20	
		Held	Attended
Mr. Pravin K. Laheri Chairman	Non- Executive & Independent Director	2	2
Mr. Mayank Singhal Member	Executive & Non-Independent Director	2	2
Mr. Rajnish Sarna Member	Executive & Non-Independent Director	2	2
Mrs. Ramni Nirula Member	Non- Executive & Independent Director	2	2

v) ADMINISTRATIVE COMMITTEE

Terms of reference

This Committee facilitates the approvals required for routine business activities of the Company where the powers are delegated by the Board to the Committee like opening/closing of bank accounts, borrowing powers up to a limit delegated by board, creation of security, and investment of idle funds lying with the Company apart from authorisations for dealing various authorities/matters as may be requested by different functions from time to time for smooth business operations of the Company etc.

Composition and Attendance of the members of Administrative Committee during the financial year 2019-20

The Administrative Committee presently comprises of 3 Executive and Non- Independent Directors. The Company Secretary acts as Secretary to the Committee.

During the financial year ended March 31, 2020, the Committee met seven (7) times on June 17, 2019, September 13, 2019, October 14, 2019, November 05, 2019, December 02, 2019, December 27, 2019 and February 11, 2020. The Composition and Attendance record of the members of the Administrative Committee for the financial year 2019-20 is as follows:

Name of Director	Category	Number of meetings during the financial year 2019-20	
		Held	Attended
Mr. Mayank Singhal, Chairman	Executive and Non-Independent Director	7	6
Mr. Rajnish Sarna Member	Executive & Non-Independent Director	7	7
Mr. Ravi Narain Member*	Executive & Non – Independent Director	-	-
Dr. Raman Ramachandran Member**	Executive & Non-Independent Director	7	6

* Mr. Ravi Narain ceased to be a member of the Committee as he resigned from Board w.e.f May 01, 2019.

** Dr. Raman Ramachandran inducted as member of the Committee w.e.f. 24.7.2019

vi) MANAGEMENT ADVISORY COMMITTEE

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

Terms of reference

- 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.
- 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 2019-20

Management Advisory Committee presently comprises of five Directors, two of whom are Independent Directors. During the

financial year ended March 31, 2020, the Committee met twice on April 12, 2019 and October 22, 2019.

The Composition and Attendance record of the Management Advisory Committee members for the financial year 2019-20 is as follows:

Name of Director	Category	Number of meetings during the financial year 2019-20	
		Held	Attended
Mr. Mayank Singhal Chairman	Executive and Non-Independent Director	2	2
Mr. Narayan K. Seshadri Member	Non-Executive & Independent Director	2	2
Mr. Rajnish Sarna Member	Executive & Non-Independent Director	2	2
Mr. Ravi Narain Member*	Non-Executive & Independent Director	1*	1
Dr. Raman Ramachandran Member**	Executive & Non-Independent Director	1	1
Dr. T.S. Balganesb Member	Non- Executive & Independent Director	2	2

* Mr. Ravi Narain ceases to be a member of the Committee w.e.f May 01, 2019 and he attended one meeting held during his association with the board.

** Dr. Raman Ramachandran inducted as member of the Committee w.e.f. 24.7.2019

vii) RISK MANAGEMENT COMMITTEE

Terms of reference

The terms of reference of the RMC are as follows:

- Formulate a Risk Management Framework and recommend the said framework and any amendments thereto to the Board for its approval.
- Establish that appropriate methodology, process and systems are in place to monitor, evaluate and report risks associated with the business.
- Review the adequacy of the existing measures to mitigate various risks.
- Evaluate and approve new risks and mitigation measure that may be recommended by the Chief Risk Officer in respect of any function and review the action for its implementation on an ongoing basis.
- Evaluate and direct that appropriate processes and systems are in place to monitor, evaluate and report cyber security risks associated with the business of the Company and to review the adequacy of the existing measures to mitigate the said risk.
- Attend to such other matters and functions, as may be prescribed from time to time.

Composition and attendance of the members of Risk Management Committee during the financial year 2019-20

Risk Management Committee presently comprises of six (6) Members, comprising majority of whom are Directors, three (3) Executive Directors and 1(one) Independent Director, rest 2 members are Executives. The Committee meeting took place on November 22, 2019. The Composition and Attendance record of the Risk Management Committee members for the financial year 2019-20 is as follows:

Name of Director	Category	Number of meetings during the financial year 2019-20	
		Held	Attended
Mr. Mayank Singhal Chairman	Executive and Non-Independent Director	1	1
Mr. Narayan K. Seshadri Member	Non-Executive & Independent Director	1	1
Mr. Rajnish Sarna Member	Executive & Non-Independent Director	1	1
Dr. KVS Ram Rao Member	Employee	1	1
Dr. Raman Ramachandran* Member	Executive & Non-Independent Director	-	-
Mr. Sankar Ramamurthy Member	Employee	1	1

* Dr. Raman Ramachandran inducted as member of the Committee w.e.f. 12.02.2020.

4. DIRECTOR'S REMUNERATION

i Remuneration paid to Executive Director(s).

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

Details of remuneration paid to the Executive Directors during the financial year 2019-20 are as follows:

Name of Director	Salary	Retiral benefits	Perks	Comm. @	Total
Mr. Mayank Singhal Vice Chairman & MD	32.50	5.77	32.50	53.00	123.77
Mr. Rajnish Sarna Whole-time Director	17.50	3.03	17.50	21.00	59.03
Dr. Raman Ramachandran MD & CEO	12.09	2.09	12.09	14.00	40.27

(₹/Mn.)

Notes:

@ Commission payable for FY 2019-20.

a) Retiral benefits includes pf, gratuity and superannuation.

b) Mr. Rajnish Sarna holds 1,25,512 equity shares of the Company as on March 31, 2020.

c) Mr. Mayank Singhal holds 3,20,28,510 equity shares of the Company as on March 31, 2020.

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, 2020 and No. of equity shares held by them as on March 31, 2020 are as under:

Name of Director	Sitting Fees (₹/Mn.)	Comm. @ (₹/Mn.)	No. of Equity Shares held
Mr. Narayan K. Seshadri	0.57	6.00	4,84,259
Mr. Pravin K. Laheri	0.45	1.80	-
Mrs. Ramni Nirula	0.54	2.10	916
Dr. T.S. Balganesesh	0.27	1.80	-
Mr. Ravi Narain	0.03	-	-
Mr. Arvind Singhal	0.21	1.50	-

@ Commission payable for FY 2019-20.

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

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

5. CODE OF CONDUCT

The Board of Directors has laid down a Code of Conduct for all Board members and the senior management of the Company which also includes the model Code of Conduct for Independent Directors in accordance with Schedule IV to the Companies Act, 2013. All Independent Directors have affirmed the compliance to aforesaid code. All the Directors and senior management have affirmed compliance with the Code of Conduct as approved and adopted by the Board of Directors and a declaration to this effect signed by the Managing Director & CEO has been annexed to the Corporate Governance Report. The code of conduct can be accessed at following weblink on Company website. https://www.piindustries.com/Media/Documents/Code%20of%20Conduct_for_Directors%20and%20Sr.%20Management.pdf

6. PROHIBITION OF INSIDER TRADING

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

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

The same has been posted on Company's website.

<https://www.piindustries.com/Media/Documents/PI%20Code%20of%20Practices%20and%20Procedures%20for%20Fair%20Disclosure%20of%20Unpublished%20Price%20Sensitive.pdf>

7. OTHER DISCLOSURES

a) Related Party Transactions during the year under review

All transactions entered into with related parties (RPTs), as defined under the Act, 2013 and the Listing Regulations during the financial year ended March'20 were in the ordinary course of business and at arm's length and do not attract the provisions of Section 188 of the Act, 2013 and the rules made thereunder. There were no materially significant transactions with the related parties during the year, which were in conflict of interest, and hence no approval of the Company was required in terms of the Listing Regulations. The transactions with the related parties, namely its promoters, its holding, subsidiary and associate companies etc., of routine nature have been reported in Note no. 35 in balance sheet as per Indian Accounting Standard 24 (IND AS 24) notified vide Companies (Indian Accounting Standard) Rules, 2015. Related Party Transaction policy is available on Company's website at following link:

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

b) No Penalties, Strictures imposed

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

c) Dematerialisation and Liquidity

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

Percentage of shares held in physical and dematerialised form as on March 31, 2020 is as follows:-

Physical Form	:	0.09%
Electronic Form with NSDL	:	98.20%
Electronic Form with CDSL	:	1.71%

d) Disclosure of Accounting Treatment

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

e) Policy for determining Material Subsidiaries

The Company has a policy for determining "Material" subsidiary with which also incorporates amendments made in listing Regulation 2015 based on the recommendation of Kotak Committee. Copy of aforesaid policy is also available on the Company's website. The web link for the same is

http://www.piindustries.com/sites/default/files/Policy%20_%20Material%20Subsidiaries.pdf

f) Risk Management

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

g) Commodity Price Risk and Commodity Hedging Activities

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

Details of foreign exchange exposure are disclosed in Note no 38 of Financial Statements for the year ended March 31, 2020.

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, 2020 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:-

- The Board:** The Chairman of the Board is Non-Executive Independent Director and maintains separate office, for which Company is not required to reimburse any expense.
- Shareholder Rights:** Half yearly and other quarterly financial statements including summary of the

significant events in the last six/three months are published in newspapers, uploaded on the Company's website

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

- (iii) **Modified opinion(s) in audit report:** The Company is in the regime of unmodified opinion on financial statements.
- (iv) **Separate posts of Chairperson and CEO:** Mr. Narayan K. Seshadri holds the office of Non-Executive Chairman on the board of the Company whereas Dr. Raman Ramachandran holds the position of the Managing Director & CEO of the Company.
- (v) **Reporting of Internal Auditor:** The Internal Auditors of the Company reports to the Audit Committee.

j) Fees payable to Statutory Auditor: Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditors and all entities in the network firm / network entity of which it is a part; ₹ 10.4 Mn.

k) Certificate on disqualification of Directors: None of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies. In this connection, the Company has obtained a certificate from Practising Company Secretary on May 7, 2020.

l) Disclosures in relation to the Sexual Harassment of Women

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

The Company has not received any complaint of sexual harassment during the financial year 2019-20.

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, 2019 P.P. Singhal Memorial Hall, Udaipur Chamber of Commerce & Industry, Madri, Udaipur – 313 001.	11.00 A.M	Annual General Meeting

August 6, 2018 P.P. Singhal Memorial Hall, Udaipur Chamber of Commerce & Industry, Madri, Udaipur – 313 001.	10.00 A.M.	Annual General Meeting
September 6, 2017 P.P. Singhal Memorial Hall, Udaipur Chamber of Commerce & Industry, Madri, Udaipur – 313 001.	10.00 A.M.	Annual General Meeting

ii. Special resolutions passed during last 3 AGMs

Date of AGM	Subject matter of Special Resolutions passed
September 9, 2019	<ol style="list-style-type: none"> 1. Elevation of the position held by Mr. Mayank Singhal (DIN: 00006651) from Managing Director & CEO to Vice Chairman & Managing Director of the Company w.e.f. September 09, 2019. 2. Appointment of Dr. Raman Ramachandran (DIN: 00200297) as Managing Director & CEO of the Company w.e.f. September 09, 2019. 3. Payment of Commission to Non-Executive Directors of the Company. 4. Approval for holding the office by Mr. Pravin K. Laheri (DIN: 00499080) as Non-Executive Independent Director on attaining the age of 75 years. 5. Approval of adoption of new set of Articles of Association of the Company 6. Amendment in the Capital Clause of the Memorandum of Association of the Company. 7. Amendment in the Objects Clause of the Memorandum of Association of the Company
August 6, 2018	Nil
September 6, 2017	Re-appointment of Mr. Narayan K. Seshadri, Mr. Pravin K. Laheri and Mrs. Ramni Nirula for a term of 5 years from the date of Annual General Meeting.

9. POSTAL BALLOT

The Company has carried out postal ballot exercise during the financial year 2019-20, for raising of funds in one or more tranches, by issuance of equity shares and / or other eligible securities by way of Qualified Institutions Placement(s) (QIP) for an amount not exceeding ₹20,000 Mn. was recommended by the Board of Directors for approval of shareholders vide postal ballot notice dated February 12, 2020. Voting commenced on February 23, 2020 and closed on March 23, 2020.

Results were declared by the Vice Chairman & Managing Director on March 24, 2020 and the resolution was passed by requisite majority.

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

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

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

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

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

12. WHISTLE BLOWER POLICY

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

<http://www.piindustries.com/sites/default/files/Whistle%20Blower%20Policy.pdf>

13. GENERAL SHAREHOLDER INFORMATION

i. CONTACT INFORMATION

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

Research & Manufacturing Facilities

Udaisagar Road, Udaipur - 313 001 Rajasthan
Plot No.237, GIDC, Panoli, Ankleshwar-394 116
Bharuch, Gujarat
Plot No. SPM 28 & SPM 29 Sterling SEZ, Village Sarod
Jambusar-392 180 Bharuch, Gujarat
Plot No. 3133 to 3139, 3330 to 3351, 3231 to 3245 & 3517 to 3524
GIDC Panoli, Taluka, Ankleshwar, Distt. Bharuch, Gujarat

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

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

iii. Annual General Meeting

Date	September 25, 2020
Time	11 am
Venue	The Company is conducting the AGM through Video Conferencing (VC)/Other Audio-Visual Means (OAVM) pursuant to MCA Circular dated May 5, 2020 and as such there is no requirement to have a venue for AGM. For details, please refer to the Notice calling for AGM, annexed to this Report.

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 2020-21 is as follows:

Unaudited Financial Results for the Qtr. ending June, 2020	on August 4, 2020
Unaudited Financial Results for the Qtr. ending September, 2020	on October 23, 2020
Unaudited Financial Results for the Qtr. ending December, 2020	on or before February 14, 2021
Audited Financial Results for the year ending 31st March, 2021.	Before the end of May, 2021
Annual General Meeting for the year.	On or before August 31, 2021

v. Book Closure Date

The dates of book closure are from September 19, 2020 to September 25, 2020.

vi. Dividend

During the year, the Board of Directors of the Company declared an interim dividend of ₹ 3/- per equity share in its Board Meeting held on February 12, 2020 on 13,81,07,993 equity shares of ₹ 1/- each which was paid on March 02, 2020. In addition to same, the Board has recommended a final dividend of 100 % 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 19, 2020.

vii. Stock Exchange Listing

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

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

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

viii. Stock Market Price data

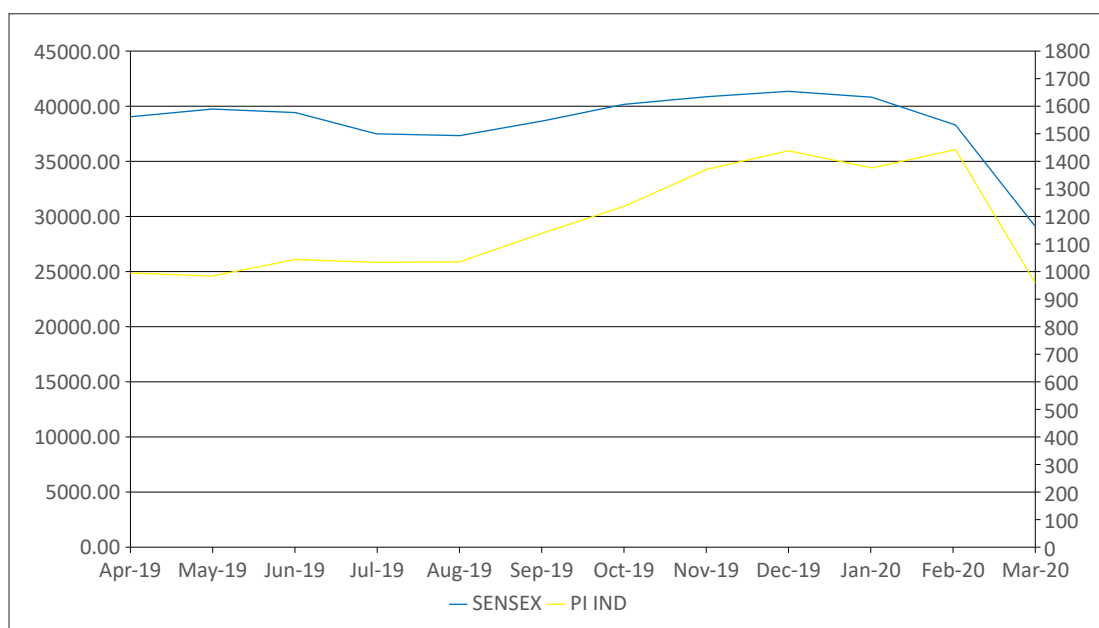
The monthly high and low of the market price of the equity shares of the Company for the year ended March 31, 2020 at BSE Limited and National Stock Exchange of India Ltd. were as under:

Stock price in ₹/share

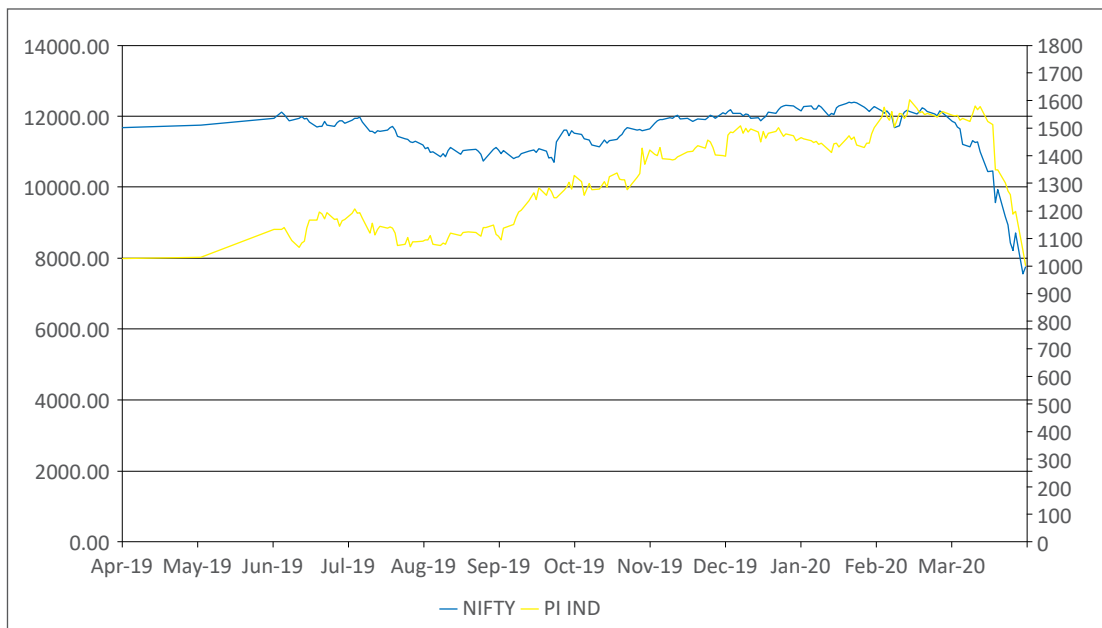
Month	BSE		NSE		NIFTY	SENSEX
	High	Low	High	Low	Closing high	Closing high
April, 2019	1087.00	1001.00	1089.85	994.70	11787.20	39,031.55
May, 2019	1155.00	990.15	1154.00	986.00	11945.90	39,714.20
June, 2019	1229.30	1050.50	1229.95	1057.40	12088.55	39,394.64
July, 2019	1217.95	1038.50	1220.00	1040.05	11946.75	37,481.12
August, 2019	1189.00	1042.05	1099.00	1041.20	11109.65	37,332.79
September, 2019	1340.00	1144.00	1342.00	1142.00	11600.20	38,667.33
October, 2019	1448.80	1238.50	1448.70	1235.95	11877.45	40,129.05
November, 2019	1502.85	1370.45	1502.15	1305.55	12151.15	40,793.81
December, 2019	1529.95	1435.00	1523.95	1441.55	12271.80	41,253.74
January, 2020	1596.05	1373.45	1595.00	1374.00	12362.30	40,723.49
February, 2020	1626.00	1439.95	1629.00	1438.00	12201.20	38,297.29
March, 2020	1586.95	973.70	1589.85	970.10	11303.30	29,468.49

(Source: NSE/BSE website)

PERFORMANCE OF COMPANY SHARES VS BSE SENSEX



PI PERFORMANCE VS NIFTY



ix. Registrar and Transfer Agents

Kfin Technologies Private Limited

(Formerly known as Karvy Fintech Pvt. Ltd.)

Unit: PI Industries Ltd.

Selenium Building, Tower B, Plot no. 31&32,

Financial District, Nanakramguda

Serilingampally, Hyderabad – 500 032

Contact Person: Mr N. Shivakumar

Email: shivakumar.n@kfintech.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), Kfin Technologies 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, 2020)

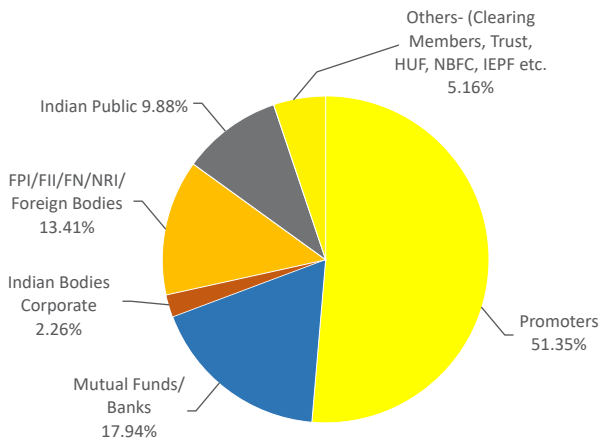
Shareholding of Nominal value of	Shareholders		Share Capital (Amount)	
	No.	% to total	In ₹	% to total
1-5000	61,982	99.04	1,01,76,521	7.37
5001- 10000	200	0.32	14,19,630	1.03
10001- 20000	137	0.22	19,03,193	1.38
20001- 30000	46	0.07	11,15,420	0.81
30001- 40000	39	0.06	14,03,314	1.02
40001- 50000	15	0.02	6,70,335	0.49
50001- 100000	54	0.09	38,59,604	2.79
100001& Above	109	0.17	11,75,59,976	85.12
Total	62,582	100	13,81,07,993	100.00

xi. Demat Status (As on March 31, 2020)

Mode	No. of shareholders	No. of shares	%
Demat	62,522	13,79,83,749	99.91
Physical	60	1,24,244	0.09
Total	62,582	13,81,07,993	100

xii. Category of Shareholders on PAN basis (As on March 31, 2020)

S. No.	Category	No. of shareholder	No. of shares held	Voting strength (%)
1	Promoters	6	7,09,20,446	51.35
2	Mutual Funds/Banks	51	2,47,77,537	17.94
3	Indian Bodies Corporate	1047	31,15,570	2.26
4	FPI/FII/FN/NRI/Foreign Bodies	3,432	1,85,26,407	13.41
5	Indian Public	53,712	1,36,42,775	9.88
6	Others – (Clearing Members, Trust, HUF, NBFC, IEPF etc.)	1,052	71,25,258	5.16
Total		59,300	13,81,07,993	100.00



Shareholding Pattern as on March 31, 2020

xiii. Web-based Redressal System for Investor Grievance

The Company and its Registrar & Share Transfer Agent i.e. KFin Technologies 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 09, 2019 (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 <https://www.piindustries.com/investor-relations/Investor-Information/Unclaimed-Dividend>

xv. Transfer of shares to IEPF

Pursuant to the provisions contained in Sec 124 of the Companies Act, 2013 read with IEPF rules, the Company has transferred 11,010 equity shares pertaining to shareholders in respect of whom there was unclaimed dividend for consecutive seven years to demat account held in PNB by IEPF in compliance with the provisions of the Companies Act, 2013 read with IEPF Rules made thereunder.

xvi. Credit Rating: CRISIL has reaffirmed the long term rating to AA/ Positive and Short-term rating A1+ in respect of the various banking facilities availed by the Company.

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

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

PAN Card of Transferee (For Shares held in Physical form): SEBI vide its circular dated 6th November, 2018 has made it mandatory to submit a copy of PAN card along with other documents for effecting transfer, transmission, transposition and name deletion of deceased holder from share certificate (in case of joint holding) in respect of shares held in physical form. Shareholders are requested to ensure submission of copy of their PAN Card, as in the absence of the said document, the above said requests in respect of shares held in physical form will stand rejected by the Company/ RTA.

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

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

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

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

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

xviii. Managing Director & CEO and CFO Certification

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

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

xix. Auditor's Certificate

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

xx. Annual Secretarial Compliance Report

Pursuant to the SEBI circular no. CIR/CFD/CMD1/27/2019 dated February 8, 2019, the Company has obtained an Annual Secretarial Compliance Report from Mr. R.S. Bhatia, Practising Company Secretary, confirming compliance of SEBI Regulations / Circulars / Guidelines issued thereunder and applicable to the Company. There are no observations or adverse remarks in the said report.

In compliance with Regulation 24A of SEBI (LODR) Regulations, 2015, secretarial audit report of material subsidiary acquired during the year namely 'Isagro (Asia) Agrochemicals Pvt. Ltd' is annexed at page no 217 to 2018, which forms part of the Annual Report.

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

Sd/-

Narayan K. Seshadri

Chairman

DIN: 00053563

Place: Gurugram

Date: 4th June '20

Annexure 'A' to CGR report

Name of listed companies in which board members hold directorship as on March 31, 2020:-

S. No.	Name of Director & Designation	No. of positions held		Category of directorship held in aforesaid listed Company
		Board	Name of the listed Company where holding the position of director	Executive/Non-Executive/Independent
1.	Mr. Narayan K. Seshadri, Non-Executive Independent Chairman DIN 00053563	5	1. PI Industries Ltd. 2. Magma Fincorp Ltd. 3. Kalpataru Power Transmission Ltd. 4. AstraZeneca Pharma India Ltd. 5. CG Power and Industrial Solutions Limited	Non-Executive Independent Chairman Non-Executive Independent Director Non-Executive Independent Director Non-Executive Independent Chairman Non-Executive Independent Director
2.	Mr. Mayank Singhal, Vice Chairman & Managing Director DIN 00006651	1	1. PI Industries Ltd.	Executive Director
3.	Dr. Raman Ramachandran Managing Director & CEO DIN 00200297	1	1. PI Industries Ltd.	Executive Director
4.	Mr. Rajnish Sarna, Whole-time Director DIN 06429468	1	1. PI Industries Ltd.	Executive Director
5.	Mrs. Ramni Nirula, Independent Director DIN 00015330	5	1. PI Industries Ltd. 2. DCM Shriram Ltd. 3. CG Power and Industrial Solutions Ltd. 4. HEG Limited 5. Usha Martin Limited	Non-Executive Independent Director Non-Executive Independent Director Non-Executive Independent Director Non-Executive Independent Director Non-Executive Independent Director
6.	*Mr. Ravi Narain, Independent Director DIN 00062596	-	-	-
7.	Mr. Pravin K. Laheri, Independent Director DIN 00499080	2	1. PI Industries Ltd 2. Gujarat Pipavav Port Ltd.	Non-Executive Independent Director Non-Executive Independent Director
8.	Mr. Arvind Singhal, Non-Independent Director DIN 00092425	1	1. PI Industries Ltd.	Non-Executive Non-Independent Director
9.	Dr. T.S. Balganes, S. Independent Director DIN : 00648534	1	1. PI Industries Ltd.	Non-Executive Independent Director

* resigned w.e.f May 01, 2019

Annexure 'B' to CGR Report

Skill Matrix chart for Individual Directors

Particulars	Mr Narayan K. Seshadri	Mr. Mayank Singhal	Dr. Raman Ramachandran	Dr. T.S. Balganesesh	Mrs. Ramni Nirula	Mr. Pravin K. K. Laheri	Mr. Arvind Singhal	Mr. Rajnish Sarna
Industry Experience	✓	✓	✓	✓	✓		✓	✓
Mergers & Acquisitions	✓	✓	✓	✓			✓	✓
Business Management & Corporate Strategies.	✓	✓	✓	✓	✓	✓	✓	✓
Finance & Taxation	✓	✓	✓		✓		✓	✓
Technology Expertise		✓		✓				
Corporate Governance	✓	✓	✓	✓	✓	✓		✓
Legal & Regulatory	✓	✓	✓			✓	✓	✓
Risk Management	✓	✓	✓	✓	✓		✓	✓
Govt./Public Policy		✓	✓	✓		✓	✓	✓
Marketing/Sales		✓	✓				✓	✓
Human Capital/ Compensation	✓	✓	✓		✓	✓	✓	✓

Declaration by Managing Director & CEO

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, 2020.

Place: Gurugram
Date: 4th June'20

Sd/-
Raman Ramachandran
Managing Director & CEO
DIN: 00200297

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, 2020 and that these statements:
- i. do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
 - ii. together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are no transactions entered into by the Company during the year, which are fraudulent, illegal or violate the Company's Code of Business Conduct.
- C. We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to address these deficiencies.
- D. We further certify that:
- there have been no significant changes in internal control during the aforesaid period.
 - the Company has complied with new accounting standard, IND-AS, applicable from April 1, 2016.
 - there have been no instance of significant fraud of which, we have become aware and the involvement therein, if any, of management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Gurugram
Date: 4th June'20

Sd/-
Raman Ramachandran
Managing Director & CEO
DIN: 00200297

Sd/-
Subhash Anand
Chief Financial Officer

Certificate of Non-Disqualification of Directors

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members,
PI INDUSTRIES LIMITED
UDAISAGAR ROAD, UDAIPUR,
RAJASTHAN-313001

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of PI INDUSTRIES LIMITED having CIN L24211RJ1946PLC000469 and having registered office at UDAISAGAR ROAD, UDAIPUR, RAJASTHAN - 313001 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, New Delhi or any such other Statutory Authority.

S. No.	Name of Director	DIN	Date of Appointment in Company
1.	MAYANK SINGHAL	00006651	28/09/1998
2.	RAMNI NIRULA	00015330	28/07/2010
3.	NARAYAN KEELVEEDHI SESHADRI	00053563	27/01/2006
4.	ARVIND SINGHAL	00092425	05/10/2016
5.	RAMAN RAMACHANDRAN	00200297	01/07/2019
6.	PRAVIN KANUBHAI LAHERI	00499080	20/01/2010
7.	TANJORE BALGANESH SOUNDARARAJAN	00648534	16/05/2017
8.	RAJNISH SARNA	06429468	07/11/2012

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the Management of the Company. Our Responsibility is to express an opinion on these based on our verification. This certificate neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For A. K. Friends & Co.

Sd/-

Ashish Kumar Friends
Practicing Company Secretaries
CP No.:4056

Membership No.: FCS 5129
UDIN: F005129B000210807

Place: Delhi
Date: 7th May'20

Business Responsibility Report

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

Introduction

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

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. **Corporate Identity Number (CIN) of the Company** L24211RJ1946PLC000469
2. **Name of the Company** PI INDUSTRIES LTD.
3. **Registered address** Udaisagar Road, Udaipur-313001, Rajasthan
4. **Website** www.piindustries.com
5. **E-mail id** corporate@piind.com
6. **Financial Year reported** 2019-20
7. **Sector(s) that the Company is engaged in (industrial activity code-wise)**
The Company is engaged in Agri-Inputs (NIC Code-3808)
8. **List three key products/services that the Company manufactures/provides (as in balance sheet)**
 - i) The Company principally manufactures “Agri Inputs” comprising of crop protection chemicals and plant growth nutrients.
 - ii) It also manufactures the chemical intermediates and active intermediates for exports to global innovators.
9. **Total number of locations where business activity is undertaken by the Company:**
 - i) Number of International Locations:
The Company has three offices located in Japan, China & Germany.
 - ii) Number of National Locations:
The Company has its research and development facilities in Udaipur and its manufacturing locations in Panoli & Jambusar in Gujarat. In addition to same, the Company has 29 depots and 9 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 (₹)** ₹13,81,07,993
2. **Total Turnover (₹)** ₹33,068 Mn.
3. **Total profit after taxes (₹)** ₹4,423 Mn.
4. **Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)** Co. has contributed an amount of ₹102.3 Mn to PI Foundation, CSR arm of PI Industries. The Trust has spent an amount of ₹84.8 Mn. during the year.
5. **List of activities in which expenditure in 4 above has been incurred:-**
 - a. Environmental Sustainability
 - b. Education, Skill Development and Livelihood Enhancement Projects
 - c. Health, Hygiene and Sanitation
 - d. Women Empowerment
 - e. Promotion of Rural Sports

- f. Rural development
- g. Training and Capacity Building of CSR Team and Administrative Expenses

For details, kindly refer to Principle 8, Section E

SECTION C: OTHER DETAILS

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

Yes, the Company has 5 subsidiary companies.

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/Directors responsible for implementation of the BR policy/policies

- i. DIN : 00006651
- ii. Name : Mr. Mayank Singhal
- iii. Designation : Vice Chairman and Managing Director

b. Details of the BR head

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

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

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

- P1** Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
- P2** Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
- P3** Businesses should promote the well-being of all employees.
- P4** Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- P5** Businesses should respect and promote human rights.
- P6** Business should respect, protect and make efforts to restore the environment.
- P7** Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
- P8** Businesses should support inclusive growth and equitable development.
- P9** Businesses should engage with and provide value to their customers and consumers in a responsible manner.

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

3. Governance related to BR

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

Same is reviewed annually.

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

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

SECTION E: PRINCIPLE-WISE PERFORMANCE

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

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

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

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

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

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

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

The three products are:

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

- Controls major grasses, sedges and broad leaf weeds of rice thus minimising the yield losses caused by weed infestation
- Is environment friendly, cost effective and is safe to the rice crop.
- Results in saving of water, in comparison with the other popular pre-emergent herbicides and other farmer practices.
- Helps in the successful adoption of Direct Sown Rice which requires lesser resources like water, power, labour etc.
- Coupled with Direct Seeded Rice Technology, use of NOMINEE GOLD has translated into savings of nearly ₹6,000 per hectare.

- b) **SPRAY MACHINE**

- Mechanized spraying machines to promote judicious application of crop protection products with limited exposure to spray men.
- Enhance the efficiency of application for multiple crops across the country;
- Maximize coverage in minimum time without any exposure of material to the operator.
- Contribute towards the mechanization of agriculture in India as well as improve efficacy of pesticides.
- Utilised for sanitizing large areas during COVID-19 pandemic.

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

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

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

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

We exercise due care in the entire value chain of our product's life cycle. We ensure absolute compliance with respect to product designing, production and consumption, thereby minimizing the harmful effects to health and environment. Our Research and Development efforts have over the years, replaced some of the hazardous ingredients from the raw material repository with safer elements. Besides the above, we also undertake extensive bio efficacy studies to determine the bio accumulation of products and relevant toxicity studies. Informative labelling and guidance to usage is always included in the product packaging.

- 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 ₹7,000 per hectare to the farmer.

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

The Company has a formal policy for Sustainable Procurement for last few years. This is a part of our vendor on-boarding process wherein vendors are encouraged for usage of Solar, Wind Energy, Water conservation and Waste reduction. As a Responsible Care Company, we are committed to total environment safety and regulatory compliances. The Company continues initiatives in this direction, few of which are mentioned below :

- As per usual practice, the Company organised **Vendor Meet** during November 2019. The purpose of the meet is to understand the sustainability objectives and progress on ongoing initiatives with each supplier. Our Technical Team offers necessary guidance so that the suppliers can get necessary support to run their business in more environment friendly, compliant and therefore sustainable in the long run.
- Various initiatives are taken on packaging of both raw materials as well as finished product. The Company encourages procurement of raw materials in bulk, tankers or jumbo bags. This helps in reduced handling of various types of packing materials, better adherence to environment and safety guidelines and also maximum use of container space thereby reducing overall number of trips.
- Similarly, the Company continues to modify the packing of various finished products to reduce the usage of plastic and increase use of recycled paper.
- The Company has significantly changed the Material Handling process and instead of drums, most of the bulk products are being sourced and stored in tankers / ISO Tanks. This not only helps in reducing the drum handling but also ensures better adherence to environment and safety guidelines.

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

- As a result of past few years' initiatives, many critical raw materials which were imported so far are being procured locally now. With a view to de-risk ourselves from global chain disruption, more than 70% of the total raw material procurement is done locally.
- We are continuing our efforts for sustainable procurement of various packing materials within a close vicinity of our manufacturing unit(s). Today more than 90% of our packing material is procured from within Gujarat state, in a periphery of 150 Kms from our manufacturing units which helps us contribute towards improving our overall carbon foot print and ensure sustainability in procurement.
- Development of MSME (Micro, Small & Medium Enterprises) Vendors who supply good quality product at competitive prices is one of our long-term sustainability initiatives. The Company is associated with over 50 MSME enterprises which supply various raw materials and packing materials to us on a regular basis.

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.

a. Total number of permanent employees	2,749
b. Total number of employees hired on temporary /contractual/casual basis	1,257
c. Number of permanent women employees	65
d. Number of permanent employees with disabilities	Nil
e. Do you have an employee association that is recognised by Management?	No
6. What percentage of your permanent employees is members of this recognized employee association? N.A	

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

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

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

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

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

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

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

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

Yes, the Company mapped its internal and external stakeholders.

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

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

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

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

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

Principle 5 - Businesses should respect and promote human rights.

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

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

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

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

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.

Company is committed in making all possible efforts to ensure sustainability of operations not only for it but to its suppliers, contractors, partners, society and whole group. This is achieved through Sustainability Policy, where it addresses all the stakeholders who have direct or

indirect influence in the Company's business activities. Sustainability is the key driver in all business decisions. The Company has also laid down CSR Policy where different CSR projects are undertaken to generate value for the society. The policies are kept in the public domain via hosting it on the Company's website (www.piindustries.com).

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 through its "Sustainability Policy" address the global environment issues like climate change & global warming.

In order to achieve the same, various plans & strategies are devised. Highlights of few initiatives undertaken are as below:

- a. All the monitoring mechanism are in place for raw material consumption, energy usage, emissions, waste generation and operational efficiencies and same is monitored against stringent internal norms. Strategies for further reduction in emission and consumption are framed and implemented in phase wise manner.
- b. Various external audits are conducted to monitor the Company's performance and to identify areas of improvement viz. energy, ISO 14001: 2015 etc.
- c. The Company is signatory of the Responsible Care (RC) code of practices. There are various program run under Responsible care to ensure the best EHS practices in the supply chain and product stewardship.
- d. The Company undertakes Eco-Vadis assessment for its sustainability ratings. Company is ranked in Gold rating under Ecovadis and is among top 7 agrochemical supplier companies globally on sustainability practices.
- e. To reduce its environmental footprint in its supply chain & to encourage sustainable procurement, the Company has a system to evaluate its vendors for sustainability practices. This evaluation includes physical sustainability audit of critical suppliers.

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

Yes, the Company identify and assess potential environmental risks through a structured methodology. All the sites conduct detailed risk assessment in form of risk register and potential Environmental impact of each risk is evaluated against a standard methodology. Based on the analysis, detail management programmes are framed to mitigate the risk. The Risk assessment is reviewed periodically to incorporate any changes in the operation and the subsequent action plan developed due to such change. Environmental risks are not only mapped in its operations but also in the value chain viz. transportation, Storage of finished goods, product application etc.

All the sites of the Company are certified to ISO 14001: 2015, which places emphasis on environmental risk assessment. Before setting up of any facilities, the Company carries out Environmental Impact Assessment (EIA) study to identify & assess all potential environmental risks and accordingly incorporate in the business plan to mitigate the same.

On a Company level detailed risk mapping is done and the preventive and mitigative actions are taken for the identified risks. Company has a Board level risk committee to coordinate the risk framework.

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, various initiatives on clean technology, energy efficiency, renewable energy and water conservation have been undertaken. Few important initiatives are:

- a. The Company has upgraded its Effluent Treatment Plant (ETP) at Udaipur site and reuse the treated waste water from the ETP in cooling tower thereby reduction in total water consumption.
- b. Detailed energy audits are undertaken in all its sites for identifying opportunities for energy savings and actions are planned for implementation.
- c. R&D centre at Udaipur conducts research of the products for waste reduction, reduction in raw material consumption as a part of clean technology & green chemistry.

6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Company's all manufacturing sites comply with the prescribed permissible limits for air emissions, effluent discharge, and hazardous waste generation and disposal is done as per their regulatory consents/ authorizations.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

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

Principle 7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

1. Is your Company a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with:

The Company is the member of:-

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

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas

Yes, the Company has been a member in the above institutions for almost two decades and has actively participated and advocated through the above associations. The Company has also played a part in suggesting reasonable amendments in various agriculture policies and has provided constructive feedback on various draft rules and regulations.

Principle 8 - Businesses should support inclusive growth and equitable development.

1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

The Company has undertaken plethora of community development initiatives in pursuit of inclusive growth through their CSR arm PI Foundation. These initiatives include:-

- a. **Environmental sustainability through conservation of natural resources & sustainable agriculture practices:** - Promoted a farming system that is economically, environmentally and socially sustainable. Our propagation of sustainable agriculture practices such as Direct Seeded Rice Technology has led to saving 1.6 trillion litres of water during FY'20, reduced drudgery and condensed the energy cost leading to overall reduction of 25-30% in cost of cultivation per acre. Our propagation of the DSR technique has impacted over 18 lac acres of farm land in FY 20. Our interventions in tomato cultivation across the tomato growing pockets in different states have resulted in the 65% yield increment as opposed to farmer's conventional practices. Sustainable agriculture practices in Banana cultivation has increased the productivity three folds and impacted 560 banana farmers in Theni district of Tamil Nadu so far. As part of income generation programme through promotion of Farmer Producer Organizations, we have enhanced the agriculture-based income by 50 % from existing income of 1000 families in Rayagada district of Orissa. In addition to this, we have also participated in educating and equipping around 40,000 farmers with alternatives to stubble burning contributing towards improving air quality
- b. **Health Hygiene and Sanitation:** - Access to preventive health care and equitable distribution of health services by deploying Mobile Health care vans, provides preventive, promotive and curative health services at the beneficiary's doorstep. In addition, a blood bank in Ankleshwar was also revived and made operational to cater to the community. Total 1, 08,642 lives were impacted through our mobile health services and blood bank project in FY 20.

During the FY, corona outbreak brought unprecedented challenges in the country. While contributing our bit in supporting government's initiatives against Covid-19, PI Foundation proactively organized several awareness sessions on precautions against coronavirus in villages around plant locations. Focus was given on the necessity of social distancing and hand-sanitization. Our Mobile Medical Units extended their services for conducting thermal screening, distributing hand sanitizers, masks and other necessities to villagers.

We have also undertaken safe drinking water Initiatives in the villages of Punjab, Haryana and J&K to mitigate the challenges of safe drinking water for 43,717 farmers in the mandis. In addition, awareness was spread to 1500 farmers in Lucknow, on strictly following safety guidelines on usage of agro-chemicals.

On the sanitation front, PI Foundation incessantly ensures the usage, upkeep and maintenance of school toilets in Jambusar and Panoli every year.

- c. **Education & Skills:** - Initiatives were undertaken on improving age appropriate learning and teaching outcomes whereby around 11,450 children across 135 Govt. schools in 82 villages were taught reading, writing, comprehension and arithmetic. To promote comprehensive learning our mobile education van has been imparting learning to the last mile through interactive techniques. This aims at improving the enrolment, reducing dropout, improvement in attendance, passing grades, and primary completion rates. The students have shown 78%

increase in class appropriate learning levels and 82% school attendance in our project area. To inculcate the habit of learning; we have also set-up library with a provision of interesting learning books, maths kits, science kits, sports material, notebooks and stationeries in government schools. We are increasing the youth employability through employment linked skill-development courses on chemical plant operations, BPO, Sales & Marketing and Hospitality in Gujrat. These courses have helped 478 youth obtain jobs in the organized sectors.

- d. **Livelihood Creation through Women Empowerment Programmes:** - Improving the livelihood opportunities for >10,000 women members and their families by facilitating them enhanced access to credit, bank linkages, skill development opportunities and entrepreneurship development in dairy value chain through the promotion of Self-help groups and cooperatives development.
- e. **Rural Infrastructure Development:** During the FY, we initiated the strengthening of drainage and sewage system around our plant location thereby contributing to cleanliness and hygiene of the villages around our plant location in Bharuch, Gujarat. Going forward, this project will be intensified by setting up of sewage treatment unit for the rural communities.

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 Academic experts, Agricultural universities and reputed NGOs / vendors for engaging with various communities.

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

During the financial year, PI Foundation conducted the impact assessment of its projects around plant location, completing three years from inception. Besides, we appraise our projects and internal assessment through efficient management system from time to time.

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 2019-20, the Company has contributed an amount of ₹84.8 Mn. towards community development projects. For details of the projects undertaken, refer the projects listed in the CSR report forming part of the Board Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Yes, the Company has taken multiple steps to ensure that their CSR programmes are adopted by the community. PI Foundation continuously works with various external agencies in engaging with communities. It has laid a strong foundation for robust, impactful and sustainable uplift of the communities through targeted, integrated and environmentally sustainable interventions. Our interventions in education, healthcare, women empowerment and environment ensure the participation from all spheres of the community. For instance, in our interventions across sustainable agriculture practices, we organise several trainings and demonstration sessions for farmers in order to ensure the successful on-ground implementation and maximum adoption of the improved practices. Our mobile health services have also resulted an increase in health seeking behaviour amongst the community. Many of our programmes around plant location are in public-private partnership mode with the participation of representatives from gram panchayats and office of district collectorate so as to ensure their sustained community adoption.

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, 2020, 12 consumer complaints were pending before the various forums.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/N.A./ Remarks (additional information)

The Company displays what is required as per the regulatory requirements. The Company complies with the requirements of the Insecticides Act, 1968, Insecticides Rules, 1971 and Legal Metrology Act, 2009.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/ or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.

No complaints have been received by the Company under the aforementioned heads for last five years.

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

Customer feedback survey is carried out on a yearly basis by the Quality Assurance Team for Company's exports business.

FINANCIAL STATEMENTS

Independent Auditor’s Report

To the **Members of PI Industries Limited**

Report on the audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of PI Industries Limited (“the Company”), which comprise the Balance Sheet as at March 31, 2020 and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our

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

Emphasis of Matter

4. We draw your attention to note 42 of the standalone financial statements, which describes the management’s assessment of the financial impact of the events arising out of Coronavirus (Covid-19) virus pandemic, for which a definitive assessment of the impact in the subsequent period is dependent upon the circumstances as they evolve. Our opinion is not modified in respect of this matter.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
<p>Investment made in Isagro (Asia) Agrochemicals Private Limited - assessment of carrying value in the standalone financial statements.</p> <p>(Refer to note 7(a) in the standalone financial statements)</p> <p>The Company acquired 100% of the equity shares of Isagro (Asia) Agrochemicals Private Limited from Isagro S.p.a., Italy on December 27, 2019. The purchase consideration of INR 4432 MN was arrived at based on an independent valuation and subsequent negotiations / agreement thereon and is shown as Investments in the standalone financial statements. In the consolidated financial statements, the company obtained independent valuation to arrive at the fair value of the net assets acquired / identified and recognised goodwill for the excess of the aforesaid purchase consideration over the identified net assets.</p> <p>The Company has reviewed the carrying values of the above investment on the balance sheet date and concluded on their appropriateness.</p> <p>We have considered this to be a key audit matter as the investments are material and the valuation based on which their carrying amounts were concluded as appropriate required significant management judgement, inputs, assumptions and estimates.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Understanding the design and testing the operating effectiveness of management controls around acquiring the aforesaid investment and assessment of carrying values of the said investments in the standalone financial statements. • Reviewing minutes of the meeting of the board of directors / audit committee, share purchase agreement, testing payments made and ensuring compliances with the relevant provision of the Companies Act 2013. • Reading the independent valuation report and understanding and evaluating, the projections thereon and the fair valuation of net assets acquired thereon by testing key inputs and assumptions made in the valuations, projections and performing sensitivity analysis. • Involving auditor’s expert to review the key assumptions in the valuation, the basis of purchase price allocation, the fair valuation of the net assets acquired / identified, carrying value of investment. • Checking the adequacy and appropriateness of the disclosures made in the financial statements. <p>Based on our procedures performed above, the management’s assessment of carrying value of the investment and goodwill was appropriate.</p>

Key audit matter**Estimation of provision for sales returns and discounts and volume rebates on sales impacting revenue on sale of products**

(Refer note 19 to the standalone financial statements)

Revenue from sale of products is presented net of returns, discounts and volume rebates in the financial statements.

The management determines provision for sales returns, discounts and rebates on the basis of various factors such as the current and expected business environment, sales returns variability and expected achievement of targets against various ongoing schemes floated.

We have considered this to be a key audit matter in view of it having significant impact on the recognised revenue and the involvement of management judgment in estimating the amounts at which these are expected to be settled.

How our audit addressed the key audit matter

Our audit procedures included:

Understanding the policies and procedures related to sales returns, discounts and volume rebates and evaluating the design and testing the operating effectiveness of related controls related to these estimates.

Checking management's calculations for the estimates and assessing the reasonableness of assumptions used by the management in arriving at the amount of provisions.

Assessing the reasonableness of estimates made by the management in the past by comparing the provisions recognised in the earlier financial years with their subsequent settlement, performing ratio analysis of discounts, volume rebates and sales returns as a percentage of sale of the current year and comparing the same with those in prior years.

Testing on a sample basis, credit notes issued and/or adjustments made after the balance sheet date and their impact if any on the reported amounts.

Based on the above procedures performed, the estimates made by the management in respect of provision for sales returns and discounts and rebates on sales were considered to be reasonable

Other Information

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

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

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

We have nothing to report in this regard.

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

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

and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion,

forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances; Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
 12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
 13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

14. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
15. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief

were necessary for the purposes of our audit.

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 15 and 33 to the financial statements;
 - ii. The Company has long-term contracts including derivative contracts as at March 31, 2020 for which there were no material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020.
16. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

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

Sd/-

Sougata Mukherjee
Partner

Place: Gurugram
Date: June 4, 2020

Membership Number 057084
UDIN:20057084AAAABR8894

Annexure A to Independent Auditors' Report

Referred to in paragraph 15(f) of the Independent Auditors' Report of even date to the members of PI Industries Limited on the standalone financial statements for the year ended March 31, 2020.

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

1. We have audited the internal financial controls with reference to financial statements of PI Industries Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls with reference to financial statements

2. The Company's management is responsible for establishing and maintaining internal financial controls with reference to financial statements based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. (Refer paragraph 4 on emphasis of matter of main audit report)

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

Sd/-

Sougata Mukherjee

Partner

Place: Gurugram
Date: June 4, 2020

Membership Number 057084

Annexure B to Independent Auditors' Report

Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of PI Industries Limited on the standalone financial statements as of and for the year ended March 31, 2020

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) The title deeds of immovable properties, as disclosed in Note 4 on fixed assets to the financial statements, are held in the name of the Company.
- ii. The physical verification of inventory excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act. Further, in our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of the investments made by it and the Company has not provided any loans, guarantees or security to the parties covered under Section 186 of the Act.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products.
- We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of goods and service tax, though there has been slight delay in few cases and is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, duty of customs, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, for the month of March 2020, the company has paid Goods and Service Tax and filed GSTR 3B (after the due date but) within the timelines allowed by Central Board of Indirect Taxes and Customs under the Circular no: 136/06/2020-GST dated April 3, 2020 on fulfilment of conditions specified therein. Also refer note 33 to the financial statements regarding management's assessment on certain matters relating to provident fund.

Name of the statute	Nature of dues	Amount Demanded (₹ In Million)	Amount Paid under Protest (₹ In Million)	Period to which the amount relates	Forum where the dispute is pending
Assam Value Added Tax Act	Value Added Tax (excluding interest and penalty)	0.15	0.04	2007-08	Joint Commissioner Guwahati
Kerala Value Added Tax Act		0.34	0.34	2008-09	Deputy Commissioner (Appeals) Earnakulam
Kerala Value Added Tax Act		0.18	0.18	2009-10	Deputy Commissioner (Appeals) Earnakulam
Gujarat Value Added Tax Act		1.30	-	2009-10	Joint Commissioner, Baroda
Madhya Pradesh Value Added Tax Act		0.40	0.40	2011-12	Deputy Commissioner (Appeals), Indore
Gujarat Value Added Tax Act		15.68	15.68	2011-12	Joint Commissioner, Baroda
Gujarat Value Added Tax Act		18.59	18.59	2012-13	Joint Commissioner, Baroda
Gujarat Value Added Tax Act		11.69	11.69	2013-14	Joint Commissioner, Baroda
West Bengal Value Added Tax Act		0.25	0.25	2013-14	Taxation Tribunal, Kolkata
Gujarat Value Added Tax Act		13.26	-	2014-15	Joint Commissioner, Baroda
Income Tax Act	Income Tax (Excluding interest and penalty)	24.61	-	2011-12	Rajasthan High Court
Income Tax Act		20.42	-	2012-13	Commissioner of Income Tax (Appeal)
Income Tax Act		32.99	-	2013-14	Commissioner of Income Tax (Appeal)

Name of the statute	Nature of dues	Amount Demanded (₹ In Million)	Amount Paid under Protest (₹ In Million)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act	Excise Duty (Excluding interest and penalty)	4.49	4.49	1987-88	Rajasthan High Court
Central Excise Act	Cenvat Credit (Excluding interest and penalty)	15.92	-	March 2011 to June 2013	CESTAT
Custom Act	Custom Duty (Excluding interest and penalty)	127.48	-*	2008	Assistant Commissioner of Customs, Mumbai

*Company has issued Bank Guarantee amounting to INR 127.48 Million towards custom duty demand.

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank as at the balance sheet date. The Company does not have any loan or borrowings from Government, nor has it issued any debentures as at balance sheet date.
- ix. The Company has not raised any moneys by way of initial public offer and further public offer (including debt instruments). In our opinion, and according to the information and explanations given to us, the moneys raised by way of term loans have been applied for the purposes for which they were obtained.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. Also, refer to paragraph 16 of main audit report.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

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

Sd/-

Sougata Mukherjee

Partner

Membership Number 057084

Place: Gurugram
Date: June 4, 2020

Balance Sheet

as at March 31, 2020

(All amount in ₹ million, unless otherwise stated)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	4	16,579	11,773
Capital work-in-progress		2,359	1,544
Other intangible assets	5	99	66
Intangible asset under development	6	336	284
Financial assets			
(i) Investments	7(a)	4,544	110
(ii) Loans	7(c)	56	97
(iii) Other financial assets	7(g)	30	118
Deferred tax assets	16	-	127
Other non-current assets	9	357	454
Total non-current assets		24,360	14,573
Current assets			
Inventories	8	7,199	5,357
Financial assets			
(i) Investments	7(b)	-	1,119
(ii) Trade receivables	7(d)	5,483	6,618
(iii) Cash and cash equivalents	7(e)	1,077	587
(iv) Bank balances other than (iii) above	7(f)	25	244
(v) Loans	7(c)	157	109
(vi) Other financial assets	7(g)	306	219
Contracts assets	7(h)	1,022	520
Current tax assets	10	85	-
Other current assets	9	1,350	2,101
Total current assets		16,704	16,874
Total assets		41,064	31,447
EQUITY & LIABILITIES			
Equity			
Equity share capital	11	138	138
Other equity	12	25,773	22,609
Total equity		25,911	22,747
Liabilities			
Non current liabilities			
Financial liabilities			
(i) Borrowings	14(a)	3,994	99
(ii) Other financial liabilities	14(d)	748	190
Provisions	15	107	289
Deferred tax liabilities (Net)	16	113	-
Total non current liabilities		4,962	578
Current Liabilities			
Financial liabilities			
(i) Borrowings	14(b)	1,083	-
(ii) Trade payables	14(c)		
a) total outstanding dues of micro enterprises and small enterprises		56	48
b) total outstanding dues of creditors other than micro enterprises and small enterprises		5,482	5,093
(iii) Other financial liabilities	14(d)	2,714	2,414
Provisions	15	284	126
Other current liabilities	17	528	435
Current tax liabilities	18	44	6
Total current liabilities		10,191	8,122
Total liabilities		15,153	8,700
Total equity and liabilities		41,064	31,447
Notes to accounts	1 to 43		

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

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

For Price Waterhouse Chartered Accountants LLP

Chartered Accountants

Firm Reg. No. 012754N/N500016

Sd/-

Sougata Mukherjee

Partner

Membership Number: 057084

Place: Gurugram

Date: June 04, 2020

For and on behalf of the Board of Directors

Sd/-

Mayank Singhal

Vice Chairman & Managing Director

DIN: 00006651

Sd/-

Subhash Anand

Chief Financial Officer

Sd/-

Rajnish Sarna

Director

DIN: 06429468

Sd/-

Naresh Kapoor

Company Secretary

Statement of Profit & Loss

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

Particulars	Notes	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
Revenue from operations	19	33,068	28,409
Other income	20	479	600
Total income		33,547	29,009
Expenses:			
Cost of materials consumed		16,551	13,728
Purchase of stock in trade		1,600	1,274
Changes in inventories of finished goods, work in progress and stock in trade	21	(23)	500
Employee benefit expense	22	3,113	2,625
Finance cost	26	180	59
Depreciation and amortisation expense	25	1,332	926
Other expense	23	4,850	4,551
Total expenses		27,603	23,663
Profit before tax		5,944	5,346
Income tax expense	27		
Current tax		(1,249)	(1,169)
Deferred tax		(272)	(100)
Total tax expense		(1,521)	(1,269)
Profit for the year		4,423	4,077
Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
Remeasurements gains/(losses) on defined benefit plans		(22)	(2)
Income tax relating to the above item		8	1
(ii) Items that will be reclassified to profit or loss			
Effective portion of gains/(losses) on cash flow hedges		(840)	120
Income tax relating to the above item		294	(42)
Total comprehensive income for the year		3,863	4,154
Earnings per equity share	29		
1) Basic (in ₹)		32.04	29.56
2) Diluted (in ₹)		32.02	29.54
Face value per share (in ₹)		1.00	1.00
Notes to accounts	1 to 43		

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

This is the Statement of Profit & Loss referred to our report of even date

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

Sd/-
Sougata Mukherjee
Partner
Membership Number: 057084

Place: Gurugram
Date: June 04, 2020

For and on behalf of the Board of Directors

Sd/-
Mayank Singhal
Vice Chairman & Managing Director
DIN: 00006651

Sd/-
Subhash Anand
Chief Financial Officer

Sd/-
Rajnish Sarna
Director
DIN: 06429468

Sd/-
Naresh Kapoor
Company Secretary

Statement of Cash Flows

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Income Tax	5,944	5,346
Adjustments for :-		
Depreciation and amortisation expense	1,332	926
Finance costs	180	59
Provision for Bad and Doubtful debts & Advances	122	179
Interest Income on Financial Assets at amortised cost	(163)	(193)
Unwinding of discount on Security Deposits	(15)	(10)
Expense/(Reversal) on Employee Stock Option Scheme	(4)	13
(Gain)/Loss on Sale/Retirement of property, plant & equipment (Net)	13	13
(Gain)/Loss on sale of Investments (Net)	(19)	(198)
(Gain)/Loss on financial assets measured at fair value through profit or loss (Net)	6	89
Impact of Ind AS 115 adjustment taken to retained earnings	-	216
Unrealised (Gain)/Loss on foreign currency transactions (Net)	194	127
Operating Profit before Working Capital changes	7,590	6,567
(Increase) / Decrease in Trade Receivables	1,161	(1,493)
(Increase) / Decrease in Current financial assets - Loans	(33)	(21)
(Increase) / Decrease in Current Contract Assets	(502)	(520)
(Increase) / Decrease in Non-current financial assets - Loans	42	(23)
(Increase) / Decrease in Other current financial assets	(210)	(48)
(Increase) / Decrease in Other non-current financial assets	88	(82)
(Increase) / Decrease in Other current assets	719	(437)
(Increase) / Decrease in Other non-current assets	10	(5)
(Increase) / Decrease in other bank balances	17	16
(Increase)/Decrease in Inventories	(1,842)	(837)
Increase / (Decrease) in Current Provisions and Trade Payables	265	1,490
Increase / (Decrease) in Non-current Provisions	(182)	56
Increase / (Decrease) in Other current financial liabilities	120	119
Increase / (Decrease) in Other non-current financial liabilities	301	7
Increase / (Decrease) in Other current liabilities	92	236
Cash generated from Operations before tax	7,636	5,025
Income Taxes paid	(1,025)	(1,177)
Net cash inflow (outflow) from Operating Activities	6,611	3,848
B. CASH FLOW FROM INVESTING ACTIVITIES		
Payments for purchase of property, plant & equipment including Capital Work in Progress, Intangible Assets and Capital Advances	(6,722)	(3,683)
Proceeds from sale of property, plant & equipment	28	8
Purchase of Investment in Subsidiary	(4,434)	(95)
Purchase and Sale of Current Investments (Net)	1,339	379
Interest Received	163	193
Net cash used in Investing Activities	(9,626)	(3,198)
Net cash inflow (outflow) from Operating and Investing Activities	(3,015)	650

Statement of Cash Flows

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity Share Capital	0	0
Premium on issue of equity shares under ESOP scheme	53	75
Short Term Borrowings (Net)	1,083	-
Borrowings -Term Loan- Repayments	(407)	-
Borrowings - Term Loan- Taken	3,886	(399)
Principal elements of Deferred lease payments	(175)	-
Interest paid (Net)	(188)	(59)
Dividends paid (including Tax)	(747)	(832)
Net Cash inflow (outflow) from Financing Activities	3,505	(1,215)
Net Cash inflow (outflow) from Operating, Investing & Financing Activities	490	(565)
Net increase (decrease) in Cash & Cash equivalents	490	(565)
Opening balance of Cash & Cash equivalents	587	1,152
Closing balance of Cash & Cash equivalents	1,077	587
Note: Cash and cash equivalents included in the Cash Flow Statement comprise of the following (Refer Note No. 7(e)):-		
i) Cash on Hand	0	1
ii) Balance with Banks :		
- In Current Accounts	477	125
- In Fixed Deposits	600	461
Total	1,077	587

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

Figures in brackets indicate cash outflows.

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

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

Sd/-
Sougata Mukherjee
Partner
Membership Number: 057084

Place: Gurugram
Date: June 04, 2020

For and on behalf of the Board of Directors

Sd/-
Mayank Singhal
Vice Chairman & Managing Director
DIN: 00006651

Sd/-
Subhash Anand
Chief Financial Officer

Sd/-
Rajnish Sarna
Director
DIN: 06429468

Sd/-
Naresh Kapoor
Company Secretary

Statement of Changes in Equity

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

a. Equity share capital

Particulars	Note	As at March 31, 2020		As at March 31, 2019	
		No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period	11	138,030,651	138	137,907,318	138
Changes in equity share capital during the period		77,342	0	123,333	0
Balance at the end of the reporting period		138,107,993	138	138,030,651	138

Amount "0" is below rounding off norms

b. Other equity

Particulars	Notes	Reserves & Surplus					Other Reserves Effective portion of cash flow hedges	Total other equity
		Capital reserve	Securities premium reserve	Share option outstanding account	General reserve	Retained earnings		
Balance at April 1, 2018		15	2,053	102	1,857	14,908	49	18,984
Profit for the year		-	-	-	-	4,077	-	4,077
Adjustment of Ind AS 115	12 e.	-	-	-	-	216	-	216
Other comprehensive income	12 e, f	-	-	-	-	(1)	78	77
Total comprehensive income for the year		-	-	-	-	4,292	78	4,370
Transactions with owners in their capacity as owners:								
Premium on issue of equity shares through ESOP	12 b.	-	116	-	-	-	-	116
Shares issued under ESOP scheme	12 c.	-	-	(42)	-	-	-	(42)
Expense on Employee Stock Option Scheme	12 c.	-	-	13	-	-	-	13
Dividends paid	13	-	-	-	-	(690)	-	(690)
Dividend Distribution Tax (DDT)	13	-	-	-	-	(142)	-	(142)
Balance at March 31, 2019		15	2,169	73	1,857	18,368	127	22,609
Profit for the year		-	-	-	-	4,423	-	4,423
Other comprehensive income	12 e, f	-	-	-	-	(14)	(546)	(560)
Total comprehensive income for the year		-	-	-	-	4,409	(546)	3,863
Transactions with owners in their capacity as owners:								
Premium on issue of Equity Shares through ESOP	12 b.	-	80	-	-	-	-	80
Shares issued under ESOP scheme	12 c.	-	-	(27)	-	-	-	(27)
Expense on Employee Stock Option Scheme	12 c.	-	-	(4)	-	-	-	(4)
Dividends paid	13	-	-	-	-	(621)	-	(621)
Dividend Distribution Tax (DDT)	13	-	-	-	-	(127)	-	(127)
Balance at March 31, 2020		15	2,249	42	1,857	22,029	(419)	25,773

This is the statement of Changes in Equity referred to our report of even date

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

Sd/-
Sougata Mukherjee
Partner
Membership Number: 057084

Place: Gurugram
Date: June 04, 2020

For and on behalf of the Board of Directors

Sd/-
Mayank Singhal
Vice Chairman & Managing Director
DIN: 00006651

Sd/-
Subhash Anand
Chief Financial Officer

Sd/-
Rajnish Sarna
Director
DIN: 06429468

Sd/-
Naresh Kapoor
Company Secretary

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

1. Corporate Information

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

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

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

2. Basis of preparation

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

a) Statement of compliance

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

These financial statements were authorised for issue by the Board of Directors on June 04, 2020.

b) Basis of measurement

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

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

c) New and Amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2019:

- IND AS 116, Leases (refer note (p) below)
- Uncertainty over Income Tax Treatments – Appendix C to Ind AS 12, Income Taxes

The Company had to change its accounting policies and make certain adjustments following the adoption of IND AS 116. This is disclosed in note 41. The other amendments did not have any impact on the amount recognized in prior periods and are not expected to significantly affect current or future periods.

d) Functional and presentation currency

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

e) Current or Non-current classification

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

f) Use of judgements and estimates

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

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

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

g) The Company recognises revenue over the period of time for contracts wherein the Company's performance for the products does not create an asset with alternative use to the Company and the Company has an enforceable right to payment for performance completed till date. Management has determined that it is highly

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

probable that there will be no rescission of the contract and a significant reversal in the amount of revenue recognised will not occur. Accordingly, revenue is recognised for these contracts based on Input method wherein amount of revenue to be recognised is determined based on the actual cost incurred till date and the estimated margin on the contract.

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

3. Significant Accounting Policies

a) Property, plant and equipment

i) Recognition and measurement

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

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

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

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

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

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

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

loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii) Transition to Ind AS

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

iii) Depreciation

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

- Buildings including factory buildings and Roads	3 - 60 years
- Plant and machinery	15 years
- Electrical installations and equipment	10 years
- Furniture and fixtures	10 years
- Office equipment's	5 years
- Vehicles	8 - 10 years
- Computer and Data Processing Units	3 - 6 years
- Laboratory equipment	10 years

The Company has estimated the useful lives different from the lives prescribed in schedule II of Companies Act, 2013, in the following cases:

- Plant and machinery (Continuous Process Plant)	15 years
- Special Plant and machinery (used in manufacture of chemicals)	15 years

Leasehold land is being amortised over the lease period and Cost of improvement on leasehold building is being amortised over the lease period or useful life whichever is shorter.

Based on assessment made by technical experts, the Management believes that the useful lives as given above best represent the period over which it expects to use these assets.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and changes, if any, are accounted for prospectively. Depreciation on additions to or on disposal of assets is calculated on pro-rata basis i.e. from (up to) the date on which the property, plant and equipment is available for use (disposed of).

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

b) Intangible assets

i) Recognition and measurement

Intangible assets acquired separately

Intangible assets that are acquired by the Company are measured at cost, less accumulated amortization and accumulated impairment losses, if any.

Internally generated intangible assets - Research and development

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

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

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

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

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

ii) Transition to Ind AS

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

iii) Amortisation

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

The estimated useful lives are as follows:

Software	6 years
Product development	5 years

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

c) Impairment of non-financial assets

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

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

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

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

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

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

d) Financial instruments

i) Initial recognition

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

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

ii) Subsequent measurement

i) Financial assets carried at amortized cost

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

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

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

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

iii) Financial assets at fair value through profit or loss

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

iv) Financial liabilities

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

v) Investment in subsidiaries

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

iii) Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses associated with its assets carried at

amortised cost and FVOCI debt instruments. Except trade receivables, expected credit losses are measured at an amount equal to the 12-month Expected Credit Loss (ECL), unless there has been a significant increase in credit risk from initial recognition, in which case those are measured at lifetime ECL.

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

iv) Derecognition

Financial Assets

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

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet but retains either all or substantially all the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial Liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

v) Reclassification of Financial Assets and Financial Liabilities

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. If the company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model.

vi) Derivative financial instruments

The Company is exposed to exchange rate risk which arises from its foreign exchange revenues. The Company uses foreign exchange forward contracts (derivative financial instruments), to hedge foreign currency risk associated with highly probable forecasted transactions and classifies them as cash flow hedges.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are taken directly to profit and loss, except for the effective portion of cash flow hedges, which is recorded in the Company's hedging reserve as a

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

component of equity through OCI and later reclassified to profit and loss when the hedge item affects profit and loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability. The ineffective portion of such cash flow hedges is recorded in the statement of profit and loss.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

The Company makes an assessment, on an ongoing basis, of whether the hedging instruments are expected to be “highly effective” in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk. For cash flow hedges to be “highly effective”, a forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in other comprehensive income/ (loss), remains there until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income/ (loss) is recognized immediately in the statement of profit and loss.

vii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

e) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using other valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair values for measurement and/ or disclosure purposes are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and

the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 - This includes financial instruments measured using quoted prices.

Level 2- The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

f) Inventories

Inventories (including Stock-in-transit) of Finished Goods, Stock in Trade, work in progress, raw materials, packing materials and Stores & Spares are stated at lower of cost and net realizable value. By-products are measured at estimated realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Cost of Raw Materials, Packing Materials, Stores and Spares, Stock in Trade and other products are determined on weighted average basis and are net of Cenvat / Goods and service tax credit.

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

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

g) Provisions, Contingent Liabilities and Contingent Assets

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

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

increase in the provision due to the passage of time is recognized as a finance cost

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

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

h) Revenue Recognition

i) Sale of goods

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

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

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

ii) Sale of services

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

iii) Export Incentives

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

iv) Interest Income

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

v) Dividends

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

i) Employee Benefits

i) Short term employee benefits

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

ii) Defined contribution plans

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

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

iii) Defined benefit plans

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

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

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

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in Other

Notes to Financial Statements

for the year ended March 31, 2020

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Comprehensive Income. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit and loss.

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

iv) Other long-term employee benefits

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

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

j) Foreign currency transactions

Initial recognition

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

Conversion

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

Exchange difference

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

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

- qualifying cash flow hedges to the extent that the hedges are effective

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

k) Borrowing costs

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

l) Income tax

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

i) Current tax

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

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

- i) has a legally enforceable right to set off the recognized amounts; and
- ii) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

ii) Deferred tax

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

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

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(All amount in ₹ million, unless otherwise stated)

extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences and tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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

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

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

Deferred tax assets and liabilities are offset only if:

- i) The entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

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

m) Segment Reporting

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

results are reviewed by the Chief Operating Decision Maker (CODM).

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

n) Cash and cash equivalents

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

o) Cash flow statement

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

p) Lease

The company leases various offices, warehouses, IT equipment and vehicles. Rental contracts are typically made for fixed periods of 6 months to 9 years but may have extension and termination options.

Until the 2019 financial year, leases of office & warehouses, IT equipment and vehicles leases were classified as either finance leases or operating leases. From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the company under residual value guarantees
- the exercise price of a purchase option if the company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the

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individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Till 31 Mar 2019:

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.

As a lessor

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of this underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard

q) Share-based payment transaction:

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

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

r) Earnings 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 Earnings per Share, the net profit or loss for the period attributable to Equity Shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

s) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

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(All amount in ₹ million, unless otherwise stated)

PROPERTY, PLANT AND EQUIPMENT

	Leasehold land	Freehold land	Buildings	Plant and machinery	Furniture and fixtures	Office equipments	Vehicles	Total
Gross carrying amount								
As at beginning of April 01, 2018	201	6	2,921	8,560	132	97	2	11,919
Additions	152	45	643	1,895	27	21	31	2,814
Disposals	-	-	-	(34)	(0)	-	-	(34)
As at March 31, 2019	353	51	3,564	10,421	159	118	33	14,699
Lease - Right of Use	-	-	213	-	-	17	190	420
Additions - Right of Use	-	-	84	-	-	6	86	176
Additions	0	-	1,270	3,922	22	33	313	5,560
Disposals	-	-	-	(72)	-	-	(0)	(72)
As at March 31, 2020	353	51	5,130	14,271	181	174	623	20,783
Accumulated depreciation								
As at beginning of April 01, 2018	6	-	244	1,720	23	39	1	2,033
Depreciation charge during the year	3	-	123	744	15	19	3	906
Disposals	-	-	-	(13)	(0)	(0)	-	(13)
As at March 31, 2019	9	-	367	2,451	37	58	4	2,926
Depreciation charge during the year	4	-	144	910	18	22	35	1,133
Depreciation on Right of Use	-	-	81	-	-	10	87	178
Disposals	-	-	-	(33)	-	-	(0)	(33)
As at March 31, 2020	13	-	592	3,328	55	90	126	4,204
Net carrying amount								
As at March 31, 2019	344	51	3,197	7,970	122	60	29	11,773
As at March 31, 2020	340	51	4,538	10,943	126	84	497	16,579

a. Depreciation for the year includes depreciation amounting to ₹ 108 (March 31, 2019 ₹ 100) on assets used for Research & Development. During the year, the Company incurred ₹ 229 (March 31, 2019 ₹ 50) towards capital expenditure for Research & Development (Refer Note 28).

b. Refer note 32 (a) for disclosure of contractual commitments for the acquisition of property, plant and equipment.

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

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

5. OTHER INTANGIBLE ASSETS

	Computer Software	Product Development	Total
Gross carrying amount			
As at beginning of April 01, 2018	105	10	115
Additions	15	-	15
As at March 31, 2019	120	10	130
Additions	35	19	54
As at March 31, 2020	155	29	184
Accumulated amortisation			
As at beginning of April 01, 2018	38	6	44
Amortisation charge during the year	18	2	20
As at March 31, 2019	56	8	64
Amortisation charge during the year	20	1	21
As at March 31, 2020	76	9	85
Net Carrying Amount			
As at March 31, 2019	64	2	66
As at March 31, 2020	79	20	99

6. INTANGIBLE ASSETS UNDER DEVELOPMENT

	Intangible Assets under Development
As at beginning of April 01, 2018	208
Additions	76
As at March 31, 2019	284
Additions	87
Disposal/Adjustments	(16)
Amount recognised under Intangible assets	(19)
As at March 31, 2020	336

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

Notes to Financial Statements

for the year ended March 31, 2020

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7. FINANCIAL ASSETS

7(a) NON-CURRENT INVESTMENTS

	As at March 31, 2020	As at March 31, 2019
Investment in equity instruments (fully paid up)		
Unquoted shares		
Investment in equity instruments of wholly-owned subsidiary companies at Cost		
a) PILL Finance & Investment Limited 3,60,000 (March 31, 2019 : 3,60,000) Equity Shares of ₹10 each fully paid	4	4
b) PI Life Science Research Limited 14,97,325 (March 31, 2019 : 14,97,325) Equity Shares of ₹10 each fully paid	104	104
c) Isagro (Asia) Agrochemicals Private Limited 14,862,903 (March 31, 2019 :NIL) Equity Shares of ₹10 each fully paid*	4,432	-
d) Jivagro Limited 200,000 (March 31, 2019 :NIL) Equity Shares of ₹10 each fully paid	2	-
e) PI Japan Company Limited 100 (March 31, 2019 : 100) Equity Shares of ₹18,600 each fully paid - (JPY 50,000 each)	2	2
TOTAL	4,544	110
Aggregate amount of un-quoted investments	4,544	110
Aggregate amount of impairment in the value of investments	-	-

* On December 27, 2019, the Company acquired 100% share of Isagro (Asia) Agrochemicals Private Limited ("Isagro") resulting into Isagro becoming subsidiary of the Company.

The company has acquired the total assets amounting to ₹4,522 (Including Cash and Cash equivalents amounting to ₹87, Current Investments amounting to ₹1,037, Property Plant and Equipment amounting to ₹750, Inventories amounting to ₹780 and Debtors amounting to ₹1079) and Liabilities amounting to ₹918 (including trade payable amounting to ₹334) as a part of consideration and balance is attributable towards the Goodwill amounting to ₹828 recognised in the consolidated financial statements of the Company towards excess of purchase consideration paid over fair value of net identifiable assets acquired.

The Isagro business is to be reorganized such that the domestic retail activities undertaken by Isagro will be transferred to Jivagro Limited and rest of the activities will be merged into PI Industries. This reorganization will be undertaken with effect from the date of acquisition of the Isagro business by PI Industries viz December 27, 2019 through a scheme of reorganization to be filed before the National Company Law Tribunal. The Board of Directors of the Company has authorised to submit scheme of arrangement for filing with the Court.

7(b) CURRENT INVESTMENTS

	As at March 31, 2020	As at March 31, 2019
Investment in mutual funds at FVTPL		
Quoted		
a) Reliance Liquid Fund - Direct Plan Growth Plan - Growth Option Nil (March 31, 2019 : 48,256) Units	-	220
b) Aditya Birla Sun Life Liquid Fund-Growth-Direct Plan Nil (March 31, 2019 : 6,53,069) Units	-	196
c) HDFC Liquid Fund-Regular Plan-Growth Nil (March 31, 2019 : 70,151) Units	-	257
d) SBI Liquid Fund Direct Growth Nil (March 31, 2019 : 1,52,342) Units	-	446
Quoted TOTAL	-	1,119
Aggregate amount of quoted investments and market value thereof	-	1,119
Aggregate amount of impairment in the value of investments	-	-

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7(c) LOANS

	Non- Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good unless stated otherwise				
Security deposits*	36	39	15	7
Loans and advances to related parties (Refer Note 35)	20	58	92	49
Other loans and advances				
Employee advances				
Considered good	-	-	3	5
Doubtful	-	-	3	2
Less: Allowance for doubtful employee advances	-	-	(3)	(2)
Other miscellaneous advances**	-	-	47	48
TOTAL	56	97	157	109

* Includes ₹ 0 (March 31, 2019 ₹ 0) rent deposit to PILL Finance & Investment Limited

** Includes amount due from Related Parties amounting to ₹ 11 (March 31, 2019 ₹ 6).

Break up of security details

	As at March 31, 2020	As at March 31, 2019
Loans considered good- Secured	-	-
Loans considered good- Unsecured	216	208
Loans which have significant increase in credit risk	-	-
Loans- credit impaired	-	-
	216	208
Less: Loss Allowance	(3)	(2)
TOTAL	213	206

7(d) TRADE RECEIVABLES

	As at March 31, 2020	As at March 31, 2019
Trade receivables*	5,829	6,939
Receivables from related parties (Refer note 35)	63	-
Less: Allowance for doubtful debts	(409)	(321)
TOTAL	5,483	6,618
Current portion	5,483	6,618
Non-current portion	-	-

Break up of security details

	As at March 31, 2020	As at March 31, 2019
Trade receivables considered good- Secured	-	-
Trade receivables considered good- Unsecured*	5,892	6,939
Trade receivables which have significant increase in credit risk	-	-
Trade receivables- credit impaired	-	-
Less: Allowance for doubtful debts	(409)	(321)
TOTAL	5,483	6,618

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

* Trade Receivables include amount due from Related Parties amounting to ₹ 63 (March 31, 2019 ₹ Nil).

Notes to Financial Statements

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7(e) CASH AND CASH EQUIVALENTS

	As at March 31, 2020	As at March 31, 2019
i. Cash & Cash Equivalents		
Balance with banks		
In Current Accounts	468	65
In EEFC account	9	60
Cash on hand	0	1
Deposits with maturity of less than 3 months	600	461
TOTAL	1,077	587

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

	As at March 31, 2020	As at March 31, 2019
In deposit accounts held as margin money	18	31
Fixed deposits with bank	-	206
In unclaimed dividend accounts *	7	7
TOTAL	25	244

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

7(g) OTHERS FINANCIAL ASSETS

	Non- Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Considered good unless stated otherwise				
Interest and other charges recoverable from customers				
-Considered good	-	-	80	94
-Doubtful	-	-	120	121
Less: Allowance for doubtful debts	-	-	(120)	(121)
Deposits lodged with Excise & Sales Tax department	30	28	-	-
Deposit accounts held as margin money	-	-	-	5
Insurance Claims Recoverable	-	-	104	-
Other recoverable (refer note 7(a))	-	-	122	-
Derivative financial instruments - foreign exchange forward contracts	-	90	-	120
TOTAL	30	118	306	219

7(h) CONTRACTS ASSETS

	Non- Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Contract assets*	-	-	1,022	520
TOTAL	-	-	1,022	520

* Recoverable from customers under contract for supply of goods manufactured exclusively for customers (Refer note 3(h)).

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for the year ended March 31, 2020

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8. INVENTORIES

	As at March 31, 2020	As at March 31, 2019
Raw materials {includes stock-in-transit ₹ 733 (March 31, 2019 : ₹ 1048)}	5,036	3,504
Work in progress	303	595
Finished goods {includes stock-in-transit ₹ 67 (March 31, 2019 : ₹ 183)}	931	735
Stock in trade {includes stock-in-transit ₹ Nil (March 31, 2019 : ₹ NIL)}	466	292
Stores & spares {includes stock-in-transit ₹ 1 (March 31, 2019 : ₹ 6)}	463	231
TOTAL*	7,199	5,357

* The cost of inventories recognised as an expense on account of provision of obsolete/ slow and non moving inventories amounting to ₹ 45 (March 31, 2019: ₹ 68)

9. OTHER ASSETS

	Non- Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Considered good unless stated otherwise				
Capital advances				
Considered good	297	383	-	-
Doubtful	1	1	-	-
Less: Allowance for doubtful advances	(1)	(1)	-	-
Advances to vendors				
Considered good	-	-	341	627
Doubtful	-	-	43	11
Less: Allowance for doubtful advances	-	-	(43)	(11)
Balance with Central Excise Authorities, Customs etc.	-	-	249	93
Prepayments	6	11	91	58
Other statutory advances	0	0	284	657
Export incentive receivables	-	-	333	559
Right to recover returned goods	-	-	52	107
Other miscellaneous advances*	54	60	-	-
TOTAL	357	454	1,350	2,101

* Other miscellaneous advances includes amount of ₹ 50 (March 31, 2019 ₹ 55) deposited with Sales Tax Authorities under protest.

10. CURRENT TAX ASSETS

	As at March 31, 2020	As at March 31, 2019
Advance income tax (Net of provision for income tax ₹ 8,205 {March 31, 2019 ₹ 7,229})	85	-
TOTAL	85	-

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11. EQUITY SHARE CAPITAL

	As at March 31, 2020	As at March 31, 2019
Authorised Shares		
723,000,000 (March 31, 2019 : 223,000,000) Equity Shares of ₹1 each (March 31, 2019 : ₹ 1 each)	723	223
Nil (March 31, 2019 : 5,000,000) Preference Shares of ₹100 each (March 31, 2018 : ₹ 100 each)	-	500
	723	723
Issued Shares		
138,284,568 (March 31, 2019 : 138,207,226) Equity Shares of ₹1 each (March 31, 2019 : ₹ 1 each)	138	138
	138	138
Subscribed & Fully Paid up Shares		
138,107,993 (March 31, 2019 : 138,030,651) Equity Shares of ₹1 each (March 31, 2019 : ₹ 1 each)	138	138
Total subscribed and fully paid up share capital	138	138

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

b. Terms/ rights attached to Equity Shares

The Company has only one class of Equity Shares having a par value of ₹1 per share (March 31, 2019 ₹ 1 per share). Each holder of Equity Shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except interim dividend. In the event of liquidation, the Equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c. Issue of Shares under employee stock option (ESOP) Scheme

During the year ended March 31, 2020, the Company has issued 77,342 equity shares of ₹ 1 each (March 31, 2019 123,333 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 159,685 equity shares of face value of ₹ 1 each (March 31, 2019 163,691 equity shares of face value of ₹ 1 each) have been allocated by the Trust during the year to respective employees upon exercise of Stock Option. As on March 31, 2020, 131,036 equity shares of face value of ₹ 1 per share (March 31, 2019 231,200 of face value of ₹ 1 each) are pending to be allocated to employees upon exercise of Stock Option. (Refer Note 31)

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

Issued share capital

Equity Shares

Particulars	Equity Share (No. of Shares)		Value of Equity Shares	
	2019-20	2018-19	2019-20	2018-19
Share outstanding at beginning of period	138,207,226	138,083,893	138	138
Shares issued under employee stock option scheme	77,342	123,333	0	0
Share outstanding at end of period	138,284,568	138,207,226	138	138

Subscribed & paid up

Equity Shares

Particulars	Equity Share (No. of Shares)		Value of Equity Shares	
	2019-20	2018-19	2019-20	2018-19
Share outstanding at beginning of period	138,030,651	137,907,318	138	138
Shares issued under employee stock option plan	77,342	123,333	0	0
Share outstanding at end of period	138,107,993	138,030,651	138	138

e. Shares reserved for issue under option

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

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

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

Equity Shares

Name of Shareholders	2019-20		2018-19	
	No of Shares	% of Holding	No of Shares	% of Holding
Mr. Salil Singhal	8,554,857	6.20	8,554,857	6.20
Ms. Madhu Singhal	21,560,500	15.62	21,560,500	15.62
Mr. Mayank Singhal	32,028,510	23.20	32,028,510	23.20
Ms. Pooja Singhal	8,665,550	6.28	8,665,550	6.28
ICICI Prudential Value Discovery Fund	-	-	6,073,466	4.40

12. OTHER EQUITY

	As at March 31, 2020		As at March 31, 2019	
Reserves & surplus				
a. Capital reserve				
Balance at the beginning of the financial year	15		15	
Addition during the financial year	-	15	-	15
Capital Reserve pertains to amount transferred from capital redemption reserve which was created for redemption of preference share.				
b. Securities premium reserve				
Balance at the beginning of the financial year	2,169		2,053	
Add: Premium on issue of equity shares through ESOP	80	2,249	116	2,169
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	73		102	
Less: Expense on employee stock option scheme	(4)		13	
Less: Shares issued under employee stock option scheme	(27)	42	(42)	73
The share options outstanding account is used to recognise the liability arising out of options issued to employees under Employee stock option scheme until the shares are issued (Refer Note 31).				
d. General reserve				
Balance at the beginning of the financial year	1,857		1,857	
Add: Transferred during the financial year	-	1,857	-	1,857
e. Surplus in statement of profit & loss				
Balance at the beginning of the financial year	18,368		14,908	
Addition during the financial year	4,423		4,077	
Add: Adjustment of Ind AS 115	-		216	
Add: Remeasurement gain / (loss) on defined benefit plans through OCI	(14)		(1)	
Less: Interim dividend	(414)		(345)	
Less: Final dividend	(207)		(345)	
Less: Dividend distribution tax on equity shares	(127)	22,029	(142)	18,368
Items of other comprehensive income				
f. Cash flow hedge reserve				
Balance at the beginning of the financial year	127		49	
Add: Other comprehensive income for the financial year	(546)	(419)	78	127
The company uses hedging instruments as part of its management of foreign currency risk associated with its highly probable forecast sale. For hedging foreign currency risk, the company uses foreign currency forward contracts which is designated as cash flow hedges. To the extent these hedges are effective; the change in fair value of the hedging instrument is recognised in the cash flow hedging reserve. Amounts recognised in the cash flow hedging reserve is reclassified to profit or loss when the hedged item (sales) affects profit or loss.				
Total		25,773		22,609

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

13. DISTRIBUTION MADE AND PROPOSED

	As at March 31, 2020	As at March 31, 2019
A. Dividends declared and paid:		
Final dividend (March 31, 2020 pertains to financial year 2018-19 and March 31, 2019 pertains to financial year 2017-18)	207	345
Interim dividend (March 31, 2020 pertains to financial year 2019-20 and March 31, 2019 pertains to financial year 2018-19)	414	345
Total dividends	621	690
(a) The Company has paid tax on dividend amounting to ₹ 127 (March 31, 2019 ₹ 142)		
B. Dividends not recognised at the end of the reporting period		
In addition to the above dividends, subsequent to the year end the Board of Directors have recommended a final dividend of ₹ 1 per fully paid equity share (March 31, 2019 ₹ 1.50).	138	207
Tax on dividend	-	42
This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.		

14. FINANCIAL LIABILITIES

14(a) BORROWINGS (NON-CURRENT)

	Non- Current maturities		Current maturities	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Secured				
Term Loans - From Banks and Financial Institutions				
Foreign Currency Loans from Banks at amortised cost	2,254	99	109	395
Rupee Term Loan at amortised cost	1,740	-	-	-
Less: Interest accrued but not due on borrowings (included in Note 14(c))	-	-	12	2
TOTAL	3,994	99	97	393

a. Foreign currency loans includes:

- (i) 'External commercial borrowings (ECB) from HSBC Bank, Mauritius amounting to USD 1.42 MN carrying interest rate of 3 months LIBOR plus 1.10% is outstanding as on March 31, 2020 and is repayable in balance 1 (one) quarterly instalments of USD 1.42 Mn. The maturity date of the loan is May 25, 2020. The loan is secured by exclusive charge on movable plant and machinery & building relating to multi purpose plant (MPP) - 6 & 7 of the Company situated at SPM 28, Jambusar (Gujarat). The loan was taken for the purpose of capital expenditure for two multi purpose plant designated as MPP 10 and MPP 11 at sterling Multi Product SEZ in Jambusar, District, Gujarat. (refer note 40)
- (ii) 'External commercial borrowings (ECB) from HSBC Bank, Singapore amounting to USD 30.0 MN (drawn) carrying interest rate of 3 months LIBOR plus 1.25% is outstanding as on March 31, 2020. In addition, an amount of USD 28 MN is approved from HSBC Bank, Singapore, which is pending to be drawn. The borrowing from HSBC Bank, Singapore are repayable in 14 (fourteen) equal quarterly instalments of USD 4.14 MN each. The maturity date of the loan is October 10, 2024. The loan is secured by exclusive charge on movable plant and machinery and building relating to under construction multi purpose plant (MPP) - 10 & 11 of the Company situated at SPM 29/2, Jambusar (Gujarat). The loan was taken for the purpose of capital expenditure for two multi purpose plant designated as MPP 10 and MPP 11 at sterling Multi Product SEZ in Jambusar, District, Gujarat. (refer note 40)
- (iii) 'Rupee Term Loan from Citicorp Finance (India) Limited ("CFIL") amounting to ₹ 1,740 carrying interest rate of 8% is outstanding as on March 31, 2020. The borrowings from CFIL are repayable in 8 (eight) equal quarterly installment. The maturity date of the loan is December 31, 2022. The loan is secured by exclusive charge on moveable fixed assets of multi purpose plant (MPP) 8 and under construction Multi purpose plant (MPP) 9 of the Company situated at SPM 29/2, Jambusar (Gujarat). The purpose of Loan is reimbursement of capital expenditure at various manufacturing facility in FY 2019 and H1 FY 2020.(refer note 40)

b. As on the Balance sheet date there is no default in repayment of loans and interest.

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

c. Changes in liabilities arising from financing activities

	As at March 31, 2020	As at March 31, 2019
This section sets out changes in liabilities arising from financing activities pursuant to requirements under Ind AS 7		
Current portion of long term financial borrowings	(97)	(393)
Non-current portion of long term financial borrowings	(3,994)	(99)
Interest accrued but not due on borrowings	(12)	(2)
TOTAL	(4,103)	(494)
Balance as at the beginning of the year	(494)	(836)
Foreign exchange adjustments	(154)	(56)
Interest expense	(60)	(29)
Interest paid	50	30
Amortisation of Prepaid Processing Charges on Term Loan	34	(2)
Loan taken	(3,886)	-
Re-payments	407	399
Balance as at the end of the year	(4,103)	(494)

d. Loan covenants

Under the terms of the major borrowing facilities, the group is required to comply with the following financial covenants :

- the Debt service coverage ratio (DSCR) must be higher than 2. [DSCR = (PAT + Depreciation + Interest expenses + Deferred tax + Amortization)/(Interest paid (including interest capitalized) + Finance charges paid + Long term and short term debt repayments excluding working capital)]
- Fixed assets coverage ratio (FACR) must be higher than 1.25 [Fixed assets coverage ratio = (Hypothecated Movable Fixed Assets (net book value) + Immovable assets mortgaged (book value))/ (secured loan outstanding)]
- External Debt/EBIDTA to be maintained below 2.5. [Total debt or borrowings/ EBIDTA]
- External gearing to be maintained below 2.[Total debt or borrowings /Tangible net worth]

The Company complied with these ratios throughout the reporting period. As at March 31, 2020 Debt service coverage ratio was 10.72 (March 31, 2019 at 14.67), Fixed assets coverage ratio was 3.52 (March 31 2019 at 16.64), External Debt/EBIDTA was 0.68 (March 31, 2019 at 0.08) and external gearing ratio was 0.20 (March 31, 2019 at 0.02).

14(b) BORROWINGS (CURRENT)

	As at March 31, 2020	As at March 31, 2019
Secured		
From Banks & Financial Institutions		
Secured short term loan - Working Capital Demand Loan	950	-
Buyer's Credit	133	-
TOTAL	1,083	-

a Short term loan:

Working capital loans amounting to INR 950 Mn carrying interest rate of 7.90 to 8.10 % is outstanding as on March 31, 2020, maturity within three months from the balance sheet date. The loan is secured by floating charge on all current assets. The purpose of the loan is to meet working capital requirements of the Company.

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

b. Changes in liabilities arising from financing activities

	As at March 31, 2020	As at March 31, 2019
Balance as at the beginning of the year	-	-
Interest expense	43	-
Interest paid	(43)	-
Amortisation of Prepaid Processing Charges	-	-
Borrowings (Net)	1,083	-
Balance as at the end of the year	1,083	-

14(c) TRADE PAYABLES

	As at March 31, 2020	As at March 31, 2019
Trade payables		
-Due to micro and small enterprises (Refer Note 35)	56	48
-Other trade payables	5,482	5,093
TOTAL	5,538	5,141

* Other trade payable includes amount due to related parties amounting to ₹ 201 (March 31, 2019 ₹ 14)

14(d) OTHER FINANCIAL LIABILITIES

	Non- Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Employee payables *	-	-	640	523
Security deposits from dealers	195	189	-	-
Security deposits from contractors	1	1	2	3
Current maturities of long-term borrowings (Refer Note 14 (a))	-	-	97	393
Interest accrued but not due on borrowings	-	-	12	2
Unclaimed dividends	-	-	7	7
Creditors for capital purchases	-	-	502	371
Deferred Lease Liabilities	295	-	164	-
Other payable **	-	-	782	1,115
Derivative financial instruments - foreign exchange forward contracts	257	-	508	-
TOTAL	748	190	2,714	2,414

a. Changes in liabilities arising from financing activities- Deferred lease liabilities :-

	As at March 31, 2020	As at March 31, 2019
Balance as at the beginning of the year	412	-
Interest expense	46	-
Addition- lease liabilities	176	-
Lease rental paid	(175)	-
Balance as at the end of the year	459	-

* This includes due to directors amounting to ₹ 99 (March 31, 2019 ₹ 93)

** This includes due to non-executive/ independent directors amounting to ₹ 13 (March 31, 2019 : ₹ 17)

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

15. PROVISIONS

	Non- Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits*				
Long term compensated absences	-	111	152	8
Gratuity (Refer note 30)	107	178	-	-
	107	289	152	8
Provisions for legal claims	-	-	132	118
	-	-	132	118
TOTAL	107	289	284	126

* This includes due to directors amounting to ₹ 68 (March 31, 2019 ₹ 48)

(i) Long term compensated absences

The long term compensated absences cover the company's liability for earned leave which are classified as other long-term benefits.

The entire amount of provision of ₹ 152 is presented as current, since the company does not have an unconditional right to defer settlement for any of these obligations. However based on past experience, the company does not expect all employees to avail the full amount of accrued leave or require payment for such leave within next 12 months.

	As at March 31, 2020	As at March 31, 2019
Leave obligations not expected to be settled within the next 12 months	135	-

(i) Information about provisions for legal claims

- 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, 2020 total differential custom duty demand is ₹ 128 (March 31, 2019: ₹ 114). Case is pending before Assistant Commissioner of Customs, Mumbai.
- Government of Rajasthan issued a notification resulting into an excise liability of ₹ 4 (March 31, 2019: ₹ 4). The Company has filed writ against the notification and has furnished fixed deposit against the said liability. The case is pending before Honorable Rajasthan High Court.

(ii) Movement in other provision

	Legal claims
As at 1 April 2018	101
Provisions made during the year	17
As at 31 March 2019	118
Provisions made during the year	14
As at March 31, 2020	132

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

16. DEFERRED TAX (ASSETS) / LIABILITIES

The balance comprises temporary differences attributable to:	As at March 31, 2020	As at March 31, 2019
Deferred tax liabilities		
Plant, property and equipment	1,433	1,093
Intangible assets	13	14
A	1,446	1,107
Deferred tax assets		
Provision for employee benefits	(51)	(42)
Other provisions	(64)	(17)
Other financial liabilities	(7)	(8)
Trade receivables	(143)	(155)
Other comprehensive income items		
- Remeasurements on defined benefit plans	(25)	(17)
- Effective portion on cash flow hedges	(236)	58
Others	(29)	(5)
Minimum alternate tax (MAT) credit entitlement	(778)	(1,048)
B	(1,333)	(1,234)
Net deferred tax (assets)/ liabilities	TOTAL	
	113	(127)

Movement in deferred tax:	As at March 31, 2019	Recognized in P&L	Recognized in OCI	Utilisation	As at March 31, 2020
Deferred tax liabilities					
Plant, property and equipment	1,093	340	-	-	1,433
Intangible assets	14	(1)	-	-	13
Sub- Total (a)	1,107	339	-	-	1,446
Deferred tax assets					
Provision for employee benefits	42	9	-	-	51
Other provisions	17	47	-	-	64
Other financial liabilities	8	(1)	-	-	7
Trade receivables	155	(12)	-	-	143
Other comprehensive income items					
- Remeasurements on defined benefit plans	17	-	8	-	25
- Effective portion on cash flow hedges	(58)	-	294	-	236
Others	5	24	-	-	29
Minimum alternate tax (MAT) credit entitlement	1,048	-	-	(270)	778
Sub- Total (b)	1,234	67	302	(270)	1,333
Net deferred tax (assets)/ liabilities (a)-(b)	(127)	272	(302)	270	113

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

Movement in deferred tax:	As at March 31, 2018	Recognized in P&L	Recognized in OCI	Other Adjustments*	As at March 31, 2019
Deferred tax liabilities					
Plant, property and equipment	1,032	62	-	-	1,093
Intangible assets	16	(3)	-	-	14
Sub- Total (a)	1,048	59	-	-	1,107
Deferred tax assets					
Provision for employee benefits	89	(47)	-	-	42
Other provisions	11	6	-	-	17
Other financial liabilities	5	3	-	-	8
Trade receivables	67	88	-	-	155
Other financial assets	28	(28)	-	-	-
Other comprehensive income items					
- Remeasurements on defined benefit plans	16		1	-	17
- Effective portion on cash flow hedges	(16)		(42)	-	(58)
Others	4	1	-	-	5
Minimum alternate tax (MAT) credit entitlement	1,096	(64)	-	16	1,048
Sub- Total (b)	1,300	(41)	(41)	16	1,234
Net deferred tax (assets)/ liabilities (a)-(b)	(252)	100	41	(16)	(127)

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

17. OTHER LIABILITIES

	Non- Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Advance from customers	-	-	323	125
Refund/ Return liabilities *	-	-	95	208
Statutory dues payable	-	-	110	102
TOTAL	-	-	528	435

* The Company has a customary practice of accepting return and accordingly, the Company has recognised a refund liability for the amount of consideration received for which the Company does not expect to be entitled amounting to ₹ 95 (March 31, 2019: ₹ 208). The Company has also recognised a right to recover the returned goods ₹ 52 (March 31, 2019: ₹ 107). The costs to recover the products are not material because the customers usually return the product in a saleable condition.

18. CURRENT TAX LIABILITIES

	As at March 31, 2020	As at March 31, 2019
Provision for Income Tax (Net of Advance Income Tax ₹ 8,245 {March 31, 2019 ₹ 7,223})	44	6
TOTAL	44	6

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

19. REVENUE FROM OPERATIONS

	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations includes		
a. Sale of products	32,468	27,918
b. Sale of services;	12	2
c. Other operating revenues:		
Scrap sales	16	18
Export incentives	572	471
Revenue From Operations (Net)	33,068	28,409
Reconciliation of revenue recognised with the contract price:		
Contract Price	34,242	29,886
Adjustments for:		
Refund liabilities	(95)	(208)
Discount/Incentives	(1,679)	(1,760)
Revenue from Operations	32,468	27,918

Critical judgements in revenue :

The Company has recognised Provision for discounts and sales returns amounting to ₹ 456 from sale of products to various customers during the year ended March 31, 2020 (March 31, 2019 ₹ 474). The provision has been determined by the management based on the current and expected operating environment, Sales returns variability, expected achievement of targets against various ongoing schemes floated.

20. OTHER INCOME

	Year ended March 31, 2020	Year ended March 31, 2019
Interest Income from financial assets at amortised cost	163	193
Unwinding of discount on security deposits	15	10
Net gain on financial assets		
Net gain on financial assets measured at fair value through profit or loss		
'-Realized Gain	13	198
'-Unrealized Gain/ (Loss)	-	(89)
Net foreign exchange differences *	255	240
Dividend Income	0	-
Miscellaneous Income	33	48
TOTAL	479	600

* Net of amount of loss ₹ 149 (March 31, 2019 ₹ 55) which has been transferred to Capital work in progress during the year.

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

	Year ended March 31, 2020	Year ended March 31, 2019
Closing balance		
Finished Goods	931	735
Stock in trade	466	292
Work in Progress	303	595
Right to recover returned goods	52	1,729
Opening balance		
Finished Goods	735	1,710
Stock in trade	292	150
Work in Progress	595	369
Right to recover returned goods	107	-
TOTAL	(23)	500

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

22. EMPLOYEE BENEFIT EXPENSE

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	2,776	2,353
Contribution to provident & other funds	111	95
Gratuity (Refer Note 30)	50	38
Long term compensated absences	46	25
Employees Welfare Expenses	134	101
Expense/(Reversal) on Employee Stock Option Scheme (Refer Note 31)	(4)	13
TOTAL*	3,113	2,625

* Net of amount of ₹ 494 (March 31, 2019 ₹ 169) which has been transferred to Capital work in progress during the year.

23. OTHER EXPENSES

	Year ended March 31, 2020	Year ended March 31, 2019
Power, fuel & water	1,073	912
Consumption of stores & spares	317	251
Repairs & maintenance		
- Buildings	47	60
- Plant and machinery	247	216
- Others	174	129
Environment & pollution control expenses	480	454
Laboratory & testing charges	286	253
Freight & cartage	300	406
Advertisement & sales promotion	445	370
Travelling and conveyance	359	427
Rental charges {Refer note 32(c)}	80	156
Rates and taxes	35	44
Insurance	112	42
Donation	8	59
Loss on Sale/Retirement of property, plant and equipment (Net)	13	13
Payment to auditors {Refer note 23 (a) below}	5	5
Telephone and communication charges	46	44
Provision for bad and doubtful debts & advances	122	179
Director sitting fees and commission	15	19
Legal & professional fees	292	194
Technical Know How Fees	12	-
Bank charges	20	21
Corporate social responsibility expenditure {Refer note 24 below}	102	93
Miscellaneous expenses	260	204
TOTAL*	4,850	4,551

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

	Year ended March 31, 2020	Year ended March 31, 2019
a. Auditors' Remuneration		
-Audit fees	3	3
- Limited review fees	1	1
-Certificates & other matters	1	1
-Reimbursement of expenses	0	0
TOTAL	5	5

* Net of amount of ₹ 134 (March 31, 2019 ₹ 55) which has been transferred to Capital work in progress during the year.

24. CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

	Year ended March 31, 2020	Year ended March 31, 2019
Contribution to PI Foundation Trust for CSR activities	102	93
Amount required to be spent by the Company during the year as per Section 135 of the Act	102	93
Amount spent during the year on :		
(i) Construction/acquisition of an asset	-	-
(ii) On purpose other than (i) above	102	93

25. DEPRECIATION AND AMORTIZATION EXPENSES

	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation of Property, Plant and Equipment (Refer Note 4)	1,311	906
Amortization of Intangible Assets (Refer Note 5)	21	20
TOTAL	1,332	926

26. FINANCE COST

	Year ended March 31, 2020	Year ended March 31, 2019
Interest on financial liabilities measured at amortised cost	151	56
Less: transferred to CWIP	(19)	-
Interest and finance charges on lease liability	46	-
Other borrowing costs	2	3
TOTAL	180	59

27. INCOME TAX EXPENSE

a) Income tax expense recognized in Profit and Loss

	Year ended March 31, 2020	Year ended March 31, 2019
Current tax expense		
Current tax on profits for the year	1,235	1,185
Adjustment of current tax for prior year periods	13	(16)
Total Current tax expense	1,249	1,169
Deferred tax expense		
(Decrease) / Increase in Deferred tax liability	339	59
Decrease / (Increase) in Deferred tax assets	(67)	41
Net Deferred tax expense	272	100
Total Income tax expense	1,521	1,269

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

b) Deferred tax related to items recognised in Other comprehensive income during the year

	Year ended March 31, 2020	Year ended March 31, 2019
Remeasurement of defined benefit plans	(8)	(1)
Effective portion on cash flow hedges	(294)	42
Income tax charged to Other comprehensive income	(302)	41

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

	Year ended March 31, 2020	Year ended March 31, 2019
Accounting profit before tax	5,944	5,346
Tax at India's statutory income tax rate @ 34.944% (March 31, 2019: 34.944%)	2,077	1,868
Adjustment in respect of current income tax of previous years	13	(16)
Adjustment in respect of interest under 234A/B/C of Income Tax Act	-	-
Effect of concessions (expenditure on research and development)	(156)	(121)
Effect of income that is exempt from taxation (operations in tax free zone)	(426)	(486)
Effect of change in tax rate	-	8
Effect of amounts which are not deductible in calculating taxable income	13	16
Income Tax Expense	1,521	1,269

28. RESEARCH & DEVELOPMENT EXPENSES

Details of Expenditure on Research & Development Facilities/ division of the Company recognised by Department of Scientific & Industrial Research including new facility for which application has been made during the year.

a) Revenue Expenditure

	Year ended March 31, 2020	Year ended March 31, 2019
Other Income	0	0
TOTAL	0	0
Employee Benefit Expenses		
Salaries, Wages & Bonus	374	290
Contributions to Provident & other funds	26	20
Employee Welfare Expenses	8	7
	408	317
Raw & Packing Materials Consumed	115	109
Other Expenses		
Laboratory & testing Material	71	58
Power, Fuel & Water	51	40
Consumption of stores & spares	47	65
Testing & analysis	26	13
Travelling & conveyance	21	17
Rates and taxes	0	0
Printing & Stationery	1	0
Bank Charges	0	0
Legal & professional fees	31	33
Miscellaneous Expenses	41	36
	289	262
Depreciation		
Depreciation	108	100
TOTAL	920	788
Total Expenditure	920	788

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

b) Capital Expenditure

Description	Year ended March 31, 2020	Year ended March 31, 2019
Buildings	55	0
Equipments & Others	174	50
TOTAL	229	50

29. EARNING PER SHARE

	Year ended March 31, 2020	Year ended March 31, 2019
a) Net Profit for Basic & Diluted EPS	4,423	4,077
b) Number of Equity Shares at the beginning of the year	138,030,651	137,907,318
Add: Issue of Shares under ESOP	77,342	123,333
Total Number of Shares outstanding at the end of the Period	138,107,993	138,030,651
Weighted Average number of Equity Shares outstanding during the period - Basic	138,054,383	137,947,190
Add: Weighted Average number of Equity Shares arising out of grant of Employee Stock option	27,844	91,382
Weighted Average number of Equity Shares outstanding during the year - Diluted	138,082,227	138,038,572
Earning Per Share - Basic (₹)	32.04	29.56
Earning per share - Diluted (₹)	32.02	29.54
Face value per share (₹)	1.00	1.00

30. EMPLOYEE BENEFITS

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

Provident Fund

In accordance with the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 (EPF and MP Act), employees are entitled to receive benefits under the Provident Fund. Employers and employees both contribute @12% of wages in contribution accounts. Further, the employers also contribute towards administration of the benefits under the EPF and MP Act. All employees have an option to make additional voluntary contributions as permissible under the Act. These contributions are made to the fund administered and managed by the Employee Provident Fund organization. The Company has no further obligations under the fund managed by the Employee Provident Fund Organization (EPFO) beyond its monthly contributions which are charged to the statements of profit or loss in the period they are incurred. The benefits are paid to employees on their retirement or resignation from the EPFO. Also, refer note 33.

Gratuity Plan

In accordance with the Payment of Gratuity Act of 1972, PI Industries Limited has established a defined benefit plan (the "Gratuity Plan"). The Gratuity Plan provides a lump sum payment to the employees at the time of retirement or resignation (after 5 years of continued services of employment), being an amount based on the respective employee's last drawn salary and the number of years of employment with the Company. Based on actuarial valuations conducted as at year end, a provision is recognised in full for the benefit obligation over and above the funds held in the Gratuity Plan. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

Long term compensated absences

The liabilities for compensated absence namely earned and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit and loss.

a) Defined Contribution Plans: -

The Company has recognised an expense of ₹ 111 (Previous Year ₹ 95) towards the defined contribution plan.

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

b) Defined benefits plans - as per actuarial valuation

	Year ended March 31, 2020	Year ended March 31, 2019
	Gratuity Funded	Gratuity Funded
I Change in present value of obligation during the year		
Present value of obligation at the beginning of the year	259	223
Total amount included in profit and loss: *		
- Current Service Cost	42	32
- Interest Cost	20	17
- Past Service Cost	-	-
Total amount recognised in profit or loss	62	49
Total amount included in OCI:		
Remeasurement related to gratuity:		
Actuarial losses/(gains) arising from:		
- Demographic Assumption	0	0
- Financial assumption	23	1
- Experience Judgement	2	2
Others		
Benefits Paid	(20)	(16)
Present Value of obligation as at year-end	326	259

* Includes expenses reclassified to capital work in progress ₹ 6 (March 31, 2019 ₹ 4)

II Change in Fair Value of Plan Assets during the year

	Year ended March 31, 2020	Year ended March 31, 2019
	Gratuity Funded	Gratuity Funded
Plan assets at the beginning of the year	81	88
Included in profit and loss:		
Expected return on plan assets	6	7
Included in OCI:		
Actuarial Gain/(Loss) on plan assets	3	2
Others:		
Employer's contribution	148	-
Benefits paid	(17)	-
Claim received during the year from fund manager	-	(3)
Pending claim with fund manager	(2)	(13)
Plan assets at the end of the year	219	81

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.

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

III Reconciliation of Present value of Defined Benefit Obligation and Fair Value of Plan Assets

	Year ended March 31, 2020	Year ended March 31, 2019
	Gratuity Funded	Gratuity Funded
1. Present Value of obligation as at year-end	326	259
2. Fair value of plan assets at year-end	219	81
3. Funded status {Surplus/(Deficit)}	(107)	(178)
Net Asset/(Liability)	(107)	(178)

IV Bifurcation of Present value of obligation at the end of the year

	Year ended March 31, 2020	Year ended March 31, 2019
	Gratuity Funded	Gratuity Funded
Current Liability	-	-
Non-Current Liability	107	178

V Actuarial Assumptions

	Year ended March 31, 2020	Year ended March 31, 2019
	Gratuity Funded	Gratuity Funded
Discount Rate	6.79%	7.65%
Expected rate of return on plan assets	7.50%	7.50%
Mortality Table	IALM (2012-14)	IALM (2006-08)
Salary Escalation	7.00%	7.00%

VI The expected contribution for Defined Benefit Plan for the next financial year will be ₹ 58 (March 31, 2019: ₹ 53).

VII Sensitivity Analysis

Gratuity	Year ended March 31, 2020	Year ended March 31, 2019
	Increase	Increase
Discount rate (0.50 % movement)	(14)	(11)
Future salary growth (0.50 % movement)	15	12

VIII Maturity Profile of Defined Benefit Obligation

	Year ended March 31, 2020	Year ended March 31, 2019
	Gratuity Funded	Gratuity Funded
Within the next 12 months	18	14
Between 2-5 years	60	41
Beyond 5 years	248	204

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.

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

- B) Investment Risk – If Plan is funded then the mismatch between assets and liabilities and actual return on assets being lower than the discount rate assumed at the last valuation date can impact the liability.
- C) Discount Rate: Reduction in discount rate in subsequent valuations can increase the plan's liability.
- D) Mortality & disability – Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
- E) Withdrawals – Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

C) Long term compensated absences

The provision for long term compensated absences covers the Company's liability for earned and sick leave, the amount of provision recognised is ₹ 152 (March 31, 2019 ₹ 119)

31. SHARE BASED PAYMENTS

Employee Stock Option Plan

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

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

Key terms of the scheme

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

I. Option Movement during the year ended March 2020

Particulars	March 31, 2020		March 31, 2019	
	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	4,39,351	592.87	6,87,924	492.55
Options Granted during the year	-	NA	-	NA
Options Forfeited / Surrendered during the year	72,488	711.90	84,882	581.35
Total number of shares arising as a result of exercise of options	1,59,685	499.27	1,63,691	177.59
Money realised by exercise of options (₹ Mn)	80	NA	29	NA
Number of options Outstanding at the end of the year	2,07,178	623.36	4,39,351	592.87
Number of Options exercisable at the end of the year	1,31,036	574.51	2,31,200	499.46

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

II. Weighted Average remaining contractual life

Range of Exercise Price	March 31, 2020		March 31, 2019	
	No. of Options Outstanding	Weighted average contractual life (years)	No. of Options Outstanding	Weighted average contractual life (years)
25 to 75	-	NA	-	NA
75 to 150	24,349	3.16	54,716	4.11
150 to 450	5,254	4.47	45,958	5.34
450 to 750	177,575	5.57	338,677	5.55

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

	March 31, 2020	March 31, 2019
Exercise price is less than market price (in ₹) *	NA	NA

* No options granted during the year ended March 31, 2020 and March 31, 2019.

IV. The weighted average market share price of options exercised during the year ended March 31, 2020 is ₹1327 (March 31, 2019 is ₹ 840)

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:

	March 31, 2020	March 31, 2019
Variables	Weighted Average*	Weighted Average
1. Risk Free Interest Rate	NA	NA
2. Expected Life (in years)	NA	NA
3. Expected Volatility	NA	NA
4. Dividend Yield	NA	NA
5. Exercise Price (in ₹)	NA	NA
6. Price of the underlying share in market at the time of the option grant. (in ₹)	NA	NA

* No options granted during the year ended March 31, 2020 and March 31, 2019.

VI. Particulars

	March 31, 2020	March 31, 2019
Employee Option plan expense	(4)	13
Total liability at the end of the period	42	73

32 CAPITAL & OTHER COMMITMENT

	March 31, 2020	March 31, 2019
a. Estimated Amount of Contracts remaining to be executed on capital account and not provided for {Net of advances ₹ 298 (March 31, 2019: ₹ 385)}	361	1,461
b. Export Commitment	5,712	5,202
c. Leases		

Operating lease commitments - As lessee

The Company leases various offices, warehouses, godown, IT equipment and vehicles. Rental contracts are typically made for fixed periods of 6 months to 9 years. The leases have varying terms, escalation clauses and renewal rights. From April 1, 2019, the company has recognised Right of Use Assets for these leases except for short term and low value leases, see note 23 and Note 41 for further information

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

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

	March 31, 2020	March 31, 2019
Payable within one year	20	156
-Later than one year and not later than five years	26	172
-Later than five years	-	0
-Lease payments recognised in Statement of Profit and Loss (Refer note 23)	80	260

33. CONTINGENT LIABILITIES

	March 31, 2020	March 31, 2019
a. Claims against the company not acknowledged as debt; *		
(refer note (i) below)		
- Sales Tax including Goods and Service Tax	62	48
- Excise Duty	16	21
- Income Tax	78	78
- ESI	1	1
- Other matters, including claims relating to customers, labour and third parties etc.	19	35
b. Guarantees excluding financial guarantees;		
- Performance bank guarantees	440	259
c. Other money for which the Company is contingently liable		
- Letter of Credit	1,393	1,427

Notes:

(i) Represents amounts as stated in Demand Order excluding interest and penalty

* 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.

"In Company's assessment the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-1/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 and circular No. C-1/1(33)2019/Vivekanand Vidyamandir/717 dated August 28, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 and computation of liability to be done as per provision of Para 2(f) of EPF Scheme, 1952, the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in these Financial Statements".

34. OPERATING SEGMENT

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

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

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

I. Revenue:

A. Information about product revenues:

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

	March 31, 2020	March 31, 2019
Active Ingredients and Intermediates	25,517	19,205
Formulations	7,324	9,030
Others	227	174
TOTAL	33,068	28,409

B. Geographical Areas

The Company is domiciled in India. The amount of its revenue from external customers broken down by location of the customers is shown in the table below (also refer note 38):

	March 31, 2020	March 31, 2019
India	8,678	9,574
Asia (other than India)	8,522	3,893
North America	11,911	11,012
Europe	2,583	2,802
Rest of the World	1,374	1,128
TOTAL	33,068	28,409

II. The total of Non-current assets (other than financial instruments and deferred tax assets), broken down by location of the assets, is shown in the table below:

	March 31, 2020	March 31, 2019
India	19,725	14,118
Asia (other than India)	1	1
Europe	5	2
TOTAL	19,731	14,121

35. RELATED PARTY DISCLOSURES

Related party disclosure, as required by Indian Accounting Standard-24, is as below:

a) Nature of Related Party relationship

I - Subsidiaries, Associates and Controlled Trust:

(a) PILL Finance and Investment Limited	Subsidiary
(b) PI Life Science Research Limited	Subsidiary
(c) Isagro (Asia) Agrochemicals Private Ltd	Subsidiary (w.e.f. end of December 27, 2019)
(d) Jivagro Limited	Subsidiary (Incorporated on December 12, 2019)
(e) PI Japan Co. Limited	Foreign Subsidiary
(f) Solinnos Agro Sciences Private Limited	Associate
(g) PI Kumiai Private Limited	Joint Venture
(h) PII ESOP Trust	Controlled Trust

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

II - Key Management Personnel (KMP) & their relatives with whom transactions have taken place:

(a) Key Management Personnel

Mr. Mayank Singhal	Vice Chairman and Managing Director
Mr. Rajnish Sarna	Whole-Time Director
Dr. Raman Ramachandran	Managing Director & CEO (W.e.f July 1, 2019)
Mr. Narayan K. Seshadri	Non-executive Director (Chairman)
Mr. Pravin K. Laheri	Non-executive Director
Ms. Ramni Nirula	Non-executive Director
Mr. Ravi Narain	Non-executive Director (Until May 1, 2019)
Mr. Arvind Singhal	Non-executive Director
Dr. Tanjore Soundararajan Balganesh	Non-executive Director

(b) Relatives of Key Management Personnel

Mr. Salil Singhal	Father of Mr. Mayank Singhal
Ms. Madhu Singhal	Mother of Mr. Mayank Singhal
Ms. Pooja Singhal	Sister of Mr. Mayank Singhal

III - Entities controlled by KMP with whom transactions have taken place:

(a) PI Foundation

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

Nature of Transaction	Type of relation	2019-20		2018-19	
		Transactions during the period	Balance outstanding Dr (Cr)	Transactions during the period	Balance outstanding Dr (Cr)
Compensation to KMP					
-Short term employee benefits		212		159	
-Post employment benefits		27		19	
-Commission and other benefits to non-executive/ independent directors	a(ii)(a)	15		19	
Total		254	(180)	197	(158)
Other Transactions					
Purchase of services	a(i)(b)	38	(7)	39	
	a(i)(e)	58	(11)	55	(10)
	a(ii)(b)	13	(2)	14	(4)
Purchase of Goods	a(i)(g)	239	(181)	-	-
Sales of services	a(i)(f)	1	0	1	-
Sale of Goods	a(i)(g)	161	58	-	-
	a(i)(c)	4	5	-	-
Rent and Power Cost received	a(i)(b)	7	0	6	-
Rent and Power Cost received	a(i)(f)	0	-	0	-
Rent and Power Cost received	a(i)(g)	4	-	0	-
Rent and Power Cost paid	a(i)(a)	0	(0)	0	-
Rent and Power Cost paid	a(ii)(b)	2	(0)	2	-
Security Deposits	a(i)(a)	-	0	-	0

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for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

Nature of Transaction	Type of relation	2019-20		2018-19	
		Transactions during the period	Balance outstanding Dr (Cr)	Transactions during the period	Balance outstanding Dr (Cr)
Loans Given	a(i)(h)	53	125	72	107
Loans Received	a(i)(h)	50	-	40	-
Travel & Other expenditure incurred	a(ii)(a)	37	11	25	6
	a(ii)(b)	5	-	3	-
Dividend Paid	a(ii)(a)	147	-	164	-
	a(ii)(b)	175	-	194	-
	a(i)(h)	1	-	1	-
Recovery of Dues on account of expenses incurred	a(ii)(b)	0	0	0	-
Contribution towards CSR Activities	a(iii)	102	-	93	-
Donation	a(iii)	5	-	4	-

c) Terms and conditions of transactions with related parties

The sales and purchases / services rendered to and from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2019: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

36. DISCLOSURES REQUIRED UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006

	March 31, 2020		March 31, 2019	
	Principal Amount	Interest Amount	Principal Amount	Interest Amount
Principal amount and Interest due thereon remaining unpaid to any supplier as on 31st March	56	-	48	-
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	277	1	53	1
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act.	-	-	-	-
Interest accrued and remaining unpaid at the end of the year	-	-	-	-
Further interest remaining due and payable in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act.	-	-	-	-

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

37. FINANCIAL INSTRUMENTS

1. Financial instruments – Fair values and risk management

A. Financial instruments by category

	Note	March 31, 2020			March 31, 2019		
		FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial Assets							
Non-current Assets*							
Loans	7(c)	-	-	56	-	-	97
Derivative financial instruments	7(g)	-	-	-	-	90	-
Other financial asset	7(g)	-	-	30	-	-	28
Current Assets							
Investments	7(b)	-	-	-	1,119	-	-
Trade receivables	7(d)	-	-	5,483	-	-	6,618
Cash and cash equivalents	7(e)	-	-	1,077	-	-	587
Bank balance other than cash and cash equivalents	7(f)	-	-	25	-	-	244
Loans and advances	7(c)	-	-	157	-	-	109
Derivative financial instruments	7(g)	-	-	-	-	120	-
Other financial assets	7(g)	-	-	185	-	-	99
TOTAL		-	-	7,013	1,119	210	7,782
Financial Liabilities							
Non-current Liabilities							
Borrowings	14(a)	-	-	3,994	-	-	99
Derivative Financial Instrument	14(d)	-	258	-	-	-	-
Other financial liabilities	14(d)	-	-	491	-	-	190
Current Liabilities							
Borrowings	14(b)	-	-	1,083	-	-	-
Trade payables	14(c)	-	-	5,538	-	-	5,141
Derivatives	14(d)	-	508	-	-	-	-
Other financial liabilities	14(d)	-	-	2,206	-	-	2,414
TOTAL		-	766	13,312	-	-	7,844

* Excluding Investment in subsidiaries measured at cost in accordance with Ind AS 27

B. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

	Note	March 31, 2020			March 31, 2019		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets:-							
Investment in mutual funds	7(b)	-	-	-	1,119	-	-
Derivative financial instruments	7(g)	-	-	-	-	210	-
TOTAL		-	-	-	1,119	210	-
Financial Liabilities: -							
Derivative financial instruments	14(c)	-	766	-	-	-	-
TOTAL		-	766	-	-	-	-

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for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

	Note	March 31, 2020			March 31, 2019		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets							
Security deposits	7(c)	-	-	51	-	-	46
Loans and advances to related parties (PII ESOP Trust)	7(c)	-	-	112	-	-	107
TOTAL		-	-	163	-	-	153
Financial liabilities							
Security deposits from contractors	14(d)	-	-	3	-	-	4
TOTAL		-	-	3	-	-	4

The fair value of cash and cash equivalents, bank balances other than Cash and cash equivalents, trade receivables, short term loans, contract assets, current financial assets, trade payables, current financial liabilities and borrowings approximate their carrying amount, largely due to the short-term nature of these instruments. Long-term debt has been contracted at floating rates of interest, which are reset at short intervals. Accordingly, the carrying value of such long-term debt approximates fair value. Fair value for security deposits (other than perpetual security deposits) has been presented in the above table. Fair value for all other non-current assets and liabilities is equivalent to the amortised cost, interest rate on them is equivalent to the market rate of interest.

Fair value hierarchy

The table shown above analyses financial instruments carried at fair value, by valuation method. The different levels have been defined below:

Level 1 - This includes financial instruments measured using quoted prices. The mutual funds are valued using closing net assets value (NAV).

Level 2 - The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There are no transfers between level 1, level 2 and level 3 during the year.

Valuation technique used to determine fair value:

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

The fair values for security deposits (assets & liabilities) were calculated based on present values of cash flows and the discount rates used were adjusted for counterparty or own credit risk. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit.

38. FINANCIAL RISK MANAGEMENT

Risk management framework

The Company is exposed to credit risk, liquidity risk and market risk. The Company's board of directors has the overall responsibility for the management of these risks and is supported by Management Advisory Committee that advises on the appropriate financial risk governance framework. The Company has risk management policies and systems in place which are reviewed regularly to reflect changes in market conditions and price risk along with the Company's activities. The Company's audit committee oversees how management monitors compliance with the financial risk management policies and procedures and reviews the adequacy of risk management framework in relation to the risks faced by the Company.

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and impact of hedge accounting in the financial statements.

I. Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation, and arises from the operating activities primarily (trade receivables) and from its financing activities including cash and cash equivalents, deposits with banks, derivatives and other financial instruments. The carrying amount of financial assets represents the maximum credit exposure and is as follows:

Trade and other receivables and contract assets

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 analyzed 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. There is one customer having revenue of ₹ 12,353 (March 31, 2019 ₹ 9,551) including an amount of ₹ 7,039 and ₹ 5,314 (March 31, 2019 ₹ 7,053 and ₹ 1,578) arising from shipments to United States of America and Japan respectively.

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 like limited impact of COVID – 19 on domestic trade receivable engaged in exempted areas of agricultural activities.

The following table provides information about the exposure to credit risk and expected credit loss:

Reconciliation of loss allowance provision – Trade receivables and Interest and Other charges recoverable from customer

	March 31, 2020	March 31, 2019
Opening balance	442	273
Changes in loss allowance	87	169
Closing balance	529	442

Cash and cash equivalents, deposits with banks, mutual funds and other financial instruments

Credit risk from balances with banks and other financial instruments is managed by Company in accordance with its policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the management and may be updated throughout the year. Company also invests in mutual funds based on the credit ratings, these are reviewed for safety, liquidity and yield on regular basis.

Impairment on cash and cash equivalents, deposits and other financial instruments has been measured on the 12-month expected credit loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on external credit ratings of counterparties.

Based on the assessment there is no impairment in the above financial assets.

Derivatives

The derivatives are entered with banks and financial institution counterparties which have low credit risk based on external credit ratings of counterparties.

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

Exposure to credit risk:

The gross carrying amount of financial assets, net of impairment losses recognized represents the maximum credit exposure. The maximum exposure to credit risk as at March 31, 2020 and March 31, 2019 was as follows:

	March 31, 2020	March 31, 2019
Trade receivables	5,483	6,618
Cash and cash equivalents	1,077	587
Bank balances other than above	25	244
Investments	-	1,119
Loans	213	206
Other financial assets	215	337
TOTAL	7,013	9,111

II. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Due to the dynamic nature of underlying businesses, the Company maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecast of Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. The Company does not anticipate material impact on future cash flows as agricultural activities are exempted from COVID -19 related travel restrictions. In addition, the company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(a) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	March 31, 2020	March 31, 2019
Expiring within one year		
- Fund based (Floating rate)	3,983	1,999
- Non fund based (Fixed rate)	551	1,164

(b) Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include estimated interest payments and exclude the impact of netting agreements.

March 31, 2020	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	4,128	108	219	1,361	2,440	-
Interest Accrued but not due on Borrowings	12	12	-	-	-	-
Interest payment on Term Loan	691	47	193	234	217	-
Short Term Loans from Banks	1,083	1,083	-	-	-	-
Trade Payables (Due to micro and small enterprises)	56	56	-	-	-	-
Trade Payables (Other Trade Payables)	5,482	5,482	-	-	-	-
Employee payables	640	229	411	-	-	-
Security Deposits from Dealers	195	-	-	-	-	195
Security Deposits from Contractors	3	3	-	-	-	-
Unclaimed Dividends	7	7	-	-	-	-
Creditors for Capital Purchases	502	502	-	-	-	-
Deferred Lease Liability	459	67	97	112	153	30
Other Payable	782	421	361	-	-	-
TOTAL	14,040	8,017	1,281	1,707	2,810	225

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

March 31, 2019	Contractual cash flows					
	Total	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Term Loans from Banks	492	99	294	99	-	-
Interest Accrued but not due on Borrowings	2	2	-	-	-	-
Trade Payables (Due to micro and small enterprises)	48	48	-	-	-	-
Trade Payables (Other Trade Payables)	5,093	4,812	281	-	-	-
Employee payables	523	180	343	-	-	-
Security Deposits from Dealers	189	-	-	-	-	189
Security Deposits from Contractors	4	1	2	1	-	-
Unclaimed Dividends	7	7	-	-	-	-
Creditors for Capital Purchases	371	371	-	-	-	-
Other Payable	1,115	282	833	-	-	-
TOTAL	7,844	5,802	1,753	100	-	189

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 optimizing the return.

The Company is exposed to market risk primarily related to foreign exchange rate risk (currency risk), interest rate risk and market value of its investments. Thus, the Company's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currencies.

Foreign Currency risk

The company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US\$ and Euro. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (₹). The Company uses forward exchange contracts to hedge its currency risk and are used exclusively for hedging purposes and not for trading and speculative purposes. These forward exchange contracts, carried at fair value, may have varied maturities depending upon the primary host contract requirement and risk management strategy of the Company. The objective of the hedges is to minimize the volatility of the ₹ cash flows of highly probable forecast transactions.

The Company's risk management policy is to hedge around 50% to 100% for first year and balance up to 70% of the net exposure with forward exchange contracts. The remaining exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short term requirements. Hedging decisions are based on rolling forex cash flow statement prepared and reviewed on a monthly basis. Such contracts are designated as cash flow hedges.

The foreign exchange forward contracts are denominated in the same currency as the highly probable future sales transaction; therefore, the hedge ratio is 1:1. The Company's hedge policy allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective assessments to ensure that an economic relationship exists between the hedged item and the hedged instrument. The Company enters into hedge instruments where the critical terms of hedging instrument are aligned with terms of the hedged item.

Ineffectiveness is recognised on a cash flow hedge where the cumulative change in the value of the hedging instruments exceeds on an absolute basis the change in the value of the hedged item attributable to the hedged risk. Hedge ineffectiveness may arise due to the following:

- the critical terms of the hedging instrument and the hedged item differ (i.e. nominal amounts, timing of the forecast transaction, interest resets change from what was originally estimated), or
- differences arise between the credit risk inherent within the hedged item and the hedging instrument.

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

Foreign currency risk exposure -

The currency profile of financial assets and financial liabilities as at March 31, 2020 and March 31, 2019 expressed in Indian Rupees (₹) are as below:

Non derivative

Particulars	March 31, 2020					
	USD	EURO	JPY	GBP	CHF	AUD
Financial assets						
Cash and cash equivalents (EEFC Account)	9	-	-	-	-	-
Trade receivables	3,826	59	15	-	-	-
	3,835	59	15	-	-	-
Financial liabilities						
Borrowings (Term Loan)	2,363	-	-	-	-	-
Trade payables	3,188	71	-	1	1	-
	5,551	71	-	1	1	-

Particulars	March 31, 2019					
	USD	EURO	JPY	GBP	CHF	AUD
Financial assets						
Cash and cash equivalents (EEFC Account)	60	-	-	-	-	-
Trade receivables	3,180	146	-	-	-	-
	3,240	146	-	-	-	-
Financial liabilities						
Borrowings (Term Loan)	494	-	-	-	-	-
Trade payables	1,396	18	12	0	0	0
	1,890	18	12	0	0	0

The following significant exchange rates have been applied during the year.

	Year-end spot rate (₹)	
	March 31, 2020	March 31, 2019
USD	75.67	69.16
EUR	82.77	77.67
JPY (100)	69.63	62.42
GBP	93.50	90.53
CHF	78.29	69.43
AUD	46.08	49.02

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, interest rates, remain constant and ignores any impact of forecast sales and purchases. Impact of hedging, if any has not been considered here. A 5% 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.

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

Effect in ₹	Profit or loss, net of tax		Impact on other components of equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
March 31, 2020				
5% movement				
USD	(56)	56	-	-
EUR	(0)	0	-	-
JPY (100)	49	(49)	-	-
GBP	(0)	0	-	-
TOTAL	(7)	7	-	-

Effect in ₹	Profit or loss, net of tax		Impact on other components of equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
March 31, 2019				
1% movement				
USD	9	(9)	-	-
EUR	1	(1)	-	-
JPY (100)	(2)	2	-	-
GBP	(0)	0	-	-
TOTAL	8	(8)	-	-

Interest rate risk

The Company's main interest rate risk arises from long term foreign currency and working capital borrowings at variable rates. Company's investments are primarily in fixed deposits which are short term in nature and do not expose it to interest rate risk. The Company regularly evaluates the interest rate hedging requirement to align with interest rate views and defined risk appetite, in order to ensure most cost-effective interest rate risk management.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

	March 31, 2020	March 31, 2019
Fixed-rate instruments		
Financial assets	742	731
Financial Liabilities	1740	-
Variable-rate instruments		
Financial liabilities	3,434	492
TOTAL	5,916	1,223

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 50 bp in interest rates would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, foreign currency exchange rates, remain constant.

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

	Profit or loss		Impact on other components of equity, net of tax	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
March 31, 2020				
Variable-rate instruments	(11.17)	11.17	-	-
Cash flow sensitivity (net)	(11.17)	11.17	-	-
March 31, 2019				
Variable-rate instruments	(1.61)	1.61	-	-
Cash flow sensitivity (net)	(1.61)	1.61	-	-

IV. Price risk

The Company's exposure to price risk arises from investment in mutual funds and classified in the balance sheet as fair value through profit and loss. Mutual fund investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments. However, due to very short tenor of the underlying portfolio in the liquid schemes, these do not pose any significant price risk. Company reviews these mutual fund investments based on safety, liquidity and yield on regular basis. There were no investments in Mutual funds as at March 31, 2020.

V. Impact of Hedging activities

(a). Disclosure of hedge accounting on financial position

March 31, 2020						
Type of hedge and risk	No. of outstanding contracts	Nominal Value (₹)	Carrying value of hedging instrument ** (₹)	Maturity date	Hedge ratio	Weighted average strike price/rate
Foreign exchange forward contracts	217	17,758	765	Apr-2020 to Sep-2023	1:1	US\$1: ₹ 75.89
March 31, 2019						
Type of hedge and risk	No. of outstanding contracts	Nominal Value (₹)	Carrying value of hedging instrument * (₹)	Maturity date	Hedge ratio	Weighted average strike price/rate
Foreign exchange forward contracts	150	11,637	210	April 2019 - Dec 2021	1:1	US\$1: ₹ 69.16

* Refer Note No. 7(g)

** Refer Note No. 14(d)

(b). Disclosure of effects of hedge accounting on financial performance

March 31, 2020				
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	(779)	-	62	Revenue
March 31, 2019				
Type of hedge	Change in value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit and loss account	Amount reclassified from cash flow hedging reserve to profit and (loss)	Line item affected in statement of profit and loss account because of this reclassification
Foreign exchange forward contracts	(145)	-	(265)	Revenue

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

(c). Movement in the cash flow hedge reserve

Effective portion of Cash flow Hedges	Amount
As at April 01, 2018	49
Add: Effective portion of gains/(losses) on cash flow hedges	(145)
Less: Amount reclassified to profit and loss account	(265)
Less: Deferred tax relating to above	42
As at March 31, 2019	127
Add: Effective portion of gains/(losses) on cash flow hedges	(779)
Less: Amount reclassified to profit and loss account	62
Less: Deferred tax relating to above	(294)
As at March 31, 2020	(420)

(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 5% increase or decrease is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign currency rate.

Effect in ₹	Profit or loss, net of tax		Impact on other components of equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
March 31, 2020				
5% movement				
USD	-	-	578	(578)
March 31, 2019				
1% movement				
USD	-	-	76	(76)

39. CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The primary objective of the Company's Capital management is to maximise shareholder's value. The Company manages its capital and makes adjustment to it in light of the changes in economic and market conditions.

The Company manages capital using gearing ratio, which is total debt divided by total equity. The gearing ratio at the end of the reporting period was as follows:

		As at March 31, 2020	As at March 31, 2019
Borrowings (Non-current)		3,994	99
Borrowings (Current)		1,180	393
Total Debt	A	5,174	492
Total Equity	B	25,911	22,747
Debt to Equity ratio	A/B	0.20	0.02

No changes were made in the objectives, policies or processes for managing capital of the Company during the current and previous year.

Also, refer note 13 relating to details on dividend declared and distributed and note 14(a)(d) for details of applicable loan covenants.

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

40. ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for borrowings are:

	As at March 31, 2020	As at March 31, 2019
Property, plant and equipment		
First charge	6,169	1,805
Second charge	11,707	6,378
Floating charge on Other Assets	16,620	16,875
TOTAL	34,496	25,058

41. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of IND AS 116 Leases on the Company's financial statements.

The company has adopted IND AS 116 Leases retrospectively from 1 April 2019 with the cumulative effect of initially applying the standard recognised at the date of initial application but has not restated comparatives for the 2018 reporting period. The company has measured right-of-use asset at an amount equal to the lease liability, adjusted by the amounts of prepaid lease payments relating to lease recognised in the balance sheet immediately before the date of initial application.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application.

The measurement principles of Ind AS 116 are only applied after that date.

(i) **Practical Expedient Applied:** In applying Ind AS 116 for the first time, the company has used the following practical expedients permitted by the standard:

- Accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases
- Excluding all lease having underlying asset having value less than INR 0.25 for lease accounting as low value assets.
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and

The company has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the company relied on its assessment made applying Ind AS 17 and Interpretation for Determining whether an Arrangement contains a Lease.

(ii) Measurement of lease liabilities

On adoption of Ind AS 116, the company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of Ind AS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 10% p.a.

Particulars	Amount
Operating lease commitments disclosed as at 31 March 2019	328
Discounted using the lessee's incremental borrowing rate of at the date of initial Application	457
Add: finance lease liabilities recognised as at 31 March 2019	0
(Less): short-term leases not recognised as a liability	(17)
(Less): low-value leases not recognised as a liability	(25)
Add/(less): adjustments as a result of a different treatment of extension and termination options	(3)
Lease liability recognised as at 1 April 2019 Of which are:	412
Current lease liabilities	119
Non-current lease liabilities	293

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

(iii) Measurement of Right-of-Use assets

The associated right-of-use assets for offices, warehouses, IT equipment and vehicles assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at April 1, 2019.

(iv) Amount recognised in the balance sheet related to leases:

Particulars	Balance as at March 31, 2019	Change on adoption of IND AS 116	Balance as at April 1, 2019
Property, Plant and equipment: Right of use assets	-	420	420
Other Assets: Prepaid rent	8	0	8
Other Financial liabilities: Lease Liability	-	412	412
Retained Earnings	22,609	-	22,609
Deferred Tax Asset	127	-	127

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

Particulars	Year ended 31st March, 2020 before adopting IND AS 116	Changes due to IND AS 116 increase/ (decrease)	Year ended 31st March, 2020 as reported
Other Expenses	5,039	(189)	4,850
Finance Cost	135	45	180
Depreciation and amortisation expense	1,155	177	1,332
Profit before tax [(increase)/ decrease]	5,977	33	5,944

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

Particulars	March 31, 2020
Right of Use Asset:	
Buildings	215
Office Equipment	14
Vehicles	190
Leasehold Land	340
Total	759
Lease Liabilities	
Current	164
Non-Current	295
Total	459

Addition of Right-of-use Asset during the 2019-20 financial year was ₹ 184.

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

42. Consequent to the nationwide lockdown announced on 24th March 2020, Company's operations were disrupted at R&D facilities at Udaipur, manufacturing facilities at Gujarat and sales depots across the country. This resulted in deferment of Company's domestic and export revenues for the month of March 2020 to the next quarter. The Company has since been able to resume operations at its various sites from the beginning of April in a gradual manner and management believes that being into an essential commodity, there is no significant impact of COVID-19 pandemic on the current and future business condition of the Company, financial statements liquidity position and cash flow and has concluded that no material adjustments are required in the financial statements. Management will continue to closely monitor the situation.

43. EVENTS AFTER REPORTING DATE

The Board of Directors in the meeting held on June 4, 2020 have recommended final dividend for the year ended March 31, 2020 which is subject to the approval of shareholders in the ensuing annual general meeting. Refer note 13(B) for details.

This is the notes to the financial statements referred to our report of even date

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

Sd/-
Sougata Mukherjee
Partner
Membership Number: 057084

Place: Gurugram
Date: June 04, 2020

For and on behalf of the Board of Directors

Sd/-
Mayank Singhal
Vice Chairman & Managing Director
DIN: 00006651

Sd/-
Subhash Anand
Chief Financial Officer

Sd/-
Rajnish Sarna
Director
DIN: 06429468
Sd/-
Naresh Kapoor
Company Secretary

Independent Auditor's Report

To the Members of **PI Industries Limited**

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of PI Industries Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), controlled trust, its associate and joint venture entity (refer note 3(t) to the attached consolidated financial statements), which comprise the consolidated Balance Sheet as at March 31, 2020 and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated statement of changes in equity and the consolidated cash flows statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records. (hereinafter referred to as "the consolidated financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, controlled trust, its associate and joint venture entity as at March 31, 2020 of consolidated total comprehensive income (comprising of profit and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our

responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, controlled trust, its associate and joint venture entity in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 17 of the Other Matters paragraph below, other than the unaudited financial statements as certified by the management and referred to in sub-paragraph 18 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw your attention to note 45 of the consolidated financial statements, which describes the management's assessment of the financial impact of the events arising out of Coronavirus (Covid-19) virus pandemic, for which a definitive assessment of the impact in the subsequent period is dependent upon the circumstances as they evolve. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Key audit matter

Investment made in Isagro (Asia) Agrochemicals Private Limited - Allocation of purchase price and determination of goodwill in the Consolidated Financial Statements

(Refer to Note 44 in the Consolidated financial statements)

The Company acquired 100% of the equity shares of Isagro (Asia) Agrochemicals Private Limited from Isagro S.p.a., Italy on December 27, 2019. The purchase consideration of INR 4432 MN was arrived at based on an independent valuation and subsequent negotiations / agreement thereon. For the consolidated financial statements, the company obtained independent valuation to arrive at the fair value of the net assets acquired / identified and recognised goodwill for the excess of the aforesaid purchase consideration over the identified net assets.

The Company has reviewed the carrying values of the above goodwill on the balance sheet date and concluded on their appropriateness.

We have considered this to be a key audit matter as the goodwill are material and the valuation based on which their carrying amounts were concluded as appropriate required significant management judgement, inputs, assumptions and estimates.

How our audit addressed the key audit matter

Our audit procedures included the following:

- Understanding the design and testing the operating effectiveness of management controls around acquiring the aforesaid assessment of carrying values of the said goodwill in the consolidated financial statements.
- Reviewing minutes of the meeting of the board of directors / audit committee, share purchase agreement, testing payments made and ensuring compliances with the relevant provision of the Companies Act 2013.
- Reading the independent valuation report and understanding and evaluating, the projections thereon and the fair valuation of net assets acquired thereon by testing key inputs and assumptions made in the valuations, projections and performing sensitivity analysis.
- Involving auditor's expert to review the key assumptions in the valuation, the basis of purchase price allocation, the fair valuation of the net assets acquired / identified, goodwill impairment model.
- Checking the adequacy and appropriateness of the disclosures made in the financial statements.

Based on our procedures performed above, the management's assessment of carrying value of the goodwill was appropriate.

Key audit matter	How our audit addressed the key audit matter
<p>Estimation of provision for sales returns and discounts and volume rebates on sales impacting revenue on sale of products</p> <p>(Refer note 20 to the Consolidated financial statements)</p> <p>Revenue from sale of products is presented net of returns, discounts and volume rebates in the financial statements.</p> <p>The management determines provision for sales returns, discounts and rebates on the basis of various factors such as the current and expected business environment, sales returns variability and expected achievement of targets against various ongoing schemes floated.</p> <p>We have considered this to be a key audit matter in view of it having significant impact on the recognised revenue and the involvement of management judgment in estimating the amounts at which these are expected to be settled.</p>	<p>Our audit procedures included:</p> <p>Understanding the policies and procedures related to sales returns, discounts and volume rebates and evaluating the design and testing the operating effectiveness of related controls related to these estimates.</p> <p>Checking management’s calculations for the estimates and assessing the reasonableness of assumptions used by the management in arriving at the amount of provisions.</p> <p>Assessing the reasonableness of estimates made by the management in the past by comparing the provisions recognised in the earlier financial years with their subsequent settlement, performing ratio analysis of discounts, volume rebates and sales returns as a percentage of sale of the current year and comparing the same with those in prior years.</p> <p>Testing on a sample basis, credit notes issued and/or adjustments made after the balance sheet date and their impact if any on the reported amounts.</p> <p>Based on the above procedures performed, the estimates made by the management in respect of provision for sales returns and discounts and rebates on sales were considered to be reasonable.</p>

Other Information

6. The Holding Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Board Report, but does not include the consolidated financial statements and our auditor’s report thereon.
7. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
8. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us (Refer paragraph 17 below), we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

9. The Holding Company’s Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes

in equity of the Group including controlled trust, its Associate and Joint venture entity in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group, controlled trust and of its associate and joint venture entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

10. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group, controlled trust and of its associate and joint venture entity are responsible for assessing the ability of the Group, controlled trust and of its associate and joint venture entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

11. The respective Board of Directors of the companies included in the Group, controlled trust and of its associate and joint venture entity are responsible for overseeing the financial reporting process of the Group, controlled trust and of its associate and joint venture entity.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

12. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
13. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group, controlled trust and its associate and joint venture entity to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures

are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group, controlled trust and its associate and joint venture entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group, controlled trust and its associate and joint venture entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
14. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
15. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
16. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

17. We did not audit the financial statements of four subsidiaries, and one controlled trust whose financial statements reflect total

assets of INR 4,456 MN and net assets of INR 3,403 MN as at March 31, 2020, total revenue of INR 641 Mn, total comprehensive income (comprising of profit and other comprehensive income) of INR 153 Mn and net cash flows amounting to INR 136 MN for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of total comprehensive income (comprising of profit and other comprehensive income) of INR 0.3 MN and INR. 7.5 MN for the year ended March 31, 2020 as considered in the consolidated financial statements, in respect of one associate company and one joint venture respectively, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, controlled trust, joint venture and associate company and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information in so far as it relates to the aforesaid subsidiaries, joint venture and associate, is based solely on the reports of the other auditors.

18. We did not audit the financial statements of one subsidiary whose financial statements reflect total assets of INR 30 Mn and net assets of INR 22 MN as at March 31, 2020, total revenue of INR 58 MN, total comprehensive income (comprising of profit and other comprehensive income) of INR 3 MN and net cash flows amounting to INR 4 MN for the year ended on that date, as considered in the consolidated financial statements. whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the Management, and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiary is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

19. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated

financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate company and joint venture company incorporated in India, none of the directors of the Group company, its associate company and joint venture company incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of internal financial controls with reference to financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.

With respect to the adequacy of internal financial controls with reference to financial statements of an associate and a joint venture entity incorporated in India and the operating effectiveness of such controls, reporting under clause (i) of sub section 3 of Section 143 of the Act is not applicable vide the reports dated May 13, 2020 and May 12, 2020 of their respective statutory auditors.

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group, controlled trust, its associate and joint venture entity, refer note 16 and 34 to the consolidated financial statements.
 - ii. The Group, controlled trust, its associate and joint venture had long-term contracts including derivative contracts as at March 31, 2020 for which there were no material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and

Protection Fund by the Holding Company and its subsidiary companies, controlled trust, associate company and joint venture company incorporated in India.

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2020.

20. The Holding Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act and for three subsidiaries based on the reports dated May 18, 2020, May 15, 2020 and May 16, 2020 of their statutory auditors no managerial remuneration has been paid. The provisions of Section 197 read with Schedule V to the Act are applicable only to public companies. Accordingly, reporting under Section 197(16) of the Act is not applicable to the one subsidiary, controlled trust, its associate and joint venture vide

the reports dated May 22, 2020, May 13, 2020 and May 12, 2020 of their respective statutory auditors and one subsidiary incorporated outside India.

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

Sd/-

Sougata Mukherjee

Partner

Membership Number 057084

UDIN:20057084AAAABS4955

Place: Gurugram

Date: June 4, 2020

Annexure A to Independent Auditors' Report

Referred to in paragraph 19 (f) of the Independent Auditors' Report of even date to the members of PI Industries Limited on the consolidated financial statements for the year ended March 31, 2020.

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

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to financial statements of PI Industries Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, as of that date. Reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is not applicable to an associate and a joint controlled entity incorporated in India namely Solinnos Agro Sciences Private Limited and PI Kumiai Private Limited, pursuant to MCA notification GSR 583(E) dated 13 June 2017 and controlled trust.

Management's Responsibility for Internal Financial Controls with reference to financial statements

2. The respective Board of Directors of the Holding company, its subsidiary companies, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial

controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to

future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company, its subsidiary companies which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. (Refer paragraph 4 on emphasis of matter of main audit report)

Other Matter

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to four subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not qualified in respect of this matter.

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

Sd/-

Sougata Mukherjee

Partner

Membership Number 057084

Place: Gurugram
Date: June 4, 2020

Consolidated Balance Sheet

AS AT MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	4	17,338	11,791
Capital work-in-progress		2,371	1,544
Goodwill		828	-
Other intangible assets	5	409	66
Intangible asset under development	6	336	284
Investments accounted for using the equity method	9	109	102
Financial assets			
(i) Investments	7(a)	70	70
(ii) Loans	7(c)	61	41
(iii) Other financial assets	7(g)	82	149
Deferred tax assets	17	-	141
Other non-current assets	10	411	451
Total non-current assets		22,015	14,639
Current assets			
Inventories	8	7,989	5,357
Financial assets			
(i) Investments	7(b)	1,325	1,119
(ii) Trade receivables	7(d)	6,465	6,618
(iii) Cash and cash equivalents	7(e)	1,244	614
(iv) Bank balances other than (iii) above	7(f)	98	278
(v) Loans	7(c)	83	63
(vi) Other financial assets	7(g)	313	254
Contract assets	7(h)	1,022	520
Current tax assets	11	146	-
Other current assets	10	1,548	2,086
Total current assets		20,233	16,909
Total assets		42,248	31,548
EQUITY & LIABILITIES			
Equity			
Equity share capital	12	138	138
Other equity	13	26,053	22,716
Total equity		26,191	22,854
Liabilities			
Non current liabilities			
Financial liabilities			
(i) Borrowings	15(a)	3,994	99
(ii) Other financial liabilities	15(d)	832	190
Provisions	16	124	290
Deferred tax liabilities (Net)	17	102	-
Total non current liabilities		5,052	579
Current Liabilities			
Financial liabilities			
(i) Borrowings		1,083	-
(ii) Trade payables	15(c)		
a) total outstanding dues of micro enterprises and small enterprises		83	48
b) total outstanding dues of creditors other than micro enterprises and small enterprises		5,826	5,082
(iii) Other financial liabilities	15(d)	2,970	2,419
Provisions	16	424	126
Other current liabilities	18	575	435
Current tax liabilities	19	44	5
Total current liabilities		11,005	8,115
Total liabilities		16,057	8,694
Total equity and liabilities		42,248	31,548
Notes to accounts	1 to 46		

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

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

For Price Waterhouse Chartered Accountants LLP

Chartered Accountants

Firm Reg. No. 012754N/N500016

Sd/-

Sougata Mukherjee

Partner

Membership Number: 057084

Place: Gurugram

Date: June 04, 2020

For and on behalf of the Board of Directors

Sd/-

Mayank Singhal

Vice Chairman & Managing Director

DIN: 00006651

Sd/-

Subhash Anand

Chief Financial Officer

Sd/-

Rajnish Sarna

Director

DIN: 06429468

Sd/-

Naresh Kapoor

Company Secretary

Statement of Consolidated Profit & Loss

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

Particulars	Notes	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
Revenue from operations	20	33,665	28,409
Other income	21	489	595
Total income		34,154	29,004
Expenses:			
Cost of materials consumed		16,877	13,728
Purchase of stock in trade		1,619	1,274
Changes in inventories of finished goods, work in progress and stock in trade		(22)	500
Employee benefit expense	22	3,209	2,647
Finance cost	26	170	50
Depreciation and amortisation expense	25	1,367	930
Other expense	23	4,804	4,496
Total expenses		28,024	23,625
Share of profit and (loss) of associates & joint venture accounted for using the equity method		8	0
Profit before tax		6,138	5,379
Income tax expense	27		
Current tax		(1,259)	(1,176)
Deferred tax		(313)	(101)
Total tax expense		(1,572)	(1,277)
Profit for the year		4,566	4,102
Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
Remeasurements gains/(losses) on defined benefit plans		(19)	(2)
Income tax relating to the above item		8	1
(ii) Items that will be reclassified to profit or loss			
Effective portion of gains/(losses) on cash flow hedges		(840)	120
Exchange difference on translation of foreign operations		2	0
Income tax relating to the above item		293	(42)
Total comprehensive income for the year		4,010	4,179
Earnings per equity share	29		
1) Basic (in ₹)		33.08	29.74
2) Diluted (in ₹)		33.08	29.73
Face value per share (in ₹)		1.00	1.00
Notes to accounts	1 to 46		

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

This is the Consolidated Statement of Profit and Loss referred to our report of even date

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

For and on behalf of the Board of Directors

Sd/-
Sougata Mukherjee
Partner
Membership Number: 057084

Sd/-
Mayank Singhal
Vice Chairman & Managing Director
DIN: 00006651
Sd/-
Subhash Anand
Chief Financial Officer

Sd/-
Rajnish Sarna
Director
DIN: 06429468
Sd/-
Naresh Kapoor
Company Secretary

Place: Gurugram
Date: June 04, 2020

Statement of Changes in Consolidated Equity

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

a. Equity share capital

Particulars	Notes	As at March 31, 2020		As at March 31, 2019	
		No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period	12	13,80,30,651	138	13,79,07,318	138
Changes in equity share capital during the period		77,342	0	123,333	0
Balance at the end of the reporting period		13,81,07,993	138	13,80,30,651	138

b. Other equity

Particulars	Notes	Reserves & Surplus					Other Reserves			Total other equity	
		Capital reserve	Capital Redemption reserve	Securities premium reserve	Share option outstanding account	General reserve	Own shares held by Trust under ESOP scheme	Retained earnings	Effective portion of cash flow hedges		Foreign Currency Translation Reserve
Balance at April 1, 2018		15	4	1,984	102	1,857	(0)	15,097	49	2	19,109
Profit for the year		-	-	-	-	-	-	4,102	-	-	4,102
Change in accounting policy- Adjustment of Ind AS 115	13 f.	-	-	-	-	-	-	216	-	-	216
Other comprehensive income	13 i, h	-	-	-	-	-	-	(1)	78	0	77
Total comprehensive income for the year		-	-	-	-	-	-	4,317	78	0	4,395
Transactions with owners in their capacity as owners:											
Premium on issue of equity shares through ESOP	13 c.	-	-	116	-	-	-	-	-	-	116
Own shares held by ESOP Trust	12 c.	-	-	(74)	-	-	(0)	-	-	-	(74)
Shares issued under ESOP scheme	13 d.	-	-	29	(42)	-	0	-	-	-	(13)
Expense on Employee Stock Option Scheme	13 d.	-	-	-	13	-	-	-	-	-	13
Dividends paid	14	-	-	-	-	-	-	(689)	-	-	(689)
Dividend Distribution Tax (DDT)	14	-	-	-	-	-	-	(142)	-	-	(142)
Balance at March 31, 2019		15	4	2,055	73	1,857	(0)	18,583	127	2	22,716
Profit for the year		-	-	-	-	-	-	4,566	-	-	4,566
Other comprehensive income	13 i, h	-	-	-	-	-	-	(11)	(547)	2	(556)
Total comprehensive income for the year		-	-	-	-	-	-	4,555	(547)	2	4,010
Transactions with owners in their capacity as owners:											
Premium on issue of Equity Shares through ESOP	13 c.	-	-	80	-	-	-	-	-	-	80
Own shares held by ESOP Trust	12 c.	-	-	(53)	-	-	(0)	-	-	-	(53)
Shares issued under ESOP scheme	13 d.	-	-	80	(27)	-	0	-	-	-	53
Expense on Employee Stock Option Scheme	13 d.	-	-	-	(4)	-	-	-	-	-	(4)
Dividends paid	14	-	-	-	-	-	-	(621)	-	-	(621)
Dividend Distribution Tax (DDT)	14	-	-	-	-	-	-	(128)	-	-	(128)
Balance at March 31, 2020		15	4	2,162	42	1,857	0	22,389	(420)	4	26,053

This is the Consolidated Statement of Changes in Equity referred to our report of even date

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

Sd/-
Sougata Mukherjee
Partner
Membership Number: 057084

Place: Gurugram
Date: June 04, 2020

For and on behalf of the Board of Directors

Sd/-
Mayank Singhal
Vice Chairman & Managing Director
DIN: 00006651
Sd/-
Subhash Anand
Chief Financial Officer

Sd/-
Rajnish Sarna
Director
DIN: 06429468
Sd/-
Naresh Kapoor
Company Secretary

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

Particulars	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Income Tax	6,138	5,379
Adjustments for :-		
Depreciation and amortisation expense	1,367	930
Finance costs	170	50
Provision for Bad and Doubtful debts & Advances	122	179
Interest Income on Financial Assets at amortised cost	(175)	(194)
Unwinding of discount on Security Deposits	(3)	(10)
Expense on Employee Stock Option Scheme	(4)	13
(Gain)/Loss on Sale/Retirement of property, plant & equipment (Net)	(9)	13
(Gain)/Loss on sale of Investments (Net)	(19)	(198)
(Gain)/Loss on financial assets measured at fair value through profit or loss (Net)	7	89
Share of (profit)/loss of associate and joint venture	(8)	(0)
Impact of Ind AS 115 adjustment taken to retained earnings	-	216
Unrealised (Gain)/Loss on foreign currency transactions (Net)	188	127
Operating Profit before Working Capital changes	7,774	6,594
(Increase) / Decrease in Trade Receivables	1,267	(1,493)
(Increase) / Decrease in Current financial assets - Loans	(1)	(17)
(Increase) / Decrease in Current Contract Assets	(502)	(520)
(Increase) / Decrease in Non-current financial assets - Loans	4	(2)
(Increase) / Decrease in Other current financial assets	(177)	(44)
(Increase) / Decrease in Other non-current financial assets	88	(82)
(Increase) / Decrease in Other current assets	771	(433)
(Increase) / Decrease in Other non-current assets	7	(3)
(Increase) / Decrease in other bank balances	1	10
(Increase)/Decrease in Inventories	(1,850)	(837)
Increase / (Decrease) in Current Provisions and Trade Payables	319	1,498
Increase / (Decrease) in Non-current Provisions	(180)	57
Increase / (Decrease) in Other current financial liabilities	96	119
Increase / (Decrease) in Other non-current financial liabilities	294	7
Increase / (Decrease) in Other current liabilities	118	237
Cash generated from Operations before tax	8,029	5,091
Income Taxes paid (Includes TDS)	(1,048)	(1,183)
Net cash inflow (outflow) from Operating Activities	6,981	3,908
B. CASH FLOW FROM INVESTING ACTIVITIES		
Payments for purchase of property, plant & equipment including Capital Work in Progress, Intangible Assets and Capital Advances	(6,743)	(3,685)
Proceeds from sale of property, plant & equipment	48	8
Consideration paid for acquisition of subsidiary, net of cash acquired	(4,345)	-
Purchase of Equity Investment	-	(65)
Investments in associates and joint venture	-	(95)
Purchase and Sale of Current Investments	1,014	427
Interest Received	175	194
Dividend Received	0	0
Net cash used in Investing Activities	(9,851)	(3,216)
Net cash inflow (outflow) from Operating and Investing Activities	(2,870)	692

Particulars	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity Share Capital	0	0
Premium on issue of equity shares under ESOP scheme	80	29
Short Term Borrowings (Net)	1,083	-
Principal elements of Deferred lease payments	(215)	-
Borrowings -Term Loan- Repayments	(407)	-
Borrowings - Term Loan- Taken	3,886	(399)
Interest paid	(179)	(50)
Dividends paid (including Tax)	(748)	(831)
Net Cash inflow (outflow) from Financing Activities	3,500	(1,251)
Net Cash inflow (outflow) from Operating, Investing & Financing Activities	630	(559)
Effect of exchange differences on translation of foreign currency Cash & Cash equivalents	(0)	(0)
Net increase (decrease) in Cash & Cash equivalents	630	(559)
Opening balance of Cash & Cash equivalents	614	1,173
Closing balance of Cash & Cash equivalents	1,244	614
Note: Cash and cash equivalents included in the Cash Flow Statement comprise of the following (Refer Note No. 7(e)):-		
i) Cash on Hand	0	1
ii) Balance with Banks :		
- In Current Accounts	600	150
- In Fixed Deposits	644	463
Total	1,244	614

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

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

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

Sd/-
Sougata Mukherjee
Partner
Membership Number: 057084

Place: Gurugram
Date: June 04, 2020

For and on behalf of the Board of Directors

Sd/-
Mayank Singhal
Vice Chairman & Managing Director
DIN: 00006651

Sd/-
Subhash Anand
Chief Financial Officer

Sd/-
Rajnish Sarna
Director
DIN: 06429468
Sd/-
Naresh Kapoor
Company Secretary

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

1. Corporate Information

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

These consolidated financial statements comprise the Company and its subsidiaries (referred to collectively as "the Group") and the Group's interest in an associate and a joint venture entity. PI is a leading player in the aghem space having strong presence in both Domestic and Export markets. It has state-of-art facilities in Gujarat having integrated process development teams with in-house engineering capabilities. The Group maintains a strong research presence through its R&D facility at Udaipur. The principal activities of the subsidiaries are Research and Development, Market research and Investment.

2. Basis of preparation

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

a) Statement of compliance

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

These consolidated financial statements were authorised for issue by the Board of Directors on June 4, 2020.

b) Basis of measurement

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

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

c) New and Amended standards adopted by the Group

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2019:

- IND AS 116, Leases (refer note (p) below)
- Uncertainty over Income Tax Treatments – Appendix C to Ind AS 12, Income Taxes

The group had to change its accounting policies and make certain adjustments following the adoption of IND AS 116. This is disclosed in note 43. The other amendments did not have any impact on the amount recognized in prior periods and are not expected to significantly affect current or future periods.

d) Functional and presentation currency

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

e) Current or Non current classification

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

f) Use of judgements and estimates

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

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

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

g) The Group recognises revenue over the period of time for contracts wherein the Group's performance for the products does not create an asset with alternative use to the Group and the Group has an enforceable right to payment for performance

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

completed till date. Management has determined that it is highly probable that there will be no rescission of the contract and a significant reversal in the amount of revenue recognised will not occur. Accordingly, revenue is recognised for these contracts based on Input method wherein amount of revenue to be recognised is determined based on the actual cost incurred till date and the estimated margin on the contract.

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

3. Significant Accounting Policies

a) Property, plant and equipment

i) Recognition and measurement

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

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

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

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

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

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

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

ii) Transition to Ind AS

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

iii) Depreciation

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

- Buildings including factory buildings and Roads	3 - 60 years
- General Plant and Equipment	15 years
- Electrical Installations and Equipments	10 years
- Furniture and Fixtures	10 years
- Office Equipments	5 years
- Vehicles	8 - 10 years
- Supply Agreement	5 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 is being amortised over the lease period and Cost of improvement on leasehold building is being amortised over the lease period or useful life, whichever is shorter.

Based on assessment made by technical experts, the Management believes that the useful lives as given above best represent the period over which it expects to use these assets.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and changes, if any,

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

are accounted for prospectively. Depreciation on additions to or on disposal of assets is calculated on pro-rata basis i.e. from (up to) the date on which the property, plant and equipment is available for use (disposed of).

b) Intangible assets

i) Recognition and measurement

Intangible assets acquired separately

Intangible assets that are acquired by the Group are measured at cost, less accumulated amortisation and accumulated impairment losses, if any.

Internally generated intangible assets - Research and development

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

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

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

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

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

ii) Transition to Ind AS

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

iii) Amortisation

Amortisation is recognized in the income statement on a straight-line basis over the estimated useful lives of intangible assets or on any other basis that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity. Intangible assets

that are not available for use are amortized from the date they are available for use.

The estimated useful lives are as follows:

Software	6 years
Product development	5 years

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

c) Impairment of non-financial assets

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

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

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

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

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

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

d) Financial instruments

i) Initial recognition

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

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

ii) Subsequent measurement

i) Financial assets carried at amortised cost

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

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

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

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

iii) Financial assets at fair value through profit or loss

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

iv) Financial liabilities

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

iii) Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised

cost and FVOCI debt instruments. Except trade receivables, expected credit losses are measured at an amount equal to the 12-month Expected Credit Loss (ECL), unless there has been a significant increase in credit risk from initial recognition, in which case those are measured at lifetime ECL.

With regard to trade receivable, the Group applies the simplified approach (Refer Note No. 40(I)), which requires expected lifetime losses to be recognised from the initial recognition of the trade receivables.

iv) Derecognition

Financial Assets

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

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial Liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

v) Reclassification of Financial Assets and Financial Liabilities

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model.

vi) Derivative financial instruments

The Group is exposed to exchange rate risk which arises from its foreign exchange revenues. The Group uses foreign exchange forward contracts (derivative financial instruments), to hedge foreign currency risk associated with highly probable forecasted transactions and classifies them as cash flow hedges.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are taken directly to profit and loss, except for the effective portion of cash flow hedges, which

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

is recorded in the Group's hedging reserve as a component of equity through OCI and later reclassified to profit and loss when the hedge item affects profit and loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability. The ineffective portion of such cash flow hedges is recorded in the statement of profit and loss.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

The Group makes an assessment, on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk. For cash flow hedges to be "highly effective", a forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in other comprehensive income/ (loss), remains there until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income/ (loss) is recognized immediately in the statement of profit and loss.

vii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

e) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using other valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair values for measurement and/ or disclosure purposes are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1- This includes financial instruments measured using quoted prices.

Level 2- The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3- If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

f) Inventories

Inventories (including Stock-in-transit) of Finished Goods, Stock in Trade, Work in progress, Raw Materials, Packing Materials and Stores & Spares are stated at lower of cost and net realizable value. By-products are measured at estimated realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Cost of Raw Materials, Packing Materials, Stores and Spares, Stock in Trade and other products are determined on weighted average basis and are net of Cenvat/Goods and service tax credit.

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

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

g) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate

Notes to Consolidated Financial Statements

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that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

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

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

h) Revenue Recognition

i) Sale of goods

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

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

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

ii) Sale of services

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

iii) Export Incentives

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

iv) Interest Income

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

v) Dividends

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

i) Employee Benefits

i) Short term employee benefits

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

ii) Defined contribution plans in respect of entities incorporated in India

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

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

iii) Defined benefit plans

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

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

When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

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

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

iv) Other long-term employee benefits

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

The liability for long term compensated absences are provided based on actuarial valuation as at the Balance Sheet date, based on Projected Unit Credit Method, carried out by an actuary. In respect of entities incorporated outside India, the Group does not have any material employee benefit obligations.

j) Foreign currency transactions

Initial recognition:

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

Conversion:

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

Exchange difference:

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

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

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

k) Borrowing costs

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

l) Income tax

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

i) Current tax

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

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

- i) Has a legally enforceable right to set off the recognised amounts; and
- ii) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets

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and liabilities for financial reporting purposes and the corresponding tax bases used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences and tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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

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

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

Deferred tax assets and liabilities are offset only if:

- i) The entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

In respect of entities incorporated in India deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is probable evidence that the Group will pay normal income tax in future. Accordingly, MAT is recognised as deferred tax asset in the Balance Sheet when the asset can be

measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

m) Segment Reporting

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

The Management Advisory Committee of the Group has been identified as the CODM by the Group. Refer Note 35 for Segment disclosure.

n) Cash and cash equivalents

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

o) Cash flow statement

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

p) Leases

The Group leases various offices, warehouses, IT equipment and vehicles. Rental contracts are typically made for fixed periods of 6 months to 9 years but may have extension and termination options.

Until the 2019 financial year, leases of office & warehouses, IT equipment and vehicles leases were classified as either finance leases or operating leases. From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

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Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Till 31 Mar 2019:

At inception of an arrangement, it is determined whether the arrangement is or contains a lease, based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Group as lessee under finance lease

Assets held under finance lease are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between the finance expenses and the reduction of the lease obligation so as to achieve a

constant rate of interest on the remaining balance of the liability. The finance expenses are recognised in the statement of profit and loss.

Group as lessee under operating lease

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as an integral part of the total lease expense over the term of the lease.

As a lessor

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of this underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard

q) Share-based payment transactions

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

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

r) Earning per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to Equity Shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted Earning per Share, the net profit or loss for the period attributable to Equity Shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

s) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

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t) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The subsidiary companies considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	%voting power held as at March 31st, 2020 (March 31, 2019)
PILL Finance & Investment Limited	India	100% (100%)
PI Life Science Research Limited	India	100% (100%)
PI Japan Co. Ltd.	Japan	100% (100%)
Jivagro Ltd.	India	100% (Nil)
Isagro (Asia) Agrochemicals Pvt. Ltd.	India	100% (Nil)

Equity accounted investees

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost which

includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and OCI of equity accounted investees until the date on which significant influence or joint control ceases.

The joint venture and associate companies considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	%voting power held as at March 31st, 2020 (March 31, 2019)
PI Kumiai Private Limited	India	50% (50%)
Solinnos Agro Sciences Private Limited	India	49% (49%)

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Foreign operation

The assets and liabilities of foreign operations (subsidiaries, associates, joint arrangements, branches) including goodwill and fair value adjustments arising on acquisition, are translated into ₹, the functional currency of the Group, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into ₹ at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction. The resulting exchange difference arising on translations are recognised in OCI and accumulated in other Equity, except to the extent that they are allocated to Non Controlling Interest.

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4 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land	Freehold land	Leasehold improvement	Buildings	Plant and machinery	Furniture and fixtures	Office equipments	Vehicles	Total
Gross carrying amount									
As at beginning of April 01, 2018	201	7	1	2,921	8,589	133	99	2	11,953
Additions	152	45	0	643	1,895	28	22	31	2,816
Disposals/Adjustments	-	-	-	-	(34)	(1)	(0)	(0)	(35)
As at March 31, 2019	353	52	1	3,564	10,450	160	121	33	14,734
Addition relating to acquisition*	236	-	-	252	207	4	2	6	707
Lease - Right of Use	-	-	-	218	-	-	17	190	425
Addition - Right of Use	-	-	-	84	-	-	6	86	176
Additions of Right of Use relating to acquisition*	-	-	-	44	-	-	-	-	44
Additions	-	-	-	1,274	3,922	22	33	313	5,564
Disposals/Adjustments	-	-	-	-	(72)	-	-	(0)	(72)
As at March 31, 2020	589	52	1	5,436	14,507	186	179	628	21,578
Accumulated depreciation									
As at beginning of April 01, 2018	6	-	(0)	244	1,733	23	40	1	2,047
Depreciation charge during the year	3	-	0	123	747	15	19	3	910
Disposals	-	-	-	-	(13)	(1)	(0)	-	(14)
As at March 31, 2019	9	-	0	367	2,467	37	59	4	2,943
Depreciation charge during the year	5	-	0	149	916	18	23	35	1,146
Depreciation on Right of Use	-	-	-	87	-	-	10	87	184
Disposals/Adjustments	-	-	-	-	(33)	-	-	(0)	(33)
As at March 31, 2020	14	-	0	603	3,350	55	92	126	4,240
Net carrying amount									
As at March 31, 2019	344	52	1	3,197	7,983	123	62	29	11,791
As at March 31, 2020	575	52	1	4,833	11,157	131	87	502	17,338

* Fair value as on December 27, 2019

- Depreciation for the year includes depreciation amounting to ₹ 108 (March 31, 2019 ₹ 100) on assets used for Research & Development. During the year Group incurred ₹ 228 (March 31, 2019 ₹ 50) towards capital expenditure for Research & Development (Refer Note 28).
- Refer note 33 (a) for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- Refer note 42 for information on property, plant and equipment pledged as security by the Group.

Notes to Consolidated Financial Statements

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5. OTHER INTANGIBLE ASSETS

	Computer Software	Product Development	Supply Agreement	Total
Gross carrying amount				
As at beginning of April 01, 2018	105	10	-	115
Additions	15	-	-	15
As at March 31, 2019	120	10	-	130
Addition relating to acquisition (Refer note 44)*	3	-	324	327
Additions	34	19	-	53
As at March 31, 2020	157	29	324	510
Accumulated amortisation				
As at beginning of April 01, 2018	38	6	-	44
Amortisation charge during the year	18	2	-	20
As at March 31, 2019	56	8	-	64
Amortisation charge during the year	20	1	16	37
As at March 31, 2020	76	9	16	101
Net Carrying Amount				
As at March 31, 2019	64	2	-	66
As at March 31, 2020	81	20	308	409

* Fair value as on December 27, 2019

6. INTANGIBLE ASSETS UNDER DEVELOPMENT

	Intangible Assets under Development
As at beginning of April 01, 2018	208
Additions	76
As at March 31, 2019	284
Additions	87
Disposal/Adjustments	(16)
Amount recognised under Intangible assets	(19)
As at March 31, 2020	336

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

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7. FINANCIAL ASSETS

7(a) NON-CURRENT INVESTMENTS

	Investment in equity instruments (fully paid up)	As at March 31, 2020			As at March 31, 2019		
		Face value (in ₹)	No. of Shares	Amount	Face value (in ₹)	No. of Shares	Amount
1) Quoted at FVTPL							
a) United Credit Limited		10	700	0	10	700	0
b) Summit Securities		10	12	0	10	12	0
c) Akzo Nobel India Limited		10	50	0	10	50	0
d) BASF India Limited		10	976	1	10	976	1
e) Sudershan Chemical Industries Limited		1	900	0	1	900	0
f) Rallis India Limited		1	2,070	1	1	2,070	1
g) Bayers Crop Science Limited		10	66	0	10	66	0
h) Punjab Chemicals & Crop Protection Limited		10	248	0	10	248	0
i) Pfizer Limited (Erstwhile Wyeth Limited)		10	29	0	10	29	0
j) Sanofi India Limited		10	100	1	10	100	1
k) L.M.L.Limited		10	150	0	10	150	0
l) United Sprit Limited		10	940	1	10	940	1
m) RPG Life Sciences Limited		10	360	0	10	360	0
n) Voltas Limited		1	100	0	1	100	0
o) ICICI Bank Limited		2	2,530	1	2	2,530	1
				5			5
2) Unquoted							
a) Sygenta India Limited		10	160	0	10	160	0
b) Ciba CKD Biochem Limited		10	100	0	10	100	0
c) Collabo Tech Inc.(in JPY)		2,91,545	343	65	2,91,545	343	65
Less: Provision for diminution in value of investment				(0)			(0)
				65			65
TOTAL				70			70
Aggregate amount of quoted investments and market value thereof				5			5
Aggregate amount of un-quoted investments				65			65
Aggregate amount of impairment in the value of investments				(0)			(0)

7(b) CURRENT INVESTMENTS

	As at March 31, 2020	As at March 31, 2019
Investment in mutual funds at FVTPL		
Quoted		
a) SBI Short Term Debt Fund - Direct Plan - Growth 2,52,39,905 (March 31, 2019 : Nil) Units	609	-
b) SBI Short Term Debt Fund - Direct Plan - Growth Fund 2,30,197 (March 31, 2019 : Nil) Units	716	-
c) Reliance Liquid Fund - Direct Plan Growth Plan - Growth Option Nil (March 31, 2019 : 48,256) Units	-	220
d) Aditya Birla Sun Life Liquid Fund-Growth-Direct Plan Nil (March 31, 2019 : 6,53,069) Units	-	196
e) HDFC Liquid Fund-Regular Plan-Growth Nil (March 31, 2019 : 70,151) Units	-	257
f) SBI Liquid Fund Direct Growth Nil (March 31, 2019 : 1,52,342) Units	-	446
	1,325	1,119
Quoted TOTAL	1,325	1,119
Aggregate amount of quoted investments and market value thereof	1,325	1,119
Aggregate amount of impairment in the value of investments	-	-

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7(c) LOANS

	Non- Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good unless stated otherwise				
Security deposits	61	41	29	7
Loans and advances to related parties (Refer Note 36)	-	-	-	3
Other loans and advances				
Employee advances				
Considered good	-	-	7	5
Doubtful	-	-	3	2
Less: Allowance for doubtful employee advances	-	-	(3)	(2)
Other miscellaneous advances*	-	-	47	48
TOTAL	61	41	83	63

* Includes amount due from Related Parties amounting to ₹ 11 (March 31, 2019 ₹ 6).

Break up of security details

	As at March 31, 2020	As at March 31, 2019
Loans considered good- Secured	-	-
Loans considered good- Unsecured	147	106
Loans which have significant increase in credit risk	-	-
Loans- credit impaired	-	-
	147	106
Less: loss allowance	(3)	(2)
TOTAL	144	104

7(d) TRADE RECEIVABLES

	As at March 31, 2020	As at March 31, 2019
Trade receivables	6,923	6,939
Receivables from related parties	58	-
Less: Allowance for doubtful debts	(516)	(321)
TOTAL	6,465	6,618
Current portion	6,465	6,618
Non-current portion	-	-

Break up of security details

	As at March 31, 2020	As at March 31, 2019
Trade receivables considered good- Secured	-	-
Trade receivables considered good- Unsecured	6,981	6,939
Trade receivables which have significant increase in credit risk	-	-
Trade receivables- credit impaired	-	-
	6,981	6,939
Less: Allowance for doubtful debts	(516)	(321)
TOTAL	6,465	6,618

Refer note 42 for information on trade receivables pledged as security by the Group.

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7(e) CASH AND CASH EQUIVALENTS

	As at March 31, 2020	As at March 31, 2019
i. Cash & Cash Equivalents		
Balance with banks		
In Current Accounts	563	90
In EEFC account	37	60
Cash on hand	0	1
Deposits with maturity of less than 3 months	644	463
TOTAL	1,244	614

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

	As at March 31, 2020	As at March 31, 2019
In deposit accounts held as margin money	20	31
Fixed deposits with bank	71	240
In unclaimed dividend accounts *	7	7
TOTAL	98	278

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

7(g) OTHERS FINANCIAL ASSETS

	Non- Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
<i>Considered good unless stated otherwise</i>				
Interest and other charges recoverable from customers				
- Considered good	-	-	86	94
- Doubtful	-	-	120	121
Less: Allowance for doubtful debts	-	-	(120)	(121)
Deposits lodged with Excise & Sales Tax department	30	28	-	-
Deposit accounts held as margin money	52	31	-	40
Insurance Claims Recoverable	-	-	105	-
Other recoverable	-	-	122	-
Derivative financial instruments - foreign exchange forward contracts	-	90	-	120
TOTAL	82	149	313	254

7(h) CONTRACT ASSETS

	Non- Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Contract assets*	-	-	1,022	520
TOTAL	-	-	1,022	520

* Recoverable from customers under contract for supply of goods manufactured exclusively for customers (Refer note 3(h)).

8. INVENTORIES

	As at March 31, 2020	As at March 31, 2019
Raw materials {includes stock-in-transit ₹ 733 (March 31, 2019 : ₹ 1048)}	5,381	3,504
Work in progress	366	595
Finished goods {includes stock-in-transit ₹ 103 (March 31, 2019 : ₹ 183)}	1,313	735
Stock in trade {includes stock-in-transit ₹ Nil (March 31, 2019 : Nil)}	466	292
Stores & spares {includes stock-in-transit ₹ 1 (March 31, 2019 : ₹ 6)}	463	231
TOTAL*	7,989	5,357

* The cost of inventories recognised as an expense on account of provision of obsolete/ slow and non moving inventories amounting to ₹ 52 (March 31, 2019: ₹ 68)

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9. INVESTMENTS IN ASSOCIATE AND JOINT VENTURE

	As at March 31, 2020	As at March 31, 2019
Investment in Unquoted Equity Instruments*		
Solinnos Agro Sciences Private Limited (Associate)**	6	6
PI Kumiai Private Limited (Joint Venture)***	103	96
	109	102

* Unlisted entity - no quoted price available

** The Group has a 49% interest in Solinnos Agro Sciences Private Limited, which is involved in the business of all types of agri Inputs. The Group's interest in Solinnos Agro Sciences Private Limited is at carrying amount determined using the equity method of accounting. The country of business is India.

*** The Group has a 50% interest in PI Kumiai Private Limited, which is involved in the business of are manufacturing and trading of Agri Science Products. The Group's interest in PI Kumiai Private Limited is at carrying amount determined using the equity method of accounting. The country of business is India.

The Group has interest in Solinnos Agro Sciences Private Limited and PI Kumiai Private Limited that are accounted for using equity method and are individually immaterial to the Group. Refer table below for details: -

	As at March 31, 2020	As at March 31, 2019
Aggregate carrying amount of individually immaterial associate and joint venture	109	102
Aggregate amounts of the group's share of:		
Profit/(loss) from continuing operations	8	0
Post-tax profit or loss from discontinued operations	-	-
Other comprehensive income	-	-
Total comprehensive income	8	0

10. OTHER ASSETS

	Non- Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Considered good unless stated otherwise				
Capital advances				
Considered good	301	383	-	-
Doubtful	1	1	-	-
Less: Allowance for doubtful advances	(1)	(1)	-	-
Advances to vendors				
Considered good	-	-	347	627
Doubtful	-	-	43	11
Less: Allowance for doubtful advances	-	-	(43)	(11)
Balance with Central Excise Authorities, Customs etc.	-	-	413	93
Prepayments	6	9	84	40
Other statutory advances	50	0	288	660
Export incentive receivables	-	-	364	559
Right to recover returned goods	-	-	52	107
Other miscellaneous advances*	54	59	-	-
TOTAL	411	451	1,548	2,086

* Other miscellaneous advances includes amount of ₹ 71 (March 31, 2019 ₹ 55) deposited with Sales Tax Authorities under protest.

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FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

11. CURRENT TAX ASSETS

	As at March 31, 2020	As at March 31, 2019
Advance income tax (Net of provision for income tax ₹ 8,257 {March 31, 2019 ₹ 7,231})	146	-
TOTAL	146	-

12. EQUITY SHARE CAPITAL

	As at March 31, 2020	As at March 31, 2019
Authorised Shares		
72,30,00,000 (March 31, 2019 : 22,30,00,000)	723	223
Equity Shares of ₹ 1 each (March 31, 2019 : ₹ 1 each)		
Nil (March 31, 2019 : 50,00,000)	-	500
Preference Shares of ₹ 100 each (March 31, 2019 : ₹ 100 each)		
	723	723
Issued Shares		
13,82,84,568 (March 31, 2019 : 13,82,07,226)	138	138
Equity Shares of ₹ 1 each (March 31, 2019 : ₹ 1 each)		
	138	138
Subscribed & Fully Paid up Shares		
13,81,07,993 (March 31, 2019 : 13,80,30,651)	138	138
Equity Shares of ₹ 1 each (March 31, 2019 : ₹ 1 each)		
Total subscribed and fully paid up share capital	138	138

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

b. Terms/ rights attached to Equity Shares

The Company has only one class of Equity Shares having a par value of ₹ 1 per share (March 31, 2019 ₹ 1 per share). Each holder of Equity Shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except interim dividend. In the event of liquidation, the Equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c. Own shares held by ESOP Trust

In the earlier years, PII ESOP Trust was set up to administer the employee stock option plan. During the current year PII ESOP Trust has been consolidated. Refer table below for movement of shares on account of consolidation: -

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	No of Shares	Amount	No of Shares	Amount
Opening balance	2,31,200	0	2,71,558	0
Adjustment on consolidation of ESOP Trust during the year	77,342	0	1,23,333	0
Exercised during the year	1,59,685	0	1,63,691	0
Closing balance	1,48,857	0	2,31,200	0

d. Issue of Shares under employee stock option (ESOP) Scheme

During the year ended March 31, 2020, the Company has issued 77,342 equity shares of ₹ 1 each (March 31, 2019 123,333 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 159,685 equity shares of face value of ₹ 1 each (March 31, 2019 163,691 equity shares of face value of ₹ 1 each) have been allocated by the Trust during the year to respective employees upon exercise of Stock Option. As on March 31, 2020, 131,036 equity shares of face value of ₹ 1 per share (March 31, 2019 231,200 of face value of ₹ 1 each) are pending to be allocated to employees upon exercise of Stock Option. (Refer Note 32)

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

e. Reconciliation of shares outstanding at the beginning and at the end of the reporting period
Issued share capital
Equity Shares

Particulars	Equity Share (No. of Shares)		Value of Equity Shares	
	2019-20	2018-19	2019-20	2018-19
Share outstanding at beginning of period	13,82,07,226	13,80,83,893	138	138
Shares issued under employee stock option scheme	77,342	1,23,333	0	0
Share outstanding at end of period	13,82,84,568	13,82,07,226	138	138

Subscribed & paid up
Equity Shares

Particulars	Equity Share (No. of Shares)		Value of Equity Shares	
	2019-20	2018-19	2019-20	2018-19
Share outstanding at beginning of period	13,80,30,651	13,79,07,318	138	138
Shares issued under employee stock option plan	77,342	1,23,333	0	0
Share outstanding at end of period	13,81,07,993	13,80,30,651	138	138

f. Shares reserved for issue under option

Shares reserved for issue under employee stock option scheme is set out in Note 32

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

Name of Shareholders	2019-20		2018-19	
	No of Shares	% of Holding	No of Shares	% of Holding
Mr. Salil Singhal	85,54,857	6.20	85,54,857	6.20
Ms. Madhu Singhal	2,15,60,500	15.62	2,15,60,500	15.62
Mr. Mayank Singhal	3,20,28,510	23.20	3,20,28,510	23.20
Ms. Pooja Singhal	86,65,550	6.28	86,65,550	6.28
ICICI Prudential Value Discovery Fund	-	-	60,73,466	4.40

13. OTHER EQUITY

	As at March 31, 2020		As at March 31, 2019	
Reserves & surplus				
a. Capital reserve				
Balance at the beginning of the financial year	15		15	
Addition during the financial year	-	15	-	15
<i>Capital Reserve pertains to amount transferred from capital redemption reserve which was created for redemption of preference share.</i>				
b. Capital redemption reserve				
Balance at the beginning of the financial year	4		4	
Addition during the Financial year	-	4	-	4
Deduction during the financial year				
c. Securities premium reserve				
Balance at the beginning of the financial year	2,055		1,984	
Addition during the Financial year	-		-	
Add: Premium on issue of equity shares through ESOP	80		116	
Add: Exercise of share options	80		29	
Less: Own shares held by ESOP Trust	(53)	2,162	(74)	2,055
<i>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.</i>				

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

	As at March 31, 2020		As at March 31, 2019	
d. Share option outstanding account				
Balance at the beginning of the financial year	73		102	
Less: Expense on employee stock option scheme	(4)		13	
Less: Shares issued under employee stock option scheme	(27)	42	(42)	73
<i>The share options outstanding account is used to recognise the liability arising out of options issued to employees under Employee stock option scheme until the shares are issued (Refer Note 32).</i>				
e. General reserve				
Balance at the beginning of the financial year	1,857		1,857	
Add: Transferred during the financial year	-	1,857	-	1,857
f. Surplus in statement of profit & loss				
Balance at the beginning of the financial year	18,583		15,097	
Addition during the financial year	4,566		4,102	
Add: Change in accounting policy- Adjustment of Ind AS 115	-		216	
Add: Remeasurement gain / (loss) on defined benefit plans through OCI	(11)		(1)	
Less: Interim dividend	(414)		(345)	
Less: Final dividend	(207)		(344)	
Less: Dividend distribution tax on equity shares	(128)	22,389	(142)	18,583
g. Own shares held by ESOP Trust				
Balance at the beginning and end of the financial year	(0)		(0)	
Add: Adjustment on consolidation of ESOP Trust during the year	(0)		(0)	
Less: Exercise of share options	0	0	0	(0)
Items of other comprehensive income				
h. Cash flow hedge reserve				
Balance at the beginning of the financial year	127		49	
Add: Other comprehensive income for the financial year	(547)	(420)	78	127
<i>The company uses hedging instruments as part of its management of foreign currency risk associated with its highly probable forecast sale. For hedging foreign currency risk, the company uses foreign currency forward contracts which is designated as cash flow hedges. To the extent these hedges are effective; the change in fair value of the hedging instrument is recognised in the cash flow hedging reserve. Amounts recognised in the cash flow hedging reserve is reclassified to profit or loss when the hedged item (sales) affects profit or loss.</i>				
i. Foreign currency translation reserve				
Balance at the beginning and end of the financial year	2		2	
Other comprehensive income for the year	2	4	0	2
Total		26,053		22,716

14. DISTRIBUTION MADE AND PROPOSED

	As at March 31, 2020		As at March 31, 2019	
A. Dividends declared and paid:				
Final dividend (March 31, 2020 pertains to financial year 2018-19 and March 31, 2019 pertains to financial year 2017-18)		207		344
Interim dividend (March 31, 2020 pertains to financial year 2019-20 and March 31, 2019 pertains to financial year 2018-19)		414		345
Total dividends		621		689
The Company has paid tax on dividend amounting to ₹ 127 (March 31, 2019 ₹ 142)				
B. Dividends not recognised at the end of the reporting period				
In addition to the above dividends, subsequent to the year end the Board of Directors have recommended a final dividend of ₹ 1.00 per fully paid equity share (March 31, 2019 ₹ 1.50).		138		207
Tax on dividend		-		42
This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.				

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

15. FINANCIAL LIABILITIES

15(a) BORROWINGS (NON-CURRENT)

	Non- Current maturities		Current maturities	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Secured				
Term Loans - From Banks				
Foreign Currency Loans from Banks at amortised cost	2,254	99	109	395
Rupee Term Loan at amortised cost	1,740	-	-	-
Less: Interest accrued but not due on borrowings (included in Note 15(d))	-	-	12	2
TOTAL	3,994	99	97	393

a. Foreign currency loans includes:

- External commercial borrowings (ECB) from HSBC Bank, Mauritius amounting to USD 1.42 MN carrying interest rate of 3 months LIBOR plus 1.10% is outstanding as on March 31, 2020 and is repayable in balance 1 (one) quarterly instalments of USD 1.42 Mn. The maturity date of the loan is May 25, 2020. The loan is secured by exclusive charge on movable plant and machinery & building relating to multi purpose plant (MPP) - 6 & 7 of the Company situated at SPM 28, Jambusar (Gujarat). The loan was taken for the purpose of capital expenditure for two multi purpose plant designated as MPP 10 and MPP 11 at sterling Multi Product SEZ in Jambusar, District, Gujarat. (refer note 42)
- External commercial borrowings (ECB) from HSBC Bank, Singapore amounting to USD 30.0 MN (drawn) carrying interest rate of 3 months LIBOR plus 1.25% is outstanding as on March 31, 2020. In addition, an amount of USD 28 MN is approved from HSBC Bank, Singapore, which is pending to be drawn. The borrowing from HSBC Bank, Singapore are repayable in 14 (fourteen) equal quarterly instalments of USD 4.14 MN each. The maturity date of the loan is October 10, 2024. The loan is secured by exclusive charge on movable plant and machinery and building relating to under construction multi purpose plant (MPP) - 10 & 11 of the Company situated at SPM 29/2, Jambusar (Gujarat). The loan was taken for the purpose of capital expenditure for two multi purpose plant designated as MPP 10 and MPP 11 at sterling Multi Product SEZ in Jambusar, District, Gujarat. (refer note 42)
- Rupee Term Loan from Citicorp Finance (India) Limited ("CFIL") amounting to ₹ 1,740 carrying interest rate of 8% is outstanding as on March 31, 2020. The borrowings from CFIL are repayable in 8 (eight) equal quarterly installment. The maturity date of the loan is December 31, 2022. The loan is secured by exclusive charge on moveable fixed assets of multi purpose plant (MPP) 8 and under construction Multi purpose plant (MPP) 9 of the Company situated at SPM 29/2, Jambusar (Gujarat). The purpose of Loan is reimbursement of capital expenditure at various manufacturing facility in FY 2019 and H1 FY 2020. (refer note 42)

b. As on the Balance sheet date there is no default in repayment of loans and interest.

c. Changes in liabilities arising from financing activities

	As at March 31, 2020	As at March 31, 2019
This section sets out changes in liabilities arising from financing activities pursuant to requirements under Ind AS 7		
Current portion of long term financial borrowings	(97)	(393)
Non-current portion of long term financial borrowings	(3,994)	(99)
Interest accrued but not due on borrowings	(12)	(2)
TOTAL	(4,103)	(494)
Balance as at the beginning of the year	(494)	(836)
Foreign exchange adjustments	(154)	(56)
Interest expense	(60)	(29)
Interest paid	50	30
Amortisation of Prepaid Processing Charges on Term Loan	34	(2)
Loan taken	(3,886)	-
Re-payments	407	399
Balance as at the end of the year	(4,103)	(494)

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

d. Loan covenants

Under the terms of the major borrowing facilities, the group is required to comply with the following financial covenants :

- the Debt service coverage ratio (DSCR) must be higher than 2. [DSCR = (PAT + Depreciation + Interest expenses + Deferred tax + Amortization)/ (Interest paid (including interest capitalized) + Finance charges paid + Long term and short term debt repayments excluding working capital)]
- Fixed assets coverage ratio (FACR) must be higher than 1.25 [Fixed assets coverage ratio = (Hypothecated Movable Fixed Assets (net book value) + Immovable assets mortgaged (book value))/ (secured loan outstanding)]
- External Debt/EBIDTA to be maintained below 2.5. [Total debt or borrowings/ EBIDTA]
- External gearing to be maintained below 2.[Total debt or borrowings /Tangible net worth]

The group complied with these ratios throughout the reporting period. As at March 31, 2020 Debt service coverage ratio was 10.95 (March 31, 2019 15.03), Fixed assets coverage ratio was 3.52 (March 31, 2019 16.64), External Debt/EBIDTA was 0.66 (March 31, 2019 0.08) and external gearing ratio was 0.21 (March 31, 2019 0.02) .

15(b) BORROWINGS (CURRENT)

	As at March 31, 2020	As at March 31, 2019
Secured		
Working Capital- From Banks		
Working Capital Loan	950	-
Buyer's Credit	133	-
TOTAL	1,083	-

a Short term loan:

Working capital loans amounting to INR 950 Mn carrying interest rate of 7.90% to 8.10% is outstanding as on March 31, 2020, maturing within three months from the balance sheet date. The loan is secured by floating charge on all current assets. The purpose of the loan is to meet working capital requirements of the Company.

b. Changes in liabilities arising from financing activities

	As at March 31, 2020	As at March 31, 2019
Changes in liabilities arising from financing activities		
Balance as at the beginning of the year	-	-
Interest expense	43	-
Interest paid	(43)	-
Amortisation of Prepaid Processing Charges	-	-
Borrowings (Net)	1,083	-
Balance as at the end of the year	1,083	-

15(c) TRADE PAYABLES

	As at March 31, 2020	As at March 31, 2019
Trade payables		
-Due to micro and small enterprises (Refer Note 37)	83	48
-Other trade payables	5,826	5,082
TOTAL	5,909	5,130

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

15(d) OTHER FINANCIAL LIABILITIES

	Non- Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Employee payables*	-	-	642	523
Security deposits from dealers	255	189	-	-
Security deposits from contractors	1	1	2	3
Current maturities of long-term borrowings (Refer Note 15 (a))	-	-	97	393
Interest accrued but not due on borrowings	-	-	12	2
Unclaimed dividends	-	-	7	7
Creditors for capital purchases	-	-	502	371
Deferred Lease Liabilities	318	-	187	-
Other payable **	-	-	1,013	1,120
Derivative financial instruments - foreign exchange forward contracts	258	-	508	-
TOTAL	832	190	2,970	2,419

a. Changes in liabilities arising from financing activities- Deferred lease liabilities :-

	As at March 31, 2020	As at March 31, 2019
Balance as at the beginning of the year	412	-
Interest expense	47	-
Addition- lease liabilities	261	-
Lease rental paid	(215)	-
Balance as at the end of the year	505	-

* This includes due to directors amounting to ₹ 99 (March 31, 2019 ₹ 93)

** This includes due to non-executive/ independent directors amounting to ₹ 13 (March 31, 2019 : ₹ 17)

16. PROVISIONS

	Non- Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits*				
Long term compensated absences	-	111	157	8
Gratuity (Refer Note no. 30)	124	179	7	-
	124	290	164	8
Provisions for legal claims	-	-	260	118
	-	-	260	118
TOTAL	124	290	424	126

* This includes due to directors amounting to ₹ 68 (March 31, 2019 ₹ 48)

(i) Long term compensated absences

The long term compensated absences cover the company's liability for earned leave which are classified as other long-term benefits.

The entire amount of provision of ₹ 157 is presented as current, since the company does not have an unconditional right to defer settlement for any of these obligations. However based on past experience, the company does not expect all employees to avail the full amount of accrued leave or require payment for such leave within next 12 months.

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

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	As at March 31, 2020	As at March 31, 2019
Leave obligations not expected to be settled within the next 12 months	157	-

(i) Information about provisions for legal claims

- (a) An objection was raised by the custom department on classification of one of the imported raw materials resulting in demand of differential custom duty. The Company filed an appeal against the order and is clearing the goods after furnishing of bank guarantee for differential duty against each import of such raw material. As on March 31, 2020 total differential custom duty demand is ₹ 128 (March 31, 2019 ₹ 114). Case is pending before Assistant Commissioner of Customs, Mumbai.
- (b) Government of Rajasthan issued a notification resulting into an excise liability of ₹ 4 (March 31, 2019: ₹ 4). The Company has filed writ against the notification and has furnished fixed deposit against the said liability. The case is pending before Honorable Rajasthan High Court.
- (c) An objection was raised by the custom department on classification of one of the raw materials siapton resulting in demand of differential excise duty. The Company filed an appeal against the order and has given fixed deposit amounting to ₹ 21 under lein against the said liability. As on March 31, 2020 total differential excise duty demand is ₹ 128 (March 31, 2019 ₹ Nil).

(ii) Movement in other provisions

	Legal claims
As at 1 April 2018	101
Provisions made during the year	17
As at 31 March 2019	118
Provisions made during the year	14
Additions relating to acquisition (refer note 44)	128
As at March 31, 2020	260

17. DEFERRED TAX (ASSETS) / LIABILITIES

The balance comprises temporary differences attributable to:	As at March 31, 2020	As at March 31, 2019
Deferred tax liabilities		
Property, plant and equipment	1,507	1,093
Intangible assets	14	14
A	1,521	1,107
Deferred tax assets		
Provision for employee benefits	(58)	(42)
Other provisions	(64)	(17)
Other financial liabilities	(7)	(8)
Trade receivables	(169)	(155)
Other comprehensive income items		
- Remeasurements on defined benefit plans	(25)	(17)
- Effective portion on cash flow hedges	(236)	58
- Exchange difference on translation of foreign operations	1	1
Others	(71)	(5)
Minimum alternate tax (MAT) credit entitlement	(790)	(1,063)
B	(1,419)	(1,248)
Net deferred tax (assets)/ liabilities	TOTAL 102	(141)

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

Movement in deferred tax:	As at March 31, 2019	On account of acquisition*	Recognized in P&L	Recognized in OCI	Utilisation	As at March 31, 2020
Deferred tax liabilities						
Property, plant and equipment	1,093	37	377	-	-	1,507
Intangible assets	14	-	(0)	-	-	14
Sub- Total (a)	1,107	37	377	-	-	1,521
Deferred tax assets						
Provision for employee benefits	42	8	9	(1)	-	58
Other provisions	17	-	47	-	-	64
Other financial liabilities	8	-	(1)	-	-	7
Trade receivables	155	38	(24)	-	-	169
Other comprehensive income items						
- Remeasurements on defined benefit plans	17	-	-	8	-	25
- Effective portion on cash flow hedges	(58)	-	-	294	-	236
- Exchange difference on translation of foreign operations	(1)	-	-	-	-	(1)
Others	5	33	33	-	-	71
Minimum alternate tax (MAT) credit entitlement	1,063	-	-	-	(273)	790
Sub- Total (b)	1,248	79	64	301	(273)	1,419
Net deferred tax liability (a)-(b)	(141)	(42)	313	(301)	273	102

* Acquired on December 27, 2019 (Refer note 44)

Movement in deferred tax:	As at March 31, 2018	Recognized in P&L	Recognized in OCI	Other Adjustments*	As at March 31, 2019
Deferred tax liabilities					
Property, plant and equipment	1,033	60	-	-	1,093
Intangible assets	16	(2)	-	-	14
Sub- Total (a)	1,049	58	-	-	1,107
Deferred tax assets					
Provision for employee benefits	89	(47)	-	-	42
Other provisions	-	17	-	-	17
Other financial liabilities	5	3	-	-	8
Trade receivables	67	88	-	-	155
Other financial assets	28	(28)	-	-	-
Others	15	(10)	-	-	5
Other comprehensive income items					
- Remeasurements on defined benefit plans	16	-	1	-	17
- Effective portion on cash flow hedges	(16)	-	(42)	-	(58)
- Exchange difference on translation of foreign operations	(1)	-	-	-	(1)
Minimum alternate tax (MAT) credit entitlement	1,113	(66)	-	16	1,063
Sub- Total (b)	1,316	(43)	(41)	16	1,248
Net deferred tax liability (a)-(b)	(267)	101	41	(16)	(141)

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

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

18. OTHER LIABILITIES

	Non- Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Advance from customers	-	-	363	125
Refund/ Return liabilities	-	-	95	208
Statutory dues payable	-	-	117	102
TOTAL	-	-	575	435

The group has a customary practice of accepting return and accordingly, the group has recognised a refund liability for the amount of consideration received for which the group does not expect to be entitled amounting to ₹ 95 (March 31, 2019: ₹ 208). The group has also recognised a right to recover the returned goods ₹ 52 (March 31, 2019: ₹ 107). The costs to recover the products are not material because the customers usually return the product in a saleable condition.

19. CURRENT TAX LIABILITIES

	As at March 31, 2020	As at March 31, 2019
Provision for Income Tax (Net of Advance Income Tax ₹ 8,310 {March 31, 2019 ₹ 7,226})	44	5
TOTAL	44	5

20. REVENUE FROM OPERATIONS

	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations includes		
a) Sale of products (including excise duty)	33,054	27,918
b) Sale of services;	12	2
c) Other operating revenues:		
Scrap sales	17	18
Export incentives	582	471
Revenue From Operations (Net)	33,665	28,409
Reconciliation of revenue recognised with the contract price:		
Contract Price	34,851	29,886
Adjustments for:		
Refund liabilities	(95)	(208)
Discount/Incentives	(1,702)	(1,760)
Revenue from Operations	33,054	27,918

Critical judgements in revenue :

The group has recognised Provision for discounts and sales returns amounting to ₹ 479 from sale of products to various customers during the year ended March 31, 2020 (March 31, 2019 ₹ 474). The provision has been determined by the management based on the current and expected operating environment, Sales returns variability, expected achievement of targets against various ongoing schemes floated.

Notes to Consolidated Financial Statements

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21. OTHER INCOME

	Year ended March 31, 2020	Year ended March 31, 2019
Interest Income from financial assets at amortised cost	175	194
Unwinding of discount on security deposits	3	10
Net gain/ loss on sale of Plant, property and equipment ;	9	-
Net gain on financial assets measured at fair value through profit or loss	-	-
-Realised Gain	13	198
-Unrealised Gain/ (Loss)	-	(89)
Net foreign exchange differences *	264	240
Dividend Income	0	0
Miscellaneous Income	25	42
TOTAL	489	595

* Net of amount of loss ₹ 149 (March 31, 2019 ₹ 55) which has been transferred to Capital work in progress during the year.

22. EMPLOYEE BENEFIT EXPENSE

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	2,859	2,372
Contribution to provident & other funds	116	96
Gratuity (Refer Note 30)	53	38
Long term compensated absences	46	25
Employees Welfare Expenses	139	103
Expense/(Reversal) on Employee Stock Option Scheme (Refer Note 32)	(4)	13
TOTAL*	3,209	2,647

* Net of amount of ₹ 494 (March 31, 2019 ₹ 169) which has been transferred to Capital work in progress during the year.

23. OTHER EXPENSES

	Year ended March 31, 2020	Year ended March 31, 2019
Power, Fuel & Water	1,094	912
Consumption of stores & spares	353	251
Repairs & Maintenance		
- Buildings	46	60
- Plant and machinery	249	216
- Others	178	129
Environment & Pollution Control expenses	480	454
Laboratory & Testing Charges	248	214
Freight & Cartage	314	406
Advertisement & Sales Promotion	444	372
Travelling and conveyance	393	431
Rental charges {Refer note 33 (c)}	81	159
Rates and taxes	2	45
Insurance	114	42
Donation	8	59
Loss on Sale/Retirement of property, plant and equipment (Net)	-	13
Payment to auditors {Refer note 23 (a) below}	5	5
Telephone and communication charges	47	46
Provision for Bad and Doubtful debts & Advances	75	179
Director sitting fees and commission	15	19
Legal & professional fees	310	218
Bank charges	20	21
Corporate social responsibility expenditure {Refer note 24 below}	104	93
Miscellaneous Expenses	224	152
TOTAL*	4,804	4,496

Notes to Consolidated Financial Statements

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(All amount in ₹ million, unless otherwise stated)

a. Auditors' Remuneration	Year ended March 31, 2020	Year ended March 31, 2019
-Audit Fees	3	3
- Limited Review Fees	1	1
-Certificates & other matters	1	1
-Reimbursement of expenses	0	0
TOTAL	5	5

* Net of amount of ₹ 134 (March 31, 2019 ₹ 55) which has been transferred to Capital work in progress during the year.

24. CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

	Year ended March 31, 2020	Year ended March 31, 2019
Contribution to PI Foundation Trust for CSR activities	104	93
Amount required to be spent by the Company during the year as per Section 135 of the Act	104	93
Amount spent during the year on :		
(i) Construction/acquisition of an asset	-	-
(ii) On purpose other than (i) above	104	93

25. DEPRECIATION AND AMORTIZATION EXPENSES

	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation of Property, Plant and Equipment (Refer Note 4)	1,330	910
Amortization of Intangible Assets (Refer Note 5)	37	20
TOTAL	1,367	930

26. FINANCE COST

	Year ended March 31, 2020	Year ended March 31, 2019
Interest on financial liabilities measured at amortised cost	140	47
Less: transferred to CWIP	(19)	-
Interest and finance charges on lease liability	47	-
Other borrowing costs	2	3
TOTAL	170	50

27. INCOME TAX EXPENSE

a) Income tax expense recognized in Profit and Loss

	Year ended March 31, 2020	Year ended March 31, 2019
Current tax expense		
Current tax on profits for the year	1,246	1,192
Adjustment of current tax for prior year periods	13	(16)
Total Current tax expense	1,259	1,176
Deferred tax expense		
(Decrease) / Increase in Deferred tax liability	377	58
Decrease / (Increase) in Deferred tax assets	(64)	43
Net Deferred tax expense	313	101
Total Income tax expense	1,572	1,277

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FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

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

	Year ended March 31, 2020	Year ended March 31, 2019
Remeasurement of defined benefit plans	(8)	(1)
Effective portion on cash flow hedges	(294)	42
Exchange difference on translation of foreign operation	1	0
Income tax charged to Other comprehensive income	(301)	41

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

	Year ended March 31, 2020	Year ended March 31, 2019
Accounting profit before tax	6,138	5,379
Tax at India's statutory income tax rate @ 34.944% (March 31, 2019: 34.944%)	2,145	1,880
Adjustment in respect of current income tax of previous years	13	(16)
Adjustment in respect of interest under 234A/B/C of Income Tax Act	-	-
Effect of concessions (expenditure on research and development)	(156)	(121)
Effect of income that is exempt from taxation (operations in tax free zone)	(426)	(486)
Difference in overseas tax rate	(0)	(0)
Effect of lower income tax rate	(16)	1
Effect of change in tax rate	-	8
Effect of amounts which are not deductible in calculating taxable income	12	11
Income Tax Expense	1,572	1,277

d) Unrecognized temporary differences

	Year ended March 31, 2020	Year ended March 31, 2019
Temporary difference relating to investments in subsidiaries for which deferred tax liabilities have not been recognised:		
Undistributed earnings	2,607	222
Unrecognised deferred tax liabilities relating to the above temporary differences @ 34.944% (March 31, 2019: 34.944%)	911	78

Certain subsidiaries of the Group have undistributed earnings which, if paid out as dividends, would be subject to tax in the hands of the recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised as the Group is able to control the timing of distributions from the subsidiaries. These subsidiaries are not expected to distribute these profits in foreseeable future.

28. RESEARCH & DEVELOPMENT EXPENSES

Details of Expenditure on Research & Development Facilities/ division of the group recognised by Department of Scientific & Industrial Research including new facility for which application has been made during the year.

a) Revenue Expenditure

	Year ended March 31, 2020	Year ended March 31, 2019
Other Income	0	0
TOTAL	0	0
Employee Benefit Expenses		
Salaries, Wages & Bonus	374	290
Contributions to Provident & other funds	26	20

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FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

	Year ended March 31, 2020	Year ended March 31, 2019
Employee Welfare Expenses	8	7
	408	317
Raw & Packing Materials Consumed	115	109
Other Expenses		
Laboratory & testing Material	71	58
Power, Fuel & Water	51	40
Consumption of stores & spares	47	65
Testing & analysis	26	13
Travelling & conveyance	21	17
Rates and taxes	0	0
Printing & Stationery	1	0
Bank Charges	0	0
Legal & professional fees	31	33
Miscellaneous Expenses	41	36
	289	262
Depreciation		
Depreciation	108	100
TOTAL	920	788
Total Expenditure	920	788

b) Capital Expenditure

Description	Year ended March 31, 2020	Year ended March 31, 2019
Buildings	55	0
Equipments & Others	174	50
TOTAL	229	50

29. EARNING PER SHARE (EPS)

	Year ended March 31, 2020	Year ended March 31, 2019
a) Net Profit for Basic and Diluted EPS	4,566	4,102
b) Number of Equity Shares at the beginning of the year	13,80,30,651	13,79,07,318
Add: Issue of Shares under ESOP	77,342	1,23,333
Sub-total	13,81,07,993	13,80,30,651
Less: Adjustment of own shares held under ESOP Trust	(1,48,857)	(2,31,200)
Total Number of Shares outstanding at the end of the Period	13,79,59,136	13,77,99,451
Weighted Average number of Equity Shares outstanding during the period - Basic	13,80,35,101	13,79,47,190
Add: Weighted Average number of Equity Shares arising out of grant of Employee Stock option	2,840	40,927
Weighted Average number of Equity Shares outstanding during the year - Diluted	13,80,37,941	13,79,88,117
Earning Per Share - Basic (₹)	33.08	29.74
Earning per share - Diluted (₹)	33.08	29.73
Face value per share (₹)	1.00	1.00

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FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

30. EMPLOYEE BENEFITS

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

Provident Fund

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

Gratuity Plan

In accordance with the Payment of Gratuity Act of 1972, PI Industries Limited has established a defined benefit plan (the "Gratuity Plan"). The Gratuity Plan provides a lump sum payment to the employees at the time of retirement or resignation (after 5 years of continued services of employment), being an amount based on the respective employee's last drawn salary and the number of years of employment with the Group. Based on actuarial valuations conducted as at year end, a provision is recognised in full for the benefit obligation over and above the funds held in the Gratuity Plan. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

Long term compensated absences

The liabilities for compensated absence namely earned and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit and loss.

31A. DEFINED CONTRIBUTION PLANS:-

The Group has recognised an expense of ₹ 116 (Previous Year ₹ 96) towards the defined contribution plan.

31B. DEFINED BENEFITS PLANS - AS PER ACTUARIAL VALUATION

I Change in present value of obligation during the year

	Year ended March 31, 2020		Year ended March 31, 2019	
	Gratuity		Gratuity	
	Funded	Non-funded	Funded	Non-funded
Present value of obligation at the beginning of the year	259	0	223	0
On account of Acquisition (refer note 44)	83			
Total amount included in profit and loss*:				
- Current Service Cost	44	0	32	1
- Interest Cost	21	0	17	0
- Past Service Cost	-	-	0	-
Total amount included in OCI:				
Remeasurement related to gratuity:				
Actuarial losses/(gains) arising from:				
- Demographic Assumption	0	-	0	-
- Financial assumption	25	0	1	0
- Experience Judgement	0	0	2	0
Others				
Benefits Paid	(23)	-	(16)	-
Present Value of obligation as at year-end	409	0	259	1

* Includes expenses reclassified to capital work in progress ₹ 6 (March 31, 2019 ₹ 4)

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

II Change in Fair Value of Plan Assets during the year

	Year ended March 31, 2020		Year ended March 31, 2019	
	Funded	Non-funded	Funded	Non-funded
Plan assets at the beginning of the year	81	-	88	-
On account of acquisition (refer note 44)	61	-	-	-
Included in profit and loss:				
Expected return on plan assets	6	-	7	-
Included in OCI:				
Actuarial Gain/(Loss) on plan assets	6	-	2	-
Others:				
Employer's contribution	148	-	-	-
Benefits paid	(20)	-	-	-
Claim received during the year from fund manager	-	-	(3)	-
Pending claim with fund manager	(2)	-	(13)	-
Plan assets at the end of the year	280	-	81	-

The plan assets are managed by the Gratuity Trust formed by the Group. The management of 100% of the funds is entrusted with the Life Insurance Corporation of India, HDFC Standard Life Insurance Company Ltd. and Kotak Mahindra Old Mutual Life Insurance Ltd., whose pattern of investment is not available with the Group.

III Reconciliation of Present value of Defined Benefit Obligation and Fair Value of Plan Assets

	Year ended March 31, 2020		Year ended March 31, 2019	
	Funded	Non-funded	Funded	Non-funded
Present Value of obligation as at year-end	409	1	259	1
Fair value of plan assets at year-end	280	-	81	-
Funded status {Surplus/(Deficit)}	(129)	(0)	(178)	(0)
Net Asset/(Liability)	(129)	(1)	(178)	(1)

IV Bifurcation of PBO at the end of the year

	Year ended March 31, 2020		Year ended March 31, 2019	
	Funded	Non-funded	Funded	Non-funded
1. Current Liability	-	-	-	-
2. Non-Current Liability	129	1	178	1

V. Actuarial Assumptions

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

	Year ended March 31, 2020		Year ended March 31, 2019	
	Funded	Non-funded	Funded	Non-funded
1. Discount Rate	6.79%	6.79%	7.65%	7.65%
2. Expected rate of return on plan assets	7.50%	NA	7.50%	NA
3. Mortality Table	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)
4. Salary Escalation	7.00%	7.00%	7.00%	7.00%

VI The expected contribution for Defined Benefit Plan for the next financial year will be ₹ 65

VII Sensitivity Analysis

	Year ended March 31, 2020		Year ended March 31, 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50 % movement)	(16)	16	(11)	11
Future salary growth (0.50 % movement)	17	(17)	12	(12)

VIII Maturity Profile of Defined Benefit Obligation

	Year ended March 31, 2020		Year ended March 31, 2019	
	Funded	Non-funded	Funded	Non-funded
Within the next 12 months	34	0	14	0
Between 2-5 years	90	0	41	0
Beyond 5 years	328	0	204	0

IX Description of Risk Exposures:

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Group is exposed to various risks as follow -

- 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.
- Investment Risk – If Plan is funded then the mismatch between assets and liabilities and actual return on assets being lower than the discount rate assumed at the last valuation date can impact the liability.
- Discount Rate: Reduction in discount rate in subsequent valuations can increase the plan's liability.
- Mortality & disability – Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
- Withdrawals – Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability

31C. LONG TERM COMPENSATED ABSENCES

The provision for long term compensated absences covers the Group's liability for earned and sick leave, the amount of provision recognised is ₹ 157 (March 31, 2019 ₹ 119).

32. SHARE BASED PAYMENTS

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FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

Employee Stock Option Plan

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

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

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

I. Option Movement during the year ended March 2020

Particulars	Year ended March 31, 2020		Year ended March 31, 2019	
	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	4,39,351	592.87	6,87,924	492.55
Options Granted during the year	-	NA	-	NA
Options Forfeited / Surrendered during the year	72,488	711.90	84,882	581.35
Total number of shares arising as a result of exercise of options	1,59,685	499.27	1,63,691	177.59
Money realised by exercise of options (₹ Mn)	80	NA	29	NA
Number of options Outstanding at the end of the year	2,07,178	623.36	4,39,351	592.87
Number of Options exercisable at the end of the year	1,31,036	574.51	2,31,200	499.46

II. Weighted Average remaining contractual life

Range of Exercise Price	Year ended March 31, 2020		Year ended March 31, 2019	
	No. of Options Outstanding	Weighted average contractual life (years)	No. of Options Outstanding	Weighted average contractual life (years)
25 to 75	-	NA	-	NA
75 to 150	24,349	3.16	54,716	4.11
150 to 450	5,254	4.47	45,958	5.34
450 to 750	177,575	5.57	3,38,677	5.55

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

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(All amount in ₹ million, unless otherwise stated)

	March 31, 2020	March 31, 2019
Exercise price is less than market price (in ₹)*	NA	NA

* No options granted during the year ended March 31, 2020 and March 31, 2019.

IV. The weighted average market price of options exercised during the year ended March 31, 2020 is ₹ 1327 (March 31, 2019 is ₹ 840)

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, 2020	March 31, 2019
	Weighted Average *	Weighted Average
1. Risk Free Interest Rate	NA	NA
2. Expected Life(in years)	NA	NA
3. Expected Volatility	NA	NA
4. Dividend Yield	NA	NA
5. Exercise Price (in ₹)	NA	NA
6. Price of the underlying share in market at the time of the option grant.(in ₹)	NA	NA

* No options granted during the year ended March 31, 2020 and March 31, 2019

VI. Particulars

Variables	March 31, 2020	March 31, 2019
Employee Option plan expense	(4)	13
Total liability at the end of the period	42	73

33. CAPITAL & OTHER COMMITMENT

	March 31, 2020	March 31, 2019
A. Estimated Amount of Contracts remaining to be executed on capital account and not provided for {Net of advances ₹ 298 (March 31, 2019: ₹ 385)}	388	1,461
B. Export Commitment	5712	5,202
C. Leases		

Operating lease commitments - As lessee

The Company leases various offices, warehouses, godown, IT equipment and vehicles. Rental contracts are typically made for fixed periods of 6 months to 9 years. The leases have varying terms, escalation clauses and renewal rights. From April 1, 2019, the company has recognised Right of Use Assets for these leases except for short term and low value leases, see note 23 and Note 43 for further information

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

	March 31, 2020	March 31, 2019
-Payable within one year	24	156
-Later than one year and not later than five years	26	172
-Later than five years	0	0
-Lease payments recognised in Statement of Profit and Loss (Refer note 23)	81	260

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34. CONTINGENT LIABILITIES

	March 31, 2020	March 31, 2019
a. Claims against the Group not acknowledged as debt;* (refer note (i) below)		
- Sales Tax including Goods and Service Tax	62	48
- Excise Duty	248	21
- Income Tax	125	78
- ESI	1	1
- Other matters, including claims relating to customers, labour and third parties etc.	19	35
b. Guarantees excluding financial guarantees;		
- Performance bank guarantees	442	259
c. Other money for which the Group is contingently liable		
- Letter of Credit	1,393	1,427

Notes:

(i) Represents amounts as stated in Demand Order excluding interest and penalty

* 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.

In Group's assessment the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 and circular No. C-I/1(33)2019/Vivekanand Vidyamandir/717 dated August 28, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 and computation of liability to be done as per provision of Para 2(f) of EPF Scheme, 1952, the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in these Financial Statements.

35. OPERATING SEGMENT

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

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

I Revenue:

A. Information about product revenues:

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

	March 31, 2020	March 31, 2019
Active Ingredients and Intermediates	25,737	19,205
Formulations	7,700	9,030
Others	228	174
	33,665	28,409

Notes to Consolidated Financial Statements

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B. Geographical Areas

The Group is domiciled in India. The amount of its revenue from external customers broken down by location of the customers is shown in the table below (also refer note 40):

	March 31, 2020	March 31, 2019
India	9,003	9,574
Asia (other than India)	8,615	3,893
North America	11,911	11,012
Europe	2,715	2,802
Rest of the World	1,421	1,128
	33,665	28,409

II. The total of Non-current assets (other than financial instruments and deferred tax assets), broken down by location of the assets, is shown in the table below:

	March 31, 2020	March 31, 2019
India	20,854	11,260
Asia (other than India)	6	3
Europe	5	3
	20,865	11,266

36. RELATED PARTY DISCLOSURES

Related party disclosure, as required by Indian Accounting Standard-24, is as below:

a) Nature of Related Party relationship

I - Joint Ventures, Associates and Controlled Trust:

(a) Solinnos Agro Sciences Private Limited.	Associate
(b) PI Kumiai Private Limited.	Joint Venture

II - Key Management Personnel (KMP) & their relatives with whom transactions have taken place:

(a) Key Management Personnel

Mr. Mayank Singhal	Vice Chairman and Managing Director
Mr. Rajnish Sarna	Whole-Time Director
Dr. Raman Ramachandran	Managing Director & CEO (W.e.f July 1, 2019)
Mr. Narayan K. Seshadri	Non-executive Director (Chairman)
Mr. Pravin K. Laheri	Non-executive Director
Ms. Ramni Nirula	Non-executive Director
Mr. Ravi Narain	Non-executive Director (Until May 1, 2019)
Mr. Arvind Singhal	Non-executive Director
Dr. Tanjore Soundararajan Balganesesh	Non-executive Director

(b) Relatives of Key Management Personnel

Mr. Salil Singhal	Father of Mr. Mayank Singhal
Ms. Madhu Singhal	Mother of Mr. Mayank Singhal
Ms. Pooja Singhal	Sister of Mr. Mayank Singhal

III - Entities controlled by KMP with whom transactions have taken place:

(a) PI Foundation

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(All amount in ₹ million, unless otherwise stated)

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

Nature of Transaction	Type of relation	2019-20		2018-19	
		Transactions during the period	Balance outstanding Dr (Cr)	Transactions during the period	Balance outstanding Dr (Cr)
Compensation to KMP					
-Short term employee benefits	a(ii) (a)	212		159	
-Post employment benefits		27		19	
-Commission and other benefits to non-executive/ independent directors		15		19	
Total		254	(180)	197	(158)
Other transactions					
Purchase of services	a(ii) (b)	13	(2)	14	(4)
Purchase of services	a(i)(a)	-	-	1	-
Purchase of goods	a(i)(b)	239	(181)	-	-
Sale of services	a(i)(a)	1	-	1	-
Sale of goods	a(i)(b)	161	58	-	-
Rent & Power cost Received	a(i)(a)	4	-	1	-
Rent & Power cost Received	a(i)(b)	4	-	-	-
Rent & Power cost paid	a(ii)(b)	2	0	2	-
Recovery of Dues on account of expenses incurred	a(ii)(b)	0	-	0	-
Donation	a(iii)	5	-	4	-
Investment purchased	a(i)(b)	-	-	95	-
Dividend paid	a(ii)(a)	147	-	164	-
	a(ii)(b)	175	-	194	-
Travel & Other expenditure incurred	a(ii)(a)	37	11	25	6
	a(ii)(b)	5	-	3	-
Contribution towards CSR Activities	a(iii)	102	-	93	-

c) Terms and conditions of transactions with related parties

The sales and purchases / services rendered to and from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2020, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2019: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

37. DISCLOSURES REQUIRED UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006

	March 31, 2020		March 31, 2019	
	Principal Amount	Interest Amount	Principal Amount	Interest Amount
Principal amount and Interest due thereon remaining unpaid to any supplier as on 31st March	83	-	48	-
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	277	1	53	1
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.	-	-	-	-

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(All amount in ₹ million, unless otherwise stated)

38. ADDITIONAL INFORMATION REQUIRED UNDER SCHEDULE III TO COMPANIES ACT 2013, OF ENTITIES CONSOLIDATED AS SUBSIDIARIES, ASSOCIATES, JOINT VENTURE AND OTHER CONTROLLED ENTITIES

Name of the Entity	March 31, 2020							
	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount
Parent								
PI Industries Limited	87.97%	25,911	96.30%	4,423	-100.4%	(560)	95.88%	3,864
Subsidiaries Indian								
PI Life Science Limited	1.03%	303	0.54%	25	-0.00%	(0)	0.60%	25
PILL finance and investments Limited	0.14%	42	0.02%	1	0.00%	0	0.02%	1
Jivagro Limited	0.01%	2	0.00%	(0)	0.00%	0	0.00%	0
Isagro (Asia) Agrochemicals Private Ltd	10.41%	3,067	2.82%	130	0.40%	2	3.28%	132
Subsidiaries Foreign								
PI Japan Limited	0.07%	22	0.07%	3	0.00%	0	0.07%	3
Associates								
Solinnos Agro Sciences Private Limited	0.02%	6	0.00%	0	0.00%	0	0.00%	0
Joint Venture								
PI Kumiai Private Limited	0.36%	103	0.17%	8	0.00%	0	0.20%	8
Controlled Trust								
PI ESOP Trust	-0.01%	-3	0.07%	3	0.00%	0	0.07%	3
TOTAL	100%	25,453	100%	4,593	100%	(558)	100%	4,030

Name of the Entity	March 31, 2019							
	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount
Parent								
PI Industries Limited	98.56%	22,523	99.41%	4,078	99.75%	77	99.41%	4,155
Subsidiaries Indian								
PI Life Science Limited	0.77%	177	0.46%	19	-0.02%	(0)	0.46%	19
PILL finance and investments Limited	0.18%	41	0.03%	1	0.00%	-	0.03%	1
Subsidiaries Foreign								
PI Japan Limited	0.07%	17	0.05%	2	0.27%	0	0.05%	2
Associates								
Solinnos Agro Sciences Private Limited	0.03%	6	0.01%	0	0.00%	-	0.01%	0
Joint Venture								
PI Kumiai Private Limited	0.42%	96	0.00%	0	0.00%	-	0.00%	0
Controlled Trust								
PI ESOP Trust	-0.03%	(6)	0.04%	2	0.00%	-	0.04%	2
TOTAL	100%	22,854	100%	4,102	100%	77	100%	4,179

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39. FINANCIAL INSTRUMENTS

1. Financial instruments – Fair values and risk management

A. Financial instruments by category

	Notes	March 31 2020			March 31 2019		
		FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial assets							
Non-current assets							
Investments	7(a)	70	-	-	70	-	-
Loans	7(c)	-	-	61	-	-	41
Derivative financial instruments	7(g)	-	-	-	-	90	-
Other financial asset	7(g)	-	-	82	-	-	59
Current assets							
Investments	7(b)	1,325	-	-	1,119	-	-
Trade receivables	7(d)	-	-	6,465	-	-	6,618
Cash and cash equivalents	7(e)	-	-	1,244	-	-	614
Bank balances other than cash and cash equivalents	7(f)	-	-	98	-	-	278
Loans and advances	7(c)	-	-	83	-	-	63
Derivative financial instruments	7(g)	-	-	-	-	120	-
Other financial asset	7(g)	-	-	312	-	-	134
TOTAL		1,395	-	8,345	1,189	210	7,807
Financial liabilities							
Non-current liabilities							
Borrowings	15(a)	-	-	3,994	-	-	99
Derivative financial	15(d)	-	258	-	-	-	-
Other financial liabilities	15(d)	-	-	574	-	-	190
Current liabilities							
Borrowings	15(b)	-	-	1,083	-	-	-
Trade payables	15(c)	-	-	5,909	-	-	5,130
Derivative financial	15(d)	-	508	-	-	-	-
Other financial liabilities	15(d)	-	-	2,460	-	-	2,419
TOTAL		-	766	14,020	-	-	7,838

B. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

	Notes	March 31 2020			March 31 2019		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets							
Investment in equity instruments	7(a)	5	-	65	5	-	65
Investment in mutual funds	7(b)	1,325	-	-	1,119	-	-
Derivative financial instruments	7(g)	-	-	-	-	210	-
		1,330	-	65	1,124	210	65
Financial liabilities							
Derivative financial instruments	15(d)	-	766	-	-	-	-
		-	766	-	-	-	-

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Assets and liabilities which are measured at amortised cost for which fair values are disclosed

	Notes	March 31 2020			March 31 2019		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets							
Security deposits	7(c)	-	-	89	-	-	48
Loans and advances to related parties	7(c)	-	-	-	-	-	3
TOTAL		-	-	89	-	-	51
Financial liabilities							
Security deposits from contractors	15(d)	-	-	3	-	-	4
TOTAL		-	-	3	-	-	4

The fair value of cash and cash equivalents, bank balances other than Cash and cash equivalents, trade receivables, short term loans, contract assets, current financial assets, trade payables, current financial liabilities and borrowings approximate their carrying amount, largely due to the short-term nature of these instruments. Long-term debt has been contracted at floating rates of interest, which are reset at short intervals. Accordingly, the carrying value of such long-term debt approximates fair value. Fair value for security deposits (other than perpetual security deposits) has been presented in the above table. Fair value for all other non-current assets and liabilities is equivalent to the amortised cost, interest rate on them is equivalent to the market rate of interest.

Fair value hierarchy

The table shown above analyses financial instruments carried at fair value, by valuation method. The different levels have been defined below:

Level 1 - This includes financial instruments measured using quoted prices. The mutual funds are valued using closing net assets value (NAV).

Level 2 – The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There are no transfers between level 1, level 2 and level 3 during the year.

Valuation technique used to determine fair value:

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

The fair values for security deposits (assets & liabilities) were calculated based on present values of cash flows and the discount rates used were adjusted for counterparty or own credit risk. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit.

40. FINANCIAL RISK MANAGEMENT

Risk management framework

The Group is exposed to credit risk, liquidity risk and market risk. The Group's board of directors has the overall responsibility for the management of these risks and is supported by Management Advisory Committee that advises on the appropriate financial risk governance framework. The Group has risk management policies and systems in place which are reviewed regularly to reflect changes in market conditions and price risk along with the Group's activities. The Group's audit committee oversees how management monitors compliance with the financial risk management policies and procedures, and reviews the adequacy of risk management framework in relation to the risks faced by the Group.

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This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and impact of hedge accounting in the financial statements.

I. Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation, and arises from the operating activities primarily (trade receivables) and from its financing activities including cash and cash equivalents, deposits with banks, derivatives and other financial instruments. The carrying amount of financial assets represents the maximum credit exposure and is as follows:

Trade and other receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Group has established a credit policy under which each customer is analysed individually for creditworthiness before the Group's credit terms are offered. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. Credit limits are established for each customer and reviewed periodically. Any sales order exceeding those limits require approval from the appropriate authority. There is one customer having revenue of ₹ 12,353 (March 31, 2019 ₹ 9,551) including an amount of ₹ 7,039 and ₹ 5,314 (March 31, 2019 ₹ 7,053 and ₹ 1,578) arising from shipments to United States of America and Japan respectively.

The concentration of credit risk is limited in domestic market due to the fact that the customer base is large and unrelated. The Group's exports are mainly carried out in countries which have stable economic conditions, where the concentration is relatively higher, however the credit risk is low as the customers have good credit ratings.

The Group computes an allowance for impairment of trade receivables based on a simplified approach, that represents its expected credit losses. The Group uses an allowance matrix to measure the expected credit loss of trade receivables. Loss rates are based on actual credit loss experienced over the past 3 years. These loss rates are adjusted by considering the available, reasonable and supportive forward looking information.

The following table provides information about the exposure to credit risk and expected credit loss:

Reconciliation of loss allowance provision – Trade receivables and Interest and Other charges recoverable from customer

	March 31, 2020	March 31, 2019
Opening balance	442	273
On account of acquisition (refer note 44)	153	0
Changes in loss allowance	41	169
Closing balance	636	442

Cash and cash equivalents, deposits with banks, mutual funds and other financial instruments

Credit risk from balances with banks and other financial instruments is managed by Group in accordance with its policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the management and may be updated throughout the year. Group also invests in mutual funds based on the credit ratings, these are reviewed for safety, liquidity and yield on regular basis.

Impairment on cash and cash equivalents, deposits and other financial instruments has been measured on the 12-month expected credit loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on external credit ratings of counterparties.

Based on the assessment there is no impairment in the above financial assets.

Derivatives

The derivatives are entered into with banks and financial institution counterparties which have low credit risk based on external credit ratings of counterparties.

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Exposure to credit risk:

The gross carrying amount of financial assets, net of impairment losses recognized represents the maximum credit exposure. The maximum exposure to credit risk as at March 31, 2020 and March 31, 2019 was as follows:

	March 31, 2020	March 31, 2019
Trade receivables	6,465	6,618
Cash and cash equivalents	1,244	614
Bank balances other than above	98	278
Investments	1,325	1,119
Loans	144	104
Other financial assets	317	403
TOTAL	9,593	9,136

II. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Due to the dynamic nature of underlying businesses, the Group maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecast of Group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(a) Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	March 31, 2020	March 31, 2019
Expiring within one year		
- Fund based (Floating rate)	3,983	1,999
- Non fund based (Fixed rate)	631	1,164

(b) Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

March 31, 2020	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	4,128	108	219	1,361	2,440	-
Interest Accrued but not due on Borrowings	12	12	-	-	-	-
Working capital	1,083	1,083	-	-	-	-
Interest Payment on Term Loan	691	47	193	234	217	-
Trade Payables (Due to micro and small enterprises)	83	83	-	-	-	-
Trade Payables (Other Trade Payables)	5,826	5,826	-	-	-	-
Employee payables	642	231	411	-	-	-
Security Deposits from Dealers	255	-	-	-	-	255
Security Deposits from Contractors	3	3	-	-	-	-
Unclaimed Dividends	7	7	-	-	-	-
Creditors for Capital Purchases	502	502	-	-	-	-
Lease liability	504	71	113	133	157	30
Other Payable	1,013	652	361	-	-	-
TOTAL	14,749	8,625	1,297	1,728	2,814	285

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March 31, 2019	Contractual cash flows					
	Total	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Term Loans from Banks	492	99	294	99	-	-
Interest Accrued but not due on Borrowings	2	2	-	-	-	-
Trade Payables (Due to micro and small enterprises)	48	48	-	-	-	-
Trade Payables (Other Trade Payables)	5,082	4,801	281	-	-	-
Employee payables	523	180	343	-	-	-
Security Deposits from Dealers	189	-	-	-	-	189
Security Deposits from Contractors	4	1	2	1	-	-
Unclaimed Dividends	7	7	-	-	-	-
Creditors for Capital Purchases	371	371	-	-	-	-
Other Payable	1,120	287	833	-	-	-
TOTAL	7,838	5,796	1,753	100	-	189

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

The Group is exposed to market risk primarily related to foreign exchange rate risk (currency risk), interest rate risk and market value of its investments. Thus the Group's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currencies.

Foreign Currency risk

The Group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US\$ and Euro. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency (₹). The Group uses forward exchange contracts to hedge its currency risk and are used exclusively for hedging purposes and not for trading and speculative purposes. These forward exchange contracts, carried at fair value, may have varied maturities depending upon the primary host contract requirement and risk management strategy of the Group. The objective of the hedges is to minimise the volatility of the ₹ cash flows of highly probable forecast transactions.

The Group's risk management policy is to hedge around 50% to 100% of the net exposure with forward exchange contracts. The remaining exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary 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.

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Foreign currency risk exposure -

The currency profile of financial assets and financial liabilities as at March 31, 2020 and March 31, 2019 expressed in Indian Rupees (₹) are as below:

Non derivative

Particulars	March 31, 2020					
	USD	EURO	JPY	GBP	CHF	AUD
Financial assets						
Cash and cash equivalents (EEFC Account)	10	27	-	-	-	-
Trade receivables	4,032	81	15	-	-	-
	4,042	108	15	-	-	-
Financial liabilities						
Borrowings (Term Loan)	2,363	-	-	-	-	-
Trade payables	3,227	93	-	1	1	0
	5,590	93	-	1	1	0
Particulars	March 31, 2019					
	USD	EURO	JPY	GBP	CHF	AUD
Financial assets						
Cash and cash equivalents (EEFC Account)	60	-	-	-	-	-
Trade receivables	3,180	146	-	-	-	-
	3,240	146	-	-	-	-
Financial liabilities						
Borrowings (Term Loan)	494	-	-	-	-	-
Trade payables	1,396	18	2	0	0	0
	1,890	18	2	0	0	0

The following significant exchange rates have been applied during the year.

	Year-end spot rate (₹)	
	March 31, 2020	March 31, 2019
USD	75.67	69.16
EUR	82.77	77.67
JPY (100)	69.63	62.42
GBP	93.50	90.53
CHF	78.29	69.43
AUD	46.08	49.02

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee at March 31 would have affected the measurement of financial instruments denominated in foreign currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. Impact of hedging, if any has not been considered here. A 5% increase or decrease is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign currency rate.

Effect in ₹	Profit or loss, net of tax		Impact on other components of equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
March 31, 2020				
5% movement				
USD	(50)	50	-	-
EUR	0	(0)	-	-
JPY (100)	49	(49)	-	-
GBP	(0)	0	-	-
	(1)	1	-	-

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	Profit or loss, net of tax		Impact on other components of equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
March 31, 2019				
1% movement				
USD	9	(9)	-	-
EUR	1	(1)	-	-
JPY (100)	(2)	2	-	-
GBP	(0)	0	-	-
	8	(8)	-	-

Interest rate risk

The Group's main interest rate risk arises from long term foreign currency and working capital borrowings at variable rates. Group's investments are primarily in fixed deposits which are short term in nature and do not expose it to interest rate risk. The Group regularly evaluates the interest rate hedging requirement to align with interest rate views and defined risk appetite, in order to ensure most cost effective interest rate risk management.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

	March 31, 2020	March 31, 2019
Fixed-rate instruments		
Financial assets	817	833
Financial liabilities	1,740	-
Variable-rate instruments		
Financial liabilities	3,434	492
TOTAL	5,991	1,325

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 50 bp in interest rates would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss		Impact on other components of equity, net of tax	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
March 31, 2020				
Variable-rate instruments	(11.17)	11.17	-	-
Cash flow sensitivity (net)	(11.17)	11.17	-	-
March 31, 2019				
Variable-rate instruments	(1.61)	1.61	-	-
Cash flow sensitivity (net)	(1.61)	1.61	-	-

IV. Price risk

The Group's exposure to price risk arises from investment in mutual funds and classified in the balance sheet as fair value through profit and loss. Mutual fund investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments. However, due to very short tenor of the underlying portfolio in the liquid schemes, these do not pose any significant price risk. Group reviews these mutual fund investments based on safety, liquidity and yield on regular basis.

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V. Impact of Hedging activities

(a). Disclosure of hedge accounting on financial position

March 31, 2020						
Type of hedge and risk	No. of outstanding contracts	Nominal Value	Carrying value of hedging instrument *	Maturity date	Hedge ratio	Weighted average strike price/ rate
Foreign exchange forward contracts	217	17,758	765	April 2020 - September 2023	1:1	US\$1: ₹ 75.89

March 31, 2019						
Type of hedge and risk	No. of outstanding contracts	Nominal Value	Carrying value of hedging instrument *	Maturity date	Hedge ratio	Weighted average strike price/ rate
Foreign exchange forward contracts	150	11,637	210	April 2019 - December 2021	1:1	US\$1: ₹ 69.16

* Refer Note No. 7(g) and 15(d)

(b). Disclosure of effects of hedge accounting on financial performance

March 31, 2020				
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	(779)	-	62	Revenue

March 31, 2019				
Type of hedge	Change in value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit and loss account	Amount reclassified from cash flow hedging reserve to profit and (loss)	Line item affected in statement of profit and loss account because of this reclassification
Foreign exchange forward contracts	(145)	-	(265)	Revenue

(c). Movement in the cash flow hedge reserve

Effective portion of Cash flow Hedges	Amount
As at April 01, 2018	49
Add: Effective portion of gains/(losses) on cash flow hedges	(145)
Less: Amount reclassified to profit and loss account	(265)
Less: Deferred tax relating to above	42
As at March 31, 2019	127
Add: Effective portion of gains/(losses) on cash flow hedges	(779)
Less: Amount reclassified to profit and loss account	62
Less: Deferred tax relating to above	(294)
As at March 31, 2020	(420)

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(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 5% increase or decrease is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign currency rate.

Effect in ₹	Profit or loss, net of tax		Impact on other components of equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
March 31, 2020				
5% movement				
USD	-	-	578	(578)
March 31, 2019				
1% movement				
USD	-	-	76	76

41. CAPITAL MANAGEMENT

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The primary objective of the Group's Capital management is to maximise shareholder's value. The Group manages its capital and makes adjustment to it in light of the changes in economic and market conditions.

The Group manages capital using gearing ratio, which is total debt divided by total equity. The gearing ratio at the end of the reporting period was as follows:

		March 31, 2020	March 31, 2019
Borrowings (Non-current)		3,994	99
Borrowings (Current)		1,180	393
Total Debt	A	5,174	492
Total Equity	B	26,191	22,854
Debt to Equity ratio	A/B	0.20	0.02

No changes were made in the objectives, policies or processes for managing capital of the Group during the current and previous year. Also refer note 14 relating to details on dividend declared and distributed.

42. ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for borrowings are:

	March 31, 2020	March 31, 2019
Property, plant and equipment		
First charge	6,169	1,805
Second charge	11,707	6,378
Floating charge	18,400	16,875
TOTAL	36,276	25,058

43. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of IND AS 116 Leases on the Company's consolidated financial statements.

The group has adopted IND AS 116 Leases retrospectively from 1 April 2019 with the cumulative effect of initially applying the standard recognised at the date of initial application but has not restated comparatives for the 2018 reporting period. The group has measured right-of-use asset at an amount equal to the lease liability, adjusted by the amounts of prepaid lease payments relating to lease recognised in the balance sheet immediately before the date of initial application.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application.

The measurement principles of Ind AS 116 are only applied after that date.

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(i) **Practical Expedient Applied:** In applying Ind AS 116 for the first time, the group has used the following practical expedients permitted by the standard:

- Accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases
- Excluding all lease having underlying asset having value less than INR 0.25 for lease accounting as low value assets.
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and

The group has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying Ind AS 17 and Interpretation for Determining whether an Arrangement contains a Lease.

(ii) **Measurement of lease liabilities**

On adoption of Ind AS 116, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of Ind AS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 10% p.a.

Particulars	Amount
Operating lease commitments disclosed as at 31 March 2019	328
Discounted using the lessee's incremental borrowing rate of at the date of initial Application	462
Add: finance lease liabilities recognised as at 31 March 2019	0
(Less): short-term leases not recognised as a liability	(17)
(Less): low-value leases not recognised as a liability	(25)
Add/(less): adjustments as a result of a different treatment of extension and termination options	(3)
Lease liability recognised as at 1 April 2019	417
Of which are:	
Current lease liabilities	120
Non-current lease liabilities	297

(iii) **Measurement of Right-of-Use assets**

The associated right-of-use assets for offices, warehouses, IT equipment and vehicles assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at April 1, 2019.

(iv) **Amount recognised in the balance sheet related to leases:**

Particulars	Balance as at March 31, 2019	Change on adoption of IND AS 116	Balance as at April 1, 2019
Property, Plant and equipment: Right of use assets	-	425	425
Other Assets: Prepaid rent	8	0	8
Other Financial liabilities: Lease Liability	-	417	417
Retained Earnings	22,716	-	22,716
Deferred Tax Asset	141	-	141

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

Particulars	Year ended 31st March, 2020 before adopting IND AS 116	Changes due to IND AS 116 increase/ (decrease)	Year ended 31st March, 2020 as reported
Other Expenses	5,001	(197)	4,804
Finance Cost	124	46	170
Depreciation and amortisation expense	1,183	184	1,367
Profit before tax [(increase)/ decrease]	6,005	33	6,138

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

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

Particulars	March 31, 2020
Right of Use Asset:	
Buildings	258
Office Equipment	14
Vehicles	190
Leasehold Land	576
Total	1038
Lease Liabilities	
Current	184
Non-Current	320
Total	504

Addition of Right-of-use Asset during the 2019-20 financial year was ₹ 184.

44. BUSINESS COMBINATION:

On December 27, 2019, the Group acquired 100% of the issued equity shares in Isagro (Asia) Agrochemicals Private Limited, for consideration of INR 4,432.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration	Amount
Total Purchase consideration (Refer note (ii) below)	4,432

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair Value
Cash and cash equivalents	87
Fixed Deposits	11
Current Investments	1,037
Property, plant and equipment including Intangibles Assets (refer note 4)	750
Intangibles (refer note 5)	327
Capital Work in Progress	14
Inventories	780
Trade and other assets	1,475
Trade and other payables	(918)
Net deferred tax assets	41
Net identifiable assets acquired	3,604
Add : Goodwill	828
Total purchase consideration	4,432

If any new information is obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised. (Also, refer note (ii) below)

The goodwill is attributable to Isagro's strong position, profitability and synergies expected to arise after the company's acquisition of the subsidiary.

i. *Acquisition-related costs*

Acquisition-related costs of ₹ 7.4 are included in other expenses in profit or loss.

ii. *The Consideration for acquisition of Isagro (Asia) Agrochemicals Private Limited includes an amount of ₹ 212 which is subject to final adjustments in accordance with share purchase agreement.*

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

iii. Acquired receivables The fair value of trade and other receivables is ₹ 1,475 and includes trade receivables with of ₹ 1,079 (net of allowance of doubtful debts of ₹ 153).

iv. *Revenue and Profit Contribution*

The acquired business contributed revenues of ₹ 601 and net profit/(loss) after tax of ₹ 130 to the group for the period from 28 December 2019 to 31 March 2020. If the acquisition had occurred on 1 April 2019, consolidated revenue and consolidated net profit for the year ended 31 March 2020 would have been ₹ 36,077 and ₹ 4,485 respectively.

The goodwill is tested for impairment annually. The recoverable amount of Goodwill has been determined from a value in use calculation which require the use of assumptions. The value in use calculation uses cash flow forecasts based on the most recently approved financial budgets and business projections by the management, which cover a period of five years. Key assumptions underlying the value in use calculation are those regarding expected revenues and introduction of new trading products and a pre-tax discount rate of 15% per annum. Sales growth projections considers managements' expectation of market development, current industry trends and pre-tax discount rate based on the relevant risks. 4% growth rate has been used to extrapolate the cash flow projections beyond the five-year period of the approved financial budgets. The management believes that any reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount of the cash generating unit.

The Isagro business is to be reorganized such that the domestic retail activities undertaken by Isagro will be transferred to Jivagro Limited and rest of the activities will be merged into PI Industries. This reorganization will be undertaken with effect from the date of acquisition of the Isagro business by PI Industries viz December 27, 2019 through a scheme of reorganization to be filed before the National Company Law Tribunal. The Board of Directors of the Company has authorised to submit scheme of arrangement for filing with the Court.

45. Consequent to the nationwide lockdown announced on 24th March 2020, Company's operations were disrupted at R&D facilities at Udaipur, manufacturing facilities at Gujarat and sales depots across the country. This resulted in partial deferment of Company's domestic and export revenues for the month of March 2020 to the next quarter. The Company has since been able to resume operations at its various sites from the beginning of April in a gradual manner and management believes that being into an essential commodity, there is no significant impact of COVID-19 pandemic on the current and future business condition of the Company, financial statements liquidity position and cash flow and has concluded that no material adjustments are required in the financial statements. Management will continue to closely monitor the situation.

46. **EVENTS AFTER REPORTING DATE**

The Board of Directors in the meeting held on June 04 2020 have recommended final dividend for the year ended March 31, 2020 which is subject to the approval of shareholders in the ensuing annual general meeting. Refer note 14(B) for details.

This is the notes to the consolidated financial statements referred to our report of even date

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

Sd/-
Sougata Mukherjee
Partner
Membership Number: 057084

Place: Gurugram
Date: June 04, 2020

For and on behalf of the Board of Directors

Sd/-
Mayank Singhal
Vice Chairman & Managing Director
DIN: 00006651

Sd/-
Subhash Anand
Chief Financial Officer

Sd/-
Rajnish Sarna
Director
DIN: 06429468

Sd/-
Naresh Kapoor
Company Secretary

Form No.MR - 3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020
[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]

To,
The Members,

Isagro (Asia) Agrochemicals Private Limited

CIN: U24299MH2001PTC133128

Unit No. 32, Kalpataru Square,
Kondivita Lane, R. K. Mandir Road,
Off. Andheri Kurla Road,
Andheri (East), Mumbai - 400 059.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Isagro (Asia) Agrochemicals Private Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our 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, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2020** ("Audit Period") 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder **(Not applicable to the Company during the Audit Period)**;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder **(Not applicable to the Company during the Audit Period)**;
- (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 and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):- **(Not applicable to the Company during the Audit Period)**
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- (vi) The following other Acts, Laws and Regulations which are applicable specifically to the Company:
- a) The Insecticide Act, 1968;
 - b) Essential Commodities Act, 1955;
 - c) The Explosive Act, 1884;
 - d) Poisons Act, 1919;
 - e) Indian Boiler Act, 1923.

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

- (i) Secretarial Standards on Meetings of the Board of Directors (SS-1) and on General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; **(Not applicable to the Company during the Audit Period)**.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except minor delay in filing some of the e-forms with the Registrar of Companies, Maharashtra.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent as per the provisions of Section 176 of the Companies Act, 2013, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the following specific events/actions have a major bearing on the Company's affairs:

1. Execution of Share Purchase Agreement dated November 4, 2019 ("Share Purchase Agreement") with PI Industries Limited ("Buyer 1") and PI Life Science Research Limited ("Buyer 2") in relation to sale of the 100% shareholding of the Company (14,862,903 equity shares of Rs. 10 each) ("Sale Shares") held by Isagro S.P.A ('Seller 1') and Isagro Espana S.L. ('Seller 2').
2. Pursuant to the execution of Share Purchase Agreement dated November 4, 2019 and addendum to the Share Purchase Agreement dated December 27, 2019, the Company i.e. Isagro (Asia) Agrochemicals Private Limited has become a wholly owned subsidiary company of PI Industries Limited (having CIN: L24211RJ1946PLC000469).
3. The Board of Directors of the Company has approved the Scheme of Arrangement ("Scheme") between Isagro (Asia) Agrochemicals Private Limited ("Demerged Company") and Jivagro Limited ("Resulting Company") and their respective shareholders.

4. The Board of Directors of the Company has approved the Scheme of Amalgamation ("Scheme") between Isagro (Asia) Agrochemicals Private Limited ("Transferor Company") and its Holding Company PI Industries Limited ("Transferee Company") and their respective shareholders.

For **N. Bagaria & Associates**
Company Secretaries

Sd/-

Narottam Bagaria

Partner

Membership No.: FCS 5443

C. P. No.: 4361

UDIN: F005443B000271478

Place: Mumbai

Dated: 22nd May, 2020

Encl: Annexure "1" forming an integral part of this Report.

Annexure 1

To,
The Members,
Isagro (Asia) Agrochemicals Private Limited

Our Report of even date is to be read alongwith this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation with respect to compliance of laws, rules and regulations and of significant events during the year.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis to the extent applicable to the Company.
6. The Secretarial Audit report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **N. Bagaria & Associates**
Company Secretaries

Sd/-

Narottam Bagaria

Partner

Membership No.: FCS 5443

C. P. No.: 4361

UDIN: F005443B000271478

Place: Mumbai

Dated: 22nd May, 2020

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, Gurugram-122 009

Email-ID: investor@piind.com, Website: www.piindustries.com

Phone: 0124-6790000, Fax: 0124-4081247

NOTICE

NOTICE is hereby given that the **73rd Annual General Meeting (AGM)** of the members of **PI INDUSTRIES LIMITED, ('the Company')** will be held on **Friday, September 25, 2020 at 11:00 A.M** through Video Conferencing ("VC")/Other Audio-Visual Means ("OAVM"), without the physical presence of Members at a common venue, to transact the following business:

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, 2020 and the Report of Directors and Auditor thereon.
2. To confirm the payment of Interim Dividend and to declare Final Dividend on equity shares for the financial year ended March 31, 2020.
3. To appoint a Director in place of Mr. Arvind Singhal (DIN: 00092425), who retires by rotation, and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. Ratification of Cost Auditors 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 provision of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 read with The Companies (Audit and Auditors) Rules, 2014 (including any statutory modification or re-enactment 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, 2021 amounting to ₹3.00 Lacs (Rupees Three Lacs only) plus applicable GST and reimbursement out of pocket expenses, if any, incurred in connection with the audit be and is hereby ratified."

"RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee thereof) be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution".

5. Appointment of Ms. Lisa J. Brown (DIN: 07053317), 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 Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Ms. Lisa J. Brown (DIN: 07053317), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 4th August, 2020 in terms of Section 161(1) of the Act and Article 106 of the Articles of Association of the Company and whose term of office expires at the Annual General Meeting and who has submitted a declaration that she meets the criteria for independence as provided in the Act and Listing Regulations, be and is hereby appointed as an Independent Non-Executive Director of the Company with effect from September 25, 2020, to hold office for a term of five consecutive years i.e. up to September 24, 2025."

6. Re-appointment of Dr. T.S Balganes (DIN: 00648534), 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 Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Dr. T.S.Balganes (DIN: 00648534), Independent Non-Executive Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in the Act and Listing Regulations and who is eligible for re-appointment, be and is hereby appointed as an Independent Non-Executive Director of the Company to hold office for a second term commencing from September 05, 2020 for a period of 5 years i.e. up to September 04, 2025."

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



Naresh Kapoor
Company Secretary
M.No.ACS-11782

Dated: August 29, 2020
Place: Gurugram

IMPORTANT NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (“the Act”), setting out the material facts with respect to the Special Business set out in the Notice is annexed hereto and forms part of this Notice. The Board of Directors of the Company at their meeting held on August 04, 2020 considered that the special business under Item Nos. 4 to 6, being considered unavoidable, be transacted at the 73rd AGM of the Company.
2. **General instructions for accessing and participating in the AGM through VC/OAVM. Facility and voting through electronic means including remote e-voting:**
 - (a) In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020 issued by the Ministry of Corporate Affairs (“MCA Circulars”) and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 issued by the Securities and Exchange Board of India (“SEBI Circular”), physical attendance of the Members to the AGM venue is not required and in compliance with the provisions of the MCA Circulars, the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the AGM of the Company is being held through video conferencing (VC) or other audio visual means (OAVM). The deemed venue for the 73rd AGM shall be the Registered Office of the Company.
 - (b) **PURSUANT TO THE PROVISIONS OF THE ACT, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. SINCE THIS AGM IS BEING HELD PURSUANT TO THE MCA CIRCULARS THROUGH VC/OAVM, THE REQUIREMENT OF PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, IN TERMS OF THE MCA CIRCULARS, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE MEMBERS WILL NOT BE AVAILABLE FOR THIS AGM AND HENCE THE PROXY FORM, ATTENDANCE SLIP AND ROUTE MAP OF AGM ARE NOT ANNEXED TO THIS NOTICE.** However, the Corporate Members intending to send their authorized representatives to attend the AGM through VC/OAVM are requested to send a certified copy of the Board Resolution/Power of Attorney authorizing their representative to attend and cast their votes through e-voting.
 - (c) Members may join the AGM through VC/OAVM by following the procedure as mentioned below which shall be kept open for the Members from 10:30 a.m. IST i.e. 30 minutes before the scheduled time to start the AGM and the Company may close the window for joining the VC/OAVM facility 30 minutes after the scheduled time of the commencement of the Meeting.
 - (d) Members may note that VC/OAVM facility, provided by NSDL, allows participation for atleast 1000 members on a first-come first-served basis. The large shareholders (i.e. shareholders holding 2% or more shareholding), promoters, institutional investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination & Remuneration Committee and Stakeholder’s Relationship Committee, Auditors, etc. can attend the AGM without restriction on account of first-come first-serve principle.
 - (e) The Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
 - (f) Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Secretarial Standard on General meeting (SS-2) issued by the Institute of Company Secretaries of India (“ICSI”) and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) read with MCA Circulars and SEBI Circular, the Company is providing (i) facility of remote e-voting for voting before the AGM and (ii) facility of e-voting at the AGM to its Members in respect of the business to be transacted at the AGM to be held through VC/ OAVM.
 - (g) National Securities Depository Limited (“NSDL”) will be providing the remote e-voting facility for participation in the AGM through VC/ OAVM Facility and e-voting during the AGM.
 - (h) In terms of the MCA Circulars and SEBI Circular, Members may note that the Notice and Annual Report 2019-20 will also be available on the Company’s website www.piindustries.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and on the website of NSDL <https://www.evoting.nsdl.com>
 - (i) Since the AGM will be held through VC/OAVM Facility, the Route Map is not annexed in this Notice.
3. **Instructions for Members for remote e-voting are as under:**
 - (a) The remote e-voting period begins on September 20, 2020 at 9:00 A.M. and ends on September 24, 2020 at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter.
 - (b) A person who is not a Member as on the cut-off date should treat this Notice of AGM for information purpose only.
 - (c) The process and manner of remote e-voting is as under:

How do I vote electronically using NSDL e-voting system?

The way to vote electronically on NSDL e-voting system consists of “Two Steps” which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

- I. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- II. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholders’ section.
- III. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL e-services after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

IV. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example, if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

V. Your password details are given below:

- (i) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- (ii) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
- (iii) How to retrieve your ‘initial password’?
 - (a) If your email ID is registered in your demat account or with the Company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
 - (b) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

VI. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:

- (i) Click on “Forgot User Details/Password?” (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
- (ii) Physical User Reset Password?” (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
- (iii) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
- (iv) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

VII. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.

VIII. Now, you will have to click on “Login” button.

IX. After you click on the “Login” button, Home page of e-Voting will open. Details on Step 2 is given below: How to cast your vote electronically on NSDL e-Voting system?

- I. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
- II. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
- III. Select "EVEN" (E-Voting Event Number) of PI Industries Limited, which is 114042, for which you wish to cast your vote.
- IV. Now you are ready for e-Voting as the Voting page opens.
- V. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
- VI. Upon confirmation, the message "Vote cast successfully" will be displayed.
- VII. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- VIII. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders:

- I. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter, etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to akfriends38@yahoo.co.in with a copy marked to evoting@nsdl.co.in and naresh.kapoor@piind.com.
 - II. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/ Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
 - III. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the "Download" section of www.evoting.nsdl.com. For any further grievance related to the remote e-voting, members may call on the toll free no. 1800222990 or contact Ms. Pallavi Mharte, Assistant Manager, NSDL, Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013 at the designated email ids: evoting@nsdl.co.in or pallavid@nsdl.co.in or at telephone no. 022-24994545/1800-222-990. Members may also write to the Company Secretary at the Company's email address at naresh.kapoor@piind.com.
4. Process for those shareholders whose email ids are not registered for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:
- (a) Those Members, who hold shares in physical form or who have not registered their email address with the Company and who wish to participate in the AGM or cast their vote through remote e-Voting or through the e-Voting system during the meeting, may obtain the login ID and password by providing Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to the email address of the Company at investor@piind.com or company's RTA KFin Technologies Private Ltd at einward.ris@kfintech.com.
 - (b) In case shares are held in demat mode, may obtain the login ID and password by providing DP ID / Client ID (16 digit DPID + Client ID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to the email address of the Company investor@piind.com or to the RTA at einward.ris@kfintech.com.
5. **Instructions for Members for e-Voting during the AGM are as under:-**
- (a) Members may follow the same procedure for e-voting during AGM as mentioned above for remote e-voting.
 - (b) Only those Members, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
 - (c) The Members who have cast their vote by remote e-Voting prior to the AGM may also participate in the AGM through VC/ OAVM facility but shall not be entitled to cast their vote again.

- (d) The details of the person who may be contacted for any grievances connected with the facility for e-voting during the AGM shall be the same person mentioned for remote e-voting (Refer instruction no. III of General guidelines for shareholders).
6. Instructions for Members for attending the AGM through VC/OAVM are as under:
- (a) Member will be able to attend the AGM through VC/OAVM through the NSDL e-Voting system at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/ OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
- (b) Further Members will be required to use Internet with a good speed to avoid any disturbance during the meeting.
- (c) Please note that Members connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- (d) Members who would like to ask questions during the AGM with regard to Annual Report, Financial Statements or any other matter to be placed at the AGM, need to register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID, Client ID/Folio no and mobile number at email address of the Company at naresh.kapoor@piind.com at least 72 hours before the commencement of AGM. Those Members who have registered themselves as a speaker will only be allowed to ask questions during the AGM, depending upon the availability of time. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
- (e) The helpline number regarding any query/assistance for participation in the AGM through VC/OAVM is 022 – 2499 4545 (Ms Pallavi Mharte) / 2499 4559 (Ms Soni Singh). Members who need assistance before or during the AGM, can contact NSDL evoting@nsdl.co.in / 1800-222-990.
7. Pursuant to the MCA Circulars and SEBI Circular and in view of the prevailing situation, owing to the difficulties involved in dispatching of physical copies of the Notice of the AGM and the Annual Report for the Financial Year 2019-20 including, Auditor's Report, Board's Report, along with all the annexures are being sent only by email to the those Members whose email addresses are registered with the Company / Depository Participants. Therefore, the Members, who wish to receive the Notice of the AGM and the Annual Report for the year 2019-20 and all other communications sent by the Company, from time to time, are requested to update their email address with the Company / its RTA (in case of shares held in physical mode) by sending the request at investor@piind.com or RTA at einward.ris@kfintech.com. and Depository Participants (in case of shares held in demat mode).
8. The Register of Members and Share Transfer Books of the Company will remain closed from September 19, 2020 to September 25, 2020 (both days inclusive) for the purpose of determining the names of Members eligible for dividend on equity shares, if declared at the AGM.
9. The Dividend, if approved at the AGM will be paid net of TDS to those Members whose name would appear in the Register of Members of the Company as on September 19, 2020.
10. The dividend, if any, approved by the Members will be paid, as per the mandate registered with the Company or with their respective Depository Participants. In case the dividend declared at AGM could not be paid due to non-availability of the details of the bank account, the Company shall dispatch the dividend warrant to such shareholder by post, subject to availability of postal services.
11. In case of joint holders, the Member whose name appeared as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM and the dividend will be paid in the name of such first holder in the order of names.
12. For payment of dividend to the Members holding shares in electronic mode, the Company will use bank particulars registered against their respective depository accounts. In cases where the core banking details are not available, dividend warrants will be issued to the Members with bank details printed thereon as available in the Company's records. Members holding shares in physical form are encouraged to claim payment of dividend in terms of above-mentioned electronic payment modes by sending scanned copy of the details required in attached ECS Mandate Form, to the email address of the RTA at einward.ris@kfintech.com or the Company at investor@piind.com. Members holding shares in demat form are requested to update their Electronic Bank Mandate with their Depository Participants by September 19, 2020.
- Pursuant to Finance Act, 2020, dividend income will be taxable in the hands of the shareholders w.e.f. 1st April, 2020 and the Company is required to deduct tax at source ("TDS") from dividend paid to the Members at prescribed rates in the Income Tax Act, 1961 ("the IT Act"). In general, to enable compliance with TDS requirements, Members are requested to complete and / or update their Residential Status, PAN, Category as per the IT Act with their Depository Participants or in case shares are held in physical form, with the Company by sending email to the Company's email address at investor@piind.com. For details, Members may refer to the "Communication on TDS on Dividend Distribution" appended to this Notice of 73rd AGM.
13. Members of the Company are informed that pursuant to Sec 124 of the Companies Act, 2013, the dividends that remain unpaid/unclaimed for a period of 7 (seven) years from the date of transfer to the unpaid dividend account and underlying equity shares on which dividend remain

unpaid/unclaimed for a period of 7 (seven) consecutive years are required to be transferred to the Investor Education & Protection Fund (“IEPF”) Authority established by the Central Government. Adhering to the various requirements set out in the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company has, during financial year 2019-20, transferred 11,010 equity shares of Re.1/- each on 22.11.2019 to the IEPF Authority in respect of which dividend remained unpaid or unclaimed for seven consecutive years or more. The status of the unpaid/unclaimed dividend for the following Financial Years are as follows:

S. No	Financial Year	Date of declaration of Dividend	Date of Transfer/Due date of transfer of Dividend to IEPF a/c
1.	2012-13	29.08.2013	05.10.2020
2.	2013-14	03.08.2013	09.09.2020
3.	2013-14	12.02.2014	18.03.2021
4.	2013-14	10.09.2014	16.10.2021
5.	2014-15	28.10.2014	04.12.2021
6.	2014-15	15.09.2015	21.10.2022
7.	2015-16	27.10.2015	03.12.2022
8.	2015-16	14.03.2016	20.04.2023
9.	2016-17	25.10.2016	01.12.2023
10.	2016-17	06.09.2017	12.10.2023
11.	2017-18	25.10.2017	01.12.2024
12.	2017-18	06.08.2018	12.09.2025
13.	2018-19	26.10.2018	02.12.2025
14.	2018-19	09.09.2019	15.10.2026
15.	2019-20	12.02.2020	18.03.2027

Members are requested to note that the details of the unclaimed dividends are available on the Company’s website at <https://www.piindustries.com/investor-relations> and Ministry of Corporate Affairs – IEPF Authority at www.iepf.gov.in.

The Members / claimants whose shares or unclaimed dividend(s) have been transferred to IEPF Authority may claim the shares or apply for refund by making an online application to IEPF Authority in e-form IEPF-5 (available at www.iepf.gov.in).

The Member / claimant can file only one consolidated claim in a Financial Year as per the IEPF Rules. Members who have not encashed their dividend warrant(s) are requested in their own interest to write to the Company / RTA immediately claiming the Dividend(s) declared by the Company pertaining to the Financial Year ended March, 2013 onwards. Kindly note that once the amount and/or shares is transferred to the IEPF Authority, no claims shall lie against the Company. However, the members can claim such amount and shares from the Authority in the manner prescribed in IEPF Rules.

14. Members may address all the correspondences relating to dividend, unclaimed shares, claiming refund of shares & dividend transferred to IEPF, change of address, share transfer, transmission, nomination, etc. to the Company at investor@piind.com or the RTA at einward.ris@kfintech.com.
15. 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 to not 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 from time to time.
16. 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.
17. As SEBI has mandated that transfer of securities in a listed Company will be processed only if the securities are held in dematerialized form, the Members, who have not yet got their shares de-materialized, are requested to opt for the same in their own interest and send their share certificates through Depository Participant(s) with whom they have opened the de-materialization account to the Company’s RTA.
18. Electronic copy of all the documents referred to in the accompanying Notice of the AGM and the Explanatory Statement shall be available for inspection in the Investor Section of the website of the Company at <https://www.piindustries.com/investor-relations/Investor-Information/Annual-General-Meeting>.
19. During the AGM, Members may access the scanned copy of Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act in which Directors are interested maintained under Section 189 of the Act, upon Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com>. The same shall be available for view only till the closure of AGM.
20. The relevant details, pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India in respect of Directors seeking appointment/re-appointment are also annexed as **Annexure-A** to this Notice.
21. As per Section 118(1) of the Companies Act, 2013 read with the Secretarial Standard 2 on General Meetings issued by the Institute of Company Secretaries of India, “No gifts, gift coupons or cash in lieu of gifts shall be distributed to the members in connection with the meeting”.
22. Other Guidelines for Members:
 - (a) This Notice is being sent to all the Members whose names appear as on August 28, 2020, in the Register of Members or in the Register of beneficial owners as received from KFin Technologies Private Limited, the Registrar and Transfer Agent (“RTA”) of the Company.

- (b) A person whose name is recorded in the Register of Members or in the Register of beneficial owners maintained by the depositories as on September 18, 2020 ("Cut-Off date") only shall be entitled to avail the facility of remote e-voting. The voting rights of Members shall be in proportion to their share of the paid-up equity share capital of the Company as of the Cut-Off date.
- (c) Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or RTA at einward.ris@Kfintech.com
- (d) Mr. Ashish K. Friends, Company Secretary in Practice (FCS-5129 and CP No.- 4056), Proprietor, A.K Friends & Co, Company Secretaries, Delhi having consented to act as a scrutinizer has been appointed as "Scrutinizer" for scrutinizing the e-voting process in a fair and transparent manner.
- (e) During the AGM, the Chairman shall, after response to the questions raised by the Members in advance, formally propose to the Members participating through VC/OAVM Facility to vote on the resolutions as set out in the Notice of the AGM and announce the start of the casting of vote through the e-Voting system. After the Members participating through VC/OAVM Facility, eligible and interested to cast votes, have cast the votes, the e-Voting will be closed with the formal announcement of closure of the AGM.
- (f) The Scrutinizer shall, immediately after the conclusion of e-voting at the AGM and thereafter unblock the votes casted through remote e-voting. The Scrutinizer shall, within a period not later than 48 hours from the conclusion of the AGM, prepare and present a scrutinizer report of the total votes cast in favour or against, if any, to the Chairman of the Company or a person authorised by him in writing who shall countersign the same.
- (g) The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company at <https://www.piindustries.com/investor-relations/Investor-Information/Annual-General-Meeting> and on the website of NSDL at www.evoting.nsdl.com immediately after the declaration of results by the Chairman or a person authorized by him. The results shall also be immediately forwarded to the stock exchange(s), where the equity shares of the Company are listed

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Pursuant to Section 102 of the Companies Act, 2013 ('the Act'), the following Explanatory Statement sets out all material facts relating to the business mentioned under Item No. 4 to 6 of the accompanying Notice:

ITEM NO. 4

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of ₹3 lakhs (Three Lacs only) 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, 2021. 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 by passing an ordinary resolution.

None of the Directors or 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.4 of the Notice.

The Board recommends the Ordinary Resolution as set out at Item No.4 of the Notice for approval by the shareholders.

ITEM NO. 5

The Board of Directors, on recommendation of the Nomination & Remuneration Committee at their meeting held on August 04, 2020 appointed Ms. Lisa J. Brown (DIN: 07053317) as an Additional Director on the Board of the Company w.e.f. August 04, 2020. Pursuant to the provisions of Section 161(1) of the Act read with Article 106 of the Articles of Association of the Company, Ms. Lisa J. Brown holds office upto the date of ensuing AGM. The Company has received notice under Section 160 of the Act from a member proposing the candidature of Ms. Lisa J. Brown as an Independent Director of the Company.

Ms. Lisa J. Brown holds a bachelor's degree in Law from the University of Derby and is a registered Trade mark Attorney. She has an extensive rich experience of more than 2 decades in diverse sectors including, industrial, technology, consumer etc. with an in-depth expertise on subjects like IP management, compliance, risk assessment and corporate restructuring. She has demonstrated value through an approach of risk-based analysis to deliver corporate growth, strategy execution and governance through her various board and executive roles held in reputed organization's like SSL International Plc, London, Pets at Home Limited, a national retailer in the United Kingdom, WABCO Holdings Inc.

Ms. Lisa J. Brown is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to be appointed as a Director. The Company has received a declaration from Ms. Lisa J. Brown to the effect that she fulfills all criteria for independence stipulated in the Companies Act, 2013 and the Listing Regulations. Ms. Lisa J. Brown has also confirmed that she is not debarred from holding the office of Director by virtue of any SEBI Order or any such authority pursuant to circulars dated 20th June, 2018 issued by BSE Limited and the National Stock Exchange of India Limited pertaining to enforcement of SEBI Orders regarding appointment of Directors by the listed companies. In the opinion of the Board of Directors, Ms. Lisa J. Brown 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 Listing Regulations for appointment as an Independent Director. Further the Board of Directors is of the opinion that Ms. Lisa J. Brown is a person of integrity and has relevant experience and expertise for being appointed as an Independent Director.

The Board considers that her association would be of immense benefit to the Company to strategize its inorganic initiative's more efficiently apart from strengthening the existing risk compliance and governance framework including the IP matters and it is desirable to avail services of Ms. Lisa J. Brown as an Independent Non-Executive Director for a term of five consecutive years from September 25, 2020 till September 24, 2025.

Ms. Lisa J. Brown is Independent of the management. She shall be paid remuneration by way of fee for attending meetings of the Board or Committees thereof as may be decided by the Board, reimbursement of expenses for participating in the Board and other meetings and profit related commission

within the limits stipulated under Section 197 of the Act and other applicable provisions. Electronic copy of the draft letter of appointment of Ms. Lisa J. Brown as an Independent Director setting out the terms and conditions of her appointment shall be available in the Investor Section of the website of the Company i.e. www.piindustries.com.

The information as required under the Regulation 36 of Listing Regulations and Secretarial Standard on General Meetings, of Ms. Lisa J. Brown is provided in Annexure 'A' to the Notice.

Except Ms. Lisa J. Brown, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No.5 of the accompanying Notice of the AGM. Ms. Lisa J. Brown is not related to any Director of the Company.

Accordingly, based on recommendation of Nomination & Remuneration Committee, the Board recommends Ordinary Resolution as set out at Item No. 5 of the Notice of the AGM for the approval by the members.

Item No. 6

Dr. T.S. Balganes (DIN: 00648534) was appointed as an Independent Director of the Company by the Members at the 70th Annual General Meeting of the Company held on September 6, 2017 for the term of 3 years. The Nomination & Remuneration Committee of the Board of Directors, on the basis of the report of performance evaluation, has recommended re-appointment of Dr. T.S. Balganes as Non- Executive Independent Director for a second term comprising a period of 5 (five) consecutive years on the Board of the Company w.e.f September 05, 2020.

Dr. T.S. Balganes is a PhD in Medical Microbiology from University of Calcutta, Dr. T.S. Balganes 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. T.S. Balganes 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, IKP Knowledge Park, Hyderabad and Isagro (Asia) Agrochemicals Pvt. Ltd., Mumbai.

The Board, based on the performance evaluation and as per the recommendation of the Nomination & Remuneration Committee, considered that, given his background and experience and contributions made by him during his tenure, the continued association of Dr. T.S. Balganes would be immensely beneficial to the Company and it is desirable to continue to avail his services as Non-Executive Independent Director. In opinion of the Board, Dr. T.S. Balganes fulfills the conditions specified in the Act. Accordingly, it is proposed to re-appoint Dr. T.S. Balganes as Non-Executive Independent Director of the Company, not liable to retire by rotation, for a second term of 5 (five) consecutive years on the Board of the Company w.e.f September 05, 2020. Dr. T.S. Balganes is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has also received declaration from Dr. T.S. Balganes that he meets the criteria of independence as prescribed both under Section 149(6) of the Act and under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). Dr. T.S. Balganes has also confirmed that he is not debarred from holding the office of Director by virtue of any SEBI Order or any such authority pursuant to circulars dated 20th June, 2018 issued by BSE Limited and the National Stock Exchange of India Limited pertaining to enforcement of SEBI Orders regarding appointment of Directors by the listed Companies. In the opinion of the Board, Dr. T.S. Balganes fulfills the conditions for appointment as an Independent Director as specified in the Act and the Listing Regulations. The other information, as required under the Regulation 36 of Listing Regulations and Secretarial Standard on General Meetings, of Dr. T.S. Balganes is provided in the Notice.

Dr. T.S. Balganes is Independent of the management. He shall be paid remuneration by way of fee for attending meetings of the Board or Committees as may be decided by the Board, reimbursement of expenses for participating in the Board and other meetings and profit related commission within the limits stipulated under Section 197 of the Act and other applicable provisions. Electronic copy of the draft letter of appointment of Dr. T.S. Balganes as an Independent Director setting out the terms and conditions of his appointment shall be available in the Investor Section of the website of the Company i.e. www.piindustries.com.

Except Dr. T.S. Balganes and his relatives, no other Director/Key Managerial Person(s) or their relative(s) is concerned or interested in any way, whether financially or otherwise in the Resolution. This statement may also be regarded as an appropriate disclosure under the Act and the Listing Regulations.

Accordingly, based on recommendation of Nomination & Remuneration Committee, the Board recommends Special Resolution as set out at Item No. 6 of the Notice of the AGM for the approval by the members.

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



Naresh Kapoor
Company Secretary
M.No.ACS-11782

Dated: August 29, 2020
Place: Gurugram

Regd. Office:

Udaisagar Road, Udaipur – 313001 (Rajasthan)
CIN: L24211RJ1946PLC000469

Annexure -A

Details of Directors seeking Appointment / Re-appointment at the 73rd Annual General Meeting dated September 25, 2020.

Name of the Director	Dr. T.S. Balganes	Mr. Arvind Singhal	Ms. Lisa J. Brown
Age	67 years	72 years	42 years
DIN	00648534	00092425	07053317
Nationality	Indian	Indian	British
Qualification	Ph.D. in Medical Microbiology	M.Com	L.L.B (Hons), Diploma in Legal Practice - IPR
Expertise in specific functional areas	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, IKP Knowledge Park, Hyderabad and Isagro (Asia) Agrochemicals Pvt. Ltd., Mumbai.	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-metallic Mineral and Industries of FIMI.	She holds a bachelor's degree in Law from the University of Derby and is a registered Trade mark Attorney. She has an extensive rich experience of more than 2 decades in diverse sectors including, industrial, technology, consumer etc. with an in-depth expertise on subjects like IP management, compliance, risk assessment and corporate restructuring. She has demonstrated value through an approach of risk-based analysis to deliver corporate growth, strategy execution and governance through her various board and executive roles held in reputed organization's like SSL International Plc, London, Pets at Home Limited, a national retailer in the United Kingdom, WABCO Holdings Inc., Currently she is on the Board of WABCO India Limited and SmartDrive Systems Inc (USA).
Terms and condition of appointment / Re-Appointment	Re-appointed for a period of 5 years as a Independent Director.	Appointed as a Director liable to retire by rotation.	For a period of 5 years from the date of appointment as an Independent Director.
Date of first appointment on the Board	May 16, 2017	October 05, 2016	Appointed as an Additional Director on August 04, 2020
Shareholding in the Company as on 31.03.2020	NIL	NIL	NIL
Disclosure of Relationship between Directors inter-se	None	Mr. Arvind Singhal is related to Mr. Mayank Singhal as Uncle.	None
No. of Meetings of Board attended during the financial year 2019-20	6	5	-
Names of the listed Companies in which person holds directorship	PI Industries Limited	PI Industries Limited	Wabco India Ltd
Chairmanship/ Committee membership of listed Companies (only Stakeholders' Relationship Committee and Audit Committee)	None	None	Audit Committee - Wabco India Ltd Stakeholder's Relationship Committee - Wabco India Ltd

COMMUNICATION ON TAX DEDUCTION AT SOURCE (TDS) ON DIVIDEND DISTRIBUTION

As you may be aware w.e.f. 1st April 2020, Dividend Distribution Tax u/s 115-O of the Income-tax Act, 1961 (“the IT Act”) payable by Domestic Companies on declaration of dividend has been abolished. Pursuant to this amendment and certain consequential amendments brought vide Finance Act, 2020, the Company would be under an obligation to deduct tax at source (“TDS”) in accordance with the provisions of the IT Act, from dividend distributed on or after 1st April 2020.

Please take note of the below TDS provisions and information/document requirements for each shareholder:

Section 1: For all Members - Details that should be completed and /or updated, as applicable

- a. All Members are requested to ensure that the below details are completed and/or updated, as applicable, in their respective demat account/s maintained with the Depository Participant/s; or in case of shares held in physical form, with the Company, by September 25, 2020. Please note that these details as available on Book Closure Date in the Register of Members/ Register of Beneficial Ownership will be relied upon by the Company, for the purpose of complying with the applicable TDS provisions:
 - I. Valid Permanent Account Number (PAN).
 - II. Residential status as per the Act i.e. Resident or Non-Resident for FY 2020-21.
 - III. Category of the Member:
 - i. Mutual Fund
 - ii. Insurance Company
 - iii. Alternate Investment Fund (AIF) Category I and II
 - iv. AIF Category III
 - v. Government (Central/State Government)
 - vi. Foreign Portfolio Investor (FPI) /Foreign Institutional Investor (FII): Foreign Company
 - vii. FPI/FII: Others (being Individual, Firm, Trust, AJP, etc.)
 - viii. Individual
 - ix. Hindu Undivided Family (HUF)
 - x. Firm
 - xi. Limited Liability Partnership (LLP)
 - xii. Association of Persons (AOP), Body of individuals (BOI) or Artificial Juridical Person (AJP)
 - xiii. Trust
 - xiv. Domestic company
 - xv. Foreign company.
 - IV. Email Address.
 - V. Address.

Section 2: TDS provisions and documents required, as applicable for relevant category of Members

Members are requested to take note of the TDS rates and document/s, if any, required to be submitted to the Company by September 25, 2020 for their respective category, in order to comply with the applicable TDS provisions.

I. For Resident Members:

- i. **Mutual Funds:** No TDS is required to be deducted as per section 196(iv) of the IT Act subject to specified conditions. Self-attested copy of valid SEBI registration certificate needs to be submitted.
- ii. **Insurance companies:** No TDS is required to be deducted as per section 194 of the IT Act subject to specified conditions. Self attested copy of valid IRDA registration certificate needs to be submitted.
- iii. **Category I and II Alternative Investment Fund:** No TDS is required to be deducted as per section 197A (1F) of the IT Act subject to specified conditions. Self-attested copy of valid SEBI registration certificate needs to be submitted.
- iv. **Recognised Provident funds:** No TDS is required to be deducted as per Circular No.18/2017 subject to specified conditions. Self attested copy of a valid order from Commissioner under Rule 3 of Part A of Fourth Schedule to the IT Act, or Self-attested valid documentary evidence (e.g. relevant copy of registration, notification, order, etc.) in support of the provident fund being established under a scheme framed under the Employees’ Provident Funds Act, 1952 needs to be submitted.

- v. **Approved Superannuation fund:** No TDS is required to be deducted as per Circular No.18/2017 subject to specified conditions. Self-attested copy of valid approval granted by Commissioner under Rule 2 of Part B of Fourth Schedule to the IT Act needs to be submitted.
- vi. **Approved Gratuity Fund:** No TDS is required to be deducted as per Circular No.18/2017 subject to specified conditions. Self attested copy of valid approval granted by Commissioner under Rule 2 of Part C of Fourth Schedule to the IT Act needs to be submitted.
- vii. **National Pension Scheme:** No TDS is required to be deducted as per Sec 197A (1E) of the IT Act.
- viii. **Government (Central/State):** No TDS is required to be deducted as per Sec 196(i) of the IT Act.
- ix. **Any other entity entitled to exemption from TDS:** Valid self-attested documentary evidence (e.g. relevant copy of registration, notification, order, etc.) in support of the entity being entitled to exemption from TDS needs to be submitted.
- x. **Other resident Members:**
 - a) TDS is required to be deducted at the rate of 7.5% under u/s 194 of the IT Act.
 - b) No TDS is required to be deducted, if aggregate dividend distributed or likely to be distributed during the financial year to individual shareholder does not exceed Rs. 5000. Normal dividend/s declared in the preceding financial year 2019 - 2020 would be considered as the basis to determine applicability of the said threshold for the entire financial year.
 - c) No TDS is required to be deducted on furnishing of valid Form 15G (for individuals, with no tax liability on total income and income not exceeding maximum amount which is not chargeable to tax) or Form 15H (for individual above the age of 60 years with no tax liability on total income).
 - d) TDS is required to be deducted at the rate of 20% u/s 206AA of the IT Act, if valid PAN of the shareholder is not available.
 - e) TDS is required to be deducted at the rate prescribed in the lower tax withholding certificate issued u/s 197 of the Act, if such valid certificate is provided.

II. For Non-resident Members:

- i. **FPI and FI:** TDS is required to be deducted at the rate of 20% (plus applicable surcharge and cess) u/s 196D of the IT Act.
- ii. **Any entity entitled to exemption from TDS:** Valid self-attested documentary evidence (e.g. relevant copy of registration, notification, order, etc. by Indian tax authorities) in support of the entity being entitled to exemption from TDS needs to be submitted.
- iii. **Other non-resident Members:**
 - a) TDS is required to be deducted at the rate of 20% (plus applicable surcharge and cess) u/s 195 of the IT Act.
 - b) Shareholder may be entitled to avail lower TDS rate as per Double Tax Avoidance Treaty (DTAA) between India and the country of tax residence of the shareholder, on furnishing the below specified documents:
 - 1. Self-attested copy of PAN;
 - 2. Self-attested copy of valid Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the shareholder is a resident;
 - 3. Self-declaration in Form 10F; and
 - 4. Self-declaration on letterhead of having no Permanent Establishment in India, Beneficial ownership of shares and eligibility to claim treaty benefits **(as per Annexure 1 to this Communication)**.
 - c) TDS is required to be deducted at the rate prescribed in valid lower tax withholding certificate issued u/s 197 of the IT Act, if such valid certificate is provided.

Details and / or documents as mentioned above in Section 1 and Section 2, as applicable to the Member, need to be sent, duly completed and signed, through registered email address of the Member with PAN being mentioned in the subject of the email to reach investor@piind.com by September 25, 2020. Please note that no communication this regard, shall be accepted post September 25, 2020.

Section 3: Other general information for the Members:

- I. For all self-attested documents, Members must mention on the document "certified true copy of the original". For all documents being sent / accepted by email, the Member undertakes to send the original document/s on the request by the Company.
- II. In case, the dividend income is assessable to tax in the hands of a person other than the registered Member as on the Book Closure Date, the registered Member is required to furnish a declaration containing the name, address, PAN of the person to whom TDS credit is to be given and reasons for giving credit to such person.
- III. TDS deduction certificate will be sent to the Members' registered email address in due course.

IV. Surcharge rates applicable for financial year 2020 - 21 for non-residents:

a. Non-Resident (other than FII & FPI):

(i) Individual, HUF, AOP, BOI, AJP, Trust

Dividend Income	Rate
Upto Rs. 50 lakhs	NIL
Income exceeds Rs. 50 lakhs but does not exceed Rs. 1 crore	10%
Income exceeds Rs. 1 crore	15%

(ii) Co-operative society or Firm, registered under applicable Indian law

Aggregate Income	Rate
Income exceeds Rs. 1 crore	12%

(iii) Foreign company

Dividend Income	Rate
Income exceeds Rs. 1 crore but does not exceed Rs.10 crores	2%
Income exceeds Rs. 10 crores	5%

b. FII & FPI:

i) Individual, HUF, AOP, BOI, AJP, Trust

Aggregate Income	Rate
Upto Rs. 50 lakhs	NIL
Income exceeds Rs. 50 lakhs but does not exceed Rs. 1 crore	10%
Income exceeds Rs. 1 crore but does not exceed Rs. 2 crores	15%
Income exceeds Rs. 2 crores but does not exceed Rs. 5 crores	25%
Income exceeds Rs. 5 crores	37%

(ii) Foreign Company

Aggregate Income	Rate
Income exceeds Rs. 1 crore but does not exceed Rs.10 crore	2%
Income exceeds Rs. 10 crores	5%

V. Normal dividend/s declared in the preceding financial year 2019 – 2020 would be considered as the basis to determine applicability of the surcharge rate.

VI. Health and Education Cess of 4% is applicable for financial year 2020 – 2021 for non-residents.

VII. Application of TDS rate is subject to necessary due diligence and verification by the Company of the shareholder details as available in register of Members on the Book Closure Date, documents, information available in public domain, etc. In case of ambiguous, incomplete or conflicting information, or the valid information/documents not being provided, the Company will arrange to deduct tax at the maximum applicable rate.

VIII. In case TDS is deducted at a higher rate, an option is still available with the shareholder to file the return of income and claim an appropriate refund, if eligible.

IX. In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided / to be provided by the Member/s, such Member/s will be responsible to indemnify the Company and also, provide the Company with all information / documents and co-operation in any appellate proceedings.

Note:

Above communication on TDS sets out the provisions of law in a summary manner only and does not purport to be a complete analysis or listing of all potential tax consequences. Shareholders should consult with their own tax advisors for the tax provisions applicable to their particular circumstances.

(Refer Section 2(II)(iii)(b)(4) of above Communication on TDS on Dividend Distribution)

FORMAT FOR DECLARATION FOR CLAIMING BENEFITS UNDER DTAA

Date:

To,
PI Industries Limited
Udaisagar Road, Udaipur – 313001,
Rajasthan, India
Email: investor@piind.com

Subject: Declaration for eligibility to claim benefit under Double Taxation Agreement between Government of India and Government of
..... <mention country of tax residency> (“DTAA”), as modified by Multilateral Instrument (“MLI”), if applicable

With reference to above, I/We wish to declare as below:

1. I / We, <Full name of the shareholder>, having permanent account number (PAN) under the Indian Income tax Act, <mention PAN >, and holding <mention number of shares held> number of shares of the Company under demat account number/ folio number as on the Book Closure Date from ___2020 to ___2020 (both days inclusive), am / are a tax resident of <country name> in terms of Article 4 of the DTAA as modified by MLI (if applicable) and do not qualify as a ‘resident’ of India under section 6 of the Indian Income-tax Act, 1961 (“the IT Act”). A copy of the valid tax residency certificate for <period>, which is valid as on the Book Closure Date, is attached herewith.
2. I/We am/are eligible to be governed by the provisions of the DTAA as modified by MLI (if applicable), in respect of the dividend income and meet all the necessary conditions to claim treaty rate.
3. I/We am/are the legal and beneficial owner of the dividend income to be received from the Company.
4. I/We do not have a Permanent Establishment (“PE”) in India in terms of Article 5 of the DTAA as modified by MLI (if applicable) or a fixed base in India and the amounts paid/payable to us, in any case, are not attributable to the PE or fixed base, if any, which may have got constituted otherwise.
5. I/We do not have a PE in a third country and the amounts paid/payable to us, in any case, are not attributable to a PE in third jurisdiction, if any, which may have got constituted otherwise.
6. I/We do not have a Business Connection in India according to the provision of section 9(1)(i) of the Act and the amounts paid/payable to us, in any case, are not attributable to business operations, if any, carried out in India.

I/We hereby certify that the declarations made above are true and bonafide. In case in future, any of the declarations made above undergo a change, we undertake to promptly intimate you in writing of the said event. You may consider the above representations as subsisting unless intimated otherwise.

I/we in the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by me, I will be responsible to pay and indemnify such income tax demand (including interest, penalty, etc.) and provide the Company with all information / documents that may be necessary and co-operate in any proceedings before any income tax / appellate authority.

For <Mention the name of the payee>

Authorised Signatory

<Name of the person signing>

<Designation of the person signing>



Inspired by Science

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CIN : L24211RJ1946PLC000469