



Inspired by Science

Founded on Trust.
Envisioning Infinite Possibilities.

PI Industries Ltd

ANNUAL REPORT 2013-14

PI Industries Ltd. is an inspired company.

Inspired by science.

Inspired by the prospect of creating a difference.

Inspired by the prospect of enhancing value.

India is at the cusp of momentous growth; PI is positioned at the forefront of science-led innovative solutions.

Over the years, PI has leveraged scientific knowhow to revolutionise agriculture in India. The Company's repertoire of brands, backed by in-licensed innovator molecules and customised applications, are helping increase productivity and farm output, catalyzing rural prosperity.

PI's strong marketing and distribution network covers more than 40,000 retail points and 9,000 distributors / direct dealers across all major agricultural nodes; our strong agricultural extension and unique product delivery mechanisms have translated into enduring farmer trust.

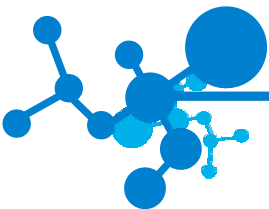
PI is one of India's leading custom synthesis companies, partnering innovators from molecule conception to commercialisation through extensive process development and technology-related inputs.

PI's expertise in complex chemistry, state-of-the-art infrastructure (manufacturing and research) and ability to provide quick reliable solutions have helped inspire the trust of the world's foremost agrochemical players.

PI's model around relevant IPRs has resulted in the company emerging as a chosen partner for several innovators, working with cutting-edge science and deriving more than 95% of our revenues from patented molecules.

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At PI Industries, our business is woven around partner trust.

This trust is not incidental to the Company's business; it is integral to it. The comfort that it provides partners is not a business detail; it is the core business driver.

Trust is the glue that binds PI with its stakeholders leading to deep-rooted relationships. This is the biggest asset that we have built in our business over the past five decades.

PI has invested trust with various attributes - technical competence, research effectiveness, marketing reach, in-licensing proficiency, manufacturing capability, respect for intellectual property and deep-rooted governance, leading to higher revenues, margins and profits.

Trust enriches.





PI INDUSTRIES LIMITED WON THE PRESTIGIOUS AGROW AWARD 2013 AS THE BEST SUPPLIER TO THE CROP PROTECTION INDUSTRY

At the prestigious Agrow Awards 2013, PI Industries Ltd. won the Best Supplier Award. The Agrow Awards held in Amsterdam are an annual event celebrating achievements within the crop protection sector while honouring key industry players and innovators.

The Agrow Awards are recognized as a significant platform within the global crop protection industry. The recognition provided by Agrow Awards reaffirms PI's standing as a significant player in the global agrochemicals industry. PI was also nominated under the category of 'Best Marketing Campaign' for its rice herbicide brand 'Nominee Gold', where it shared nominations with BASF Corporation, Arysta LifeScience and Dow AgroSciences, among others.

"We are very pleased to receive the Best Supplier award in the fine chemicals export category at the Agrow Awards. This is the recognition of hard efforts by our team in achieving high levels of customer satisfaction. With respect for IPR deeply ingrained in our DNA, PI has always stood tall in a highly competitive marketplace for agrochemicals. Thanks to a clear vision and consistent by superior performance in our focus markets of domestic agri-inputs and custom synthesis exports, we have set high expectations for ourselves. With the visibility afforded by the key drivers of businesses, I am confident that PI is poised to scale greater heights."

Mayank Singhal

Managing Director & CEO

CORPORATE IDENTITY

About the Company

PI Industries Ltd. (PI) is among India's fastest growing agrochemical manufacturing and marketing companies. Incorporated in 1946, the Company was initially named Mewar Oil & General Mills Ltd. and subsequently rechristened PI Industries Limited in 1993.

Location

The corporate office is located at Gurgaon (Haryana) and its R&D unit is set up in Udaipur (Rajasthan). Functioning across multiple states, PI Industries

operates a number of best-in-class facilities manned by an experienced in-house engineering team. These facilities include three formulation units and six multi-product plants across manufacturing sites at Panoli and Jambusar in Gujarat and Jammu in J&K.

Listing

PI is listed on the BSE and the NSE where its shares are traded actively. The market capitalization of the Company stood at Rs 3786.55 crore as on 31st March 2014.

MARKET SEGMENTS

Domestic agri-inputs

Agri inputs comprising plant protection products (herbicides, insecticides, fungicides) as well as specialty plant nutrient products and solutions. PI's strong rural brand equity among millions of Indian farmers has been the result of a robust portfolio of differentiated products that bring about a substantial improvement in crop productivity.

Custom synthesis exports

Custom synthesis and contract manufacturing of agro-chemicals, pharma intermediates and other niche fine chemicals that address the growing needs of global innovators. This is based on a strong R&D support system, robust process development, large-scale manufacturing capabilities and strong pipeline of newly-discovered chemistries in collaboration with reputed global innovators.

Products

PI's domestic agri-input portfolio consists of in-licensed products, which are newly launched / patented molecules by innovators. Some of the key brands comprise Nominee Gold, Osheen, Foratox, Fosmite, Biovita and Rokat. The Company also produces and markets branded generic 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.

Service offering

- Process R&D
- Analytical method development
- Synthesis of high-purity products and impurities for analytical reference standards
- Five batch analysis under GLP conditions
- Detailed engineering and
- Large-scale chemical manufacturing

VISION

Building on the foundation of trust, we intend to 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.

ADAPTABILITY

We are nimble-footed and highly responsive to change.

INNOVATION

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

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.

KNOWLEDGE

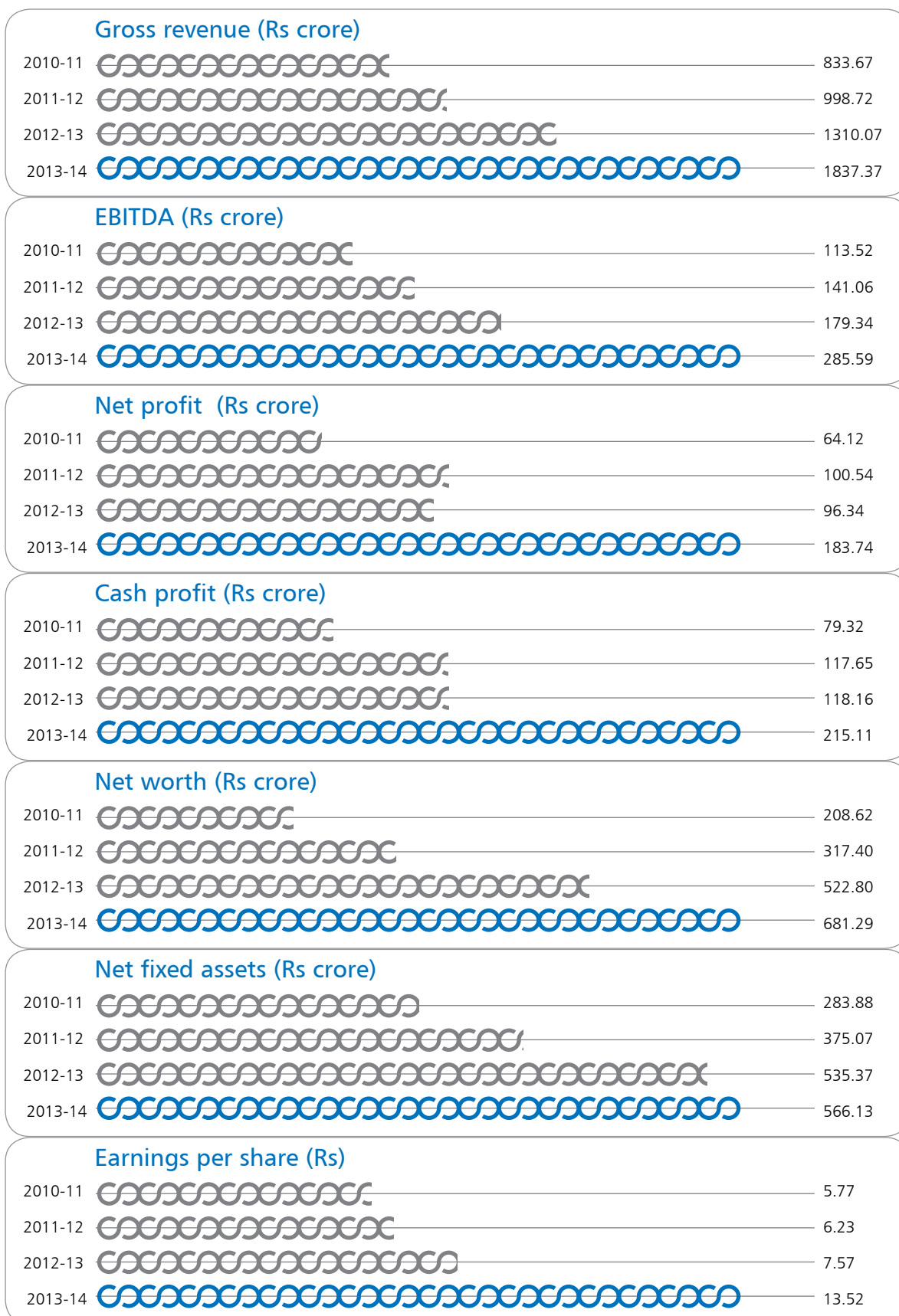
The more we learn, the more we want to know. We respect, build and share knowledge.

SPEED

The way we observe, think and act.

HIGHLIGHTS

OF OUR PERFORMANCE DOWN THE YEARS



KEY HIGHLIGHTS OF FY 2013-14

- Total net revenues increased by 39% to ₹1594.92 Cr in 2013-14 from ₹1150.53 Cr in 2012-13, due to favourable traction in the domestic market on the back of a robust brand portfolio, offtake of new products and a ramp-up of custom synthesis exports.
- The EBITDA for the year grew to ₹285.59 Cr from ₹179.34 Cr in 2012-13 an increase of 59% YoY. EBITDA margin improved 232 basis points to 17.90% in 2013-14 over 2012-13 and PAT margin strengthened 315 basis points to 11.52% in 2013-14 over 2012-13.
- The earnings per share (EPS) for the year stood at ₹13.52, an increase of 79% compared to ₹7.57 per share in the previous year.
- The debt-equity ratio significantly improved to 0.13 as on 31 March 2014 against 0.35 as on 31 March 2013 owing to an increase in net worth along with a concurrent reduction in long-term debt.
- The operating cash flow (before investment) considerably improved to ₹216.59 Cr during 2013-14 from ₹102.57 Cr during 2012-13.
- The Company invested ₹64.49 Cr in fixed assets, increasing production and R&D capabilities.
- The Company's credit rating was upgraded to 'CRISIL AA-/Stable/CRISIL A1+' from 'CRISIL A+/Stable/CRISIL A1'.
- The Company was able to significantly reduce its working capital cycle to 65 days of turnover equivalent during 2013-14 from 83 days during 2012-13.
- The Company's total dividend declared during the year under consideration was ₹2 per share (200%) on equity shares carrying a face value of ₹1 each.
- The Company introduced two new products during the year under review – MELSA, a wheat herbicide and PIMIX, a rice herbicide under co-marketing agreements with the innovator MNCs to provide integrated weed management solutions to wheat and rice growers respectively.
- The Company signed three new agreements with their patent holders in the insecticide/ herbicide/ fungicide segments to evaluate their potential in the domestic market.
- The Company commercialized three new molecules for custom synthesis exports, which are expected to gain traction over the next few years.
- During the year under review, the Company won the prestigious Agrow Award as the 'Best Supplier' to the global crop protection industry for its custom synthesis exports. Further, the Company was nominated in the 'Best Marketing Campaign' category for its domestic agri input brand Nominee Gold.

CHAIRMAN'S MESSAGE

Dear Shareholders,

It gives me immense pleasure to present to you the performance of your Company in 2013-14. We recorded all-round growth during the year under review. Based on a strong product portfolio comprising exclusive in-licensed products for marketing in India, the domestic agri-inputs segment reported strong revenue growth that outperformed the sectoral growth average yet again. Besides, 2013-14 was one of the stronger years for the country's agriculture sector. On the other hand, custom synthesis exports recorded another year of excellent growth owing to strong demand emanating from our global customers.



Our core strength lies in the trust that we have been able to generate over the years from our various stakeholders. The farmers rely on us for efficacious products, which boost their productivity and advance their income levels. Our in-licensing partners trust us with manufacturing and marketing their novel molecules in India. Our custom synthesis partners trust us because of our high quality and timely delivery. These drive us to perform and deliver better year after year. We are working across a variety of crops and provide complete pre-harvest and post-harvest solutions that improve farm yields. We have expanded our capability for swift scale up from lab-scale to commercial-scale for our fine chemicals exports. These realities have helped us emerge as one of the strongest players in our industry across economic crests and troughs.

The Indian agrochemical opportunity

A rising population, coupled with dwindling farmland, poses a serious threat to India's food security. The major focus of authorities is on enhancing food productivity and addressing post-harvest crop loss. Plugging this gap can potentially improve the food scenario. Though irrigation is improving gradually, a large number of farmers still depend completely on the monsoons. Besides, rising labour costs are compelling farmers to opt for efficient farming practices, which include the use of better seeds, herbicides and other crop protection chemicals, as well as farm mechanization.

Rising food demand (cereal demand of 2800 million MT in 2030 against 2000 million MT in 2012) will require the country to invest more in improving

yields, thereby throwing up a rich opportunity for the crop protection industry. Even today ~30% crops are lost to insects, diseases and weeds, auguring well for the industry's sustained growth.

Your Company is well-positioned to make the most of the opportunities arising in the Indian agrochemical industry. The Company possesses a strong product portfolio for crops like rice, vegetables, sugarcane and cotton. It has tied up with several global innovators for exclusive manufacture and distribution in India. These niche products are developed keeping in mind emerging patterns in crop protection and the need for holistic farm solutions. Going ahead, we plan to introduce 7-8 new products over the next 3-4 years.

Custom synthesis exports

India has emerged as a preferred destination for contract research and manufacture owing to the vast pool of talented resources available at competitive costs. Global innovators seek partners in India to catalyse their process development and large-scale manufacture of newly discovered molecules.

PI possesses a state-of-the-art GLP-accredited laboratory that provides comprehensive services to customers. The Company has six multi-product plants within its manufacturing locations. The Company's recently commissioned unit at Jambusar was optimized quickly and started delivering products. With increase in revenues generated from fine chemicals exports, PI strengthened its global position as one of the leading suppliers to the crop protection industry.

At any given point in time, PI has a number of molecules being evaluated

at the R&D level. Commercialization follows a disciplined time table of development which may take one to two years. Deliveries are aligned to the global demand for these molecules, leveraging our rich experience.

The road ahead

Besides implementing prudent topline-enhancing initiatives, we embarked on improving our profitability through relentless R&D and engineering initiatives directed to increase our efficiency. Our R&D team is focusing on improving processes, directly strengthening the Company's financials and shareholder value. Our continuous efforts towards cost improvement, supply optimization, skill development initiatives etc. enhanced value for our stakeholders. We continued to invest in upgrading and modernizing our plants to improve productivity, health, safety and sustainability.

The steady inflow of new ground-breaking products from our innovators, growing exports, healthier Balance Sheet and improved efficiency will drive the next round of growth at our Company. Besides strengthening our topline and achieving profitable growth, we are committed to the well-being of all our stakeholders.

I would like to extend my gratitude to our employees, customers, vendors, partners, suppliers, bankers and other stakeholders for their continued faith in PI Industries. I would also like to thank our fellow Board Members for their support and encouragement.

Salil Singhal

Chairman and Managing Director

Dear Shareholders,

MESSAGE FROM THE MANAGING DIRECTOR & CEO

The year 2013-14 was momentous for your Company as it recorded one of the finest performances in its history. Despite the macro-economic shortcomings, a good monsoon made it possible for the agrochemicals sector to post a healthy performance.

Based on the strong domestic agro market and a robust demand registered by our custom synthesis exports, your Company reported substantial growth during the year under review wherein net revenues increased by a handsome 39% over 2012-13 to Rs 1,594.92 crore coupled with an outstanding 59% growth in EBITDA over 2012-13 to Rs 285.59 crore. It is important to note that while the EBITDA margin improved 232 basis points over 2012-13 to 17.9% in 2013-14, our PAT margins strengthened 315 basis points to 11.52% in 2013-14.

Business drivers

Domestic agri-input: The surge in the agricultural output on the back of a good monsoon during the year under review helped the domestic agri-input segment register 19% yoy growth. A healthy portfolio of products, along with five new launches in the last three years, drove the growth of this segment. Besides, we worked closely with farmers, understood their needs and developed customised products, resulting in

superior solutions. Our unique product portfolio was ably backed by a strong distribution network of 9,000 dealers across the country.

Custom synthesis exports: Custom synthesis exports reported a big leap during the year under review. Our efforts in building this segment started generating results and were able to post a growth of 56% over 2012-13. Our efficient processes, high quality standards, adherence to customer requirements and stringent confidentiality helped us win the trust of customers, resulting in repeat business from them. Our newly commissioned unit at Jambusar added to our capacity and helped register a better performance.

Our main focus is always on patented molecules/early-stage development molecules where innovators go ahead with product commercialization. Your Company was the only custom synthesis player in India where patented molecules or molecules, at the early stage of their commercialization period, contributed ~90% of the annual business in this segment. We derived incremental benefits from the commercialization of these patented molecules with a significantly long life cycle.

Since we forge strong early stage relationships with innovators, when the

molecule picks up pace, we remain either the sole supplier or the second choice for supplying active ingredients/intermediates to the innovator. Because of these reasons, we have positioned ourselves as a critical partner throughout the product lifecycle.

Outlook

Despite the announcement of a probable El Nino, we are confident about the agro-economic scenario of the country in 2014-15. A strong monsoon during the last season left most water reservoirs at a high level, as a result of which water may not be an issue barring a few areas in the country. Following an encouraging MSP announcement, farmers are upbeat and expect to invest in more crop protection solutions. We will continue to introduce niche molecules that drive our growth in terms of topline and bottomline. We are also bringing newer crops under our fold and introducing solutions which target multiple crops, helping expand our target sector.

In the custom synthesis exports, we reinforced our position in terms of research and manufacturing capabilities to deliver quality products faster and attract more business with existing and new customers. We have been continuously investing in process efficiencies, thereby allowing us to optimize operational costs. We have a robust R&D pipeline of products

and expect to commercialize 6-7 new molecules in three years to catalyse our growth. The development of the second phase of the Jambusar facility is underway and expected to be commissioned by Q3 2015, which will accelerate our growth.

Based on the above developments and emerging realities, I am confident that we are attractively positioned to capture market opportunities and emerge as a stronger organization.

Mayank Singhal

Managing Director & CEO





PI WON GREEN MANUFACTURING EXCELLENCE AWARD 2014

PI Industries Ltd. won the Frost and Sullivan's Green Manufacturing Excellence Awards 2014 in the challenger's category in 2014.

The objective of the award process designed by Frost and Sullivan was to evaluate an organization's focus, commitment and efforts towards the implementation of measures for green manufacturing, building a sustainable business and providing inputs in areas of improvement. The GMEA assessment model maps the organization's sustainability initiatives across ten qualitative parameters in addition to mapping maturity based on identification of long-term sustainability risks, prioritization of projects and their effective implementation. While the sustainability framework is exhaustive, the GMEA assessment model is focused on critical elements of environment and society that are important for Indian manufacturing companies.

Initiatives taken and results achieved by organizations toward Reduce, Reuse and Recycle of materials, water, energy, emissions, effluents, waste, products and services were assessed. The assessment process was also used to understand the efforts made by organizations towards the study of bio-diversity and conservation, creation of a safe workplace for employees and impact on society based on plant operations. Efforts toward developing a green supply chain were also reviewed.

PI improved its score over the previous year (which was our first year of participation) and moved up from the Believers to Challengers category of the award. Our work on Q-HSE assessment for warehouses in the country was appreciated and presented as a model case study in the area of sustainability.

PI WON THE AGRICULTURE LEADERSHIP AWARD 2013

PI Industries was awarded the 'Agriculture Leadership Award 2013' at the 6th Agriculture Leadership Summit 2013 held in New Delhi organized by the Agriculture Today Group. The Award was presented to PI Industries Ltd. jointly by H.E. Hon'ble Governor of Uttar Pradesh Mr. B L Joshi and Union Ministers Mr. Oscar Fernandes and Mr. Tariq Anwar in the presence of the Chief Minister of Punjab and Architect of India's Green Revolution Prof. M S Swaminathan.



MANAGEMENT DISCUSSION AND ANALYSIS

Global economic scenario

Global economic growth is projected to strengthen from 3% in 2013 to 3.6% in 2014 to 3.9% in 2015. In the advanced economies, growth is expected to increase to 2.25% in 2014 while in the developing economies, growth is projected to rise gradually from 4.7% in 2013 to about 5% in 2014 and an estimated 5.25% in 2015.

Indian economy

Indian economic growth continued to be slow for another straight year with the country recording a GDP growth of 4.7% in 2013-14. The year 2014-15 is likely to be one of slow recovery, and hopefully will result in economic growth rising, inflation easing and currency rates stabilising.

Overview of PI Industries (PI)

PI possesses a unique business model. On one hand, the domestic agri-inputs business focuses on in-licensed products and exclusive marketing rights of innovator molecules; the custom synthesis exports on the other hand intends to be the sole (or the preferred) supplier to innovators for their process research, process development and manufacturing requirements.

The domestic agri-inputs operation has shown consistent growth. The margin profile has undergone enhancement to a higher band over the past three or four years. PI continues to build strong brands around products, use intensive farmer connect initiatives and strengthen extensive distribution capabilities. In 2013-14 PI benefitted from a good kharif crop and good traction in rabi on the back of healthy reservoir levels.

PI's custom synthesis exports gained substantial scale in the past few years and there are all indications that exports are moving in the right direction. PI engages with prominent names in the global agrochemicals industry, playing the role of a preferred supplier for newly discovered products. Due to its strong order book, PI's capacities find optimal utilisation. The high growth in this area is the result of robust volumes expansion following commercialisation of existing molecules as well as contributions from newer commercialisations.

Domestic agriculture and agri-input industry

At 179.9 million hectares, India accounts for the second largest agricultural area in the world with a majority of the population dependent on agriculture (for employment and livelihood). Agriculture accounts for 14% of the country's gross domestic product. India is the world's largest rice exporter and second largest exporter of wheat. India's agro

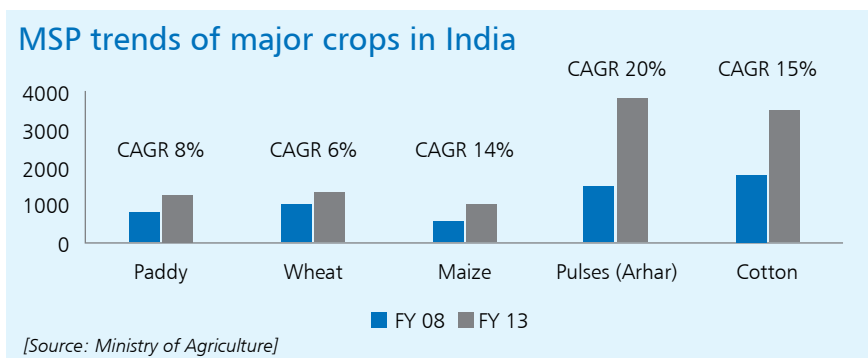
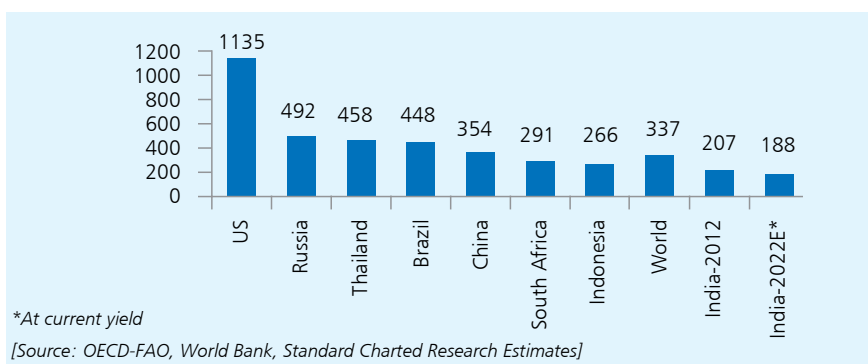
exports during 2013-14 touched US\$ 45 billion as against US\$ 41 billion in 2011-12 [Source: IBEF]. India's agricultural sector is likely to grow at 5.2-5.7% in the 2013-14 agriculture year (July-June), nearly three times the rate of the previous year.

At prevailing yields (among the lowest in the world), India's incremental food grain demand could exceed incremental supply by ~50 MTPA over the decade.

At current yields, the annual foodgrain production per capita could decline to 188 kg per hectare by FY22 from 207 kg per hectare in FY12.

The agri inputs sector continued to perform creditably due to favourable monsoons, higher crop prices and increased output. Correspondingly, agrochemical companies continued to report robust results while the fertiliser sector lagged due to higher discounts and interest costs.

For the year under review, minimum support prices of key crops were raised by the government. In the 2013 kharif season, the MSP of paddy (common) was fixed at ₹1,310 per quintal and paddy (Grade-A) at ₹1,345 per quintal. MSP of wheat was increased by ₹50



The result is that the production estimates for major crops in 2013-14 remained robust (compared to the estimates of the previous five years) resulting in a strong demand for prominent agrochemical brands.

Crop	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14 (2nd adv. est)
Rice	99	89	96	105	105	106
Wheat	81	81	87	95	94	96
Coarse cereals	40	34	43	42	40	42
Pulses	15	15	18	17	18	20
Foodgrains	234	218	244	259	257	263
Oilseeds	28	25	32	30	31	33
Cotton #	22	24	33	35	34	36
Sugarcane	285	292	342	361	341	346

[Values in million MT; # cotton in million bales of 170 kg]

per quintal to ₹1,400 for the 2013-14 crop year as against ₹1,350 in 2012-13. These increases augur well for the country's farming sector as well as for the agrochemicals industry.

Outlook

With a population of about 1.2 billion, India requires a modernised agriculture sector to enhance its food security. Demand for foodgrains is expected to double from the year 2000 levels to 2030, making it necessary for the government to work towards improving yields. This increase is urgently warranted considering that planted area growth has been muted and there is a scarcity of fertile land. Current estimates indicate that other than wheat, India is expected to suffer a shortage of cereals, pulses, edible oil and sugar by 2021, which could increase significantly by 2026. The only solution lies in increasing crop yields through the prudent use of quality of agri-inputs like seeds, fertilisers and agrochemicals.

Challenges

Decline in farming popularity:

Almost 76% of Indian farmers have expressed the urge to engage in non-farming occupations; around 61% would prefer urban employment



due to better education, health and employment opportunities.

Storage dearth: Lack of storage facilities cause post-harvest losses estimated annually at ₹58,000 crore. Supply chain inefficiencies and inadequate infrastructure remain major causes of concern. Adequate infrastructure funding (transportation, warehousing, roads and railways) could improve productivity.

Pest and insect attacks: Around 15-20% of the crop yield is lost due to pest attacks, the highest due to weeds (33%), disease (26%), insects (26%) and rodent and others (15%). This reality notwithstanding, India's per hectare pesticide usage (0.6 kg/ha) is fractional compared with the 14 kg/ha in South Korea and 7 kg/ha in the US.

Foodgrain production: In April 2014, governmental agencies possessed

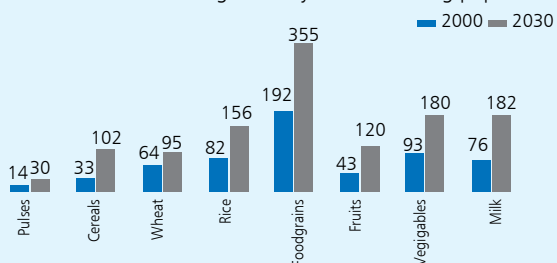
foodgrain stocks in excess of 48 MT against a buffer stock and strategic reserve of 21 MT. This quantum level is expected to rise sharply following the commencement of government's procurement in the new season.

Secondary food processing: India's processed food industry is way behind developed nations, growing at 2-4% per annum as against 70-80% in developed nations. India's value-addition of around 20% compares poorly with 45% in some developing nations largely due to farm produce wastage, pegged at almost 7% for fruits and vegetables and 4-6% for terms of pulses, cereals, oilseeds and poultry produce (Source: CII).

Low crop yield: India's agriculture sector suffers from relatively low yields owing to improper cultivation techniques, crop loss and inadequate crop protection.

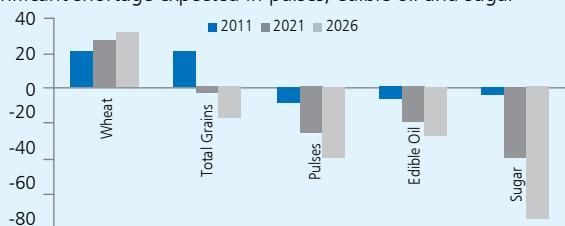
Land holding: The declining size of average land holdings in India is a key reason for falling yields. The average holding size and arable land per capita is expected to decline coupled with increasing food demand. One way to improve yields is to use novelty agrochemicals, which could help produce more crops with less land.

Domestic food demand to rise significantly with increasing population



[Source: IGAR Vision 2030 document, quant Global Research]

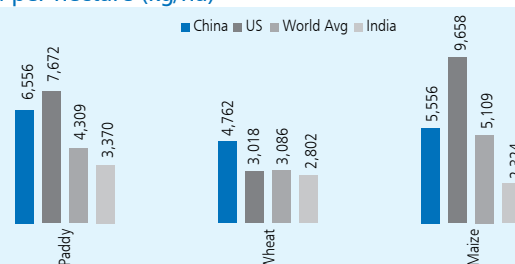
Significant shortage expected in pulses, edible oil and sugar



[Source: ICRIER Working Paper, quant Global Research]



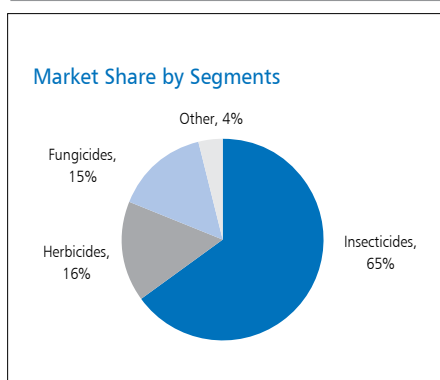
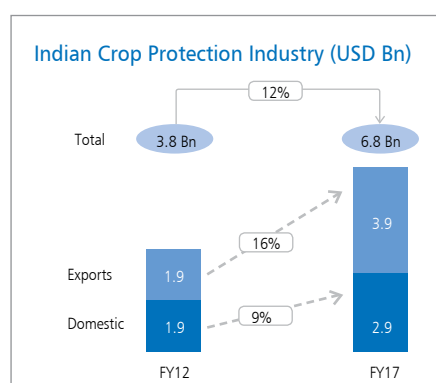
Yield per hectare (kg/ha)



[Source: Department of Chemicals, quant Global Research]

Indian crop protection sector Overview

The Indian crop protection market was estimated at US\$ 3.8 billion in FY12 with exports constituting about 50%. The country's crop protection market is expected to grow at around 12% annually to reach US\$ 6.8 billion by FY17, largely driven by export demand growth of 15-16% per annum and domestic demand growth of 8-9% annually. Despite the demonstrated benefits of agrochemicals, penetration is not even 30% of the potential market. While India has consumed low value insecticides in the past, the increasing cost of labour is expected to enhance the use of herbicides and fungicides. India's crop protection industry is largely dominated by insecticides (65%) while herbicides, fungicides and others (rodenticides and nematocides) account for 16%, 15% and 4% respectively. Biopesticides, which currently represent only 4.2% of the overall pesticides market in India, are expected to grow



about 10% (Source: Business Standard, June 27, 2014).

Growth drivers

The growth of India's crop protection industry is catalysed by the following factors:

- Low consumption of crop protection products at 0.6 kg/ha, compared with the global average of 3 kg/ha, emphasising significant potential for growth.
- Growth in acreage under floriculture and horticulture by 50% in three years, resulting in the launch of the National Horticulture Mission, which is expected to catalyse sectoral growth and the consequent consumption of agrochemicals (fungicides).
- Growth in India's urban population by 2.47% annually over the last decade, making it the fastest urbanising country. India's population is expected to increase from 31% to 40% by 2020 on an enlarging base. This is expected to carve away precious arable land, a phenomenon that will have to be countered through the more effective use of fertilisers and agrochemicals.
- India accounts for 17% of the world's population (growing at 1.28% annually) but only 11% of the world's arable area, highlighting the need for food-related self-sufficiency and consequently the increased usage of agrochemicals.
- The total crop value lost in India

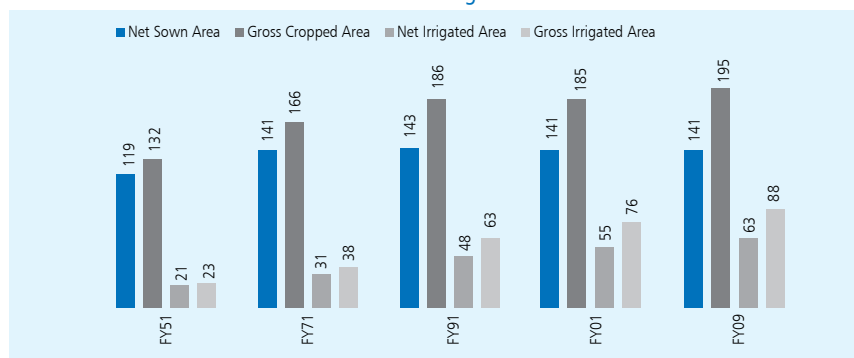
due to inadequate pesticide use was estimated annually at around USD 17 billion.

- Higher minimum support prices translated into higher farmer incomes, enabling them to invest more in superior farm practices.
- The growing demand for meat, poultry and dairy need a focus on feed stock.

PI's out-of-the-box model for ushering a sustainably high growth - Domestic agri-inputs

PI offers a unique business perspective in the Indian agrochemical space. It operates on a cooperative platform with patent originators and has stood out for respect for IPR (intellectual property rights). With a compact portfolio of targeted products aimed at the domestic market, PI is renowned for nurturing its products into big brands. These products offer the farmer proven increases in yield and productivity. In today's competitive landscape, it is imperative to create a differentiated offering. In order to establish the product, PI carries out intense field trials, organises product demonstrations, conducts farmer education clinics and in some cases engages in concept selling. The platform created by PI for brand building and the domestic distribution of its products is one of the best in the industry and acts as a strong competitive advantage.

...as most arable land does not have access to irrigation



[Source: Ministry of Agriculture, quant Global Research]

The aim of this model is to obtain exclusive marketing rights for suitable innovator molecules for Indian crops/pests. This essentially entails an in-licensing agreement wherein the registration of the innovator molecules takes place under PI's name, giving it rights to market and distribute the product domestically and in some instances, to share it with other companies.

Depending on the contract, PI either imports the technical/bulk formulations from the innovator or chooses to manufacture the product at its owned factories in India. These agreements are usually inked with the innovator for early stage patented molecules so that PI can realise the entire benefit of the value the molecules hold, through the majority of their life-cycle.

From time to time, these molecules are reverse-shared (referred to as 'co-marketing') with PI by its peers, which is a common practice followed by the industry. Under the co-marketing arrangement, PI shares important products with peers in order to establish a notable presence and a marked preference for the product in the market. Peers purchase the product from PI, which, in turn, retains the registration under its own name.

In India, there are two major cropping seasons, namely kharif and rabi. PI has established a time-table in introducing select products prior to the commencement of the respective seasons. The potential for some of these products remains vast, even after delivering strong growth consistently for the initial years. PI launched two new products in FY 2013-14 named MELSA, a post-emergence herbicide which provides effective integrated weed management for wheat, and PIMIX, a rice herbicide.



Kilo lab in Udaipur

Performance summary

Domestic agri inputs showed a growth of 19% on the back of a good improvement in volumes and price hikes announced for select products ahead of the major cropping seasons. A conducive monsoon during the kharif season resulted in higher sowing for key crops on enhanced acreages. MSPs trended higher vis-a-vis the previous year and acted as a catalyst during cultivation. This broad trend continued even during rabi where acreages increased strongly on the back of favourable agro-climatic conditions and availability of adequate water across major reservoirs.

An optimal product mix helped PI deliver superior returns, with the Company proactively pursuing progressive marketing strategies and supportive field initiatives for farmers. Focused product stewardship and strong brand positioning ensured consistent growth. The growth was manifested in the augmentation of the Company's portfolio with a number of attractive products being introduced over the past few years. Product launches made in the immediate past on the other hand demonstrated excellent value proposition to farmers

in terms of enhancing their productivity and are expected to contribute meaningfully over the years.

Outlook

The outlook for India's crop protection industry appears optimistic. The sector is expected to grow by around an average 11.5% annually to an estimated US\$ 6.8 billion by FY17.

PI stands to benefit from the quality of the product portfolio (including the products slated for introduction) and its distribution network, which is second to none. At any given point in time, there are 8-10 products in the registration phase, a process that usually takes three to four years to get completed – this is what provides PI's the product mix visibility in the near-term. For the 2014-15 fiscal, PI plans to introduce two insecticides in the domestic market. These will be launched prior to the cropping season and will be suitable for a variety of crops. Although the performance of the domestic agri-inputs will depend on the quality of agro-climatic conditions going forward, PI is optimistic about sustaining the momentum built up thus far.

Your Company continues to improve on its domestic distribution and sales

model, wherein emphasis has been laid on shortening the working capital cycle, which has shown significant improvement vis-à-vis the previous year.

Global chemicals industry

The US\$ 3 trillion global chemicals industry is led by the US and the EU. With improving prospects, the growth of the global chemicals sector could improve from 2.4% in 2013 to 3.8% in 2014, the strongest growth expected to come from Asia, the Middle East and Latin America.

Global chemical production volume

Outlook – key countries/regions (Y-o-Y% change, 2010-2014)

The Indian chemicals industry has

consistently grown 100-200 bps above the national GDP growth rate. India's chemical industry sales are estimated at US\$ 115-120 billion in 2014. Exports grew at a compounded rate of 8-9% during 2008-13, a pace that is expected to sustain.

Global fine chemicals industry

The size of the global fine chemicals industry is estimated to stand at around US\$ 300 billion by 2015, growing at a rate of 7-8%, largely coming out of Asia. The custom synthesis and manufacturing (CSM) segment is estimated at US\$ 85 billion.

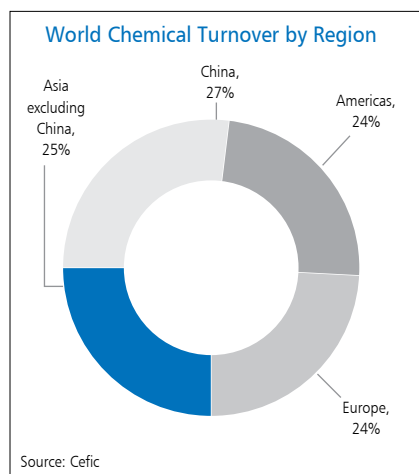
PI's custom synthesis manufacturing and exports – Partnership of equals

PI Industries is one of the leading

players in the agrochemical custom synthesis exports space. The Company addresses issues like process research, analytical development, scale-up and large-scale manufacturing needs of agrochemical giants and leading global innovators.

The scope of the Company's services (related to custom synthesis manufacturing) comprises:

- Contract research, process development and analytical method of development
- Synthesis of high purity products and impurities for analytical reference standards, five-batch analysis under GLP conditions
- Scale-up studies and detailed process



Multi-product plant in Jambusar

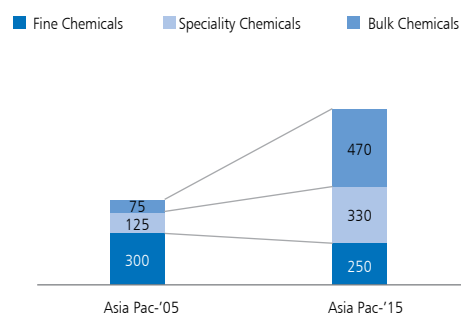
*The industry supplies to virtually all sectors of the economy; manufactures more than 80,000 products.

*The European Union (~30%) is the largest chemical producing region followed by North America and Asia

*The chemical industry is expected to grow at about 5.6% CAGR

*Led by demand growth in the Asia-Pacific, growth in this region is expected at 8%

*Medium-term demand composition is expected to shift in favour of Asia with growth expected in all three segments



engineering

- Commercial scale contract manufacturing

The new paradigm in the agrochemicals industry is that innovators are focusing on building a pipeline of novel molecules to combat new and emergent threats to cropping. Partners like PI are playing an important role in this space. Having gained recognition as a reliable partner by virtue of its track-record in this business and for its

initial stage itself, where your Company maintains the premier relationship status throughout the commercial lifecycle of the product. The validation process usually takes two to three years and the innovator mentions PI as its supplier in the registration application for the molecule wherever it is intended for launch globally. Over the past couple of years, several key molecules have attained global success resulting in rapid scaling in commercialisation opportunities for your Company.

Crucial breakthroughs in the process research and development by the R&D and PD teams helped in achieving cost efficiency and speedy scale-up during the year under review. It is worthwhile to note that the team has eliminated the usage of solvents in some of the crucial processes leading to cost and operational benefits, besides environmental and safety benefits. Seamless coordination between the development and technology transfer teams resulted in first-time right standard in the transfer of technology at the plant-scale. Improved operational metrics such as higher plant throughput, plant uptime, among others, contributed well to achieving the business objectives through continuous monitoring and feedback mechanism. Pro-active demand planning, coupled with strategic tie-ups with suppliers by the Supply Chain team, aided in procuring quality raw materials on time.

Performance summary

Custom synthesis exports scored an impressive 54% Y-o-Y revenue growth on top of a larger base followed by a sustained momentum in performance. The existing molecules scaled in line with global. The traction also came from newly commercialised molecules introduced during the year. Jambusar proved to be a well-timed capacity addition when strong volume gains were being realised from existing operations. Utilisation levels at the SEZ facility have been consistently high and consequently the Company has decided go in for Phase-II expansion, which will be completed FY16. Overall, the facility can accommodate close to five to six multi-product plants, thereby improving the earnings visibility and accelerating growth momentum in the forthcoming years.



Multi-product plant in Panoli

avowed respect for IPR, PI's name ranks foremost in global large-scale custom manufacturing.

With a knowledge library of critical reactions and wide commercial applications, your Company possesses a vast presence in the field of custom synthesis in India – PI's mastery of complex chemistry puts it in an advantageous position as far as adding new molecules to its pipeline is concerned.

The engagements with innovators are typically high-end in nature where your Company becomes 'the preferred' or one of the key suppliers. Partnership with the innovators takes place at the

Your Company set trajectory of commercialising two to three high-potential molecules every year, thereby building a sustainability of revenue growth and healthy margins into the business. PI commercialised three new molecules in FY 2013-14. Moreover, the Company secured business for four new AIs planned for commercialisation with a peak business potential of USD 60 mn. The Company is exploring opportunities to forge ties with new innovator agrochemical customers for custom manufacturing. Concerted efforts have been made by business development teams to secure business through long-term agreements.

Outlook

India is emerging as a preferred destination for global custom synthesis and manufacturing. It currently accounts for a fractional share of the global CSM opportunity and is expected to grow at a CAGR of 12%. We are well-placed to capitalise on upcoming opportunities arising in the custom synthesis space given our expertise complex chemistry and experience in scaling-up molecules. PI enjoys the trust of leading global innovators thanks to its strong, transparent and ethical business practices. The quality of high-potential molecules in our portfolio combined with steady product launches will drive growth for the Company and keep PI on the sectoral forefront. Plans are underway to commercialise at least two molecules in the 2014-15 expected to deliver yet another quantum increase in performance.

Human resources and industrial relations

Your Company believes that people perform to the best of their abilities if they feel a sense of ownership. Consequently, the Company strengthened the working environment to make it inclusive, progressive and flexible, promoting an excellence-driven culture. The Company reinforced its vision, mission and values among employees.

The Company fostered a performance-driven and merit-linked environment. It acknowledged the contributions of key performers, preparing them for challenging roles. The Company organised training programmes covering technical, behavioural, safety issues, code of conduct, product training and other needs.

The Company continued to recruit scientific, technical and

managerial personnel (graduates and postgraduates) from leading engineering, agricultural and business schools. A structured development programme, aligned with evolving business needs, helped groom fresh hires into prospective leaders. As on March 31, 2014, the total employee strength stood at 1,432 and industrial relations remained cordial.

Information technology

At PI Industries, IT remained one of



Quality lab in Udaipur

the key priority areas. During the year under review, your Company invested in strengthening its IT data centre and disaster recovery site to address growing business needs. A new IT infrastructure was 'virtualised,' emerging as a game-changing technology in the enterprise computing space. This virtualised data centre helped PI reduce power and cooling costs, simplify administration and maintenance, and minimise its carbon footprint. PI also invested in a disaster recovery site to ensure business continuity in the event of a catastrophe.

Information data security was strengthened following the introduction of virtualised desktops. This entrusted

that clients could access virtualised desktops while data was stored in a central database, enhancing data security.

Your Company expanded the use of information technology by installing touch-screen kiosks across plants, empowering workers to manage documentation related to leaves, travel, shifts and salary slips. Other state-of-the-art systems (employee learning portals and analytics for the supply chain function) were



R&D facility in Udaipur

introduced. The Company upgraded its technology platform related to R&D, manufacturing, supply chain, quality, sales and marketing.

Corporate social responsibility

PI embraced innovative socially and environmentally-sustainable initiatives. The Company is committed to help India achieve food security through scientific technologies that enhance farm productivity supported by farm extension services. During 2013-14, the Company undertook the following CSR initiatives:

- Promoted water conservation through the direct seedling of rice technology jointly with the University of Agricultural Sciences, Raichur, Karnataka
- Launched rice clinics in a joint initiative with CABI
- Promoted the safe and judicious use of pesticides
- Launched a certified vocational training course for chemical plant operators
- Provided scholarships for SC/ST students

Water conservation: Driven by its innovation philosophy, PI continuously introduced new technologies and crop solution products. Envisaging the increasing pressure on natural resources, PI helped farmers produce rice by conserving irrigation water. Following collaboration with Japanese companies, PI introduced the post-emergent herbicide technology for rice. This technology saved precious water at the transplanted rice stage, while controlling most weeds in direct sown rice (DSR). This technology, promoted by PI with various NGOs and government extension machinery, was accepted as a labour, cost and water-saving technology in various rain-fed rice growing districts. PI worked with state agriculture universities, state agriculture departments and NGOs to distribute DSR planters/seed drillers for free. The Company's 'Save Water' campaigns comprised the promotion of DSR among farmers, free distribution of DSR planters, management of demonstration farms, farmer training and information dissemination through mobile vans.

DSR propagation: PI Industries and University of Agricultural Sciences (UAS), Raichur, enhanced awareness among 4,500 Karnataka farmers about DSR technology. A systematic approach

of DSR seed drill propagation was initiated via a customised, on-field promotional approach to demonstrate the value proposition of seed drill machines among farmers, expedite the process of DSR adoption via 10 seed drill machines and motivate farmers in adopting DSR by purchasing seed drill machines. This helped save water to the extent of 15-35% and minimise labour (with no transplanting and or manual weed removal needed) cum production costs. The process was proven as safe for the environment, reducing methane emission; improved soil porosity, declining soil exhaustion; strengthened rice yields and saving farmers Rs 2000-Rs 5000 per hectare.

PI – CABI rice clinics: PI Industries and Centre for Agricultural Bioscience International (not-for-profit science-based development and information organisation with nine global centres) conducted a pilot rice agro-advisory service to build grower capacity across Uttar Pradesh, accelerating rice production and yields. CABI and PI developed an extension-based agro-advisory service aimed at increasing production and rice farmer incomes in certain pockets of Uttar Pradesh. Mimicking 'drop-in centres' as in national health systems, 16 rice health inspectors advised rice growers on crop nutrition, pest and disease problems across nine plant clinics. The rice health inspectors maximised geographical coverage in Gorakhpur and neighbouring districts, visiting local villages where they conducted plant clinics with follow-up recommendations. CABI and PI's joint report established the Company's Nominee Gold brand as a key DSR enabler.

Judicious pesticide use: The Company helped conserve the environment through the judicious

use of pesticides. PI conducted a nationwide training of trainers, farmers and stakeholders; thousands of safety kits were distributed free to farmers and labourers to enhance their awareness.

Vocational training course: PI Industries signed an MOU with The Centre for Entrepreneurship Development (Government of Gujarat) for skill generation in the chemical sector in September 2012 as part of the Vibrant Gujarat 2013 event. Further, the Company signed an MOU with Anchor

combining classroom study with real industrial experience, was directed to enhance employability among deserving students from economically weaker backgrounds. The programme also helps students build interpersonal skills to enrich careers. This will be an ongoing programme.

Academic recognition: PI recognised original scientific research in the areas of weed science plant pathology and plant protection. In 2012-13, the Late Shri P P Singhal Memorial Awards were



Scientist from PI making field observations

Institute – Chemicals and Petrochemical, Dharmsinh Desai University (DDU). The Company conducted a three-month certificate course for BSc and MSc graduates with DDU-Anchor Institute followed by placement; Anchor DDU provided technical, faculty, training infrastructure and related support. The objective of the PI-DDU-AI certified vocational training course for chemical plant operators was to coach science graduates (BSc/MSc) from economically-weaker sections in chemical engineering concepts, industrial safety and environment practices and key processes at chemical plants. This programme,

given out to five agricultural scientists by the Hon'ble Governor of Goa Mr. Bharat Veer Wanchoo at the National Symposium in ICAR Research Complex, Goa.

Scholarships: PI provides financial assistance by way of scholarships to deserving SC/ST students to enable them to complete their graduation.

Technical farmer support: PI adopted 19 farmers from three villages (Bakrol, Sanjali and Umarvada), guiding them with technical support in the following areas: analysis of soil samples, survey of pests and diseases, participation in

government activities (Krushi Mela), literature support (books, CDs, DVDs and pamphlets, among others) and creation of a ladies' farmer group (with support of the panchayat).

School kit and notebook

distribution: PI provided school kits to 200 first standard students in five villages and distributed notebooks to 900 students from the second to fifth standards.

Internal control systems and risk management

Internal control systems

Your Company has in place internal control systems, which commensurate

suggestions for improvement. The schedule of audit was prepared on the basis of 'risk assessment' to ensure that all the assets of the Company protected against losses. It also ensured that all transactions were authorised and recorded in the books of the Company.

The Audit Committee of the Board was informed regularly about the significant findings of the internal audit regarding various locations and functions to help take effective steps to ensure compliance. The Audit Committee reviewed the internal audit plan at the beginning of every year to ensure coverage of most functions with a view to mitigate risks. The periodic report

Timing, quantum and distribution of rainfall and temperature/humidity levels, among others, play a crucial role in the agri-input business. Any significant changes in normal climatic conditions could potentially affect performance. The weather can affect pest infestations, demand and product mix of crop protection products. Your Company continues to expand its product portfolio and geographic presence to minimise the impact of such vagaries.

Foreign currency and interest

rate exposures: The global financial volatility does impact the Indian economy, currency movements and interest rates that can potentially impact financial results. The Company has adopted a policy aligned with external environment and business exigencies. A quarterly update on foreign exchange exposures and outstanding forward contracts was generated and regularly reviewed by the Board.

Human resource risks: Talented manpower is an important enabler for the Company to grow and maintain competitiveness. Failure to hire and retain the right talent could affect performance. The Company not only continued to hire skilled scientific and technical personnel, but also introduced a new reward and recognition policy for effective employee incentivisation (including ESOP). The Company continued to focus on regular training, providing opportunities for professional growth.

Third party liability risks: The Company's business exposes it to defects in products and services. The Company carries a product liability insurance programme with respect to major manufactured products, which provide a compensating safeguard against such risks (if they were to



Technical support to farmers

with the size, scale and complexity of its operations.

All operations at the Company are run on the SAP system. The in-house internal audit team plans the audit schedule of all plants, subsidiaries and depots. Apart from in-house internal audit function, an independent external team of M/s Protiviti was engaged as the Internal Auditor to independently assess internal controls and statutory compliances in various areas of the Company's functions and provide

prepared by internal audit team formed the basis of certification provided by the Managing Director and Chief Financial Officer for financial reporting as required under Clause 49 of the Listing Agreement.

Risk management

The Company identified and evaluated multiple risk factors and made appropriate mitigation strategies associated with the same.

Unfavourable climatic conditions:

materialise).

Intellectual property risks: The Company's success was dependent on its ability to obtain and protect IPRs and operate without infringing them. Our competitors can bring in products and/or processes that compete with those we are developing or marketing, which could impact our ability to do business in a particular segment/geography. The Company is privy to trade secrets, technical knowhow and proprietary information. However, it has built a culture that respects and safeguards the intellectual property of its alliance partners through confidentiality agreements with employees, vendors and suppliers. Moreover, comprehensive business processes and policies are instituted to safeguard confidentiality aspects.

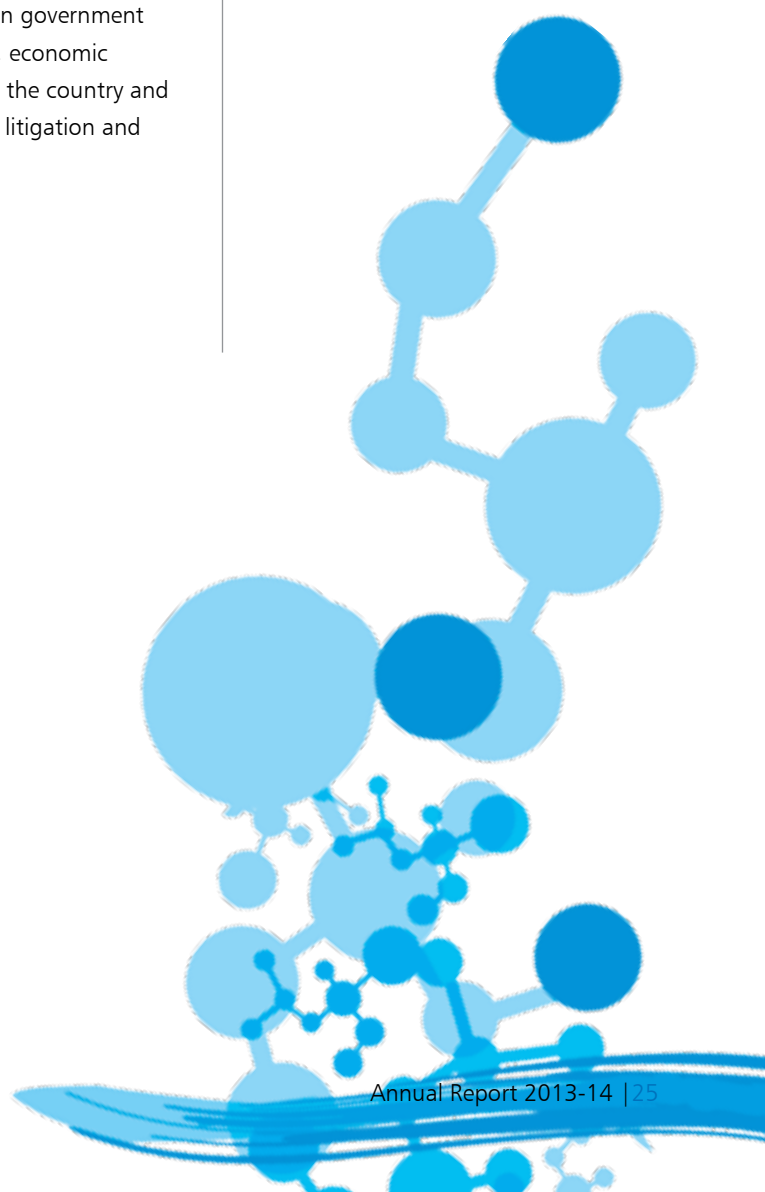
Environment, health and safety risks: Compliance with prescribed emission standards for manufacturing facilities and other environmental regulations are critical for the business. The R&D and manufacture of products involve hazardous chemicals, processes and byproducts and are subjected to stringent regulations. The environmental laws and regulations in the jurisdictions of where the Company operates may become more restrictive and could be enforced more strictly. Customer requirements related to the quality and safety of products will also continue to increase. Your Company has invested substantial resources to adopt and implement manufacturing processes leading to an adherence with environmental quality standards and enhanced industrial safety. Your Company's accreditations under ISO 14001, ISO 18001 and ISO 17025 vindicate our commitments in this regard.

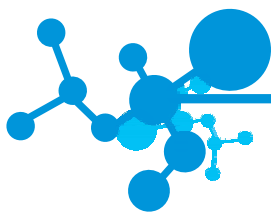
Further, the R&D and manufacturing teams are constantly working to reduce environmental load and enhance safety.

Cautionary statement

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

Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operation 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.





EVENTS

Good Parenting and Self-Hypnosis

Participants thronged to the event, which touched upon the importance of positive affirmations in life (discussed by expert faculty), parenting tips and above all the revelation about the Midas touch of self-hypnosis for students. A strong attendance registered by almost 100 participants ensured that the session organised, was another feather in the cap for PI Industries.



'Fun Fest' - Painting Competition

'Donate organs, save lives' formed the theme for the *rakshabandhan* celebrations amid loud cheers and slogans by children. People from all age brackets were enthusiastic about the noble endeavour of donating blood and organs to people in need.

Mr. DK Ray graced the prize giving ceremony. Almost 30-35 participants listened rapt with attention, when Ray took over the microphone to express his views about blood and organ donation.

Ganesha Quiz

KBC seems to be the flavour of the season. The organisers cashed in on the popularity of the quiz show to conduct a Ganesha Quiz on the same lines. The questions comprised a diverse range of subjects like folklore, mythology, scriptures and current affairs.

The quiz was conducted for five days with 100-150 participants turning out every day and the winners walking away with good reads.

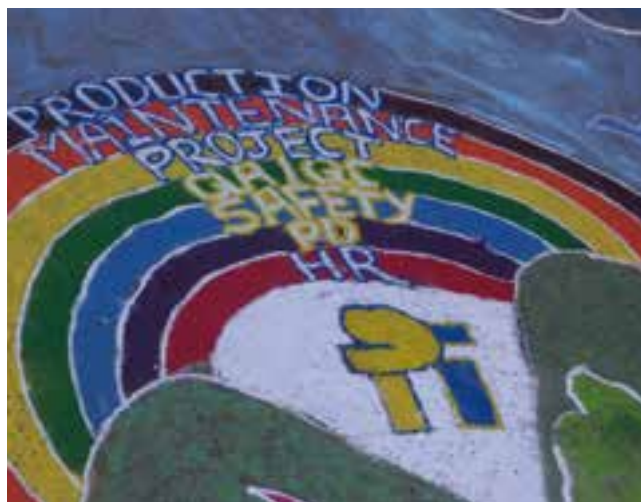
Art Corner

House rangoli competition/Plant rangoli competition/ Housekeeping competition (October-November 2013)

A house rangoli competition provided a rare glimpse of the latent talent of employees. The judges were left speechless by their creativity. The myriad colourful patterns of rangoli translated into a branding exercise; the Company officials paid a visit to the homes of employees. It was heartwarming to see 52 women showcasing their talent over two days (October 30-31, 2013).

Another unique competition was held for employees on October 31-November 1, 2013. The topics for the rangoli composition comprised Company targets, HSE parameters and operational excellence.

A housekeeping competition to celebrate the excellence in housekeeping services (involving the 5S principles) was organised between October 30 and November 2, 2013.



Creative Workshop

Craft Workshop for Ladies and Children

Camlin-Mumbai conducted a craft workshop for wives and children of plant employees, where the participants were taught the nuances of minakari painting, tie-dye, making hand-fans, greeting cards and paper wind chimes. Around 95-100 art enthusiasts participated in the session and expressed their desire for another such programme.



'Kingdom of Dreams' - Children's painting competition on Founder's Day at Gurgaon

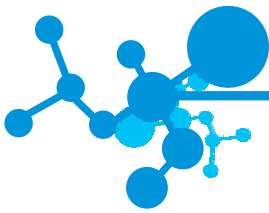
The PI family organised a platform for the children between five to 12 years of age to showcase their flair for painting. Green harvest and environment protection were the themes. The paintings gave a glimpse of life from the eyes of children who painted the world in their colours and expressed emotions by their brush strokes.



PI Founder's Day 2014

The Founder's Day commemorates the illustrious life of Rajpriye P.P. Singhal, founder of PI Industries. The day was celebrated across Gurgaon, Udaipur and Panoli and a festive mood permeated the environment. The employees were recognised for their loyalty towards the organisation. The PI members got a platform to celebrate their association with PI Industries.





Annual Meet 2014 (ORBIT)

After the tremendous success of Quantum Leap, Xcellerate and Momentum, ORBIT (Outstanding Rigour Beyond Infinite Threshold) was the theme for the PI Annual Meet 2014.

The theme aimed to revitalise the PI team and introduce it to the many challenges that ahead.

The venue for this grand launch was the magnificent Hyatt Regency in Dubai. Held between 25th to 28th May 2014, the meet was divided into two parts with each sub-group attending two days each. Attended by over 400 employees, the meet motivated the members to push their limits and reach a new orbit.

The highlights of the meet included motivational sessions by Mark Inglis and Priya Kumar. Mark Inglis, the first ever amputee to reach the summit of Mt. Everest, egged on the

PI team with his monumental achievement. Mark proved that with firmness, discipline and hard work, any challenge can be overcome. The sensational Priya Kumar, on the other hand, built trust and reliability among teammates with her training sessions, which included various team building activities like board breaking and others.

The meet also honoured the achievements of the Company's top performers with special awards.

The two-day meet also gave members an opportunity to explore the scenes and sights of Dubai. The team partook in an adventurous and thrilling desert safari with a special evening at the desert camp.

The end of the annual meet marked the beginning of a new journey, a journey, which would require the team to work with outstanding rigour to reach new heights of success.



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*) – resigned w.e.f. 1st April 2014

Mr. Raj Kaul (*Director*)

Mr. Narayan K. Seshadri (*Director*)

Mr. Bimal K. Raizada (*Director*)

Mr. Pravin K. Laheri (*Director*)

Mrs. Ramni Nirula (*Director*)

Mr. Anurag Surana (*Director*)

Dr. Venkatrao S. Sohoni (*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 - 313 001, Rajasthan;
- Plot No.237, GIDC, Panoli – 394 116, Gujarat
- Plot No. SPM 28, 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

Corporate Identity Number (CIN)

L24211RJ1946PLC000469



NOTICE

NOTICE is hereby given that Annual General Meeting of PI INDUSTRIES LIMITED will be held at its Registered Office situated at Udaisagar Road, Udaipur – 313 001 on Wednesday, September 10, 2014 at 11.30 a.m to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Financial Statements of the Company for the year ended March 31, 2014 including audited Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To confirm the payment of Interim Dividend for the year 2013-14 and to declare a Final Dividend for the year 2013-14 on the Equity Shares.
3. To appoint a Director in place of Mr. Anurag Surana (DIN: 00006665), who retires by rotation, and being eligible, has offered himself for reappointment.
4. To appoint a Director in place of Mr. Raj Kaul (DIN: 00394139), who retires by rotation, and being eligible, has offered himself for reappointment.
5. To appoint M/s. S.S. Kothari Mehta & Co., Chartered Accountants (ICAI Registration No. 000756N) as Statutory Auditors of the Company and authorise Board to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Narayan K. Seshadri (DIN: 00053563), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as Independent Director of the Company, not liable to retire by rotation w.e.f September 10, 2014 to hold office for 3

(three) consecutive years for a term up to the conclusion of the Annual General Meeting of the Company to be held in the calendar year 2017.”

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mrs. Ramni Nirula (DIN: 00015330), a Non-Executive Director of the Company, who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as Independent Director of the Company, not liable to retire by rotation w.e.f September 10, 2014 to hold office for 3 (three) consecutive years for a term up to the conclusion of the Annual General Meeting of the Company to be held in the calendar year 2017.”
8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Bimal K. Raizada (DIN: 00102436), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as Independent Director of the Company, not liable to retire by rotation w.e.f September 10, 2014 to hold office for 3 (three) consecutive years for a term up to the conclusion of the Annual General Meeting of the Company to be held in the calendar year 2017.”
9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary**

Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Dr. Venkatrao S. Sohoni (DIN 00012010), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as Independent Director of the Company, not liable to retire by rotation w.e.f September 10, 2014 to hold office for 3 (three) consecutive years for a term up to the conclusion of the Annual General Meeting of the Company to be held in the calendar year 2017.”

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Pravin K. Laheri (DIN 00499080), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as Independent Director of the Company, not liable to retire by rotation w.e.f September 10, 2014 to hold office for 3 (three) consecutive years for a term up to the conclusion of the Annual General Meeting of the Company to be held in the calendar year 2017.”

11. To consider and if thought fit to pass, with or without modification(s) the following Resolution as a **Special Resolution:**

“RESOLVED THAT in supersession of the resolutions previously passed by the shareholders in this regard and pursuant to the provisions of Section 197, 198 and any other applicable provisions of the Companies Act, 2013

(including any statutory modification(s) or re-enactment thereof for the time being in force), a sum not exceeding one percent per annum of the net profits of the Company calculated in accordance with the provisions of Section 198 of the Companies Act, 2013, be paid to and distributed amongst the Non-Executive Directors of the Company (i.e Directors other than the Managing Director or Whole-time Director of the Company) in such amounts or proportions and in such manner and in all respects as may be decided and directed by the Board of Directors and such payments shall be made in respect of the profits of the Company for each financial year, for a period of five financial years commencing from 1st April, 2014.

RESOLVED FURTHER THAT the above remuneration shall be in addition to fee payable to the Director(s) for attending the meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board of Directors and reimbursement of expenses for participation in the Board and other meetings.”

12. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 141, 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015, be paid the remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting”.

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

Sd/-
Dated: May 21, 2014
Place: Gurgaon

Naresh Kapoor
Company Secretary



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 / HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of the Companies / Bodies Corporate etc., must be supported by an appropriate resolution/ authority, as applicable.
2. As per Section 105 of the Companies Act, 2013 and relevant rules made there under, a person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent (10%) of the total share capital of the Company carrying voting rights. Further, a member holding more than ten percent (10%) of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
3. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
4. Additional information pursuant to Clause 49 of the listing agreement with the stock exchanges in respect of the Directors seeking appointment/re-appointment as mentioned under Items nos. 3,4,6,7,8,9 and 10 contained in the notice of Annual General Meeting are furnished and forms part of this Notice. The said Directors have furnished necessary consents/ declarations for their appointment. Further, all the Independent Directors have affirmed that they meet the requirements specified under Clause 49 I(A) (iii) of the listing agreement in respect of their position as an "Independent Director" of the Company.
5. The explanatory statement pursuant to Section 102 of the Companies Act, 2013 in respect of Item nos. 6 to 12 of the accompanying notice is annexed hereto.
6. Copies of all documents referred to in the notice are available for inspection at the registered office of the Company during normal business hours on all working days upto and including the date of the Annual General Meeting of the Company.
7. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, September 05, 2014 to Wednesday, September 10, 2014 (both days inclusive).
8. The final dividend as recommended by the Board of Directors, if approved by the Shareholders at the ensuing Annual General Meeting, shall be paid to those members/ beneficial owners whose names appear on the register of members/ depository records as at the closing hours of business on 4th September, 2014.
9. Pursuant to the provisions of Sec 205A (5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividends for the financial years up to 31st March, 2005 to IEPF account from time to time on due dates. The details of unclaimed amounts lying with the Company as required under the IEPF rules, have been uploaded on website of Ministry of Corporate Affairs. The Investors can contact the Company or its registrar namely; Karvy Computershare Private Ltd. (Karvy) to know the details of unclaimed dividend, if any.
10. Members seeking any information with regard to accounts are requested to write to the Company Secretary at least ten days in advance of the Annual General Meeting, to enable the Company to keep the information ready.
11. Members are requested to:
 - a. Bring their copy of the annual report for the meeting.
 - b. Send to their depository participant/ registrar the ECS bank mandate form, to ensure safe and prompt receipt of dividend, if any. This is to avoid fraudulent encashment of dividend warrants.
 - c. Note that all correspondence relating to share transfers should be addressed to registrar and transfer agents of the Company, viz. Karvy Computershare Private Ltd. Plot no. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad – 500 081, India
 - d. Quote their DP ID No. /Client ID No. or folio number in all their correspondence.
12. The annual report for 2013-14 along with the notice of Annual General Meeting, attendance slip and proxy form is being sent by electronic mode to all the shareholders who have registered their email ids with the depository participants/ registrar and share transfer agent unless where any member has requested for the physical copy. Members

who have not registered their email ids, physical copies of the annual report 2013-14 along with the notice of Annual General Meeting, attendance slip and proxy form are being sent by the permitted mode. Members may further note that the said documents will also be available on the Company's website www.piindustries.com for download. Physical copies of the aforesaid documents will also be available at the Company's registered office for inspection during normal business hours on working days. For any communication, the shareholders may also send requests to the Company's investor email id viz. investor.grievance@piind.com.

13. Pursuant to Section 101 of the Companies Act, 2013 and rules made there under, the companies are allowed to send communication to shareholders electronically. We thus, request you to kindly register/update your email ids with your respective depository participant and Company's registrar and share transfer agent (in case of physical shares) and make this initiative a success.
14. SEBI has made the submission of PAN by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/Karvy.
15. Members holding shares in physical form are requested to consider converting their holdings to dematerialised form to eliminate risks associated with physical shares and for ease in portfolio management. Members can contact the Company or Karvy for assistance in this regard.
16. Members who hold shares in physical form in multiple folios in identical names or join holding in same order of names are requested to send share certificates to Karvy, for consolidation in to single folio.

Process and manner for members opting for e-Voting are as under:

1. In compliance with provisions of Section 108 of the Companies Act, 2013 read with rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide to the Members the facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting services provided by National Securities Depository Ltd (NSDL).

The procedure and instructions for the same are as follows:

- A. In case of Members' receiving E-Mail from NSDL
 - i. Open E-Mail and open PDF file viz: "PI Industries e-Voting.

pdf" with your Client ID or Folio Number as password. The said PDF file contains your user ID and password for E-Voting. Please note that the password is an initial password.

- ii. Open your web browser during the voting period and log on to the e-voting website.
 - iii. Click on "Shareholders" tab to cast your vote.
 - iv. Enter your user ID and password as initial password noted in Step (i) above. Click LOGIN.
 - v. Password Change menu appears. Change the initial password with new password of your choice. The new password has to be minimum eight digits / characters or combination thereof. Note new password. Kindly note that this password is to be used by the holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for E-Voting through NSDL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - vi. Home-page of "e-Voting" opens. Click on "e-Voting": Active Voting Cycles.
 - vii. Select "EVEN" of PI INDUSTRIES LIMITED (i.e the Electronic Voting Event Number), from the drop down menu.
 - viii. Now you are ready for "e-Voting" as "Cast Vote" page opens.
 - ix. Then cast your vote by selecting appropriate options and click on "SUBMIT" and also "CONFIRM" when prompted. Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
 - x. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail at: akfriends38@yahoo.co.in or investor.grievance@piind.com with a copy marked to evoting@nsdl.co.in
- B. In case of Members whose email ID's are not registered with the Company/Depository Participants, their User ID and initial password/PIN is provided on the Ballot Form sent with the Annual General Meeting Notice. Members are requested to follow steps at serial no . (ii) to (ix) mentioned above, to cast their vote.
 - C. Members who are already registered with NSDL for e-Voting can use their existing User ID and password/PIN for casting their vote.
 - D. The e-Voting period commences on 3rd September,



- 2014(9.00 am) and ends on 5th September, 2014 (6 pm). During this period, Members holding shares in either physical or demat form as on the cutoff date of 8th August, 2014 may cast their votes electronically. The e-Voting module shall be disabled by NSDL for voting thereafter.
- E. In case of any query pertaining to e-Voting, Members may refer to the FAQ's for shareholders and e-Voting user manual for shareholders available at the Downloads section of NSDL at <https://www.evoting.nsdl.com>
- F. Mr. Ashish Kumar Friends, Practicing Company Secretary

has been appointed as Scrutinizer for scrutinizing the e-Voting process in fair and transparent manner.

- G. The Scrutinizer shall, within a period not exceeding three (3) working days from the conclusion of e-Voting period, unblock the votes in the presence of at least 2 witnesses not in employment of the Company and make a Scrutinizers Report for the votes cast in favour or against, if any, forthwith to the Chairman of the Company. The results of e-Voting shall be announced by the Chairman at the AGM and shall also be placed on the Company's website.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Pursuant to Sec 102 of the Companies Act, 2013 ("the Act"), the following Statement sets out all material facts relating to the special business mentioned in the accompanying notice.

Item No. 6

Mr. Narayan K. Seshadri (DIN: 00053563), aged 57 years, is a Non- Executive and Independent Director of our Company. He is member of Institute of Chartered Accountants of India and has over thirty (32) years of experience in the field of accountancy and management advisory and has been associated with our Company for the past 7 years. He is a member of Andersen's Global CEO advisory council, the only Indian partner to hold such a position. Mr. Narayan K. Seshadri has worked in the United Kingdom, Middle East and India and helped on various global initiatives and engagements during his consulting career. Besides the industry sectors that he currently works with, Mr. Narayan K Seshadri has advised the power, banking and financial services, agribusiness, health care and IT sectors at different levels such as from policy formulation to corporate strategy, restructuring and organization transformation. He is the founder of Tranzmute Capital and Management Private Limited established with the objective of working with the 1st generation entrepreneurs and family businesses to enable rapid growth in their businesses by providing new ideas, management and capital.

As per the provisions of Sec 149 of the Act which has come in to force with effect from April 01, 2014, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company and is not liable to retire by rotation.

The Company has received a notice in writing from a Member along with deposit of requisite amount under section 160 of the Act proposing his candidature for the office of the Director of the Company. Mr. Narayan K. Seshadri has given a declaration to the Board that he meets the criteria of independence as provided under Sec 149(6) of the Act. In the opinion of the Board, Mr. Narayan K. Seshadri fulfills the conditions specified

in the Act, and the Rules made thereunder for the appointment of Independent Director and he is Independent of the management.

In compliance with the provisions of Sec 149 read with Schedule IV of the Act, the appointment of Mr. Narayan K. Seshadri as Independent Director is now being placed before the members for their approval.

The terms and conditions of the appointment of Mr. Narayan K. Seshadri pursuant to the provisions of Schedule IV of the Act, shall be open for inspection at the Registered Office of the Company by any Member during the normal business hours on any working day of the Company.

Mr. Narayan K. Seshadri is interested and concerned in the Resolution as mentioned at Item no. 6 of the Notice. Other than Mr. Narayan K. Seshadri, no other Director, Key Managerial Personnel or their respective relatives are concerned or interested in the Resolution.

Item No. 7

Mrs. Ramni Nirula (DIN: 00015330), aged 62 years, is a Non-Executive and Independent Director of our Company. She holds a Bachelor's degree in economics and master's degree in business administration from Delhi University. She has more than three decades of experience in the financial services sector. She began her career with ICICI Limited in the year 1976 in project appraisal division. Since then she has held various leadership positions in areas of project financing, strategy, planning and resources and corporate banking. She was part of the management team instrumental in transforming ICICI Bank from a term lending institution into a technology led diversified financial services group with a strong presence in India's retail financial services market. Mrs. Ramni Nirula has held key position as Managing Director and CEO of ICICI Securities Limited. She was also responsible for government banking group and corporate agri groups at ICICI Bank, where she handled the interface with the Government and various

ministries and departments thereof and initiatives for priority sector lending, respectively.

As per the provisions of Sec 149 of the Act which has come in to force with effect from April 01, 2014, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company and is not liable to retire by rotation.

The Company has received a notice in writing from a Member along with deposit of requisite amount under section 160 of the Act proposing her candidature for the office of the Director of the Company. Mrs. Ramni Nirula has given a declaration to the Board that she meets the criteria of independence as provided under Sec 149(6) of the Act. In the opinion of the Board, Mrs. Ramni Nirula fulfills the conditions specified in the Act, and the Rules made thereunder for the appointment of Independent Director and he is Independent of the management.

In compliance with the provisions of Sec 149 read with Schedule IV of the Act, the appointment of Mrs. Ramni Nirula as Independent Director is now being placed before the members for their approval.

The terms and conditions of the appointment of Mrs. Ramni Nirula pursuant to the provisions of Schedule IV of the Act, shall be open for inspection at the Registered Office of the Company by any Member during the normal business hours on any working day of the Company.

Mrs. Ramni Nirula is interested and concerned in the Resolution as mentioned at Item no. 7 of the Notice. Other than Mrs. Ramni Nirula, no other Director, Key Managerial Personnel or their respective relatives are concerned or interested in the aforesaid Resolution.

Item No. 8

Mr. Bimal K. Raizada (DIN: 00102436), aged 70 years, is a Non-Executive and Independent Director of our Company. 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. He is also a member of the Board of Governors, Institute of Internal Auditors and Treasurer of the Association of UK Chartered Accountants in India. Mr. Bimal K. 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 the Director in-charge of Ranbaxy's clinical reference laboratory – Specialty Ranbaxy Limited

As per the provisions of Sec 149 of the Act which has come in to force with effect from April 01, 2014, an Independent Director shall hold office for a term up to five consecutive years on the

Board of a company and is not liable to retire by rotation.

The Company has received a notice in writing from a Member along with deposit of requisite amount under section 160 of the Act proposing his candidature for the office of the Director of the Company. Mr. Bimal K. Raizada has given a declaration to the Board that he meets the criteria of independence as provided under Sec 149(6) of the Act. In the opinion of the Board, Mr. Bimal K. Raizada fulfills the conditions specified in the Act, and the Rules made thereunder for the appointment of Independent Director and he is Independent of the management.

In compliance with the provisions of Sec 149 read with Schedule IV of the Act, the appointment of Mr. Bimal K. Raizada as Independent Director is now being placed before the members for their approval.

The terms and conditions of the appointment of Mr. Bimal K. Raizada pursuant to the provisions of Schedule IV of the Act, shall be opened for inspection at the Registered Office of the Company by any Member during the normal business hours on any working day of the Company.

Mr. Bimal K. Raizada is interested and concerned in the Resolution as mentioned at Item no. 8 of the Notice. Other than Mr. Bimal K. Raizada, no other Director, Key Managerial Personnel or their respective relatives are concerned or interested in the Resolution.

Item No. 9

Dr. Venkatrao S. Sohoni (holding DIN: 00012010), aged 72 years, is a Non-Executive and Independent Director of our Company. He holds B.Tech (Honours) degree in Electronics Engineering from IIT, Kharagpur and has also done PhD in Information Systems for Banking from IIT, Mumbai. He has over 48 years of experience with MNCs in India and USA and has spent over 30 years as General Manager/Managing Director/CEO of agrochemical and pharmaceutical industry. He has been associated with our Company for the past 2 years. He has in the past served, as the Managing Director of Rallis India Limited. He holds a 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 in gaining corporate approval for significant acquisitions and business development initiatives.

As per the provisions of Sec 149 of the Act which has come in to force with effect from April 01, 2014, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company and is not liable to retire by rotation.



The Company has received a notice in writing from a Member along with deposit of requisite amount under section 160 of the Act proposing his candidature for the office of the Director of the Company. Dr. Venkatrao S. Sohoni has given a declaration to the Board that he meets the criteria of independence as provided under Sec 149(6) of the Act. In the opinion of the Board, Dr. Venkatrao S. Sohoni fulfills the conditions specified in the Act, and the Rules made thereunder for the appointment of Independent Director and he is Independent of the management.

In compliance with the provisions of Sec 149 read with Schedule IV of the Act, the appointment of Dr. Venkatrao S. Sohoni as Independent Director is now being placed before the members for their approval.

The terms and conditions of the appointment of Dr. Venkatrao S. Sohoni pursuant to the provisions of Schedule IV of the Act, shall be opened for inspection at the Registered Office of the Company by any Member during the normal business hours on any working day of the Company.

Dr. Venkatrao S. Sohoni is interested and concerned in the Resolution as mentioned at Item no. 9 of the Notice. Other than Dr. Venkatrao S. Sohoni, no other Director, Key Managerial Personnel or their respective relatives are concerned or interested in the Resolution.

Item No. 10

Mr. Pravin K. Laheri (DIN: 00499080), aged 69 years, is a Non-Executive and Independent Director of our Company. He graduated from Bombay University in 1965 with political science, sociology and comparative studies in constitutions. He was awarded Sir Charles Fulton Prize for his top rank in legal studies. He holds a postgraduate degree in Economics from the University of Wales, Centre for Development Studies at Swansea. He is a retired Indian Administrative Services Officer, Gujarat having an experience of more than 45 years of experience in handling various positions mainly in public sector undertakings / public sector. He initiated special credit scheme under which more than 200,000 small artisans are financed successfully by the banks. He served in the Government of Gujarat in various capacities –Principal Secretary to five Chief Ministers of Gujarat, Principal Secretary of Rural Development Department and Chief Secretary to Government of Gujarat. As Chief Secretary of Government of Gujarat he was overall in-charge of administrative machinery and looking after the governance as well as developmental aspects of the state. He was also the Chairman and Managing Director of Sardar Sarovar Narmada Nigam Limited. He has been associated with our Company for the past 3 years.

As per the provisions of Sec 149 of the Act which has come in to force with effect from April 01, 2014, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company and is not liable to retire by rotation.

The Company has received a notice in writing from a Member along with deposit of requisite amount under section 160 of the Act proposing his candidature for the office of the Director of the Company. Mr. Pravin K. Laheri has given a declaration to the Board that he meets the criteria of independence as provided under Sec 149(6) of the Act. In the opinion of the Board, Mr. Pravin K. Laheri fulfills the conditions specified in the Act, and the Rules made thereunder for the appointment of Independent Director and he is Independent of the management.

In compliance with the provisions of Sec 149 read with Schedule IV of the Act, the appointment of Mr. Pravin K. Laheri as Independent Director is now being placed before the members for their approval.

The terms and conditions of the appointment of Mr. Pravin K. Laheri pursuant to the provisions of Schedule IV of the Act, shall be opened for inspection at the Registered Office of the Company by any Member during the normal business hours on any working day of the Company.

Mr. Pravin K. Laheri is interested and concerned in the Resolution as mentioned at Item no. 10 of the Notice. Other than Mr. Pravin K. Laheri, no other Director, Key Managerial Personnel or their respective relatives are concerned or interested in the Resolution.

Item No. 11

The members of the Company at their Annual General Meeting held on July 19, 2010 approved by way of a Special Resolution under Section 309 of the Companies Act, 1956, the payment of remuneration by way of commission to the Non-Executive Directors of the Company, of a sum not exceeding one percent per annum of the net profits of the Company, calculated in accordance with the provisions of the Companies Act 1956, for a period of five years commencing April 01, 2010. In view of Sections 149, 197 and any other relevant provisions of the Companies Act, 2013 coming into effect from 1st April, 2014 and taking into account the roles and responsibilities of the Directors, it is proposed that the Directors other than Managing Director and the Whole-time Directors be paid for each of the five financial years of the Company commencing from 1st April, 2014, remuneration not exceeding one percent per annum of the net profits of the Company computed in accordance with the provisions of the Companies Act, 2013. This remuneration will be distributed amongst all or some of the Directors in accordance with the directions given by the Board of Directors

and subject to any other applicable requirements under the Companies Act, 2013. This remuneration shall be in addition to fee payable to the Directors for attending the meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board, and reimbursement of expenses for participation in the Board and other meeting.

Save and except all the Non-Executive Directors of the Company and their relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially otherwise, in the resolution set out at Item no. 11 of the Notice.

The Board commends the Special Resolution set out at Item no. 11 of the Notice for approval by the shareholders.

Item No.12

The Board on the recommendation of the Audit Committee has approved the appointment of M/s K.G Goyal & Co, Cost Accountants to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015 at the remuneration of Rs. 2,50,000/- and applicable taxes, if any, plus out pocket expenses.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an ordinary resolution as set out at item no. 12 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2015.

None of the Directors/key managerial personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item no. 12 of the Notice.

The Board recommends the Ordinary Resolution set out at Item no. 12 of the Notice for approval by the shareholders.

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

Dated: May 21, 2014
Place: Gurgaon

Sd/-
Naresh Kapoor
Company Secretary



Details of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting pursuant to Clause 49 of the Listing Agreement.

Name of Director	Mr. Anurag Surana	Mr. Raj Kaul
Date of Birth	January 22, 1965	October 30, 1942
Date of Appointment	September 30, 1998	January 18, 2008
Expertise in specific functional area	Mr. Anurag Surana has over 27 years of experience in the agro-chemical industry and has been associated with the Company for past 20 years. He was associated with the Company as Whole-time Director till September 15, 2012 and managed the entire manufacturing operations and projects.	Wide experience in global crop protection business and M&A transactions in the areas of agri-chemicals, bio-technology etc.
Qualification	B.Com (Hon.)	B.Sc (Hons.) and Diploma in Business Administration.
No of equity shares held in the Company	1,09,440	Nil
List of other Companies in which directorships are held (excluding Foreign Companies & Section 25 Companies)	<ol style="list-style-type: none"> 1. PI Life Science Research Ltd. 2. PILL Finance & Investments Ltd. 3. Privi Organics Ltd. 4. Kagashin Global Network Pvt. Ltd. (Formerly known as SS Agrisolutions Pvt. Ltd.) 5. Esco Agencies Pvt. Ltd. 	Nil
List of all committees of board of Directors (across all companies) in which Chairmanship/membership is held (includes only Audit Committee and Shareholders'/ Investors Grievance Committee)	Nil	Nil

Name of Director	Mr. Narayan K. Seshadri
Date of Birth	April 13, 1957
Date of Appointment	January 27, 2006
Expertise in specific functional area	Mr. Narayan K. Seshadri has started his career with Arthur Anderson in the business consultancy area. Later he was with KPMG and became the Managing Partner of the business advisory practice of the firm. He was the first and only Indian partner on Anderson's Global CEO Advisory Council. He is also the founder Chairman & CEO of Halcyon Group, an investment advisory and management services organization. Mr. Narayan K Seshadri has advised the power, banking and financial services, agribusiness, health care and IT sectors at different levels such as from policy formulation to corporate strategy, restructuring and organization transformation.
Qualification	Chartered Accountant
No of equity shares held in the Company	1,308,780 Equity Share
List of other Companies in which directorships are held (excluding Foreign Companies & Section 25 Companies)	<ol style="list-style-type: none"> 1. Magma Fincorp Ltd. 2. Kalpataru Power Transmission Ltd. 3. Wabco India Ltd. 4. AstraZeneca Pharma India Ltd. 5. SBI Capital Markets Ltd. 6. IRIS Business Services Ltd. 7. Sundaram Investment Ltd. 8. International Asset Reconstruction Co. Pvt. Ltd. 9. Radiant Life Care Pvt. Ltd. 10. Tranzmute Capital & Management Pvt. Ltd. 11. Halcyon Resources & Management Pvt. Ltd. 12. A2O Software India Pvt. Ltd. 13. Halcyon Enterprises 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)	<p>Audit Committee Chairman / Member</p> <ol style="list-style-type: none"> 1. Wabco India Ltd. - Chairman 2. Magma Fincorp Ltd. – Chairman 3. Kalpataru Power Transmission Ltd. – Member 4. SBI Capital Markets Ltd. – Member 5. IRIS Business Services Ltd. – Member 6. International Asset Reconstruction Co. Pvt. Ltd. – Member 7. PI Industries Ltd. – Member



Name of Director	Mrs. Ramni Nirula	Mr. Bimal K. Raizada
Date of Birth	May 27, 1952	April 17, 1944
Date of Appointment	July, 28, 2010	20th January, 2010
Expertise in specific functional area	Mrs. Nirula retired from the position of Senior General Manager of ICICI Bank Ltd. and has more than three decades of experience in the financial sector, beginning her career with the erstwhile ICICI Ltd. in 1976 in the project appraisal division and also held various leadership positions in areas of Project Financing, Strategy, Planning & Resources and Corporate Banking. Mrs. Nirula also held key position as Managing Director & CEO of ICICI Securities Ltd., and also headed the Corporate Banking Group of ICICI Bank.	Mr. Bimal K. Raizada has more than 48 years of experience in various fields including accounting, corporate laws, strategic planning and new business development. He was part of 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.
Qualification	Mrs. Ramni Nirula holds a Bachelor's Degree in Economic and a Master's Degree in Business Administration.	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
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. Avantha Power & Infrastructure Ltd. 2. Usha Martin Ltd. 3. Jubilant Foodworks Ltd. 4. Mcleod Russel India Ltd. 5. Sona Koyo Steering Systems Ltd. 6. Avantha Ergo Life Insurance Co. Ltd. 7. Eveready Industries India Ltd. 8. Utkarsh Micro Finance Pvt. Ltd. 9. Goldman Sachs Trustee Co. India Pvt. Ltd. 10. DRN Investments & Agriculture Pvt. Ltd. 11. Tama Investment & Finance Pvt. Ltd. 	<ol style="list-style-type: none"> 1) InstaPower Ltd. 2) Pinewood Diagnostics Ltd., 3) New India BioPharma 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)	<p>Chairperson of the Audit Committee:</p> <ol style="list-style-type: none"> 1. Jubilant Food Works Ltd 2. Avantha Ergo Life Insurance Co. Ltd. <p>Member - Audit Committee</p> <ol style="list-style-type: none"> 1. Utkarsh Micro Finance Pvt. Ltd. 2. Goldman Sachs Trustee Company (India) Pvt. Ltd. 3. Avantha Power & Infrastructure Ltd. 4. Sono Koyo Steering Systems Ltd. 5. Eveready Industries India Ltd. 6. Usha Martin Ltd. <p>Chairperson /Member of Share Transfer & Grievance Committee:</p> <ol style="list-style-type: none"> 1. PI Industries Ltd. – Chairperson 2. Jubilant Food Works Ltd. – Member 	<p>Chairman of the Audit Committee:</p> <ol style="list-style-type: none"> 1) Amira Nature Foods Ltd. 2) PI Industries Ltd.

Name of Director	Dr. Venkatrao S. Sohoni	Mr. Pravin K. Laheri (IAS Retd.)
Date of Birth	28th May, 1942	28th March, 1945
Date of Appointment	7th November, 2012	20th January, 2010
Expertise in specific functional area	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 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	Retd IAS officer who has served to 5 Chief Ministers of Gujarat during his tenure. He was also Chairman & Managing Director of Sardar Sarovar Narmada Nigam from 2005-08 and has extensive experience of Public Administration, PSU, Joint Sector Companies, Pvt Companies spanning over 30 years.
Qualification	B.Tech. (Hons) Electronics Engg., IIT, Kharagpur. PhD (Information Systems for Banking), IIT, Mumbai	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)	1) Advinus Therapeutics Ltd 2) Fulford India Ltd.	1) Gujarat Pipavav Port Ltd. 2) Amap Management Consultancy Pvt. Ltd. 3) RBG Minerals Industries Ltd. 4) DMCC Oil Terminals (Navlakhi) Ltd., 5) Pahal Financial Services Pvt. Ltd. 6) Gulmohar Greens Golf & Country Club Ltd. 7) National Multi Commodity Exchange of India Ltd. 8) Ahmedabad Stock Exchange Ltd. 9) Cue Strategic Inputs Private Limited
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: - Advinus Therapeutics Ltd. - Fulford India Ltd. Shareholders' Grievance Committee Member: - Fulford India Ltd.	Member of Audit Committee & Shareholders'/ Investors Grievance Committee: - Gujarat Pipavav Port Ltd.,



DIRECTORS' REPORT

To the members of PI Industries Limited

Your Directors are pleased to present the Annual Report of the Company together with the Audited Accounts for the year ended March 31, 2014:

1. FINANCIAL HIGHLIGHTS

(₹ in Crore)

Particulars	FY 2013-14	FY 2012-13
Gross Sales & Other Operating Income	1,846.64	1,313.03
Excise Duty	85.70	67.61
Discount	166.02	94.89
Net Sales	1,594.92	1,150.53
Other Income	15.61	8.36
Profit before Interest, Depreciation and Tax	301.20	187.70
Interest	11.82	22.15
Depreciation	31.37	21.81
Profit before Tax & and Exceptional items	258.01	143.74
Current Tax inclusive tax on capital gain and earlier years	78.83	32.02
Deferred Tax Asset/Liability	(4.56)	15.38
Profit after Tax	183.74	96.34
Balance of profit brought forward from previous year	280.06	209.18
Appropriations		
Interim Dividend on Equity Shares	13.61	-
Dividend of Previous Years	0.07	0.04
Income Tax on Interim Dividend	2.39	-
Transfer to general Reserve	18.37	9.63
Proposed Final Dividend on Equity Shares	13.61	13.55
Income Tax on Final Dividend proposed on Equity shares	2.31	2.24
Balance Profit / (-) Loss carried forward	413.44	280.06

2. KEY HIGHLIGHTS

The Net Sales for the year grew to ₹1,594.92 Cr. from ₹1,150.53 Cr. last year i.e., a growth of 38.62% YoY.

The Operating Profit for the year grew to ₹301.20 Cr. from ₹187.70 Cr. last year i.e., an increase of 60.47% YoY.

The Net Profit for the year on stand-alone basis grew to ₹183.74 Cr. from ₹96.34 Cr. in the previous year i.e., an increase of 90.72% YoY.

The Company's Net Profit on a consolidated basis increased to

₹188.00 Cr. during the year as compared to ₹97.34 Cr. in the previous year, a growth of 93.14% YoY.

The Earnings per share (EPS) for the year stood at ₹13.52 per share an increase of 78.60% compared to ₹7.57 per share for the previous year.

3. OPERATIONS

FY 2013-14 was a notable year for the Indian agriculture sector, which witnessed a sharp improvement in performance as a result of: a) supportive South West monsoons; b) farmers' response to

better output prices; c) continued response to the investments made by private sector in terms of new technologies and their promotion and d) policy initiatives taken by the government to drive agricultural growth in the less developed geographies mainly in the East and the North-East.

Favourable agro-climatic conditions combined with better acreages helped improve the overall sectoral prospects. In the main monsoon season i.e. during the period of June to September, 2013, cumulative rainfall for the country was 6% more than the LPA. Out of the total 36 meteorological sub-divisions present, 30 meteorological sub-divisions, which constitute 86% of the total area of the country received excess/normal rainfall and the remaining 6 meteorological sub-divisions constituting 14% of the total area of the country received deficient rainfall. Although excess rainfall towards the end of the monsoon period in Eastern and Central India led to crop damage, the late rains helped the rabi crops with reported increase in the sown area. There was an overall increase in area and production estimates of all the major food grains, pulses and oilseeds. Despite soya bean taking a marginal hit in the country, it is expected to record highest ever production rates. Your Company made the best use of this opportunity and registered a healthy performance during the year under review, posting a growth of 19% YoY in the domestic agri-input segment. This growth was mainly on account of an increased market share in terms of our core in-licensed products backed by a focused branding approach, a wider distributional reach and an optimal product mix.

While on one hand our domestic agri-inputs continued to record sharp enhancement in the portfolio of leading brands mainly Nominee Gold, Biovita, Foratox and Rocket, we also consolidated and launched a new brand, Osheen in the Indian market. PI successfully established Osheen as the brand of first preference by paddy farmers to manage the destructive Brown Plant Hopper. Moreover, your Company was also successful in introducing Osheen for the cotton crop in new geographies, which will be the area of growth for PI in the forthcoming years. FY 2013-14 also saw the introduction of two new products, *MELSA®*, a wheat herbicide and *PIMIX*, a rice herbicide under co-marketing agreements with the innovator MNCs to provide integrated weed management solutions to wheat and rice growers respectively. Both the products got substantial interest from our customers and helped PI to strengthen its market share.

Our efforts alone and jointly with leading state agricultural universities to promote the cultivation of Direct Seeded Rice (DSR) and thus water conservation through reduced irrigational water usage as opposed to transplanted rice has gathered momentum and wide acceptance in the farming community in the states of Karnataka, Tamil Nadu and Uttar Pradesh. Our prominent product Nominee Gold has been identified as a key enabler of DSR and has been recommended by leading state agriculture universities as a part of sustainable agricultural practices.

Your Company is dedicated to encourage the promotion and help the adoption of innovative, advanced and sustainable farming practices keeping in mind the burgeoning food demand and environmental concerns.

In order to further build up a pipeline of products for introduction in the Indian market, your Company signed three 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 ~15 such products currently at different stages of evaluation, development and registration.

During the year, your Company also reached the advanced stage of obtaining the registration approval for two new insecticides, which are expected to be launched in domestic market in the year 2014-15.

Your Company witnessed significant enhancement in custom synthesis exports growing robustly by 56% during the year under review. This was on the back of a strong scale-up in the existing molecules combined with new additions in the CSM portfolio. The growth was in-line with the global demand for these molecules. For FY14, PI commercialised three new molecules, which are expected to gain traction over the next few years. Our new site at Jambusar performed well during the year and we have now initiated construction of new multi-product plants in the SEZ, which will support growth, going forward.

Research & Development

During the year under review, the Research & Development team successfully carried out synthesis of 25 new molecules. Out of these, seven molecules were scaled up successfully



for their next stage of development and four molecules were transferred to the next stage.

Apart from synthesis and scale up of new products, the Research & Development team also undertook process improvements for 17 projects in order to identify cost improvement opportunities and then implement 10 such project improvements at the plant-level. Environment, Health and Safety (EHS) considerations were given the usual special emphasis in the process development work.

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

Your Company benefitted immensely from its R&D investments/initiatives. Hence, your Company will be substantially augmenting its resources and capabilities in this area.

4. DIVIDEND

The Board of Directors recommended a final dividend of ₹1 per Equity Share of the face value of ₹1 each for the year ending March 31, 2014, amounting to ₹136,109,080. This is in addition to the two interim dividends for 2013-14, aggregating to ₹1 per Equity Share, paid in August 2013 and February, 2014 amounting to ₹136,109,080. The total dividend per share for year ended March 31, 2014 is ₹2 and total dividend payout is ₹272,218,160 (net of tax).

Subject to the approval of shareholders at the ensuing Annual General Meeting, the final dividend will be paid to those shareholders whose name appear on the register of members of the Company as on September 05, 2014.

5. STOCK SPLIT

During the year, your Company completed the stock split process of its Equity Shares. The face value of Equity Shares was split from ₹5 to ₹1 each. The proposal was approved by the shareholders of the Company by way of postal ballot resolution, results of which were announced on April 3, 2013. The new share certificates were issued to the shareholders holding Equity Shares in physical form and 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.

6. CHANGES IN SHARE CAPITAL

During the year under report, the Company had further issued 649,930 Equity Shares of ₹1 each which were allotted

to PII ESOP Trust (Trust), set up to administer PII Employee Stock Option Plan-2010. The Trust allocates the shares to the employees of the Company and of its subsidiaries on exercise of stock options from time to time under the aforesaid Scheme. As a result of this allotment, the paid-up equity share capital of your Company increased to ₹136,109,080 (136,109,080 Equity Shares of ₹1 each as on March 31, 2014 from ₹135,459,150 divided into 27,091,830 Equity Shares of ₹5 each as on March 31, 2013).

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 March 31, 2014.

8. MERGER

Your Company became subsidiary of Parteeek Finance & Investment Company Ltd on January 01, 2013 as a result of merger of various promoter companies which were holding shares in the Company. In order to reduce this shareholding tier, the Board of Directors in its meeting held on February 12, 2014 based on the recommendation of the Audit Committee approved the draft Scheme of Amalgamation of Parteeek Finance & Investment Company Limited with PI Industries Ltd, subject to requisite approvals from the regulatory authorities. The appointed date for the aforesaid amalgamation is April 01, 2014. As a result of this amalgamation, the individual promoters shall hold the equity shares directly and there would be no holding company. The aforesaid amalgamation would not only lead to simplification of the shareholding structure and reduction of shareholding tiers but also demonstrate the promoter group's direct commitment and engagement to the Company. There would be no change in the promoter holding as a result of this amalgamation. The promoters would continue to hold the same percentage of shares in the Company, pre and post-amalgamation. Your Company made an application to Bombay Stock Exchange and National Stock Exchange of India Ltd seeking their approval for the proposed amalgamation and accordingly NOC has been issued by both stock exchanges, copies of which are available alongwith other relevant documents pertaining to proposed amalgamation on Company's website. The Company has also sought approval of the members through postal ballot/e-Voting for the proposed amalgamation, results of which shall be placed before the members in the forthcoming Annual General Meeting.

9. 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 dividend remaining unclaimed and unpaid for more than seven years, have been transferred to the Investor Education and Protection Fund.

10. DIRECTORS

In accordance with Articles of Association of the Company, Mr. Raj Kaul and Mr. Anurag Surana, the Non-Executive Non-Independent Directors retire by rotation, and being eligible, have offered themselves for reappointment. Mr. P. N. Shah due to health and age, resigned from the Board w.e.f. April 01, 2014 after serving on the Board of the Company for more than two decades. The Board places on record its appreciation and gratitude for his invaluable contribution to the Company's growth.

In compliance with the provisions of Sections 149, 152 read with Schedule IV of the Companies Act, 2013 ("the Act"), the appointment of Mr. Bimal K. Raizada, Mr. Narayan K. Seshadri, Mr. Pravin K. Laheri, Dr. Venkatrao S. Sohoni and Mrs. Ramni Nirula is being placed before the members in the General Meeting for their approval. Declaration to the effect that they meet the criteria of Independence as defined under the Act has been received from all of them and in the opinion of the Board, they fulfill the conditions specified in the Act and Rules made thereunder for appointment as Independent Director. Members are requested to refer to the Notice of Annual General Meeting and Explanatory Statement for details of the qualifications and expertise of the Director including the period of their appointment.

The Board commends their appointment/re-appointment for approval of the members in forthcoming Annual General Meeting.

11. 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, 2014, 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, 2014 and of the profit for the year ended March 31, 2014.
- (iii) Proper and sufficient care was 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.

12. SUBSIDIARY COMPANIES

The Company has three Wholly-owned Subsidiary Companies as on March 31, 2014. The member may refer to their financial statements forming part of the Annual Report as required under the provisions of Sec 212 of the Companies Act, 1956. The key highlights of these subsidiary companies are as under:

(i) PI Life Science Research Ltd. (PILSR)

During the year, the Company posted a profit of ₹400.05 lacs, earned on account of various R&D activities for developing new products.

(ii) PI Japan Company Ltd.

The Company posted a net profit of JPY 19,01,615 during the year.

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

(iii) PILL Finance and Investments Ltd. (PILL-F)

The Company posted a profit of ₹13.28 lacs during the year.

13. 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 given declaration regarding their Independent criteria as per Companies Act, 2013 and have also confirmed their eligibility and willingness to accept office of Auditors, if reappointed.

The Auditors have given a certificate that their reappointment, if made, would be within the limits prescribed under the Companies Act, 2013.



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 Section 217(3) of the Companies Act, 1956.

14. COST AUDITORS

Pursuant to the directives issued by the Central Government, an audit of the cost records relating to Insecticides (Technical grade and formulations) manufactured by the Company is required to be conducted by an auditor with the requisite qualifications as prescribed under Section 148 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, 2015. Pursuant to the provisions of Section 148 of the Companies Act, 2013 and the Rules made thereunder, Members are requested to consider the ratification of the remuneration payable to M/s K.G. Goyal & Co., Cost Accountants.

15. SECRETARIAL AUDIT

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

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

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

17. EMPLOYEES

During 2013-14, your Company continued to have cordial relationship with all its employees.

The Company recognises the importance of human capital and consequently enrichment of professional and technical skills is an ongoing process within the organisation.

Total workforce of the Company stood at 1,432 as on March 31, 2014.

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.

18. EMPLOYEE STOCK OPTION PLAN/ SCHEME

During the year, the Company granted 1,415,211 performance options to eligible employees under PII-ESOP Scheme 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.

19. MANAGEMENT DISCUSSION AND ANALYSIS

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

20. CORPORATE GOVERNANCE

The Company is proud of its Corporate Governance structure and strives to maintain the highest possible standards. A detailed report on the Corporate Governance code and practices

of the Company along with a certificate from the auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement are given in a separate section in this Annual Report.

21. INTERNAL CONTROL SYSTEM

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

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

22. ACKNOWLEDGMENTS

Our Directors wish to express their grateful appreciation for the valuable support and co-operation received from bankers,

business associates, lenders, financial institutions, shareholders, various departments of the Government of India, as well as the State Governments of Rajasthan, Gujarat and Jammu & Kashmir, the farming community and all our other stakeholders.

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

Place: Gurgaon

(Salil Singhal)

Date: May 21, 2014

Chairman & Managing Director



Annexure to the Directors' 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, 2014.

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 utilisation 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 2013-14, we have implemented following major energy reduction measures as a part of our ongoing commitment to energy conservation:

- Stopped primary pump and same unit is now run with CHW primary pump
- Stopped one primary brine unit and run both units with single primary pump
- Stopped high rating pump and used low rating pump in brine secondary system
- Stopped cooling water basin equalisation pump
- Flash steam recovery from MPP-1 is being used to increase the feed water temperature
- Installed magnetic resonator in gas line of boiler for better efficiency of fuel usage
- Dedicated servo type voltage stabiliser is installed for lighting power to reduce power consumption

- HPMV lamps were replaced with LED lights for street lighting
- Installation of energy-efficient retro-fitted tube lights in the office area
- Replacement of ejectors by oil vacuum pumps for enhancing energy efficiency in terms of power and steam

b. For the year 2014-15, Additional investment and proposal is being implemented for reduction of energy consumption

- Flue gas recovery from exhaust flue gas of boilers will be utilised to increase the boiler feed water temperature
- Replacement of high head pump with low head pump in the cooling towers
- All graphite steam ejectors to be replaced by venturi system for reduction of steam consumption
- Installation of VFD with gas engine radiator fan to reduce power consumption.
- Magnetic resonator will be installed at Co-Gen plant for getting better efficiency of fuel usage.
- Several other measures are proposed to conserve energy.

c. Impact of the measures at (a) and (b) for reduction of energy consumption and consequent impact on cost of production

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

POWER AND FUEL CONSUMPTION

A. POWER AND FUEL

S.No.	Particulars	Current year (2013-14)	Previous year (2012-13)
1	Electricity:		
	a. Purchased		
	Units (Lac/kWh.)	130.59	103.02
	Total amount (₹ in lac)	942.53	711.50
	Rate / Unit (₹)	7.22*	6.91*
	b. Own generation through diesel/ LDO/Generator/Natural gas		
	Unit (Lac/kWh)	278.48	277.90
	Unit per litre/ HSD	3.33	3.21
	Unit / SCM natural gas	3.78	3.71
	c. Diesel oil/Natural gas cost /Unit (only variable cost) ₹	8.69	7.56
2	Coal:		
	Quantity (tonnes)	NA	NA
	Total cost (₹ in lac)	NA	NA
	Average rate (₹/MT)	NA	NA
3	Furnace oil:		
	Quantity (tonnes)	1,780.13	830.10
	Total cost (₹ in lacs)	706.50	316.71
	Average rate (₹/Kg)	39.69	38.15
4	Natural gas:		
	Quantity (Lac SCM)	119.54	124.31
	Total cost (₹ in Lacs)	4,197.58	3,793.48
	Average rate (₹/sm ³)	35.12	30.52

* Includes electricity duty

B. CONSUMPTION PER UNIT OF PRODUCTION

Focused efforts at all units contributed to lower energy consumption per unit of production, compared to that in the previous year. But the increasing costs of various fuels and power led to higher energy costs. Per unit cost of energy consumption varies from product to product.



Form-B

I. TECHNOLOGY ABSORPTION

Research & Development (R&D)

1. Specific areas of research:

- 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.
- R&D in 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 processes for new molecules at R&D scale for new chemical entities and providing support and services to develop new processes and scaling up to customers.
- Library synthesis of molecules for innovator companies.
- Synthesis and characterisation of working standards of final products, intermediates and related substances.
- Synthesis of new molecules 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.
- Continuous addition and upgradation of our equipment and human resources.

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

- Cost reduction, waste reduction and quality improvement.
- Improvement in manufacturing processes for existing molecules and development of new molecules for exports to the international market.
- Partial and complete replacement of hazardous and toxic reagents with 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
- Repeat business from existing customers due to substantial cost reduction due to process improvement.
- Enhancement of reaction capabilities.

3. Future plan of action

Your Company's state-of-the-art R&D Centre and pilot plant facility at Udaipur is now well recognised for its capabilities. The Company has been investing to augment its R&D capabilities and productivity through technological innovations, use of modern scientific techniques and training & development.

The thrust of our R&D will be to add value 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. Besides agrochemicals, these include not only pharmaceutically useful intermediates, products and chemicals used for sensitive photo-imaging electronic uses among others.

Your Company is also working to tie up with Innovator Companies for synthesizing new molecules for novel applications. This will open a new area for your Company in the field of product innovation.

4. Expenditure on R&D

(₹ In lac)

Particulars	Current year (2013-14)	Previous year (2012-13)
a. Capital	24.32	191.02
b. Recurring	787.52	679.14
c. Total	811.84	870.16
d. Total R&D expenditure as percentage of total turnover	0.44	0.66

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, LC Mass, GC-Mass, Ultra Performance Liquid Chromatography (UPLC), ICP, 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 environment friendly 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, adapting 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.

8. Formulation development lab

Formulation development lab is started in your Company at Udaipur during last 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 OUTGO

Total foreign exchange used and earned.

(₹ in Crore)

	2013-14	2012-13
Foreign exchange earned	970.46	628.00
Outgo of foreign exchange	538.84	352.05



Annexure-B

Statement as at March 31, 2014, 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 Status of ESOPs granted

The position of the existing schemes is summarised as under -

Sr. No.	Particulars	Details
1	Details of the meeting	Authorised by the shareholders of the Company on January 21, 2011
2	Approved	6,262,090 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	3,728,221
5	Options vested and exercisable	234,815
6	Options exercised during the year	1,009,096
7	Options cancelled during the year	280,800
8	Options lapsed/Forfeited during the year	0
9	Total number of options in force	2,438,325
10	Variation in terms of options	Not applicable
11	Total number of shares arising as a result of exercise of options	1,009,096
12	Money realised by exercise of options (₹ in Lac)	495.51

B. Employee-wise details of options granted during the financial year 2013-14 to

Sr. No.	Particulars	Details
(i)	Senior managerial personnel	Nil
(ii)	Employees who were granted, during any one year, options amounting to 5% or more of the options granted during the year	Nil
(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	77.32

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	110.07

D. The stock-based compensation cost calculated as per the intrinsic value method for FY 2013-14 is ₹59.93 lac. 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 2013-14 would be ₹378.63 lac. 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 Lac
Net income as reported	18,373.72
Add: Intrinsic value compensation cost	59.93
Less: Fair value compensation Cost	378.63
Adjusted pro forma net income	18,055.02
Earning Per Share: Basic	₹
as reported	13.52
adjusted pro forma	13.29
Earning Per Share: Diluted	₹
as reported	13.42
adjusted pro forma	13.19

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	August 3, 2013
1. Risk free interest rate	8.81% to 8.46%
2. Expected life	4 years to 7 years
3. Expected volatility	53.29 % to 64.96%
4. Dividend yield	0.82%
5. Price of the underlying share in market at the time of the option grant (₹)	122.20



CORPORATE GOVERNANCE REPORT

1. 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 and long lasting development of the organization. The Board of Directors believes in ethical values and 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 and 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:

2. BOARD OF DIRECTORS

Composition

The Company is managed and controlled by a professional Board comprising a blend of Executives and Non-executive professional Directors. As on March 31, 2014, 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, 2014 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 4 meetings held)	Attendance at the last AGM on 29.8.2013	Director-ships in Companies Incorporated in India Including PI Industries Ltd*	No. of other Board Committees of which Member / (Chairman)*
Mr. Salil Singhal	Chairman and Managing Director	3	No	6	3
Mr. Mayank Singhal	Managing Director & CEO	4	No	3	1
Mr. Rajnish Sarna	Whole-time Director	4	Yes	2	1
Mr. P.N. Shah **	Non-Executive and Independent	3	Yes	8	6(4)
Mr. Anurag Surana	Non-Executive and Non-Independent	3	No	4	Nil
Mr. Pravin K. Laheri	Non-Executive and Independent	3	No	8	2
Mrs. Ramni Nirula	Non-Executive and Independent	4	No	8	8(3)
Mr. Narayan K. Seshadri	Non-Executive and Independent	4	No	8	7(3)
Mr. Raj Kaul	Non-Executive and Non-Independent	2	No	1	Nil
Mr. Bimal K Raizada	Non-Executive and Independent	4	No	3	1
Dr. Venkatrao S. Sohoni	Non-Executive and Independent	2	No	3	1

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

** Mr. P.N. Shah has resigned from the directorship of the Company w.e.f. April 1, 2014.

Details of the Directors seeking appointment at the Annual General Meeting, pursuant to Clause 49 of the Listing Agreement, have been given alongwith 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, 4 (four) Board Meetings were held on May 18, 2013, August 3, 2013, October 23, 2013 & February 12, 2014.

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 & CEO and Whole-time Director regarding compliance with all applicable laws on a quarterly basis.

3. 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
- Stakeholders Relationship Committee
- Remuneration Committee
- Administrative Committee
- Insider Trading Committee
- Management Committee
- Compensation Committee

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

i) AUDIT COMMITTEE

The Audit Committee inter alia, supports the Board to ensure

an effective internal control environment

Terms of reference

- (a) To approve and recommend to the Board, the Un-audited / Audited Financial Results.
- (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 / internal auditors and the fixation of audit fee;
- (d) Recommending to the Board, the appointment and fixation of remuneration of Cost Auditors.
- (e) Reviewing with the Management the Annual financial statements before submission to the Board for approval.
- (f) Reviewing, with the Management, performance of statutory and internal auditors, and adequacy of internal control system.
- (g) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, reporting structure coverage and frequency of internal audit.
- (h) Reviewing reports of internal audit and discussion with internal auditors on any significant findings of any internal investigations by the internal auditors and the executive Management's response on matters and follow-up thereon;
- (i) Reviewing the Company's financial and risk management policies;
- (j) Looking into the reasons for substantial defaults, if any, in payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors;
- (k) Reviewing the Management discussion and analysis of financial condition and results of operation.
- (l) Reviewing the Statement of significant related party transactions (as defined by the audit committee).
- (m) Reviewing the Management letters / letters of internal control weaknesses issued by the statutory auditors.

Composition and attendance of the members of the Audit committee

As on March 31, 2014, the Audit Committee comprises of Mr. P.N. Shah, as Chairman, Mr. Narayan K. Seshadri, Mr. Bimal K.



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 2013-14, met four times on May 18, 2013, August 3, 2013, October 23, 2013 & February 12, 2014.

The composition and attendance record of the members of the Audit Committee for the FY 2013-14 is as follows:

Name	Category	Meetings held	Meetings attended
*Mr. P.N. Shah	Chairman	4	3
Mr. Narayan K. Seshadri	Member	4	4
Mr. Bimal K. Raizada	Member	4	4
Mr. Rajnish Sarna	Member	4	4

* Mr. P.N. Shah has resigned from the directorship of the Company w.e.f. April 1, 2014 and Mr. Bimal K. Raizada has been appointed as Chairman of the Audit Committee w.e.f. May 21, 2014.

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) STAKEHOLDERS RELATIONSHIP COMMITTEE

During the year the name of the Committee was changed from Investors' Grievance Committee to Stakeholders Relationship Committee. The committee looks into the process of share transfers, grievances of security holders, if any and also 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 and redressing the complaints, if any from security holders.
- Recommending measures for overall improvement in the quality of services being provided to the shareholders/

investors.

- All the matter related to Share transfer/ transmission etc.
- Overseeing the Performance of Registrar & Transfer Agents.

Composition and attendance of the committee members during 2013-14

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 22, 2013, June 5, 2013, August 3, 2013 and January 6, 2014.

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	3
Mr. Salil Singhal	Member	4	3
Mr. Mayank Singhal	Member	4	4

The Company Secretary acts as the Secretary to the Committee.

During the year, the Company has received 195 communications including 37 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 31.3.2014.

iii) REMUNERATION COMMITTEE

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

Composition and attendance of the members of the Remuneration Committee

As on March 31, 2014, the Committee consists of four members, all of them being non-executive and independent Directors. The Remuneration Committee comprises of Mr. Bimal K. Raizada as Chairman, Mr. Narayan K. Seshadri, Mrs. Ramni Nirula and Dr. Venkatrao S. Sohoni, as members.

The committee met once during the year on May 18, 2013. The composition and attendance record of the present members of the committee are as follows:

Name	Category	Meetings held	Meetings attended
Mr. Bimal K. Raizada	Chairman	1	1
Mr. Narayan K. Seshadri	Member	1	1
Mrs. Ramni Nirula	Member	1	1
Dr. Venkatrao S. Sohoni	Member	1	-

iv) ADMINISTRATIVE COMMITTEE

Terms of reference

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

Composition and attendance of the members of the Administrative Committee

The Administrative Committee comprises at present comprises of 3 members namely, Mr. Bimal K. Raizada as Chairman, Mr. Salil Singhal and Mr. Mayank Singhal, as members.

The committee has met 6 times during the year on April 3, 2013, April 22, 2013, May 18, 2013, August 3, 2013, November 13, 2013 and February 12, 2014.

Attendance of committee members during 2013-14

Name	Category	Meetings held	Meetings attended
Mr. Bimal K. Raizada	Chairman	6	6
Mr. Salil Singhal	Member	6	5
Mr. Mayank Singhal	Member	6	6

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

At present, the Insider Trading Committee comprises of 3 members, Composition and details of meeting are detailed below.

The committee has met twice on October 23, 2013 & February 12, 2014 during the year ended March 31, 2014. The composition and attendance record of the members of the committee are as follows:

Name	Category	Meetings held	Meetings attended
Mr. Bimal K. Raizada	Chairman	2	2
Mr. Salil Singhal	Member	2	2
Mr. Mayank Singhal	Member	2	2

The Company Secretary acts as the Secretary to the Committee.

vi) MANAGEMENT COMMITTEE

The Management Committee looks after the operations of each of its market segments. 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, and actions, including significant capital allocations and expenditures, capital restructuring, fund raising, investor relations etc. to the Board for approval;
- To recommend policies, procedures and guidelines for key corporate actions including strategic alliances, M&A, major investment evaluation, GRC, etc. to the Board for approval;

Composition and attendance of members of Management Committee

Management Committee comprises of 7 members namely, Mr.



Salil Singhal as Chairman, Mr. Narayan K Seshadri, Mr. Mayank Singhal, Mr. Raj Kaul, Mr. Bimal K. Raizada, Dr. Venkatrao S. Sohoni and Mr. Rajnish Sarna, as members.

The committee has met four times during the year on May 17, 2013, August 20, 2013, October 21, 2013 & February 11, 2014. 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	3
Mr. Bimal K. Raizada	Member	4	4
Dr. Venkatrao S. Sohoni	Member	4	3
Mr. Rajnish Sarna	Member	4	4

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 comprises of 3 members namely, Mr. Bimal K. Raizada as Chairman, Mr. Narayan K Seshadri and Mr. Pravin K. Laheri, as members as on March 31, 2014. The Company Secretary acts as Secretary to the Committee.

The committee met once during the year on August 03, 2013. The composition and attendance record of the present members of the committee are as follows:

Name	Category	Meetings held	Meetings attended
Mr. Bimal K. Raizada	Chairman	1	1
Mr. Narayan K. Seshadri	Member	1	1
Mr. Pravin K. Laheri	Member	1	1

4. 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 as also the Commission payable to the Whole-time Director(s) on determination of profits for the financial year, within the ceilings on net profits prescribed under Section 198 and 309 of the Companies Act, 1956. Details of remuneration paid to Whole-time Director(s) during the financial year 2013-14 are given below:

(₹ in Lac)

Name	Salary	Perquisites	PF & Sup'n	Commission
Mr. Salil Singhal, Chairman & Managing Director	138.00	91.74	37.26	200.00
Mr. Mayank Singhal, Managing Director & CEO	120.00	27.47	32.40	200.00
Mr. Rajnish Sarna, Whole-time Director	72.00	*71.85	8.64	100.00

* It excludes the perquisite value of stock options exercised by him during 2013-14. In addition to above, Mr. Rajnish Sarna also holds 174,303 equity shares and 61,242 Stock options as on March 31, 2014.

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, 2014 and No. of equity shares held by them as on 31.3.2014 are as under:

Directors	Sitting Fees (₹)	Commission (₹)	No. of Equity shares
Mr. P.N. Shah	90,000	800,000	Nil
Mr. Narayan K. Seshadri	200,000	800,000	1,308,780
Mr. Raj Kaul	80,000	800,000	Nil
Mr. Bimal K. Raizada	200,000	800,000	Nil
Mr. Pravin K. Laheri	30,000	800,000	Nil
Mrs. Ramni Nirula	40,000	800,000	Nil
Mr. Anurag Surana	30,000	800,000	109,440
Dr. Venkatrao S. Sohoni	80,000	800,000	Nil

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.

5. 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.

6. 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.

7. DISCLOSURES

(i) There were no transactions of material nature with its promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company. Further, details of the related party transactions are given in the Balance Sheet.

(ii) There were no instances of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority on any matter related to the capital market during the last three years.

(iii) Disclosure of Accounting Treatment

The financial statements have been prepared in accordance with the applicable Accounting Standards and relevant provisions of the Companies Act, 1956 and to the extent notified sections of Companies Act, 2013 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.



8. GENERAL BODY MEETINGS

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

Date	Venue	Time	Type of meeting
August 29, 2013	Udaisagar Road, Udaipur-313 001	11.30 A.M.	Annual
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

ii. Special resolutions passed during last 3 AGMs

Date of AGM	Subject matter of Special Resolutions Passed
August 29, 2013	Increase in the Investment Limit of Registered Financial Institutional Investors upto 40% of the paid up capital of the Company.
September 14, 2012	Nil
July 16, 2011	Nil

9. POSTAL BALLOT

During the year 2013-14, 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
18.5.2013	19.7.2013	Creation of charge on the movable and / or immovable properties of the Company in respect of borrowings pursuant to section 293(1) (a) of the Companies Act, 1956.	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.

10. 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) and also filed electronically on BSE listing centre portal.
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

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

The Company has not issued any GDR/Warrants or any convertible instruments except 24,42,425 options granted to the employees under PII-ESOP Plan 2010. As on March 31, 2014, each option shall entitle one equity share of the Company. For details refer, Annexure B to Directors Report.

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 program was arranged for Board members during the period under review. However, some of the members have attended several programs organized the external agencies on role & responsibilities of the NEDs. The Board members are also continuously briefed by the Chairman and Managing Director on the developments and performance of the Company to enable them to monitor the same at regular intervals and give suggestions for improvements.

(f) Mechanism for evaluation of Non-Executive Directors

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

(g) Whistle Blower Policy

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

12. ADDITIONAL SHAREHOLDERS' 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 - 313001 Rajasthan	Plot No. 237, GIDC, Panoli, Ankleshwar - 394116, Bharuch, Gujarat	Lane No.IV Bari Brahmana Jammu - 181133, J&K.	Plot No. SPM 28 Sterling SEZ, Village: Sarod Jambusar - 392180 Bharuch, Gujarat
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ii) Compliance Officer

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

Mr. Naresh Kapoor
Company Secretary

Corporate office address:

5th Floor, Vipul Square, B-Block, Sushant Lok, Phase - I
Gurgaon - 122009 (Haryana)
Phone: (0124) 6790000
Fax: (0124) 4081247
Email: investor.grievance@piind.com

iii) Annual General Meeting

Date	September 10, 2014
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 2014-15 is as follows:

Financial Results for the quarter ending June, 2014 (un-audited).	on or before August 14, 2014
Financial Results for the quarter ending September, 2014 (un-audited)	on or before November 14, 2014
Financial Results for the quarter ending December, 2014 (un-audited)	on or before February 14, 2015
Audited Financial Results the year ending March 31, 2015.	Before the end of May, 2015
Annual General Meeting for the year.	Before the end of September, 2015



v) Book Closure Date

The dates of book closure are from September 05, 2014 to September 10, 2014 (both days inclusive)

vi) Dividend

During the year, the Board of the Company has declared two interim dividend of 50% each, aggregating to ₹1 each on equity shares of ₹1 each. In addition to this, the Board has recommended final dividend of 100%, subject to approval of shareholders in forthcoming Annual General Meeting and same shall be paid to the shareholders, whose name appeared in the members register on the date fixed for this purpose.

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 has been paid for the year April 1, 2014 to March 31, 2015.
- Demat ISIN for : INE 603J01030
NSDL & CDSL Custodial Fees have been paid for the year April 1, 2014 to March 31, 2015.

viii) Stock Market Price data

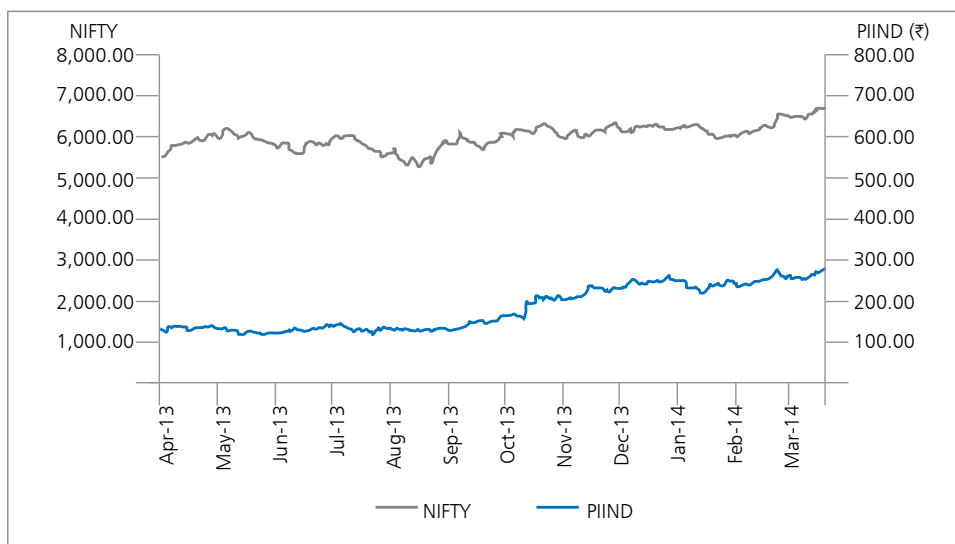
The monthly high and low of the market price of the equity shares of the Company for the year ended March 31, 2014 at BSE Limited and National Stock Exchange of India Ltd. were as under:

(Amount in ₹/share)

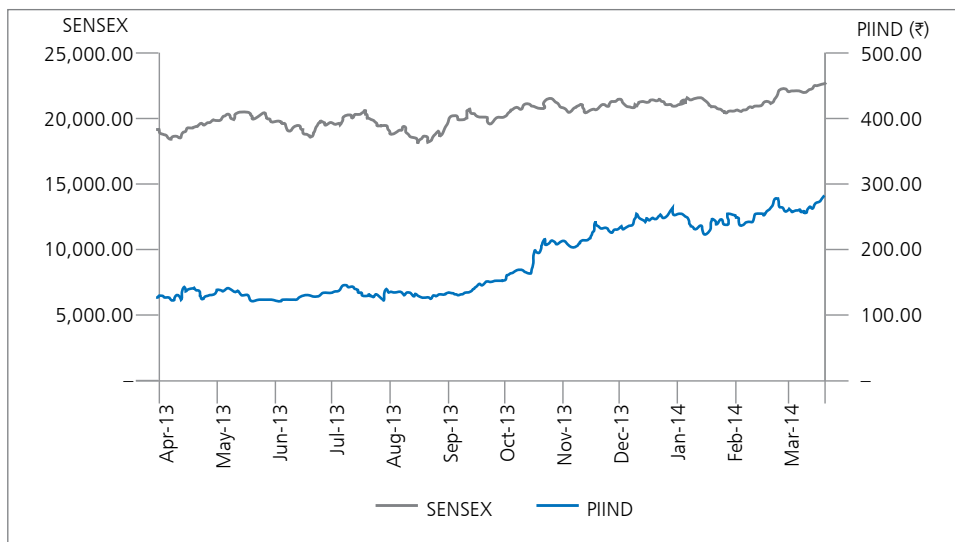
Month	BSE		NSE		NIFTY	SENSEX
	High	Low	High	Low	Closing high	Closing high
April, 2013	655.00*	120.05	668.00*	122.00*	5930.20	19,504.18
May, 2013	142.00	116.00	140.90	120.00	6187.30	19,760.30
June, 2013	135.00	118.00	135.85	117.65	5939.30	19,395.81
July, 2013	145.90	124.00	144.00	124.00	6038.05	19,345.70
August, 2013	144.00	120.00	142.40	121.00	5742.30	18,619.72
September, 2013	154.45	127.05	155.00	127.50	6115.55	19,379.77
October, 2013	228.00	149.00	229.75	145.35	6299.15	21,164.52
November, 2013	250.00	198.65	249.80	198.00	6317.35	20,791.93
December, 2013	257.95	215.00	258.95	222.00	6363.90	21,170.68
January, 2014	266.00	213.50	266.55	226.75	6345.65	20,513.85
February, 2014	261.40	225.10	261.75	225.00	6276.95	21,120.12
March, 2014	280.00	249.00	280.00	248.10	6704.20	22,386.27

*Shares sub-divided from ₹5 each to Re.1 each w.e.f. April 15, 2013

Performance of PI shares as compared with Nifty during 2013-14.



Performance of PI shares as compared with Sensex during 2013-14



ix) Registrar and Transfer Agents

Karvy Computershares Private Limited

Unit: PI Industries Ltd., 17 to 24, Vithalrao Nagar,
Madhapur, Hyderabad - 500 081

Contact Person: Ms. Shobha Anand

Email: shobha.anand@karvy.com

Tel: 040 44655000, 040 23420818

Fax: 040- 23420814

Share Transfer System

All transfers received and processed and approved by Share Transfer Agent as per the mandate of Stakeholders Relationship Committee.



x) Distribution of Shareholdings (As on March 31, 2014)

Shareholding of Nominal value of ₹	Shareholders		Share Capital (Amount)	
	No.	% to total	In ₹	% to total
upto 1 - 5000	5737	93.12	3307659.00	2.43
5001 - 10000	175	2.84	1221744.00	0.90
10001 - 20000	101	1.64	1458418.00	1.07
20001 - 30000	28	0.45	712472.00	0.52
30001 - 40000	18	0.29	634968.00	0.47
40001 - 50000	6	0.10	288182.00	0.21
50001 - 100000	29	0.47	2201306.00	1.62
100001 & above	67	1.09	126284331.00	92.78
	6161	100.00	136109080.00	100.00

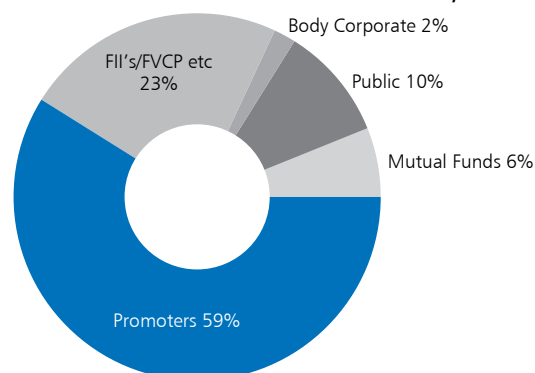
xi) Demat Status (As on March 31, 2014)

Mode	No. of shareholders	No. of shares	%
Demat	5844	134597775	98.89
Physical	317	1511305	1.11
Total	6161	136109080	100

xii) Categories of Shareholders (As on March 31, 2014)

S.No.	Category	No. of shareholders	No. of shares held	Voting strength (%)
1	Promoters	5	79720110	58.57
2	Mutual Funds	23	7210014	5.30
3	Indian Bodies Corporate	356	3318058	2.44
4	FII's/FVCP/NRI/Foreign Bodies	308	31627668	23.24
5	Indian Public	5379	13586192	9.98
6	Others – (Clearing members)	90	647038	0.47
	Total	6161	136109080	100.00

SHARE HOLDING PATTERN - MARCH, 2014



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 Whole-time Director, 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

Place: Gurgaon

Date: May 21, 2014

Sd/-

(Salil Singhal)

Chairman & Managing Director

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, 2014.

Place: Gurgaon

Date: May 21, 2014

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 2013-14, 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 2013-14 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 21, 2014

Sd/-

(Mayank Singhal)

Managing Director & CEO

Sd/-

(Rajnish Sarna)

Whole-time Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

The Members,

PI Industries Limited

We have examined the compliance of conditions of Corporate Governance by PI Industries Limited for the Financial year ended March 31, 2014, as stipulated in clause 49 of the Listing Agreement entered into by the Company with Stock Exchange.

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

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

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

For **S.S. Kothari Mehta & Co.**

Chartered Accountants

Firm Reg. No. 000756N

Sd/-

Yogesh K. Gupta

Partner

Membership No.93214

Place: Gurgaon

Date: May 21, 2014

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 ("the Company"), which comprise the Balance Sheet as at March 31, 2014, 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") read with General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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, 2014;
- 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"), as amended, 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 read with General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
 - e) on the basis of written representations received from the Directors as on March 31, 2014, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2014, 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: 21st May 2014

Membership No. 93214



Annexure to the Auditor's Report

The Annexure referred to in our paragraph "Report on other legal and Regulatory Requirements" report to the members of PI industries Limited ("the Company") for the year ended 31 March 2014.

We report that

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company has a phased programme of physical verification of its fixed assets which in our opinion, is reasonable having regard to the size of the Company and the nature of its fixed assets. In accordance with this program, certain fixed assets were physically verified by the Management during the year and no material discrepancies were noticed on such verification as compared to the books of accounts.
- (c) 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 to the Company.
- (b) The Company has not taken unsecured loans from parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the clause 4(iii) (e to g) of the Order are not applicable to the Company.
- (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 31st March, 2014.
- (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
Andhara Pradesh General Sales Tax Act	Sales Tax	2001-02	8.62	Andhara Pradesh Tribunal
Andhara Pradesh General Sales Tax Act	Sales Tax	2003-04	10.02	Andhara Pradesh Tribunal
West Bengal Sales Tax Act	Sales Tax	2003-04	15.93	Joint Commissioner (Appeal) Kolkatta
Assam Value Added Tax Act	VAT	2007-08	1.12	Joint Commissioner Guwahati
Income Tax Act	Income Tax	Assessment Year 2009-10	243.06	Appellate Tribunal
Income Tax Act	Income Tax	Assessment Year 2010-11	293.36	Appellate Tribunal
Income Tax Act	Income Tax	Assessment Year 2011-12	78.03	Commissioner of Income Tax (Appeal)
Central Excise Act	Excise Duty	1987-88	44.92	** Rajasthan High Court
Central Excise Act	Cenvat Credit	April, 2008 to February, 2011	19.93	Commissioner of custom (Appeal)
Central Excise Act	Cenvat Credit	July, 2007 to February, 2008	21.44	Commissioner of custom (Appeal)
Central Excise Act	Cenvat Credit	July, 2013 to February, 2014	24.95	Joint Commissioner
Central Excise Act	Cenvat Credit	March, 2011 to June, 2013	159.17	Customs, Excise & service tax Appellate Tribunal.
Custom Act	Custom Duty	2008	315.31	Customs, Excise & service tax Appellate Tribunal.
Custom Act	Anti Dumping Duty	2009-10 & 2010-11	230.44	Hon'ble Supreme court of India

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

** Fixed deposit receipt lodged with Rajasthan Excise Department.

- (x) The Company does not have accumulated losses as at the end of the financial year. There are no cash losses during the financial year under report and in the immediately preceding financial year.
- (xi) According to the records of the Company examined by us and the information and explanations given to us, in our opinion, the Company has not defaulted in repayment of dues to any financial institution or bank during the year.
- (xii) In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the CARO, 2003 are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanation given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the CARO, 2003 are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has given a counter guarantee of ₹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) During the year, The Company has not raised any money by public issue during the year.
- (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: 21st May 2014

Membership No. 93214



Balance Sheet as at March 31, 2014

(₹ in Lacs)

Particulars	Note No.	As at March 31, 2014		As at March 31, 2013	
I. EQUITY & LIABILITIES					
1. Shareholders' Funds					
a Share Capital	B 1	1,361.09		1,354.59	
b Reserves and Surplus	B 2	66,947.30	68,308.39	51,104.75	52,459.34
2 Non Current Liabilities					
a Long-term borrowings	B 3	5,012.68		8,511.42	
b Deferred tax liabilities (Net)	B 4	4,325.34		4,781.34	
c Other long-term liabilities	B 5	1,377.61		1,253.79	
d Long-term provisions	B 6	599.30	11,314.93	438.69	14,985.24
3 Current Liabilities					
a Short-term borrowings	B 7	3,588.46		10,221.63	
b Trade payables	B 8	29,312.70		24,121.21	
c Other current liabilities	B 9	15,571.98		9,257.80	
d Short-term provisions	B 6	2,812.80	51,285.94	1,821.28	45,421.92
TOTAL			130,909.26		112,866.50
II ASSETS					
1 Non Current Asset					
a Fixed asset					
Tangible asset	B 10	51,981.37		47,278.56	
Intangible asset	B 12	383.04		207.00	
Capital work-in-progress	B 11	3,555.32		5,513.97	
Intangible asset under development	B 11	693.08	56,612.81	537.91	53,537.44
b Non-current investments	B 13		196.76		196.77
c Long term loans & advances	B 14		1,121.90		907.94
d Other Assets	B 15		191.51		176.58
2 Current Asset					
a Inventories	B 16	31,875.88		24,174.58	
b Trade receivables	B 17	25,647.06		26,253.70	
c Cash and Bank Balances	B 18	3,710.38		1,200.45	
d Short-term loans and advances	B 14	10,797.47		6,027.83	
e Other Assets	B 15	755.49	72,786.28	391.21	58,047.77
TOTAL			130,909.26		112,866.50
Significant Accounting Policies	A				
Notes to Accounts	B-1 to B-48				
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

Firm Reg. No. 000756N

Sd/-

Yogesh K Gupta

Partner

M. No.: 93214

Place: Gurgaon

Date: May 21, 2014

Sd/-

Salil Singhal

Chairman & Managing Director

Sd/-

Rajnish Sarna

Whole-time Director

Sd/-

Mayank Singhal

Managing Director & CEO

Sd/-

Naresh Kapoor

Company Secretary

Statement of Profit & Loss for the year ended March 31, 2014

Particulars	Note No.	(₹ in Lacs)	
		For the year ended March 31, 2014	For the year ended March 31, 2013
I. Revenue from Operations	B 19		
Sale of products		183,736.98	131,006.86
Less: Discount		(16,602.16)	(9,489.02)
Less: Excise Duty		(8,570.41)	(6,761.41)
Sale of services		65.07	–
Other operating Revenues		862.83	296.83
II. Other Income	B 20	1,561.42	836.60
III. Total Revenue (I+II)		161,053.73	115,889.86
IV. Expenses:			
Cost of Materials consumed	B 21	90,936.79	64,296.05
Purchase of Stock in Trade		4,597.97	2,952.02
Changes in Inventories of finished goods, work in progress and stock in trade	B 22	(3,625.81)	171.96
Employee Benefits expenses	B 23	10,893.33	8,643.73
Finance Costs	B 26	1,182.34	2,214.51
Depreciation and amortisation	B 25	3,136.79	2,181.31
Other Expenses	B 24	28,131.44	21,055.62
Total Expenses		135,252.85	101,515.20
V. Profit Before Tax (III-IV)		25,800.88	14,374.66
Less: Provision for Current Tax		(7,883.16)	(3,288.25)
Less: Provision for Deferred tax		456.00	(1,538.47)
Add: Income Tax of earlier years		–	86.53
VI. Profit After Tax		18,373.72	9,634.47
VII. Earnings per Equity Shares	B 28		
1) Basic (in ₹)		13.52	7.57
2) Diluted (in ₹)		13.42	7.52
Face value per share (in ₹)		1.00	1.00
Significant Accounting Policies	A		
Notes to Accounts	B-1 to B-48		
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

Firm Reg. No. 000756N

Sd/-

Yogesh K Gupta

Partner

M. No.: 93214

Place: Gurgaon

Date: May 21, 2014

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, 2014

(₹ in Lacs)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Operating Profit before Tax & Extraordinary Items	25,800.88	14,374.66
<i>Adjustments for:</i>		
Net operating profit before tax		
Depreciation	3,136.79	2,181.31
Interest Expenses	1,182.34	2,214.51
Provision for Doubtful Debts and Advances	426.86	144.93
Interest Income	(1,352.84)	(627.72)
Dividend Income	(0.03)	(0.03)
Employee Stock Option Expense	59.93	54.93
(Profit)/Loss on Sale/Retirement of Fixed Assets (Net)	445.75	25.88
Unrealised Foreign Exchange Loss/(Gain) (Net)	102.06	(213.21)
	4,000.86	3,780.60
Operating Profit before Working Capital changes	29,801.74	18,155.26
(Increase) / Decrease in Short Term Trade Receivables	(121.45)	(9,073.96)
(Increase) / Decrease in Short term Loans and Advances	(4,679.61)	(2,066.00)
(Increase) / Decrease in Long term Loans and Advances	(8.74)	(42.57)
(Increase) / Decrease in Other assets	(168.41)	(61.10)
(Increase) / Decrease in Other Long term assets	(14.93)	(13.64)
(Increase)/Decrease in Inventories	(7,701.30)	(6,299.45)
Increase / (Decrease) in Short term Trade Payables/ Provisions	5,344.88	14,365.53
Increase / (Decrease) in Long term Trade Payables/ Provisions	160.61	261.72
Increase / (Decrease) in Other Short term Liabilities	6,294.17	(1,446.01)
Increase / (Decrease) in Other Long term Liabilities	123.82	193.93
	(770.96)	193.93
Cash generated from Operations before tax	29,030.78	13,973.71
Net Direct Taxes paid	(7,371.44)	(3,716.34)
Net cash from Operating Activities	21,659.34	10,257.37
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets including Capital Work in Progress, Intangible Assets and Capital Advances	(6,449.07)	(15,104.61)
Sale of Fixed Assets	46.86	4.20
Interest Received	1,352.84	627.72
Dividend Received	0.03	0.03
Net cash used in Investing Activities	(5,049.34)	(14,472.66)
Net cash from Operating and Investing Activities	16,610.00	(4,215.29)

Cash Flow Statement annexed to the Balance Sheet for the year ended March 31, 2014 (Contd...)

(₹ in Lacs)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity Share Capital	6.50	102.17
Employee Stock option Allotted	(66.01)	(62.80)
Share Premium Account	394.91	11,767.80
Short Term Borrowings (Net)	(6,658.45)	(1,512.96)
Long Term Borrowings (Net of Repayments)	(3,980.22)	(2,760.59)
Interest paid (Net)	(1,154.32)	(2,543.11)
Dividend Distribution	(2,722.18)	(755.63)
Net Cash from Financing activities	(14,179.77)	4,234.88
Net Cash from Operating, Investing & Financing Activities	2,430.23	19.59
Net increase in Cash & Cash equivalent	2,430.23	19.59
Opening balance of Cash & Cash equivalent	409.10	389.51
Closing balance of Cash & Cash equivalent	2,839.33	409.10
Note:		
Cash and cash equivalents included in the Cash Flow Statement comprise of the following:-		
i) Cash Balance on Hand	8.13	9.96
ii) Balance with Banks :		
- In Current Accounts	1,322.03	295.72
- In Fixed Deposits	1,509.17	-
- Cheques in hand	-	103.42
Total	2,839.33	409.10

As per our separate report of even date attached

For and on behalf of the Board of Directors

For S. S. Kothari Mehta & Co.

Chartered Accountants

Firm Reg. No. 000756N

Sd/-

Yogesh K Gupta

Partner

M. No.: 93214

Place: Gurgaon

Date: May 21, 2014

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, the relevant provisions of the Companies Act, 1956 to the extent applicable and the provisions of Companies Act, 2013 to the extent notified. 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.

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 revised 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.

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 is provided on Straight Line method and depreciation on all other fixed assets is provided on Written Down Value method at the rates specified in Schedule XIV to the Companies Act, 1956.

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

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

6) INTANGIBLE ASSETS

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

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

Product Development costs:- Product Development costs are considered to have finite useful lives, are capitalised and recognised as intangible assets and 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.

Significant Accounting Policies and Notes to Accounts

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 long term compensated absences 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.

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.



Significant Accounting Policies and Notes to Accounts

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 and Loss 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 is engaged in the business of chemical which is a single business segment and constitutes the primary segment.

Secondary Segment:

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

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

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

19) CASH FLOW STATEMENTS

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

20) EARNING PER SHARE

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

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

21) DERIVATIVE INSTRUMENTS

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

Significant Accounting Policies and Notes to Accounts

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 on 'Share Based Payments' issued by the ICAI.

B. NOTES TO ACCOUNTS

1. SHARE CAPITAL

(₹ in Lacs)

	As at March 31, 2014	As at March 31, 2013
Authorised Shares		
200,000,000 (Previous Year 40,000,000) Equity Shares of ₹1 each (Previous Year of ₹5 each)	2,000.00	2,000.00
5,000,000 (Previous Year 5,000,000) Preference Shares of ₹100 each	5,000.00	5,000.00
	7,000.00	7,000.00
Issued Shares		
136,285,655 (Previous Year 27,127,145) Equity Shares of ₹1 each (Previous Year ₹5 each)	1,362.86	1,356.36
	1,362.86	1,356.36
Subscribed & Fully Paid up Shares		
136,109,080 (Previous Year 27,091,830) Equity Shares of ₹1 each (Previous Year ₹5 each)	1,361.09	1,354.59
Total subscribed and fully paid up share capital	1,361.09	1,354.59

- a. The difference between the issued and subscribed capital is on account of less number of shares allotted in right issue in earlier years.
- b. **Terms/ rights attached to Equity Shares**
The Company has only one class of Equity Shares having a par value of ₹1 per share (Previous Year ₹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 31st March 2014, the Company has declared 100% final dividend and 100% interim dividend on Equity Shares of face value of ₹1 each to the equity shareholders, which is recognised as distribution to the equity shareholders. (Previous Year Final dividend of 100% on face value of ₹1 per share post split)
- c. **Issue of Shares through Qualified Institutional Placement (QIP)**
During the previous year ending 31st March 2013, the Company has raised an amount of ₹11,732.70 lacs through Qualified Institutional Placement (QIP) route: accordingly 1,924,656 Equity Shares @ ₹609.60 per share have been allotted on 31st January 2013. The Company has received the listing/ trading approvals from Stock Exchange for aforementioned allotment.
- d. **Issue of Shares under ESOP Scheme**
During the year ended 31st March 2014, the Company has issued 649,930 Equity Shares of ₹1 each (Previous Year 118,796 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 521,961 Equity Shares of face value of ₹1 each (Previous Year 97,427 Equity Shares of face value of ₹5 each) have been allocated by the Trust to respective employees upon exercise of Stock Option from time to time. As on 31st March 2014, 234,814 Equity Shares of face value of ₹1 per share (Previous Year 106,845 of face value of ₹1 each post split) are pending to be allocated to employees upon exercise of Stock option. (Refer Note 32)
- e. **Split of Shares**
Pursuant to the approval of the shareholders through postal ballot dated 3rd April 2013, the Company has sub-divided the existing Equity Shares of ₹5 each fully paid up into 5 Equity Shares of ₹1 each.
- f. **Shareholdings of the Holding Company**
Pursuant to Delhi High Court Order, some of the promoter companies have merged w.e.f 1st January 2013, resulting in making PI Industries Ltd. subsidiary of Parteeek Finance & Investment Co. Ltd. The said Promoter Company holds 73,851,390 Equity Shares which is 54.26% of the total shareholding of the Company.



Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

1. SHARE CAPITAL (Contd...)

g. 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)	
	2013-14	2012-13	2013-14	2012-13
Share outstanding at beginning of period	27,127,145	25,083,693	1,356.36	1,254.19
Shares issued under Qualified Institutional Placement (Refer Note 1(c))	–	1,924,656	–	96.23
Shares issued under ESOP Scheme (Refer Note 1(d))	649,930	118,796	6.50	5.94
Split of shares (Refer Note 1(e))	108,508,580	–	–	–
Share outstanding at end of period	136,285,655	27,127,145	1,362.86	1,356.36

The Share outstanding at the end of the financial year is at face value of ₹1 per share (Previous Year ₹5 per share)

Subscribed & Paid up

Equity Shares

Particulars	Equity Shares (No. of Shares)		Equity Shares (Value of Shares) (₹ in Lacs)	
	2013-14	2012-13	2013-14	2012-13
Share outstanding at beginning of period	27,091,830	25,048,378	1,354.59	1,252.42
Shares issued under Qualified Institutional Placement (Refer Note 1(c))	–	1,924,656	–	96.23
Shares issued under ESOP Scheme (Refer Note 1(d))	649,930	118,796	6.50	5.94
Split of shares (Refer Note 1(e))	108,367,320	–	–	–
Share outstanding at end of period	136,109,080	27,091,830	1,361.09	1,354.59

The Share outstanding at the end of the financial year is at face value of ₹1 per share (Previous Year ₹5 per share)

h. 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, 2014	As at March 31, 2013
Equity Shares allotted as fully paid up Bonus shares by capitalisation of reserves as on	36,364,605	36,364,605

Year of Issue	No. of Shares
2010-11	18,645,835
2009-10	17,718,770

i. Shares reserved for issue under option

Shares reserved for issue under ESOP - Refer Note 32

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

Equity Shares

Name of Shareholders	2013-14		2012-13	
	No of Shares	% of Holding	No of Shares	% of Holding
Parteek Finance & Inv. Co. Ltd.	73,851,390	54.26	72,951,390	53.85

k. Shares held by Holding Company

Name of Shareholders	2013-14		2012-13	
	No of Shares	% of Holding	No of Shares	% of Holding
Parteek Finance & Inv. Co. Ltd.	73,851,390	54.26	72,951,390	53.85

l. The Board has approved the draft scheme of amalgamation between Parteek Finance & Investment Co. Ltd. (which is holding Company of PI Industries Ltd.) and PI Industries Ltd. subject to requisite regulatory approvals. Under this scheme there would be no change in the promoters share holding of the Company.

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

2. RESERVES & SURPLUS

(₹ in Lacs)

	As at March 31, 2014		As at March 31, 2013	
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	15,948.18		4,180.38	
Add: Premium on issue of Equity Shares through QIP	–		11,636.47	
Add: Premium on issue of Equity Shares through ESOP	394.91		341.36	
Less: Share Issue Expenses	–	16,343.09	(210.03)	15,948.18
c. Revaluation Reserve				
Balance at the beginning of the Financial year	179.67		179.67	
Less: Depreciation on revalued amount adjusted	–	179.67	–	179.67
d. Share Option Outstanding Account				
Balance at the Beginning of the Financial year	101.09		108.96	
Addition during the Financial year	173.08		48.89	
Less: Written back during the Financial year	(18.35)		(5.28)	
Less: Shares Allotted	(66.01)		(62.80)	
Less: Deferred employee stock compensation	(94.81)	95.00	11.32	101.09
e. Cash Flow Hedge Reserve				
Balance at the beginning of the Financial year	132.80		(492.60)	
Addition during the Financial year	278.52	411.32	625.40	132.80
f. General Reserve				
Balance at the beginning of the Financial year	6,589.22		5,625.77	
Add: Transferred during the Financial year	1,837.37	8,426.59	963.45	6,589.22
g. Surplus in Statement of Profit & Loss				
Balance at the beginning of the Financial year	28,006.28		20,918.13	
Addition during the Financial year	18,373.72		9,634.47	
Less: Transfer to General Reserves	(1,837.37)		(963.45)	
Less: Dividend of previous years	(6.50)		(4.16)	
Less: Interim Dividend on Equity Shares ₹1 per share (Previous Year Nil)	(1,361.09)		–	
Less: Proposed Dividend on Equity Shares ₹1 per Share {Previous Year ₹1 Per share (Post split face value of ₹1 each)}	(1,361.09)		(1,354.59)	
Less: Dividend Distribution Tax on Equity Shares	(469.83)	41,344.12	(224.12)	28,006.28
TOTAL		66,947.30		51,104.75

During the year, interim dividend amounting to ₹49.53 lacs (Previous Year Nil) declared for the financial year 2013-14 & final dividend amounting to ₹49.13 lacs (Previous Year ₹40.79 lacs) declared for the financial year 2012-13 was paid in foreign currency to one of the shareholder holding 4,992,538 shares (Previous Year 6,799,005 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, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Term Loans - From Banks and Financial Institutions				
Foreign Currency Loans from Banks (secured)	4,808.00	7,977.20	3,205.33	2,900.80
	4,808.00	7,977.20	3,205.33	2,900.80
Deposits (unsecured)				
Directors	43.94	117.18	91.93	42.53
Shareholders	122.39	97.48	13.49	32.42
Others	38.35	319.56	317.05	13.03
	204.68	534.22	422.47	87.98
TOTAL	5,012.68	8,511.42	3,627.80	2,988.78
The above amount includes				
Secured borrowings	8,013.33	10,878.00		
Unsecured borrowings	627.15	622.20		
Net Amount	8,640.48	11,500.20		

a. Foreign Currency Loan includes:

ECB from Standard Chartered Bank amounting to USD 133.33 lacs carrying interest rate of 90 days LIBOR plus 2.75% is outstanding as on 31st March, 2014 and is repayable in balance 10 Quarterly instalments of USD 13.33 lacs each. The loan is secured by first exclusive charge on movable fixed assets of the Company situated at Jambusar and first pari passu charge on the movable fixed assets of the Company, situated at 237, GIDC, Panoli and second pari passu charge on all the current assets of the Company.

b. Deposits from Directors, shareholders and others carries interest ranging from 9% to 11% per annum 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.

c. 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, 2014	As at March 31, 2013
Deferred tax assets/ liabilities are attributable to the following items;		
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	480.48	344.63
Sub- Total (a)	480.48	344.63
Deferred Tax Liabilities		
Difference in depreciation and amortisation in block of fixed assets as per Income Tax Act and books of accounts & Others	4,805.82	5,125.97
Sub- Total (b)	4,805.82	5,125.97
Net Deferred Tax Liability (b)-(a)	4,325.34	4,781.34

5. OTHER LONG-TERM LIABILITIES

(₹ in Lacs)

	As at March 31, 2014	As at March 31, 2013
Other Payables		
Security Deposits from Dealers	1,310.69	1,174.12
Security Deposits from Contractors	22.00	34.75
Miscellaneous payables	44.92	44.92
TOTAL	1,377.61	1,253.79

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

6. PROVISIONS

(₹ in Lacs)

	Non-Current		Current	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Provision for Employee Benefits*				
Compensated Absences	325.34	215.20	58.38	54.91
Gratuity	273.96	223.49	–	–
	599.30	438.69	58.38	54.91
Other Provisions				
Provision for Income Tax {Net of Advance Tax of ₹17,326.73 Lacs (Previous Year ₹10,417.94 Lacs)}			1,162.01	187.66
Provision for Proposed Dividend on Equity Shares			1,361.09	1,354.59
Provision for Dividend Distribution Tax			231.32	224.12
	–	–	2,754.42	1,766.37
TOTAL	599.30	438.69	2,812.80	1,821.28

* Refer Note 31

7. SHORT-TERM BORROWINGS

(₹ in Lacs)

	As at March 31, 2014	As at March 31, 2013
Loans Repayable on Demand		
Working Capital Loans from Banks (secured)	3,588.46	7,656.12
	3,588.46	7,656.12
Other Loans and Advances		
Packing Credit Foreign Currency Loan (secured)	–	2,565.51
	–	2,565.51
TOTAL	3,588.46	10,221.63
The above amount includes		
Secured Borrowings	3,588.46	10,221.63

Working capital loans are secured by way of first pari passu charge on all the current assets by hypothecation of stocks of raw materials, finished and semi finished goods, stores and spares not related to plant and machinery, bills receivable, book debts and all other movable current assets of the Company and additionally secured by way of second charge on all the fixed assets of the Company excluding leasehold land situated at Jambusar (Gujarat) in favour of the consortium bankers.

Working Capital Loan includes Foreign currency Loan (Buyers Credit Loan) amounting to ₹186.47 lacs (Previous Year ₹678.66 lacs)

8. TRADE PAYABLES

(₹ in Lacs)

	As at March 31, 2014	As at March 31, 2013
Trade Payables		
- Due to micro and small enterprises (Refer Note 41)	484.13	352.44
- Other Trade Payables*	28,828.57	23,768.77
TOTAL	29,312.70	24,121.21

* Other Trade payable includes amount due to Subsidiary companies amounting to ₹156.45 lacs (Previous Year ₹166.34 lacs)



Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

9. OTHER CURRENT LIABILITIES

(₹ in Lacs)

	As at March 31, 2014	As at March 31, 2013
Current maturities of long-term debt (Refer Note 3)	3,627.80	2,988.78
Creditors for Capital Purchases	872.11	1,529.76
Security Deposits Contractors	27.75	15.50
Interest accrued but not due on borrowings	136.58	108.56
Advance from Customers	1,793.50	1,100.57
Unpaid dividends*	19.57	8.95
Other payables		
- Employee Balances	1,809.42	1,366.09
- Statutory Dues Payable	703.88	587.89
- Miscellaneous Payable	6,581.37	1,551.70
TOTAL	15,571.98	9,257.80

* 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	Total
Gross Carrying Value									
As at 1st April 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
Other Expenses including Salary	-	-	291.54	1,072.23	0.42	0.38	-	-	1,364.57
As at 31st March 2013	2,180.99	235.53	7,263.06	50,268.39	255.40	421.07	190.36	99.74	60,914.54
Additions	-	-	1,607.96	4,307.58	25.49	129.75	5.38	-	6,076.16
Disposals	(4.36)	-	(7.55)	(1,774.72)	(9.59)	(61.39)	(143.16)	-	(2,000.77)
Other Adjustments									
Exchange Difference	-	-	260.98	859.52	-	-	-	-	1,120.50
Borrowing Costs	-	-	17.30	56.96	-	-	-	-	74.26
Other Expenses including Salary	-	-	229.82	755.83	1.05	14.28	-	-	1,000.98
As at 31st March 2014	2,176.63	235.53	9,371.57	54,473.56	272.35	503.71	52.58	99.74	67,185.67
Depreciation									
As at 1st April 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 31st March 2013	8.38	-	856.21	12,167.06	107.92	248.10	169.38	78.93	13,635.98
Charge for the year	66.96	-	263.79	2,674.39	30.17	35.03	3.84	2.31	3,076.49
Disposals	-	-	(5.34)	(1,308.91)	(8.51)	(53.55)	(131.86)	-	(1,508.17)
As at 31st March 2014	75.34	-	1,114.66	13,532.54	129.58	229.58	41.36	81.24	15,204.30
Net Carrying Value									
As at 31st March 2013	2,172.61	235.53	6,406.85	38,101.33	147.48	172.97	20.98	20.81	47,278.56
As at 31st March 2014	2,101.29	235.53	8,256.91	40,941.02	142.77	274.13	11.22	18.50	51,981.37

- 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 ₹49.79 lacs (Previous Year ₹43.26 lacs) on assets used for Research & Development. During the year Company incurred ₹24.32 lacs (Previous Year ₹191.02 lacs) towards capital expenditure for Research & Development (Refer Note 27)
- Amount transferred on account of exchange difference, borrowing costs and other administrative costs have been transferred from Capital Work in progress.

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 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
Additions	4,716.10	206.30
Amount transferred from CWIP	(8,279.41)	(51.13)
Other Adjustments*		
Exchange Difference	1,120.50	–
Borrowing Costs	–	–
Stores & Spares	–	–
Other Expenses including Salary	484.16	–
As at 31st March 2014	3,555.32	693.08

* Refer Note 35

12. INTANGIBLE ASSETS

(₹ in Lacs)

	Software	Product Development	Total
Gross Carrying Value			
As at 1st April 2012	407.48	–	407.48
Additions	70.39	–	70.39
Disposals	–	–	–
As at 31st March 2013	477.87	–	477.87
Additions	183.21	51.13	234.34
Other Expenses including Salary	2.01	–	2.01
Disposals	(0.27)	–	(0.27)
As at 31st March 2014	662.82	51.13	713.95
Depreciation			
As at 1st April 2012	228.57	–	228.57
Charge for the year	42.30	–	42.30
Disposals	–	–	–
As at 31st March 2013	270.87	–	270.87
Charge for the year	59.43	0.87	60.30
Disposals	(0.26)	–	(0.26)
As at 31st March 2014	330.04	0.87	330.91
Net Carrying Value			
As at 31st March 2013	207.00	–	207.00
As at 31st March 2014	332.78	50.26	383.04



Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

13. NON CURRENT INVESTMENTS

(₹ in Lacs)

	As at March 31, 2014	As at March 31, 2013
Long Term Investments (At cost) : Non Trade		
1 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. 444,339 (Previous Year 444,339) Equity Shares of ₹10 each fully paid	44.43	44.43
d) Angan Apartment Co-opt Hsg. Society Ltd (Services) Bharuch* Nil (Previous Year 5) Equity Shares of ₹50 each fully paid	-	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
	47.66	47.67
2 Investment in wholly-owned subsidiary		
a) PILL Finance & Investment Limited 360,000 (Previous Year 360,000) Equity Shares of ₹10 each fully paid	36.00	36.00
b) PI Life Science Research Limited 945,000 (Previous Year 945,000) Equity Shares of ₹10 each fully paid	94.50	94.50
c) PI Japan Company Limited 100 (Previous Year - 100) Equity Shares of ₹18,600 each fully paid - (JPY 50,000 each)	18.60	18.60
	149.10	149.10
TOTAL	196.76	196.77
Aggregate book value of Quoted Investments	NIL	NIL
Aggregate book value of Un-Quoted Investments	196.76	196.77

* During the year the Company has sold the flat at Angan Apartment Co-opt Hsg. Society Ltd. and accordingly the shares pertaining to the aforesaid flat have been transferred to the buyer.

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

14. LOANS AND ADVANCES

(₹ in Lacs)

	Non-Current		Current	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Capital Advances (Unsecured)				
Considered good	681.94	474.79	–	–
Doubtful	9.87	7.94	–	–
Less: Allowance for Doubtful Capital Advances	(9.87)	(7.94)	–	–
A	681.94	474.79	–	–
Security Deposits (Unsecured)				
Considered good*	402.48	395.41	14.64	11.35
Doubtful	–	–	–	–
B	402.48	395.41	14.64	11.35
Loans and advances to related parties (unsecured)				
Considered good (Refer Note 37)**	–	–	326.34	117.44
C	–	–	326.34	117.44
Other Loans and advances (Unsecured)				
Loan To Body Corporate	–	–	2,623.36	779.47
Advances to Vendors				
Considered good	–	–	2,619.10	1,293.29
Doubtful	–	–	74.11	164.14
Less: Allowance for Doubtful advances	–	–	(74.11)	(164.14)
Balance with Central Excise Authorities, Customs etc.	–	–	1,591.60	1,234.66
Prepaid Expenses	–	–	114.22	100.81
Employee Advances				
Considered good	–	–	8.93	19.24
Doubtful	–	–	8.41	–
Less: Allowance for Doubtful Employee Advances	–	–	(8.41)	–
Other Statutory Advances	10.31	9.32	2,214.66	1,900.21
Other Miscellaneous Advances	27.17	28.42	1,284.62	571.36
D	37.48	37.74	10,456.49	5,899.04
TOTAL (A+B+C+D)	1,121.90	907.94	10,797.47	6,027.83

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

** Includes ₹289.52 lacs (Previous Year ₹90 lacs) given to PII ESOP Trust (Trust)

15. OTHER ASSETS

(₹ in Lacs)

	Non-Current		Current	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Interest and Other charges recoverable from customers- Good	–	–	344.18	258.42
Interest and Other charges recoverable from customers- Doubtful	–	–	140.13	57.48
Less: Allowance for Interest and other charges recoverable from customers	–	–	(140.13)	(57.48)
Deposits lodged with Excise & Sales Tax department*	191.51	176.58	–	–
Hedge Asset	–	–	411.31	132.79
TOTAL	191.51	176.58	755.49	391.21

*Deposits includes ₹184.84 lacs (Previous Year ₹170.42 lacs) towards security deposit lodged with the Rajasthan excise department and ₹4.23 lacs (Previous Year ₹3.91 lacs) lodged with Commercial Taxes Kottayam, ₹1.31 lacs (Previous Year ₹1.21 lacs) lodged with Assistant Excise & Taxation Commissioner, Solan, ₹0.57 lacs (Previous Year ₹0.53 lacs) lodged with Superintendent, Prohibition & Excise Account, Jambusar and ₹0.55 lacs (Previous Year ₹0.51 lacs) lodged with UKAI right Bank Canal Division.

* Includes Fixed deposits with more than twelve months maturity from date of acquisition: ₹191.51 lacs (Previous Year ₹176.58 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, 2014	As at March 31, 2013
Raw Materials and Packing Materials {includes Stock-in-Transit ₹6,781.72 lacs (Previous Year ₹5,504.52 lacs)}	15,929.47	11,625.27
Work in Progress	6,244.93	4,535.76
Finished Goods, including By - products	7,194.35	5,794.40
Traded Goods	1,266.12	749.43
Stores & Spares, Laboratory Chemicals & Apparatus	1,241.01	1,469.72
TOTAL	31,875.88	24,174.58

17. TRADE RECEIVABLES

(₹ in Lacs)

	As at March 31, 2014	As at March 31, 2013
<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	534.09	207.24
- Doubtful	463.70	190.98
	997.79	398.22
Less: Allowance for Doubtful Debts	(463.70)	(190.98)
	A	207.24
Others Debts		
- Considered Good	25,112.97	26,046.46
- Doubtful	14.57	18.51
	25,127.54	26,064.97
Less: Allowance for Other Doubtful Debts	(14.57)	(18.51)
	B	26,046.46
TOTAL (A+B)	25,647.06	26,253.70

18. CASH AND BANK BALANCES

(₹ in Lacs)

	As at March 31, 2014	As at March 31, 2013
Cash & Cash Equivalents		
- <i>Balance with banks</i>		
On Current Accounts	1,322.03	295.72
- <i>Cash on hand</i>	8.13	9.96
- <i>Fixed Deposits with bank*</i>	1,509.17	-
- <i>Cheques in Hand</i>	-	103.42
Other Bank Balances		
In Deposit accounts held as margin money**	851.48	782.40
In Unpaid Dividend Accounts ***	19.57	8.95
TOTAL	3,710.38	1,200.45

* Includes Fixed deposits with more than twelve months maturity from date of acquisition: ₹ Nil (Previous Year ₹ Nil); and Fixed deposits upto 3 months maturity from date of acquisition: ₹1,509.17 lacs (Previous Year ₹ Nil)

** Includes Fixed deposits with more than twelve months maturity from date of acquisition: ₹851.48 lacs (Previous Year ₹782.40 lacs) towards margin money pledged with banks for Bank Guarantees and Letter of Credit.; 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, 2014	Year ended March 31, 2013
Revenue from Operations includes		
a) Sale of products;		
Finished Goods	178,221.27	126,184.90
Traded Goods	5,515.71	4,821.96
	183,736.98	131,006.86
b) Sale of services;	65.07	–
	65.07	–
c) Other operating Revenues;		
Scrap Sales	101.99	69.49
Others*	760.84	227.34
	862.83	296.83
Revenue From Operations (Gross) (a+b+c)	184,664.88	131,303.69
Less: Excise Duty	8,570.41	6,761.41
Less: Discount	16,602.16	9,489.02
Revenue From Operations (Net)	159,492.31	115,053.26
d) Details of products sold		
(i) Finished goods sold		
Specialty Chemicals	95,146.13	61,575.70
Agro Chemicals	77,010.85	60,075.36
Plant Nutrient	5,461.05	4,015.44
Others	603.24	518.40
	178,221.27	126,184.90
(ii) Traded Goods Sold		
Agro Chemicals	5,484.70	3,682.94
Others	31.01	1,139.02
	5,515.71	4,821.96

* Other operating revenue includes Export incentive of ₹760.84 lacs (Previous Year ₹225.38 lacs)

20. OTHER INCOME

(₹ in Lacs)

	Year ended March 31, 2014	Year ended March 31, 2013
Income from Long term Investment		
Dividend Income from Long Term Investment	0.03	0.03
Income from Short term Investment		
Interest Income;		
- Margin Money Deposits	241.10	85.30
- Others	1,111.74	542.42
Other Non-operating Income	208.55	208.85
TOTAL	1,561.42	836.60



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, 2014	Year ended March 31, 2013
Details of Raw material and packing material consumed		
Basic Chemicals	51,761.87	38,066.28
Active Ingredients	21,428.40	15,723.85
Solvent	7,868.66	5,291.39
Packaging Material	5,090.00	3,709.10
Catalyst & Emulsifiers	1,443.59	1,342.34
Others	3,344.27	163.09
TOTAL	90,936.79	64,296.05
Details of Raw & Packing Material Inventory		
Basic Chemicals	9,925.05	3,270.65
Packaging Material	832.00	848.25
Active Ingredients	3,882.47	1,159.34
Solvent	831.97	517.39
Catalyst & Emulsifiers	342.51	209.76
Others	115.47	5,619.88
TOTAL	15,929.47	11,625.27

22. (INCREASE)/DECREASE IN INVENTORY

(₹ in Lacs)

	Year ended March 31, 2014		Year ended March 31, 2013	
Inventories at the end of the year				
Finished Goods	7,194.35		5,794.40	
Traded Goods	1,266.12		749.43	
Work in Process	6,244.93	14,705.40	4,535.76	11,079.59
Inventories at the beginning of the year				
Finished Goods	5,794.40		5,881.12	
Traded Goods	749.43		733.93	
Work in Process	4,535.76	11,079.59	4,636.50	11,251.55
TOTAL		(3,625.81)		171.96
a) Details of Purchases of Traded Goods				
Agro Chemicals		4,597.97		2,952.02
Others		–		–
TOTAL		4,597.97		2,952.02
b) Details of Inventory				
Traded Goods				
Agro Chemicals		1,266.12		749.43
Others		–		–
TOTAL		1,266.12		749.43
Work In Progress				
Agro Chemicals		2,324.62		738.99
Specialty Chemicals		3,918.36		3,774.77
Plant Nutrient		1.95		22.00
TOTAL		6,244.93		4,535.76
Finished Goods				
Agro Chemicals		5,150.04		3,731.41
Specialty Chemicals		1,424.37		611.25
Plant Nutrients		397.93		246.16
Others		222.01		1,205.58
TOTAL		7,194.35		5,794.40

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

23. EMPLOYEE BENEFIT EXPENSES

(₹ in Lacs)

	Year ended March 31, 2014	Year ended March 31, 2013
Salaries, Wages and Bonus	9,695.04	7,589.54
Contribution to Provident & other funds	449.10	400.02
Gratuity and Other Long term compensated absences (Refer Note 31)	262.06	238.96
Employees Welfare Expenses	427.20	360.28
Expense on Employee Stock Option Scheme (Refer Note 32)	59.93	54.93
TOTAL	10,893.33	8,643.73

24. OTHER EXPENSES

(₹ in Lacs)

	Year ended March 31, 2014	Year ended March 31, 2013
Power, Fuel & Water	7,444.16	5,212.46
Stores & Spares Consumed	1,540.38	810.68
Repairs & Maintenance to :		
- Buildings	122.04	60.20
- Plant & Machinery	262.09	245.06
- Other Repairs	403.61	314.98
Environment & Pollution Control expenses	5,423.95	3,757.63
Laboratory & Testing Charges	842.52	550.37
Freight & Cartage	3,172.07	2,962.56
Advertisement & Sales Promotion	2,147.98	2,271.81
Travelling & Conveyance (Refer Note 24(a))	2,354.57	2,037.76
Exchange Difference	3.96	29.90
Rent	627.05	394.62
Rates, Taxes & Fees	530.12	207.01
Insurance	235.12	188.15
Donation	73.38	22.92
Loss on Sale/Retirement of Fixed Assets (Net)	445.75	25.88
Auditor's Remuneration* (Refer Note 24(b))	20.43	18.66
Communication Expenses	259.83	234.70
Provision for Bad and Doubtful debts & Advances	426.86	144.93
Prior period expenses	1.99	11.93
Director Sitting Fees & Commission	71.50	51.50
Legal & Professional Expenses	635.89	532.47
Bank Charges	211.63	198.26
Miscellaneous Expenses	874.56	771.18
TOTAL	28,131.44	21,055.62
a. Travelling Expenditure includes Directors Travelling amounting to ₹287.02 lacs (Previous Year ₹215.56 lacs)		
b. Auditors' Remuneration		
- Audit Fees	10.00	10.00
- Limited Review Fees	4.50	4.50
- Certificates & other matters	5.28	1.46
- Reimbursement of expenses	0.65	2.70
TOTAL	20.43	18.66

* Auditors remuneration fees for Previous year does not include certification fees of ₹7.02 lacs paid for funds raised through QIP, which is adjusted against Securities Premium. (Refer Note 30)



Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

25. DEPRECIATION AND AMORTIZATION EXPENSES

(₹ in Lacs)

	Year ended March 31, 2014	Year ended March 31, 2013
Depreciation on Tangible Assets*	3,076.49	2,139.01
Amortization of Intangible Assets*	60.30	42.30
TOTAL	3,136.79	2,181.31

* Refer Note 10 & 12

26. FINANCE COST

(₹ in Lacs)

	Year ended March 31, 2014	Year ended March 31, 2013
Interest		
On Fixed Loans	527.93	588.17
On Working Capital	518.92	1,491.52
Others	67.26	6.59
Other Borrowing Costs		2,086.28
Exchange Difference to the extent considered as an adjustment to borrowing cost		68.23
		84.43
		–
		43.80
TOTAL	1,182.34	2,214.51

27. 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, 2014	Year ended March 31, 2013
Miscellaneous Income	48.82	–
	48.82	–
Employee Benefit Expenses		
Salaries, Wages & Bonus	450.03	387.67
Contributions to Provident & other funds	31.86	27.85
Employee Welfare Expenses	16.21	7.56
	498.10	423.08
Raw & Packing Materials Consumed		
	21.62	39.82
Other Expenses		
Laboratory & testing Material	166.33	121.86
Power, Fuel & Water	18.10	15.14
Stores & Spares Consumed	38.58	21.72
Testing & Analysis	0.92	1.54
Travelling & Conveyance	27.98	41.40
Rates, Taxes & Fees	0.36	0.45
Printing & Stationery	3.72	1.27
Legal & Professional Charges	51.48	10.98
Miscellaneous Expenses	9.15	1.88
	316.62	216.24
Depreciation		
Depreciation	49.79	43.26
TOTAL	886.13	722.40
Total Expenditure Allowed	837.31	722.40

b) Capital Expenditure

(₹ in Lacs)

Description	March 31, 2013	Addition during the year	March 31, 2014
Buildings	18.12	–	18.12
Equipments & Others	1,075.39	24.32	1,099.71
TOTAL	1,093.51	24.32	1,117.83

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

28. EARNING PER SHARE

	Year ended March 31, 2014	Year ended March 31, 2013
a) Net Profit for Basic & Diluted EPS (₹ in lacs)	18,373.72	9,634.47
b) Number of Equity Shares at the beginning of the year	27,091,830	25,048,378
Add: Issue of Shares under Qualified Institutional Placement	–	1,924,656
Add: Issue of Shares under ESOP	649,930	118,796
Add: Sub-division of Equity Shares @ ₹1 each	108,367,320	108,367,320
Total Number of shares outstanding at the end of the year	136,109,080	135,459,150
Weighted average number of Equity Shares outstanding during the year - Basic	135,888,282	127,229,007
Weighted Average number of Equity Shares arising out of grant of Employee Stock option	1,010,550	970,834
Weighted average number of Equity Shares outstanding during the year - Diluted	136,898,832	128,199,841
Earning Per Share - Basic (₹)	13.52	7.57
Earning per share - Diluted (₹)	13.42	7.52
Face value per share (₹)*	1	1

*Pursuant to the approval of the shareholders through postal ballot, 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.

29. 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 ₹411.31 lacs (Previous Year gain of ₹132.80 lacs) arising on foreign currency instruments qualifying for hedge accounting as on 31st March 2014 has been transferred to Cash Flow Hedge Reserve Account.

30. UTILISATION OF QIP (QUALIFIED INSTITUTIONAL PLACEMENT) PROCEEDS

(₹ in Lacs)

Particulars	2013-14	2012-13
Amount raised by issue of 1,924,656 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 previous financial year 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

* Detail of QIP expenses in broad heads

(₹ in Lacs)

Particulars	2013-14	2012-13
Legal Advisors' Fees	–	181.43
Certification Fees Paid to Statutory Auditor	–	7.02
Stock Exchange Fees	–	8.43
Others	–	13.15
TOTAL	–	210.03



Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

31. GRATUITY & OTHER LONG TERM COMPENSATED ABSENCES

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 ₹449.10 lacs (Previous Year ₹400.02 lacs) towards the defined contribution plan.

b) Defined benefits plans - as per actuarial valuation

(₹ in Lacs)

Particulars	2013-14		2012-13	
	Gratuity	Long term Compensated Absences	Gratuity	Long term Compensated Absences
	Funded	Non-Funded	Funded	Non-Funded
I Change in present value of obligation during the year				
1 Present value of obligation at the beginning of the year	597.21	270.11	500.64	219.56
2 Current Service Cost	95.06	130.15	81.01	66.86
3 Interest Cost	47.78	21.61	40.05	17.56
4 Past Service Cost	-	-	-	-
5 Net Actuarial (Gain)/Loss	22.70	(10.00)	44.85	(0.50)
6 Benefits Paid	(25.81)	(28.15)	(69.34)	(33.37)
7 Present Value of obligation as at year-end	736.94	383.72	597.21	270.11
II Change in Fair Value of Plan Assets during the year				
1 Plan assets at the beginning of the year	373.72	-	372.19	-
2 Expected return on plan assets	31.77	-	31.63	-
3 Actuarial Gain/(Loss) on plan assets	8.35	-	(20.76)	-
4 Employer's contribution	74.96	-	60.00	-
5 Benefits paid	(25.81)	-	(69.34)	-
6 Plan assets at the end of the year	462.98	-	373.72	-
III Reconciliation of Present value of Defined Benefit Obligation and Fair Value of Plan Assets				
1 Present Value of obligation as at year-end	736.94	383.72	597.21	270.11
2 Fair value of plan assets at year -end	462.98	-	373.72	-
3 Funded status {Surplus/(Deficit)}	(273.96)	(383.72)	(223.49)	(270.11)
4 Net Asset/(Liability)	(273.96)	(383.72)	(223.49)	(270.11)
IV Expenses recognised in the Statement of Profit and Loss				
1 Current Service Cost	95.06	130.15	81.01	66.86
2 Interest Cost	47.78	21.61	40.05	17.56
3 Past service Cost	-	-	-	-
4 Expected return on plan assets	(31.77)	-	(31.63)	-
5 Net Actuarial (Gain)/Loss	14.36	(10.00)	65.61	(0.50)
6 Total Expense	125.43	141.76	155.04	83.92
V Bifurcation of PBO at the end of the year				
1 Current Liability	-	58.38	-	54.91
2 Non-Current Liability	273.96	325.34	223.49	215.20
VI Actuarial Assumptions				
1 Discount Rate	8.50%	8.50%	8.00%	8.00%
2 Expected rate of return on plan assets	8.50%	-	8.50%	-
3 Mortality Table	IALM (2006-08)	IALM (2006-08)	IALM (1994-96)	IALM (1994-96)
4 Salary Escalation	6.00%	6.00%	5.50%	5.50%

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

32. EMPLOYEE STOCK OPTION PLANS

The Company provides share-based payment schemes to its employees. The relevant details of the scheme are as follows:

In December 2010, the Board of Directors approved the PII ESOP 2010 Scheme in order to reward the employees for their past association and performance as well as to motivate them to contribute to the growth and profitability of the Company (including subsidiary companies) with an intent to attract and retain talent in the organization. The aforesaid scheme was duly approved by shareholders in its EGM held on 21st January, 2011 and is administered through independent trust. During the year, Compensation Committee of the Board granted following options under PII ESOP 2010 Scheme to certain category of employees as per criteria laid down by Compensation Committee of the Board.

	2013-14	2012-13
Options Granted (No. of Shares)	3,728,221	2,313,010
Options Vested and Exercisable	234,815	106,845
Options Exercised	1,009,096	487,135
Options Cancelled	280,800	55,365
Options lapsed	-	-
Total number of Options in force	2,438,325	1,770,510
Variations in terms of ESOP	Not Applicable	Not Applicable
Total number of shares arising as a result of exercise of options	1,009,096	487,135
Money realised by exercise of options (in ₹ lacs)	495.51	232.08

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

	2013-14		2012-13	
	No. of Options	Weighted average exercise price (₹)	No. of Options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	1,770,510	61.00	1,819,180	49.43
Granted during the year	1,415,211	110.07	493,830	89.10
Forfeited during the year	225,435	63.53	55,365	48.93
Exercised during the year*	521,961	50.50	487,135	47.64
Expired during the year	-	-	-	-
Outstanding at the end of the year	2,438,325	91.50	1,770,510	61.00
Exercisable at the end of the year	234,814	52.98	106,845	49.07
Weighted average remaining contractual life of outstanding options (in Years)		7.40		6.93
Weighted average fair value of options granted (In ₹)		77.32		56.04

* Shares allotted to PII ESOP Trust against exercise of options.

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

Range of Exercise price	2013-14			2012-13		
	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						
25-75	633,062	5.93	51.46	1,276,680	6.49	50.13
75-125	1,805,263	7.92	105.54	493,830	8.08	89.10

Methods and Assumptions used to estimate the Fair Value of Options granted during the year: 2013-14

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	3rd August 2013	26th July 2012
1 Risk Free Interest rate	8.81%-8.46%	8.04%-8.12%
2 Expected Life	4 years- 7 years	4 years- 7 years
3 Expected Volatility	53.29% - 64.96%	52.48% - 54.02%
4 Dividend Yield	0.82%	1.01%
5 Price of the underlying share in market at the time of the option granted (₹)	122.20	98.99



Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

32. EMPLOYEE STOCK OPTION PLANS (Contd...)

The stock based compensation cost calculated as per the intrinsic value method for the financial year 2013-14 is ₹59.93 lacs (Previous Year ₹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 2013-14 would be ₹378.63 lacs (Previous Year ₹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

	(₹ in Lacs)	
Particulars	2013-2014	2012-2013
Net Income as reported	18,373.72	9,634.47
Add: Intrinsic Value Compensation Cost	59.93	54.93
Less: Fair Value Compensation cost	(378.63)	(241.02)
Adjusted Pro Forma Net income	18,055.02	9,448.38
Earning Per Share: Basic		
As Reported	13.52	7.57
Adjusted Pro Forma	13.29	7.43
Earning Per Share: Diluted		
As Reported	13.42	7.52
Adjusted Pro Forma	13.19	7.37

33. CAPITAL & OTHER COMMITMENT

	(₹ in Lacs)	
	March 31, 2014	March 31, 2013
a. Estimated Amount of Contracts remaining to be executed on capital account and not provided for {Net of advances ₹691.81 lacs (Previous Year ₹482.73 lacs)}	520.13	1,572.61
b. Bank Guarantees	1,426.69	2,394.97
c. Letter of Credit	9,559.86	6,203.05
d. Export Commitment	43,455.48	27,491.00

34. 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, 2014	March 31, 2013
- Payable within one year	676.24	669.90
- Later than one year and not later than five years	1,274.17	1,337.41
- Later than five years	247.46	410.46
- Lease payments recognised in Statement of P&L	750.71	565.17

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.

35. CAPITALISATION OF EXPENDITURE

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

	(₹ in Lacs)	
	March 31, 2014	March 31, 2013
A. Brought forward from the earlier year	1,467.88	1,266.74
B. Expenditure incurred during the year:		
Staff Costs	488.59	784.83
Other Expenses	201.87	696.44
Interest and commitment charges	–	272.11
Stores Consumption	–	329.41
Exchange Difference	1,120.50	640.00
	1,810.96	2,722.79
C. Capitalised as part of :		
Plant & Machinery	1,672.31	1,987.80
Building	508.09	532.98
Furniture, Fixtures & Office equipments	15.33	0.87
Intangible Assets	53.14	–
	2,248.87	2,521.65
D. Other adjustments	99.31	–
	99.31	–
E. Carried forward as part of capital work in progress	930.66	1,467.88

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

36. SEGMENT INFORMATION

The Company is engaged in the business of chemical which is a single business segment and constitutes the primary segment. Accordingly, no separate disclosure is required to be given as per Accounting Standard AS-17.

Secondary Segment information (Geographical Segments)

The Company is organised into two key geographical segment based upon the location of its customer within India (domestic) and outside India (export)

Particulars	(₹ in Lacs)	
	March 31, 2014	March 31, 2013
1 Segment Revenue		
- Within India	88,624.04	68,618.46
- Outside India	97,602.26	63,521.83
	186,226.30	132,140.29
2 Segment Assets*		
- Within India	119,006.31	99,833.16
- Outside India	11,902.95	13,033.34
	130,909.26	112,866.50

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

37. 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. Ltd. (Holding Company w.e.f 01.01.2013)

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. (Upto 31.12.2012)

(b) Parteek Finance and Investment Company Ltd. (Upto 31.12.2012)

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 15th September 2012)
Mr. Rajnish Sarna	Whole-time Director (From 07th November 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	

v Enterprises over which KMP and their relatives are able to exercise significant influence

(a) Samaya Investment and Trading Pvt. Ltd (Upto 31.12.2012)

(b) Wolkem India Ltd.

(c) Secure Meters Ltd.

(d) Salil Singhal (HUF)

(e) Singhal Foundation

(f) PI Foundation

(g) PII ESOP Trust (Trust)



Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

37. RELATED PARTY DISCLOSURES (Contd...)

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

Nature of Transaction	Type of relation	2013-14			2012-13		
		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)	710.35	-	(156.62)	533.62	-	(166.51)
Remuneration to Directors	a (iv)(a)	-	1,067.51	(515.89)	-	574.84	(165.89)
Interest	a(i), a(iii)(a), a(v)(a), a(ii)(b), a(ii)(a), a(iv)(a), a(iv)(b), a(v)(d), a(v)(g)	24.52	77.28	(37.01)	-	162.93	(87.98)
Rent & Power Cost	a(ii)(a), a(ii)(b), a(iv)(a), a(iv)(b), a(v)(b)	39.68	14.79	15.64	35.46	13.72	(2.16)
Deposits Received and Paid	a(iv)(a), a(iv)(b), a(v)(d)	73.68	65.53	(651.19)	106.99	109.44	(570.29)
Loans Given	a(v)(g)	100.00	275.00	265.00	200.00	290.00	90.00
Security Deposits	a(ii)(a)	-	-	0.50	-	-	0.50
Recovery of Dues on account of expenses incurred	a(iv)(b), a(v)(b), a(v)(c)	34.05	-	18.84	39.81	-	27.42
Reimbursement on account of expenses	a(v) (c)	-	1.28	-	-	0.67	-
Inter Corporate Deposit	a(i), a(ii)(a), a(ii)(b), a(iii)(a), a(v)(a)	-	-	-	1,320.00	1,690.00	-
Donation	a(v)(e), a(v)(f)	-	5.00	-	-	5.25	-
Salary	a (iv)	-	1.08	-	-	1.03	-
Travel & Other expenditure incurred	a (iv)(a), a(iv)(b)	-	413.40	0.76	-	257.34	30.24

38. CONTINGENT LIABILITIES

(₹ in Lacs)

	March 31, 2014	March 31, 2013
Disputed Taxation demands not acknowledged as debts:		
- Sales Tax	119.06	128.13
- Excise Duty	509.17	84.99
- Income Tax	689.47	536.42
- Custom Duty	-	71.08
- ESI	6.09	5.08
Anti Dumping Duty	230.44	230.44
Counter Guarantee to GIDC	32.85	32.85
Bill Discounted	2,382.45	3,171.14

39. 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, 2014	Amount Outstanding as at March 31, 2013	Buy / Sell	Purpose
USD	170.00	125.00	Sell	Hedging

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

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

39. DERIVATIVES INSTRUMENTS AND HEDGED/ UNHEDGED FOREIGN CURRENCY EXPOSURE (Contd...)

iii) Particulars for Hedged Foreign Currency Exposure

(in Lacs)

Particulars	Currency	Amount as at March 31, 2014 (in Foreign Currency)	Amount as at March 31, 2014 (in INR)	Amount as at March 31, 2013 (in Foreign Currency)	Amount as at March 31, 2013 (in INR)
Export Debtors	USD	51.97	3,169.39	47.21	2,668.39

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, 2014 (in Foreign Currency)	Amount as at March 31, 2014 (in INR)	Amount as at March 31, 2013 (in Foreign Currency)	Amount as at March 31, 2013 (in INR)
1 ECB Term loan	USD	133.33	8,013.33	200.00	10,878.00
2 PCFC Loan	USD	–	–	47.17	2,565.51
3 Buyers Credit	USD	3.10	186.47	12.48	678.67
4 EEFC Account	USD	18.26	1,097.19	–	–
5 Import Creditors (Net)	USD	99.65	5,989.01	138.72	7,544.72
	EURO	1.12	92.67	0.88	61.04
	GBP	2.49	248.37	0.01	0.29
	JPY	42.55	25.03	49.51	28.61
6 Export Debtors	USD	139.30	8,370.31	185.14	10,068.69
	EURO	4.40	363.25	4.26	296.26

40. 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 ₹1,120.50 lacs (Previous Year ₹640 lacs) have been adjusted to the cost of fixed assets/CWIP.

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

(₹ in Lacs)

	March 31, 2014		March 31, 2013	
	Principal Amount	Interest Amount	Principal Amount	Interest Amount
Principal amount and Interest due thereon remaining unpaid to any supplier as on 31st March	484.13	–	352.44	–
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	217.38	3.50	344.86	5.76
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.	–	–	–	–



Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

42. VALUE OF IMPORTS CALCULATED ON CIF BASIS

(₹ in Lacs)

	March 31, 2014	March 31, 2013
Raw Materials	52,841.75	33,796.50
Spare Parts & Components	43.33	87.05
Capital Goods	70.93	221.91

43. EARNINGS IN FOREIGN CURRENCY

(₹ in Lacs)

	March 31, 2014	March 31, 2013
Export of Goods on FOB Basis	97,046.66	62,800.41

44. EXPENDITURE IN FOREIGN CURRENCY

(₹ in Lacs)

	March 31, 2014	March 31, 2013
Professional	58.68	54.10
Interest	413.97	693.83
Travelling	10.59	0.92
Salary	36.02	17.47
Others	408.94	333.06

45. 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	10,704	72,013	340	70,876	12,181
	TOTAL	10,704	72,013	340	70,876	12,181
	Previous 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)
(II)	IN VALUE (₹ In lacs)					
	Current Year					
	Chemicals including by-product/ Traded goods	11,079.59		4,597.97	183,736.98	14,705.40
	TOTAL	11,079.59	–	4,597.97	183,736.98	14,705.40
	Previous 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)

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

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

	March 31, 2014		March 31, 2013	
	Qty (in Tonnes)	(in ₹ Lacs)	Qty (in Tonnes)	(in ₹ Lacs)
Technical Pesticides	760.00	3,001.05	319.00	1,334.95
Inert Chemicals & Adjuvants	75,633.00	81,661.33	51,482.00	55,465.53
Others	–	6,274.41	–	7,495.57
TOTAL	76,393.00	90,936.79	51,801.00	64,296.05

PARTICULARS	March 31, 2014		March 31, 2013	
	%	(in ₹ Lacs)	%	(in ₹ Lacs)
i Raw Material				
Imported	85.54	73,433.76	64.92	39,294.17
Indigenous	14.46	12,410.73	35.08	21,233.43
ii Packing Material				
Imported	–	–	–	–
Indigenous	100.00	5,092.30	100.00	3,768.45

47. 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.

48. 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 S. S. Kothari Mehta & Co.

Chartered Accountants

Firm Reg. No. 000756N

Sd/-

Yogesh K Gupta

Partner

M. No.: 93214

Place: Gurgaon

Date: May 21, 2014

For and on behalf of the Board of Directors

Sd/-

Salil Singhal

Chairman & Managing Director

Sd/-

Rajnish Sarna

Whole-time Director

Sd/-

Mayank Singhal

Managing Director & CEO

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, 2014	March 31, 2014	March 31, 2014
3.	Holding Company's interest			
	Number of Equity Shares	360,000 Equity Shares of ₹10 each	945,000 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, 2014	₹1,327,786	₹40,005,405	JPY 1,901,615 (₹11.37 Lacs)
	(ii) For the previous financial years since it became subsidiary.	₹24,251,296	₹41,434,111	JPY 8,331,513 (₹49.81 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, 2014	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 21, 2014

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 LIMITED ('the Company') and its subsidiaries, which comprise the consolidated Balance Sheet as at 31 March 2014, 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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:

- In the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- In the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- 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 ₹1,251.36 lacs as at March 31, 2014. Total revenue of ₹472.63 lacs and net cash inflow amounting to ₹213.74 lacs for the year ended on that date. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

The financial statement of subsidiary namely PI Japan Co. Ltd which reflect total assets of ₹111.68 lacs as at March 31, 2014, total revenue of ₹324.20 lacs and net cash inflow amounting to ₹15.12 lacs for the year ended March 31, 2014 have not been audited by us or any other auditor and has been certified by public Tax Accountant and their Directors whose certificate has been furnished to us and converted by the Management as per the requirement of Indian 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 21, 2014

Membership No. 93214



Consolidated Balance Sheet as at March 31, 2014

(₹ in Lacs)

Particulars	Note No.	As at March 31, 2014		As at March 31, 2013	
I. EQUITY & LIABILITIES					
1. Shareholders' Funds					
a Share Capital	B 1	1,361.09		1,354.59	
b Reserves and Surplus	B 2	68,089.81	69,450.90	51,817.30	53,171.89
2 Non Current Liabilities					
a Long-term borrowings	B 3	5,012.68		8,511.42	
b Deferred tax liabilities (Net)	B 4	4,367.36		4,825.57	
c Other long-term liabilities	B 5	1,377.61		1,253.79	
d Long-term provisions	B 6	599.65	11,357.30	438.82	15,029.60
3 Current Liabilities					
a Short-term borrowings	B 7	3,588.46		10,221.63	
b Trade payables	B 8	29,162.58		23,958.65	
c Other current liabilities	B 9	15,594.01		9,287.29	
d Short-term provisions	B 6	2,636.88	50,981.93	1,803.67	45,271.24
TOTAL			131,790.13		113,472.73
II ASSETS					
1 Non Current Asset					
a Fixed asset					
Tangible asset	B 10	52,284.34		47,600.19	
Intangible asset	B 12	383.02		206.98	
Capital work-in-progress	B 11	3,555.32		5,513.97	
Intangible asset under development	B 11	693.08	56,915.76	537.91	53,859.05
b Non-current investments	B 13		51.79		51.80
c Long term loans & advances	B 14		1,138.01		923.52
d Other Assets	B 15		191.51		176.58
2 Current Asset					
a Inventories	B 16	31,875.88		24,174.59	
b Trade receivables	B 17	25,682.01		26,253.69	
c Cash and Bank Balances	B 18	4,375.53		1,613.57	
d Short-term loans and advances	B 14	10,804.15		6,028.72	
e Other assets	B 15	755.49	73,493.06	391.21	58,461.78
TOTAL			131,790.13		113,472.73
Significant Accounting Policies	A				
Notes to Accounts	B-1 to B-48				
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

Firm Reg. No. 000756N

Sd/-

Yogesh K Gupta

Partner

M. No.: 93214

Place: Gurgaon

Date: May 21, 2014

Sd/-

Salil Singhal

Chairman & Managing Director

Sd/-

Rajnish Sarna

Whole-time Director

Sd/-

Mayank Singhal

Managing Director & CEO

Sd/-

Naresh Kapoor

Company Secretary

Statement of Consolidated Profit & Loss for the year ended March 31, 2014

(₹ in Lacs)

Particulars	Note No.	For the year ended March 31, 2014		For the year ended March 31, 2013	
I. Revenue from Operations	B 19				
Sale of products		183,736.98		131,006.86	
Less: Discount		(16,602.16)		(9,489.02)	
Less: Excise Duty		(8,570.41)	158,564.41	(6,761.41)	114,756.43
Sale of services			126.34		86.54
Other operating Revenues			862.83		296.83
II. Other Income	B 20		1,577.90		823.47
III. Total Revenue (I+II)			161,131.48		115,963.27
IV. Expenses:					
Cost of Materials consumed	B 21		91,005.16		64,329.46
Purchase of Stock in Trade			4,597.97		2,952.02
Changes in Inventories of finished goods, work in progress and stock in trade	B 22		(3,625.80)		171.95
Employee Benefits expenses	B 23		11,079.86		8,858.59
Finance Costs	B 26		1,182.34		2,181.20
Depreciation and amortisation	B 25		3,155.60		2,201.24
Other Expenses	B 24		27,604.85		20,767.27
Total Expenses			134,999.98		101,461.73
V. Profit Before Tax (III-IV)			26,131.50		14,501.54
Less: Provision for Current Tax			(7,951.79)		(3,313.94)
Less: Provision for Deferred tax			458.20		(1,537.85)
Add: MAT Credit Entitlement of earlier Years			109.96		–
Add: MAT Credit Entitlement of Current Year			57.60		–
Add: Income Tax of earlier years			(5.12)		84.40
VI. Profit after Tax			18,800.35		9,734.15
VII. Earnings per Equity Shares	B 28				
1) Basic (in ₹)			13.84		7.65
2) Diluted (in ₹)			13.73		7.59
Face value per share (in ₹)			1.00		1.00
Significant Accounting Policies	A				
Notes to Accounts	B-1 to B-48				
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

Firm Reg. No. 000756N

Sd/-

Yogesh K Gupta

Partner

M. No.: 93214

Place: Gurgaon

Date: May 21, 2014

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, 2014

(₹ in Lacs)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Operating Profit before Tax & Extraordinary Items	26,131.50	14,501.54
<i>Adjustments for:</i>		
Net operating profit before tax		
Depreciation	3,155.60	2,201.24
Interest Expenses	1,182.34	2,181.20
Provision for Doubtful Debts and Advances	426.86	144.93
Interest Income	(1,383.71)	(628.28)
Dividend Income	(0.39)	(0.27)
Employee Stock Option Expense	59.93	54.93
(Profit)/Loss on Sale/Retirement of Fixed Assets (Net)	445.75	25.88
Unrealised Foreign Exchange Loss/(Gain) (Net)	102.06	(213.21)
Foreign Currency Translation Reserve	3.33	(11.35)
	3,991.77	3,755.07
Operating Profit before Working Capital changes	30,123.27	18,256.61
(Increase) / Decrease in Short Term Trade Receivables	(156.41)	(9,038.03)
(Increase) / Decrease in Short term Loans and Advances	(4,685.40)	(2,062.81)
(Increase) / Decrease in Long term Loans and Advances	(9.27)	(41.32)
(Increase) / Decrease in Other assets	(168.41)	(61.10)
(Increase) / Decrease in Other Long term assets	(14.93)	(13.64)
(Increase)/Decrease in Inventories	(7,701.29)	(6,299.46)
Increase / (Decrease) in Short term Trade Payables/ Provisions	5,355.56	14,258.71
Increase / (Decrease) in Long term Trade Payables/ Provisions	160.83	259.03
Increase / (Decrease) in Other Short term Liabilities	6,286.71	(1,449.48)
Increase / (Decrease) in Other Long term Liabilities	123.82	193.93
	(808.79)	(4,254.17)
Cash generated from Operations before tax	29,314.48	14,002.44
Net Direct Taxes paid	(7,434.17)	(3,799.71)
Net cash from Operating Activities	21,880.31	10,202.73
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets including Capital Work in Progress, Intangible Assets and Capital Advances	(6,449.47)	(15,103.65)
Sale of Fixed Assets	47.10	3.49
Interest Received	1,383.71	628.28
Dividend Received	0.39	0.27
Net cash used in Investing Activities	(5,018.27)	(14,471.61)
Net cash from Operating and Investing Activities	16,862.04	(4,268.88)

Consolidated Cash Flow Statement annexed to the Balance Sheet

for the year ended March 31, 2014 (Contd...)

(₹ in Lacs)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity Share Capital	6.50	102.17
Employee Stock option Allotted	(66.01)	(62.80)
Share Premium Account	394.91	11,767.80
Short Term Borrowings (Net)	(6,985.28)	(1,257.96)
Long Term Borrowings (Net of Repayments)	(3,980.22)	(2,760.59)
Interest paid (Net)	(1,154.32)	(2,509.80)
Dividend Distribution	(2,722.18)	(755.63)
Net Cash from Financing activities	(14,506.60)	4,523.19
Net Cash from Operating, Investing & Financing Activities	2,355.44	254.31
Net increase in Cash & Cash equivalent	2,355.44	254.31
Opening balance of Cash & Cash equivalent	822.22	567.91
Closing balance of Cash & Cash equivalent	3,177.66	822.22
Note:		
Cash and cash equivalents included in the Cash Flow Statement comprise of the following:-		
i) Cash Balance on Hand	8.17	10.00
ii) Balance with Banks :		
- In Current Accounts	1,399.64	708.80
- In Fixed Deposits	1,769.85	-
- Cheques in Hand	-	103.42
Total	3,177.66	822.22

As per our separate report of even date attached

For and on behalf of the Board of Directors

For S. S. Kothari Mehta & Co.

Chartered Accountants

Firm Reg. No. 000756N

Sd/-

Yogesh K Gupta

Partner

M. No.: 93214

Place: Gurgaon

Date: May 21, 2014

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, the relevant provisions of the Companies Act, 1956 to the extent applicable and the provisions of Companies Act, 2013 to the extent notified. 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.

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 revised 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.

2) USE OF ESTIMATES

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

3) REVENUE RECOGNITION

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

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

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

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

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

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

Export Benefits / Incentives - Export entitlement under Duty Entitlement Pass Book ('DEPB') Scheme are recognised in the 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.

e) - Leasehold Improvements are amortised over its useful life of 15 years on Declining Balance method.

- Equipments over 200000 yen are depreciated on Declining Balance method over its useful life of 3 years.

- Equipments (100000-200000 yen) are depreciated on straight line basis over its useful life of 3 years.

6) INTANGIBLE ASSETS

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

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

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

Significant Accounting Policies and Notes to Accounts

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

11) RESEARCH AND DEVELOPMENT

Capital Expenditure incurred for Research and Development is capitalised when commissioned and included in the gross block of fixed assets. Revenue expenditure on research and development is charged to the 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.



Significant Accounting Policies and Notes to Accounts

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 and Loss 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 is engaged in the business of chemical which is a single business segment and constitutes the primary segment.

Secondary Segment:

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

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

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

19) CASH FLOW STATEMENTS

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

20) EARNING PER SHARE

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

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

21) DERIVATIVE INSTRUMENTS

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

Significant Accounting Policies and Notes to Accounts

(Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Guidance Note on '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, 2014
PILL Finance & Investment Limited	India	100%
PI Life Science Research Limited	India	100%
PI Japan Co. Ltd.	Japan	100%

B. NOTES TO ACCOUNTS

1. SHARE CAPITAL

(₹ in Lacs)

	As at March 31, 2014	As at March 31, 2013
Authorised Shares		
200,000,000 (Previous Year 40,000,000) Equity Shares of ₹1 each (Previous Year of ₹5 each)	2,000.00	2,000.00
5,000,000 (Previous Year 5,000,000) Preference Shares of ₹100 each	5,000.00	5,000.00
	7,000.00	7,000.00
Issued Shares		
136,285,655 (Previous Year 27,127,145) Equity Shares of ₹1 each (Previous Year ₹5 each)	1,362.86	1,356.36
	1,362.86	1,356.36
Subscribed & Fully Paid up Shares		
136,109,080 (Previous Year 27,091,830) Equity Shares of ₹1 each (Previous Year ₹5 each)	1,361.09	1,354.59
Total subscribed and fully paid up share capital	1,361.09	1,354.59

- a. The difference between the issued and subscribed capital is on account of less number of shares allotted in right issue in earlier years.
- b. **Terms/ rights attached to Equity Shares**
 The Company has only one class of Equity Shares having a par value of ₹1 per share (Previous Year ₹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 31st March 2014, the Company has declared 100% final dividend and 100% interim dividend on Equity Shares of face value of ₹1 each to the equity shareholders, which is recognised as distribution to the equity shareholders. (Previous Year Final dividend of 100% on face value of ₹1 per share post split)
- c. **Issue of Shares through Qualified Institutional Placement (QIP)**
 During the previous year ending 31st March 2013, the Company has raised an amount of ₹11,732.70 lacs through Qualified Institutional Placement (QIP) route: accordingly 1,924,656 Equity Shares @ ₹609.60 per share have been allotted on 31st January 2013. The Company has received the listing/ trading approvals from Stock Exchange for aforementioned allotment.
- d. **Issue of Shares under ESOP Scheme**
 During the year ended 31st March 2014, the Company has issued 649,930 Equity Shares of ₹1 each (Previous Year 118,796 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 521,961 Equity Shares of face value of ₹1 each (Previous Year 97,427 Equity Shares of face value of ₹5 each) have been allocated by the Trust to respective employees upon exercise of Stock Option from time to time. As on 31st March 2014, 234,814 Equity Shares of face value of ₹1 per share (Previous Year 106,845 of face value of ₹1 each post split) are pending to be allocated to employees upon exercise of Stock option. (Refer Note 32)
- e. **Split of Shares**
 Pursuant to the approval of the shareholders through postal ballot dated 3rd April 2013, the Company has sub-divided the existing Equity Shares of ₹5 each fully paid up into 5 Equity Shares of ₹1 each.



Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

1. SHARE CAPITAL (Contd...)

f. Shareholdings of the Holding Company

Pursuant to Delhi High Court Order, some of the promoter companies have merged w.e.f 1st January 2013, resulting in making PI Industries Ltd. subsidiary of Parteek Finance & Investment Co. Ltd. The said Promoter Company holds 73,851,390 Equity Shares which is 54.26% of the total shareholding of the Company.

g. 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)	
	2013-14	2012-13	2013-14	2012-13
Share outstanding at beginning of period	27,127,145	25,083,693	1,356.36	1,254.19
Shares issued under Qualified Institutional Placement (Refer Note 1(c))	–	1,924,656	–	96.23
Shares issued under ESOP Scheme (Refer Note 1(d))	649,930	118,796	6.50	5.94
Split of shares (Refer Note 1(e))	108,508,580	–	–	–
Share outstanding at end of period	136,285,655	27,127,145	1,362.86	1,356.36

The Share outstanding at the end of the financial year is at face value of ₹1 per share (Previous Year ₹5 per share)

Subscribed & Paid up

Equity Shares

Particulars	Equity Shares (No. of Shares)		Equity Shares (Value of Shares) (₹ in Lacs)	
	2013-14	2012-13	2013-14	2012-13
Share outstanding at beginning of period	27,091,830	25,048,378	1,354.59	1,252.42
Shares issued under Qualified Institutional Placement (Refer Note 1(c))	–	1,924,656	–	96.23
Shares issued under ESOP Scheme (Refer Note 1(d))	649,930	118,796	6.50	5.94
Split of shares (Refer Note 1(e))	108,367,320	–	–	–
Share outstanding at end of period	136,109,080	27,091,830	1,361.09	1,354.59

The Share outstanding at the end of the financial year is at face value of ₹1 per share (Previous Year ₹5 per share)

h. 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, 2014	As at March 31, 2013
Equity Shares allotted as fully paid up Bonus shares by capitalisation of reserves as on	36,364,605	36,364,605

Year of Issue	No. of Shares
2010-11	18,645,835
2009-10	17,718,770

i. Shares reserved for issue under option

Shares reserved for issue under ESOP - Refer Note 32

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

Equity Shares

Name of Shareholders	2013-14		2012-13	
	No of Shares	% of Holding	No of Shares	% of Holding
Parteek Finance & Inv. Co. Ltd.	73,851,390	54.26	72,951,390	53.85

k. Shares held by Holding Company

Name of Shareholders	2013-14		2012-13	
	No of Shares	% of Holding	No of Shares	% of Holding
Parteek Finance & Inv. Co. Ltd.	73,851,390	54.26	72,951,390	53.85

l. The Board has approved the draft scheme of amalgamation between Parteek Finance & Investment Co. Ltd. (which is holding Company of PI Industries Ltd.) and PI Industries Ltd. subject to requisite regulatory approvals. Under this scheme there would be no change in the promoters share holding of the Company.

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

2. RESERVES & SURPLUS

(₹ in Lacs)

	As at March 31, 2014		As at March 31, 2013	
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	2.04		13.39	
Addition during the Financial year	3.33		–	
Deduction during the Financial year	–	5.37	(11.35)	2.04
d. Securities Premium Account				
Balance at the beginning of the Financial year	15,948.18		4,180.38	
Add: Premium on issue of Equity Shares through QIP	–		11,636.47	
Add: Premium on issue of Equity Shares through ESOP	394.91		341.36	
Less: Share Issue Expenses	–	16,343.09	(210.03)	15,948.18
e. Revaluation Reserve				
Balance at the beginning of the Financial year	179.67		179.67	
Less: Depreciation on revalued amount adjusted	–	179.67	–	179.67
f. Share Option Outstanding Account				
Balance at the beginning of the Financial year	101.09		108.96	
Addition during the Financial year	173.08		48.89	
Less: Written back during the Financial year	(18.35)		(5.28)	
Less: Shares Allotted	(66.01)		(62.80)	
Less: Deferred employee stock compensation	(94.81)	95.00	11.32	101.09
g. Cash Flow Hedge Reserve				
Balance at the beginning of the Financial year	132.80		(492.60)	
Addition during the Financial year	278.52	411.32	625.40	132.80
h. General Reserve				
Balance at the beginning of the Financial year	6,589.22		5,625.77	
Add: Transferred during the Financial year	1,837.37	8,426.59	963.45	6,589.22
i. Surplus in Statement of Profit & Loss				
Balance at the beginning of the Financial year	28,681.79		21,493.96	
Addition during the Financial year	18,800.35		9,734.15	
Less: Transfer to General Reserves	(1,837.37)		(963.45)	
Less: Dividend of previous years	(6.50)		(4.16)	
Less: Interim Dividend on Equity Shares ₹1 per share (Previous Year Nil)	(1,361.09)		–	
Less: Proposed Dividend on Equity Shares ₹1 per Share {Previous Year ₹1 Per share (Post split face value of ₹1 each)}	(1,361.09)		(1,354.59)	
Less: Dividend Distribution Tax on Equity Shares	(469.83)	42,446.26	(224.12)	28,681.79
TOTAL		68,089.81		51,817.30

During the year, interim dividend amounting to ₹49.53 lacs (Previous Year Nil) declared for the financial year 2013-14 & final dividend amounting to ₹49.13 lacs (Previous Year ₹40.79 lacs) declared for the financial year 2012-13 was paid in foreign currency to one of the shareholder holding 4,992,538 shares (Previous Year 6,799,005 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, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Term Loans - From Banks and Financial Institutions				
Foreign Currency Loans from Banks (secured)	4,808.00	7,977.20	3,205.33	2,900.80
	4,808.00	7,977.20	3,205.33	2,900.80
Deposits (unsecured)				
Directors	43.94	117.18	91.93	42.53
Shareholders	122.39	97.48	13.49	32.42
Others	38.35	319.56	317.05	13.03
	204.68	534.22	422.47	87.98
TOTAL	5,012.68	8,511.42	3,627.80	2,988.78
The above amount includes				
Secured borrowings	8,013.33	10,878.00		
Unsecured borrowings	627.15	622.20		
Net Amount	8,640.48	11,500.20		

a. Foreign Currency Loan includes:

ECB from Standard Chartered Bank amounting to USD 133.33 lacs carrying interest rate of 90 days LIBOR plus 2.75% is outstanding as on 31st March, 2014 and is repayable in balance 10 Quarterly instalments of USD 13.33 lacs each. The loan is secured by first exclusive charge on movable fixed assets of the Company situated at Jambusar and first pari passu charge on the movable fixed assets of the Company, situated at 237, GIDC, Panoli and second pari passu charge on all the current assets of the Company.

b. Deposits from Directors, shareholders and others carries interest ranging from 9% to 11% per annum 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.

c. 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, 2014	As at March 31, 2013
Deferred tax assets/ liabilities are attributable to the following items;		
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	480.48	344.63
Sub- Total (a)	480.48	344.63
Deferred Tax Liabilities		
Difference in depreciation and amortisation in block of fixed assets as per Income Tax Act and books of accounts & Others	4,847.84	5,170.20
Sub- Total (b)	4,847.84	5,170.20
Net Deferred Tax Liability (b)-(a)	4,367.36	4,825.57

5. OTHER LONG-TERM LIABILITIES

(₹ in Lacs)

	As at March 31, 2014	As at March 31, 2013
Other Payables		
Security Deposits from Dealers	1,310.69	1,174.12
Security Deposits from Contractors	22.00	34.75
Miscellaneous payables	44.92	44.92
TOTAL	1,377.61	1,253.79

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

6. PROVISIONS

(₹ in Lacs)

	Non-Current		Current	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Provision for Employee Benefits*				
Compensated Absences	325.51	215.26	58.40	55.49
Gratuity	274.14	223.56	0.00	1.22
	599.65	438.82	58.40	56.71
Other Provisions				
Provision for Income Tax {Net of Advance Tax of ₹17,506.16 Lacs (Previous Year ₹10,443.38 Lacs)}			986.07	168.25
Provision for Proposed Dividend on Equity Shares			1,361.09	1,354.59
Provision for Dividend Distribution Tax			231.32	224.12
	–	–	2,578.48	1,746.96
TOTAL	599.65	438.82	2,636.88	1,803.67

* Refer Note 31

7. SHORT-TERM BORROWINGS

(₹ in Lacs)

	As at March 31, 2014	As at March 31, 2013
Loans Repayable on Demand		
Working Capital Loans from Banks (secured)	3,588.46	7,656.12
	3,588.46	7,656.12
Other Loans and Advances		
Packing Credit Foreign Currency Loan (secured)	–	2,565.51
	–	2,565.51
TOTAL	3,588.46	10,221.63
The above amount includes		
Secured Borrowings	3,588.46	10,221.63

Working capital loans are secured by way of first pari passu charge on all the current assets by hypothecation of stocks of raw materials, finished and semi finished goods, stores and spares not related to plant and machinery, bills receivable, book debts and all other movable current assets of the Company and additionally secured by way of second charge on all the fixed assets of the Company excluding leasehold land situated at Jambusar (Gujarat) in favour of the consortium bankers.

Working Capital Loan includes Foreign currency Loan (Buyers Credit Loan) amounting to ₹186.47 lacs (Previous Year ₹678.66 lacs).

8. TRADE PAYABLES

(₹ in Lacs)

	As at March 31, 2014	As at March 31, 2013
Trade Payables		
- Due to micro and small enterprises (Refer Note 41)	484.13	352.44
- Other Trade Payables	28,678.45	23,606.21
TOTAL	29,162.58	23,958.65



Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

9. OTHER CURRENT LIABILITIES

(₹ in Lacs)

	As at March 31, 2014	As at March 31, 2013
Current maturities of long-term debt (Refer Note 3)	3,627.80	2,988.78
Creditors for Capital Purchases	872.11	1,529.76
Security Deposits Contractors	27.75	15.50
Interest accrued but not due on borrowings	136.58	108.56
Income received in advance/ Customer advances	1,793.50	1,100.57
Unpaid dividends*	19.57	8.95
Other payables		
- Employee Balances	1,812.69	1,370.32
- Statutory Dues Payable	704.06	589.24
- Miscellaneous Payable	6,599.95	1,575.61
TOTAL	15,594.01	9,287.29

* 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	Leasehold Improvement	Buildings	Plant & Machinery	Furniture & Fixtures	Office Equipments	Vehicles	Library	Total
Gross Carrying Value										
As at 1st April 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	-	-	(0.00)	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
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 31st March 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
Additions	-	-	(0.00)	1,607.95	4,307.58	25.49	129.75	5.38	-	6,076.15
Disposals	(4.36)	-	-	(7.55)	(1,774.72)	(9.59)	(61.39)	(143.16)	-	(2,000.77)
Other Adjustments										-
Exchange Difference	-	-	-	260.98	859.52	-	-	-	-	1,120.50
Borrowing Costs	-	-	-	17.30	56.96	-	-	-	-	74.26
Foreign currency exchange reserve	-	-	0.12	-	-	-	0.28	-	-	0.40
Other Expenses including Salary	-	-	-	229.82	755.83	1.05	14.28	-	-	1,000.98
As at 31st March 2014	2,176.63	247.89	3.45	9,371.56	54,779.03	275.90	571.41	52.58	99.74	67,578.19
Depreciation										
As at 1st April 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 31st March 2013	8.38	-	2.04	856.21	12,219.23	110.41	261.90	169.38	78.93	13,706.48
Charge for the year	66.96	-	0.19	263.79	2,688.90	30.36	38.95	3.84	2.31	3,095.30
Disposals	-	-	-	(5.34)	(1,308.91)	(8.51)	(53.55)	(131.86)	-	(1,508.17)
Difference on account of Foreign Currency Exchange Reserve	-	-	0.07	-	-	-	0.17	-	-	0.24
As at 31st March 2014	75.34	-	2.30	1,114.66	13,599.22	132.26	247.47	41.36	81.24	15,293.85
Net Carrying Value										
As at 31st March 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
As at 31st March 2014	2,101.29	247.89	1.15	8,256.90	41,179.81	143.64	323.94	11.22	18.50	52,284.34

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

b. Depreciation for the year includes depreciation amounting to ₹49.79 lacs (Previous Year ₹43.26 lacs) on assets used for Research & Development. During the year Company incurred ₹24.32 lacs (Previous Year ₹191.02 lacs) towards capital expenditure for Research & Development (Refer Note 27)

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

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 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
Additions	4,716.10	206.30
Amount transferred from CWIP	(8,279.41)	(51.13)
Other Adjustments*		
Exchange Difference	1,120.50	–
Borrowing Costs	–	–
Stores & Spares	–	–
Other Expenses including Salary	484.16	–
As at 31st March 2014	3,555.32	693.08

* Refer Note 35

12. INTANGIBLE ASSETS

(₹ in Lacs)

	Software	Product Development	Total
Gross Carrying Value			
As at 1st April 2012	407.48	–	407.48
Additions	70.37	–	70.37
Disposals	–	–	–
As at 31st March 2013	477.85	–	477.85
Additions	183.21	51.13	234.34
Other Adjustments	2.01	–	2.01
Disposals	(0.27)	–	(0.27)
As at 31st March 2014	662.80	51.13	713.93
Depreciation			
As at 1st April 2012	228.57	–	228.57
Charge for the year	42.30	–	42.30
Disposals	–	–	–
As at 31st March 2013	270.87	–	270.87
Charge for the year	59.43	0.87	60.30
Disposals	(0.26)	–	(0.26)
As at 31st March 2014	330.04	0.87	330.91
Net Carrying Value			
As at 31st March 2013	206.98	–	206.98
As at 31st March 2014	332.76	50.26	383.02



Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

13. NON-CURRENT INVESTMENTS

	Face Value	March 31, 2014		March 31, 2013	
		No. of Shares	₹ in lacs	No. of Shares	₹ in lacs
Long-term Investments (At cost): Non Trade					
1) Quoted Shares					
a) United Credit Ltd.	10	700	0.21	700	0.21
b) Summit Securities		12	–	12	–
c) Akzo Nobel India Ltd.	10	50	0.05	50	0.05
d) BASF India Ltd.	10	976	0.46	976	0.46
e) Sudershan Chemical Industries Ltd.	10	90	0.04	90	0.04
f) Rallis India Ltd.	1	2,070	0.12	2,070	0.12
g) Bayers Crop Science Ltd.	10	66	0.19	66	0.19
h) Punjab Chemicals & Crop Protection Ltd.	10	248	0.09	248	0.09
i) Wyeth Ltd.	10	42	0.15	42	0.15
j) Aventis Pharma Ltd.	10	100	0.03	100	0.03
k) L.M.L.Ltd.	10	150	0.02	150	0.02
l) United Sprit Ltd.	10	188	0.05	188	0.05
m) RPG Life Sciences Ltd.	10	360	0.22	360	0.22
n) Voltas Ltd.	10	100	0.01	100	0.01
o) ICICI Bank Ltd.	10	460	2.42	460	2.42
			4.06		4.06
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. 444,339 (Previous Year 444,339) Equity Shares of ₹10 each fully paid			44.43		44.43
d) Angan Apartment Co-opt Hsg. Society Ltd (Services) Bharuch* Nil (Previous Year 5) Equity Shares of ₹50 each fully paid			–		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 Limited 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
			47.73		47.74
TOTAL			51.79		51.80
Aggregate book value of Quoted Investments			4.06		4.06
Aggregate market value of Quoted Investments			28.59		21.42
Aggregate book value of Un-Quoted Investments			47.73		47.74

* During the year the Company has sold the flat at Angan Apartment Co-opt Hsg. Society Ltd. and accordingly the shares pertaining to the aforesaid flat have been transferred to the buyer.

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

14. LOANS AND ADVANCES

(₹ in Lacs)

	Non-Current		Current	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Capital Advances (Unsecured)				
Considered good	681.94	474.79	–	–
Doubtful	9.87	7.94	–	–
Less: Allowance for Doubtful Capital Advances	(9.87)	(7.94)	–	–
A	681.94	474.79	–	–
Security Deposits (Unsecured)				
Considered good	418.59	410.99	14.14	10.85
Doubtful	–	–	–	–
B	418.59	410.99	14.14	10.85
Loans and advances to related parties (unsecured)				
Considered good (Refer Note 37)*	–	–	326.34	111.01
C	–	–	326.34	111.01
Other Loans and advances (Unsecured)				
Loans To Body Corporate	–	–	2,623.36	779.47
Advances to Vendors				
Considered good	–	–	2,619.10	1,293.29
Doubtful	–	–	74.11	164.14
Less: Allowance for Doubtful advances	–	–	(74.11)	(164.14)
Balance with Central Excise Authorities, Customs etc.	–	–	1,591.60	1,234.66
Prepaid Expenses	–	–	120.21	106.02
Employee Advances				
Considered good	–	–	8.93	19.24
Doubtful	–	–	8.41	–
Less: Allowance for Doubtful Employee Advances	–	–	(8.41)	–
Other Statutory Advances	10.31	9.32	2,215.85	1,902.82
Other Miscellaneous Advances	27.17	28.42	1,284.62	571.36
D	37.48	37.74	10,463.67	5,906.86
TOTAL (A+B+C+D)	1,138.01	923.52	10,804.15	6,028.72

* Includes ₹289.52 lacs (Previous Year ₹90 lacs) given to PII ESOP Trust (Trust)

15. OTHER ASSETS

(₹ in Lacs)

	Non-Current		Current	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Interest and Other charges recoverable from customers- Good	–	–	344.18	258.42
Interest and Other charges recoverable from customers- Doubtful	–	–	140.13	57.48
Less: Allowance for Interest and other charges recoverable from customers	–	–	(140.13)	(57.48)
Deposits lodged with Excise & Sales Tax department*	191.51	176.58	–	–
Hedge Asset	–	–	411.31	132.79
TOTAL	191.51	176.58	755.49	391.21

* Deposits includes ₹184.84 lacs (Previous Year ₹170.42 lacs) towards security deposit lodged with the Rajasthan excise department and ₹4.23 lacs (Previous Year ₹3.91 lacs) lodged with Commercial Taxes Kottayam, ₹1.31 lacs (Previous Year ₹1.21 lacs) lodged with Assistant Excise & Taxation Commissioner, Solan, ₹0.57 lacs (Previous Year ₹0.53 lacs) lodged with Superintendent, Prohibition & Excise Account, Jambusar and ₹0.55 lacs (Previous Year ₹0.51 lacs) lodged with UKAI right Bank Canal Division.

* Includes Fixed deposits with more than twelve months maturity from date of acquisition: ₹191.51 lacs (Previous Year ₹176.58 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, 2014	As at March 31, 2013
Raw Materials and Packing Materials {includes Stock-in-Transit ₹6,781.72 lacs (Previous Year ₹5,504.52 lacs)}	15,929.47	11,625.27
Work in Progress	6,244.93	4,535.76
Finished Goods, including By - products	7,194.35	5,794.41
Traded Goods	1,266.12	749.43
Stores & Spares, Laboratory Chemicals & Apparatus	1,241.01	1,469.72
TOTAL	31,875.88	24,174.59

17. TRADE RECEIVABLES

(₹ in Lacs)

	As at March 31, 2014	As at March 31, 2013
<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	534.09	207.24
- Doubtful	463.70	190.98
	997.79	398.22
Less: Allowance for Doubtful Debts	(463.70)	(190.98)
A	534.09	207.24
Others Debts		
- Considered Good	25,147.92	26,046.45
- Doubtful	14.57	18.51
	25,162.49	26,064.96
Less: Allowance for Other Doubtful Debts	(14.57)	(18.51)
B	25,147.92	26,046.45
TOTAL (A+B)	25,682.01	26,253.69

18. CASH AND BANK BALANCES

(₹ in Lacs)

	As at March 31, 2014	As at March 31, 2013
Cash & Cash Equivalents		
- <i>Balance with banks</i>		
On Current Accounts	1,399.64	708.80
- <i>Cash on hand</i>	8.17	10.00
- <i>Fixed Deposits with Bank*</i>	1,769.85	-
- <i>Cheques in Hand</i>	-	103.42
Other Bank Balances		
Fixed Deposits with Bank**	326.82	-
In Deposit accounts held as margin money***	851.48	782.40
In Unpaid Dividend Accounts ****	19.57	8.95
TOTAL	4,375.53	1,613.57

* Includes Fixed deposits with more than twelve months maturity from date of acquisition: ₹ Nil (Previous Year ₹ Nil); and Fixed deposits upto 3 months maturity from date of acquisition: ₹1,769.85 lacs (Previous Year ₹ Nil)

** Includes Fixed deposits with more than twelve months maturity from date of acquisition: ₹326.82 lacs (Previous Year ₹ Nil) and Fixed deposits upto 3 months maturity from date of acquisition: ₹ Nil (Previous Year ₹ Nil)

*** Includes Fixed deposits with more than twelve months maturity from date of acquisition: ₹851.48 lacs (Previous Year ₹782.40 lacs) towards margin money pledged with banks for Bank Guarantees and Letter of Credit.; 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, 2014	Year ended March 31, 2013
Revenue from Operations includes		
a) Sale of products;		
Finished Goods	178,221.27	126,184.90
Traded Goods	5,515.71	4,821.96
	183,736.98	131,006.86
b) Sale of services;	126.34	86.54
	126.34	86.54
c) Other operating Revenues;		
Scrap Sales	101.99	69.49
Others*	760.84	227.34
	862.83	296.83
Revenue From Operations (Gross) (a+b+c)	184,726.15	131,390.23
Less: Excise Duty	8,570.41	6,761.41
Less: Discount	16,602.16	9,489.02
Revenue From Operations (Net)	159,553.58	115,139.80
d) Details of products sold		
(i) Finished goods sold		
Specialty Chemicals	95,146.13	61,575.70
Agro Chemicals	77,010.85	60,075.36
Plant Nutrient	5,461.05	4,015.44
Others	603.24	518.40
	178,221.27	126,184.90
(ii) Traded Goods Sold		
Agro Chemicals	5,484.70	3,682.94
Others	31.01	1,139.02
	5,515.71	4,821.96
(iii) Details of services rendered		
Research & Development Activities	61.27	86.54
Others	65.07	–
	126.34	86.54

* Other operating revenue includes Export incentive of ₹760.84 lacs (Previous Year ₹225.38 lacs)

20. OTHER INCOME

(₹ in Lacs)

	Year ended March 31, 2014	Year ended March 31, 2013
Income from Long term Investment		
Dividend Income from Long Term Investment	0.39	0.27
Income from Short term Investment		
Interest Income;		
- Margin Money Deposits	248.98	85.30
- Others	1,134.73	542.98
Other Non-operating Income	193.80	194.92
TOTAL	1,577.90	823.47



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, 2014	Year ended March 31, 2013
Details of Raw material and packing material consumed		
Basic Chemicals	51,761.87	38,066.28
Active Ingredients	21,428.40	15,723.85
Solvent	7,868.66	5,291.39
Packaging Material	5,090.00	3,709.10
Catalyst & Emulsifiers	1,443.59	1,342.34
Others	3,412.64	196.50
TOTAL	91,005.16	64,329.46
Details of Raw & Packing Material Inventory		
Basic Chemicals	9,925.05	3,270.65
Packaging Material	832.00	848.25
Active Ingredients	3,882.47	1,159.34
Solvent	831.97	517.39
Catalyst & Emulsifiers	342.51	209.76
Others	115.47	5,619.88
TOTAL	15,929.47	11,625.27

22. (INCREASE)/DECREASE IN INVENTORY

(₹ in Lacs)

	Year ended March 31, 2014		Year ended March 31, 2013	
Inventories at the end of the year				
Finished Goods	7,194.35		5,794.41	
Traded Goods	1,266.12		749.43	
Work in Process	6,244.93	14,705.40	4,535.76	11,079.60
Inventories at the beginning of the year				
Finished Goods	5,794.41		5,881.12	
Traded Goods	749.43		733.93	
Work in Process	4,535.76	11,079.60	4,636.50	11,251.55
TOTAL		(3,625.80)		171.95
a) Details of Purchases of Traded Goods				
Agro Chemicals		4,597.97		2,952.02
Others		–		–
TOTAL		4,597.97		2,952.02
b) Details of Inventory				
Traded Goods				
Agro Chemicals		1,266.12		749.43
Others		–		–
TOTAL		1,266.12		749.43
Work In Progress				
Agro Chemicals		2,324.62		738.99
Specialty Chemicals		3,918.36		3,774.77
Plant Nutrient		1.95		22.00
TOTAL		6,244.93		4,535.76
Finished Goods				
Agro Chemicals		5,150.04		3,731.41
Specialty Chemicals		1,424.37		611.25
Plant Nutrients		397.93		246.16
Others		222.01		1,205.59
TOTAL		7,194.35		5,794.41

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

23. EMPLOYEE BENEFIT EXPENSES

(₹ in Lacs)

	Year ended March 31, 2014	Year ended March 31, 2013
Salaries, Wages and Bonus	9,861.17	7,778.15
Contribution to Provident & other funds	450.50	402.25
Gratuity and Other Long term compensated absences (Refer Note 31)	262.74	240.01
Employees Welfare Expenses	445.52	383.25
Expense on Employee Stock Option Scheme (Refer Note 32)	59.93	54.93
TOTAL	11,079.86	8,858.59

24. OTHER EXPENSES

(₹ in Lacs)

	Year ended March 31, 2014	Year ended March 31, 2013
Power, Fuel & Water	7,461.52	5,227.38
Stores & Spares Consumed	1,540.38	810.68
Repairs & Maintenance to :		
- Buildings	122.04	60.20
- Plant & Machinery	266.17	250.58
- Other Repairs	403.61	314.98
Environment & Pollution Control expenses	5,423.95	3,757.63
Laboratory & Testing Charges	464.19	391.67
Freight & Cartage	3,175.80	2,965.78
Advertisement & Sales Promotion	2,161.22	2,291.80
Travelling & Conveyance (Refer Note 24(a))	2,379.23	2,073.73
Exchange Difference	6.37	30.66
Rent	652.78	422.43
Rates, Taxes & Fees	530.24	207.01
Insurance	235.12	188.15
Donation	73.38	22.92
Loss on Sale/Retirement of Fixed Assets (Net)	445.75	25.88
Auditor's Remuneration* (Refer Note 24(b))	20.98	19.69
Communication Expenses	268.05	245.61
Provision for Bad and Doubtful debts & Advances	426.86	144.93
Prior period expenses	1.99	11.93
Director Sitting Fees & Commission	71.50	51.50
Legal & Professional Expenses	703.22	625.32
Bank Charges	211.93	198.56
Miscellaneous Expenses	558.57	428.25
TOTAL	27,604.85	20,767.27
a. Travelling Expenditure includes Directors Travelling amounting to ₹287.02 lacs (Previous Year ₹215.56 lacs)		
b. Auditors' Remuneration		
- Audit Fees	10.34	10.34
- Limited Review Fees	4.50	4.50
- Certificates & other matters	5.28	2.14
- Reimbursement of expenses	0.86	2.71
TOTAL	20.98	19.69

* Auditors remuneration fees for Previous year does not include certification fees of ₹7.02 lacs paid for funds raised through QIP, which is adjusted against Securities Premium. (Refer Note 30)



Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

25. DEPRECIATION AND AMORTIZATION EXPENSES

(₹ in Lacs)

	Year ended March 31, 2014	Year ended March 31, 2013
Depreciation on Tangible Assets*	3,095.30	2,158.94
Amortisation of Intangible Assets*	60.30	42.30
TOTAL	3,155.60	2,201.24

* Refer Note 10 & 12

26. FINANCE COST

(₹ in Lacs)

	Year ended March 31, 2014	Year ended March 31, 2013
Interest		
On Fixed Loans	527.93	554.86
On Working Capital	518.92	1,491.52
Others	67.26	6.59
Other Borrowing Costs		2,052.97
Exchange Difference to the extent considered as an adjustment to borrowing cost		68.23
		84.43
		–
		43.80
TOTAL	1,182.34	2,181.20

27. 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, 2014	Year ended March 31, 2013
Miscellaneous Income	48.82	–
	48.82	–
Employee Benefit Expenses		
Salaries, Wages & Bonus	450.03	387.67
Contributions to Provident & other funds	31.86	27.85
Employee Welfare Expenses	16.21	7.56
	498.10	423.08
Raw & Packing Materials Consumed		
	21.62	39.82
Other Expenses		
Laboratory & testing Material	166.33	121.86
Power, Fuel & Water	18.10	15.14
Stores & Spares Consumed	38.58	21.72
Testing & Analysis	0.92	1.54
Travelling & Conveyance	27.98	41.40
Rates, Taxes & Fees	0.36	0.45
Printing & Stationery	3.72	1.27
Legal & Professional Charges	51.48	10.98
Miscellaneous Expenses	9.15	1.88
	316.62	216.24
Depreciation		
Depreciation	49.79	43.26
TOTAL	886.13	722.40
Total Expenditure Allowed	837.31	722.40

b) Capital Expenditure

(₹ in Lacs)

Description	March 31, 2013	Addition during the year	March 31, 2014
Buildings	18.12	–	18.12
Equipments & Others	1,075.39	24.32	1,099.71
TOTAL	1,093.51	24.32	1,117.83

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

28. EARNING PER SHARE

	Year ended March 31, 2014	Year ended March 31, 2013
a) Net Profit for Basic & Diluted EPS (₹ in lacs)	18,800.35	9,734.15
b) Number of Equity Shares at the beginning of the year	27,091,830	25,048,378
Add: Issue of Shares under Qualified Institutional Placement	–	1,924,656
Add: Issue of Shares under ESOP	649,930	118,796
Add: Sub-division of Equity Shares @ ₹1 each	108,367,320	108,367,320
Total Number of shares outstanding at the end of the year	136,109,080	135,459,150
Weighted average number of Equity Shares outstanding during the year - Basic	135,888,282	127,229,007
Weighted Average number of Equity Shares arising out of grant of Employee Stock option	1,010,550	970,834
Weighted average number of Equity Shares outstanding during the year - Diluted	136,898,832	128,199,841
Earning Per Share - Basic (₹)	13.84	7.65
Earning per share - Diluted (₹)	13.73	7.59
Face value per share (₹)*	1	1

*Pursuant to the approval of the shareholders through postal ballot, 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.

29. 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 ₹411.31 lacs (Previous Year gain of ₹132.80 lacs) arising on foreign currency instruments qualifying for hedge accounting as on 31st March 2014 has been transferred to Cash Flow Hedge Reserve Account.

30. UTILISATION OF QIP (QUALIFIED INSTITUTIONAL PLACEMENT) PROCEEDS

Particulars	2013-14	2012-13
Amount raised by issue of 1,924,656 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 previous financial year 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.

* Detail of QIP expenses in broad heads

Particulars	2013-14	2012-13
Legal Advisors' Fees	–	181.43
Certification Fees Paid to Statutory Auditor	–	7.02
Stock Exchange Fees	–	8.43
Others	–	13.15
	–	210.03



Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

31. GRATUITY & OTHER LONG TERM COMPENSATED ABSENCES

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 ₹450.50 lacs (Previous Year ₹402.25 lacs) towards the defined contribution plan.

b) Defined benefits plans - as per actuarial valuation

(₹ in Lacs)

Particulars	2013-14		2012-13	
	Gratuity	Long term Compensated Absences	Gratuity	Long term Compensated Absences
	Funded	Non-Funded	Funded	Non-Funded
I Change in present value of obligation during the year				
1 Present value of obligation at the beginning of the year	598.51	270.75	502.88	220.96
2 Current Service Cost	95.20	130.29	81.21	66.97
3 Interest Cost	47.88	21.66	40.23	17.67
4 Past Service Cost	-	-	-	-
5 Net Actuarial (Gain)/Loss	22.89	(9.94)	45.15	(0.36)
6 Benefits Paid	(27.35)	(28.85)	(70.96)	(34.49)
7 Present Value of obligation as at year-end	737.13	383.91	598.51	270.75
II Change in Fair Value of Plan Assets during the year				
1 Plan assets at the beginning of the year	373.72	-	372.19	-
2 Expected return on plan assets	31.77	-	31.63	-
3 Actuarial Gain/(Loss) on plan assets	8.35	-	(20.76)	-
4 Employer's contribution	74.96	-	60.00	-
5 Benefits paid	(25.81)	-	(69.34)	-
6 Plan assets at the end of the year	462.99	-	373.72	-
III Reconciliation of Present value of Defined Benefit Obligation and Fair Value of Plan Assets				
1 Present Value of obligation as at year-end	737.13	383.91	598.51	270.75
2 Fair value of plan assets at year-end	462.99	-	373.72	-
3 Funded status {Surplus/(Deficit)}	(274.14)	(383.91)	(224.79)	(270.75)
4 Net Asset/(Liability)	(274.14)	(383.91)	(224.79)	(270.75)
IV Expenses recognised in the Statement of Profit and Loss				
1 Current Service Cost	95.20	130.29	81.21	66.97
2 Interest Cost	47.88	21.66	40.23	17.67
3 Past service Cost	-	-	-	-
4 Expected return on plan assets	(31.77)	-	(31.63)	-
5 Net Actuarial (Gain)/Loss	14.54	(9.94)	65.91	(0.36)
6 Total Expense	125.86	142.01	155.72	84.28
V Bifurcation of PBO at the end of the year				
1 Current Liability	-	58.40	1.22	55.49
2 Non-Current Liability	274.14	325.51	223.56	215.26
VI Actuarial Assumptions				
1 Discount Rate	8.50%	8.50%	8.00%	8.00%
2 Expected rate of return on plan assets	8.50%	-	8.50%	-
3 Mortality Table	IALM (2006-08)	IALM (2006-08)	IALM (1994-96)	IALM (1994-96)
4 Salary Escalation	6.00%	6.00%	5.50%	5.50%

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

32. EMPLOYEE STOCK OPTION PLANS

The Company provides share-based payment schemes to its employees. The relevant details of the scheme are as follows:

In December 2010, the Board of Directors approved the PII ESOP 2010 Scheme in order to reward the employees for their past association and performance as well as to motivate them to contribute to the growth and profitability of the Company (including subsidiary companies) with an intent to attract and retain talent in the organization. The aforesaid scheme was duly approved by shareholders in its EGM held on 21st January, 2011 and is administered through independent trust. During the year, Compensation Committee of the Board granted following options under PII ESOP 2010 Scheme to certain category of employees as per criteria laid down by Compensation Committee of the Board.

	2013-14	2012-13
Options Granted (No. of Shares)	3,728,221	2,313,010
Options Vested and Exercisable	234,815	106,845
Options Exercised	1,009,096	487,135
Options Cancelled	280,800	55,365
Options lapsed	–	–
Total number of Options in force	2,438,325	1,770,510
Variations in terms of ESOP	Not Applicable	Not Applicable
Total number of shares arising as a result of exercise of options	1,009,096	487,135
Money realised by exercise of options (in ₹ lacs)	495.51	232.08

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

	2013-14		2012-13	
	No. of Options	Weighted average exercise price (₹)	No. of Options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	1,770,510	61.00	1,819,180	49.43
Granted during the year	1,415,211	110.07	493,830	89.10
Forfeited during the year	225,435	63.53	55,365	48.93
Exercised during the year*	521,961	50.50	487,135	47.64
Expired during the year	–	–	–	–
Outstanding at the end of the year	2,438,325	91.50	1,770,510	61.00
Exercisable at the end of the year	234,814	52.98	106,845	49.07
Weighted average remaining contractual life of outstanding options (in Years)		7.4		6.93
Weighted average fair value of options granted (In ₹)		77.32		56.04

* Shares allotted to PII ESOP Trust against exercise of options.

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

Range of Exercise price	2013-14			2012-13		
	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						
25-75	633,062	5.93	51.46	1,276,680	6.49	50.13
75-125	1,805,263	7.92	105.54	493,830	8.08	89.10

Methods and Assumptions used to estimate the Fair Value of Options granted during the year: 2013-14

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	3rd August 2013	26th July 2012
1 Risk Free Interest rate	8.81%-8.46%	8.04%-8.12%
2 Expected Life	4 years- 7 years	4 years- 7 years
3 Expected Volatility	53.29% - 64.96%	52.48% - 54.02%
4 Dividend Yield	0.82%	1.01%
5 Price of the underlying share in market at the time of the option granted (₹)	122.20	98.99



Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

32. EMPLOYEE STOCK OPTION PLANS (Contd...)

The stock based compensation cost calculated as per the intrinsic value method for the financial year 2013-14 is ₹59.93 lacs (Previous Year ₹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 2013-14 would be ₹378.63 lacs (Previous Year ₹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

	(₹ in Lacs)	
Particulars	2013-14	2012-13
Net Income as reported	18,800.35	9,734.15
Add: Intrinsic Value Compensation Cost	59.93	54.93
Less: Fair Value Compensation cost	(378.63)	(241.02)
Adjusted Pro Forma Net income	18,481.65	9,548.06
Earning Per Share: Basic		
As Reported	13.84	7.65
Adjusted Pro Forma	13.60	7.50
Earning Per Share: Diluted		
As Reported	13.73	7.59
Adjusted Pro Forma	13.50	7.45

33. CAPITAL & OTHER COMMITMENT

	(₹ in Lacs)	
	March 31, 2014	March 31, 2013
a. Estimated Amount of Contracts remaining to be executed on capital account and not provided for {Net of advances ₹691.81 lacs (Previous Year ₹482.73 lacs)}	520.13	1,572.61
b. Bank Guarantees	1,426.69	2,394.97
c. Letter of Credit	9,559.86	6,203.05
d. Export Commitment	43,455.48	27,491.00

34. 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, 2014	March 31, 2013
- Payable within one year	676.24	669.90
- Later than one year and not later than five years	1,274.17	1,337.41
- Later than five years	247.46	410.46
- Lease payments recognised in Statement of P&L	750.71	565.17

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.

35. CAPITALISATION OF EXPENDITURE

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

	(₹ in Lacs)	
	March 31, 2014	March 31, 2013
A. Brought forward from the earlier year	1467.88	1266.74
B. Expenditure incurred during the year:		
Staff Costs	488.59	784.83
Other Expenses	201.87	696.44
Interest and commitment charges	-	272.11
Stores Consumption	-	329.41
Exchange Difference	1,120.50	640.00
	1,810.96	2,722.79
C. Capitalised as part of :		
Plant & Machinery	1672.31	1987.80
Building	508.09	532.98
Furniture, Fixtures & Office equipments	15.33	0.87
Intangible Assets	53.14	-
	2,248.87	2,521.65
D. Other adjustments	99.31	-
	99.31	-
E. Carried forward as part of capital work in progress	930.66	1,467.88

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

36. SEGMENT INFORMATION

The Company is engaged in the business of chemical which is a single business segment and constitutes the primary segment. Accordingly, no separate disclosure is required to be given as per Accounting Standard AS-17.

Secondary Segment information (Geographical Segments)

The Company is organised into two key geographical segment based upon the location of its customer within India (domestic) and outside India (export)

Particulars	(₹ in Lacs)	
	March 31, 2014	March 31, 2013
1 Segment Revenue		
- Within India	88,598.90	68,691.01
- Outside India	97,705.15	63,522.69
	186,304.05	132,213.70
2 Segment Assets*		
- Within India	119,852.29	100,439.39
- Outside India	11,937.84	13,033.34
	131,790.13	113,472.73

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

37. 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 01.01.2013)

ii Enterprises in respect of which reporting enterprise is an associate

(a) Lucrative Leasing Finance and Investment Company Ltd (Upto 31.12.2012)

(b) Parteek Finance and Investment Company Ltd (Upto 31.12.2012)

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 15th September 2012)
Mr. Rajnish Sarna	Whole-time Director (From 07th November 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 (Upto 31.12.2012)

(b) Wolkem India Ltd.

(c) Secure Meters Ltd.

(d) Salil Singhal (HUF)

(e) Singhal Foundation

(f) PI Foundation

(g) PII ESOP Trust



Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

37. RELATED PARTY DISCLOSURES (Contd...)

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

Nature of Transaction	Type of relation	2013-14			2012-13		
		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)	2.33	–	(0.17)	2.37	–	(0.17)
Remuneration to Directors	a (iii)(a)	–	1,067.51	(515.89)	–	574.84	(165.89)
Interest	a(i), a(ii)(a), a(iv)(a), a(iii)(a), a(iii)(b), a(iv)(d), a(iv)(g)	24.52	77.28	(37.01)	–	129.61	(87.98)
Rent & Power Cost	a(iii)(a), a(iii)(b), a(iv)(b)	2.40	14.25	11.83	2.20	13.18	(2.16)
Deposits Received and Paid	a(iii)(a), a(iii)(b), a(iv)(d)	73.68	65.53	(651.19)	106.99	109.44	(570.29)
Loans given	a(iv)(g)	100.00	275.00	265.00	200.00	290.00	90.00
Recovery of Dues on account of expenses incurred	a(iii)(b), a(iv)(b), a(iv)(c)	34.05	–	18.84	33.11	–	20.99
Reimbursement on account of expenses	a(iv)(c)	–	1.28	–	–	0.67	–
Inter Corporate Deposit	a(i), a(ii)(a), a(iv)(a)	–	–	–	1,200.00	1,315.00	–
Donation	a(iv)(e), a(iv)(f)	–	5.00	–	–	5.25	–
Salary	a (iii)	–	1.08	–	–	1.03	–
Travel & Other expenditure incurred	a (iii)(a), a(iii)(b)	–	413.40	0.76	–	257.34	30.24

38. CONTINGENT LIABILITIES

(₹ in Lacs)

	March 31, 2014	March 31, 2013
Disputed Taxation demands not acknowledged as debts:		
- Sales Tax	119.06	128.13
- Excise Duty	509.17	84.99
- Income Tax	689.47	536.42
- Custom Duty	–	71.08
- ESI	6.09	5.08
Anti Dumping Duty	230.44	230.44
Counter Guarantee to GIDC	32.85	32.85
Bill Discounted	2,382.45	3,171.14

39. 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, 2014	Amount Outstanding as at March 31, 2013	Buy / Sell	Purpose
USD	170.00	125.00	Sell	Hedging

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

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

39. DERIVATIVES INSTRUMENTS AND HEDGED/ UNHEDGED FOREIGN CURRENCY EXPOSURE (Contd...)

iii) Particulars for Hedged Foreign Currency Exposure

(in Lacs)

Particulars	Currency	Amount as at March 31, 2014 (in Foreign Currency)	Amount as at March 31, 2014 (in INR)	Amount as at March 31, 2013 (in Foreign Currency)	Amount as at March 31, 2013 (in INR)
Export Debtors	USD	51.97	3,169.39	47.21	2,668.39

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, 2014 (in Foreign Currency)	Amount as at March 31, 2014 (in INR)	Amount as at March 31, 2013 (in Foreign Currency)	Amount as at March 31, 2013 (in INR)
1 ECB Term loan	USD	133.33	8,013.33	200.00	10,878.00
2 PCFC Loan	USD	–	–	47.17	2,565.51
3 Buyers Credit	USD	3.10	186.47	12.48	678.67
4 EEFC Account	USD	18.26	1,097.19	–	–
5 Import Creditors (Net)	USD	99.65	5,989.01	138.72	7,544.72
	EURO	1.12	92.67	0.88	61.04
	GBP	2.49	248.37	0.01	0.29
	JPY	42.55	25.03	55.51	32.08
6 Export Debtors	USD	139.94	8,405.20	185.14	10,068.69
	EURO	4.40	363.25	4.26	296.26

40. 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 ₹1,120.50 lacs (Previous Year ₹640 lacs) have been adjusted to the cost of fixed assets/CWIP.

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

(₹ in Lacs)

	March 31, 2014		March 31, 2013	
	Principal Amount	Interest Amount	Principal Amount	Interest Amount
Principal amount and Interest due thereon remaining unpaid to any supplier as on 31st March	484.13	–	352.44	–
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	217.38	3.50	344.86	5.76
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.	–	–	–	–



Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

42. VALUE OF IMPORTS CALCULATED ON CIF BASIS

(₹ in Lacs)

	March 31, 2014	March 31, 2013
Raw Materials	52,853.76	33,796.50
Spare Parts & Components	43.33	87.05
Capital Goods	70.93	221.91

43. EARNINGS IN FOREIGN CURRENCY

(₹ in Lacs)

	March 31, 2014	March 31, 2013
Export of Goods on FOB Basis	97,149.55	62,886.94

44. EXPENDITURE IN FOREIGN CURRENCY

(₹ in Lacs)

	March 31, 2014	March 31, 2013
Professional	58.68	85.79
Interest	413.97	693.83
Travelling	10.59	0.92
Salary	36.02	17.47
Others	410.82	333.06

45. 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	10,704	72,013	340	70,876	12,181
	TOTAL	10,704	72,013	340	70,876	12,181
	Previous 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)
(II)	IN VALUE (₹ In lacs)					
	Current Year					
	Chemicals including by-product/ Traded goods	11,079.60		4,597.97	183,736.98	14,705.40
	TOTAL	11,079.60	–	4,597.97	183,736.98	14,705.40
	Previous 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)

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS (Contd...)

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

	March 31, 2014		March 31, 2013	
	Qty (in Tonnes)	(in ₹ Lacs)	Qty (in Tonnes)	(in ₹ Lacs)
Technical Pesticides	760	3,001.05	319	1,334.95
Inert Chemicals & Adjuvants	75,633	81,661.33	51,482	55,465.53
Others	–	6,342.78	–	7,528.98
TOTAL	76,393	91,005.16	51,801	64,329.46

Particulars	March 31, 2014		March 31, 2013	
	%	(in ₹ Lacs)	%	(in ₹ Lacs)
i Raw Material				
Imported	85.49	73,445.77	64.89	39,299.87
Indigenous	14.51	12,467.08	35.11	21,261.14
ii Packing Material				
Imported	–	–	–	–
Indigenous	100.00	5,092.30	100.00	3,768.45

47. 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.

48. 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 S. S. Kothari Mehta & Co.

Chartered Accountants

Firm Reg. No. 000756N

Sd/-

Yogesh K Gupta

Partner

M. No.: 93214

Place: Gurgaon

Date: May 21, 2014

For and on behalf of the Board of Directors

Sd/-

Salil Singhal

Chairman & Managing Director

Sd/-

Rajnish Sarna

Whole-time Director

Sd/-

Mayank Singhal

Managing Director & CEO

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.

Corporate Identity Number (CIN)

U65990GJ1992PLC018163

Director's Report

Dear members

The Directors have pleasure in submitting their report on the business and operations of the Company along with Audited Accounts for the year ended on March 31, 2014.

Financial Results

(₹ in Lacs)

Particulars	Current year (2013-14)	Previous year (2012-13)
Total Turnover	23.88	24.56
Expenditure	0.73	1.18
Profit before tax	23.15	23.38
Less: Provision for Tax	9.87	7.03
Profit after Tax	13.28	16.35
EPS (Basic & Diluted) (in ₹)	3.69	4.54

Operational Highlights

During the year, Company had registered Profit before tax amounting to ₹23.15 Lacs. The net profit for the year stood at ₹13.28 Lacs.

Dividend

In order to plough back the profits of the Company for business activities, the Directors do not recommend any dividend for the year.

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 Re-appointment

Mr. Anurag Surana, Director retires by rotation at forthcoming Annual General Meeting. However, he has not offered himself for reappointment. The Board places on record its gratitude for the valuable guidance provided by Mr. Anurag Surana during his tenure as Director of the Company.

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, 2014, the applicable accounting standards have been followed by the Company.
- 2) appropriate accounting policies have been selected and applied consistently and have made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2014 and of the profit for the year ended March 31, 2014.

3) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4) the annual accounts are prepared on a going concern basis.

Auditors

At the Annual General Meeting, Members will be required to appoint Auditors for the current year. M/s Kishan M. Mehta & Co., Chartered Accountants, Ahmedabad, the existing Auditors of the Company have furnished a certificate, confirming that if re-appointed for the financial year 2014-15, their re-appointment will be in accordance with Section 139 read with Section 141 of the Companies Act, 2013. The Members are requested to consider their re-appointment as Auditors of the Company for the current year and authorise the Board of Directors to fix their remuneration.

Compliance Certificate from Company Secretary

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

Employees

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

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 as to conservation of energy and technology absorption do not apply to our Company and as to foreign exchange earning and outgo, there are no activities relating to exports and no foreign exchange was used by the Company.

Acknowledgement:

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

For and on behalf of Board of Directors

Sd/-
Place: Ahmedabad
Date: April 29, 2014

Sd/-
Salil Singhal
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, 2014, 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, 2014;
- 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 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, 2014, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2014, from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For Kishan M. Mehta & Co.

Chartered Accountants

Firm's Registration No.105229W

Sd/-

U.P. Bhavsar

Partner

Place: Ahmedabad

Date: April 29, 2014

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) (a) The nature of Company's activities during the year has been such that clause (ii)(a), (ii)(b) & (ii)(c) of paragraph 4 of the Company's (Auditor's Report) order, 2003 are not applicable to the Company for the year.
- (iii) (a) 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 and explanations provided by the Management, we are of the opinion that there are no transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) There being no transaction entered in to the register maintained u/s 301 of companies Act, 1956 para (v)(b) of the order is not applicable.
- (vi) The Company has not accepted any deposits during the year from public within the meaning of the provisions of Section 58A and 58AA of the Companies Act, 1956 and rules made thereunder. Hence, the Para 4 (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 31/03/2014. 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 raised on short-term basis have been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares during the year.
- (xix) The Company has not issued any debentures 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 29, 2014

Membership No. 43559



Balance Sheet as at March 31, 2014

(Amount in ₹)

Particulars	Note No.	As at March 31, 2014	As at March 31, 2013
I. EQUITY & LIABILITIES			
1. Shareholders' Funds			
a. Share Capital	1	3,600,000	3,600,000
b. Reserves & Surplus	2	25,579,082	24,251,296
		29,179,082	27,851,296
2. Non-Current Liabilities			
a. Long-Term Borrowings		–	–
b. Deffered tax liabilities (Net)		–	–
c. Other Long-Term Liabilities	3	50,000	50,000
d. Long-Term Provisions		–	–
		50,000	50,000
3. Current Liabilities			
a. Short-Term Borrowings		–	–
b. Trade Payables		–	–
c. Other Current Liabilities	4	32,585	57,304
d. Short-Term Provisions	5	30,231	248,540
		62,816	305,844
TOTAL		29,291,898	28,207,140
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	25,507,349	26,490,510
e. Short-term Loans and advances		–	–
f. Other current assets	11	2,131,015	63,096
		27,638,424	26,553,666
TOTAL		29,291,898	28,207,140
Notes Forming Part of Accounts	15		

As per our report attached.

FOR KISHAN M. MEHTA & CO.
Chartered Accountants.
Firm's Registration No.105229W

Sd/-
U.P. Bhavsar
Partner
M. No. 43559

Place: Ahmedabad
Date: April 29, 2014

For and on behalf of the Board of Directors
PILL Finance & Investments Limited

Sd/-
Mayank Singhal
Director

Sd/-
Salil Singhal
Director

Statement of Profit & Loss for the year ended March 31, 2014

Particulars	Note No.	(Amount in ₹)	
		For the year ended March 31, 2014	For the year ended March 31, 2013
I. INCOME			
Revenue from operations	12	2,351,688	2,428,737
Other Income	13	35,886	27,249
TOTAL		2,387,574	2,455,986
II. EXPENDITURE			
Miscellaneous Expenses	14	2,435	2,788
Bank Charges		928	592
Legal & Professional Fees		36,500	33,500
Payment to Auditor		32,585	80,900
TOTAL		72,448	117,780
III. PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX		2,315,126	2,338,206
Add: Exceptional Items			
Profit on Sale of Land		–	–
IV. PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX		2,315,126	2,338,206
Add: Extraordinary Items		–	–
V. PROFIT BEFORE TAX		2,315,126	2,338,206
Less: Provision For Current Tax		710,000	490,000
Less: Deferred Tax		–	–
Less: Prior Year Tax		277,340	212,808
VI. PROFIT AFTER TAX		1,327,786	1,635,398
Notes Forming Part Of Accounts	15		
No. of Equity Shares at the end of the year		360,000	360,000
Profit for calculation of E.P.S. (₹)		1,327,786	1,635,398
Earning Per share - Basic & Diluted		3.69	4.54

As per our report attached.

FOR KISHAN M. MEHTA & CO.
Chartered Accountants.
Firm's Registration No.105229W

For and on behalf of the Board of Directors
PILL Finance & Investments Limited

Sd/-
U.P. Bhavsar
Partner
M. No. 43559
Place: Ahmedabad
Date: April 29, 2014

Sd/-
Mayank Singhal
Director

Sd/-
Salil Singhal
Director



Cash Flow Statement for the year ended March 31, 2014

(Amount in ₹)

	For the year ended March 31, 2014	For the year ended March 31, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax and Extraordinary items	2,315,126	2,338,206
Adjustment for :		
Interest Received	(2,297,688)	(2,363,737)
Dividend Received	(35,886)	(24,224)
Operating Profit before working capital changes	(18,448)	(49,755)
Working capital		
Non Current Investments	-	-
(Increase)/Decrease in other current assets	(2,067,919)	(63,096)
Increase/(Decrease) in other current liabilities	(24,719)	5,269
Increase/ (Decrease) in short term provisions	(928,309)	(4,379,857)
Cash generated from operations	(3,039,394)	(4,487,439)
Direct Taxes Paid	(277,340)	(212,808)
Net Cash from operating activities	(3,316,734)	(4,700,247)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	-	-
(Increase)/Decrease in Loans	-	25,500,000
Interest Received	2,297,688	2,363,737
Dividend Received	35,886	24,224
Net Cash used in investing activities	2,333,574	27,887,961
C. CASH FLOW FROM FINANCING ACTIVITIES		
(Increase)/Decrease in Long term Loans	-	-
Net Cash used in financing activities	-	-
INCREASE / (DECREASE) IN CASH OR CASH EQUIVALENTS	(983,161)	23,187,715
Opening cash or cash equivalents	26,490,510	3,302,795
Closing cash or cash equivalents	25,507,349	26,490,510

As per our separate report of even date attached.

FOR KISHAN M. MEHTA & CO.
Chartered Accountants.
Firm's Registration No.105229W

For and on behalf of the Board of Directors
PILL Finance & Investments Limited

Sd/-
U.P. Bhavsar
Partner
M. No. 43559

Sd/-
Mayank Singhal
Director

Sd/-
Salil Singhal
Director

Place: Ahmedabad
Date: April 29, 2014

Notes to Accounts

Note: 1(a) SHARE CAPITAL

(Amount in ₹)

	As at March 31, 2014	As at March 31, 2013
Authorised:		
500,000 (500,000) 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		
360,000 (360,000) 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

	Equity Shares (No. of Shares)		Equity Shares (Value of Shares)	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
a. Share outstanding at beginning of year	360,000	360,000	3,600,000	3,600,000
b. Shares issued during the year	–	–	–	–
c. Shares bought back during the year	–	–	–	–
Share outstanding at end of year	360,000	360,000	3,600,000	3,600,000

Note: 1(c) SHAREHOLDERS HOLDING MORE THAN 5% SHARES

	Equity Shares (No. of Shares)		Equity Shares	
	March 31, 2014 No. of Shares	March 31, 2013 %	March 31, 2014 No. of Shares	March 31, 2013 %
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, 2014	As at March 31, 2013
Capital Redemption Reserve		
As per last year	3,500,000	3,500,000
		3,500,000
Profit & Loss Account		
As per last year	20,751,296	19,115,898
Add: Current Year Profit	1,327,786	1,635,398
		22,079,082
TOTAL	25,579,082	24,251,296

Note: 3 OTHER LONG TERM LIABILITIES

(Amount in ₹)

	As at March 31, 2014	As at March 31, 2013
Unsecured		
Security Deposits	50,000	50,000
		50,000
TOTAL	50,000	50,000



Notes to Accounts

Note: 4 OTHER CURRENT LIABILITIES

(Amount in ₹)

	As at March 31, 2014		As at March 31, 2013	
Expenses Payable	16,966		40,450	
TDS Payable	3,259		4,494	
Audit Fees Payable	12,360		12,360	
		32,585		57,304
TOTAL		32,585		57,304

Note: 5 SHORT-TERM PROVISIONS

(Amount in ₹)

	As at March 31, 2014		As at March 31, 2013	
Income Tax provision	710,000		490,000	
Less : TDS	229,769		241,460	
Less : Advance Tax	450,000		–	
		30,231		248,540
TOTAL		30,231		248,540

Note: 6 FIXED ASSETS - TANGIBLE

(Amount in ₹)

Particulars	Gross block				Depreciation				Net block	
	As at April 1, 2013	Additions	Deductions	As at March 31, 2014	Upto Previous Year	During the year	Recouped	Total	As at March 31, 2014	As at March 31, 2013
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
Prev. Year	1,235,962	–	–	1,235,962	–	–	–	–	1,235,962	1,235,962

Note: 7 NON CURRENT INVESTMENTS (As valued, verified & certified by the Management)

(Amount in ₹)

	As at March 31, 2014	As at March 31, 2013
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
2,070 (2,070) 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 Sprits 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 ₹2,859,455 (Previous Year ₹2,142,475)]		
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

Notes to Accounts

Note: 8 LONG-TERM LOANS AND ADVANCES (Unsecured Considered Good)

(Amount in ₹)

	As at March 31, 2014		As at March 31, 2013	
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, 2014		As at March 31, 2013	
Trade Receivables				
Exceeding six months	60		60	
		60		60
TOTAL		60		60

Note: 10 CASH AND BANK BALANCES

(Amount in ₹)

	As at March 31, 2014		As at March 31, 2013	
Cash and Cash Equivalents				
Balances with Banks	1,507,349		26,490,510	
Fixed Deposit with Bank	24,000,000		–	
		25,507,349		26,490,510
TOTAL		25,507,349		26,490,510

Note: 11 OTHER CURRENT ASSETS

(Amount in ₹)

	As at March 31, 2014		As at March 31, 2013	
Interest Accrued	2,067,919		–	
Income Tax Refundable	63,096		63,096	
		2,131,015		63,096
TOTAL		2,131,015		63,096

Note: 12 REVENUE FROM OPERATIONS

(Amount in ₹)

	Year ended March 31, 2014		Year ended March 31, 2013	
Interest Income	2,297,688		2,363,737	
		2,297,688		2,363,737
Lease Rent	54,000		65,000	
		54,000		65,000
TOTAL		2,351,688		2,428,737

Note: 13 OTHER INCOME

(Amount in ₹)

	Year ended March 31, 2014		Year ended March 31, 2013	
Dividend	35,886		24,224	
Interest on income tax refund	–		3,025	
		35,886		27,249
TOTAL		35,886		27,249

Note: 14 MISCELLANEOUS EXPENSES

(Amount in ₹)

	Year ended March 31, 2014		Year ended March 31, 2013	
Professional Tax	2,400		2,400	
Other Expenses	35		388	
		2,435		2,788
TOTAL		2,435		2,788



Notes to Accounts

Note: 15 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, as adopted consistently by the Company.

(b) Fixed Assets :

Fixed assets being land is stated at cost of acquisition.

(c) Investments:

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

(d) Revenue Recognition:

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

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

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

(e) Taxation:

Current tax is the amount of tax payable in respect of taxable income for the period.

(f) Other accounting policies:

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

2. Payments to Auditors:

Particulars	2013-14 ₹	2012-13 ₹
Audit Fee	12,360	12,360
Income Tax Matters	20,225	68,540
TOTAL	32,585	80,900

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, 2014	Outstanding as at March 31, 2013
Interest Received	-	2,312,877	-	-
Rent Received	54,000	65,000	-	-
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 '15'

As per our report attached.

FOR KISHAN M. MEHTA & CO.

Chartered Accountants.

Firm's Registration No.105229W

For and on behalf of the Board of Directors

PILL Finance & Investments Limited

Sd/-

U.P. Bhavsar

Partner

M. No. 43559

Place: Ahmedabad

Date: April 29, 2014

Sd/-

Mayank Singhal

Director

Sd/-

Salil Singhal

Director

PI LIFE SCIENCE RESEARCH LIMITED

CORPORATE INFORMATION

Board of Directors

Mr. Mayank Singhal

Dr. S.P. Vishnoi

Mr. Anurag Surana

Mr. Rajnish Sarna

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

Corporate Identity Number (CIN)

U73100DL2004PLC131109



Director's Report

Dear members

The Directors have pleasure in submitting their report on the business and operations of the Company along with Audited Accounts for the year ended March 31, 2014.

Financial Results (₹ in Lacs)

Particulars	Current year (2013-14)	Previous year (2012-13)
Total Turnover	448.75	256.22
Expenditure	158.51	171.27
Profit before tax	290.24	84.95
Less: Provision for current tax	57.60	16.19
Add: Provision for deferred tax	(2.20)	(0.62)
Less: Tax for earlier years	2.35	-
Add: MAT Credit Entitlement – earlier year	(109.96)	-
Add: MAT Credit Entitlement – Current year	(57.60)	-
Profit after Tax	400.05	69.38

Operational Highlights

The Company has registered a turnover of ₹448.75 lacs during the year under review from business activities and generated net profit after tax of ₹400.05 lacs from its business operation.

Dividend

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

Deposits

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

Directors Re-appointment

Mr. Mayank Singhal, Director retires by rotation and being eligible offers himself for re-appointment. Directors recommend the same for approval of members.

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, 2014, the applicable accounting standards have been followed by the Company.
2. appropriate accounting policies have been selected and applied consistently and have made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2014 and of the profit for the year ended March 31, 2014.
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the

provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4. the annual accounts are prepared on a going concern basis.

Auditors

At the Annual General Meeting, Members will be required to appoint Auditors for the current year. M/s KSMN & Co., Chartered Accountants, New Delhi, the existing Auditors of the Company have furnished a certificate, confirming that if re-appointed for the financial year 2014-15, their re-appointment will be in accordance with Section 139 read with Section 141 of the Companies Act, 2013. The Members are requested to consider their re-appointment as Auditors of the Company for the current year and authorise the Board of Directors to fix their remuneration.

Compliance Certificate from Company Secretary

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

Employees

None of the employee draw remuneration in excess of limit prescribed U/s 217 (2A) of the Companies Act, 1956.

Conservation of Energy, Technology Absorption, Adaptation, Innovation and Foreign Exchange

The information required under Section 217(a)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars of the report of the Board of Directors) Rules, 1988 to conservation of energy and technology absorption do not apply to our Company. Further, foreign exchange earning and outgo appear in Note No.27, 28, 29 & 30 of the Annual Accounts.

Acknowledgement

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

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

The Board of Directors place on record their appreciation for the excellent performance and impeccable services rendered by the employees of the Company at all levels towards its overall success.

For and on behalf of Board of Directors

	Sd/-	Sd/-
Place: Gurgaon	(Mayank Singhal)	(Rajnish Sarna)
Date: May 9, 2014	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, 2014, 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") read with General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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, 2014
- 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 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 read with General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
 - e) on the basis of written representations received from the Directors as on March 31, 2014, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2014, 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

Place: Gurgaon
Date: May 9, 2014

M.No. 092671



Annexure to the Auditor's Report

The Annexure referred to in our paragraph "Report on other legal and regulatory Requirements" report to the members of PI Life science Research limited for the year ended 31 March 2014. 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) 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) 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) 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 to the Company.
(b) The Company has not taken unsecured loans from parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the clause 4(iii) (e, f & g) of the order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, 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) The Company has not accepted any deposits from 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 the size of the Company and nature of its business.
- (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 records of the Company examined by us and the information and explanations given to us, in our opinion, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Service tax, Wealth tax, Customs duty, Excise duty, Cess and any other material statutory dues to the extent applicable to it and there are no such undisputed statutory dues payable for a period of more

- than six months from the date they become payable as at 31st March, 2014.
- (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 as at 31st March 2014 which have not been deposited on account of any dispute.
- (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, the Company has not taken any loan from financial institutions or banks, therefore clause iv(xi) of the Order are not applicable to the Company.
- (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 Order 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 Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loan 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 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, We report that no funds raised on short-term basis have been used for long term investment.
- (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) During the year, The Company has not raised any money by public issue during the year.
- (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 KSMN & Company
Chartered Accountants
Firm's Regn. No. 001075N

Sd/-

Vijay Kumar
Partner

M.No. 092671

Place: Gurgaon
Date: May 9, 2014



Balance Sheet as at March 31, 2014

Particulars	Note No.	(Amount in ₹)	
		As at March 31, 2014	As at March 31, 2013
I. EQUITY & LIABILITIES			
1. Shareholders' Funds:			
a. Share Capital	B1	9,450,000	9,450,000
b. Reserves & Surplus	B2	81,439,516	41,434,111
2. Non-Current Liabilities:			
a. Deferred tax liabilities (Net)	B3	4,202,354	4,422,702
b. Long-Term Provisions	B4	34,381	12,122
3. Current Liabilities:			
a. Trade Payables	B5	291,423	385,265
b. Other current liabilities	B6	424,373	772,938
c. Short-Term Provisions	B7	1,899	180,171
TOTAL		95,843,946	56,657,309
II. ASSETS			
1. Non Current Assets:			
a. Fixed Assets			
- Tangible Assets	B8	28,735,725	30,504,401
b. Long-Term loans and advances	B9	17,494,595	2,111,426
2. Current Assets:			
a. Trade Receivables	B10	16,249,089	13,206,010
b. Cash and Bank Balances	B11	32,612,926	10,255,707
c. Other current assets	B12	751,612	579,765
TOTAL		95,843,946	56,657,309
Refer accompanying notes to financial statements	A&B		

As per our report of even date.

For K S M N & Company
Chartered Accountants
Firm Reg. No. 001075N

For and on behalf of the Board of Directors of
PI Life Science Research Limited

Sd/-
Vijay Kumar
Partner
M. No. 092671
Place: Gurgaon
Date: May 9, 2014

Sd/-
Mayank Singhal
Director

Sd/-
Rajnish Sarna
Director

Profit & Loss Statement for the year ended March 31, 2014

Particulars	Note No.	(Amount in ₹)	
		For the year ended 31st March 2014	For the year ended 31st March 2013
I. INCOME			
Revenue From Operations	B13	43,960,375	24,523,974
Other Income	B14	914,929	1,098,525
Total Revenue		44,875,304	25,622,499
II. EXPENDITURE			
Cost of Material Consumed	B15	6,837,688	3,499,178
Employee Benefit Expenses	B16	2,416,638	3,707,373
Depreciation and Amortization expenses	B8	1,768,676	1,780,220
Other Expenses	B17	4,828,333	8,140,781
Total Expenses		15,851,335	17,127,552
III. PROFIT BEFORE PRIOR PERIOD INCOME AND TAX		29,023,969	8,494,947
IV. PROFIT/(LOSS) BEFORE TAX		29,023,969	8,494,947
V. Provision for Taxation			
- Current Tax		5,760,000	1,619,000
- Deferred Tax		(220,348)	(62,389)
- Tax for earlier years		234,983	-
- MAT Credit Entitlement- Earlier Years		(10,996,071)	-
- MAT Credit Entitlement- Current Year		(5,760,000)	-
VI. PROFIT/(LOSS) AFTER TAX		40,005,405	6,938,336
VII. Earning per share			
	B18		
- Basic		42.33	7.34
- Diluted		42.33	7.34
(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
Firm Reg. No. 001075N

For and on behalf of the Board of Directors of
PI Life Science Research Limited

Sd/-
Vijay Kumar
Partner
M. No. 092671
Place: Gurgaon
Date: May 9, 2014

Sd/-
Mayank Singhal
Director

Sd/-
Rajnish Sarna
Director



Cash Flow Statement for the year ended March 31, 2014

(Amount in ₹)

	For the year ended March 31, 2014	For the year ended March 31, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / Loss before tax and Extraordinary items	29,023,969	8,494,947
Adjustment for :		
Depreciation	1,768,676	1,780,220
Interest on Borrowings	-	-
Operating Profit before working capital changes	30,792,646	10,275,167
Adjustment for :		
Decrease/(Increase) in trade receivables	(3,043,079)	(6,433,930)
Increase/(Decrease) in trade payables	(93,842)	(427,626)
Increase/(Decrease) in other current liabilities	(348,565)	(352,102)
Decrease/(Increase) in other current assets	(171,847)	(340,735)
Increase/ (Decrease) in long-term provisions	22,259	(270,542)
Increase/ (Decrease) in short-term provisions	(178,272)	100,344
Cash generated from/ (used in) operations	26,979,300	2,550,576
Direct Taxes paid	(4,622,081)	(3,257,660)
Net Cash Flow from/ (used in) operating activities (A)	22,357,219	(707,084)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Loans & Advances	-	-
Capital Advances	-	-
Purchase of Fixed Assets	-	-
Net Cash Flow from/ (used in) investing activities (B)	-	-
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)	22,357,219	(707,084)
Opening cash or cash equivalents	10,255,707	10,962,791
Closing cash or cash equivalents	32,612,926	10,255,707

As per our separate report of even date attached.

For K S M N & Company
Chartered Accountants
Firm Reg. No. 001075N

For and on behalf of the Board of Directors of
PI Life Science Research Limited

Sd/-
Vijay Kumar
Partner
M. No. 092671

Sd/-
Mayank Singhal
Director

Sd/-
Rajnish Sarna
Director

Place: Gurgaon
Date: May 9, 2014

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 and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon Management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

2.2 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 and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

Gains or losses arising from 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 and Loss when the asset is derecognized.

Intangible Assets

Capital Expenditure on purchase and development of identifiable non-monetary assets without physical substance is recognized as Intangible Assets in accordance with principles given under AS-26 – Intangible Assets. These are grouped and separately shown under the schedule of Fixed Assets. These are amortized over their respective expected useful lives.

2.5 Expenses Incurred During Construction Period

Preliminary project expenditure, capital expenditure, indirect expenditure incidental and related to construction /



Significant Accounting Policies and Notes to Accounts

implementation, interest on borrowings to finance fixed assets and expenditure on start-up / commissioning of assets forming part of a composite project are capitalized up to 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 charged or credited to the Statement of Profit and Loss in the year to which such gains or losses relate.

Significant Accounting Policies and Notes to Accounts

(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 Statement of Profit and Loss 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 Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation are recognized as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Statement of Profit and Loss.

2.11 Segment Accounting & Reporting

Identification of Segments

The Company's operating businesses are organized and managed separately according to the nature of products manufactured and services provided, with each segment representing a strategic business unit that offers different products.

Allocation of Common Costs

Common allocable costs are allocated to each segment on reasonable basis.

Unallocated Items

Unallocable assets and liabilities represent the assets and liabilities not allocable to any segment as identified as per the Accounting Standard.

Segment Policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

2.12 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 and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each Balance Sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down



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 Statement of Profit and Loss 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.

Significant Accounting Policies and Notes to Accounts

B NOTES TO ACCOUNTS

1. SHARE CAPITAL

(Amount in ₹)

Particulars	As at	As at
	March 31, 2014	March 31, 2013
Authorized capital		
1,000,000 (previous year 1,000,000) Equity Shares of ₹10 each	10,000,000	10,000,000
	10,000,000	10,000,000
Issued, Subscribed & fully Paid up:		
945,000 (previous year 945,000) 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	2013-14		2012-13	
	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. However, the Company has not proposed any dividend in the current year and in previous year.

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, 2014		As at March 31, 2013	
	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, 2014		As at March 31, 2013	
	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, 2014		March 31, 2013	
Surplus in the Statement of Profit and Loss				
Balance as per last financial statements	41,434,111		34,495,775	
Add: Profit for the year	40,005,405		6,938,336	
		81,439,516		41,434,111
TOTAL		81,439,516		41,434,111



Significant Accounting Policies and Notes to Accounts

3. DEFERRED TAX LIABILITIES (NET)

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
Deferred tax assets/ liabilities are attributable to the following items;		
Deferred Tax Assets		
Effects of expenditure debited to Statement of Profit and Loss in the current year but allowed for tax purposes in the following year	11,771	62,389
Sub- Total (a)	11,771	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	4,214,125	4,485,091
Sub- Total (b)	4,214,125	4,485,091
Net Deferred Tax Liability (b)-(a)	4,202,354	4,422,702

4. LONG-TERM PROVISIONS

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits		
Gratuity Payable	17,566	6,606
Leave Encashment (Refer Note 32)	16,815	5,516
	34,381	12,122
TOTAL	34,381	12,122

5. TRADE PAYABLES

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
Payable to Micro & Small Enterprises	–	–
Payable to Others than Micro & Small Enterprises	291,423	385,265
	291,423	385,265
TOTAL	291,423	385,265

5.1 Micro, Small and Medium Enterprises Development Act, 2006

The Management has initiated the process of identifying enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under the Micro, Small and Medium Enterprises Development Act, 2006 and circularized the letters for this purpose. However, the Management has not yet received response from any of the enterprises as at March 31, 2014. Accordingly, the disclosures in respect of the amounts payable to such medium and small enterprises at March 31, 2014 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, 2014	As at March 31, 2013
Other Payables:		
- Payable to Employee	326,519	422,984
- Statutory Dues (Including PF and ESI)	14,280	130,894
- Miscellaneous Expenses Payable	83,574	219,060
	424,373	772,938
TOTAL	424,373	772,938

Significant Accounting Policies and Notes to Accounts

7. SHORT-TERM PROVISIONS

(Amount in ₹)

Particulars	As at March 31, 2014		As at March 31, 2013	
Provision for employee benefits				
Gratuity Payable	27		121,884	
Leave encashment (Refer Note No. 32)	1,872		58,287	
		1,899		180,171
TOTAL		1,899		180,171

8. FIXED ASSETS - TANGIBLE

(Amount in ₹)

Particulars	Gross block			Depreciation and amortisation				Net block		
	As at April 1, 2013	Additions	Deductions	As at March 31, 2014	As at March 31, 2013	During the year	Adjustments	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
R & D Equipments	21,424,953	–	–	21,424,953	4,497,828	1,017,685	–	5,515,513	15,909,440	16,927,125
Safety & Pollution Control Equipments	658,515	–	–	658,515	218,363	31,279	–	249,642	408,873	440,152
R & D Equipments New Lab	9,121,337	–	–	9,121,337	720,365	433,264	–	1,153,629	7,967,708	8,400,972
Furniture & Fixtures	355,301	–	–	355,301	248,594	19,314	–	267,908	87,393	106,707
Office Equipments	582,664	–	–	582,664	258,956	45,028	–	303,984	278,680	323,708
Utility Equipment New Lab	4,675,913	–	–	4,675,913	370,176	222,106	–	592,282	4,083,631	4,305,737
TOTAL	36,818,683	–	–	36,818,683	6,314,282	1,768,676	–	8,082,958	28,735,725	30,504,401
Capital Work in Progress										
GRAND TOTAL	36,818,683	–	–	36,818,683	6,314,282	1,768,676	–	8,082,958	28,735,725	30,504,401
Previous Year	36,818,683	–	–	36,818,683	4,534,062	1,780,220	–	6,314,282	30,504,401	

9. LONG-TERM LOANS AND ADVANCES

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
Unsecured, Considered Good :		
Security Deposit with Sales Tax Department	20,000	20,000
Advance Income Tax (Net of Provision for Income Tax ₹11,079,000, Previous Year ₹7,960,000)	718,524	2,091,426
MAT Credit Entitlement	16,756,071	–
TOTAL	17,494,595	2,111,426

10. TRADE RECEIVABLES

(Amount in ₹)

Particulars	As at March 31, 2014		As at March 31, 2013	
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*	16,249,089	–	13,206,010	–
Less: Provision for Bad and Doubtful receivables	–	16,249,089	–	13,206,010
TOTAL		16,249,089		13,206,010

* Includes Receivables from Holding Company ₹12,760,073, previous year ₹13,206,010



Significant Accounting Policies and Notes to Accounts

11. CASH & BANK BALANCES

(Amount in ₹)

Particulars	As at March 31, 2014		As at March 31, 2013	
Cash and Cash Equivalents				
- Cash on Hand	4,055		4,425	
- Balances with Scheduled Banks in Current A/c	175,998		10,251,282	
		180,053		10,255,707
Other Bank Balances				
In Deposit A/c held as Fixed Deposit with Yes Bank		32,432,873		-
		32,612,926		10,255,707

12. OTHER CURRENT ASSETS

(Amount in ₹)

Particulars	As at March 31, 2014		As at March 31, 2013	
Prepaid Expenses	383,947		318,542	
Service Tax receivable	118,511		261,223	
Accrued Interest	249,154		-	
		751,612		579,765
TOTAL		751,612		579,765

13. REVENUE FROM OPERATIONS

(Amount in ₹)

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
Revenue from sale of services				
- Royalty Income	33,671,339		15,870,527	
- Income from Research & Development	10,289,036		8,653,447	
		43,960,375		24,523,974
TOTAL		43,960,375		24,523,974

14. OTHER INCOME

(Amount in ₹)

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
Interest Received	787,770		1,019,178	
Excess provision written back	127,159		79,347	
		914,929		1,098,525
TOTAL		914,929		1,098,525

15. COST OF MATERIAL CONSUMED

(Amount in ₹)

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
Chemical Consumption	6,358,813		2,845,925	
Laboratory Apparatus	449,475		567,937	
R & D Expenses	29,400		85,316	
		6,837,688		3,499,178
TOTAL		6,837,688		3,499,178

16. EMPLOYEE BENEFIT EXPENSES

(Amount in ₹)

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
Salary, wages and Other Allowances	2,074,320		3,174,562	
Contribution to provident and other funds	140,436	2,214,756	222,924	3,397,486
Employee welfare Expenses		201,882		309,887
TOTAL		2,416,638		3,707,373

Significant Accounting Policies and Notes to Accounts

17. OTHER EXPENSES

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Power & Electric Expenses	1,736,253	1,492,308
Repairs to machinery	303,756	438,621
Foreign Exchange rate difference (Net)	241,169	75,660
Postage & Telegram Expenses	4,357	–
Printing & Stationary	2,394	5,080
Office Expenses	109,728	151,248
Rent	1,601,278	1,482,650
Auditor remuneration	22,000	22,000
Travelling Expenses	21,063	767,611
Legal & Professional Fee	75,649	3,209,288
Freight charges	372,692	321,733
Bank Charges	29,406	29,694
Interest	844	7,678
Misc. Expenses	307,744	137,210
	4,828,333	8,140,781
TOTAL	4,828,333	8,140,781
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	Year ended March 31, 2014	Year ended March 31, 2013
Net Profit/(Loss) after tax (₹)	40,005,405	6,938,336
Net Profit/(Loss) after tax available for equity shareholders (₹)	40,005,405	6,938,336
Weighted average number of equity share		
For Basic EPS	945,000	945,000
For Diluted EPS	945,000	945,000
Nominal Value of shares	10	10
Earning per share (EPS) (₹)		
Basic	42.33	7.34
Diluted	42.33	7.34

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 01.01.2013)
- III. Enterprises under common control - PILL Finance & Investment Ltd. & PI Japan Co. Ltd.
- IV. Enterprises in respect of which Holding Company is an associate* - Parteek Finance & Investment Co. Ltd.
- V. Enterprises over which KMP and their relatives are able to exercise significant influence - MSP Enterprises private Limited, Wolkem India Ltd., Secure Meters Ltd. & Salil Singhal HUF (Karta)
- VI. Key Managerial Personnel & their relatives - Mr. Anurag Surana (Director), Mr. Mayank Singhal (Director), Mr. Salil Singhal (Director of Holding Company), Mr. Rajnish Sarna (Director). **Relatives** - Nature of relation with Mr. Salil Singhal has been given in Brackets Mrs. Madhu Singhal (Wife), Mr. Arvind Singhal & Mr. Sanjaya Singhal (Brothers), Mrs. Shefali Khushlani & Ms. Pooja Singhal (Daughters), Sanjaya Singhal HUF (Brother's HUF)



Significant Accounting Policies and 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	Year ended March 31, 2014	Year ended March 31, 2013
RELATED PARTY DISCLOSURE		
Transactions with Holding Company - PI Industries limited		
Sale of Goods and Services	33,671,339	15,870,527
Rent, electricity and other miscellaneous payment	3,727,502	3,326,043
Reimbursement of expenses	–	669,658
Loan Given and received back	–	12,000,000
Interest Received	–	1,019,178
Closing Balances		
Amount receivable	12,760,073	13,206,010

20. As per information available with the Management as certified by them, there is no contingent liability as at 31st March, 2014.

21. As per the information available with the Management and as certified by them, there is no outstanding Capital Commitment as on 31st March, 2014.

22. The Company's profits from export of the services relating to Research and Development activities are fully deductible from taxable income. In view of the allowance available to the Company under Section 80-IB(8A) of the Income Tax Act, 1961, the Company does not have any liability for tax in respect of the profits for the year. However, the Company has accounted for liability for Minimum Alternative Tax in respect of the profits for the year under Section 115JB of the Income Tax Act, 1961.

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	Year ended March 31, 2014	Year ended March 31, 2013
Raw Materials	1,201,214	570,528
Capital Goods	–	–

27. EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

(Amount in ₹)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Professional Fees	–	3,169,580
Spare parts for Machinery Repair	187,555	–

28. EARNINGS IN FOREIGN CURRENCY

(Amount in ₹)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Export of goods and services calculated on FOB basis	10,289,036	8,653,447

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, 2014		As at March 31, 2013	
		Amount in Foreign Currency	Amount in ₹	Amount in Foreign Currency	Amount in ₹
Debtors	USD	64,167	3,489,016	–	–
Creditors	JPY	–	–	600,000	346,725

Significant Accounting Policies and Notes to Accounts

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

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
	Amount in ₹	%	Amount in ₹	%
Raw Materials				
Imported	1,201,214	18.89%	570,528	20.05%
Indigenous	5,157,599	81.11%	2,275,397	79.95%

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 ₹140,436 (Previous Year ₹222,924) towards defined contribution plan.

b) Defined benefits plans - as per actuarial valuation as on March 31, 2014:

(Amount in ₹)

Particulars	2013-14		2012-13	
	Gratuity Non-Funded	Leave Encashment	Gratuity Non-Funded	Leave Encashment
Expenses recognized in the Statement of Profit and Loss for the year				
Current Service Cost	13,498	14,586	20,149	11,461
Interest Cost	10,279	5,104	17,813	11,186
Expected return on plan assets				
Net Actuarial (Gain)/Loss	18,806	5,333	30,292	13,656
Total Expense	42,583	25,023	68,254	36,303
Net Asset/(Liability) recognized in the Balance Sheet				
Present Value of obligation as at year-end	17,593	18,687	128,490	63,803
Fair value of plan assets at year-end				
Funded status {Surplus/(Deficit)}	(17,593)	(18,687)	(128,490)	(63,803)
Net Asset/(Liability)	(17,593)	(18,687)	(128,490)	(63,803)
Change in obligation during the year ended				
Present value of obligation at the beginning of the year	128,490	63,803	226,667	139,824
Current Service Cost	13,498	14,586	20,149	11,461
Interest Cost	10,279	5,104	17,813	11,186
Net Actuarial (Gain)/Loss	18,806	5,333	30,292	13,656
Benefits Paid	(153,480)	(70,139)	(162,431)	(112,324)
Present Value of obligation as at year-end	17,593	18,687	128,490	63,803
Actuarial Assumptions				
Discount Rate	8.50%	8.50%	8.00%	8.00%
Expected rate of return on plan assets				
Mortality Table	LIC (1994-96) duly modified		LIC (1994-96) duly modified	
Salary Escalation	6.00%	6.00%	5.50%	5.50%
Short term Provision	27	1,872	121,884	58,287
Long term Provision	17,566	16,815	6,606	5,516



Significant Accounting Policies and 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 ₹1,601,278 (Previous year ₹1,482,650) are charged to Statement of Profit and 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
Firm Reg. No. 001075N

For and on behalf of the Board of Directors of
PI Life Science Research Limited

Sd/-
Vijay Kumar
Partner
M. No. 092671
Place: Gurgaon
Date: May 9, 2014

Sd/-
Mayank Singhal
Director

Sd/-
Rajnish Sarna
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, 2014

(Amount in JPY)

Particulars	Note No.	As at March 31, 2014	As at March 31, 2013
I LIABILITIES			
1 Shareholders Fund			
a. Share Capital	1	5,000,000	5,000,000
b. Retained Earnings	1	10,233,128	8,331,513
		15,233,128	13,331,513
2 Current Liabilities			
a. Other Current Liabilities	2	2,919,333	3,667,766
b. Short Term provisions	3	529,945	614,345
		3,449,278	4,282,111
TOTAL		18,682,406	17,613,624
II ASSETS			
3 Non-Current Assets			
Fixed Assets	4		
Tangible Assets Gross		2,002,266	2,002,266
Accumulated Depreciation		(1,458,554)	(1,271,993)
Tangible Assets Net		543,712	730,273
4 Non-Current Loans & Advances	5	2,653,840	2,653,840
5 Current Assets			
a. Cash & Cash Equivalents		10,167,504	7,904,619
b. Trade Receivable		4,264,306	5,300,230
c. Short Term Loans and advances	6	1,053,044	1,024,662
		15,484,854	14,229,511
TOTAL		18,682,406	17,613,624

Statement of Profit and Loss for the year ended March 31, 2014

Particulars	Note No.	<i>(Amount in JPY)</i>	
		For the year ended March 31, 2014	For the year ended March 31, 2013
Sales		53,513,461	53,625,852
Gross Profit		53,513,461	53,625,852
Selling General & Administrative Expenses	7	50,965,206	51,072,246
Operating Profit		2,548,255	2,553,606
Interest Income		1,943	1,468
Miscellaneous Income		610	719
Amortization of Organization Costs		–	–
Ordinary Profit		2,550,808	2,555,793
Profit Before Tax Deduction		2,550,808	2,555,793
Income Taxes		649,193	699,695
Net Profit		1,901,615	1,856,098
Other Significant Policies	8		



Notes to Accounts

Note: 1 SHAREHOLDERS FUND

(Amount in JPY)

Particulars		As at March 31, 2014	As at March 31, 2013
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	8,331,513	6,475,415
	Changes of items during the period	1,901,615	1,856,098
	Ending Balance	10,233,128	8,331,513

Note: 2 OTHER CURRENT LIABILITIES

(Amount in JPY)

Particulars		As at March 31, 2014	As at March 31, 2013
Accrued Expenses		2,763,162	3,212,820
Social Insurance		156,171	454,946
		2,919,333	3,667,766

Note: 3 SHORT-TERM PROVISIONS

(Amount in JPY)

Particulars		As at March 31, 2014	As at March 31, 2013
Income Taxes Payable		319,000	378,400
Withholding Tax		210,945	235,945
		529,945	614,345

Note: 4 TANGIBLE & INTANGIBLE ASSETS

(Amount in JPY)

Particulars	Gross block			Depreciation				Net block		
	As at April 1, 2013	Additions	Deductions	As at March 31, 2014	As at April 1, 2013	Additions	Deductions	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
Lease Hold Improvements										
Room Divider	575,991	–	–	575,991	351,939	31,815	–	383,754	192,237	224,052
Equipments										
Video Conferencing System	930,000	–	–	930,000	461,367	117,158	–	578,525	351,475	468,633
Laptop	103,810	–	–	103,810	103,810	–	–	103,810	–	–
Book (JIS Standard color samples)	136,322	–	–	136,322	136,322	–	–	136,322	–	–
Laptop	143,381	–	–	143,381	143,381	–	–	143,381	–	–
Laptop	112,762	–	–	112,762	75,174	37,588	–	112,762	–	37,588
GRAND TOTAL	2,002,266	–	–	2,002,266	1,271,993	186,561	–	1,458,554	543,712	730,273

Note: 5 NON-CURRENT LOANS AND ADVANCES

(Amount in JPY)

Particulars		As at March 31, 2014	As at March 31, 2013
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 March 31, 2014	As at March 31, 2013
Prepaid Expenses		360,000	350,000
Advance for employee insurance		18,292	–
Consumption Tax Receivable		674,752	674,662
		1,053,044	1,024,662

Notes to Accounts

Note: 7 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

(Amount in JPY)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Directors' Remuneration	16,791,665	12,999,996
Salary	7,318,800	11,006,264
Depreciation	186,561	324,113
Legal Welfare	2,597,195	2,946,492
Welfare	92,860	73,823
Advertising	6,000	6,000
Rental	336,287	309,632
Repair	172,000	172,000
Supplies	153,523	279,170
Electricity and Water	302,714	287,813
Charge	102,100	94,900
Taxes and Dues	20,600	-
Entertainment	1,578,735	2,319,030
Communication	1,348,920	1,659,078
Seminar	301,400	237,677
Books, Papers	302,253	292,784
Office Rent	4,000,008	4,000,008
Conference	249,633	399,260
Transportation (travel within 200km)	981,202	1,312,297
Domestic Travelling (travel over 200km)	738,971	626,363
International Travelling	948,355	971,171
Commutation	1,368,036	1,391,628
Consultant Fee	10,929,157	9,185,012
Market research	50,000	76,278
Miscellaneous	88,231	101,457
TOTAL	50,965,206	51,072,246

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
- Equipments (over 200,000 yen) - Declining balance method
- Equipments (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 4,264,306 yen

III Notes about Profit and Loss Statement

Transaction with parent Company

Operating transaction

Sales 53,513,461 yen

IV Notes about statement of changes in equity

Information about issued Share Capital

Sort	March 31, 2013	Increase	Decrease	March 31, 2014
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	53,513,461 yen	Accounts receivable	4,264,306 yen

VI Information about per share

Book Value per share	152,331 yen
Net profit per share	19,016 yen



PI Industries Limited
Form No. MGT – 11

Proxy Form

[Pursuant to Section 105(6) of the Companies Act, 2013 and
Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN	L24211RJ1946PLC000469
Name of the Company	PI Industries Limited
Registered Office	Udaisagar Road, Udaipur – 313 001 (Rajasthan) Phone: 0294 2492451 – 55, Fax: 0294 2491946 E-mail Address: investor.grievance@piind.com Website: www.piindustries.com

Name of the Member(s)	
Registered Address	
Folio No./Client ID	DP ID:

I/We, being the Member(s) of _____ shares of the above Company, hereby appoint:

1	Name	
	Address	
	E-mail:	Signature

or failing him/her

2	Name	
	Address	
	E-mail:	Signature

or failing him/her

3	Name	
	Address	
	E-mail:	Signature

As my/our proxy to attend and vote (on poll) for me/us and on/our behalf at the **Annual General Meeting** of the Company to be held on **Wednesday, September 10, 2014 at 11.30 AM** at PI Industries Ltd., Udaisagar Road, Udaipur – 313 001 (Rajasthan) and at any adjournment thereof in respect of such Resolutions as are indicated below:

Resolution No.	Description
Ordinary Business:	
1	Adoption of Audited Statement of Profit and Loss for the year ended March 31, 2014 and the Balance Sheet as at that date together with the Report of the Board of Directors and the Auditors thereon.
2	To confirm the payment of Interim Dividends for the year 2013-14 and to declare a Final Dividend for the year 2013-14 on the Equity Shares.
3	Re-appointment of Mr. Anurag Surana, who retires by rotation
4	Re-appointment of Mr. Raj Kaul, who retires by rotation
5	Appointment of Auditors
Special Business:	
6	Appointment of Mr. Narayan K. Seshadri as an Independent Director
7	Appointment of Mrs. Ramni Nirula as an Independent Director
8	Appointment of Mr. Bimal K. Raizada as an Independent Director
9	Appointment of Dr. Venkatrao S. Sohoni as an Independent Director
10	Appointment of Mr. Pravin K. Laheri as an Independent Director
11	Commission to Non-Executive Directors for a period of 5 years
12	Ratification of Cost Auditor's Remuneration

Signed this day of 2014.



Signature of Shareholder.....

Signature of Proxy holder(s).....

NOTE: THIS FORM OF PROXY IN ORDER TO BE EFFECTIVE SHOULD BE DULY COMPLETED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.



PI Industries Limited

Regd Office: Udaisagar Road, Udaipur – 313 001 (Rajasthan)

Corp.Off.: 5th Floor, Vipul Square, B- Block, Sushant Lok, Phase-I, Gurgaon-122 009

CIN: L24211RJ1946PLC000469

Email ID: investor.grievance@piind.com, Website:- www.piindustries.com, Phone: 0124-6790000, Fax: 0124-4081247

ATTENDANCE SLIP

(To be presented at the entrance)

Shareholders attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand over the same, duly signed at the space provided, at the entrance of the meeting hall.

I hereby record my presence at the **ANNUAL GENERAL MEETING** of the Company at Udaisagar Road, Udaipur – 313 001 (Rajasthan) on **Wednesday, September 10, 2014** at **11.30 AM**.

Folio No. / DP ID No. & Client ID

.....
Name of the Shareholder

.....
Signature

.....
Name of the Proxy holder

.....
Signature

Note: Shareholder/Proxy holder desiring to attend the Meeting should bring his copy of the Annual Report for reference at the Meeting.

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.

CIN: L24211RJ1946PLC000469

Registered Office

Udaisagar Road, Udaipur-313001

Tel: +91- 0294 - 2492451-5, 2491477 Fax: +91 - 0294 - 2491946. 2491384

Corporate Office

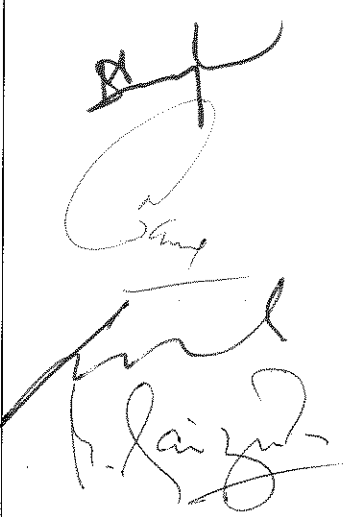
5th floor, Vipul Square, B Block, Sushant Lok, Phase-1, Gurgaon-122009

Tel: +91- 124 - 6790000, Fax: +91 - 124 - 4081247.

E-mail: corporate@piind.com, Website: 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 Statement for the year ended	31 st March, 2014
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"> • Managing Director & CEO • CFO • Auditor of the Company • Audit Committee Chairman 	

Place: Gurgaon

Date: July 23, 2014