

Inspired by Science

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**PI Industries Ltd.**  
Annual Report 2009-2010

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



### Growth

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



### Speed

The way we observe, think and act.



### Knowledge

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



### Trust

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



### Innovation

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



### Adaptability

We are nimble-footed and  
highly responsive to change.



<b>Registered Office</b>	Udaisagar Road, Udaipur-313001 Rajasthan (India)
<b>Corporate Office</b>	Millennium Plaza, Tower-A, Sector-27, Gurgaon- 122009, Haryana (India)
<b>Manufacturing Facilities</b>	Udaisagar Road, Udaipur-313001, Rajasthan (India) Plot No. 237, GiDC, Panoli, Gujarat, (India) Lane-IV, Bari Brahmana, Jammu, J&K(India)
<b>CFO &amp;President (IT)</b>	Mr Rajnish Sarna
<b>Company Secretary</b>	Mrs Payal M. Puri
<b>Auditors</b>	B.D. Gargieya & Co., Beawar (Raj.) S.S. Kothari Mehta & Co., New Delhi-110001
<b>Cost Auditors</b>	K.G. Goyal & Co., Jaipur
<b>Bankers</b>	State Bank of Bikaner & Jaipur State Bank of India ICICI Bank Ltd. Axis Bank Ltd. IDBI Bank Ltd. Export-Import Bank of India Housing Development Finance Corporation Ltd.
<b>Registrar and Transfer Agent</b>	Karvy Computershare Private Limited, Unit: PI Industries Ltd. 17 to 24, Vithalrao Nagar, Madhapur, Hyderabad - 500 081.

## Board of Directors

### **Mr. SALIL SINGHAL, Chairman and Managing Director**

He has been leading the Company since July 79. He headed Pesticide Association of India (now Crop Care Federation of India) as Chairman for 17 years and is now Chairman Emeritus. He was the Chairman of the Environment Committee and FICCI for 5 years. He was the Chairman of the Northern Region of CII with responsibility of nine northern states / union territories and over 2000 members.

He is currently on the Boards of Wolkem India Ltd., Historic Resorts Pvt. Ltd., The Lake Palace Hotels and Motels Pvt. Ltd., Secure Meters Ltd., Somany Ceramics Ltd., PILL Finance & Investment Ltd., Usha Martin Ltd. and Secure International Holdings Pte. Ltd. (Formerly known as Entity Holding PTE Ltd., Singapore.)

### **Mr. MAYANK SINGHAL, Managing Director and CEO**

An Engineering Management Graduate from the UK, he joined PI in 1996. Worked at the plant level for 2 years and was inducted to the Board of the Company in 1998 and appointed as Joint Managing Director in 2004. Mr. Mayank Singhal has been appointed as Managing Director and CEO of the Company with effect from December 1, 2009. He is also a Director on the Boards of PI Life Science Research Ltd., PILL Finance and Investment Ltd. and Samaya Investment and Trading Pvt. Ltd.

### **Mr. ANURAG SURANA, Whole-time Director**

B.Com (Hons) graduate joined PI Industries in 1995. He has handled the polymer compounding business and later he managed the entire manufacturing operations of the Company at Panoli. His current responsibilities are managing Company's Custom synthesis business and overseeing manufacturing operations and projects. He is also a Director on the Boards of PI Life Science Research Ltd., PILL Finance and Investment Ltd. and WILL Investments Ltd.



#### **Mr. P.N. SHAH, Director**

He is a Chartered Accountant and a partner of M/s Shah & Co., a CA firm. He is on the Board of PI Industries since 1991. He was the President of the ICAI. Currently, he is also on the Board of Indo Count Industries Ltd., Secure Meters Ltd., Taparia Tools Ltd., Lipi Data Systems Ltd., Wolkem India Ltd., LIC Mutual Fund Trustee Company Pvt. Ltd. and Pranavaditya Spinning Mills Ltd.

#### **Dr. S.P. VISHNOI, Director**

He holds a Masters degree in Maths and a PhD in Management and Agricultural Economics. He joined IAS in 1957. During his tenure, he occupied important positions such as Principal Secretary Agriculture (Raj.), Advisor to Bangladesh and retired in 1992 as a Secretary Rural Development of the Government of India. He worked as Executive Director with Agrochemicals Information Centre, New Delhi during 1994-1999 and Resident Director with Indian Crop Protection Association / Crop Life India during 1999-2003. He is currently also on the Board of PI Life Science Research Ltd.

#### **Mr. NARAYAN K. SESHADRI, Director**

He is a Chartered Accountant and is a Director on the Board of PI since 2006. He started his career with Arthur Anderson in the business consultancy area. Later he was with KPMG and became the Managing Partner of the business advisory practice of the firm. He was the first and only Indian partner on Anderson's Global CEO Advisory Council. He is also the founder Chairman & CEO of Halcyon Group, an investment advisory and management services organization. He is also on the Board of Halcyon Resources and Management Pvt. Ltd., Development Credit Bank Ltd., DHFL Venture Capital India Pvt. Ltd., HGB Holdings Pvt. Ltd., Magma Fincorp Ltd., Indrise Investments, Kalpataru Power Transmission Ltd., HRM Capital Advisors Pvt. Ltd., WABCO TVS India Ltd., Halcyon Finance and Capital Advisors Pvt. Ltd and Lindner Investments.

#### **Mr. RAJ KAUL, Director**

He has varied experience in the global crop protection business. He began his career with NELCO, then he joined Ciba India and later moved to Bayer India and became its Executive Director/CEO for their crop protection business. He later moved to Bayer AG (Leverkusen, Germany), head office and assigned to their M&A division, where he rose to become the Vice President reporting to their Board. He has successfully concluded over 200 M&A transactions in the areas of agro-chemicals, biotechnology etc. Currently, he is also on the Board of Gowan Company, Yuma in Arizona (USA).

#### **Mr. SUKH DEV NAYYAR, Director**

He holds a Master Degree in Physics and is an Associate of the Institute of Bankers-England. He started his banking career with Grindlays Bank in year 1962 where he held various important positions. He left in 1994 as Head of Corporate and Investment Banking-India. Thereafter, he joined ING Bank as CEO to start its India operations. In 1998, he was appointed as the Chairman and MD of ING Asset Management Company from where he retired in 2002. Currently, he is also on the Board of Development Credit Bank Ltd., Greaves Cotton Ltd. and Diamond Trust Bank Kenya Ltd.

#### **Mr. RAHUL RAISUARNA, Director**

Mr. Rahul Raisurana possesses Masters Degree in International Management from Thunderbird School of Global Management, USA and also in Business Administration from Graduate School of Management, Clark University, USA. Mr. Raisurana is presently holding position of Managing Director of Standard Chartered Private Equity Advisory (India) Limited. Mr. Rahul Raisurana is also a Director on the Board of Man Infraconstruction Ltd. He has over 19 years of wide ranging international professional experience. Mr. Raisurana holds position of an Investor Director on behalf of M/s Standard Chartered Private Equity (Mauritius) II Ltd.

#### **Mr. BIMAL KISHORE RAIZADA, Director**

Mr. Bimal Kishore Raizada is a Chartered Accountant from England and Wales and the Fellow Member of the Institute of Chartered Accountants in England and Wales, the Institute of Chartered Accountants of India and a member of Board of Governors, Institute of Internal Auditors, New Delhi, Treasurer of the Association of UK Chartered Accountants in India. His assignments have been with Rambutan in UK as Finance Manager, a subsidiary of Bass Charrington London and with Warner Hindustan, Mumbai as Audit and Systems Manager. Then, he moved on to join Ranbaxy Laboratories, New Delhi, as a Finance and Internal Audit Head. Mr. Raizada has worked in various positions at Ranbaxy rising to become the Director in-charge of the Company's clinical reference laboratory - Speciality Ranbaxy. His last assignment with Ranbaxy was as Senior Vice President, Allied Businesses, Corporate and Government Affairs and Corporate Communications also Director in charge - Speciality Ranbaxy, Mumbai. He is also on the Board of Ranbaxy Diagnostics Ltd., BVI-HR Practice Pvt. Ltd and Insta Power Ltd.

#### **Mr. PRAVIN K. LAHERI, Director**

Mr. Pravin K. Laheri (IAS Retd.) Gujarat cadre studied at St. Xavier's College and Government Law College, Mumbai. Mr. Laheri joined Indian Railways in 1967 and Indian Administrative Services in 1969. He served in Government of Gujarat in various capacities - District Development Officer (Jamnagar), Collector (Banaskantha), Director - Cottage Industries, Joint Secretary (Education Department), Industries Commissioner, Principal Secretary to Five Chief Ministers of Gujarat, Principal Secretary (Rural Development, Information etc.) and Chief Secretary. He also worked as Executive Director of National Institute of Fashion Technology (NIFT) in Government of India. He was Chairman and Managing Director of Sardar Sarovar Narmada Nigam Limited. He is also on the Board of Torrent Energy Ltd., Gujarat Pipavav Port Ltd., Amap Management Consultancy Pvt. Ltd. and Ambuja Cement Foundation (Section 25 Company).



### Product & Market Development

- A new revolutionary rice herbicide – Nominee Gold, launched during the year was received exceedingly well by the farmers
- A Low toxicity product in the insecticide segment expected to be launched in 2010-11, this will further strengthen the Company's portfolio in rice and vegetables segment
- Applied registration for another new molecule to be launched in year 2011-12
- Signed contracts to manufacture newly patented active ingredients for the Japanese and Australian markets, the commercial production to start in 2010-11
- Long term supply agreements worth USD 63.7 mio signed with Japanese and European Companies.
- Letter of Intent signed for 4 year supply agreement worth USD 37.5 mio with European Company
- Export of polymer compound started during the year

### Research & Development

- Several new molecules successfully synthesized in the areas of Agro intermediates and active ingredients, imaging chemical, pharma intermediates, etc.
- Signed research contract with leading universities of Japan, research work in certain new areas of application already started at Company's R&D center at Udaipur
- Company was awarded prestigious Green Chemistry Award 2009 in the "MNC and Large Enterprise Category" in the Industrial Green Chemistry Workshop 2009, in recognition of its outstanding research and work done to reduce emission / effluent by solvent less process and recycling of the by-products
- Successfully developed two polymer compounds PC ABS and PC PBT blends and substituted expensive raw materials to achieve product economics.

### Expansion Information

- The company has acquired 22.3 acre land for setting up new manufacturing unit in Sterling SEZ, at Jambusar, Gujarat, to service the new multi year supply contracts signed with some of the leading innovator companies. The Company plans to invest –Rs. 200 Cr in this unit in next 2-3 years
- New sophisticated lab equipments added in Company's R&D facility at Udaipur, to handle the increasing complexities involved in more recent and novel chemistry and technologies.

### Technology Initiatives

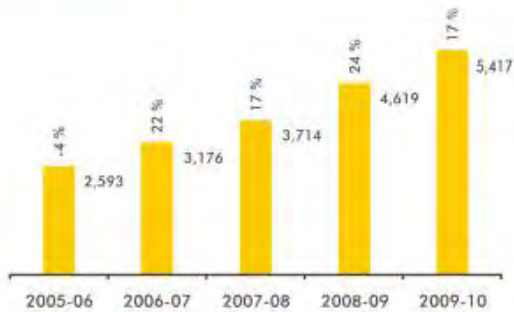
- Implementation of Web base ESS Application across organization covering Time, Travel, Reimbursement and Income Tax Declaration with online integration with SAP.
- Migration of BI Tools from 7.5 to 9.0 with Integration of authorization with Domain
- Implementation of Import Export Module and its integration with SAP for online tracking and documentation of Imports and Export transactions.

### Future Growth Drivers

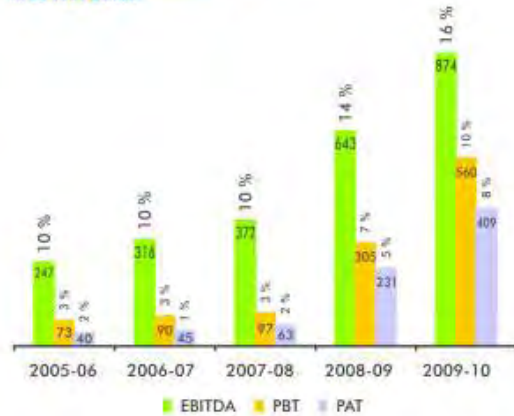
- New product launches under exclusive marketing rights/ co-marketing arrangements with large MNCs and volume expansion of existing products will continue to drive revenue growth and margin expansion in the Agri input Business
- Strong pipeline of molecules under different stages of development & contracting, healthy order book position and development of new business models led by strong relationship with Innovators will drive revenue growth and margin expansion of the custom synthesis and manufacturing business.
- The changes made in product mix, development of the product which are relevant to current market needs and focus on higher margin products will drive the profitable growth of polymer business



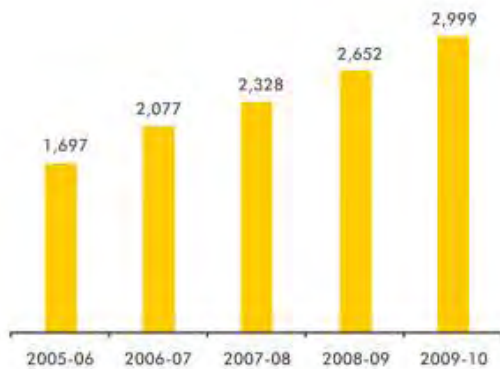
**Net Sales (Rs. Million)**  
**% Growth (YOY)**



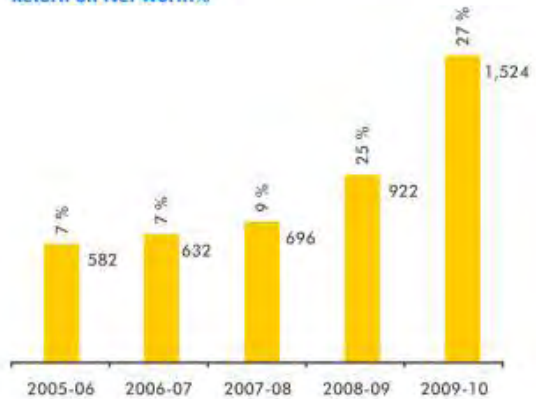
**Profitability (Rs. Million)**  
**% to Net Sales**



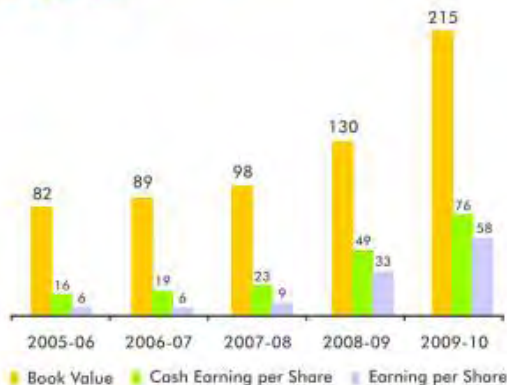
**Growing Asset Base (Rs. Million)**



**Net Worth (Rs. Million)**  
**Return on Net Worth%**



**Growth in Share holder's Value (Rs. per Share)**



**Shareholding Pattern**







Notice is hereby given that Annual General Meeting of PI Industries Limited will be held on Monday, July 19, 2010 at 11.00 A.M. at Udaisagar Road, Udaipur - 313 001 Rajasthan to transact the following business:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended March 31, 2010 and the Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare Dividend on non-cumulative Compulsorily Convertible Preference Shares (CCPS) for the year ended 31st March 2010.
3. To declare Dividend on Equity Shares for the year ended March 31, 2010.
4. To appoint a Director in place of Shri Raj Kaul, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Dr. S.P. Vishnoi, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration.
7. **Re-appointment of Mr. Salil Singhal as Chairman and Managing Director and fixation of remuneration**

To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

**"RESOLVED THAT** in supersession of the resolutions passed at the Annual General Meeting held on July 21, 2007 and extra-ordinary general meeting held on January 12, 2009, pursuant to the provisions of Sections 198, 309, 311 and 269 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, (hereinafter referred to as the "Act") including any modification(s) or re-enactment(s) thereof, or any other law for the time being in force and subject to the approval of Central Government, if any, or any other approval, sanction or permission, as may be required under any other enactment or law for the time being in force, the Company hereby approves of the re-appointment and terms of remuneration of Mr. Salil Singhal as Chairman and Managing Director of the Company for a term of three years commencing from July 1, 2010, upon the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment), with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment in such manner as may be agreed to between the Board of Directors and Mr. Salil Singhal.

**FURTHER RESOLVED THAT** Shri Anurag Surana, Whole time-Director and/or Ms Payal M. Puri, Company Secretary of the Company, be and are hereby severally authorized to sign, file the forms, other documents and papers and make application to the Central Government on behalf of the Company and complete all other formalities and do all such acts and deeds as may be required to give effect to this resolution.

**RESOLVED FURTHER THAT** Board of Directors be and is hereby authorized to take steps as may be necessary, proper and expedient to give effect to this resolution".

8. **Re-appointment of Mr. Anurag Surana as Whole-time Director and fixation of remuneration**

To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

**"RESOLVED THAT** in supersession of the resolutions passed at the Annual General Meeting held on July 21, 2007, pursuant to the provisions of Sections 198, 309, 311 and 269 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, (hereinafter referred to as the "Act") including any modification(s) or re-enactment(s) thereof, or any other law for the time being in force and subject to the approval of Central Government, if any, or any other approval, sanction or permission, as may be required under any other enactment or law for the time being in force, the Company hereby approves of the re-appointment and terms of remuneration of Mr. Anurag Surana as Whole-time Director of the Company for a term of three years commencing from July 1, 2010, upon the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment), with liberty to the Directors to alter and vary the terms and conditions of the said re-appointment in such manner as may be agreed to between the Board of Directors and Mr. Anurag Surana.

**FURTHER RESOLVED THAT** Shri Salil Singhal, Chairman and Managing Director, Mr. Mayank Singhal, Managing Director and CEO and Ms Payal M. Puri, Company Secretary of the Company, be and are hereby severally authorized to sign, file the forms, other documents and papers and make application to the Central Government on behalf of the Company and complete all other formalities and do all such acts and deeds as may be required to give effect to this resolution.



**RESOLVED FURTHER THAT** Board of Directors be and is hereby authorized to take steps as may be necessary, proper and expedient to give effect to this resolution".

**9. Appointment of Mr. Pravin K. Laheri as Director liable to retire by rotation.**

To consider and if thought fit, to pass with or without modifications the following resolution as Ordinary Resolution:

**"RESOLVED THAT** Mr. Pravin K Laheri, who was appointed as an Additional Director of the Company with effect from January 20, 2010, pursuant to section 260 of the Companies Act, 1956 and Articles of Association of the Company and who holds office only upto the date of the ensuing Annual General Meeting and in respect of whom the Company has received notice in writing, under section 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the office of a Director of the Company, be and is hereby appointed as a Director of the Company."

**10. Appointment of Mr. Bimal Kishore Raizada as Director liable to retire by rotation.**

To consider and if thought fit, to pass with or without modifications, the following resolution as Ordinary Resolution:

**"RESOLVED THAT** Mr. Bimal Kishore Raizada, who was appointed as an Additional Director of the Company with effect from January 20, 2010 pursuant to section 260 of the Companies Act, 1956 and Articles of Association of the Company and who holds office only upto the date of the ensuing Annual General Meeting and in respect of whom the Company has received notice in writing, under section 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the office of a Director of the Company, be and is hereby appointed as a Director of the Company."

**11. Payment of Commission to Non-Whole time Directors of the Company**

To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

**"RESOLVED THAT** in suppression of the resolution passed at the Annual General Meeting held on 21st July, 2007 and in conformity with the provisions of Articles of the Articles of Association of the Company and pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and subject to such statutory approvals as may be necessary, a sum not exceeding one percent per annum of the net profits of the Company calculated in accordance with the provisions of Section 198, 349, 350 of the Act, be paid to and distributed amongst the Directors of the Company or some or any of them (other than the Managing Directors and the Whole-time Directors) in such amounts or proportions and in such manner and in all respects as may be directed by the Board of Directors and such payments shall be made in respect of the profits of the Company for each year for a period of five years commencing April 1, 2010.

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized to take such steps as may be necessary, desirable or expedient to give effect to this resolution".

**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE SHOULD BE DULY STAMPED, COMPLETED AND SIGNED AND MUST REACH TO THE COMPANY AT UDAISAGAR ROAD, UDAIPUR - 313 001 RAJASTHAN NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. The register of members and the share transfer books shall remain closed on July 10, 2010 for the purpose of determining the Members/Beneficial Owners to whom dividend for the year 2009-10 will be paid. If dividend, as recommended by the Board of Directors, is approved at the Annual General Meeting, payment of such dividend will be made on or after July 20, 2010.  
  
In respect of Compulsorily Convertible Preference Shares (CCPS), dividend will be paid to the holders of CCPS on the Company's Register of Members as on July 10, 2010.
4. Members holding shares in electronic form are hereby informed that the bank particulars registered against their respective depository accounts will be used by the Company for the payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change in the bank particulars or bank mandates. Such changes are to be advised only to the Depository Participants of the Members.
5. Members holding shares in physical form are requested to advise any change of address immediately to the Company's Registrars and Transfer Agent, M/s Kary ComputerShare Private Limited at 17 to 24, Vithalrao Nagar, Madhapur,



Hyderabad - 500 081. Members holding shares in electronic form must send the advice about change in address to their respective Depository Participant only and not to the Company or the Company's Registrar and Share Transfer Agent.

6. Pursuant to provisions of section 205-A and 205-C of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account, is required to be transferred to the Investor Education and Protection Fund. Members shall not be able to claim any unpaid dividend from the said fund or the Company thereafter. Members who have not encashed the dividend warrants for the year 2004-05 onwards are requested to contact the Registrars and Transfer Agent or Registered Office of the Company. Outstanding dividend for the year 2001-02 has been transferred to the Investor Education and Protection fund. No dividend is outstanding for the year 2002-03, as no dividend was declared for this year.
7. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect to business under Item Nos. 7 to 11 of the Notice are annexed hereto. The relevant details as required by Clause 49 of the Listing Agreements entered with the Stock Exchange, of persons seeking appointment/re-appointment as Directors under Item Nos.4,5,7,8,9 and 10 of the Notice are also annexed.
8. Members are requested to bring their copy of Annual Report to the Meeting.

By Order of the Board of Directors

Sd/-

(Payal M. Puri)

Company Secretary

Date: 17.05.2010

Registered Office  
Udaisagar Road,  
Udaipur - 313 001  
Rajasthan



## Explanatory Statement

Pursuant to Section 173 (2) of the Companies Act, 1956

As required by section 173 of the Companies Act, 1956 ("the Act") the following explanatory statements set out all material facts relating to the business mentioned under Item Nos. 7 to 11 of the accompanying Notice dated May 17, 2010:

### Item No.7

Mr. Salil Singhal was appointed as Chairman and Managing Director of the Company for three years by the Shareholders of the Company in the Annual General Meeting held on July 21, 2007. Further, the members at their Extra-ordinary General Meeting of the Company held on January 12, 2009, approved, increase in remuneration of Mr. Salil Singhal as Chairman and Managing Director, subject to approval of Central Government.

Mr. Salil Singhal's tenure as Chairman and Managing Director will expire on June 30, 2010.

Looking to the current responsibilities of Mr. Salil Singhal and the increased business activities of the Company, the Board of Directors at its meeting held on May 17, 2010, has approved the re-appointment of Mr. Salil Singhal as Chairman and Managing Director of the Company for a period of three years with effect July 1, 2010, on the following terms and conditions as recommended by the Remuneration Committee of Directors:

### Terms of appointment and remuneration payable to Mr. Salil Singhal, Chairman and Managing Director with effect from July 1, 2010:

1. **Period:** Three years w.e.f. July 1, 2010
2. **Remuneration:**
  - A. **Salary:** Rs.8,00,000/- p.m. in the range of Rs.8,00,000/- to Rs.12,00,000/- p.m. with such increment from time to time as the Board / Committee of Directors may deem fit.
  - B. **Commission:** Such remuneration by way of commission, in addition to the salary, perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular financial year as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the provisions of the Companies Act, 1956.
  - C. **Perquisites:** The perquisites and allowances payable to Mr. Salil Singhal, Chairman and Managing Director, would be, subject to overall ceiling of Rs.75,00,000 /- per annum, as under:
    - i. **Housing:** The Company to provide rent free residential accommodation (furnished or otherwise) or house rent and house maintenance allowance in lieu thereof. The reimbursement of expenses for utilities such as gas, electricity, water, furniture/ furnishings, repairs, servant's salaries and services of sweepers, watchman, gardener.
    - ii. **Medical:** Expenses incurred for him and his family shall be reimbursed subject to ceiling of one month's salary in a year or three months salary over a period of three years.
    - iii. **Leave Travel:** Expenses towards leave travel shall be reimbursed for himself and his family (including dependents) twice in the block of 4 years in accordance with rules specified by the Company.
    - iv. **Club fees:** Fees of clubs subject to a maximum of two clubs.
    - v. **Personal Accident Insurance:** The Company to pay the premium for the personal accident insurance policy taken for self.
    - vi. **Car and Telephone:** The provision of car for use for Company's business and telephone at the residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company to him.
    - vii. **Provident Fund, Superannuation Fund, Gratuity and Leave Encashment:** Company's contribution to Provident Fund and Superannuation Fund and payment of Gratuity and Encashment of Leave would be as per the rules of the Company. However, Company's contribution to Provident Fund and Superannuation Fund to the extent these (either singly or together) are not taxable under the Income Tax Act, Gratuity payable as per the rules of the Company and Encashment of Leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.
- D. **Minimum remuneration**

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Mr. Salil Singhal as Chairman and Managing Director, the Company has no profits or its profits are inadequate, the Company will pay the above remuneration (including perquisites) as the minimum remuneration.



The terms and conditions of appointment may be altered and varied by the Board of Directors as they may at their discretion, deem fit in accordance with the provisions of the Companies Act, 1956 or any amendments made hereafter in this regard.

Accordingly, the Board of Directors recommends the resolution set out at item No.7 of the Notice for members' approval.

The present agreement is accordingly being terminated by the mutual consents.

#### **Memorandum of Interest of Directors**

Mr. Salil Singhal may be deemed to be interested in the passing of the resolution at item No.7, since it relates to his re-appointment and remuneration. Except Mr. Mayank Singhal, who is related to Mr. Salil Singhal, none of the other Directors is interested in the resolution.

A brief profile of Mr. Salil Singhal along with the required particulars is given at the end of the explanatory statement to the Notice for the information of the members.

The draft of the agreements to be entered into by the Company with Mr. Salil Singhal is available for inspection by the members of the Company on any working day of the Company between the hours of 10.00 AM and 12 Noon at the Registered Office of the Company.

The terms of remuneration of Mr. Salil Singhal as mentioned above will be treated as an abstract under Section 302 of the Companies Act, 1956.

#### **Item No.8**

Mr. Anurag Surana was appointed as Whole-time Director of the Company for three years by the Shareholders of the Company in the Annual General Meeting held on July 21, 2007. Accordingly, Mr. Anurag Surana's tenure as Whole-time Director will expire on June 30, 2010.

Mr. Anurag Surana joined PI Industries in 1995. He has handled the polymer compounding business and later he managed the entire manufacturing operations of the Company at Panoli. His current responsibilities are managing Company's Custom synthesis business and overseeing manufacturing operations and projects. Having regard to Mr. Anurag Surana's roles and responsibilities, the Board of Directors at its meeting held on May 17, 2010, has approved the re-appointment of Mr. Anurag Surana as Whole-time Director of the Company for a period of three years with effect July 1, 2010, on the following terms and conditions as recommended by the Remuneration Committee of Directors:

#### **Terms of appointment and remuneration payable to Mr. Anurag Surana, Whole-time Director with effect from July 1, 2010:**

1. **Period:** Three years w.e.f. 1st July, 2010

2. **Remuneration:**

A. **Salary:** Rs.3,00,000/- p.m. in the range of Rs.3,00,000/- to Rs.5,00,000/- p.m. with such increment from time to time as the Board / Committee of Directors may deem fit.

B. **Perquisites and Allowances:** The perquisites and allowances payable to Mr. Anurag Surana, Wholetime Director would be subject to over all ceiling of remuneration stipulated in section 198 & 309 of the Companies Act, 1956, as under:

The total amount of perquisites will be subject to over all ceiling of remuneration stipulated in section 198 and 309 of the Companies Act, 1956.

i. **Housing:** The Company to provide rent free residential accommodation (furnished or otherwise) or house rent and house maintenance allowance in lieu thereof; reimbursement of expenses or allowances for utilities such as electricity, gas, water, furnishings, repairs, servants' salaries and services of sweeper, watchman, gardener, the monetary value of which may be evaluated as per Income Tax Rules.

ii. **Medical:** Expenses incurred for him and his family shall be reimbursed subject to ceiling of one month's salary in a year or three months salary over a period of three years.

iii. **Leave Travel:** Expenses towards leave travel shall be reimbursed for himself and his family (including dependents) twice in the block of 4 years in accordance with rules specified by the Company.

iv. **Club fees:** Fees of clubs subject to a maximum of two clubs.

v. **Personal Accident Insurance:** The Company to pay the premium for the personal accident insurance policy taken for self. Premium not to exceed Rs. 5,000/- per annum.



- vi. **Car and Telephone:** The provision of car for use for Company's business and telephone at the residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company to him.
- vii. **Provident Fund, Superannuation Fund, Gratuity and Leave Encashment:** Company's contribution to Provident Fund and Superannuation Fund and payment of Gratuity and Encashment of Leave would be as per rules of the Company. However, Company's contribution to Provident Fund and Superannuation Fund to the extent these either singly or together are not taxable under the Income Tax Act, Gratuity payable as per the rules of the Company and Encashment of Leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

#### C. Minimum remuneration

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Mr. Anurag Surana as Whole-time Director, the Company has no profits or its profits are inadequate, the Company will pay the above remuneration (including perquisites) as the minimum remuneration.

The terms and conditions of appointment may be altered and varied by the Board of Directors as they may at their discretion, deem fit in accordance with the provisions of the Companies Act, 1956 or any amendments made hereafter in this regard. The above remuneration (including perquisites) shall be paid to Mr. Anurag Surana as the minimum remuneration in the event of absence or inadequacy of profits in any financial year of the Company.

#### Memorandum of Interest of Directors

Mr. Anurag Surana may be deemed to be interested in the passing of the resolution at item No.8, since it relates to his re-appointment and remuneration.

A brief profile of Mr. Anurag Surana along with the required particulars is given at the end of the explanatory statement to the notice for the information of the members.

The draft of the agreements to be entered into by the Company with Mr. Anurag Surana is available for inspection by the members of the Company on any working day of the Company between the hours of 10.00 AM and 12 Noon at the Registered Office of the Company.

The terms of remuneration of Mr. Anurag Surana as mentioned above will be treated as an abstract under Section 302 of the Companies Act, 1956.

#### Item No. 9

Mr. Pravin K. Laheri was appointed as an Additional Director of the Company with effect from January 20, 2010 by the Board of Directors and he holds office upto the date of this Annual General Meeting. A notice in writing under Section 257 of the Companies Act, 1956, has been received from a Shareholder of the Company signifying his intention to propose Mr. Pravin K. Laheri as a candidate for the office of Director liable to retire by rotation.

A brief profile of Mr. Pravin K. Laheri along with the required particulars is given at the end of the explanatory statement to the notice for the information of the members.

Board recommends the resolution as set out in item no. 9 of the Notice to the members for approval of Mr. Pravin K. Laheri's appointment as a Director liable to retire by rotation.

Except Mr. Pravin K. Laheri, none of the Directors are concerned or interested in the passing of this resolution.

#### Item No.10

Mr. Bimal Kishore Raizada was appointed as an Additional Director of the Company with effect from January 20, 2010 by the Board of Directors and he holds office upto the date of this Annual General Meeting. A notice in writing under Section 257 of the Companies Act, 1956, has been received from a Shareholder of the Company signifying his intention to propose Mr. Bimal Kishore Raizada as a candidate for the office of Director liable to retire by rotation.

A brief profile of Mr. Bimal Kishore Raizada along with the required particulars is given at the end of the explanatory statement to the notice for the information of the members.

Board recommends the resolution as set out in item no. 10 of the Notice to the members for approval of Mr. Bimal Kishore Raizada's appointment as a Director liable to retire by rotation.

Except Mr. Bimal Kishore Raizada, none of the Directors are concerned or interested in the passing of this resolution.

#### Item No.11

The members at their meeting held on July 21, 2007 had approved the payment of remuneration by way of commission to the Non-whole-time Directors at the rate not exceeding one percent of the net profits of the Company. Taking into account the



responsibilities of the Directors, it is proposed to continue with payment of Commission to non-whole-time Directors of the Company. Accordingly, it is proposed that in terms of Section 309(4) of the Act, the Directors (apart from the Managing Directors and the Whole-time Directors) be paid, for each of the five financial years of the Company commencing April 1, 2010, remuneration not exceeding one percent per annum of the net profits of the Company computed in accordance with the provisions of the Act. This remuneration will be distributed amongst all or some of the Directors in accordance with the directions given by the Board of Directors.

The Board of Directors recommends the resolution set out at item No.11 of the Notice for members' approval in supersession of earlier resolutions passed by the members.

All the Non-whole-time Directors of the Company may be deemed to be interested in the passing of the resolution of item No.11 since it relates to their remuneration.

**By Order of the Board of Directors**

Sd/-  
(Payal M. Puri)  
Company Secretary

**Date:** 17.05.2010

**Registered Office**  
Udaisagar Road,  
Udaipur - 313 001  
Rajasthan



Details of Directors Seeking Appointment/Re-appointment at the Annual General Meeting						
Particulars	Mr. Salil Singhal	Mr. Anurag Surana	Mr. Raj Kaul	Dr. S.P. Vishnoi	Mr. Provin K. Laheri	Mr. Bimal Kishore Raizoda
Date of Birth	August 21, 1946	January 22, 1965	October 30, 1942	November 23, 1934	March 28, 1945	April 17, 1944
Date of Appointment	December 3, 1984	September 30, 1998	January 18, 2008	January 29, 2004	January 20, 2010	January 20, 2010
Qualification	B.A (Hons.)	B.Com (Hons.)	B.Sc. (Engg.) Hons. and Diploma in Business Administration	Master degree in Maths, PhD in Management and Agricultural Economics and IAS (Retd.)	B.A. (Hons.), LL.B., MSc.Economics and IAS(Retd.)	Fellow Member of the Institute of Chartered Accountants in England and Wales, the Institute of Chartered Accountants of India.
Expertise in specific functional area	Leading the Company since July 79. Held prestigious positions at Pesticide Association of India (now Crop Care Federation of India), FICCI and CII etc.	Wide experience in synthesis business, overseeing manufacturing operations and projects.	Wide experience in the global crop protection business and M & A transactions in the areas of agrochemicals, biotechnology etc.	Held prestigious positions in Government of India and has wide experience in various departments such as Agriculture, Chemicals Information Centre, Indian Crop Protection Association / Crop Life, Rural Development etc.	Held prestigious positions in Government of India and has wide experience in various departments such as Cottage Industries Education Department, Rural Development etc.	Member of Board of Governor, Institute of Internal Auditors, New Delhi Treasurer of the Association of UK Chartered Accountants in India. Wide of experience in the areas of Finance, Audit, Corporate Communications
Directorships held in other public companies (excluding foreign companies and section 25 companies)	- Secure Meters Ltd. - Wolkem India Ltd. - Somany Ceramics Ltd. - PIL Finance & Investment Ltd. - Usha Martin Ltd.	- PI Life Science Research Ltd. - PIL Finance & Investment Ltd. - WILL Investments Ltd.	Nil	- P Life Science Research Ltd.	- Torrent Energy Ltd. - Gujarat Pipavay Port Ltd.	- Ranboxy Diagnostics Ltd. - Insta Power Ltd.
Memberships/ Chairmanships of committees of other public companies (includes only Audit Committee and Shareholders/Investors Grievance Committee)	Audit Committee - Usha Martin Ltd. - Somany Ceramics Ltd. Shareholder/Investors Grievance Committee - PI Industries Ltd.	Audit Committee - PI Industries Ltd. Shareholders / Investors Grievance Committee - PI Industries Ltd.	Nil	Shareholders / Investors Grievance Committee - PI Industries Ltd.	Nil	Nil
Number of Shares held in the Company	60426	5000	Nil	Nil	Nil	Nil





## TO THE MEMBERS OF PI INDUSTRIES LTD.

Your Directors are pleased to present the Annual Report of the Company together with the Audited Accounts for the year ended March 31, 2010 during which the Company has registered all round growth.

### 1. FINANCIAL HIGHLIGHTS

Particulars	(Rs. in Crores)	
	Current Year 2009-10	Previous Year 2008-09
Gross Sales	619.25	551.70
Net Sales	541.71	461.44
Other Income	1.11	0.74
Profit Before Interest, Tax, Dep. & App. (EBITDA)	87.47	64.32
Interest	18.31	22.28
Depreciation	13.15	11.49
Profit Before Tax (PBT)	56.01	30.55
Provision for Taxation		
Current Tax	13.03	3.52
Deferred Tax	2.03	3.27
Fringe Benefit Tax	-	0.68
Profit After Tax	40.95	23.09

Year 2009-10 has been a year of significant achievements and witnessed spectacular growth in standalone and consolidated revenues and profitability.

During the year under review, the net sales of the Company increased to Rs. 542 Crore as compared to Rs. 461 Crore in previous year; an increase of 17% YoY. While all business segments of the Company reported increase in sales, the key driver of the growth in sales was 41% YoY increase in the exports of active ingredients and intermediates under contract manufacturing and custom synthesis business.

The operating profit of the Company increased to Rs.87.47 Crore as compared to Rs. 64.32 Crore; an increase of 36% YoY. The operating profit margin increased to 16% in current year from 14% in the previous year on account of improved margins in domestic agrochemicals and Polymer business, increased revenues from custom synthesis, better capacity utilization and efficient overheads cost management.

The net profit (PAT) grew by 77% to Rs. 40.95 Crore for the year ended 31st March, 2010 from Rs. 23.09 Crore in the previous year. Net profit margin increased to 7.6% during the year under review from 5.0% in the previous year.

The Company's net profit on a consolidated basis increased to Rs 41.90 Crores during the year, as compared to Rs. 24.25 Crores in the previous year, a growth of 73% YoY.

The earning per share (EPS) for the year stood at Rs. 57.77 per share compared to Rs. 32.57 per share for the previous year.

### 2. OPERATIONS

During the year under review, the country saw one of the worst monsoons in last few decades. The long period average (LPA) rainfall was 22% short of normal rainfall on all India basis which severely affected Kharif crops, especially paddy. In the kharif season the area under cultivation for food grains declined by 6.5 per cent compared to last year. Food production is expected to be short by around 16 per cent compared to the last year.

While the crop produce prices remained mostly remunerative due to lower production, the crop protection products prices moved downward, continuing the trend seen in the latter part of last year, mainly due to lower raw material prices, especially in generic molecules.

However, despite these unprecedented adverse conditions, your Company's agri input business did reasonably well. The revenue of this business grew by 7% YoY but the EBITDA of this business grew by 30% mainly on account of improved product margins, introduction of new products and efficient overheads cost management.



Your company is also expecting to launch a low toxicity product in the year 2011, in the insecticide segment, further strengthening its portfolio in rice and vegetables.

The continued recession in the developed world, during most of 2009-10 and high agrochemical inventory levels maintained by global Agchem companies resulted in temporary slowdown in the off take of outsourced products by these companies. Yet the revenues of contract manufacturing and custom synthesis business of your Company grew by 41% YoY with 43% growth in EBITDA of this business.

Your Company could achieve this growth on the strength of its excellent relationships with several innovator companies in Europe and Japan, development of new compounds, addition of new products and volume expansion of existing products.

With its commitment to continue its growth inspired by science, your Company has signed a research contract with one of the leading Universities of Japan. Research in some new areas of application has already begun at the state of the art research center at Udaipur. We expect that this will be a good strategic diversification to complement the current areas of the Company's activities in the agrochemical and pharmaceutical sectors.

The Polymer business of your Company which was majorly affected by the global meltdown and its aftermath during last year registered satisfactory recovery during the current year particularly in the 2nd half. Due to recovery of customer industries like automobile, construction material, electronics, etc, not only the revenue of this business grew by 10% YoY in the current year, but the profitability of this business improved quite substantially due to better product mix, improved capacity utilization and efficient cost management.

#### **Introduction of New Products**

During the year under review, your Company launched a new revolutionary rice herbicide in the country- Nominee Gold. The product was received exceedingly well by the Indian farmers, and promises to change not only the herbicide application pattern in the country, but also significantly reduce the water consumption in rice cultivation. Your company is expecting this product to achieve status of the largest brand of Rice herbicide in the coming years and will contribute significantly to the growth of your company.

Apart from this, several new molecules were successfully synthesized in the areas of Agro intermediates and active ingredients (including a new chemistry based fungicide and a herbicide), imaging chemicals, pharma intermediates, etc. Out of these newly synthesized products, 6 products were commercialized and long term supply agreements were signed with the innovator companies.

#### **Expansion of Manufacturing Capacity**

In order to service new contracts signed with some of the leading innovator companies to manufacture and supply their IP products on multi year basis, your Company is setting up a new manufacturing site in Gujarat. For this purpose, we have acquired 22.3 Acre land in the Sterling SEZ located at Jambusar(Dist. Bharuch). Your Company is planning to invest around Rs 200 Crores at the new site in the next 2-3 years in multiproduct plants for manufacturing of agrochemical active ingredients and intermediates, pharma intermediates and other fine chemicals products. The first phase of this new site is expected to be commissioned early 2011.

#### **Green Chemistry Award**

During the current year, your Company was awarded the prestigious Green Chemistry Award 2009 in the 'MNCs and Large Enterprises Category' in the Industrial Green Chemistry Workshop (IGCW) 2009, a premier global event for the industry held on 4th to 6th December 2009 in Mumbai.

The IGC award recognizes outstanding research and initiatives in Green Chemistry and Engineering to promote innovation in cleaner, cheaper, smarter chemistry developments that have been or can be utilized by industry in achieving their pollution prevention goals.

PI had submitted projects to showcase technological innovation in the manufacturing process of its agrochemical active ingredients. The Jury comprising of eminent scientists and world authorities on Green Chemistry appreciated the quality of work done by PI for the significant reduction in emission / effluent by solvent less process and recycling of the by-product. Nominees for the IGC award in the "MNC and Large scale Industries category" included some of the leading players in pharmaceutical and specialty chemical sector.

The Management Discussion and Analysis section which forms a part of this Annual Report gives the analysis of performance.



### 3. DIVIDEND

The Board of Directors are pleased to recommend following dividend for the financial year ended on March 31, 2010:

- (a) Dividend of Rs. 2/- per equity share of Rs. 10/- each (20%)
- (b) Dividend of Rs. 0.01/- per Compulsorily Convertible Preference Share (CCPS) of Rs. 100/- each (0.01%) on pro-rata basis from the date of allotment i.e. 24.10.2009

The dividend, if approved at the ensuing Annual General Meeting, will be paid to those shareholders whose names appear on the register of members of the Company as on July 10, 2010.

### 4. BONUS ISSUE

The Company has completed a very successful financial year 2009-10, in which it has posted the highest ever net profit after tax of Rs. 40.95 Crore. To reward the shareholders in the successful value creation cycle, the Board of Directors of the Company in their meeting held on May 17, 2010 have recommended, subject to shareholders' approval, a Bonus issue of equity shares in the ratio of one equity share of Rs. 10/- each for every two fully paid equity shares held in the Company, as on the Record Date to be fixed by the Board or a committee thereof for this purpose.

### 5. DEPOSITS

The Company has accepted deposits as per the Rules and none of the deposits which were due for payment remain unclaimed / unpaid.

### 6. DIRECTORS

During the year under review, Mr. Junichi Nakano, resigned from the position of whole-time Director of the Company w.e.f. August 1, 2009. The Board places on record its gratitude for the valuable guidance provided by Mr. Junichi Nakano during his tenure as Director of the Company.

In pursuance of the approval of the members of the Company at the Extra-ordinary General meeting held on November 30, 2009, Mr. Mayank Singhal was appointed as Managing Director and Chief Executive Officer (MD and CEO) of the Company for a period of 5 years commencing December 1, 2009.

During the year under review, Mr. Rahul Raisurana was appointed as Nominee Director (Additional) w.e.f. October 24, 2009 in pursuance of the Share Subscription and Shareholder Agreement executed with Standard Chartered Private Equity (Mauritius) II Limited. Mr. Raisurana was appointed as rotational Director in the Extra-ordinary General Meeting held on November 30, 2009.

Also, during the year, Mr. Pravin K. Laheri and Mr. Bimal Kishore Raizada were appointed as Additional Directors on the Board with effect from January 20, 2010 and hold office till the ensuing Annual General Meeting. Notices under Section 257 of the Companies Act, 1956 has been received from the members of the Company, for their appointment.

Mr. Salil Singhal was appointed as Chairman and Managing Director of the Company for tenure of three years w.e.f. July 1, 2007. Accordingly, Board recommends the re-appointment of Mr. Salil Singhal as Chairman and Managing Director of the Company for a further period of three years at the ensuing Annual General Meeting.

Mr. Anurag Surana was appointed as Whole-time Director of the Company for tenure of three years w.e.f. July 1, 2007. Accordingly, Board recommends the re-appointment of Mr. Anurag Surana as Whole-time Director of the Company for a further period of three years at the ensuing Annual General Meeting.

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

The Board recommends their re-appointment for your approval.

The brief resume/details relating to the Directors who are to be appointed/re-appointed are furnished in the explanatory statements to the notice for Annual General Meeting to be held on July 19, 2010 which forms part of the Annual Report.

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

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

- (i) In the preparation of the Annual Accounts for the year ended on March 31, 2010, the applicable accounting standards have been followed by the Company;
- (ii) Appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2010 and of the profit for the year ended March 31, 2010.



- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Annual Accounts are prepared on a going concern basis.

## 8. SUBSIDIARY COMPANIES

The Company has three wholly owned subsidiary companies as on March 31, 2010. The members may refer to the Statement under section 212 of the Companies Act, 1956 and information on the financials of subsidiaries appended to the above statement under section 212 of the Companies Act, 1956 in this Annual Report for detailed information on these subsidiary companies. The key highlights of these subsidiary companies are as under:

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

During the year, the Company has posted a profit of Rs. 88.77 Lacs, which was earned on account of various R&D activities for developing new products.

### (2) PI Japan Company Ltd.

The Company posted a profit of JPY 9.76 Lacs (Rs. 5.02 Lacs) during the year.

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

### (3) PILL Finance and Investment Ltd. (PILL-F):

The Company posted a profit of Rs. 3.72 Lacs during the year.

## 9. AUDITORS

The Joint Statutory Auditors of the Company, M/s B.D. Gargieya & Co., Chartered Accountants and M/s S.S. Kothari Mehta & Co., Chartered Accountants; retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office of Auditors, if reappointed. The Auditors have given a certificate that their re-appointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956.

The Audit Committee and the Board of Directors recommend appointment of M/s B.D. Gargieya & Co. and M/s S.S. Kothari Mehta & Co. as Statutory Auditors of the Company for the financial year 2010-11.

## 10. COST AUDITORS

Pursuant to the directives issued by the Central Government, an audit of the cost records relating to Insecticides (Technical and Formulations) manufactured by the Company is required to be conducted by an auditor with the requisite qualifications as prescribed under section 233B of the Companies Act, 1956. Your Board has appointed M/s K.G. Goyal & Co., Cost Accountants, Jaipur, as Cost Auditors for the conduct of the audit of cost records of Insecticides (Technical and Formulations) for the year ending March 31, 2011 and necessary applications were filed through E-filing with Ministry of Corporate Affairs under section 233B.

## 11. SECRETARIAL AUDIT

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

## 12. INCREASE IN AUTHORISED SHARE CAPITAL

Pursuant to the resolution passed by the Members of the Company at the Extra-Ordinary General Meeting dated October 12, 2009, the Company increased the Authorized share capital from Rs. 23 Cr. to Rs. 70 Cr. divided into 2 Cr Equity Shares of Rs. 10/- each and 50 Lacs Preference Shares of Rs. 100/- each.

## 13. ISSUE AND ALLOTMENT OF BONUS SHARES

The Board of Directors of the Company in their meeting held on April 10, 2009 issued and allotted the bonus equity shares in the ratio of 1:1 to the members of the Company as on April 8, 2009 (Record Date). The Bonus shares have been listed on Bombay Stock Exchange Limited w.e.f. May 6, 2009. Consequent to the Bonus issue the paid up equity capital of the Company stood at Rs.7.09 Crore.

## 14. PREFERENTIAL ALLOTMENT OF COMPULSORILY CONVERTIBLE PREFERENCE SHARES AND OPTIONALLY CONVERTIBLE DEBENTURES

Your Directors wish to inform you that at the Extra Ordinary General Meeting held on October 12, 2009, the members had approved issuance on a preferential basis:



- a. 1030,000 non cumulative Compulsorily Convertible Preference Shares (CCPS) of face value of Rs. 100/- each to Standard Chartered Private Equity (Mauritius) Limited (SEBI Registered Foreign Institutional Investor);
- b. 1030,000 non cumulative Compulsorily Convertible Preference Shares (CCPS) of face value of Rs. 100/- each to Standard Chartered Private Equity (Mauritius) II Limited (SEBI Registered Foreign Venture Capital Investor) and;
- c. 2940,000 Optionally Convertible Debentures (OCD) of face value of Rs. 100/- each to Standard Chartered Investments and Loans (India) Limited (Non Banking Finance Company)

The allotments were made in compliance with Chapter VII of SEBI (ICDR) Regulations, 2009. Pursuant to the said allotment on October 24, 2009, the Company received funds aggregating to Rs. 500 mn.

Mr. Rahul Raisurana has been appointed as Nominee Director in pursuance of the Share Subscription and Shareholders Agreement entered into with Standard Chartered Private Equity (Mauritius) II Ltd.

Mr. Nomit Arora has been appointed as observer on the Board of the Company in pursuance of the Debenture Subscription Agreement entered into with Standard Chartered Investments and Loans (India) Limited .

## **15. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

## **16. EMPLOYEES**

During 2009-10, your Company continued to have cordial relationships with all its employees at all units. The Company recognizes the importance of human capital and enrichment of professional and technical skills is an ongoing process within the organization.

Your Directors recognize the team's valuable contribution and place on record their appreciation for the employees across the organization.

The total workforce of the Company stood at 997 as on March 31, 2010.

Pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars of Employees) Rules, 1975, the names and other particulars of the employees form part of this report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the reports and the accounts are being sent to all shareholders, excluding the statement of particulars under section 217(2A). Any shareholders, interested in obtaining a copy of this statement may write to the Company Secretary at the registered office of the Company.

## **17. MANAGEMENT DISCUSSION AND ANALYSIS**

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

## **18. CORPORATE GOVERNANCE**

Your Company has been practicing the principle of good Corporate Governance over the years and it is a continuous and ongoing process. Your Company is committed to benchmark itself with global standards in all areas including appropriate standards for Good Corporate Governance. Towards this end, an effective Corporate Governance System has been put in place in the Company, which also ensures that the provisions of Clause 49 of the Listing Agreement are duly complied with.

A detailed report on the Corporate Governance Code and practices of the Company along with a certificate from the auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement are given in a separate section in this Annual Report.

## **19. INTERNAL CONTROL SYSTEM**

The Company's internal control system comprises audit and compliance by in-house internal audit team supplement by internal audit checks from K S M N & Co., Chartered Accountants, G.D. Gargieya & Co., Chartered Accountants and R.V. Chalam, Chartered Accountant who are the internal auditors of the Company. The internal auditors independently evaluate the adequacy of internal controls and concurrently audit the majority of the transactions in value terms. Independence of the audit and compliance is ensured by the direct report of internal audit division and internal auditors to the Audit Committee of the Board.



## 20. ACKNOWLEDGMENTS

Your Directors wish to express their grateful appreciation for the valuable support and cooperation received from bankers, business associates, lenders, financial institutions, shareholders, various departments of Governments of India, Rajasthan, Gujarat and Jammu and Kashmir, farming community and other stakeholders.

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

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

On behalf of the Board of Directors

Sd/-  
(Salil Singhal)

Chairman & Managing Director

Sd/-  
(Mayank Singhal)

Managing Director & CEO

Place: Mumbai

Date: May 17, 2010



## Annexure-A

Information under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, and forming part of the Directors' Report for the year ended March 31, 2010.

### FORM-A

#### A. Conservation of Energy

##### a. Energy Conservation Measures taken

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

PI Industries Ltd. is committed to improve Energy Performance on Continual Basis by finding out new Ideas / Innovations in the field of Electrical and Thermal Energy.

For the year 2009-10, we have implemented following major energy reduction proposals as a part of our main objectives.

- Replacement of cooling water header and pump impeller of VAM chilling plant hence reduced the pressure drop and reduced the power consumption of cooling tower pump of the VAM unit.
- Provided the temperature controller in process cooling tower fans to cut off the power based on required cooling water temperature hence reduced the running of fans
- The existing Brine chiller unit has been replaced by higher efficiency chiller for better evaporation of ammonia. Shell and tube condenser is replaced by plate type heat exchanger to reduce condensing temperature of ammonia which ultimately resulted in reduction in the specific power consumption of brine plant.
- Improved the efficiency of both the power plant by optimization of load of power plant, so reduced the power generation cost and reduced the resource consumption.
- Installed the screw compressor for - 15 brine plant to reduce the specific power consumption.

##### b. For the year 2010-11, Additional Investment and Proposal is being implemented for reduction of energy consumption

The Company has planned following measures to improve thermal and electrical energy efficiencies for their manufacturing units:

- Replacement of low efficiency submersible chilled water pumps by high efficiency centrifugal pumps.
- Replacement of high efficiency burner to reduce the natural gas consumption in 6 TPH boiler.
- Installation of third engine for power generation to reduce the power cost.
- Air end and after cooler to be replaced with vertical air compressor to reduce power consumption.

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

Measures stated above have resulted into substantial savings as above in power consumption and reduction in utility costs for technical production.

### POWER AND FUEL CONSUMPTION

#### A. Power and Fuel

S. No	Particulars	Current year (2009-10)	Previous year (2008-09)
1	<b>ELECTRICITY:</b>		
	<b>a. Purchased:</b>		
	Units (Lacs/Kwh.)	96.86	60.62
	Total amount (Rs. in Lacs)	571.39	327.08
	Rate / Unit (Rs.)	5.90*	5.40*
	<b>b. Own Generation through Diesel/ LDO/Generator/Natural Gas</b>		
	Unit (Lacs/Kwh)	184.89	184.56
	Unit Per Ltr. / HSD	2.93	2.93
	Unit / SCM	3.43	3.47
	<b>c. Diesel Oil/Nat. Gas cost /Unit (only variable cost)</b>	4.91	4.03



2	<b>COAL:</b>		
	Quantity (tones)	43.16	NIL
	Total Cost (Rs. in Lacs)	2.24	NIL
	Average Rate (Rs. /MT)	5179.93	NIL
3	<b>FURNACE OIL:</b>		
	Quantity (Tonnes)	1207.47	2518.82
	Total Cost (Rs. in Lacs)	240.35	612.16
	Average Rate (Rs. /Kg)	19.91	24.30
4	<b>NATURAL GAS:</b>		
	Quantity (Lac SCM)	53.53	33.66
	Total Cost (Rs. in Lacs)	810.37	409.90
	Average rate (Rs. / SCM)	15.14	12.18

\* Includes electricity duty.

## B. Consumption per unit of production

The consumption per unit of production depends upon the product mix.

### FORM - B

## 1. TECHNOLOGY ABSORPTION

### Research And Development (R&D)

#### 1. Specific areas of research activities

- Synthesis and Development of new molecules in the categories of Agrochemicals, Fine Chemicals, Specialty Chemicals and Photographic chemicals - end products as well as intermediates on the basis of in-house research.
- Development of pharmaceutical and other specialty chemical intermediates (Non-GMP).
- Development of new efficient routes for certain existing products.
- Improvement through recycling and reduction of waste by employing new techniques and methods.
- Continuous development of the processes already in commercial production through technical and engineering innovations.
- Development of process for new molecules at R&D scale for new chemical entities and providing support and services to develop new processes and scaling up for contract manufacturing.
- Development of non Patent infringing routes of synthesis and generating and protecting intellectual property for the Company and its clients.
- Synthesis and characterization of working standards of final products, intermediates and related substances.
- Technical collaboration with a leading Japanese University to develop compounds for new areas of application
- Addition of sophisticated lab equipments for carrying out R&D work.

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

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





### 3. Future Plan of Action

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

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

### 4. Expenditure on R & D

		(Rs. in Lacs)	
S. No.	Particulars	Current year (2009-10)	Previous year (2008-09)
a.	Capital	63.53	116.39
b.	Recurring	478.75	458.43
c.	Total	542.28	574.82
d.	Total R & D expenditure as percentage of total turnover	0.87	1.04

### 5. Technology Absorption, Adaptation And Innovation

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

- Regular training programs for our scientists/ chemists/ technologists to equip themselves to cope with new scientific and technical challenges.
- Interaction with National Laboratories, IITs, CSIR Institutions and Universities for better up-gradation and co-ordination to develop new products and training of scientists whenever required.
- Interaction with R & D laboratories of MNCs for development of new molecules for technology transfer and at times, to improve their processes with the developments carried out at our R&D Centre.
- Extensive use of scientific search tools such as STN, SCIFINDER, CHEM-OFFICE ULTRA and other technically and scientifically useful search engines through internet to obtain latest information.
- Latest models of GC-Mass, HPLC-Mass, Preparative HPLC and ICP instruments are being used for spectral analysis and preparation of standards.

#### (b) Benefits derived

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

### 6. Imported Technology

- The Company has not imported any technology during the year.

## II. FOREIGN EXCHANGE EARNINGS AND OUT GO

Please refer information given in the notes to the annual accounts of the Company in Schedule XXI, Notes to the accounts Item No.23 C to F.

On behalf of the Board of Directors

Sd/- (Salil Singhal) Chairman & Managing Director	Sd/- (Mayank Singhal) Managing Director & CEO
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Place: Mumbai

Date: May 17, 2010



### 1. INDUSTRY STRUCTURE AND DEVELOPMENTS

Globally the agrochemical industry has seen a lot of consolidation in the last decade. The top 5 companies account for nearly 78% of the market. There is a huge diversity in regulations and processes in different countries in addition to environmental and safety regulations. However in India the industry is highly fragmented and dominated by the small scale sector which has around 1300 units. The fate of the agrochemicals sector is closely related to the Indian monsoon and the state of the overall agriculture industry. Given below are key highlights of the fundamentals of Indian agriculture during the year under review:

- The country suffered one of the most deficient monsoons, which was 23% lower than the long period average (LPA), with a drop of 0.2% in the agricultural GDP against the previous year's growth rate of 1.6%.
- Deficiency in rainfall in the south-west monsoon season during 2009, particularly in July and August, severely affected Kharif crops, especially paddy. The recovery of monsoon later in the year protected the fag end of the Kharif produce and improved the prospects of the Rabi crop.
- In 2009-10, production of food grains was around 98.83 million tonnes and thus much lower than the target of 125.15 million tonnes set for the year. This in turn encouraged an increase in the support prices for various crops in a measure to increase planting.
- The MSP theory is based on ensuring remunerative prices to the growers for their produce with a view to encouraging higher investment and production. The MSP for Rice stood in the region of Rs. 950-980 while that of Wheat at Rs. 1100 both showing an increase over the last year. This trend of increasing MSP, which has been visible over the last five years increases the opportunity cost for the farmer for any decrease in yield.
- The Government aggressively outlined its objective for the agricultural sector by announcing a four pronged strategy to spur farm production in the Union Budget 2010 which includes increase in agricultural production; reduction in wastage of farm produce; credit support to farmers and thrust to the food processing sector.
- The country also saw the unprecedented strong inflationary pressures on food prices, which has become a cause of serious concern. It is clearly brought out that urgent action is needed on the supply side to bring the prices down.
- Some of the long term initiatives taken by the Government to accelerate the rate of agricultural growth over the last five years include Rashtriya Krishi Vikas Yojana, National Food Security Mission, National Horticulture Mission; setting up Agricultural Export Zones (AEZs). The extension of Agricultural Debt Waiver and Debt Relief Scheme by another six months from December 31, 2009 to June 30, 2010 due to drought in some states and the severe floods in some other parts reiterated the Government's focus on percolation of rural credit.

There is now an increasing realization that India needs to double its grain output to meet the growing demand not only due to the increasing population, but with the rising middle class prosperity, also for higher quality food and for fruits, vegetables, milk, meat and poultry.

India's agricultural productivity per hectare is very low and virtually half of China's, and the only way is to infuse farm technologies such as good quality seeds, balanced use of fertilizers and water, mechanization, and a much larger crop protection umbrella with agrochemicals to protect the crops against the ravages of insect pests, diseases and weeds.

In the longer term, measures taken by the Government coupled with the increasing interest of the corporates in agriculture are providing long-term benefits in the form of higher allocative efficiencies, higher private investment, an increase in output, income and exports, and a higher multiplier effect, thereby leading to the creation of wealth in rural India. This trend will spur increased use of crop protection products which primarily are akin to medicines for crop health and their well being and by extension benefit the businesses of your Company.

Despite the global meltdown in 2008, and an uncertain economic recovery of the developed world, agri input companies saw robust growth and profits, given the worldwide food security concerns.

In the context of India, the consumption of agrochemicals/pesticides is woefully low. While the Standing Committee on Petroleum and Chemicals, Government of India in 2002, estimated crop losses of Rs.90,000 Crores, the Hon'ble Minister of Agriculture in response to a question in Parliament on 02.03.2007, said that crop losses due to pests, weeds and diseases is approximately assessed in the range of 10% to 30% of crop production, which would translate up to Rs. 148 lac Crores on 2006-07 value.

With the compulsion for higher productivity, and Government focus on agriculture, agro chemical business offers great opportunity in India, because crop protection use saves crops from pests, diseases and weeds and enhances crop yields.

In the global context, sustained and increasing demand for agrochemicals requires the agrochemical companies to make available newer and better products but at highly competitive prices. Since both the research to market and product



life cycles are shrinking, outsourcing has become an important part of most large companies as a part of their development strategy. Further, the agrochemical MNCs are also facing capacity constraints given the growing demand from the developing countries. Your Company is present in both aspects of agrochemicals - in the branding, manufacture and distribution on one hand and on the other, in the field of custom synthesis. The combination provides the best upside potential for your company.

The extent of the agrochemicals opportunity can be gauged by the fact that globally the agrochemical business grew by 9.6% and stood at \$ 51.20 billion. With the growing economic prosperity in China and India and general buoyant economies of the developing countries, and irrespective of the uncertain economic scenario of developed countries, the need for agriculture output will remain steady and in fact grow.

In the Indian context, the high inflation in food prices has brought need for urgent augmentation of the supply side, and agri input industry including agrochemicals have a vital role in protecting crops and ensuring higher crop yield.

With increased competition and regulatory demands, agrochemical companies have a growing, strategic need to reduce costs and improve process efficiency. In an attempt to achieve this, outsourcing has become a key and central part of most companies' development strategy. Outsourcing as a trend therefore continues to accelerate. Globally innovators are keen to make their operations more streamlined and more globalised. Such decisions have very obvious benefits in terms of costs saved, in this precarious world economic scenario. Moreover, Western agrochemical majors are liable to face capacity constraints given the burgeoning demand from emerging and developing countries.

Global outsourcing in the manufacture of life science products is estimated to touch over US\$30 billion by the year 2010 whereas in research, this opportunity is pegged at US\$ 7 billion by the year 2011. In comparison, the Indian custom synthesis sector is expected to scale US\$ 7 billion by the year 2013.

India offers compelling natural advantages for outsourcing. These include the deep understanding of the science of chemistry, labour that is both low-cost and qualified and respect for IPR. Further the country benefits in the form of low cost manufacturing, a strong legal and regulatory framework and quality telecom and IT infrastructure. Yet, only a few Indian companies have been able to successfully capitalize on the outsourcing opportunity in pharma and agrochemicals.

Your Company is an obvious exception. The pursuit of operational excellence, a relationship approach to business, a spirit of innovation and a philosophy of respect for IPR has enabled your company to develop a leadership profile in the business of custom synthesis and manufacturing business.

## 2. REVIEW OF OPERATIONS

### a. Chemical Business

#### Domestic Agri Inputs Business

This business unit of your Company provides inputs and solutions to the farmer in the areas of agrochemicals, specialty products and plant nutrients.

Food grain area sown in kharif season declined by 6.5 per cent compared to last year and food production is expected to be short by around 16 per cent compared to the last year.

As you are aware a large portion of the Indian agriculture is still largely dependent on the monsoon for its success. The year started on a bad note for the first crop season (Kharif) with severe deficit in the North West Monsoon. The weak northwest monsoon, with 58% of the meteorological districts receiving deficient or scanty rainfall, and a total rainfall of about 78% of long period average was one of the worst in the last decade. All the states, except parts of Gujarat and Karnataka were severely affected by the delay and the total amount of precipitation. Andhra Pradesh in particular faced the twin fury of drought and flood receiving scanty rainfall at the start of the season and torrential rains in the later half of the season.

The second crop season (Rabi) was characterized by low pest and disease occurrence in key crops (esp. Paddy, Potato) and erratic rainfall in Southern states affecting crop like Chili, etc which affected demand for agrochemicals.

The crop produce prices remained mostly remunerative, driven by inflationary pressures created by short supply and support from the Government.

The crop protection product prices also saw a downfall, continuing the trend seen in the latter part of last year, mainly due to lower raw material prices, especially in generic molecules. Due to the leadership position of most of the brands, your company was able to maintain reasonable margins in most of the generic products. It has been a strategy to create leadership products and each of your Company's products ranks #1 or #2. There is a definite premium that your Company has created for the brands under its fold.

During the year, your Company launched a new revolutionary rice herbicide in the country-Nominee Gold, The product has been accepted exceedingly well by the Indian farmers, and promises to change not only the herbicide application pattern in the country, but also significantly reduce the water consumption in rice cultivation. The product



has been actively recommended by many state universities, for adoption in rice cultivation. Nominee Gold will attain the status of the largest brand of Rice herbicide in the coming years and will contribute significantly to the growth of your Company. This underlines the endeavor of your Company to create leadership positions in all the categories it operates in. Plans are underway to scale up the Nominee Gold business to benefit from this upside. This summarizes your Company's particular strength; that of creating brands and then creating customer reach and leadership for that brand by leveraging its marketing and distribution infrastructure.

It is deeply satisfying to see that this product will not only bring lacs of acres of rice under herbicide use, and give higher rice yields, but also save water, the most precious resource for life. This would be consistent with your Company's philosophy to provide innovative solutions, as also to be committed to environmental issues.

During the year under review, despite the bad agro-climatic season, Company's brand business grew by 5% YoY spearheaded by the robust performance of Nominee Gold. The major growth was achieved in Eastern and Western states, along with Karnataka and Kerala in South, with Northern states and Andhra Pradesh registering minor degrowth, mainly due to poor climatic conditions.

Though the growth of institutional business of the Company was marginally negative in the domestic market, it grew overall by 3% due to 20% increase in export sales.

Your Company is also expecting to launch a low toxicity product in the year 2010-11, in the insecticide segment, further strengthening its portfolio in rice and vegetables.

During the period under review, your Company not only successfully launched Nominee Gold, it has also filed for registration of another new molecule for launch in the Year 2011-12. Your Company continues its quest for new molecules by signing four new agreements with patent holding companies to evaluate their products in India, especially in the herbicide and the fungicide segment with an endeavor to strengthen its portfolio in those segments.

To augment its portfolio in the herbicide segment, your Company has signed an agreement with a leading multinational company to enter the soybean herbicide segment. This will open doors for your company to strengthen its portfolio, with newer molecules in the pipeline.

Despite a bad season, your company was pro-actively successful in containing the operational costs. It was also able to bring down working capital costs successfully for this business thereby augmenting performance.

#### **Outlook**

The fundamentals of the Agriculture sector continue to be strong underlying following facts:

- Indian food security is already under perceived threat, with Government taking new steps to boost productivity in agriculture. The Government has already announced various programmes for investments in agriculture.
- The sustained price rise of all the major food crops in the last year has made the agriculture more profitable for the farmer; thereby enticing him to protect his crop in a better manner.
- Farmers have to step up the use of agrochemicals, seeds and fertilizers to enhance their crop yield and productivity
- With rising demand, and the consequent price increase, focus of the farmer has shifted towards increasing the marketability (quality) of his produce, by protecting it from damage caused by pests and diseases.

With the reviving economy, and rising incomes, there is going to be a significant demand increase, both in terms of quality and quantity of agricultural commodities. This demand will be further bolstered by the quality shift seen in the food habits, demanding more productive use of land in agriculture.

With the highly successful launch of a "Blockbuster Brand- Nominee Gold" and similar new products in the pipeline, your Company is now ready to move into the area of value creation of all stake holders to build on the trust earned by it in the past 50 years. It plans to launch new exclusive brands swiftly and make a success out of these by giving them the right product stewardship, marketing and distribution support. Your Company has definite advantage when it comes to brand building given the solid track record and on account of its unique marketing and distribution strength.

#### **International Fine Chemicals and Custom Synthesis Business**

This business unit of your Company deals in custom synthesis and contract manufacturing of chemicals including techno commercial evaluation of chemical processes, process development, Lab and pilot scale-up and commercial production. With additional business generated from its existing and new clients, your Company continues to maintain its leadership position in the Custom Synthesis space in India, which it had pioneered. Over the years PI Industries has built a very successful delivery record and reputation with its customer base.



Your Company has a robust front end including Europe and Japan for business development coupled with a world class back end in terms of R&D manufacturing set up and capabilities. The strategy is to support the growth in the Custom Synthesis business on the strength of your Company's global relationships.

Based on the new contracts signed with some leading European companies, your Company has taken a decision to acquire land in the SEZ located at Jambusar. It plans to invest an amount of Rs 200 crores at the new site in the next 2-3 years. There remains good visibility of payback for this project.

Your Company has partnered with leading agro-chemical, pharmaceutical and fine chemical companies in the world who hold it in high esteem for its integrity and consistent quality of products and services. Your Company's forte lies in providing end to end solutions to its customers. The business model is closely aligned to innovator requirements. Its philosophy of non-compete has made your Company the preferred partner for leading MNC innovators. This is expected to ease the ramp-up in revenues as customers grow their engagement with your Company.

The year under review saw the signing of some contracts for the manufacture of some newly patented active ingredients for the Japanese and Australian markets, the commercial production of which will commence from the financial year 2010-11.

With its commitment to continue its growth inspired by science, your Company has signed a research contract with one of the leading Universities of Japan. Research in some new areas of application has already begun at the state of the art Research Center at Udaipur. We expect that this will be a good strategic diversification to complement the current areas of application in agrochemical and pharmaceutical sector. This is in line with your Company's push on using innovation in processes and innovation in products, to grow.

The revenue of the Custom Synthesis Business continues to grow as per our expectation. The business reported an increase of 40.5% over the previous year. Due to constant efforts made by the Japanese business development team, your company has commenced commercial production on some block buster products and revenues from such products are expected in the current year.

Some of the Key Highlights of the performance of this business during 2009-10 are as follows:

- New inquiries received in diverse areas of fine chemical products with potential profitable ventures in the coming years.
- Long term contracts signed includes:
  - 3 Year Supply Agreement worth USD 27 Mio for Active Ingredient with a Japanese Company.
  - 4 Year Supply Agreement worth USD 36.7 Mio for Active Ingredient with a European Company.
  - Letter of Intent for 4 Year Supply Agreement worth USD 37.5 Mio Intermediate with an European Company
- With the establishment of a sourcing office in China your Company plans to get supply security and cost reduction in some key raw materials and intermediates.
- Several new molecules were successfully synthesized in the areas of Agro intermediates and active ingredients including amide fungicide and amide herbicide.
- Scale up work done and commercial production commenced for a leading rice herbicide
- Successful scale up of new chemistry molecules

#### **Outlook**

Custom synthesis is expected to remain equal growth driver for the Company in the immediate future. The business has demonstrated robust growth year-on-year and given the recent expansion of capacities, multiyear contracts and robust order book position, it is expected to continue to contribute significantly to revenues and earnings of the Company. Your Company retains a genetically distinct presence in the field of agrochemical custom synthesis - especially where it comes to respecting IP. The strong product pipeline at R&D and process development stage provides huge potential for further scaling up of this business and is likely to sustain the good momentum.

Projected Growth in Sales in fiscal 2010-11 is expected to be about 50% over 2009-10

The business unit now having established credibility, is working with customers on their strategic projects where assurance of success, long term business and growth potential is very high. Growth going forward is likely to be sustainable given your Company's niches in complex chemistry, low-volume & high-value products and diversified applications of those products.



## b. Other Business

### Polymer Compounding

The Company produces customized compounds of various polymers ranging from Polycarbonate (PC), Poly Phenylene Ether (PPE), Poly Butylenes Pteraphthalate (PBT), Poly Amides (PA6 and 66), Polypropylene (PP), ABS, etc in this business. The compounds find application in Automotive, Appliances (White goods), Electrical and Electronics, Submersible Pumps, Light and Heavy Engineering industries. PI Industries has created a dependable manufacturing set-up with backing of a committed research infrastructure. Your Company has the flexibility to produce a variety of products in different lot sizes and that too at a competitive cost.

Some of the customer industries e.g. automobile, construction material, electronics which were majorly affected by the global slowdown from 3rd quarter 2008, started recovering from 2nd Quarter 2009. However volatility of basic polymer prices, impact of currency fluctuations on imports and acute liquidity were the other challenges for this business during the year. Your Company continues to focus on leveraging innovations to deliver products that generate better margins and are subject to lesser volatility.

Despite these challenges, your Company could still manage to register a growth of 10% over previous year.

The thrust on R&D as a key business enabler continued with 8% of the annual revenue coming from newly developed grades. During the year, the Company has developed PC/ABS and PC/PBT blends and also substituted some expensive raw materials to achieve product economics. The Company also started exports in the last quarter of FY2009-10. As a result of all these focused efforts the growth in the bottom line has been healthier than projected.

### Outlook

Along with the automobile sector which is already in high gear, your Company expects that other key customer industries would have largely recouped from the global meltdown, in the current year.

The outlook for this business remains positive with key growth drivers for this business to be as under:

- India is becoming a global automotive hub and many multinationals have setup manufacturing base here, this will drive the plastic compound growth especially as modern automobiles have larger percentage of plastic-based components where PI Industries has a stake.
- With an estimated 50 mn houses under construction in India at any given time, need for polymer compounds to manufacture electrical equipments will sustain. The momentum in low-cost or affordable housing is creating a new segment of growth. Moreover luxury housing too is showing an upside in key metro markets.
- Lot of emphasis being given on energy generation, development and distribution and the Government of India has made a 5 year plan to reach electricity to many small villages, this will drive the plastic compound growth in the energy meter segment.
- Given the encouraging customer response, the export market can generate further scope of selling high end engineering plastic products.

The changes made to the product mix, in terms of focusing on higher margin products are expected to show good results. The Company continues to expand its offering, working on a regular basis to develop products that are relevant to current market needs. Your Company has consistently targeted improved performance in Polymers based on its understanding of key customer needs. By providing single-window access your Company has built lasting relations with its customers which will provide a value upside going ahead.

## 3. CORPORATE SOCIAL RESPONSIBILITIES (CSR)

Your Company recognizes the fact that social responsibility does not end at protecting the health and safety of its employees alone; it extends to our neighboring communities as well. We actively participate in corporate initiatives in rural development and social upliftment programs along with Government and institutional bodies. Continuous efforts are made to provide support to underdeveloped areas in terms of medical and educational aids which assist livelihoods.

Your Company is committed to improve the Quality of Life of members of the Community, especially the underprivileged. This year the main focus was on education of underprivileged women and children and well being of the farmers. Following are some of the initiatives taken by the Company during this year:

### CSR in Udaipur Region, Rajasthan;

- Company is funding a school for deaf and dumb, and has assisted in the setting up of a school where children of the economically weaker sections of the society are taught.
- The company regularly donates to M/s. Singhal Foundation along with the other group companies. The Foundation supports activities in the area of health care and medicines, environment, sports education and cultural activities.



#### **CSR around the Manufacturing Site at Panoli, Gujarat;**

- Regular donation to Ankleshwar Industrial Development Society which runs welfare facilities like Schools, sports complex etc.
- Regular Medical Checkup camps in nearby villages with Mobile Medical Van facility. Distribution of books/ study material, course books in schools of nearby villages .
- Providing industrial training in discipline of Management, Engineering, Safety and Environment and organizing group visits of students.
- Green Belt development around the company premises and nearby villages and also distributing trees and tree guards in nearby villages, to various Government and Non Government Organizations.
- Developmental work in nearby villages for improving/ creating roads, street lights etc.

#### **Farmer Education and Training in Rural Areas;**

- While farmers training for agri inputs are a regular activity, the Company under the aegis of the Confederation of Indian Industry (CII) took up a unique programme in India's most backward district Dungarpur (Raj.) with the objective to develop sustainable livelihood through agriculture for small and marginal farmers belonging to scheduled castes / tribes.

The Company extended training to more than 10000 farmers, laid over 2500 demonstrations, and organized Kisan Melas, (Farmer Exhibitions) across various states. These trainings were conducted in following areas:

- Maize production technology and confidence building among the farmers regarding adoption of improved seeds and plant nutrients - Maize productivity was demonstrated to increase by 150% - 300% to farmers
  - Crop diversification for judicious use of water - Under limited irrigation, farmers were able to take crops like Barley which would be giving additional returns to farmers along with wheat.
  - Wheat production technology and follow-up demonstrations - farmers used 25-40% less seed per acre, which reduced their costs, but gave much better yields.
- In addition to above, the Company deployed nearly 1200 trained field assistants across major agricultural centers across the country to impart:
    - Training to the farmers on safe and judicious use of pesticides
    - Understanding farmers' problems and suggesting appropriate solutions related to agri inputs and output
    - Distribution of free educational material on safety and safety items like gloves, masks, aprons, etc.
    - Use of Innovative education medium like puppet shows to propagate social messages e.g. education of girl child, family planning, dowry, etc.
  - As part of Company's responsibility towards the families of the employees, Company's Panoli unit organized following programs for the spouses of its staff members during current year:

##### **i. Training on Financial Planning for Spouse of employees**

Conducted in May '09. Mr. Piyush Gandhi (Sr. Manager Finance, GNFC) and Mrs. Nilam Panchal (Narmada College of Management) were the faculty; who gave valuable tips to participants on Budgeting, Accounting, various Investment opportunities, Usage of ATM, etc to the spouses.

##### **ii. Training on Glass Painting (Hobby Classes) for Spouse of employees**

Mrs. Kalpana Gandhi (Freelancer from Bharuch) has conducted 2 programs on Glass Painting - On 22nd Aug '09 for wives of Junior Staff; and On 12th Sep 09 wives of Senior Staff. About 20 ladies participated in each programs. Practical training was given to them and certificates were awarded.

##### **iii Drawing Competition "WIN-C" for employee's children**

About 51 children of employees participated in the competition in 3 different age groups. Drawings were judged by the teachers of Fine Art College, Bharuch. Three winners declared in each group (total 9 winners). Winners awarded with Prize and Certificate of Merit by President (Operations).

#### **4. RISKS AND CONCERN AREAS**

The achievement of business objectives necessarily involves taking risks. The Company is also exposed to a variety of market and other risks including the effects of demand dynamics, currency exchange rates, and interest rates, hazard events and specific assets risk. Macroeconomic factors like slowdown, unforeseen political and social upheaval, natural calamities, may also affect the Company's performance. The Agri Inputs business of the Company faces the risk of seasonal and weather factors. The weather can affect the presence of pest infestations and affect the demand for crop protection products as also mix of such products.



Our risk management process is intended to ensure that risks are taken with due diligence. We have created an integrated risk management framework to identify, assess, prioritize, manage, monitor and communicate risks across the Company. Our risk management structure comprises of the Audit Committee at Board level, heads of businesses, heads of support functions, unit heads, executive directors and CFO.

## 5. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has proper and adequate system of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorised, recorded and reported properly and to monitor internal business process, financial reporting and compliance with applicable laws.

The internal controls are further supplemented by placing an extensive program of risk based internal audits, frequent review by the management and implementation of sound policies, guidelines and procedures. To further strengthen the Internal Audit system, your Company has appointed experienced Chartered Accountancy firms as Internal Auditors for various units and branches.

A qualified and independent Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvements for strengthening them.

## 6. INFORMATION TECHNOLOGY

Your Company believes that Information Technology is a source of competitive advantage and has therefore continued to invest in the same. Information technology in the area of sales and customer development has been one of the key thrusts. All company branches, Consignment Agents and now company's Polymer and Custom Synthesis customers are on a common transaction system fully integrated with Company's SAP systems. The Company is also gradually integrating its Agri Inputs customers to its system by easy to manage web application which would enable it to collaborate with customers on a near on-line basis and significantly improves field execution and customer service.

We have also completed the implementation of an enterprise wide SAP capability. This was accompanied by significant re-engineering and simplification of the underlying business processes. All Company customers can now place replenishment orders on SAP. It also provides capability for supply chain optimization across a large and complex manufacturing and distribution network. Additionally, it supports a comprehensive data warehouse with real-time information across all our operations. The end to end SAP capability will be the platform for further business process innovation and increased speed of response.

We have leveraged the expanded telecom footprint in the country to provide high bandwidth terrestrial links to all operating units. Video conferencing is extensively used to collaborate across locations while reducing travel costs.

Information Security and reliable disaster recovery management continue to be a critical focus area - especially as most business processes become fully IT-enabled. We carry out regular exercises to continually assess and ensure the same.

## 7. HUMAN RESOURCES

Human resource is the key resource for the enterprises in the globalised world. Your Company proactively works to inculcate the vision, mission and values and organizational culture in each of its employees. Given the growth achieved and the high goals that your company has set for itself, a major initiative at attracting, nurturing and growing talent is being undertaken. This will ensure that our people are well entrenched to exploit future opportunities.

As part of this, a 'Reorganization for growth' initiative has been launched for the Agri- Input division. Your Company has also designed a "Leadership Model" with clearly defined "Leadership competencies" required, and all the key leaders of the organization have gone through self-assessment program for leadership development.

The Company continues to induct young people in the organization in order to groom them to strengthen the talent pool.

A number of new initiatives in the areas of 'Employee Engagement' and 'Learning and Development' have also been planned for the next financial year.

As on 31st March, 2010, the employee strength of PI was 997.

## 8. CAUTIONARY STATEMENT

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





**COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

The Company is committed to achieve and adopt best governance practices, their adherence in true spirit and conduct its affairs in a manner, which is transparent, clear and evident to those having dealings with or having a stake in the Company. All major corporate decisions are taken by the Company's professional Board in conjunction with a competent management team, keeping in view the best interest of all its stakeholders.

**1. BOARD OF DIRECTORS**

The Company is managed and controlled by a professional Board comprising a blend of Executives and Non-Executive professional Directors. At present, the Board of Directors consists of eleven Directors including Chairman and Managing Director, Managing Director and CEO, Whole time Director and other Non-Executive Directors.

The names and categories of the Directors on the Board along with their attendance at the Board meetings held during the year ended March 31, 2010 and at the last Annual General Meeting, and the number of other Directorship and Chairmanship / Membership of Committees held by them, is given below:

Name of Directors	Category of Directorship	Meeting held during the tenure of Directors	No. of Board Meetings attended (Out of total 6 meetings)	Attendance at the last AGM on 31.07.09	Directorships in Companies incorporated in India including PI Industries Ltd. (excluding private companies)	No. of other Board Committees of which Member/Chairman**
Mr. Salil Singhal	Chairman and Managing Director	6	6	No	6	3 (No Chairmanship)
Mr. Mayank Singhal	Managing Director and CEO	6	4	Yes	3	1 (No Chairmanship)
Mr. Anurag Surana	Whole time Director	6	4	Yes	4	2 (No Chairmanship)
Mr. P. N. Shah	Non-Executive Independent	6	3	No	7	6 includes 4 Chairmanship
Dr. S.P. Vishnoi	Non-Executive Independent	6	3	No	2	1 Chairmanship
Mr. Narayan K. Seshadri	Non-Executive Independent	6	5	No	5	5 includes 2 chairmanship
Mr. Raj Kaul	Non-Executive Non-Independent	6	3	No	1	Nil
Mr. Sukhdev Nayyar	Non-Executive Independent	6	4	No	3	2 (No Chairmanship)
Mr. Junichi Nakano*	Whole time Director	2	1	No	Nil	Nil
Mr. Rahul Raisurana#	Non-Executive Non-Independent (Investor Director)	1	-	N.A.	2	2 (No Chairmanship)
Mr. Pravin K. Laheri@	Non-Executive Independent	-	-	N.A.	3	Nil
Mr. Bimal Kishore Raizada@	Non-Executive Independent	-	-	N.A.	3	Nil

\* Mr. Junichi Nakano resigned from the Directorship of the Company w.e.f. August 1, 2009.

# Mr. Rahul Raisurana (Investor Director nominated by Standard Chartered Private Equity (Mauritius) II Ltd.) was appointed as Additional Director w.e.f. October 24, 2009 and as Director w.e.f. 30.11.2009

@ Mr. Bimal Kishore Raizada and Mr. Pravin K. Laheri were appointed as Additional Directors w.e.f. January 20, 2010

\*\* Committees for this purpose include Audit Committee and Shareholders/Investors Grievance Committee only. Committees of PI Industries are also included. Excluding private companies and foreign companies.



## 2. BOARD MEETINGS

The Board meets at regular interval to review the performance of the Company. During the year under review, besides meeting of Committee of Directors, 6 (Six) Board Meetings were held on April 10, 2009, June 15, 2009, August 29, 2009, September 16, 2009, October 24, 2009 and January 20, 2010.

## 3. DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT

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

Mr. Bimal Kishore Raizada and Mr. Pravin K. Laheri were appointed as Additional Directors w.e.f. 20.01.2010 and seek your approval for being appointed as Directors of the Company at the ensuing Annual General Meeting.

The tenure of Mr. Salil Singhal as Chairman and Managing Director of the Company will expire at June 30, 2010. The tenure of Mr. Anurag Surana as Whole-time Director of the Company will also expire at June 30, 2010. Accordingly, the re-appointment of Mr. Salil Singhal as Chairman and Managing Director and Mr. Anurag Surana's re-appointment as Whole-time Director of the Company will be subject to shareholders approval at the ensuing Annual General Meeting.

For detailed particulars on the Directors seeking appointment/re-appointment, please refer to Explanatory statement to the Notice of the Annual General Meeting to be held on July 19, 2010.

## 4. COMMITTEES OF THE BOARD OF DIRECTORS

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

- Audit Committee
- Shareholders / Investors Grievance Committee
- Share Transfer Committee
- Remuneration Committee
- Administrative Committee
- Insider Trading Committee
- Management Committee
- Committee for Preferential Allotment of Securities

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

### i) Audit Committee

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

#### Terms of reference

- (a) Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, adequate and credible;
- (b) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fee;
- (c) Approval of payment to statutory Auditors for services rendered by the statutory Auditors;
- (d) Recommending to the Board, the appointment and fixation of remuneration of Cost Auditors;
- (e) Reviewing with the management the Annual financial statements before submission to the Board for approval;
- (f) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of internal control system;
- (g) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, reporting structure coverage and frequency of internal audit;
- (h) Reviewing reports of internal audit and discussion with internal auditors on any significant findings of any internal investigations by the internal auditors and the executive management's response on matters and follow-up thereon;
- (i) Reviewing the company's financial and risk management policies;
- (j) Looking into the reasons for substantial defaults, if any, in payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors;
- (k) Reviewing the Management discussion and analysis of financial condition and results of operation;



- (l) Reviewing the Statement of significant related party transactions (as defined by the audit committee);
- (m) Reviewing the Management letters / letters of internal control weaknesses issued by the statutory auditors.

#### **Composition and attendance of the members of the Audit committee**

The Audit Committee comprises of Mr. P.N. Shah as Chairman, Mr. Narayan K. Seshadri, Mr. Sukhdev Nayyar, Mr. Anurag Surana and Mr. Rahul Raisurana, as members.

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

The Board of Directors in their meeting held on July 29, 2008 adopted the amended clause 41 of the Listing agreement vide circular no. DCS/Comp/Cir/662/2007 dated 01.08.2007 and delegated the power to approve the quarterly financial results to Administrative Committee.

The Audit Committee meets at least four times in a year and not more than four months elapses between two meetings. Accordingly, during the FY 2009-10, the Audit Committee met three times on June 15, 2009, September 25, 2009 and January 16, 2010. However, as per the requirements of Listing agreement, the Audit Committee met four times in the year 2009 on January 28, 2009, March 16, 2009, June 15, 2009 and September 25, 2009.

The composition and attendance record of the members of the Audit Committee for the FY 2009-10 is as follows:

Name	Category	Meetings held	Meetings attended
Mr. P.N. Shah	Chairman	3	3
Mr. Narayan K. Seshadri	Member	3	3
Mr. Sukhdev Nayyar	Member	3	2
Mr. Anurag Surana	Member	3	3
Mr. Rahul Raisurana *	Member	1	1

\* Mr. Rahul Raisurana appointed w.e.f. October 24, 2009.

Mr. Mayank Singhal, Managing Director and CEO, Mr. Rajnish Sarna, CFO and President (IT), Mr. K. Narasa Reddy, Audit Head of the Company and the Internal Auditors are permanent invitees. The statutory auditors / cost auditors also attend the meeting whenever required.

The Company Secretary acts as the Secretary to the Committee.

#### **ii) Shareholders/Investors Grievance Committee**

The Shareholders/Investors Grievance Committee aims at redressal of shareholder complaints and overseeing investor services.

##### **Terms of reference**

The committee focuses on the following:

- Reviewing and redressing Shareholders and Investors complaints/ grievances.
- Replying to the queries received from the investors
- Review of the corporate actions related work.
- Recommending measures for overall improvement in the quality of services being provided to the shareholders/investors.

#### **Composition and attendance of the members of the Shareholders / Investors Grievance Committee.**

The Committee comprises of four members, Dr. S.P. Vishnoi as Chairman, Mr. Salil Singhal, Mr. Mayank Singhal and Mr. Anurag Surana, as members. The Committee has met once during the year on January 20, 2010. The composition and attendance record of the members of the committee are as follows:

Name	Category	Meetings held	Meetings Attended
Dr. S.P. Vishnoi	Chairman	1	1
Mr. Salil Singhal	Member	1	1
Mr. Mayank Singhal	Member	1	1
Mr. Anurag Surana	Member	1	1

The Company Secretary acts as the Secretary to the Committee.



During the year, the Company has received nil complaints. However, 98 queries/requests like change of address, correction in the name, issue of duplicate certificates etc. were received which were duly attended.

### iii) Share Transfer Committee

The committee looks into the process of share transfers and attends to share transfer formalities at least once in a fortnight.

#### Terms of Reference

The committee is entrusted with the powers related to transfers, transmissions, consolidation, splitting, issue of share certificates in exchange of sub-divided/consolidated etc. and overseeing the performance of Registrar and Transfer Agents.

#### Composition and attendance of the members of the Share Transfer Committee.

The Share Transfer Committee comprises of three members, Mr. Salil Singhal as Chairman, Mr. Mayank Singhal and Dr. S.P. Vishnoi, as members.

The committee has met 16 times during the year on April 8, 2009, May 15, 2009, May 30, 2009, June 15, 2009, June 30, 2009, July 15, 2009, September 30, 2009, October 15, 2009, October 30, 2009, November 30, 2009, December 15, 2009, December 31, 2009, January 15, 2010, February 15, 2010, March 2, 2010 and March 31, 2010.

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

Name	Category	Meetings held	Meetings Attended
Mr. Salil Singhal	Chairman	16	16
Mr. Mayank Singhal	Member	16	15
Dr. S.P. Vishnoi	Member	16	2

The Company Secretary acts as the Secretary to the Committee.

### iv) Remuneration Committee

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

#### Composition and attendance of the members of the Remuneration Committee

The Committee consists of five members all of them being Non-Executive Directors. The Remuneration Committee comprises of Dr. S.P. Vishnoi as Chairman, Mr. P.N. Shah, Mr. Raj Kaul, Mr. Narayan K. Seshadri and Mr. Rahul Raisurana as members.

The committee has met twice during the year on June 15, 2009 and October 24, 2009. The composition and attendance record of the members of the committee are as follows:

Name	Category	Meetings held	Meetings Attended
Dr. S.P. Vishnoi	Chairman	2	1
Mr. P.N. Shah	Member	2	1
Mr. Raj Kaul	Member	2	1
Mr. Narayan K. Seshadri	Member	2	2
Mr. Rahul Raisurana*	Member	-	-

\* Mr. Rahul Raisurana appointed w.e.f. October 24, 2009.

### v) Administrative Committee

This committee facilitates the day to day functioning of the Company where approvals/permissions are required on routine basis. This committee is also entrusted with the power to approve the un-audited quarterly results under clause 41 of the Listing Agreement as per amendment in clause 41 of the Listing agreement vide their circular no.DCS/Comp/Cir/662/2007 dated 01.08.2007.



### Terms of Reference

- a. To approve the un-audited quarterly results under clause 41 of the Listing Agreement.
- b. To open / close current/cash credit/overdraft/ no-lien/ fixed deposit or other account(s) with any scheduled bank and authorize the official/s to operate the same.
- c. To create charge(s) with respect to various loans sanctioned to the Company by Banks/ Financial Institutions against current and fixed assets of the Company, as may be authorized by the Board of Directors.
- d. To authorize the officials to sign and submit tenders/rate contracts to various Governmental/ Semi Governmental authorities and Corporations.
- e. To authorize officials to sign any papers, documents, letters and correspondence on behalf of the Company relating to Central Excise/ Customs/ Import and Export/ Reserve Bank of India/ Sales Tax (Central and State) Registrar of Companies etc.
- f. To execute agreements under common seal of the Company with the Government Authorities, Corporation etc, to authorize the officials of the Company on that behalf.
- g. To exercise borrowing powers upto Rs.250 Crores at any one time, subject to the overall limit fixed by the Board of Directors.
- h. To invest funds of the company upto Rs.2 crores at any one time, subject to the overall limits fixed by the Board of Directors.
- i. To constitute the trust for superannuation, gratuity and like funds of the Company or to reconstitute the same.
- j. To lay down terms of employment of the employees including their remuneration.

### Composition and attendance of the members of the Administrative Committee

The Administrative Committee comprises of four members, Dr. S.P. Vishnoi as Chairman, Mr. Salil Singhal, Mr. Mayank Singhal and Mr. Anurag Surana, as members.

The committee has met 10 times during the year on May 14, 2009, June 18, 2009, July 9, 2009, July 27, 2009, August 10, 2009, October 3, 2009, October 30, 2009, December 4, 2009, January 20, 2010 and January 29, 2010.

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

Name	Category	Meetings held	Meetings Attended
Dr. S.P. Vishnoi	Chairman	10	4
Mr. Salil Singhal	Member	10	10
Mr. Mayank Singhal	Member	10	9
Mr. Anurag Surana	Member	10	8

The Company Secretary acts as the Secretary to the Committee.

### vi) Insider Trading Committee

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

### Composition and attendance of the members of the Insider Trading Committee

The Insider Trading Committee comprises of Dr. S.P. Vishnoi as Chairman, Mr. Salil Singhal, Mr. Mayank Singhal and Mr. Anurag Surana, as members. The committee has met once during the year on January 20, 2010.

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

Name	Category	Meetings held	Meetings Attended
Dr. S.P. Vishnoi	Chairman	1	1
Mr. Salil Singhal	Member	1	1
Mr. Mayank Singhal	Member	1	1
Mr. Anurag Surana	Member	1	1

The Company Secretary acts as the Secretary to the Committee.



#### vii) Management Committee

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

##### Terms of reference

- To provide inputs for Company's business strategies.
- Regularly review and recommend corrective measures for business performance vs. strategic and operational plans.
- To recommend policies, procedures and guidelines for key corporate actions including strategic alliances, M&A, major investment evaluation, GRC, etc. to the Board for approval.

##### Composition and attendance of members of Management Committee

The Management Committee comprises of seven members with Mr. Narayan K Seshadri as Chairman, Mr. Salil Singhal, Mr. Mayank Singhal, Mr. Raj Kaul, Mr. Sukh Dev Nayyar, Mr. Anurag Surana and Mr. Bimal K. Raizada as members.

The committee has met four times during the year on June 14, 2009, August 29, 2009, January 19, 2010 and March 22, 2010.

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

Name	Category	Meetings held	Meetings Attended
Mr. Narayan K Seshadri	Chairman	4	3
Mr. Salil Singhal	Member	4	4
Mr. Mayank Singhal	Member	4	4
Mr. Raj Kaul	Member	4	4
Mr. Sukh Dev Nayyar	Member	4	3
Mr. Anurag Surana	Member	4	4
Mr. Junichi Nakano*	Member	1	1
Mr. Bimal K. Raizada**	Member	1	1

\* Mr. Junichi Nakano resigned from the Directorship of the Company w.e.f. August 1, 2009.

\*\* Mr. Bimal K. Raizada appointed as member of the Management Committee w.e.f. January 20, 2010.

Mr. Rajnish Sarna, CFO and President (IT) acts as the convener of the Committee.

#### viii) Committee for Preferential Allotment of Securities

The Committee for Preferential Allotment of Securities is entrusted with the powers to decide, approve, vary and modify the terms and conditions of the preferential allotment of securities to Standard Chartered Private Equity (Mauritius) Ltd., Standard Chartered Private Equity (Mauritius) II Ltd. and Standard Chartered Investments and Loans (India) Ltd., including the size of the issue, appointment of one or more intermediaries, bankers and advisors, to execute agreements, instruments and any other document with respect to the preferential allotment of securities.

##### Composition and attendance of members of Committee for Preferential Allotment of Securities

The Committee comprises of three members with Mr. Salil Singhal as Chairman, Mr. Mayank Singhal and Mr. Anurag Surana as members.

The committee has met once during the year on October 23, 2009.

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

Name	Category	Meetings held	Meetings Attended
Mr. Salil Singhal	Chairman	1	1
Mr. Mayank Singhal	Member	1	-
Mr. Anurag Surana	Member	1	1

The Company Secretary acts as a Secretary to the Committee.



## 5. DIRECTOR'S REMUNERATION

### i. Remuneration paid to Managing / Whole Time Directors

The Remuneration Committee recommends the remuneration for the Executive Directors to the Board for approval. The remuneration of Executive Directors is then approved by the shareholders.

The details of remuneration paid to the Directors during the financial year 2009-10 are given below:

(Rs. in Lacs)				
Remuneration *	Mr. Satil Singhal	Mr. Mayank Singhal	Mr. Anurag Surana	Mr. Junichi Nakano**
Remuneration Package	116.71	70.51	71.16	26.96

\* Remuneration package includes Salary, Commission, Benefits and Pension etc.

\*\* Remuneration paid in accordance with approval from Ministry of Corporate Affairs vide letter dated August 25, 2008

### ii. Remuneration to Non-Executive Directors

Sitting fees for Board Meetings/Audit Committee Meetings/ Management Committee Meetings and commission paid/ payable to the Non-Executive Directors for year ended March 31, 2010 are as under:

Directors-	Sitting Fees (Amount in Rs.)	Commission (Amount in Rs.)
Mr. P.N. Shah	1,10,000	2,00,000
Dr. S.P. Vishnoi	30,000	2,00,000
Mr. Narayan K Seshadri	1,90,000	2,00,000
Mr. Raj Kaul	1,10,000	2,00,000
Mr. Sukh Dev Nayyar	1,60,000	2,00,000
Mr. Bimal K. Raizada	20,000	1,00,000
Mr. Rahul Raisurana	Nil	Nil
Mr. Pravin K. Laheri	Nil	1,00,000

#### Number of shares in the Company held by Non-Executive Directors as on March 31, 2010

Mr. Narayan K. Seshadri holds 100,000 equity shares of the Company. The other Non-Executive Directors do not hold any shares.

## 6. CODE OF CONDUCT

The Board of Directors of the Company has laid down and adopted a Code of Conduct under Corporate Governance for all the Directors and the Senior Management Personnel of your Company. The said Code of Conduct has also been posted on the website of the Company. The Board members and senior management personnel have affirmed their compliance with the Code of Conduct.

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

## 7. PROHIBITION OF INSIDER TRADING

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

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

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



## 8. DISCLOSURES

- (i) There were no transactions of material nature with Promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company. Further, details of the related party transactions are given in the Balance Sheet.
- (ii) There were no instances of non-compliance by the Company, penalties, strictures imposed on the Company by stock exchanges or SEBI or any statutory authority on any matter related to the capital market during the last three years.
- (iii) **Disclosure of Accounting Treatment**  
The financial statements have been prepared in accordance with the applicable Accounting Standards and relevant provisions of the Companies Act, 1956 and are based on historical cost convention (except for certain fixed assets which have been revalued) on accrual basis.
- (iv) **Risk Management**  
The Company has formulated risk management in its procedures. It regularly analyses the risks and takes corrective action for managing/mitigating the same.
- (v) **Management Discussion and Analysis**  
The Management Discussion and Analysis forms the part of the Annual Report and is given separately.

## 9. GENERAL BODY MEETINGS

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

Date	Venue	Time	Type of Meeting
July 31, 2009	Udaisagar Road, Udaipur-313 001	11.00 A.M.	Annual
July 21, 2008	Udaisagar Road, Udaipur-313 001	11.00 A.M.	Annual
July 21, 2007	Udaisagar Road, Udaipur-313 001	4.00 P.M.	Annual

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

Date of AGM	Subject matter of Special Resolutions Passed
July 31, 2009	- Mortgage and/or first pari-passu charge on the fixed assets of the company in favour of Export Import Bank of India and Second charge on fixed assets for the working capital limits of consortium bankers namely State Bank of Bikaner & Jaipur, State Bank of India and Axis Bank Ltd.
July 21, 2008	- Increase in authorized share capital from Rs.10 Crores to Rs.23 Crores and alteration of Clause 5 of the Memorandum of Association. - Alteration of the Articles of Association with respect to increase in authorized share capital of the Company. - Issue of Right equity shares in the ratio of 1:1 shares. - Shifting of records. - Mortgage and/or first pari-passu charge on the fixed assets of the company in favour of State Bank of Bikaner & Jaipur, IDBI Bank Ltd. and Housing Development Finance Corporation Ltd.
July 21, 2007	- Payment of commission not exceeding 1% of the net profits of the Company to Directors other than Managing Director and/or Whole time Directors. - Re-appointment of Mr. Salil Singhal as Chairman and Managing Director. - Re-appointment of Mr. Anurag Surana as Whole time Director.

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

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

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





## 10. MEANS OF COMMUNICATIONS

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

## 11. COMPLIANCE REPORT ON NON-MANDATORY REQUIREMENTS UNDER CLAUSE 49

The Company has adopted the non-mandatory requirements of Clause 49 to the extent of Remuneration Committee which has been discussed in the earlier section of this Report.

## 12. ADDITIONAL SHAREHOLDER'S INFORMATION

### i) Contact Information

Registered Office	Corporate Office	
Udaisagar Road, Udaipur - 313 001 Rajasthan (India)	403, Millennium Plaza Tower-A, Sector 27 Gurgaon -122 009, Haryana (India)	
Manufacturing Facilities		
Udaisagar Road, Udaipur - 313 001 Rajasthan (India)	Plot No.237, GIDC, Panoli, Ankleshwar, Gujarat (India)	Lane No.IV Bari Brahmana Jammu, J&K

### ii) Representing Officer

Correspondence to the following officer may be addressed at the Registered and Corporate office of the Company.

### iii) Company Secretary Ms. Payal M. Puri

### iv) Annual General Meeting

Date	July 19, 2010
Time	11.00 A.M.
Venue	Udaisagar Road, Udaipur - 313 001 Rajasthan (India)

### v) Financial Calendar (Tentative)

The tentative calendar for declaration of financial results in financial year 2010-11 is as follows:

Financial Reporting for the quarter ending June, 2010 (un-audited).	Before August 15, 2010
Financial Reporting for the quarter ending September, 2010 (un-audited).	Before November 15, 2010
Financial Reporting for the quarter ending December, 2010 (un-audited).	Before February 15, 2011
Audited Annual Results for the year ending March 2011.	Before the end of May, 2011
Annual General Meeting for the year.	Before the end of September, 2011



**vi) Book Closure Date**

The date of book closure is July 10, 2010.

**vii) Dividend**

The Board of Directors have recommended following dividend for the financial year ended on March 31, 2010:

- a) Dividend of Rs. 2/- per equity share of Rs. 10/- each (20%).
- b) Dividend of Rs. 0.01/- per compulsorily convertible preference share (CCPS) of Rs. 100/- each (0.01%) on pro-rata basis from the date of allotment i.e. 24.10.2009.

The dividend, if approved at the ensuing Annual General Meeting, will be paid to those shareholders whose names appear on the register of members of the Company as on July 10, 2010.

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

**viii) Bonus Issue**

The Board of Directors of the Company in their meeting held on May 17, 2010 have recommended, subject to shareholders' approval, a Bonus issue of equity shares in the ratio of one equity share of Rs. 10/- each for every two fully paid equity shares held in the Company, as on the Record Date to be fixed by the Board or a committee thereof for this purpose.

**ix) Stock Exchange Listing**

The company's equity shares are listed at Bombay Stock Exchange Limited

- Stock Code : 523642  
Listing fee have been paid for the year April 1, 2010 to March 31, 2011.
- Demat ISIN for : INE 603J01014  
NSDL and CDSL Custodial Fees have been paid for the year April 1, 2010 to March 31, 2011.

**x) 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, 2010 at Bombay Stock Exchange Ltd. were:

Month	(Amount in Rs./share)	
	BSE	
	High	Low
April 2009	Nil	Nil
May 2009	168.00	145.10
June 2009	159.90	136.35
July 2009	156.90	135.00
August 2009	171.50	117.00
September 2009	291.80	142.65
October 2009	285.00	225.00
November 2009	230.00	200.00
December 2009	280.00	224.00
January 2010	324.00	256.00
February 2010	300.60	271.10
March 2010	452.80	287.00



**xi) Registrar and Transfer Agents**

Karvy Computershare Private Limited,  
Unit: PI Industries Ltd.  
17 to 24, Vithalrao Nagar,  
Madhapur, Hyderabad - 500 081.  
Tel: 040-23428412, 040-23420815 - 20  
Fax: 040-23420814

E-mail: prabhakar@karvy.com  
Contact Person: Mr. S.D. Prabhakar

**xii) Share Transfer System**

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

**xiii) Distribution of Shareholdings (As on March 31, 2010)**

Shareholding of Nominal value of Rs.	Shareholders		Share amount	
	No.	% to total	In Rs.	% to total
Upto 5000	680	82.22	1192720	1.68
5001 - 10000	63	7.62	492840	0.70
10001 - 20000	28	3.39	375320	0.53
20001 - 30000	12	1.45	284050	0.40
30001 - 40000	4	0.48	146000	0.21
40001 - 50000	5	0.61	232000	0.33
50001 - 100000	10	1.21	730740	1.03
100001 and above	25	3.02	67421410	95.13
	<b>827</b>	<b>100</b>	<b>70875080</b>	<b>100</b>

**xiv) Demat Status (As on March 31, 2010)**

Mode	No. of shareholders	No. of shares	%
Demat	235	5341337	75.36
Physical	592	1746171	24.64
<b>Total</b>	<b>827</b>	<b>7087508</b>	<b>100</b>

**xv) Categories of Shareholders (As on March 31, 2010)**

S.No.	Category	No. of shareholder	No. of shares held	Voting strength (%)
1	Overseas Corporate Bodies	2	914800	12.91
2	Promoters *	9	5315158	74.99
3	Others	816	857550	12.10
	<b>Total</b>	<b>827</b>	<b>7087508</b>	<b>100.00</b>

\* Pursuant to the definitions assigned under clause 2(h) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

**13. MANAGING DIRECTOR & CEO AND CHIEF FINANCIAL OFFICER CERTIFICATION**

The Managing Director & CEO and Chief Financial Officer & President (IT) of the Company have certified to the Board in the manner required under the Corporate Governance Code concerning the Annual Financial Statements.

In compliance with Clause 49(V) of the Listing Agreement, a declaration by the Managing Director & CEO and the Chief Financial Officer & President (IT), has been attached is annexed hereinafter which inter-alia certifies to the Board the accuracy of financial statements and the adequacy of internal controls for the financial reporting purpose.

**14. ISSUANCE OF BONUS SHARES DURING FINANCIAL YEAR 2009-10**

The Board of Directors of the Company in their meeting held on April 10, 2009 issued and allotted bonus equity shares in the ratio of 1:1 to the members of the Company. The Bonus shares have been listed on Bombay Stock Exchange.



## 15. OUTSTANDING GDR/ADR /WARRANTS OR ANY CONVERTIBLE INSTRUMENT

During the year under review, the Company has not issued any GDR/ADR/Warrants.

Pursuant to the approval of the shareholders at their Extra Ordinary General Meeting held on October 12, 2009, the Board of Directors in their meeting held on October 24, 2009, issued 1030000 each Compulsorily Convertible Preference Shares (CCPS) of Rs.100/- each to M/s Standard Chartered Private Equity (Mauritius) Ltd. and M/s Standard Chartered Private Equity (Mauritius) II Ltd. and 2940000 Optionally Convertible Debentures (OCD) of Rs.100/- each to Standard Chartered Investments and Loans (India) Ltd on preferential basis. The CCPS and OCDs have lock in period of one year from the date of allotment.

The CCPS and OCDs will be convertible within a period of 18 months from the date of allotment. In case of OCDs the unconverted portion, if any, at the end of 18 months may be further extended by another 18 months, if mutually agreed, and shall be redeemed.

## 16. CERTIFICATION BY AUDITORS

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

On behalf of the Board of Directors

Sd/-  
(Salil Singhal)

Chairman & Managing Director

Sd/-  
(Mayank Singhal)

Managing Director & CEO

Place: Mumbai

Date: 17.05.2010



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

The Board of Directors  
PI Industries Limited  
Udaipur

This is to certify that as per the revised clause 49 of the Listing Agreement, the Code of Conduct has been laid down for all the Board Members and Senior Management of the Company. The Board Members and Senior Management personnel have affirmed compliance with the Company's code of conduct for the year ended March 31, 2010.

Place: Mumbai  
Date: 17.5.2010

Sd/-  
(Mayank Singhal)  
Managing Director & CEO

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

The Board of Directors  
PI Industries Limited  
Udaipur

This is to certify that for the financial year 2009-10, we have reviewed the financial statements and the cash flow statement and that to the best of our knowledge and belief:

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2009-10 which are fraudulent, illegal or violate the Company's code of conduct.
4. We accept responsibilities for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and that we have taken the required steps to rectify these deficiencies.
5. We further certify that:
  - there have been no significant changes in internal control during this year.
  - there have been no significant changes in accounting policies during the year.
  - there have been no instances of significant fraud of which, we have become aware and the involvement therein, of management or an employee having a significant role in the Company's internal control system.

Sd/-  
(Mayank Singhal)  
Managing Director & CEO

Sd/-  
(Rajnish Sarna)  
CFO & President (IT)

Place: Mumbai  
Date: 17.5.2010



## Auditors' Certificate on Corporate Governance

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The Members,  
PI Industries Limited,  
Gurgaon

We have examined the compliance of conditions of Corporate Governance by PI Industries Limited for the year ended March 31, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange.

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

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

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

For **B.D. GARGIYA & CO.**  
Chartered Accountants

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

For **S.S. KOTHARI MEHTA & CO.**  
Chartered Accountants

Sd/-  
**(CA J. KRISHNAN)**  
Partner  
Membership No. 84551

Place: Mumbai  
Date: 17.05.2010



### TO THE MEMBERS OF PI INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of **PI INDUSTRIES LIMITED**, as at 31st March, 2010, and also the Profit and Loss account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
  - (iii) The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet, Profit And Loss account and Cash Flow Statement dealt with by this report, comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (v) On the basis of written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
    - (b) in the case of the Profit and Loss account, of the profit for the year ended on that date; and
    - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

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

Place: Mumbai  
Date : 17.05.2010

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

Sd/-  
(**CA J. KRISHNAN**)  
Partner  
Membership No. 84551



## Re: PI Industries Limited

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

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company has a phased programme of physical verification of its fixed assets which in our opinion, is reasonable having regard to the size of the Company and the nature of its fixed assets. In accordance with this program, certain fixed assets were physically verified by the management during the year and no material discrepancies were noticed on such verification as compared to the books of accounts.
- (c) In our opinion and according to the information and explanations given to us, no substantial part of fixed assets has been disposed off by the Company during the year.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) In our opinion, the Company is maintaining proper records of inventory. As far as we could ascertain and according to the information and explanations given to us, no material discrepancies were noticed between the physical stock and the book records.
- (iii) (a) During the year, the Company has not granted any loans, secured or unsecured, to companies, firm, or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4(iii) (b), (c) and (d) of the Order, are not applicable to the Company.
- (b) The Company has taken loans from four parties covered in the register maintained under section 301 of the Companies Act, 1956. In respect of the said loans, the maximum amount outstanding at any time during the year is Rs. 180 Lacs and the year-end balance is Rs 180 Lacs.
- (c) In our opinion and according to the information & explanations given to us, the rate of interest and other terms and conditions of such loans, secured or unsecured, are not prima facie prejudicial to the interest of the Company; and
- (d) In respect of loan taken, repayment of the principal amount and interest are also regular as stipulated.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have we been informed of any instance of a major weakness in the aforesaid internal control systems.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under section 301 of the Companies Act, 1956 and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government of India for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, in respect of the manufacture of insecticides, formulations and technical grade insecticides and are of the opinion that, prima facie, the prescribed records and accounts have been made and maintained. However, we have not carried out a detailed examination of such records with a view to determining whether they are accurate or complete. The Company is not required to maintain any cost records under section 209(1)(d) of the Companies Act, 1956, in respect of any other product manufactured by the Company.
- (ix) (a) According to the records of the Company examined by us and the information and explanations given to us, in our opinion, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Service tax, Wealth tax, Customs duty, Excise duty, Cess and other material statutory dues applicable to it.





- (b) According to the records of the Company examined by us and the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance Fund, Income tax, Wealth tax, Sales tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues were outstanding, as at 31st March, 2010 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, service tax, wealth tax, excise duty and cess which have not been deposited on account of any dispute, other than the following:-

Nature of Statute	Nature of Dues	Period (FY.)	Amount (Rs. Lacs) *	Forum where pending
Gujarat General Sales Tax Act, 1969.	Sales Tax	2001-02	5.67	Joint Commissioner of Sales Tax(Appeal), Vadodara.
Gujarat General Sales Tax, 1969.	Sales Tax	2003-04	3.14	Dy. Commissioner of Commercial Tax (Appeal), Vadodara.
Central Sales Tax (Gujarat) Rules, 1970.	Sales Tax	2003-04	10.67	Joint Commissioner of Commercial Tax (Appeal), Vadodara
Andhara Pradesh General Sales Tax Act	Sales Tax	2001-02	8.62	Andhara Pradesh Tribunal
Andhara Pradesh General Sales Tax Act	Sales Tax	2003-04	10.02	Andhara Pradesh Tribunal
West Bengal Sales Tax Act	Sales Tax	2003-04	15.93	Joint Commissioner (Appeal) Kolkatta
West Bengal Sales Tax Act	Sales Tax	2003-04	2.24	West Bengal Tribunal
Central Excise Act	Excise Duty	1987-88	44.92	** Hon'ble Supreme Court of India.

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

\*\* Fixed deposit receipt lodged with Rajasthan Excise Department.

- (x) The Company does not have accumulated losses as at the end of the financial year. There are no cash losses during the financial year under report and in the immediately preceding financial year.
- (xi) According to the records of the Company examined by us and the information and explanations given to us, in our opinion, the Company has not defaulted in repayment of dues to any financial institution or bank during the year.
- (xii) In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the CARO, 2003 are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the CARO, 2003 are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has given a counter guarantee of Rs.32.85 lacs in favour of Gujarat Industrial Development Corporation Limited (GIDC) in relation to the corporate guarantee provided by GIDC for availment of term loans by Bharuch Eco-Aqua Infrastructure Limited, the terms and conditions whereof are not, prima facie, prejudicial to the interest of the Company.
- (xvi) According to the records of the Company examined by us and the information and explanations given to us, in our opinion, the term loans taken by the Company have been applied for the purpose for which they were obtained.
- (xvii) According to the information and explanations given to us and as per the books and records examined by us, on an overall examination of the Balance Sheet of the Company, the funds raised by the Company on short-term basis have not been applied for long-term purposes.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.



- (xix) During the period covered by our audit report, the Company has issued unsecured Zero Coupon Optionally Convertible Debenture on which no security or charge is required to be created.
- (xx) The Company has not raised any money by means of public issue during the year. However, the Company has raised Rs. 2060 lacs by allotment of preferential issue of 0.01% Non Cumulative Compulsory Convertible Preference Shares & Rs. 2940 lacs by issue of Optionally Convertible Debentures. We have verified the end use of money raised as disclosed in the notes to the financial statements. (Refer Note 20 of the Schedule XXI-B).
- (xxi) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

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

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

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

Sd/-  
**(CA J. KRISHNAN)**  
Partner  
Membership No. 84551

Place: Mumbai  
Date: 17.05.2010



AS AT 31ST MARCH 2010

PARTICULARS	Schedule No.	Amount (Rs in Lacs)			
		As at 31st March 2010		As at 31st March 2009	
<b>SOURCES OF FUNDS</b>					
1 Shareholders' Funds					
Share Capital	I	2,768.75		354.38	
Reserves and Surplus	II	12,469.16	15,237.91	8,906.75	9,261.13
2 Loan Funds					
Secured Loans	III	10,532.29		18,940.94	
Unsecured Loans	IV	4,504.58	15,036.87	1,442.83	20,383.77
3 Deferred Tax Liability (Net) (Refer note no. 22 of Schedule XXI B)			2,699.71		2,496.68
<b>TOTAL</b>			<b>32,974.49</b>		<b>32,141.58</b>
<b>APPLICATION OF FUNDS</b>					
1 Fixed Assets	V				
Gross Block		29,122.24		25,782.05	
Less : Depreciation/Amortisation		9,203.60		7,960.82	
Net Block		19,918.64		17,821.23	
Capital Work-in-Progress		863.54	20,782.18	741.09	18,562.32
2 Investments	VI		196.77		181.22
3 Current Assets, Loans and Advances					
Inventories	VII	10,281.08		10,422.33	
Sundry Debtors	VIII	10,307.57		9,226.19	
Cash and Bank Balances	IX	493.24		418.72	
Loans and Advances	X	3,449.16		3,015.71	
Sub-total (A)		24,531.05		23,082.95	
Less: Current Liabilities and Provisions					
Current Liabilities	XI	11,995.49		9,508.80	
Provisions	XII	540.02		213.09	
Sub-total (B)		12,535.51		9,721.89	
Net Current Assets (A)-(B)			11,995.54		13,361.06
4 Deferred Revenue Expenditure (to the extent not written off or adjusted)	XIII		-		36.98
<b>TOTAL</b>			<b>32,974.49</b>		<b>32,141.58</b>
Significant Accounting Policies and Notes to Accounts XXI					

The Schedules referred to above and notes thereon form an integral part of the Balance Sheet.

As per our separate report of even date attached

For B. D. Gargieya & Co  
Chartered Accountants

For S. S. Kothari Mehta & Co  
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-  
**Salil Singhal**  
Chairman & Managing Director

Sd/-  
**Mayank Singhal**  
Managing Director & CEO

Sd/-  
**Rajnish Sarna**  
CFO & President (IT)

Sd/-  
**Payal M Puri**  
Company Secretary

Sd/-  
**Ashok Mangal**  
Partner  
M. No.: 71714

Sd/-  
**J. Krishnan**  
Partner  
M. No.: 84551

Place: Mumbai  
Dated : 17.05.2010



**FOR THE YEAR ENDED ON 31ST MARCH, 2010**

PARTICULARS	Schedule No.	Amount (Rs in Lacs)	
		For the year ended 31st March 2010	For the year ended 31st March 2009
<b>INCOME</b>			
Sales (Gross)		61,924.76	55,170.21
Less: Rebates & Discounts		5,276.13	5,454.28
Less: Excise Duty		2,477.60	3,571.93
Net Sales		54,171.03	46,144.00
Other Income	XIV	111.16	74.33
<b>TOTAL</b>		<b>54,282.19</b>	<b>46,218.33</b>
<b>EXPENDITURE</b>			
Purchase of Traded Goods		1,356.67	2,408.58
Cost of Material		30,247.45	27,256.78
(Increase) / Decrease in Stock	XV	225.27	(1,657.67)
Operating Expenses	XVI	3,615.88	2,489.21
Personnel Expenses	XVII	4,324.71	3,951.11
Administrative, Selling and Other Expenses	XVIII	5,289.61	4,883.20
Research and Development Expenses	XIX	514.79	490.76
Interest & Other Financial Charges	XX	1,830.73	2,227.95
Depreciation / Amortisation	V	1,278.81	1,116.95
Less: Transferred from Revaluation Reserve		(3.10)	(3.51)
<b>TOTAL</b>		<b>48,680.82</b>	<b>43,163.36</b>
Prior period adjustments (Net)		5,601.37	3,054.97
		(0.31)	(0.25)
<b>PROFIT BEFORE TAXATION</b>		<b>5,601.06</b>	<b>3,054.72</b>
Provision for Taxation - Current Year (Refer note no. 13 of Schedule XXI B)		1,323.50	379.72
Provision for Taxation - Fringe Benefit Tax		-	67.61
<b>PROFIT AFTER CURRENT TAX</b>		<b>4,277.56</b>	<b>2,607.39</b>
Provision for Taxation - Deferred Tax		203.03	326.50
Provision for Income Tax for earlier years		(19.98)	(27.76)
<b>PROFIT AFTER TAXATION</b>		<b>4,094.51</b>	<b>2,308.65</b>
Add : Balance brought forward from previous year		4,525.11	2,240.33
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<b>8,619.62</b>	<b>4,548.98</b>
<b>APPROPRIATIONS</b>			
Transfer To General Reserve		(307.10)	-
Dividend			
- Equity Shares - Proposed		(149.17)	-
- Preference Shares - Proposed		(0.09)	-
- Dividend Distribution Tax		(25.37)	-
Transition provision as per AS-15 'Employee Benefits'		-	(23.87)
Balance carried forward to Balance Sheet		8,137.89	4,525.11
Basic Earnings per Share (in Rs.)		57.77	32.57
Diluted Earnings per Share (in Rs.)		51.98	32.57
Face value per Share (in Rs.)		10.00	10.00
Significant Accounting Policies and Notes to Accounts XXI			

The Schedules referred to above and notes thereon form an integral part of the Profit & Loss Account.

As per our report of even date attached

For B. D. Gargjeya & Co  
Chartered Accountants

For S. S. Kothari Mehta & Co  
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-  
Ashok Mangal  
Partner  
M. No.: 71714

Sd/-  
J. Krishnan  
Partner  
M. No.: 84551

Sd/-  
Salil Singhal  
Chairman & Managing Director

Sd/-  
Mayank Singhal  
Managing Director & CEO

Place: Mumbai  
Dated: 17.05.2010

Sd/-  
Rajnish Sarna  
CFO & President (IT)

Sd/-  
Payal M Puri  
Company Secretary



FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	Amount (Rs in Lacs)			
	For the year ended 31st March, 2010		For the year ended 31st March, 2009	
<b>A. Cash Flow from Operating Activities</b>				
Net Operating Profit before Tax & Extraordinary Items		5,601.06		3,054.72
Adjustments for:				
Depreciation	1,311.75		1,145.77	
Interest Expenses	1,830.75		2,227.95	
Provision for Doubtful Debts	142.35		-	
Interest Income	(70.26)		(34.05)	
Dividend Income	(0.02)		(0.04)	
Share of loss in Partnership firm	-		33.63	
(Profit)/Loss on sale of Fixed Assets (Net)	17.70		10.69	
(Profit)/Loss on sale of Investments	-		(0.18)	
Bad Debts written off	50.92		182.10	
Miscellaneous Liabilities Written back	(24.55)		-	
Foreign Exchange Loss/(Gain) (Net)	(367.24)		(30.36)	
Deferred Revenue Expenditure written off during the year	36.98		36.97	
Transitional adjustment for AS-11 and AS-15	-		(105.84)	
		2,928.38		3,466.64
<b>Operating Profit before Working Capital changes</b>		8,529.44		6,521.36
(Increase) / Decrease in Trade and Other Receivables	(1,590.42)		(562.44)	
(Increase)/Decrease in Inventories	141.25		(3,606.59)	
Increase / (Decrease) in Trade Payables/ Provisions	2,886.26	1,437.09	1,028.15	(3,140.88)
<b>Cash generated from Operations</b>		9,966.53		3,380.48
Net Direct Taxes paid		1,144.09		354.41
<b>Net cash from Operating Activities</b>		8,822.44		3,026.07
<b>B. Cash flow from Investing Activities</b>				
Purchase of Fixed Assets (Includes interest capitalised Rs. 161.24 lacs (Previous Year Rs. 191.02 lacs))	(3,619.22)		(3,305.13)	
Investment in Shares of Joint Venture / Subsidiary Companies	(15.55)		-	
Sale of Investment in Subsidiary Company	-		43.23	
Sale of Fixed Assets	14.46		50.11	
Interest Received	70.26		34.05	
Dividend Received	0.02		0.04	
<b>Net cash used in Investing Activities</b>		(3,550.03)		(3,177.70)
<b>Net cash from Operating and Investing Activities</b>		5,272.41		(151.63)
<b>C. Cash flow from Financing Activities</b>				
(Repayment)/Issue of Preference Share Capital	2,060.00		-	



PARTICULARS	Amount (Rs in Lacs)	
	For the year ended 31st March, 2010	For the year ended 31st March, 2009
(Repayment)/Issue of Debentures	2,940.00	-
Short Term Borrowings (Net)	(6,257.47)	1,734.31
Long Term Borrowings (Net of Repayments)	(1,998.43)	708.61
Interest Paid (Net)	(1,792.72)	(2,171.81)
Dividend & Tax on Dividend Distribution	(149.27)	0.89
<b>Net Cash from Financing activities</b>	<b>(5,197.89)</b>	<b>272.00</b>
<b>Net Cash from Operating, Investing &amp; Financing Activities</b>	<b>74.52</b>	<b>120.37</b>
<b>Net increase in Cash &amp; Cash equivalent</b>	<b>74.52</b>	<b>120.37</b>
<b>Opening balance of Cash &amp; Cash equivalent</b>	<b>418.72</b>	<b>298.35</b>
<b>Closing balance of Cash &amp; Cash equivalent</b>	<b>493.24</b>	<b>418.72</b>
Note: Cash and cash equivalents included in the Cash Flow Statement comprise of the following:-		
i) Cash Balance on Hand	4.99	6.89
ii) Balance with Scheduled Banks :		
a) In Current Accounts	143.52	164.59
b) In Unpaid Dividend Accounts	0.98	1.09
c) In Fixed Deposits	343.75	246.15
<b>TOTAL</b>	<b>493.24</b>	<b>418.72</b>

As per our separate report of even date attached

For B. D. Gargieya & Co  
Chartered Accountants

For S. S. Kothari Mehta & Co  
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-  
Salil Singhal  
Chairman & Managing Director

Sd/-  
Mayank Singhal  
Managing Director & CEO

Sd/-  
Ashok Mangal  
Partner  
M. No.: 71714

Sd/-  
J. Krishnan  
Partner  
M. No.: 84551

Sd/-  
Rajnish Sarna  
CFO & President (IT)

Sd/-  
Payal M Puri  
Company Secretary

Place: Mumbai

Dated : 17.05.2010



## Schedules to Balance Sheet and Profit & Loss Account

PARTICULARS	Amount (Rs in Lacs)	
	As at 31st March 2010	As at 31st March 2009
<b>SCHEDULE I - SHARE CAPITAL</b>		
<b>Authorised</b>		
200,00,000 (Previous Year 200,00,000) Equity Shares of Rs.10/- each	2,000.00	2,000.00
50,00,000 (Previous Year 3,00,000) Preference Shares of Rs.100/- each	5,000.00	300.00
	7,000.00	2,300.00
<b>Issued</b>		
71,05,165.5 (Previous Year 35,61,411.5) Equity Shares of Rs.10/- each	710.52	356.14
<b>Subscribed and Paid up</b>		
70,87,508 (Previous Year 35,43,754) Equity Shares of Rs.10/- each fully paid up	708.75	354.38
<b>Notes:</b>		
9,34,810 Equity Shares of Rs 10/- each fully paid up were allotted as Bonus Shares by capitalisation of reserves in earlier years.		
35,43,754 Equity Shares of Rs 10/- each fully paid up were allotted as Bonus Shares during the year by capitalising Rs. 175,00,000 from Capital Redemption Reserve and Rs.179,37,540 from General Reserve.		
20,60,000 Non-Cumulative Compulsorily Convertible Preference Shares of Rs. 100/- each (Previous Year NIL) *	2,060.00	-
<b>TOTAL</b>	<b>2,768.75</b>	<b>354.38</b>

\* [Pursuant to the Special Resolution passed at the Extra Ordinary General Meeting of Shareholders on 12th October 2009, the Company, on October 24, 2009, has allotted 10,30,000 Non-Cumulative Compulsorily Convertible Preference Shares (CCPS) each, at a face value Rs. 100/- per CCPS on preferential basis to Standard Chartered Private Equity (Mauritius) Limited and Standard Chartered Private Equity (Mauritius) II Limited, aggregating to 20,60,000 CCPS. The CCPS carry a coupon rate of 0.01% p.a. The CCPS has lock in period of one year from the date of allotment. The CCPS is mandatorily convertible into equity shares within the period of 18 months from the date of allotment.]



PARTICULARS	Amount (Rs in Lacs)			
	As at 31st March 2010		As at 31st March 2009	
<b>SCHEDULE II-RESERVES AND SURPLUS</b>				
<b>Capital Reserve</b>				
Balance at the beginning and end of the year		147.51		147.51
<b>Capital Redemption Reserve</b>				
Balance at the beginning of the year	175.00		175.00	
Less: Capitalised for Bonus Shares	(175.00)	-	-	175.00
<b>Revaluation Reserve</b>				
Balance at the beginning of the year	207.67		211.18	
Less: Depreciation on revalued amount adjusted	(3.10)	204.57	(3.51)	207.67
<b>General Reserve</b>				
Balance at the beginning of the year	3,851.46		3,903.92	
Less: Transitional provision in respect of AS-11*	-		(52.46)	
Less: Capitalised for Bonus Shares	(179.37)		-	
Add: Transferred during the year	307.10	3,979.19	-	3,851.46
<b>Surplus in Profit &amp; Loss Account</b>				
Balance at the beginning of the year	4,525.11		2,240.33	
Addition during the year	4,094.51		2,308.65	
Less: Proposed Dividend on Preference Shares and Tax thereon	(0.11)		-	
Less: Proposed Dividend on Equity Shares and Tax thereon	(174.52)		-	
Less: Transfer to General Reserve	(307.10)		-	
Less: Transitional Provision of Accounting Standard (AS) - 15 **	-	8,137.89	(23.87)	4,525.11
<b>TOTAL</b>		<b>12,469.16</b>		<b>8,906.75</b>

\* Pursuant to adoption of amended AS-11 (issued by the Ministry of Corporate Affairs vide notification dated 31st March, 2009), the exchange gain of Rs. 52.46 lacs (Net of Deferred tax of Rs. 29.51 lacs) pertaining to year 2007-08 has been adjusted against the General Reserve during the previous year 2008-09.

\*\* Withdrawn Rs. 23.87 lacs in terms of transitional provisions of Accounting Standard AS- 15 (Revised) during the previous year 2008-09





PARTICULARS	Amount (Rs in Lacs)	
	As at 31st March 2010	As at 31st March 2009
<b>SCHEDULE III - SECURED LOANS</b>		
Term Loan from Financial Institutions / Banks (See Note 4 of Schedule XXI B)	6,246.55	8,384.80
Working Capital Loans from Banks	4,285.74	10,556.14
<b>TOTAL</b>	<b>10,532.29</b>	<b>18,940.94</b>

Notes :

- i) Term loans are secured by way of first charge on pari passu basis by joint equitable mortgage through deposit of title deeds on all the immovable properties of the Company and second charge ranking pari passu by way of hypothecation of movable properties, present and future.  
Term Loans from Financial Institutions & Banks includes Rs. 172.42 lacs (Previous Year Rs. 584.64 lacs) Foreign Currency Loan.
- ii) Working capital loans are secured by way of first charge on pari passu basis by hypothecation of stocks of raw materials, finished and semi finished goods, stores and spares not related to plant and machinery, bills receivable, book debts and all other movable properties and additionally secured by way of second charge on all the immovable properties of the Company in favour of the consortium bankers.  
Working Capital Loan includes Rs. 1,187.02 lacs (Previous Year Nil) Packing Credit Foreign Currency Loan.  
All the above loans are collaterally secured by personal guarantees by one or two Directors of the Company as specified in the respective agreements.

PARTICULARS	Amount (Rs in Lacs)	
	As at 31st March 2010	As at 31st March 2009
<b>SCHEDULE IV - UNSECURED LOANS</b>		
<b>Loans</b>		
Interest-free Sales Tax Loan	47.01	70.51
Zero Coupon Optionally Convertible Debentures*	2,940.00	-
<b>Inter Corporate Deposits</b>		
From wholly owned subsidiary of the Company	60.00	60.00
From others	120.00	110.00
<b>Deposits</b>		
Directors	140.58	154.58
Shareholders	118.95	117.65
Dealers Security Deposits	729.62	589.12
Others	348.42	340.97
<b>TOTAL</b>	<b>4,504.58</b>	<b>1,442.83</b>

Note:

\* Pursuant to the Special Resolution passed at the Extra Ordinary General Meeting of Shareholders on 12th October 2009, the Company has issued 29,40,000 Optionally Convertible Debentures (OCD) of Rs.100/- each to Standard Chartered Investments and Loans (India) Ltd., on preferential basis on October 24, 2009. The OCD has lock in period of one year from the date of allotment. The OCD is optionally convertible into equity shares within the period of 18 months from the date of allotment. The unconverted portion of OCD, if any, at the end of 18 months may be further extended by another 18 months, if mutually agreed.



	SCHEDULE V - FIXED ASSETS										[Rs. in lacs]	
	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As at 1st April 2009	Additions during the year	Deductions/ Adjustments during the year	As at 31st March 2010	As at 1st April 2009	For The Year	Deductions/ Adjustments during the year	As at 31st March 2010	As at 31st March 2010	As at 31st March 2009		
Land ^												
- Freehold	188.58	46.95	-	235.53	-	-	-	-	235.53	188.58		
- Leasehold	661.48	-	-	661.48	2.88	0.41	3.29	658.19	658.60	658.60		
Buildings ^	1,802.29	527.38	-	2,329.67	574.91	37.14	612.05	1,717.62	1,227.38	1,227.38		
Plant and Machinery * ^	22,083.30	2,814.42	121.19	24,776.53	6,678.60	1,200.01	7,835.29	16,941.24	15,404.70	15,404.70		
Furniture & Fixtures and Office Equipments	473.83	50.81	4.35	520.29	328.75	23.22	348.78	171.51	145.08	145.08		
Vehicles	255.72	9.77	30.52	234.97	188.62	17.90	180.96	54.01	67.10	67.10		
Library	94.54	3.78	-	98.32	68.53	2.96	71.49	26.83	26.01	26.01		
Tools and Equipments	2.66	-	-	2.66	-	-	-	2.66	2.66	2.66		
Intangible Assets -Software	219.65	43.66	0.52	262.79	118.53	33.21	151.74	111.05	101.12	101.12		
<b>Total</b>	<b>25,782.05</b>	<b>3,496.77</b>	<b>156.58</b>	<b>29,122.24</b>	<b>7,960.82</b>	<b>1,314.85</b>	<b>9,203.60</b>	<b>19,918.64</b>	<b>17,821.23</b>	<b>17,821.23</b>		
Capital Work in Progress	741.09	3,296.84	3,174.39	863.54	-	-	-	863.54	741.09	741.09		
<b>Grand Total</b>	<b>26,523.14</b>	<b>6,793.61</b>	<b>3,330.97</b>	<b>29,985.78</b>	<b>7,960.82</b>	<b>1,314.85</b>	<b>9,203.60</b>	<b>20,782.18</b>	<b>18,562.32</b>	<b>18,562.32</b>		
Previous Year	23,275.23	6,804.29	3,556.38	26,523.14	6,912.65	1,149.28	7,960.82	18,562.32	18,562.32	18,562.32		

**Note**

^ Includes Rs. 179.67 lacs for Land, Rs. 198.95 lacs for Buildings and Rs. 433.75 lacs for Plant & Machinery due to revaluation as on 30.06.1988

\* Deductions/ Adjustments to Plant & Machinery includes foreign exchange gain of Rs. 52.35 lacs. (Previous Year- net foreign exchange loss of Rs. 104.69 lacs)

\* Depreciation for the year includes depreciation amounting to Rs. 36.04 lacs (Previous year Rs. 32.33 lacs) on assets used for Research and Development. During the year the Company incurred Rs. 63.53 lacs (Previous year Rs. 116.39 lacs) towards capital expenditure for Research & Development. (Refer note no. 15 of Schedule XII B).



PARTICULARS	Amount (Rs in Lacs)			
	As at 31st March 2010		As at 31st March 2009	
<b>SCHEDULE VI-INVESTMENTS</b>				
Long Term Investments (At cost) : Non-Trade Unquoted Shares (Equity)				
1) a) Panoli Enviro Technology Ltd. 30,000 (Previous Year 30,000) Equity Shares of Rs.10/- each	3.00		3.00	
b) Bharuch Enviro Infrastructure Ltd. 2,100 (Previous Year 2,100) Equity Shares of Rs.10/- each	0.21		0.21	
c) Bharuch Eco-Aqua Infrastructure Ltd. 4,44,339 Equity Shares (Previous Year 2,88,859) of Rs.10/- each	44.43		28.88	
d) Angan Apartment Co-opt Hsg. Society Ltd (Services) Bharuch 5 Equity Shares (Previous Year 5) of Rs.50/- each fully paid up	0.01		0.01	
e) Abhilasha Tower Co-operative Service Housing Society Ltd. 10 Equity Shares (Previous Year Nil) of Rs. 250/- each*	0.02		-	
Share Application Money	-	47.67	0.02	32.12
2) Investment in wholly-owned subsidiary				
PILL Finance & Investment Limited 3,60,000 (Previous Year 3,60,000) Equity Shares of Rs. 10/- each	36.00		36.00	
PI Life Science Research Limited 945,000 (Previous Year 945,000) Equity Shares of Rs.10/- each	94.50		94.50	
PI Japan Company Limited 100 (Previous Year - 100) Equity Shares of Rs.18,600/- each - (JPY 50,000/- each )	18.60	149.10	18.60	149.10
<b>TOTAL</b>		<b>196.77</b>		<b>181.22</b>
Aggregate book value of Quoted Investments		Nil		Nil
Aggregate book value of Un-Quoted Investments		196.77		181.22
<b>Investments Purchased and Sold during the Year</b>				
155480 Equity shares of Rs. 10/- Each of Bharuch Eco-Aqua Infrastructure Ltd. purchased during the year		15.55		Nil
*10 Equity shares of Rs. 250/- each of Abhilasha Towers were allotted during the year against the share application money.				
<b>SCHEDULE VII - INVENTORIES</b>				
(As valued and certified by the Management)				
i) Raw Materials and Packing Materials		4,385.63		4,368.38
ii) Finished Goods, including By - products.		3,162.68		2,998.98
iii) Work in Progress		1,778.26		2,167.23
iv) Stores & Spares, Laboratory Chemicals & Apparatus		954.51		887.74
<b>TOTAL</b>		<b>10,281.08</b>		<b>10,422.33</b>
<b>SCHEDULE VIII - SUNDRY DEBTORS</b>				
(Unsecured, considered good, unless otherwise stated)				
Debts outstanding for a period exceeding six months (including Rs. 142.35 lacs considered doubtful (Previous Year Nil))		685.26		706.73
Others Debts		9,764.66		8,519.46
Less: Provision for Doubtful Debts		(142.35)		-
<b>TOTAL</b>		<b>10,307.57</b>		<b>9,226.19</b>



PARTICULARS	Amount (Rs in Lacs)			
	As of 31st March 2010		As of 31st March 2009	
<b>SCHEDULE IX-CASH &amp; BANK BALANCES</b>				
i) Cash balance in hand		4.99		6.89
ii) Balance with scheduled banks				
a) In Current Accounts	143.52		164.59	
b) In Deposit Accounts*	343.75		246.15	
c) In Unpaid Dividend Accounts **	0.98	488.25	1.09	411.83
<b>TOTAL</b>		<b>493.24</b>		<b>418.72</b>
* Deposit account includes Rs.205.28 lacs (Previous Year Rs.122.52 lacs) towards margin money pledged with banks and Rs.138.47 lacs (Previous Year Rs. 123.63 lacs) towards security deposit lodged with the Rajasthan excise department.				
** Not available for use by the Company as they represent corresponding unpaid dividend liabilities.				
<b>SCHEDULE X - LOANS &amp; ADVANCES</b> (Unsecured, considered good, unless otherwise stated)				
Advances recoverable in cash or in kind or for value to be received				
-To wholly owned subsidiaries of the Company		-		-
-To others		2,928.23		1,782.80
Advance Fringe Benefit Tax (Net of Provision for Tax Rs. Nil (Previous Year Rs. 67.61 lacs))		7.39		7.39
Balance with Central Excise Authorities, Customs etc.		156.97		927.24
Deposits with Government & Others*		356.57		298.28
<b>TOTAL</b>		<b>3,449.16</b>		<b>3,015.71</b>
* Includes Rs. 0.50 lacs rent deposit to PILL Finance & Investment Ltd.				
<b>SCHEDULE XI - CURRENT LIABILITIES</b>				
i) Acceptances		2,893.36		1,851.17
ii) Sundry Creditors				
a) Dues to Micro & Small Enterprises		539.29		24.40
b) Dues to other than Micro & Small Enterprises*		6,084.90		4,903.05
iii) Advances from Customers		1,551.88		1,031.14
iv) Project Vendors		463.55		414.21
v) Unclaimed dividend **		0.98		1.09
vi) Other Liabilities		456.98		1,282.95
vii) Interest accrued but not due on Loans		4.55		0.79
<b>TOTAL</b>		<b>11,995.49</b>		<b>9,508.80</b>
* Includes amount due to Subsidiary Companies Rs. 127.05 lacs (Previous Year Rs. 14.17 lacs)				
** The amount does not include amount due/outstanding to be credited to Investor Education & Protection Fund as the same shall be credited as and when due.				
<b>SCHEDULE XII - PROVISIONS</b>				
i) Provision for Income Tax (Net of Advance Tax of Rs. 1,104.11 lacs (Previous Year Rs. 323.22 lacs))		217.44		58.01
ii) Provision for Gratuity & Leave Encashment		147.95		155.08
iii) Provision for Proposed Dividend on Equity Shares		149.17		-
iv) Provision for Proposed Dividend on Preference Shares		0.09		-
v) Provision for Dividend Distribution Tax		25.37		-
<b>TOTAL</b>		<b>540.02</b>		<b>213.09</b>
<b>SCHEDULE XIII - DEFERRED REVENUE EXPENDITURE</b> (To the extent not written off or adjusted)				
Voluntary Retirement Scheme Expenses		-		36.98
<b>TOTAL</b>		<b>-</b>		<b>36.98</b>



PARTICULARS	Amount (Rs in Lacs)			
	31st March 2010		31st March 2009	
<b>SCHEDULE XIV - OTHER INCOME</b>				
Dividend		0.02		0.04
Interest received (on bank FDR's etc.)		70.26		34.05
{Tax Deducted at Source Rs.6.92 lacs (Previous year Rs.3.66 lacs)}				
Profit on Sale of Investments		-		0.18
Miscellaneous Income		40.88		40.06
<b>TOTAL</b>		<b>111.16</b>		<b>74.33</b>
<b>SCHEDULE XV - (INCREASE) / DECREASE IN STOCK</b>				
<b>Closing Stock :</b>				
Finished Goods / Traded Goods	3,162.68		2,998.98	
Work in Process	1,778.26	4,940.94	2,167.23	5,166.21
<b>Less: Opening Stock :</b>				
Finished Goods / Traded Goods	2,998.98		2,699.05	
Work in Process	2,167.23	5,166.21	809.49	3,508.54
<b>TOTAL</b>		<b>225.27</b>		<b>(1,657.67)</b>
<b>SCHEDULE XVI - OPERATING EXPENSES</b>				
Power, Fuel & Water		2,072.36		1,342.21
Stores & Spares Consumed		640.45		463.80
Repairs & Maintenance to :				
Buildings	26.15		49.81	
Plant & Machinery	155.26	181.41	134.47	184.28
Environment & Pollution Control expenses		869.24		410.80
Laboratory & Testing Charges		219.66		118.48
Exchange Difference (Net)		(367.24)		(30.36)
<b>TOTAL</b>		<b>3,615.88</b>		<b>2,489.21</b>
<b>SCHEDULE XVII - PERSONNEL EXPENSES</b>				
Salaries, Wages & Bonus		3,587.26		3,234.50
Contribution to Provident & Other funds		256.42		311.15
Employees Welfare Expenses		177.49		141.29
Managerial Remuneration		303.54		264.17
<b>TOTAL</b>		<b>4,324.71</b>		<b>3,951.11</b>



PARTICULARS	Amount (Rs in Lacs)	
	31st March 2010	31st March 2009
<b>SCHEDULE XVIII-ADMINISTRATIVE, SELLING &amp; OTHER EXPENSES</b>		
Commission on Sales	109.10	134.19
Freight & Cartage	1,315.68	1,372.41
Other Repairs	178.94	156.36
Advertisement & Sales Promotion	996.39	818.91
Travelling & Conveyance	1,141.81	1,125.55
Rent	264.32	205.22
Rates, Taxes & Fees	177.52	81.35
Insurance	97.34	85.05
Donation	14.75	6.83
Deferred revenue expenditure written off	36.98	36.97
Loss on Sale of Fixed Assets (Net)	17.70	10.69
Printing & Stationery	50.72	42.92
Auditors' Remuneration	8.45	13.39
Communication Expenses	111.28	111.95
Bad debts written off (Net)	50.92	182.10
Provision for Bad and Doubtful debts	142.35	-
Legal & Professional Expenses	221.45	175.07
Electricity and Water charges	18.81	20.36
Share of loss in Partnership Firm - JKPCC	-	33.63
Miscellaneous Expenses	335.10	270.25
<b>TOTAL</b>	<b>5,289.61</b>	<b>4,883.20</b>
<b>SCHEDULE XIX-RESEARCH &amp; DEVELOPMENT</b>		
Raw & Packing Materials Consumed	141.73	137.90
Power, Fuel & Water	14.15	-
Stores & Spares Consumed	41.07	24.10
Testing & Analysis	9.90	20.15
Salaries, Wages & Bonus	229.18	225.12
Contributions to Provident & Other funds	23.14	23.46
Employee Welfare Expenses	1.45	0.96
Meeting & Conference	0.32	0.06
Travelling & Conveyance	11.78	10.32
Rates, Taxes & Fees	1.27	0.11
Printing & Stationery	0.06	0.41
Bank Charges	0.02	-
Depreciation	36.04	32.33
Miscellaneous Expenses	4.68	15.84
<b>TOTAL</b>	<b>514.79</b>	<b>490.76</b>
<b>SCHEDULE XX-INTEREST &amp; OTHER FINANCIAL CHARGES</b>		
Interest		
On Fixed Loans	845.50	845.28
On Working Capital	911.24	1,241.63
Less: Interest on Overdue debts	(153.93)	(205.18)
Bank & Other Financial Charges	227.92	346.22
<b>TOTAL</b>	<b>1,830.73</b>	<b>2,227.95</b>



### SCHEDULE XXI

#### A. SIGNIFICANT ACCOUNTING POLICIES

##### 1 BASIS OF PREPARATION

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

##### 2 USE OF ESTIMATES

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

##### 3. REVENUE RECOGNITION

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

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

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

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

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

##### 4 EXPENDITURE

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

##### 5 FIXED ASSETS AND DEPRECIATION

a) Fixed Assets are stated at cost or as revalued, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets, if material, are also included in cost to the extent they relate to the period till such assets are ready to be put to use.

Pursuant to the notification dated March 31, 2009 issued by the Ministry of Corporate Affairs, Govt of India, in the previous year, the Company had exercised the option available under the newly inserted paragraph 46 to the Accounting Standard AS-11, in respect of accounting periods commencing on or after 7th December, 2006 and exchange differences arising on reporting of the long term foreign currency monetary items at rates different from those at which they were initially recorded during the period are added to or deducted from the cost of the assets and are depreciated over the balance life of the assets, if these monetary items pertain to the acquisition of depreciable fixed assets.

b) Depreciation on Building, Plant & Machinery and R&D Equipments of Pesticides Division at Udaipur (in respect of fixed assets commissioned on or after July 1, 1988), Pesticides Division at Panoli & Jammu and Polymer Division at Panoli is provided on Straight Line method and depreciation on all other fixed assets is provided on Written Down Value method at the rates specified in Schedule XIV to the Companies Act, 1956.

c) Leasehold land is being amortised over the lease period.

d) Revaluation of Fixed assets: Depreciation on the increased amount of assets due to revaluation is computed on the basis of the residual life of the assets as estimated by the valuers on straight-line method.

##### 6 INTANGIBLE ASSETS

Intangible assets are stated at cost of acquisition less accumulated amortisation. Amortisation of Intangibles is provided on the basis of estimated useful life of the assets. Software is being amortised on straight line basis over a period of 6 years.



## 7 IMPAIRMENT OF ASSETS

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

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

## 8 INVENTORIES

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

## 9 EMPLOYEE BENEFITS

### a) Defined Contribution Plan

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

### b) Defined Benefit Plan

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

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

## 10 DEFERRED REVENUE EXPENDITURE

Expenditure incurred towards the Voluntary Retirement Scheme of the Company is treated as Deferred Revenue Expenditure and charged to the Profit & Loss Account over a period of five years.

## 11 FOREIGN CURRENCY TRANSACTIONS

### a) Initial Recognition

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

### b) Conversion

Foreign currency monetary items are reported using the closing rate.

### c) Exchange Difference

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

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

## 12 RESEARCH AND DEVELOPMENT

Equipment purchased for research and development is capitalised when commissioned and included in the gross block of fixed assets. Revenue expenditure on research and development is charged to the Profit & Loss account in the period in which it is incurred.

## 13 PRIOR PERIOD ADJUSTMENTS

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

## 14 INVESTMENTS

Investments that are readily realisable and intended to be held for not more than a year are classified as current





investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value. Long-term investments are stated at cost. Provision for diminution in the value of investments is made, if it is other than temporary.

## 15 BORROWING COST

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

## 16 TAXATION

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

## 17 LEASES

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

## 18 PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS

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

## 19 SEGMENT REPORTING

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

### Primary Segment

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

### Secondary Segment

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

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

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

## 20 CASH FLOW STATEMENTS

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

## 21 EARNING PER SHARE

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted Earning per Share, the net profit or loss for the period attributable to Equity Shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential Equity Shares.

## 22 DERIVATIVE INSTRUMENTS

As per the announcement of the Institute of Chartered Accountants of India, accounting for derivatives contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the Profit and Loss Account. Net Gain is ignored.



## B. NOTES TO ACCOUNTS

PARTICULARS	Amount (Rs in Lacs)	
	31.03.2010	31.03.2009
<b>1 Contingent Liabilities in respect of</b>		
Bills discounted	-	241.59
Disputed Taxation demands not acknowledged as debts		
- Sales Tax	140.01	128.83
- Excise Duty	84.99	84.99
Counter Guarantee to GIDC	32.85	32.85
<b>2 Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)</b>	<b>746.65</b>	<b>282.59</b>
<b>3 Auditors' Remuneration</b>		
<b>Statutory Auditors</b>		
Audit Fees	5.00	3.50
Tax Audit Fees	1.00	0.75
Certificates & other matters	0.07	4.75
Out of Pocket expenses	2.38	4.39
	<b>8.45</b>	<b>13.39</b>
<b>4 Long Term Loans Repayable within Twelve Months</b>	<b>2,362.36</b>	<b>2,462.12</b>
<b>5 a) Computation of net profits in accordance with section 198 read with section 309(5) of the Companies Act, 1956 and maximum amount permissible for managerial remuneration.</b>		
Profit/ (Loss) as per Profit & Loss account (Before taxes and extraordinary items)	5,601.06	3,054.72
Add: Loss / (Profit) on sale of fixed assets	17.70	10.69
Add: Miscellaneous Balances written off (Capital)	-	119.71
Add: Loss / (Profit) on sale of Investments	-	(0.18)
Add: Managerial Remuneration	303.54	264.17
Add: Provision for Doubtful Debts	142.35	-
<b>Net Profit / (Loss) under section 198 of the Companies Act, 1956</b>	<b>6,064.65</b>	<b>3,449.11</b>
Maximum amount permissible under section 309 of the Act for payment to Managing/ Whole time Directors	606.47	344.91
Maximum amount permissible under section 309 of the Act for payment to Non-Whole time Directors	60.65	34.49
<b>Total allowable to Managing/Whole time and Non-Whole time Directors</b>	<b>667.12</b>	<b>379.40</b>
<b>b) Directors Remuneration (Actual)</b>		
<b>Managing/ Whole time Directors</b>		
Salary and Allowances	193.36	191.33
Contribution to Provident Fund & Superannuation fund	41.38	23.68
Commission on Profit	42.00	25.00
Perquisites	8.60	11.96
<b>Total</b>	<b>285.34</b>	<b>251.97</b>
Note: As the future liability for Gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the executive directors is not separately ascertainable and therefore not included above.		
<b>Non-Executive Directors</b>		
Sitting Fees	6.20	4.70
Commission	12.00	7.50
<b>Total</b>	<b>18.20</b>	<b>12.20</b>
<b>Grand Total</b>	<b>303.54</b>	<b>264.17</b>



PARTICULARS	Amount (Rs. in Lacs)	
	31.03.2010	31.03.2009
6 Travelling Expenses of Directors	111.95	127.17
7 The Company is a lessee under various operating leases. Total of future minimum lease payments under non-cancellable operating leases for each of the following periods:		
Payable within one year	225.51	270.44
Later than one year and not later than five years	184.08	335.83
Later than five years	-	-
Lease payments recognised in P&L account	281.29	267.71
8 Earning per share (EPS) :		
a) Net Profit for Basic & Diluted EPS	4,094.40	2,308.65
b) Number of Equity Shares at the beginning of the year	3,543,754	3,543,754
Add: Bonus shares issued during the year	3,543,754	3,543,754
Total Number of shares outstanding at the end of the year	7,087,508	7,087,508
Weighted average number of Equity Shares outstanding during the year - Basic	7,087,508	7,087,508
Add: Weighted average number of Equity shares arising out of outstanding Compulsorily Convertible Preference Shares and Optionally Convertible Debentures that have dilutive effect on EPS	788,964	-
Weighted average number of Equity Shares outstanding during the year - Diluted	7,876,472	7,087,508
Earning Per Share - Basic (Rs.)	57.77	32.57
Earning per share - Diluted (Rs.)	51.98	32.57
Face value per share (Rs.)	10.00	10.00
Note: In accordance with Accounting Standard 20 (AS-20), the Earning Per Share for current and comparative period has been computed after adjusting for the Bonus shares allotted on 10th April 2009.		
9 Pre-operative expenditure capitalised as a part of Fixed Assets and carried forward is as under:		
A. Brought forward from the earlier year	96.88	93.90
B. Expenditure incurred during the year:		
Staff Costs	90.87	71.48
Administrative expenses	170.21	76.26
Interest and commitment charges	161.24	191.02
Stores Consumption	10.12	-
Rates & Taxes	(13.00)	13.00
	419.44	351.76
C. Capitalised as part of :		
Plant & Machinery	256.69	348.78
Building	54.87	-
Furniture, Fixtures & Office equipments	4.25	-
	315.81	348.78
D. Carried forward as part of capital work in progress	200.51	96.88
10 Donation includes an amount of Rs. 5 lacs (Previous Year Rs. Nil) paid to Rajasthan Pradesh Congress Committee, a recognised political party.		
11 Sales include export incentives of Rs. 134.35 lacs (Previous Year Rs. 61.31 lacs) and insurance claims of Rs. 9.75 lacs (Previous Year Rs. 9.81 lacs)		
12 In the opinion of the management and to the best of their knowledge and belief, the value on realisation of loans, advances and other current assets in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet and provision has been made for all known liabilities.		
13 During the current year, the Company has recognised MAT credit entitlement of Rs. 76.54 lacs (Previous Year Rs. 130.62 lacs) related to earlier year. Current tax is net of this MAT credit entitlement.		



- 14 Consequent to the announcement issued by the Institute of Chartered Accountants of India in March, 2008 on Accounting for Derivatives, the Company, as a matter of prudence, has not recognized marked to market foreign currency gain of Rs. 58.71 lacs on the outstanding forward contracts as at 31st March, 2010.
- 15 Details of additions to Fixed Assets for Department of Scientific & Industrial Research recognised Research & Development facilities/ division of the Company for the year ended 31st March, 2010 are as follows:

Description	Amount (Rs. in Lacs)		
	As at April 1, 2009 Gross	Addition During the year	As at March 31, 2010 Gross
Buildings	18.12	-	18.12
Equipments & Others	770.52	63.53	834.05
<b>Total</b>	<b>788.64</b>	<b>63.53</b>	<b>852.17</b>

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

**a) Defined Contribution Plans:-**

The Company has recognised an expense of Rs. 289.44 Lacs (Previous Year Rs. 325.39 lacs) towards the defined contribution plan.

**b) Defined benefits plans - as per actuarial valuation**

Particulars	2009-10		2008-09	
	Gratuity Funded Rs./Lacs	Leave Non -Funded Rs./Lacs	Gratuity Funded Rs./Lacs	Leave Non -Funded Rs./Lacs
<b>I Change in present value of obligation during the year</b>				
1 Present value of obligation at the beginning of the year	289.50	108.15	227.63	62.39
2 Current Service Cost	39.89	30.52	36.56	31.67
3 Interest Cost	21.71	8.11	15.94	4.99
4 Net Actuarial (Gain)/Loss	(7.70)	17.93	44.52	9.10
5 Benefits Paid	(18.59)	(16.76)	(35.15)	-
6 Present Value of obligation as at year-end	324.81	147.95	289.50	108.15
<b>II Change in Fair Value of Plan Assets during the year</b>				
1 Plan assets at the beginning of the year	242.56	-	217.48	-
2 Expected return on plan assets	20.62	-	18.49	-
3 Actuarial Gain/(Loss) on plan assets	4.97	-	(8.26)	-
4 Employer's contribution	96.94	-	50.00	-
5 Benefits paid	(18.59)	-	(35.15)	-
6 Plan assets at the end of the year	346.50	-	242.56	-
<b>III Reconciliation of Present value of Defined Benefit Obligation and Fair Value of Plan Assets</b>				
1 Present Value of obligation as at year-end	324.81	147.95	289.50	108.15
2 Fair value of plan assets at year -end	346.50	-	242.56	-
3 Funded status {Surplus/(Deficit)}	21.69	(147.95)	(46.94)	(108.15)
4 Net Asset/(Liability)	21.69	(147.95)	(46.94)	(108.15)
<b>IV Expenses recognised in the Profit and Loss Account</b>				
1 Current Service Cost	39.89	30.52	36.56	31.67
2 Interest Cost	21.71	8.11	15.94	4.99
3 Expected return on plan assets	(20.62)	-	(18.49)	-
4 Net Actuarial (Gain)/Loss	(12.67)	17.93	52.78	9.10
5 Total Expense	28.31	56.56	86.79	45.76



V Actuarial Assumptions					
1	Discount Rate	7.5%	7.5%	7%	7%
2	Expected rate of return on plan assets	8.50%	0%	8.50%	0%
3	Mortality Table	LIC (1994-96) modified	LIC (1994-96) duly modified	LIC (1994-96) modified	LIC (1994-96) duly modified
4	Salary Escalation	5.00%	5.00%	4.00%	4.00%
17 Segment Information					
a) Primary Segment Information (Business Segments)			Amount (Rs in Lacs)		
Particulars	Chemicals	Others	Total		
<b>1 Revenue</b>					
External Revenue (Gross)	56,513.87 (50,068.36)	5,522.05 (5,176.18)	62,035.92 (55,244.54)		
Inter Segment Revenue	-	-	-		
<b>Segment Revenue Total</b>	<b>56,513.87</b> <b>(50,068.36)</b>	<b>5,522.05</b> <b>(5,176.18)</b>	<b>62,035.92</b> <b>(55,244.54)</b>		
<b>2 Segment Result</b>	6,878.19 (4,883.42)	483.34 (365.20)	7,361.53 (5,248.62)		
<b>Segment Result Total</b>	<b>6,878.19</b> <b>(4,883.42)</b>	<b>483.34</b> <b>(365.20)</b>	<b>7,361.53</b> <b>(5,248.62)</b>		
Profit before Interest, etc, and taxation					
Less: Interest				1,830.73 (2,227.95)	
Add: Interest Income				70.26 (34.05)	
Profit / (Loss) before Tax				5,601.06 (3,054.72)	
<b>3 Segment Assets</b>	49,197.81 (44,510.84)	5,515.78 (5,276.47)	54,713.59 (49,787.31)		
<b>4 Segment Liabilities</b>	10,392.87 (8,118.34)	2,142.64 (1,603.55)	12,535.51 (9,721.89)		
<b>5 Capital Expenditure</b>					
Total Cost incurred during the year to acquire segment assets	6,791.79 (6,737.26)	1.82 (67.03)	6,793.61 (6,804.29)		
<b>6 Depreciation</b>					
Segment Depreciation	1,249.29 (1,087.53)	65.56 (61.75)	1,314.85 (1,149.28)		
<b>7 Non Cash Expenses</b>					
Segment non-cash expenses other than depreciation/ amortisation	188.91 (163.63)	22.06 (29.16)	210.97 (192.79)		
Unallocable Non-cash expenses				36.98 (36.97)	
<b>Total Non-cash expenses</b>	<b>188.91</b> <b>(163.63)</b>	<b>22.06</b> <b>(29.16)</b>	<b>247.95</b> <b>(229.76)</b>		
(Previous Year figures are given in bracket)					



b) Secondary Segment information (Geographical Segments)		2009-10	2008-09		
<b>1 Segment Revenue</b>					
- Within India		41,484.02	40,553.73		
- Outside India		20,551.90	14,690.81		
<b>Total Revenue</b>		<b>62,035.92</b>	<b>55,244.54</b>		
<b>2 Segment Assets*</b>					
- Within India		51,066.12	46,286.24		
- Outside India		3,647.47	3,501.07		
<b>Total Assets</b>		<b>54,713.59</b>	<b>49,787.31</b>		
* Segment Assets outside India is entirely related to Sundry Debtors.					
<b>18 Derivative Instruments and Hedged/ Unhedged Foreign Currency Exposure</b>					
i) All financial and derivative contracts entered into by the Company are for hedging purposes.					
ii) Forward Contract outstanding as at Balance Sheet date					
(in Lacs)					
Currency		Amount outstanding as at 31st March'10	Amount outstanding as at 31st March'09	Buy / Sell	Purpose
USD		125	47	Sell	Hedging
EURO		-	1.15	Sell	Hedging
iii) Particulars for Hedged Foreign Currency Exposure				(in Lacs)	
Particulars	Currency	Amount as at 31st March'10 (in Foreign Currency)	Amount as at 31st March'10 (INR)	Amount as at 31st March'09 (in Foreign Currency)	Amount as at 31st March'09 (INR)
Export Debtors	USD	47.52	2,184.70	22.72	1,153.00
	EURO	-	-	0.63	40.87
iv) Foreign currency exposure that are not hedged by derivative or forward contracts as at Balance Sheet Date				(in Lacs)	
Particulars	Currency	Amount as at 31st March'10 (in Foreign Currency)	Amount as at 31st March'10 (INR)	Amount as at 31st March'09 (in Foreign Currency)	Amount as at 31st March'09 (INR)
1 ECB Term loan	USD	3.83	172.42	11.50	584.63
2 PCFC Loan	USD	26.39	1,187.02	-	-
3 Import Creditors	USD	27.67	1,250.40	21.83	1,105.71
	EURO	5.92	359.61	0.01	1.20
	CHF	(0.01)	(0.31)	(0.01)	(0.32)
	JPY	1.28	0.62	2.46	0.50
4 Export Debtors	USD	28.75	1,291.35	63.30	3,203.45
	EURO	0.08	4.72	0.72	48.94
	JPY	348.32	166.70	486.00	248.68
<b>19 Related party disclosure, as required by Accounting Standard-18, is as below:</b>					
a) List of Related Parties					
i) Where control exists during the year:					
Subsidiaries - PILL Finance and Investments Ltd, PI Life Science Research Ltd. and PI Japan Co.Ltd.					
Partnership Firm- J & K Pesticides and Chemicals Corporation (Previous Year).					
ii) Enterprises in respect of which reporting enterprise is an associate: Lucrative Leasing Finance and Investment Company Ltd; Parteek Finance and Investment Company Ltd.					



iii Key Managerial Personnel (KMP):				
Mr. Salil Singhal	Chairman & Managing Director			
Mr. Mayank Singhal	Managing Director & CEO			
Mr. Anurag Surana	Whole time Director			
Mr. Junichi Nakano	Whole time Director			
Relatives of Key Managerial Personnel:-				
<b>Relation with Key Managerial Personnel</b>				
Personnel	Mr. Salil Singhal	Mr. Mayank Singhal		
Father		Salil Singhal		
Mother	Saraswati Singhal	Madhu Singhal		
Wife	Madhu Singhal			
Sister		Pooja Singhal Shefali Khushlani		
Son	Mayank Singhal			
Daughter	Pooja Singhal Shefali Khushlani			
iv Enterprises over which KMP and their relatives are able to exercise significant influence :- Samaya Investment and Trading Pvt. Ltd; Hycron Electronics; PI Apparels Pvt. Ltd. ; Wolkem India Ltd.; Secure Meters Ltd. ; Salil Singhal (HUF) and Singhal Foundation.				
v The following transactions were carried out with related parties in the ordinary course of business:				
PARTICULARS	Type of relation	Amount (Rs. in Lacs)		
		Transactions during the period		Balance outstanding as on 31.03.2010
		Recd./Pur.	Paid/Sales	
Purchase/Sales of goods and services	a (i), (iv)	307.37 (215.71)	59.93 (60.11)	102.85 (31.68)
Remuneration to directors	a (iii)	- (-)	285.34 (251.97)	- (36.11)
Interest	a (i), (ii), (iii) & (iv)	42.27 (-)	81.72 (85.12)	- (-)
Rent	a (i), (iii) & (iv)	4.43 (4.20)	110.95 (125.14)	18.97 (3.80)
Deposits Received and Paid	a (iii)	52.50 (18.00)	128.69 (70.13)	570.33 (594.28)
Security Deposits	a (iii)	- (-)	25.79 (0.50)	- (-)
Recovery of Dues on account of expenses incurred	a(i), a(iv)	42.26 (7.78)	- (-)	19.89 (-)
Reimbursement on account of expenses	a(iv)	- (-)	0.12 (-)	0.15 (-)
Advance to Subsidiary	a(i)	- (9.28)	- (36.28)	- (-)
Loans Granted	a(iv)	2,500.00 (-)	2,500.00 (-)	- (-)
Inter Corporate Deposit	a (i), a(ii) , a(iv)	10.00 (284.26)	- (302.00)	180.00 (170.00)
Donation	a(iv)	- (-)	5.00 (-)	- (-)

Note: Figures in bracket represents previous year figures



**20 Details of Proceeds and Utilization of funds raised through preferential allotment.**

**A Proceeds received from the issue:**

Particulars	Amounts (Rs. in Lacs)
1 20,60,000 Non-Cumulative Compulsorily Convertible Preference Shares (CCPS), at a face value of Rs.100/- each.	2,060.00
2 29,40,000 Optionally Convertible Debentures (OCD) of Rs.100/- each.	2,940.00
<b>Total</b>	<b>5,000.00</b>

**B Utilization of above proceeds:**

Particulars	Amounts (Rs. in Lacs)
1 Capital Expenditure	2,633.29
2 Long Term Working Capital	2,366.71
<b>Total</b>	<b>5,000.00</b>

Note: Utilization is in accordance with the terms of the issue.

**21 The Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 (as certified by the management)**

Particulars	(Rs. in Lacs)	
	Principal Amount	Interest Amount
Principal amount and Interest due thereon remaining unpaid to any supplier as on 31st March 2010	539.29 (24.40)	- (1.49)
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	2,304.50 (-)	61.87 (-)
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	- (-)	- (1.49)
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.	- (-)	- (1.49)

(Figures in brackets pertains to Previous Year)

**22 DEFERRED TAX**

Particulars	(Rs. In Lacs)	
	31.03.2010	31.03.2009
Deferred Tax assets/liabilities are attributable to the following items:		
<b>Deferred Tax Assets</b>		
Effect of Expenditure debited to P&L account in the current year but allowed for tax purposes in the following year	376.06	49.27
Transitional provision in terms of notification G.S.R 225E issued by Ministry of Corporate Affairs (AS-11)	-	29.51
<b>Sub Total (a)</b>	<b>376.06</b>	<b>78.78</b>
<b>Deferred Tax Liabilities</b>		
Difference in depreciation and amortization in block of fixed assets as per Income Tax Act and books of accounts and others	3,075.77	2,575.46
<b>Sub Total (b)</b>	<b>3,075.77</b>	<b>2,575.46</b>
<b>Net Deferred Tax Liability (a)- (b)</b>	<b>2,699.71</b>	<b>2,496.68</b>





**23 Additional information pursuant to the provisions of Paragraphs 3, 4C & 4D of Part II of Schedule VI to the Companies Act, 1956**

**A. PARTICULARS OF LICENCED CAPACITY, INSTALLED CAPACITY**

S. No.	PRODUCT	LICENSED CAPACITY IN TONNES		INSTALLED CAPACITY IN TONNES	
		2009-10	2008-09	2009-10	2008-09
1	Organo Phosphorous Compounds / Industrial Chemicals	11,260	11,260	9,140	7,995
2	Pesticides & Other Formulation	5,597	5,597	53,200	53,200
		(in terms of Technical)		(in terms of Formulation)	
3	Polyurethane & Others	7,500	7,500	6,400	6,400

**B. ACTUAL PRODUCTION, PURCHASES, SALES AND STOCK OF GOODS MANUFACTURED/TRADED**

S. No.	PRODUCT	OPENING STOCK	PRODUCTION	PURCHASES	SALES	CLOSING STOCK
(I)	<b>QUANTITY (IN TONNES)</b>					
	<b>Current Year</b>					
a)	Chemicals including by-product/ Traded Goods	4,678	41,640	307	42,409	4,216
b)	Polymer	702	5,005	-	4,904	803
	<b>Total</b>	<b>5,380</b>	<b>46,645</b>	<b>307</b>	<b>47,313</b>	<b>5,019</b>
	<b>Previous Year</b>					
a)	Chemicals including by-product/ Traded Goods	(2,997)	(44,516)	(483)	(43,318)	(4,678)
b)	Polymer	(763)	(4,042)	-	(4,103)	(702)
	<b>Total</b>	<b>(3,760)</b>	<b>(48,558)</b>	<b>(483)</b>	<b>(47,421)</b>	<b>(5,380)</b>
(II)	<b>IN VALUE (Rs. in Lacs)</b>					
	<b>Current Year</b>					
a)	Chemicals including by-product/ Traded Goods	4,752.49	-	1,356.67	56,822.53	4,500.06
b)	Polymer	413.72	-	-	5,102.23	440.88
	<b>Total</b>	<b>5,166.21</b>	<b>-</b>	<b>1,356.67</b>	<b>61,924.76</b>	<b>4,940.94</b>
	<b>Previous Year</b>					
a)	Chemicals including by-product/ Traded Goods	(2,916.91)	-	(2,408.58)	(50,528.27)	(4,752.49)
b)	Polymer	(591.63)	-	-	(4,641.94)	(413.72)
	<b>Total</b>	<b>(3,508.54)</b>	<b>-</b>	<b>(2,408.58)</b>	<b>(55,170.21)</b>	<b>(5,166.21)</b>



C. VALUE OF IMPORTED / INDIGENOUS RAW MATERIAL, PACKING MATERIALS AND OTHER COMPONENTS CONSUMED					
S. No.	PARTICULARS	2009-10		2008-09	
		QTY(Tonnes)	Rs.in Lacs	QTY(Tonnes)	Rs.in Lacs
i	Technical Pesticides	446	1,558.27	276	922.70
ii	Inert Carriers & Adjuvants	107920	23,370.13	50731	19,339.30
iii	Polymers	5002	3,601.45	3681	3,197.07
iv	Others	-	1,859.33	-	3,935.61
	<b>Total</b>	<b>113368</b>	<b>30,389.18</b>	<b>54688</b>	<b>27,394.68</b>
S. No.	PARTICULARS	2009-10		2008-09	
		%	Rs. in Lacs	%	Rs.in Lacs
i	Raw Material				
	Imported	48	13,264.27	20	5,095.30
	Indigenous	52	14,452.77	80	20,322.25
ii	Packing Material				
	Imported	-	-	-	-
	Indigenous	100	2,672.14	100	1,977.12
<b>D.</b>	<b>VALUE OF IMPORTS CALCULATED ON CIF BASIS</b>				
	Raw Materials		11,395.46		12,255.29
	Spare Parts & Components		34.21		35.33
	Capital Goods		95.76		791.58
<b>E.</b>	<b>EARNINGS IN FOREIGN CURRENCY</b>				
	Export of Goods on FOB Basis		20,100.95		14,405.20
<b>F.</b>	<b>EXPENDITURE IN FOREIGN CURRENCY</b>				
	Professional		31.39		1.46
	Consultancy		12.88		20.29
	Interest		12.12		31.69
	Travelling		3.71		29.81
	Salary		26.96		-
	Others		213.95		118.30
24	Figures of the previous year have been regrouped and/or rearranged wherever necessary to make them comparable with those of the current year.				



### Balance Sheet Abstract and Company's General Business profile

<b>I Registration Details</b>	
Registration No	L24211RJ1946PLC000469
State Code	17
Balance Sheet dated	31.03.2010
<b>II Capital raised during the year (Amount in Rs Thousands)</b>	
Public Issue	Nil
Right Issue	Nil
Bonus Issue	35,437.50
Private Placement	206,000
<b>III Position of Mobilisation and Deployment of Funds (Amount in Rs Thousands)</b>	
Total Liabilities	4,551,000
Total Assets	4,551,000
<b>Source of Funds</b>	
Paid-up Capital	276,875
Reserves and Surplus	1,246,916
Secured Loans	1,053,229
Unsecured Loans	450,458
Deferred Tax	269,971
<b>Application of Funds</b>	
Net Fixed Assets	2,078,218
Investments	19,677
Net Current Assets	1,199,554
Deferred Revenue Expenditure	Nil
Accumulated Losses	Nil
<b>IV Performance of the Company (Amount in Rs.Thousands)</b>	
Turnover	5,428,219
Total Expenditure	4,868,113
Profit/(Loss) before Tax	560,105
Profit/(Loss) after Tax	409,451
Earnings Per Share- Basic	57.77
Earnings Per Share- Diluted	51.98
Dividend Rate (%) - Equity	20
<b>V Generic Names of Three Principal Products/Services of the Company (As per Monetary Terms)</b>	
<b>Item Code no (ITC Code)</b>	<b>Product Description</b>
380810.00	Insecticides
902830.00	Metering and Allied Products
390210.00	Polypropylene

Signatures to Schedules I to XXI inclusive

As per our separate report of even date attached

For B.D.GARGIYA & CO.  
Chartered Accountants

For S.S KOTHARI MEHTA & CO.  
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-  
(Ashok Mangal)  
Partner  
M. No.: 71714

Sd/-  
(J.Krishnan)  
Partner  
M.No. 84551

Sd/-  
(Salil Singhal)  
Chairman & Managing Director

Sd/-  
(Mayank Singhal)  
Managing Director & CEO

Place: Mumbai  
Date: 17.05.2010

Sd/-  
(Rajnish Sarna)  
CFO & President (IT)

Sd/-  
(Payal M Puri)  
Company Secretary



## Statement Regarding Subsidiary Company

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

1	Name of the Subsidiary Companies	PIIL Finance & Investment Limited	PI Life Science Research Limited	PI Japan Company Limited
2.	The financial year of the subsidiary Company ended on	March 31, 2010	March 31, 2010	March 31, 2010
3.	Holding Company's interest: Number of Equity Shares  Percentage Holding	3,60,000 Equity shares of Rs. 10/- each  100%	9,45,000 Equity shares of Rs.10/- each  100%	100 Equity shares of JPY 50,000 each  100%
4.	(a) Net aggregate amount of subsidiary's Profit /(loss) not dealt within the Holding Company's accounts:  (i) For the subsidiary's financial year ended March 31, 2010  (ii) For the previous financial year.	  Rs.372,296/-  Rs.982,509/-	  Rs.8,876,810/-  Rs.11,020,859/-	  JPY 975,864 (Rs.5.02 Lacs)  JPY 867,970 (Rs.4.49 Lacs)
	(b) Net aggregate amount of subsidiary's Profit/ (loss) dealt within the Holding Company's accounts:  (i) For the subsidiary's financial year ended on March 31, 2009  (ii) For the previous financial year	  Nil  Nil	  Nil  Nil	  Nil  Nil

For and on behalf of the Board of Directors

Sd/-  
(Salil Singhal)  
Chairman and Managing Director

Sd/-  
(Mayank Singhal)  
Managing Director and CEO

Sd/-  
(Rajnish Sarna)  
CFO and President (IT)

Sd/-  
(Payal M. Puri)  
Company Secretary

Place: Mumbai

Date: 17.05.2010



### TO THE BOARD OF DIRECTORS OF PI INDUSTRIES LIMITED

We have audited the attached consolidated Balance Sheet of PI Industries Limited and its subsidiaries (collectively referred to as 'PI Industries Group') as at 31st March, 2010, the consolidated Profit and Loss account for the year ended on that date annexed thereto and the consolidated Cash Flow Statement for the year ended on that date. These consolidated financial statements are the responsibility of the PI Industries Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We did not audit the financial statements of the subsidiaries whose financial statement reflect total assets (net) of Rs. 329.98 lacs as at March 31, 2010, total revenue of Rs. 194.38 lacs and net cash outflows amounting to Rs. 50.39 lacs for the year ended on that date. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

The financial statement of subsidiary namely PI Japan Co. Ltd which reflect total assets (net) of Rs. 39.61 lacs as at March 31, 2010, total revenue of Rs. 164.82 lacs and net cash inflows amounting to Rs. 6.73 lacs for the year ended March 31, 2010 have not been audited by us or any other auditor and has been certified by their Directors whose certificate has been furnished to us and converted by the management as per the requirement of Indian GAAP. Our opinion, in so far as it relates to the amount included in respect of PI Japan Co. Ltd., is based solely on certificate of the Directors.

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India.

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

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of PI Industries Group as at 31st March, 2010;
- (b) in the case of the consolidated Profit and Loss account, of the profits for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow statement, of the cash flows for the year ended on that date.

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

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

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

Sd/-  
(**CA J. KRISHNAN**)  
Partner  
Membership No. 84551

Place: Mumbai  
Date: 17.05.2010



**OF PI INDUSTRIES LTD. AND ITS SUBSIDIARIES**

As At 31st March 2010

PARTICULARS	Schedule No.	Amount (Rs in Lacs)			
		As at 31.03.2010		As at 31.03.2009	
<b>SOURCES OF FUNDS</b>					
1 Shareholders' Funds					
Share Capital	I	2,768.75		354.38	
Reserves and Surplus	II	12,689.66	15,458.41	9,033.88	9,388.26
2 Loan Funds					
Secured Loans	III	10,532.29		18,940.94	
Unsecured Loans	IV	4,444.58	14,976.87	1,382.83	20,323.77
3 Deferred Tax Liability (Net) (Refer note no. 22 of Schedule XXI B)			2,699.71		2,496.68
<b>TOTAL</b>			<b>33,134.99</b>		<b>32,208.71</b>
<b>APPLICATION OF FUNDS</b>					
1 Fixed Assets	V				
Gross Block		29,238.49		25,898.78	
Less : Depreciation/Amortisation		9,228.01		7,979.01	
Net Block		20,010.48		17,919.77	
Capital Work-in-Progress		863.54	20,874.02	741.09	18,660.86
2 Investments	VI		51.81		36.26
3 Current Assets, Loans & Advances					
Inventories	VII	10,281.08		10,422.33	
Sundry Debtors	VIII	10,340.86		9,226.19	
Cash and Bank Balances	IX	543.90		513.03	
Loans and Advances	X	3,468.59		3,046.35	
Sub-total (A)		24,634.43		23,207.90	
Less : Current Liabilities and Provisions					
Current Liabilities	XI	11,893.32		9,502.14	
Provisions	XII	531.95		231.15	
Sub-total (B)		12,425.27		9,733.29	
Net Current Assets (A)-(B)			12,209.16		13,474.61
4 Deferred Revenue Expenditure (to the extent not written off or adjusted)	XIII		-		36.98
<b>TOTAL</b>			<b>33,134.99</b>		<b>32,208.71</b>
Significant Accounting Policies and Notes to Accounts		XXI			

The Schedules referred to above and notes thereon form an integral part of the Balance Sheet.

As per our separate report of even date attached

For B.D.GARGIEYA & CO.  
Chartered Accountants

For S.S KOTHARI MEHTA & CO.  
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-  
(Ashok Mangal)  
Partner  
M. No.: 71714

Sd/-  
(J.Krishnan)  
Partner  
M.No. 84551

Sd/-  
(Salil Singhal)  
Chairman & Managing Director

Sd/-  
(Mayank Singhal)  
Managing Director & CEO

Place: Mumbai  
Date: 17.05.2010

Sd/-  
(Rajnish Sarna)  
CFO & President (IT)

Sd/-  
(Payal M Puri)  
Company Secretary



## Consolidated Profit & Loss Account

### OF PI INDUSTRIES LTD. AND ITS SUBSIDIARIES

For the year ended on 31st March, 2010

PARTICULARS	Schedule No.	Amount (Rs in Lacs)	
		For the year ended 31.03.2010	For the year ended 31.03.2009
<b>INCOME</b>			
Sales (Gross)		62,007.89	55,316.62
Less: Rebates & Discounts		5,276.13	5,454.28
Less: Excise Duty		2,477.60	3,571.93
Net Sales		54,254.16	46,290.41
Other Income	XIV	112.02	81.10
<b>TOTAL</b>		<b>54,366.17</b>	<b>46,371.51</b>
<b>EXPENDITURE</b>			
Purchase of Traded Goods		1,358.62	2,408.58
Cost of Material		30,247.45	27,241.70
Increase / Decrease in Stock	XV	225.27	(1,657.67)
Operating Expenses	XVI	3,540.66	2,492.67
Personnel Expenses	XVII	4,451.42	3,974.13
Administrative, Selling and Other Expenses	XVIII	5,201.53	4,890.19
Research and Development Expenses	XIX	514.79	490.76
Interest & Other Financial Charges	XX	1,825.02	2,223.29
Depreciation / Amortisation	V	1,285.03	1,123.27
Less: Transferred from Revaluation Reserve		(3.10)	(3.51)
<b>TOTAL</b>		<b>48,646.69</b>	<b>43,183.41</b>
		5,719.49	3,188.10
Prior period adjustments (Net)		(0.31)	(0.25)
<b>PROFIT BEFORE TAXATION</b>		<b>5,719.18</b>	<b>3,187.85</b>
Provision for Taxation - Current Year (Refer note no. 13 of Schedule XXI B)		1,346.48	394.32
Provision for Taxation - Fringe Benefit Tax		-	67.67
<b>PROFIT AFTER CURRENT TAX</b>		<b>4,372.70</b>	<b>2,725.86</b>
Provision for Taxation - Deferred Tax		203.03	326.50
Provision for Income Tax for earlier years		(20.50)	(25.44)
<b>PROFIT AFTER TAXATION</b>		<b>4,190.17</b>	<b>2,424.80</b>
Add : Balance brought forward from previous year		4,601.53	2,200.60
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<b>8,791.70</b>	<b>4,625.40</b>
<b>APPROPRIATIONS</b>			
Transfer To General Reserve		(307.10)	-
Dividend			
- Equity Shares - Proposed		(149.17)	-
- Preference Shares - Proposed		(0.09)	-
- Dividend Distribution Tax		(25.37)	-
Transition provision as per AS-15 'Employee Benefits'		-	(23.87)
Balance carried forward to Balance Sheet		8,309.97	4,601.53
Basic Earnings per Share (in Rs.)		59.12	34.21
Diluted Earnings per Share (in Rs.)		53.35	34.21
Face value per Share (in Rs.)		10.00	10.00
Significant Accounting Policies and Notes to Accounts	XXI		

The Schedules referred to above and notes thereon form an integral part of the Profit & Loss Account.

As per our separate report of even date attached

For B.D.GARGIEYA & CO.  
Chartered Accountants  
Sd/-  
(Ashok Mangal)  
Partner  
M. No.: 71714

For S.S KOTHARI MEHTA & CO.  
Chartered Accountants  
Sd/-  
(J.Krishnan)  
Partner  
M.No. 84551

For and on behalf of the Board of Directors

Sd/-  
(Salil Singhal)  
Chairman & Managing Director

Sd/-  
(Mayank Singhal)  
Managing Director & CEO

Sd/-  
(Rajnish Sarna)  
CFO & President (IT)

Sd/-  
(Payal M Puri)  
Company Secretary

Place: Mumbai  
Date: 17.05.2010



OF PI INDUSTRIES LTD. AND ITS SUBSIDIARIES

PARTICULARS	Amount (Rs. in Lacs)			
	For the year ended 31.03.2010		For the year ended 31.03.2009	
<b>A. Cash Flow from Operating Activities</b>				
Net Operating Profit before Tax & Extraordinary Items		5,719.18		3,187.85
Adjustments for:				
Depreciation	1,317.97		1,152.09	
Interest Expenses	1,825.04		2,223.29	
Provision for Doubtful Debts	142.35		-	
Interest Income	(70.27)		(34.08)	
Dividend Income	(0.27)		(0.24)	
Share of loss in Partnership firm	-		33.63	
(Profit)/Loss on sale of Fixed Assets (Net)	17.79		10.69	
(Profit)/Loss on sale of Investments	-		(6.34)	
Bad Debts written off	52.08		182.10	
Miscellaneous Liabilities written back	(25.14)		-	
Foreign Exchange Loss/ (Gain) (Net)	(364.98)		(36.90)	
Deferred Revenue Expenditure written off during the year	36.98		38.34	
Foreign Currency Transition Reserve	(2.29)		11.63	
Transitional adjustment for AS-11 and AS-15	-		(105.84)	
		2,929.26		3,468.37
<b>Operating Profit before Working Capital changes</b>		8,648.44		6,656.22
(Increase) / Decrease in Trade and Other Receivables	(1,626.28)		(602.54)	
(Increase)/Decrease in Inventories	141.25		(3,606.59)	
Increase / (Decrease) in Trade Payables/ Provisions	2,792.13	1,307.10	1,037.23	(3,171.90)
<b>Cash generated from Operations</b>		9,955.54		3,484.32
Net Direct Taxes paid		1,183.12		367.80
<b>Net cash from Operating Activities</b>		8,772.42		3,116.52
<b>B. Cash flow from Investing Activities</b>				
Increase in Fixed Assets (Includes interest capitalised Rs. 161.24 lacs (Previous Year Rs. 191.02 lacs))	(3,619.22)		(3,305.13)	
Investment in Shares of Joint Venture / Subsidiary Companies	(15.55)		-	
Sale of Investment in Subsidiary Company	-		58.99	
Sale of Fixed Assets	14.85		50.11	
Interest Received	70.27		34.08	
Dividend Received	0.27		0.24	
<b>Net cash used in Investing Activities</b>		(3,549.38)		(3,161.71)
<b>Net cash from Operating and Investing Activities</b>		5,223.04		(45.19)
<b>C. Cash flow from Financing Activities</b>				
(Repayment)/Issue of Preference Share Capital	2,060.00		-	
(Repayment)/Issue of Debentures	2,940.00		-	





PARTICULARS	Amount (Rs. in Lacs)	
	For the year ended 31.03.2010	For the year ended 31.03.2009
Net Increase / (Decrease) in Working Capital Borrowings	(6,257.47)	1,734.31
Long Term Borrowings raised	(1,998.42)	675.61
Interest paid (Net)	(1,787.01)	(2,167.15)
Dividend & Tax on Dividend Distribution	(149.27)	0.89
Net Cash from Financing activities	(5,192.17)	243.66
Net Cash from Operating, Investing & Financing Activities	30.87	198.47
Net increase in Cash & Cash equivalent	30.87	198.47
Opening balance of Cash & Cash equivalent	513.03	314.56
Closing balance of Cash & Cash equivalent	543.90	513.03
Note: Cash and cash equivalents included in the Cash Flow Statement comprise of the following:-		
i) Cash Balance on Hand	5.01	7.01
ii) Balance with Scheduled Banks :		
a) In Current Accounts	162.98	239.53
b) In Unpaid Dividend Accounts	0.98	1.09
c) In Fixed Deposits	348.95	246.15
iii) Balance with Non-Scheduled Bank	25.98	19.25
Total	543.90	513.03

As per our separate report of even date attached

For B.D.GARGIEYA & CO.  
Chartered Accountants

For S.S KOTHARI MEHTA & CO.  
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-  
(Ashok Mangal)  
Partner  
M. No.: 71714

Sd/-  
(J.Krishnan)  
Partner  
M.No. 84551

Sd/-  
(Salil Singhal)  
Chairman & Managing Director

Sd/-  
(Mayank Singhal)  
Managing Director & CEO

Place: Gurgaon  
Date: 17.05.2010

Sd/-  
(Rajnish Sarna)  
CFO & President (IT)

Sd/-  
(Payal M Puri)  
Company Secretary



## Schedules to Consolidated Balance Sheet and Profit & Loss Account

### SCHEDULE - 1 SHARE CAPITAL

PARTICULARS	Amount (Rs. in Lacs)	
	As at 31.03.2010	As at 31.03.2009
<b>Authorised</b>		
200,00,000 (Previous Year 200,00,000) Equity Shares of Rs.10/- each	2,000.00	2,000.00
50,00,000 (Previous Year 3,00,000) Preference Shares of Rs.100/- each	5,000.00	300.00
	7,000.00	2,300.00
<b>Issued</b>		
71,05,165.5 (Previous Year 35,61,411.5) Equity Shares of Rs.10/- each	710.52	356.14
<b>Subscribed &amp; Paid up</b>		
70,87,508 (Previous Year 35,43,754) Equity Shares of Rs.10/- each fully paid up	708.75	354.38
<b>Notes:</b>		
9,34,810 Equity Shares of Rs 10/- each fully paid up were allotted as Bonus Shares by capitalisation of reserves in earlier years.		
35,43,754 Equity Shares of Rs 10/- each fully paid up were allotted as Bonus Shares during the year by capitalising Rs. 175,00,000 from Capital Redemption Reserve and Rs.179,37,540 from General Reserve.		
20,60,000 Non-Cumulative Compulsorily Convertible Preference Shares of Rs.100/- each (Previous Year NIL) *	2,060.00	-
<b>TOTAL</b>	<b>2,768.75</b>	<b>354.38</b>

\* [Pursuant to the Special Resolution passed at the Extra Ordinary General Meeting of Shareholders on 12th October 2009, the Company, on October 24, 2009, has allotted 10,30,000 Non-Cumulative compulsorily Convertible Preference Shares (CCPS) each, at a face value Rs.100 per CCPS on preferential basis to Standard Chartered Private Equity (Mauritius) Limited and Standard Chartered Private Equity (Mauritius) II Limited, aggregating to 20,60,000 CCPS. The CCPS carry a coupon rate of 0.01% p.a. The CCPS has lock in period of one year from the date of allotment. The CCPS is mandatorily convertible into equity shares within the period of 18 months from the date of allotment.

### SCHEDULE II - RESERVES AND SURPLUS

PARTICULARS	Amount (Rs in Lacs)			
	As at 31.03.2010		As at 31.03.2009	
<b>Capital Reserve</b>				
Balance at the beginning and end of the year		147.51		147.51
<b>Capital Redemption Reserve</b>				
Balance at the beginning of the year	210.00		210.00	
Less: Capitalised for Bonus Shares	(175.00)	35.00	-	210.00
<b>Revaluation Reserve</b>				
Balance at the beginning of the year	207.67		211.18	
Less: Depreciation on revalued amount adjusted	(3.10)	204.57	(3.51)	207.67
<b>General Reserve</b>				
Balance at the beginning of the year	3,851.46		3,903.92	
Less: Transitional provision in respect of AS-11*	-		(52.46)	
Less: Capitalised for Bonus shares	(179.37)		-	
Add: Transferred during the year	307.10	3,979.19	-	3,851.46
<b>Foreign Currency Translation Reserve</b>				
Balance at the beginning of the year	15.71		4.08	
Add: Exchange difference transferred	(2.29)	13.42	11.63	15.71
<b>Surplus in Profit &amp; Loss Account</b>				
Balance at the beginning of the year	4,601.53		2,200.60	



Addition during the year	4,190.17		2,424.80	
Less: Proposed Dividend on Preference Shares and Tax thereon	(0.11)		-	
Less: Proposed Dividend on Equity Shares and Tax thereon	(174.52)		-	
Less: Transfer to General Reserve	(307.10)		-	
Less: Transitional Provision of Accounting Standard (AS) - 15 **	-	8,309.97	(23.87)	4,601.53
<b>TOTAL</b>		<b>12,689.66</b>		<b>9,033.88</b>

\* Pursuant to adoption of amended AS-11 (issued by the Ministry of Corporate Affairs vide notification dated 31st March, 2009), the exchange gain of Rs. 52.46 lacs (Net of Deferred tax of Rs. 29.51 lacs) pertaining to year 2007-08 has been adjusted against the General Reserve during the previous year 2008-09.

\*\* Withdrawn Rs. 23.87 lacs in terms of transitional provisions of Accounting Standard AS - 15 (Revised) during the previous year 2008-09

#### SCHEDULE III - SECURED LOANS

PARTICULARS	Amount (Rs. in Lacs)	
	As at 31.03.2010	As at 31.03.2009
Term Loan from Financial Institutions / Banks (See Note 4 of Schedule XXI B)	6,246.55	8,384.80
Working Capital Loans from Banks	4,285.74	10,556.14
<b>TOTAL</b>	<b>10,532.29</b>	<b>18,940.94</b>

#### Notes :

i) Term loans are secured by way of first charge on pari passu basis by joint equitable mortgage through deposit of title deeds on all the immovable properties of the Company and second charge ranking pari passu by way of hypothecation of movable properties, present and future.

Term Loans from Financial Institutions & Banks includes Rs. 172.42 lacs (Previous Year Rs. 584.64 lacs) Foreign Currency Loan.

ii) Working capital loans are secured by way of first charge on pari passu basis by hypothecation of stocks of raw materials, finished and semi finished goods, stores and spares not related to plant and machinery, bills receivable, book debts and all other movable properties and additionally secured by way of second charge on all the immovable properties of the Company in favour of the consortium bankers.

Working Capital Loan includes Rs. 1,187.02 lacs (Previous Year NIL) Packing Credit Foreign Currency Loan.

All the above loans are collaterally secured by personal guarantees by one or two directors of the Company as specified in the respective agreements.

#### SCHEDULE IV - UNSECURED LOANS

PARTICULARS	Amount (Rs. in Lacs)	
	As at 31.03.2010	As at 31.03.2009
<b>Loans</b>		
Interest-free Sales Tax Loan	47.01	70.51
Zero Coupon Optionally Convertible Debentures*	2,940.00	-
<b>Inter Corporate Deposits</b>		
From wholly owned subsidiary of the Company	-	-
From others	120.00	110.00
<b>Deposits</b>		
Directors	140.58	154.58
Shareholders	118.95	117.65
Dealers Security Deposits	729.62	589.12
Others	348.42	340.97
<b>TOTAL</b>	<b>4,444.58</b>	<b>1,382.83</b>

#### Note:

\* Pursuant to the Special Resolution passed at the Extra Ordinary General Meeting of Shareholders on 12th October 2009, the Company has issued 29,40,000 Optionally Convertible Debentures (OCD) of Rs. 100/- each to Standard Chartered Investments and Loans (India) Ltd., on preferential basis on October 24, 2009. The OCD has lock in period of one year from the date of allotment. The OCD is optionally convertible into equity shares within the period of 18 months from the date of allotment. The unconverted portion of OCD, if any, at the end of 18 months may be further extended by another 18 months, if mutually agreed.



## SCHEDULE V - FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As at 1st April 2009	Additions during the year	Deductions/ Adjustments during the year	As at 31st March 2010	As at 1st April 2009	For The Period	Deductions/ Adjustments during the year	As at 31st March 2010	As at 31st March 2009
Land ^									
- Freehold	207.68	46.95	-	254.63	-	-	-	254.63	207.68
- Leasehold	661.48	-	-	661.48	2.88	0.41	-	658.18	658.60
Leasehold Improvements	1.94	-	-	1.94	0.65	0.30	-	0.99	1.29
Buildings ^	1,802.29	527.38	-	2,329.67	574.91	37.13	-	1,717.64	1,227.38
Plant and Machinery * ^	22,165.34	2,814.42	121.19	24,858.57	6,691.16	1,203.90	43.32	7,851.74	15,474.18
Furniture & Fixtures and Office Equipments	487.48	50.81	4.83	533.46	333.73	25.25	3.19	177.67	153.76
Vehicles	255.72	9.77	30.52	234.97	188.62	17.91	25.56	180.97	67.10
Library	94.54	3.78	-	98.32	68.53	2.96	-	71.49	26.01
Tools and Equipments	2.66	-	-	2.66	-	-	-	2.66	2.66
Intangible Assets - Software	219.65	43.66	0.52	262.79	118.53	33.21	-	151.74	101.12
<b>Total</b>	<b>25,898.78</b>	<b>3,496.77</b>	<b>157.06</b>	<b>29,238.49</b>	<b>7,979.01</b>	<b>1,321.07</b>	<b>72.07</b>	<b>9,228.01</b>	<b>17,919.77</b>
Capital Work in Progress	741.09	3,296.84	3,174.39	863.54	-	-	-	863.54	741.09
<b>Grand Total</b>	<b>26,639.87</b>	<b>6,793.61</b>	<b>3,331.45</b>	<b>30,102.03</b>	<b>7,979.01</b>	<b>1,321.07</b>	<b>72.07</b>	<b>9,228.01</b>	<b>18,660.86</b>
Previous Year	23,391.96	6,804.29	3,556.38	26,639.87	6,924.52	1,155.60	101.11	7,979.01	18,660.86

### Note

^ Includes Rs. 179.67 lacs for Land, Rs. 198.95 lacs for Buildings and Rs. 433.75 lacs for Plant & Machinery due to revaluation as on 30.06.1988

\* Deductions/ Adjustments to Plant & Machinery includes foreign exchange gain of Rs. 52.35 lacs. (Previous Year net foreign exchange loss of Rs. 104.69 lacs)

^ Depreciation for the year includes depreciation amounting to Rs. 36.04 lacs (Previous year Rs. 32.33 lacs) on assets used for Research and Development. During the year Company incurred Rs. 63.53 lacs (Previous year Rs. 116.39 lacs) towards capital expenditure for Research & Development. (Refer note no. 15 of Schedule XXI B)



## SCHEDULE VI - INVESTMENTS

PARTICULARS		31.03.2010		31.03.2009		
		Face Value (Rs.)	No.	Rs. in Lacs	No.	Rs. in Lacs
1	<b>Investments (At cost): Non-Trade</b>					
	<b>Quoted Shares</b>					
	United Credit Ltd.	10	700	0.21	700	0.21
	Ciba CKD Biochem Ltd.	10	100	0.05	100	0.05
	ICI India Ltd	10	50	0.05	50	0.05
	BASF India Ltd.	10	976	0.46	904	0.45
	Sudershan Chemical Industries Ltd.	10	90	0.04	90	0.04
	Rallis India Ltd.	10	138	0.12	138	0.12
	Bayers Crop Science Ltd.	10	66	0.19	66	0.19
	Punjab Chemicals & Crop Protection Ltd.	10	248	0.09	248	0.09
	Wyeth Ltd.	10	42	0.15	42	0.15
*	Ciba India Ltd.	10	-	-	80	0.01
	Aventis Pharma Ltd.	10	100	0.03	100	0.03
	L.M.L.Ltd.	10	150	0.02	150	0.02
	Shaw Wallace & Company Ltd.	10	-	-	800	0.05
**	United Sprit Ltd.	10	188	0.05	-	-
	RPG Life Sciences Ltd.		360	0.23	360	0.23
	Brabourne Enterprises Ltd.	10	360	-	360	-
	Voltas Ltd.	1	100	0.01	100	0.01
	ICICI Bank Ltd.	10	460	2.42	460	2.42
	Sygenta India Ltd.	10	160	0.02	160	0.02
	<b>TOTAL</b>			<b>4.14</b>		<b>4.14</b>
2)	<b>Unquoted Shares (Equity)</b>					
a)	<b>Panoli Enviro Technology Ltd.</b> 300,000 (Previous Year 300,000) Equity Shares of Rs.10 each			3.00		3.00
b)	<b>Bharuch Enviro Infrastructure Ltd.</b> 2,100 (Previous Year 2,100) Equity Shares of Rs.10 each			0.21		0.21
c)	<b>Bharuch Eco-Aqua Infrastructure Ltd.</b> 4,44,339 Equity Shares (Previous Year 2,88,859) of Rs.10 each			44.43		28.88
d)	<b>Angan Apartment Co-opt Hsg. Society Ltd (Services) Bharuch</b> 5 Equity Shares (Previous Year 5) of Rs.50 each fully paid up			0.01		0.01
e)	<b>Abhilasha Tower Co-operative Service Housing Society Ltd.</b> *** 10 Equity Shares (Previous Year NIL) of Rs. 250 each			0.02		-
	Share Application Money			-		0.02
				<b>47.67</b>		<b>32.12</b>
	<b>GRAND TOTAL</b>			<b>51.81</b>		<b>36.26</b>
	Aggregate book value of Quoted Investments			4.14		4.14
	Aggregate book value of Un-Quoted Investments			47.67		32.12
	Aggregate market value of Quoted Investments			1.63		7.27
	<b>Investments Purchased and Sold during the Year</b>					
	1,55,480 Equity shares of Rs. 10 Each of Bharuch Eco-Aqua Infrastructure Ltd. purchased during the year			15.55		Nil

\*\* The Company was holding 80 Equity Shares of Ciba India Ltd. of Rs. 10/- each fully paidup which was merged with BASF India Ltd. & the company received 72 Equity Shares of BASF India Ltd. in pursuance of the exchange ratio of 90 Equity Shares of BASF India Ltd. for every 100 Equity Shares of Ciba India Ltd. of Rs. 10/- each fully paid up.

\* Under the scheme of amalgamation of Shaw Wallace & Company Ltd. & Primo Distributors Pvt. Ltd. with United Spirits Ltd. on 17.07.2009, 188,234 Equity Shares were allotted by United Spirits Ltd. against 800 shares of Shaw Wallace & Company Ltd in the ratio of 4:17. The merged Company United Spirit Ltd, has paid the sale proceeds of fractional shares at market value.

\*\*\* 10 Equity Shares of Rs. 250 each of Abhilasha Towers were allotted during the year against the share application money.



## SCHEDULE VII - INVENTORIES

PARTICULARS	Amount (Rs in Lacs)	
	As at 31.03.2010	As at 31.03.2009
<b>As valued and certified by the Management</b>		
i) Raw Materials and Packing Materials	4,385.63	4,368.38
ii) Finished Goods, including By - products.	3,162.68	2,998.98
iii) Work in Progress	1,778.26	2,167.23
iv) Stores & Spares, Laboratory Chemicals & Apparatus	954.51	887.74
<b>TOTAL</b>	<b>10,281.08</b>	<b>10,422.33</b>
<b>SCHEDULE VIII - SUNDRY DEBTORS</b> (Unsecured, considered good, unless otherwise stated)		
Debts outstanding for a period exceeding six months (including Rs. 142.35 lacs considered doubtful (Previous Year Nil))	685.26	706.73
Others Debts	9,797.95	8,519.46
Less: Provision for Doubtful Debts	(142.35)	-
<b>TOTAL</b>	<b>10,340.86</b>	<b>9,226.19</b>
<b>SCHEDULE IX - CASH &amp; BANK BALANCES</b>		
i) Cash balance in hand	5.01	7.01
ii) Balance with scheduled banks		
a) In Current Accounts	162.98	239.53
b) In Deposit Accounts*	348.95	246.15
c) In Unpaid Dividend Accounts **	0.98	1.09
iii) Balance with Non- Scheduled Banks Mitsubishi Bank Account- Japan	25.98	19.25
<b>TOTAL</b>	<b>543.90</b>	<b>513.03</b>
* Deposit account includes Rs.205.28 lacs (Previous Year Rs.122.52 lacs) towards margin money pledged with banks and Rs.138.47 lacs (Previous Year Rs. 123.63 lacs) towards security deposit lodged with the Rajasthan excise department.		
** Not available for use by the Company as they represent corresponding unpaid dividend liabilities.		
<b>SCHEDULE X - LOANS &amp; ADVANCES</b> (Unsecured, considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	2,932.50	1,800.74
Advance Tax (Net of Provision for Tax Rs. Nil (Previous Year Rs. 366.56 lacs))	-	10.17
Advance Fringe Benefit Tax (Net of Provision for Tax NIL (Previous Year Rs. 67.67 lacs)	7.39	7.39
Balance with Central Excise Authorities, Customs etc.	159.43	929.77
Deposits with Government & Others	369.27	298.28
<b>TOTAL</b>	<b>3,468.59</b>	<b>3,046.35</b>
<b>SCHEDULE XI - CURRENT LIABILITIES</b>		
i) Acceptances	2,893.36	1,851.17
ii) Sundry Creditors		
a) Dues to Micro & Small Enterprises	539.29	24.40
b) Dues to other than Micro & Small Enterprises*	5,981.49	4,892.30
iii) Advances from Customers	1,551.88	1,031.14
iv) Project Vendors	463.55	414.21
v) Unclaimed dividend **	0.98	1.09
vi) Other Liabilities	458.22	1,287.04
vii) Interest accrued but not due on Loans	4.55	0.79
<b>TOTAL</b>	<b>11,893.32</b>	<b>9,502.14</b>
** The amount does not include amount due/outstanding to be credited to Investor Education & Protection Fund as the same shall be credited as and when due.		



## SCHEDULE XII - PROVISIONS

PARTICULARS	Amount (Rs. in Lacs)	
	As at 31.03.2010	As at 31.03.2009
i) Provision for Income Tax (Net of Advance Tax of Rs. 1,130.79 lacs (Previous Year Rs. 333.38 lacs))	207.33	74.64
ii) Provision for Gratuity & Leave Encashment	149.99	156.51
iii) Provision for Proposed Dividend on Equity Shares	149.17	-
iv) Provision for Preference Share Dividend	0.09	-
v) Provision for Dividend Distribution Tax	25.37	-
<b>TOTAL</b>	<b>531.95</b>	<b>231.15</b>
<b>SCHEDULE XIII - DEFERRED REVENUE EXPENDITURE</b>		
(To the extent not written off or adjusted)		
Voluntary Retirement Scheme Expenses	-	36.98
<b>TOTAL</b>	<b>-</b>	<b>36.98</b>

PARTICULARS	Amount (Rs in Lacs)			
	For the year ended 31.03.2010		For the year ended 31.03.2009	
<b>SCHEDULE XIV - OTHER INCOME</b>				
Dividend		0.27		0.24
Interest received (on bank FDR's etc.) {Tax Deducted at Source Rs.7.52 lacs (Previous year Rs. 4.74 lacs)}		70.27		34.08
Profit on Sale of Investments		-		6.34
Miscellaneous Income		41.48		40.44
<b>TOTAL</b>		<b>112.02</b>		<b>81.10</b>
<b>SCHEDULE XV - (INCREASE) / DECREASE IN STOCK</b>				
Closing Stock :				
Finished Goods / Traded Goods	3,162.68		2,998.98	
Work in Process	1,778.26	4,940.94	2,167.23	5,166.21
Less: Opening Stock :				
Finished Goods / Traded Goods	2,998.98		2,699.05	
Work in Process	2,167.23	5,166.21	809.49	3,508.54
<b>TOTAL</b>		<b>225.27</b>		<b>(1,657.67)</b>
<b>SCHEDULE XVI - OPERATING EXPENSES</b>				
Power, Fuel & Water		2,074.62		1,344.47
Stores & Spares Consumed		640.45		463.80
Repairs & Maintenance to :				-
Buildings	26.15		139.99	
Plant & Machinery	162.03	188.18	49.81	189.80
Environment & Pollution Control expenses		869.24		410.80
Laboratory & Testing Charges		133.15		120.70
Exchange Difference (Net)		(364.98)		(36.90)
<b>TOTAL</b>		<b>3,540.66</b>		<b>2,492.67</b>



SCHEDULE XVII - PERSONNEL EXPENSES		
PARTICULARS	Amount (Rs in Lacs)	
	31.03.2010	31.03.2009
Salaries, Wages & Bonus	3,639.25	3,254.66
Contribution to Provident & Other funds	257.35	311.51
Employees Welfare Expenses	182.85	143.79
Managerial Remuneration	371.97	264.17
<b>TOTAL</b>	<b>4,451.42</b>	<b>3,974.13</b>
<b>SCHEDULE XVIII - ADMINISTRATIVE , SELLING &amp; OTHER EXPENSES</b>		
Commission on Sales	109.10	134.19
Freight & Cartage	1,315.76	1,372.85
Other Repairs	178.94	156.36
Advertisement & Sales Promotion	1,006.75	818.91
Travelling & Conveyance	1,156.73	1,125.71
Rent	288.49	208.58
Rates, Taxes & Fees	177.64	81.35
Insurance	97.35	85.05
Donation	14.75	6.83
Deferred revenue expenditure written off	36.98	38.34
Loss on Sale of Fixed Assets (Net)	17.79	10.69
Printing & Stationery	50.72	42.92
Auditor's Remuneration	8.69	13.52
Communication Expenses	115.06	112.74
Bad debts written off (Net)	52.08	182.10
Provision for Bad and Doubtful debts/ advances	142.35	-
Legal & Professional Expenses	234.55	175.51
Electricity and Water charges	20.08	20.36
Share of loss in Partnership Firm - JKPCC	-	33.63
Miscellaneous Expenses	177.72	270.55
<b>TOTAL</b>	<b>5,201.53</b>	<b>4,890.19</b>
<b>SCHEDULE XIX - RESEARCH &amp; DEVELOPMENT</b>		
Raw & Packing Materials Consumed	141.73	137.90
Power, Fuel & Water	14.15	-
Stores & Spares Consumed	41.07	24.10
Testing & Analysis	9.90	20.15
Salaries, Wages & Bonus	229.18	225.12
Contributions to Provident & Other funds	23.14	23.46
Employee Welfare Expenses	1.45	0.96
Meeting & Conference	0.32	0.06
Travelling & Conveyance	11.78	10.32
Rates, Taxes & Fees	1.27	0.11
Printing & Stationery	0.06	0.41
Bank Charges	0.02	-
Depreciation	36.04	32.33
Miscellaneous Expenses	4.68	15.84
<b>TOTAL</b>	<b>514.79</b>	<b>490.76</b>





#### SCHEDULE XX -INTEREST & OTHER FINANCIAL CHARGES

PARTICULARS	Amount (Rs in Lacs)			
	31.03.2010		31.03.2009	
Interest				
On Fixed Loans		845.50		845.28
On Working Capital	905.24		1,236.86	
Less: Interest on Overdue debts	(153.93)	751.31	(205.18)	1,031.68
Bank & Other Financial Charges		228.21		346.33
<b>TOTAL</b>		<b>1,825.02</b>		<b>2,223.29</b>



### SCHEDULE XXI

#### A. SIGNIFICANT ACCOUNTING POLICIES

##### 1 BASIS OF PREPARATION

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

##### 2 USE OF ESTIMATES

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

##### 3 REVENUE RECOGNITION

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

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

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

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

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

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

##### 4 EXPENDITURE

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

##### 5 FIXED ASSETS AND DEPRECIATION

a) Fixed Assets are stated at cost or as revalued, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets, if material, are also included in cost to the extent they relate to the period till such assets are ready to be put to use.

Pursuant to the notification dated March 31, 2009 issued by the Ministry of Corporate Affairs, Govt of India, in the previous year, the Company had exercised the option available under the newly inserted paragraph 46 to the Accounting Standard AS-11, in respect of accounting periods commencing on or after 7th December, 2006 and exchange differences arising on reporting of the long term foreign currency monetary items at rates different from those at which they were initially recorded during the period are added to or deducted from the cost of the assets and are depreciated over the balance life of the assets, if these monetary items pertain to the acquisition of depreciable fixed assets.

b) Depreciation on Building, Plant & Machinery and R&D Equipments of Pesticides Division at Udaipur and PI Life Science Research Ltd. (in respect of fixed assets commissioned on or after July 1, 1988), Pesticides Division at Panoli & Jammu and Polymer Division at Panoli is provided on Straight Line method and depreciation on all other fixed assets is provided on Written Down Value method at the rates specified in Schedule XIV to the Companies Act, 1956.

c) Leasehold land is being amortised over the lease period.



- d) Revaluation of Fixed assets: Depreciation on the increased amount of assets due to revaluation is computed on the basis of the residual life of the assets as estimated by the valuers on straight-line method.
- e) Fixed assets of its subsidiary PI Japan Co. Ltd. is amortised as follows:
  - Leasehold Improvements are amortised over its useful life of 15 years on Declining Balance method.
  - Equipments over 200000 yen are depreciated on Declining Balance method over its useful life of 3 years.
  - Equipments (100000-200000 yen) are depreciated on straight line basis over its useful life of 3 years.

## 6 INTANGIBLE ASSETS

Intangible assets are stated at cost of acquisition less accumulated amortisation. Amortisation of Intangibles is provided on the basis of estimated useful life of the assets. Software is being amortised on straight line basis over a period of 6 years.

## 7 IMPAIRMENT OF ASSETS

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

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

## 8 INVENTORIES

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

## 9 EMPLOYEE BENEFITS

- a) Defined Contribution Plan :  
Employees benefits in the form of the Company's contribution to Provident Fund, Pension scheme, Superannuation Fund and Employees State Insurance is a defined contribution scheme and contributions are charged to the Profit & Loss Account of the year when the contribution to the respective fund is due.
- b) Defined Benefit Plan :  
Retirement benefits in the form of gratuity and leave encashment are considered as defined benefit obligations and are provided for on the basis of an actuarial valuation as at the date of the Balance Sheet using the projected unit credit method.
- c) Actuarial gains/losses, if any, are immediately recognised in the Profit & Loss Account.

## 10 DEFERRED REVENUE EXPENDITURE

Expenditure incurred towards the Voluntary Retirement Scheme of the Company is treated as Deferred Revenue Expenditure and charged to the Profit & Loss Account over a period of five years.

## 11 FOREIGN CURRENCY TRANSACTIONS

- a) Initial Recognition  
Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- b) Conversion  
Foreign currency monetary items are reported using the closing rate.



**c) Exchange Difference**

Any gain or loss on account of exchange difference arising either on the settlement or on reinstatement of foreign currency monetary items is recognised in the Profit & Loss account, except exchange difference arising on long term foreign currency monetary items relating to acquisition of depreciable fixed assets, which is adjusted to the carrying amount of such assets. An asset shall be designated as a long term foreign currency monetary item, if the asset or liability is expressed in foreign currency and has a term of 12 months or more at the date of origination of the asset or liability.

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

**12 RESEARCH AND DEVELOPMENT**

Equipment purchased for research and development is capitalised when commissioned and included in the gross block of fixed assets. Revenue expenditure on research and development is charged to the Profit & Loss account in the period in which it is incurred.

**13 PRIOR PERIOD ADJUSTMENTS**

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

**14 INVESTMENTS**

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

**15 BORROWING COST**

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

**16 TAXATION**

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

**17 LEASES**

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

**18 PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS**

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

**19 SEGMENT REPORTING**

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



**Primary Segment:**

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

**Secondary Segment:**

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

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

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

## 20 CASH FLOW STATEMENTS

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

## 21 EARNING PER SHARE

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted Earning per Share, the net profit or loss for the period attributable to Equity Shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential Equity Shares.

## 22 DERIVATIVE INSTRUMENTS

As per the announcement of the Institute of Chartered Accountants of India, accounting for derivatives contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the Profit and Loss Account. Net Gain is ignored.

## 23 PRINCIPLES OF CONSOLIDATION

(i) The consolidated financial statements relate to PI Industries Ltd. and its wholly owned subsidiary companies.

The consolidated financial statements have been prepared on the following basis:

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

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

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

Name of the Company	Country of Incorporation	% voting power held as at 31st March, 2010
PILL Finance & Investment Limited	India	100%
PI Life Science Research Limited	India	100%
PI Japan Co. Ltd.	Japan	100%



## B. NOTES TO ACCOUNTS

PARTICULARS	Rs. in Lacs	
	31.03.2010	31.03.2009
<b>1 Contingent Liabilities in respect of:</b>		
Bills discounted	-	241.59
Disputed Taxation demands not acknowledged as debts:		
- Sales Tax	140.01	128.83
- Excise Duty	84.99	84.99
Counter Guarantee to GIDC	32.85	32.85
<b>2 Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)</b>	<b>746.65</b>	<b>282.59</b>
<b>3 Auditors' Remuneration</b>		
<b>Statutory Auditors</b>		
Audit Fees	5.18	3.63
Tax Audit Fees	1.00	0.75
Certificates & other matters	0.18	4.94
Out of Pocket expenses	2.38	4.39
	<b>8.74</b>	<b>13.71</b>
<b>4 Long Term Loans Repayable within Twelve Months</b>	<b>2,362.36</b>	<b>2,462.12</b>
<b>5 a) Computation of net profits in accordance with section 198 read with section 309(5) of the Companies Act, 1956 and maximum amount permissible for managerial remuneration. Profit/ (Loss) as per Profit &amp; Loss account (Before taxes and extraordinary items)</b>	<b>5,719.18</b>	<b>3,187.85</b>
Add: Loss / (Profit) on sale of fixed assets	17.79	10.69
Add: Miscellaneous Balances written off (Capital)	-	119.71
Add: Loss / (Profit) on sale of Investments	-	(6.34)
Add: Managerial Remuneration	371.97	264.17
Add: Provision for Doubtful Debts	142.35	-
<b>Net Profit / (Loss) under section 198 of the Companies Act, 1956</b>	<b>6,251.29</b>	<b>3,576.08</b>
Maximum amount permissible under section 309 of the Act for payment to Managing/Whole time Directors	625.13	357.61
Maximum amount permissible under section 309 of the Act for payment to Non-Whole time Directors	62.51	35.76
<b>Total allowable to Managing/Whole time and Non-Whole time Directors</b>	<b>687.64</b>	<b>393.37</b>
<b>b) Directors Remuneration</b>		
<b>Managing/Whole time Directors</b>		
Salary and Allowances	261.79	191.33
Contribution to Provident Fund & Superannuation fund	41.38	23.68
Commission on Profit	42.00	25.00
Perquisites	8.60	11.96
<b>Total</b>	<b>353.77</b>	<b>251.97</b>
<b>Note:</b> As the future liability for Gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the executive directors is not separately ascertainable and therefore not included above.		



PARTICULARS	Amount (Rs. in Lacs)	
	31.03.2010	31.03.2009
<b>Non-Executive Directors</b>		
Sitting Fees	6.20	4.70
Commission	12.00	7.50
<b>Total</b>	<b>18.20</b>	<b>12.20</b>
<b>Grand Total</b>	<b>371.97</b>	<b>264.17</b>
6 Travelling Expenses of Directors	111.95	127.17
7 The Company is a lessee under various operating leases. Total of future minimum lease payments under non-cancellable operating leases for each of the following periods:		
Payable within one year	225.51	270.44
Later than one year and not later than five years	184.08	335.83
Later than five years	-	-
Lease payments recognised in P&L account	281.29	267.71
8 <b>Earning per share (EPS) :</b>		
a) Net Profit for Basic & Diluted EPS	4,190.06	2,424.80
b) Number of Equity Shares at the beginning of the year	3,543,754	3,543,754
Add: Bonus shares issued during the year	3,543,754	3,543,754
Total Number of shares outstanding at the end of the year	7,087,508	7,087,508
Weighted average number of Equity Shares outstanding during the year - Basic	7,087,508	7,087,508
Add: Weighted average number of Equity shares arising out of outstanding Compulsorily Convertible Preference Shares and Optionally Convertible Debentures that have dilutive effect on EPS	766,454	-
Weighted average number of Equity Shares outstanding during the year - Diluted	7,853,962	7,087,508
<b>Earning Per Share - Basic (Rs.)</b>	<b>59.12</b>	<b>34.21</b>
<b>Earning per share - Diluted (Rs.)</b>	<b>53.35</b>	<b>34.21</b>
<b>Face value per share</b>	<b>10.00</b>	<b>10.00</b>
<b>Note:</b> In accordance with Accounting Standard 20 (AS-20), the Earning Per Share for current and comparative period has been computed after adjusting for the Bonus shares allotted on 10th April 2009.		
9 <b>Pre-operative expenditure capitalised as a part of Fixed Assets and carried forward is as under:</b>		
A. Brought forward from the earlier year	96.88	93.90
B. Expenditure incurred during the year:		
Staff Costs	90.87	71.48
Administrative expenses	170.21	76.26
Interest and commitment charges	161.24	191.02
Stores Consumption	10.12	-
Rates & Taxes	(13.00)	13.00
	<b>419.44</b>	<b>351.76</b>
C. Capitalised as part of :		
Plant & Machinery	256.69	348.78
Building	54.87	-
Furniture, Fixtures & Office equipments	4.25	-
	<b>315.81</b>	<b>348.78</b>
D. Carried forward as part of capital work in progress	200.51	96.88



- 10 Donation includes an amount of Rs. 5 lacs (Previous Year Rs. Nil) paid to Rajasthan Pradesh Congress Committee, a recognised political party.
- 11 Sales include export incentives of Rs. 134.35 lacs (Previous Year Rs. 61.31 lacs) and insurance claims of Rs. 9.75 lacs (Previous Year Rs. 9.81 lacs) and revenue from services Rs.180.69 lacs (Previous Year Rs. 160.89 lacs)
- 12 In the opinion of the management and to the best of their knowledge and belief, the value on realisation of loans, advances and other current assets in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet and provision has been made for all known liabilities.
- 13 During the current year, the Company has recognised MAT credit entitlement of Rs. 76.54 lacs (Previous Year Rs.130.62 lacs) related to earlier year. Current tax is net of this MAT credit entitlement.
- 14 Consequent to the announcement issued by the Institute of Chartered Accountants of India in March, 2008 on Accounting for Derivatives, the Company, as a matter of prudence, has not recognized marked to market foreign currency gain of Rs. 58.71 lacs on the outstanding forward contracts as at 31st March, 2010.
- 15 Details of additions to Fixed Assets for Department of Scientific & Industrial Research recognised Research & Development facilities/ division of the Company for the year ended 31st March, 2010 are as follows:

			Amount (Rs. in Lacs)
Description	As at April 1, 2009	Addition during the year	As at March 31, 2010
Buildings	18.12	-	18.12
Equipments & Others	770.52	63.53	834.05
<b>Total</b>	<b>788.64</b>	<b>63.53</b>	<b>852.17</b>

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

a) **Defined Contribution Plans:-**

The Company has recognised an expense of Rs. 289.44 Lacs (Previous Year Rs. 325.39 lacs) towards the defined contribution plan.

b) **Defined benefits plans - as per actuarial valuation**

Particulars	2009-10		2008-09	
	Gratuity Funded Rs./Lacs	Leave Non-Funded Rs./Lacs	Gratuity Funded Rs./Lacs	Leave Non-Funded Rs./Lacs
<b>I Change in present value of obligation during the year</b>				
1 Present value of obligation at the beginning of the year	290.92	108.15	228.69	62.39
2 Current Service Cost	40.30	30.52	36.87	31.67
3 Interest Cost	21.82	8.11	16.02	4.99
4 Net Actuarial (Gain)/Loss	(7.28)	18.99	44.49	9.10
5 Benefits Paid	(18.91)	(16.76)	(35.15)	-
6 Present Value of obligation as at year-end	<b>326.85</b>	<b>149.01</b>	<b>290.92</b>	<b>108.15</b>
<b>II Change in Fair Value of Plan Assets during the year</b>				
1 Plan assets at the beginning of the year	242.56	-	217.48	-
2 Expected return on plan assets	20.62	-	18.49	-
3 Actuarial Gain/(Loss) on plan assets	4.97	-	(8.26)	-
4 Employer's contribution	96.94	-	50.00	-
5 Benefits paid	(18.91)	-	(35.15)	-
6 Plan assets at the end of the year	<b>346.18</b>	<b>-</b>	<b>242.56</b>	<b>-</b>





III Reconciliation of Present value of Defined Benefit Obligation and Fair Value of Plan Assets					
1	Present Value of obligation as at year-end	326.85	149.01	290.92	108.15
2	Fair value of plan assets at year -end	346.18	-	242.56	-
3	Funded status {Surplus/(Deficit)}	19.33	(149.01)	(48.36)	(108.15)
4	Net Asset/(Liability)	19.33	(149.01)	(48.36)	(108.15)
IV Expenses recognised in the Profit and Loss Account					
1	Current Service Cost	40.30	30.52	36.87	31.67
2	Interest Cost	21.82	8.11	16.02	4.99
3	Expected return on plan assets	(20.62)	-	(18.49)	-
4	Net Actuarial (Gain)/Loss	(12.25)	18.99	52.75	9.10
5	Total Expense	29.25	57.62	87.15	45.76
V Actuarial Assumptions					
1	Discount Rate	7.5%	7.5%	7%	7%
2	Expected rate of return on plan assets	8.50%	0%	8.50%	0.00%
3	Mortality Table	LIC (1994-96) modified	LIC (1994-96) duly modified	LIC (1996-46) modified	LIC (1994-96) duly modified
4	Salary Escalation	5.00%	5.00%	4.00%	4.00%

## 17 Segment Information

### a) Primary Segment Information (Business Segments)

				Amount (Rs. in Lacs)		
PARTICULARS		Chemicals	Others	Total		
1	<b>Revenue</b>					
	External Revenue (Gross)	56,511.58	5,608.33	62,119.91		
		(50,069.49)	(5,328.23)	(55,397.72)		
	Inter Segment Revenue	-	-	-		
		-	-	-		
	<b>Segment Revenue Total</b>	56,511.58	5,608.33	62,119.91		
		(50,069.49)	(5,328.23)	(55,397.72)		
2	<b>Segment Result</b>	6,890.19	583.73	7,473.92		
		(4,883.42)	(493.63)	(5,377.05)		
	<b>Segment Result Total</b>	6,890.19	583.73	7,473.92		
		(4,883.42)	(493.63)	(5,377.05)		
	<b>Profit before Interest, etc, and taxation</b>					
	Less: Interest					1,825.02
						(2,223.29)
	Add: Interest Income					70.27
						(34.08)
	<b>Profit / (Loss) before Tax</b>					5,719.17
						(3,187.85)
3	<b>Segment Assets</b>	39,827.33	14,960.94	54,788.27		
		(44,510.85)	(5,373.18)	(49,884.03)		
4	<b>Segment Liabilities</b>	10,082.89	2,342.38	12,425.27		
		(8,104.17)	(1,629.12)	(9,733.29)		



<b>5 Capital Expenditure</b>					
Total Cost incurred during the year to acquire segment assets	6,791.81	1.80	6,793.61		
	(6,737.26)	(67.03)	(6,804.29)		
<b>6 Depreciation</b>					
Segment Depreciation	1,249.29	71.78	1,321.07		
	(1,087.53)	(68.07)	(1,155.60)		
<b>7 Non-Cash Expenses</b>					
Segment non-cash expenses other than depreciation/ amortisation	188.91	23.31	212.22		
	(163.63)	(29.16)	(192.79)		
Unallocable Non-cash expenses			36.98		
			(38.34)		
<b>Total Non-cash expenses</b>	188.91	23.31	249.20		
	(163.63)	(29.16)	(231.13)		
(Previous Year figures are given in bracket)					
<b>b) Secondary Segment information (Geographical Segments)</b>		<b>2009-10</b>	<b>2008-09</b>		
<b>1 Segment Revenue</b>					
- Within India		41,473.13	40,560.48		
- Outside India		20,646.78	14,837.24		
<b>Total Revenue</b>		<b>62,119.91</b>	<b>55,397.72</b>		
<b>2 Segment Assets*</b>					
- Within India		51,122.14	46,378.82		
- Outside India		3,666.13	3,505.21		
<b>Total Assets</b>		<b>54,788.27</b>	<b>49,884.03</b>		
* Segment Assets outside India is entirely related to Sundry Debtors.					
<b>18 Derivative Instruments and Hedged/ Unhedged Foreign Currency Exposure</b>					
i) All financial and derivative contracts entered into by the Company are for hedging purposes.					
ii) Forward Contract outstanding as at Balance Sheet date					
(in Lacs)					
Currency	Amount Outstanding as at 31st March'10	Amount Outstanding as at 31st March'09	Buy/Sell	Purpose	
USD	125	47	Sell	Hedging	
EURO	-	1.15	Sell	Hedging	
iii) Particulars for Hedged Foreign Currency Exposure					
(in Lacs)					
Particulars	Currency	Amount as at 31st March'10 (in Foreign Currency)	Amount as at 31st March'10 (INR)	Amount as at 31st March'09 (in Foreign Currency)	Amount as at 31st March'09 (INR)
Export Debtors	USD	47.52	2,170.08	22.72	1,153.00
	EURO	-	-	0.63	40.87



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

(in Lacs)					
Particulars	Currency	Amount as at 31.03.2010 (in Foreign Currency)	Amount as at 31.03.2010 (INR)	Amount as at 31.03.2009 (in Foreign Currency)	Amount as at 31.03.2009 (INR)
1 ECB Term loan	USD	3.83	172.42	11.50	584.63
2 PCFC Loan	USD	26.39	1,187.02	-	-
3 Import Creditors	USD	27.67	1,250.40	21.83	1,105.71
	EURO	5.92	359.61	0.01	1.20
	CHF	(0.01)	(0.31)	(0.01)	(0.32)
	JPY	13.06	6.32	2.46	(0.50)
4 Export Debtors	USD	29.49	1,324.63	63.30	3,203.45
	EURO	0.08	4.72	0.72	48.94
	JPY	348.32	166.70	486.00	248.68

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

a) List of Related Parties

i) Where control exists during the year:

Partnership Firm- J & K Pesticides and Chemicals Corporation. (Previous Year)

ii) Enterprises in respect of which reporting enterprise is an associate: Lucrative Leasing Finance and Investment Company Ltd; Parteek Finance and Investment Company Ltd;

iii) Key Managerial Personnel (KMP):

Mr. Salil Singhal Chairman & Managing Director

Mr. Mayank Singhal Managing Director & CEO

Mr. Anurag Surana Whole time Director

Mr. Junichi Nakano Whole time Director

Relatives of Key Managerial Personnel:-

Relation with Key Managerial Personnel	Mr. Salil Singhal	Mr. Mayank Singhal
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Father		Salil Singhal
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Mother	Saraswati Singhal	Madhu Singhal
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Wife	Madhu Singhal	
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Sister		Pooja Singhal
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		Shefali Khushlani
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Son	Mayank Singhal	
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Daughter	Pooja Singhal	
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	Shefali Khushlani	
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iv) Enterprises over which KMP and their relatives are able to exercise significant influence :-

Samaya Investment and Trading Pvt. Ltd; Hycron Electronics; PI Apparels Pvt. Ltd.; Wolkem India Ltd.; Secure Meters Ltd.; Salil Singhal (HUF) and Singhal Foundation.



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

	Type of relation	Amount (Rs. in Lacs)		
		Transactions during the period		Balance outstanding as on
		Recd/Pur.	Paid/Sales	31.03.2010(Cr.)
Purchase/Sales of goods and services	a (iv)	43.01	57.65	8.04Dr
		(39.78)	(60.11)	(34.97)Dr
Remuneration to Directors	a (iii)	-	353.77	-
		(-)	(251.97)	(36.11)
Interest	a (ii), (iii) & (iv)	42.27	75.72	-
		(-)	(80.35)	(-)
Rent		-	110.11	3.80
		(-)	(124.30)	(3.80)
Deposits Received and Paid		52.50	128.69	570.33
		(18.00)	(70.13)	(594.28)
Security Deposits	a (iii)	-	25.79	-
		(-)	(-)	(-)
Recovery of Dues on account of expenses incurred	a(i), a(iv)	34.48	-	19.89
		(-)	(-)	(-)
Reimbursement on account of expenses	a(iv)	-	0.12	0.15
		(-)	(-)	(-)
Advance to Subsidiary	a(i)	-	-	-
		(0.02)	(0.02)	-
Loans Granted	a(iv)	2,500.00	2,500.00	-
		(-)	(-)	(-)
Inter Corporate Deposit	a (i), a(ii) , a(iv)	10.00	-	120.00
		(240.00)	(300.00)	(110.00)
Donation	a(iv)	-	5.00	-
		(-)	(-)	(-)

Note: Figures in bracket represents previous year figures

## 20 Details of Proceeds and Utilization of funds raised through preferential allotment.

A Proceeds received from the issue:

	Particulars	Amounts (Rs. in Lacs)
1	20,60,000 Non-Cumulative Compulsorily Convertible Preference Shares (CCPS), at a face value of Rs.100/- each.	2,060.00
2	29,40,000 Optionally Convertible Debentures (OCD) of Rs.100/- each.	2,940.00
	<b>TOTAL</b>	<b>5,000.00</b>

B Utilization of above proceeds:

	Particulars	Amounts (Rs. in Lacs)
1	Capital Expenditure	2,633.29
2	Long Term Working Capital	2,366.71
	<b>TOTAL</b>	<b>5,000.00</b>

Note: Utilization is in accordance with the terms of the issue.



21 The Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 (as certified by the management)

PARTICULARS	(Rs. in Lacs)	
	Principal Amount	Interest Amount
Principal amount and Interest due thereon remaining unpaid to any supplier as on 31st March 2010	539.29 (24.40)	- (1.49)
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	2,304.50 (-)	61.87 (-)
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	- (-)	- (1.49)
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.	- (-)	- (1.49)

22 DEFERRED TAX

PARTICULARS	Amount (Rs. in Lacs)	
	31.03.2010	31.03.2009
Deferred Tax assets/liabilities are attributable to the following items:		
<b>Deferred Tax Assets</b>		
Effect of Expenditure debited to P&L account in the current year but allowed for tax purposes in the following year.	376.06	49.27
Transitional provision in terms of notification G.S.R 225E issued by Ministry of Corporate Affairs (AS-11)	-	29.51
Sub Total (a)	376.06	78.78
<b>Deferred Tax Liabilities</b>		
Difference in depreciation and amortization in block of fixed assets as per Income Tax Act and books of accounts and others	3,075.77	2,575.46
Sub Total (b)	3,075.77	2,575.46
<b>Net Deferred Tax Liability (a)- (b)</b>	<b>2,699.71</b>	<b>2,496.68</b>



**23 Additional information pursuant to the provisions of Paragraphs 3, 4C & 4D of Part II of Schedule VI to the Companies Act, 1956**

**A. PARTICULARS OF LICENCED CAPACITY, INSTALLED CAPACITY**

S. No.	PRODUCT	LICENCED CAPACITY IN TONNES		INSTALLED CAPACITY IN TONNES	
		2009-10	2008-09	2009-10	2008-09
1	Organo Phosphorous Compounds / Industrial Chemicals	11,260	11,260	9,140	7,995
2	Pesticides & Other Formulation	5,597 (in terms of Technical)	5,597	53,200 (in terms of Formulation)	53,200
3	Polyurethane & Others	7,500	7,500	6,400	6,400

**B. ACTUAL PRODUCTION, PURCHASES, SALES AND STOCK OF GOODS MANUFACTURED/TRADED :**

S.NO.	PRODUCT	OPENING STOCK	PRODUCTION	PURCHASES	SALES	CLOSING STOCK
(I)	<b>QUANTITY (IN TONNES)</b>					
	<b>Current Year</b>					
a)	Chemicals including by-product/ Traded Goods	4,678	41,640	307	42,409	4,216
b)	Polymer	702	5,005	-	4,904	803
	<b>Total</b>	<b>5,380</b>	<b>46,645</b>	<b>307</b>	<b>47,313</b>	<b>5,019</b>
	<b>Previous Year</b>					
a)	Chemicals including by-product/ Traded Goods	(2,997)	(44,516)	(483)	(43,318)	(4,678)
b)	Polymer	(763)	(4,042)	-	(4,103)	(702)
	<b>Total</b>	<b>(3,760)</b>	<b>(48,558)</b>	<b>(483)</b>	<b>(47,421)</b>	<b>(5,380)</b>
(II)	<b>IN VALUE (Rs. in Lacs)</b>					
	<b>Current Year</b>					
a)	Chemicals including by-product/ Traded Goods	4,752.49	-	1,358.62	56,905.66	4,500.06
b)	Polymer	413.72	-	-	5,102.23	440.88
	<b>Total</b>	<b>5,166.21</b>	<b>-</b>	<b>1,358.62</b>	<b>62,007.89</b>	<b>4,940.94</b>
	<b>Previous Year</b>					
a)	Chemicals including by-product/ Traded Goods	(2,916.91)	-	(2,408.58)	(50,674.68)	(4,752.49)
b)	Polymer	(591.63)	-	-	(4,641.94)	(413.72)
	<b>Total</b>	<b>(3,508.54)</b>	<b>-</b>	<b>(2,408.58)</b>	<b>(55,316.62)</b>	<b>(5,166.21)</b>

**C. VALUE OF IMPORTED / INDIGENOUS RAW MATERIAL, PACKING MATERIALS AND OTHER COMPONENTS CONSUMED**

S. No.	PARTICULARS	2009-10		2008-09	
		QTY(Tonnes)	Rs.in Lacs	QTY(Tonnes)	Rs.in Lacs
i	Technical Pesticides	446	1,558.27	276	922.70
ii	Inert Carriers & Adjuvants	107920	23,370.13	50731	19,324.24
iii	Polymers	5002	3,601.45	3681	3,197.07
iv	Others	-	1,859.33	-	3,935.60
	<b>Total</b>	<b>113368</b>	<b>30,389.18</b>	<b>54688</b>	<b>27,379.61</b>



PARTICULARS		2009-10		2008-09	
		%	Rs. in Lacs	%	Rs. in Lacs
i	Raw Material Imported	48	13,264.27	20	5,095.30
	Indigenous	52	14,452.77	80	20,307.18
ii	Packing Material Imported	-	-	-	-
	Indigenous	100	2,672.14	100	1,977.12
PARTICULARS		Amount (Rs in Lacs)			
		2009-10		2008-09	
<b>D. VALUE OF IMPORTS CALCULATED ON CIF BASIS</b>					
Raw Materials		11,395.46		12,255.29	
Spare Parts & Components		34.21		35.33	
Capital Goods		95.76		791.58	
<b>E. EARNINGS IN FOREIGN CURRENCY</b>					
Export of Goods on FOB Basis		20,195.83		14,551.60	
<b>F. EXPENDITURE IN FOREIGN CURRENCY</b>					
Professional		31.39		1.46	
Consultancy		27.75		20.29	
Interest		12.12		31.69	
Travelling		17.61		29.81	
Salary		125.59		-	
Others		101.42		118.30	
24 Figures of the previous year have been regrouped and/or rearranged wherever necessary to make them comparable with those of the current year.					



### Balance Sheet Abstract and Company's General Business profile

<b>I Registration Details</b>	
Registration No	L24211RJ1946PLC000469
State Code	17
Balance Sheet dated	31.03.2010
<b>II Capital raised during the year (Amount in Rs Thousands)</b>	
Public Issue	Nil
Right Issue	Nil
Bonus Issue	35437.50
Private Placement	206000
<b>III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)</b>	
Total Liabilities	4,556,026
Total Assets	4,556,026
<b>Source of Funds</b>	
Paid-up Capital	276,875
Reserves And Surplus	1,268,966
Secured Loans	1,053,229
Unsecured Loans	444,458
Deferred Tax	269,971
<b>Application of Funds</b>	
Net Fixed Assets	2,087,402
Investments	5,181
Net Current Assets	1,220,916
Deferred Revenue Expenditure	Nil
Accumulated Losses	Nil
<b>IV Performance of the Company (Amount in Rs.Thousands)</b>	
Turnover	5,436,618
Total Expenditure	4,864,700
Profit/(Loss) before Tax	571,919
Profit/(Loss) after Tax	419,017
Earnings Per Share- Basic	59.12
Earnings Per Share- Diluted	53.35
Dividend Rate (%) - Equity	20
<b>V Generic Names of Three Principal Products/Services of the Company (As per Monetary Terms)</b>	
<b>Item Code no (ITC Code)</b>	<b>Product Description</b>
380810.00	Insecticides
902830.00	Metering and Allied Products
390210.00	Polypropylene

Signatures to Schedules I to XXI inclusive

As per our separate report of even date attached

For **B.D.GARGIEYA & CO.**  
Chartered Accountants

For **S.S KOTHARI MEHTA & CO.**  
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-  
**(Ashok Mangal)**  
Partner  
M. No.: 71714

Sd/-  
**(J.Krishnan)**  
Partner  
M.No. 84551

Sd/-  
**(Salil Singhal)**  
Chairman & Managing Director

Sd/-  
**(Mayank Singhal)**  
Managing Director & CEO

Sd/-  
**(Rajnish Sarna)**  
CFO & President (IT)

Sd/-  
**(Payal M Puri)**  
Company Secretary

Place: Mumbai

Date: 17.05.2010





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## PILL FINANCE & INVESTMENTS LIMITED

### **BOARD OF DIRECTORS**

Mr. Salil Singhal  
Mr. Anurag Surana  
Mr. Mayank Singhal

### **BANKERS**

ICICI Bank Ltd.  
IDBI Bank Ltd.

### **AUDITORS**

Kishan M. Mehta & Co.  
Chartered Accountants  
Ahmedabad - 380 009

### **REGISTERED OFFICE**

209, Himalaya Arcade  
Near Bharat Petrol Pump Vastrapur,  
Ahmedabad - 380 015.

**TO THE MEMBERS OF PILL FINANCE & INVESTMENT LTD.**

The Directors have pleasure in submitting their report on the business and operations of the Company along with Audited Accounts for the year ended on March 31, 2010.

**FINANCIAL RESULTS**

(Amount in Rs.)			
S.No.	Particulars	Current year (2009-10)	Previous year (2008-09)
1.	Turnover/Income	708,861	1,196,992
2.	Profit before tax	553,296	1,142,509
3.	Profit after tax	372,296	982,509
4.	Add: Brought forward from last year	2,086,610	1,336,420
5.	Add: Income Tax of earlier years	51,958	7,330
6.	Less: Income tax of earlier years	-	239,649
7.	Balance carried over to balance sheet	2,510,865	2086610

**OPERATIONAL HIGHLIGHTS**

The Company registered a turnover of Rs.708,861/- during the year under review from business activities. Your Directors are pleased to inform you that your Company has generated net profit after tax of Rs.372,296/-.

**DIVIDEND**

The Directors do not recommend any dividend during the year and decided to plough back the profit of the Company for its development.

**DEPOSITS**

The Company has not accepted any deposit during the financial year under review within the meaning of Section 58A of the Companies Act, 1956.

**DIRECTORS**

Mr. Salil Singhal, Director retires by rotation and being eligible offers himself for re-appointment.

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

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

- 1) in the preparation of the annual accounts for the year ended on March 31, 2010, the applicable accounting standards have been followed by the Company,
- 2) appropriate accounting policies have been selected and applied consistently and have made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2010 and of the profit for the year ended March 31, 2010.
- 3) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4) the annual accounts are prepared on a going concern basis.

**AUDITORS**

M/s Kishan M. Mehta & Co., Chartered Accountants, Ahmedabad, the Auditors of the Company retire at the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-appointment. Members are requested to re-appoint them and fix their remuneration. Pursuant to Section 224(1B) of the Companies Act, 1956, a certificate regarding their eligibility for re-appointment has been received.



### **COMPLIANCE CERTIFICATE FROM COMPANY SECRETARY**

As required under section 383-A(1) of the Companies Act, 1956, a compliance certificate from a Company Secretary in practice has been obtained.

### **EMPLOYEES**

None of the employee draw remuneration in excess of limit prescribed U/s 217 (2A) of the Companies Act, 1956. Therefore, disclosure is not required.

### **ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE**

The information required under section 217(a) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars of the Report of the Board of Directors) Rules, 1988 as to conservation of energy and technology absorption do not apply to our Company and as to foreign exchange earning and outgo, there are no activities relating to exports and no foreign exchange was used by the Company.

### **ACKNOWLEDGMENT**

Your Directors wish to place on record their appreciation for the support and co-operation received by the Company from bankers, various departments of the Governments of India, Gujarat and business associates.

For and on behalf of Board of Directors

Sd/-  
(Salil Singhal)  
Director

Sd/-  
(Anurag Surana)  
Director

Place: Ahmedabad

Date : 16.04.2010



**TO THE MEMBERS OF PILL FINANCE & INVESTMENT LIMITED**

1. We have audited attached Balance Sheet of the **PILL FINANCE & INVESTMENT LIMITED** (the Company) as at 31st March, 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. The financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 (the Act) and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments, in the Annexure referred to in paragraph 3 above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books;
  - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e) On the basis of written representation received from Directors and taken on record by the Board of Directors, in the Board Meeting, none of the Directors of the Company is disqualified from being appointed as a Director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
5. In our opinion and to the best of our information and according to the explanations given to us, the accounts read with the notes thereon, gives the information required by the Companies Act, 1956 in the manner so required and give a true and fair view of and in conformity with accounting principles generally accepted in India:-
  - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010
  - b) In the case of Profit & Loss Account, of the profit of the Company for the year ended on that date and
  - c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **KISHAN M. MEHTA & CO.**  
Chartered Accountants

Sd/-  
**(U.P. BHAVSAR)**  
Partner

Membership No. 43559

Place: Ahmedabad

Dated: 17th April, 2010.



### Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

- (i) (a) PILL Finance & Investment Limited, (the Company) has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management in reasonable, interval and no material discrepancies have been noticed on such verification.
- (c) During the year, the Company has not disposed off any substantial part of fixed assets.
- (ii) (a) The nature of Company's activities during the year has been such that clause (ii)(a), (ii)(b) & (ii)(c) of paragraph 4 of the Company's (Auditors' Report) Order, 2003 are not applicable to the Company for the year.
- (iii) (a) The Company had granted unsecured loan to one party covered in the register maintained under Section 301 of the Companies Act, 1956. The amount involved during the year was Rs. Nil and year end balance of loan granted to such parties was Rs. 60,00,000/-.
- (b) In our opinion, the rate of interest and other terms and conditions of loans given by the Company are not prima facie prejudicial to the interest of the Company.
- (c) The parties have repaid the principal amounts as stipulated and have been regular in the payment of interest.
- (d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of sub-clause (e), (f) and (g) of para 4 (iii) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services whichever is applicable. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangement that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been entered.
- (b) According to information and explanations given to us, the transactions made in pursuance of contracts or arrangement entered in the register maintained under section 301 of Companies Act, 1956 have been made at prices which are reasonable having regard to the prevailing market price at the relevant time.
- (vi) The Company has not accepted any deposits during the year from public within the meaning of the provisions of Section 58A and 58AA of the Companies Act, 1956 and rules made thereunder. Hence, the Para 4 (vi) of the Order is not applicable.
- (vii) As per the information and explanations given to us, the Company did not have formal internal audit system, however, it has adequate internal control system commensurate with size of the Company.
- (viii) The provision of section 209(1)(d) of the Companies Act, 1956 regarding maintenance of cost records, is not applicable to the Company.
- (ix) (a) According to the information and explanations given to us and the records examined by us, Company is regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, Investor education protection fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and any other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, there are no dues of income tax/ sales tax/ wealth tax/service tax/ customs duty/ excise duty/cess which have not been deposited on account of any dispute except the following:

Nature of dues	Year	Amount (Rs.)	Forum where pending
Income Tax	A.Y. 2005-06	3,98,844	Commissioner of Income Tax (Appeals)



- (x) There are no accumulated losses of the Company as on 31/3/2010. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) Clause (xi) of paragraph 4 of the Company's (Auditors' Report) Order, 2003 are not applicable to the Company for the year as Company has not taken any loan from financial institution or bank or debenture holders.
- (xii) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or nidhi/mutual benefit fund/ society, therefore, the provisions of para-4 (xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of para 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- (xvi) According to the information and explanations given to us the Company has not raised any term loan during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flow Statement of the Company, we report that no funds raised on short term basis have been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares during the year.
- (xix) The Company has not issued any debentures and hence, the question of creating securities or charges in respect thereof does not arise.
- (xx) The Company has not raised any money by way of public issues during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For KISHAN M.MEHTA & CO.  
Chartered Accountants

Place: Ahmedabad  
Dated: 17th April, 2010.

Sd/-  
(U.P. BHAVSAR)  
Partner  
Membership No. 43559



**OF PILL FINANCE AND INVESTMENT LIMITED AS AT 31ST MARCH, 2010.**

(Amount in Rs.)					
PARTICULARS	SCHEDULE	As at 31.03.2010		As at 31.03.2009	
<b>SOURCES OF FUNDS</b>					
<b>SHAREHOLDERS' FUNDS</b>					
Share Capital	1	3,600,000		3,600,000	
Reserves & Surplus	2	6,010,865		5,586,610	
			9,610,865		9,186,610
<b>LOAN FUNDS</b>					
			-		-
<b>TOTAL</b>			<b>9,610,865</b>		<b>9,186,610</b>
<b>APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>					
Gross Block	3	1,910,154		1,910,154	
Less: Depreciation		-		-	
Net Block			1,910,154		1,910,154
<b>INVESTMENTS</b>	4		414,070		414,076
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
Sundry Debtors		60		60	
Cash & Bank Balances	5	973,243		508,126	
Loans & Advances	6	6,954,840		6,974,881	
			7,928,143		7,483,067
Less: Current Liabilities & Provisions	7	641,502		620,687	
			7,286,641		6,862,380
<b>MISCELLANEOUS EXPENDITURE</b>					
			-		-
<b>TOTAL</b>			<b>9,610,865</b>		<b>9,186,610</b>
Notes to the Accounts	8				

As per our report attached.

For KISHAN M. MEHTA & CO.  
Chartered Accountants

For and on behalf of Board of Directors

Sd/  
(U.P BHAVSAR)  
Partner  
Ahmedabad. 17th April, 2010.

Sd/  
(Anurag Surana)  
Director  
Ahmedabad. 16th April, 2010

Sd/  
(Salil Singhal)  
Director

**OF PILL FINANCE AND INVESTMENT LIMITED FOR THE YEAR ENDED 31ST MARCH, 2010.**

PARTICULARS	(Amount in Rs.)	
	31.03.2010	31.03.2009
<b>INCOME</b>		
Lease Rent	84,000	84,000
Dividend	24,590	19,755
Interest (Gross TDS Rs.60,000/-, Previous year Rs.108,042/-)	600,000	476,795
Profit on sale of shares	271	-
Gain on Mutual Fund of earlier year	-	616,442
<b>TOTAL</b>	<b>708,861</b>	<b>1,196,992</b>
<b>EXPENDITURE</b>		
Miscellaneous Expenses	3,900	3,400
Bank Charges	620	602
Balance written off	116,000	-
Legal Fees	28,427	43,863
Audit Fees	6,618	6,618
<b>TOTAL</b>	<b>155,565</b>	<b>54,483</b>
<b>PROFIT BEFORE TAX</b>	<b>553,296</b>	<b>1,142,509</b>
Less: Provision for Taxation	181,000	160,000
<b>PROFIT AFTER TAX</b>	<b>372,296</b>	<b>982,509</b>
Add: Balance brought forward from last year	2,086,610	1,336,420
Add: Income Tax provision no longer required written back	51,959	7,330
Less: Income tax of earlier year	-	239,649
<b>Profit available for appropriation</b>	<b>2,510,865</b>	<b>2,086,610</b>
<b>Balance Carried Over to Balance Sheet</b>	<b>2,510,865</b>	<b>2,086,610</b>
No. of Equity Shares at the end of the year	360,000	360,000
Profit for calculation of EPS (Rs.)	372,296	982,509
Earning per share - Basic & Diluted	1.03	2.73
Notes to the Accounts	8	

As per our report attached.

For KISHAN M. MEHTA & CO.  
Chartered AccountantsSd/-  
(U.P. BHAVSAR)  
Partner

Ahmedabad, 17th April, 2010

For and on behalf of Board of Directors

Sd/-  
(Anurag Surana)  
Director

Ahmedabad, 16th April, 2010

Sd/-  
(Salil Singhal)  
Director





## OF PILL FINANCE AND INVESTMENT LIMITED FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	(Amount in Rs.)	
	31.03.2010	31.03.2009
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax and Extraordinary items	553,296	1,142,509
Adjustment for		
Depreciation	-	-
Interest Expenses	-	-
Interest Received	(600,000)	(476,795)
Dividend Received	(24,590)	(19,755)
Profit on sale of Mutual Fund	-	-
Deffered tax written back	-	-
Loss on sale of fixed assets	-	-
<b>Operating Profit before working capital changes</b>	<b>(71,294)</b>	<b>645,959</b>
<b>Working capital</b>		
Sundry debtors	-	2,387,500
Inventories	-	-
Investments	6	960,000
Loans & Advances	20,042	(4,106,421)
Liabilities and provisions	(160,185)	154,812
Premium paid for interest rate reduction	-	-
<b>Cash generated from operations</b>	<b>(211,431)</b>	<b>41,850</b>
Direct Taxes	51,958	(467,319)
<b>Net Cash from operating activities</b>	<b>(159,473)</b>	<b>(425,469)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to fixed Assets (net)	-	-
Sale of Fixed Assets	-	-
Interest Received	600,000	476,795
Dividend Received	24,590	19,755
<b>Net Cash used in investing activities</b>	<b>624,590</b>	<b>496,550</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term borrowings (net of repayments)	-	-
Short term borrowings	-	-
Decrease in Preference Capital	-	-
Dividend paid	-	-
Cash from Shares	-	-
Dividend paid	-	-
<b>Net Cash used in financing activities</b>	<b>-</b>	<b>-</b>
<b>INCREASE / (DECREASE) IN CASH OR CASH EQUIVALENTS</b>	<b>465,117</b>	<b>71,081</b>
Opening cash or cash equivalents	508,126	437,045
Closing cash or cash equivalents	973,243	508,126

As per our separate report of even date attached

For KISHAN M. MEHTA & CO.  
Chartered Accountants

For and on behalf of Board of Directors

Sd/  
(U.P BHAVSAR)  
Partner  
Ahmedabad. 17th April, 2010Sd/  
(Anurag Surana)  
Director  
Ahmedabad. 16th April, 2010Sd/  
(Salil Singhal)  
Director



## Schedules to and Forming part of Accounts

SCHEDULE - 1	(Amount in Rs.)		
	As at 31.03.2010		As at 31.03.2009
<b>SHARE CAPITAL</b>			
<b>AUTHORISED</b>			
5,00,000 (5,00,000) Equity Shares of Rs.10/-each	5,000,000		5,000,000
35,000 (35,000) Redeemable Preference Shares of Rs.100/- each	3,500,000		3,500,000
<b>TOTAL</b>	<b>8,500,000</b>		<b>8,500,000</b>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>			
3,60,000, (3,60,000) Equity Shares of Rs.10/-each fully paid up (entire share capital is held by-Holding Company PI Industries Ltd. and its'nominees)	3,600,000		3,600,000
<b>TOTAL</b>	<b>3,600,000</b>		<b>3,600,000</b>

SCHEDULE - 2	(Amount in Rs.)		
	As at 31/03/2010		As at 31/03/2009
<b>RESERVES &amp; SURPLUS</b>			
<b>Capital Redemption Reserve</b>			
As per last year	3,500,000		1,200,000
Add: Transfer from Profit & Loss account	-		2,300,000
		3,500,000	3,500,000
Profit & Loss Account		2,510,865	2,086,610
<b>TOTAL</b>		<b>6,010,865</b>	<b>5,586,610</b>

\* Figures in bracket pertains to previous year

### SCHEDULE - 3 - FIXED ASSETS

PARTICULARS	(Amount in Rs.)									
	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.09	Add- itions	Dedu- ctions	As at 31.03.10	As at 01.04.09	During the year	Adjust- ments	As at 31.03.10	As at 31.03.10	As at 31.03.09
Freehold Land	1,910,154	-	-	1,910,154	-	-	-	-	1,910,154	1,910,154
Current year	1,910,154	-	-	1,910,154	-	-	-	-	1,910,154	1,910,154
Previous Year	1,910,154	-	-	1,910,154	-	-	-	-	1,910,154	1,910,154



SCHEDULE - 4	(Amount in Rs.)	
	As at 31.03.2010	As at 31.03.2009
<b>INVESTMENTS</b>		
(As valued, verified & certified by the management)		
<b>Quoted, Non-trade &amp; Long Term</b>		
700(700) Equity Shares of United Credit Ltd. of Rs.10/-each fully paid	21,000	21,000
100(100) Equity Shares of Ciba CKD Biochem Ltd. of Rs.10/-each fully paid	5,000	5,000
50(50) Equity Shares of ICI India Ltd. of Rs.10/-each fully paid	5,400	5,400
**976(904) Equity Shares of BASF India Ltd. of Rs.10/-each fully paid	45,571	44,637
90(90) Equity Shares of Sudershan Chemical Industries Ltd. of Rs.10/-each fully paid	4,140	4,140
138(138) Equity Shares of Rallis India Ltd. of Rs.10/- each fully paid	12,420	12,420
66(66) Equity Shares of Bayers Crop Science Ltd. of Rs.10/-each fully paid	18,680	18,680
248(248) Equity Shares of Punjab Chemicals & Crop Protection Ltd. of Rs.10/-each fully paid	8,804	8,804
42(42) Equity Shares of Wyeth Ltd. of Rs.10/-each fully paid	15,246	15,246
**Nil(80) Equity Shares of Ciba India Ltd. of Rs.10/-each fully paid	-	934
100(100) Equity Shares of Aventis Pharma Ltd. of Rs.10/-each fully paid	3,300	3,300
150(150) Equity Shares of L.M.L.Ltd. of Rs.10/-each fully paid	1,776	1,776
Nil(800) Equity Shares of Shaw Wallace & Company Ltd. of Rs.10/-each fully paid	-	4,650
**188(Nil) Equity Shares of United Sprit Ltd. of Rs.10/-each fully paid	4,644	-
360(360) Equity Shares of RPG Life Sciences Ltd. of Rs.10/-each fully paid	23,375	23,375
360(360) Equity Shares of Brabourne Enterprises Ltd. of Rs.10/-each fully paid	-	-
100(100) Equity Shares of Voltas Ltd. of Rs.1/-each fully paid	1,345	1,345
460(460) Equity Shares of ICICI Bank Ltd. of Rs.10/- each fully paid	241,500	241,500
<b>Unquoted, Non Trade &amp; Long Term</b>		
160(160) Equity Shares of Syngenta India Ltd. of Rs.10/-each fully paid	1,869	1,869
( Aggregate market value of quoted shares and Units is Rs.1,637,096/-, Previous Year.Rs.727,586/-)		
<b>TOTAL</b>	<b>414,070</b>	<b>414,076</b>

\* Scheme of amalgamation of Shaw Wallace & Company Ltd. & Prima Distributors Pvt. Ltd. with United Spirits Ltd. on 17.07.2009, 188,234 Equity Shares allotted by United Spirits Ltd. against 800 shares of Shaw Wallace & Company Ltd. in the ratio 4:17. The Company has also paid the sale proceeds of fractional shares at market value.

\*\* The Company was holding 80 Equity Shares of Ciba India Ltd. of Rs.10/- each fully paid up which was merged with BASF India Ltd. and the Company received 72 Equity Shares of BASF India Ltd. In pursuance of the exchange ratio of 90 Equity Shares of BASF India Ltd. for every 100 Equity Shares of Ciba India Ltd. of Rs.10/- each fully paid up.



SCHEDULE - 5	(Amount in Rs.)	
	As at 31.03.2010	As at 31.03.2009
<b>CASH &amp; BANK BALANCE</b>		
Cash on hand	-	2,150
<b>Bank Balance</b>		
With Scheduled Banks on: Current Accounts	973,243	505,976
<b>TOTAL</b>	<b>973,243</b>	<b>508,126</b>
<b>SCHEDULE - 6</b>		
<b>LOANS &amp; ADVANCES</b>		
(Unsecured but Considered good)		
Advances recoverable in cash or in kind or for value to be received	-	116,000
Loan to PI Industries Ltd. (Holding Company)	6,000,000	6,000,000
Advance Tax	924,840	828,881
Deposit	30,000	30,000
<b>TOTAL</b>	<b>6,954,840</b>	<b>6,974,881</b>
<b>SCHEDULE - 7</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Current Liabilities</b>		
Deposit received from PI Industries Ltd.	50,000	50,000
Sundry Creditors	-	10,112
Other liabilities	410,502	400,575
<b>Provisions</b>		
For Taxation	181,000	160,000
<b>TOTAL</b>	<b>641,502</b>	<b>620,687</b>



### SCHEDULE - 8 NOTES FORMING PART OF ACCOUNTS

#### 1. Significant Accounting Policies

##### (a) Basis of Accounting

The financial statements have been prepared under the historical cost convention on accrual basis in accordance with generally accepted accounting principles in India, the applicable Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956, as adopted consistently by the Company.

##### (b) Fixed Assets

Fixed assets being land is stated at cost of acquisition.

##### (c) Investments

Investments are stated at cost. Provision for diminution in the value of investment is made, if it is other than temporary.

##### (d) Revenue Recognition

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

**Investment Income:** Income from Investment is accounted on accrual basis, inclusive of related tax deducted at source.

**Dividend Income:** Dividend income is accounted for in the year in which the right to receive the same is established.

##### (e) Taxation: Current tax is the amount of tax payable in respect of taxable income for the period.

##### (f) Other accounting policies

Accounting policies not specifically referred to are consistent with generally accepted accounting practices.

2. Payments to Auditors	2009-2010 Rs.	2008-2009 Rs.
Audit Fee	6,618	6,618
Income Tax Matters	9,927	9,551
Other Reports etc.	-	10,112
<b>TOTAL</b>	<b>16,545</b>	<b>26,281</b>

#### 3. Provision for income tax is made as per Income Tax Regulations.

#### 4. Related Party Disclosure, as required by Accounting Standard - 18, is as below:

The following transactions were carried out with holding company of PI INDUSTRIES LTD. in the ordinary course of business:

(Amount in Rs. lacs)					
S.No.	Particulars	Transaction during the year		Balance outstanding as on 31/03/2010	Balance outstanding as on 31/03/2009
		Current Year	Previous Year		
1	Inter Corporate Deposit given	-	33.00	60.00 Dr.	60.00 Dr.
2	Interest Received	6.00	4.77	-	-
3	Rent Received	0.84	0.84	-	-
4	Security Deposit	-	-	0.50 Cr.	0.50 Cr.

#### 5. Disclosure requirement of Accounting Standard 17 for segment reporting does not apply as Company is not engaged in providing any product or service.

#### 6. Previous year's figures are regrouped or rearranged to make them comparable with those of current year.

Signatures to Schedules - '1' to '8'

As per our report attached.

For KISHAN M. MEHTA & CO.  
Chartered Accountants

Sd/-  
(U.P. BHAVSAR)  
Partner

Ahmedabad. 17th April, 2010

For and on behalf of Board of Directors

Sd/-  
(Anurag Surana)  
Director

Sd/-  
(Salil Singhal)  
Director

Ahmedabad. 16th April, 2010



INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE	
<b>I. Registration Details</b>	
Registration No.:	U65990GJ1992PLC018163
State Code :	04
Balance sheet date	31 March, 2010.
<b>II. Capital Raised during the year</b> ( Amount Rs.in Thousands)	
Public Issue	Nil
Right Issue	Nil
Bonus Issue	Nil
Private Placement	Nil
<b>III. Position of Mobilisation and Deployment of Funds</b>	
Total Liabilities	10,252
Total Assets	10,252
<b>Sources of Funds</b>	
Paid-up Capital	3,600
Reserves and Surplus	6,011
Deferred Tax	Nil
Secured Loans	Nil
Unsecured Loans	Nil
<b>Application of Funds</b>	
Net Fixed Assets	1,910
Investment	414
Net Current Assets	7,287
Miscellaneous Expenditure	Nil
Accumulated Losses	Nil
<b>IV. Performance of Company</b>	
Turnover	709
Total Expenditure	156
Profit Before Tax	553
Profit After Tax	372
Earning per Share in Rs.	1.03
Dividend Rate %	Nil
<b>V. Generic Names of Three Principal Products/ Services of Company (as per monetary terms)</b>	
Item Code No. (ITC Code)	
Product Description	Hiring of Assets & Investment in securities

For and on behalf of Board of Directors

Sd/-  
(Anurag Surana)  
Director

Sd/-  
(Salil Singhal)  
Director

Ahmedabad. 16th April, 2010



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## PI LIFE SCIENCE RESEARCH LIMITED

### **BOARD OF DIRECTORS**

Mr. Mayank Singhal  
Dr. S.P. Vishnoi  
Mr. Anurag Surana

### **BANKERS**

Axis Bank Ltd.

### **AUDITORS**

K.S. M.N. & Co.  
Chartered Accountants  
New Delhi

### **REGISTERED OFFICE**

433-A, Ansal Chambers - II, 6, Bhikaji Cama Place  
New Delhi - 110 066

**TO THE MEMBERS OF PI LIFE SCIENCE RESEARCH LTD.**

The Directors have pleasure in submitting their report on the business and operations of the Company along with Audited Accounts for the year ended March 31, 2010.

**FINANCIAL RESULTS**

S.No.	Particulars	(Amount in Rs. Lacs)	
		Current year (2009-10)	Previous year (2008-09)
1.	Turnover/Income	187.29	168.41
2.	Profit/(loss) before tax	107.77	123.26
3.	Profit/(loss) after tax	88.77	110.21

**OPERATIONAL HIGHLIGHTS**

The Company registered a turnover of Rs.187.29 Lacs during the year under review from business activities. Your Directors are pleased to inform you that your Company has generated net profit after tax of Rs.88.77 Lacs.

**DIVIDEND**

The Directors do not recommend any dividend during the year and decided to plough back the profit of the Company for its development.

**DEPOSITS**

The Company has not accepted any deposit during the period under review within the meaning of Section 58A of the Companies Act, 1956.

**DIRECTORS**

Mr. Anurag Surana, Director retires by rotation and being eligible offer himself for re-appointment.

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

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

1. in the preparation of the Annual Accounts for the year ended on March 31, 2010, the applicable accounting standards have been followed by the Company.
2. appropriate accounting policies have been selected and applied consistently and have made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2010 and of the profit for the year ended March 31, 2010.
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. the annual accounts are prepared on a going concern basis.

**AUDITORS**

M/s K S M N & Co., Chartered Accountants, New Delhi, Auditors of the Company retire at the ensuing Annual General Meeting of the Company and being eligible offers themselves for re-appointment. Members are requested to re-appoint them and fix their remuneration. Pursuant to Section 224(1B) of the Companies Act, 1956, a certificate regarding their eligibility for re-appointment has been received.

**COMPLIANCE CERTIFICATE FROM COMPANY SECRETARY**

As required under section 383-A(1) of the Companies Act, 1956, a compliance certificate from a Company Secretary in practice has been obtained.

**EMPLOYEES**

None of the employee draw remuneration in excess of limit prescribed u/s 217 (2A) of the Companies Act, 1956.





## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ADAPTATION, INNOVATION AND FOREIGN EXCHANGE**

The information required under section 217(a)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars of the Report of the Board of Directors) Rules, 1988 to conservation of energy and technology absorption do not apply to our Company. Further, foreign exchange earning and outgo appear in Item No.B 11 of Schedule 8 of the Annual Accounts.

### **ACKNOWLEDGMENT**

Your Directors wish to place on record their appreciation for the support and co-operation received by the Company from bankers, various departments of the Governments of India, Delhi, Rajasthan and business associates.

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

The Board of Directors place on record their appreciation for the excellent performance and impeccable services rendered by the employees of the Company at all levels towards its overall success.

**For and on behalf of Board of Directors**

Sd/-  
**(Anurag Surana)**  
Director

Sd/-  
**(Mayank Singhal)**  
Director

**Place:** Gurgaon  
**Date :** 24.04.2010



**TO THE MEMBERS OF PI LIFE SCIENCE RESEARCH LIMITED**

1. We have audited the attached Balance Sheet, Profit and Loss Account and Cash Flow Statement of **PI LIFE SCIENCE RESEARCH LIMITED** as at 31st March 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted the audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 as amended by Companies (Auditors' Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered appropriate and according to information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that: -
  - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - ii) In our opinion, proper books of accounts, as required by law have been kept by the Company so far as it appears from our examination of the books;
  - iii) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts;
  - iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - v) On the basis of written representations received from the Directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - vi) In our opinion and to the best of our information and according to the explanations given to us, the accounts, read with the notes to accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India: -
    - a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010 and
    - b) In the case of the Profit & Loss Account, of the profit of the Company's affairs for the year ended on that date.
    - c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **K S M N & CO.**  
Chartered Accountants  
Registration No. 001075N

Sd/-  
( **CA KAMAL KISHORE** )  
Partner  
Membership No. 078017

Place: Gurgaon  
Date : 24.04.2010



## Re: PI Life Science Research Limited

### Referred to in paragraph 3 of our report of even date.

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
2. The management during the year has conducted physical verification of the fixed assets and no material discrepancies between the book records and physical inventory have been noticed.
3. In our opinion and according to the information and explanations given to us, there is no substantial disposal of fixed assets during the year.
4. According to the records of the Company examined by us and information and explanations given to us, the Company has neither taken nor granted any loans, secured or unsecured, from/to companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956.
5. In our opinion and according to the information and explanations given to us, there is adequate internal control procedure commensurate with the size of the Company and nature of its business with regard to purchase of fixed assets and for sale of goods and services. Further, on the basis of examination of books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have we been informed of an instance of a continuing failure to correct major weaknesses in the aforesaid internal control procedures.
6. Based on the audit procedures applied by us and according to information and explanations provided by management, we are informed that there are no transactions during the year that need to be entered into the register in pursuance of Section 301 of the Companies Act, 1956.
7. According to the records of the Company examined by us and the information and explanations given to us, the Company has been generally regular in depositing with appropriate authorities, the statutory dues.
8. According to the records of the Company examined by us and the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, custom duty and excise duty were outstanding as at 31st March, 2010 for a period of more than six months from the date they become payable.
9. According to the records of the Company examined by us and the information and explanations given to us, there are no dues of sales tax, service tax, income tax, custom duty and excise duty, cess and wealth tax which have not been deposited on account of any dispute.
10. The Company does not have any accumulated losses as at the close of the financial year. The Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, in our opinion, the Company has not defaulted in the payment of dues to any financial institution, bank or debenture holder during the year.
12. According to information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
13. According to the records of the Company examined by us and the information and explanations given to us, in our opinion, the Company has not obtained or applied for any term loan during the year.
14. According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have not been used for long term investment and vice versa.
15. During the year, the Company has not made any preferential allotment of shares to parties and companies covered under in the register maintained under Section 301 of the Companies Act, 1956.
16. According to the records of the Company examined by us and the information and explanations given to us, the Company has not issued any debentures during the period covered by our audit report.
17. During the period covered by our audit report, the Company has not raised any money by public issue.
18. During the course of examination of books and records of the Company carried out in accordance with the generally accepted auditing practices in India, based on the audit procedures performed and the representation obtained from the management, we report that no fraud on or by the Company has been noticed or reported during the year under audit.
19. The other provisions of the Order do not appear to be applicable for the year under report.

For **K S M N & CO.**  
Chartered Accountants  
Registration No. 001075N

Sd/-  
**(CA KAMAL KISHORE)**  
Partner  
Membership No. 078017

Place: Gurgaon  
Date: 24.04.2010



## OF PI LIFE SCIENCE RESEARCH LIMITED AS AT 31ST MARCH, 2010

PARTICULARS	SCHEDULE	(Amount in Rs.)	
		As At 31.03.2010	As At 31.03.2009
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDER'S FUNDS</b>			
Share Capital	1	9,450,000	9,450,000
Reserve & Surplus		13,937,574	5,060,764
<b>TOTAL</b>		<b>23,387,574</b>	<b>14,510,764</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>	2		
Gross Block		9,348,804	9,348,804
Less : Depreciation		(2,128,647)	(1,662,680)
<b>TOTAL</b>		<b>7,220,157</b>	<b>7,686,124</b>
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Current Assets	3	4,822,851	6,998,779
Loans & Advances	4	12,677,067	1,625,467
<b>TOTAL (A)</b>		<b>17,499,918</b>	<b>8,624,246</b>
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>			
Current Liabilities	5	1,332,501	499,606
Provisions		-	1,300,000
<b>TOTAL (B)</b>		<b>1,332,501</b>	<b>1,799,606</b>
<b>NET CURRENT ASSETS</b>		<b>16,167,417</b>	<b>6,824,640</b>
<b>TOTAL (A-B)</b>		<b>23,387,574</b>	<b>14,510,764</b>
Significant Accounting Policies and Notes to Accounts	8		

As per our separate report of even date attached.

For K S M N & Company  
Chartered Accountants

Sd/-  
(Kamal Kishore)  
Partner

Place: Gurgaon  
Date : 24.04.2010

For and on behalf of Board

Sd/-  
(Mayank Singhal)  
Director

Sd/-  
(Anurag Surana)  
Director



**OF PI LIFE SCIENCE RESEARCH LIMITED FOR THE YEAR ENDED 31ST MARCH, 2010**

PARTICULARS	SCHEDULE	(Amount in Rs.)	
		For The Year Ended 31.03.2010	For The Year Ended 31.03.2009
<b>INCOME</b>			
Revenue from Services		18,669,214	16,088,865
Foreign Exchange rate difference		-	654,546
Profit on Sale of Raw Material		-	60,284
Provision for annual benefit written back		59,538	37,500
<b>TOTAL</b>		<b>18,728,752</b>	<b>16,841,195</b>
<b>EXPENDITURE</b>			
Staff Expenses	6	2,791,856	2,286,915
Research & Development Expenses		1,705,483	222,456
Power & Electric Expenses		225,948	225,948
Administrative & Miscellaneous Expenses	7	1,914,422	605,305
Interest & Financial Expenses		27,678	10,119
Foreign Exchange rate difference		225,828	-
Repairs & Maintenance Expenses		594,760	552,156
Depreciation		465,967	475,278
Preliminary Expenses Written off		-	136,658
<b>TOTAL</b>		<b>7,951,942</b>	<b>4,514,836</b>
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>10,776,810</b>	<b>12,326,359</b>
Provision for Taxation		1,900,000	1,300,000
Fringe Benefit Tax		-	5,500
<b>PROFIT/(LOSS) AFTER TAX</b>		<b>8,876,810</b>	<b>11,020,859</b>
Add: Profit brought forward from last year		5,060,764	(5,960,095)
<b>PROFIT/(LOSS) AFTER TAX CARRIED TO BALANCE SHEET</b>		<b>13,937,574</b>	<b>5,060,764</b>
<b>Earning per share</b>			
- Basic		9.39	11.66
- Diluted		9.39	11.66
(Face value Rs.10/- per share)			
Significant Accounting Policies and Notes to Accounts	8		

As per our report of even date attached

For K S M N & Company  
Chartered Accountants

For and on behalf of Board

Sd/-  
(Kamal Kishore)  
Partner

Sd/-  
(Mayank Singhal)  
Director

Sd/-  
(Anurag Surana)  
Director

Place: Gurgaon  
Date : 24.04.2010

**OF PI LIFE SCIENCE RESEARCH LIMITED FOR THE YEAR ENDED 31ST MARCH, 2010**

	(Amount in Rs.)	
	31.03.2010	31.03.2009
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / Loss before tax and Extraordinary items	10,776,810	12,326,359
Adjustment for :		
Depreciation	465,967	475,278
Interest and Bank Charges Expenses	27,678	10,119
Deferred revenue expenditure (written off)	-	136,658
<b>Operating Profit before working capital changes</b>	<b>11,270,455</b>	<b>12,948,414</b>
<b>Working capital</b>		
Sundry debtors	(3,328,520)	80,040
Loans & Advances	(10,789,744)	(1,417,652)
Liabilities and provisions	832,895	(4,546,020)
Voluntary Retirement Expenses (Paid)	-	-
<b>Cash generated from operations</b>	<b>(2,014,914)</b>	<b>7,064,782</b>
Interest Expenses	(27,678)	(10,119)
Direct Taxes	(3,461,856)	(181,017)
<b>Net Cash from operating activities</b>	<b>(5,504,448)</b>	<b>6,873,645</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to fixed Assets	-	-
Miscellaneous expenditure	-	-
Investments	-	-
<b>Net Cash used in investing activities</b>	<b>-</b>	<b>-</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term borrowings	-	-
Short term borrowings	-	-
Decrease in Preference Capital	-	-
Dividend paid	-	-
Cash from shares	-	-
Share Application Money	-	-
<b>Net Cash used in financing activities</b>	<b>-</b>	<b>-</b>
<b>INCREASE / (DECREASE) IN CASH OR CASH EQUIVALENTS</b>	<b>(5,504,448)</b>	<b>6,873,645</b>
Opening cash or cash equivalents	6,998,779	125,134
Closing cash or cash equivalents	1,494,331	6,998,779

As per our report of even date attached

For K S M N & Company  
Chartered AccountantsSd/-  
(Kamal Kishore)  
PartnerPlace: Gurgaon  
Date : 24.04.2010

For and on behalf of Board

Sd/-  
(Mayank Singhal)  
DirectorSd/-  
(Anurag Surana)  
Director



**AS AT 31ST MARCH, 2010**

PARTICULARS		(Amount in Rs.)									
		As at 31.03.2010	As at 31.03.2009								
<b>SCHEDULE - 1</b>											
<b>SHARE CAPITAL</b>											
<b>AUTHORISED CAPITAL</b>											
1,000,000 Equity Shares of Rs. 10/- each		10,000,000	10,000,000								
<b>TOTAL</b>		<b>10,000,000</b>	<b>10,000,000</b>								
Issued, Subscribed & Paid up:											
945,000 Equity Shares of Rs. 10/- each, fully paid up		9,450,000	9,450,000								
<b>TOTAL</b>		<b>9,450,000</b>	<b>9,450,000</b>								
<b>SCHEDULE 2 - FIXED ASSETS</b>											
(Amount in Rs.)											
PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK			
	As at 01.04.09	Additions	Dedu- ctions	As at 31.03.10	As at 01.04.09	During the year	Adjust- ments	As at 31.03.10	As at 31.03.10	As at 31.03.09	
R & D Equipments	8,203,590	-	-	8,203,590	1,321,792	389,671	-	1,711,463	6,492,127	6,881,798	
Safety & Pollution Control Equipments	608,915	-	-	608,915	98,743	28,923	-	127,666	481,249	510,172	
Furniture & Fixtures	303,386	-	-	303,386	149,313	27,888	-	177,201	126,185	154,073	
Office Equipments	232,913	-	-	232,913	92,832	19,485	-	112,317	120,596	140,081	
<b>TOTAL</b>	<b>9,348,804</b>	<b>-</b>	<b>-</b>	<b>9,348,804</b>	<b>1,662,680</b>	<b>465,967</b>	<b>-</b>	<b>2,128,647</b>	<b>7,220,157</b>	<b>7,686,124</b>	
Previous Year	9,348,804	-	-	9,348,804	1,187,402	475,278	-	1,662,680	7,686,124	8,161,402	
PARTICULARS										(Amount in Rs.)	
										As at 31.03.2010	As at 31.03.2009
<b>SCHEDULE - 3</b>											
<b>CURRENT ASSETS</b>											
Cash on hand								1,660	10,540		
Balance with Scheduled Banks in current a/c								972,671	6,988,239		
In Deposit Account ( towards Margin Money pledged with Banks)								520,000	-		
Sundry Debtors (Unsecured, considered good)											
Exceeding Six Months								-	-		
Others								3,328,520	-		
<b>TOTAL</b>								<b>4,822,851</b>	<b>6,998,779</b>		



PARTICULARS	[Amount in Rs.]	
	As at 31.03.2010	As at 31.03.2009
<b>SCHEDULE - 4</b>		
<b>LOANS &amp; ADVANCES</b>		
(Unsecured, Considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	258,910	999
Tax deducted at source	6,798	-
Advance Income Tax (Net of Provision for Tax Rs. 3,200,000/-)	442,873	187,815
Security Deposit with sales tax department	20,000	20,000
<b>Due from Holding Company</b>		
PI Industries Ltd.	11,948,486	1,416,653
<b>TOTAL</b>	<b>12,677,067</b>	<b>1,625,467</b>
(Maximum amount outstanding from holding company during the year was Rs.11,948,486/- Previous year Rs.1,416,653/-)		
<b>SCHEDULE - 5</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Current Liabilities</b>		
Audit Fees Payable	11,030	5,515
Gratuity Payable	204,279	142,728
Staff Salary Payable & Other Benefits	448,510	327,324
Outstanding Expenses Payable	32,015	16,500
Sundry Creditors	513,149	-
Statutory Dues	123,518	7,539
<b>TOTAL</b>	<b>1,332,501</b>	<b>499,606</b>
<b>SCHEDULE - 6</b>	<b>For the year ended</b>	
<b>STAFF EXPENSES</b>	<b>31.03.2010</b>	<b>31.03.2009</b>
Salary	2,178,678	2,016,305
Medical Reimbursement	66,364	59,080
Staff Leave Travel Assistance	152,026	23,479
Gratuity Expenses	93,155	36,353
Annual benefit to Staff Expenses	168,523	151,698
Staff Leave Encashment	106,465	-
Recruitment Expenses	26,645	-
<b>TOTAL</b>	<b>2,791,856</b>	<b>2,286,915</b>
<b>SCHEDULE - 7</b>		
<b>ADMINISTRATIVE &amp; MISCELLANEOUS EXPENSES</b>		
Postage & Telephone Expenses	20,962	78,937
Printing & Stationary	495	450
Office Expenses	16,790	-
Rent	442,750	420,000
Staff / Labour Welfare	15,846	14,216
Audit Fees	11,030	5,515
Travelling Expenses	101,528	15,911
Legal & Professional Fee	1,287,200	-
Freight charges	8,358	44,379
Insurance Premium	1,258	-
Miscellaneous fees	8,205	25,897
<b>TOTAL</b>	<b>1,914,422</b>	<b>605,305</b>





### SCHEDULE 8

#### A. SIGNIFICANT ACCOUNTING POLICIES

##### 1 BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and on accrual basis of accounting. The financial statements have been prepared to comply in all material respects with the mandatory accounting standards issued by The Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the Company.

##### 2 REVENUE RECOGNITION

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

Other Income are accounted for on accrual basis.

##### 3 EXPENDITURE

Expenses are accounted for on accrual basis and provisions are made for all known losses and liabilities.

##### 4 FIXED ASSETS

Fixed assets are stated at cost of acquisition less accumulated depreciation. Cost comprise the purchase price and any attributable cost of bringing the asset to its working condition for intended use.

##### 5 DEPRECIATION

Depreciation on Pollution & Safety Control Equipments and R & D Equipments is provided on the basis of straight line method and depreciation on all other fixed assets is provided on written down value method at the rates prescribed in Schedule-XIV to the Companies Act, 1956 on pro-rata basis.

##### 6 EMPLOYEE BENEFITS

- i) Short term employee benefits are charged off at the un-discounted amount in the year in which the related service is rendered.
- ii) Long term employee benefits are charged off in the year in which the employee has rendered services. The amount charged off is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains/losses in respect of long-term benefits are charged to the Profit and Loss Account.

##### 7 FOREIGN CURRENCY TRANSACTIONS

###### a) Initial Recognition

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

###### b) Conversion

Foreign currency assets and liabilities are restated at the exchange rate prevailing at the year-end. The overall net gain/loss is adjusted to the Profit and Loss Account.

###### c) Exchange Difference

Exchange difference on foreign currency monetary items are recognised as income or expense in the year in which they arise.

##### 8 PROVISION FOR CURRENT AND DEFERRED TAX

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing differences" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable/ virtual certainty that the asset will be realized in future.

##### 9 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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



## 10 IMPAIRMENT OF ASSETS

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged for when an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

## 11 CASH FLOW STATEMENT

Cash-flow statements are prepared in accordance with "Indirect Method" as explained in the Accounting Standard on Cash Flow Statements (AS-3) notified under the Companies (Accounting Standards) Amendment Rules, 2009. The cash flows from regular revenue generating, financing and investing activity of the Company are segregated.

## 12 EARNINGS PER SHARE

Basic Earning per Share is calculated by dividing the net profit or loss for the period attributable to Equity Shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of Equity Shares outstanding during the period.

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.

## B NOTES TO ACCOUNTS

1 Auditors Fees & Expenses include	(Amount in Rs.)	
	31.03.2010	31.03.2009
Audit Fees (including Surcharge and Education Cess)	11,030	5,515
Travelling Expenses etc.	-	-
Other matters	-	-
<b>TOTAL</b>	<b>11,030</b>	<b>5,515</b>

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

a) List of related persons

- i Holding Company - PI Industries Ltd.
- ii Enterprises under common control - PILL Finance & Investment Ltd. & PI Japan Co. Ltd.
- iii Enterprises in respect of which Holding Company is an associate - Lucrative Leasing Finance & Investment Co. Ltd & Parteek Finance & Investment Co. Ltd.
- iv. Enterprises over which Key Managerial Personnel and their relatives are able to exercise significant influence - Samaya Investment Trading Pvt. Ltd, Hycron Electronics, PI Apparels Pvt. Ltd, Wolkem India Ltd., Secure Meters Ltd. and Salil Singhal HUF (Karta)
- v. Key Managerial Personnel and their relatives- Mr. Anurag Surana (Director), Mr. Mayank Singhal (Director), Mr. Salil Singhal (Director of Holding Company), Mr. Junichi Nakano (Director of Holding Company).  
Relatives - Nature of relation with Mr. Salil Singhal has been given in brackets Mrs. Madhu Singhal (Wife), Arvind Singhal & Sanjaya Singhal (Brothers), Ms. Shefali Khushlani and Ms. Pooja Singhal (Daughters), Sanjay Singhal HUF (Brother's HUF)

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

S. No.	Particulars	Type of relation	(Amount in Rs.)	
			Transaction during the year	Balance outstanding as on 31.03.2010
1.	Inter Corporate Deposit	a(i)	-	-
2	Sale of goods & services	a(i)	10,126,758 (3,553,588)	11,948,486 (1,416,653)
3	Rent and Other Miscellaneous Payment	a(i)	442,750 (4,20,000)	- -

\* Previous year figure given in bracket



- 3 As a matter of prudence, the Company has not account for deferred tax liability in the accounts for the year in respect of the timing differences originating before the tax holiday period and reversing during the tax holiday period, in view of the allowance available to the Company under section 80-IB (8A) of the Income Tax Act 1961, in terms of Accounting Standard (AS) 22 – 'Accounting for Taxes on Income' read with Accounting Standard Interpretation (ASI) 3, issued by The Institute of Chartered Accountants of India.
- 4 The Company's profits from export of the services relating to Research and Development activities are fully deductible from taxable income. In view of the allowance available to the Company under section 80-IB(8A) of the Income Tax Act, 1961, the Company does not have any liability for tax in respect of the profits for the year. However, the Company has accounted for liability for Minimum Alternative Tax in respect of the profits for the year under section 115JB of the Income Tax Act, 1961.
- 5 As per Accounting Standard (AS)- 15 "Employees Benefits", the disclosures of employee benefits as defined in the accounting standard are given below:
  - a) Defined benefits plans - as per actuarial valuation as on 31st March 2010

Particulars	Gratuity Non-Funded Rs. 2009-10	Leave Encashment Rs. 2009-10	Gratuity Non-Funded Rs. 2008-09
<b>I Expenses recognised in the Profit and Loss Account for the year</b>			
1 Current Service Cost	40,650	-	30,720
2 Interest Cost	10,705	-	8,261
3 Expected return on plan assets	-	-	-
4 Net Actuarial (Gain)/Loss	41,800	106,465	(2,628)
5 Total Expense	93,155	106,465	36,353
<b>II Net Asset/(Liability) recognised in the Balance Sheet</b>			
1 Present Value of obligation as at year-end	204,279	-	142,728
2 Fair value of plan assets at year-end	-	-	-
3 Funded status {Surplus/(Deficit)}	(204,279)	-	(142,728)
4 Net Asset/(Liability)	(204,279)	-	(142,728)
<b>III Change in obligation during the year end</b>			
1 Present value of obligation at the beginning of the year	142,728	-	106,375
2 Current Service Cost	40,650	-	30,720
3 Interest Cost	10,705	-	8,261
4 Net Actuarial (Gain)/Loss	41,800	106,465	(2,628)
5 Benefits Paid	(31,604)	-	-
6 Present Value of obligation as at year-end	204,279	106,465	142,728
<b>VI Actuarial Assumptions</b>			
1 Discount Rate	7.50%	7.50%	8.00%
2 Expected rate of return on plan assets	-	-	-
3 Mortality Table	LIC(1994-96) duly modified	LIC(1994-96) duly modified	LIC(1994-96) duly modified
4 Salary Escalation	5.00%	5.00%	4.00%

- 6 The management has initiated the process of identifying enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under the Micro, Small and Medium Enterprises Development Act, 2006 and circularized the letters for this purpose. However, the management has not yet received response from any of the enterprises as at March 31, 2010. Accordingly, the disclosures in respect of the amounts payable to such medium and small enterprises as at March 31, 2010 have not been made in the financial statements. In the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material.



- 7 In the opinion of the management, Current Assets, Loans and Advances have a value on realization in the ordinary course of business, at least equal to that stated in the Balance Sheet. Provision for all known liabilities has been made in the accounts.
- 8 The Company operates in only one business segment viz "Research & Development Services", which is the reportable segment in accordance with the requirements of Accounting Standard (AS) - 17 on "Segment Reporting", issued by The Institute of Chartered Accountants of India.
- 9 Previous year figures have been regrouped and/or rearranged wherever considered necessary.
- 10 Unhedged Foreign Currency Exposure

Particulars	Currency	Year ended 31.03.2010	Value in Rs. 31.03.2009	Year ended 31.03.2009
i Outstanding Debtors	USD	74,000	3,328,520	-
ii Creditors Payable	JPY	1,178,000	513,149	-

- 11 Additional information pursuant to the provisions of Paragraphs 3 & 4 of Part II of Schedule VI of the Companies Act, 1956.

Particulars	Amount in Rs.	
	31.03.2010	31.03.2009
Earning in Foreign Currency-Export of Goods	9,487,986	14,640,388
Expenditure in Foreign Currency	1,487,969	-



Information pursuant to Part IV of Schedule VI to the Companies Act, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE		
<b>I Registration Details :</b>		
Registration No.	:	131189
State Code	:	05
Balance Sheet	:	31.03.2010
<b>II Capital raised during the year : (Rs. In Thousand)</b>		
Public Issue	:	Nil
Rights Issue	:	Nil
Bonus Issue	:	Nil
Private Placement	:	Nil
<b>III Position of Mobilisation and Deployment of funds</b>		
Total Liabilities	:	24,720
Total Assets	:	24,720
<b>Source of Funds :</b>		
Paid-up Capital	:	9,450
Reserves and Surplus	:	13,938
Deferred Tax	:	Nil
Secured Loans	:	Nil
Unsecured Loans	:	Nil
<b>Application of Funds :</b>		
Net Fixed Assets	:	7,220
Investments	:	Nil
Net Current Assets	:	16,167
Miscellaneous Expenditure	:	Nil
Accumulated Losses	:	Nil
<b>IV Performance :</b>		
Turnover	:	18729
Total Expenditure	:	7952
Profit Before Tax	:	10777
Profit After Tax	:	8877
Earnings Per Share (Rs. )	:	9.39
Dividend Rate (%)	:	Nil
<b>V Generic Names of Three Principal Products/Services of the Company</b>		
Not Applicable		

Signatures to Schedules 1 to 8 inclusive

As per our separate report of even date attached.

For K S M N & Company  
Chartered Accountants

Sd/-  
(Kamal Kishore)  
Partner

Place: Gurgaon  
Date : 24.04.2010

For and on behalf of Board

Sd/-  
(Mayank Singhal)  
Director

Sd/-  
(Anurag Surana)  
Director



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**PI JAPAN CO. LIMITED**

**BOARD OF DIRECTORS**

Mr. Susumu Kohno  
Mr. Junichi Nakano

**BANKERS**

Mitsubishi Tokyo UFJ Bank, Japan

**MAIN OFFICE**

2-11-4, The To-han Building, 4th Floor, Uchikanda,  
2-Chome, Chiyoda-Ku, Tokyo, 101-0047 Japan



**BALANCE SHEET OF PI JAPAN CO. LIMITED AS AT 31ST MARCH, 2010.**

ASSETS			LIABILITIES		
Particulars	Schedule No.	Amount in JPY	Particulars	Schedule No.	Amount in JPY
<b>Current Assets</b>			<b>Current Liabilities</b>		
Cash on hand and in banks		5,429,127	Accrued Expenses		1,903,163
Accounts Receivable		1,504,106	Withholding Tax		180,489
Prepaid Expenses		350,000	Income Taxes Payable		202,600
Consumption Tax Receivable		513,830			
<b>Total Current Assets</b>		<b>7,797,063</b>	<b>Total Current Liabilities</b>		<b>2,286,252</b>
<b>Tangible Fixed Assets</b>			<b>Shareholders Equity</b>		
Leasehold Improvements		354,718	Share Capital		5,000,000
Equipments (100,000 ~ 200,000 yen)		69,207	Retained Earnings		3,741,843
<b>Total Tangible Fixed Assets</b>		<b>423,925</b>	<b>Total Shareholders' Equity</b>	<b>1</b>	<b>8,741,843</b>
Lease Deposits		2,653,840			
<b>Total Fixed Assets</b>		<b>3,077,765</b>			
Organization Costs		153,267			
<b>Total Assets</b>		<b>11,028,095</b>	<b>Total Liabilities and Shareholders Equity</b>		<b>11,028,095</b>
Notes to Accounts	3				

**PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

Particulars	Schedule	(Amount in JPY)
Sales		32,030,543
<b>Gross Profit</b>		<b>32,030,543</b>
Selling General & Administrative Expenses	2	30,505,284
<b>Operating Profit</b>		<b>1,525,259</b>
Interest Income		2,617
Miscellaneous Income		1,427
Amortization of Organization Costs		(83,600)
<b>Ordinary Profit</b>		<b>1,445,703</b>
Loss on Sales of Fixed Assets		17,118
<b>Profit Before Tax Deduction</b>		<b>142,858</b>
Income Taxes		452,721
<b>Net Profit</b>		<b>975,864</b>
Notes To Accounts	3	



**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2010**

Schedule 1		(Amount in JPY)
Shareholders' Equity		
Share Capital		
	Beginning Balance	5,000,000
	Changes of items during the period	-
	Ending Balance	5,000,000
Capital Surplus		
Capital Reserve		
	Beginning Balance	-
	Changes of items during the period	
	Ending Balance	-
Total Capital Surplus		
	Beginning Balance	-
	Changes of items during the period	-
	Ending Balance	-
Retained Earnings		
Total Retained Earnings		
	Beginning Balance	2,765,979
	Changes of items during the period - Net Profit	975,864
	Ending Balance	3,741,843
Shareholders' equity		
	Beginning Balance	7,765,979
	Changes of items during the period	975,864
	Ending Balance	8,741,843
Total Shareholders' Equity		
	Beginning Balance	7,765,979
	Changes of items during the period	975,864
	Ending Balance	8,741,843





## SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Schedule 2	(Amount in JPY)
Directors' Remuneration	13,299,996
Salary	5,870,476
Depreciation	303,773
Advertising	251,843
Repair	158,429
Supplies	378,513
Electricity and Water	246,328
Charge	88,596
Taxes and Dues	23,000
Entertainment	1,248,222
Communication	693,065
Seminar	317,483
Books, Papers	218,471
Office Rent	4,000,008
Conference	196,545
Transportation (travel within 200km)	646,472
Domestic Travelling (travel over 200km)	842,809
International Travelling	667,964
Commutation	544,105
Miscellaneous	509,186
<b>Total Selling, General and Administrative Expenses</b>	<b>30,505,284</b>



**Schedule-3**

**Notes to the Financial Statements for the financial year ended March 31, 2010**

**I. Significant Accounting Policies**

The financial statements have been prepared in accordance with Accounting Standards for Small and Medium Enterprises in Japan.

1. **Depreciation method for fixed assets**
  - (a) Leasehold improvements - Declining balance method
  - (b) Equipments (over 200,000 yen) - Declining balance method
  - (c) Equipments (100,000 yen - 200,000 yen) - Straight-line method
2. **Treatment of deferred assets**  
Organization costs - Straight-line method
3. **Accounting for consumption taxes and regional consumption taxes**  
Consumption taxes and regional consumption taxes are excluded from all figures.

**II. Notes about Balance Sheet**

Monetary assets and liabilities to Parent Company	
Accounts Receivable	1,504,106 yen

**III. Notes about Profit and Loss Statement**

Transaction with Parent Company

Operating transaction	
Sales	32,030,543 yen

**IV. Notes about Statement of Changes in Equity**

Information about issued share capital

Sort	31/03/2009	Increase	Decrease	31/03/2010
Common shares	100 shares			100 shares

Shareholding: 100% PI Industries Ltd. (India)

**V. Information about related party**

Attribute	Name	Voting right	Relations			Amount	Account title	Ending
			The Additional post of director	Actual relations	Detail of business			
Parent company	PI Industries	100%	-	Service	Market research	32,030,543 yen	Account receivables	1,504,106 yen

**VI. Information about per share**

Book value per share	87,418.43 yen
Net profit per share	9,758.64 yen

# **PI Industries Limited**

Regd. Office : Udaisagar Road, Udaipur - 313 001 (Rajasthan)

## **PROXY**

I/We, ..... of .....  
..... being a Member /Members of the PI Industries Limited, hereby appoint  
..... of ..... (or failing him  
..... of ..... or failing him.....  
of .....) as my/our Proxy to attend and vote for me /us on my/our behalf at the  
Annual General Meeting of the Company, to be held at Udaisagar Road, Udaipur - 313 001 at 11.00 a.m. on  
Monday, the 19<sup>th</sup> day of July, 2010 and at any adjournment thereof.

Signed this..... day of .....2010.

Reference Folio

No. of Shares held

Affix 1Rs.  
Revenue  
Stamp

This form is to be used \*in favour of the resolution. Unless otherwise instructed, the Proxy will act as he thinks fit.  
\*against

\* Strike out whichever is not desired.

NOTE: The Proxy in order to be effective should be duly stamped, completed & signed and must be returned so as to reach the Registered Office of the Company, Udaisagar Road, Udaipur - 313 001 (Rajasthan), not less than **FORTY EIGHT HOURS** before the time for holding the aforesaid meeting.