

NOTICE

Notice is hereby given that the Annual General Meeting of PI Industries Limited will be held on Thursday, August 29, 2013 at 11:30 A.M. at Udaisagar Road, Udaipur - 313 001, Rajasthan to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Statement of Profit and Loss Account for the year ended March 31, 2013 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 Equity Shares for the year ended March 31, 2013.
3. To appoint a Director in place of Mr. Bimal Kishore Raizada, who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Pravin K. Laheri, who retires by rotation, and being eligible offers himself for re-appointment.
5. To appoint M/s S.S. Kothari Mehta & Co, Chartered Accountants as Statutory Auditors to hold office till the conclusion of next Annual General Meeting and to authorise Board of Directors to fix their remuneration.

SPECIAL BUSINESSES

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Dr. Venkatrao S. Sohoni, be and is hereby appointed as a Director of the Company, whose term of office shall be liable to retirement by rotation".
7. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution
"RESOLVED THAT in supersession of the earlier resolution passed by the shareholders of the Company at the Annual General Meeting held on July 19, 2010, 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 any other approval, sanction or permission(s), as may be required under any other enactment or law for the time being in force, the Company hereby accords its approval for the re-appointment and remuneration payable to Mr. Salil Singhal as Chairman & Managing Director of the Company for a period commencing from July 1, 2013 till September

30, 2016, upon the terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting, 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 in his capacity as Chairman & Managing Director.

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profit, the salary and perquisites payable to Mr. Salil Singhal in the capacity of Chairman & Managing Director shall not exceed such sums as may be allowed under Schedule XIII of Companies Act, 1956 read with relevant provisions of the Companies Act, 1956 as modified from time to time in any financial year."

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

"RESOLVED THAT in supersession of the resolution passed at the Extra-Ordinary General Meeting held on November 30, 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 such approval, sanction or permission, as may be required under any other enactment or law for the time being in force, the Company hereby accords its approval for the re-appointment and remuneration payable to Mr. Mayank Singhal as Managing Director & CEO of the Company for a period commencing from April 01, 2013 till September 30, 2017, upon such terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting 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. Mayank Singhal in his capacity as Managing Director & CEO.

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profit, the salary and perquisites payable to Mr. Mayank Singhal in the capacity of Managing Director & CEO shall not exceed such sums as may be allowed under Schedule XIII of Companies Act, 1956 read with relevant provisions

of the Companies Act, 1956 as modified from time to time in any financial year."

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

"RESOLVED THAT in partial modification of the resolution passed by the shareholders by way of postal ballot, results of which were declared on January 18, 2013, pursuant to the provisions of Sections 198, 309, 310, 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 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 accords its approval to the revision in the remuneration payable to Mr. Rajnish Sarna, as Whole-time Director of the Company, with effect from April 01, 2013 upon such terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting 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. Rajnish Sarna.

RESOLVED FURTHER THAT the performance bonus for the financial year ending March 31, 2013 amounting to ₹ 40,00,000 paid to Mr. Rajnish Sarna in the capacity of Whole-time Director as approved by the Board on the recommendation of the Remuneration Committee be and is hereby approved, ratified and confirmed".

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profit, the salary and perquisites payable to Mr. Rajnish Sarna in the capacity of Whole-time Director shall not exceed such sums as may be allowed under Schedule XIII of Companies Act, 1956 read with relevant provisions of the Companies Act, 1956 as modified from time to time in any financial year."

"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".

10. To consider and, if thought fit, to pass with or without

modifications, the following resolution as a Special Resolution:

INCREASE IN THE INVESTMENT LIMIT OF REGISTERED FINANCIAL INSTITUTIONAL INVESTORS UP TO 40%

"RESOLVED THAT pursuant to the applicable provisions of Foreign Exchange Management Act, 1999, the Foreign Exchange Management Act, 1999, the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and all other applicable rules, regulations, guidelines and laws (Including any statutory modifications or re-enactment thereof, from time to time) and subject to all applicable approvals, permission's and sanctions and subject to such conditions as may be prescribed by any of the concerned authorities while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (the "Board", which term shall be deemed to include any Committee which the Board may have constituted), consent of the Company be and is hereby accorded to the Board to permit Foreign Institutional Investors (FI's) registered with the Securities and Exchange Board of India (SEBI) to acquire and hold on their own account and on behalf of each of their SEBI approved sub-accounts, equity shares of the Company up to an aggregate limit of 40% (Forty percent) of the paid up equity share capital for the time being, provided, however, that the equity shareholding of each FI on his own account and on behalf of each of SEBI approved sub-account in the Company shall not exceed 10% (Ten percent) of the total paid up equity share capital or such limits as are or may be prescribed, from time to time, under applicable laws, rules and regulations."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this Resolution and for matters connected therewith or incidental thereto including intimating the concerned authorities or other regulatory bodies and delegating all or any of the power conferred herein to any Committee or Directors or Officers of the Company".

By Order of the Board of Directors
For PI INDUSTRIES LIMITED

Sd/-

Naresh Kapoor

Company Secretary

Place: Gurgaon

Date: May 18, 2013

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 AT THE REGISTERED OFFICE OF THE COMPANY AT UDAISAGAR ROAD, UDAIPUR – 313 001, RAJASTHAN, NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 is given below and forms part of the Notice.
3. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
4. The register of members and the share transfer books shall remain closed from August 21, 2013 to August 29, 2013 (both days inclusive).
5. 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.
6. Dividend on equity shares, as recommended by the Board of Directors, if declared at the Annual General Meeting will be paid on or before September 28, 2013 to the Members whose names appear on the Company's Register of Members on August 29, 2013. As regards shares held in electronic form, the dividend will be payable to the 'beneficial owners' of the shares whose names appear in the Statement of Beneficial Ownership furnished by the National Securities Depository Limited and the Central Depository Services (India) Ltd as at the close of the business hours as on August 20, 2013.
7. Members holding shares in physical form are requested to advise any change of address immediately to the Company's Registrars and Transfer Agent, M/s Karvy Computershare Private Limited (Unit: PI Industries Ltd.) at 17 to 24, Vithalrao Nagar, Madhapur, Hyderabad - 500 081. Members holding shares in electronic form must send the advice about change in address to their respective Depository Participant only and not to the Company or the Company's Registrar and Share Transfer Agent.
8. 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 en-cashed the dividend warrants for the year 2005-06 onwards are requested to contact the Registrars and Transfer Agent or Registered Office of the Company at the earliest.
9. Members can avail the facility of nomination in respect of shares held by them by sending their nomination in the prescribed Form No.2B duly filled in to the Company's Registrars and Transfer Agent at the address as stated in Note No.7 above.
10. Members having the physical share certificates are advised to consider opening of a Demat Account with an authorized Depository Participant and arrange for dematerializing their Shareholdings in the Company.
11. Members are requested to bring their copy of Annual Report to the Meeting. In case the members have any queries related to accounts, same may be forwarded to the Company so as to reach atleast 10 days before the Annual General Meeting.
12. The relevant details as required by Clause 49 of the Listing Agreements entered with the Stock Exchange, of persons seeking appointment/reappointment as Directors under Item Nos.3, 4, 6, 7 & 8 of the Notice are also annexed.
13. The Certificate from the Auditors of the Company certifying that the Employees Stock Option scheme of the Company is being implemented in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and in accordance with the resolutions of the general body will be placed at the Annual General Meeting.
14. The Ministry of Company Affairs (MCA) has undertaken a 'Green Initiative in Corporate Governance' by allowing paperless compliances by companies through electronic mode, vide its Circular No. 17/2011 & 18/2011 dated April 21, 2011 and April 29, 2011, respectively. Listing Agreement executed with the Stock Exchanges also permits Companies to send soft copies of the Annual Report to all those shareholders who have registered their email address with the Company. Members are requested to support this

Green Initiative by registering/updating their e-mail address for receiving electronic communications.

15. In terms of SEBI circular no CIR/MRD/DP/10/2013 dated March 21, 2013, the companies have been mandatorily asked to adopt the usage of electronic payment modes for making cash payments to Investors like Dividend etc. Accordingly, you are requested to kindly update the Bank details including the MICR no, IFSC Code etc. that are

required for making electronic payment. It may further be noted that physical payment instruments for cash payments shall only be made in case the electronic payment instructions have failed or have been rejected by the Bank. Hence, we request you to kindly update your bank details immediately in order to update your records in our database in order to enable the Company to pay dividend through electronic payment modes as per mandate of SEBI.

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 Items Nos. 6, 7, 8 9 & 10 of the accompanying Notice dated May 18, 2013:

Item No.6

Dr. Venkatrao S. Sohoni was appointed as an Additional Director of the Company with effect from November 7, 2012 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 Dr. Venkatrao S. Sohoni as a candidate for the office of Director liable to retire by rotation.

A brief profile of Dr. Venkatrao S. Sohoni 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.6 of the Notice to the members for approval of Dr. Venkatrao S. Sohoni's appointment as a Director liable to retire by rotation.

Except Dr. Venkatrao S. Sohoni, none of the Directors are concerned or interested in the passing of this resolution.

Item No.7

Mr. Salil Singhal was appointed as Chairman and Managing Director of the Company by the Shareholders in their meeting held on July 19, 2010 for a period of three years w.e.f. July 1, 2010. Accordingly, the tenure of Mr. Salil Singhal, as Chairman and Managing Director will expire on June 30, 2013. During his tenure as Chairman & Managing Director of the Company, he has provided strategic direction for sustainable growth of the Company and guided executive team in significant and complex business issues. Under his leadership, the Company has achieved new heights in terms of turnover, profitability etc.

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 18, 2013, has approved the re-appointment of Mr. Salil Singhal as Chairman & Managing Director of the Company for a period commencing from July 01, 2013 till September 30, 2016 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 01, 2013:

1. **Period:** July 01, 2013 to September 30, 2016
2. **Remuneration:**
 - A. **Salary:** ₹12,00,000 per month in the range of ₹12,00,000 to ₹24,00,000 per month with such increment(s) from time to time as the Board / Remuneration 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 100% of the salary inclusive but not limited to following perquisites:
 - i. **Housing:** The Company to provide rent-free residential accommodation (furnished or otherwise) or house rent and house maintenance allowance in lieu thereof. The reimbursement of expenses for utilities such as gas, electricity, water, furniture/furnishings, repairs, servant's salaries and services of sweepers, watchman, gardener.

- ii. **Medical:** Expenses incurred for him and his family shall be reimbursed in accordance with the applicable rules of the Company.
- iii. **Leave Travel:** Expenses towards leave travel shall be reimbursed for him and his family (including dependents) in accordance with the applicable rules of the Company.
- iv. **Club fees:** Fees of clubs subject to a maximum of two clubs.
- v. **Personal Accident Insurance:** The Company to pay the premium for the personal accident insurance policy taken for self.
- vi. **Car and Telephone:** The provision of car for use for Company's business and telephone at the residence for Company business will not be considered as perquisites.
- vii. **Provident Fund, Superannuation Fund, Gratuity and Leave Encashment:** Company's contribution to Provident Fund and Superannuation Fund and payment of Gratuity and Encashment of Leave would be as per the rules of the Company. However, Company's contribution to Provident Fund and Superannuation Fund to the extent these (either singly or together) are not taxable under the Income Tax Act, Gratuity payable as per the rules of the Company and Encashment of Leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

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 salary and perquisites payable to him shall not exceed the limits as laid down in Schedule XIII to the Act read with relevant provisions of the Companies Act, 1956 as modified from time to time.

Other terms and conditions:

- a. Annual increment shall fall due on 1st April each year during the continuation of tenure as Chairman & Managing Director.
- b. The terms and conditions of appointment may be altered and varied by the Remuneration Committee and the Board of Directors as they may deem fit at their discretion, 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.

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 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. Mayank Singhal was appointed as Managing Director & CEO of the Company by the Shareholders of the Company in their meeting held on November 30, 2009 for a period of five years w.e.f. December 1, 2009. In view of his significant contribution in the excellent performance of Company during last 5 financial years and his important role in providing strategic direction for sustainable growth of the Company in coming years, the Board of Directors at its meeting held on May 18, 2013, has approved the re-appointment of Mr. Mayank Singhal as Managing Director & CEO of the Company for a period commencing from April 01, 2013 till September 30, 2017 on the following terms and conditions as recommended by the Remuneration Committee of Directors.

Terms of appointment and remuneration payable to Mr. Mayank Singhal, Managing Director & CEO with effect from April 1, 2013:

1. **Period:** April 01, 2013 to September 30, 2017
2. **Remuneration:**
 - A. **Salary:** ₹10,00,000 per month in the range of ₹10,00,000 to ₹ 20,00,000 per month with such increment(s) from time to time as the Board / Remuneration 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. Mayank Singhal, Managing Director & CEO would be, subject to overall ceiling of 100% of the salary inclusive but not limited to following perquisites:

i. **Housing:** The Company to provide rent-free residential accommodation (furnished or otherwise) or house rent and house maintenance allowance in lieu thereof. The reimbursement of expenses for utilities such as gas, electricity, water, furniture/furnishings, repairs, servant's salaries and services of sweepers, watchman, gardener.

ii. **Medical:** Expenses incurred for him and his family shall be reimbursed in accordance with the applicable rules of the Company

iii. **Leave Travel:** Expenses towards leave travel shall be reimbursed for him and his family (including dependents) in accordance with the applicable rules of the Company.

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

v. **Personal Accident Insurance:** The Company to pay the premium for the personal accident insurance policy taken for self.

vi. **Car and Telephone:** The provision of car for use for Company's business and telephone at the residence for Company's business will not be considered as perquisites.

vii. **Provident Fund, 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. Mayank Singhal, as Managing

Director & CEO, the Company has no profits or its profits are inadequate, the salary and perquisites payable to him shall not exceed the limits as laid down in Schedule XIII to the Act read with relevant provisions of the Companies Act, 1956 as modified from time to time.

Other terms and conditions:

a. Annual increment shall fall due on 1st April each year during his tenure as Managing Director & CEO.

b. The terms and conditions of appointment may be altered and varied by the Remuneration Committee and the Board of Directors as they may deem fit at their discretion, 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 as set out at Item No.8 of the Notice for members' approval.

Memorandum of Interest of Directors

Mr. Mayank Singhal 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. Except Mr. Salil Singhal who is related to Mr. Mayank Singhal, none of the other Directors is interested in the resolution.

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

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

Item No.9

Mr. Rajnish Sarna was appointed as Whole-time Director of the Company w.e.f. 7th November, 2012 and Shareholders vide their resolution passed through postal ballot, results of which were declared on 18th January, 2013 accorded their approval for the same. Under the leadership of Mr. Sarna, your Company has successfully completed its first maiden QIP issue, registered excellent growth in its Custom Synthesis Exports and has concluded several new business deals. Keeping in view additional responsibilities cast on him, his contribution in the excellent performance of Company and also his important role in the future direction and growth of the Company, the Board of Directors at its meeting held on May 18, 2013, have revised the remuneration payable to Mr. Rajnish Sarna as Whole-time Director of the Company w.e.f. April 01, 2013 on the following

terms and conditions as recommended by the Remuneration Committee of Directors.

Terms of Revision in remuneration payable to Mr. Rajnish Sarna as Whole-time Director w.e.f. April 01, 2013:

- A. Salary :** ₹6,00,000 per month in the range of ₹6,00,000 – ₹12,50,000 per month with such increment from time to time as the Board / Remuneration Committee of Directors may deem fit.
- B. Perquisites:** The perquisites and allowances payable to Mr. Rajnish Sarna, as Whole-time Director would be, subject to overall ceiling of 100% of the salary. The perquisites will exclude value of Stock Option benefits, if any, computed as per Income-tax Act/Rules, on which taxes shall be borne by him.
- C. Performance Bonus**
In addition to the above, he shall also be entitled to Performance Bonus as may be approved by the Remuneration Committee/ Board of Directors from time to time.
- D. Minimum remuneration**
Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Mr. Rajnish Sarna, as Whole-time Director, the Company has no profits or its profits are inadequate, the salary and perquisites payable to him shall not exceed the limits as laid down in Schedule XIII to the Act read with relevant provisions of the Companies Act, 1956 as modified from time to time.

All other terms and conditions relating to the appointment of Mr. Rajnish Sarna as already approved by the members of the Company will remain unchanged.

The Board commends the resolution as set out at Item No.9 of the Notice for members' approval.

Memorandum of Interest of Directors

Mr. Rajnish Sarna may be deemed to be interested in the passing of the resolution at item No.9, since it relates to his remuneration. None of the other Directors is interested in the resolution.

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

10. In terms of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, the Foreign Institutional Investors (FIIs)/ SEBI approved sub-account of FIIs can, in aggregate, hold up to 24% of the paid up equity capital. The said Regulations further provide that the limit of 24% may be increased up to sectoral cap/statutory ceiling, as applicable, by the Indian company concerned by passing a resolution by its Board of Directors followed by passing a special resolution to that effect by its shareholders.

The Present level of holding of FIIs in the equity capital of the Company is nearing the cap of 24%.

Keeping in view the interest of the FIIs in the shares of your Company and the inherent advantage thereof to the shareholders at large, the Board of Directors have, at their meeting held on May 18, 2013 decided to increase the limit of FII's holding from 24% to 40%, subject to the requisite approval of the shareholders. The proposed resolution shall enable the FII's to acquire shares of the Company through Stock Exchanges within the revised ceiling under the Portfolio Investment Scheme of the Reserve Bank of India.

None of the Directors of the Company are in any way concerned or interested in the Resolution.

Your Directors commend the resolution for your approval as Special Resolution.

**By Order of the Board of Directors
For PI INDUSTRIES LIMITED**

Sd/-

Naresh Kapoor
Company Secretary

Place: Gurgaon
Date: May 18, 2013

Details of Directors Seeking re-appointment at the Annual General Meeting

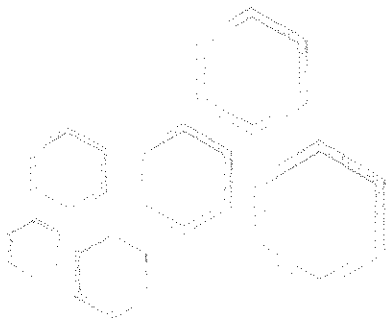
Name of Director	Mr. Bimal Kishore Raizada	Mr. Pravin K. Laheri (IAS Retd.)
Date of Birth	April 17, 1944	March 28, 1945
Date of Appointment	July 19, 2010	July 19, 2010
Expertise in specific functional area	Mr. Raizada was part of the core team at Ranbaxy which saw rapid growth of Ranbaxy having diverse businesses of drugs and pharmaceuticals, custom synthesis, diagnostics etc. He has worked in various positions at Ranbaxy and was subsequently appointed as a Director in charge of Ranbaxy's clinical reference laboratory – Specialty Ranbaxy.	He is a Retd. IAS officer who has served to five Chief Ministers of Gujarat during his tenure. He was also the Chairman & Managing Director of Sardar Sarovar Narmada Nigam from 2005-08 and has extensive experience of Public Administration, PSU, Joint Sector Companies, Private Companies spanning over 30 years.
Qualification	He is a fellow member of the Institute of Chartered Accountancy from England and Wales and also of the Institute of Chartered Accountants of India	BA (Hons), M.Sc (Eco.), LLB
No. of Equity Shares held in the Company	Nil	Nil
List of other companies in which directorships are held (excluding foreign companies & section 25 companies)	<ol style="list-style-type: none"> 1) Zenotech Laboratories Ltd. 2) InstaPower Ltd. 3) Pinewood Diagnostics Ltd., 4) New India BioPharma Pvt. Ltd. 5) Amira Nature Foods Ltd. 	<ol style="list-style-type: none"> 1) Gujarat Pipavav Port Ltd. 2) New Light Hotels & Resorts Pvt. Ltd. 3) Amap Management Consultancy Pvt. Ltd. 4) Narayani Hotels & Resorts Ltd. 5) RBG Minerals Industries Ltd. 6) DMCC Oil Terminals (Navlakhi) Ltd. 7) Pahal Financial Services Pvt. Ltd. 8) Gulmohar Greens Golf & Country Club Ltd.
List of all committees of board of Directors (across all companies) in which Chairmanship/membership is held (includes only Audit Committee and Shareholders'/ Investors Grievance Committee)	Member of the Audit Committee: <ol style="list-style-type: none"> 1) Amira Nature Foods Ltd. 2) Zenotech Laboratories Ltd. 3) PI Industries Ltd. 	Member of Audit Committee & Shareholders'/Investors' Grievance Committee: <ol style="list-style-type: none"> 1) Gujarat Pipavav Port Ltd.,

Details of Directors Seeking appointment/re-appointment at the Annual General Meeting

Name of Director	Dr. Venkatrao S. Sohoni	Mr. Salil Singhal
Date of Birth	May 28, 1942	August 21, 1946
Date of Appointment	November 7, 2012	March 10, 1976
Expertise in specific functional area	He has experience of more than 48 years with MNC's in India and USA and has spent over 30 years in senior positions. He has in past served as Managing Director of Rallis India Ltd. He holds the record for ensuring growth, both organic and through acquisitions and mergers, building successful teams, meeting established goals and increasing profits. He has identified and implemented innovative approaches for expansion of business and achieved success	He has experience of more than 45 years in the fields of chemicals, intermediate and agrochemical industries. He brings with him a strong marketing and business development focus to the business. He is well known personality in agrochemical business in India and has been on several committees of the Govt. of India on agriculture and pesticide related policies. He is currently the Chairman, CII National Council on Agriculture
Qualification	B.Tech. (Hons) Electronics Engg., IIT, Kharagpur. PhD (Information Systems for Banking), IIT, Mumbai	B.A (Hons.)
No of Equity Shares held in the Company	Nil	9,06,390 equity shares
List of other companies in which directorships are held (excluding foreign companies & section 25 companies)	1) Advinus Therapeutics Ltd. 2) Fulford India Ltd.	1) Secure Meters Ltd. 2) PILL Finance & Investments Ltd. 3) Wolkem India Ltd. 4) Usha Martin Ltd. 5) Somany Ceramics Ltd. 6) Lake Palace Hotels & Motels Pvt. Ltd. 7) Historic Resorts Hotels Pvt. Ltd.
List of all committees of board of Directors (across all companies) in which Chairmanship/membership is held (includes only Audit Committee and Shareholders'/ Investors Grievance Committee	Audit Committee Member 1) Advinus Therapeutics Ltd.	Audit Committee Member: 1) Usha Martin Ltd. 2) Somany Ceramics Ltd. Investors Grievance Committee 1) PI Industries Ltd.

Details of Directors Seeking appointment/re-appointment at the Annual General Meeting

Name of Director	Mr. Mayank Singhal
Date of Birth	April 03, 1973
Date of Appointment	September 28, 1998
Expertise in specific functional area	He has more than 15 years of experience in the field of agrochemical industry. He has been instrumental for rapid growth and broadening of the customer base of PI. He has also been responsible for bringing changes in policies, operations and systems thus providing synergy to various business activities of the Company.
Qualification	Engineering & Management Graduate from United Kingdom
No of equity shares held in the Company	220260 equity shares
List of other companies in which directorships are held (excluding foreign companies & section 25 companies)	1) PILL Finance & Investments Ltd. 2) PI Life Science Research Ltd. 3) TP Buildtech Private Ltd.
List of all committees of board of Directors (across all companies) in which Chairmanship/membership is held (includes only Audit Committee and Shareholders'/ Investors Grievance Committee)	Investors Grievance Committee 1) PI Industries Ltd.



**Format of covering letter of the Annual Audit Report to be filed
with the Stock Exchanges.**

FORM – A

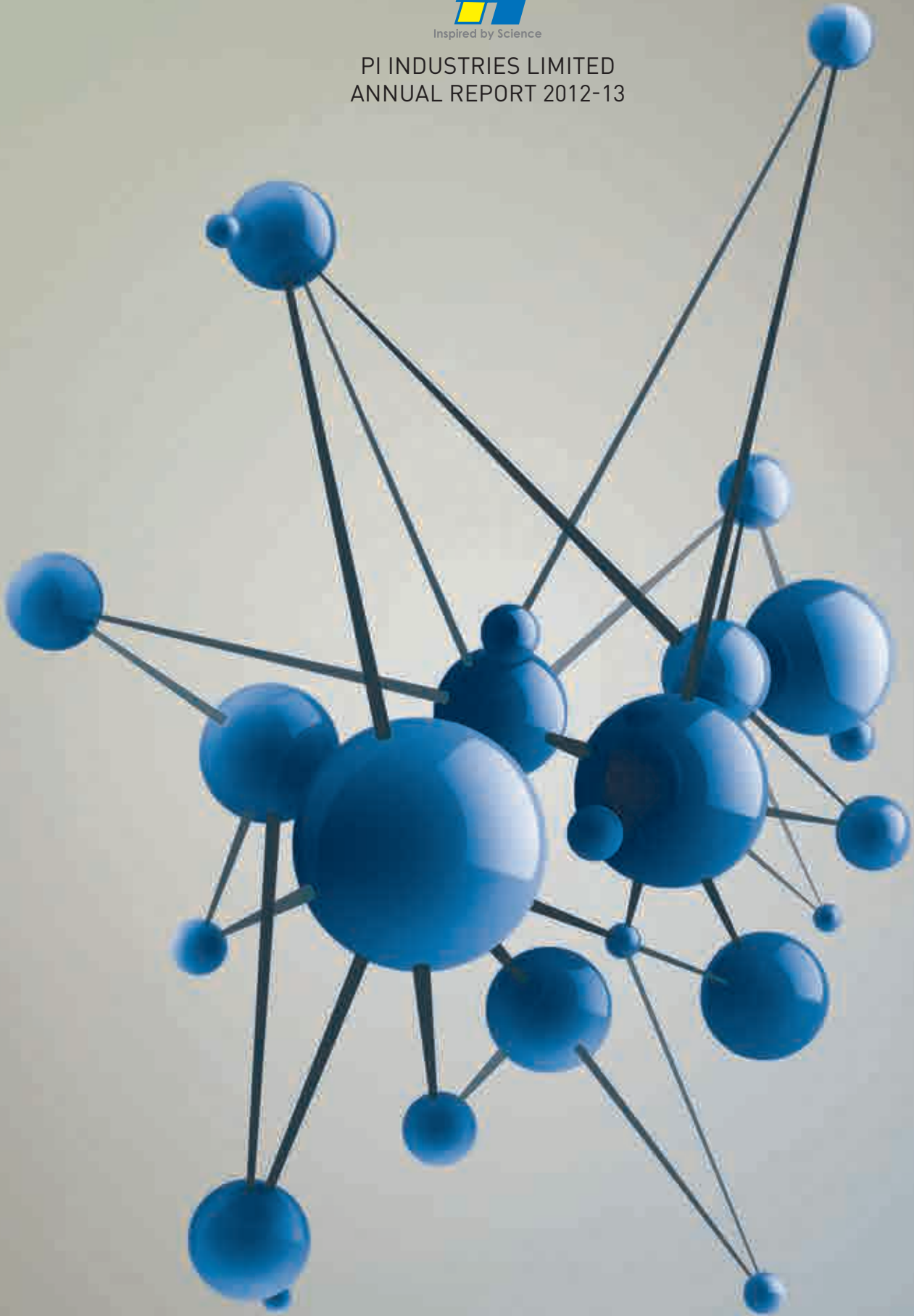
1.	Name of the Company	PI Industries Limited
2.	Annual Financial Statements for the year ended.	31 st March, 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Whether appeared first time ... / repetitive ... / since how long period - Not applicable -
5.	To be signed by: <ul style="list-style-type: none">• CEO / Managing Director• CFO• Auditor of the Company• Audit Committee Chairman	

Place : Gurgaon
Date : 3.8.2013



Inspired by Science

PI INDUSTRIES LIMITED
ANNUAL REPORT 2012-13



Chemist - *Re*

PI Industries Ltd (PI) is inspired by science. Inspired by the prospect of making an impact and creating a difference. Inspired by the prospect of driving growth.

India is targeting significant growth and we, at PI, are contributing to it through a positioning at the forefront of science-led opportunities and delivering innovative solutions.

Take for example our contribution to the country's agriculture sector. PI has been leveraging the use of science to revolutionize agriculture in India. The Company's repertoire of brands, backed by in-licensed innovator molecules and customized applications, are helping increase productivity, enhancing output and making the lives of millions of farmers more prosperous; our strong marketing and distribution network in India covers more than 40,000 retail points and over 9,000 distributors / direct dealers spread across all major agricultural areas; our strong agricultural extension capabilities and a unique product delivery mechanism have translated into a successful track record of farmer trust.

We are one of the leading custom synthesis companies. We partner with innovators from the time a molecule is conceived and then nurture the idea to commercialization through extensive development and technology inputs. Our expertise in complex chemistry, our state-of-the-art manufacturing and research infrastructure and our ability to provide quick and reliable solutions have helped us earn the trust of the world's foremost agrochemical players. Our model has been designed to respect IPRs and the result is that we have emerged as the chosen partner for several innovators, working at the cutting-edge science and having more than 90% of our revenues from patented molecules.

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Investments Limited | 150 PI Life Science Research Limited | 170 PI Japan Co. Limited | 177 Proxy Form

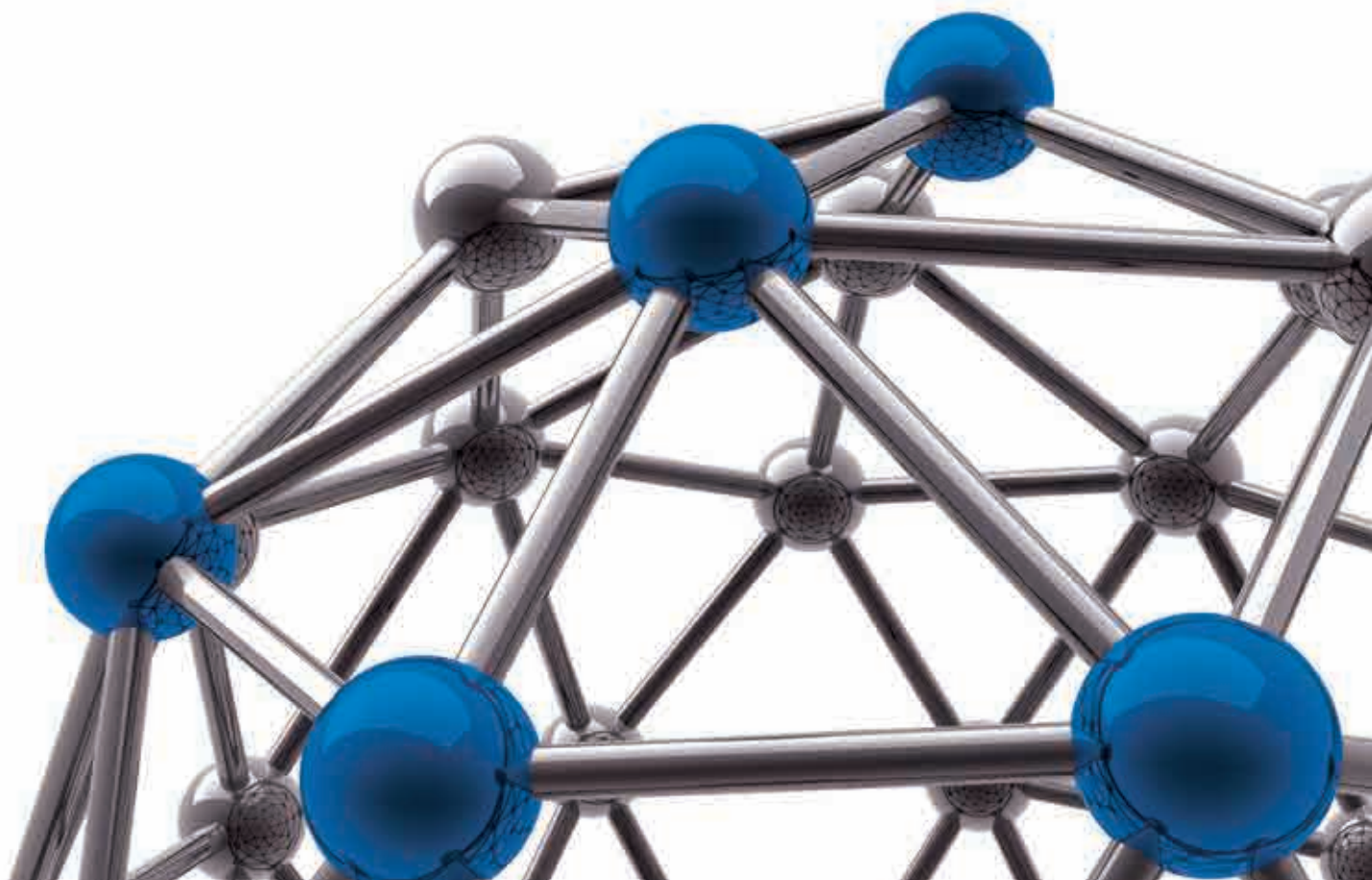
At PI Industries, we believe, that there are essentially two reasons why we have emerged as one of the fastest growing agrochemical companies in India.

ONE, our knowledge of **Chemistry** and its application towards the good of human kind. Be it in finding the most viable pathways for newly-discovered molecules and in monetizing the innovator's idea. Or in scaling up and optimizing lab processes to commercialize lab ideas. Or in understanding the farmer's problems and finding the best solutions.

TWO, our bond of **Relationship**, if not a chemistry of minds with our stakeholders. Be it the farmer or the channel partner or the global innovator, we constantly nurture relationships and believe that we can succeed across chemistry projects by building a chemistry of minds.

The combination of these realities has helped us win and sustain businesses which is reflected in our attractive performance over the last five years; a revenue growth of 26% CAGR and a PAT growth of 43% CAGR.

Demonstrating the sustainability of our business model.



Vision



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



Our DNA

Our DNA is what we are inside, even when no one is looking.

Trust

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

Innovation

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

Adaptability

We are nimble-footed and highly responsive to change.



Our Values

Our values determine our deeds, our words and most importantly, our thoughts.

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.

Parentage

- PI Industries was incorporated in 1947
- The Company is promoted by Mr. Salil Singhal (Chairman & Managing Director), Mr. Mayank Singhal (Managing Director & CEO) and headed by an experienced and professional Board of Directors.

Place

- The Company's corporate office is located in Gurgaon (Haryana), R&D centre in Udaipur (Rajasthan) and manufacturing facilities in Panoli, Jambusar (Gujarat) and Jammu (J&K).
- The Company possesses an extensive network of 29 stocking points, around 9,000 distributors/direct dealers and more than 40,000 retail points across the country



Business line

- Agri inputs comprising plant protection products as well as specialty plant nutrient products and solutions. PI's strong rural brand equity across millions of Indian farmers is backed by a robust pipeline of products.

- Custom synthesis and contract manufacturing of agro-chemicals, pharma early intermediates and other niche fine chemicals that address the growing needs of global innovators. This business is strengthened by a strong R&D support system, which develops processes in order to commercialize products based on newly discovered chemistries in collaboration with reputed global innovators.

Agri input products

PI pioneered the introduction of granular formulations in India and, over the years, emerged as a market leader and the largest producer of molecules like Profenofos, Ethion and Phorate.

Custom synthesis services

- Process development & research,
- Analytical method development,
- Synthesis of high purity products and impurities for analytical reference standards,
- Five batch analysis under GLP conditions,
- Scale-up studies,
- Detailed engineering and Large-scale manufacturing.

Agri input brands

BIOVITA Gr [®]
BIOVITA Lq [®]
CARINA [®]
CLUTCH [®]
COLFOS [™]
COLT [®]
FLUTON [®]
FORATOX [®]
FOSMITE [®]
INRO
JUMBO [™]
KITAZIN
LEPIDO [®]
LOGIK [™]
LURIT [®]
MAXIMA [®]
NOMINEE GOLD [®]
OSHEEN
OVAL [®]
PI BUPRO
PI GLYPHO
ROKET [®]
SIMBAA [™]
SNAILKIL [®]
SOLARO [®]
VOLTAGE [®]

Custom synthesis and manufacturing service focus



CHAIRMAN'S MESSAGE



“In 2012-13,
PI Industries
outperformed the
Indian agrochemical
industry growth”



Your Company has shown remarkable resilience and adaptability during its journey spanning several decades. The performance of your Company during the year under review provides me with the optimism that we now possess a stand-out and differentiated business model for an established domestic agri-input business that is mainly driven by exclusive marketing rights for in-licensed molecules and high-potential custom synthesis exports. Both are complementary and help us adapt with speed to market cycles, translating into business sustainability. We are driven by innovation and inspired by science and technology.

Even as the Indian agro-economy encountered stiff challenges owing to erratic and late monsoons that slowed sectoral growth from 3.6% in 2011-12 to 1.8% in 2012-13, your Company outperformed with a 31.17% Y-o-Y

revenue growth and a 23.87% Y-o-Y PAT increase.

Your Company outperformed the domestic agrochemicals sector owing to superior product proposition, exciting product pipeline and deep marketing penetration, making it possible to counter commoditization with innovator-backed molecules. The exports business reported an impressive growth of ~58% over 2011-12 due to expected scale-up in volumes from existing molecules and the introduction of newly commercialized products. Whereas the existing operation continues to be backed by healthy visibility, the new facility at the Jambusar SEZ will provide a fillip to the export volumes.

Our contribution in supporting and uplifting India's agricultural productivity has been a result of hard work, persistence and commitment of each

and every individual who has been a member of the PI family at any point of its existence. It is through the untiring efforts of these individuals that we have been able to contribute to a better tomorrow.

Indian agrochemical potential

Over the last decade, there has been an increase in incomes, population and aspirations translating into increased food demand. However, the food supply side has remained constrained due to fragmented farm holdings, poor technology inputs, monsoonal vagaries, among others. To compound this, India loses an estimated USD 8.50 billion annually to crop diseases and pest attacks, which makes enhanced productivity and agrochemical use critical to address rising food demands.

Now, due to a decline in farm labour availability, spiraling people costs and

PI's integrated business model. Built around the principles of IP respect, partnerships and relationships

Domestic business – agri inputs

Agri-input products comprise agro chemicals, specialty fertilizers and plant nutrients marketed under proprietary brands and the following models:

- In-licensing of newly launched / patented molecules by innovators
- Selective co-marketing partnerships with multinationals
- Manufacturing and marketing of select branded generic agri-inputs

Exports – custom synthesis and manufacturing

Custom synthesis and contract manufacturing services for global innovators.

- Focus on patented molecules in the early life cycle stage
- Focus on the high/medium-value and low-volume end
- Focus on complex chemistries/process technology with scope for commercialization

the advent of newer products, there is a shift towards the use of herbicides. In India, there is also a transition from the use of low value-high quantity pesticides to high value-low quantity pesticides; between FY01 and FY10, pesticide consumption declined 0.5% CAGR in volume terms, but increased around 8.2% in value, indicating a growing transition.

Custom synthesis potential

Over the past few years, India has emerged as a preferred outsourcing destination for custom synthesis and contract manufacturing owing to the availability of trained and experienced scientists, inherent chemistry skills and lower costs. Increasingly, global innovators are looking for partners in emerging markets who can protect their intellectual property, improve cost efficiency, offer flexibility and drive sustainability. Further, outsourcing is moving up from a purely opportunistic to a strategic option for global innovators. Your Company enjoys a unique position in this area.

The PI advantage

At PI, our business model addresses

these evolving market opportunities.

We focused on developing niche capabilities in our domestic business from the early years of our existence. In the agrochemical segment, we selected to remain asset-light. The result is that we generated around 50% of revenues from in-licensed products in 2012-13, growing this segment by ~25% over the previous year. This approach helped us introduce novel molecules with ample time to grow sales across its patented tenure, an advantage over generic companies whose products encounter intense competition.

In the custom synthesis space, we positioned ourselves attractively through prudent investments comprising a GLP-accredited laboratory and multi-product manufacturing facilities.

The Company selected to focus on newly-developed molecules with the objective to emerge as a preferred supplier. As the new products under development by global innovators are often complex in structure requiring multiple unit processes and reactions, our technological capabilities have proved advantageous, providing end-to-end solutions to customers to expedite

their lab-to-market journey. As these new products capture larger market shares, they correspondingly provide an attractive upside to your Company's performance.

Journey ahead

At PI, we recognize that our strength lies in the robustness and uniqueness of our business model, which translated into a CAGR in revenues of 25.7% over the five years leading to 2012-13. We expect to sustain this growth through a strong respect for IPR, a superior price-value proposition, widening product profile in the domestic agri-input business, growing exports and a strengthening Balance Sheet. We expect the interplay of these initiatives to translate into enhanced value for all those associated with our Company.

I am sure the future holds great promise for your Company because I know that the Company has a strong and committed team to take it there.

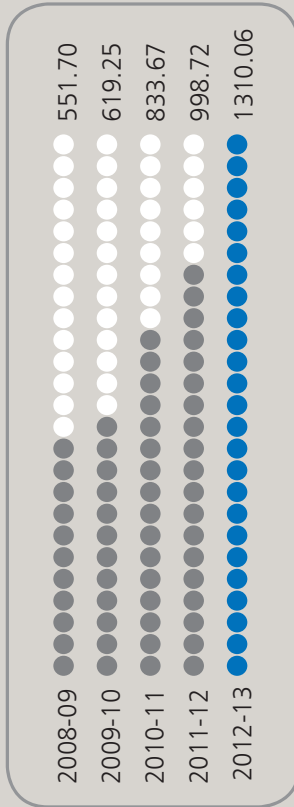
Regards,

Salil Singhal

Chairman & Managing Director

SCALING NEW HIGHS

Revenues (₹ Crore)



EBIDTA (₹ Crore)



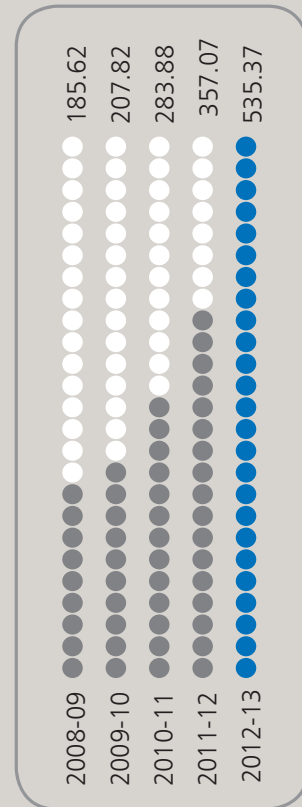
Cash profit (₹ Crore)



Profit after tax (₹ Crore)



Net fixed assets (₹ Crore)



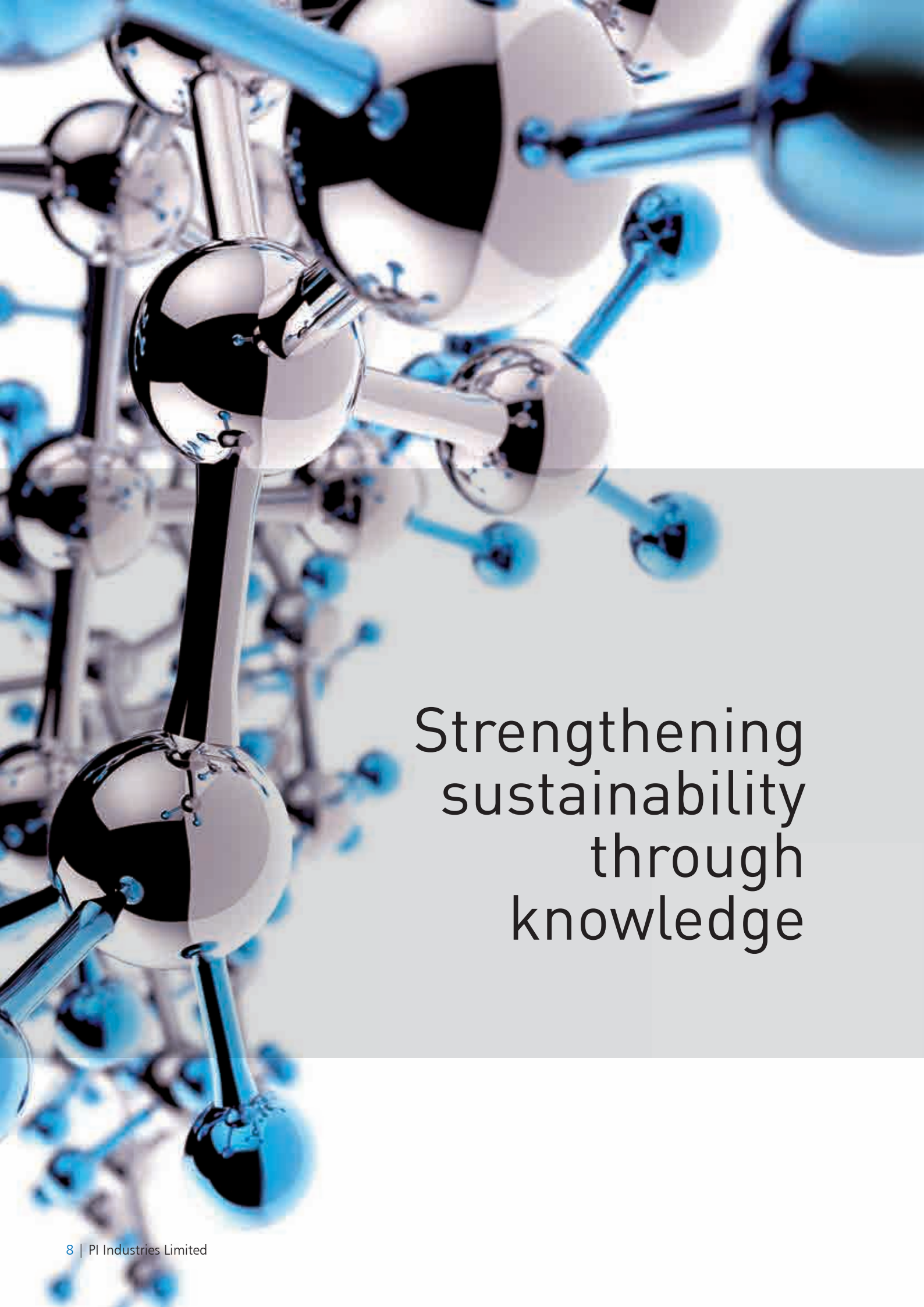
Earnings per share (₹)





KEY HIGHLIGHTS OF FY 2012-13

- Total net revenues increased by 31.35% from ₹ 882.28 crore in 2011-12 to ₹ 1,158.89 crore in 2012-13, due to a robust offtake of the existing brand portfolio, addition of new products and a superior performance of the custom synthesis exports segment.
- The operating profit for the year grew to ₹ 187.70 crore from ₹ 146.26 crore last year i.e., an increase of 28% Y-o-Y.
- The Company raised ₹ 117.33 crore through the QIP route which saw participation by some highly reputed investors in India and across the globe.
- The Company's net worth increased by ~64% to ₹ 524.59 crore as on 31 March 2013 on account of an increase in earnings and net worth infusion following the QIP.
- In order to improve liquidity of the Company's equity shares on the Stock Exchanges and to also make it more affordable to small shareholders, the Company undertook a stock split (approved by the shareholders) of equity shares from ₹ 5 each into five equity shares of ₹ 1 each.
- The total debt-equity ratio significantly improved to 0.35 as on March, 2013 against 0.73 as on March, 2012 owing to an increase in net worth along with a reduction in long-term debt.
- The Company invested ~₹ 160.30 crore (net of depreciation) in the addition of fixed assets in building a new manufacturing site, increasing production, research and analysis capacities. Overall net fixed assets increased to ₹ 535.37 crore as on 31 March, 2013 from ₹ 375.07 crore during the previous year, reflecting an increase of 43% Y-o-Y.
- The Company strengthened its Board with the induction of Dr. Venkatrao S. Sohoni and Mr. Rajnish Sarna.
- The Directors are pleased to recommend a dividend of ₹ 1 (100%) on the equity shares carrying a face value of ₹ 1 each.
- To provide complete crop solutions for key crops, three products were launched during the year under review – OSHEEN, a broad spectrum insecticide, FLUTON, a broad spectrum novel insecticide, and CUPRINA, a popular fungicide for whose improved WDG formulation the Company has exclusive marketing rights.
- The Company signed four new agreements with their patent holders in the insecticide / herbicide / fungicide segments to evaluate their potential in the domestic market.
- The Company successfully commissioned a new manufacturing site in Jambusar, Gujarat for manufacturing agrochemicals, fine chemicals, pharma intermediates and other specialty chemicals.
- The Company signed a MoU with the Centre for Entrepreneurship Development (CED), Government of Gujarat for 'Skill Generation in Chemical Sector in Bharuch District'. Under this, the Company is sponsoring a 'Skill Development Programme' to help science graduates from economically weaker sections of society improve their employment prospects.
- During the year under review, the Company was awarded the Green Manufacturing Excellence Award in the 'Aspirants' category by Frost & Sullivan for embracing sustainability initiatives and reducing any adverse impact on the environment through 'green' manufacturing initiatives.



Strengthening
sustainability
through
knowledge



At PI, we are strengthening the sustainability of our business through investments in knowledge, research and competence. This results in our ability to provide cutting-edge solutions to our customers.

- The Company leverages its knowledge of what farmers need for specific crops leading to relevant alliances with large global companies and the in-licensed introduction of novel molecules, which enjoy longer product life cycles and revenues over generics.

- The Company's superior knowledge of a competitive marketplace helps shrink mind-to-market, capitalize on

opportunities faster and lead to stronger product recall.

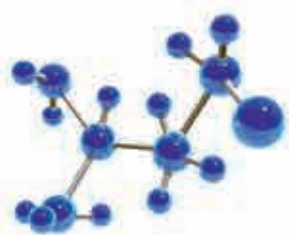
- The Company expanded its product portfolio in the domestic agri input segments by launching eight products in the last three years and with another seven to eight products in the development and registration pipeline.

- The Company leverages knowledge to offer custom synthesis services comprising

process optimization, scale-up and large scale contract manufacturing

- The Company's expertise in the realm of complex new-age chemistries enabled it to commercialize and start supplies of eight new molecules in the past three years.

- The Company leveraged the knowledge repository of cross-functional teams, which helped moderate operating costs.



Result: *The Company's institutionalized knowledge base reinforced its position as one of the fastest growing agrochemical companies.*



Strengthening sustainability through relationships



At PI, we believe that key to our success has been our bond of relationships with our stakeholders, which is built on the foundation of trust, credibility and just dealing...

- The Company is marketing its agri input brands in the rural Indian markets for more than five decades. Most of these brands are ranked no. one or two in their categories. Some of these brands are amongst the largest brands in the country and all this has been possible because of farmer's trust on our value delivery.

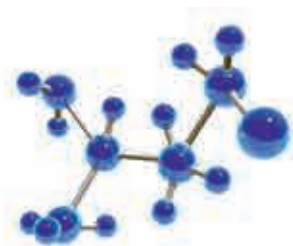
- We have built very strong

relationships with some of the Japanese innovators to market their products on exclusive basis in Indian market. These relationships, which are several decades old, have turned into partnerships and our business with these companies has grown exponentially

- Our strong relationship with global Innovator companies is the

reason for our growing business with our existing customers. We are today strategic suppliers to these customers and share chemistry of mind and success

- Our bond of relationship with our bankers, suppliers, employees and other stakeholders has lasted all ups & downs and only become stronger over the time.



Result: A sustainable business model delivering consistent performance and strong visibility into future

MANAGING DIRECTOR & CEO'S MESSAGE



“Our growth in a challenging 2012-13 vindicates the robustness of our business model”



The year 2012-13 was challenging for business in general and for India's agri-input industry in particular. India's economic growth decelerated to an estimated 5% in 2012-13 against 6.2% in 2011-12, the slowest in a decade. An erratic monsoon and drought-like situation in many parts affected the performance of the agriculture sector. Rupee depreciation and energy costs were the other major concerns.

Despite these uncertainties, 2012-13 was a remarkable year for your Company. Our performance was characterised by a strong revenue growth of ~31% Y-o-Y and operating profit growth of ~28% Y-o-Y, demonstrating our robust momentum. Our enhanced focus on custom synthesis exports brought in ~58% growth, which balanced the subdued performance of the Company's domestic agri-input business.

Key performance highlights

Your Company's domestic agri input business operates in a niche and

possesses a healthy mix of successful products backed by a widespread nationwide distribution and strong brand affinity. While the domestic season was challenging due to adverse agro-climatic conditions in major agriculture areas, your Company posted a reasonably good performance by responding with speed and flexibility. It widened focus from the affected areas to areas where the monsoon was normal, which enhanced sales force productivity. Our strategy of continuously expanding our premium product portfolio and focusing on making them big brands, began showing results.

The strong performance of the custom synthesis exports was along expected lines. The growth of this business was driven by a scale-up in the demand of some existing products and also through the commercialisation of three new products during the year under review. The R&D pipeline of new projects was consistently fed with several new enquiries and scale-ups during the year. As the commercialisation of molecules

under development increases, your Company will stand to be an obvious beneficiary as most of these products are patented and in the early stages of their life cycle.

With the uptick in demand that we are seeing in custom synthesis exports, considerable resources were spent in scaling operations in terms of human and financial capital. We expanded our manufacturing facilities and successfully commissioned our new state-of-the-art manufacturing facility at the Special Economic Zone (SEZ) in Jambusar, Gujarat.

During the year under review, your Company raised ₹ 117.3 crore through a QIP issue in January 2013. The response to this QIP issue is a testimony of your Company's growth-oriented financial performance and confidence of the investors in the Company's differentiated business model. The mobilised funds were deployed in fresh capital expenditure, retirement of high-cost debt and additional working capital

needs, which helped de-leverage the Balance Sheet.

Based on this strong operational performance, your Board recommended a dividend of 100% per equity share of a face value of ₹ 5 each. If approved, this will result in the final cash outgo of ₹ 15.79 crore (including dividend tax).

Our business strategy

Your Company's differentiated business model is built around the principles of trust, respect for IPRs and a niche portfolio.

Your Company will focus on improving margins in the domestic agri input segment while delivering reasonable revenue growth, through the following initiatives: optimising the product mix, expecting good traction from new products and cautious working capital management.

Your Company's leadership approach towards building brands comprises the introduction of innovative products with specific market requirements. The focus on innovative products remains central to our growth plan.

Custom synthesis exports will remain a key growth driver and provide us with the opportunity to leverage our strength in chemical process development and large-scale manufacturing. Our focus here will be to keep feeding our R&D pipeline with more custom synthesis assignments for newly-discovered molecules with long-term supply potential. Our strategy is to continuously expand our technological capabilities and enhance the quality of service offered to our customers, look for multi-dimensional expansion from geographic to customer to industry

verticals in order to broadbase our growth.

To create long-term sustainability, your Company also focuses on economic, environment and social performance. Apart from constantly improving our financial performance, efforts are being made towards a sustainable reduction in energy usage, overall effluent generation, water consumption, and revenue enhancement from 'green' manufacturing. The Company received Green Manufacturing Excellence Award by Frost & Sullivan for embracing sustainability and reducing environmental impact through 'green' manufacturing initiatives. Your Company initiated several CSR projects to fulfill its responsibility towards society; these initiatives are likely to intensify.

Our outlook

Your Company is poised to build on the revenue and margins momentum. We expect to achieve a compounded annual revenue growth of over 25% for the next three years leading to an even higher growth in operating profits by leveraging our efficiencies.

A distinctive positioning of existing and newly introduced molecules in the domestic agri-input market will drive continued volumes upside. Your Company intends to launch new molecules under its own registration in the coming fiscal. Products that were launched in the last couple of years would also see an appreciable climb in performance in line with a growing farmer choice.

Custom synthesis exports would continue to be a major growth driver,

helping the Company report superior performance due to robust volume growth in existing molecules as they gain an increasing market of the market. Continuing relationships with innovators resulted in a robust pipeline of new products. New molecules are set to be commercialised over the coming years, which will enhance capacity utilisation. An attractive basket of products in various development stages will further add to your Company's growth.

The Company aspires to focus on deriving maximum operating and free cash flows, rationalising debt and fueling growth.

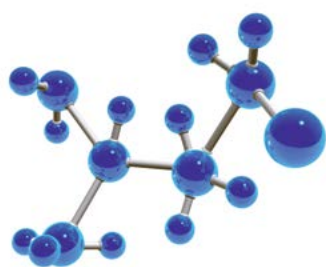
Our success has been possible due to our unwavering commitment to our values of respect and knowledge sharing, nurturing and growing our people and stretching ourselves across all operational aspects. We believe in a partnership approach and seek to reassure that PI will strive for leadership in its chosen markets based on the capabilities and the relationships that we have built.

I take this opportunity to express gratitude to all our stakeholders including customers, partners, vendors, suppliers, independent directors, bankers and shareholders for reposing their faith in PI. I also take this moment to commend our employees for executing our plans and strategy in an effective way.

Regards,

Mayank Singhal,
Managing Director & CEO

MANAGEMENT DISCUSSION AND ANALYSIS



Economists expect the scenario to improve; going ahead, growth in emerging markets and developing economies is expected to rise to 5% in 2013

Global economic review

The global economy posted a 3.1% growth in 2012, marginally lower than 3.9% in 2011. The United States, the largest economy, have posted better numbers (2.2% in 2012 against 1.8% in 2011) while the Eurozone reported a negative growth of 0.6%. Much of this decline is assumed to have extended to hitherto fast-growing emerging markets: China's growth slowed from 9.3% to 7.8% in 2012. However, economists expect the scenario to improve; going ahead, growth in emerging markets and developing economies is expected to rise to 5% in 2013 [Source: *World Economic Outlook, January 2013*].

Indian economy

Indian economic growth decelerated to an estimated 5% in 2012-13 against 6.2% 2011-12, the slowest

in a decade. An erratic monsoon and drought-like situation in many regions affected its agriculture sector. Growth moderation also extended to weakness in the industry segments (mining and quarrying, manufacturing, electricity, gas and water supply, and construction) where growth was 3.1% while the manufacturing sector grew only by 1.9%. The growth of the services sector was at a lowered 6.6% in 2012-13 as against 8.2% in 2011-12.

Domestic agriculture and agri-input review

Agriculture is the mainstay of the Indian economy because of its significant contribution to employment and livelihood creation. More than half the Indian population relies on agriculture for employment and livelihood. Interestingly, India accounts for about 2.4% of the world's geographical area

World output (%)

	2010	2011	2012 (P)	2013 (P)	2014 (P)
World output	5.2	3.9	3.2	3.5	4.1
Advanced economies	3.2	1.6	1.3	1.4	2.2
Emerging economies	7.3	6.3	5.1	5.5	5.9

[Source: *World Economic Outlook, IMF January 23, 2013*]

and 4% of its water resources, but needs to support 17% of the world's human population and 15% of the world's livestock.

Agriculture accounts for 14% of India's GDP, about 11% of its exports and about half its population's principal income. This makes it imperative for Indian agriculture production to increase so as to service India's overall GDP target of 8% during the 12th Five Year Plan as well as address the rising demand for food. The country's agricultural sector is marked by moribund arable land, disintegration of land holdings, low productivity compared with global peers and varying yields across states. This enhances the role of crop protection products, high yielding seeds, balanced usage of fertilizers and educating farmers with modern farming techniques.

In 2011-12, India experienced a record food grains production of 259.32 million tonnes (131.27 million tonnes during the *kharif* season and 128.05 million tonnes during the *rabi* season). The second advance estimate for 2012-13 indicated a total foodgrains production at 250.14 million tonnes (124.68 million tonnes during *kharif* and 125.47 million tonnes during the *rabi* season), the decline in *kharif* production was on account of a late

monsoonal offset and deficient rainfall in several states. Even as the production of rice, sugarcane and cotton during *kharif* 2012-13 was lower than in the previous year, these were better than the average production during the last five years.

A growing population and rising per capita income are strengthening demand for food grain: from 192 million tonnes in 2000 to an estimated 355 million tonnes in 2030, making it imperative for food grain production to increase 5.5 million tonnes annually to address growing domestic requirements.

Sectoral challenges

It would be relevant to understand India's challenges while increasing food grain availability:

Fragmented landholdings: A majority of Indian farmers possess small fragmented landholdings leading to sub-optimal scale, low farm mechanization and erratic farm incomes. Indian land laws are a major issue, hence leasing options with farmer safeguards need to be explored.

Lack of storage facility: Inadequate storage capacity causes considerable post-harvest losses. Infrastructural investments in storage, transportation, communication, roads and markets

through public-private partnership models can enhance productivity, efficiency and output.

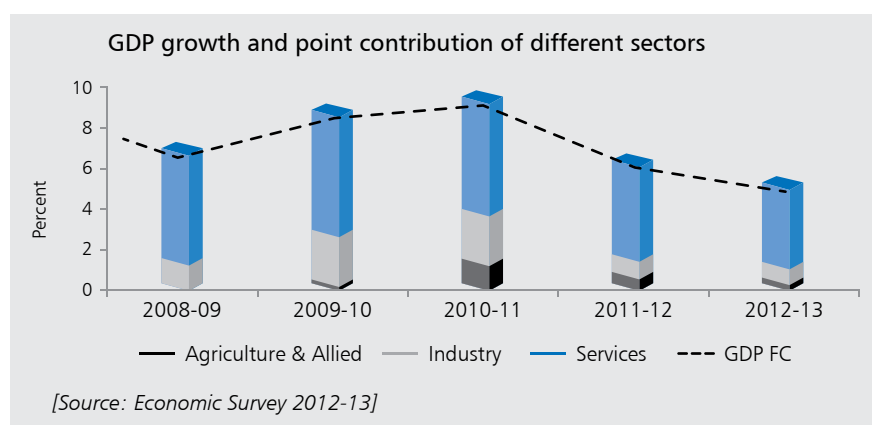
Pest attacks: According to the government, around 10-30% of the crop yield is lost due to annual pest attacks, the highest due to weeds (28%), disease (25%) and insects (23%) during storage (10%) and other issues (14%). This reality notwithstanding, India's per hectare pesticide (0.6kg/ha) is significantly lower than the global average compared with 14kg/ha in South Korea and 7kg/ha in the US.

Pattern of food grain consumption: As India's population grows younger and more affluent the traditional composition of demand for foodgrains will keep on changing. Health-conscious Indians have rediscovered coarse cereals such as maize, *jowar*, *ragi*, *bajra* and barley, which owing to inadequate availability have to be imported. On the other hand, successive seasons of higher Minimum Support Prices (MSPs) have pushed India towards self-sufficiency in staple products such as rice and wheat.

Secondary food processing: India's secondary food processing sector is still relatively nascent compared to Western countries, traditionally focusing on cereals, rice and wheat. Following an increase in incomes and population, processed food demand is expected to increase which will correspondingly warrant increasing investments in food processing, cold chains, handling and packaging.

Union Budget 2013-14 highlights

Further impetus to the use of crop protection products will come from government initiatives to spur agriculture growth. The Finance Minister in his Union Budget 2013-14





Indian crop protection sector

India's crop protection chemical/ agrochemical segment accounts for 3.5% of its total chemicals market and is estimated at around US\$2 bn, whereas the exports market is estimated at around US\$1.8bn (total size US\$3.8 bn). India's crop protection industry is mostly generic, around 80% of the molecules being non-patented with distribution networks and brand image serving as catalysts. Crop protection chemicals are manufactured as technical grades and subsequently formulated for agricultural use.

Insecticides form the largest segment of the domestic crop protection chemicals market (55% of the total market). The segment is largely dependent on rice and cotton. Herbicides account for the largest growing segment (20% of the total crop protection chemicals market).

Despite agriculture being India's key employment driver, the sector is faced with a number of challenges: finite farmland availability, growing food appetite and low crop yields. India's crop yields in major crops (rice, lentils, corn and soybean) are 50% below China's, largely on account of a low use of crop protection chemicals. Every year, about US\$ 8.5 billion worth of crops are lost in India on account of disease and pests, which could have been recovered through the effective use of crop protection chemicals. The reasons for India's low use of crop protection chemicals can be attributed to the following: low purchasing power, lack of farmer awareness, low product accessibility, fragmented land holdings, low irrigation penetration and an excessive monsoonal dependence.

Demand drivers

The Indian crop protection chemical

emphasized the role of agriculture, which would further augment growth for the crop protection industry. Some of the prominent announcements include:

- The Agriculture Ministry was allocated ₹27,049 crore, an increase of 22% over the revised estimate of the current year.

- The Plan outlay for agriculture was raised considerably: total Plan outlay for Agriculture Ministry was ₹17,095 crore (₹13,787 crore in 2012-13), out of which agricultural research was allocated ₹3,415 crore (₹2,520 crore in 2012-13).

- Agricultural credit target was fixed at ₹700,000 crore as against ₹575,000 crore for 2012-13.

- The National Food Security Mission, a scheme intended to bridge yield gaps, was provided ₹2,250 crore.

- An additional provision of ₹10,000 crore will be allotted for National Food Security Act, which,

when fully implemented will call for monumental investments in food grain production, storage and distribution.

- The integrated watershed programme allocation was raised from ₹3,050 crore in 2012-13 (BE) to ₹5,387 crore to assist marginal farmers counter drought-prone and ecologically-stressed regions.

- The Rashtriya Krishi Vikas Yojana was allocated ₹9,954 crore.

- A Credit Guarantee Fund was intended to be created in the Small Farmers' Agri Business Corporation with a corpus of ₹100 crore.

- National Institute of Biotic Stress Management would be established at Raipur, Chhattisgarh, to address plant protection issues.

- Allocation of ₹500 crore in order to start a programme of crop diversification, which would promote technological innovation and encourage farmers to choose crop alternatives.

Average crop protection consumption (kg/ ha)

Korea	Japan	USA	Global average	Europe	India
16.5	10.8	4.5	3	3	0.58

[Source: FICCI report]

industry is being driven by the following catalysts:

- India accounts for 16% of the global population but only 2% of its landmass. The country's population is growing 1.58% annually, strengthening food demand and prioritising self-sufficiency in term of food grains.
- Growing urbanisation is affecting agricultural growth. The country's 190 mn hectares of gross cultivated area is declining, resulting in a stronger need to improve yield per hectare.
- India's average productivity stands at 2 MT/ha compared to 6 MT/ha in the US and a global average of 3 MT/ha. India's pesticide consumption is a low 0.6 kg/ha compared to the global average of 3 kg/ha.
- Crop protection products can help improve crop yields thereby enhancing the supply of foodgrains. Studies indicate that the yields without usage of pesticides stand at ~30% while the

actual yield with sensible use of crop protection can be as high as 58%, thereby improving the crop yield by ~28%.

- The implementation of National Horticulture Mission is expected to drive fungicide demand.

Outlook

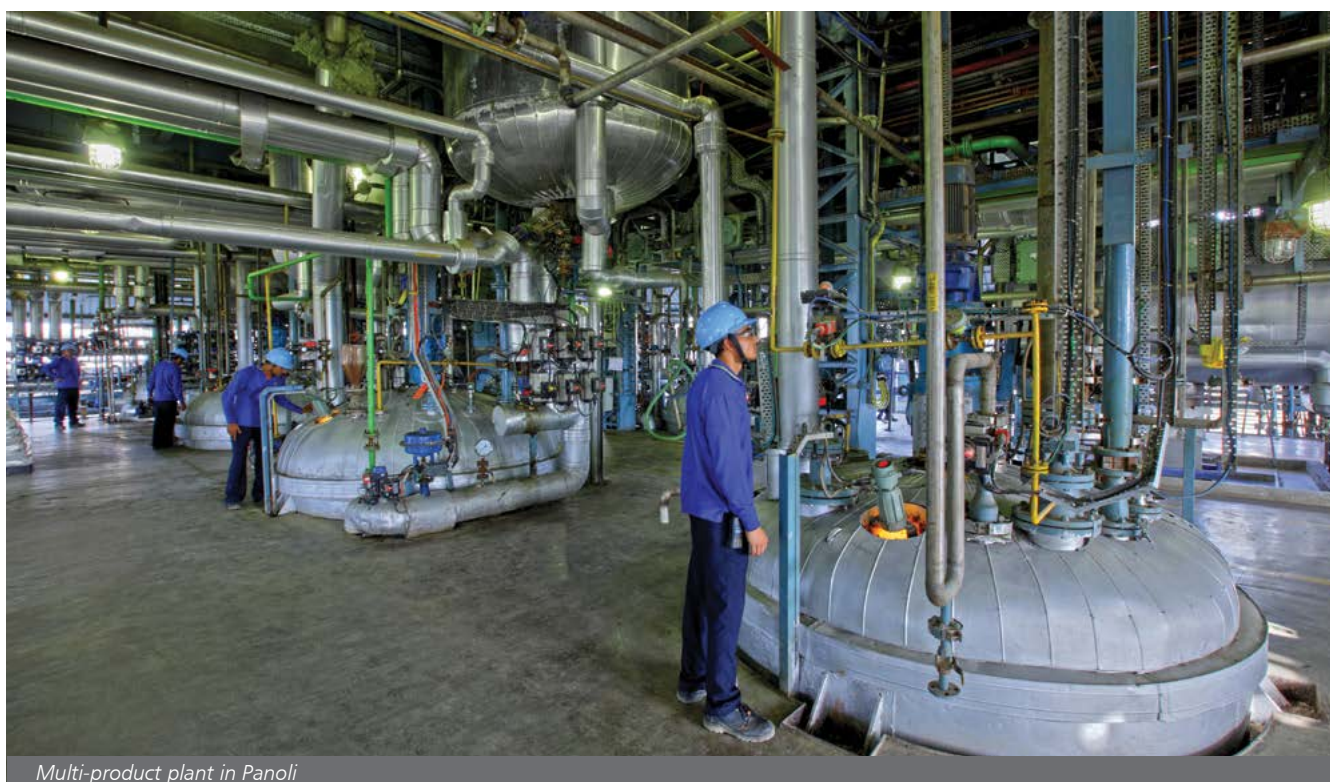
A growing Indian population is expected to catalyse food demand even as land availability for agriculture is not expected to rise correspondingly. Pending a normal monsoon, higher MSPs are expected to contribute to better demand for agrochemicals. Going ahead, the Indian agrochemicals sector is expected to grow at around 11.5% annually to reach an estimated size of US\$6.5 bn by FY 2016-17.

Global custom synthesis and manufacturing scenario

The crop protection segment has typically been a highly competitive

market with more than 85% of the global demand being met by the top 10 companies. Asia and Latin America continue to drive incremental growth with market shares of 25% and 19% respectively. Lately, we have seen a drastic increase in the R&D costs of top agrochemical companies, reiterating the need for organised and outsourced research. Over FY 2005-08, companies have spent about US\$256mn on an average to discover new molecules, each of which took ~10 years to develop.

The global chemical market size was pegged at around US\$740 bn at the end of FY 2010-11 and is expected to touch US\$970 bn by FY 2015-16. Bulk of the global demand growth is expected to be driven by countries in the Asia-Pacific and the Middle East which have currently lower levels of consumption. On the other hand, the Indian chemical industry is emerging as a major player in the global scenario



Multi-product plant in Panoli



Kilo lab in Udaipur

with the size of Indian chemical industry standing at around US\$100 bn at the end of FY 2011-12.

The outsourcing of process research and manufacturing to credible players in emerging markets, who can offer quality at par with that of the patent holders while delivering strong cost advantages, is the result of the following factors:

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

The global fine chemicals industry is estimated to be valued around US\$ 300 billion by 2015 with a growth of 7-8%, mostly based in Asia. The custom synthesis and manufacturing (CSM) segment is estimated at around US\$ 85 billion.

India is emerging as a preferred

destination for global custom synthesis and manufacturing. It currently accounts for less than 5% of the CSM business globally and is expected to grow over the next five to seven years. The Indian CSM industry is expected to grow at much faster rate at 12% CAGR of the global CSM market.

India gained importance as a preferred outsourcing destination due to its world-class research capabilities and manufacturing infrastructure, a large and well-qualified talent pool with strong chemistry and procedural skills, moderate R&D cum manufacturing costs and high capital efficiency. India already has the highest number globally of USFDA and UK MHRA-approved plants for pharma products.

The pre-eminent position enjoyed by PI in the field of custom synthesis is on account of your Company's approach towards its business. Our relationships extend to innovators for manufacture and supply of molecules that are at the early stages of their life-cycle. The enviable track-record of respecting IPR norms gives us a competitive advantage; across all its relationships, PI is either the preferred supplier or the immediate next choice. The approach towards growth is backed by adequate capacities and order visibility.

Innovators acknowledge our stature and capabilities, repeatedly engage with us on the basis of our procedural research and manufacturing prowess.

Increasingly, the global innovators are looking for partners in the emerging markets who can protect their IP, improve cost efficiency, offer flexibility and drive sustainability. The Company has a strategic vision to expand custom synthesis exports to their fullest potential. The next level of growth will come from new customers, improved operational efficiency, focus on niche and high-end molecules, investing in business process transformations to have greater control and collaboration, both internally and externally, thereby driving the sustainability agenda.

PI Industries: Leveraging on a differentiated business model

Your Company is engaged in chemical process research, scale up as well as large-scale chemical manufacturing and marketing of agri inputs in India leading to a unique integrated business model.

With more than 50 years of understanding and a formidable presence in the Indian agriculture sector, vast pan-Indian marketing and distribution network, brand building capabilities, experienced team, excellent product portfolio, robust pipeline of in-licensed products through tie ups with global innovators your Company has developed a differentiated business model and position in the domestic agri-input space.

In this segment, the focus of your Company is on identifying and introducing newly-discovered molecules/solutions for the first time in the Indian market under the in-licensing model. These in-licensing engagements extend over a long time whereby your

Company possesses exclusive rights to market the molecule within India. The Company works extensively at the grassroots level to create awareness, demonstrate superior product performance and build strong brands. With a portfolio of high performing products and a pipeline of exciting new products, PI is poised to scale its business in the coming years.

With a world-class R&D and manufacturing facilities in India, excellent chemistry process research and manufacturing capabilities, business development and raw material sourcing setups in Japan and China, your Company has become a leading player in the custom synthesis and manufacturing space and a preferred partner for global chemical innovators.

In the custom synthesis space, your Company's focus is on entering into early-stage partnerships with innovators for procedural research and long-term manufacturing of newly discovered novel molecules while building its product pipeline.

Your Company takes pride in the fact that it partners with global majors rather than compete with them; this no-conflict business approach has not only served as the foundation of successful custom synthesis exports but also supported the growth of domestic agri-input business by providing the Indian farmer with leading and new age products in partnership with global innovators.

Your Company has been able to build sustainable and strategic relationships with customers on the back of an end-to-end infrastructure including R&D, kilo plant, pilot plant, a large-scale manufacturing set up as well as a robust marketing and distribution

network in India, in a market marked by high entry barriers. This whole model is anchored on trust and respect for Intellectual Property (IP).

Review of operations

Financial performance

Your Company's net sales for the year grew to ₹1,150.53 crore from ₹877.09 crore last year reflecting an increase of 31% Y-o-Y. This growth was mainly driven by robust ramp up in custom synthesis exports, which grew by ~58% Y-o-Y to ₹600 crore from ₹378 crore undertaken in the previous year. Revenue from the domestic agri input grew by ~11% to ₹550 crore as a result of sustained growth of key brands despite encountering sub-optimal agro-climatic conditions.

The operating profit for the year grew to ₹187.70 crore from ₹146.26 crore last year reflecting an increase of 28% Y-o-Y despite an under-absorption of costs at the newly commissioned Jambusar facility in the fourth quarter.

The net profit for the year on a standalone basis grew to ₹96.34 crore from ₹77.78 crore (excluding exceptional item arising from sale of polymer compounding business), an increase of 24% Y-o-Y and resulting in a basic EPS of ₹7.57 per share.

During the year under review, your Company invested ~₹160.30 crore (net of depreciation) in the addition of fixed assets towards building of a new manufacturing site, increase in production as well as research and analysis capacities. Overall, net fixed assets increased to ₹535.37 crore as on 31 March, 2013 from ₹375.07 crore in the previous year, reflecting an increase of 43% Y-o-Y.

The net working capital of the Company (inventory + receivables – payables) as on 31 March, 2013 of ₹263.07 crore only marginally increased by ~3% over previous year of ₹254.23 crore reflecting better management of working capital for the business, growing by ~31% during the year under review.

Your Company's net worth increased by ~64% to ₹524.59 crore as on 31 March 2013 on account of an increase in earnings and networth infusion following a QIP. The networth as a proportion of capital employed increased from 66.32% in 2011-12 to 78.29% in 2012-13, strengthening the overall Balance Sheet.

The total debt-equity ratio significantly improved to 0.35 as on 31 March, 2013 against 0.73 as in March 2012 owing to



Quality lab in Udaipur

an increase in the net worth along with a reduction in long-term debt.

During the year under review, your Company raised ₹117.33 crore through the QIP route, which saw participation by some highly reputed investors in India and across the globe. The Company issued 19,24,656 Equity Shares of face value of ₹5 per Equity Share at a price of ₹609.60 including a premium of ₹604.60. Funds raised in the QIP have been deployed towards fresh capital expenditure, retirement of high-cost debt and additional working capital requirement.

As a result of your Company's improved financial profile and continued solid business performance, the credit rating agency CRISIL upgraded the Company's bank loan credit rating to 'A+ stable' for long-term debts and 'A1' for short-term debts.

Introduction / commercialisation of new products

During the year under review, your

Company successfully launched Osheen, a broad spectrum insecticide. The initial response from the farmers was encouraging and your Company expects Osheen to be another growth driver in the future.

To strategically strengthen our portfolio in providing complete crop solutions in key crops, two more products were launched during the year under review; Fluton, a broad spectrum novel insecticide, and Cuprina, a popular fungicide for which your Company has exclusive marketing rights for the improved WDG formulation.

To build its pipeline for the introduction in the Indian market, your Company signed four new agreements with patent holders in the insecticide / herbicide / fungicide segments. These products, once finalised for marketing in India, would strengthen your Company's existing pipeline of eight to nine such products at different stages of development and registration.

During the year, your Company also reached an advanced stage in obtaining the registration approval for two new products, which are expected to be launched in the domestic market in 2013-14. In addition to this, several label expansion applications for existing products were made to the registration authority, which, once approved, will pave the way for newer business opportunities for our products across additional crop/ pest segments.

During the year, your Company also successfully scaled up four new products from the R&D to commercial manufacturing stage and started exporting bulk quantities of these products to overseas customers. During the year, your Company also received several new enquiries regarding its custom synthesis projects. These are currently being evaluated at different R&D stages as part of an active R&D product pipeline, which acts as the feed tank for commercial scale manufacturing and sustained growth



Multi-product plant in Jambusar

Research and development

The Company invested in a full-fledged research and development laboratory and ~110- member team supported by a kilo lab, pilot plant and commercialisation infrastructure. The R&D team obtained GLP certification and also on OECD principles by the National GLP Monitoring Authority (Government of India) in the physical-chemical testing field. This certification will make it possible for the physical/chemical data generated in the Company's lab to be accepted by registration authorities in all OECD countries. The certification also enables the Company to provide comprehensive solutions under one roof, broadening its portfolio of custom synthesis and manufacturing solutions to cover chemical process research, molecule development, analytical method development, synthesis of high purity / impurities of chemical entities for analytical reference standards, 5-batch analysis under GLP conditions, scale up studies, process / plant engineering and commercial scale production.

of custom synthesis exports of your Company.

Commissioning of new manufacturing site

Starting from January 2013, your Company has successfully commissioned a new manufacturing site in Jambusar, Gujarat, for agrochemicals, fine chemicals, pharma intermediates and other specialty chemicals. The commissioning of the new site will help maintain the momentum of your custom synthesis business.

Marketing and Business Development

During the year under review, your Company extensively engaged with the agricultural departments of the State Governments and the State Agricultural Universities with a view to prepare and develop the market for its novel molecules. During the year, your Company entered into MoUs with the University of Agricultural Sciences (Raichur, Karnataka) for the feasibility and promotion of growing direct seeded rice (DSR) in the Tungabhadra Project Area as well as active insect, pest and disease management in direct seeded rice (DSR) over transplanted rice.

These projects will help the Company design, promote and adopt the best

practices for the successful production of rice with a minimal dependence on irrigation water. The Company takes a similar market development approach while launching in-licensed products.

Your Company also exhibited and participated in the global chemical events e.g. CPhI and Chemspec, to enhance global visibility regarding its custom synthesis prowess.

Research and development

During the year under review, the research and development team successfully carried out synthesis of several new molecules. Out of these, nine molecules were scaled up successfully with comparable yield and quality, while four molecules were successfully transferred to the commercial scale.

Apart from the synthesis and the scale-

up of new products, the R&D team undertook procedural improvement projects for identifying product cost improvement opportunities and implementing such improvement opportunities at the plant scale. Environment, Health and Safety (EHS) considerations were given the usual special emphasis in process development.

Your Company's research collaboration continues to perform credibly and supports the development of commercial processes in the area of electronic chemicals.

Operations and sustainability

During the year under review, the operations team of your Company worked hard to significantly enhance plant output, which was very crucial to achieve ~58% growth in custom synthesis exports.

Biovita -- a unique product offering

"When added to the soil Biovita replenishes its micro-nutrient content. The visible improvement that the farmer gets to see is nothing short of dramatic. It has been found that sustained usage of Biovita results in marked enhancement in the quality and quantum of the harvest. PI is attuned to introducing such innovative products that produce a measurable difference for the farmer while clearly distinguishing the molecule itself from those of the competitors."



R&D facility in Udaipur

The operations team also worked in tandem with the business development team to ensure timely supplies of products and with the R&D team successfully implemented identified process / cost reduction opportunities at the plant scale to realise benefits.

During the year under review, PI was awarded the Green Manufacturing Excellence Award in the 'Aspirants' category by Frost & Sullivan for embracing sustainability initiatives and reducing environmental impact through its 'green' manufacturing initiatives.

Outlook and opportunities

The domestic agri-input business is on track to grow faster than the average industry growth rate due to a robust pipeline of products at different stages of development and registration. It is also poised to witness an increase in margins owing to a growing proportion of in-licensed products. The outlook for the ensuing year will be guided by:

- Pace of new product introduction; during FY 2013-14, your Company is expecting to introduce two to three new products. All these products will

have their distinctive features and advantages in the respective target segments.

- Besides, products launched during the past two to three years are slated to deliver a marked improvement in performance as their adoption and usage increase.

- Forecast of 'normal' rainfall via the south west monsoons will push timely and increased sowings and enhanced demand offtake.

The custom synthesis exports would continue to be a major driver for your Company due to:

- Robust volume growth in existing molecules as they gain an increasing market share
- Continuing relationships with innovators resulting in a robust pipeline of new products
- Two to three new molecules set to be commercialised during FY 2013-14, which will enhance capacity utilisation at existing operations

Strategically aligning resources at the new Jambusar SEZ will be the next big growth driver. Plans are afoot

to add more capacities in Jambusar and commercialise more products to leverage the sites. Utilisation levels at the existing operations meanwhile continue to stay at high levels as existing molecules gain traction due to increasing market share. The Company possesses a robust pipeline of new products; a few of those will get commercialised every year.

Human resource management

The Company invested in a strong workforce and working environment to report sustainable growth, reflected in the continuous improvement in operating processes and new product introduction.

The Company believes in a performance-driven culture and a merit-linked remunerative environment. The Company acknowledges the contribution of the top performers, preparing them for higher roles and responsibilities and creating a virtuous cycle leading to employee retention.

The Company organised training programmes based on emerging requirements, covering technical,

The PI anthem

PI has created its own anthem which focuses on praise and devotion. The members of PI family across various locations co-created this anthem by capturing their values and spirits as a team. The anthem truly represents PI's values, goals and vision. The anthem will play an important role in the future for the Company. It represents the Company's operative philosophy of 'inspired by science'.

Revenue per person over the years

(In ₹ Lacs)

2008-09	2009-10	2010-11	2011-12	2012-13
56.1	61.4	77.6	87.1	102.7



Kick-off of PI-sponsored Skill Development Programme

behavioural, customer orientation, safety, code of ethics, product training and other needs.

The Company provided career-growth through lateral movement, job rotation, role enlargement and providing global opportunities, among others. Various 'Employee Engagement' and 'Learning and Development' initiatives were conducted during the year under review.

The Company continued to recruit skilled scientific, technical and managerial personnel. It recruited graduates and postgraduates from leading engineering, agriculture and business schools (IIM, XLRI, IIT, and ISB, among others). A structured development programme, aligned to business needs, was instituted to groom these hires into leaders.

Industrial relations were harmonious during the year under review.

As on 31 March 2013, the employee strength at PI was 1,401.

Information technology

Your Company has all along been a pioneer in using IT measures for its operations and for its reporting needs. Focus on the IT function in 2012-13 was on a further IT-enablement of business processes to help the

business become sustainable and competitive. The key focus areas included the implementation of SAP upgrade to EHP 6. Additionally, other state-of-the-art systems such as migration of email system to robust cloud-based MS Exchange, Document Management System (Documentum) for managing the production-related documents and speeding approval processes and compliance monitoring solutions were deployed across the enterprise. Green IT initiatives, such as widespread video conferencing and insta-voice conferencing OCS (Office Communication System) facilities, were utilised to reduce our carbon footprint and the need to travel. The Centralised ERP solutions and integrated WAN at the Company's new plant in Jambusar,

Gujarat was further developed.

Your Company is expanding the use of information through analytics. E-commerce initiatives with our distributors and dealers continued to see greater use. The Company strengthened the use of IT in manufacturing, supply chain, quality and work force management by upgrading the Company's key technology platforms to newer versions.

Corporate Social Responsibility

Being a responsible corporate citizen, the Company embarked upon various social initiatives through the creation of the PI Foundation. During the year under review, the Company undertook the following initiatives:

PI skill development programme in the chemical sector

PI signed a MOU with Centre for Entrepreneurship Development (CED), Government of Gujarat for 'Skill Generation in Chemical Sector in Bharuch District' on September 20th, 2012 during the CII Vibrant Gujarat Summit 2012 – 'Industry Responsive Skill Convention' held in Ahmedabad. The MOU was signed by Mr. Mayank Singhal, Managing Director & CEO of the Company.



Mr. Mayank Singhal during Skill Convention Event at Mahatma Gandhi Mandir, Gandhinagar



Technical support to farmers

The Company selected the Dharmsinh Desai University (DDU) as its partner institute for setting up a Skill Development Centre (SDC) and signed a MoU in January 2013. PI is sponsoring a 'Skill Development Programme' in the chemical sector in association with The DDU Anchor Institute-Chemicals & Petrochemicals, Nadiad, promoted by the Industries Commissionerate, Government of Gujarat.

The objective of the programme is to help science graduates (B.Sc.) from economically weaker sections to undergo a specially designed vocational training course on chemical engineering concepts, industrial safety and environmental sustainable practices, combining classroom study with practical industrial experience. The aim is to enhance the employability of budding science graduates from the economically weaker background. The programme will focus on building technical and soft skills of the candidates that would accelerate their professional career. The programme includes food and hostel accommodation.

■ **Accreditation:** Accredited certified programme of 1) The Anchor Institute-Chemicals & Petrochemicals Sector, DDU, Nadiad 2) Industries

Commissionerate, Government of Gujarat and 3) PI Industries Ltd.

■ **Course curriculum:** 90-days course curriculum of 540 hours; with classroom training, hands-on training in DDU lab and industry visits.

■ **Employment:** Apart from sponsoring the programme, PI will also provide employment opportunities to students who complete the 90-day training and also clear the post-training selection process at the Company.

PI's drive towards food security

PI has more than 50 years of close association with millions of Indian farmers. At PI, we believe that our quality products and services have helped millions of farmers save their crops and earn higher incomes, enhancing the food security of the country.

PI is closely working with farmers through its dedicated team of more than 1,200 extension workers across the country. These trained workers are seen as 'Plant Doctors' providing complete farm solutions to farmers instead of just promoting PI's products. These village level extension workers work at the field and conduct result-and-method demonstrations, host, farmer group meetings and establish individual

contacts on the basis of new products and technologies.

As a part of its Corporate Social Responsibility (CSR) programme, PI has been actively working towards responsible caring for the environment and society by promoting safe and judicious use of pesticides. PI has undertaken a nationwide training programme for farmers and various other stakeholders on the subject matter. Thousands of safety kits are distributed free to farmers and farm labourers every year.

PI aims to provide scientific crop solution to the farming community at every stage. PI feels that "every farmer in India should get such a specialised farm extension service and the PI CSR team is gearing towards fulfilling it".

PI – CII Dungarpur Initiative

PI has adopted Dungarpur, a tribal district in Rajasthan, to develop the tribal community. Under the agriculture extension programme of CII, Dungarpur PI focuses on capacity building for increasing crop production and providing support in seed production technology (covering wheat, barley and grams). PI is motivating farmers to adopt improved technological measures through weather insurance support.



School kit and notebook distribution

With the support of the Rajasthan State Seed Corporation (RSSC), PI arranged the distribution of wheat and gram seed half their prices to farmers for seed production at their farm. Under the self-seed production programme, farmers were trained in seed production technology, with a special focus on nutrient management for quality seed production, by 45 training camps under the banner of PI Industries.

PI - NEFORD initiative

NEFORD (Nand Educational Foundation for Rural Development), registered under Indian Societies Act, 1860, is a not-for-profit organisation committed to transform the life quality for the rural poor and under privileged in the eastern part of Uttar Pradesh. Under the NEFORD Agriculture Development Programme, PI is working with the organisation for the dissemination of appropriate rice cultivation technologies. PI is imparting free-of-cost training to the extension workers of the NEFORD, supporting farmer's fairs and helping grow direct seeded rice more profitably.

Internal control system and risk management

Internal control system

The Company has created internal control systems which are commensurate with the size, scale and complexity of its operations. All the business operations run on the SAP system. The Audit Committee, Executive Directors and Head of Assurance function act as a governing body to monitor the effectiveness of the internal controls framework. There is a regular internal audit process carried out by M/s Protiviti. It independently assesses internal controls in various areas of the Company's functions and provides suggestions for improvement. The

Audit Committee, on a quarterly basis, reviews the adequacy and effectiveness of the internal controls in the various areas and support functions and advises the Board on the need for taking the appropriate action.

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

Risk management

Given the highly volatile and challenging business environment, risk management remains a key priority for the Company.

Risk is everywhere. Success in business often comes down to recognising and managing possible risks associated with potential opportunities and returns.

Risk management is a set of procedures that minimises risks and costs for businesses. The management identifies the key risks associated with the business and frames strategies, policies and norms for reporting them. After careful revision of the various risks, it takes those initiatives which balance the

risks and the returns. The management ensures that the mitigation initiatives trickle down to every level in the organisation.

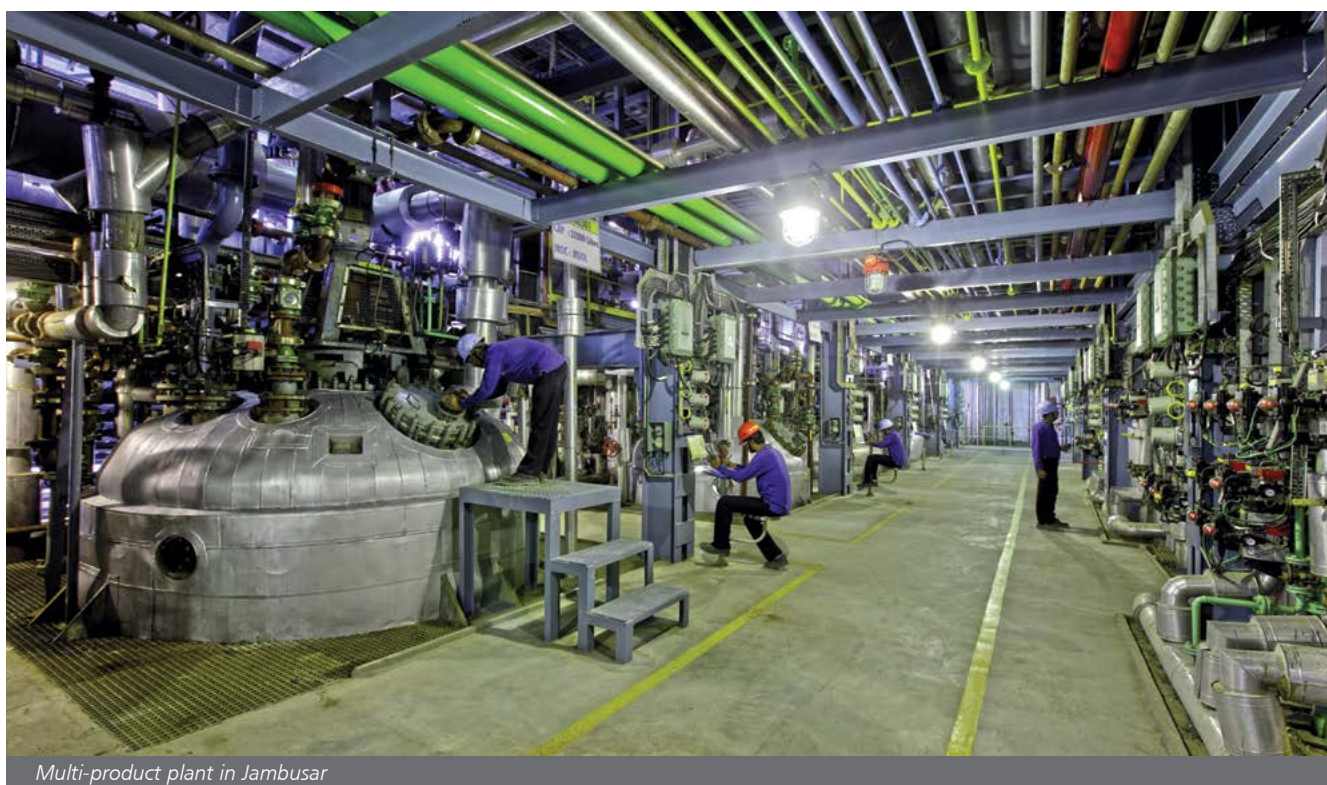
The business dynamics in terms of global operations, continuous enhancement in product pipeline, capacities and technologies coupled with a highly volatile economic, political and policy environment, present additional risks.

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

The Company runs all business processes on SAP system. This helps in ensuring internal control over various functions and locations. The processes are regularly reviewed and updated in order to mitigate risks, and improve efficiencies. The Company identifies and evaluates multiple risk factors and makes appropriate mitigation plans associated with the same in detail. Some of the key risks for the business are set out below:



R&D library in Udaipur



Multi-product plant in Jambusar

Unfavourable climatic conditions:

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

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

Input availability and price volatility:

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

Wherever feasible, the Company enters into long-term contracts with volume

commitments and a control over end product prices, which are linked to key input material prices so as to mitigate risks.

Foreign currency and interest rate exposures:

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

To mitigate foreign currency-related risks, the Company has adopted a policy, which aligns it with external environment and business exigencies. A quarterly update on foreign exchange

exposures and outstanding forward contracts is in place, regularly reviewed by the Company's Board for appropriate guidance and action.

Acquire and retain talent:

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

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

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

Protecting intellectual property rights:

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

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

Environment, health and safety risks:

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

to proactively adopt and implement manufacturing processes to increase adherence to environmental quality standards and enhance industrial safety levels, and accreditations under ISO 14001, ISO 18001 and ISO 17025 and these support the Company's efforts.

Third party liability risks:

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

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

Income concentration risk:

Dependence on a particular product will impact revenues on account on a slowdown in the demand for that particular product.

In order to de-risk the business, the Company is continuously seeking to diversify its product portfolio. The aim of this is to create multiple revenue streams for balanced growth.

Geographical concentration risk:

Concentrated revenues from select

geographies could impact prospects following a slowdown in those geographies.

The Company is constantly pursuing business opportunities in geographies beyond current custom synthesis customer regions. In the domestic market, the Company's pan-India presence helps reduce dependence on a particular region or state.

Cautionary statement

Statements in the Directors' Report and the Management Discussion and Analysis describing the Company's objectives, expectations or forecasts may be forward-looking within the meaning of applicable securities laws and regulations.

Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices of finished goods, input availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.



R&D facility in Udaipur

EVENTS

Frost and Sullivan Green Manufacturing Excellence Award

“Sustainability for Business Perpetuity”!
With this in mind, Frost & Sullivan launched the 'Green Manufacturing Excellence Awards' in 2009. The objective of this award platform is to propagate the concept of sustainable development and assist companies in adopting these concepts through assessments, feedback, benchmarking

and sharing of best practices. The annual cycle ends with recognizing companies, who have been the front runners in the sustainable development journey on a national platform.

Based on the assessments, three categories of awards are given, The Green Leaders, The Green Challengers and The Green Aspirants. PI was awarded a Certificate of merit in the Green Aspirants Category.



PI Industries unites with CII at Agro-Tech 2012

The need for rapid developments and technological innovations not just on the field, but also in the prevailing Agri-infrastructure inspired PI Industries to participate in Agro-Tech 2012. Being the Gold Sponsor of the event, PI Industries had a valuable role in the seminar. The CMD, Mr. Salil Singhal inaugurated the event. Mr. R.D. Kapoor, the Agri-Head of PI Industries expressed his views and PI's ambitions as an agro-chemical company in the seminar. Confederation of Indian Industry (CII) organized the 10th Agro-Tech Expo, the country's premier Agri business event for technology display, awareness creation and Agri commerce. This mega event at Chandigarh, from 1 - 4 December 2012, with its new shows and features, offered brilliant business opportunities as well as practical learning experience to the people of the industry.



Annual Meet 2013

Momentum – Me X Velocity - Yes this was the theme for PI Industries' Annual Meet - 2013 . After Quantum Leap and Xxcellerate it was time now to maintain this Momentum. Outperforming teams were felicitated with Rewards and Recognition for their extraordinary performance during the year. The end of celebration was the start of a new beginning, a fresh mindset and an even higher momentum for the future.



PI Founder's Day - 2013

Like every year, the founder's day was celebrated with lot of enthusiasm and fun. At Udaipur, the program started off with welcome speech by the CMD, Mr. Salil Singhal and paying humble respects to our founder Late

Mr.P.P.Singhal by the employees. Employees were entertained with cultural activities, songs and dances. Quiz competition and Magic show were also held for children. Children got opportunity to exhibit and showcase their talents through their individual performances. Employees were awarded

long service awards on completion of 15, 20 years with the organization with memento and certificates. The evening enthralled everyone with the famous play 'Kuchbhi ho saktahai' by eminent Bollywood actor Anupam Kher based on his autobiography



CORPORATE INFORMATION

Board of Directors

Executive

Mr. Salil Singhal (Chairman & Managing Director)

Mr. Mayank Singhal (Managing Director & CEO)

Mr. Rajnish Sarna (Whole-time Director)

Non-Executive

Mr. P.N. Shah (Director)

Mr. Raj Kaul (Director)

Mr. Narayan K. Seshadri (Director)

Mr. Bimal Kishore Raizada (Director)

Mr. Pravin K. Laheri (Director)

Mrs. Ramni Nirula (Director)

Mr. Anurag Surana (Director)

Dr. Venkatrao S. Sohoni (Additional Director)

Registered Office

Udaisagar Road,
Udaipur - 313 001,
Rajasthan, India

Corporate Office

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

Research & Manufacturing Facilities

Udaisagar Road,
Udaipur - 313001,
Rajasthan;

Plot No.237, GIDC,
Panoli – 394 116,
Gujarat

Plot No. SPM28, Sterling SEZ, Village Sarod,
Jambusar – 392 180,
Gujarat

Lane-IV, Bari Brahmana,
Jammu – 181 133,
Jammu & Kashmir

Company Secretary

Mr. Naresh Kapoor

Auditors

S.S. Kothari Mehta & Co., New Delhi

Cost Auditors

K.G. Goyal & Co., Jaipur

Internal Auditors

Protiviti Consulting Pvt. Ltd., Gurgaon

Bankers

State Bank of Bikaner & Jaipur

State Bank of India

Axis Bank Ltd.

Standard Chartered Bank

Registrar & Transfer Agent

Karvy Computershare Private Limited

Unit: PI Industries Ltd.

17 to 24, Vithalrao Nagar,

Madhapur, Hyderabad - 500 081.

Share Department

5th Floor, Vipul Square, B-Block,

Sushant Lok Phase - I, Gurgaon - 122 009

NOTICE

Notice is hereby given that the Annual General Meeting of PI Industries Limited will be held on Thursday, August 29, 2013 at 11:30 A.M. at Udaisagar Road, Udaipur - 313 001, Rajasthan to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Statement of Profit and Loss Account for the year ended March 31, 2013 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 Equity Shares for the year ended March 31, 2013.
3. To appoint a Director in place of Mr. Bimal Kishore Raizada, who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Pravin K. Laheri, who retires by rotation, and being eligible offers himself for re-appointment.
5. To appoint M/s S.S. Kothari Mehta & Co, Chartered Accountants as Statutory Auditors to hold office till the conclusion of next Annual General Meeting and to authorise Board of Directors to fix their remuneration.

SPECIAL BUSINESSES

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Dr. Venkatrao S. Sohoni, be and is hereby appointed as a Director of the Company, whose term of office shall be liable to retirement by rotation".
7. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution
"RESOLVED THAT in supersession of the earlier resolution passed by the shareholders of the Company at the Annual General Meeting held on July 19, 2010, 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 any other approval, sanction or permission(s), as may be required under any other enactment or law for the time being in force, the Company hereby accords its approval for the re-appointment and remuneration payable to Mr. Salil Singhal as Chairman & Managing Director of the Company for a period commencing from July 1, 2013 till September

30, 2016, upon the terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting, 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 in his capacity as Chairman & Managing Director.

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profit, the salary and perquisites payable to Mr. Salil Singhal in the capacity of Chairman & Managing Director shall not exceed such sums as may be allowed under Schedule XIII of Companies Act, 1956 read with relevant provisions of the Companies Act, 1956 as modified from time to time in any financial year."

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

"RESOLVED THAT in supersession of the resolution passed at the Extra-Ordinary General Meeting held on November 30, 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 such approval, sanction or permission, as may be required under any other enactment or law for the time being in force, the Company hereby accords its approval for the re-appointment and remuneration payable to Mr. Mayank Singhal as Managing Director & CEO of the Company for a period commencing from April 01, 2013 till September 30, 2017, upon such terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting 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. Mayank Singhal in his capacity as Managing Director & CEO.

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profit, the salary and perquisites payable to Mr. Mayank Singhal in the capacity of Managing Director & CEO shall not exceed such sums as may be allowed under Schedule XIII of Companies Act, 1956 read with relevant provisions

of the Companies Act, 1956 as modified from time to time in any financial year.”

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

“RESOLVED THAT in partial modification of the resolution passed by the shareholders by way of postal ballot, results of which were declared on January 18, 2013, pursuant to the provisions of Sections 198, 309, 310, 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 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 accords its approval to the revision in the remuneration payable to Mr. Rajnish Sarna, as Whole-time Director of the Company, with effect from April 01, 2013 upon such terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting 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. Rajnish Sarna.

RESOLVED FURTHER THAT the performance bonus for the financial year ending March 31, 2013 amounting to ₹ 40,00,000 paid to Mr. Rajnish Sarna in the capacity of Whole-time Director as approved by the Board on the recommendation of the Remuneration Committee be and is hereby approved, ratified and confirmed”.

“RESOLVED FURTHER THAT in the event of loss or inadequacy of profit, the salary and perquisites payable to Mr. Rajnish Sarna in the capacity of Whole-time Director shall not exceed such sums as may be allowed under Schedule XIII of Companies Act, 1956 read with relevant provisions of the Companies Act, 1956 as modified from time to time in any financial year.”

“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”.

10. To consider and, if thought fit, to pass with or without

modifications, the following resolution as a Special Resolution:

INCREASE IN THE INVESTMENT LIMIT OF REGISTERED FINANCIAL INSTITUTIONAL INVESTORS UP TO 40%

“RESOLVED THAT pursuant to the applicable provisions of Foreign Exchange Management Act, 1999, the Foreign Exchange Management Act, 1999, the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and all other applicable rules, regulations, guidelines and laws (Including any statutory modifications or re-enactment thereof, from time to time) and subject to all applicable approvals, permission's and sanctions and subject to such conditions as may be prescribed by any of the concerned authorities while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (the “Board”, which term shall be deemed to include any Committee which the Board may have constituted), consent of the Company be and is hereby accorded to the Board to permit Foreign Institutional Investors (FII's) registered with the Securities and Exchange Board of India (SEBI) to acquire and hold on their own account and on behalf of each of their SEBI approved sub-accounts, equity shares of the Company up to an aggregate limit of 40% (Forty percent) of the paid up equity share capital for the time being, provided, however, that the equity shareholding of each FII on his own account and on behalf of each of SEBI approved sub-account in the Company shall not exceed 10% (Ten percent) of the total paid up equity share capital or such limits as are or may be prescribed, from time to time, under applicable laws, rules and regulations.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this Resolution and for matters connected therewith or incidental thereto including intimating the concerned authorities or other regulatory bodies and delegating all or any of the power conferred herein to any Committee or Directors or Officers of the Company”.

By Order of the Board of Directors
For PI INDUSTRIES LIMITED

Sd/-

Naresh Kapoor

Company Secretary

Place: Gurgaon

Date: May 18, 2013

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 AT THE REGISTERED OFFICE OF THE COMPANY AT UDAISAGAR ROAD, UDAIPUR – 313 001, RAJASTHAN, NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 is given below and forms part of the Notice.
3. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
4. The register of members and the share transfer books shall remain closed from August 21, 2013 to August 29, 2013 (both days inclusive).
5. 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.
6. Dividend on equity shares, as recommended by the Board of Directors, if declared at the Annual General Meeting will be paid on or before September 28, 2013 to the Members whose names appear on the Company's Register of Members on August 29, 2013. As regards shares held in electronic form, the dividend will be payable to the 'beneficial owners' of the shares whose names appear in the Statement of Beneficial Ownership furnished by the National Securities Depository Limited and the Central Depository Services (India) Ltd as at the close of the business hours as on August 21, 2013.
7. Members holding shares in physical form are requested to advise any change of address immediately to the Company's Registrars and Transfer Agent, M/s Karvy Computershare Private Limited (Unit: PI Industries Ltd.) at 17 to 24, Vithalrao Nagar, Madhapur, Hyderabad - 500 081. Members holding shares in electronic form must send the advice about change in address to their respective Depository Participant only and not to the Company or the Company's Registrar and Share Transfer Agent.
8. 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 en-cashed the dividend warrants for the year 2005-06 onwards are requested to contact the Registrars and Transfer Agent or Registered Office of the Company at the earliest.
9. Members can avail the facility of nomination in respect of shares held by them by sending their nomination in the prescribed Form No.2B duly filled in to the Company's Registrars and Transfer Agent at the address as stated in Note No.7 above.
10. Members having the physical share certificates are advised to consider opening of a Demat Account with an authorized Depository Participant and arrange for dematerializing their Shareholdings in the Company.
11. Members are requested to bring their copy of Annual Report to the Meeting. In case the members have any queries related to accounts, same may be forwarded to the Company so as to reach atleast 10 days before the Annual General Meeting.
12. The relevant details as required by Clause 49 of the Listing Agreements entered with the Stock Exchange, of persons seeking appointment/reappointment as Directors under Item Nos.3, 4, 6, 7 & 8 of the Notice are also annexed.
13. The Certificate from the Auditors of the Company certifying that the Employees Stock Option scheme of the Company is being implemented in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and in accordance with the resolutions of the general body will be placed at the Annual General Meeting.
14. The Ministry of Company Affairs (MCA) has undertaken a 'Green Initiative in Corporate Governance' by allowing paperless compliances by companies through electronic mode, vide its Circular No. 17/2011 & 18/2011 dated April 21, 2011 and April 29, 2011, respectively. Listing Agreement executed with the Stock Exchanges also permits Companies to send soft copies of the Annual Report to all those shareholders who have registered their email address with the Company. Members are requested to support this

Green Initiative by registering/updating their e-mail address for receiving electronic communications.

15. In terms of SEBI circular no CIR/MRD/DP/10/2013 dated March 21, 2013, the companies have been mandatorily asked to adopt the usage of electronic payment modes for making cash payments to Investors like Dividend etc. Accordingly, you are requested to kindly update the Bank details including the MICR no, IFSC Code etc. that are

required for making electronic payment. It may further be noted that physical payment instruments for cash payments shall only be made in case the electronic payment instructions have failed or have been rejected by the Bank. Hence, we request you to kindly update your bank details immediately in order to update your records in our database in order to enable the Company to pay dividend through electronic payment modes as per mandate of SEBI.

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 Items Nos. 6, 7, 8 9 & 10 of the accompanying Notice dated May 18, 2013:

Item No.6

Dr. Venkatrao S. Sohoni was appointed as an Additional Director of the Company with effect from November 7, 2012 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 Dr. Venkatrao S. Sohoni as a candidate for the office of Director liable to retire by rotation.

A brief profile of Dr. Venkatrao S. Sohoni 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.6 of the Notice to the members for approval of Dr. Venkatrao S. Sohoni's appointment as a Director liable to retire by rotation.

Except Dr. Venkatrao S. Sohoni, none of the Directors are concerned or interested in the passing of this resolution.

Item No.7

Mr. Salil Singhal was appointed as Chairman and Managing Director of the Company by the Shareholders in their meeting held on July 19, 2010 for a period of three years w.e.f. July 1, 2010. Accordingly, the tenure of Mr. Salil Singhal, as Chairman and Managing Director will expire on June 30, 2013. During his tenure as Chairman & Managing Director of the Company, he has provided strategic direction for sustainable growth of the Company and guided executive team in significant and complex business issues. Under his leadership, the Company has achieved new heights in terms of turnover, profitability etc.

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 18, 2013, has approved the re-appointment of Mr. Salil Singhal as Chairman & Managing Director of the Company for a period commencing from July 01, 2013 till September 30, 2016 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 01, 2013:

1. **Period:** July 01, 2013 to September 30, 2016
2. **Remuneration:**
 - A. **Salary:** ₹12,00,000 per month in the range of ₹12,00,000 to ₹24,00,000 per month with such increment(s) from time to time as the Board / Remuneration 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 100% of the salary inclusive but not limited to following perquisites:
 - i. **Housing:** The Company to provide rent-free residential accommodation (furnished or otherwise) or house rent and house maintenance allowance in lieu thereof. The reimbursement of expenses for utilities such as gas, electricity, water, furniture/furnishings, repairs, servant's salaries and services of sweepers, watchman, gardener.

- ii. **Medical:** Expenses incurred for him and his family shall be reimbursed in accordance with the applicable rules of the Company.
- iii. **Leave Travel:** Expenses towards leave travel shall be reimbursed for him and his family (including dependents) in accordance with the applicable rules of the Company.
- iv. **Club fees:** Fees of clubs subject to a maximum of two clubs.
- v. **Personal Accident Insurance:** The Company to pay the premium for the personal accident insurance policy taken for self.
- vi. **Car and Telephone:** The provision of car for use for Company's business and telephone at the residence for Company business will not be considered as perquisites.
- vii. **Provident Fund, Superannuation Fund, Gratuity and Leave Encashment:** Company's contribution to Provident Fund and Superannuation Fund and payment of Gratuity and Encashment of Leave would be as per the rules of the Company. However, Company's contribution to Provident Fund and Superannuation Fund to the extent these (either singly or together) are not taxable under the Income Tax Act, Gratuity payable as per the rules of the Company and Encashment of Leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

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 salary and perquisites payable to him shall not exceed the limits as laid down in Schedule XIII to the Act read with relevant provisions of the Companies Act, 1956 as modified from time to time.

Other terms and conditions:

- a. Annual increment shall fall due on 1st April each year during the continuation of tenure as Chairman & Managing Director.
- b. The terms and conditions of appointment may be altered and varied by the Remuneration Committee and the Board of Directors as they may deem fit at their discretion, 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.

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 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. Mayank Singhal was appointed as Managing Director & CEO of the Company by the Shareholders of the Company in their meeting held on November 30, 2009 for a period of five years w.e.f. December 1, 2009. In view of his significant contribution in the excellent performance of Company during last 5 financial years and his important role in providing strategic direction for sustainable growth of the Company in coming years, the Board of Directors at its meeting held on May 18, 2013, has approved the re-appointment of Mr. Mayank Singhal as Managing Director & CEO of the Company for a period commencing from April 01, 2013 till September 30, 2017 on the following terms and conditions as recommended by the Remuneration Committee of Directors.

Terms of appointment and remuneration payable to Mr. Mayank Singhal, Managing Director & CEO with effect from April 1, 2013:

1. **Period:** April 01, 2013 to September 30, 2017
2. **Remuneration:**
 - A. **Salary:** ₹10,00,000 per month in the range of ₹10,00,000 to ₹ 20,00,000 per month with such increment(s) from time to time as the Board / Remuneration 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. Mayank Singhal, Managing Director & CEO would be, subject to overall ceiling of 100% of the salary inclusive but not limited to following perquisites:

i. **Housing:** The Company to provide rent-free residential accommodation (furnished or otherwise) or house rent and house maintenance allowance in lieu thereof. The reimbursement of expenses for utilities such as gas, electricity, water, furniture/furnishings, repairs, servant's salaries and services of sweepers, watchman, gardener.

ii. **Medical:** Expenses incurred for him and his family shall be reimbursed in accordance with the applicable rules of the Company

iii. **Leave Travel:** Expenses towards leave travel shall be reimbursed for him and his family (including dependents) in accordance with the applicable rules of the Company.

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

v. **Personal Accident Insurance:** The Company to pay the premium for the personal accident insurance policy taken for self.

vi. **Car and Telephone:** The provision of car for use for Company's business and telephone at the residence for Company's business will not be considered as perquisites.

vii. **Provident Fund, 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. Mayank Singhal, as Managing

Director & CEO, the Company has no profits or its profits are inadequate, the salary and perquisites payable to him shall not exceed the limits as laid down in Schedule XIII to the Act read with relevant provisions of the Companies Act, 1956 as modified from time to time.

Other terms and conditions:

a. Annual increment shall fall due on 1st April each year during his tenure as Managing Director & CEO.

b. The terms and conditions of appointment may be altered and varied by the Remuneration Committee and the Board of Directors as they may deem fit at their discretion, 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 as set out at Item No.8 of the Notice for members' approval.

Memorandum of Interest of Directors

Mr. Mayank Singhal 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. Except Mr. Salil Singhal who is related to Mr. Mayank Singhal, none of the other Directors is interested in the resolution.

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

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

Item No.9

Mr. Rajnish Sarna was appointed as Whole-time Director of the Company w.e.f. 7th November, 2012 and Shareholders vide their resolution passed through postal ballot, results of which were declared on 18th January, 2013 accorded their approval for the same. Under the leadership of Mr. Sarna, your Company has successfully completed its first maiden QIP issue, registered excellent growth in its Custom Synthesis Exports and has concluded several new business deals. Keeping in view additional responsibilities cast on him, his contribution in the excellent performance of Company and also his important role in the future direction and growth of the Company, the Board of Directors at its meeting held on May 18, 2013, have revised the remuneration payable to Mr. Rajnish Sarna as Whole-time Director of the Company w.e.f. April 01, 2013 on the following

terms and conditions as recommended by the Remuneration Committee of Directors.

Terms of Revision in remuneration payable to Mr. Rajnish Sarna as Whole-time Director w.e.f. April 01, 2013:

- A. Salary :** ₹6,00,000 per month in the range of ₹6,00,000 – ₹12,50,000 per month with such increment from time to time as the Board / Remuneration Committee of Directors may deem fit.
- B. Perquisites:** The perquisites and allowances payable to Mr. Rajnish Sarna, as Whole-time Director would be, subject to overall ceiling of 100% of the salary. The perquisites will exclude value of Stock Option benefits, if any, computed as per Income-tax Act/Rules, on which taxes shall be borne by him.
- C. Performance Bonus**
In addition to the above, he shall also be entitled to Performance Bonus as may be approved by the Remuneration Committee/ Board of Directors from time to time.
- D. Minimum remuneration**
Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Mr. Rajnish Sarna, as Whole-time Director, the Company has no profits or its profits are inadequate, the salary and perquisites payable to him shall not exceed the limits as laid down in Schedule XIII to the Act read with relevant provisions of the Companies Act, 1956 as modified from time to time.

All other terms and conditions relating to the appointment of Mr. Rajnish Sarna as already approved by the members of the Company will remain unchanged.

The Board commends the resolution as set out at Item No.9 of the Notice for members' approval.

Memorandum of Interest of Directors

Mr. Rajnish Sarna may be deemed to be interested in the passing of the resolution at item No.9, since it relates to his remuneration. None of the other Directors is interested in the resolution.

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

10. In terms of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, the Foreign Institutional Investors (FIIs)/ SEBI approved sub-account of FIIs can, in aggregate, hold up to 24% of the paid up equity capital. The said Regulations further provide that the limit of 24% may be increased up to sectoral cap/statutory ceiling, as applicable, by the Indian company concerned by passing a resolution by its Board of Directors followed by passing a special resolution to that effect by its shareholders.

The Present level of holding of FIIs in the equity capital of the Company is nearing the cap of 24%.

Keeping in view the interest of the FIIs in the shares of your Company and the inherent advantage thereof to the shareholders at large, the Board of Directors have, at their meeting held on May 18, 2013 decided to increase the limit of FII's holding from 24% to 40%, subject to the requisite approval of the shareholders. The proposed resolution shall enable the FII's to acquire shares of the Company through Stock Exchanges within the revised ceiling under the Portfolio Investment Scheme of the Reserve Bank of India.

None of the Directors of the Company are in any way concerned or interested in the Resolution.

Your Directors commend the resolution for your approval as Special Resolution.

**By Order of the Board of Directors
For PI INDUSTRIES LIMITED**

Sd/-

Naresh Kapoor
Company Secretary

Place: Gurgaon
Date: May 18, 2013

Details of Directors Seeking re-appointment at the Annual General Meeting

Name of Director	Mr. Bimal Kishore Raizada	Mr. Pravin K. Laheri (IAS Retd.)
Date of Birth	April 17, 1944	March 28, 1945
Date of Appointment	July 19, 2010	July 19, 2010
Expertise in specific functional area	Mr. Raizada was part of the core team at Ranbaxy which saw rapid growth of Ranbaxy having diverse businesses of drugs and pharmaceuticals, custom synthesis, diagnostics etc. He has worked in various positions at Ranbaxy and was subsequently appointed as a Director in charge of Ranbaxy's clinical reference laboratory – Specialty Ranbaxy.	He is a Retd. IAS officer who has served to five Chief Ministers of Gujarat during his tenure. He was also the Chairman & Managing Director of Sardar Sarovar Narmada Nigam from 2005-08 and has extensive experience of Public Administration, PSU, Joint Sector Companies, Private Companies spanning over 30 years.
Qualification	He is a fellow member of the Institute of Chartered Accountancy from England and Wales and also of the Institute of Chartered Accountants of India	BA (Hons), M.Sc (Eco.), LLB
No. of Equity Shares held in the Company	Nil	Nil
List of other companies in which directorships are held (excluding foreign companies & section 25 companies)	<ol style="list-style-type: none"> 1) Zenotech Laboratories Ltd. 2) InstaPower Ltd. 3) Pinewood Diagnostics Ltd., 4) New India BioPharma Pvt. Ltd. 5) Amira Nature Foods Ltd. 	<ol style="list-style-type: none"> 1) Gujarat Pipavav Port Ltd. 2) New Light Hotels & Resorts Pvt. Ltd. 3) Amap Management Consultancy Pvt. Ltd. 4) Narayani Hotels & Resorts Ltd. 5) RBG Minerals Industries Ltd. 6) DMCC Oil Terminals (Navlakhi) Ltd. 7) Pahal Financial Services Pvt. Ltd. 8) Gulmohar Greens Golf & Country Club Ltd.
List of all committees of board of Directors (across all companies) in which Chairmanship/membership is held (includes only Audit Committee and Shareholders'/ Investors Grievance Committee)	Member of the Audit Committee: <ol style="list-style-type: none"> 1) Amira Nature Foods Ltd. 2) Zenotech Laboratories Ltd. 3) PI Industries Ltd. 	Member of Audit Committee & Shareholders'/Investors' Grievance Committee: <ol style="list-style-type: none"> 1) Gujarat Pipavav Port Ltd.,

Details of Directors Seeking appointment/re-appointment at the Annual General Meeting

Name of Director	Dr. Venkatrao S. Sohoni	Mr. Salil Singhal
Date of Birth	May 28, 1942	August 21, 1946
Date of Appointment	November 7, 2012	March 10, 1976
Expertise in specific functional area	He has experience of more than 48 years with MNC's in India and USA and has spent over 30 years in senior positions. He has in past served as Managing Director of Rallis India Ltd. He holds the record for ensuring growth, both organic and through acquisitions and mergers, building successful teams, meeting established goals and increasing profits. He has identified and implemented innovative approaches for expansion of business and achieved success	He has experience of more than 45 years in the fields of chemicals, intermediate and agrochemical industries. He brings with him a strong marketing and business development focus to the business. He is well known personality in agrochemical business in India and has been on several committees of the Govt. of India on agriculture and pesticide related policies. He is currently the Chairman, CII National Council on Agriculture
Qualification	B.Tech. (Hons) Electronics Engg., IIT, Kharagpur. PhD (Information Systems for Banking), IIT, Mumbai	B.A (Hons.)
No of Equity Shares held in the Company	Nil	9,06,390 equity shares
List of other companies in which directorships are held (excluding foreign companies & section 25 companies)	1) Advinus Therapeutics Ltd. 2) Fulford India Ltd.	1) Secure Meters Ltd. 2) PILL Finance & Investments Ltd. 3) Wolkem India Ltd. 4) Usha Martin Ltd. 5) Somany Ceramics Ltd. 6) Lake Palace Hotels & Motels Pvt. Ltd. 7) Historic Resorts Hotels Pvt. Ltd.
List of all committees of board of Directors (across all companies) in which Chairmanship/membership is held (includes only Audit Committee and Shareholders'/ Investors Grievance Committee	Audit Committee Member 1) Advinus Therapeutics Ltd.	Audit Committee Member: 1) Usha Martin Ltd. 2) Somany Ceramics Ltd. Investors Grievance Committee 1) PI Industries Ltd.

Details of Directors Seeking appointment/re-appointment at the Annual General Meeting

Name of Director	Mr. Mayank Singhal
Date of Birth	April 03, 1973
Date of Appointment	September 28, 1998
Expertise in specific functional area	He has more than 15 years of experience in the field of agrochemical industry. He has been instrumental for rapid growth and broadening of the customer base of PI. He has also been responsible for bringing changes in policies, operations and systems thus providing synergy to various business activities of the Company.
Qualification	Engineering & Management Graduate from United Kingdom
No of equity shares held in the Company	220260 equity shares
List of other companies in which directorships are held (excluding foreign companies & section 25 companies)	1) PILL Finance & Investments Ltd. 2) PI Life Science Research Ltd. 3) TP Buildtech Private Ltd.
List of all committees of board of Directors (across all companies) in which Chairmanship/membership is held (includes only Audit Committee and Shareholders'/ Investors Grievance Committee)	Investors Grievance Committee 1) PI Industries Ltd.

DIRECTORS' REPORT



Your Directors are pleased to present the Annual Report of the Company together with the Audited Accounts for the year ended March 31, 2013:

1. FINANCIAL HIGHLIGHTS

(₹ in Crores)

Particulars	FY 2012-13	FY 2011-12
Gross Sales & Other Operating Income	1313.03	1000.84
Excise Duty	67.61	45.94
Discount	94.89	77.81
Net Sales	1150.53	877.09
Other Income	8.36	5.19
Profit before Interest, Depreciation, Tax & Exception items	187.70	146.26
Interest	22.15	20.11
Depreciation	21.81	17.11
Profit Before Tax & Exceptional items	143.74	109.04
Exceptional Items	-	30.34
Current Tax incl tax on capital gain & earlier years	32.02	38.70
Deferred Tax	15.38	0.14
Profit After Tax	96.34	100.54
Balance of profit B/F from PY	209.18	133.25
Appropriations		
Interim Dividend on Equity Shares	-	5.01
Income Tax on Interim Dividend	-	0.81
Transfer to general Reserve	9.63	10.05
Proposed Final Dividend on Equity Shares	13.55	7.51
Income Tax on Final Dividend proposed on Equity Shares	2.24	1.22
Balance Profit / (-) Loss carried forward	280.06	209.18

KEY HIGHLIGHTS:

The net sales for the year grew to ₹ 1150.53 Cr from ₹ 877.09 Cr last year i.e. a growth of 31% YoY

The operating profit for the year grew to ₹ 187.70 Cr. from ₹ 146.26 Cr. last year i.e., an increase 28% YoY.

The Net Profit for the year on stand-alone basis grew to ₹ 96.34 Cr. from ₹ 77.78 Cr. (excluding exceptional items) in the previous year i.e., an increase of 24% YoY.

The Company's net profit on a consolidated basis increased to ₹ 97.34 Cr. during the year as compared to ₹ 79.07 Cr. in the previous year (excluding exceptional items), a growth of 23% YoY.

The earnings per share (EPS) for the year stood at ₹ 7.57 per share an increase of 21% compared to ₹ 6.23 per share (excluding exceptional items) for the previous year.

2. OPERATIONS

FY 2012-13 was a tough year for Indian agriculture and agro chemical industry. Serious challenges were posed by the delayed and not-so-well distributed monsoon in the key agriculturally important geographies of the country. Till mid-July, out of 36 meteorological subdivisions, rainfall was excess/normal over 11, deficient in 22 and scanty in 3 sub-divisions. In area-wise distribution, only 24% area of the country received excess/normal rainfall and remaining 76% area received deficient/scanty rainfall. Acreages under key crops such as rice, wheat,

chillies, pulses and cotton were adversely impacted reducing the overall food grain production. Rabi season recoveries were not sufficient enough to cover the losses of kharif. Poor kharif season also caused rising market inventories finally resulting in the erosion of prices and margins of agro chemicals

However despite these challenges, your company could pose a reasonable growth of ~11% YoY through introduction of new products, increasing business from the core in-licensed products and increasing distribution base towards the underdeveloped markets.

Over the years, we have been able to build strong capabilities in process research, process engineering and large-scale manufacturing. These capabilities have helped us to develop a strong portfolio of products and the ability to offer increasing suite of services, which has led to a consistent growth in our Custom Synthesis exports with another year of healthy growth of ~58% YoY. Faster scale-up cycles of existing products, commercialization of 4 new products and enhanced operational productivity are some of the key factors, which contributed to this growth.

Introduction of New Products

During the year under review, your Company successfully launched OSHEEN, a broad spectrum Insecticide. The initial response from the farmers has been quite encouraging and your Company expects OSHEEN to be another key growth driver for your Company in future.

To strategically strengthen our portfolio for providing complete crop solutions in key crops, two more products were launched in the year under review; FLUTON, a broad spectrum novel insecticide and CUPRINA, a popular fungicide for which your company has exclusive marketing rights for its improved WDG formulation.

In order to further build up pipeline of products for introduction in Indian market, your Company signed 4 new agreements with their patent holders in insecticide / herbicide / fungicide segments to evaluate their potential in the domestic market. These products once finalized for marketing in India would further strengthen your Company's existing pipeline of 8-9 such products currently at different stages of development & registration.

During the year, your company also reached into advance stages of obtaining the registration approval for two new insecticides, which are expected to be launched in domestic market in the year 2013-14. In addition to this, several label expansion applications for existing products have been made to

the registration authority, which once approved, will pave way for business opportunities of your key products on additional crop / pest segments.

Commissioning of New Manufacturing Site

Starting from January 2013, your Company has successfully commissioned new manufacturing site in Jambusar, Gujarat for manufacturing of agrochemicals, fine chemicals, pharma intermediates and other specialty chemicals. Commissioning of the new site will help maintain growth momentum of your Custom Synthesis business.

Research & Development

During the year under review, the Research and Development team successfully carried out synthesis of several new molecules. Out of these, nine molecules were scaled up successfully with R&D comparable yield & quality and four molecules were successfully transferred to commercial scale.

Apart from synthesis and scale up of new products, the R&D team also took process improvement projects for identifying product cost improvement opportunities and then implementing such improvement at the plant scale. Environment, Health and Safety (EHS) considerations were given the usual special emphasis in the process development work.

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

3. DIVIDEND

The Directors are pleased to recommend a dividend of ₹ 1/- per share (100%) on the Equity share carrying face value of ₹ 1/- each.

Subject to the approval at the ensuing Annual General Meeting, the dividend will be paid to those shareholders whose names appear on the register of members of the Company as on August 29, 2013 and the total outflow towards dividend for the year would be ₹ 15.79 cr (including dividend tax) against previous year ₹ 14.59 cr.

4. QIP ISSUE

In accordance with the approval accorded by the members by way of postal ballot process, results of which were announced on 18th January, 2013, your Company has successfully raised funds to the tune of ₹ 117.32 Crores through allotment of 19,24,656 Equity Shares of ₹ 5/- each issued at a price of ₹ 609.60 per share (including premium of ₹ 604.60 per share) on Qualified Institutions Placement (QIP) basis. The floor price of ₹ 609.60 was arrived at a 5% discount to the average

price of the Equity Shares for the last two weeks at National Stock Exchange pursuant to the approval of the shareholders in accordance with the applicable Chapter VIII of SEBI (ICDR) Regulations, 2009 as amended from time to time. These shares have been listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

5. CHANGES IN SHARE CAPITAL

During the year under report, further shares were issued and allotted as per following details:

- 1,18,796	Equity Shares of ₹ 5 each to PII ESOP Trust as per PII ESOP Scheme - 2010.
- 19,24,656	Equity Shares of ₹ 5 each under Qualified Institutions Placement (QIP) issues.

Thus, the paid up equity share capital of your Company stood increased to ₹1,35,459,150/- divided into 27,091,830 Equity Shares of ₹ 5/- each as on 31st March, 2013 from ₹ 1,25,241,890/- divided into 25,048,378 Equity Shares of ₹ 5/- each as on 31st March, 2012.

6. STOCK SPLIT

In order to improve liquidity of Company's equity shares at the Stock Exchanges and to also make it more affordable to small shareholders, the Board of Directors in its meeting held on 12th February, 2013 decided to split the equity shares of the Company from ₹ 5/- each into 5 equity shares of Re. 1/- each. The proposal was approved by the members of the Company by resolution passed by them through postal ballot on 3rd April, 2013. The new share certificates were issued to the shareholders who were holding the equity shares in physical form and equity shares were directly credited to the beneficiary accounts of those members who were holding the shares in electronic form on April 15, 2013, i.e., date which was fixed as record date for aforesaid corporate action.

7. DEPOSITS

The Company has accepted deposits as per the Rules and none of the deposits which were due for payment remain unclaimed / unpaid to depositors on 31st March, 2013.

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

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

9. DIRECTORS

During the year, Dr Venkatrao S. Sohoni has been appointed as an Additional Director on the Board of the Company pursuant

to Section 260 of the Companies Act, 1956 and Articles of Association of the Company w.e.f. 7th November, 2012 and holds office up to the date of this Annual General Meeting. The Company has received a Notice along with requisite deposit of ₹ 500/- from a member under Section 257 of the Companies Act, 1956 proposing the candidature of Dr Venkatrao S. Sohoni as a Director of the Company.

Mr Rajnish Sarna was also inducted on the Board of the Company as an Additional Director pursuant to Section 260 of the Companies Act, 1956 and was appointed as Whole-time Director of the Company for a term of 5 years w.e.f. 7th November, 2012. The appointment of Mr Rajnish Sarna as Whole-time Director and remuneration payable to him has been approved by members of the company through Postal Ballot, results of which were declared on 18th January, 2013. The Board in its meeting held on May 18, 2013 on the basis of the recommendation received from Remuneration Committee has considered revision in remuneration payable to Mr Rajnish Sarna w.e.f April 01, 2013, the terms of which are contained in the notice of Annual General Meeting to be held on August 29, 2013. The Board recommends approval of the members for the same.

Further, Mr. Rahul Raisurana who was appointed as Investor Director of the Company on behalf of Standard Chartered entities who have invested funds in the company by way of private equity in October, 2009 has also resigned from the Board w.e.f. 7th November, 2012 since the aforesaid entities have sold their entire stake held in the company. Your Directors place on record their appreciation for the services rendered by Mr. Rahul Raisurana during his tenure as Director.

Mr Anurag Surana resigned as Whole-time Director of the Company w.e.f. 15th September, 2012. However, he continues on Board as Non-Executive Director. Your Directors place on record their appreciation for the services rendered by Mr Anurag Surana during his association with the Company as Whole-time Director of the Company.

Mr. Salil Singhal was appointed as Chairman & Managing Director of the Company for a period of three years w.e.f. July 1, 2010. During his tenure as Chairman and Managing Director of the Company, he has provided strategic direction for sustainable growth of the Company and always guided executive team in significant and complex business issues. Under his leadership, the Company has achieved new heights in terms of turnover, profitability etc. The Board recommends the approval of members for the re-appointment of Mr. Salil Singhal as Chairman and Managing Director of the Company for a period commencing from July 01, 2013 till September

30, 2016 at terms and conditions as contained in notice of the Annual General Meeting to be held on August 29, 2013

Mr Mayank Singhal who was appointed as Managing Director & CEO of the Company for a period of 5 years w.e.f 1st December, 2009 by shareholders in the meeting held on November 30, 2009. The Board on the basis of recommendation of Remuneration committee in its meeting held on May 18, 2013 has reappointed Mr Mayank Singhal as Managing Director & CEO of the Company for a period commencing from April 01, 2013 to September 30, 2017 at terms and conditions which are contained in Notice of the Annual General Meeting. The Board recommends the same for approval of members for the same.

In accordance with Articles of Association of the Company, Mr. Bimal Kishore Raizada and Mr. Pravin K. Laheri, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

The Board recommends their appointment / re-appointments for your approval.

The brief resume/details relating to the Directors who are to be appointed/re-appointed are furnished in the notice for Annual General Meeting to be held on August 29, 2013 which forms part of the Annual Report.

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

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

- (i) In the preparation of the Annual Accounts for the year ended on March 31, 2013, 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, 2013 and of the profit for the year ended March 31, 2013.
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The Annual Accounts are prepared on a going concern basis.

11. SUBSIDIARY COMPANIES

The Company has three wholly owned subsidiary companies as

on March 31, 2013. The members may refer to the Statement under section 212 of the Companies Act, 1956 information on the financials of subsidiaries appended to the above statement under section 212 of the Companies Act, 1956 in this Annual Report for detailed information on these subsidiary companies. The key highlights of these subsidiary companies are as under:

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

During the year, the Company has posted a profit of ₹ 69.38 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 18.56 lacs (Approx. ₹ 12.21 lacs) during the year.

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

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

The Company has posted a profit of ₹ 16.35 lacs during the year.

12. AUDITORS AND AUDITORS REPORT

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

Auditors Report do not contain any qualification, hence same does not call for any explanation under the provisions of Sec 217(3) of the Companies Act, 1956.

13. COST AUDITORS

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

Your Board has appointed M/s K.G. Goyal & Co., Cost Accountants, Jaipur, as Cost Auditors based on the recommendation of the Audit Committee for the conduct of the audit of cost records of Insecticides (Technical Grade

and Formulations) for the year ending March 31, 2014 and necessary applications shall be filed with Ministry of Corporate Affairs under section 233B for seeking Central Government approval for their appointment.

14. 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.

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 2012-13, your Company continued to have excellent cordial relationship with all its employees.

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

Total workforce of the Company stood at 1401 as on March 31, 2013.

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are set out in the annexure to the Directors' Report. Your Directors place on record their appreciation of the valuable contribution made by the employees of your Company.

17. EMPLOYEE STOCK OPTION PLAN/SCHEME

The Company had granted 98,766 Performance Options to eligible employees under PII-ESOP 2010 as per the criteria laid down by Compensation Committee of the Board. The aforesaid options shall vest after a lock in period of one year from the date of grant. The vesting period of aforesaid options is four years. The Exercise price of options granted have been arrived at by giving discount to the closing market price of the equity share on National Stock Exchange one day prior to the date of grant of option.

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

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

18. MANAGEMENT DISCUSSION AND ANALYSIS

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

19. CORPORATE GOVERNANCE

The Company is proud of its corporate governance structure and strives to maintain the highest possible standards. A detailed report on the Corporate Governance Code and practices of the Company along with a certificate from the auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement are given in a separate section in this Annual Report.

20. INTERNAL CONTROL SYSTEM

The Company's internal control system comprises audit and compliance by in-house internal audit team supplemented by internal audit checks by M/s Protiviti Consulting Pvt. Ltd., Internal Auditors of the Company.

The Internal Auditors independently evaluate the adequacy of internal controls and concurrently audit the financial transactions and review various business processes. Independence of the Internal Auditors and therefore compliance is ensured by the direct report of internal audit division and internal auditors to the Audit Committee of the Board.

21. ACKNOWLEDGMENTS

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

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

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

On behalf of the Board of Directors

Sd/-

Salil Singhal

Chairman & Managing Director

Place: Gurgaon

Date: May 18, 2013

ANNEXURE TO THE DIRECTOR'S REPORT

Annexure-A

Information under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, and forming part of the Directors' Report for the year ended March 31, 2013.

FORM-A

A. CONSERVATION OF ENERGY

a. Energy Conservation Measures taken:

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

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

For the year 2012-13, we have implemented following major energy reduction measures as a part of our ongoing commitment to energy conservation.

- Installed right size of header of brine circulation pump
- Trimmed one chilled water circulation pump to reduce the motor size from 120 HP to 100 HP.
- Installed new lower capacity pump in -35°C brine plant to avoid running higher size pumps
- Installed booster pump in process cooling tower
- Replacement of 3 nos. low efficiency air compressors.
- Efficiency of all brine-chilling plants was increased from 70% to 80% by forming focus improvement project (FIP) through operation excellence program.
- 200 TR Chilled water generated using jacket water of co-gen plant at nominal recurring cost by installing VAM machine.
- Recycling of 50 kL MEE steam condensate per day in cooling tower, resulted in reduction of fresh water consumption and conservation of water.
- Installation of 250 kL/day RO plant was planned in the

year. The same is in advanced stage of completion.

- • GEB load expansion from existing 2000 kVA to 4000 kVA.

b. For the year 2013-14, Additional Investment and Proposal is being implemented for reduction of energy consumption

- At new site (JMB), GEB connection will be taken to reduce the power generation using DG set for reducing power cost.
- Magnetic resonator will be installed in the fuel input line at boiler and co-gen plant for getting better efficiency of fuel usage.
- Usage of flash steam of MPP-1 plant for increasing feed water temperature of WHRB by 10°C
- Recovery of steam condensate from main header of steam line by putting special type of thermodynamic trap with closed piping.
- For increasing energy efficiency of lighting system a dedicated lighting transformer will be installed.
- Installation of energy efficient retro-fitting tube lights in office area.
- Replacement of ejector by oil vacuum pump for getting better energy realization in terms of power and steam
- All 5 stage graphite steam ejectors will be replaced by Venturi system for reduction of steam consumption.

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

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

POWER AND FUEL CONSUMPTION

A. POWER AND FUEL

S.No.	Particulars	Current Year (2012-13)	Previous year (2011-12)
1	ELECTRICITY:		
	a. Purchased:		
	Units (Lacs/kWh)	103.02	96.06
	Total amount (₹ in Lacs)	711.50	618.95
	Rate / Unit (₹)	6.91*	6.44*
	b. Own Generation through Diesel/ LDO/Generator/Natural Gas		
	Unit (Lacs/kWh)	277.90	276.97
	Unit Per Ltr. / HSD	3.21	3.08
	Unit / SCM Natural Gas	3.71	3.73
	c. Diesel Oil/Nat. Gas cost /Unit		
	(only variable cost)	7.56	6.44
2	COAL:		
	Quantity (tonnes)	NA	NA
	Total Cost (₹ in Lacs)	NA	NA
	Average Rate (₹ /MT)	NA	NA
3	FURNACE OIL:		
	Quantity (Tonnes)	830.10	380.55
	Total Cost (₹ in Lacs)	316.71	133.56
	Average Rate (₹ /Kg)	38.15	35.10
4	NATURAL GAS:		
	Quantity (Lac SCM)	124.31	126.22
	Total Cost (₹ in Lacs)	3793.48	2862.09
	Average rate (₹ / SCM)	30.52	22.67

* Includes electricity duty.

B. CONSUMPTION PER UNIT OF PRODUCTION

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

FORM-B

I. TECHNOLOGY ABSORPTION:

Research and Development (R & D)

1. Specific areas of research activities:

- Synthesis and Development of new molecules in the categories of Agrochemicals, Fine Chemicals, Specialty Chemicals and Photographic chemicals - end products as well as intermediates on the basis of in-house research.
- Development of pharmaceutical and other specialty chemical intermediates
- Development of new efficient routes for certain existing products.
- Entered into four new areas of chemistry
- Working on new-age chemistry
- Improvement through recycling and reduction of waste by employing new techniques and methods.
- Continuous improvement of the processes already in commercial production through technical and engineering innovations.
- Development of process for new molecules at R&D scale for new chemical entities and providing support and services to develop new processes and scaling up for contract manufacturing.
- Synthesis and characterization of working standards of final products, intermediates and related substances.
- Synthesis of new molecules for Innovator Companies for their application evaluation.
- Five batch analysis for registration purpose under GLP conditions which is acceptable with Registration Authorities of most of the countries across the Globe.
- Addition of sophisticated lab equipment's 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.
- Partial and complete replacement of hazardous and toxic reagents with less hazardous environment friendly substitutes.
- Generation of capability to value add and identify, develop and protect Intellectual Property for the Company and its business partners. This year we filed seven patent applications for new non patent infringing processes developed for various molecules
- Development of newer areas of application to provide suitable diversification from conventional areas of applications

3. Future Plan of Action

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

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

4. Expenditure on R & D

(₹ in Lacs)

Particulars	Current year (2012-13)	Previous year (2011-12)
a. Capital	191.02	50.32
b. Recurring	679.14	573.68
c. Total	870.16	624.00
d. Total R & D expenditure as percentage of total turnover	0.66	0.62

5. Technology Absorption, Adaptation and Innovation

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

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

- 400 MHz NMR, Ultra Performance Liquid Chromatography (UPLC), Microwave digestion system and Lypholyzer isolation system are present at R&D Centre, Udaipur.

(B) Benefits derived

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

6. Imported Technology

The Company has not imported any technology during the year.

7. PI-SONY Research Centre

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

8. Formulation Development Lab

Formulation Development Lab is started in your company at Udaipur during this year. This lab is engaged for the development of new Agri formulations. This would expand the company's strength in Agri Input.

II. FOREIGN EXCHANGE EARNINGS AND OUT GO

Total Foreign Exchange used and earned.

(₹ in Crores)

	2012-13	2011-12
Foreign Exchange Earned	628.00	391.50
Outgo of Foreign Exchange	352.05	196.86

Annexure-B

Statement as at March 31, 2013, pursuant to Clause 12 (Disclosure in the Directors' Report) of the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999

A. Summary of Status of ESOPs Granted

The position of the existing schemes is summarized as under -

Sr. No.	Particulars	Details
1	Details of the Meeting	Authorised by the shareholders of the Company on January 21, 2011
2	Approved	1252418 Equity Shares
3	The Pricing Formula	Options shall be granted at a discount to the closing market price of the Company's Equity Shares at the NSE or BSE whose trading volume is higher one day prior to the date of grant
4	Total number of Options Granted	462602
5	Options Vested and Exercisable	21369
6	Options Exercised during the year	97,427
7	Options Cancelled during the year	11,073
8	Options Lapsed/forfeited during the year	0
9	Total Number of Options in force	354,102
10	Variation in terms of Options	Not Applicable
11	Total number of shares arising as a result of exercise of Options	97,427
12	Money realised by exercise of Options (₹ In Lacs)	232.08

B. Employee-wise details of Options granted during the financial year 2012-13 to:

Sr. No.	Particulars	Details	
(i)	Senior managerial personnel	Mr. Rajendra Dev Kapoor, President	18192
		Mr. Devendra Kumar Ray, President	15409
(ii)	Employees who were granted, during any one year, Options amounting to 5% or more of the Options granted during the year	Mr. Rajendra Dev Kapoor	18192
		Mr. Devendra Kumar Ray	15409
		Mr. Prasana Telang	8565
		Mr. JeyaMalini	8081
		Mr. Dinesh Kr Singh	6913
		Mr. Vijay Kumar Jain	5350
		Mr. Ashutosh Kumar Singh	5136
(iii)	Identified employees who were granted option, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Nil	

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

(a)	Exercise price equals market price	Not Applicable
(b)	Exercise price is greater than market price	Not Applicable
(c)	Exercise price is less than market price	280.21

Weighted average Exercise price of Options granted during the year whose

(a)	Exercise price equals market price	Not Applicable
(b)	Exercise price is greater than market price	Not applicable
(c)	Exercise price is less than market price	445.50

D. The stock-based compensation cost calculated as per the intrinsic value method for the financial year 2012-13 is ₹ 54.93 lacs. If the stock-based compensation cost was calculated as per the fair value method, the total cost to be recognised in the financial statements for the year 2012-13 would be ₹ 241.02 lacs. The effect of adopting the fair value method on the net income and earnings per share is presented below:

Pro Forma Adjusted Net Income and Earnings Per Share

Particulars	₹ In lacs
Net Income as reported	9634.47
Add: Intrinsic Value Compensation Cost	54.93
Less: Fair Value Compensation Cost	241.02
Adjusted Pro Forma Net Income	9448.38
Earning Per Share: Basic	
As Reported	7.57
Adjusted Pro Forma	7.43
Earning Per Share: Diluted	
As Reported	7.52
Adjusted Pro Forma	7.37



E. Method and Assumptions used to estimate the Fair Value of Options granted during the year

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

The Assumptions used in the model are as follows:

Variables	July 26, 2012
1. Risk Free Interest Rate	8.04% - 8.12%
2. Expected Life	4 years - 7 years
3. Expected Volatility	52.48% - 54.02%
4. Dividend Yield	1.01%
5. Price of the underlying share in market at the time of the option grant. (₹)*	494.95

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

Your Company firmly believes that good corporate governance practices are ingredients for the balanced development of an organization which would not only maximize the shareholder's value but also contribute to sustained & long lasting development of the organization. The Board of Directors believes in ethical values & high moral standards in achieving the highest standards of corporate governance.

At PI, activities are carried out in accordance with good corporate practices and the Company is constantly striving to better them & adopt the best practices. The Board plays a critical role in overseeing how the management serves the short and long-term interests of shareholders and other stakeholders. This belief is reflected in our governance practices, under which we strive to maintain an effective, informed and independent Board. We keep our governance practices under continuous review and strive to achieve excellence in governance norms.

Your Company has complied with the guidelines on Corporate

Governance stipulated in Clause 49 of the Listing Agreements executed with the Stock Exchanges, the disclosure requirements of which are given below:

1. BOARD OF DIRECTORS

Composition

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 11 directors including Chairman & Managing Director, Managing Director & CEO, Whole-time Director and 8 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, 2013 and at the last Annual General Meeting, and the number of other Directorship and Chairmanship / Membership of Committees held by them, is given below:

Name of Directors	Category of Directorship	No. of board Meetings attended (Out of 5 mtgs held)	Attendance at the last AGM on September 14, 2012	Directorships in Companies Incorporated in India Including PI Industries Ltd.*	No. of other Board Committees of which Member / (Chairman)*
Mr. Salil Singhal	Chairman & Managing Director	5	No	6	3
Mr. Mayank Singhal	Managing Director & CEO	4	No	3	1
Mr. Rajnish Sarna [§]	Whole-time Director	1	N.A.	Nil	1
Mr. P.N. Shah	Non-Executive and Independent Director	5	Yes	8	6(4)
Mr. Anurag Surana ^{&}	Non-Executive and Non-Independent Director	5	Yes	3	Nil
Mr. Narayan K. Seshadri	Non-Executive and Independent Director	5	No	8	8(4)
Mr. Raj Kaul	Non-Executive and Non-Independent Director	3	No	1	Nil
Mr. Rahul Raisurana [@]	Non-Executive and Non-Independent Director (Investor Director)	3	No	N.A.	N.A.
Mr. Pravin K. Laheri	Non-Executive and Independent Director	4	No	6	2
Mr. Bimal Kishore Raizada	Non-Executive and Independent Director	5	No	5	3(1)
Mrs. Ramni Nirula	Non-Executive and Independent Director	5	No	7	6(2)
Dr. Venkatrao S. Sohoni [#]	Additional Director (Non-Executive and Independent)	2	N.A.	3	1

[§] Mr. Rajnish Sarna was co-opted as Additional Director and appointed as Whole-time Director w.e.f. November 7, 2012.

[&] Mr. Anurag Surana ceased to be Whole-time Director of the Company w.e.f. September 15, 2012. However, he continues on Board of the Company as Non-Executive Director.

[@] Mr. Rahul Raisurana has resigned from the directorship of the Company w.e.f. November 7, 2012.

[#] Dr. Venkatrao S. Sohoni was appointed as Additional Director on the Board w.e.f. November 7, 2012.

* Note: Excludes Directorships in Private Limited Companies, Foreign Companies and Government Bodies. Only Audit Committee and Shareholders'/ Investors' Grievance Committee have been considered for the committee positions.

Details of the Directors seeking appointment/re-appointment at the Annual General Meeting, pursuant to Clause 49 of the Listing Agreement, have been given along with the Notice of Annual General Meeting.

Board Meetings

The Board meets at regular intervals to review the performance of the Company. During the year under review, besides meeting of Committee of Directors, 5 (Five) Board Meetings were held on May 29, 2012, July 26, 2012, November 7, 2012, December 6, 2012 and February 12, 2013.

Board Procedure

The annual calendar of Board Meetings is agreed upon at the beginning of the year. The Agenda is circulated well in advance to the Board members. The items in the Agenda are backed by comprehensive background information to enable the Board to take appropriate decisions. In addition to the information required under Annexure IA to Clause 49 of the Listing Agreement, the Board is also kept informed of major events/items and approvals taken wherever necessary. It also includes periodical review of compliance relating to all applicable laws and steps taken by the Company to rectify the instances of non-compliance, if any. The Board also reviews the declaration made by the Managing Director regarding compliance with all applicable laws on a quarterly basis.

2. COMMITTEES OF THE BOARD OF DIRECTORS

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

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

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

i) Audit Committee

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

Terms of reference

- (a) To approve the unaudited quarterly results under Clause 41 of the Listing Agreement.

- (b) 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;
- (c) 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;
- (d) Approval of payment to Statutory Auditors for services rendered by the Statutory Auditors.
- (e) Recommending to the Board, the appointment and fixation of remuneration of Cost Auditors.
- (f) Reviewing with the management the Annual financial statements before submission to the Board for approval.
- (g) Reviewing, with the management, performance of Statutory and Internal Auditors, and adequacy of internal control system.
- (h) 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.
- (i) Reviewing reports of internal audit and discussion with internal auditors on any significant findings of any internal investigations by the internal auditors & the executive management's response on matters and follow-up thereon;
- (j) Reviewing the Company's financial and risk management policies;
- (k) 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;
- (l) Reviewing the Management discussion and analysis of financial condition and results of operation.
- (m) Reviewing the Statement of significant related party transactions (as defined by the audit committee).
- (n) Reviewing the Management letters / letters of internal control weaknesses issued by the statutory auditors.

Composition and attendance of the members of the Audit committee

During the year, Audit Committee was re-constituted by Board in its meeting held on November 7, 2012. Mr. Rajnish Sarna was co-opted as member of Audit Committee in place of Mr. Anurag Surana and Mr. Rahul Raisurana who ceased to be

member of the Audit Committee. As on March 31, 2013, the Audit Committee comprises of Mr. P.N. Shah, as Chairman, Mr. Narayan K. Seshadri, Mr. Bimal Kishore Raizada and Mr. Rajnish Sarna, as members.

The members of Audit Committee comprises majority of Independent Directors and all the members of the Audit Committee have accounting or financial management expertise.

The Audit Committee meets at least four times in a year and not more than four months gap between two meetings. Accordingly, the Audit Committee during the FY 2012-13, met four times on May 29, 2012, July 26, 2012, November 07, 2012 & February 12, 2013.

The composition and attendance record of the members of the Audit Committee for the FY 2012-13 is as follows:

Name	Category	Meetings held	Meetings attended
Mr. P.N. Shah	Chairman	4	4
Mr. Narayan K. Seshadri	Member	4	4
Mr. Bimal Kishore Raizada	Member	4	4
Mr. Anurag Surana #	Member	3	3
Mr. Rahul Raisurana#	Member	3	3
Mr. Rajnish Sarna*	Member	1	0

Ceased to be a member of the Committee w.e.f. November 7, 2012.

* Co-opted as member w.e.f. November 7, 2012.

Mr. Mayank Singhal, Managing Director & CEO, Mr. K. Narasa Reddy, Internal Audit Head of the Company and the Internal Auditors are permanent invitees. The Statutory Auditors / Cost Auditors are also invited to attend aforesaid meetings.

The Company Secretary acts as the Secretary to the Committee.

ii) Investors' Grievance Committee

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

Terms of reference

The committee is entrusted with the powers related to and overseeing the performance of Registrar & Transfer Agents.

The committee focuses on the following:

- Reviewing & redressing Shareholders & Investors complaints/

grievances.

- Recommending measures for overall improvement in the quality of services being provided to the shareholders/ investors.
- All the matter related to Share transfer/ transmission etc.
- Overseeing the Performance of Registrar & Transfer Agents.

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

The Committee, at present, comprises of 3 members. Composition details of the committee are detailed in table given below. Mrs. Ramni Nirula has been appointed as Chairperson of the Committee. The Committee met 4 times during the year on April 6, 2012, July 19, 2012, August 4, 2012 and January 31, 2013.

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

Name	Category	Meetings held	Meetings attended
Mrs. Ramni Nirula	Chairperson	4	2
Mr. Salil Singhal	Member	4	Nil
Mr. Mayank Singhal	Member	4	4
Mr. Anurag Surana *	Member	3	2

* ceased to be member of the committee w.e.f. November 7, 2012.

The Company Secretary acts as the Secretary to the Committee.

During the year, the Company has received 157 communications including 26 complaints for issues e.g. non receipt of Dividend Warrants / Share Certificates, queries/requests for change of address, correction in the name, issue of duplicate certificates/ deletion of joint name due to death, transmission of shares etc. which were duly attended and no complaint/request is pending as on March 31, 2013.

iii) Remuneration Committee

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

Composition and attendance of the members of the Remuneration Committee

During the year, Remuneration Committee was reconstituted by the Board in its meeting held on November 7, 2012. Dr Venkatrao S. Sohoni was co-opted as member in place of Mr. Rahul Raisurana who ceased to member of the Committee. As

on March 31, 2013, the Committee consists of four members, all of them being Non-executive and Independent Directors. The Remuneration Committee comprises of Mr. Bimal Kishore Raizada as Chairman, Mr. Narayan K. Seshadri, Mrs. Ramni Nirula and Dr. Venkatrao S. Sohoni, as members.

The committee met thrice during the year on May 29, 2012, July 26, 2012 and November 7, 2012. The composition and attendance record of the present members of the committee are as follows:

Name	Category	Meetings held	Meetings attended
Mr. Bimal Kishore Raizada	Chairman	3	3
Mr. Narayan K. Seshadri	Member	3	3
Mrs. Ramni Nirula	Member	3	3
Mr. Rahul Raisurana *	Member	2	2
Dr. Venkatrao S. Sohoni **	Member	-	-

* Mr. Rahul Raisurana resigned from the board w.e.f. November 7, 2012.

** Dr. Venkatrao S. Sohoni has inducted as member on the committee w.e.f. November 7, 2012.

iv) Administrative Committee:

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

Terms of Reference

- To open / close current/cash credit/overdraft/ no-lien/ fixed deposit or other account(s) with any bank and authorize the official to operate the same.
- To create charge(s) with respect to various loans sanctioned to the Company by Banks/ Financial Institutions against current and fixed assets of the Company, as may be authorized by the Board of Directors.
- To authorize the officials to sign and submit tenders/rate contracts to various Governmental/ Semi Governmental authorities and Corporations.
- To authorize officials to sign any papers, documents, letters and correspondence on behalf of the Company relating to Central Excise/ Customs/ Import & Export/ Reserve Bank of India/ Sales Tax (Central & State) Registrar of Companies etc.
- To execute agreements under common seal of the Company

with the Government Authorities, Corporation etc, to authorize the officials of the Company on that behalf.

- To exercise borrowing powers as delegated by the Board from time to time.
- To invest funds of the Company upto ₹2 crores at any one time, subject to the overall limits fixed by the Board of Directors.
- To constitute the trust for superannuation, gratuity and like funds of the Company or to reconstitute the same.
- To lay down terms of employment of the employees including their remuneration.
- Any other matters pertaining to Banks/ Govt. Deptt. / Bodies Corporates/ Agencies etc. from time to time.

Composition and attendance of the members of the Administrative Committee

As on March 31, 2013, the Administrative Committee comprises of 3 members namely, Mr. Bimal Kishore Raizada as Chairman, Mr. Salil Singhal and Mr. Mayank Singhal, as members.

The committee has met 6 times during the year on May 30, 2012, August 10, 2012, October 8, 2012, November 8, 2012, January 4, 2013 and January 28, 2013.

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

Name	Category	Meetings held	Meetings attended
Mr. Bimal Kishore Raizada	Chairman	6	6
Mr. Salil Singhal	Member	6	5
Mr. Mayank Singhal	Member	6	6
Mr. Anurag Surana *	Member	3	2

* ceased to member of Administrative Committee w.e.f. November 7, 2012.

The Company Secretary acts as the Secretary to the Committee.

v) Insider Trading Committee

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

Composition and attendance of the members of the Insider Trading Committee

The Committee was reconstituted by the Board in its meeting held on November 7, 2012. At present, the Insider Trading Committee comprises of 3 members, Composition and details of meeting are detailed below.

The committee has met 2 times during the year on December 7, 2012 and January 31, 2013. The composition and attendance record of the members of the committee are as follows:

Name	Category	Meetings held	Meetings attended
Mr. Bimal Kishore Raizada [@]	Chairman	2	2
Mr. Salil Singhal	Member	2	2
Mr. Mayank Singhal	Member	2	2
Mr. Anurag Surana *	Member	-	-

* ceased to be member w.e.f November 7, 2012.

[@] co-opted as member and Chairman of the Committee w.e.f. November 7, 2012.

The Company Secretary acts as the Secretary to the Committee.

vi) Management Committee

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

Terms of reference

- To provide input into and recommend Company's vision, mission, goals, business plans, performance objectives and management review system for approval by the Board;
- Regularly reviewing business performance vs strategic and operational plans and ensure that timely corrective actions are taken;
- To recommend corporate financial objectives, plans, & actions, including significant capital allocations & expenditures, capital restructuring, fund raising, investor relations etc. to the Board for approval.
- To recommend policies, procedures & 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

Management Committee was reconstituted by the Board in its meeting held on November 7, 2012. As on March 31, 2013, Management Committee comprises of 7 members namely, Mr. Salil Singhal as Chairman, Mr. Narayan K Seshadri, Mr. Mayank Singhal, Mr. Raj Kaul, Mr. Bimal Kishore Raizada, Dr. Venkatrao S. Sohoni and Mr. Rajnish Sarna, as members.

The committee has met four times during the year on April 16, 2012, July 27, 2012, November 8, 2012 and February 11, 2013. The composition and attendance record of the present members of the committee are as follows:

Name	Category	Meetings held	Meetings attended
Mr. Salil Singhal	Chairman	4	4
Mr. Mayank Singhal	Member	4	4
Mr. Narayan K. Seshadri	Member	4	4
Mr. Raj Kaul	Member	4	4
Mr. Anurag Surana *	Member	2	2
Mr. Bimal Kishore Raizada	Member	4	4
Dr. Venkatrao S. Sohoni **	Member	2	2
Mr. Rajnish Sarna **	Member	2	1

* ceased to member of the Committee w.e.f. November 7, 2012

** Dr. Venkatrao S. Sohoni and Mr. Rajnish Sarna were co-opted as members of the committee w.e.f. November 7, 2012.

vii) Compensation Committee

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

Composition and attendance of members of Compensation Committee

The Committee was reconstituted by Board in its meeting held on November 7, 2012. Mr. Pravin K. Laheri was co-opted as member of Compensation Committee in place of Mr. Rahul Raisurana who resigned from the Board and accordingly ceased to member of the Committee w.e.f. November 7, 2012. As on March 31, 2013, the Compensation Committee comprises of 3 members namely, Mr. Bimal Kishore Raizada as Chairman, Mr. Narayan K Seshadri and Mr. Pravin K. Laheri, as members.

The committee met once during the year on July 26, 2012. The composition and attendance record of the present members of the committee are as follows:

Name	Category	Meetings held	Meetings attended
Mr. Bimal Kishore Raizada	Chairman	1	1
Mr. Narayan K. Seshadri	Member	1	1
Mr. Rahul Raisurana *	Member	1	1
Mr. Pravin K. Laheri **	Member	0	0

* Mr. Rahul Raisurana ceased to member w.e.f. November 7, 2012

** co-opted as member w.e.f. November 7, 2012

viii) QIP Issue Committee

The Board of Directors in its meeting held on December 6, 2012 had formed QIP Issue Committee in order to administer the Qualified Institutional Placement (QIP) issue of the Company

Composition and attendance of members of QIP Issue Committee

The Committee comprised of 5 members namely, Mr. Salil Singhal as Chairman and Mr. Mayank Singhal, Mr. Rajnish Sarna, Mr. Bimal Kishore Raizada and Mrs. Ramni Nirula as members.

The QIP Issue Committee met four times and meetings were held on January 18, 2013, January 25, 2013, January 29, 2013 and January 31, 2013. The QIP Issue Committee was dissolved by the Board as resolved by members in its meeting held on February 12, 2013 since the Company had successfully concluded all the process of Qualified Institutional Placement Issue as per Chapter VIII of SEBI Guidelines. The composition and attendance record of the QIP Issue Committee is detailed below:

Name	Category	Meetings held	Meetings attended
Mr. Salil Singhal	Chairman	4	4
Mr. Mayank Singhal	Member	4	2
Mr. Rajnish Sarna	Member	4	4
Mr. Bimal Kishore Raizada	Member	4	4
Mrs. Ramni Nirula	Member	4	1

3. DIRECTOR'S REMUNERATION

i. Remuneration paid to Whole - time Director(s).

The remuneration of the Whole-time Director(s) is recommended by the Remuneration Committee based on factors such as Industry benchmarks, the Company's performance vis-à-vis the industry performance etc., which is decided by the Board of Directors. Remuneration comprises of fixed component viz. salary, perquisites and allowances and a variable component viz. commission. The Remuneration Committee also recommends the annual increments within the salary scale approved by the members and also the Commission payable to the Whole-time Director(s) on determination of profits for the financial year, within the ceilings on net profits prescribed under Section 198 and 309 of the Companies Act, 1956. Details of remuneration paid to Whole-time Director(s) during the financial year 2012-13 are given below:

Name	Salary (₹)	Perquisites (₹)	PF & Sup'n & Gratuity (₹)	Commission (₹)
Mr. Salil Singhal Chairman & Managing Director	1,17,00,000	12,49,687	31,59,000	50,00,000#
Mr. Mayank Singhal CEO & Managing Director	1,00,00,000	11,85,459	27,00,000	50,00,000#
*Mr. Rajnish Sarna Whole-time Director	40,86,259	3,43,997	2,71,359	-
**Mr. Anurag Surana Whole-time Director	38,45,000	4,61,650	31,40,190	-

* co-opted as Addl. Director and appointed as Whole-time Director w.e.f. November 7, 2012 for a period of 5 years as approved by members vide postal ballot, results of which were announced on January 18, 2013. He holds 19195 Equity Shares and 27914 Stock Options as on March 31, 2013.

** resigned as Whole-time Director w.e.f. September 15, 2012 and continues as Non-Executive Director on the Board of the Company. He holds 24960 Stock Options as on March 31, 2013.

representing commission paid for financial year ended March 31, 2012.

Note: Commission/performance bonus approved by Board for the financial year ended March 31, 2013 in its meeting held on May 18, 2013 is not included above as the same is still payable.

ii. Remuneration to Non-Executive Directors

Sitting fees is paid to Non-Executive Directors for attending Board / Audit Committee/ Management Committee Meetings. They are also entitled to reimbursement of actual travel expenses, boarding and lodging, conveyance expenses incurred for attending such meetings. The Commission payable to Non-Executive Directors is decided by the Board within the limits of 1% of the net profits as approved by the members of the Company. The details of sitting fees paid and commission paid/ payable to the Non-Executive Directors for year ended March 31, 2013 and No. of Equity Shares held by them as on March 31, 2013 are as under:

Directors	Sitting Fees (₹)	Commission (₹)	No. of Equity Shares
Mr. P.N. Shah	1,30,000	6,00,000	Nil
Mr. Narayan K. Seshadri	2,10,000	6,00,000	261756
Mr. Raj Kaul	1,10,000	6,00,000	Nil
Mr. Bimal Kishore Raizada	2,10,000	6,00,000	Nil
Mr. Rahul Raisurana *	90,000	–	Nil
Mr. Pravin K. Laheri	40,000	6,00,000	Nil
Mrs. Ramni Nirula	50,000	6,00,000	Nil
Mr. Anurag Surana **	50,000	3,00,000	22288
Dr. Venkatrao S. Sohoni	60,000	3,00,000	Nil

* resigned w.e.f. November 7, 2012

** resigned as Whole-time Director w.e.f. September 15, 2012 and continues as Non-Executive Director on the Board of the Company. He holds 24960 Stock Options in the Company.

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

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

4. CODE OF CONDUCT

Code of Conduct under Corporate Governance for all the

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

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

5. PROHIBITION OF INSIDER TRADING

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

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

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

6. DISCLOSURES

- (i) There were no transactions of material nature with its promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company. Further, details of the related party transactions are given in the Balance Sheet.
- (ii) There were no instances of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority on any matter related to the capital market during the last three years.
- (ii) ***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 on accrual basis.

(iv) **Risk Management**

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

(v) **Management Discussion and Analysis**

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

7. GENERAL BODY MEETINGS

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

Date	Venue	Time	Type of meeting
September 14, 2012	Udaisagar Road, Udaipur - 313 001	11.30 A.M.	Annual
July 16, 2011	Udaisagar Road, Udaipur - 313 001	11.00 A.M.	Annual
July 19, 2010	Udaisagar Road, Udaipur - 313 001	11.00 A.M.	Annual

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

Date of AGM	Subject matter of Special Resolutions Passed
September 14, 2012	Nil
July 16, 2011	Nil
July 19, 2010	- Re-appointment of Mr. Salil Singhal as Chairman & Managing Director and fixation of remuneration. - Re-appointment of Mr. Anurag Surana as Whole-time Director and fixation of remuneration. - Payment of Commission to Non-Executive Directors of the Company.

8. POSTAL BALLOT

During the year 2012-13, pursuant to Section 192A of the Companies Act, 1956 ("the Act"), the Company had conducted postal ballot exercise, following the provisions and rules framed under the Act for conducting Postal Ballot.

The details / results of the postal ballot exercise so conducted are as under:

Date of notice of Postal Ballot	Date of Scrutinizer's report	Description	Results
May 29, 2012	July 25, 2012	(a) Increase in Borrowing limits from ₹ 400 Crores to ₹ 600 Crores under section 293(1)(d) of the Companies Act, 1956. (b) Charging/ mortgaging the immovable properties for securing working capital loans availed from the Banks under section 293(1)(a) of the Companies Act, 1956. (c) Charging / mortgaging the immovable properties for securing ECB Loan of USD 20 Mn. availed from Standard Chartered Bank under section 293(1)(a) of the Companies Act, 1956.	Passed with requisite majority
December 6, 2012	January 17, 2013	(a) Raising of funds through further issue of securities under section 81(1A) of the Companies Act, 1956 (b) Alternation of Articles of Association under section 31 of the Companies Act, 1956 (c) Appointment of Mr. Rajnish Sarna as Director (d) Appointment of Mr. Rajnish Sarna as Whole-time Director and remuneration payable to him.	Passed with requisite majority
February 12, 2013	April 2, 2013	Sub-division of Equity Shares from ₹ 5 each to ₹ 1 each	Passed with requisite majority

The Postal Ballot exercise, under Section 192A of the Companies Act, 1956 were conducted by Mr. A.K. Friends, a Company

Secretary in Whole-time Practice, Scrutinizer appointed for this purpose(s) and necessary forms were filed with the Office of Registrar of Companies, Rajasthan through electronic form. The Company had also provided e-Voting facility through NSDL in terms of listing agreement executed with the stock exchanges.

9. MEANS OF COMMUNICATION

Half yearly report sent to each household shareholders	No, the Company publishes the results in one National and one Regional Newspaper apart from uploading it on its website under Investor Relations link
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 exchanges where the shares of the Company are listed for uploading on their website. The results are also uploaded on Company's website and filed on NSE Electronic Application Processing System (NEAPS).
Whether it also displays official news releases and the presentations made to Institutional Investors or to the analysts	Yes, same are updated on Company's website
Whether Management Discussion & Analysis report is a part of Annual Report or Not	Yes
Whether Shareholder Information Section forms part of the Annual Report	Yes

10. OUTSTANDING GDRS/ADRS/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY.

The Company has not issued any GDR/Warrants or any convertible instruments except 3,54,102 Options granted to the

employees under PII-ESOP Plan 2010. As on March 31, 2013, each option shall entitle one equity share of the Company. For details refer, Annexure B to Directors Report.

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

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

(a) The Board

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

(b) Remuneration Committee

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

(c) Shareholders' Rights

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

(d) Audit Qualifications

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

(e) Training of Board Members

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

(f) Mechanism for evaluation of Non-Executive Directors

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

(g) Whistle Blower Policy

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

12. ADDITIONAL SHAREHOLDER'S INFORMATION

i) Contact Information

Registered Office	Corporate Office
Udaisagar Road, Udaipur - 313 001 Rajasthan (India)	Vipul Square, 5th Floor, B-Block, Sushant Lok Phase - I Gurgaon -122 009, Haryana (India)

Research & Manufacturing Facilities

Udaisagar Road, Udaipur - 313 001 Rajasthan	Plot No.237, GIDC, Panoli - 394 116, Gujarat	Plot No. SPM28, Sterling SEZ, Village Sarod, Jambusar - 392 180, Gujarat	Lane-IV, Bari Brahmana, Jammu - 181 133, Jammu & Kashmir
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ii) Representing Officer

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

iii) Annual General Meeting

Date	August 29, 2013
Time	11.30 A.M
Venue	Udaisagar Road, Udaipur - 313 001 Rajasthan (India)

iv) Financial Calendar (Tentative)

The tentative calendar for declaration of financial results in financial year 2013-14 is as follows:

Financial Results for the quarter ending June, 2013 (un-audited).	on or before August 14, 2013
Financial Results for the quarter ending September, 2013 (un-audited).	on or before November 14, 2013
Financial Results for the quarter ending December, 2013 (un-audited).	on or before February 14, 2014
Audited Financial Results the year ending 31st March, 2014.	Before the end of May, 2014
Annual General Meeting for the year.	Before the end of September, 2014

v) Book Closure Date

The dates of book closure are from August 21, 2013 to August 29, 2013 (both days inclusive)

vi) Dividend

The Board has proposed a dividend of ₹1 per equity share of ₹1 each (100%) for the financial year 2012-13, subject to approval by the shareholders at the Annual General Meeting.

Dividend will be paid through the electronic clearing service (ECS), as notified by the SEBI through the stock exchanges. In those cases, where details of MICR or ECS are not available, warrants shall be despatched to the members. Shareholders are advised to refer to the notice of the Annual General Meeting for details of action required to be taken by them in this regard.

vii) Stock Exchange Listing

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

Stock Code	523642 (BSE) PIIND (NSE) Listing fee have been paid for the year April 1, 2013 to March 31, 2014.
Demat ISIN for NSDL & CDSL	INE 603J01030 Custodial Fees have been paid for the year April 1, 2013 to March 31, 2014.

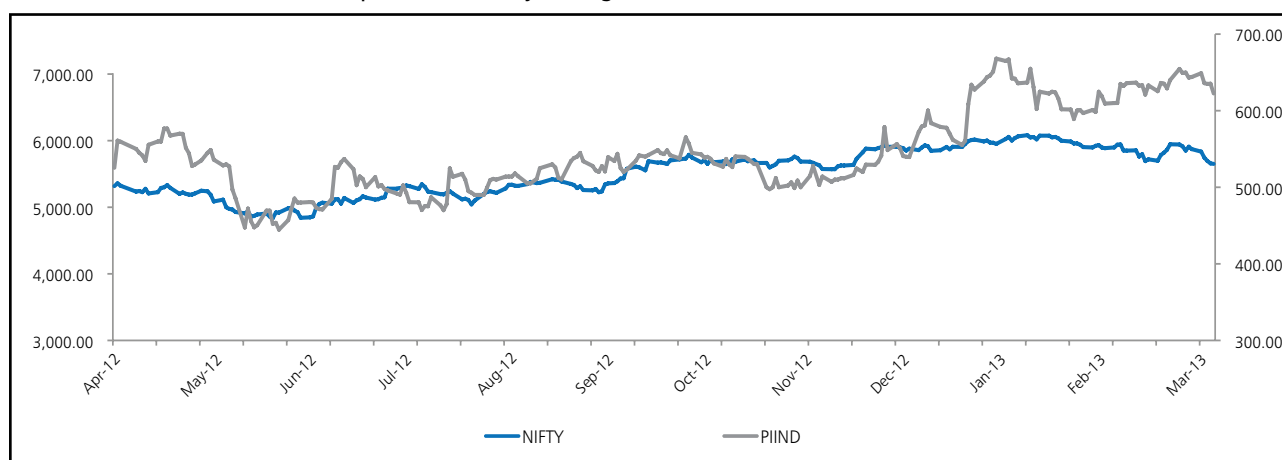
viii) Stock Market Price data

The monthly high and low of the market price of the Equity Shares of the Company for the year ended March 31, 2013 at Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. were as under:

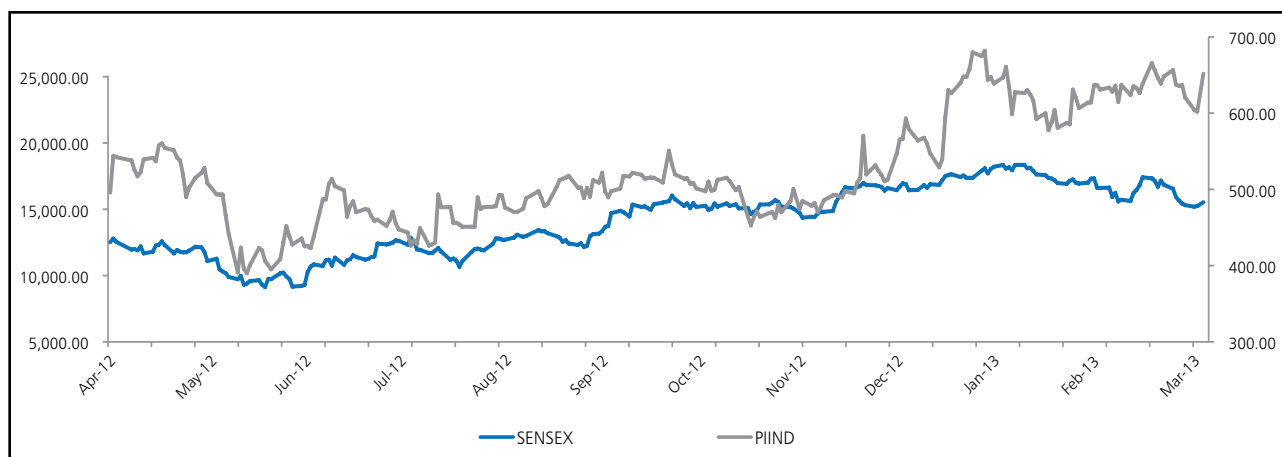
(Amount in ₹/share)

Month	BSE		NSE		NIFTY	SENSEX
	High	Low	High	Low	Closing high	Closing high
April, 2012	580.00	510.00	586.00	512.00	5358.50	17597.42
May, 2012	550.00	425.00	550.00	429.95	5239.15	17301.91
June, 2012	568.95	460.00	568.00	461.65	5278.90	17429.91
July, 2012	549.80	465.05	550.05	461.00	5345.35	17618.35
August, 2012	543.00	500.15	545.00	495.10	5415.35	17885.26
September, 2012	555.00	511.00	555.00	512.00	5703.30	18762.74
October, 2012	595.00	476.00	595.00	474.95	5787.60	19058.15
November, 2012	535.10	492.00	538.95	495.00	5879.85	19339.90
December, 2012	614.95	522.50	615.00	475.00	5930.90	19486.80
January, 2013	693.00	553.00	717.10	550.50	6082.30	20103.53
February, 2013	680.90	575.10	678.00	576.40	5998.90	19781.19
March, 2013	664.60	551.00	664.00	600.20	5945.70	19683.23

Performance of PI shares as compared with Nifty during 2012-13.



Performance of PI shares as compared with Sensex during 2012-13.



ix. Registrar and Transfer Agents

Karvy Computershare Private Limited

Contact Person: Ms Anitha Puttigari

Unit: PI Industries Ltd.

17 to 24, Vithalrao Nagar,

Madhapur, Hyderabad - 500 081.

Email: anitha.puttigari@karvy.com

Tel: 040 23428412, 040 23420815 -20

Fax: 040 23420814

Share Transfer System

All transfers received and processed and approved by Share Transfer Agent as per the mandate of Investors' Grievance Committee.

x. Distribution of Shareholdings (As on March 31, 2013)

Shareholding of Nominal value of ₹	Shareholders		Share Capital (Amount)	
	No.	% to total	In ₹	% to total
upto 1 - 5000	3574	91.01	2227710.00	1.64
5001 - 10000	161	4.10	1115615.00	0.82
10001 - 20000	75	1.91	1015730.00	0.75
20001 - 30000	19	0.48	487845.00	0.36
30001 - 40000	15	0.38	511870.00	0.38
40001 - 50000	6	0.15	282530.00	0.21
50001 - 100000	14	0.36	1062510.00	0.78
100001 & above	63	1.60	128755340.00	95.05
	3927	100.00	135459150.00	100.00

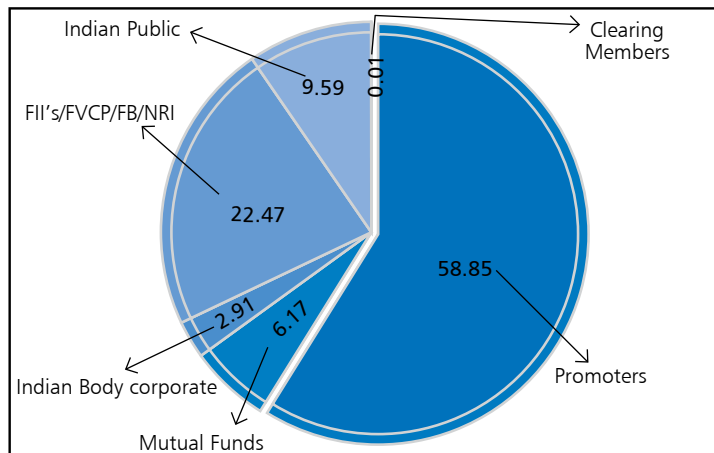
xi. Demat Status (As on March 31, 2013)

Mode	No. of shareholders	No. of shares	%
Demat	3573	26761903	98.78
Physical	354	329927	1.22
Total	3927	27091830	100.00

xii. Categories of Shareholders (As on March 31, 2013)

S.No.	Category	No. of shareholder	No. of shares held	Voting strength (%)
1	Promoters	5	15944022	58.85
2	Mutual Funds	14	1670488	6.17
3	Indian Bodies Corporate	206	788943	2.91
4	FII's/FVCP/NRI/Foreign Bodies	162	6087195	22.47
5	Indian Public	3519	2599072	9.59
6	Others - Clearing members	21	2110	0.01
	Total	3927	27091830	100

Shareholding Pattern as on March 31, 2013 (%)



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

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

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

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

- Shareholder shall submit original share certificate along with De-materialization Request Form (DRF) to the Depository Participant (DP)
- DP shall process the DRF, generate a Unique De-materialization Request No. and forward the DRF alongwith the share certificate to the Registrar and Share Transfer Agent (RTA)
- RTA after processing the DRF will confirm/ reject the request to depositories

- If confirmed by RTA, depositories will credit shareholder's account maintained with DP.

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

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

xiv. **Managing Director & CEO and Chief Financial Officer Certification**

The Managing Director & CEO and Whole-time Director of the Company have certified to the Board, in the manner required under the Corporate Governance Code concerning the Annual Financial Statements.

In compliance with Clause 49(V) of the Listing Agreement, a declaration by the Managing Director & CEO and the Executive Director, 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.

xv. **Auditors Certificate**

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

Place: Gurgaon

Date: May 18, 2013

CERTIFICATES UNDER CORPORATE GOVERNANCE

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

The Board of Directors
PI Industries Limited
Udaipur

This is to certify that as per the revised Clause 49 of the Listing Agreement, the Code of Conduct has been laid down for all the Board Members and Senior Management of the Company. The Board Members and Senior Management personnel have affirmed compliance with the Company's code of conduct for the year ended March 31, 2013.

Place: Gurgaon
Date: May 18, 2013

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 2012-13, 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 2012-13 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.

Place: Gurgaon
Date: May 18, 2013

Sd/-
Mayank Singhal
Managing Director & CEO

Sd/-
Rajnish Sarna
Whole-time Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

The Board of Directors
PI Industries Limited
Udaipur

We have examined the compliance of conditions of Corporate Governance by PI Industries Limited for the Financial year ended March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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

Place: Gurgaon
Date: May 18, 2013

Sd/-
Yogesh K. Gupta
Partner
Membership No. 93214



Financial Statement

Independent Auditor's Report

To The members of
PI Industries Limited

Report on the Financial Statements

We have audited the accompanying financial statements of PI Industries Limited, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. ("the Act"). This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of the material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give

a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- (2) As required by section 227(3) of the Act, 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 purpose 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 those books;
 - c) the Balance Sheet, Statement of Profit and Loss and, Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss and, Cash Flow Statement 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 representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

For S.S. KOTHARI MEHTA & CO.

Chartered Accountants

Firm Reg. No. 000756N

Sd/-

Yogesh K. Gupta

Partner

Place: Gurgaon

Date: May 18, 2013

Membership No. 93214

Annexure to the Auditor's Report

Re: PI Industries Limited

Referred to in paragraph "Report on Other Legal and Regulatory Requirements" 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) As per the information & explanations given to us, the Company has not granted loan to any party covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the Clause 4(iii) b, c & d of the order are not applicable.
- (b) The Company has taken unsecured loans from 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 ₹ 1320 Lacs and the year-end balance is ₹ Nil Lacs.
- (c) In our opinion and according to the information & explanations given to us, the rate of interest and other terms and conditions of such loans, unsecured, are not prima facie prejudicial to the interest of the Company; and
- (d) In respect of loans taken repayable on demand, repayment of the principal amount has been made.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) According to the information and explanations provided by the Management and based upon audit procedures performed, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section and the transactions made in pursuance of such contracts or arrangements (exceeding the value of five lacs rupees in respect of each party during the financial year) have been made at prices which are generally reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the rules framed there under with regard to deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government of India for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, in respect of the manufacture of insecticides and chemicals and are of the opinion that, prima facie, the prescribed records and accounts have been made and maintained. However, we have not carried out a detailed examination of such records with a view to determining whether they are accurate or complete.
- (ix) (a) According to the records of the Company examined by us and the information and explanations given to us, in our opinion, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Service tax, Wealth tax, Customs duty, Excise Duty, Cess and any other material statutory dues to the extent applicable to it and there are no such undisputed statutory dues payable for a period of more than six months from the date they become payable as at March 31, 2013.

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

Nature of Statute	Nature of Dues	Period (F.Y.)	Amount (Excluding interest) (₹ in Lacs) *	Forum where pending
Gujarat General Sales Tax, 1969	Sales Tax	1995-96	2.15	Assessing Authority-Bharuch
Gujarat General Sales Tax, 1969	Sales Tax	1996-97	1.65	Assessing Authority-Bharuch
Andhra Pradesh General Sales Tax Act	Sales Tax	2001-02	8.62	Andhra Pradesh Tribunal
Andhra Pradesh General Sales Tax Act	Sales Tax	2003-04	10.02	Andhra Pradesh Tribunal
West Bengal Sales Tax Act	Sales Tax	2003-04	15.93	Joint Commissioner (Appeal) Kolkatta
Assam Value Added Tax Act	VAT	2007-08	1.12	Joint Commissioner Guwahati
Income Tax Act	Income Tax	Assessment Year 2009-10	243.06	Appellate Tribunal
Income Tax Act	Income Tax	Assessment Year 2010-11	173.36	Commissioner of Income Tax (Appeal)
Custom Act	Anti Dumping Duty	2009-2010 & 2010-2011	230.44	Hon'ble Supreme Court of India
Central Excise Act	Excise Duty	1987-88	44.92	** Rajasthan High Court

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

** Fixed deposit receipt lodged with Rajasthan Excise Department

- (x) The Company does not have accumulated losses as at the end of the financial year. There are no cash losses during the financial year under report and in the immediately preceding financial year.
- (xi) According to the records of the Company examined by us and the information and explanations given to us, in our opinion, the Company has not defaulted in repayment of dues to any financial institution or bank during the year.
- (xii) In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of Clause 4(xiii) of the CARO, 2003 are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanation given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the CARO, 2003 are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has given a counter guarantee of ₹32.85 lacs in favour of Gujarat Industrial Development Corporation Limited (GIDC) in relation to the corporate guarantee provided by GIDC for availment of term loans by Bharuch Eco-Aqua Infrastructure Limited, the terms and conditions whereof are not, prima facie, prejudicial to the interest of the Company.
- (xvi) According to the records of the Company examined by us and the information and explanations given to us, in our opinion, the term loans taken by the Company have been applied for the purpose for which they were obtained.
- (xvii) According to the information and explanations given to us
- and as per books and records examined by us, on the basis of an overall examination of the Balance Sheet of the Company, the funds raised by the Company on short-term basis, have not been applied for long-term purposes.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, the Company has not issued any debentures during the year. Therefore, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- (xx) The Company has raised ₹117,32.70 Lacs (19,24,656 equity share of ₹ 5 each at a premium of ₹ 604.60 per share) through Qualified Institutional Placement during the year. The utilization of the money is disclosed by the Company and verified by us.
- (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 S.S. KOTHARI MEHTA & CO.
Chartered Accountants
Firm Reg. No. 000756N

Sd/-
Yogesh K. Gupta
Partner

Place: Gurgaon
Date: May 18, 2013

Membership No. 93214

Balance Sheet as at March 31, 2013

(₹ in Lacs)

Particulars	Note No.	As at		As at	
		March 31, 2013		March 31, 2012	
I. EQUITY & LIABILITIES					
1. Shareholders' Funds					
a. Share Capital	B 1	1,354.59		1,252.42	
b. Reserves and Surplus	B 2	51,104.75	52,459.34	30,667.83	31,920.25
2. Non Current Liabilities					
a. Long-term borrowings	B 3	8,511.42		11,905.70	
b. Deferred tax liabilities (Net)	B 4	4,781.34		3,242.87	
c. Other long-term liabilities	B 5	1,253.79		1,059.86	
d. Long-term provisions	B 6	215.20	14,761.75	176.96	16,385.39
3. Current Liabilities					
a. Short-term borrowings	B 7	10,221.63		11,312.86	
b. Trade payables	B 8	24,121.21		9,638.62	
c. Other current liabilities	B 9	9,257.80		8,785.48	
d. Short-term provisions	B 6	2,044.77	45,645.41	1,624.79	31,361.75
TOTAL			112,866.50		79,667.39
II. ASSETS					
1. Non Current Asset					
a. Fixed asset					
Tangible asset	B 10	47,278.56		29,228.20	
Intangible asset	B 12	207.00		178.91	
Capital Work in Progress	B 11	5,513.97		7,776.91	
Intangible asset under development	B 11	537.91	53,537.44	323.31	37,507.33
b. Non-current investments	B 13		196.77		196.77
c. Long-term loans & advances	B 14		907.94		1,906.12
d. Other Assets	B 15		176.58		162.94
2. Current Asset					
a. Inventories	B 16	24,174.58		17,875.13	
b. Trade receivables	B 17	26,253.70		17,186.90	
c. Cash and Bank Balances	B 18	1,200.45		762.68	
d. Short-term loans and advances	B 14	6,027.83		3,879.23	
e. Other Assets	B 15	391.21	58,047.77	190.29	39,894.23
TOTAL			112,866.50		79,667.39
Significant Accounting Policies	A				
Notes to Accounts	B-1 to B-52				
Notes referred to above formed the integral part of the financial statement					

As per our separate report of even date attached

For and on behalf of the Board of Directors

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

Sd/-
Yogesh K Gupta
Partner
M. No.: 93214
Firm Reg. No. 000756N
Place: Gurgaon
Date: May 18, 2013

Sd/-
Salil Singhal
Chairman & Managing Director

Sd/-
Mayank Singhal
Managing Director & CEO

Sd/-
Rajnish Sarna
Whole-time Director

Sd/-
Naresh Kapoor
Company Secretary

Statement of Profit & Loss for the year ended March 31, 2013

(₹ in Lacs)

Particulars	Note No.	For the year ended March 31, 2013		For the year ended March 31, 2012	
I. Revenue from Operations	B 19				
Sale of products		131,006.86		99,871.93	
Less: Discount		(9,489.02)		(7,781.00)	
Less: Excise Duty		(6,761.41)	114,756.43	(4,593.97)	87,496.96
Sale of services			-		-
Other operating Revenues			296.83		212.09
II. Other Income	B 20		836.60		519.06
III. Total Revenue (I+II)			115,889.86		88,228.11
IV. Expenses					
Cost of Materials consumed	B 21		64,296.05		48,668.06
Purchase of Stock in Trade			2,952.02		3,900.02
Changes in Inventories of finished goods, work in progress and stock in trade	B 22		171.96		(3,359.86)
Employee Benefits expenses	B 23		8,643.73		7,017.12
Finance Costs	B 27		2,214.51		2,010.92
Depreciation and amortisation	B 26		2,181.31		1,710.94
Other Expenses	B 24		21,055.62		17,377.45
Total Expenses			101,515.20		77,324.65
V. Profit before exceptional items and tax (III-IV)			14,374.66		10,903.46
VI. Exceptional Items	B 25		-		3,034.28
VII. Profit Before Tax (V+VI)			14,374.66		13,937.74
Consisting of:					
- Profit/ (Loss) on Continuing Operations			14,374.66		10,906.93
- Profit/ (Loss) on Discontinued Operations			-		(3.47)
- Exceptional Items Profit/ Loss			-		3,034.28
Less: Provision for Current Tax for continuing business			(3,288.25)		(3,870.15)
Less: Provision for current tax for discontinued business			-		0.45
Less: Provision for Deferred tax			(1,538.47)		(13.89)
Add: Income Tax of earlier years			86.53		-
VIII. Profit After Tax			9,634.47		10,054.15
Consisting of:					
- Profit/ (Loss) on Continuing Operations			9,634.47		7,777.99
- Profit/ (Loss) on Discontinued Operations			-		(3.02)
- Exceptional Items Profit/ Loss			-		2,279.18
IX Profit/ (loss) for the period			9,634.47		10,054.15
X Earnings per Equity Shares*	B 29				
1) Basic (in ₹)			7.57		8.05
2) Diluted (in ₹)			7.52		8.00
Earnings per share ₹ - Continuing Business*					
1) Basic (in ₹)			7.57		8.05
2) Diluted (in ₹)			7.52		8.00
Earnings per share ₹ - Discontinued Business*					
1) Basic (in ₹)			-		(0.00)
2) Diluted (in ₹)			-		(0.00)
Face value per share (in ₹)*			1.00		1.00
* The EPS for FY 2011-12 & 2012-13 has been calculated considering the effect of split of shares from ₹ 5 to ₹ 1 per share.					
Significant Accounting Policies	A				
Notes to Accounts	B-1 to B-52				
Notes referred to above formed the integral part of the financial statement					

As per our separate report of even date attached

For and on behalf of the Board of Directors

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

Sd/-

Yogesh K Gupta
Partner

M. No.: 93214

Firm Reg. No. 000756N

Place: Gurgaon

Date: May 18, 2013

Sd/-

Salil Singhal
Chairman & Managing Director

Sd/-

Rajnish Sarna
Whole-time Director

Sd/-

Mayank Singhal
Managing Director & CEO

Sd/-

Naresh Kapoor
Company Secretary

Cash Flow Statement annexed to the Balance Sheet for the year ended March 31, 2013

(₹ in Lacs)

Particulars	For the year ended March 31, 2013		For the year ended March 31, 2012	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Operating Profit before Tax & Extraordinary Items		14,374.66		13,937.74
Adjustments for:				
Net Operating Profit before Tax				
Depreciation	2,181.31		1,710.94	
Interest Expenses	2,214.51		2,010.92	
Provision for Doubtful Debts and Advances	144.93		379.08	
Interest Income	(627.72)		(412.20)	
Dividend Income	(0.03)		(0.02)	
Employee Stock Option Expense	54.93		108.95	
(Profit)/Loss on sale of Fixed Assets (Net)	25.88		128.62	
Bad Debts written off	–		1.81	
Unrealised Foreign Exchange Loss/(Gain) (Net)	(213.21)		68.42	
Exceptional Items				
- Sale of Polymer Business	–		(3,034.28)	
		3,780.60		962.24
Operating Profit before Working Capital changes		18,155.26		14,899.98
(Increase) / Decrease in Short-term Trade Receivables	(9,073.96)		64.37	
(Increase) / Decrease in Short-term Loans and Advances	(2,066.00)		(1,152.99)	
(Increase) / Decrease in Long-term Loans and Advances	(42.57)		(19.39)	
(Increase) / Decrease in Other assets	(61.10)		(73.17)	
(Increase) / Decrease in Other Long-term assets	(13.64)		(23.13)	
(Increase) / Decrease in Inventories	(6,299.45)		(3,777.13)	
Increase / (Decrease) in Short-term Trade Payables/ Provisions	14,589.01		(841.63)	
Increase / (Decrease) in Long-term Trade Payables/ Provisions	38.24		40.07	
Increase / (Decrease) in Other Short-term Liabilities	(1,446.01)		1,812.15	
Increase / (Decrease) in Other Long-term Liabilities	193.93	(4,181.55)	115.13	(3,855.72)
Cash generated from Operations before tax and exceptional items		13,973.71		11,044.26
Net Direct Taxes paid		(3,716.34)		(3,955.06)
Exceptional Item		–		3,034.28
Net cash from Operating Activities		10,257.37		10,123.48
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets including Capital Work in Progress, Intangible Assets and Capital Advances	(15,104.61)		(11,772.35)	
Sale of Fixed Assets	4.20		859.45	
Interest Received	627.72		412.20	
Dividend Received	0.03		0.02	
Net cash used in Investing Activities		(14,472.66)		(10,500.68)
Net cash from Operating and Investing Activities		(4,215.29)		(377.20)

Cash Flow Statement annexed to the Balance Sheet for the year ended March 31, 2013 (Contd..)

(₹ in Lacs)

Particulars	For the year ended March 31, 2013		For the year ended March 31, 2012	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Issue of Equity Share Capital	102.17		133.67	
(Repayment) /Issue of Preference Shares	–		(810.00)	
(Repayment/ Redemption) /Issue of Debentures	–		(2,940.00)	
Employee Stock option Allotted	(62.80)		–	
Share Premium Account	11,767.80		3,340.38	
Short-term Borrowings (Net)	(1,512.96)		(4,341.58)	
Long-term Borrowings (Net of Repayments)	(2,760.59)		8,130.67	
Interest paid (Net)	(2,543.11)		(2,142.25)	
Dividend Distribution	(755.63)		(1,001.29)	
Net Cash from Financing activities		4,234.88		369.60
Net Cash from Operating, Investing & Financing Activities		19.59		(7.60)
Net increase in Cash & Cash equivalent		19.59		(7.60)
Opening balance of Cash & Cash equivalent		389.51		397.11
Closing balance of Cash & Cash equivalent		409.10		389.51
Note:				
Cash and cash equivalents included in the Cash Flow Statement comprise of the following:-				
i) Cash Balance on Hand		9.96		5.89
ii) Balance with Banks:				
- In Current Accounts		295.72		383.62
- Cheques in hand		103.42		–
Total		409.10		389.51

As per our separate report of even date attached

For and on behalf of the Board of Directors

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

Sd/-
Yogesh K Gupta
Partner
M. No.: 93214
Firm Reg. No. 000756N
Place: Gurgaon
Date: May 18, 2013

Sd/-
Salil Singhal
Chairman & Managing Director

Sd/-
Rajnish Sarna
Whole-time Director

Sd/-
Mayank Singhal
Managing Director & CEO

Sd/-
Naresh Kapoor
Company Secretary

Significant Accounting Policies and Notes to Accounts

A. SIGNIFICANT ACCOUNTING POLICIES

1) Basis of Preparation

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

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

All Assets and Liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of services provided and time between the rendering of services and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

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

2) Use of Estimates

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

3) Revenue Recognition

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

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

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

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

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

4) Expenditure

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

5) Fixed Assets and Depreciation

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

Expenditure during construction / erection period is included under Capital Work in Progress and is allocated to the respective fixed assets on completion of construction / erection.

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

c. Leasehold land and Cost of improvement on leasehold building is being amortised over the lease period.

Significant Accounting Policies and Notes to Accounts

- d. Revaluation of Fixed assets: Depreciation on the increased amount of assets due to revaluation is computed on the basis of the residual life of the assets as estimated by the valuers on Straight Line Method.

6) Intangible Assets

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

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

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

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

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

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

7) Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged in the Statement of Profit & Loss 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 Statement of Profit & Loss 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 as Profit/Loss.**

d. **Short-term Employee benefits:**

Short-term benefits are charged off at the undiscounted amount in the year in which the related service is rendered.

10) Foreign Currency Transactions

a. **Initial Recognition**

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

b. **Conversion**

Foreign currency monetary items are reported using the closing rate.

c. **Exchange Difference**

Any gain or loss on account of exchange difference arising either on the settlement or on reinstatement of foreign currency monetary items is recognised as Profit/Loss, 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.

Significant Accounting Policies and Notes to Accounts

11) Research and Development

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

12) Prior Period Adjustments

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

13) Investments

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

14) Borrowing Cost

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

15) Taxation

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

16) Leases

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

17) Provisions, Contingent Liabilities & Contingent Assets

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

18) Segment Reporting

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

Primary Segment:

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

Secondary Segment:

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

- a. Sales within India
- b. Sales outside India

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

19) Cash Flow Statements

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

Significant Accounting Policies and Notes to Accounts

20) Earning Per Share

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

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

21) Derivative Instruments

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

22) Employee Stock Option Based Compensation

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

B. NOTES TO ACCOUNTS

1. SHARE CAPITAL

	(₹ in Lacs)	
	As at March 31, 2013	As at March 31, 2012
Authorised Shares		
400,00,000 (Previous Year 400,00,000) Equity Shares of ₹5 each (Previous Year of ₹ 5 each)	2,000.00	2,000.00
50,00,000 (Previous Year 50,00,000) Preference Shares of ₹100 each	5,000.00	5,000.00
	7,000.00	7,000.00
Issued Shares		
271,27,145 (Previous Year 250,83,693) Equity Shares of ₹5 each (Previous Year ₹ 5 each)	1,356.36	1,254.19
	1,356.36	1,254.19
Subscribed & Fully Paid up Shares		
270,91,830 (Previous Year 250,48,378) Equity Shares of ₹5 each (Previous Year ₹ 5 each)	1,354.59	1,252.42
Total Subscribed & Fully Paid up Share Capital	1,354.59	1,252.42

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

b. Terms/ rights attached to Equity Shares

The Company has only one class of Equity Shares having a par value of ₹ 5 per share (Previous Year ₹ 5 per share). Each holder of Equity Shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General meeting except interim dividend.

During the year ended March 31, 2013, the Company had declared 100% dividend on Equity Shares of face value of ₹ 1 (Post split) (Refer Note g), each to the Equity Shareholders, which is recognised as distribution to the Equity Shareholders at the year end. (Previous Year interim dividend of ₹ 2 per share and final dividend of ₹ 3 per share of face value of ₹ 5 per share)

c. Securities Converted into Equity

Compulsorily Convertible Preference Shares (CCPS)

During the Previous year, 810000 preference shares have been converted into 311658 Equity Shares of ₹ 10 each, allotted to both Standard Chartered Private Equity (Mauritius) Limited and Standard Chartered Private Equity (Mauritius) II Limited equally, at a premium of ₹ 249.9003 per share.

Optionally Convertible Debentures (OCDs)

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

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

1. SHARE CAPITAL (Contd...)

d. Issue of Shares through Qualified Institutional Placement (QIP)

During the year, the Company has raised an amount of ₹ 11,732.70 lacs through Qualified Institutional Placement (QIP) route: accordingly 19,24,656 Equity Shares @ ₹ 609.60 per share have been allotted on January 31, 2013. The Company has received the listing/ trading approvals from Stock Exchange for aforementioned allotment.

e. Issue of Shares under ESOP Scheme

During the year ended March 31, 2013, the Company has issued 118796 (Previous Year Nil), Equity Shares of ₹ 5 each as per exercise price to PII ESOP Trust (Trust), set up to administer Employee Stock Option Plan. Out of total Equity Shares issued to the Trust, 97427 Equity Shares (Previous Year Nil) have been allocated by the Trust to respective employees upon exercise of Stock Option from time to time. As on March 31, 2013, 21369 Equity Shares (Previous Year Nil) are pending to be allocated to employees upon exercise of Stock option. (Refer Note 35)

f. Fractional Shares

During the previous year ending March 31, 2012, 18 fractional shares were sold off in the market on October 15, 2011 at prevailing market price and the proceeds were reimbursed to the beneficiaries.

g. Split of Shares

Pursuant to the approval of the shareholders through postal ballot dated April 3, 2013, the Company has sub-divided the existing Equity Shares of ₹ 5 each fully paid up into 5 Equity Shares of ₹ 1 each.

During the previous year, pursuant to the approval of the shareholders in their meeting held on July 16, 2011, the Company has sub-divided the existing Equity Shares of ₹ 10 each fully paid up into 2 Equity Shares of ₹ 5 each.

h. Shareholdings of the Holding Company

Pursuant to Delhi High Court Order, some of the promoter companies have merged w.e.f. January 1, 2013, resulting in making PI Industries Ltd. subsidiary of Parteeek Finance & Investment Co. Ltd. The said Promoter Company holds 14590278 shares which is 53.85% of the total shareholding of the Company.

i. Reconciliation of Shares outstanding at the beginning and at the end of the reporting period

Issued Share Capital

Equity Shares

Particulars	Equity Shares (No. of Shares)		Equity Shares (Value of Shares) (₹ in Lacs)	
	2012-13	2011-12	2012-13	2011-12
Share outstanding at beginning of period	25,083,693	11,205,158.5	1,254.19	1,120.52
Shares issued under Qualified Institutional Placement (Refer Note 1(d))	1,924,656	–	96.23	–
Shares issued under ESOP (Refer Note 1(e))	118,796	–	5.94	–
Preference Shares Converted into Equity (Refer Note 1(c))	–	311,658	–	31.17
Debentures Converted into Equity (Refer Note 1(c))	–	1,025,030	–	102.50
Split of shares (Refer Note 1(g))	–	12,541,846.5	–	–
Share outstanding at end of period	27,127,145	25,083,693	1,356.36	1,254.19

Preference Shares

Particulars	Equity Shares (No. of Shares)		Equity Shares (Value of Shares) (₹ in Lacs)	
	2012-13	2011-12	2012-13	2011-12
Share outstanding at beginning of period	–	810,000	–	810.00
Shares issued during the period	–	–	–	–
Shares Converted into Equity (Refer Note 1(c))	–	(810,000)	–	(810.00)
Share outstanding at end of period	–	–	–	–

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

1. SHARE CAPITAL (Contd...)

Subscribed & Paid up

Equity Shares

Particulars	Equity Shares (No. of Shares)		Equity Shares (Value of Shares) (₹ in Lacs)	
	2012-13	2011-12	2012-13	2011-12
Share outstanding at beginning of period	25,048,378	11,187,501	1,252.42	1,118.75
Shares issued under Qualified Institutional Placement (Refer Note 1(d))	1,924,656	–	96.23	–
Shares issued under ESOP (Refer Note 1(e))	118,796	–	5.94	–
Preference Shares Converted into Equity (Refer Note 1(c))	–	311,658	–	31.17
Debentures Converted into Equity (Refer Note 1(c))	–	1,025,030	–	102.50
Split of shares (Refer Note 1(g))	–	12,524,189	–	–
Share outstanding at end of period	27,091,830	25,048,378	1,354.59	1,252.42

Preference Shares

Particulars	Equity Shares (No. of Shares)		Equity Shares (Value of Shares) (₹ in Lacs)	
	2012-13	2011-12	2012-13	2011-12
Share outstanding at beginning of period	–	810,000	–	810.00
Shares issued during the period	–	–	–	–
Shares Converted into Equity (Refer Note 1(c))	–	(810,000)	–	(810.00)
Share outstanding at end of period	–	–	–	–

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

	As at March 31, 2013	As at March 31, 2012
Equity Shares allotted as fully paid up Bonus shares by capitalisation of reserves as on	7,272,921	7,272,921

Year of Issue	No. of Shares
2010-11	3,729,167
2009-10	3,543,754

k. Shares reserved for issue under option

Shares reserved for issue under ESOP - Refer Note 35

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

Equity Shares

Name of Shareholders	2012-13		2011-12	
	No of Shares	% of Holding	No of Shares	% of Holding
1 Parteek Finance & Inv. Co. Ltd.	14,590,278	53.85	5,872,602	23.45
2 Lucrative Leasing Finance & Inv. Co. Ltd.	Nil	Nil	5,639,796	22.52
3 Samaya Investment & Trading Pvt. Ltd.	Nil	Nil	3,077,880	12.29
4 Standard Chartered Inv. & Loans (I) Ltd.	Nil	Nil	2,025,060	8.08
5 Rowanhill Investments Ltd.	1,182,599	4.37	1,359,801	5.43

m. Shares held by Holding Company

Name of Shareholders	2012-13		2011-12	
	No of Shares	% of Holding	No of Shares	% of Holding
Parteek Finance & Inv. Co. Ltd.	14,590,278	53.85	–	–

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

2. RESERVES & SURPLUS

(₹ in Lacs)

	As at March 31, 2013		As at March 31, 2012	
a. Capital Reserve				
Balance at the beginning of the Year	147.51		147.51	
Addition during the Financial Year	–		–	
Deduction during the Financial Year	–	147.51	–	147.51
b. Securities Premium Account				
Balance at the beginning of the Financial Year	4,180.38		840.00	
Add: Premium on issue of Equity Shares through QIP	11,636.47		3,340.38	
Add: Premium on issue of Equity Shares through ESOP	341.36		–	
Less: Share Issue Expenses	(210.03)	15,948.18	–	4,180.38
c. Revaluation Reserve				
Balance at the beginning of the Financial Year	179.67		201.83	
Less: Depreciation on revalued amount adjusted	–	179.67	(22.16)	179.67
d. Share Option Outstanding Account				
Balance at the beginning of the Financial Year	108.96		–	
Addition during the Financial Year	48.89		164.55	
Less: Written back during the Financial Year	(5.28)		–	
Less: Shares Allotted	(62.80)		–	
Less: Deferred employee stock compensation	11.32	101.09	(55.59)	108.96
e. Cash Flow Hedge Reserve				
Balance at the beginning of the Financial Year	(492.60)		–	
Addition during the Financial Year	–		(492.60)	
Less: Written back during the Financial Year	625.40	132.80	–	(492.60)
f. General Reserve				
Balance at the beginning of the Financial Year	5,625.77		4,620.36	
Add: Transferred during the Financial Year	963.45	6,589.22	1,005.42	5,625.78
g. Surplus in Profit & Loss Account				
Balance at the beginning of the Financial Year	20,918.13		13,324.98	
Addition during the Financial Year	9,634.47		10,054.15	
Less: Transfer to General Reserves	(963.45)		(1,005.42)	
Less; Dividend of previous Years	(4.16)		–	
Less: Interim Dividend on Equity Shares @ ₹ Nil per share (Previous Year ₹ 2)	–		(500.97)	
Less: Proposed Dividend on Equity Shares {₹ 1 per share (Post split face value of ₹ 1 each) (Previous Year ₹ 3 per share, face value of ₹ 5 each)}	(1,354.59)		(751.45)	
Less: Proposed Dividend on Preference Shares {₹ Nil (Previous Year 0.01%)}	–		(0.01)	
Less: Dividend Distribution Tax on Equity Shares	(224.12)		(203.15)	
Less: Dividend Distribution Tax on Preference Shares	–	28,006.28	(0.00)	20,918.13
TOTAL		51,104.75		30,667.83

During the year, interim dividend amounting to ₹ Nil (Previous Year 26.02 lacs on 1,300,848 shares) & final dividend amounting to ₹ 40.79 lacs (Previous Year ₹ 46.02 lacs) declared for the financial year 2011-12 was paid in foreign currency to one of the shareholder holding 1,359,801 shares (Previous Year 1,150,424 shares).

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

3. LONG-TERM BORROWINGS

(₹ in Lacs)

	Non-Current		Current Maturities	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Term Loans - From Banks and Financial Institutions				
Indian Rupee Loans from Banks (secured)	–	650.00	–	1,088.22
Foreign Currency Loans from Banks (secured)	7,977.20	10,238.00	2,900.80	–
From Financial Institutions (secured)	–	500.00	–	500.00
	7,977.20	11,388.00	2,900.80	1,588.22
Deposits (unsecured)				
Directors	117.18	134.59	42.53	21.06
Shareholders	97.48	45.91	32.42	79.95
Others	319.56	337.20	13.03	25.86
	534.22	517.70	87.98	126.87
TOTAL	8,511.42	11,905.70	2,988.78	1,715.09
The above amount includes				
Secured borrowings	10,878.00	12,976.22		
Unsecured borrowings	622.20	644.57		
Net Amount	11,500.20	13,620.79		

- Indian Rupee Loan from Banks includes:
All Indian Rupee Loans from Banks outstanding as on March 31, 2012 have been paid off during the year and there are no loans outstanding as on March 31, 2013.
- Foreign Currency Loan includes:
ECB from Standard Chartered Bank amounting to USD 200 lacs carrying interest rate of 90 days LIBOR plus 2.75% is outstanding as on March 31, 2013 and is repayable in 15 Quarterly installments of USD 13.33 lacs each, beginning from April 2013. The loan is secured by first exclusive charge on movable fixed assets of the Company situated at Jambusar, Gujarat.
- Loans from Financial Institutions
The loan amount outstanding from Financial Institutions as on March 31, 2012 have been paid off during the year, and there is no outstanding loan as on March 31, 2013.
- Deposits from Directors, Shareholders and Others carries interest ranging from 9% to 11% depending upon the amount of deposit. Non-cumulative deposits have a maturity period of two years and are paid interest at the interval of every six months. Cumulative deposits have maturity period of three years and the interest is compounded six monthly.
- As on the Balance Sheet date there is no default in repayment of loans and interest.

4. DEFERRED TAX LIABILITIES

(₹ in Lacs)

	As at March 31, 2013	As at March 31, 2012
Deferred tax assets/ liabilities are attributable to the following items;		
Deferred Tax Assets		
Effects of expenditure debited to P&L account in the current year but allowed for tax purposes in the following year	344.63	324.02
Sub-Total (a)	344.63	324.02
Deferred Tax Liabilities		
Difference in depreciation and amortisation in block of fixed assets as per Income Tax Act and books of accounts & Others	5,125.97	3,566.89
Sub-Total (b)	5,125.97	3,566.89
Net Deferred Tax Liability (b)-(a)	4,781.34	3,242.87

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

5. OTHER LONG-TERM LIABILITIES

(₹ in Lacs)

	As at March 31, 2013	As at March 31, 2012
Other Payables		
Security Deposits from Dealers	1,174.12	998.19
Security Deposits from Contractors	34.75	16.75
Miscellaneous payables	44.92	44.92
TOTAL	1,253.79	1,059.86

6. PROVISIONS

(₹ in Lacs)

	Non-Current		Current	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Provision for Employee Benefits				
Leave Encashment	215.20	176.96	54.91	42.60
Gratuity	–	–	223.49	128.45
	215.20	176.96	278.40	171.05
Other Provisions				
Provision for Income Tax {Net of Advance Tax of ₹ 10,417.94 Lacs, (Previous Year ₹ 7,231.77 Lacs)}			187.66	580.39
Provision for Proposed Dividend on Equity Shares			1,354.59	751.45
Provision for Proposed Dividend on Preference Shares			–	0.01
Provision for Dividend Distribution Tax			224.12	121.89
	–	–	1,766.37	1,453.74
TOTAL	215.20	176.96	2,044.77	1,624.79

7. SHORT-TERM BORROWINGS

(₹ in Lacs)

	As at March 31, 2013	As at March 31, 2012
Loans Repayable on Demand		
Working Capital Loans from Banks (secured)	7,656.12	6,846.94
Inter - Corporate Deposits (unsecured)		
- From Promoter Companies	–	115.00
- From Subsidiary Companies	–	255.00
	7,656.12	7,216.94
Other Loans and Advances		
Packing Credit Foreign Currency Loan {Secured (Previous Year Unsecured)}	2,565.51	4,095.92
	2,565.51	4,095.92
TOTAL	10,221.63	11,312.86
The above amount includes		
Secured Borrowings	10,221.63	6,846.94
Unsecured Borrowings	–	4,465.92

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 & spares not related to plant and machinery, bills receivable, book debts and additionally secured by way of second charge on all the immovable properties of the Company excluding leasehold land situated at Jambusar in favour of the consortium bankers. Working Capital Loan includes Foreign currency Loan (Buyers Credit Loan) amounting to ₹ 678.66 lacs (Previous Year ₹ Nil lacs).

8. TRADE PAYABLES

(₹ in Lacs)

	As at March 31, 2013	As at March 31, 2012
Trade Payables		
- Due to micro and small enterprises (Refer note 44)	352.44	351.06
- Other Trade Payables*	23,768.77	9,287.56
TOTAL	24,121.21	9,638.62

* Other Trade Payables include amount due to Subsidiary companies amounting to ₹166.34 lacs (Previous Year ₹ 62.24 lacs)

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

9. OTHER CURRENT LIABILITIES

(₹ in Lacs)

	As at March 31, 2013	As at March 31, 2012
Current maturities of long-term debt (Refer Note 3)	2,988.78	1,715.09
Creditors for Capital Purchases	1,529.76	338.35
Security Deposits Contractors	15.50	31.75
Interest accrued but not due on borrowings	108.56	165.05
Advance from Customers	1,100.57	3,173.12
Unpaid dividends*	8.95	6.62
Other payables		
- Employee Balances	1,366.09	995.57
- Statutory Dues Payable	587.89	367.51
- Miscellaneous Payable	1,551.70	1,499.82
Hedge Liability	-	492.60
TOTAL	9,257.80	8,785.48

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

10. TANGIBLE ASSETS

(₹ in Lacs)

	Leasehold land	Freehold Land	Buildings	Plant & Machinery	Furniture & Fixtures	Office Equipment	Vehicles	Library	Tools and Equipment	Total
Gross Carrying Value										
As at April 1, 2011	661.48	235.53	2,960.04	30,886.06	197.82	350.14	215.48	100.16	2.66	35,609.37
Additions	1,519.51	-	561.74	3,977.44	73.08	89.98	2.34	-	-	6,224.09
Disposals	-	-	(79.57)	(59.71)	(70.55)	(52.36)	(19.85)	-	(2.66)	(284.70)
Transfer on account of discontinued operation	-	-	(85.03)	(1,274.78)	(1.93)	(2.35)	-	(0.36)	-	(1,364.45)
Other Adjustments										
Exchange Difference	-	-	-	15.21	-	-	-	-	-	15.21
Borrowing Costs	-	-	-	46.39	-	-	-	-	-	46.39
Stores & Spares	-	-	-	245.41	-	-	-	-	-	245.41
Other Expenses including Salary	-	-	-	310.27	-	-	-	-	-	310.27
As at March 31, 2012	2,180.99	235.53	3,357.18	34,146.29	198.42	385.41	197.97	99.80	-	40,801.59
Additions	-	-	3,372.90	14,232.55	56.79	35.56	-	-	-	17,697.80
Disposals	-	-	-	(98.25)	(0.23)	(0.35)	(7.61)	(0.06)	-	(106.50)
Other Adjustments										
Exchange Difference	-	-	152.48	596.60	-	0.03	-	-	-	749.11
Borrowing Costs	-	-	88.96	318.97	-	0.04	-	-	-	407.97
Stores & Spares	-	-	-	-	-	-	-	-	-	-
Other Expenses including Salary	-	-	291.54	1,072.23	0.42	0.38	-	-	-	1,364.57
As at March 31, 2013	2,180.99	235.53	7,263.06	50,268.39	255.40	421.07	190.36	99.74	-	60,914.54
Depreciation										
As at April 1, 2011	3.71	-	666.56	9,246.84	124.61	251.61	175.27	74.35	-	10,542.95
Charge for the year	0.41	-	88.20	1,557.23	16.05	16.66	10.39	2.58	-	1,691.52
Disposals	-	-	(11.02)	(22.88)	(56.25)	(42.25)	(16.91)	-	-	(149.31)
Transfer on account of discontinued operation	-	-	(25.33)	(483.69)	(0.99)	(1.50)	-	(0.26)	-	(511.77)
As at March 31, 2012	4.12	-	718.41	10,297.50	83.42	224.52	168.75	76.67	-	11,573.39
Charge for the year	4.26	-	137.80	1,938.62	24.73	23.88	7.40	2.32	-	2,139.01
Disposals	-	-	-	(69.06)	(0.23)	(0.30)	(6.77)	(0.06)	-	(76.42)
As at March 31, 2013	8.38	-	856.21	12,167.06	107.92	248.10	169.38	78.93	-	13,635.98
Net Carrying Value										
As at March 31, 2012	2,176.87	235.53	2,638.77	23,848.79	115.00	160.89	29.22	23.13	-	29,228.20
As at March 31, 2013	2,172.61	235.53	6,406.85	38,101.33	147.48	172.97	20.98	20.81	-	47,278.56

- The Company revalued Tangible assets on June 30, 1988, at fair values determined by an independent external valuer. The valuer determined the fair value by reference to market based evidence.
- Depreciation for the year includes depreciation amounting to ₹ 43.26 lacs (Previous Year ₹ 38.62 lacs) on assets used for Research & Development. During the year Company incurred ₹ 191.02 lacs (Previous Year ₹ 50.32 lacs) towards capital expenditure for Research & Development (Refer Note 28).
- Amount transferred on account of exchange difference, borrowing costs and other administrative costs have been transferred from Capital Work in Progress.
- Addition to Building includes Leasehold improvement of ₹ Nil lacs (Previous Year ₹ 358.85 lacs)

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

11. CAPITAL WORK IN PROGRESS & INTANGIBLES ASSETS UNDER DEVELOPMENT

(₹ in Lacs)

	Amount of Capital Work in progress	Intangible Assets under Development
As at March 31, 2011	3,136.26	70.77
Additions	8,896.03	252.54
Amount transferred from CWIP	(5,180.43)	–
Other Adjustments*		
Exchange Difference	124.32	–
Borrowing Costs	154.75	–
Stores & Spares	81.64	–
Other Expenses including Salary	564.34	–
As at March 31, 2012	7,776.91	323.31
Additions	15,242.64	214.60
Amount transferred from CWIP	(20,013.77)	–
Other Adjustments*		
Exchange Difference	640.00	–
Borrowing Costs	272.11	–
Stores & Spares	329.41	–
Other Expenses including Salary	1,266.67	–
As at March 31, 2013	5,513.97	537.91

* Refer Note 38

12. INTANGIBLE ASSETS

(₹ in Lacs)

	Software
Gross Carrying Value	
As at April 1, 2011	302.39
Additions	105.09
Disposals	–
As at March 31, 2012	407.48
Additions	70.39
Disposals	–
As at March 31, 2013	477.87
Depreciation	
As at April 1, 2011	187.00
Charge for the year	41.57
Disposals	–
As at March 31, 2012	228.57
Charge for the year	42.30
Disposals	–
As at March 31, 2013	270.87
Net Carrying Value	
As at March 31, 2012	178.91
As at March 31, 2013	207.00

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

13. NON CURRENT INVESTMENTS

(₹ in Lacs)

	As at March 31, 2013		As at March 31, 2012	
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 ₹10 each fully paid	3.00		3.00	
b) Bharuch Enviro Infrastructure Ltd. 2,100 (Previous Year 2,100) Equity Shares of ₹10 each fully paid	0.21		0.21	
c) Narmada Clean Tech Ltd.* 4,44,339 (Previous Year 4,44,339) Equity Shares of ₹10 each fully paid	44.43		44.43	
d) Angan Apartment Co-opt Hsg. Society Ltd. (Services) Bharuch 5 (Previous Year 5) Equity Shares of ₹50 each fully paid	0.01		0.01	
e) Abhilasha Tower Co-operative Service Housing Society Ltd. 10 (Previous Year 10) Equity Shares of ₹ 250 each fully paid	0.02		0.02	
		47.67		47.67
2 Investment in wholly-owned subsidiary				
PILL Finance & Investment Limited 3,60,000 (Previous Year 3,60,000) Equity Shares of ₹ 10 each fully paid	36.00		36.00	
PI Life Science Research Limited 945,000 (Previous Year 945,000) Equity Shares of ₹10 each fully paid	94.50		94.50	
PI Japan Company Limited 100 (Previous Year 100) Equity Shares of ₹18600 each fully paid (JPY 50,000 each)	18.60		18.60	
		149.10		149.10
TOTAL		196.77		196.77
Aggregate book value of Quoted Investments		Nil		Nil
Aggregate book value of Un-Quoted Investments		196.77		196.77

* Name of M/s Bharuch Eco-Aqua Infrastructure Ltd. has been changed to M/s Narmada Clean Tech Ltd. vide certificate of Incorporation dated April 8, 2011.

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

14. LOANS AND ADVANCES

(₹ in Lacs)

	Non-Current		Current	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Capital Advances (Unsecured)				
Considered good	474.79	1,508.15	–	–
Doubtful	7.94	0.55	–	–
Less: Allowance for Doubtful Capital Advances	(7.94)	(0.55)	–	–
A	474.79	1,508.15	–	–
Security Deposits (Unsecured)				
Considered good*	395.41	353.53	11.35	35.72
Doubtful	–	–	–	–
B	395.41	353.53	11.35	35.72
Loans and Advances to related parties (Unsecured)				
Considered good (Refer Note 40)	–	–	27.44	27.30
C	–	–	27.44	27.30
Other Loans and Advances (Unsecured)				
Loan To Body Corporate	–	–	779.47	–
Advances to Vendors, considered good	–	–	1,293.29	1,212.15
Advances to Vendors, Doubtful	–	–	164.14	246.74
Less: Allowance for Doubtful Advances	–	–	(164.14)	(246.74)
Balance with Central Excise Authorities, Customs etc.	–	–	1,234.66	748.70
Prepaid Expenses	–	–	100.81	111.63
Employee Advances	–	–	19.24	84.70
Other Statutory Advances	9.32	8.48	1,900.21	1,169.70
Other Miscellaneous Advances	28.42	35.96	661.36	489.33
D	37.74	44.44	5,989.04	3,816.21
TOTAL (A+B+C+D)	907.94	1,906.12	6,027.83	3,879.23

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

15. OTHER ASSETS

(₹ in Lacs)

	Non-Current		Current Maturities	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Interest and other charges recoverable from customers - Good	–	–	258.42	190.29
Interest and other charges recoverable from customers - Doubtful	–	–	57.48	64.51
Less: Allowance for Interest and other charges recoverable from customers	–	–	(57.48)	(64.51)
Deposits lodged with Excise & Sales Tax department*	176.58	162.94	–	–
Hedge Asset	–	–	132.79	–
TOTAL	176.58	162.94	391.21	190.29

*Deposits include ₹ 170.42 lacs (Previous Year ₹ 158.20 lacs) towards security deposit lodged with the Rajasthan excise department and ₹ 3.91 lacs (Previous Year ₹ 3.60 lacs) lodged with Commercial Taxes Kottayam, ₹ 1.21 lacs (Previous Year ₹ 1.14 lacs) lodged with Assistant Excise & Taxation Commissioner, Solan, 0.53 lacs (Previous Year ₹ Nil) lodged with Superintendent, Prohibition & Excise Account, Jambusar and 0.51 lacs (Previous Year Nil) lodged with UKAI right Bank Canal Division.

* Includes Fixed Deposits with more than twelve months maturity from date of acquisition: ₹ 176.58 lacs (Previous Year ₹ 162.94 lacs); and Fixed Deposits upto 3 months maturity from date of acquisition: ₹ Nil (Previous Year ₹ Nil)

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

16. INVENTORIES (Valued at lower of cost and net realizable value)

	(₹ in Lacs)	
	As at March 31, 2013	As at March 31, 2012
Raw Materials and Packing Materials {(includes Stock-in-Transit ₹ 5,504.52 lacs (Previous Year ₹ 322.42 lacs)}	11,625.27	4,730.79
Work in Progress	4,535.76	4,636.50
Finished Goods, including By-products	5,794.40	5,881.12
Traded Goods	749.43	733.93
Stores & Spares, Laboratory Chemicals & Apparatus	1,469.72	1,892.79
TOTAL	24,174.58	17,875.13

17. TRADE RECEIVABLES

	(₹ in Lacs)	
	As at March 31, 2013	As at March 31, 2012
<i>Unsecured, considered good unless stated otherwise</i>		
Debts outstanding for a period exceeding six months from the date they are due for payment		
- Considered Good	207.24	163.83
- Doubtful	190.98	194.23
	398.22	358.06
Less: Allowance for Doubtful Debts	(190.98)	(194.23)
A	207.24	163.83
Others Debts		
- Considered Good	26,046.46	17,023.07
- Doubtful	18.51	8.42
	26,064.97	17,031.49
Less: Allowance for Other Doubtful Debts	(18.51)	(8.42)
B	26,046.46	17,023.07
TOTAL (A+B)	26,253.70	17,186.90

18. CASH AND BANK BALANCES

	(₹ in Lacs)	
	As at March 31, 2013	As at March 31, 2012
Cash & Cash Equivalents		
- Balance with banks:		
On Current Accounts	295.72	383.62
- Cash on hand	9.96	5.89
- Cheques in hand	103.42	-
Other Bank Balances		
In Deposit Accounts held as margin money*	782.40	366.55
In Unpaid Dividend Accounts **	8.95	6.62
TOTAL	1,200.45	762.68

* Deposit account includes ₹ 782.40 Lacs (Previous Year ₹366.55 lacs) towards margin money pledged with banks for Bank Guarantees and Letter of Credit.

* Includes Fixed Deposits with more than twelve months maturity from date of acquisition: ₹ 782.40 lacs (Previous Year ₹ 366.55 lacs); and Fixed Deposits upto 3 months maturity from date of acquisition: ₹ Nil (Previous Year ₹ Nil)

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

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

19. REVENUE FROM OPERATIONS

(₹ in Lacs)

	Year ended March 31, 2013	Year ended March 31, 2012
Revenue from Operations includes		
a) Sale of products		
Finished Goods	126,184.90	94,839.39
Traded Goods	4,821.96	5,032.54
	131,006.86	99,871.93
b) Other operating Revenues		
Scrap Sales	69.49	60.61
Others*	227.34	151.48
	296.83	212.09
Revenue From Operations (Gross) (a+b)	131,303.69	100,084.02
Less: Excise Duty	6,761.41	4,593.97
Less: Discount	9,489.02	7,781.00
Revenue From Operations (Net)	115,053.26	87,709.05
c) Details of products sold		
(i) Finished goods sold		
Specialty Chemicals	61,575.70	37,712.52
Agro Chemicals	60,075.36	51,879.24
Plant Nutrient	4,015.44	5,076.28
Polymer	–	124.16
Others	518.40	47.19
	126,184.90	94,839.39
(ii) Traded Goods Sold		
Agro Chemicals	3,682.94	4,319.70
Others	1,139.02	712.84
	4,821.96	5,032.54

* Other operating revenue includes Export incentive of ₹ 225.38 lacs (Previous Year ₹ 104.03 Lacs)

20. OTHER INCOME

(₹ in Lacs)

	Year ended March 31, 2013	Year ended March 31, 2012
Income from long-term investment		
Dividend Income from long-term investment	0.03	0.02
Income from short-term investment		
Interest Income		
- Margin Money Deposits	85.30	43.47
- Others	542.42	368.73
Other Non-operating Income	208.85	106.84
TOTAL	836.60	519.06

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

21. COST OF RAW MATERIAL AND PACKING MATERIAL CONSUMED

(₹ in Lacs)

	Year ended March 31, 2013	Year ended March 31, 2012
Details of Raw Material and Packing Material Consumed		
Basic Chemicals	38,066.28	21,292.09
Active Ingredients	15,723.85	9,561.55
Solvent	5,291.39	4,761.06
Packaging Material	3,709.10	3,294.50
Catalyst & Emulsifiers	1,342.34	1,347.30
Others	163.09	8,411.56
TOTAL	64,296.05	48,668.06
Details of Raw & Packing Material Inventory		
Basic Chemicals	3,270.65	1,990.06
Packaging Material	848.25	1,096.66
Active Ingredients	1,159.34	1,018.51
Solvent	517.39	263.15
Catalyst & Emulsifiers	209.76	252.45
Others	5,619.88	109.96
TOTAL	11,625.27	4,730.79

22. (INCREASE)/DECREASE IN INVENTORY

(₹ in Lacs)

	Year ended March 31, 2013		Year ended March 31, 2012	
Inventories at the end of the year				
Finished Goods	5,794.40		5,881.12	
Traded Goods	749.43		733.93	
Work in Progress	4,535.76	11,079.59	4,636.50	11,251.55
Inventories at the beginning of the year				
Finished Goods	5,881.12		4,338.36	
Traded Goods	733.93		468.05	
Work in Progress	4,636.50	11,251.55	3,085.28	7,891.69
TOTAL		171.96		(3,359.86)
a) Details of Purchases of Traded Goods				
Agro Chemicals		2,952.02		3,540.17
Others		–		359.85
TOTAL		2,952.02		3,900.02
b) Details of Inventory				
Traded Goods				
Agro Chemicals		749.43		720.08
Others		–		13.85
TOTAL		749.43		733.93
Work in Progress				
Agro Chemicals		738.99		1,419.58
Specialty Chemicals		3,774.77		3,116.73
Plant Nutrient		22.00		100.19
TOTAL		4,535.76		4,636.50
Finished Goods				
Agro Chemicals		3,731.41		4,284.64
Specialty Chemicals		611.25		359.32
Plant Nutrients		246.16		246.56
Others		1,205.58		990.60
TOTAL		5,794.40		5,881.12

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

23. EMPLOYEE BENEFIT EXPENSES

(₹ in Lacs)

	Year ended March 31, 2013	Year ended March 31, 2012
Salaries, Wages and Bonus	7,589.54	6,042.23
Contribution to Provident & other funds	400.02	356.83
Gratuity and Leave encashment expenses (Refer Note 34)	238.96	223.77
Employees Welfare Expenses	360.28	285.34
Expense on Employee Stock Option Scheme (Refer Note 35)	54.93	108.95
TOTAL	8,643.73	7,017.12

24. OTHER EXPENSES

(₹ in Lacs)

	Year ended March 31, 2013	Year ended March 31, 2012
Power, Fuel & Water	5,212.46	3,616.37
Stores & Spares Consumed	810.68	848.18
Repairs & Maintenance to:		
- Buildings	60.20	37.72
- Plant & Machinery	245.06	280.36
- Other Repairs	314.98	195.49
Environment & Pollution Control expenses	3,757.63	2,986.28
Laboratory & Testing Charges	550.37	341.46
Freight & Cartage	2,962.56	2,030.63
Advertisement & Sales Promotion	2,271.81	2,228.76
Travelling & Conveyance (Refer Note 24(a))	2,037.76	1,672.52
Exchange Difference	29.90	448.07
Rent	394.62	373.51
Rates, Taxes & Fees	207.01	176.91
Insurance	188.15	153.33
Donation	22.92	17.08
Loss On Sale of Fixed Assets (Net)	25.88	128.62
Auditor's Remuneration* (Refer Note 24(b))	18.66	15.76
Communication Expenses	234.70	197.27
Bad Debts written off (Net)	-	1.81
Provision for Bad and Doubtful Debts & Advances	144.93	379.08
Prior period expenses	11.93	3.74
Director Sitting Fees & Commission	51.50	37.00
Legal & Professional Expenses	532.47	391.54
Bank Charges	198.26	157.38
Miscellaneous Expenses	771.18	658.58
TOTAL	21,055.62	17,377.45
a. Travelling Expenditure includes Directors Travelling amounting to ₹ 215.56 lacs (Previous Year ₹ 174.75 lacs)		
b. Auditors' Remuneration		
- Audit Fees	10.00	10.00
- Limited Review Fees	4.50	-
- Tax Audit Fees	-	1.50
- Certificates & other matters	1.46	0.55
- Reimbursement of expenses	2.70	3.71
TOTAL	18.66	15.76

* Does not include certification fees of ₹7.02 lacs paid for funds raised through QIP, which is adjusted against Securities Premium (Refer note 31).

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

25. EXCEPTIONAL ITEM

(₹ in Lacs)

	Year ended March 31, 2013	Year ended March 31, 2012
Income from sale of Polymer business	–	3,034.28
TOTAL	–	3,034.28

During the previous year ended March 31, 2012, the Company disposed off its Polymer business on slump sale basis to M/s Rhodia Polymers Ltd. as a going concern. The net gain of ₹ 3,034.28 lacs is shown as an exceptional item in the Statement of Profit & Loss.

26. DEPRECIATION AND AMORTIZATION EXPENSES

(₹ in Lacs)

	Year ended March 31, 2013	Year ended March 31, 2012
Depreciation on Tangible Assets	2,139.01	1,691.53
Amortization of Intangible Assets	42.30	41.57
	2,181.31	1,733.10
Less: Recoupment from revaluation reserve	–	(22.16)
TOTAL	2,181.31	1,710.94

27. FINANCE COST

(₹ in Lacs)

	Year ended March 31, 2013		Year ended March 31, 2012	
Interest				
On Fixed Loans	588.17		692.51	
On Working Capital	1,491.52		1,098.16	
Others	6.59	2,086.28	139.30	1,929.97
Other borrowing costs		84.43		45.92
Exchange Difference to the extent considered as an adjustment to borrowing cost		43.80		35.03
TOTAL		2,214.51		2,010.92

28. RESEARCH & DEVELOPMENT EXPENSES

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

a) Revenue Expenditure

(₹ in Lacs)

	Year ended March 31, 2013	Year ended March 31, 2012
Employee Benefit Expenses		
Salaries, Wages & Bonus	387.67	329.83
Contributions to Provident & other funds	27.85	28.94
Employee Welfare Expenses	7.56	8.07
	423.08	366.84
Raw & Packing Materials Consumed	39.82	33.09
Other Expenses		
Laboratory & Testing Material	121.86	87.08
Power, Fuel & Water	15.14	10.46
Stores & Spares Consumed	21.72	37.30
Testing & Analysis	1.54	2.19
Travelling & Conveyance	41.40	20.97
Rates, Taxes & Fees	0.45	0.37
Printing & Stationery	1.27	1.90
Legal & Professional Charges	10.98	9.04
Miscellaneous Expenses	1.88	4.44
	216.24	173.75
Depreciation		
Depreciation	43.26	38.62
TOTAL	722.40	612.30

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

28. RESEARCH & DEVELOPMENT EXPENSES (Contd...)

b) Capital Expenditure

Description	(₹ in Lacs)		
	March 31, 2012	Addition during the year	March 31, 2013
Buildings	18.12	–	18.12
Equipment & Others	884.37	191.02	1,075.39
TOTAL	902.49	191.02	1,093.51

29. EARNING PER SHARE

	(₹ in Lacs)	
	Year ended March 31, 2013	Year ended March 31, 2012
a) Net Profit for Basic & Diluted EPS	9,634.47	10,054.15
b) Number of Equity Shares at the beginning of the year	25,048,378	11,187,501
Add: Issue of Shares under Qualified Institutional Placement	1,924,656	–
Add: Issue of Shares under ESOP	118,796	–
Add: Conversion of CCPS and OCD into Equity Shares	–	1,336,688
Add: Sub-division of Equity Shares @ ₹ 5 each	–	12,524,189
Add: Sub-division of Equity Shares @ ₹ 1 each	108,367,320	100,193,512
Total Number of shares outstanding at the end of the year	135,459,150	125,241,890
Weighted average number of Equity Shares outstanding during the year - Basic	127,229,007	124,840,153
Weighted average number of Equity Shares arising out of outstanding Compulsorily Convertible Preference Shares and Optionally Convertible Debentures that have dilutive effect on EPS	–	408,409
Weighted Average number of Equity Shares arising out of grant of Employee Stock Option	970,834	478,026
Weighted average number of Equity Shares outstanding during the year - Diluted	128,199,841	125,726,588
Earning Per Share - Basic (₹)	7.57	8.05
Earning Per Share - Diluted (₹)	7.52	8.00
Face Value Per Share (₹)*	1	1

*Pursuant to the approval of the shareholders through postal ballot dated April 3, 2013, the Company has sub-divided the existing Equity Shares of ₹ 5 each fully paid up into 5 Equity Shares of ₹ 1 each. Further, in accordance with Accounting Standard AS 20, the earning per share for the current and comparative period has been recomputed after adjusting for the sub-division of the shares.

30. COMMENCEMENT OF COMMERCIAL PRODUCTION AT SEZ UNIT

The Company has commenced commercial production at its newly commissioned unit located at SEZ, Jambusar in the State of Gujarat starting from January 2013.

31. UTILISATION OF QIP (QUALIFIED INSTITUTIONAL PLACEMENT) PROCEEDS

	(₹ in Lacs)
Amount raised by issue of 19,24,656 Equity Shares through Qualified Institutional Placement (QIP)	11,732.70
TOTAL	11,732.70
Share Capital	96.23
Securities Premium	11,636.47
Total amount raised through QIP Issue	11,732.70
Less: Issue expenses met by the Company *	210.03
Net proceeds from QIP Available for utilization	11,522.67
Utilization of the net proceeds from QIP as per Placement Document	
Working Capital	7,819.80
Expansion	757.87
Others	2,945.00
TOTAL	11,522.67
Balance unutilised	–

* Share issue expenses incurred during the financial year ended March 31, 2013 amounting to ₹ 210.03 lacs pertain to expenses incurred in connection with the Qualified Institutional Placement of Equity Shares of the Company. In accordance with the provisions of Section 78 of the Companies Act, 1956, these expenses were charged off against the available balance of the 'Securities Premium' Account.

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

31. UTILISATION OF QIP (QUALIFIED INSTITUTIONAL PLACEMENT) PROCEEDS (Contd...)

* Detail of QIP expenses in broad heads

	Amount (in ₹ Lacs)
Legal Advisors' Fees	181.43
Certification Fees Paid to Statutory Auditor	7.02
Stock Exchange Fees	8.43
Others	13.15
	210.03

32. NOTE ON AS 30 ADOPTION

The Company has adopted Accounting Standard 30 (AS 30) "Financial Instruments: Recognition and Measurement" during the Financial year 2011-12. Based on the Recognition and Measurement principles set out in AS 30, changes in the fair values of derivative financial instruments, the net foreign exchange exposure over a period of one year against the committed order in hand hedged through forward contracts, are designated as effective cash flow hedges and marked to market loss/gain arising on said foreign currency instruments are transferred to "Cash Flow Hedge Reserve" directly in the Balance Sheet under Reserves & Surplus and later the same is reclassified in the Statement of Profit & Loss upon the occurrence of the hedging transaction. Accordingly marked to market gain of ₹ 132.80 lacs (Previous Year loss of ₹ 492.60 lacs) arising on foreign currency instruments qualifying for hedge accounting as on March 31, 2013 has been transferred to Cash Flow Hedge Reserve Account.

33 NOTE ON ADOPTION OF REVISED SCHEDULE VI

These financial statements comprising the Balance Sheet and Statement of Profit & Loss and Notes have been prepared in accordance with Revised Schedule VI which has been made applicable for financial year commencing on or after April 1, 2011, vide MCA's notification no. S.O. 653(E) dated March 30, 2011.

34. GRATUITY & LEAVE ENCASHMENT

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

a) Defined Contribution Plans

The Company has recognised an expense of ₹ 400.02 Lacs (Previous Year ₹ 356.83 lacs) towards the defined contribution plan.

b) Defined benefits plans - as per actuarial valuation

(₹ in Lacs)

	2012-13		2011-12	
	Gratuity Funded	Leave Encashment Non-Funded	Gratuity Funded	Leave Encashment Non-Funded
I Change in Present Value of obligation during the year				
1 Present Value of obligation at the beginning of the year	500.64	219.56	405.62	167.24
2 Current Service Cost	81.01	66.86	64.00	51.09
3 Interest Cost	40.05	17.56	34.48	14.21
4 Past Service Cost	-	-	-	-
5 Net Actuarial (Gain)/Loss	44.85	(0.50)	49.38	31.80
6 Benefits Paid	(69.34)	(33.37)	(52.84)	(44.78)
7 Present Value of obligation as at year-end	597.21	270.11	500.64	219.56
II Change in Fair Value of Plan Assets during the year				
1 Plan Assets at the beginning of the year	372.19	-	322.42	-
2 Expected Return on Plan Assets	31.63	-	27.41	-
3 Actuarial Gain/(Loss) on Plan Assets	(20.76)	-	(8.00)	-
4 Employer's contribution	60.00	-	83.20	-
5 Benefits paid	(69.34)	-	(52.84)	-
6 Plan Assets at the end of the year	373.72	-	372.19	-

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

34. GRATUITY & LEAVE ENCASHMENT (Contd...)

b) Defined benefits plans - as per actuarial valuation (Contd...)

(₹ in Lacs)

	2012-13		2011-12	
	Gratuity Funded	Leave Encashment Non-Funded	Gratuity Funded	Leave Encashment Non-Funded
III Reconciliation of Present Value of Defined Benefit Obligation and Fair Value of Plan Assets				
1 Present Value of obligation as at year-end	597.21	270.11	500.64	219.56
2 Fair Value of Plan Assets at year -end	373.72	–	372.19	–
3 Funded status {(Surplus/Deficit)}	(223.49)	(270.11)	(128.45)	(219.56)
4 Net Asset/(Liability)	(223.49)	(270.11)	(128.45)	(219.56)
IV Expenses recognised in the Statement of Profit & Loss				
1 Current Service Cost	81.01	66.86	64.00	51.09
2 Interest Cost	40.05	17.56	34.48	14.21
3 Past Service Cost	–	–	–	–
4 Expected Return on Plan Assets	(31.63)	–	(27.41)	–
5 Net Actuarial (Gain)/Loss	65.61	(0.50)	57.38	31.80
6 Total Expense	155.04	83.92	128.45	97.10
V Bifurcation of PBO at the end of year				
1 Current Liability	223.49	54.91	128.45	42.60
2 Non -Current Liability	–	215.20	–	176.96
VI Actuarial Assumptions				
1 Discount Rate	8.00%	8.00%	8.50%	8.50%
2 Expected Rate of Return on Plan Assets	8.50%	–	8.50%	–
3 Mortality Table	IALM (1994-96)	IALM (1994-96)	LIC (1994-96)	LIC (1994-96)
4 Salary Escalation	5.50%	5.50%	6.00%	6.00%

35. EMPLOYEE STOCK OPTION PLANS

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

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

	2012-13
Options Granted (No. of Shares)	462602
Options Vested and Exercisable	21369
Options Exercised	97427
Options Cancelled	11073
Options Lapsed	–
Total number of options in force	354102
Variations in terms of ESOP	Not Applicable
Total number of shares arising as a result of exercise of options	97427
Money realised by exercise of Options (₹ in lacs)	232.08

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

35. EMPLOYEE STOCK OPTION PLANS (Contd...)

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

	2012-13		2011-12	
	No. of Options	Weighted average exercise price (₹)	No. of Options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	363,836	247.13	–	–
Granted during the year	98,766	445.50	363,836	247.13
Forfeited during the year	11,073	244.64	–	–
Exercised during the year*	97,427	238.21	–	–
Expired during the year	–	–	–	–
Outstanding at the end of the year	354,102	304.99	363,836	247.13
Exercisable at the end of the year	21,369	245.33	–	–
Weighted average remaining contractual life of outstanding options (in Years)		6.93		7.08
Weighted average fair value of options granted (per share)		280.21		172.35

* Shares allotted to PII ESOP Trust against exercise of options. (Refer Note B-1-e)

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

Range of Exercise price	2012-13			2011-12		
	No. of Options Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise price	No. of Options Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise price
PII ESOP 2010 PLAN						
200-300	255,336	6.49	250.64	363,836	7.08	247.13
301-500	98,766	8.08	445.50			

Methods and Assumptions used to estimate the Fair Value of Options granted during the year: 2012-13

The Fair Value of Options granted during the year has been calculated using the Black Scholes Option Pricing model.

The assumptions used in the model are as follows:

Variables	July 26, 2012
1 Risk Free Interest rate	8.04%-8.12%
2 Expected Life	4 years - 7 years
3 Expected Volatility	52.48% - 54.02%
4 Dividend Yield	1.01%
5 Price of the underlying share in market at the time of the option granted (₹)	494.95

The stock-based compensation cost calculated as per the intrinsic value method for the financial year 2012-13 is ₹ 54.93 lacs. If the stock-based compensation cost was calculated as per the Fair Value method, the total cost to be recognised in the financial statements for the year 2012-13 would be ₹ 241.02 lacs. The effect of adopting the Fair Value method on the net income and earnings per share is presented below:

Pro-Forma Adjusted Net Income and Earning Per Share

Variables	₹ in Lacs
Net Income as reported	9,634.47
Add: Intrinsic Value Compensation Cost	54.93
Less: Fair Value Compensation cost	(241.02)
Adjusted Pro Forma Net income	9,448.38
	₹
Earning Per Share: Basic	
As Reported	7.57
Adjusted Pro Forma	7.43
Earning Per Share: Diluted	
As Reported	7.52
Adjusted Pro Forma	7.37

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

36. CAPITAL & OTHER COMMITMENT

(₹ in Lacs)

	March 31, 2013	March 31, 2012
a. Estimated amount of contracts remaining to be executed on capital account and not provided for {Net of advances ₹ 482.73 lacs (Previous Year ₹ 1,508.70 lacs)}	1,572.61	6,799.26
b. Bank Guarantees	2,394.97	379.83
c. Letter of Credit	6,203.05	1,680.49
d. Export Commitment	27,491.00	26,345.49

37. LEASES

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

(₹ in Lacs)

	March 31, 2013	March 31, 2012
- Payable within one year	669.90	608.88
- Later than one year and not later than five years	1,337.41	1,510.44
- Later than five years	410.46	642.16
- Lease payments recognised in P&L account	565.17	501.60

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

38. CAPITALISATION OF EXPENDITURE

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

(₹ in Lacs)

	March 31, 2013	March 31, 2012
A. Brought forward from the earlier year	1,266.74	706.43
B. Expenditure incurred during the year:		
Staff Costs	784.83	432.67
Other Expenses	696.44	360.38
Interest and commitment charges	272.11	154.75
Stores Consumption	329.41	105.47
Exchange Difference	640.00	124.32
	2,722.79	1,177.59
C. Capitalised as part of:		
Plant & Machinery	1,987.80	617.28
Building	532.98	–
Furniture, Fixtures & Office equipments	0.87	–
	2,521.65	617.28
D. Carried forward as part of capital work in progress	1,467.88	1,266.74

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

39. SEGMENT INFORMATION

a) Primary Segment Information (Business Segments)

	Chemicals	Others	Total
(₹ in Lacs)			
1 Revenue			
External Revenue (Gross)	132,140.29 (100,478.91)	– (124.16)	132,140.29 (100,603.07)
Inter Segment Revenue	– –	– –	– –
Segment Revenue Total	132,140.29 (100,478.91)	– (124.16)	132,140.29 (100,603.07)
2 Segment Result	15,961.42 (12,505.63)	– 3.47	15,961.42 (12,502.16)
Segment Result Total	15,961.42 (12,505.63)	– 3.47	15,961.42 (12,502.16)
Profit before Interest, etc., and taxation			
Less: Interest			2,214.51 (2,010.92)
Add: Interest Income			627.72 (412.20)
Add: Dividend Income			0.03 (0.02)
Profit / (Loss) before Tax			14,374.66 (10,903.46)
3 Segment Assets	112,866.50 (79,667.39)	– –	112,866.50 (79,667.39)
4 Segment Liabilities	60,407.16 (47,747.14)	– –	60,407.16 (47,747.14)
5 Capital Expenditure			
Total Cost incurred during the year to acquire segment assets	38,255.26 (17,020.08)	– –	38,255.26 (17,020.08)
6 Depreciation			
Segment Depreciation	2,181.31 (1,708.86)	– (2.08)	2,181.31 (1,710.94)
7 Non-Cash Expenses			
Segment non-cash expenses other than depreciation/ amortisation	170.81 (509.37)	– (0.14)	170.81 (509.51)
Unallocable non-cash expenses			– –
Total non-cash expenses			170.81 (509.51)

(Previous Year figures are given in bracket)

b) Secondary Segment information (Geographical Segments)

	March 31, 2013	March 31, 2012
(₹ in Lacs)		
1 Segment Revenue		
- Within India	68,618.46	61,138.03
- Outside India	63,521.83	39,465.04
	132,140.29	100,603.07
2 Segment Assets*		
- Within India	99,833.16	66,678.16
- Outside India	13,033.34	12,989.23
	112,866.50	79,667.39

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

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

40. RELATED PARTY DISCLOSURES

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

a) List of Related Parties

i Enterprises which control the entity

Parteek Finance & Investment Co. (Holding Company w.e.f. January 1, 2013)

ii Where control exists during the year

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

iii Enterprises in respect of which reporting enterprise is an associate

(a) Lucrative Leasing Finance and Investment Company Ltd.; (b) Parteek Finance and Investment Company Ltd. (Upto December 31, 2012)

iv Key Managerial Personnel & their relatives (KMP)

(a) Key Managerial Personnel (KMP)

Mr. Salil Singhal	Chairman & Managing Director
Mr. Mayank Singhal	Managing Director & CEO
Mr. Anurag Surana	Whole-time Director (till September 15, 2012)
Mr. Rajnish Sarna	Whole-time Director (from November 7, 2012)

(b) Relatives of Key Managerial Personnel:-

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

v Enterprises over which KMP and their relatives are able to exercise significant influence

(a) Samaya Investment and Trading Pvt. Ltd. (b) Wolkem India Ltd. (c) Secure Meters Ltd., (d) Salil Singhal (HUF), (e) Singhal Foundation, (f) PI Foundation and (g) PII ESOP Trust

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

(₹ in Lacs)

Nature of Transaction	Type of relation	2012-13			2011-12		
		Transactions during the period		Balance outstanding Dr (Cr)	Transactions during the period		Balance outstanding Dr (Cr)
		Recd/Pur.	Paid/Sales		Recd/Pur.	Paid/Sales	
Purchase/Sales of goods and services	a(v)(b), a(v)(c), a(ii)(c), a(ii)(b)	533.62	-	(166.51)	413.46	-	(18.98)
Remuneration to Directors	a (iv)(a)	-	574.84	(165.89)	-	423.61	(100.00)
Interest	a(i), a(iii)(a), a(v)(a) & (d), a(iii)(b), a(ii)(b), a(ii)(a), a(iv)(a) & (b)	-	162.93	(87.98)	-	110.90	(44.72)
Rent & Power Cost	a(ii)(a), a(ii)(b), a(iv)(b), a(v)(b)	35.46	13.72	(2.16)	22.65	106.13	(33.97)
Deposits Received and Paid	a(iv)(a), a(iv)(b)	106.99	109.44	(570.29)	458.46	506.74	(590.31)
Loans Given	a(iv)(g)	200.00	290.00	90.00	-	-	-
Security Deposits	a(ii)(a), a(iv)(a), a(iv)(b), a(v)(a)	-	-	0.50	69.78	-	0.50
Recovery of Dues on account of expenses incurred	a(ii)(b), a(iv)(b) a(v)(b), a(v)(c)	39.81	-	27.42	32.96	-	15.68
Reimbursement on account of expenses	a(v) (c)	-	0.67	-	-	4.67	-
Inter Corporate Deposit	a(i), a(ii)(a), a(ii)(b), a(v) (a), a(iii)(a)	1,320.00	1,690.00	-	235.00	115.00	(370.00)
Donation	a(v)(e), a(v)(f)	-	5.25	-	-	10.00	-
Salary	a (iv)	-	1.03	-	-	1.18	-
Travel & Other expenditure incurred	a (iv)(a), a(iv)(b)	-	257.34	30.24	-	230.91	2.14

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

41. CONTINGENT LIABILITIES

(₹ in Lacs)

	March 31, 2013	March 31, 2012
Disputed Taxation demands not acknowledged as debts:		
- Sales Tax	128.13	176.41
- Excise Duty	84.99	84.99
- Income Tax	536.42	243.06
- Custom Duty	71.08	71.08
- ESI	5.08	-
Anti Dumping Duty	230.44	230.44
Counter Guarantee to GIDC	32.85	32.85
Bill Discounted	3,171.14	-

42. DERIVATIVES INSTRUMENTS AND HEDGED/ UNHEDGED FOREIGN CURRENCY EXPOSURE

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

ii) Forward Contract outstanding as at Balance Sheet date

(in Lacs)

Currency	Amount Outstanding as at March 31, 2013	Amount Outstanding as at March 31, 2012	Buy / Sell	Purpose
USD	125.00	266.53	Sell	Hedging

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

iii) Particulars for Hedged Foreign Currency Exposure

(in Lacs)

Particulars	Currency	Amount as at March 31, 2013 (in Foreign Currency)	Amount as at March 31, 2013 (in INR)	Amount as at March 31, 2012 (in Foreign Currency)	Amount as at March 31, 2012 (in INR)
Export Debtors	USD	47.21	2,668.39	77.18	3,675.45

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 March 31, 2013 (in Foreign Currency)	Amount as at March 31, 2013 (in INR)	Amount as at March 31, 2012 (in Foreign Currency)	Amount as at March 31, 2012 (in INR)
1 ECB Term Loan	USD	200.00	10,878.00	200.00	10,238.00
2 PCFC Loan	USD	47.17	2,565.51	80.01	4,095.92
3 Buyers Credit	USD	12.48	678.67	-	-
4 EEFC Account	USD	-	-	0.66	33.83
5 Import Creditors (Net)	USD	138.72	7,544.72	45.38	2,323.00
	EURO	0.88	61.04	-	-
	GBP	0.01	0.29	-	-
	CHF	-	-	-	-
	JPY	49.51	28.61	50.32	31.44
6 Export Debtors	USD	185.14	10,068.69	173.72	8,891.82
	EURO	4.26	296.26	5.78	395.03
	JPY	-	-	43.13	26.93

43. DEFERRAL/ CAPITALISATION OF EXCHANGE DIFFERENCE

Pursuant to notification dated March 31, 2009 and December 29, 2011 issued by the Ministry of Corporate Affairs, Government of India, the Company decided to exercise the option of accounting for Exchange differences arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period or reported in the previous financial statements in so far as they relate to the acquisition of depreciable Capital Assets by addition to/ deduction from the cost of the asset and depreciate the same over the balance life of the asset. Accordingly, the current year exchange losses amounting to ₹ 640 lacs (Previous Year ₹ 124.32 lacs) have been adjusted to the cost of fixed assets/CWIP.

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

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

(₹ in Lacs)

	March 31, 2013		March 31, 2012	
	Principal Amount	Interest Amount	Principal Amount	Interest Amount
Principal amount and Interest due thereon remaining unpaid to any supplier as on March 31	352.44	–	351.06	–
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	344.86	5.76	1,185.14	23.45
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act.	–	–	–	–
Interest accrued and remaining unpaid at the end of the year	–	–	–	–
Further interest remaining due and payable in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act.	–	–	–	–

45. VALUE OF IMPORTS CALCULATED ON CIF BASIS

(₹ in Lacs)

	March 31, 2013	March 31, 2012
Raw Materials	33,796.50	18,551.37
Spare Parts & Components	87.05	264.04
Capital Goods	221.91	460.12

46. EARNINGS IN FOREIGN CURRENCY

(₹ in Lacs)

	March 31, 2013	March 31, 2012
Export of Goods on FOB Basis	62,800.41	39,150.26

47. EXPENDITURE IN FOREIGN CURRENCY

(₹ in Lacs)

	March 31, 2013	March 31, 2012
Professional	54.10	39.99
Consultancy	–	7.95
Interest	693.83	62.26
Travelling	0.92	16.30
Salary	17.47	15.97
Others	333.06	268.21

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

Sl. No.	Product	Opening	Production Stock	Purchases	Sales	Closing Stock
(I)	QUANTITY (IN TONNES)					
	Current Year					
	Chemicals including by-product/ Traded goods	4,128	57,185	204	50,813	10,704
	TOTAL	4,128	57,185	204	50,813	10,704
	Previous Year					
	a) Chemicals including by-product/ Traded goods	(4,816)	(49,046)	(800)	(50,534)	(4,128)
	b) Polymer	(549)	–	–	(549)	–
	TOTAL	(5,365)	(49,046)	(800)	(51,083)	(4,128)

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

48. ACTUAL PRODUCTION, PURCHASES, SALES AND STOCK OF GOODS MANUFACTURED (Contd...)

Sl. No.	Product	Opening	Production Stock	Purchases	Sales	Closing Stock
(II)	IN VALUE (₹ in Lacs)					
	Current Year					
	Chemicals including by-product/ Traded goods	11,251.55	–	2,952.02	131,006.86	11,079.59
	TOTAL	11,251.55	–	2,952.02	131,006.86	11,079.59
	Previous Year					
	a) Chemicals including by-product/ Traded goods	(7,404.11)	–	(3,900.02)	(99,747.77)	(11,251.55)
	b) Polymer*	(487.58)	–	–	(124.16)	–
	TOTAL	(7,891.69)	–	(3,900.02)	(99,871.93)	(11,251.55)

* Sale of Polymer includes amount transferred to Rhodia Polymer Ltd.

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

	March 31, 2013		March 31, 2012	
	Qty (in Tonnes)	(in ₹ Lacs)	Qty (in Tonnes)	(in ₹ Lacs)
Technical Pesticides	319	1,334.95	374	1,493.89
Inert Chemicals & Adjuvants	51,482	55,465.53	52,137	39,526.96
Polymer	–	–	176	157.84
Others	–	7,495.57	–	7,489.37
TOTAL	51,801	64,296.05	52,687	48,668.06

	March 31, 2013		March 31, 2012	
	%	(in ₹ Lacs)	%	(in ₹ Lacs)
i Raw Material				
Imported	64.92	39,294.17	48.64	21,624.77
Indigenous	35.08	21,233.43	51.36	22,837.78
ii Packing Material				
Imported	–	–	–	–
Indigenous	100.00	3,768.45	100.00	4,205.51

50. EVENT OCCURRING AFTER THE BALANCE SHEET DATE

Subsequent to the Balance Sheet date, the Company has sub-divided its existing Equity Shares of ₹ 5 each fully paid up into 5 Equity Shares of ₹ 1 each, pursuant to the approval of the shareholders through postal ballot results declared on April 3, 2013.

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

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

Signatures to the Notes to Accounts

As per our separate report of even date attached

For and on behalf of the Board of Directors

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

Sd/-
Yogesh K Gupta
Partner
M. No.: 93214
Firm Reg. No. 000756N
Place: Gurgaon
Date: May 18, 2013

Sd/-
Salil Singhal
Chairman & Managing Director

Sd/-
Mayank Singhal
Managing Director & CEO

Sd/-
Rajnish Sarna
Whole-time Director

Sd/-
Naresh Kapoor
Company Secretary

Section 212

Statement regarding Subsidiary Company

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

1	Name of the Subsidiary Companies	PILL Finance & Investments Limited	PI Life Science Research Limited	PI Japan Company Limited
2.	The financial year of the Subsidiary Company ended on	March 31, 2013	March 31, 2013	March 31, 2013
3.	Holding Company's interest			
	Number of Equity Shares	3,60,000 Equity Shares of ₹10 each	9,45,000 Equity Shares of ₹10 each	100 Equity Shares of JPY 50,000 each
	Percentage Holding	100%	100%	100%
4.	(a) Net aggregate amount of subsidiary's Profit /(loss) not dealt within the Holding Company's accounts.			
	(i) For the subsidiary's Financial year ended March 31, 2013	₹16,35,398	₹69,38,336	JPY 1856098 (₹12.21 Lacs)
	(ii) For the previous financial years since it became subsidiary.		₹3,44,95,775	JPY 6475415 (₹40.46 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 March 31, 2013	Nil	Nil	Nil
	(ii) For the previous financial years	Nil	Nil	Nil

For and on behalf of the Board of Directors

Sd/-
Salil Singhal
Chairman & Managing Director

Sd/-
Mayank Singhal
Managing Director & CEO

Place: Gurgaon
 Date: May 18, 2013

Sd/-
Rajnish Sarna
Whole-time Director

Sd/-
Naresh Kapoor
Company Secretary

Independent Auditor's Report

To The members of
PI Industries Ltd.

Report on the consolidated Financial Statements

We have audited the accompanying consolidated financial statements of PI Industries Ltd. ('the Company') and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of the material misstatement of the consolidated financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, based on the consideration of the report of the other auditors and directors certificate on the financial statement of the subsidiary as noted below, the consolidated financial statements 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 the Company as at March 31, 2013;
- b) In the case of the consolidated Statement of Profit and Loss, of the profit 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.

Other Matters

We did not audit the financial statements of the subsidiaries whose financial statement reflect total assets of ₹ 848.64 lacs as at March 31, 2013. Total revenue of ₹ 280.78 lacs and net cash inflow amounting to ₹ 224.81 lacs for the year ended on that date. These financial statements and other financial information have been audited by other auditors whose report have been furnished to us, and our opinion is based solely on the report of other auditors.

The financial statement of subsidiary namely PI Japan Co. Ltd. which reflect total assets of ₹ 101.75 lacs as at March 31, 2013, total revenue of ₹ 352.77 lacs and net cash inflow amounting to ₹ 9.93 lacs for the year ended March 31, 2013 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.

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

Sd/-

Yogesh K. Gupta
Partner

Place: Gurgaon
Date: May 18, 2013

Membership No. 93214

Consolidated Balance Sheet as at March 31, 2013

(₹ in Lacs)

Particulars	Note No.	As at		As at	
		March 31, 2013		March 31, 2012	
I. EQUITY & LIABILITIES					
1. Shareholders' Funds					
a. Share Capital	B 1	1,354.59		1,252.42	
b. Reserves and Surplus	B 2	51,817.30	53,171.89	31,292.05	32,544.47
2. Non Current Liabilities					
a. Long-term borrowings	B 3	8,511.42		11,905.70	
b. Deferred tax liabilities (Net)	B 4	4,825.57		3,287.72	
c. Other long-term liabilities	B 5	1,253.79		1,059.86	
d. Long-term provisions	B 6	215.33	14,806.11	179.79	16,433.07
3. Current Liabilities					
a. Short-term borrowings	B 7	10,221.63		11,057.86	
b. Trade payables	B 8	23,958.65		9,583.90	
c. Other current liabilities	B 9	9,287.29		8,818.44	
d. Short-term provisions	B 6	2,027.16	45,494.73	1,661.73	31,121.93
TOTAL			113,472.73		80,099.47
II. ASSETS					
1. Non Current Asset					
a. Fixed asset					
Tangible asset	B 10	47,600.19		29,570.01	
Intangible asset	B 12	206.98		178.91	
Capital Work in Progress	B 11	5,513.97		7,776.91	
Intangible asset under development	B 11	537.91	53,859.05	323.31	37,849.14
b. Non-current investments	B 13		51.80		51.80
c. Long-term loans & advances	B 14		923.52		1,922.95
d. Other Assets	B 15		176.58		162.94
2. Current Asset					
a. Inventories	B 16	24,174.59		17,875.13	
b. Trade receivables	B 17	26,253.69		17,222.83	
c. Cash and Bank Balances	B 18	1,613.57		941.08	
d. Short-term loans and advances	B 14	6,028.72		3,883.31	
e. Other assets	B 15	391.21	58,461.78	190.29	40,112.64
TOTAL			113,472.73		80,099.47
Significant Accounting Policies	A				
Notes to Accounts	B-1 to B-52				
Notes referred to above formed the integral part of the financial statement					

As per our separate report of even date attached

For and on behalf of the Board of Directors

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

Sd/-
Yogesh K Gupta
Partner
M. No.: 93214
Firm Reg. No. 000756N
Place: Gurgaon
Date: 1May 18, 2013

Sd/-
Salil Singhal
Chairman & Managing Director

Sd/-
Mayank Singhal
Managing Director & CEO

Sd/-
Rajnish Sarna
Whole-time Director

Sd/-
Naresh Kapoor
Company Secretary

Statement of Consolidated Profit & Loss for the year ended March 31, 2013

(₹ in Lacs)

Particulars	Note No.	For the year ended March 31, 2013	For the year ended March 31, 2012
I. Revenue from Operations	B 19		
Sale of products		131,006.86	99,871.93
Less: Discount		(9,489.02)	(7,781.00)
Less: Excise Duty		(6,761.41)	(4,593.97)
Sale of services		86.54	201.54
Other operating Revenues		296.83	212.09
II. Other Income	B 20	823.47	510.08
III. Total Revenue (I+II)		115,963.27	88,420.67
IV. Expenses			
Cost of Materials consumed	B 21	64,329.46	48,689.37
Purchase of Stock in Trade		2,952.02	3,900.02
Changes in Inventories of finished goods, work in progress and stock in trade	B 22	171.95	(3,359.86)
Employee Benefits expenses	B 23	8,858.59	7,190.04
Finance Costs	B 27	2,181.20	1,987.06
Depreciation and amortisation	B 26	2,201.24	1,729.11
Other Expenses	B 24	20,767.27	17,153.92
Total Expenses		101,461.73	77,289.66
V. Profit before exceptional items and tax (III-IV)		14,501.54	11,131.01
VI. Exceptional Items	B 25	-	3,209.94
VII Profit Before Tax (V+VI)		14,501.54	14,340.95
Consisting of:			
- Profit/ (Loss) on Continuing Operations		14,501.54	11,134.48
- Profit/ (Loss) on Discontinued Operations		-	(3.47)
- Exceptional Items Profit/ Loss		-	3,209.94
Less: Provision for Current Tax for continuing business		(3,313.94)	(3,955.03)
Less: Provision for current tax for discontinued business		-	0.45
Less: Provision for Deferred tax		(1,537.85)	(30.05)
Add: Income Tax of earlier years		84.40	2.86
VIII Profit After Tax		9,734.15	10,359.18
Consisting of:			
- Profit/ (Loss) on Continuing Operations		9,734.15	7,907.36
- Profit/ (Loss) on Discontinued Operations		-	(3.02)
- Exceptional Items Profit/ Loss		-	2,454.84
IX Profit/ (loss) for the period		9,734.15	10,359.18
X Earnings per Equity Shares*	B 29		
1) Basic (in ₹)		7.65	8.30
2) Diluted (in ₹)		7.59	8.26
Earnings Per Share - Continuing Business*			
1) Basic (in ₹)		7.65	8.30
2) Diluted (in ₹)		7.59	8.26
Earnings Per Share - Discontinued Business*			
1) Basic (in ₹)		-	(0.00)
2) Diluted (in ₹)		-	(0.00)
Face Value per share (in ₹)*		1.00	1.00
* The EPS for FY 2011-12 & 2012-13 has been calculated considering the effect of split of shares from ₹ 5 to ₹ 1 per share.			
Significant Accounting Policies	A		
Notes to Accounts	B-1 to B-52		
Notes referred to above formed the integral part of the financial statement			

As per our separate report of even date attached

For and on behalf of the Board of Directors

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

Sd/-
Yogesh K Gupta
Partner
M. No.: 93214
Firm Reg. No. 000756N
Place: Gurgaon
Date: May 18, 2013

Sd/-
Salil Singhal
Chairman & Managing Director

Sd/-
Rajnish Sarna
Whole-time Director

Sd/-
Mayank Singhal
Managing Director & CEO

Sd/-
Naresh Kapoor
Company Secretary

Consolidated Cash Flow Statement annexed to the Balance Sheet

for the year ended March 31, 2013

(₹ in Lacs)

Particulars	For the year ended March 31, 2013		For the year ended March 31, 2012	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Operating Profit before Tax & Extraordinary Items		14,501.54		14,340.95
Adjustments for:				
Net Operating Profit before Tax				
Depreciation	2,201.24		1,729.11	
Interest Expenses	2,181.20		1,987.06	
Provision for Doubtful Debts and Advances	144.93		379.08	
Interest Income	(628.28)		(413.53)	
Dividend Income	(0.27)		(0.49)	
Employee Stock Option Expense	54.93		108.95	
(Profit)/Loss on sale of Fixed Assets (Net)	25.88		128.62	
(Profit)/Loss on sale of Investments	-		(0.01)	
Bad Debts written off	-		1.81	
Unrealised Foreign Exchange Loss/(Gain) (Net)	(213.21)		68.42	
Foreign Currency Translation Reserve	(11.35)		8.39	
Exceptional Items				
- Sale of Polymer Business	-		(3,209.94)	
		3,755.07		787.47
Operating Profit before Working Capital changes		18,256.61		15,128.42
(Increase) / Decrease in Short-term Trade Receivables	(9,038.03)		47.32	
(Increase) / Decrease in Long-term Trade Receivables	-		-	
(Increase) / Decrease in Short-term Loans and Advances	(2,062.81)		(1,152.85)	
(Increase) / Decrease in Long-term Loans and Advances	(41.32)		(21.40)	
(Increase) / Decrease in Other Assets	(61.10)		(73.17)	
(Increase) / Decrease in Other Long-term Assets	(13.64)		(23.13)	
(Increase) / Decrease in Inventories	(6,299.46)		(3,777.13)	
Increase / (Decrease) in Short-term Trade Payables/ Provisions	14,482.20		(905.85)	
Increase / (Decrease) in Long-term Trade Payables/ Provisions	35.54		40.54	
Increase / (Decrease) in Other Short-term Liabilities	(1,449.48)		1,853.42	
Increase / (Decrease) in Other Long-term Liabilities	193.93	(4,254.17)	115.13	(3,897.12)
Cash generated from Operations before tax and exceptional items		14,002.44		11,231.30
Net Direct Taxes paid		(3,799.71)		(3,996.98)
Exceptional Item		-		3,209.94
Net cash from Operating Activities		10,202.73		10,444.26
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets including Capital Work in Progress, Intangible Assets and Capital Advances	(15,103.65)		(11,775.58)	
Investment in Shares	-		0.01	
Sale of Fixed Assets	3.49		866.19	
Interest Received	628.28		413.53	
Dividend Received	0.27		0.49	
Net cash used in Investing Activities		(14,471.61)		(10,495.36)
Net cash from Operating and Investing Activities		(4,268.88)		(51.10)

Consolidated Cash Flow Statement annexed to the Balance Sheet

for the year ended March 31, 2013 (Contd...)

(₹ in Lacs)

Particulars	For the year ended March 31, 2013		For the year ended March 31, 2012	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Issue of Equity Share Capital	102.17		133.67	
(Repayment) /Issue of Preference Shares	–		(810.00)	
(Repayment/ Redemption) /Issue of Debentures	–		(2,940.00)	
Employee Stock option Allotted	(62.80)		–	
Share Premium Account	11,767.80		3,340.38	
Short-term Borrowings (Net)	(1,257.96)		(4,536.56)	
Long-term Borrowings (Net of Repayments)	(2,760.59)		8,130.67	
Interest paid (Net)	(2,509.80)		(2,118.39)	
Dividend Distribution	(755.63)		(1,001.30)	
Net Cash from Financing Activities		4,523.19		198.47
Net Cash from Operating, Investing & Financing Activities		254.31		147.37
Net increase in Cash & Cash equivalent		254.31		147.37
Opening balance of Cash & Cash equivalent		567.91		420.54
Closing balance of Cash & Cash equivalent		822.22		567.91
Note:				
Cash and cash equivalents included in the Cash Flow Statement comprise of the following				
i) Cash Balance on Hand		10.00		5.96
ii) Balance with Banks:				
- In Current Accounts		708.80		561.95
- Cheques in Hand		103.42		–
Total		822.22		567.91

As per our separate report of even date attached

For and on behalf of the Board of Directors

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

Sd/-
Yogesh K Gupta
Partner
M. No.: 93214
Firm Reg. No. 000756N
Place: Gurgaon
Date: May 18, 2013

Sd/-
Salil Singhal
Chairman & Managing Director

Sd/-
Rajnish Sarna
Whole-time Director

Sd/-
Mayank Singhal
Managing Director & CEO

Sd/-
Naresh Kapoor
Company Secretary

Significant Accounting Policies and Additional Information

A. SIGNIFICANT ACCOUNTING POLICIES

1) Basis of Preparation

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

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

All Assets and Liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of services provided and time between the rendering of services and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of Assets and Liabilities.

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

2) Use of Estimates

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

3) Revenue Recognition

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

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

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

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

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

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

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

4) Expenditure

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

5) Fixed Assets and Depreciation

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

Expenditure during construction / erection period is included under Capital Work in Progress and is allocated to the respective fixed assets on completion of construction / erection.

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

c. Leasehold land and cost of improvement on leasehold building is being amortised over the lease period.

d. Revaluation of Fixed assets: Depreciation on the increased amount of assets due to revaluation is computed on the basis of the residual life of the assets as estimated by the valuers on Straight Line Method.

Significant Accounting Policies and Additional Information

- e. - Leasehold Improvements are amortised over its useful life of 15 years on Declining Balance method.
- Equipment over 200000 yen are depreciated on Declining Balance method over its useful life of 3 years.
- Equipment (100000-200000 yen) are depreciated on Straight Line basis over its useful life of 3 years.

6) Intangible Assets

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

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

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

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

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

Product Development: Amortised on Straight Line basis over a period of 5 years.

7) Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit & Loss 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 & 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 Statement of Profit & Loss 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 as Profit/Loss.

d. **Short-term Employee benefits:**

Short-term benefits are charged off at the undiscounted amount in the year in which the related service is rendered

10) Foreign Currency Transactions

a. **Initial Recognition**

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

b. **Conversion**

Foreign currency monetary items are reported using the closing rate.

c. **Exchange Difference**

Any gain or loss on account of exchange difference arising either on the settlement or on reinstatement of foreign currency monetary items is recognised as Profit/Loss, 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 & liabilities, both monetary & 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.

Significant Accounting Policies and Additional Information

11) Research & Development

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

12) Prior Period Adjustments

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

13) Investments

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

14) Borrowing Costs

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

15) Taxation

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

16) Leases

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

17) Provisions, Contingent Liabilities & Contingent Assets

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

18) Segment Reporting

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

Primary Segment:

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

Secondary Segment:

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

- a. Sales within India
- b. Sales outside India

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

19) Cash Flow Statements

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

20) Earning Per Share

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

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

Significant Accounting Policies and Additional Information

21) Derivative Instruments

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

22) Employee Stock Option Based Compensation

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

23) Principles of Consolidation

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

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

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

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

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

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

B. NOTES TO ACCOUNTS

1. SHARE CAPITAL

	(₹ in Lacs)	
	As at March 31, 2013	As at March 31, 2012
Authorised Shares		
400,00,000 (Previous Year 400,00,000) Equity Shares of ₹5 each (Previous Year of ₹ 5 each)	2,000.00	2,000.00
50,00,000 (Previous Year 50,00,000) Preference Shares of ₹100 each	5,000.00	5,000.00
	7,000.00	7,000.00
Issued Shares		
271,27,145 (Previous Year 250,83,693) Equity Shares of ₹5 each (Previous Year ₹ 5 each)	1,356.36	1,254.19
	1,356.36	1,254.19
Subscribed & Fully Paid up Shares		
270,91,830 (Previous Year 250,48,378) Equity Shares of ₹5 each (Previous Year ₹ 5 each)	1,354.59	1,252.42
Total Subscribed & Fully Paid up Share Capital	1,354.59	1,252.42

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

b. Terms/ rights attached to Equity Shares

The Company has only one class of Equity Shares having a par value of ₹ 5 per share (Previous Year ₹ 5 per share). Each holder of Equity Shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except interim dividend.

During the year ended March 31, 2013, the Company had declared 100% dividend on Equity Shares of face value of ₹ 1 each (Post split) (Refer Note g) each to the Equity Shareholders, which is recognised as distribution to the Equity Shareholders at the year end. (Previous Year interim dividend of ₹ 2 per share and final dividend of ₹ 3 per share of face value of ₹ 5 per share)

c. Securities Converted into Equity

Compulsorily Convertible Preference Shares (CCPS)

During the Previous Year, 810000 preference shares have been converted into 311658 Equity Shares of ₹ 10 each, allotted to both

Consolidated Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

1. SHARE CAPITAL (Contd...)

Standard Chartered Private Equity (Mauritius) Limited and Standard Chartered Private Equity (Mauritius) II Limited equally, at a premium of ₹ 249.9003 per share.

Optionally Convertible Debentures (OCDs)

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

d. Issue of Shares through Qualified Institutional Placement (QIP)

During the year, the Company has raised an amount of ₹ 11,732.70 lacs through Qualified Institutional Placement (QIP) route: accordingly 19,24,656 Equity Shares @ ₹ 609.60 per share have been allotted on January 31, 2013. The Company has received the listing/ trading approvals from Stock Exchange for aforementioned allotment.

e. Issue of Shares under ESOP Scheme

During the year ended March 31, 2013, the Company has issued 118796 (Previous Year Nil), Equity Shares of ₹ 5 each as per exercise price to PII ESOP Trust (Trust), set up to administer Employee Stock Option Plan. Out of total Equity Shares issued to the Trust, 97427 Equity Shares (Previous Year Nil) have been allocated by the Trust to respective employees upon exercise of Stock Option from time to time. As on March 31, 2013, 21369 Equity Shares (Previous Year Nil) are pending to be allocated to employees upon exercise of Stock Option. (Refer Note 35)

f. Fractional Shares

During the previous year ending March 31, 2012, 18 fractional shares were sold off in the market on October 15, 2011 at prevailing market price and the proceeds were reimbursed to the beneficiaries.

g. Split of Shares

Pursuant to the approval of the shareholders through postal ballot dated April 3, 2013, the Company has sub-divided the existing Equity Shares of ₹ 5 each fully paid up into 5 Equity Shares of ₹ 1 each.

During the previous year, pursuant to the approval of the shareholders in their meeting held on July 16, 2011, the Company has sub-divided the existing Equity Shares of ₹ 10 each fully paid up into 2 Equity Shares of ₹ 5 each.

h. Shareholdings of the Holding Company

Pursuant to Delhi High Court Order, some of the promoter companies have merged w.e.f. January 1, 2013, resulting in making PI Industries Ltd. subsidiary of Parateek Finance & Investment Co. Ltd. The said Promoter Company holds 14590278 shares which is 53.85% of the total shareholding of the Company.

i. Reconciliation of Shares outstanding at the beginning and at the end of the reporting period

Issued Share Capital

Equity Shares

Particulars	Equity Shares (No. of Shares)		Equity Shares (Value of Shares) (₹ in Lacs)	
	2012-13	2011-12	2012-13	2011-12
Share outstanding at beginning of period	25,083,693	11,205,158.5	1,254.19	1,120.52
Shares issued under Qualified Institutional Placement (Refer Note 1(d))	1,924,656	–	96.23	–
Shares issued under ESOP (Refer Note 1(e))	118,796	–	5.94	–
Preference Shares Converted into Equity (Refer Note 1(c))	–	311,658	–	31.17
Debentures Converted into Equity (Refer Note 1(c))	–	1,025,030	–	102.50
Split of shares (Refer Note 1(g))	–	12,541,846.5	–	–
Share outstanding at end of period	27,127,145	25,083,693	1,356.36	1,254.19

Preference Shares

Particulars	Equity Shares (No. of Shares)		Equity Shares (Value of Shares) (₹ in Lacs)	
	2012-13	2011-12	2012-13	2011-12
Share outstanding at beginning of period	–	810,000	–	810.00
Shares issued during the period	–	–	–	–
Shares Converted into Equity (Refer Note 1(c))	–	(810,000)	–	(810.00)
Share outstanding at end of period	–	–	–	–

Consolidated Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

1. SHARE CAPITAL (Contd...)

Subscribed & Paid up

Equity Shares

Particulars	Equity Shares (No. of Shares)		Equity Shares (Value of Shares) (₹ in Lacs)	
	2012-13	2011-12	2012-13	2011-12
Share outstanding at beginning of period	25,048,378	11,187,501	1,252.42	1,118.75
Shares issued under Qualified Institutional Placement (Refer Note 1(d))	1,924,656	–	96.23	–
Shares issued under ESOP (Refer Note 1(e))	118,796	–	5.94	–
Preference Shares Converted into Equity (Refer Note 1(c))	–	311,658	–	31.17
Debentures Converted into Equity (Refer Note 1(c))	–	1,025,030	–	102.50
Split of shares (Refer Note 1(g))	–	12,524,189	–	–
Share outstanding at end of period	27,091,830	25,048,378	1,354.59	1,252.42

Preference Shares

Particulars	Equity Shares (No. of Shares)		Equity Shares (Value of Shares) (₹ in Lacs)	
	2012-13	2011-12	2012-13	2011-12
Share outstanding at beginning of period	–	810,000	–	810.00
Shares issued during the period	–	–	–	–
Shares converted into Equity (Refer Note 1(c))	–	(810,000)	–	(810.00)
Share outstanding at end of period	–	–	–	–

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

	As at March 31, 2013	As at March 31, 2012
Equity Shares allotted as fully paid up Bonus shares by capitalisation of reserves as on	7,272,921	7,272,921

Year of Issue	No. of Shares
2010-11	3,729,167
2009-10	3,543,754

k. Shares reserved for issue under option

Shares reserved for issue under ESOP - Refer Note 35

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

Equity Shares

Name of Shareholders	2012-13		2011-12	
	No of Shares	% of Holding	No of Shares	% of Holding
1 Parteek Finance & Inv. Co. Ltd.	14,590,278	53.85	5,872,602	23.45
2 Lucrative Leasing Finance & Inv. Co. Ltd.	Nil	Nil	5,639,796	22.52
3 Samaya Investment & Trading Pvt. Ltd.	Nil	Nil	3,077,880	12.29
4 Standard Chartered Inv. & Loans (I) Ltd.	Nil	Nil	2,025,060	8.08
5 Rowanhill Investments Ltd.	1,182,599	4.37	1,359,801	5.43

m. Shares held by Holding Company

Name of Shareholders	2012-13		2011-12	
	No of Shares	% of Holding	No of Shares	% of Holding
Parteek Finance & Inv. Co. Ltd.	14,590,278	53.85	–	–

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

2. RESERVES & SURPLUS

(₹ in Lacs)

	As at March 31, 2013		As at March 31, 2012	
a. Capital Reserve				
Balance at the beginning of the Financial Year	147.51		147.51	
Addition during the Financial Year	–		–	
Deduction during the Financial Year	–	147.51	–	147.51
b. Capital Redemption Reserve				
Balance at the beginning of the Financial Year	35.00		35.00	
Addition during the Financial Year	–		–	
Deduction during the Financial Year	–	35.00	–	35.00
c. Foreign Currency Translation Reserve				
Balance at the beginning and end of the Financial Year	13.39		3.80	
Addition during the Financial Year	–		9.59	
Deduction during the Financial Year	(11.35)	2.04	–	13.39
d. Securities Premium Account				
Balance at the beginning of the Financial Year	4,180.38		840.00	
Add: Premium on issue of Equity Shares through QIP	11,636.47		3,340.38	
Add: Premium on issue of Equity Shares through ESOP	341.36		–	
Less: Share Issue Expenses	(210.03)	15,948.18	–	4,180.38
c. Revaluation Reserve				
Balance at the beginning of the Financial Year	179.67		201.83	
Less: Depreciation on revalued amount adjusted	–	179.67	(22.16)	179.67
d. Share Option Outstanding Account				
Balance at the beginning of the Financial Year	108.96		–	
Addition during the Financial Year	48.89		164.55	
Less: Written back during the Financial Year	(5.28)		–	
Less: Shares Allotted	(62.80)		–	
Less: Deferred employee stock compensation	11.32	101.09	(55.59)	108.96
e. Cash Flow Hedge Reserve				
Balance at the beginning of the Financial Year	(492.60)		–	
Addition during the Financial Year	–		(492.60)	
Less: Written back during the Financial Year	625.40	132.80	–	(492.60)
f. General Reserve				
Balance at the beginning of the Financial Year	5,625.77		4,620.36	
Add: Transferred during the Financial Year	963.45	6,589.22	1,005.42	5,625.78
g. Surplus in Profit & Loss Account				
Balance at the beginning of the Financial Year	21,493.96		13,595.78	
Addition during the Financial Year	9,734.15		10,359.18	
Less: Transfer to General Reserves	(963.45)		(1,005.42)	
Less; Dividend of Previous Years	(4.16)		–	
Less: Interim Dividend on Equity Shares @ ₹ Nil per share (Previous Year ₹ 2)	–		(500.97)	
Less: Proposed Dividend on Equity Shares {₹ 1 Per share (Post Split face value of ₹ 1 each) (Previous Year ₹ 3 Per share, face value of ₹ 5 each)}	(1,354.59)		(751.45)	
Less: Proposed Dividend on Preference Shares {₹ Nil (Previous Year 0.01%)}	–		(0.01)	
Less: Dividend Distribution Tax on Equity Shares	(224.12)		(203.15)	
Less: Dividend Distribution Tax on Preference shares	–	28,681.79	(0.00)	21,493.96
TOTAL		51,817.30		31,292.05

During the year, interim dividend amounting to ₹ Nil (Previous Year 26.02 lacs on 1,300,848 shares) & final dividend amounting to ₹ 40.79 lacs (Previous Year ₹ 46.02 lacs) declared for the Financial Year 2011-12 was paid in foreign currency to one of the shareholder holding 1,359,801 shares (Previous Year 1,150,424 shares).

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

3. LONG-TERM BORROWINGS

(₹ in Lacs)

	Non-Current		Current Maturities	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Term Loans - From Banks and Financial Institutions				
Indian Rupee Loans from Banks (secured)	–	650.00	–	1,088.22
Foreign Currency Loans from Banks (secured)	7,977.20	10,238.00	2,900.80	–
From Financial Institutions (secured)	–	500.00	–	500.00
	7,977.20	11,388.00	2,900.80	1,588.22
Deposits (unsecured)				
Directors	117.18	134.59	42.53	21.06
Shareholders	97.48	45.91	32.42	79.95
Others	319.56	337.20	13.03	25.86
	534.22	517.70	87.98	126.87
TOTAL	8,511.42	11,905.70	2,988.78	1,715.09
The above amount includes				
Secured borrowings	10,878.00	12,976.22		
Unsecured borrowings	622.20	644.57		
Net Amount	11,500.20	13,620.79		

a. Indian Rupee Loan from Banks includes:

All Indian Rupee Loans from Banks outstanding as on March 31, 2012 have been paid off during the year, and there are no loans outstanding as on March 31, 2013.

b. Foreign Currency Loans include

ECB from Standard Chartered Bank amounting to USD 200 lacs carrying interest rate of 90 days LIBOR plus 2.75% is outstanding as on March 31, 2013 and is repayable in 15 Quarterly installments of USD 13.33 lacs each, beginning from April 2013. The loan is secured by first exclusive charge on movable fixed assets of the Company situated at Jambusar, Gujarat.

c. Loans from Financial Institutions

The loan amount outstanding from Financial Institutions as on March 31, 2012 has been paid off during the year, and there is no outstanding loan as on March 31, 2013.

d. Deposits from Directors, shareholders and others carries interest ranging from 9% to 11% depending upon the amount of deposit. Non-cumulative deposits have a maturity period of two years and are paid interest at the interval of every six months. Cumulative deposits have maturity period of three years and the interest is compounded six monthly.

e. As on the Balance Sheet date there is no default in repayment of loans and interest.

4. DEFERRED TAX LIABILITIES

(₹ in Lacs)

	As at March 31, 2013	As at March 31, 2012
Deferred tax assets/ liabilities are attributable to the following items		
Deferred Tax Assets		
Effects of expenditure debited to P&L account in the current year but allowed for tax purposes in the following year	344.63	324.02
Sub-Total (a)	344.63	324.02
Deferred Tax Liabilities		
Difference in depreciation and amortisation in block of fixed assets as per Income Tax Act and books of accounts & Others	5,170.20	3,611.74
Sub-Total (b)	5,170.20	3,611.74
Net Deferred Tax Liability (b)-(a)	4,825.57	3,287.72

5. OTHER LONG-TERM LIABILITIES

(₹ in Lacs)

	As at March 31, 2013	As at March 31, 2012
Other Payables		
Security Deposits from Dealers	1,174.12	998.19
Security Deposits from Contractors	34.75	16.75
Miscellaneous payables	44.92	44.92
TOTAL	1,253.79	1,059.86

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

6. PROVISIONS

(₹ in Lacs)

	Non-Current		Current	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Provision for Employee Benefits				
Leave Encashment	215.26	178.05	55.49	42.91
Gratuity	0.07	1.74	224.71	128.94
	215.33	179.79	280.20	171.85
Other Provisions				
Provision for Income Tax {Net of Advance Tax of ₹ 10,443.38 Lacs, (Previous Year ₹ 7,305.56 Lacs)}			168.25	616.53
Provision for Proposed Dividend on Equity Shares			1,354.59	751.45
Provision for Proposed Dividend on Preference Shares			-	0.01
Provision for Dividend Distribution Tax			224.12	121.89
	-	-	1,746.96	1,489.88
TOTAL	215.33	179.79	2,027.16	1,661.73

7. SHORT-TERM BORROWINGS

(₹ in Lacs)

	As at March 31, 2013	As at March 31, 2012
Loans Repayable on Demand		
Working Capital Loans from Banks (secured)	7,656.12	6,846.94
Inter - Corporate Deposits (unsecured)		
- From Promoter Companies	-	115.00
	7,656.12	6,961.94
Other Loans and Advances		
Packing Credit Foreign Currency Loan {Secured (Previous Year Unsecured)}	2,565.51	4,095.92
	2,565.51	4,095.92
TOTAL	10,221.63	11,057.86
The above amount includes		
Secured Borrowings	10,221.63	6,846.94
Unsecured Borrowings	-	4,210.92

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 additionally secured by way of second charge on all the immovable properties of the Company excluding leasehold land situated at Jambusar in favour of the consortium bankers.

Working Capital Loan includes Foreign Currency Loan (Buyers Credit Loan) amounting to ₹ 678.66 lacs (Previous Year ₹ Nil lacs).

8. TRADE PAYABLES

(₹ in Lacs)

	As at March 31, 2013	As at March 31, 2012
Trade Payables		
- Due to micro and small enterprises (Refer Note 44)	352.44	351.06
- Other Trade Payables	23,606.21	9,232.84
TOTAL	23,958.65	9,583.90

9. OTHER CURRENT LIABILITIES

(₹ in Lacs)

	As at March 31, 2013	As at March 31, 2012
Current maturities of long-term debt (Refer Note 3)	2,988.78	1,715.09
Creditors for Capital Purchases	1,529.76	338.35
Security Deposits Contractors	15.50	31.75
Interest accrued but not due on borrowings	108.56	165.05
Income received in advance/ Customer advances	1,100.57	3,173.12
Unpaid dividends*	8.95	6.62
Other payables		
- Employee Balances	1,370.32	1,003.12
- Statutory Dues Payable	589.24	369.14
- Miscellaneous Payable	1,575.61	1,523.60
Hedge Liability	-	492.60
TOTAL	9,287.29	8,818.44

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

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

10. TANGIBLE ASSETS

(₹ in Lacs)

	Leasehold land	Freehold Land	Leasehold Improvement	Buildings	Plant & Machinery	Furniture & Fixtures	Office Equipments	Vehicles	Library	Tools and Equipment	Total
Gross Carrying Value											
As at April 1, 2011	661.48	254.63	1.94	2,960.04	31,100.32	200.85	369.54	215.48	100.16	2.66	35,867.10
Additions	1,519.51	-	-	561.74	4,068.65	73.60	138.78	2.34	-	-	6,364.62
Disposals	-	-	-	(79.58)	(59.71)	(70.55)	(52.36)	(19.85)	-	(2.66)	(284.71)
Transfer on account of discontinued operation	-	(6.74)	-	(85.02)	(1,274.78)	(1.93)	(2.35)	-	(0.36)	-	(1,371.18)
Other Adjustments											
Exchange Difference	-	-	-	-	15.21	-	-	-	-	-	15.21
Borrowing Costs	-	-	-	-	46.39	-	-	-	-	-	46.39
Stores & Spares	-	-	-	-	245.41	-	-	-	-	-	245.41
Foreign currency exchange reserve	-	-	1.66	-	-	-	(0.11)	-	-	-	1.55
Other Expenses including Salary	-	-	-	-	310.27	-	-	-	-	-	310.27
As at March 31, 2012	2,180.99	247.89	3.60	3,357.18	34,451.76	201.97	453.50	197.97	99.80	-	41,194.66
Additions	-	-	-	3,372.90	14,232.55	56.79	35.56	-	-	-	17,697.80
Disposals	-	-	-	-	(98.25)	(0.23)	(0.35)	(7.61)	(0.06)	-	(106.50)
Other Adjustments											
Exchange Difference	-	-	-	152.48	596.60	-	0.03	-	-	-	749.11
Borrowing Costs	-	-	-	88.96	318.97	-	0.04	-	-	-	407.97
Stores & Spares	-	-	-	-	-	-	-	-	-	-	-
Foreign currency exchange reserve	-	-	(0.27)	-	-	-	(0.67)	-	-	-	(0.94)
Other Expenses including Salary	-	-	-	291.54	1,072.23	0.42	0.38	-	-	-	1,364.57
As at March 31, 2013	2,180.99	247.89	3.33	7,263.06	50,573.86	258.95	488.49	190.36	99.74	-	61,306.67
Depreciation											
As at April 1, 2011	3.71	-	1.22	666.56	9,270.80	126.61	258.71	175.27	74.35	-	10,577.23
Charge for the year	0.41	-	0.26	88.20	1,570.28	16.30	21.28	10.39	2.58	-	1,709.70
Disposals	-	-	-	(11.02)	(22.88)	(56.25)	(42.25)	(16.91)	-	-	(149.31)
Transfer on account of discontinued operation	-	-	-	(25.33)	(483.69)	(0.99)	(1.50)	-	(0.26)	-	(511.77)
Difference on account of Foreign Currency Exchange Reserve	-	-	0.49	-	0.65	-	(2.34)	-	-	-	(1.20)
As at March 31, 2012	4.12	-	1.97	718.41	10,335.16	85.67	233.90	168.75	76.67	-	11,624.65
Charge for the year	4.26	-	0.25	137.80	1,953.14	24.97	28.83	7.40	2.32	-	2,158.97
Disposals	-	-	-	-	(69.07)	(0.23)	(0.30)	(6.77)	(0.06)	-	(76.43)
Difference on account of Foreign Currency Exchange Reserve	-	-	(0.18)	-	-	-	(0.53)	-	-	-	(0.71)
As at March 31, 2013	8.38	-	2.04	856.21	12,219.23	110.41	261.90	169.38	78.93	-	13,706.49
Net Carrying Value											
As at March 31, 2012	2,176.87	247.89	1.63	2,638.77	24,116.60	116.30	219.60	29.22	23.13	-	29,570.01
As at March 31, 2013	2,172.61	247.89	1.29	6,406.85	38,354.63	148.54	226.59	20.98	20.81	-	47,600.19

- The Company revalued Tangible Assets on 30th June 1988, at fair values determined by an independent external valuer. The valuer determined the fair value by reference to market based evidence.
- Depreciation for the year includes depreciation amounting to ₹ 43.26 lacs (Previous Year ₹ 38.62 lacs) on assets used for Research & Development. During the year Company incurred ₹ 191.02 lacs (Previous Year ₹ 50.32 lacs) towards capital expenditure for Research & Development (Refer Note 28)
- Amount transferred on account of exchange difference, borrowing costs and other administrative costs have been transferred from Capital Work in progress.
- Addition to Building includes Leasehold improvement of ₹ Nil lacs (Previous Year ₹ 358.85 lacs)

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

11. CAPITAL WORK IN PROGRESS & INTANGIBLES ASSETS UNDER DEVELOPMENT

(₹ in Lacs)

	Amount of Capital Work in progress	Intangible Assets under Development
As at 31st March 2011	3,275.11	70.77
Additions	8,896.03	252.54
Amount transferred from CWIP	(5,319.28)	–
Other Adjustments*		
Exchange Difference	124.32	–
Borrowing Costs	154.75	–
Stores & Spares	81.64	–
Other Expenses including Salary	564.34	–
As at 31st March 2012	7,776.91	323.31
Additions	15,242.64	214.60
Amount transferred from CWIP	(20,013.77)	–
Other Adjustments*		
Exchange Difference	640.00	–
Borrowing Costs	272.11	–
Stores & Spares	329.41	–
Other Expenses including Salary	1,266.67	–
As at 31st March 2013	5,513.97	537.91

* Refer Note 38

12. INTANGIBLE ASSETS

(₹ in Lacs)

	Software
Gross Carrying Value	
As at 1st April 2011	302.39
Additions	105.09
Disposals	–
As at 31st March 2012	407.48
Additions	70.37
Disposals	–
As at 31st March 2013	477.85
Depreciation	
As at 1st April 2011	187.00
Charge for the year	41.57
Disposals	–
As at 31st March 2012	228.57
Charge for the year	42.30
Disposals	–
As at 31st March 2013	270.87
Net Carrying Value	
As at 31st March 2012	178.91
As at 31st March 2013	206.98

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

13. NON-CURRENT INVESTMENTS

	Face Value	March 31, 2013		March 31, 2012	
		No. of Shares	₹ in lacs	No. of Shares	₹ in lacs
Long-term Investments (At cost): Non Trade					
1) Quoted Shares					
United Credit Ltd.	10	700	0.21	700	0.21
Summit Securities		12	–	12	–
Akzo Nobel India Ltd.	10	50	0.05	50	0.05
BASF India Ltd.	10	976	0.46	976	0.46
Sudershan Chemical Industries Ltd.	10	90	0.04	90	0.04
Rallis India Ltd. *	1	2,070	0.12	2,070	0.12
Bayers Crop Science Ltd.	10	66	0.19	66	0.19
Punjab Chemicals & Crop Protection Ltd.	10	248	0.09	248	0.09
Wyeth Ltd.	10	42	0.15	42	0.15
Aventis Pharma Ltd.	10	100	0.03	100	0.03
L.M.L.Ltd.	10	150	0.02	150	0.02
United Sprit Ltd.	10	188	0.05	188	0.05
RPG Life Sciences Ltd.	10	360	0.22	360	0.22
Voltas Ltd.	10	100	0.01	100	0.01
ICICI Bank Ltd.	10	460	2.42	460	2.42
			4.06		4.06
* Share sub-divided from face value of ₹10 each to ₹ 1 each w.e.f. 17.07.2011					
2 Unquoted Shares (Equity)					
a) Panoli Enviro Technology Ltd. 30,000 (Previous Year 30,000) Equity Shares of ₹10 each fully paid			3.00		3.00
b) Bharuch Enviro Infrastructure Ltd. 2,100 (Previous Year 2,100) Equity Shares of ₹10 each fully paid			0.21		0.21
c) Narmada Clean Tech Ltd.* 4,44,339 (Previous Year 4,44,339) Equity Shares of ₹10 each fully paid			44.43		44.43
d) Angan Apartment Co-opt Hsg. Society Ltd. (Services) Bharuch 5 (Previous Year 5) Equity Shares of ₹50 each fully paid			0.01		0.01
e) Abhilasha Tower Co-operative Service Housing Society Ltd. 10 (Previous Year 10) Equity Shares of ₹ 250 each fully paid			0.02		0.02
f) Sygenta India Ltd. 160 (Previous Year 160) Equity Shares of ₹ 10 each fully paid up			0.02		0.02
g) Ciba CKD Biochem Ltd. 100 (Previous Year 100) Equity Shares of ₹ 10 each fully paid up			0.05		0.05
			47.74		47.74
TOTAL			51.80		51.80
Aggregate book value of Quoted Investments			4.06		4.06
Aggregate book value of Un-Quoted Investments			47.74		47.74

* Name of M/s Bharuch Eco-Aqua Infrastructure Ltd. has been changed to M/s Narmada Clean Tech Ltd. vide certificate of Incorporation dated April 8, 2011.

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

14. LOANS AND ADVANCES

(₹ in Lacs)

	Non-Current		Current	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Capital Advances (Unsecured)				
Considered good	474.79	1,508.15	–	–
Doubtful	7.94	0.55	–	–
Less: Allowance for Doubtful Capital Advances	(7.94)	(0.55)	–	–
A	474.79	1,508.15	–	–
Security Deposits (Unsecured)				
Considered good*	410.99	370.36	10.85	35.22
Doubtful	–	–	–	–
B	410.99	370.36	10.85	35.22
Loans and Advances to related parties (Unsecured)				
Considered good (Refer Note 40)	–	–	21.01	27.30
C	–	–	21.01	27.30
Other Loans and Advances (Unsecured)				
Loans To Body Corporate	–	–	779.47	–
Advances to Vendors, considered good	–	–	1,293.29	1,212.15
Advances to Vendors, Doubtful	–	–	164.14	246.74
Less: Allowance for Doubtful Advances	–	–	(164.14)	(246.74)
Balance with Central Excise Authorities, Customs etc.	–	–	1,234.66	748.70
Prepaid Expenses	–	–	106.02	114.95
Employee Advances	–	–	19.24	84.70
Other Statutory Advances	9.32	8.48	1,902.82	1,170.96
Other Miscellaneous Advances	28.42	35.96	661.36	489.33
D	37.74	44.44	5,996.86	3,820.79
TOTAL (A+B+C+D)	923.52	1,922.95	6,028.72	3,883.31

15. OTHER ASSETS

(₹ in Lacs)

	Non-Current		Current	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Interest and Other charges recoverable from customers - Good	–	–	258.42	190.29
Interest and Other charges recoverable from customers - Doubtful	–	–	57.48	64.51
Less: Allowance for Interest and other charges recoverable from customers	–	–	(57.48)	(64.51)
Deposits lodged with Excise & Sales Tax department*	176.58	162.94	–	–
Hedge Asset	–	–	132.79	–
TOTAL	176.58	162.94	391.21	190.29

*Deposits includes ₹ 170.42 lacs (Previous Year ₹ 158.20 lacs) towards security deposit lodged with the Rajasthan excise department and ₹ 3.91 lacs (Previous Year ₹ 3.60 lacs) lodged with Commercial Taxes Kottayam, ₹ 1.21 Lacs (Previous Year ₹ 1.14 lacs) lodged with Assistant Excise & Taxation Commissioner, Solan), 0.53 lacs (Previous Year ₹ Nil) lodged with Superintendent, Prohibition & Excise Account, Jambusar and 0.51 lacs (Previous Year Nil) lodged with UKAI right Bank Canal Division.

* Includes Fixed deposits with more than twelve months maturity from date of acquisition: ₹ 176.58 lacs (Previous Year ₹ 162.94 lacs); and Fixed deposits upto 3 months maturity from date of acquisition: ₹ Nil (Previous Year ₹ Nil)

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

16. INVENTORIES (Valued at lower of cost and net realizable value)

(₹ in Lacs)

	As at March 31, 2013	As at March 31, 2012
Raw Materials and Packing Materials {(includes Stock-in-Transit ₹ 5,504.52 lacs (Previous Year ₹ 322.42 lacs)}	11,625.27	4,730.79
Work in Progress	4,535.76	4,636.50
Finished Goods, including By - products.	5,794.41	5,881.12
Traded Goods	749.43	733.93
Stores & Spares, Laboratory Chemicals & Apparatus	1,469.72	1,892.79
TOTAL	24,174.59	17,875.13

17. TRADE RECEIVABLES

(₹ in Lacs)

	As at March 31, 2013	As at March 31, 2012
<i>Unsecured, considered good unless stated otherwise</i>		
Debts outstanding for a period exceeding six months from the date they are due for payment		
- Considered Good	207.24	163.83
- Doubtful	190.98	194.23
	398.22	358.06
Less: Allowance for Doubtful Debts	(190.98)	(194.23)
	A	207.24
Others Debts		
- Considered Good	26,046.45	17,059.00
- Doubtful	18.51	8.42
	26,064.96	17,067.42
Less: Allowance for Other Doubtful Debts	(18.51)	(8.42)
	B	26,046.45
TOTAL (A+B)	26,253.69	17,222.83

18. CASH AND BANK BALANCES

(₹ in Lacs)

	As at March 31, 2013	As at March 31, 2012
Cash & Cash Equivalents		
- Balance with banks:		
On Current Accounts	708.80	561.95
- Cash on hand	10.00	5.96
- Cheques in hand	103.42	-
Other Bank Balances		
In Deposit accounts held as margin money*	782.40	366.55
In Unpaid Dividend Accounts **	8.95	6.62
TOTAL	1,613.57	941.08

* Deposit account includes ₹ 782.40 Lacs (Previous Year ₹366.55 lacs) towards margin money pledged with banks for Bank Guarantees and Letter of Credit.

* Includes Fixed Deposits with more than twelve months maturity from date of acquisition: ₹ 782.40 lacs (Previous Year ₹ 366.55 lacs); and Fixed Deposits upto 3 months maturity from date of acquisition: ₹ Nil (Previous Year ₹ Nil)

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

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

19. REVENUE FROM OPERATIONS

(₹ in Lacs)

	Year ended March 31, 2013	Year ended March 31, 2012
Revenue from Operations includes		
a) Sale of products		
Finished Goods	126,184.90	94,839.39
Traded Goods	4,821.96	5,032.54
	131,006.86	99,871.93
b) Sale of services	86.54	201.54
	86.54	201.54
c) Other operating Revenues		
Scrap Sales	69.49	60.61
Others*	227.34	151.48
	296.83	212.09
Revenue from Operations (Gross) (a+b+c)	131,390.23	100,285.56
Less: Excise Duty	6,761.41	4,593.97
Less: Discount	9,489.02	7,781.00
Revenue from Operations (Net)	115,139.80	87,910.59
d) Details of products sold		
(i) Finished Goods sold		
Specialty Chemicals	61,575.70	37,712.52
Agro Chemicals	60,075.36	51,879.24
Plant Nutrient	4,015.44	5,076.28
Polymer	–	124.16
Others	518.40	47.19
	126,184.90	94,839.39
(ii) Traded Goods Sold		
Agro Chemicals	3,682.94	4,319.70
Others	1,139.02	712.84
	4,821.96	5,032.54
(iii) Details of services rendered		
Research & Development Activities	86.54	201.54
	86.54	201.54

* Other operating revenue includes Export incentive of ₹ 225.38 lacs (Previous Year ₹ 104.03 Lacs)

20. OTHER INCOME

(₹ in Lacs)

	Year ended March 31, 2013	Year ended March 31, 2012
Income from Long-term Investment		
Dividend Income from Long-term Investment	0.27	0.49
Income from Short-term Investment		
Interest Income		
- Margin Money Deposits	85.30	43.47
- Others	542.98	370.06
Net gain/ loss on sale of Investments	–	0.01
Other Non-operating Income	194.92	96.05
TOTAL	823.47	510.08

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

21. COST OF RAW MATERIAL AND PACKING MATERIAL CONSUMED

(₹ in Lacs)

	Year ended March 31, 2013	Year ended March 31, 2012
Details of Raw Material and Packing Material Consumed		
Basic Chemicals	38,066.28	21,292.09
Active Ingredients	15,723.85	9,561.55
Solvent	5,291.39	4,761.06
Packaging Material	3,709.10	3,294.50
Catalyst & Emulsifiers	1,342.34	1,347.30
Others	196.50	8,432.87
TOTAL	64,329.46	48,689.37
Details of Raw & Packing Material Inventory		
Basic Chemicals	3,270.65	1,990.06
Packaging Material	848.25	1,096.66
Active Ingredients	1,159.34	1,018.51
Solvent	517.39	263.15
Catalyst & Emulsifiers	209.76	252.45
Others	5,619.88	109.96
TOTAL	11,625.27	4,730.79

22. (INCREASE)/DECREASE IN INVENTORY

(₹ in Lacs)

	Year ended March 31, 2013		Year ended March 31, 2012	
Inventories at the end of the year				
Finished Goods	5,794.41		5,881.12	
Traded Goods	749.43		733.93	
Work in Progress	4,535.76	11,079.60	4,636.50	11,251.55
Inventories at the beginning of the year				
Finished Goods	5,881.12		4,338.36	
Traded Goods	733.93		468.05	
Work in Progress	4,636.50	11,251.55	3,085.28	7,891.69
TOTAL		171.95		(3,359.86)
a) Details of Purchases of Traded Goods				
Agro Chemicals		2,952.02		3,540.17
Others		–		359.85
TOTAL		2,952.02		3,900.02
b) Details of Inventory				
Traded Goods				
Agro Chemicals		749.43		720.08
Others		–		13.85
TOTAL		749.43		733.93
Work in Progress				
Agro Chemicals		738.99		1,419.58
Specialty Chemicals		3,774.77		3,116.73
Plant Nutrient		22.00		100.19
TOTAL		4,535.76		4,636.50
Finished Goods				
Agro Chemicals		3,731.41		4,284.64
Specialty Chemicals		611.25		359.32
Plant Nutrients		246.16		246.56
Others		1,205.59		990.60
TOTAL		5,794.41		5,881.12

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

23. EMPLOYEE BENEFIT EXPENSES

(₹ in Lacs)

	Year ended March 31, 2013	Year ended March 31, 2012
Salaries, Wages and Bonus	7,778.15	6,202.49
Contribution to Provident & other funds	402.25	358.94
Gratuity and Leave encashment expenses (Refer Note 34)	240.01	225.20
Employees Welfare Expenses	383.25	294.46
Expense on Employee Stock Option Scheme (Refer Note 35)	54.93	108.95
TOTAL	8,858.59	7,190.04

24. OTHER EXPENSES

(₹ in Lacs)

	Year ended March 31, 2013	Year ended March 31, 2012
Power, Fuel & Water	5,227.38	3,625.95
Stores & Spares Consumed	810.68	848.18
Repairs & Maintenance to:		
- Buildings	60.20	37.72
- Plant & Machinery	250.58	288.31
- Other Repairs	314.98	195.49
Environment & Pollution Control expenses	3,757.63	2,986.28
Laboratory & Testing Charges	391.67	216.36
Freight & Cartage	2,965.78	2,033.09
Advertisement & Sales Promotion	2,291.80	2,249.33
Travelling & Conveyance (Refer Note 24(a))	2,073.73	1,709.20
Exchange Difference	30.66	448.44
Rent	422.43	397.32
Rates, Taxes & Fees	207.01	176.98
Insurance	188.15	153.33
Donation	22.92	17.08
Loss on Sale of Fixed Assets (Net)	25.88	128.62
Auditor's Remuneration* (Refer Note 24(b))	19.69	16.10
Communication Expenses	245.61	207.99
Bad Debts written off (Net)	-	1.81
Provision for Bad and Doubtful Debts & Advances	144.93	379.08
Prior period expenses	11.93	(5.59)
Director Sitting Fees & Commission	51.50	37.00
Legal & Professional Expenses	625.32	459.97
Bank Charges	198.56	157.89
Miscellaneous Expenses	428.25	387.99
TOTAL	20,767.27	17,153.92
a. Travelling Expenditure includes Directors Travelling amounting to ₹ 215.56 lacs (Previous Year ₹ 174.75 lacs)		
b. Auditors' Remuneration		
- Audit Fees	10.34	10.34
- Limited Review Fees	4.50	-
- Tax Audit Fees	-	1.50
- Certificates & other matters	2.14	0.55
- Reimbursement of expenses	2.71	3.71
TOTAL	19.69	16.10

* Does not include certification fees of ₹ 7.02 Lacs paid for funds raised through QIP, which is adjusted against Securities Premium. (Refer Note 31)

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

25. EXCEPTIONAL ITEM

(₹ in Lacs)

	Year ended March 31, 2013	Year ended March 31, 2012
Income from sale of Polymer business	–	3,209.94
TOTAL	–	3,209.94

During the previous year ended March 31, 2012, the Company disposed off its Polymer business on slump sale basis to M/s Rhodia Polymers Ltd. as a going concern. The net gain of ₹ 3,034.28 lacs is shown as an exceptional item in the Statement of Profit & Loss.

26. DEPRECIATION AND AMORTIZATION EXPENSES

(₹ in Lacs)

	Year ended March 31, 2013	Year ended March 31, 2012
Depreciation on Tangible Assets	2,158.94	1,709.70
Amortization of Intangible Assets	42.30	41.57
	2,201.24	1,751.27
Less: Recoupment from revaluation reserve	–	(22.16)
TOTAL	2,201.24	1,729.11

27. FINANCE COST

(₹ in Lacs)

	Year ended March 31, 2013		Year ended March 31, 2012	
Interest				
On Fixed Loans	554.86		668.65	
On Working Capital	1,491.52		1,098.16	
Others	6.59	2,052.97	139.30	1,906.11
Other Borrowing Costs		84.43		45.92
Exchange Difference to the extent considered as an adjustment to Borrowing Cost		43.80		35.03
TOTAL		2,181.20		1,987.06

28. RESEARCH & DEVELOPMENT EXPENSES

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

a) Revenue Expenditure

(₹ in Lacs)

	Year ended March 31, 2013	Year ended March 31, 2012
Employee Benefit Expenses		
Salaries, Wages & Bonus	387.67	329.83
Contributions to Provident & other funds	27.85	28.94
Employee Welfare Expenses	7.56	8.07
	423.08	366.84
Raw & Packing Materials consumed	39.82	33.09
Other Expenses		
Laboratory & Testing Material	121.86	87.08
Power, Fuel & Water	15.14	10.46
Stores & Spares consumed	21.72	37.30
Testing & Analysis	1.54	2.19
Travelling & Conveyance	41.40	20.97
Rates, Taxes & Fees	0.45	0.37
Printing & Stationery	1.27	1.90
Legal & Professional Charges	10.98	9.04
Miscellaneous Expenses	1.88	4.44
	216.24	173.75
Depreciation		
Depreciation	43.26	38.62
TOTAL	722.40	612.30

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

28. RESEARCH & DEVELOPMENT EXPENSES (Contd...)

b) Capital Expenditure

Description	(₹ in Lacs)		
	March 31, 2012	Addition during the year	March 31, 2013
Buildings	18.12	–	18.12
Equipments & Others	884.37	191.02	1,075.39
TOTAL	902.49	191.02	1,093.51

29 EARNING PER SHARE

	(₹ in Lacs)	
	Year ended March 31, 2013	Year ended March 31, 2012
a) Net Profit for Basic & Diluted EPS	9,734.15	10,359.18
b) Number of Equity Shares at the beginning of the year	25,048,378	11,187,501
Add: Issue of Shares under Qualified Institutional Placement	1,924,656	–
Add: Issue of Shares under ESOP	118,796	–
Add: Conversion of CCPS and OCD into Equity Shares	–	1,336,688
Add: Sub-division of Equity Shares @ ₹ 5 each	–	12,524,189
Add: Sub-division of Equity Shares @ ₹ 1 each	108,367,320	100,193,512
Total Number of shares outstanding at the end of the year	135,459,150	125,241,890
Weighted average number of Equity Shares outstanding during the year - Basic	127,229,007	124,840,153
Weighted average number of Equity Shares arising out of outstanding Compulsorily Convertible Preference Shares and Optionally Convertible Debentures that have dilutive effect on EPS	–	408,409
Weighted average number of Equity Shares arising out of grant of Employee Stock Option	970,834	478,026
Weighted average number of Equity Shares outstanding during the year - Diluted	128,199,841	125,726,588
Earning Per Share - Basic (₹)	7.65	8.30
Earning Per Share - Diluted (₹)	7.59	8.26
Face Value Per Share (₹)*	1	1

*Pursuant to the approval of the shareholders through postal ballot dated April 3, 2013, the Company has sub-divided the existing Equity Shares of ₹ 5 each fully paid up into 5 Equity Shares of ₹ 1 each. Further, in accordance with Accounting Standard AS 20, the earning per share for the current and comparative period has been recomputed after adjusting for the sub-division of the shares.

30. COMMENCEMENT OF COMMERCIAL PRODUCTION AT SEZ UNIT

The Company has commenced commercial production at its newly commissioned unit located at SEZ, Jambusar in the State of Gujarat starting from January 2013.

31. UTILISATION OF QIP (QUALIFIED INSTITUTIONAL PLACEMENT) PROCEEDS

	(in ₹ Lacs)
Amount raised by issue of 19,24,656 Equity Shares through Qualified Institutional Placement (QIP)	11,732.70
TOTAL	11,732.70
Share Capital	96.23
Securities Premium	11,636.47
Total amount raised through QIP Issue	11,732.70
Less: Issue expenses met by the Company *	210.03
Net proceeds from QIP Available for utilization	11,522.67
Utilization of the net proceeds from QIP as per Placement Document	
Working Capital	7,819.80
Expansion	757.87
Others	2,945.00
TOTAL	11,522.67
Balance unutilised	–

Share issue expenses incurred during the financial year ended March 31, 2013 amounting to ₹ 210.03 lacs pertain to expenses incurred in connection with the Qualified Institutional Placement of Equity Shares of the Company. In accordance with the provisions of Section 78 of the Companies Act, 1956, these expenses were charged off against the available balance of the 'Securities Premium' Account.

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

31. UTILISATION OF QIP (QUALIFIED INSTITUTIONAL PLACEMENT) PROCEEDS (Contd...)

* Detail of QIP expenses in broad heads

	(in ₹ Lacs)
Legal Advisors' Fees	181.43
Certification Fees Paid to Statutory Auditor	7.02
Stock Exchange Fees	8.43
Others	13.15
	210.03

32. NOTE ON AS 30 ADOPTION

The Company has adopted Accounting Standard 30 (AS 30) "Financial Instruments: Recognition and Measurement" during the Financial year 2011-12. Based on the Recognition and Measurement principles set out in AS 30, changes in the fair values of derivative financial instruments, the net foreign exchange exposure over a period of one year against the committed order in hand hedged through forward contracts, are designated as effective cash flow hedges and marked to market loss/gain arising on said foreign currency instruments are transferred to "Cash Flow Hedge Reserve" directly in the Balance Sheet under Reserves & Surplus and later the same is reclassified in Statement of Profit & Loss upon the occurrence of the hedging transaction. Accordingly marked to market gain of ₹ 132.80 lacs (Previous Year loss of ₹ 492.60 lacs) arising on foreign currency instruments qualifying for hedge accounting as on March 31, 2013 has been transferred to Cash Flow Hedge Reserve Account.

33. NOTE ON ADOPTION OF REVISED SCHEDULE VI

These financial Statements comprising the Balance Sheet and Statement of Profit & Loss and notes have been prepared in accordance with Revised Schedule VI which has been made applicable for financial year commencing on or after April 1, 2011, vide MCA's notification no. S.O. 653(E) dated March 30, 2011.

34. GRATUITY & LEAVE ENCASHMENT

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

a) Defined Contribution Plans

The Company has recognised an expense of ₹ 402.25 Lacs (Previous Year ₹ 358.94 lacs) towards the defined contribution plan.

b) Defined benefits plans - as per actuarial valuation

(₹ in Lacs)

	2012-13		2011-12	
	Gratuity Funded	Leave Encashment Non-Funded	Gratuity Funded	Leave Encashment Non-Funded
I Change in Present Value of obligation during the year				
1 Present Value of obligation at the beginning of the year	502.88	220.96	407.14	168.15
2 Current Service Cost	81.21	66.97	64.45	51.43
3 Interest Cost	40.23	17.67	34.61	14.28
4 Past Service Cost	-	-	-	-
5 Net Actuarial (Gain)/Loss	45.15	(0.36)	49.52	32.09
6 Benefits Paid	(70.96)	(34.49)	(52.84)	(44.99)
7 Present Value of obligation as at year-end	598.51	270.75	502.88	220.96
II Change in Fair Value of Plan Assets during the year				
1 Plan assets at the beginning of the year	372.19	-	322.42	-
2 Expected Return on Plan Assets	31.63	-	27.41	-
3 Actuarial Gain/(Loss) on Plan Assets	(20.76)	-	(8.00)	-
4 Employer's contribution	60.00	-	83.20	-
5 Benefits Paid	(69.34)	-	(52.84)	-
6 Plan assets at the end of the year	373.72	-	372.19	-

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

34. GRATUITY & LEAVE ENCASHMENT (Contd...)

b) Defined benefits plans - as per actuarial valuation (Contd...)

(₹ in Lacs)

	2012-13		2011-12	
	Gratuity Funded	Leave Encashment Non-Funded	Gratuity Funded	Leave Encashment Non-Funded
III Reconciliation of Present Value of Defined Benefit Obligation and Fair Value of Plan Assets				
1 Present Value of obligation as at year-end	598.51	270.75	502.88	220.96
2 Fair Value of Plan Assets at year-end	373.72	–	372.19	–
3 Funded status (Surplus/Deficit)	(224.79)	(270.75)	(130.69)	(220.96)
4 Net Asset/(Liability)	(224.79)	(270.75)	(130.69)	(220.96)
IV Expenses recognised in the Statement of Profit & Loss				
1 Current Service Cost	81.21	66.97	64.45	51.43
2 Interest Cost	40.23	17.67	34.61	14.28
3 Past service Cost	–	–	–	–
4 Expected return on plan assets	(31.63)	–	(27.41)	–
5 Net Actuarial (Gain)/Loss	65.91	(0.36)	57.52	32.09
6 Total Expense	155.72	84.28	129.17	97.80
V Bifurcation of PBO at the end of year				
1 Current Liability	224.71	55.49	128.94	42.91
2 Non-Current Liability	0.07	215.26	1.74	178.05
VI Actuarial Assumptions				
1 Discount Rate	8.00%	8.00%	8.50%	8.50%
2 Expected rate of return on plan assets	8.50%	–	8.50%	–
3 Mortality Table	IALM (1994-96)	IALM (1994-96)	LIC (1994-96)	LIC (1994-96)
4 Salary Escalation	5.50%	5.50%	6.00%	6.00%

35. EMPLOYEE STOCK OPTION PLANS

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

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

	2012-13
Options Granted (No. of Shares)	462602
Options Vested and Exercisable	21369
Options Exercised	97427
Options Cancelled	11073
Options lapsed	–
Total number of options in force	354102
Variations in terms of ESOP	Not Applicable
Total number of shares arising as a result of exercise of options	97427
Money realised by exercise of options (₹ per share)	232.08

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

35. EMPLOYEE STOCK OPTION PLANS (Contd...)

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

	2012-13		2011-12	
	No. of Options	Weighted average exercise price (₹)	No. of Options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	363,836	247.13	–	–
Granted during the year	98,766	445.50	363,836	247.13
Forfeited during the year	11,073	244.64	–	–
Exercised during the year*	97,427	238.21	–	–
Expired during the year	–	–	–	–
Outstanding at the end of the year	354,102	304.99	363,836	247.13
Exercisable at the end of the year	21,369.00	245.33	–	–
Weighted average remaining contractual life of outstanding options (in Years)		6.93		7.08
Weighted average fair value of options granted (per share)		280.21		172.35

* Shares allotted to PII ESOP Trust against exercise of options. (Refer Note B-1-e)

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

Range of Exercise price	2012-13			2011-12		
	No. of Options Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise price	No. of Options Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise price
PII ESOP 2010 PLAN						
200-300	255,336	6.49	250.64	363,836	7.08	247.13
301-500	98,766	8.08	445.5			

Methods and Assumptions used to estimate the Fair Value of options granted during the year: 2012-13

The Fair Value of options granted during the year has been calculated using the Black Scholes Option Pricing model.

The assumptions used in the model are as follows:

Variables	July 26, 2012
1 Risk Free Interest Rate	8.04% - 8.12%
2 Expected Life	4 years - 7 years
3 Expected Volatility	52.48% - 54.02%
4 Dividend Yield	1.01%
5 Price of the underlying share in market at the time of the option granted (₹)	494.95

The stock based compensation cost calculated as per the intrinsic value method for the financial year 2012-13 is ₹ 54.93 lacs. If the stock-based compensation cost was calculated as per the fair value method, the total cost to be recognised in the financial statements for the year 2012-13 would be ₹ 241.02 lacs. The effect of adopting the fair value method on the net income and earnings per share is presented below:

Pro-Forma Adjusted Net Income and Earning Per Share

Variables	₹ in Lacs
Net Income as reported	9,734.15
Add: Intrinsic Value Compensation Cost	54.93
Less: Fair Value Compensation cost	(241.02)
Adjusted Pro Forma Net income	9,548.06
	₹
Earning Per Share: Basic	
As Reported	7.65
Adjusted Pro Forma	7.50
Earning Per Share: Diluted	
As Reported	7.59
Adjusted Pro Forma	7.45

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

36. CAPITAL & OTHER COMMITMENT

(₹ in Lacs)

	March 31, 2013	March 31, 2012
a. Estimated Amount of Contracts remaining to be executed on capital account and not provided for {Net of advances ₹ 482.73 lacs (Previous Year ₹ 1,508.70 lacs)}	1,572.61	6,799.26
b. Bank Guarantees	2,394.97	379.83
c. Letter of Credit	6,203.05	1,680.49
d. Export Commitment	27,491.00	26,345.49

37. LEASES

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

(₹ in Lacs)

	March 31, 2013	March 31, 2012
Payable within one year	669.90	608.88
Later than one year and not later than five years	1,337.41	1,510.44
Later than five years	410.46	642.16
Lease payments recognised in P&L account	565.17	501.60

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

38. CAPITALISATION OF EXPENDITURE

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

(₹ in Lacs)

	March 31, 2013	March 31, 2012
A. Brought forward from the earlier year	1,266.74	706.43
B. Expenditure incurred during the year:		
Staff Costs	784.83	432.67
Other Expenses	696.44	360.38
Interest and commitment charges	272.11	154.75
Stores Consumption	329.41	105.47
Exchange Difference	640.00	124.32
	2,722.79	1,177.59
C. Capitalised as part of:		
Plant & Machinery	1,987.80	617.28
Building	532.98	–
Furniture, Fixtures & Office equipment	0.87	–
	2,521.65	617.28
D. Carried forward as part of Capital Work in Progress	1,467.88	1,266.74

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

39. SEGMENT INFORMATION

a) Primary Segment Information (Business Segments)

			(₹ in Lacs)
Particulars	Chemicals	Others	Total
1 Revenue			
External Revenue (Gross)	132,140.29 (100,478.91)	73.41 (316.72)	132,213.70 (100,795.63)
Inter Segment Revenue	–	–	–
Segment Revenue Total	132,140.29 (100,478.91)	73.41 (316.72)	132,213.70 (100,795.63)
2 Segment Result	15,961.42 (12,505.63)	92.77 (198.43)	16,054.19 (12,704.06)
Segment Result Total	15,961.42 (12,505.63)	92.77 (198.43)	16,054.19 (12,704.06)
Profit before Interest, etc, and taxation			
Less: Interest			2,181.20 (1,987.06)
Add: Interest Income			628.28 (413.53)
Add: Dividend Income			0.27 (0.49)
Profit / (Loss) before Tax			14,501.54 (11,131.02)
3 Segment Assets	112,866.50 (79,667.39)	606.23 (432.09)	113,472.73 (80,099.47)
4 Segment Liabilities	60,407.16 (47,747.14)	(106.32) 192.14	60,300.84 (47,554.99)
5 Capital Expenditure			
Total Cost incurred during the year to acquire segment assets	38,255.26 (17,020.08)	(0.02) (140.54)	38,255.24 (17,160.61)
6 Depreciation			
Segment Depreciation	2,181.31 (1,708.86)	19.93 (20.25)	2,201.24 (1,729.11)
7 Non Cash Expenses			
Segment non-cash expenses other than depreciation/ amortisation	170.81 (509.37)	– (0.14)	170.81 (509.51)
Unallocable non-cash expenses			– –
Total non-cash expenses			170.81 (509.51)

(Previous Year figures are given in bracket)

b) Secondary Segment information (Geographical Segments)

		(₹ in Lacs)	
		March 31, 2013	March 31, 2012
1 Segment Revenue			
- Within India		68,691.01	61,330.59
- Outside India		63,522.69	39,465.04
		132,213.70	100,795.63
2 Segment Assets*			
- Within India		100,439.39	67,074.31
- Outside India		13,033.34	13,025.16
		113,472.73	80,099.47

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

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

40. RELATED PARTY DISCLOSURES

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

a) List of Related Parties

i Enterprises which control the entity

Parteek Finance & Investment Co. Ltd. (Holding Company w.e.f. January 1, 2013)

ii Enterprises in respect of which reporting enterprise is an associate

(a) Lucrative Leasing Finance and Investment Company Ltd.; (b) Parteek Finance and Investment Company Ltd. (Upto December 31, 2012)

iii Key Managerial Personnel & their relatives (KMP)

(a) Key Managerial Personnel (KMP)

Mr. Salil Singhal	Chairman & Managing Director
Mr. Mayank Singhal	Managing Director & CEO
Mr. Anurag Surana	Whole-time Director (till September 15, 2012)
Mr. Rajnish Sarna	Whole-time Director (from November 7, 2012)

(b) Relatives of Key Managerial Personnel

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

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

(a) Samaya Investment and Trading Pvt. Ltd. (b) Wolkem India Ltd. (c) Secure Meters Ltd., (d) Salil Singhal (HUF), (e) Singhal Foundation, (f) PI Foundation and (g) PII ESOP Trust

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

(₹ in Lacs)

Nature of Transaction	Type of relation	2012-13			2011-12		
		Transactions during the period		Balance outstanding Dr (Cr)	Transactions during the period		Balance outstanding Dr (Cr)
		Recd/Pur.	Paid/Sales		Recd/Pur.	Paid/Sales	
Purchase/Sales of goods and services	a(iv)(b) & a(iv)(c)	2.37	–	(0.17)	2.79	–	(0.15)
Remuneration to Directors	a(iii)(a)	–	574.84	(165.89)	–	502.19	(100.00)
Interest	a(i), a(ii)(a), a(ii)(b), a(iii), a(iv)(a), a(iv)(d)	–	129.61	(87.98)	–	87.04	(44.72)
Rent & Power Cost	a(iii), a(iv)(b)	2.20	13.18	(2.16)	–	105.59	(2.18)
Loans	a(iv)(g)	200.00	290.00	90.00	–	–	–
Deposits Received and Paid	a(iii)	106.99	109.44	(570.29)	458.46	506.74	(590.31)
Security Deposits	a(iii), a(iv)(a)	–	–	–	69.78	–	–
Recovery of Dues on account of expenses incurred	a(iii)(b), a(iv)(b), a(iv)(c)	33.11	–	20.99	23.94	–	15.68
Reimbursement on account of expenses	a(iv)(c)	–	0.67	–	–	4.67	–
Inter Corporate Deposit	a(i), a(ii)(a), a(ii)(b) & a(iv)(a)	1,200.00	1,315.00	–	40.00	115.00	(115.00)
Donation	a(iv)(e), a(iv)(f)	–	5.25	–	–	10.00	–
Salary	a(iii)(b)	–	1.03	–	–	1.18	–
Travel & Other expenditure incurred	a(iii)	–	257.34	30.24	–	230.91	2.14

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

41. CONTINGENT LIABILITIES

(₹ in Lacs)

	March 31, 2013	March 31, 2012
Disputed Taxation demands not acknowledged as debts:		
- Sales Tax	128.13	176.41
- Excise Duty	84.99	84.99
- Income Tax	536.42	243.06
- Custom Duty	71.08	71.08
- ESI	5.08	-
Anti Dumping Duty	230.44	230.44
Counter Guarantee to GIDC	32.85	32.85
Bill Discounted	3,171.14	-

42. DERIVATIVES INSTRUMENTS AND HEDGED/ UNHEDGED FOREIGN CURRENCY EXPOSURE

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

ii) Forward Contract outstanding as at Balance Sheet date

(₹ in Lacs)

Currency	Amount Outstanding as at March 31, 2013	Amount Outstanding as at March 31, 2012	Buy / Sell	Purpose
USD	125.00	266.53	Sell	Hedging
EURO	-	-	Sell	Hedging

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

iii) Particulars for Hedged Foreign Currency Exposure

(in Lacs)

Particulars	Currency	Amount as at March 31, 2013 (in Foreign Currency)	Amount as at March 31, 2013 (in INR)	Amount as at March 31, 2012 (in Foreign Currency)	Amount as at March 31, 2012 (in INR)
Export Debtors	USD	47.21	2,668.39	77.18	3,675.45

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 March 31, 2013 (in Foreign Currency)	Amount as at March 31, 2013 (in INR)	Amount as at March 31, 2012 (in Foreign Currency)	Amount as at March 31, 2012 (in INR)
1 ECB Term loan	USD	200.00	10,878.00	200.00	10,238.00
2 PCFC Loan	USD	47.17	2,565.51	80.01	4,095.92
3 Buyers Credit	USD	12.48	678.67	-	-
4 EEFC Account	USD	-	-	0.66	33.83
5 Import Creditors (Net)	USD	138.72	7,544.72	45.38	2,323.00
	EURO	0.88	61.04	-	-
	GBP	0.01	0.29	-	-
	CHF	-	-	-	-
	JPY	55.51	32.08	63.20	39.49
6 Export Debtors	USD	185.14	10,068.69	174.42	8,927.75
	EURO	4.26	296.26	5.78	395.03
	JPY	-	-	43.13	26.93

43. DEFERRAL/ CAPITALISATION OF EXCHANGE DIFFERENCE

Pursuant to notification dated March 31, 2009 and December 29, 2011 issued by the Ministry of Corporate Affairs, Government of India, the Company decided to exercise the option of accounting for Exchange differences arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period or reported in the previous financial statements in so far as they relate to the acquisition of depreciable capital assets by addition to/ deduction from the cost of the asset and depreciate the same over the balance life of the asset. Accordingly, the current year exchange losses amounting to ₹ 640 lacs (Previous Year ₹ 124.32 lacs) have been adjusted to the cost of fixed assets/CWIP.

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

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

(₹ in Lacs)

	March 31, 2013		March 31, 2012	
	Principal Amount	Interest Amount	Principal Amount	Interest Amount
Principal amount and Interest due thereon remaining unpaid to any supplier as on 31st March	352.44	–	351.06	–
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	344.86	5.76	1,185.14	23.45
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act.	–	–	–	–
Interest accrued and remaining unpaid at the end of the year	–	–	–	–
Further interest remaining due and payable in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act.	–	–	–	–

45. VALUE OF IMPORTS CALCULATED ON CIF BASIS

(₹ in Lacs)

	March 31, 2013	March 31, 2012
Raw Materials	33,796.50	18,562.02
Spare Parts & Components	87.05	264.04
Capital Goods	221.91	461.09

46. EARNINGS IN FOREIGN CURRENCY

(₹ in Lacs)

	March 31, 2013	March 31, 2012
Export of Goods on FOB Basis	62,886.94	39,363.92

47. EXPENDITURE IN FOREIGN CURRENCY

(₹ in Lacs)

	March 31, 2013	March 31, 2012
Professional	85.79	67.98
Consultancy	–	7.95
Interest	693.83	62.26
Travelling	0.92	16.30
Salary	17.47	15.97
Others	333.06	268.21

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

Sl. No.	Product	Opening	Production Stock	Purchases	Sales	Closing Stock
(I)	QUANTITY (IN TONNES)					
	Current Year					
	Chemicals including by-product/ Traded goods	4,128	57,185	204.00	50,813	10,704
	TOTAL	4,128	57,185	204	50,813	10,704
	Previous Year					
	a) Chemicals including by-product/ Traded goods	(4,816)	(49,046)	(800)	(50,534)	(4,128)
	b) Polymer*	(549)	–	–	(549)	–
	TOTAL	(5,365)	(49,046)	(800)	(51,083)	(4,128)

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

48. ACTUAL PRODUCTION, PURCHASES, SALES AND STOCK OF GOODS MANUFACTURED (Contd...)

Sl. No.	Product	Opening	Production Stock	Purchases	Sales	Closing Stock
(II)	IN VALUE (₹ in Lacs)					
	Current Year					
	Chemicals including by-product/ Traded goods	11,251.55		2,952.02	131,006.86	11,079.60
	TOTAL	11,251.55	-	2,952.02	131,006.86	11,079.60
	Previous Year					
	a) Chemicals including by-product/ Traded goods	(7,404.11)		(3,900.02)	(99,747.77)	(11,251.55)
	b) Polymer*	(487.58)		-	(124.16)	-
	TOTAL	(7,891.69)	-	(3,900.02)	(99,871.93)	(11,251.55)

* Sale of Polymer includes amount transferred to Rhodia Polymer Ltd.

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

	March 31, 2013		March 31, 2012	
	Qty (in Tonnes)	(in ₹ Lacs)	Qty (in Tonnes)	(in ₹ Lacs)
Technical Pesticides	319	1,334.95	374	1,493.89
Inert Chemicals & Adjuvants	51,482	55,465.53	52,137	39,526.96
Polymers	-	-	184	157.84
Others	-	7,528.98	-	7,510.68
TOTAL	51,801	64,329.46	52,695	48,689.37

	March 31, 2013		March 31, 2012	
	%	(in ₹ Lacs)	%	(in ₹ Lacs)
i Raw Material				
Imported	64.89	39,299.87	48.64	21,635.42
Indigenous	35.11	21,261.14	51.36	22,848.44
ii Packing Material				
Imported	-	-	-	-
Indigenous	100.00	3,768.45	100.00	4,205.51

50. EVENT OCCURRING AFTER THE BALANCESHEET DATE

Subsequent to the Balance Sheet date the Company has sub-divided its existing Equity Shares of ₹ 5 each fully paid up into 5 Equity Shares of ₹ 1 each, pursuant to the approval of the shareholders through postal ballot results declared on April 3, 2013.

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

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

Signatures to the Notes to Accounts

As per our separate report of even date attached

For and on behalf of the Board of Directors

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

Sd/-
Yogesh K Gupta
Partner
M. No.: 93214
Firm Reg. No. 000756N
Place: Gurgaon
Date: May 18, 2013

Sd/-
Salil Singhal
Chairman & Managing Director

Sd/-
Mayank Singhal
Managing Director & CEO

Sd/-
Rajnish Sarna
Whole-time Director

Sd/-
Naresh Kapoor
Company Secretary

PILL FINANCE & INVESTMENTS LIMITED

CORPORATE INFORMATION

Board of Directors

Mr. Salil Singhal

Mr. Mayank Singhal

Mr. Anurag Surana

Bankers

ICICI Bank Ltd.

IDBI Bank Ltd.

Auditors

Kishan M. Mehta & Co.

Chartered Accountants

Ahmedabad - 380 009

Registered Office

209, Himalaya Arcade

Near Bharat Petrol Pump

Vastrapur,

Ahmedabad - 380 015.

Director's Report

Your Directors are pleased to present the Report on the business and operations of the Company together with the Audited Accounts for the year ended March 31, 2013:

Financial Results

(₹ in Lacs)

Particulars	Current year (2012-13)	Previous year (2011-12)
Total Turnover	24.56	26.19
Expenditure	1.18	0.78
Profit before Exceptional		
Items and tax	23.38	25.41
Add: Exceptional Item		
Profit from sale of land	–	175.66
Profit Before Tax	23.38	201.07
Less Provision for Tax	7.03	44.00
Profit After Tax	16.35	157.07
EPS (Basic & Diluted)	4.54	43.63

Operational Highlights

During the year, Company had registered Profit Before Tax amounting to ₹23.38 Lacs. The net profit for the year stood at ₹16.35 Lacs.

Dividend

In order to plough back the profit of the Company for business operations, your directors do not recommend any dividend for the year under review.

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, 2013, the applicable accounting standards have been followed by the Company.
- 2) appropriate accounting policies have been selected and applied consistently and have made judgment & estimates that are

reasonable & prudent so as to give a true & fair view of the state of affairs of the Company as at March 31, 2013 and of the profit for the year ended March 31, 2013.

- 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 & other irregularities
- 4) the annual accounts are prepared on a going concern basis.

Auditors

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

Compliance Certificate from Company Secretary

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

Employees

None of the employee draw remuneration in excess of limits 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(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 there were no activities which entailed inflow/outflow of foreign exchange during the year under review to be reported under the aforesaid provisions.

Acknowledgement:

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

For and on behalf of Board of Directors

Sd/-

Salil Singhal

Place: Ahmedabad

Date: April 23, 2013

Director

Sd/-

Mayank Singhal

Director

Independent Auditor's Report

To The members of

PILL FINANCE & INVESTMENT LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of PILL FINANCE & INVESTMENT LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

b) in the case of the Statement of Profit & Loss, 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, 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 purpose 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 those books;

c) the Balance Sheet, Statement of Profit & Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d) in our opinion, the Balance Sheet, Statement of Profit & Loss, and Cash Flow Statement 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 representations received from the Directors as on March 31, 2013, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2013, from being appointed as a Director in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For Kishan M. Mehta & Co.

Chartered Accountants

Firm's Registration No.105229W

Sd/-

U.P. Bhavsar

Partner

Place: Ahmedabad

Date: April 25, 2013

Membership No. 43559

Annexure to the Auditor's Report

Referred to in paragraph 1 of our report of even date

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets
- (b) As explained to us, the fixed assets have been physically verified by the Management in reasonable, interval and no material discrepancies have been noticed on such verification.
- (c) During the year, the Company has not disposed off a substantial part of fixed assets.
- (ii) The nature of Company's activities during the year has been such that Clause (ii)(a), (ii)(b) & (ii)(c) of paragraph 4 of the Company's Auditor's Report order, 2003 are not applicable to the Company for the year.
- (iii) (a) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 therefore, provision of sub section para (iii)(b), 4(iii)(c) and 4(iii)(d) of the Companies (Auditor's Report) Order, 2003 are not applicable.
- (b) 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 explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services whichever is applicable. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control.
- (v) (a) Based on the audit procedures applied by us and according to the information & explanations provided by the Management, we are of the opinion that there are no transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) There being no transaction entered in to the register maintained u/s 301 of Companies Act, 1956 para (v)(b) of the Order is not applicable.
- (vi) The Company has not accepted any deposits during the year from public within the meaning of the provisions of Section 58A and 58AA of the Companies Act, 1956 and rules made thereunder. Hence, the Para 4 (vi) of the Order is not applicable.
- (vii) As per the information and explanation given to us, the Company did not have formal internal audit system however it has adequate internal control system commensurate with size of the Company.
- (viii) The provision of section 209(1)(d) of the Companies Act, 1956 regarding maintenance of cost record is not applicable to the Company.
- (ix) (a) According to the information and explanations given to us and the records examined by us, Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, Investor education protection fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, custom duty, Excise Duty, cess and any other material statutory dues applicable to it.
- (b) According to the information and explanations given to us there are no dues of income tax/ sales tax/ wealth tax/ service tax/ customs duty/ Excise Duty cess which have not been deposited on account of any dispute.
- (x) There are no accumulated losses of the Company as on March 31, 2013. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) Clause (xi) of paragraph 4 of the Company's (Auditor's Report) Order, 2003 are not applicable to the Company for year as Company has not taken any loan from financial institution or bank or debenture holders.
- (xii) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or nidhi/ mutual benefit fund/Society therefore, the provisions of para-4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of para 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- (xvi) According to the information and explanation given to us, the Company has not raised any term loan during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds are raised on short-term basis.
- (xviii) The Company has not made any preferential allotment of shares during the year.
- (xix) The Company has not issued any debentures during the year.
- (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 statement and as per the information and explanation given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For Kishan M. Mehta & Co.

Chartered Accountants

Firm's Registration No.105229W

Sd/-

U.P. Bhavsar

Partner

Place: Ahmedabad
Date: April 25, 2013

Membership No. 43559

Balance Sheet as at March 31, 2013

(Amount in ₹)

Particulars	Note No.	As at	
		March 31, 2013	March 31, 2012
I. EQUITY & LIABILITIES			
1. Shareholders' Funds:			
a. Share Capital	1	3,600,000	3,600,000
b. Reserves & Surplus	2	24,251,296	22,615,898
		27,851,296	26,215,898
2. Share Application Money Pending Allotment:			
3. Non-Current Liabilities:			
a. Long-term Borrowings		–	–
b. Deferred tax liabilities (Net)		–	–
c. Other long-term liabilities		–	–
d. Long-term Provisions		–	–
		–	–
4. Current Liabilities:			
a. Short-term Borrowings	3	50,000	50,000
b. Trade Payables		–	–
c. Other Current Liabilities	4	57,304	52,035
d. Short-term Provisions	5	248,540	4,138,397
		355,844	4,240,432
TOTAL		28,207,140	30,456,330
II. ASSETS			
1. Non Current Assets:			
a. Fixed Assets			
- Tangible Assets	6	1,235,962	1,235,962
- Intangible Assets		–	–
- Capital Work in Progress		–	–
- Intangible Assets under Development		–	–
b. Non-Current investments	7	412,512	412,512
c. Deferred Tax assets (Net)		–	–
d. Long-term loans and advances	8	5,000	5,000
e. Other non-current assets		–	–
		1,653,474	1,653,474
2. Current Assets:			
a. Current Investments		–	–
b. Inventories		–	–
c. Trade Receivables	9	60	60
d. Cash and cash equivalents	10	26,490,510	3,302,795
e. Short-term Loans and advances	11	–	25,500,000
f. Other current assets	12	63,096	–
		26,553,666	28,802,855
TOTAL		28,207,140	30,456,330
Notes Forming Part of Accounts	16		

As per our report attached.

FOR KISHAN M. MEHTA & CO.

Chartered Accountants.

Registration No.105229W

Sd/-

U.P. Bhavsar

Partner

M. No. 43559

Place: Ahmedabad

Date: April 25, 2013

Sd/-

Mayank Singhal

Director

Place: Ahmedabad

Date: April 23, 2013

Sd/-

Salil Singhal

Director

Profit & Loss Statement for the year ended March 31, 2013

(Amount in ₹)

Particulars	Note No.	For the year ended March 31, 2013	For the year ended March 31, 2012
I. INCOME			
Revenue from operations	13	2,428,737	2,440,027
Other Income	14	27,249	178,635
TOTAL		2,455,986	2,618,662
II. EXPENDITURE			
Miscellaneous Expenses	15	2,788	2,976
Bank Charges		592	877
Legal & Professional Fees		33,500	46,310
Payment to Auditor		80,900	27,575
		117,780	77,738
III. PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX		2,338,206	2,540,924
Add: Exceptional Items			
Profit on Sale of Land		–	17,565,808
IV. PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX		2,338,206	20,106,732
Add: Extraordinary Items		–	–
V. PROFIT BEFORE TAX		2,338,206	20,106,732
Less: Provision For Current Tax		490,000	4,400,000
Less: Deferred Tax		–	–
Less: Prior Year Tax		212,808	–
VI. PROFIT AFTER TAX		1,635,398	15,706,732
Notes Forming Part of Accounts	16		
No. of Equity Shares at the end of the year		360,000	360,000
Profit for calculation of E.P.S. (₹)		1,635,398	15,706,732
Earning Per Share - Basic & Diluted		4.54	43.63

As per our report attached.

FOR KISHAN M. MEHTA & CO.
Chartered Accountants.
Registration No.105229W

Sd/-
U.P. Bhavsar
Partner
M. No. 43559
Place: Ahmedabad
Date: April 25, 2013

Sd/-
Mayank Singhal
Director
Place: Ahmedabad
Date: April 23, 2013

Sd/-
Salil Singhal
Director

Cash Flow Statement for the year ended March 31, 2013

(Amount in ₹)

	For the year ended March 31, 2013	For the year ended March 31, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax and Extraordinary items	2,338,206	2,540,924
Adjustment for:		
Interest Received	(2,363,737)	(2,386,027)
Dividend Received	(24,224)	(46,924)
Operating Profit before Working Capital changes	(49,755)	107,973
Non Current Investments	-	1,558
(Increase) / Decrease in other current assets	(63,096)	495,707
Increase / (Decrease) in other current liabilities	5,269	(51,647)
Increase / (Decrease) in short-term provisions	(4,379,857)	(261,603)
Cash generated from operations	(4,487,439)	291,988
Direct Taxes Paid	(212,808)	328,631
Net Cash from operating activities	(4,700,247)	620,619
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	-	18,240,000
(Increase) / Decrease in Loans	25,500,000	(19,500,000)
Interest Received	2,363,737	2,386,027
Dividend Received	24,224	46,924
Net Cash used in investing activities	27,887,961	1,172,951
C. CASH FLOW FROM FINANCING ACTIVITIES		
(Increase) / Decrease in Long-term Loans	-	25,000
Net Cash used in financing activities	-	25,000
INCREASE / (DECREASE) IN CASH OR CASH EQUIVALENTS	23,187,714	1,818,570
Opening cash or cash equivalents	3,302,795	1,484,225
Closing cash or cash equivalents	26,490,510	3,302,795

As per our separate report of even date attached.

FOR KISHAN M. MEHTA & CO.

Chartered Accountants.

Registration No.105229W

Sd/-

U.P. Bhavsar

Partner

M. No. 43559

Place: Ahmedabad

Date: April 25, 2013

Sd/-

Mayank Singhal

Director

Place: Ahmedabad

Date: April 23, 2013

Sd/-

Salil Singhal

Director

Notes to Accounts

Note: 1(a) SHARE CAPITAL

(Amount in ₹)

	As at March 31, 2013	As at March 31, 2012
Authorised:		
5,00,000 (5,00,000) Equity Shares of ₹10 each	5,000,000	5,000,000
35,000 (35,000) Redeemable Preference Shares of ₹100 each	3,500,000	3,500,000
TOTAL	8,500,000	8,500,000
Issued, Subscribed & Paid up		
3,60,000, (3,60,000) Equity Shares of ₹10 each fully paid up (entire Share Capital is held by-Holding Company PI Industries Ltd. and its'nominees)	3,600,000	3,600,000
TOTAL	3,600,000	3,600,000

* Figures in bracket pertains to Previous Year

Note: 1(b) RECONCILIATION OF SHARES OUTSTANDING

Particulars	Equity Shares (No. of Shares)		Equity Shares (Vaue of Shares)	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
a. Share outstanding at beginning of year	360,000	360,000	3,600,000	3,600,000
b. Shares issued during the year	–	–	–	–
c. Shares bought back during the year	–	–	–	–
d. Share outstanding at end of year	360,000	360,000	3,600,000	3,600,000

Note: 1(c) SHAREHOLDERS HOLDING MORE THAN 5% SHARES

	Equity Shares (No. of Shares)		Equity Shares	
	March 31, 2013 No. of Shares	March 31, 2012 %	March 31, 2013 No. of Shares	March 31, 2012 %
PI Industries Limited	360,000	100	360,000	100

Note: 1(d) TERMS/ RIGHTS ATTACHED TO EQUITY SHARES

The Company has issued only one class of Equity Shares having a par value of ₹ 10 per share (Previous Year ₹ 10 per share). Each holder of Equity Shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

Note: 2 RESERVES & SURPLUS:

(Amount in ₹)

	As at March 31, 2013		As at March 31, 2012	
Capital Redemption Reserve:				
As per last year	3,500,000		3,500,000	
		3,500,000		3,500,000
Profit & Loss Account				
As per last year	19,115,898		3,080,534	
Add: Income tax refund of earlier year	–		319,706	
Add: Income tax Provision Written Back	–		8,925	
Add: Current Year Profit	1,635,398		15,706,732	
		20,751,296		19,115,898
TOTAL		24,251,296		22,615,898

Notes to Accounts

Note: 3 SHORT-TERM BORROWINGS

(Amount in ₹)

	As at March 31, 2013		As at March 31, 2012	
Unsecured				
Deposits				
From Related Parties:				
- PI Industries Limited-Holding Company	50,000		50,000	
		50,000		50,000
TOTAL		50,000		50,000

Note: 4 OTHER CURRENT LIABILITIES

(Amount in ₹)

	As at March 31, 2013		As at March 31, 2012	
Expenses Payable	40,450		35,296	
TDS Payable	4,494		2,206	
Professional Tax Payable	-		2,400	
Audit Fees Payable	12,360		12,133	
		57,304		52,035
TOTAL		57,304		52,035

Note: 5 SHORT-TERM PROVISIONS

(Amount in ₹)

	As at March 31, 2013		As at March 31, 2012	
Income Tax provision	490,000		4,400,000	
Less: TDS	241,460		238,603	
Less: Advance Tax	-		23,000	
		248,540		4,138,397
TOTAL		248,540		4,138,397

Note: 6 FIXED ASSETS - TANGIBLE

(Amount in ₹)

Particulars	Gross block				Depreciation				Net block	
	As at April 1, 2012	Additions	Deductions	As at March 31, 2013	Upto Previous Year	During the year	Recouped	Total	As at March 31, 2013	As at March 31, 2012
Freehold Land	1,235,962	-	-	1,235,962	-	-	-	-	1,235,962	1,235,962
Current Year	1,235,962	-	-	1,235,962	-	-	-	-	1,235,962	1,235,962
Previous Year	1,910,154	-	674,192	1,235,962	-	-	-	-	1,235,962	1,910,154

Notes to Accounts

Note: 7 NON CURRENT INVESTMENTS (As valued, verified & certified by the Management) (Amount in ₹)

	As at March 31, 2013	As at March 31, 2012
Quoted, Non-trade & Long-term		
700(700) Equity Shares of United Credit Ltd.	21,000	21,000
12 (12) Equity Shares of Summit Securities Ltd. of ₹10 each fully paid	-	-
50(50) Equity Shares of Akzo Nobel India Ltd. of ₹10 each fully paid	5,400	5,400
976(976) Equity Shares of BASF India Ltd. of ₹10 each fully paid	45,571	45,571
90(90) Equity Shares of Sudarshan Chemical Industries Ltd. of ₹10 each fully paid	4,140	4,140
2070 (2070) Equity Shares of Rallis India Ltd. of ₹1 each fully paid	12,420	12,420
66(66) Equity Shares of Bayers Crop Science Ltd. of ₹10 each fully paid	18,680	18,680
248(248) Equity Shares of Punjab Chemicals & Crop Protection Ltd. of ₹10 each fully paid	8,804	8,804
42(42) Equity Shares of Wyeth Ltd. of ₹10 each fully paid	15,246	15,246
100(100) Equity Shares of Sanofi India Ltd. of ₹10 each fully paid (Erstwhile Aventis Pharma Ltd.)	3,300	3,300
150(150) Equity Shares of L.M.L.Ltd. of ₹10 each fully paid	1,776	1,776
188(188) Equity Shares of United Sprints Ltd. of ₹10 each fully paid	4,644	4,644
360(360) Equity Shares of RPG Life Sciences Ltd. of ₹10 each fully paid	21,817	21,817
100(100) Equity Shares of Voltas Ltd. of ₹1 each fully paid	1,345	1,345
460(460) Equity Shares of ICICI Bank Ltd. Of ₹10 each fully paid	241,500	241,500
(aggregate market value of quoted shares is ₹2,142,475 (Previous Year. ₹1,722,274)		
UNQUOTED, NON TRADE & LONG-TERM		
160(160) Equity Shares of Syngenta India Ltd. of ₹10 each fully paid	1,869	1,869
100(100) Equity Shares of Ciba CKD Biochem Ltd. of ₹10 each fully paid	5,000	5,000
TOTAL	412,512	412,512

Note: 8 LONG-TERM LOANS AND ADVANCES (Unsecured Considered Good) (Amount in ₹)

	As at March 31, 2013		As at March 31, 2012	
Security Deposits	5,000		5,000	
		5,000		5,000
TOTAL		5,000		5,000

Note: 9 TRADE RECEIVABLES (Unsecured Considered Good) (Amount in ₹)

	As at March 31, 2013		As at March 31, 2012	
Trade Receivables				
Exceeding six months	60		60	
		60		60
TOTAL		60		60

Note: 10 CASH AND BANK BALANCES (Amount in ₹)

	As at March 31, 2013		As at March 31, 2012	
Cash and Cash Equivalents				
Cash on hand	-		-	
Balances with Banks	26,490,510		3,302,795	
Other Bank Balances				
		26,490,510		3,302,795
TOTAL		26,490,510		3,302,795

Notes to Accounts

Note: 11 SHORT-TERM LOANS AND ADVANCES (Unsecured Considered Good) (Amount in ₹)

	As at March 31, 2013		As at March 31, 2012	
Loans and advances to related parties:				
- PI Industries Limited (Holding Company)	-		25,500,000	
Others	-	-	-	
		-		25,500,000
TOTAL		-		25,500,000

Note: 12 OTHER CURRENT ASSETS (Amount in ₹)

	As at March 31, 2013		As at March 31, 2012	
Income Tax Refundable	63,096		-	
		63,096		-
TOTAL		63,096		-

Note: 13 REVENUE FROM OPERATIONS (Amount in ₹)

	Year ended March 31, 2013		Year ended March 31, 2012	
Interest Income	2,363,737		2,386,027	
		2,363,737		2,386,027
Lease Rent	65,000		54,000	
		65,000		54,000
TOTAL		2,428,737		2,440,027

Note: 14 OTHER INCOME (Amount in ₹)

	Year ended March 31, 2013		Year ended March 31, 2012	
Dividend	24,224		46,924	
Net gain/(loss) on investments	-		(1,465)	
Interest on income tax refund	3,025		133,176	
		27,249		178,635
TOTAL		27,249		178,635

Note: 15 MISCELLANEOUS EXPENSES (Amount in ₹)

	Year ended March 31, 2013		Year ended March 31, 2012	
Professional Tax	2,400		2,400	
Other Expenses	388		576	
		2,788		2,976
TOTAL		2,788		2,976

Note: 16 NOTES FORMING PART OF ACCOUNTS

1. Significant Accounting Policies:

(a) Basis of Accounting:

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

(b) Fixed Assets:

Fixed assets being land is stated at cost of acquisition.

(c) Investments:

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

Notes to Accounts

Note: 16 NOTES FORMING PART OF ACCOUNTS (Contd...)

(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:

Particulars	2012-13 ₹	2011-12 ₹
Audit Fee	12,360	12,133
Income Tax Matters	68,540	15,442
TOTAL	80,900	27,575

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

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

The following transactions were carried out with holding Company PI Industries Ltd. in the ordinary course of activities

(Amount in ₹)

Particulars	Transaction during the year		Balance	Balance
	Current year	Previous year	Outstanding as at March 31, 2013	Outstanding as at as at 31.03.2012
Inter Corporate Deposit given	–	19,500,000	–	25,500,000 Dr
Interest Received	2,312,877	2,386,027	–	–
Rent Received	65,000	54,000	–	–
Security Deposit	–	–	50,000 Cr.	50,000 Cr.
Inter Corporate Deposit returned back	25,500,000	–	–	–

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

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

Signatures to Notes - '1' to '16'

As per our report attached.

FOR KISHAN M. MEHTA & CO.

Chartered Accountants.

Registration No.105229W

Sd/-

U.P. Bhavsar

Partner

M. No. 43559

Place: Ahmedabad

Date: April 25, 2013

Sd/-

Mayank Singhal

Director

Place: Ahmedabad

Date: April 23, 2013

Sd/-

Salil Singhal

Director



PI LIFE SCIENCE RESEARCH LIMITED

CORPORATE INFORMATION

Board of Directors

Mr. Mayank Singhal

Dr. S.P. Vishnoi

Mr. Anurag Surana

Bankers

Axis Bank Ltd.

Auditors

KSMN & Co.

Chartered Accountants

New Delhi

Registered Office

433-A, Ansal Chambers - II

6, Bhikaji Cama Place

New Delhi – 110 066

Director's Report

Your 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, 2013.

Financial Results

(₹ in Lacs)

Particulars	Current year (2012-13)	Previous year (2011-12)
Total Turnover	256.22	326.99
Expenditure	171.27	151.12
Profit before prior period income and tax	84.95	175.87
Prior period income	–	9.33
Profit before tax	84.95	185.20
Less: Provision for current tax	16.19	37.00
Provision for deferred tax	(0.62)	16.15
Tax for earlier years	–	0.43
Profit after Tax	69.38	131.62

Operational Highlights

The Company has registered a turnover of ₹ 256.22 lacs during the year under review from business activities and generated net profit of ₹ 69.38 from its business operation.

Dividend

Your Directors have not recommended any dividend for the year under review as they have decided to plough back the profit of the Company for its business activities.

Deposits

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

Directors

Mr. Anurag Surana, Director retires by rotation and being eligible, offers his candidature for re-appointment. Directors recommend his appointment at the forthcoming Annual General Meeting.

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, 2013, the applicable accounting standards have been followed by the Company.
2. appropriate accounting policies have been selected & applied consistently and have made judgment and estimates that are reasonable & prudent so as to give a true & fair view of the state of affairs of the Company as at March 31, 2013 and of the profit for the year ended March 31, 2013.
3. proper & 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 & detecting fraud and other irregularities

4. the annual accounts are prepared on a going concern basis.

Auditors

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

Compliance Certificate from Company Secretary

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

Employees

None of the employee draw remuneration in excess of limit prescribed U/s 217 (2A) of the Companies Act, 1956.

Conservation of Energy, Technology Absorption, Adaptation, Innovation and Foreign Exchange

The information required under section 217(a)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars of the report of the Board of Directors) Rules, 1988 to conservation of energy and technology absorption do not apply to our Company. Further, foreign exchange earnings and outgo appear in Note 26, 27, 28, 29 & 30 forming part of the Annual Accounts for the year ended March 31, 2013.

Acknowledgement

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

The Board places on record its sincere appreciation towards the Company's valued customers in India & abroad for the support & 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/-
Place: Gurgaon
Date: May 4, 2013

Sd/-
(Anurag Surana) (Mayank Singhal)
Director Director

Independent Auditor's Report

To The members of

PI LIFE SCIENCE RESEARCH LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **PI Life Science Research Limited** ('the Company'), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit & Loss and Cash Flow Statement for the year then ended, and summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act'). This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of the material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give

a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013
- b) In the case of the Statement of Profit & Loss, 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by the Central Government of India in terms of sub section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 purpose 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 those books ;
 - c) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement 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 representations received from the Directors as on March 31, 2013, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2013, from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

For KSMN & Company
Chartered Accountants
Firm's Regn. No. 001075N

Sd/-

Vijay Kumar

Partner

M.No. 092671

Place: Gurgaon
Date: May 4, 2013

Annexure to the Auditor's Report

For the Annexure referred to in our report of even date to the members of PI Life Science Research Limited for the year ended March 31, 2013, we report that:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, fixed assets have been physically verified by the Management during the year. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification as compared to book records.
- (c) The Company has not disposed off any substantial part of its fixed assets during the period under report.
- (ii) The nature of the Company's business/activities/transactions does not require it to hold inventories. Hence, the provisions of Clause 4(ii) (a), (b) & (c) of the Order are not applicable to the Company.
- (iii) (a) The Company has granted unsecured loan to one entity covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹1,20,00,000 and the year end balance was ₹ Nil.
- (b) The other terms & conditions on which loan was given are not prima facie prejudicial to the interest of the Company.
- (c) The principal amount was fully repaid during the year.
- (d) The Company has not taken any loan, secured or unsecured, from the companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence, the provisions of Clause 4(iii) (e, f & g) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information & explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and for sale of services. During the course of our audit, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system of the Company.
- (v) (a) In our opinion and according to the information & explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information & explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of each party during the year have been made at prices at the relevant time where such market prices are available.
- (vi) The Company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India and the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable to the Company.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business and activities.
- (viii) According to information and explanation given to us, the Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of business carried out by the Company. Therefore, provisions of Clause 4(viii) of the Order are not applicable to the Company.
- (ix) (a) According to the examination of records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income-Tax, Sales-Tax, Wealth-tax, Service tax, Custom duty, Excise Duty and cess and other material statutory dues, as applicable, have been generally regularly deposited with the appropriate authorities during the year. There are no such dues outstanding for more than six months from the date they become payable as on the date of Balance Sheet.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess were in arrear as at March 31, 2013



for a period of more than six months from the date they become payable.

- (c) According to the information & explanations given to us and the records of the Company examined by us, there are no dues of sales tax, income tax, Excise Duty and cess as at 31st March 2013 which have not been deposited on account of any dispute.
- (x) The Company has no accumulated losses as at 31st March, 2013 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- (xi) In our Opinion and according to the information & explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or bond holders.
- (xii) We are of the opinion that the Company has not granted any loans and advances on the basis of security by the way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi / mutual benefit fund/ society. Therefore, Clause 4(xiii) of the Order is not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- (xv) As per the information and explanations given to us the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) According to the information and explanations given to us,

there are no term loans taken by the Company which could be applied for the purpose for which they were raised.

- (xvii) According to the information & explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanation given to us, 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 Act.
- (xix) During the period covered by our audit report, the Company has not issued any debentures nor has any outstanding debentures.
- (xx) The Company has not raised any money by public issue during the year therefore Clause 4(xx) of the Order is not applicable to the Company.
- (xxi) Based upon the audit procedure performed for the purpose of reporting true & fair view and on the basis of the information & 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 KSMN & Company
Chartered Accountants
Firm's Regn. No. 001075N

Sd/-
Vijay Kumar
Partner
M.No. 092671

Place: Gurgaon
Date: May 4, 2013

Balance Sheet as at March 31, 2013

(Amount in ₹)

Particulars	Note No.	As at March 31, 2013	As at March 31, 2012
I. EQUITY & LIABILITIES			
1. Shareholders' Funds:			
a. Share Capital	B1	9,450,000	9,450,000
b. Reserves & Surplus	B2	41,434,111	34,495,775
2. Non-Current Liabilities:			
a. Deferred tax liabilities (Net)	B3	4,422,702	4,485,091
b. Long-term Provisions	B4	12,122	282,664
3. Current Liabilities:			
a. Trade Payables	B5	385,265	812,891
b. Other current liabilities	B6	772,938	1,125,040
c. Short-term Provisions	B7	180,171	79,827
TOTAL		56,657,309	50,731,288
II. ASSETS			
1. Non Current Assets			
a. Fixed Assets			
- Tangible Assets	B8	30,504,401	32,284,621
b. Long-term loans and advances	B9	2,111,426	472,766
2, Current Assets			
a. Trade Receivables	B10	13,206,010	6,772,080
b. Cash and Bank Balances	B11	10,255,707	10,962,791
c. Other current assets	B12	579,765	239,030
TOTAL		56,657,309	50,731,288
Refer accompanying notes to financial statements	A&B		

As per our report of even date.

For K S M N & Company
Chartered Accountants

Sd/-
Vijay Kumar
Partner
M. No. 092671
Firm Reg. No. 001075N
Place: Gurgaon
Date: May 4, 2013

For and on behalf of the Board of Directors of
PI Life Science Research Limited

Sd/-
Mayank Singhal
Director

Sd/-
Anurag Surana
Director

Profit & Loss Statement for the year ended March 31, 2013

(Amount in ₹)

Particulars	Note No.	For the year ended 31st March 2013	For the year ended 31st March 2012
I. INCOME			
Revenue From Operations	B13	24,523,974	32,663,899
Other Income	B14	1,098,525	35,604
Total Revenue		25,622,499	32,699,503
II. EXPENDITURE:			
Cost of Material Consumed	B15	3,499,178	2,130,447
Employee Benefit Expenses	B16	3,707,373	3,807,018
Depreciation and Amortization Expenses	B8	1,780,220	1,564,577
Other Expenses	B17	8,140,781	7,610,417
Total Expenses		17,127,552	15,112,459
III. PROFIT BEFORE PRIOR PERIOD INCOME AND TAX		8,494,947	17,587,044
Prior Periods Income/(Expense) (Net)		–	932,856
IV. PROFIT/(LOSS) BEFORE TAX		8,494,947	18,519,900
V. Provision for Taxation			
- Current Tax		1,619,000	3,700,000
- Deferred Tax		(62,389)	1,615,332
- Tax for earlier years		–	42,479
VI. PROFIT/(LOSS) AFTER TAX		6,938,336	13,162,089
VII. Earning Per Share	B18		
- Basic		7.34	13.93
- Diluted		7.34	13.93
(Face value ₹10 per share)			
Refer accompanying notes to financial statements	A&B		

As per our report of even date.

For K S M N & Company
Chartered Accountants

Sd/-
Vijay Kumar
Partner
M. No. 092671
Firm Reg. No. 001075N
Place: Gurgaon
Date: May 4, 2013

For and on behalf of the Board of Directors of
PI Life Science Research Limited

Sd/-
Mayank Singhal
Director

Sd/-
Anurag Surana
Director

Cash Flow Statement for the year ended March 31, 2013

(Amount in ₹)

	For the year ended March 31, 2013	For the year ended March 31, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / Loss before tax and Extraordinary items	8,494,947	18,519,900
Adjustment for:		
Depreciation	1,780,220	1,564,577
Interest on Borrowings	–	–
Operating Profit before Working Capital changes	10,275,167	20,084,477
Adjustment for:		
Decrease / (Increase) in trade receivables	(6,433,930)	(3,457,566)
Increase / (Decrease) in trade payables	(427,626)	(206,330)
Increase / (Decrease) in other current liabilities	(352,102)	(1,447,266)
Decrease / (Increase) in other current assets	(340,735)	42,137
Increase / (Decrease) in long-term provisions	(270,542)	47,278
Increase / (Decrease) in short-term provisions	100,344	73,967
Cash generated from/ (used in) operations	2,550,576	15,136,697
Direct Taxes paid	(3,257,660)	(4,348,214)
Net Cash Flow from/ (used in) operating activities (A)	(707,084)	10,788,483
B. CASH FLOW FROM INVESTING ACTIVITIES		
Loans & Advances	–	–
Capital Advances	–	–
Purchase for Fixed Assets	–	(97,177)
Net Cash Flow from/ (used in) investing activities (B)	–	(97,177)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	–	–
Net Cash Flow from/ (used in) financing activities (C)	–	–
INCREASE / (DECREASE) IN CASH OR CASH EQUIVALENTS (A+B+C)	(707,084)	10,691,306
Opening cash or cash equivalents	10,962,791	271,485
Closing cash or cash equivalents	10,255,707	10,962,791

As per our separate report of even date attached.

For K S M N & Company
Chartered Accountants

Sd/-
Vijay Kumar
Partner
M. No. 092671
Firm Reg. No. 001075N
Place: Gurgaon
Date: May 4, 2013

For and on behalf of the Board of Directors of
PI Life Science Research Limited

Sd/-
Mayank Singhal
Director

Sd/-
Anurag Surana
Director

Significant Accounting Policies and Notes to Accounts

A SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The financial statements have been prepared to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended and as applicable from time to time) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention on going concern basis.

2 Summary of significant accounting policies

2.1 Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make estimates & assumptions that affect the reported amounts of assets & liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon Management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

2.2 Revenue recognition

a) Sale of Goods & Services

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

b) Revenue is recognized as the service is performed by the completed service method, no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering the services and the revenue can be reliably measured.

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

d) Dividend is recognized when shareholders' right to receive payment is established by the Balance Sheet date.

2.3 Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value. Long-term investments are carried at cost individually. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments in case of long-term investments.

2.4 Fixed and Intangible Assets

Fixed Assets

Fixed assets are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs, if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day to day repair & maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit & Loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit & Loss when the asset is derecognized.

Intangible Assets

Capital Expenditure on purchase and development of identifiable non-monetary assets without physical substance is recognized as Intangible Assets in accordance with principles given under AS 26 – Intangible Assets. These are grouped and separately shown under the schedule of Fixed Assets. These are amortized over their respective expected useful lives.

Significant Accounting Policies and Notes to Accounts

2.5 Expenses Incurred During Construction Period

Preliminary project expenditure, capital expenditure, indirect expenditure incidental and related to construction / implementation, interest on borrowings to finance fixed assets and expenditure on start-up / commissioning of assets forming part of a composite project are capitalized upto the date of commissioning of the project as the cost of respective assets.

2.6 Depreciation & Amortization

Depreciation on Fixed Assets is provided using the Written Down Method as per the useful lives of the assets established by the Management, or at the rates prescribed under Schedule XIV of the Companies Act, whichever is higher, except in respect of certain Plant & Machinery are depreciated as per the Straight Line method. Capital spares directly attributable to the specific fixed assets are depreciated with the cost of the assets.

Assets costing upto ₹ 5,000 are fully depreciated in the year of purchase.

Intangible assets are amortized over a period of 3-5 Years on a Straight Line basis.

2.7 Impairment of Assets

Assets are grouped at the lowest levels for which there are separately identifiable cash flows (i.e. cash generating units). For the purpose of assessing impairment at each Balance Sheet date, Assets within a Cash Generating Unit are reviewed for impairment wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount at which the assets under individual Cash Generating Unit are carried in the books exceeds its recoverable amount being the higher of the assets net selling price and its value in use. Value in use is based on the present value of the estimated future cash flows relating to the assets.

Previously recognized impairment losses, relating to assets other than goodwill, are reversed where the recoverable amount increases because of favourable changes in the estimates used to determine the recoverable amount since the last impairment was recognized. A reversal of an asset impairment loss is limited to its carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized in prior years.

2.8 Foreign exchange transactions/Translation

- a) **Initial Recognition:** Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction.
- b) **Conversion:** Foreign currency monetary items are reported using the closing rate. Non-Monetary items that are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.
- c) **Exchange Differences:** Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements are recognized as income or as expense in the year in which they arise.

2.9 Employees Benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15 – Employee Benefits.

(i) *Provident Fund & ESI*

The Company makes contribution to statutory provident fund and Employee State Insurance in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 and Employee State Insurance Act, 1948 which is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee.

(ii) *Gratuity*

Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognised in the Balance Sheet in respect of gratuity is the present value of the defined benefit/obligation at the Balance Sheet date less the fair value of plan assets, together with adjustment for unrecognized actuarial gains or losses and past service costs. The defined benefit/obligation is calculated at or near the Balance Sheet date by an independent actuary using the projected unit credit method. Actuarial gains and losses arising from past experience and changes in actuarial assumptions are

Significant Accounting Policies and Notes to Accounts

charged or credited to the Profit & Loss Account in the year to which such gains or losses relate.

(iii) Leave Encashment

Liability in respect of leave encashment becoming due or expected after the Balance Sheet date is estimated on the basis of an actuarial valuation performed by an independent Actuary using the projected unit credit method.

(iv) Other Short-term Benefits

Expense in respect of other short-term benefits is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

2.10 Leases

Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of the ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit & Loss account on a Straight Line basis over the lease term.

Where the Company is the lessor

Assets subject to operating leases are included in fixed assets. Lease income is recognized in the Profit & Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognized as an expense in the Profit & Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Profit & Loss Account.

2.11 Segment Accounting & Reporting

Identification of Segments

The Company's operating businesses are organized & managed separately according to the nature of products manufactured & services provided, with each segment representing a strategic business unit that offers different products.

Allocation of Common Costs

Common allocable costs are allocated to each segment on reasonable basis.

Unallocated Items

Unallocable assets and liabilities represent the assets & liabilities not allocable to any segment as identified as per the Accounting Standard.

Segment Policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

2.12 Taxes on Income

Tax expense comprises of current and deferred. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets & deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each Balance Sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down

Significant Accounting Policies and Notes to Accounts

is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Profit & Loss Account and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

2.13 Government Grant & Subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset.

2.14 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.15 Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. A contingent liability is recognized for:

- (i) a present obligation that arises from past events but is not recognized as a provision because either the possibility that an outflow of resources embodying economic benefits will be required to settle the obligation is remote or a reliable estimate of the amount of the obligation cannot be made.
- (ii) a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company.
- (iii) Contingent assets are neither accounted for nor disclosed in the financial statements.

2.16 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to Equity Shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of Equity Shares outstanding during the period. Partly paid Equity Shares are treated as a fraction of an Equity Share to the extent that they were entitled to participate in dividends relative to a fully paid Equity Share during the reporting period. The weighted average number of Equity Shares outstanding during the period is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares).

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

2.17 Cash and Cash Equivalents

In the Cash Flow Statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

Notes to Accounts

B NOTES TO ACCOUNTS

1. SHARE CAPITAL

(Amount in ₹)

Particulars	As at	As at
	March 31, 2013	March 31, 2012
Authorised Capital		
10,00,000 (previous year 10,00,000) Equity Shares of ₹ 10 each	10,000,000	10,000,000
	10,000,000	10,000,000
Issued, Subscribed & Fully Paid up:		
9,45,000 (previous year 9,45,000) Equity Shares of ₹ 10 each	9,450,000	9,450,000
TOTAL	9,450,000	9,450,000

1.1. Reconciliation of Equity Shares outstanding at the beginning and at the end of the reporting period

Particulars	2012-13		2011-12	
	No. of Shares	₹	No. of Shares	₹
Share outstanding at beginning of year	945,000	9,450,000	945,000	9,450,000
Bonus Shares issued during the year	–	–	–	–
Shares Converted into Equity	–	–	–	–
Split of shares	–	–	–	–

1.2 Terms/ rights attached to Equity Shares

The Company has only one class of Equity Shares having a par value of ₹ 10 per share (Previous Year ₹ 10 per share). Each holder of Equity Shares is entitled to one vote per share. The Company declares and pay dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholder in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

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

Particulars	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	% Holding	No. of Shares	% Holding
PI Industries Limited and its nominees	945,000	100	945,000	100

1.4. Equity Shares held by holding Company

Particulars	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	₹	No. of Shares	₹
PI Industries Limited and its nominees	945,000	9,450,000	945,000	9,450,000

2. RESERVES & SURPLUS

(Amount in ₹)

Particulars	As at		As at	
	March 31, 2013		March 31, 2012	
Surplus in the Statement of Profit & Loss				
Balance as per last financial statements	34,495,775		21,333,686	
Add: Profit for the year	6,938,336		13,162,089	
		41,434,111		34,495,775
TOTAL		41,434,111		34,495,775

3. DEFERRED TAX LIABILITIES (NET)

(Amount in ₹)

Particulars	As at		As at	
	March 31, 2013		March 31, 2012	
Deferred Tax Assets				
Effects of expenditure debited to Statement of P&L in the current year but allowed for tax purposes in the following year	62,389		–	
Sub-Total (a)		62,389		–
Deferred Tax Liabilities				
Difference in depreciation and amortization in block of fixed assets as per Income Tax Act and books of accounts & Others	4,485,091		4,485,091	
Sub-Total (b)		4,485,091		4,485,091
Net Deferred Tax Liability (b)-(a)		4,422,702		4,485,091

Notes to Accounts

4. LONG-TERM PROVISIONS

(Amount in ₹)

Particulars	As at March 31, 2013		As at March 31, 2012	
Provision for employee benefits				
Gratuity Payable	6,606		173,910	
Leave Encashment (Refer Note 32)	5,516		108,754	
		12,122		282,664
TOTAL		12,122		282,664

5. TRADE PAYABLES

(Amount in ₹)

Particulars	As at March 31, 2013		As at March 31, 2012	
Payable to Micro & Small Enterprises	-		-	
Payable to Others than Micro & Small Enterprises	385,265		812,891	
		385,265		812,891
TOTAL		385,265		812,891

5.1 Micro, Small and Medium Enterprises Development Act, 2006

The Management has initiated the process of identifying enterprises which have provided goods & 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, 2013. Accordingly, the disclosures in respect of the amounts payable to such medium and small enterprises at March 31, 2013 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

6. OTHER CURRENT LIABILITIES

(Amount in ₹)

Particulars	As at March 31, 2013		As at March 31, 2012	
Other Payables:				
- Payable to Employee	422,984		755,843	
- Statutory Dues (Including PF and ESI)	130,894		158,346	
- Miscellaneous Expenses Payable	219,060		210,851	
		772,938		1,125,040
TOTAL		772,938		1,125,040

7. SHORT-TERM PROVISIONS

(Amount in ₹)

Particulars	As at March 31, 2013		As at March 31, 2012	
Provision for employee benefits				
Gratuity Payable	121,884		48,757	
Leave encashment (Refer Note 32)	58,287		31,070	
		180,171		79,827
TOTAL		180,171		79,827

Notes to Accounts

8. FIXED ASSETS - TANGIBLE

(Amount in ₹)

Particulars	Gross block			Depreciation and amortisation				Net block		
	As at April 1, 2012	Additions	Deductions	As at March 31, 2013	As at March 31, 2012	During the year	Adjustments	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
R & D Equipment	21,424,953	-	-	21,424,953	3,480,142	1,017,686	-	4,497,828	16,927,125	17,944,811
Safety & Pollution Control Equipment	658,515	-	-	658,515	187,084	31,279	-	218,363	440,152	471,431
R & D Equipment New Lab	9,121,337	-	-	9,121,337	287,102	433,263	-	720,365	8,400,972	8,834,235
Furniture & Fixtures	355,301	-	-	355,301	225,011	23,583	-	248,594	106,707	130,290
Office Equipment	582,664	-	-	582,664	206,653	52,303	-	258,956	323,708	376,011
Utility Equipment New Lab	4,675,913	-	-	4,675,913	148,070	222,106	-	370,176	4,305,737	4,527,843
TOTAL	36,818,683	-	-	36,818,683	4,534,062	1,780,220	-	6,314,282	30,504,401	32,284,621
Capital Work in Progress					-	-	-	-	-	-
GRAND TOTAL	36,818,683	-	-	36,818,683	4,534,062	1,780,220	-	6,314,282	30,504,401	32,284,621
Previous Year	22,836,390	13,982,293	-	36,818,683	2,969,485	1,564,577	-	4,534,062	32,284,621	

9. LONG-TERM LOANS AND ADVANCES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Unsecured, Considered Good:		
Security Deposit with Sales Tax Department	20,000	20,000
Advance Income Tax (Net of Provision for Income Tax ₹ 79,60,000, Previous Year ₹ 62,60,000)	2,091,426	452,766
TOTAL	2,111,426	472,766

10. TRADE RECEIVABLES

(Amount in ₹)

Particulars	As at March 31, 2013		As at March 31, 2012	
Unsecured, considered good, unless stated otherwise				
a) Receivables outstanding for a period exceeding six months from the date they are due for payment	-	-	-	-
b) Other receivables*	13,206,010		6,772,080	
Less: Provision for Bad and Doubtful receivables	-	13,206,010	-	6,772,080
TOTAL		13,206,010		6,772,080

* Includes Receivables from Holding Company ₹ 13,206,010, Previous Year ₹ 3,179,244

11. CASH & BANK BALANCES

(Amount in ₹)

Particulars	As at March 31, 2013		As at March 31, 2012	
Cash and Cash Equivalents				
- Cash on Hand	4,425		6,463	
- Balances with Scheduled Banks in Current A/c	10,251,282		10,956,328	
		10,255,707		10,962,791
		10,255,707		10,962,791

12. OTHER CURRENT ASSETS

(Amount in ₹)

Particulars	As at March 31, 2013		As at March 31, 2012	
Prepaid Expenses	318,542		113,197	
Service Tax receivable	261,223		125,833	
		579,765		239,030
TOTAL		579,765		239,030

Notes to Accounts

13. REVENUE FROM OPERATIONS

(Amount in ₹)

Particulars	For the year ended March 31, 2013		For the year ended March 31, 2012	
Revenue from sale of services				
- Royalty Income	15,870,527		11,298,043	
- Income from Research & Development	8,653,447		21,365,856	
		24,523,974		32,663,899
Other Operating Revenues:				
Revenue from sale of goods	-		964,887	
Less: Purchase Cost	-	-	964,887	-
TOTAL		24,523,974		32,663,899

14. OTHER INCOME

(Amount in ₹)

Particulars	For the year ended March 31, 2013		For the year ended March 31, 2012	
Interest Received	1,019,178		15,984	
Excess provision written back	79,347		19,620	
		1,098,525		35,604
TOTAL		1,098,525		35,604

15. COST OF MATERIAL CONSUMED

(Amount in ₹)

Particulars	For the year ended March 31, 2013		For the year ended March 31, 2012	
Chemical Consumption	2,845,925		1,605,507	
Laboratory Apparatus	567,937		421,785	
R & D Expenses	85,316		103,155	
		3,499,178		2,130,447
TOTAL		3,499,178		2,130,447

16. EMPLOYEE BENEFIT EXPENSES

(Amount in ₹)

Particulars	For the year ended March 31, 2013		For the year ended March 31, 2012	
Salary, Wages and Other Allowances	3,174,562		3,181,242	
Contribution to provident and other funds	222,924	3,397,486	210,843	3,392,085
Employee Welfare Expenses		309,887		414,933
TOTAL		3,707,373		3,807,018

Notes to Accounts

17. OTHER EXPENSES

(Amount in ₹)

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Power & Electric Expenses	1,492,308	958,014
Repairs to machinery	438,621	690,899
Foreign Exchange rate difference (Net)	75,660	37,531
Postage & Telegram Expenses	–	18,380
Printing & Stationary	5,080	905
Office Expenses	151,248	21,152
Rent	1,482,650	1,114,000
Auditor remuneration	22,000	22,000
Travelling Expenses	767,611	1,035,576
Legal & Professional Fee	3,209,288	3,162,731
Freight charges	321,733	245,962
Bank Charges	29,694	50,886
Interest	7,678	134,326
Misc. Expenses	137,210	118,055
	8,140,781	7,610,417
TOTAL	8,140,781	7,610,417
a. Auditor Remuneration		
Statutory Audit	22,000	22,000
Reimbursement of expenses	–	–
	22,000	22,000
TOTAL	22,000	22,000

18. EARNING PER SHARE

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Net Profit/(Loss) after tax (₹)	6,938,336	13,162,089
Net Profit/(Loss) after tax available for Equity Shareholders (₹)	6,938,336	13,162,089
Weighted average number of Equity Shares		
For Basic EPS	945,000	945,000
For Diluted EPS	945,000	945,000
Nominal Value of shares	10	10
Earning Per Share (EPS) (₹)		
Basic	7.34	13.93
Diluted	7.34	13.93

19. RELATED PARTY DISCLOSURE

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

List of related persons

- I. Holding Company - PI Industries Ltd.
- II. Ultimate Holding Company - Parteek Finance & Investment Co. Ltd. (w.e.f. January 1, 2013)
- III. Enterprises under common control - PILL Finance & Investment Ltd. & PI Japan Co. Ltd.
- IV. Enterprises in respect of which Holding Company is an associate* - Lucrative Leasing Finance & investment Co. Ltd. & Parteek Finance & Investment Co. Ltd. (Upto December 31, 2012)
- V. Enterprises over which KMP and their relatives are able to exercise significant influence - Samaya Investment Trading Pvt. Ltd.*
- VI. Key Managerial Personnel & their relatives - Mr. Anurag Surana and Mr. Mayank Singhal (Directors). Company has not entered in to any transactions either with directors or their relatives during the year under review.

*Hon'ble Delhi High Court vide its order dated October 12, 2012 has sanctioned the scheme of amalgamation of M/s Samaya Investment & Trading Pvt. Limited and M/s Lucrative Leasing Finance & Investment Company Ltd. with M/s Parteek Finance & Investment Company Ltd. Accordingly, M/s Parteek Finance & Investment Company is holding 53.85% shares in M/s PI Industries Ltd., thereby becoming the ultimate holding Company of PI Life Science Research Limited.

Notes to Accounts

19. RELATED PARTY DISCLOSURE (Contd...)

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

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
RELATED PARTY DISCLOSURE		
Transactions with Holding Company - PI Industries Ltd.		
Sale of Goods and Services	15,870,527	11,298,043
Rent, electricity and other miscellaneous payment	3,326,043	2,264,703
Reimbursement of expenses	669,658	901,926
Loan given and received back	12,000,000	-
Interest received	1,019,178	-
Closing Balances		
Amount receivable	13,206,010	3,179,244

20. As per information available with the Management as certified by them, there is no contingent liability as at March 31, 2013

21. As per the information available with the Management and as certified by them, there is no outstanding Capital Commitment as on March 31, 2013.

22. The Company's profits from export of the services relating to Research & 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.

23. Loans & advances, trade receivables and other current / non-current assets are reviewed annually and in the opinion of the Management, do not have a value on realization in the ordinary course of business, less than the amount at which they are stated in the Balance Sheet.

24. There are no present obligations requiring provisions in accordance with the guiding principles as enunciated in Accounting Standard (AS)-29 'Provisions, Contingent Liabilities & Contingent Assets'

25. In accordance with the provisions of Accounting Standard on impairment of Assets, AS 28, the management has made assessment of assets in use & considering the business prospects related thereto, no provision is considered necessary in these accounts on account of impairment of assets.

26. VALUE OF IMPORTS CALCULATED ON CIF BASIS

(Amount in ₹)

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Raw Materials	570,528	1,333,486
Capital Goods		97,125

27. EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

(Amount in ₹)

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Professional Fees	3,169,580	3,336,345

28. EARNINGS IN FOREIGN CURRENCY

(Amount in ₹)

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Export of goods and services calculated on FOB basis	8,653,447	21,365,856

29. DERIVATIVE INSTRUMENTS AND HEDGED/UNHEDGED FOREIGN CURRENCY EXPOSURE

There is no hedged foreign currency exposure as at the Balance Sheet date and details of Un-hedged foreign currency exposure as at the Balance Sheet date is as follows:

Particulars	Currency	As at March 31, 2013		As at March 31, 2012	
		Amount in Foreign Currency	Amount in ₹	Amount in Foreign Currency	Amount in ₹
Debtors	USD			70,200	3,592,836
Creditors	JPY	600,000	346,725	1,288,463	805,689

Notes to Accounts

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

Particulars	Year ended March 31, 2013		Year ended March 31, 2012	
	Amount in ₹	%	Amount in ₹	%
Raw Materials:				
Imported	570,528	20.05%	1,333,486	62.59%
Indigenous	2,275,397	79.95%	796,961	37.41%

31. 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 Companies Accounting Standard Rules 2006

32. GRATUITY AND LEAVE ENCASHMENT

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

a) Defined Contribution Plans:

The Company has recognized an expense of ₹ 222,924 (Previous Year ₹ 210,843) towards defined contribution plan.

b) Defined benefits plans - as per actuarial valuation as on March 31, 2013:

(Amount in ₹)

Particulars	2012-13		2011-12	
	Gratuity Non-Funded	Leave Encashment	Gratuity Non-Funded	Leave Encashment
Expenses recognized in the Profit & Loss Account for the year				
Current Service Cost	20,149	11,461	44,961	34,505
Interest Cost	17,813	11,186	12,810	7,695
Expected return on plan assets				
Net Actuarial (Gain)/Loss	30,292	13,656	14,185	29,081
Total Expense	68,254	36,303	71,956	71,281
Net Asset/(Liability) recognized in the Balance Sheet				
Present Value of obligation as at year-end	128,490	63,803	222,667	139,824
Fair Value of plan assets at year-end				
Funded status (Surplus/Deficit)	(128,490)	(63,803)	(222,667)	(139,824)
Net Asset/(Liability)	(128,490)	(63,803)	(222,667)	(139,824)
Change in obligation during the year ended				
Present Value of obligation at the beginning of the year	226,667	139,824	150,711	90,535
Current Service Cost	20,149	11,461	44,961	34,505
Interest Cost	17,813	11,186	12,810	7,695
Net Actuarial (Gain)/Loss	30,292	13,656	14,185	29,081
Benefits Paid	(162,431)	(112,324)		(21,992)
Present Value of obligation as at year-end	128,490	63,803	226,667	139,824
Actuarial Assumptions				
Discount Rate	8.00%	8.00%	8.50%	8.50%
Expected rate of return on plan assets				
Mortality Table	LIC(1994-96) duly modified		LIC(1994-96) duly modified	
Salary Escalation	5.50%	5.50%	6.00%	6.00%
Short-term Provision	121,884	58,287	48,757	31,070
Long-term Provision	6,606	5,516	173,910	108,754

Notes to Accounts

33. In accordance with Accounting Standard 19 - Leases, the following disclosures in respect of operating leases is made as under:
The Company has taken corporate office on cancellable operating lease. Minimum lease payments of ₹1,482,650 (Previous year ₹ 1,114,000) are charged to Statement of Profit & Loss during the year
34. Figures of previous year have been regrouped and/or rearranged wherever necessary to make them comparable with those of the current year
-

As per our report of even date.

For K S M N & Company
Chartered Accountants

Sd/-
Vijay Kumar
Partner
M. No. 092671
Firm Reg. No. 001075N
Place: Gurgaon
Date: May 4, 2013

For and on behalf of the Board of Directors of
PI Life Science Research Limited

Sd/-
Mayank Singhal
Director

Sd/-
Anurag Surana
Director



PI JAPAN CO. LIMITED

CORPORATE INFORMATION

Board of Directors

Mr. Junichi Nakano

Bankers

Mitsubishi Tokyo UFJ Bank, Japan

Registered Office

2-11-4, The To-han Building

4th Floor, Uchikanda,

2-Chome, Chiyoda-Ku,

Tokyo, 101-0047 Japan

Balance Sheet as at March 31, 2013

(Amount in JPY)

Particulars	Note No.	As at March 31, 2013	As at March 31, 2012
I. LIABILITIES			
1. Shareholders Fund			
a. Share Capital	1	5,000,000	5,000,000
b. Retained Earnings	1	8,331,513	6,475,415
		13,331,513	11,475,415
2. Current Liabilities			
a. Other Current Liabilities	2	3,667,766	3,386,842
b. Short-term provisions	3	614,345	532,520
		4,282,111	3,919,362
TOTAL		17,613,624	15,394,777
II. ASSETS			
3 Non-Current Assets			
Fixed Assets	4		
Tangible Assets Gross		2,002,266	2,002,266
Accumulated Depreciation		(1,271,993)	(947,880)
Tangible Assets Net		730,273	1,054,386
Intangible Assets		–	–
4 Non-Current Loans & Advances	5	2,653,840	2,653,840
5 Current Assets			
a. Cash & Cash Equivalents		7,904,619	5,717,993
b. Trade Receivable		5,300,230	4,970,740
c. Short-term Loans and advances	6	1,024,662	997,818
		14,229,511	11,686,551
TOTAL		17,613,624	15,394,777

Profit & Loss Statement for the year ended March 31, 2013

Particulars	Note No.	<i>(Amount in JPY)</i>	
		For the year ended March 31, 2013	For the year ended March 31, 2012
Sales		53,625,852	45,682,782
Gross Profit		53,625,852	45,682,782
Selling General & Administrative Expenses	7	51,072,246	43,507,418
Operating Profit		2,553,606	2,175,364
Interest Income		1,468	300
Miscellaneous Income		719	563
Amortization of Organization Costs			
Ordinary Profit		2,555,793	2,176,227
Profit Before Tax Deduction		2,555,793	2,176,227
Income Taxes		699,695	642,260
Net Profit		1,856,098	1,533,967
Other Significant Policies	8		

Notes to Accounts

Note: 1 SHAREHOLDERS FUND

(Amount in JPY)

Particulars			As at	As at
			March 31, 2013	March 31, 2012
Shareholders' Equity				
Share Capital	Beginning Balance		5,000,000	5,000,000
	Changes of items during the period		–	–
	Ending Balance		5,000,000	5,000,000
Retained Earnings				
	Beginning Balance		6,475,415	4,941,448
	Changes of items during the period		1,856,098	1,533,967
	Ending Balance		8,331,513	6,475,415

Note: 2 OTHER CURRENT LIABILITIES

(Amount in JPY)

Particulars			As at	As at
			March 31, 2013	March 31, 2012
Accrued Expenses			3,212,820	2,924,830
Social Insurance			454,946	462,012
			3,667,766	3,386,842

Note: 3 SHORT-TERM PROVISIONS

(Amount in JPY)

Particulars			As at	As at
			March 31, 2013	March 31, 2012
Income Taxes Payable			378,400	347,400
Withholding Tax			235,945	185,120
			614,345	532,520

Note: 4 TANGIBLE & INTANGIBLE ASSETS

(Amount in JPY)

Particulars	Gross block				Depreciation				Net block	
	As at	Additions	Deductions	As at	As at	Additions	Deductions	As at	As at	As at
	April 1, 2012			March 31, 2013	April 1, 2012			March 31, 2013	March 31, 2013	March 31, 2012
Lease Hold Improvements										
Room Divider	575,991	–	–	575,991	314,859	37,080	–	351,939	224,052	261,132
Equipments										
Video Conferencing System	930,000	–	–	930,000	305,156	156,211	–	461,367	468,633	624,844
Laptop	103,810	–	–	103,810	103,810	–	–	103,810	–	–
Book (JIS Standard color samples)	136,322	–	–	136,322	90,882	45,440	–	136,322	–	45,440
Laptop	143,381	–	–	143,381	95,586	47,795	–	143,381	–	47,795
Laptop	112,762	–	–	112,762	37,587	37,587	–	75,174	37,588	75,175
GRAND TOTAL	2,002,266	–	–	2,002,266	947,880	324,113	–	1,271,993	730,273	1,054,386

Note: 5 NON-CURRENT LOANS AND ADVANCES

(Amount in JPY)

Particulars			As at	As at
			March 31, 2013	March 31, 2012
Lease Deposits			2,653,840	2,653,840
Organization Costs			–	–
			2,653,840	2,653,840

Note: 6 CURRENT LOANS AND ADVANCES

(Amount in JPY)

Particulars			As at	As at
			March 31, 2013	March 31, 2012
Prepaid Expenses			350,000	350,000
Consumption Tax Receivable			674,662	647,818
			1,024,662	997,818

Notes to Accounts

Note: 7 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

(Amount in JPY)

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Directors' Remuneration	12,999,996	12,999,996
Salary	11,006,264	8,489,999
Depreciation	324,113	416,923
Legal Welfare	2,946,492	817,792
Welfare	73,823	5,239
Advertising	6,000	253,620
Rental	309,632	29,000
Repair	172,000	172,000
Supplies	279,170	310,870
Electricity and Water	287,813	247,328
Charge	94,900	85,400
Taxes and Dues	–	11,400
Entertainment	2,319,030	2,416,981
Communication	1,659,078	1,743,465
Seminar	237,677	411,049
Books, Papers	292,784	328,618
Office Rent	4,000,008	4,000,008
Conference	399,260	321,984
Transportation (travel within 200km)	1,312,297	1,038,831
Domestic Travelling (travel over 200km)	626,363	835,762
International Travelling	971,171	1,448,030
Commutation	1,391,628	1,032,044
Consultant Fee	9,185,012	5,986,432
Market Research	76,278	–
Miscellaneous	101,457	104,647
TOTAL	51,072,246	43,507,418

Note: 8 SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES

I Significant Accounting Policies

The financial statements have been prepared in accordance with Accounting Standards for Small and Medium Enterprises in Japan.

1 Depreciation method for fixed assets

- Leasehold improvements - Declining balance method
- Equipment (over 200,000 yen) - Declining balance method
- Equipment (100,000 yen - 200,000 yen) - Straight-line method

2 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 5,300,230 yen

III Notes about Profit and Loss Statement

Transaction with parent Company

Operating transaction

Sales 53,625,852 yen

IV Notes about statement of changes in equity

Information about issued Share Capital

Sort	March 31, 2012	Increase	Decrease	March 31, 2013
Common shares	100 shares			100 shares

Shareholding: 100% PI Industries Ltd. (India)

Notes to Accounts

Note: 8 SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES (Contd...)

V Information about related party

Attribute	Name	Voting right	Relations		Detail of business	Amount	Account title	Ending balance
			The additional post of director	Actual relations				
Parent Company	PI industries Ltd.	100%	–	Service	Market Research	53,625,852 yen	Account receivables	5,300,230 yen

VI Information about per share

Book Value per share	133,315 yen
Net profit per share	18,560 yen



Inspired by Science

PI INDUSTRIES LIMITED

Regd. Office: Udaisagar Road, Udaipur - 313 001 (Rajasthan)

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Hall)

I hereby record my presence at the ANNUAL GENERAL MEETING of the Company held on **Thursday, August 29, 2013** at Udaisagar Road, Udaipur – 313 001 (Rajasthan) at **11:30 A.M.** and at any adjournment thereof.

Name of the Member(s)/Proxy attending the meeting

Folio No. / Client ID No. & DP ID No.

No. of Shares held.....

Signature of the Member/Proxy



Inspired by Science

PI INDUSTRIES LIMITED

Regd. Office: Udaisagar Road, Udaipur - 313 001 (Rajasthan)

PROXY FORM

I/We,.....S/o/W/o/D/o of..... being a Member /Members of the PI Industries Limited, hereby appoint Mr./Ms. resident of or failing him/her Mr./Ms.resident of as my/our Proxy to attend and vote for me /us on my/our behalf at the Annual General Meeting of the Company to be held on **Thursday, the 29th day of August, 2013** at Udaisagar Road, Udaipur – 313 001 at **11:30 A.M.** and at any adjournment thereof.

Client ID/DP ID /Folio No..... No. of Shares held

Signed this..... day of2013.

Affix 1 ₹
Revenue
Stamp

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself.
2. A proxy need not be a member.
3. The Proxy form duly signed across revenue stamp should reach Company's the Registered Office at Udaisagar Road, Udaipur - 313 001 (Rajasthan), not less than **FORTY EIGHT HOURS** before the time for holding the aforesaid meeting.



Disclaimer

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions.

We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion on future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions.

Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



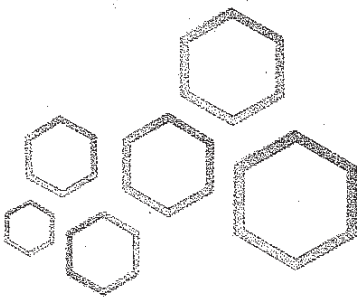
Inspired by Science

PI INDUSTRIES LTD.

Corporate Office: 5th floor, Vipul Square, B Block, Sushant Lok,
Phase-1, Gurgaon-122009, Haryana (India)


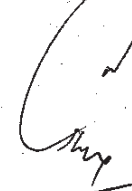



Registered Office: Udaisagar Road, Udaipur-313001, Rajasthan (India)

www.piindustries.com



**Format of covering letter of the Annual Audit Report to be filed
with the Stock Exchanges.**

FORM – A

1.	Name of the Company	PI Industries Limited
2.	Annual Financial Statements for the year ended.	31 st March, 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Whether appeared first time ... / repetitive ... / since how long period - Not applicable -
5.	To be signed by: • CEO / Managing Director • CFO • Auditor of the Company • Audit Committee Chairman	    

Place : Gurgaon
Date : 3.8.2013

PI Industries Ltd.

Corporate Off.: 5th Floor, Vipul Square, B-Block, Sushant Lok Phase -1, Gurgaon – 122009, Haryana (India), Tel.: +91 124 6790000, Fax : +91 124 4081247
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