PI Industries Ltd.

Annual Report 2020-21

Inspired by Science

75 YEARS AND BEYOND

Contents

Corporate Overview

Management Reports

Financial Statement

75 YEARS AND BEYOND

Our story of evolution from an agchem company to an integrated life sciences company is a story of pursuit, excellence, resilience and resoluteness. Having consistently raised the bar for 75 fulfilling years, we have always looked at emerging opportunities and invested ahead of time for our future growth. It is this go-getter attitude of PI that has been fuelling our value creation journey, on the back of future-oriented research and development, passionately inquisitive talent pool, trust and respect based customer relations, outcome driven product portfolio, and integrity based governance that keeps environmental and social outcomes at an equal pedestal as economic outcomes. Inspired by science and its immense possibilities towards making our planet healthier and lives wealthier, we remain at the forefront of innovation and development of chemistries that make India proud.

Today, as we complete 75 years of our existence, we look back and beyond to further our commitment towards nation-building and stakeholder value creation. We have been a responsible corporate citizen, deploying resources sustainably and growing our credibility and reputation as a green company, globally. All through, we have remained nimble and adaptive to the ever-changing needs of the market. At PI, we are led by our values of Speed, Trust, Innovation, and Adaptability and are building bonds of a lifetime with our stakeholders.

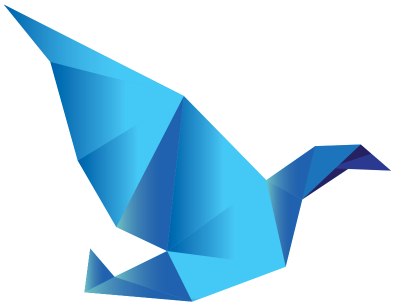
As a firm believer of interoperability in chemistry and process technology, we are transforming digitally to embrace the new and leapfrog into the future of smart, connected and seamless engagements with our partners and customers. Our recent foray in the pharma space is part of our long-term diversification strategy. Our aim is to build multiple growth engines and take PI to the next level in the global arena with more substantive participation in the life sciences domain.

With the true potential of our previous acquisition in horticulture still awaiting to fully blossom, our newly added pharma prospect too is going to catapult us into a newer, higher orbit of sustained growth. Adding to this momentum are few promising scientific explorations at varied stages of development in our R&D pipeline.

Looking back, PI@75 is an embodiment of human ingenuity for the pursuit of the future. Looking ahead at the next 75 years, PI is headed to lead the scientific quest of making our planet healthier and people wealthier. With its unquenching thirst for innovation and unwavering commitment to shared value creation.

We Are PI Industries

75 years and beyond



We are PI Industries (BSE: 523642, NSE: PIIND, ISIN ID: INE603J01030), a 75 years old integrated agri chemicals solution company catering to complex chemistry solutions market in agri and other fine chemicals areas across the world. Over the years, we have leveraged our capabilities and partnerships to provide value-added and innovative agri solutions to millions of farmers and partners in India and across the globe, carving a niche for ourselves built on in-depth R&D expertise, manufacturing prowess, and as a strong believer in technology, we are focusing on Industry 4.0 standards for our manufacturing plants, with strong focus on innovation.

Founded in 1946, PI houses a robust manufacturing and R&D infrastructure consisting of 5 formulation facilities as well as 14 multipurpose manufacturing plants under its 4 manufacturing locations. Our state-of-the-art facilities have integrated process development teams with in-house engineering capabilities. We maintain a strong research presence through our R&D facility at Udaipur, Rajasthan. More than 350 scientists and engineers work in our state-of-the-art R&D with comprehensive infrastructure in Udaipur spread over a 11 acre campus, and are engaged in process technology, research biological evaluation and scale up. The pioneering and innovative work of our scientists has helped us become a IP led organization. Our scientists are also working on new chemistries and next generation process technologies which will help us expand the range of our offerings and target new applications, markets and customers. The research facility at Udaipur also includes advanced research and development labs, kilo plants and pilot plants with NABL certification.

At PI, we have long-term partnerships with leading companies globally providing them solutions across the fields of R&D, regulatory services, manufacturing services, application development, marketing, distribution, and customer connect initiatives. With 3000+ workforce, we are well positioned to further accelerate our growth backed by our partnership approach with global innovators, a strong distribution network in India, a committed and engaged workforce, and an abiding respect for intellectual property.

3,000~
EMPLOYEES

350+
SCIENTISTS & RESEARCHERS

₹ 45,770 Mn
REVENUES IN FY21

100+
PATENTS FILED

20+
GLOBAL INNOVATOR PARTNERS

over 3 Mn
DIGITALLY CONNECTED FARMERS

38,948%
TOTAL SHAREHOLDER RETURN OVER 10 YEARS

Our Vision

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

Our Values

TRUST

Like the earth, we are dependable
We work with integrity of purpose, honesty in action and fairness in all our dealings.

SPEED

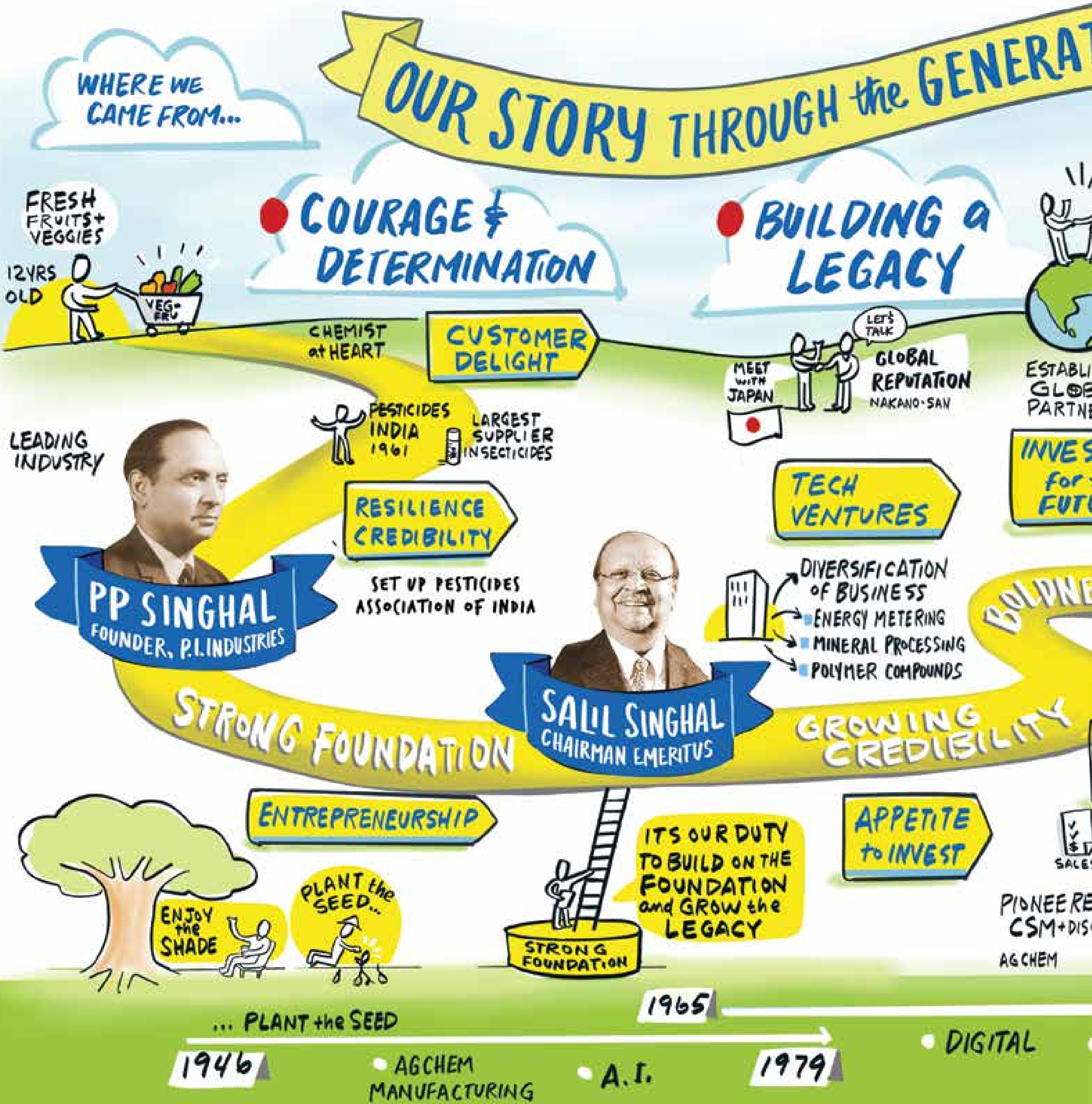
Blazing ahead, like fire
Quick and agile like fire, we constantly strive to work with speed in the way we observe, think and act.

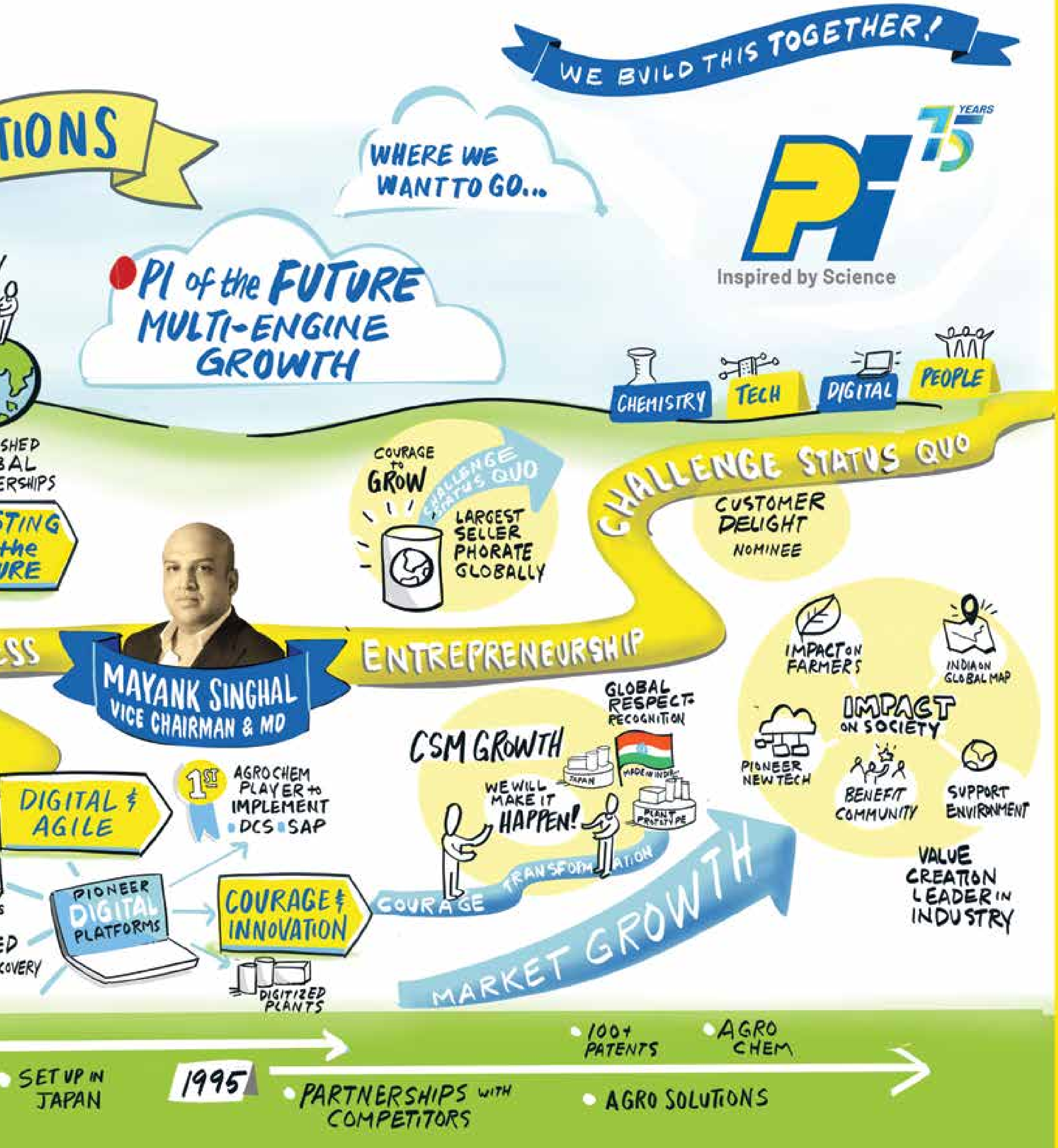
INNOVATION

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

ADAPTABILITY

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


WHERE WE CAME FROM...
OUR STORY THROUGH the GENERAT
COURAGE & DETERMINATION
BUILDING a LEGACY
FRESH FRUITS+ VEGGIES
12 YRS OLD
VEG+ FRU
CHEMIST at HEART
CUSTOMER DELIGHT
LET'S TALK
MEET WITH JAPAN
GLOBAL REPUTATION
NAKANO-SAN
PESTICIDES INDIA 1961
LARGEST SUPPLIER INSECTICIDES
LEADING INDUSTRY
RESILIENCE CREDIBILITY
TECH VENTURES
SET UP PESTICIDES ASSOCIATION OF INDIA
PP SINGHAL
FOUNDER, P.I. INDUSTRIES
DIVERSIFICATION OF BUSINESS
ENERGY METERING
MINERAL PROCESSING
POLYMER COMPOUNDS
STRONG FOUNDATION
SALIL SINGHAL
CHAIRMAN EMERITUS
GROWING CREDIBILITY
ENTREPRENEURSHIP
ITS OUR DUTY TO BUILD ON THE FOUNDATION and GROW the LEGACY
APPETITE to INVEST
ENJOY the SHADE
PLANT the SEED..
STRONG FOUNDATION
AG CHEM
1965
... PLANT the SEED
1946
AG CHEM MANUFACTURING
A.I.
1979
DIGITAL



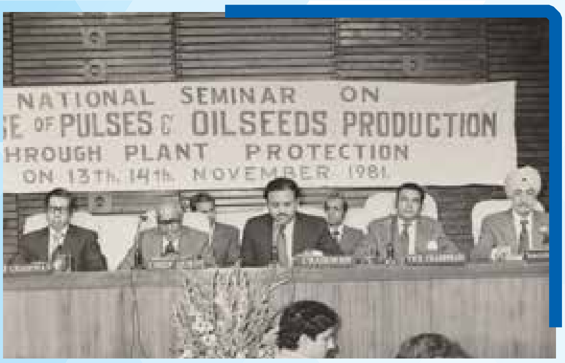
WE BUILD THIS TOGETHER!
TIONS
WHERE WE WANT TO GO...
PI of the FUTURE MULTI-ENGINE GROWTH
Inspired by Science
CHEMISTRY
TECH
DIGITAL
PEOPLE
SHED BAL ERSHIPS
STING the URE
COURAGE to GROW
CHALLENGE STATUS QUO
LARGEST SELLER PHORATE GLOBALLY
CHALLENGE STATUS QUO
CUSTOMER DELIGHT NOMINEE
MAYANK SINGHAL
VICE CHAIRMAN & MD
ENTREPRENEURSHIP
IMPACT ON FARMERS
INDIA ON GLOBAL MAP
IMPACT ON SOCIETY
PIONEER NEW TECH
BENEFIT COMMUNITY
SUPPORT ENVIRONMENT
VALUE CREATION LEADER IN INDUSTRY
GLOBAL RESPECT + RECOGNITION
CSM GROWTH
JAPAN
MADE IN INDIA
WE WILL MAKE IT HAPPEN!
PLANT PROTOTYPE
DIGITAL & AGILE
1ST AGROCHEM PLAYER to IMPLEMENT DCS SAP
PIONEER DIGITAL PLATFORMS
COURAGE & INNOVATION
DIGITIZED PLANTS
COURAGE
TRANSFORMATION
MARKET GROWTH
ED COVERY
100+ PATENTS
AGRO CHEM
SET UP IN JAPAN
1995
PARTNERSHIPS WITH COMPETITORS
AGRO SOLUTIONS

Key Milestones

1946

- Founded as Mewar Oil & General Mills Ltd.

1947-80



- 1961 - Started AgChem Formulation and Marketing
- 1976 - Started first Technical Manufacturing Plant

1980-2000

- 1992 - Established Subsidiary as PILL Finance and Investments Ltd.
- 1992 - Company's name changed to PI Industries Ltd.
- 1992 - New manufacturing unit at Panoli, Gujarat
- 1993 - Company's shares got listed at BSE Ltd.
- 1996 - Started Custom Synthesis & Manufacturing

2000-05

- 2001 - One of the first companies in the Agchem space to implement SAP
- 2004 - Established subsidiary as PI Life Science Research Ltd.
- 2004 - Started new representative office in Shanghai, China

2005-12

- 2007 - Established subsidiary as PI Japan Co.Ltd.
- 2010 - Divested Polymer Compounding Business
- 2011 - Obtained GLP Certification
- 2011 - Company's shares got listed at National Stock Exchange (NSE)

2012-14

- 2012 - Established new Manufacturing site at Jambusar, Gujarat
- 2012 - PI-Sony Research Initiative
- 2014 - Established Office in Germany

Inspired by Science

2014-15

- 2015 - Technology upgrade to SAP Hana
- 2015 - New Formulation site set up at Panoli, Gujarat

2015-16

SOLINNOS

- 2016 - Solinnos Agro Sciences - a JV with Mitsui Chemicals Agro, Japan
- 2016 - New R&D Centre at Udaipur
- 2016 - 2 MPPs commissioned at Jambusar, Gujarat

2017

ENDURING PARTNERSHIP

- 2017 - PI Kumiai – a JV with Kumiai Chemicals, Japan

2018

- 2018 - Recertification of ISO 14001:2015 and OHSAS 18001:2007
- 2018 - ISO 27001:2013 certification for implementation of information security
- 2018 - Entry into Sugarcane Crop Protection market with launch of COSKO

2019

- 2019 - New MPP commissioned at Jambusar, Gujarat
- 2019 - Entered in to agri-solutions like mechanised Spray Machines
- 2019 - Silver Jubilee celebration of Panoli manufacturing unit
- 2019 - Established a new subsidiary as Jivagro Limited
- 2019 - Acquired Isagro (Asia)

ISAGRO

2020-Present

- 2020 - Successful completion of QIP- ₹ 20,000 Mn
- 2020 - New MPP 11 commissioned
- 2020 - Established new subsidiaries- PI Enzachem Private Limited and PI Fermachem Private Limited
- 2020 - Entry into pharma
- 2020 - Fully compliant ISO 27001:2013 certified organisation
- 2020 - P.P Singhal 100 years
- **2021 - Successfully integrated Isagro (Asia)**
- **2021 - 2 new manufacturing facilities operationalized**
- **2021 - B2C Business of Isagro demerged to Jivagro**
- **2021 - Celebration of PI's 75 years**
- **2021 - Strategic acquisition of API & Intermediate business undertaking of Ind- Swift Laboratories Limited**
- **2021 - 100+ patent applications filed**

OUR FOUNDE R

100

PP SINGHAL CENTENNIAL

Walk down the Memory Lane



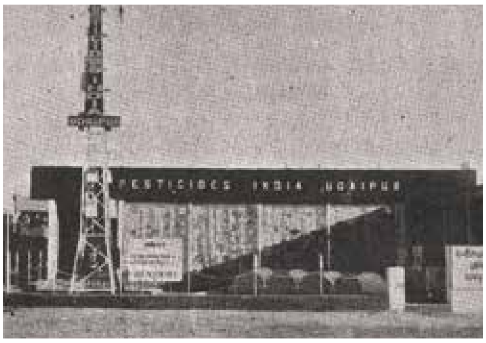








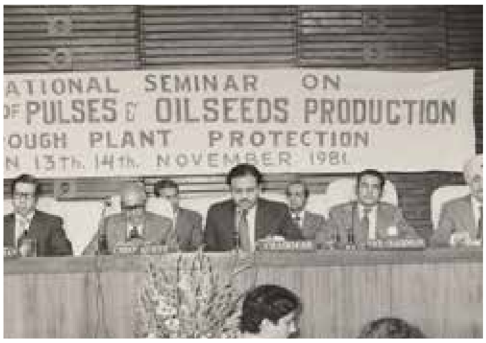




PESTICIDES INDIA UDAIPUR

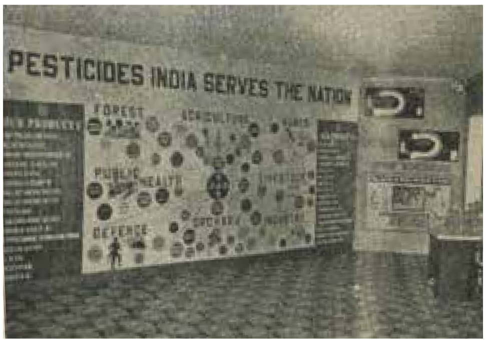

ANNUAL DEALERS' CONFERENCE


WELCOME MR. SALIL SINGHAL MGR. DIR., PESTICIDES INDIA

ORTHOPAEDIC HANDICAPPED HOST



ATIONAL SEMINAR ON
F PULSES & OILSEEDS PRODUCTION
OUGH PLANT PROTECTION
N 13th. 14th. NOVEMBER 1981





PESTICIDES INDIA SERVES THE NATION

FOSMITE 50

Our Value Proposition

At PI, we are well positioned to capture value from the ever-changing market landscape

Favourable dynamics driving Indian chemical industry growth

- Global specialty chemicals market expected to grow at a CAGR of 5.4%
- Increasing focus on CSM as innovators shift focus to core competencies, developing new active ingredients and outsource production
- M&A activities boosting specialized CSM players
- Emerging new areas of innovation such as batteries, coatings, etc.
- Global supply chain risk diversification: China facing issues – pollution, trade wars, safety issues

Business model ready to go beyond Ag-Chem

- Business built on end-to-end partnerships with global innovators
- ~90% CSM revenues from patented molecules; 60%+ domestic revenues from in-licensed molecules
- Proven capabilities in agrochemicals; now ready to be replicated across other chemicals segments
- FY21 started with entry into pharma value chain successfully developed and scaled up an intermediate for a promising Covid-19 drug

Offerings across the value chain driven by strategic partnership

- Integrated and innovation-led service offerings
- Comprehensive solutions via partnerships
- Relationships with 20+ global innovators, built on IP protection

Inspired by Science

Strong assets tangible & intangible

- Best in class Research & Development (R&D) center with R&D Lab, Pilot Lab and Kilo Lab
- Globally certified technologies across 4 manufacturing locations and 14 multipurpose plants
- 5 formulation facilities
- Strong relationship with over 3 Mn farmers backed by tech-enabled distribution network

Quality governance, talent & learning skills

- Best in class accreditations including Responsible Care, NABL, ISO 14001:2001, OHSAS 18001:2007, EcoVadis (Gold Category) and ISO 27001:2013 (Information Security)
- Professionals with expertise across various technical and business functions
- Senior management team of qualified experienced professionals

Strong Financials

- Revenue CAGR (FY18- FY21) of 25.6%
- EBITDA CAGR (FY18-FY20) of 27.2%
- Pre-tax ROCE of more than 22% over last 4 year
- Prudent financial management in place to ensure that long-term shareholder value creation remains at the heart of the strategy
- Net worth of the Company almost doubled over last year due to increased operating profits and QIP fund raise
- Surplus Cash net of Debt as on March 31, 2021 stood at ₹ 20,700 Mn (Incl of QIP net proceeds of ₹ 19,751 Mn)
- Sales to Net working capital ratio improved to 4.13 from 3.52 as on March 31, 2021

Diversified portfolio

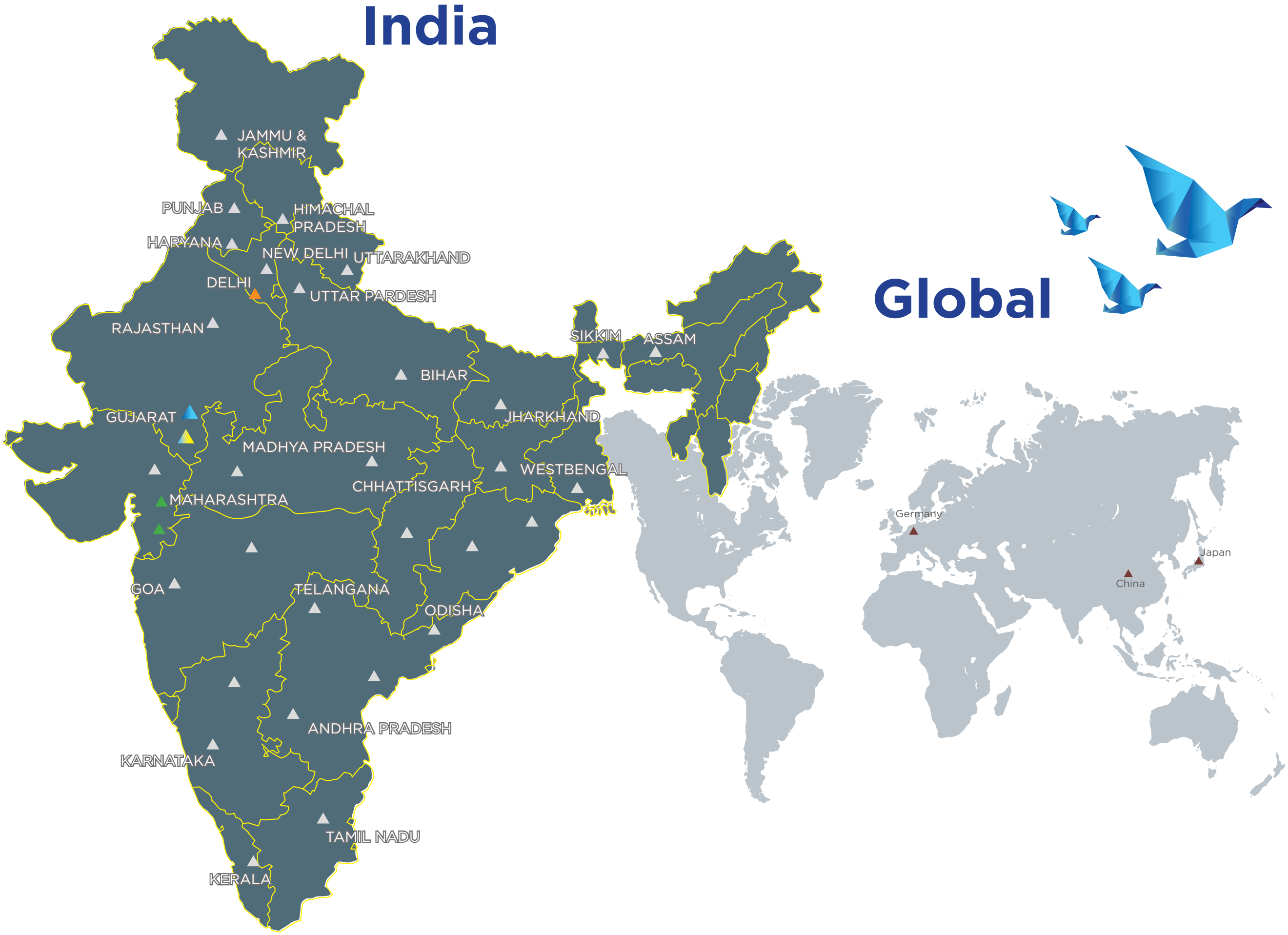
- Strong focus on customer needs and continuous innovation
- Differentiated domestic distribution model strong novel offerings with focus on in-licensing
- Dedicated verticals for horticulture crops through Jivagro
- Driven by unique solutions through global partnerships, brands building capabilities and market reach
- Custom Synthesis & Manufacturing (CSM) model is centered around our technological capabilities, high sustainability quotient and world-class infrastructure
- Global tailwinds offering opportunities for aggressive and multi-pronged growth strategy
- Foraying into Pharma API & Intermediate business to create a differentiated scale play in pharma

Our Presence

▶ **4000+** channel partners ▶ **28+** stock points ▶ **70,000+** retailers

India

Global



- Registered Office
- Corporate Office
- R&D
- Manufacturing Units
- Depots

- Global offices


OXYGEN GENERATION PLANT
PI FOUNDATION
PI Foundation
PI Industries Ltd.

Awards and Recognitions

The Year that was

Progress on strategic initiatives continued for sustained growth

Key Highlights

- Crossed the milestone of having more than 100+ patents filed
- Order book position stands at more than $1.5 billion
- Successful closure of QIP issue that got bid approx. 6 times of the issue size
- Net worth doubled to ₹ 53,425 Mn in FY21
- Entry into pharma sector for manufacturing and export of early intermediates
- Incorporation of PI Enzachem Pvt. Ltd. and PI Fermachem Pvt. Ltd.
- 99 out of 100 score on TFS assessment - won customer award
- Launch of PI Mitra, digital tool to connect with our customers and channel partners.
- Launch of new products-Shield (fungicide) and Londax Power (Rice herbicide)
- PI introduced a comprehensive Talent Management programme – Project Udbhav with the aim to develop and nurture talent
- Stepped up efforts to support govt effort and communities around us to fight COVID-19

Vaccination drive for all employees

Business Leader of the Year Award to Mr. Mayank Singhal

Continuous Innovation in HR Strategy at Work Award by World HRD Congress

Most Admired Company of the Year Award

CII-National Award for 'Excellence in Water Management 2020'

Corporate Social Responsibility Programme of the Year Award (DSR – water conservation initiative)

CII participation

Jivagro launched to mark 100th birth anniversary of our Founder

Care and support in the times of COVID-19

Committed to fight Coronavirus pandemic

The COVID-19 pandemic created an unprecedented crisis globally. As responsible corporate citizens, teams at PI swung into swift action to support the government and the community during the COVID-19 crisis since the beginning. To mitigate the effects of the outbreak, PI has undertaken numerous community initiatives which include awareness on health and safety, provision of food, oxygen plants, isolation centres, sanitizers, sanitization drives, partnering with the local administration among several others.

As the country battles with the destructive second COVID-19 wave, PI Industries is displaying exemplary corporate social responsibility by offering innovative and agile solutions across India to fight the outbreak.

3 Mobile Medical Vans covering >30,000 people in 64 villages

Setting up of 5 oxygen plants across 5 hospitals in Gujarat, Rajasthan, Haryana and Delhi.

Life-saving Medicine for the underprivileged

COVID-19 Isolation Centre at Delhi and a 50 bed isolation centre at Bharuch, Gujarat

Distribution of sanitisers and masks over 70,000 masks distributed across the country

Distribution of food kits

Community Interventions and support to our business partners and farmers

Setting-up of Oxygen Plants

Amidst the deadly second wave of COVID-19 when states are reeling under a shortage of medical oxygen, PI Industries quickly rolled out a project for setting up of **5 oxygen plants** across **5 hospitals** in Gujarat, Rajasthan, Haryana and Delhi.

5 Oxygen plants across 5 States

Additionally, PI Industries through its Corporate Social Responsibility provided financial assistance to the Udaipur Chamber of Commerce and Industry (UCCI) for procuring oxygen concentrator machines during this crisis.

Financial Support for setting up COVID-19 isolation centre in New Delhi

For supporting the relentless efforts by administration and front line workers, PI through its CSR, provided financial support for setting up of COVID-19 Isolation centre to Vasant Vihar Welfare Association, New Delhi. Furthermore, the support is being extended to procure necessary equipment like BP apparatuses, Pulse-Oximeters, masks, gloves, sanitizers etc. to ensure seamless functioning of the centre.

Medical facilities to set up COVID-19 isolation centre in Bharuch

PI Industries, through its CSR arm PI Foundation, provided 50 beds, 50 mattress and requisite medical equipment such as Pulse-oximeter, Blood Pressure Apparatus and

Financial assistance for procurement of medicines for underprivileged

In the wake of COVID-19 second wave, PI from its CSR arm PI Foundation provided financial assistance to Rotary welfare Trust, Bharuch for procuring expensive lifesaving medicines to support the underprivileged community.

thermometers to **COVID-19 Isolation Centre** at Swaraj Bhawan, Jambusar, managed by Govt of Gujarat along with Community based Organization.

Spraying Application Services during the early days of COVID-19

PI Industries joined forces with local administrations in several states to fight corona. PI's zonal teams swiftly obtained permissions from the government and demonstrated the potential of our **hi-tech spraying application services** in covering large areas for sanitisation. Starting with Andhra Pradesh and Telangana, sanitisation drives are continued around the country in Punjab, Haryana, Gujarat, Rajasthan and Delhi-NCR region.

Disinfection drives have also been conducted in several government offices, SDM's office (Jambusar), SP Bharuch (police station) and other public places.

As the challenge surges, PI teams continue to partner with and assist the government's efforts in the fight against corona.

Sanitizer Production and distribution:

Responding to the sharp increase in demand for sanitisers used to prevent transmission of COVID-19, PI's production facility in Gujarat quickly rolled out production of the same. The sanitiser was distributed around our plant locations in Gujarat and Rajasthan. The initiative

benefited **over 1,50,000 people** in over 30,000 households. Sanitisers were also distributed in old age home in Bharuch district, Gujarat. PI employees and their families were also given sanitisers.

Additionally, **over 100,000 litres of sanitiser was used to disinfect entire villages** near PI's plant operations in Jambusar and Panoli, Gujarat.

Support to Front line workers and hospitals

While PI teams have swung into action to support the government and the society, PI has also arranged for protective equipment (PPE) for healthcare workers and funding medical infrastructure support to government healthcare centres. Support was extended to Al-Mahmood General Hospital and Jayaben Mody hospital in Gujarat. The hospitals were declared COVID-19 designated Hospital by Govt. of Gujarat due to rise in numbers of COVID-19 patients. Besides, support was also provided to Rajasthan Government for PPE kits and masks for patients and frontline workers.

Distribution of food kits

PI teams organised the distribution of food kits to migrant and daily-wage labourers around our plant locations in Gujarat.

Over 12,500 dry ration kits distributed so far.

Awareness Programs

PI Foundation continue to conduct **awareness campaigns** through its **3 Mobile Medical Vans** around PI's Jambusar and Panoli plants in Gujarat. Community outreach programs covered >30,000 people in 64 villages. Demonstration of proper handwashing, information on COVID-19, social distancing and basic hygiene techniques was imparted.

Community outreach programs covered >30,000 people in 64 villages

Precautionary temperature screening was done for over 300 labourers near the Jambusar plant to closely monitor the COVID-19 scenario. Approx. 1500 people are screened daily.

Distribution of masks

Distribution of **70,000 masks across the country** through PI's women empowerment programme near plant operations, providing additional livelihood opportunities

Webinars for farmers

Around 11,000 farmers benefited through webinars for better yield and sustainable agriculture practices to overcome economic losses during COVID-19 induced lockdown. Besides, a short video was showcased to farmers on do's and don'ts for harvest, threshing and post-harvest storage of farm produce in the wake of COVID-19 pandemic.

Around 11,000 farmers benefited through webinars

Guidelines for Agri Community while resuming farming operations during COVID-19

Several video messages were shared with the farmers showcasing Do's and Don't's for harvesting and threshing and post-harvest, storage and marketing of farm produce in the wake of COVID-19 pandemic.

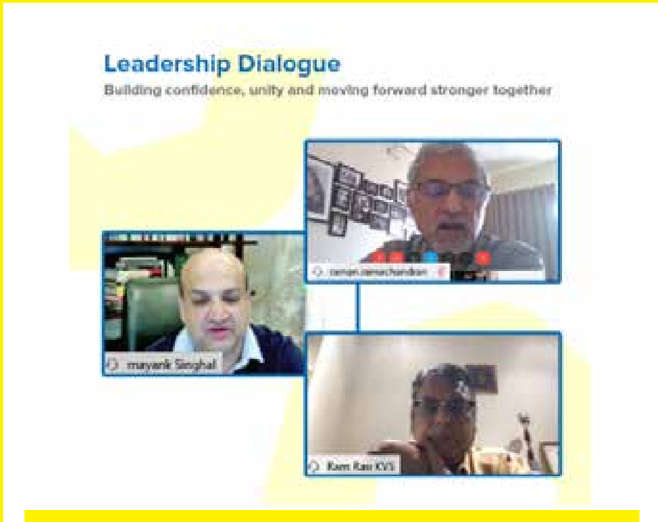
Employee safety and well-being

At PI, we have given impetus to employee engagement during the ongoing crisis. While ‘Working from Home’, it was critical to keep our teams positive and well-adjusted to the ‘new normal’.

Mental well-being through extensive employee engagement programs

A PI group-wide employee engagement calendar was launched to engage with the employees during the lockdown period. From exciting virtual coffee breaks and birthday celebrations to a movie time with family to fitness related plank challenge and e-learning for mental fitness, the calendar had it all.

Encouraging family activities like cooking with limited ingredients (recipe contest) and kids painting competition were also part of the calendar.



Interactive Leadership dialogues to actively connect with the employees

As the company switched to working remotely in response to the COVID-19 crisis, our top management was quick to adopt technology to stay connected with teams across various locations. Mayank Singhal, VC & MD initiated PI’s interactive Leadership Dialogue series which were then taken up further by the Business Leaders with their teams.

These virtual interactions were rich, strategic and transparent. The event was a very timely intervention to keeping the leadership and larger teams well informed and connected, with transparency and team spirit.

Safety guidelines issued at regular intervals to manage change and mitigate risks

Adhering to all government and industry guidelines across our locations (plants &offices), our teams resumed work with the support of extensive preparation.

Every location has a First Response Team and detailed Guidelines on Resuming Operations have been issued internally. Right from administrative measures covering vehicle disinfection, visitor protocol etc. to sanitization of shared facilities like cafeteria, lifts, and washrooms etc., care is being taken to provide a safe and secure work environment for our employees.

PI Volunteers for community support

PI employees volunteered to support the community (family and friends of employees) by forming self-help groups that are working round the clock to provide assistance in sharing updated and verified information on the availability of hospital beds, ventilators, ambulance services, oxygen cylinders, plasma availability, and Rapid Antigen test kits amongst many others. Besides this, key members from the internal teams are constantly doing check-in calls with the suppliers/ business partners to confirm their well-being and express solidarity. and basic hygiene techniques was imparted.

We at PI stepped up our efforts to show solidarity with our employees, migrant/contractual workers, customers, and local communities. Our dedicated response represents PI's determined approach in taking on this challenge as it unfolds...

We resolve to emerge stronger together!

Financial Highlights

Key Figures

₹ Million

Year Ended March 31	FY 21	FY 20	FY 19	FY18	FY17
Revenue from operations *	42,762	33,068	28,409	23,087	23,829
EBITDA	9,851	6,977	5,731	4,920	5,505
Profit Before Tax	9,100	5,944	5,346	4,636	5,065
PAT	7,189	4,423	4,077	3,665	4,574
Net Fixed Assets	21,321	19,373	13,667	10,856	10,201
Cash Profit	8,298	5,755	5,003	4,491	5,300
EBITDA Margins (%)	23.0	21.1	20.2	21.3	23.1
PAT Margins (%)	16.8	13.4	14.4	15.9	19.2
ROE (%)	13.6	17.1	17.9	19.2	28.4
ROCE (%)	23.7#	19.8	23.3	23.5	29.7
D/E Ratio (In times)	0.06	0.20	0.02	0.04	0.10
EPS (Face Value @ ₹ 1)(In ₹)	48.57	32.0	29.6	26.6	33.3
DPS (Face Value @ ₹ 1)(In ₹)	5	4.0	4.0	4.0	4.0

excluding QIP proceeds

Balance Sheet Summary

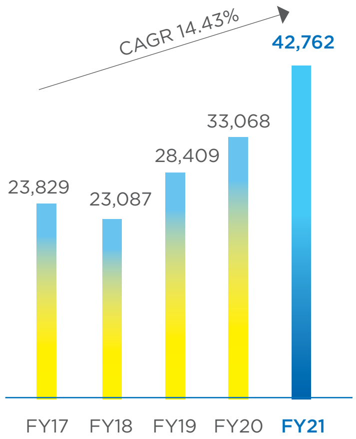
₹ Million

Year Ended March 31	FY 21	FY 20	FY 19	FY18	FY17
Non-Current Assets	26,340	24,360	14,573	11,629	10,769
Current Assets	42,345	16,704	16,874	14,521	12,062
Total	**68,685**	**41,064**	**31,447**	**26,150**	**22,831**
Shareholder's Funds	52,910	25,911	22,747	19,122	16,089
Non-Current Liabilities	3,947	4,962	578	879	1,229
Current Liabilities	11,828	10,191	8,122	6,149	5,513
Total	**68,685**	**41,064**	**31,447**	**26,150**	**22,831**

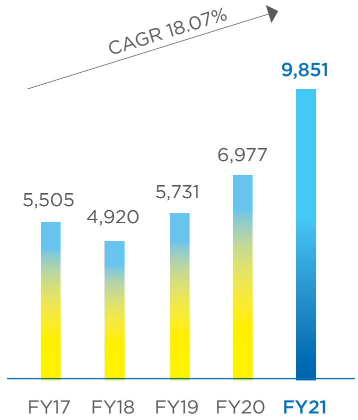
* Comparative figures of Revenue from operations have been regrouped as per the requirement of Ind AS, balance as per reported numbers

Inspired by Science

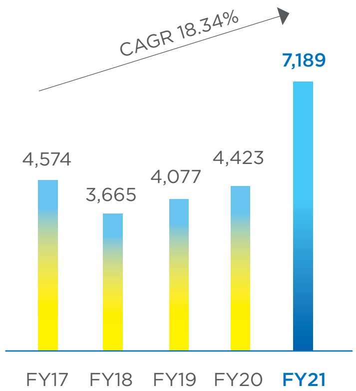
Revenue from Operation*



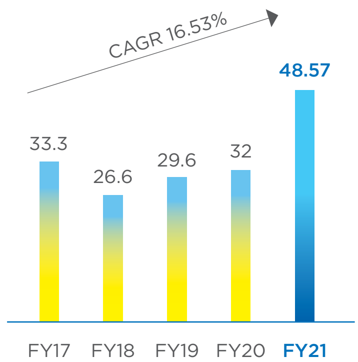
EBITDA



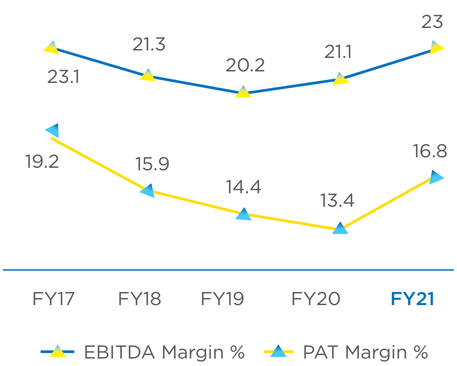
PAT



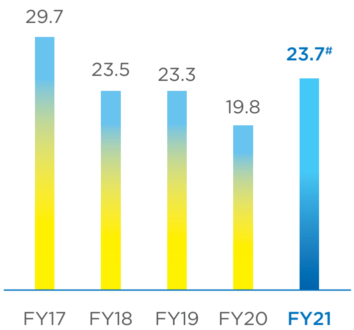
EPS



EBITDA & PAT Margins (%)



ROCE (%)



excluding QIP proceeds

Chairman's Message

Sustainability – the symbiotic essence between the nature and biodiversity and also amongst the past, present and the future – has been the core thought around everything that we do, individually and also as a collective.

Dear Stakeholders of PI,

Scientific journeys are all about an ongoing quest. At PI Industries to have enthusiastically pursued it for 75 years evokes a great sense of pride and joy within each one of us. It's a great occasion to celebrate the remarkable successes that the Company has achieved and what's even more exciting is, the fact that our quest for growth continues as we move ahead with greater drive and tenacity. Our aim is to accomplish more, faster while building on the solid foundation that we have built over the last 5-6 years.

As I pen down my thoughts, our world is undergoing rapid, intense, and all-intrusive changes at multiple levels and in multidimensional ways. The Covid-19 pandemic pressed the reset button of our planet, Mother Earth, impacting every one of its inhabitants. While technological advances accelerate, it is worth noting the fact that peoples' expectations from life are also changing. Safety, good health, and socio-economic security have become predominant in that order. In a nutshell, we need a healthier planet!

Technological advances are being re-calibrated and realigned with the objective of achieving this overarching objective of making our beloved planet healthy. Whatever the discipline, be it Information Technology, Life Sciences, Manufacturing, Transportation, and other, our technology lenses need to be realigned to serve the requirements of the 360-degree change required. Our ability to anticipate and interpret unfolding events, be prepared to work with various scenarios and achieve our objectives is needed to set ourselves apart.

I touched upon ESG (Environment, Social and Governance) in my last message to you. As we embark upon our journey of the next 75 years and more, we are holistically aligning our aims and aspirations with the ecological, social and governance aspects of our business. As we set the direction for a promising future, the release of our maiden ESG/Sustainability report this year is a matter of immense satisfaction for me.

There is an abundance of capital, technological possibilities, and global talent to fulfil our aspirations. Being a leader in our industry, it is incumbent upon us to mould the Company for the big future that aligns with a healthier planet. By doing so I believe we will rise to this greater challenge and gain from the emerging opportunities.

We converted the pandemic-ravaged 2020-21 into a year of comprehensive transition. Our focus was on employee safety. Once safety was established, the workforce was fully motivated to ensure that no customer of PI faced any supply challenge, especially in our CSM business being an important part of global supply chains. Our team's awareness of sustainability increased manifold leading to many innovations and improvements in the entire manufacturing processes.

We strengthened our agricultural presence and forayed into the nutritional security space with a rich portfolio of safe, niche, and premium offering for fruits and vegetables segment. Increasingly, we are focused on evolving into ecologically superior biologicals space.

We recently announced acquisition of a pharma business. This is in line with our strategy to leverage PI's considerable and deep understanding of complex chemistry, engineering and digital technologies in manufacturing and customers relationship management, and expand into the fast growing, and technologically rich life sciences space.

As we step into the future, our aim is to continuously develop a strong talent pool which works on the increasing number of new sciences and technologies to steer the world towards a safer future. Learning from the pandemic situation, we are also making our working conditions safer and more amicable for our people, both in terms of their physical and emotional wellbeing. From a talent standpoint, we are working ground upwards to nurture and expand our talent pool in such a manner that we marry our talent requirement with learning and growth aspirations of our people.

We will continue to be a science and technological led Company and invest significant resources in research and development. In addition, we will strengthen and explore new partnerships, alliances, collaborations, and innovative business models to benefit from the wide array of possibilities that new technologies provide.

Our endeavor is to re-imagine a healthier planet and work backwards while embedding this thinking in all our activities. Our values continue to be the foundation of all our business interactions and the way we work. As we embark on our ambitious goal of evolving into a life sciences Company, we will strengthen our foundation leverage the quintessential PI trait of trust and integrity to become a most admired ESG driven enterprise.

I thank all stakeholders for your continued patronage and look forward to your support in this new, challenging and wonderous journey we are embarking on.

With warm regards,

Narayan K. Seshadri

Message from
Vice Chairman & Managing Director

At PI, we have always approached business as a means to create such a virtuous value that percolates to every single stakeholder including the most vulnerable sections of our societies and also our planet.

Mr. Mayank Singhal,
Vice Chairman & Managing Director

Dear friends of PI,

I am excited to address to you on 75^{th} anniversary special of PI. Historical also for the pandemic induced pains of FY21 and diversification impelled joy of the current year, both. The confluence of all these factors is presenting an inflection point like never before, for PI.

I want to thank each of our stakeholders for your invaluable contributions in making us reach so far. We have faced challenges, charted out our future course and have grown, together. Ours has been a classic case of sustained value creation based on trust, integrity, competence and adaptability. It is our sheer grit and determination that has enabled us to remain firm even in the most unprecedented times such as the COVID-19 pandemic. Our people have been our biggest assets in this journey who lived our values every single day and scripted an impressive growth story of innovating solutions, cultivating relations and curating a global brand that PI shines today as.

When we look back, PI features among the very few Indian companies that have been contributing to the India growth story, right since its Independence. Having commenced our journey a year before country's independence (1946), we have pioneered, adapted, ventured into uncharted waters, and evolved with time. All along, we were driven by our pursuit of excellence while remaining inspired by science.

At PI, we have always approached business as a means to create such a virtuous value that percolates to every single stakeholder including the most vulnerable sections of our societies and also our planet. My heart swells with pride while reminiscing the response that PI team gave to the pandemic, in keeping our people and business safe, in honoring our customer commitments despite odds, in supporting the governments' and civic authorities' drives towards people safety and sustenance.

Reaping synergies

During FY21, your Company successfully integrated Isagro Asia with itself. While the manufacturing assets has been merged with PI, the domestic B2C vertical has been merged into Jivargo, a 100% subsidiary of PI. The merger is bringing about major synergies. We expect the repurposing of manufacturing site to get completed by the end of this year and be well aligned with our exports. Your Company is positioning Jivagro as a unique offering in the horticulture segment in India. In the coming years, what we seek to accomplish is unique in many ways. We are confident about leaving a lasting impact in the minds of farmers about Jivagro as India's Horticare Specialist company.

FY21 in retrospect

During the year, your Company reported a growth of 36% in revenue to ₹ 45,770 Mn. The PAT registered a growth of 62% to ₹ 7,383 Mn during the year. Our net worth has more than doubled during FY21 to reach ₹ 53,425 Mn. Proactive measures taken in supply chain and operations planning enabled us to limit the impact of COVID-19 disruption.

We successfully completed QIP, the proceeds of which would be invested in our recently announced acquisition of pharma business. Our R&D team successfully carried out synthesis of 46 new development molecules during the year. Of which, 20 molecules are scaled up and 6 molecules transferred successfully for next stage of development. Apart from synthesis and scale up of new products, our team also undertook process improvements for 9 projects in order to identify and implement cost improvement opportunities at the plant level.

During the year, we achieved another milestone with over 100+ patents filed. We also commissioned our pharma lab at Udaipur (Rajasthan). Moreover, we also worked on technology scale up of novel catalysts, enzyme tech and green chemistry (ecoscale). Your Company's R&D and manufacturing teams are constantly working towards reduction of environmental load, enhancement of safety and reduction of cost.

In FY21, we launched two new products namely Shield (fungicide) and Londax Power (rice herbicide). We also commercialised 5 new molecules in CSM exports and another 5-6 pipeline molecules are at various stages of development and will be commercialised in the coming year. Our export saw strong growth in export of 35% in FY21, contributing to the volume growth of existing products and commercialisation of five new products. Domestic demand was up by 39%, falling well in line with Your Company's business plan.

During the year, Your Company received over 40 active enquiries at different stages and initiated 7 new customer relationships in FY21. Our order book position for the year stood at around $1.5 billion.

The Path Ahead

While the second wave of COVID-19 has slowed the recovery of Indian economy, the fundamentals remain intact. Your Company is continuing its efforts to drive strategic initiatives. Our aim is to build multiple growth engines and take PI to the next level in the global arena with more substantiative participation in the larger specialty & fine chemical opportunity.

With warm regards,
Mayank Singhal

Employee Engagement at PI

Well-being of our people remained at the center of all the activities and we took various steps across levels to make sure that our people are safe and secure during the pandemic.

Digital continued to remain our focus as we leveraged technology and social media tools to build a robust employer-employee engagement environment. Our various digital initiatives have helped us to conduct our work seamlessly and effectively.

21 Day challenge launched for employees as initiative to engage employee virtually during COVID-19

Fit @ PI Initiative - Celebrated International Yoga Day

At PI, we are making strategies to create an-inclusive work culture that nurtures a dependable team and works towards long-term value creation for all our stakeholders. In line with this strategy, PI introduced a comprehensive Talent Management programme – Project Udbhav. The project covers all managerial and leadership levels in PI and is aimed at nurturing talent to prepare future leaders within the Company.

PI also launched a revamped on-boarding program called Project 'Aagman' which helped in much faster assimilation of new talent into PI. It provides a platform to all new joiners to interact and connect with the top management of the Company.

Annual Meet Organized

Digital learning platform Percipio launched

New talent on-boarding program called Project 'Aagman'

Virtual Founder's day celebration

Committed towards sustainable growth

At PI, we are committed to the social upliftment of the communities around us through a targeted, integrated and environmentally sustainable approach. Our CSR interventions are deep-rooted in the triple bottom-line framework for responsible business practices within: Social, Economic and Environmental pillars of Sustainable Development Goals (SDGs). Our focus domains include Education, Health, Environment, Agriculture, Women Empowerment and Skill Development that align with several SDG goals, primarily with goal number 1,3,4,5,6,8 and 13. We engage with the society through PI Foundation to leverage our CSR activities for an all-inclusive growth.

During FY21, we created a meaningful impact on lives of marginalised communities around our plant locations and across the country through our developmental initiatives.

During the year, our CSR activities were lauded across various platforms:

- PI bagged **CII- national award for excellence in water management** for its **Direct Seeded Rice** initiative under beyond the fence category.
- PI was adjudged winner at the World Leadership Congress- **Corporate Social Responsibility Programme of the Year for its direct seeding rice (DSR) initiative.**

Health, Hygiene and Sanitation

The COVID-19 pandemic created an unprecedented crisis globally. As a responsible corporate citizen, PI is committed towards the fight against the virus and remains committed to help the vulnerable sections of our society whose livelihoods have been disrupted during the pandemic.

PI Foundation proactively organized several awareness sessions on precautions against COVID-19 in villages around plant locations. Demonstration of proper hand washing, information on COVID-19, social distancing and basic hygiene techniques were imparted.

Our Mobile Medical Units (MHUs) extended their services for conducting thermal screening, distributing hand sanitizers, masks and other necessities to **>30,000 villagers.**

We also joined forces with local administrations in several states to fight the virus and provided **hi-tech spraying application services with 60 machines and 642 machine working days,** covering large areas for sanitisation in **>34** districts. Starting with Andhra Pradesh and Telangana, sanitisation drives are continued around the country in Punjab, Haryana, Gujarat, Rajasthan and Delhi-NCR region.

In-house manufactured hand sanitizers were distributed amongst 1,50,000 underprivileged people in over 30,000 households. Sanitisers were also distributed in old age home in Bharuch district, Gujarat. PI employees and their families were also given sanitisers. Additionally, over 100,000 litres of disinfectant was used to disinfect entire villages near PI's plant operations in Jambusar and Panoli, Gujarat.

We also arranged for protective equipment (PPE) for healthcare workers and provided funds for medical infrastructure at government healthcare centres. The support was extended to Al-Mahmood General Hospital and Jayaben Mody hospital in Gujarat. These hospitals were declared COVID-19 Gujarat due to the rise in numbers of COVID-19 patients.

Over 90,985 lives impacted through our Mobile Health Units (MHUs) and blood bank project in FY'21

PI also made arrangements for easy access to preventive healthcare to marginalized communities around its plant location. High cost and inaccessibility of medical services in these areas has been a concern leading to elevated mortality rates in the region. We have been striving to bridge the gap in health services by deploying Mobile Health care vans providing preventive, promotive and curative health services at the beneficiary's doorstep.

In FY21, **80,985** cases were treated using our Mobile health vans by taking measures to ensure last mile coverage. In addition, previously revived Kumarpal blood bank in Ankleshwar catered to over **10,000** people in FY21. Over the years, there has been a significant decrease in primary healthcare issues via timely treatment within outreach of MMUs.

Conservation of Natural Resources & Sustainable Farming Practices

47,000 new farmers benefited through leading agronomic practices thus saving over **1.7 Trillion** Litres of water through the adoption of Direct Seeding of Rice (DSR) technique in FY21.

At PI, we have been striving to optimize the potential of farming system to make it economically, environmentally and socially sustainable. We ensure the on ground uptake of sustainable agriculture practices through a science-led approach, by conducting multiple activities. These include, farmers training, field demonstration and farm extension programmes on leading agronomic practices that have boosted economic returns to the farmers, while protecting the environment and conserving the natural resources.

Around 11,000 farmers benefited through webinars for better yield and sustainable agriculture practices to overcome economic losses during Covid-19 induced lockdown. Besides, a short video was showcased to farmers on do's and don'ts for harvest, threshing and post-harvest storage of farm produce in the wake of COVID-19 pandemic.

Uptill FY21, our propagation of the DSR technique has impacted over 20 Lac Acres of farm land across the country, thereby saving up to 1.7 trillion litres of water. Adoption has also reduced drudgery to a significant level and helped saving an average of ₹ 7,000/ Acre in the cost of paddy cultivation.

As part of promulgating sustainable agriculture practices in Chili cultivation, our intervention has helped around 2,700 farmers achieve increase in the productivity in select districts of Andhra Pradesh and Madhya Pradesh

In a project on generating income through promoting Farmer Producer Organizations (FPOs) in Rayagada district of Orissa, there has been an increment of 50% in agriculture-based income from the existing income of 1300 farmer families. Additionally, we also participated in educating and equipping around 8,000 farmers with alternative technologies to burning stubble.

Education and Skill Development

PI has undertaken an education initiative on improving age-appropriate learning levels in children and teaching outcomes for tutors. Under the initiative, 15,000 children across 135 government schools in 82 villages were taught reading, writing, comprehension and arithmetic in FY21.

In a bid to promote comprehensive learning, our mobile education vans have been imparting learning to the last mile through interactive techniques. This is also aimed at improving the enrolment, reducing dropout, improvement in attendance, passing grades, and primary completion. The students have shown a 78% increase in class appropriate learning levels in our project locations.

Over 15,000 Govt. School Children benefited from our Learning Enhancement programme through digital mode and **170 youth** gained employment through Skill Development Programmes.

During the financial year, we also imparted employment linked skill-development courses on chemical plant operations, BPO, sales & Marketing and electrical in Gujarat. These courses have helped more than 170 youth gain employment in organized sector jobs.

Women Empowerment

Women across rural India are generally financially dependent on their male-counterparts and other family members, majorly due to lack of literacy and education. This inhibits families to realize their fullest earning potential.

To overcome this challenge, we initiated an Entrepreneurship and Skill Enhancement Programme for underprivileged rural women. During FY21, the programme has benefited over 7,000 women across 87 villages in Jambusar and Panoli region of Gujarat. The programme involves formation of Self Help groups with facilitating opening of bank accounts, skill development and training programmes across the dairy, agriculture and micro-enterprises.

Improvement in the livelihood of **>7,000 women members & their families via** Entrepreneurship and skills enhancement.

During FY21, we conducted workshops in financial and legal literacy with 3,081 women and strengthened bank linkages and linkages with dairy value chain for 2,750 women. Also, 326 women were involved in entrepreneur activities through our skill training programmes.

Doing Business Sustainably

Even as the pandemic exposed the fragility of human existence, it reinforced the need for sustainability to take centre stage. With our advanced sustainability strategy, PI dealt with these pressing times with courage, compassion and careful planning.

Sustainability means more than just countering risks at PI. It is the way we conduct our business. At PI, we have been closely monitoring global sustainability trends and endeavour to align our strategic approach with evolving best practices. We adopted ESG (Environmental, Social and Governance) framework for our business to help us to perform better every day on all elements of ESG. As a responsible corporate, we have not limited our efforts under the ESG framework to us but also extended it to over our entire value chain.

Environment

At PI, we are firm believers of the principle of 4R (Reduce, Recycle, Reuse & Recover) which has helped us improve our environmental performance. All our manufacturing units use state-of-the art technologies, thereby ensuring cleaner and efficient operations. PI employs both direct and indirect energy sources with a mix of renewable and non-renewable fuel types in its operations. We are continuously working for improving energy efficiency across our operations.

We continuously explore avenues to reduce waste generation, water consumption, energy efficiency and GHG intensity across our manufacturing processes. Every year, we set stringent norms compared to previous year for raw material consumption, energy usage, emissions, waste generation and operational efficiencies and these norms are being scrutinized.

Undertake the Eco-Vadis assessment for sustainability ratings, PI is ranked in Gold rating and is among top 7 agrochemical supplier companies globally on sustainability practices.

During the year, we upgraded our Effluent Treatment Plant (ETP) at Panoli by adding Moving Bed Biological Reactor (MBBR) and also biological nitrification/de-nitrification units in existing facilities. For improving energy efficiency, PUF insulated Panels installed in cold room and replaced its refrigeration system from reciprocating type to scroll type. We are also doing wind power procurement through open access at Panoli unit. Total 1,679,668 units of wind power procured in FY21.

Total 1,679,668 units of wind power
procured in FY21

Micro turbine has been commissioned in one of our MPPs at JMB unit to reduce energy consumption. Company has installed upgraded its effluent treatment new air blower with membrane diffuser system in aeration tank and replaced surface aerator in ETP at Udaipur site to improve the dissolved oxygen level in aeration tank and also reduce energy consumption. Our R&D centre at Udaipur conducts research on the products for waste reduction, reduction in raw material consumption as a part of clean technology & green chemistry. Company has also setup for flow chemistry Lab (ATR) at Udaipur site.

Our efforts were recognized on national platforms and PI was adjudged winner at the 14th Edition of CII-National Awards for Excellence in Water Management 2020.


જય સ્વામીનારાયણ દૂધ ઉત્પાદક મહિલા મંડળી

Social

At PI, we are advocates of diverse and all-inclusive workforce. Our workforce has representation from diverse ethnic, cultural and social background. Of the total permanent employee strength of 2,963 employees, women employees stand at 88.

Employee development through ongoing training programs

Health of our employees is our prime focus. We conduct various training and awareness sessions to imbibe healthy practices in our employees and contractual employees. We have robust system of PHA (Process Hazard Analysis), PSSR (Pre-Start up Safety Review), and MoC (Management of Change), etc.

Our Process Safety Management Systems is in line with the national and international standards and best practices adopted by industries. We have implemented 14 process safety management elements of Occupational Safety and Health Administration (OSHA). We undertake regular process safety audits conducted by independent external agencies to ensure that our process safety systems are always up to date and that there are no gaps which leads to process safety events. We also conduct regular training programs on various OH&S (Occupational Health & Safety) and Process Safety topics, including best safety practices for employees and contractual workforce.

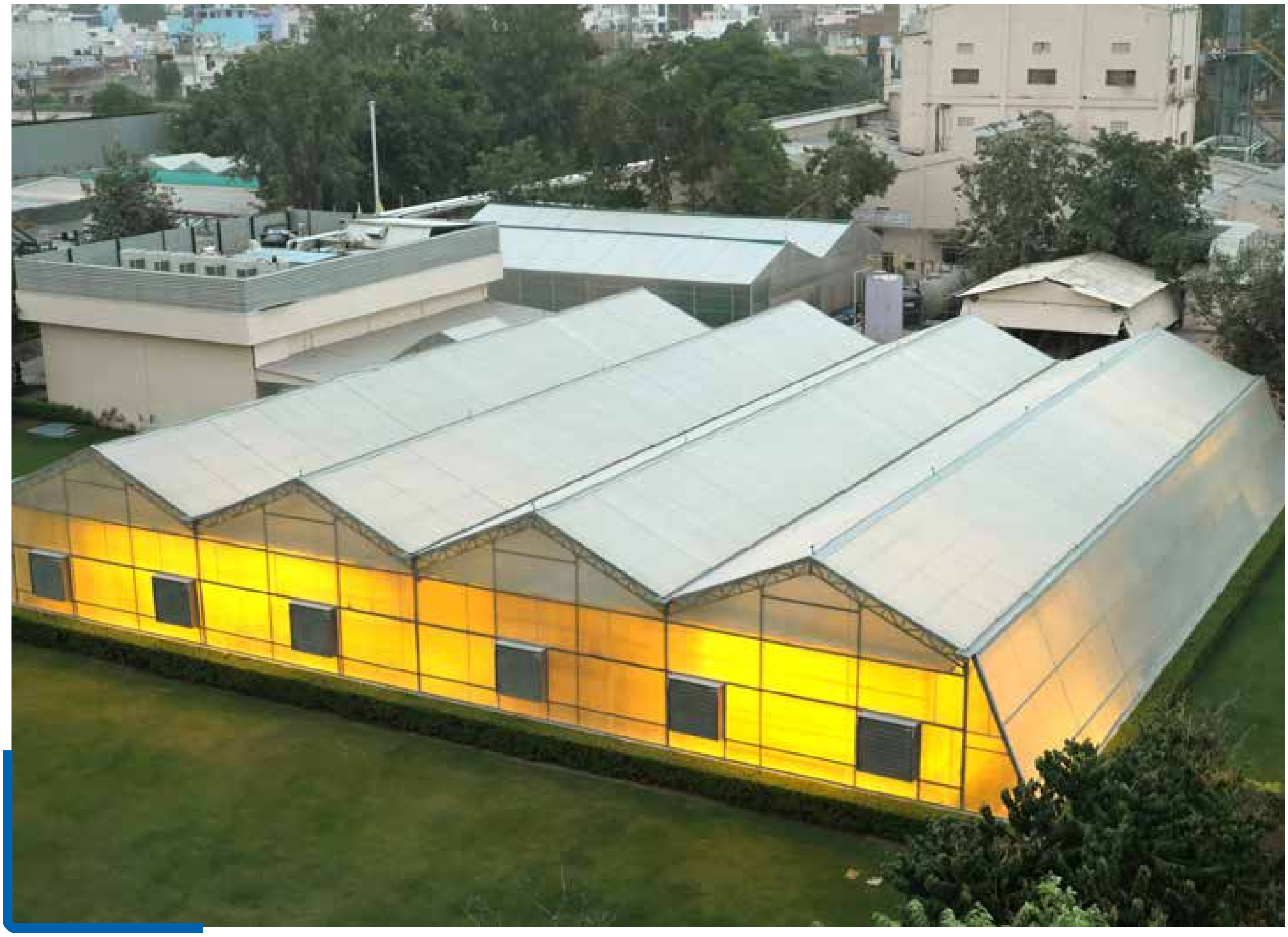
Sustainable livelihoods through skill training

At PI, we are continually looking at improving our safety practices to create a safer workplace. During the year, we celebrated Safety Week, Fire Safety Day and World Environment Day wherein both employees and contractors participated with great enthusiasm. Different programs viz. quiz competition, slogan competition, poster competition, tree plantation, etc. were carried out.

Governance

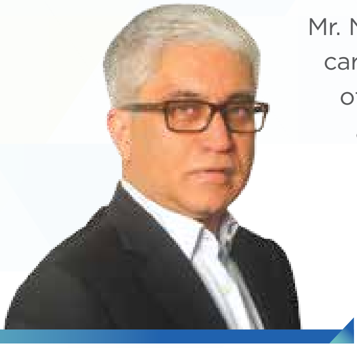
PI is committed to the principles of sound corporate governance and setting of highest standards of ethical performance for itself. Through our good corporate governance practices led by the principles of transparency, empowerment, accountability and integrity, we have been enhancing stakeholder's value and our financial & human capital over the years. Our values of trust, speed, innovation and adaptability remain the core enablers in our sustainable business journey.

We have a diverse and inclusive Board of Directors for providing guidance to the Management on various aspects of business, policy, direction, governance and compliance. Our Board members are appointed with due consideration to their functional knowledge, domain expertise, experience and independence. The Board also carries out an annual evaluation of its own performance, performance of the Directors as well as the evaluation of the working of its committees. Of the 10 Board of Members we have 2 female independent board members.



Inspired by Science

Board of Directors

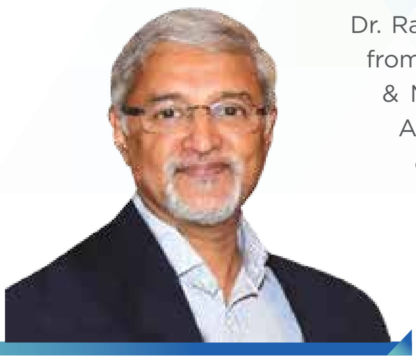


Mr. Narayan K. Seshadri, a qualified Chartered Accountant, started his business consultancy career with Arthur Anderson. Joining KPMG afterwards, Mr. Seshadri rose to the position of Managing Partner of its business advisory practice in India. Besides PI Industries, he is also the Chairman of AstraZeneca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

Mr. Narayan K. Seshadri
Independent Chairman
DIN: 00053563

Having joined PI Industries in 1996, Mr. Mayank Singhal, an Engineering and Management graduate from UK, rose to become its Joint Managing Director in 2004, Managing Director and CEO with effect from December 1, 2009 and subsequently its Vice Chairman & Managing Director w.e.f. 9th September 2019. Leveraging his rich experience of over two decades in the fields of chemicals, intermediate and agrochemical industries, he has played an instrumental role in the rapid development of Company's customer base. He has also been responsible for bringing in superlative changes in policies and transforming operations and systems, thus, providing synergy to various business activities of the Company. Besides PI Industries, he also serves the boards of PI Life Science Research Limited, PILL Finance and Investment Limited, TP Buildtech Private Limited and Fratelli Wines Private Limited.

Mr. Mayank Singhal
Vice Chairman & Managing Director
DIN: 00006651



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

Dr. Raman Ramachandran
Managing Director & CEO
DIN: 00200297

Mr. Rajnish Sarna is a qualified Chartered Accountant and has a diverse experience of over 30 years in the areas of Business Development & Strategy, Customer Relationship Mgt., Operations, Finance, Risk Mgt, Legal Contracting & Compliances, Investor relations, Information Technology and Process Re-engineering, etc. He has been associated with PI for nearly 25 years responsible for the overall transformation of the Company over the last several years by managing numerous portfolios from Finance, IT, Business Development, CSM Operations and Merger & Acquisition related activities. His current role is focused on identifying new business opportunities, Mergers & Acquisitions, evaluate and execute such possibilities apart from various other strategic initiatives, Investor relations, handling joint ventures and key customer relationships on behalf of the Company and also as Chief Investor Relation Officer. He is currently on the Board of PI Life Science Research Limited, PILL Finance and Investment Limited, Solinnos Agro Sciences Private Limited, PI Kumiai Private Limited, Jivagro Ltd., PI Enzachem Private Limited and PI Fermachem Private Limited.

Mr. Rajnish Sarna
Joint Managing Director
DIN: 06429468

Dr. K.V.S. Ram Rao holds a bachelor's degree in technology from Faculty of Technology, Osmania University, a master's degree in field of engineering from Indian Institute of Science, Bangalore and is a Ph.D. from Faculty of Engineering, Indian Institute of Science, Bangalore. He has over 28 years of experience, of which nearly 20 years of experience pertains to pharmaceutical industry. Prior to joining our Company, he was Executive Vice President and Head - PSAI at Dr. Reddy's Laboratories Limited. Dr. Rao has strong market knowledge, financial/analytical skills, customer oriented approach, industry network at multiple levels, well-grounded principles of Governance & Ethics. He currently serves on the Board of PI Enzachem Private Limited and PI Fermachem Private Limited.

Dr. K.V.S. Ram Rao
Executive Director
DIN: 08874100

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

Mr. Arvind Singhal
Non Independent Director
DIN: 00092425

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

Dr. T.S. Balganesh
Independent Director
DIN: 00648534

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

Mrs. Ramni Nirula
Independent Director
DIN: 00015330

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

Mr. Pravin K. Laheri
Independent Director
DIN: 00499080

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

Ms. Lisa J. Brown
Independent Director
DIN: 07053317

Leadership Team

Mr. Manikantan Viswanathan
Chief Financial Officer

Dr. Atul Kumar Gupta
Chief Operating Officer

Dr. Venkata Srinivas Pullela
Chief Technology Officer

Mr. Samir Dhaga
Chief Information Officer

Mr. Prashant Hegde
CEO - AgChem Brands

Mr. Parmanand Pandey
CEO - Jivagro Limited

Mr. Anand Yeshwant Kamat
Head Commercial and Supply Chain (FC)

Mr. Pradeep Kumar Jain
Head Operations

Dr. Alexander Klausener
Project Lead - Research

Mr. Jiro Mochizuki
President - PI Japan

Corporate Information

Mr. Salil Singhal
Chairman Emeritus

Board of Directors

Mr. Narayan K. Seshadri
Chairman
DIN : 00053563

Mr. Mayank Singhal
Vice Chairman &
Managing Director
DIN : 00006651

Dr. Raman Ramachandran
Managing Director & CEO
DIN : 00200297

Mr. Rajnish Sarna
Joint Managing Director
DIN : 06429468

Dr. K.V.S. Ram Rao
Executive Director
(w.e.f. May 18, 2021)
DIN: 08874100

Mr. Pravin K. Laheri
Independent Director
DIN : 00499080

Mrs. Ramni Nirula
Independent Director
DIN : 00015330

Mr. Arvind Singhal
Non-Independent Director
DIN : 00092425

Dr. T.S. Balganesh
Independent Director
DIN : 00648534

Ms. Lisa J Brown
Independent Director
DIN: 07053317

Group Chief Financial Officer
Mr. Rajiv Batra (Till 31.07.2021)

Chief Financial Officer
Mr. Manikantan Viswanathan
(w.e.f. August 01, 2021)

Company Secretary
Mr. Naresh Kapoor

Statutory Auditors
M/s Price Waterhouse Chartered
Accountants LLP, Gurugram

Internal Auditors
M/s KPMG India LLP, Gurugram

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

Secretarial Auditor
Mr. R.S. Bhatia

Bankers
State Bank of India
Axis Bank Ltd.
Standard Chartered Bank
Citibank N.A.
HSBC Bank (Mauritius) Ltd.

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

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

Research & Manufacturing Facilities
- Udaisagar Road, Udaipur - 313 001, Rajasthan
- Panoli Unit-1: Plot No.237, GIDC, Panoli - 394 116, Ankleshwar, Gujarat.
- Panoli Unit-2: Plot No.3133-3139, 3330-3351, 3231-3245, 3517-3524, GIDC, Panoli - 394 116, Ankleshwar, Gujarat.
- 640, GIDC Industrial Estate, Panoli -394 116, TAL. Ankleshwar, Dist.: Bharuch, Gujarat
- Plot No.SPM 28, 29/1, 29/2 Sterling SEZ, Village Sarod, Jambusar - 392 180, Gujarat.

Share Registrar & Transfer Agent
KFin Technologies Private Limited
(Formerly known as **Karvy Fintech Private Limited)**
Unit: PI Industries Limited
Selenium Building Tower-B Plot
No.31 & 32 Financial District,
Nanakramguda,
Serilingampally Mandal,
Rangareddy, Hyderabad – 500 032,
Telangana, India.
Tel. No.091 40 6716 2222
Toll free number - 1800-309-4001
E-mail ID: einward.ris@kfintech.com
shivakumar.n@kfintech.com
Website: www.kfintech.com

Share Department
5th Floor, Vipul Square, B-Block,
Sushant Lok Phase-I,
Gurugram – 122 009
Haryana, India
Email id: investor@piind.com

Corporate Identity Number (CIN)
L24211RJ1946PLC000469

Management discussion and analysis

Economic overview

Global Economy

The global economy contracted by 3.3% in 2020 as all major economies barring China entered the recession with outbreak of COVID-19 pandemic. Lockdowns enforced across the globe led to severe demand destruction. Resilience of almost every socio-economic framework and operating model got exposed. At 4.7%, the contraction in Advanced Economies (AEs) was much steeper. Emerging Markets and Developing Economies (EMDEs) recorded a 2.2% contraction. With a 2.3% growth, China stood out as the sole economy to defy the global trend of economic contraction.

Several sectors have witnessed a growth during the pandemic and have successfully weathered the storm. Sectors like ITeS, E-Commerce, pharmaceuticals, chemicals, diagnostics, consumer goods and durables, agrochemicals and fertilizers have benefited owing to the pandemic. The crisis has increased the demand for medical supplies and care. GDP, in general, recovered stronger than expected in the second half of 2020, however, it remains significantly below pre-pandemic trends in most countries.

IMF expects a divergent recovery path for countries in the world, depending upon their efforts towards vaccination, and how effectively the various economic policies deployed under the highly uncertain situation can limit the damage from this unprecedented crisis. It estimates a 6% growth for the world economy, on the back of the US and China growing respectively by 6.4% and 8.4% in 2021. Governments and Central Banks are expected to maintain supportive policies until the recovery is firmly underway. The strength of recovery will depend on vaccine roll-out.

GDP Growth Trend (%)

	2019	2020 (E)	2021 (P)	2022 (P)
World	2.8	-3.3	6.0	4.4
AE	1.6	-4.7	5.1	3.6
EMDE	3.6	-2.2	6.7	5.0
India	4	-8	12.5	6.9

Source: WEO April 2021, IMF
AE: Advanced economies, EDME: Emerging markets and developing economies

India Economy

The imposition of stringent lockdown in March 2020 reflected in a sharp contraction of 8% in India's GDP for fiscal year 2020-21 (FY21). With industries, transport, shops, and malls shut down, the economic activity came to a grinding halt. The domestic consumption, which makes up around 57% of GDP, was almost wiped out.

After a sharp contraction, India is expected to lead the global recovery with a forecasted growth of 12.5% in FY22 and 6.9% in FY23. The country is witnessing a V-shaped recovery with supportive government policies and measures, fastest roll out of world's largest vaccination drive, and consumption and industrial indicators turning positive. GST collections remain robust.

Digital shift has gathered momentum with increase in digital payments, adoption of digital media for work, education and other various activities. FDI and FII inflows to Indian economy were far higher driving the forex reserves to an all time high level. RBI and Government of India interventions such as moratorium on loans, easing out of financial obligations of states, direct benefit transfer (DBT) to farmers, and declaring agriculture and allied activities as essential services provided critical support to economy during the crisis.

Government of India's initiatives such as Aatmanirbhar Bharat Abhiyan, Ease of Doing business and Make in India have helped the country consolidate its position as a potential growth market. India retained its 63rd rank in the 'World Bank's Ease of Doing Business Ranking 2020'.

Industry Overview

Agriculture Sector

Global Scenario: Despite the COVID-19 uncertainties and challenges, the global agriculture market is expected to grow at by a healthy 6% to reach US$ 10,182 billion in 2021 from US$ 9,603 billion in 2020. The growth is predicted to be led by a healthy growth in demand of agricultural produce, favourable agro-climatic conditions and operational smoothening by the companies engaged across the entire agricultural value chain.

While the impact of pandemic continues to stress agricultural production, demand and supply chain, the sector's long-term prospects remain intact. The growing food demand worldwide with limited arable land and water resources puts the focus on the need for enhanced usage of technology and other agri inputs to increase crop yields per hectare.

World population is growing and is expected to reach 10 billion by 2050. Increase in population creates more demand for food. According to OECD-FAO Agricultural Outlook 2020-2029, the yield improvements through enhanced agri-inputs, production technology and cultivation practices are expected to account for nearly 85% of production growth over the next decade.

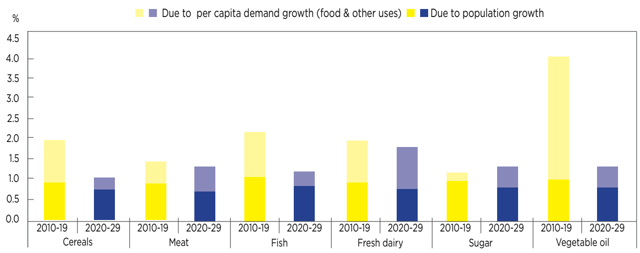
Strongest growth in agricultural production is expected to be witnessed in Asia Pacific, Latin America, Sub Saharan Africa and the Rest of Africa with their respective growth rates forecasted to be at 17%, 15%, 21% and 16%. Substantial growth in emerging and low-income countries is expected on account of better resource availability and larger investments in agri technology.

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

The agricultural sector is expected to play a key role in India's ambitious plan to touch a USD 5 trillion economy by 2025. The sector has been the bright spot despite the pandemic and the government through it various measures and programs have been emphasising on need to leapfrog into making agriculture a tech-embedded sector with significant focus on R&D and sustainable farming practices. Under the Aatmanirbhar Bharat Abhiyan, the Government has urged the agriculture and allied services sector to create a robust infrastructure and have a stronger hold in the world market. Some of the schemes and initiatives run by the Government for the sector include PM Kisan disbursement, Kisan Rail, Direct benefit transfers to farmers, Pradhan Mantri Fasal Bima Yojna, increased allocations under MGNREGA, enhanced agri credit schemes, formalization of Micro food enterprises, and developing market system with larger procurement under MSP (Minimum Support Price) for farm produce.

During the year, the country received healthy monsoon with good reservoir levels. This led to good Rabi and Kharif sowing season.

Annual growth in demand (%)



Source: OECD-FAO Agricultural Outlook 2020-2029

Exhibit 1: Source: OECD-FAO Agricultural Outlook 2020-2029

The cumulative rainfall has been 9% higher than Long Period Average (LPA) during the year's southwest monsoon season up to 30th September, 2020.

Harvesting its fourth consecutive bumper crop, India produced a record 303.34 Mt (estimated) of food grain in the crop year 2020-21 (July-June). This highest ever production was fuelled by record outputs across rice (120.32 MT) and wheat (109.24 MT). Likewise, nutri/coarse cereals, oilseeds, maize, and cotton too reached record production levels with output being 49.36 Mt, 37.31 Mt, 28.98 Mt and 36.54 Mn bales respectively.

Despite achieving grain self-sufficiency, the production in India remains resource intensive, cereal centric and regionally biased. Access to world class agronomy practices and agri-inputs remains sparse. The stress on water resources remain a key challenge while raising farmers' income by way of a holistic policy of enabling (instead of subsidizing) reforms can make farming sustainable and farmers prosperous.

While India leads on the agricultural output front, it needs to fast track adoption of agri technology solutions, smarter farming techniques and data driven agronomic practices to further improve yields, production quality and farm prosperity. The government has been focusing on modernising and developing robust agri infrastructure with the aim to double farmer income by 2022. Fixing the minimum selling price (MSP) in a manner that supports a 50% margin over the production cost of crops is a pivotal step in this direction.

The various steps and policy measures taken by the government during the year include exemption of agriculture and allied sectors from the nationwide lockdown imposed due to COVID-19 pandemic. Many schemes/ programmes were also launched to assist the farmers of the country during the lockdown period. These include fund transfers under PM-KISAN, running of special trains under Kisan Rail, financing facility under Agri Infrastructure Fund, concessional credit boost to 25 Mn farmers through Kisan Credit Card, etc.

During the year, the agricultural sector received significant policy impetus by the government in form of three pathbreaking bills that have the potential to transform agriculture sector inside out. Considered as the mother of major agricultural reforms of recent times, their key provisions include deregulation of agricultural commodities from the Essential Commodities Act, limiting stock limit only to emergencies, giving selling choice to farmers and allowing private sector participation in agriculture, and substantial fund allocation for development of agricultural and food processing infrastructure. These measures, when implemented in letter

Highlights: Union Budget 2020-21

- Agricultural credit target increased to ₹ 16.5 lakh Cr in FY2021-22
- Rural Infrastructure Development Fund- Increased allocation to ₹ 4,00,000 Mn (+33%)
- Micro Irrigation Fund: ₹ 1,00,000 Mn (+100%)
- Operation Greens Scheme - Increased scope to 22 perishable products
- Additional Mandis to be brought under eNAM: +1000
- Revision in Custom Duty rates in Chemicals
- APMCs to get access to the Agriculture Infrastructure Funds for augmenting infrastructure facilities
- Increased Custom Duty on Agricultural products: Cotton, Prawn/ Fish feed, Maize/ Rice bran
- Agriculture Infrastructure and Development Cess (AIDC) on a small number of items
- Ensured MSP at minimum 1.5 times the cost of production across all commodities

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

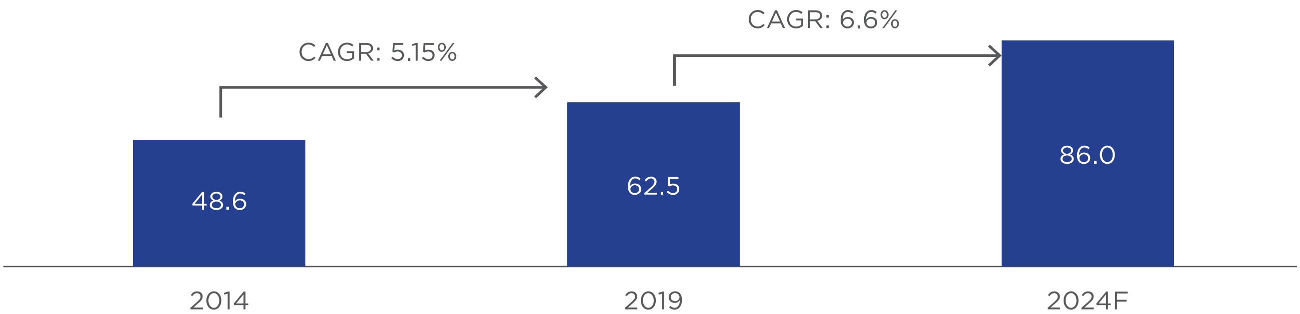
Crop protection chemicals (CPC) industry overview

Global scenario: Global agrochemicals sector is seeing an upward demand trend, primarily driven by crop protection chemicals. With the growing population to feed against shrinking arable land, crop yield has gained enormous importance in the current time.

World population is already approaching 8 billion and is pegged to cross 10 billion by 2050. In this background, crop protection chemicals would need to play a vital role in safeguarding the crops for fulfilling human food security needs. The rising population across the world, accompanied by rising affluence, is leading to a shift in consumption patterns. There is a need to not just increase production to meet demand but also to ensure that the nutritional needs of an increasingly affluent population are met.

The global agrochemicals market was valued at US$ 62.5 billion in 2019 and is forecasted to reach US$ 86 billion by 2024, growing at a compound annual growth rate (CAGR) of 6.6 %.

Exhibit -2 Global Agrochemical Markets (In US$)



Source: Frost & Sullivan Research & Analysis

COVID-19 inflicted restrictions and few allied factors have adversely impacted the production of crop protection chemicals. Since China is a major exporter of agrochemical products, its production plants located in Zhejiang, Jiangsu, Shandong, Hubei, Sichuan, Inner Mongolia, Shaanxi, Guangdong, Guangxi and other belts have witnessed temporary closure. Although the outbreak has disrupted supply of crop protection chemicals (mainly technical materials) from China, the speedy recovery and subsequent plant start-ups have resumed the production of pesticides in the recent past.

Major consumption markets like Brazil, the US, China, Japan and India have registered good demand for Agrochemicals. Higher cultivated area, favourable pricing environment and improved weather conditions favoured the key markets. In the last few years, the global CPC industry has seen significant consolidation with major investments in biological, smaller businesses and product lines. Moreover, the stringent regulatory environment and increased consumer scrutiny has led to the adoption of greener chemistries and growth of biological portfolio.

A key success factor for the crop protection chemicals in the market is extensive R&D capabilities of a company to develop new molecules satisfying the government norms and stringent environment regulations. Emergence of bio-pesticides are making a splash in the existing crop protection market, however product features in these green pesticides are so limited that it has not gained popularity as much as traditional crop protection chemicals. This essentially ensures a robust growth trajectory for traditional crop protection chemicals in high-volume-high-growth centres like India.

Key Insights into Global Crop Protection Chemicals Market (2021-2025)

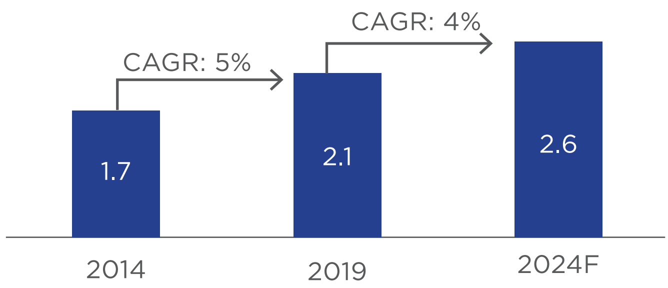
(Source: ResearchandMarkets.com)

- Herbicides expected to lead with a healthy growth rate of 5.5% in terms of value during the period
- In value terms, fungicides and bactericides to grow fastest at 5.2% between 2021 and 2025
- Latin America overtook Asia Pacific to become the largest consumer of crop protection chemicals and is expected to grow with 6.3% CAGR between 2021 and 2025

India crop protection industry overview: India has been ranked fourth globally in the production of agrochemicals (crop protection chemicals/ pesticides) after USA, Japan and China, as per IBEF report 2019. Indian crop protection chemicals market is valued at US$ 2.1 billion which is anticipated to grow at 4 per cent in the next 5 years to reach US$ 2.6 billion by 2024.

India ranks 13th in the imports of pesticides globally with Brazil leading the imports of crop protection chemicals, having 7% market share in the world imports (2018, by volume). Brazil is followed by France (5%), Canada (5%), US (4%), Germany (4%), Thailand (4%), Australia (3%), Belgium (3%), UK (3%), Nigeria (3%), Spain (3%), Italy (3%) followed by India (2%).

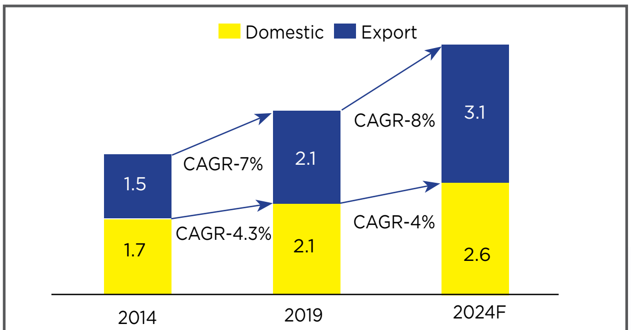
Exhibit - 3: Indian crop protection chemicals domestic market (in US $ Bn)



Source: Frost & Sullivan Research & Analysis

India was world's 3rd largest pesticide exporter by volume in 2018. China leads the exports of

Exhibit – 4: Indian crop protection chemicals market by exports & domestic consumption (US$ Bn)



Source: Frost & Sullivan Research & Analysis pesticides with 27% market share in the world exports followed by Germany (8.3%), India (8%), US, Belgium, France, etc.

India crop protection chemicals exports have grown with the CAGR of almost 9% during the

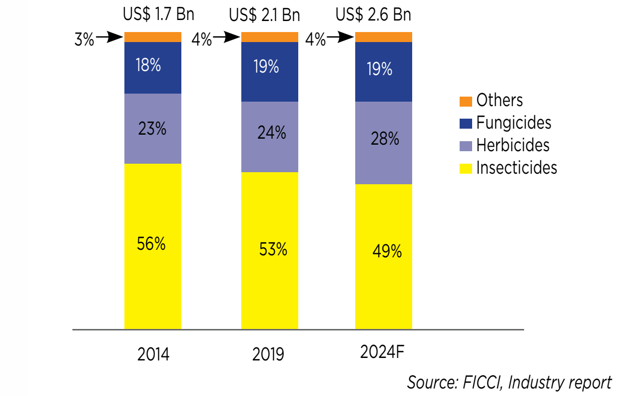


Exhibit – 5 : India crop protection market by product type (domestic), 2014-24F

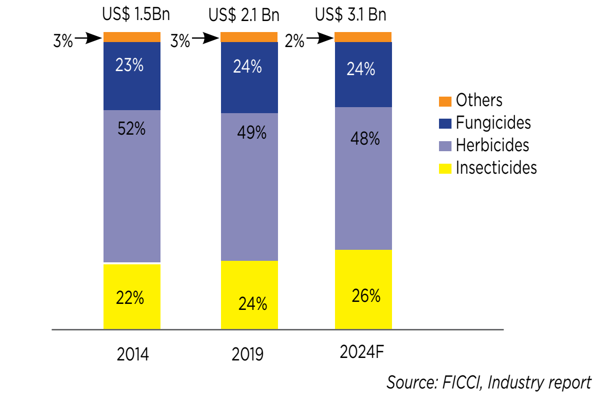


Exhibit – 6 : India crop protection market by product type (exports), 2014-24F

year 2015-19. The actual export contribution of crop protection chemicals was 50% of total domestic production (by value) in the year 2019. Exports are projected to grow to almost 55% in the year 2024 (by value). This means, US$ 2.1 billion was export from India and an equal amount of crop protection chemicals were meeting domestic demand in the year 2019. In the year 2024, exports will grow to US$ 3.1 billion contributing 55% of total domestic production which is valued at US$ 5.7 billion.

India is experiencing a slowdown in terms of economic growth due to on-going issues like Coronavirus outbreak, NBFC/liquidity crisis, etc. Although GDP growth has come down in past couple of years, domestic food demand

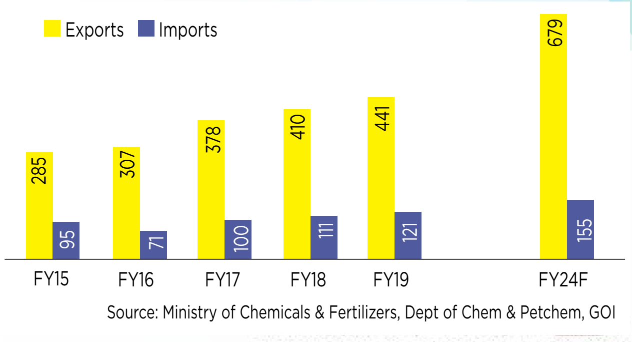


Exhibit -7: Indian crop protection chemicals market by exports & imports (in '000 MT)

has soared along with increasing population. 100% foreign direct investment (FDI) is allowed in agriculture in India. Plus, increase in demand for food grains with high emphasis on food grain self-sufficiency is promoted by the government which will drive crop protection chemicals market in India positively.

Additionally, there is a clear shift in terms of reducing dependence on China all over the globe which will make India one of the most sought-after sourcing destination with its many advantages of regulatory compliance, R&D capability, IP protection and also Low-cost manufacturing. Government of India is proactively looking for measures to significantly improve the farmer's income and a number of schemes have been launched in this regard.

Unlocking the growth potential of the agrochemicals sector will be dependent on three major growth drivers. Firstly, improvements in trade and marketing of agrochemicals would increase scientific usage of agrochemicals. This can be achieved by improving agrochemical trade and empowering consumers through increased awareness and technology interventions. Secondly, increasing focus on production would further strengthen the agrochemicals sector. Increased efforts towards R&D and capacity building, along with policy interventions, would help in positioning India as a global agrochemicals hub. Thirdly, a favourable policy environment for the agrochemicals sector would help in increasing agrochemical exports, attracting foreign investments in the sector and ensuring equal opportunities for all players. Therefore, it is important for key stakeholders to understand the role agrochemicals will play in propelling India's economic growth and take necessary actions to enable the sector to achieve its potential.

Specialty Chemicals Overview

The global specialty chemicals industry has already been undergoing a tectonic shift for quite a longer time before the pandemic struck in 2020. Mega consolidation of the global leaders followed with regulatory tightening in China was already setting the stage for a new world order in specialty chemicals. The pandemic has triggered the acceleration of this reset.

The fallacy of a concentrated global supply chains did come to fore. The world has realised the need to diversify supply chains. The dependence on China is going to fast balance out. In terms of realignment, the specialty chemicals opportunities emanating out of China exit/containment would be heading towards those countries which have developed a strong paraphernalia of talent, infrastructure and industry ecosystem around innovation and capabilities in complex chemistries.

India is positioned as a shining bright spot to immensely benefit from these global shifts. Thanks to its continued evolution on the path of technology-led innovations and global partnerships, PI is positioned as the frontrunner among Indian players to benefit from evolving opportunities. Its recent 'beyond agchem' success testify the solidity of its platform.

Company's Business Overview

PI Industries is one of India's leading agrochemical companies. Offering integrated and innovative products and solutions to its customers, PI enjoys tremendous brand recognition and a strong global presence built over the years on strong foundation of Trust, Integrity and Respect for IP. PI has exclusive rights from several global corporations for distribution of their products in India. It constantly evaluates prospects to further expand its product portfolio. The spectrum of services that PI provides to its customers are interwoven and spread across its value chain, ranging from research and development, product and application development, registration, manufacturing, marketing and distribution and customer connect initiatives.

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

Discovery, Development and Scale-up

Research & Development is one of PI's key strengths and serves as a great enabler of Company's business model. The state-of-the-art R&D centre spread over an area of 130,000 square feet at Udaipur, Rajasthan, provides excellent infrastructure and lab facilities for research scientists to carry out activities and specialize in the discovery space, including library synthesis, molecule design, lead optimization, route synthesis, biological testing and greenhouse testing.

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

PI's strong team of 350+ research scientists includes more than 130 Doctorates specialized in process research and complex chemistries. The Company's research & product development capability forms the core of its partnership with global innovators when it comes to in-licensing arrangements for patented / proprietary products for commercializing. In-depth expertise in process research, process development and analytical references enable PI to provide integrated solutions to global customers. The Company continues its focus on new innovative chemistries and processes, cutting- edge technologies.

During the year, the R&D team successfully carried out synthesis of 46 new development molecules. Of which, 20 molecules were scaled up successfully for their next stage of development and 6 molecules are transferred to the next stage. Apart from synthesis and scale up of new products, the team also undertook process improvements for 9 projects in order to identify and implement cost improvement opportunities at the plant level. We crossed the milestone of having more than 100+ patents filed and commissioned our pharma lab at Udaipur (Rajasthan). Moreover, we also worked on technology scale up of novel catalysts, enzyme tech and green chemistry (ecoscale). The Company's R&D and manufacturing team are constantly working together to reduce environmental load, enhance safety and reduce cost.

Product Evaluation & Registration

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

The Company also has a highly knowledgeable, skilled and capable team of registration professionals with deep understanding of Indian regulatory system to register products in India and also facilitate the registration services for the innovators seeking registration in India. The team specializes in planning and coordinating studies with CRO's related to bio-efficacy, residue and toxicological studies in compliance with the applicable regulations for the purpose of quality data submission and regulatory approvals.

Manufacturing

PI has invested in state-of-the-art technologies in order to ensure the highest level of safety, product quality, productivity and consistency in the resulting products. The four integrated manufacturing facilities are cumulatively spread across 100+ acre land and include 14 multi-purpose plants. The manufacturing units are equipped with dedicated high-pressure reaction facilities with high level of futuristic automation. In addition, PI's 2 Formulation units at Panoli cater to domestic requirements of local as well as global clientele. The multi-purpose plants give PI the flexibility to produce new products in a short span of time and scale up to meet the demand of its clients. The manufacturing facilities are ISO 9001, ISO 14001, OHSAS 18001, ISO 50001 and ISO 17025 certified that conform to very high safety and environment management standards. The Company's formulation facilities process agrochemicals in WDG, WG, SC, E, EC, DP, GR, etc. and have a world-class warehousing facility. PI's manufacturing facilities are also equipped with the amenities that help recover, recycle, preserve and reduce water consumption, which in turn, boost its Green Initiatives.

Marketing & Distribution

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

Some of PI's major brands such as NOMINEE GOLD, OSHEEN, BIOVITA, AWKIRA, ROKET, KEEFUN, ELITE, HUMESOL have a strong association with farmers and a strong recall value in the minds of the consumers. During the year under review, the Company has launched two new products namely 'LONDAX POWER' and 'SHIELD' which received positive feedback from farmers & channels alike. Inculcation of digital strategy to reach customer base efficiently and in time has added an edge to the marketing strength.

The digital strategy was ingenious in COVID-19 scenario when one-to-one farmer contact was

limited. Live streaming of Awkira harvest Days, Live farmer meetings for key brands- Elite, Osheen & Nominee Gold, quizzes & online games for farmer engagement along with content marketing were some of the key initiatives taken. Also, focus on mass media tools- TVC telecast, FM-Radio also helped in gaining wider reach thus supporting the business.

In its endeavour to promote product stewardship as one of the key drivers of its Agchem business, PI celebrated product stewardship day on 16th March 2021. This spirit of stewardship was celebrated by organising 178 farmer meetings across the country through which 15,575 farmers were addressed and made aware about "Safe use of Pesticides" using different communication tools. Special emphasis was laid on use of appropriate personal protective equipment.

PI has a very strong and wide distribution network spanning across the length and breadth of the country. It deploys 28+ stock points including its own depots and C&F agents who work on hub-and spoke distribution model to ensure timely delivery of Company products. With 28+ depots, 1,500 experienced field force, 10,000 active dealer/distributors and more than 100,000 retailers spread across the country, PI reaches out to more than a million farmers. It's centralized SAP-based ERP system provides an efficient last mile connectivity.

Customer Connect

PI firmly believes that investing in an improved customer experience forms the core of its business model and leverages its extensive presence in the rural areas effectively by combining the use of latest technology in outreach programs. The Company's strategic business partners' meets are held at regular intervals wherein the channel partners are informed and trained on the shifting paradigms in agriculture. Adapting to the COVID situation, in last FY, PI conducted "digital business partners' meet" wherein channel partners from target geography participated and exchanged their thoughts and experiences.

The business partners are also provided with necessary trainings to enable them to be ready to deal with technological advancement in agriculture. PI's channel partners along with a strong and experienced field force visit the villages and farmers regularly, conduct group meetings, impart knowledge and train them on improved methods of agriculture to increase yield and productivity.

Financial Review

PI Industries Limited (PI) continued its growth story in FY2020-21 despite the challenges imposed by COVID-19. The proactive measures taken by the Company in supply chain and operations helped it limit the impact of the pandemic.

During FY2020-21, PI's revenue grew by 36% to ₹ 45,770 Mn as compared to ₹ 33,665 Mn in the previous year. The Company saw strong growth in export of 36% in FY21, contributing to the volume growth of existing products and commercialisation of five new products. Domestic demand was up by 39%, falling well in line with the Company's business plan.

PI's Net Profit for the year saw a healthy 62% growth to ₹ 7,383 Mn from ₹ 4,566 Mn in FY2020-21. EBITDA margin improved with strong control on fixed overheads and operating leverage. It stood at 22% for the year.

The Company saw significant improvement in its Free Cash Flow and Gross Cash Flow that stood at ₹ 3,030 Mn and ₹ 9,336 Mn during FY2020-21, respectively. This was backed by Company's measures to improve working capital management and contain capex plans during the year. Total CAPEX entailed in FY21 was ₹ 4,589 Mn, order book position continues to stay strong at US$ 1.5 billion with high visibility growth for the next couple of years.

Net worth of PI almost doubled over last year to ₹ 53,424 Mn in FY2020-21 due to increased operating profits and QIP fund raise. As on March 31st, 2021, the Surplus Cash net of Debt stood at ₹ 20,700 Mn, including QIP net proceeds of ₹ 19,751 Mn. Debt equity ratio was at 0.06 as compared to 0.16 in the previous year. The Board of Directors have recommended a final dividend of 200% which is ₹ 2 per share. This, in addition to interim dividend of ₹ 3 that was already declared in FY21, takes the total dividend to ₹ 5 per share for the financial year.

As required under SEBI (LODR) Regulations, key financial ratios on the basis of standalone financials are enumerated below as compared to previous year:

Particulars	FY 2020-21	FY 2019-20
Earnings per Share (EPS)	48.57	32.04
Current Ratio	3.58	1.63
Debt Equity Ratio	0.06	0.20
Operating Profit Margin (%)	23.0%	21.1%
Net Profit Margin (%)	16.8%	13.4%
Inventory Turnover	4.43	4.59
Debtors turnover	6.89	6.03
Interest Coverage Ratio	33.28	34.03
Return on Net worth	18.2%	17.1%

Internal Controls Systems

PI Industries follows a well-designed internal controls system, incorporating policies and procedures covering all financial and operating functions. These controls enable the Company to maintain highest standards in terms of maintaining accounting records and ensure reliability of financial reporting, monitoring of operations, protecting assets from unauthorized use or losses and compliance with regulations.

All key process controls have been digitized via the ERP systems to maximize automated control transactions. The Company auditors verify IT-enabled controls as part of the review of functions and processes as part of the Internal Audit function. The Company has an Audit Committee Charter which defines the scope of work, requirements, accountability, independence and reporting responsibilities of the Internal Audit Function. This is headed by 'Head – Internal Audit' who reports functionally to the Chairman of the Audit Committee.

At the start of the fiscal year, the Audit Committee of the Board approves a risk-based internal audit plan, based on which the internal audit reviews are conducted. The Annual Audit Plan is aligned with the major risks identified by the businesses.

The scope of audits comprises review and reporting on key process risks, adherence to operating guidelines and statutory compliances. It also recommends improvements for monitoring and enhancing efficiency of operations and ensuring reliability of financial and operational information. The Audit Committee monitors and reviews significant internal audit observations. The Company has engaged Chartered Accountancy firm M/s KPMG LLP for conducting internal audit reviews. Their engagement also included review of existing design, tests of Internal Controls over Financial

Reporting controls (ICFR) for in scope audit areas and for other key processes/ functions to support/ enable the process of CEO-CFO certification and Director's certification under Section 134 of the Companies Act, 2013.

The Company possesses a suitable mechanism for internal controls. These controls have been developed and designed in a manner to properly maintain accounting records for ensuring reliability of financial reporting, monitoring of operations, protecting assets from unauthorized use or losses and compliance with regulations. The Company has digitalized all key processes with maker- checker functionality through the ERP systems to maximize automation and control on transactions that get recorded to the books of accounts.

Sustainability

Reporting: Select Indicators

Environment, Social and Governance (ESG) is at the core of PI. The report has been prepared in accordance with the Global Reporting Initiatives Standards and presents in-depth and transparent balanced disclosures on PI's material economic, environmental, social, and governance issues.

Having reported sustainability highlights as part of our annual report until now, we are releasing our maiden sustainability report for the year 2020-21 as a separate document. The same is available at our website. With an aim to aid the readers of this annual report with certain aspects of our sustainability initiatives, we are presenting select indicators as follows:

Our sustainability priorities

Creating shared value for all

Through its products ans services, PI Industries contributes to sustainable agriculture and farmers. Ensuring satisfaction of our customers is of paramount importance to us. Key tenets to meeting the customer requirements in a responsible manner includes innovation, product stewardship, operational excellence. We also strive to create long-term economic value for our shareholders. Our community development programs drive socio-economic development in the country.

Reducing our ecological footprint

We apply the concept of eco-efficiency to assess our environmental performance due to our operations. We focus on reducing the consumption of resources (water and energy), improve raw material efficiency, incorporate circularity in operation, and reduce emissions and waste production.

Empowering our people

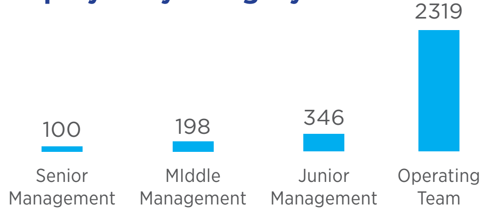
We aim to become an employer of choice by empowering individuals to reach their full potential. We aim to build an inclusive culture where diversity of all employees is valued. We respect human rights of all and strive to uphold them across our operations. Another key tenet of business sustainability is upholding high standards of safert and health across operations and locations

Conducting our business with integrity

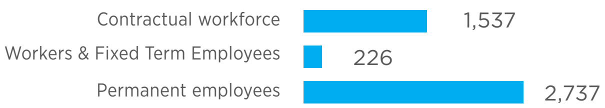
Genders Pay Indicators (As on 31-03-2021)

Level Name	30-50 Years		Less than 30		More than 50		Grand Total
	Female	Male	Female	Male	Female	Male	
Director	-	1	-	-	-	2	3
Top Management	-	3	-	-	-	14	17
Sr. Management	2	55	-	-	1	22	80
Middle Management	8	154	-	-	-	36	198
Junior Management	10	284	6	13	-	33	346
Executives	20	492	27	259	-	18	816
Officer and Associates	2	817	11	383	-	64	1,277
Worker	-	27	-	-	-	18	45
Fixed Term	-	78	-	95	1	7	181
Grand Total	**42**	**1,911**	**44**	**750**	**2**	**214**	**2,963**

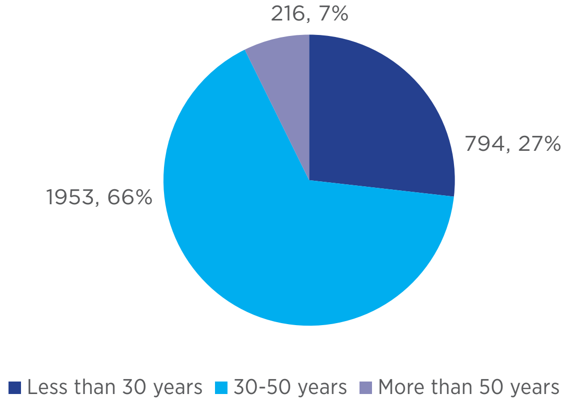
Employee by category



Workforce



Employees by age group



Human Rights

Human rights remain at the forefront of all activities undertaken by the company. All PI Industries employees' operations are carried out as per provisions of national & international laws which duly protect all human rights standards, including safety and wellbeing. The HR Commitment policy of the Company guides the employees on professional conduct towards non - discriminatory practices based on gender, ethnicity, religion, age, etc. We continually review, monitor and address risk of violation of human rights. We have on-boarding process also wherein we do qualify vendors on their commitment towards the HR commitments and Supplier COC wherein such commitments are taken. HR Commitment policy for PI is available on following link https://www.piindustries.com/sustainability/Governance/Human-Rights-Commitment

Risk Management

PI has continuously strived to promote culture of Adaptability, Trust, Speed and Innovation by adopting accountability, transparency and excel performance. PI follows a strict structure to identify, mitigate and monitor risks. All businesses, new projects and related activities go through a detailed feasibility study by internal or external teams to assess risks associated with them. At PI, paramount importance is given to the risk assessment exercises which are conducted at manufacturing units to ensure operations are conducted in the safest manner. Safety audits happen at regular intervals to ensure identification, mitigation and monitoring of the risks.

Risk Management is aimed at minimizing the adverse impact of these risks, thus, enabling the Company to leverage market opportunities effectively and enhance its long-term competitive advantage. The focus of risk management is to assess risks and deploy mitigation measures. This is done through periodic review meetings of the management.

PI has a CFT team under capital expenditure process wherein it identifies potential risks. The Company's top management conducts regular and periodic reviews on the high level projects. In addition, PI has a robust business continuity plan in place that keeps it ready to make necessary adjustments to ensure business continuity in case of any exigent event surfacing from its operating environment. The almost immediate reactivation of its business at the time of the sudden lockdown was a small testament of efficacy of its business continuity plan.

The Company's Risk Management Committee comprises of 5 members, majority being board members including one Independent Director. Risk Management Committee is continuously provided with risk-specific education through which they are informed about latest-risk management practices and are equipped to assess various forms of risks.

The primary responsibilities of the Committee shall include:

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

PI has adopted an integrated approach for ERM together with the Code of conduct, Standards & Manuals, and Controls system which further involves periodic assessments of the total risk profile for the entire organization. PI aims to integrate risk management across the organization to support its vision and towards achieving its business objectives.

This is accomplished by:

i) Training employees to consider risks as part of their decision making process

ii) Risk identification, evaluation, prioritization, consolidation and monitoring

iii) Implementing risk management policy

The Company has appointed Ms. Shilpa Sachdeva Bhullar as Chief Risk Officer of the Company w.e.f March 20, 2021.

Human Resources

In support of the high growth strategies of Company's business, PI added 551 employees (gross) to its permanent workforce during the year across all levels. Continued focus on leveraging technology, social media tools and building employer brand helped the company complete its hiring program effectively and efficiently. The company also launched a revamped on boarding program called Project Aagman which helped in much faster assimilation of new talent in the company. The company also initiated the red carpet event for all new joiners giving a platform to new joiners for interaction with top management

In line with its compensation policy, PI closed the annual increment cycle and made market corrections where necessary with view to retaining high-performing talent as well as to ensure that pay levels and structure are competitive with market.

Employee well-being was central focus point for the company during the covid year. PI has always provided an encouraging and empowering environment to all employees. The Company provided a fully enabled and equipped work from home arrangement to office-based employees whilst also instituting COVID-appropriate protocols at all its manufacturing locations in no less time when disruption struck. Multiple initiatives like new Mediclaim policy; extending support for Corona victims were launched. The company partnered with hospitals and doctors to provide covid care support during the year.

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

- Evaluating employees against behavioural and leadership competencies using a battery of proven tests
- Developing and implementing individual

development plans for each employee through a mix of experiential learning, executive education, cross-functional teaming and coaching and mentoring

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

As on March 31, 2021, 230 employees had completed their assessments and subsequent talent review exercise was done where the leadership participated in curating the future career track for all high potential employees.

Employee Engagement continues to be in focus. Owing to COVID-19 most of the engagement initiatives were undertaken during the year virtually. Initiatives like Stepthalon, Dental Camp, International Yoga Day have been the highlights of attracting employees and bringing them closer to the culture of the organization.

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

Total permanent workforce of the Company stood at 2,963 as on March 31, 2021.

The Company was recognised by world HRD congress with 2 awards

1. Award for Best HR Strategy in Line with Business - For our work in a challenging year of COVID-19 in driving Hiring, Aagaman, Engagement through Digital initiatives, Virtual Learning and Udbhav.
2. Award for Continuous Innovation in HR Strategy at Work – For our work in digitizing the Hire to retire processes with minimal manual intervention.

The various training programs were conducted during the financial year 2021-21. The average hours of training per year per employee is 15 hours.

Information Technology

The year 2020-21 was fraught with challenges related to Covid-19. There were issues with respect to lockdowns; the need to collaborate virtually, usage of tools and apps that were primarily accessible only from the office, the need to stabilize supply chains and work on the sales and distribution, keeping the production running whilst maintaining close but virtual contact with our customers and partners. PI was completely ahead of the curve and was able to handle the disruption due to Covid-19 smoothly by rolling out digital tools such as MS Teams, Zoom, WebEx etc. allowing our workforce to continue to deliver strongly whilst working from home. All-important applications were extended securely to employees to ensure work is not impacted. Needless to say, bandwidth across the sites was upgraded in quick time to cater for increased load of video calling and the use of collaboration software. This allowed smooth inter and intra team interactions. In addition, PI innovated digitally in this time of need and maximized its consumer and customer interactions through effective use of Facebook, YouTube and other social media platforms.

Whilst the digital strategy of PI is focussed on delivering value to our businesses and customers, the specific focus of the Digital Platforms and Tools rolled out this year have been centred around optimization of production, reduction in spends, maximizing sales, building customer loyalty and integrating inter and intra business processes via digital means.

PI had launched the mPower Platform for our Agri Business in the previous year duly connecting our Agri distribution business with consumers, customers, retailers and distributors. As an extension to the mPower platform, PI launched a customer loyalty application – 'PI Mitra' which allows customers to scan the QR Codes of our product boxes and earn loyalty points. This was a huge success and very popular with the channel. Accordingly, PI Mitra was downloaded by over 16,000 channel partners and over ₹ 30 Mn was redeemed for the loyalty points they earned by selling our products. We also moved out of the legacy Sales Platform which was only web based and over a decade old. We migrated to the Sales Order Module in the mPower app that allows our channel partners, sales force and depots to execute sales via the mPower app and is available on Web, Android and iOS platforms. This has been a grand success as users of the platform are able to order and see the current order status, delivery, inventory levels etc via the mobile - giving power to the users in the palm of their hands! PI also augmented mPower Spraying Services module and integrated it with our financial transaction system of our ERP software.

Bringing about innovation and reduction of operational costs whilst increasing output and enhancing quality is one of PI's key objectives. The Company had, in the previous year, embarked on implementation of the Golden Batch Project for one of its plants. This platform integrates with fully automated DCS plants and provides deep data driven insights into manufacturing processes. This year it has also been extended to three other plants. In addition, PI has significantly improved the security of the Plants by placing state-of-the-art cyber security systems for the protection of the plants from cyber-attacks.

As a strategy of standardizing and optimizing procurements, PI has successfully launched SAP ARIBA – Sourcing and Discovery Modules as well as Supplier Lifecycle Module. This ensures that the procure to pay process is fully automated right from vendor onboarding, vendor selection, online bidding to online reverse auctions that ensure that the Company acquires goods at the best and the most competitive rates. Launch of SAP Ariba will not only ensure standardization of the procurement process but will ensure that our logistics and procurement teams have access to global supply chains ensuring alternate pathways to procurements at the best costs in these challenging times.

PI's Research Platform, the Electronic Laboratory Notebooks (ELN) has been augmented to include a variety of protocols and workflows involving a number of trials and studies. In addition, the ELN platform has been enhanced with Signals – a cloud based ELN system for collaboration with our external partners and CROs.

In order to keep its employees motivated and trained, PI has launched the Percipio Platform that provides hundreds of e-Learning courses from a wide variety of professional topics for employees to indulge in via their laptops, desktops, mobiles or tablets.

The Company's Infrastructure and Digital Platforms are hosted in a state-of-the-art Tier 4 data centre in the Delhi NCR region. The deployed IT systems are robust, flexible and scalable with backup systems, replication and Disaster Recovery in place. PI has deployed a Business Continuity System in the South of the Country with all critical business systems having the capability of being operated from the alternate location. In addition, PI has invested in and implemented state of the art cyber security systems and processes in place. From threat protection devices to firewalls on one end of the spectrum to end point protection via robust anti-virus, anti-malware systems and data prevention systems with end users at the other end of the spectrum, PI, an ISO 27001 company is at the forefront of digital protection and cyber security.

Business Outlook

While the second wave of the COVID-19 remains a concern as it impacts expands further to the rural India, the steady vaccination drive of the government to cover the remotest corner of the country is expected to flatten the curve of the disease and bring the country out stronger and healthier.

PI remains optimistic of its growth in FY22 backed by the strong sentiments of the agriculture sector, positive forecasts of monsoons, and overall government measures to keep the farms and farmers healthy and motivated.

Business outlook continues to be robust in FY22 supported by new launches and crop diversification, 5 new launches planned in FY22, strengthened rice, cotton and horticulture portfolio, Crop diversification of existing products, Rice, Horticulture, Cotton, Soybean and Wheat to drive growth, focus to expand application services business with an effort to provide wider solutions to farmers challenges.

In line with its long-term growth strategy, PI is deepening its consumer connect, building new and powerful brands and investing in R&D and technologies to become a preferred agri-chemicals solutions provider with scale, reach and expertise across the value chain. Our strong enquiry pipeline and order book position are indicative of strong growth potentials backed by our current and planned capacities.

CAUTIONARY STATEMENT

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

Board's Report

Dear Members,

Your Directors are pleased to present the 74th Annual Report on the business and operations of the Company together with the Audited Financial Statements for the financial year ended March 31, 2021.

1. FINANCIAL HIGHLIGHTS (STANDALONE)

(₹ in Mn)

Particulars	FY 2020-21	FY 2019-20
Revenue from Operations	42,762	33,068
Other Income	1,133	479
Profit Before Interest, Depreciation and Tax	10,984	7,456
Interest	281	180
Depreciation	1,603	1,332
Profit before Tax & Exceptional items	9,100	5,944
Less: Current Tax	1,654	1,249
Deferred Tax	(257)	(272)
Profit after Tax	7,189	4,423
Add: Other Comprehensive Income	695	(560)
Total Comprehensive Income	7,884	3,863
Balance of retained earning brought forward from previous year	22,029	18,368
- Profit for the year	7,189	4,423
- Other Comprehensive Income (OCI) for the year	695	(14)
Appropriations: -		
Final Dividend on Equity Shares 2019-20	152	207
Interim Dividend on Equity Shares 2020-21	455	414
Dividend Distribution Tax on Equity Shares	0	127
Transfer to General Reserve	0	0
Balance Profit carried forward	28,612	22,029
Earnings Per Share - Basic (in ₹)	48.56	32.04
- Diluted (in ₹)	48.55	32.02

2. KEY HIGHLIGHTS

Your Company's Revenue from Operations for the year ended March 31, 2021 on standalone basis stood at ₹ 42,762 Mn as compared to ₹33,068 Mn previous year registering a growth of 29.3 % on YoY basis. The Operating Profit for the year was at ₹ 9,853 Mn as compared to ₹ 6,977 Mn previous year i.e. an increase of 41.2 % YoY. The Net Profit for the year on stand-alone basis stood at ₹ 7,189 Mn as compared to ₹4,423 Mn in the previous year i.e. a growth of 62.5 %YoY.

Your Company's Revenue from Operations for the year ended as on March 31, 2021 on consolidated basis stood at ₹ 45,770 Mn as compared to ₹ 33,665 Mn previous year, registering a growth of 36 % on YoY basis. The Company's Net Profit for the year ended March 31, 2021 on consolidated basis stood at ₹ 7,383 Mn during the year as compared to ₹ 4,566 Mn in the previous year, a growth of 61.7 % YoY.

The Earnings per share (EPS) for the year stood at ₹ 48.56 per share, shows a growth of 51.6 % as compared to ₹ 32.04 per share for the previous year.

Your Company invested ₹ 3,420 Mn in fixed assets for expansion of manufacturing and Research & Development capacities.

No amount was transferred to general reserves during the year.

Your Company successfully completed Integration of Isagro brand molecules and the manufacturing facilities with an aim to maximize synergies and capacity utilization.

During the year, your Company operationalized 2 manufacturing facilities with capacity enhancement of approx. 15% in key products and commissioned a pharma lab in Udaipur (Rajasthan).

Qualified Institutional Placement

Your Company successfully raised funds through QIP issue to the tune of ₹ 20,000 Mn. by offering 1,36,05,442 equity shares at a price of ₹ 1470/- after giving discount to the floor price of ₹ 1534.24 determined in accordance with Chapter VI of SEBI (ICDR) Regulations, 2018. The aforesaid shares stand listed on BSE Ltd and National Stock Exchange of India Ltd.

The issue saw a tremendous response from domestic and foreign investors like Fidelity, Capital research, ADIA, Morgan Stanley, Small Cap World Fund, Amundi funds, Axis Mutual Funds, ICICI Prudential Mutual Fund, Aditya Birla Sunlife Mutual Funds, White Oak, Taiyo, Max Life Insurance, Motilal Oswal, SBI Life, Sundaram Mutual Funds, Kotak funds, Canara Robecco etc.

Your Company is actively evaluating pharma strategic options as a part of its expansion programme.

Incorporation of wholly owned subsidiaries

Your Company incorporated two wholly owned subsidiaries having registered office in the State of Rajasthan for carrying out pharma activities namely:

– PI Enzachem Private Limited, bearing CIN U24290RJ2020PTC070948 vide Certificate of Incorporation dated September 11, 2020 issued by Central Registration Centre, Ministry of Corporate Affairs.

– PI Fermachem Private Limited, bearing CIN U24233RJ2020PTC070968 vide Certificate of Incorporation dated September 11, 2020 issued by Central Registration Centre, Ministry of Corporate Affairs.

Amalgamation/ Demerger

Scheme of Amalgamation - Isagro (Asia) Agrochemical Private Limited (Transferor Company) and PI Industries Limited (Transferee Company).

During the year under review, Company filed a petition before Hon'ble National Company Law Tribunal, (NCLT), Jaipur for merger of Technical and CSM vertical of Isagro Asia with PI Industries Ltd.

Simultaneously, Isagro Asia filed a petition before Hon'ble NCLT, Mumbai for approval of the Scheme of Amalgamation for the merger of Isagro Asia with PI Industries Limited.

The aforesaid petitions are pending before the Hon'ble NCLT, Mumbai and Jaipur for final adjudication.

The other vertical of Isagro Asia i.e. B2C business stands demerged to Jivagro Limited (a wholly owned subsidiary of PI) on going concern basis as per orders passed by the Hon'ble NCLT, Mumbai vide its order dated March 18, 2021.

3. BUSINESS PERFORMANCE

During the year under review, Agchem domestic business achieved significant growth of ~25% over last year even in the face of challenging times with highest ever sales in Nominee herbicide and Osheen insecticide. Your Company is working with innovators partners to introduce novel molecules globally. Two new products namely 'Londax Power & Shield' were launched, which received positive feedback from farmers & channels alike. Growth was well supported by 'Bio-vita', 'Awkira' & 'Header'. Inculcation of digital strategy to reach customer base efficiently & in time has added an edge to the marketing strength & your Company is poised to address the needs of changing markets.

Exports grew by ~33% mainly driven by volume growth of existing products and commercialisation of 4 new molecules. With enhanced utilization of multipurpose plants located at Jambusar, SEZ and commissioning of new plant, your Company expects growth momentum in exports in coming years. The Company continued to develop alternate vendors in domestic market to reduce its dependency on Chinese raw material supplier.

Your Company successfully launched 'ARIBA' a sourcing platform and Automated Fleet Management of Application Spraying Services. Company continued to explore new geographies where it was not earlier present. Your company is focused on introducing an advanced line-up of innovative products on the key crops that will complement the existing sales. Several high potential products are already in the pipeline, the intent is to develop new brands, introduction of new innovative products, strengthening of existing partnerships & forging of new ones, channel expansion and focus on customer connect are some of the key strategic initiatives expected to drive the growth in coming years.

4. RESEARCH & DEVELOPMENT (R&D)

During the year under review, the Research & Development team successfully carried out synthesis of 46 new development molecules. Out of these, 20 molecules were scaled up successfully for their next stage of development and 4 molecules progressed for commercialisation. Apart from synthesis and scale up of new products, the Research & Development team also undertook process improvements for 9 projects in order to identify cost improvement opportunities and then implement such project improvements at the plant level. Environment, Health and Safety (EHS) considerations were given the usual special emphasis in the process development work. Furthermore, 10 products from pharma adjacency are under development with technology as the key differentiator. There are 8 provisional and 2 PCT patents that were filed.

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

The research assignments involve global innovator partners. Your Company's research strategy and implementation are well supported by a strong team comprising of more than 350 research scientists having expertise and international experience in chemistry, analytical techniques, biological and biochemical testing, mode of action, tox and e-tox studies, IP management and basic / detailed process engineering.

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

5. FINANCE

Your Company continued to focus on managing cash efficiently and ensured that it has adequate liquidity and back up lines of credit. Net Cash from operations for the year stood at ₹ 7,265 Mn. Your Company follows a prudent financial policy and aims at maintaining an optimum financial gearing. The Company's Debt to Equity Ratio was almost 0.06 as on March 31, 2021.

During the year, CRISIL carried out the review of credit rating of loans and based upon its assessment, reaffirmed the credit rating for long term loans at AA+/Stable whereas for short term loans, rating was reaffirmed at A1+. This reflects a very high degree of safety regarding timely servicing of financial obligations and also a vote of confidence reposed in your Company's financials.

6. DIVIDEND

During the year, the Board of Directors of the Company declared an interim dividend of ₹ 3/- per equity share in its Board Meeting held on February 02, 2021 on 15,17,13,435 equity shares of ₹ 1/- each which was paid on March 01, 2021. The Directors are pleased to recommend a final dividend of ₹ 2 per equity share of ₹ 1/- each, which if approved at the forthcoming Annual General Meeting, will be paid to all those Equity Shareholders of the Company whose names appear in the Register of Members and whose names appear as beneficial owners as per the beneficiary list furnished for the purpose by National Securities Depository Limited and Central Depository Services (India) Limited as on record date fixed for this purpose. The total dividend for the year would be ₹ 5 per equity share carrying face value of ₹ 1/- each.

DIVIDEND DISTRIBUTION POLICY

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

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

7. SUBSIDIARIES & JOINT VENTURES

As on March 31, 2021, your Company had seven (7) Wholly-owned Subsidiaries and two (2) Joint Ventures with leading Japanese Companies. In accordance with Section 129(3) of the Companies Act, 2013, the Company has prepared consolidated financial statements consisting financials of all its subsidiary Companies and joint ventures.

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

SUBSIDIARY COMPANIES

i) PI Life Science Research Limited

Your Company owns 100% stake in PI Life Science Research Limited, which carries on the business of R&D for developing new products. The Company posted a profit of ₹ 11.01 Mn earned on account of various R&D activities for developing new products.

ii) PI Japan Co. Limited

Your Company owns 100% stake in PI Japan Co. Limited, a Company based in Japan which takes care of business development activities of your Company in Japan. The Company posted a net profit of JPY 3.30 Mn during the year ended March 31, 2021. Due to the size of operations and local laws, the annual accounts of this Company are not required to be audited. The same have been certified by the Management of the Company for the purpose of consolidation.

iii) PILL Finance and Investments Limited

Your Company owns 100% stake in PILL Finance and Investments Limited. The Company posted a profit of ₹ 3.75 Mn during the year ended March 31, 2021.

iv) Isagro (Asia) Agrochemicals Private Limited

Your Company owns 100% stake in Isagro (Asia) Agrochemicals Private Limited. The Company is engaged in business of agrochemicals. The total revenue of Isagro Asia stood at ₹ 1,264 Mn with a loss of ₹ 5 Mn posted during the period ended March 31, 2021. The financials do not include the demerged B2C business which got transferred to Jivagro Limited pursuant to demerger sanctioned by Hon'ble NCLT Mumbai vide its order dated March 18, 2021.

v) Jivagro Limited

Your Company owns 100% stake in Jivagro Limited. The Company is engaged in horticulture business. The Company took over the domestic B2C business of Isagro Asia, on going concern basis, consequent upon the scheme of demerger approved by the Hon'ble NCLT Mumbai vide its order dated March 18, 2021. The total revenue of Jivagro Limited stood at ₹ 2,528 Mn with net profit of ₹ 249 Mn posted during the period ended March 31, 2021.

vi) PI Enzachem Private Limited

Your Company incorporated a wholly owned Subsidiary named PI Enzachem Private Limited on September 11, 2020 with its registered office at Udaipur to carry out pharma activities. The Company is yet to start the business operations.

vii) PI Fermachem Private Limited

Your Company incorporated a wholly owned Subsidiary named PI Fermachem Private Limited on September 11, 2020 with is registered office at Udaipur to carry out pharma activities. The Company is yet to start the business operations.

In terms of Regulation 16(1)(c) of the SEBI (LODR) Regulations, 2015, the Company does not have any material subsidiary as on March 31, 2021.

JOINT VENTURES

i) Solinnos Agro Sciences Private Limited

Solinnos Agro Sciences Private Limited ('Solinnos') is carrying out registration activities for different products of Mitsui Chemicals Agro Inc., Japan, ('MCAG') in India. Your Company holds 49% stake in Solinnos through its subsidiary Company namely PI Life Science Research Limited whereas remaining 51% stake is held by MCAG, Japan. The Company posted a net profit of ₹ 0.59 Mn during the year ended March 31, 2021.

ii) PI Kumai Private Limited

PI Kumiai Private Limited ('PI Kumiai') is mainly engaged in mfg. & trading of agrochemicals in collaboration with Kumiai Chemical Industry Co. Ltd, Japan who owns 50% stake in this joint venture. Your Company holds remaining 50% equity in PI Kumai through its subsidiary Company namely PI Life Science Research Ltd. The aforesaid joint venture posted a profit of ₹ 89.73 Mn during the year ended March 31, 2021.

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

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

8. RISK MANAGEMENT

Your Company has a well-defined risk management framework in place which interalia, includes identification of risks, including cyber security and related risks inherent to operations of the Company. Risk management process has been established across the Company and is designed to identify, assess and frame a response to threats that affect the achievement of its objectives. Further, it is embedded across all the major functions and revolves around the goals and objectives of the organization. Major risks identified by the business and functions are systematically addressed through mitigating actions on continuing basis.

Pursuant to Regulation 21 of Listing Regulations, your Company has constituted a Risk Management Committee of the Board. As on March 31, 2021, the committee comprises of 5 Members including 3 Executive Directors, 1 Independent Director and 1 Senior Managerial Personnel of the Company. The Committee is authorized to monitor and review risk management plan apart from reviewing and recommending the modification to the Risk Management Policy, if any. Ms. Shilpa Sachdeva has been appointed as Chief Risk Officer of the Company.

9. INTERNAL FINANCIAL CONTROLS AND ITS ADEQUACY

Your Company has in place adequate Internal Financial Controls with reference to the Financial Statements commensurate with the size, scale and complexity of its operations. The Company has identified and documented all key internal financial controls as part of its Internal Financial Control reporting framework. The Company has laid down well defined policies and procedures for all critical processes across Company's plant, offices wherein financial transactions are undertaken. The policies and procedures cover the key risks and controls in all the processes identified to respective process owner. In addition, the Company has a well-defined financial delegation of authority which ensures approval of financial transaction by appropriate personnel. The Company uses SAP ERP to process financial transactions and maintain its books of accounts to ensure its adequacy, integrity and reliability. The Company has also deployed control tool to monitor evaluation of same for operating effectiveness and review process is carried out independently by the Internal Auditors. The control system comprises of continuous audit and compliance by in-house internal audit team supplemented Internal Auditors of the Company. M/s PKF Sridhar & Santhanam LLP, have been engaged as the Depot Auditors to perform the internal audit function, assess the internal controls and statutory compliances in various areas and also provide suggestions for improvement. Independence of internal auditors is ensured through direct reporting to Audit Committee. Internal Auditors independently evaluate the adequacy of internal controls and concurrently audit the financial transactions and review the various business processes. Internal Audit reports are periodically placed before the Audit Committee of the Board.

Accordingly, the Board is of the opinion that the Company's internal financial controls were adequate and effective as on March 31, 2021.

10. RELATED PARTY TRANSACTIONS

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

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

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

https://www.piindustries.com/Media/Documents/Policy%20on%20Related%20Party%20Transactions.pdf

11. AUDITORS

Statutory Auditors and Auditor's Report

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

Cost Auditor

Pursuant to the directives issued by the Central Government, an audit of the cost records relating to Insecticides (Technical grade and formulations) manufactured by the Company is required to be conducted by an auditor with the requisite qualifications as prescribed under Section 148 of the Companies Act, 2013. Your Board has appointed M/s K.G. Goyal & Co., Cost Accountants, Jaipur, as Cost Auditors, based on the recommendation of the Audit Committee for the conduct of the audit of cost records of Insecticides (Technical grade and formulations) for the year ending March 31, 2022.

The remuneration payable to Cost Auditors has been approved by the Board of Directors on the recommendation of the Audit Committee. In terms of Section 148 of the Companies Act, 2013 and rules made thereunder, members are requested to consider the ratification of remuneration payable M/s KG Goyal & Co., Cost Accountants.

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

Secretarial Auditor

The Board had appointed Mr. Rupinder Singh Bhatia (CP No.2514), practicing Company Secretary, to carry out Secretarial Audit in accordance with the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, for the financial year ended March 31, 2021. The Secretarial Audit Report for the financial year ended March 31, 2021 has been obtained and does not contain any qualification, which requires any comments from the Board. The Secretarial Audit Report for financial year ended March 31, 2021 is annexed to this report as **Annexure 'B'**.

12. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has neither granted any loans nor given any guarantee during the year under review. However, it has made investments under the provisions of Section 186 of the Companies Act, 2013 as mentioned in Note No. 7(a) to the financial statements.

13. DEPOSITS

Your Company has not accepted any public deposits during the financial year 2020-21 and no amount of principle or interest was outstanding as on March 31, 2021.

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

During the year, Company had transferred an amount of ₹ 4,69,968/- towards unclaimed dividend pending for more than seven years. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unclaimed amounts lying with the Company as on the date of last Annual General Meeting held on September 25, 2020 on the Company's website and same is also available on the on the website of the Ministry of Corporate Affairs. The details can be viewed at Company's website at following link:

https://www.piindustries.com/investor-relations/Investor-Information/Unclaimed-Dividend

Pursuant to the provisions of Sec 124 of the Companies Act, 2013 read with IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has transferred 7,060 equity shares pertaining to shareholders in respect of which dividend remained unclaimed for a period of seven consecutive years to demat account of IEPF authority by way of corporate action through NSDL. The shareholders can claim their shares by making an application in form IEPF-5 online with IEPF authority. Mr. Naresh Kapoor, Company Secretary acts as a Nodal Officer of the Company for IEPF matters.

15. BOARD AND COMMITTEES

Board of Directors

Your Company is managed and controlled by a Board comprising an optimum blend of Executive and Non-Executive Professional Directors and Independent Directors. The Chairman of the Board is a Non-Executive Independent Director. As on March 31, 2021, the Board of Directors comprised of Nine (9) Directors out of whom three (3) are Executive Directors including a Vice Chairman & Managing Director, Managing Director & Chief Executive Officer and a Whole-time Director apart from six (6) Non-Executive Directors, out of which five (5) are Independent Directors including two (2) Women Independent Directors and one (1) Non Independent Director. The composition of the Board is in conformity with Regulation 17 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and the relevant provisions of the Companies Act, 2013. The Board members possess requisite qualifications and experience in general corporate management, strategy, finance, banking, taxation, risk management, merger & acquisitions, human capital & compensation, technology, legal and regulatory fields which enable them to contribute effectively to the Company in their capacity as Directors of the Company.

Ms. Lisa J. Brown (DIN: 07053317) was appointed as an Additional Director on the Board of the Company w.e.f. August 04, 2020. She was appointed as an Independent Director by shareholders at the Annual General Meeting held on September 25, 2020 for a term of 5 years commencing from September 25, 2020 to September 24, 2025.

Dr. T.S. Balganesh (DIN: 00648534) was appointed as an Independent Director of the Company for a second term of 5 (five) consecutive years by the members at the Annual General Meeting held on September 25, 2020.

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Dr. Raman Ramachandran (DIN: 00200297) retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment for the approval of the members at the forthcoming Annual General Meeting.

Declaration(s) from all Independent Directors have been received confirming that they meet the criteria of independence.

In order to strengthen the Board, Directors of your Company in their meeting held on May 18, 2021 appointed Dr K.V.S. Ram Rao as an Additional Director and a Whole-time Director of the Company.

Keeping in view the valuable contributions made by Mr. Rajnish Sarna, the Board on the recommendation of the Nomination and Remuneration Committee has approved the elevation of the position held by Mr. Rajnish Sarna as Joint Managing Director subject to the approval of the shareholders at the ensuing Annual General Meeting.

Details, as required under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, in respect of directors seeking appointment/re-appointment are furnished in the notice of annual general meeting. The aforesaid appointment/re-appointment are subject to approval of shareholders at the ensuing annual general meeting.

Changes in Key Managerial Personnel

Mr. Subhash Anand resigned as Chief Financial Officer of the Company w.e.f. August 18, 2020. The Board places on record its appreciation for the services provided by him during his association with the Company.

Mr. Rajiv Batra was appointed as Group Chief Financial Officer of the Company w.e.f. October 01, 2020.

There has been no change in any other Key Managerial Personnel of the Company during the year.

Evaluation of the Board's Performance

In compliance with the provisions of Companies Act, 2013 and Regulation 17(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual evaluation of its own performance, of the Directors as well as evaluation of the working of its Committees during the year under review. The evaluation framework for assessing the performance of Directors including the Chairman of the Board comprised of criteria like quality of contribution to the Board deliberations, strategic inputs regarding growth of Company and its performance, attendance at Board Meetings and Committee Meetings, Independence of judgements safeguarding the interest of the company and commitment to stakeholder interests. The performance of Independent Directors was carried out by entire Board. A member of the Board does not participate in the discussion of his/her evaluation. For more details on evaluation, please refer Corporate Governance Report.

Number of Board Meetings conducted during the year under review

During the year under review, six (6) Board Meetings were held on June 04, 2020, August 04, 2020, August 27, 2020, October 28, 2020, January 19, 2021 and February 02, 2021. All meetings of the Board were held virtually through Video Conference due to Covid'19 pandemic situation pursuant to Sub-rule 2 of Rule 4 of Companies (Meetings of Board and its Powers) Rules, 2014. The details of the Board meetings and attendance of the Directors are provided in the Corporate Governance Report.

Composition of Committees

Audit Committee

As on March 31, 2021, Audit Committee comprises of 3 members with Mr. Narayan K. Seshadri as the Chairperson, Mr. Rajnish Sarna and Ms. Ramni Nirula as members. Further, details on the Committee reference, meetings held are given in the Corporate Governance Report.

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

Stakeholder's Relationship Committee

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

A detailed update on the Board, its composition, detailed charter including terms and reference of various Board Committees, number of Board and Committee meetings held during FY 2020-21 and attendance of the Directors at each meeting is provided in the Report on Corporate Governance, which forms part of this Report.

Directors Responsibility Statement

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

(a) in the preparation of the annual accounts for the year ended March 31, 2021, the applicable accounting standards had been followed;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2021 and of the profit of the Company for that period;

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

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

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

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

16. ANNUAL RETURN

Pursuant to Sec 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the copy of Annual Return can be accessed at Company's website at https://www.piindustries.com/investor-relations/Investor-Information/annual-return

17. SECRETARIAL STANDARDS OF ICSI

The Company has devised proper systems and processes for complying with the requirements of applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems were adequate and operating effectively.

18. EMPLOYEES

Remuneration policy of the Company

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

Human Resources and Trade Relations

In support of the high growth strategies of Company's business, your Company added 551 employees (gross) to its permanent workforce during the year across all levels. Continued focus on leveraging technology, social media tools and building employer brand helped your Company complete its hiring program effectively and efficiently. The Company also launched a revamped on-boarding program called 'Project Aagman' which helped in much faster assimilation of new talent in the Company. The Company also initiated the red-carpet event for all new joiners giving a platform to new joiners for interaction with top management.

In line with its compensation policy, your Company closed the annual increment cycle and made market corrections where necessary with view to retaining high-performing talent as well as to ensure that pay levels and structure are competitive with market.

Employee well-being was one of the central focus point for the Company during the covid period. Multiple initiatives like new

Mediclaim Policy, extending support for Corona victims were launched. The Company tied up with hospitals and doctors to provide covid care support during the year.

Recognizing the importance of identifying and developing high-performer employees with potential for fast-track growth, your Company completed comprehensive Talent Management Programme – 'Project Udbhav'. This project covers all managerial and leadership levels in the Company and consists of:

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

As on March 31, 2021, 230 employees had completed their assessments and subsequent talent review exercise was done where the leadership participated in curating the future career track for all high potential employees.

Employee engagement continues to be in focus. Owing to covid most of the engagement initiatives were undertaken during the year virtually. Initiatives like Stepthalon, Dental Camp, International Yoga Day have been the highlights of attracting employees and bringing them closer to the culture of the organization.

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

Total permanent workforce of the Company stood at 2963 as on March 31, 2021.

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

Your Company has a zero tolerance for any abuse against Women at Workplace. Policy on Prohibition, Prevention and Redressal of Sexual Harassment of Women at Workplace and matters connected therewith or incidental thereto covering all the aspects as required under the "The Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013". The Company has constituted Internal Complaints Committee (ICC) known as Prevention of Sexual Harassment (POSH) Committee to enquire in to complaints of Sexual Harassment and recommend appropriate action. The Company received one complaint under the POSH and same has been disposed off after following the proper procedures during the financial year 2020-21.

Particulars of Employees and related disclosures

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

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

Employee Stock Option Plan / Scheme

Your Company discontinued the grant of stock options under PII-ESOP Scheme, 2010 in the year 2017 as per the recommendation(s) of Nomination & Remuneration Committee of the Board. However, the stock options already granted vest as per the terms and conditions contained in the grant letter. As per the Company's ESOP scheme, options vest after a lock in period of one (1) year from the date of grant in a graded manner over the vesting period of four (4) years. The exercise price of stock options granted have been arrived by giving discount to the closing market price of the equity share on National Stock Exchange India Limited one day prior to the date of grant of option. No employee has been issued stock options equal to or exceeding 1% of the issued capital of the Company at the time of grant. Details of options as required under SEBI regulations is given in **Annexure 'D'**.

19. AWARDS AND RECOGNITIONS

Mr. Mayank Singhal, Vice Chairman and Managing Director of your Company was conferred with the prestigious **'Business Leader of the Year Award'** at the World Leadership Congress Awards ceremony for showcasing leadership with remarkable achievements against all adversities in a very difficult year.

Your Company also won the **'Most Admired Company of the Year Award'** at the World Leadership Congress Awards ceremony. For its value-added offerings to millions of farmers in increasing farm yield, profitability and delivering impressive returns to our investors year after year.

For its DSR initiative, your Company won the **'Corporate Social Responsibility Programme of the Year Award'** at the World Leadership Congress Awards ceremony. DSR (direct seeded rice) technique reduces labour cost, water usage, and land aridity and helps in sustainable agriculture in Punjab, Haryana, Bihar, Karnataka, Andhra Pradesh and Telangana. Over the years, DSR has positively impacted over 20 lac acres of farmland, benefitted 47,000 new farmers, and saved over 1.7 trillion litres of water in FY20 alone.

Your Company was adjudged winner at the 14th Edition of **'CII-National Awards for Excellence in Water Management 2020'** for its leadership role in implementing water and watershed management projects with the involvement of public/private agencies and communities to facilitate sharing of information by excellent water efficient companies.

For its HR Strategy and Innovation, your Company won award for **'Best HR Strategy in Line with Business'** for relentlessly driving Hiring, Aagman, Engagement through Digital initiatives, Virtual Learning and Udbhav during a challenging pandemic year and award for **'Continuous Innovation in HR Strategy at Work'** in digitizing the Hire to retire processes with minimal manual intervention.

20. VIGIL MECHANISM – WHISTLE BLOWER POLICY

Your Company has an established vigil mechanism for Directors and employees to report their genuine concerns, as approved by the Board on the recommendation of the Audit Committee. The Whistle Blower Policy of the Company is formulated and uploaded on the Company's website at the following

https://www.piindustries.com/Media/Documents/Whistle%20Blower%20Policy(r).pdf

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

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

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

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

In accordance with the requirements of Section 135 of the Companies Act, 2013, your Company has a CSR Committee comprising four (4) members with Mr. Pravin K. Laheri as Chairperson, Mr. Mayank Singhal, Mr. Rajnish Sarna and Ms. Ramni Nirula as Members. Your Company has also amended Corporate Social Responsibility Policy (CSR Policy) pursuant to the Companies (Corporate social responsibility Policy) Amendment Rules, 2021 notified by the MCA on January 22, 2021 in order to ensure alignment of policy with amended law. The policy is available on the website of the Company at

https://www.piindustries.com/Media/Documents/CSR%20Policy.pdf

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

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

During the financial year 2020-21, the Company has contributed an amount of ₹ 108.9 Mn to PI Foundation, aggregating to 2% of its average net profits for preceding 3 financial years. PI Foundation has spent an amount of ₹ 92.8 Mn and the remaining unspent amount on the ongoing projects has been transferred back to a separate unspent account opened for CSR as required under the amended rules. PI foundation has not been able to spend the entire money as projects are ongoing projects spread over 2-3 years. Various CSR initiatives taken during COVID-19 including;

- support to the local administration in fast and efficient sanitization of large areas by deploying services of hi-tech Japanese farm spray machines free of cost in nearly 50+ locations so far, spanning across the states of Rajasthan, Gujarat, Andhra Pradesh, Telangana, Haryana, Delhi, Punjab. State govts. has appreciated the efforts of PI in providing these spray machines to carry out sanitization drive at large scale.
- Distribution of over 12,500 food packets was made to migrants and daily-wage labourers.
- Manufacture and distribution of 1,50,000 sanitizers so far in the neighboring communities around PI's operations.
- Using mobile Medical Units 24x7 in 64 villages of Jambusar, Gujarat spreading awareness on the necessity of social distancing, hand-sanitization, conducing a thermal screening and distributing masks and other kits to villagers.
- Support to contract workers by continuing to pay their wages and arrange food and basic amenities for them during lockdown while ensuring COVID-19 prevention and containment protocol

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

23. CORPORATE GOVERNANCE

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

24. MANAGEMENT DISCUSSION AND ANALYSIS

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

25. BUSINESS RESPONSIBILITY REPORT

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

26. SHARE CAPITAL

During the year, your Company allotted 1,36,05,442 Equity Shares of ₹ 1/- each at a premium of ₹ 1469/- each pursuant to QIP offerings made by the Company on July 09, 2020.

Further, your Company had issued 4,683 Equity Shares of ₹ 1/- each at a premium of ₹ 743/- each, which were allotted to PII ESOP Trust (Trust), set up to administer PII Employee Stock Option Plan-2010. The Trust allocates these shares to the employees of the Company and its subsidiaries upon exercise of stock options from time to time under the aforesaid Scheme.

As a result of these allotments, the paid-up equity share capital of your Company increased to ₹ 151.7 Mn (comprising of 15,17,18,118 Equity Shares of ₹ 1/- each as on March 31, 2021).

27. GENERAL

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

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

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

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

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

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

28. ACKNOWLEDGEMENTS

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

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

The Board deeply regret the losses suffered due to the Covid-19 pandemic and place on record their sincere appreciation to all the front-line workers and those who have gone beyond their duties in battling against the pandemic.

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

On behalf of the Board
For **PI Industries Limited**

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

Date: May 18, 2021
Place: Mumbai

Inspired by Science

Annexure - A

FORM AOC-I

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

Part "A": Subsidiaries

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

(₹ in Mn.)

S. No.	Particulars	Name of the subsidiaries						
		PI Life Science Research Limited	PILL Finance and Investments Limited	Isagro (Asia) Agrochemicals Private Limited	Jivagro Limited	PI Enzachem Private Limited	PI Fermachem Private Limited	PI Japan Co. Ltimited
1.	The date since when subsidiary was acquired	December 9, 2004	August 17, 1992	December 27, 2019	12th December, 2019	September 11, 2020	September 11, 2020	March 23, 2007
2.	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	NA	NA	N.A	N.A	N.A	N.A	NA
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR	INR	INR	INR	INR	JPY;1 = .66115
4.	Share capital	14.97	3.60	149	1,488	0.10	0.10	5.00
5.	Reserves & surplus	290.57	42.52	1,506	331	(0.04)	(0.04)	28.81
6.	Total assets	307.42	46.36	2,966	2,399	0.12	0.12	41.33
7.	Total Liabilities	1.88	0.24	1,311	580	0.06	0.06	7.52
8.	Investments	147.67	6.86	21	-	-	-	-
9.	Turnover	48.40	1.64	1,264	2,528	-	-	87.34
10.	Profit before taxation	16.96	4.35	(3)	333	(0.06)	(0.06)	4.28
11.	Provision for taxation	5.95	0.60	2	84	(0.02)	(0.02)	0.98
12.	Profit after taxation	11.01	3.75	(5)	249	(0.04)	(0.04)	3.30
13.	Proposed Dividend	-	-	-	-	-	-	-
14.	Extent of shareholding (In %)	100%	100%	100%	100%	100%	100%	100%

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

1. Names of subsidiaries which are yet to commence operations: PI Enzachem Private Limited and PI Fermachem Private Limited
2. Names of subsidiaries which have been liquidated or sold during the year: Nil

On behalf of the Board
For **PI Industries Limited**

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

Date: May 18, 2021
Place: Mumbai

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

(₹ in Mn.)

S. No.	Name of Associate Entity	Solinnos Agro Sciences Private Limited	PI Kumiai Private Limited
1.	Latest audited Balance Sheet Date	March 31, 2021	March 31, 2021
2.	Date on which the Associate was associated	May 02, 2016	July 04, 2017
3.	Shares of Associate held by the Company on the year end No. of shares (No.)	5,14,500 equity shares of ₹ 10/- each.	9,550,000 equity shares of ₹ 10/- each.
	Amount of Investment in Associates (₹ in Mn.)	51.45	955.00
	Extend of Holding (In percentage)	49 %	50 %
4.	Description of how there is significant influence	PI Life Science Research Limited (wholly owned subsidiary Company of PI Industries Limited) holds 49% equity in Solinnos Agro Sciences Private Limited and 50% in PI Kumiai Private Limited and accordingly able to participate in financial and operating policy decision making of the Company.	
5.	Reason why the associate/Joint venture is not consolidated	In case of Solinnos, control is with Mitsui Chemicals Agro Inc., Japan which holds 51% equity in the Company. In case of PI Kumiai, PI Industries hold 50% equity and 50% equity is held by Kumiai Chemical Industries Ltd. Hence, same is not consolidated line by line and is accounted on equity basis only.	
6.	Net worth attributable to shareholding as per latest audited Balance Sheet	13.55	296.01
7.	Profit/(Loss) for the year	0.59	89.73
i.	Considered in Consolidation	0.29	43.28
ii.	Not Considered in Consolidation	0.30	46.45

1. Names of associates or joint ventures which are yet to commence operations. Nil

2. Names of associates or joint ventures which have been liquidated or sold during the year. Nil

On behalf of the Board
For **PI Industries Limited**

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

Date: May 18, 2021
Place: Mumbai

Note: It is consolidated as per Equity method.

Annexure 'B'

Form No.MR - 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

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

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to me and the representations made by the Management, and considering the relaxations given by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2021 according to the provisions of:

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

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

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

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

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

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

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

  c. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

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

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

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

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

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

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

  a. Insecticides Act, 1968

  b. Indian Boiler Act, 1932

  c. Explosives Act, 1884

  d. Poison Act, 1919

  e. Handling of Hazardous Waste Rules, 1988

  f. Petroleum Act, 1934

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

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the financial year ended March 31, 2021 complied with the aforesaid laws.

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

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors;

2. Adequate notice was given to all the Directors regarding holding of the Board Meetings. Agenda was sent in advance before the

meeting. There exists a system for Directors to seek and obtain further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting;

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

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

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

   I further report that:

   a) The Company has issued 1,36,05,442 equity shares of ₹ 1/- each on July 9, 2020 at a premium of ₹ 1469/- aggregating to ₹ 20,000 Mn by way of Qualified Institutional Placement (QIP), pursuant to the provisions of Chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2018 ("ICDR Regulations") to Qualified Institutional Buyers (as defined in the ICDR Regulations) ("Qualified Institutions Placement"). The company has complied with applicable provisions of Companies Act, 2013 and SEBI (ICDR) Regulations, 2018 in this regard.

   b) The Company has allotted 4,683 equity shares to PII ESOP Trust on March 30, 2021 under the PII- ESOP Scheme 2010 which were listed at BSE and National Stock Exchange of India on April 01, 2021.

   c) The Company has transferred an amount of ₹ 4,69,968/- to IEPF account towards unclaimed dividends, i.e. Final Dividend for the financial year 2012-13 for ₹ 3,12,958/- and 1st Interim Dividend for the financial year 2013-14 for ₹ 1,570,10/-, in respect of which dividend remained unclaimed for a period of seven years.

   d) The Company has transferred 7,060 equity shares, pertaining to the financial year 2013-14 to IEPF account in respect of folio(s) where dividend has not been claimed by the shareholders for seven consecutive years in accordance with IEPF Rules, 2016.

   e) Ms. Lisa Jane Brown was appointed as an Additional Director on the Board of the Company w.e.f. August 4, 2020. Her appointment was regularised as an Independent Director at the AGM held on September 25, 2020.

   f) Mr. Subhash Anand resigned as Chief Financial Officer of the Company on August 18, 2020.

   g) Mr. Rajiv Batra has been appointed as Group Chief Financial Officer of the Company w.e.f. October 01, 2020.

   h) Pursuant to the issue / allotment of equity shares by way of QIP and ESOP, during the year, the paid-up equity share capital of the Company has increased to ₹ 15,17,18,118/- (comprising of 15,17,18,118 equity shares of ₹ 1/- each) from ₹ 13,81,07,993/- (comprising of 13,81,07,993 equity shares of ₹ 1/- each).

   i) During the year, the Company has paid off the term loan of ₹ 1,750 Mn sanctioned by Citicorp Finance (India) Ltd. and also paid off ECB Loan of USD 20000000 equivalent to ₹1,320 Mn sanctioned by HSBC Bank (Mauritius) Ltd. and necessary forms for satisfaction of charge with Ministry of Corporate Affairs filed in this regard.

   j) The shareholders of the Company at their last Annual General Meeting held on September 25, 2020 has taken following major decisions:-

      i) Approved appointment of Ms. Lisa Jane Brown (DIN: 07053317) as an Independent Director on Board of the Company for a period of 5 years w.e.f. September 25, 2020.

      ii) Approved re-appointment of Dr. T.S. Balganesh (DIN: 00648534) as an Independent Director on Board of the Company for a period of 5 years w.e.f. September 09, 2020.

   k) During the year, the company had filed an application before the Hon'ble National Company Laws Tribunal (NCLT), Jaipur in the matter of Scheme of amalgamation of Isagro (Asia) Agrochemicals Private Limited ("Transferor Company") with PI Industries Limited ("Transferee Company") to approve the merger of Technical and CSM Business of Isagro Asia with the Company. The Hon'ble NCLT, Jaipur Bench vide its order dated December 18, 2020 allowed the aforesaid application and dispensed with the requirement of convening the respective meetings of the secured creditors and the unsecured creditors of the Transferee Company and directed to convene the meeting of equity shareholders of Transferee Company on February 6, 2021. Accordingly, a Court Convened Meeting of Shareholders of the Company was held on February 6, 2021 through Video Conference / Other Audio Vishal Means for approval of aforesaid scheme. Ms. Sudha Sharma, Ex-Chairperson, CBDT, Chandigarh was appointed as Chairperson, Mr. Saurabh Kalia, Advocate, appointed as Alternate Chairperson and Mr. Susshil Daga, Advocate and Company Secretary appointed as Scrutinizer for the Meeting.

      The scheme of amalgamation was unanimously passed by the shareholders thereby approving the scheme and the Chairperson has submitted her report on February 9, 2021 along with Scrutinizer report in respect of voting of the resolution passed by the shareholders for approval of the Scheme with Hon'ble NCLT, Jaipur.

Inspired by Science

Further, the scheme of arrangement between subsidiaries of the company i.e. Isagro (Asia) Agrochemicals Private Limited (Demerged Company) and Jivagro Limited (Resulting Company) was duly approved by the Hon'ble NCLT, Mumbai Bench on March 18, 2021. The scheme became effective from May 04, 2021 pursuant to which domestic B2C business of Isagro Asia got demerged to Jivagro.

l) The Company has incorporated two wholly owned subsidiaries in the name and style of PI Fermachem Private Limited (CIN : U24233RJ2020PTC070968) and PI Enzachem Private Limited (CIN : U24290RJ2020PTC070948) to carry out pharma activities. Certificates of Incorporation both dated Septembers 11, 2020 were issued by Central Registration Centre, Ministry of Corporate Affairs, Manesar, Haryana. The registered office of the said Companies is situated at Udaipur in State of Rajasthan.

Sd/-

R.S. Bhatia

Practicing Company Secretary

CP No: 2514, M.No: 2599

UDIN: F002599C000338187

Place: New Delhi

Dated: May 18, 2021

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

ANNEXURE TO THE SECRETARIAL AUDIT REPORT

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

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

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

Sd/-
R.S. Bhatia
Practicing Company Secretary
CP No: 2514. M.No: 2599
UDIN: F002599C000338187

Place: New Delhi
Dated: May 18, 2021

Annexure - C

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

1. **The ratio of the remuneration of each Director to the median remuneration of the Employees of the Company for the financial year 2020-21 as well as the percentage increase in remuneration of each Directors as under:**

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

Name of Director	Ratio to Median Remuneration	% increase in remuneration over previous year
Non-Executive Directors		
Mr. Narayan K. Seshadri	29.58:1	217.66#
Mr. Pravin K. Laheri	4.64:1	45.56
Ms. Ramni Nirula	4.92:1	31.44
Mr. Arvind Singhal	3.59:1	48.25
Dr. T.S. Balganesh	6.24:1	112.80
Ms. Lisa J. Brown*	2.89:1	-
Executive Directors**		
Mr. Mayank Singhal		
Vice Chairman & MD	210.80:1	-
Dr. Raman Ramachandran		
MD & CEO	68.33:1	-
Mr. Rajnish Sarna		
Whole-time Director	85.91:1	-

Notes: Remuneration to Non-Executive Directors comprises of Sitting fees and Commission.

Includes commission of 20 Mn which shall be paid after seeking approval of shareholders at ensuing Annual General Meeting

* Ms. Lisa J. Brown was appointed on Board w.e.f. August 04, 2020

** No increase in remuneration was given to Executive Directors during the financial year 2020-21, except payment of commission as approved by the board on the recommendation of Nomination & Remuneration Committee at the end of the year, details mentioned in Corporate Governance Report.

2. **The percentage increase in median remuneration of employees in Financial Year 2020-21: 9%**

3. **The number of permanent employees on the rolls of Company as on March 31, 2021: 2,963**

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

Name of Director	Ratio to Median Remuneration
a) Average increase in salary of employees (other than managerial personnel)	9%
b) Average increase in salary of managerial personnel	0%

The increment given to each individual employee is based on the employees' potential, experience, performance and contribution to the Company's progress over a period of time and also benchmarked against a comparable basket of relevant companies in India. It may however be noted that Executive Directors are also entitled to commission which is decided by Board on the basis of the recommendation(s) received from Nomination & Remuneration Committee.

No increase in remuneration was given to Executive Directors during the financial year 2020-21, except payment of commission as approved by the board on the recommendation of Nomination & Remuneration Committee at the end of the year, details mentioned in Corporate Governance Report.

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

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

On behalf of the Board
For **PI Industries Limited**

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

Date: May 18, 2021
Place: Mumbai

Annexure – D

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

The position of the existing scheme is summarized as under -

I. Details of the ESOS

S. No.	Particulars	PII ESOP Scheme
1	Date of Shareholder's Approval	21-Jan-11
2	Total Number of Options approved	62,62,090
3	Vesting Requirements	Options vest after lock in period of one year from the date of grant and thereafter options vest in graded manner over a period of four years as per company's ESOP Plan.
4	The Pricing Formula	10% discount to market price on NSE a day prior to date of grant.
5	Maximum term of Options granted (years)	10 years
6	Method of Settlement	Shares
7	Source of shares	Fresh equity allotment by Company to Trust
8	Variation in terms of ESOP	Nil

II. A. Option Movement during the year ended 31st March, 2021

S. No.	Particulars	No. of Options	Wt. avg exercise Price
1	No. of Options Outstanding at the beginning of the year	2,07,178	623.36
2	Options Granted during the year	0	NA
3	Options Forfeited / Surrendered during the year	53,638	744.00
4	Options Exercised during the year	64,277	618.37
5	Total number of shares arising as a result of exercise of options	64,277	NA
6	Money realised by exercise of options (₹ in Mn.)	40	NA
7	Number of options Outstanding at the end of the year	89,263	599.00
8	Number of Options exercisable at the end of the year	89,263	599.00

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

S. No.	Particulars	No. of Options	Wt. avg exercise Price
1	No. of Options Outstanding at the beginning of the year	4,39,351	592.87
2	Options Granted during the year	0	NA
3	Options Forfeited / Surrendered during the year	72,488	711.90
4	Options Exercised during the year	1,59,685	499.27
5	Total number of shares arising as a result of exercise of options	1,59,685	499.27
6	Money realised by exercise of options (₹ in Mn.)	80	NA
7	Number of options Outstanding at the end of the year	2,07,178	623.36
8	Number of Options exercisable at the end of the year.	1,31,036	574.51

III. Weighted Average remaining contractual life

Range of Exercise Price	Weighted average contractual life (years) as on 31st March, 2021	Weighted average contractual life (years) as on 31st March, 2020
25 to 75	NA	NA
No. of Options Outstanding	0	0
75 to 150	2.34	3.16
No. of Options Outstanding	10,717	24,349
150 to 450	3.47	4.47
No. of Options Outstanding	1,520	5,254
450 to 750	5.00	5.57
No. of Options Outstanding	77,026	1,77,575

IV	Weighted average Fair Value of Options granted	During the year ended March 31, 2021	During the year ended March 31, 2020
	(a) Exercise price equals market price	Nil	Nil
	(b) Exercise price is greater than market price	Nil	Nil
	(c) Exercise price is less than market price	Nil	Nil

V	The weighted average market price of options exercised during the year ended March 31, 2021	2066.99
	The weighted average market price of options exercised during the year ended March 31, 2020	1,327.53

VI Employee-wise details of options granted during the financial year 2020-21 to:

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

VII Method and Assumptions used to estimate the fair value of options granted during the year ended Mar 2021:

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

The Assumptions used in the model are as follows:

Variables	March 31, 2021 Weighted Average	March 31, 2020 Weighted Average
1. Risk Free Interest Rate	N.A.	N.A.
2. Expected Life (in years)	N.A.	N.A.
3. Expected Volatility	N.A.	N.A.
4. Dividend Yield	N.A.	N.A.
5. Exercise Price	N.A.	N.A.
6. Price of the underlying share in market at the time of the option grant.(₹)	N.A.	N.A.

* No Options Granted during the year ended 2021 and 2020

VIII Effect of share-based payment transactions on the entity's Profit or Loss for the period: (₹ in Mn)

Sr. No.	Particulars	31-Mar-21	31-Mar-20
1	Employee Option plan expense	(31)	(4)
2	Total liability at the end of the period	Nil	42

On behalf of the Board
For **PI Industries Limited**

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

Date: May 18, 2021
Place: Mumbai

Annexure - E

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

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

(A) CONSERVATION OF ENERGY

1. Steps Taken or Impact on Conservation of Energy:

a) Under the continual energy conservation plan, the Company has continued to improve on energy efficiency & conservation efforts. Stricter efforts towards continuous monitoring and controls of energy utilization including generation & distribution had been in focus throughout.

b) With a view on long term sustainability, the Company has initiated steps towards utilizing alternate sources/ renewable source of energy.

2. Steps taken during the year (2020-21) to conserve energy include:

a) 3.5% reduction in boiler fuel consumption reduction by implementing Fuel Emulsification System for improving Combustion efficiency

b) 50% (2 MW) of contract demand is of wind power implemented through open access power purchase.

c) 100% conversion of all HPMV Lights in plant area with 45 W LED Lights in (Phase-III)

d) 3.5% reduction of power consumption by optimizing operation in -35 C & -15 C Brine systems

e) 7 % power consumption reduction by variable frequency drive in -35 Brine secondary pumps.

f) Reduction in pumping power consumption by optimization of head through reduction in impeller diameter.

g) Reduction in power consumption by implementing temperature interlock in cooling tower fans.

h) 50% reduction in power consumption of blower pumps by installing VFD

i) Energy conservation by installation of occupancy sensors in lighting circuit at admin building common area

j. Reduction in overall loss of energy by maintain power factor close to unity (0.995)

k) Replaced of Plate Type Heat exchanger with Shell & Tube type heat exchanger in chilled water & -15 Brine units to reduce SPC

l) Replaced of inefficient belt driven air blower with high efficient direct coupled blowers in DG sets

3. Plans for the Year 2021-22

a) To reduce transmission losses, upgraded power supply source from 22 KV to 66 KV.

b) Steam supply through community boiler (Steam Purchase Agreement)

c. Implementation of Energy efficient (aero dynamic) cooling tower fan for all cooling towers

d) Variable frequency drive to be configured with pressure transmitter to regulate and maintain the constant pressure in secondary pump of chilled water & cooling water for energy conservation

e) Reduction in overall power consumption in compressed air by directly using wet air in reactor utility section.

f) Optimization of air compressor running for reduction of overall power consumption required for generation of compressed air and nitrogen.

g) Online auto tube cleaning system for Chiller condenser to improve the performance and hence specific power consumption.

h) Introduction of high efficient centrifugal technology for higher capacity chilling system in place of screw compressors.

i) Horizontal deployment of Back Pressure Turbine in other potentials plants/locations to generate power produce 8 to 3.5 kg/cm2

j) Power consumption reduction in ETP blowers by replacing energy efficient blowers without altering the capacity.

4. Steps planned for utilization of alternative sources of energy.

a) Installation of solar panels on Admin & utility block (non critical area) to utilize energy from Solar

b) Wind + Solar (hybrid) Power purchase through open access for other plant locations.

The capital investment on energy conservation equipments- ₹ 1,259.25 Mn

(B) TECHNOLOGY ABSORPTION

1. Efforts made towards technology absorption

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

b) Flow-chemistry lab which was commissioned previously is being utilized with the aim to develop commercially viable products to improve productivity, reduce risk and plant footprint. Presently work of screening the molecules are in progress and expected to deliver some cost-effective alternative process by the year FY22.

c) Strengthened developmental facility in the previous year has resulted into more molecules under scale studies. In the FY 21-22, it is expected to commercialize about 06 molecules against 4 to 5 in previous years.

d) The work on setting up facility to undertake fluorination chemical synthesis has been completed and process development of a few molecules is initiated.

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

- Continuous pressure filtration (Rotary pressure filter) technology is planned to be commercialized.

- Continuous fluidized drying process technology installation in new plant (MPP11) is done and commissioned is under progress . This is likely to be completed by Q2, 2021.
- To get energy efficiency and waste reduction, ACN purification by pressure swing technology is worked out and system is installed and commissioning is completed.

f) To reduce manpower and improve efficiency in analytical process, FTNIR is considered for in-process sample analysis. The technology has been implemented in new plant (MPP11) which has helped in reduction of samples analysis time and process time cycles to optimize the capacities. The technology is now being extended to 10 products in other sites . This is expected to be completed by Q4, 2022.

g) Regular training programs including internal technical training across groups, troubleshooting and cost reduction sessions for our scientists, chemists & technologists to equip them to cope with new scientific and technical challenges.

h) Interaction with National Laboratories, IITs, CSIR Institutions and Universities, R&D laboratories of various MNCs for upgradation of knowledge and coordinating with them for development of new products and training of scientists.

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

a) Development of indigenous technology has led to cost reduction, use of environment friendly synthesis routes and conservation of foreign exchange.

b) In-house development and commercialization of Acetic Acid recovery from aqueous stream of Agchem Intermediate manufacturing resulted into significant saving of cost and also reduce the waste generation drastically.

c) IP generation in the name of Company through new technology development by innovative solutions.

d) Developmental processes have been initiated at lab scale. This will convert few batch processes in to continuous uninterrupted processes which will ultimately result into consistency of the product under manufacture.

e) Training sessions among different groups of R&D have resulted in effective and innovative solutions.

f) Improvement in manufacturing processes for existing molecules and development of new products for exports have led to wider knowledge base and capability enhancement of the R & D staff.

3. Imported Technology:

a) The details of technology imported: Mono methyl Hydrazene synthesis

b) The year of import: 2017-18

c) Whether the technology has been fully absorbed: Under progress and is expected to get commissioned in 2nd quarter of 21-22.

d) If not fully absorbed, areas where absorption has not taken place, and the reason thereof: N.A

4. Expenditure on R&D

(₹ in Mn)

		Current year 2020-21	Previous year 2019-20
a.	Capital Expenditure	235	229
b.	Revenue Expenditure (including Depreciation)	1133	920
c.	Total	1,368	1,149
d.	Total R&D expenditure as percentage of Revenue from Operations	2.90%	3.47%

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

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

(₹ in Mn)

	Current year 2020-21	Previous year 2019-20
Foreign Exchange Earned	32,866.27	24,399.44
Outgo of Foreign Exchange	13,874.62	11,240.43

On behalf of the Board
For **PI Industries Limited**

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

Date: May 18, 2021
Place: Mumbai

Annexure - F

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

   - Your company lays special emphasis on livelihood promotion and economic well-being of communities around PI plant sites and small & marginal farmers across the country. The thrust is for Healthcare, Water, Sanitation & Hygiene, Sustainable Agricultural Practices, Women Empowerment, Quality Education and Skill Development of rural youth.
   - The CSR Policy has been framed for successful and sustainable implementation of projects in accordance with The Companies Act, 2013. A sustainable CSR plan and agenda is set for a time frame of 3-5 years.
   - The annual action plan has already been uploaded on the website of the Company indicating the proposed programmes/projects to be undertaken.
   - The CSR Policy as approved by Board of Directors is available on the company's website. Web Link -

     https://www.piindustries.com/Media/Documents/CSR%20Policy.pdf

2. **The Composition of the CSR Committee as on March 31, 2021.**

   CSR Committee Members comprised of following members as on March 31, 2021

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

3. Average net profit of the Company for last three financial years ₹ 5,442.7 Mn.

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above) ₹ 108.9 Mn.

5.

S. No.	Details of CSR spent during the financial year 2020-21	
(a)	Total amount spent for the F.Y.	₹ 92.8 Mn
(b)	Amount unspent, if any	₹ 16.0 Mn
(c)	Manner in which the amount spent in the table on the following page.	Refer table on next page

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

   Your Company has contributed an amount of ₹ 108.9 Mn to PI Foundation (i.e. 2% of average net profit of 3 preceding financial years) for carrying out CSR activities. The Foundation has spent an amount of ₹ 92.8 Mn during the financial year 2020-21. PI Foundation has not been able to spend the entire money as projects are ongoing projects spread over 2-3 years. The balance unspent amount pertains to ongoing projects which have been transferred to separate account titled 'Unspent CSR Account- PI Industries Limited' which shall be spend on ongoing projects by PI Foundation. Further, PI Foundation has shortlisted & is finalizing several new projects to be undertaken under CSR activities.

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

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

On behalf of the Board
For **PI Industries Limited**

Sd/-
Pravin K. Laheri
Chairperson – CSR Committee

Place: Ahmedabad
Date: May 18, 2021

Sd/-
Mayank Singhal
Vice Chairman & Managing Director

Place: Gurugram
Date: May 18, 2021

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

S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs (1) Local area or other (2) specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs (₹ in Mn)	Amount spent on the projects or programs (₹ in Mn) (1) Direct Expenditure on projects or programs (2) Overheads	Cumulative expen-diture up to the reporting period (₹ in Mn)	Amount spent: Direct or through implementing agency
1	Environmental Sustainability	Conservation of natural resources, Promoting ecological balance and maintaining quality of soil, air and water	• Water Conservation through Accelerating the Adoption of Direct Seedling of Rice (DSR) Technology in Punjab, Haryana, WB, Chhattisgarh, AP and Telangana • DSR: An Alternative method of paddy cultivation and way to mitigate the climate change • Sustainable production of potato using Drone	18.79	18.79	18.79	Spent through PI Foundation Amount spent through PI Foundation / Implementing Agency
2	Education, Skill Development and Livelihood Enhancement Projects	Promoting Education and employment enhancing vocational skills and Livelihood Promotion of economically backward community	• Improvement in the learning outcome of school children in the villages near plant locations. • Employability linked training in Sales, electrical & Hospitality for rural underprivileged Youth in Jambusar, Gujarat • Prime Minister's Fellowship Scheme for Doctoral Research • Income generation programme through sustained agriculture in Rayagada, Odisha • Farmers training on sustainable production of Chilli • Increasing awareness amongst various stakeholders viz. farmers, growers, extension workers for advocating sustainable agriculture practices • Imparting quality education and vocational training for rehabilitation of differently abled children through VKS	36.84	36.84	35.85	Amount spent through PI Foundation / Implementing Agency

S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs (1) Local area or other (2) specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs (₹ in Mn)	Amount spent on the projects or programs (₹ in Mn) (1) Direct Expenditure on projects or programs (2) Overheads	Cumulative expen-diture up to the reporting period (₹ in Mn)	Amount spent: Direct or through implementing agency
3	Health, Hygiene and Sanitation	Promoting preventive healthcare and Sanitation & making available safe drinking water.	• PI Foundation Swasthya Seva through 3 Mobile Medical Vans in 64 Villages of Jambusar, Gujarat • Covid-19 Interventions through Sanitization drives, mask distribution and PPE kits • Setting up of Sewage Treatment Plant for community • Safe Drinking water for underprivileged and Pond resuscitation programme • Community RO installation and safe drinking water	84.45	16.65	16.65	Amount spent through PI Foundation / Implementing Agency
4	Women Empowerment	Promoting gender equality, empowering women for reducing inequality faced by socially and economically backward groups	• Empowerment of Women through Skill Development & marketing support for dairy around plant location • Financial & Legal Literacy of Women around plant location • Support to Women Small Farm Holders & Workers under Dairy Value Chain-Women Entrepreneurship and initiating Cattle Feed Centres in villages of Jambusar and Panoli, Gujarat	12.50	11.41	11.41	Amount spent through PI Foundation / Implementing Agency
5	Disaster Relief	Disaster management, including relief, rehabilitation and reconstruction activities	• Covid-19 intervention: Food Kits and sanitizer distribution	20	5.55	5.55	Amount spent through PI Foundation / Implementing Agency
6	Rural development	Rural Development Projects	• Need based assessment for empowerment of farmers	0.12	0.12	0.12	Amount spent through PI Foundation / Implementing Agency
		Training and Capacity Building of CSR Team and Administrative Expenses (5% of Actual CSR Exp)		8.63	4.42	4.42	-
	Total			**181.33**	**92.8**	**92.8**	

ANNEXURE -II

1. Brief outline on CSR Policy of the Company:

   Your company lays special emphasis on livelihood promotion and economic well-being of communities around PI plant sites and small & marginal farmers across the country. The thrust is for Healthcare, Water, Sanitation & Hygiene, Sustainable Agricultural Practices, Women Empowerment, Quality Education and Skill Development of rural youth.

   The CSR Policy has been framed for successful and sustainable implementation of projects in accordance with The Companies Act, 2013. A sustainable CSR plan and agenda is set for a time frame of 3-5 years. The CSR Policy as approved by Board of Directors is available on the company's website

2. Composition of CSR Committee:

S. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Pravin K. Laheri, Chairperson	Independent Director	2	2
2	Mr. Mayank Singhal, Member	Vice Chairman & MD	2	2
3	Mr. Rajnish Sarna, Member	Whole-time Director	2	2
4	Ms. Ramni Nirula	Independent Director	2	2

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

   https://www.piindustries.com/sustainability/CSR/PI-Foundation

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

   https://www.piindustries.com/investor-relations/Corporate-Governance/Composition-of-Board

4. Impact assessment on CSR policy: Not Applicable, the company got last impact assessment during Fy 19-20

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any : NIL

S. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be setoff for the financial year, if any (in ₹)
1	-	-	-
2	-	-	-
3	-	-	-
TOTAL	-	-	-

6. Average net profit of the company as per section 135(5) : **₹ 5442.7 Mn**

7. (a) Two percent of average net profit of the company as per section 135(5): **₹ 108.9 Mn**

   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL

   (c) Amount required to be set off for the financial year: NIL

   (d). Total CSR obligation for the financial year (7a+7b-7c). **₹ 108.9 Mn**

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (₹ in Mn)	Amount Unspent (₹ in Mn)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Name of the Fund	Date of transfer
92.78	16.06	30th April 2021	-	-	-

(b) Details of CSR amount spent against ongoing projects for the financial year:

1	2	3	4	5		6	7	8	9	10	11	
S. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Project duration	Amount allocated for the project (₹ /Mn)	Amount spent in the current financial Year (₹ /Mn)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ /Mn)	Mode of Implementation - Direct (Yes/ No).	Mode of Implementation - Through implementing Agency	
				State	District						Name	CSR Registration number.
1	Water Conservation through Accelerating the Adoption of Direct Seedling of Rice (DSR) Technology	Environmental Sustainability and conservation of natural resources	No	Punjab, Haryana, West Bengal, Chhattisgarh, Andhra Pradesh	Barnala, Sangrur, Muktsar, Hisar, Karnal, Sonipat, Panipat, Bilaspur, Dhamtari, Raipur, Midnapore, Burdwan, Bankura, Kurnool, Godavari, Nizamabad	One year	17.30	17.30	NA	No	Roots Foundation	CSR00003726
2	DSR: An Alternative method of paddy cultivation and way to mitigate the climate change	Environmental Sustainability and conservation of natural resources	No	Karnataka	Raichur	One year	0.88	0.88	NA	No	University of Agricultural Sciences, Raichur	
3	Sustainable production of potato using Drone	Environmental Sustainability and conservation of natural resources	No	Uttar Pradesh	Barabanki	One year	0.62	0.62	NA	No	Foundation for Development Initiatives	
4	Employability cum Skill Training Programme	Education, Skill Development and Livelihood enhancement	Yes	Gujarat	Bharuch	3 years	5.0	4.90	NA	No	RuralShores	
5	Prime Minister's Fellowship Scheme for Doctoral Research on Agricultural Chemistry	Education, Skill Development and Livelihood enhancement	No	New Delhi	Delhi	3 years	1.91	1.91	NA	No	CII and IARI	
6	Improving learning outcomes in school children for 81 villages in 135 schools of Jambusar	Education, Skill Development and Livelihood enhancement	Yes	Gujarat	Bharuch	3 years	8.30	7.45	NA	No	Pratham Education Foundation	CSR00000258
7	Income Generation Programme through Sustained Agriculture	Education, Skill Development and Livelihood enhancement	No	Orrissa	Rayagada	2 years	1.13	1.10	NA	No	Harsha Trust and Finnovation	
8	Farmers training on sustainable production of Chili	Education, Skill Development and Livelihood enhancement	No	Madhya Pradesh, Andhra Pradesh and Karnataka	Dhar, Khargone, Kurnool, Anantpur, Hassan	1 year	1.99	1.99	NA	No	Roots Foundation	CSR00003726
9	Increasing awareness amongst various stakeholders viz. farmers, growers, extension workers for advocating sustainable agriculture practices	Education, Skill Development and Livelihood enhancement	No	All locations through digital mode		1 year	1.50	1.50	NA	No	Foundation for Development Initiatives	

1	2	3	4	5		6	7	8	9	10	11	
S. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Project duration	Amount allocated for the project (₹ /Mn)	Amount spent in the current financial Year (₹ /Mn)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ /Mn)	Mode of Implementation - Direct (Yes/ No).	Mode of Implementation - Through implementing Agency	
				State	District						Name	CSR Registration number.
10	Imparting quality education and vocational training for rehabilitation of differently abled children through VKS	Education, Skill Development and Livelihood enhancement	Yes	Rajasthan	Udaipur	3 years	17.0	17.0	NA	No	VKS-SEDA	
11	Covid-19 Interventions through Sanitization drives, mask distribution and PPE kits	Health, Hygiene and Sanitation	Yes and other areas also	Gujarat, Telangana, Andhra Pradesh, Haryana, Punjab, Rajasthan, Delhi	Ahmedabad, Bharuch, Ambala, Bathinda, Mansa, Ludhiana, Gurgaon, Khammam, Nandigram, Hyderabad, Vijaywada	4 months	30.00	4.25	NA	No	PI Foundation	CSR00004213
12	Setting up of Sewage Treatment Plant for community	Health, Hygiene and Sanitation	Yes	Gujarat,	Bharuch	3 years	43.10	1.78	NA	No	PI Foundation	CSR00004213
13	Drinking water and Pond resuscitation programme	Health, Hygiene and Sanitation	Yes	Gujarat,	Bharuch	6 months	0.75	0.22	NA	No	PI Foundation	CSR00004213
14	Community RO installation and safe drinking water	Health, Hygiene and Sanitation	No	Bihar	Motihari	4 months	0.4	0.39	NA	No	PI Foundation	CSR00004213
15	Preventive Health Care through three Mobile Medical Unit (MMU) facility	Health, Hygiene and Sanitation	Yes	Gujarat,	Bharuch	3 years	10.20	10.01	NA	No	GVK EMRI	
16	Women Empowerment through Improved Access to Credit and Livelihood Initiatives	Women empowerment	Yes	Gujarat	Bharuch, Ankleshwar	2 years	2.49	1.28	NA	No	Aatapi Seva Foundation	
17	Support to Women Small Farm Holders & Workers under Dairy Value Chain- Women Entrepreneurship and initiating Cattle Feed Centres	Women empowerment	Yes	Gujarat	Bharuch	3 years	10.0	10.13	NA	No	Care India	CSR00000786
18	Covid-19 intervention: Food Kits and sanitizer distribution	Disaster Relief	Yes	Gujarat,	Bharuch, Ankleshwar	4 months	20.0	5.55	NA	No	PI Foundation	CSR00004213
19.	Need based assessment for empowerment of farmers	Rural Development	Yes	Haryana	Kaithal	2 months	0.11	0.11	NA	No	PI Foundation	CSR00004213
	Total						**172.68**	**88.37**				

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

1	2	3	4	5		6	7	8	
S. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through implementing Agency	
				State	District			Name	CSR Registration number.
1									
2									
3									
	Total								

(d) Amount spent in Administrative Overheads : 5% of the expenditure:- ₹ 4.418 Mn

(e) Amount spent on Impact Assessment, if applicable - Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : ₹ 92.8 Mn

(g) Excess amount for set off, if any

S. No.	PARTICULAR	AMOUNT
i.	Two percent of average net profit of the company as per section 135(5)	₹ 108.9 Mn
ii.	Total amount spent for the Financial Year	₹ 92.8 Mn
iii.	Excess amount spent for the financial year [(ii)-(i)]	NA
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NA
v.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NA

9. (a) Details of Unspent CSR amount for the preceding three financial years:

S. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (₹ in Mn)	Amount spent in the reporting Financial Year (₹ in Mn)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Name of the Fund	Date of transfer	
1	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-

b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

1	2	3	4	5	6	7	8	9
S. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (₹ /Mn	Cumulative amount spent at the end of reporting Financial Year (₹ /Mn	Status of the project - Completed /Ongoing
1		Income Generation Programme through Sustained Agriculture	2019-2020	2 years	2.75	1.10	2.72	Completed
2		Preventive Health Care through three Mobile Medical Unit (MMU) facility	2019-2020	3 years	29.70	10.01	21.01	Ongoing
3		Women Empowerment through Improved Access to Credit and Livelihood Initiatives	2019-2020	3 years	8.03	1.28	3.78	Ongoing
	Total				**40.48**	**12.39**	**27.51**	

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

None

(a) Date of creation or acquisition of the capital asset(s).

(b) Amount of CSR spent for creation or acquisition of capital asset. :

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. :

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5)-

The company has contributed funds to the tune of INR 108.8 Mn to PI Foundation and they have spent an aggregate amount of INR 92.8 Mn and balance amount pertains to ongoing projects which has been transferred to separate account titled "Unspent CSR amount – PI Industries Ltd" which shall be spent on ongoing projects by PI Foundation.

Sd/-	Sd/-
Pravin K. Laheri	**Mayank Singhal**
Chairperson – CSR Committee	Vice Chairman & Managing Director
Place: Ahmedabad	Place: Gurugram
Date: May 18, 2021	Date: May 18, 2021

Corporate Governance Report

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

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

2. BOARD OF DIRECTORS

Composition

The Company's Board comprises an optimum mix of Executive, Non-Executive and Independent Directors, and conforms with the provisions of the Companies Act, 2013, Listing Regulations. The Board consists of eminent persons with considerable professional expertise and experience, provides leadership and guidance to the management, thereby enhancing Stakeholders' value. There is a clear demarcation of duties and responsibilities among Chairperson, Vice Chairman & Managing Director and Managing Director & CEO to ensure best corporate performance and socio-economic value creation.

As on March 31, 2021, the Board comprised of (9) nine Directors, out of which (6) six are Non-Executive Directors and (3) three are Executive Directors including Vice Chairman and Managing Director, Managing Director & CEO and Whole-time Director. The Chairperson of the Board is the Non-Executive Independent Director. The Board comprises of (5) five Independent Directors (including (2) two women Independent Director), constituting majority of the Board strength which meets the requirements of the Companies Act, 2013 and the Listing Regulations, 2015.

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

Name of Director & Designation	Category	No. of positions held		No. of Board meetings attended during FY 20-21	Presence at last AGM
		Board^	Committees^^ Member/ (Chairperson)		
Mr. Narayan K. Seshadri, Chairman DIN: 00053563	Non-Executive & Independent	7	7(4)	6	Yes
Mr. Mayank Singhal, Vice Chairman & MD DIN: 00006651	Executive & Non-Independent	3	1(0)	6	Yes
Dr. Raman Ramachandran, MD & CEO DIN: 00200297	Executive & Non-Independent	2	0	6	Yes
Mr. Rajnish Sarna, Whole-time Director DIN: 06429468	Executive & Non-Independent	4	2(0)	6	Yes
Mrs. Ramni Nirula, Director DIN: 00015330	Non-Executive & Independent	4	2 (0)	6	Yes
Mr. Pravin K. Laheri, Director DIN: 00499080	Non-Executive & Independent	3	1(1)	6	Yes
Mr. Arvind Singhal, Director DIN: 00092425	Non-Executive & Non-Independent	3	0	5	Yes
Dr T.S. Balganesh, Director DIN: 00648534	Non-Executive & Independent	1	0	6	Yes
Ms. Lisa J. Brown, Director* DIN: 07053317	Non-Executive & Independent	1	0	4	Yes

^. Includes position held in PI but excludes directorships held in Private Limited Companies, Foreign Companies and Government Bodies, if any.

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

* Ms. Lisa J. Brown was appointed as an Additional Director on the board w.e.f. August 04, 2020. Further, she was appointed as an Independent Director w.e.f. September 25, 2020 as approved by the shareholders in its meeting held on September 25, 2020.

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

Mr. Mayank Singhal is related to Mr. Arvind Singhal as nephew. None of the other directors are related to any other director on the Board.

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

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

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

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

Procedure/Guidelines for Appointment of Directors

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

Board Meetings

The Board meets at regular intervals to review the performance of the Company. During the year under review, six (6) Board Meetings were held on June 04, 2020, August 04, 2020, August 27, 2020, October 28, 2020, January 19, 2021 and February 02, 2021. The maximum gap between any two Board meetings was less than 120 days. All the Meetings of Board of Directors during the year were held through Video Conferencing mode due to Covid'19 pandemic situation pursuant to Sub-rule 2 of Rule 4 of Companies (Meetings of Board and its Powers) Rules, 2014.

Board Procedure

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

Separate Meeting of Independent Directors

A separate meeting of Independent Directors was held on March 10, 2021 without the attendance of Non-Independent Directors and members of the Management as required under Schedule IV to the Companies Act, 2013 and Regulation 25(3) of the Listing Regulations, 2015. They meet to discuss and form an independent opinion on the agenda items, various other Board-related matters, identify areas where they need clarity or information from management and to annually review the performance of Non-Independent Directors, the Board as a whole and the Chairperson. The Lead Independent Director updates the Board about the proceedings of the meeting. Apart from this, the Independent Directors also engage with Statutory Auditors, as well as Internal Auditors Partners at least once a year, to discuss internal audit effectiveness, control environment and their general feedback. The Lead Independent Director updates the Board about the outcome of the meetings apart from meeting the Executive Directors on one to one basis giving the feedback on their performance and action, if any, required to be taken by the Company.

Familiarization Programme for Independent Directors

The Company has adopted a well-structured induction programme for orientation and training of Directors at the time of their joining so as to provide them with an opportunity to familiarise themselves with the Company, its management, its operations and the industry in which the Company operates. The induction programme includes one-to-one interactive sessions with the top management team, business and functional heads among others, and also includes visit to plants to understand the operations and technology. Apart from the induction programme, the Company periodically presents updates at the Board /Committee meetings to familiarise the Directors with the Company's strategy, business performance, operations, R&D, finance, compliance, risk management framework, human resources and other related matters. The Board has an active communication channel with the executive management, which enables Directors to raise queries, seek clarifications for enabling a good understanding of the Company and its various operations. Quarterly updates press releases and regulatory updates are regularly circulated to the Directors to keep them abreast on significant developments in the Company. Detailed familiarisation programme for Directors is available on the Company's website https://www.piindustries.com/Media/Documents/Familiarisation%20program%20for%20directors.pdf

Skill /expertise/competencies identified by the Board of Directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the board with effect from the financial year ended March 31, 2021.

The Board comprises of individual members possessing the required skill/expertise/competencies in business management, M&A, Finance & Tax, Technology, corporate governance, risk management, govt./public policy, marketing/sales, human capital/compensation, Industry experience, Legal & Regulatory Affairs. Please refer **Annexure 'B'** for skill matrix of Individual Directors.

In the opinion of the Board, the Independent Directors fulfil the conditions specified in the Listing Regulations and are independent of the management.

Board Evaluation

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

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

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

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

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

3. COMMITTEES OF THE BOARD

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

i) Audit Committee

ii) Stakeholder's Relationship Committee

iii) Nomination & Remuneration Committee

iv) Corporate Social Responsibility Committee

v) Administrative Committee

vi) QIP Committee

vii) Management Advisory Committee

viii) Risk Management Committee

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

i) AUDIT COMMITTEE

The Audit Committee of the Board provides reassurance to the Board on the existence of an effective internal control environment that ensures efficiency and effectiveness of Company's operations; safeguarding of assets and adequacy of provisions for all liabilities; reliability of financial and other management information and adequacy of disclosures and compliance with all relevant statutes.

During the year the Company raised funds through Qualified Institutional Placement to the tune of ₹ 20,000 Mn. The committee has reviewed the funds deployment and there is no deviation of funds, since all funds received pursuant to QIP remain invested in fixed deposits, liquid and other debt mutual funds. Till March 31, 2021, the Company is yet to utilize the above proceeds.

Terms of reference

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(p) Review the Management Discussion and Analysis of financial condition and results of operation.

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

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

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

(t) Review the utilization of loans and/or advances from/ investments by the holding company in its subsidiaries exceeding ₹ 1000 Mn or 10% of the asset size of such subsidiary, whichever is lower which shall include existing loans / advances / investments.

Composition and attendance of the members of Audit Committee during the financial year 2020-21

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

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

During the financial year ended March 31, 2021, the Committee met six (6) times on June 04, 2020, August 04, 2020, August 27, 2020, October 28, 2020, February 02, 2021 and March 30, 2021 and the gap between two meetings did not exceed 120 days in compliance with the listing regulations, 2015.

The composition and attendance record of the members of the Audit Committee for the financial year 2020-21 is as follows:

Name of Director	Category	Number of meetings during the financial year 2020-21	
		Held	Attended
Mr. Narayan K. Seshadri, Chairperson	Non-Executive & Independent Director	6	6
Mrs. Ramni Nirula, Member	Non-Executive & Independent Director	6	6
Mr. Rajnish Sarna, Member	Executive & Non-Independent Director	6	6

The Chairperson of the Audit Committee, Mr. Narayan K. Seshadri was present at the Annual General Meeting of the Company held on September 25, 2020.

ii) STAKEHOLDER'S RELATIONSHIP COMMITTEE

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

Terms of reference

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

a) Recommending measures for overall improvement in the quality of services being provided to the shareholders/ investors.

b) All the matters related to Share transfer/ transmission/ duplicate issue, non-receipt of annual report, non-receipt of declared dividend etc.

c) Oversee the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.

d) Overseeing the performance of Registrar & Share Transfer Agents.

e) Review of measures taken for effective exercise of voting rights by shareholders

f) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.

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

Composition and attendance of the members of Stakeholder's Relationship Committee during the financial year 2020-21

The Stakeholder's Relationship Committee presently comprises of (3) three Directors of which (2) two members are Executive Directors and (1) one Non-Executive Independent Director, who is also nominated as Chairperson of the committee. During the financial year ended March 31, 2021, the Committee met three (3) times during the year on August 21, 2020, January 25, 2021 and March 26, 2021.

Name of Director	Category	Number of meetings held during the financial year 2020-21	
		Held	Attended
Mr. Pravin K. Laheri, Chairperson	Non-Executive & Independent Director	3	1
Mr. Mayank Singhal, Member	Executive & Non-Independent Director	3	3
Mr. Rajnish Sarna, Member	Executive & Non-Independent Director	3	3

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

During the year, the Company received 151 complaints for issues e.g. non-receipt of Dividend Warrants / Share Certificates, Annual Reports, issue of duplicate certificates/deletion of joint name due to death, transmission of shares etc. which were duly attended and resolved, no complaints were pending as on March 31, 2021.

The Chairperson of the Committee, Mr. Pravin K. Laheri was present at the Annual General Meeting of the Company held on September 25, 2020.

iii) NOMINATION & REMUNERATION COMMITTEE

Terms of Reference

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

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

b) Devising a policy on Board diversity.

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

d) Annually evaluate the performance of the directors, senior management and key managerial personnel of the company.

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

f) Administering the stock options scheme of the Company.

g) Determine whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.

h) Recommend to the board, all remuneration, in whatever form, payable to senior management.

i) Review and ensure organisation structure and leadership preparedness to meet the growth objectives of the Company.

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

k) Induction process for new Directors.

l) Review succession planning for key roles.

Remuneration Policy

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

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

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

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

d) Remuneration is reflective of the principles of the good governance in relation to remuneration policies that are in practice in other competing businesses.

Remuneration policy is available on the Company's website

https://www.piindustries.com/Media/Documents/Nomination%20and%20Remuneration%20Policy.pdf

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

Payment of sitting fees is made for attending the meetings of the Board and the Committees of which they may be members as approved by the Board of Directors, based on the recommendation of Nomination and Remuneration committee, within the ceiling limits as specified by the provisions of the

Companies Act, 2013 as approved by the shareholders. The commission payable is decided on the basis of the Company's performance, profits and the contribution made by the Directors in Company's growth.

Remuneration for Managing Director/Whole-time Director/ KMP

The remuneration payable to Executive Directors is approved by the Board of Directors based on the recommendation of the Nomination and Remuneration Committee which considers various factors like the role played by the individual Director, vision in growth of the Company, strategy formulation, planning and direction and contribution to the growth of the Company. The remuneration paid to Executive Directors is within the overall limits as approved by the shareholders of the Company subject to review by the Board members annually. Annual increments are decided by the Nomination and Remuneration Committee within the salary scale approved by the members and are effective from April 01, each year.

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

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

Composition and attendance of the members of Nomination and Remuneration Committee during the financial year 2020-21

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

During the financial year ended March 31, 2021, the Committee met four (4) times on June 04, 2020, August 04, 2020, August 27, 2020 and October 28, 2020. The composition and attendance record of the members of the Nomination and Remuneration Committee for the financial year 2020-21 is as follows:

Name of Director	Category	Number of meetings during the financial year 2020-21	
		Held	Attended
Mrs. Ramni Nirula, Chairperson	Non-Executive & Independent Director	4	4
Mr. Narayan K. Seshadri, Member	Non-Executive & Independent Director	4	4
Mr. Pravin K. Laheri, Member	Non-Executive & Independent Director	4	4
Mr. Arvind Singhal , Member	Non- Executive & Non-Independent Director	4	3

The Chairperson of the Nomination and Remuneration Committee, Mrs. Ramni Nirula was present at the Annual General Meeting of the Company held on September 25, 2020.

iv) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

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

Terms of Reference:

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

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

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

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

Composition and attendance of the members of Corporate Social Responsibility Committee during the financial year 2020-21

The CSR Committee presently comprises of (4) four members, out of which (2) two members are Non-Executive Independent Directors. The Chairperson of the CSR Committee is a Non-Executive Independent Director. The Committee met twice during the financial year ended March 31, 2021 on June 04, 2020 and February 02, 2021 respectively.

The composition and attendance record of the members of the CSR Committee for the financial year 2020-21 is as follows:

Name of Director	Category	Number of meetings during the financial year 2020-21	
		Held	Attended
Mr. Pravin K. Laheri, Chairperson	Non- Executive & Independent Director	2	2
Mr. Mayank Singhal, Member	Executive & Non- Independent Director	2	2
Mr. Rajnish Sarna, Member	Executive & Non- Independent Director	2	2
Mrs. Ramni Nirula, Member	Non- Executive & Independent Director	2	2

v) ADMINISTRATIVE COMMITTEE

Terms of reference

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

Composition and attendance of the members of Administrative Committee during the financial year 2020-21

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

During the financial year ended March 31, 2021, the Committee met Five (5) times on June 04, 2020, July 09, 2020, August 04, 2020, November 05, 2020 and January 30, 2021. The composition and attendance record of the members of the Administrative Committee for the financial year 2020-21 is as follows:

Name of Director	Category	Number of meetings during the financial year 2020-21	
		Held	Attended
Mr. Mayank Singhal, Chairperson	Executive & Non-Independent Director	5	5
Mr. Rajnish Sarna , Member	Executive & Non-Independent Director	5	5
Dr. Raman Ramachandran, Member	Executive & Non-Independent Director	5	1

vi) QIP COMMITTEE

The QIP Committee was constituted by the Board to take care of activities pertaining to raising of funds through Qualified Institutional Placement which interalia included the appointment of bankers, counsels to the issue, approval of pre-placement document, placement document, determining offer price, opening and closing of the issue and allotment of shares under QIP etc.

Composition and attendance of the members of QIP Committee during the financial year 2020-21

The QIP Committee comprised of Four (4) Members , one (1) of whom was Independent Director. During the financial year ended March 31, 2021.

Name of Director	Category	Number of meetings during the financial year 2020-21	
		Held	Attended
Mr. Mayank Singhal, Chairperson	Executive and Non-Independent Director	3	3
Mr. Narayan K. Seshadri, Member	Non-Executive & Independent Director	3	3
Mr. Rajnish Sarna, Member	Executive & Non-Independent Director	3	3
Dr. Raman Ramachandran, Member	Executive & Non-Independent Director	3	3

The Committee met 3 times during the tenure and all directors were present as mentioned above. The Committee was dissolved on 04 August, 2020 after company completed its successful QIP offering of ₹ 20,000 Mn.

vii) MANAGEMENT ADVISORY COMMITTEE

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

Terms of reference

a. To provide input & guidance to Management on areas of significant impact to strategies & other initiatives with the Company stated vision, mission and goals, business performance, enterprise Risk, key corporate actions & policy matters.

b. To recommend for Board approval corporate financial objectives, strategic business and annual plans, capital allocations and expenditures, capital structuring, fund raising, investor relations, Strategic alliances and Mergers & Acquisitions.

Composition and attendance of members of Management Advisory Committee during the financial year 2020-21

Management Advisory Committee presently comprises of (5) five Directors, (2) two of whom are Independent Directors. During the financial year ended March 31, 2021, the Committee met on October 27, 2020 and March 04, 2021.

The Composition and Attendance record of the Management Advisory Committee members for the financial year 2020-21 is as follows:

Name of Director	Category	Number of meetings during the financial year 2020-21	
		Held	Attended
Mr. Mayank Singhal, Chairperson	Executive & Non- Independent Director	2	2
Mr. Narayan K. Seshadri, Member	Non-Executive & Independent Director	2	2
Mr. Rajnish Sarna, Member	Executive & Non-Independent Director	2	2
Dr. Raman Ramachandran, Member	Executive & Non- Independent Director	2	2
Dr. T.S. Balganesh, Member	Non- Executive & Independent Director	2	2

viii) RISK MANAGEMENT COMMITTEE (RMC)

Terms of reference

The terms of reference of the Risk Management Committee are as follows:

(a) Formulate a Risk Management Framework and recommend the said framework and any amendments thereto to the Board for its approval.

(b) Establish that appropriate methodology, process and systems are in place to monitor, evaluate and report risks associated with the business.

(c) Review the adequacy of the existing measures to mitigate various risks.

(d) Evaluate and approve new risks and mitigation measure that may be recommended by the Chief Risk Officer in respect of any function and review the action for its implementation on an ongoing basis.

(e) Evaluate and direct that appropriate processes and systems are in place to monitor, evaluate and report cyber security risks associated with the business of the company and to review the adequacy of the existing measures to mitigate the said risk.

(f) The Committee shall perform such other functions as may be required under the relevant provisions of the SEBI (LODR) Regulations, 2015, any other applicable laws and various circulars issued by the regulatory authorities thereof, as amended from time to time.

Composition of the members of Risk Management Committee during the financial year 2020-21

As on March 31, 2021, the Committee comprises of 5 members, majority of which are Directors including 3 Executive Directors, 1 Independent Director and 1 Executive of the Company. The Committee met on March 26, 2021. The composition and attendance record of the Risk Management Committee members for the financial year 2020-21 is as follows:

Name of Director	Category	Number of meetings during the financial year 2020-21	
		Held	Attended
Mr. Mayank Singhal, Chairperson	Executive and Non- Independent Director	1	1
Mr. Narayan K. Seshadri, Member	Non-Executive & Independent Director	1	1
Mr. Rajnish Sarna, Member	Executive & Non-Independent Director	1	1
Dr. K.V.S. Ram Rao, Member	Employee	1	1
Dr. Raman Ramachandran, Member	Executive & Non- Independent Director	1	1
Mr. Sankar Ramamurthy, Member*	Employee	-	-

* Mr. Sankar Ramamurthy ceased to be a member of the committee as he retired from the services w.e.f. July 31, 2020.

Ms. Shilpa Sachdeva Bhullar has been appointed as Chief Risk Officer of the Company with effect from March 20, 2021.

4. DIRECTOR'S REMUNERATION

i Remuneration paid to Executive Director(s).

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

Details of remuneration paid to the Executive Directors during the financial year 2020-21 are as follows:

(₹/ Mn.)

Name of Director	Salary	Retiral benefits	Perq.	Comm. @	Total
Mr. Mayank Singhal Vice Chairman & MD	24.37	4.21	24.37	100.00	152.95
Dr. Raman Ramachandran MD & CEO	14.10	2.37	14.10	20.00	50.57
Mr. Rajnish Sarna Whole-time Director	15.31	2.57	15.31	30.00	63.19

Notes:

@ Commission payable for FY 2020-21.

a) Retiral benefits includes PF, Gratuity and Superannuation, if any.

b) Mr. Mayank Singhal holds 3,20,28,510 equity shares of the Company as on March 31, 2021.

c) Dr. Raman Ramachandran does not hold any shares of the Company as on March 31, 2021.

d) Mr. Rajnish Sarna holds 1,25,512 equity shares of the Company as on March 31, 2021.

ii. Remuneration to Non-Executive Directors

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

The details of sitting fees and commission paid to the Non-Executive Directors for financial year ended March 31, 2021 and No. of equity shares held by them as on March 31, 2021 are as under:

Name of Director	Sitting Fees (₹/Mn.)	Commission @ (₹/Mn.)	No. of Equity Shares held
Mr. Narayan K. Seshadri	0.87	20.00*	4,84,259
Mr. Pravin K. Laheri	0.57	2.70	-
Mrs. Ramni Nirula	0.77	2.70	787
Dr. T.S. Balganesh	0.41	4.00	-
Mr. Arvind Singhal	0.28	2.25	-
Ms. Lisa J. Brown	0.24	1.80	-

@ Commission payable for FY 2020-21.

*Shall be paid after seeking approval of shareholders at ensuing Annual General Meeting.

Service Contract and Notice period of the Vice Chairman & Managing Director, Managing Director & CEO and Whole-time Director

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

5. CODE OF CONDUCT

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

6. PROHIBITION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading, under the SEBI (Prohibition of Insider Trading) Regulations, 2015.The Code lays down guidelines for procedures to be followed and disclosures to be made by insiders while trading in the securities of the Company.

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

The same has been posted on Company's website.

https://www.piindustries.com/Media/Documents/PI%20Code%20of%20Practices%20and%20Price%20Sensitive.pdf

7. OTHER DISCLOSURES

a) Related Party Transactions during the year under review

All transactions entered into with related parties (RPTs), as defined under the Act, 2013 and the Listing Regulations during the financial year ended March 31, 2021 were in the ordinary course of business and at arm's length and do not attract the provisions of Section 188 of the Act, 2013 and the rules made thereunder. There were no materially significant transactions with the related parties during the year, which were in conflict of interest, and hence no approval of the Company was required in terms of the Listing Regulations. The transactions with the related parties, namely its promoters, its holding, subsidiary and associate companies etc., of routine nature have been reported in Note No.35 in balance sheet as per Indian Accounting Standard 24 (IND AS 24) notified vide Companies (Indian Accounting Standard) Rules, 2015. Related Party Transaction policy is available on Company's website at following link:

https://www.piindustries.com/Media/Documents/Policy%20on%20Related%20Party%20Transactions.pdf

b) No Penalties, Strictures imposed

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

c) Dematerialisation and Liquidity

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

Percentage of shares held in physical and dematerialised form as on March 31, 2021 is as follows:-

Physical Form	:	0.06%
Electronic Form with NSDL	:	97.82%
Electronic Form with CDSL	:	2.12%

d) Disclosure of Accounting Treatment

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

e) Policy for determining Material Subsidiaries

The Company has a policy for determining "Material" subsidiary in compliance with the listing Regulations, 2015. Copy of aforesaid policy is also available on the company's website. The web link for the same is

https://www.piindustries.com/Media/Documents/Policy%20for%20Material%20Subsidiary.pdf

f) Risk Management

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

g) Commodity Price Risk and Commodity Hedging Activities

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

Details of foreign exchange exposure are disclosed in Note no 38 of Financial Statements for the year ended March 31, 2021.

h) Management Discussion and Analysis

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

i) Compliances

All returns / reports were filed within the stipulated time with the Stock Exchanges/ other authorities.

This Corporate Governance Report of the Company for the year ended March 31, 2021 is in compliance with the requirements of Part C of Schedule V of Listing Regulations, 2015.

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

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

(ii) **Shareholder Rights:** Half yearly and other quarterly financial statements including summary of the significant events in the last six/three months are published in newspapers, uploaded on the Company's website

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

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

(iv) **Separate posts of Chairman and CEO:** Mr. Narayan K. Seshadri holds the office of Non-Executive Chairman on the board of the Company, whereas Dr. Raman Ramachandran holds the position of the Managing Director & CEO of the Company.

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

j) **Fees payable to Statutory Auditor:** Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditors and all entities in the network firm / network entity of which it is a part ₹ 12 Mn (including LR, Certification fee, audit fee etc.) excluding fees related to QIP amounting to ₹ 13 Mn debited to securities premium account.

k) **Certificate on disqualification of Directors:** None of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies. In this connection, the Company has obtained a certificate from Practicing Company Secretary on April 29, 2021, annexed to this report as **Annexure 'E'**.

l) **Disclosures in relation to the sexual Harassment of Women**

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

The Company received one complaint under the POSH and same has been disposed off after following the proper procedures during the financial year 2020-21.

8. GENERAL BODY MEETINGS

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

Date/Venue	Time	Type of Meeting
September 25, 2020 Through Video Conferencing (VC)/ Other Audio-Visual Means (OAVM)	11.00 A.M	Annual General Meeting
September 9, 2019 P.P. Singhal Memorial Hall, Udaipur Chamber of Commerce & Industry, Madri, Udaipur – 313 001.	11.00 A.M	Annual General Meeting
August 6, 2018 P.P. Singhal Memorial Hall, Udaipur Chamber of Commerce & Industry, Madri, Udaipur – 313 001.	10.00 A.M	Annual General Meeting

ii. Special resolutions passed during last 3 AGMs

Date of AGM	Subject matter of Special Resolutions passed
September 25, 2020	1. Re-appointment of Dr. T.S Balganesh (DIN: 00648534), as an Independent Director.
September 9, 2019	1. Elevation of the position held by Mr. Mayank Singhal (DIN: 00006651) from Managing Director & CEO to Vice Chairman & Managing Director of the Company w.e.f. September 09, 2019. 2. Appointment of Dr. Raman Ramachandran (DIN: 00200297) as Managing Director & CEO of the Company w.e.f. September 09, 2019. 3. Payment of Commission to Non-Executive Directors of the Company. 4. Approval for holding the office by Mr. Pravin K. Laheri (DIN: 00499080) as Non-Executive Independent Director on attaining the age of 75 years. 5. Approval of adoption of new set of Articles of Association of the Company 6. Amendment in the Capital Clause of the Memorandum of Association of the Company. 7. Amendment in the Objects Clause of the Memorandum of Association of the Company
August 6, 2018	Nil

9. POSTAL BALLOT

The Company has not carried out postal ballot exercise during the financial year 2020-21.

10. COURT CONVENED MEETING

During the year, company had filed an application before the Hon'ble National Company Law Tribunal (NCLT), Jaipur in the matter of Scheme of amalgamation of Isagro (Asia) Agrochemicals Private Limited ("Transferor Company") with PI Industries Limited ("Transferee Company") for approval of the merger of Technical and CSM Business of Isagro Asia with PI. The Hon'ble NCLT, Jaipur Bench vide its order dated December 18, 2020 directed company to convene a meeting of shareholders of the Company that was held on February 6, 2021 through video conference / other audio visual means for approval of aforesaid scheme. Ms. Sudha Sharma, Ex-Chairperson, CBDT, Chandigarh was appointed as Chairperson, Mr. Saurabh Kalia, Advocate, appointed as Alternate Chairperson and Mr. Susshil Daga, Advocate and Company Secretary, appointed as Scrutinizer for the Meeting.

The Scheme of amalgamation was unanimously passed by the shareholders thereby approving the scheme and the Chairman has submitted her report on February 9, 2021 along with Scrutinizer report in respect of voting of the resolution passed by the shareholders for approval of the Scheme with Hon'ble NCLT, Jaipur.

11. MEANS OF COMMUNICATION

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

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

The NEAPS is a web-based application designed by NSE for corporates. All exchange filings are disseminated electronically on NEAPS and BSE's Listing Centre is a web-based application designed by BSE for corporates. All exchange filings are disseminated electronically on the Listing Centre. The Annual Report containing, inter alia, Audited Financial Statement, Consolidated Financial Statements, Board Report, Auditors' Report is circulated to members and others entitled thereto. The Management's Discussion and Analysis (MD&A) Report forms part of the Annual Report and is displayed on the Company's website.

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

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

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

The Company has not issued any GDR/Warrants or any convertible instruments except stock options granted to the employees under PII-ESOP Plan 2010.

13. WHISTLE BLOWER POLICY

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

https://www.piindustries.com/sites/default/files/Whistle%20Blower%20Policy.pdf

14. DETAILS OF UTILIZATION OF FUNDS RAISED THROUGH QUALIFIED INSTITUTIONAL PLACEMENT AS SPECIFIED UNDER REGULATION 32 (7A)

During the year, the Company has allotted 13,605,442 Equity Shares of face value of ₹ 1/- each by way of a Qualified Institutions Placement at a price of ₹ 1,470 per equity share (including a premium of ₹ 1,469 per equity share) aggregating up to ₹ 20,000 Mn to the eligible investors on July 09, 2020. Consequently, the Paid-up Equity share Capital of the Company stands increased to ₹ 151.7 Mn (comprising of 15,17,13,435 Equity Shares of ₹ 1/- each from ₹ 138.1 Mn (comprising of 13,81,07,993 Equity Shares of ₹ 1/- each) . Funds received pursuant to QIP remain invested in fixed deposits, liquid and other debt mutual funds. Till March 31, 2021, the Company is yet to utilize the above proceeds.

15. GENERAL SHAREHOLDER INFORMATION

i. CONTACT INFORMATION

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

Research & Manufacturing Facilities

- Udaisagar Road, Udaipur - 313 001 Rajasthan
- Plot No.237, GIDC, Panoli, Ankleshwar-394 116, Bharuch, Gujarat
- Plot No. SPM 28, SPM 29 and SPM 29/1, 29/2, Sterling SEZ, Village Sarod, Jambusar-392 180 Bharuch, Gujarat
- Plot No. 3133 to 3139, 3330 to 3351, 3231 to 3245 & 3517 to 3524 GIDC Panoli, Taluka, Ankleshwar, Distt. Bharuch, Gujarat
- 640, GIDC Industrial Estate, Panoli -394 116, Tal. Ankleshwar, Dist.: Bharuch, Gujarat

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

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

iii. Annual General Meeting

Date : September 14, 2021
Time : 10:30 A.M.
Venue: Through Video Conferencing (VC)/ Other Audio-Visual means (OAVM)

iv. **Financial Calendar**

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

The tentative calendar for declaration of financial results in financial year 2021-22 is as follows:

Unaudited Financial Results for the Qtr. ending June, 2021	on July 30, 2021
Unaudited Financial Results for the Qtr. ending September, 2021	on October 26, 2021
Unaudited Financial Results for the Qtr. ending December, 2021	On or before February 14, 2022
Audited Financial Results for the year ending March 31, 2022.	Before the end of May 30, 2022
Annual General Meeting for the year.	On or before August 31, 2022

v. **Book Closure Date**

The dates of book closure are from from September 08, 2021 to September 14, 2021 (Both days inclusive)

vi. **Dividend**

During the year, the Board of Directors of the Company declared an interim dividend of ₹ 3/- per equity share in its Board Meeting held on February 02, 2021 on 15,17,13,435 equity shares of ₹ 1/- each which was paid on March 01, 2021. In addition to same, the Board has recommended a final dividend of 200% per equity share thereby taking total dividend to ₹5/- per equity share. Final dividend, if approved by shareholders shall be paid to those shareholders who holds equity shares of the Company as on September 7, 2021.

vii. **Stock Exchange Listing**

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

- Stock Code 523642(BSE), PIIND (NSE)
- Demat ISIN INE603J01030

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

viii. **Stock Market Price data**

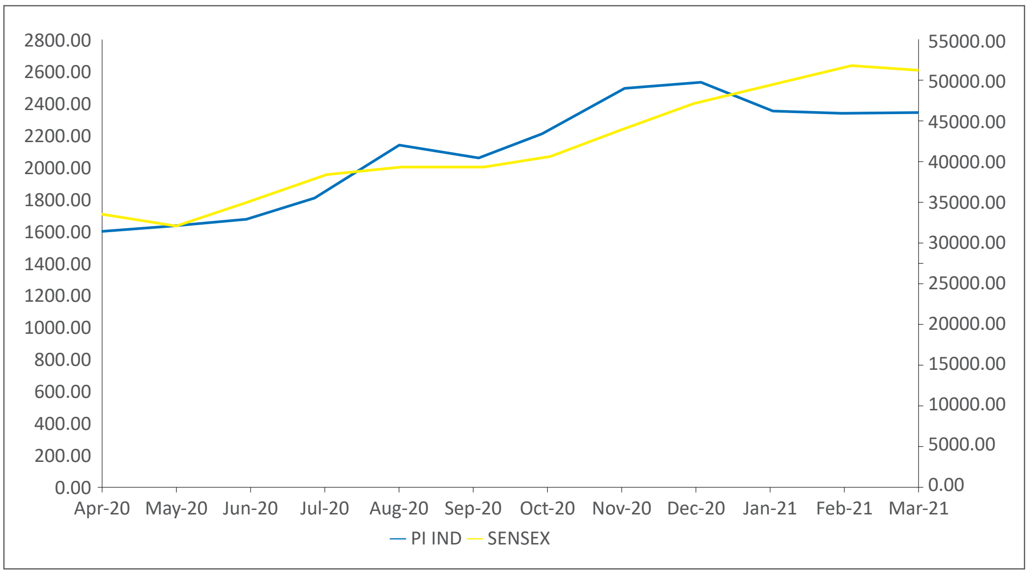
The monthly high and low of the market price of the equity shares of the Company for the year ended March 31, 2021 at BSE Limited and National Stock Exchange of India Ltd. were as under:

Stock price in ₹/share

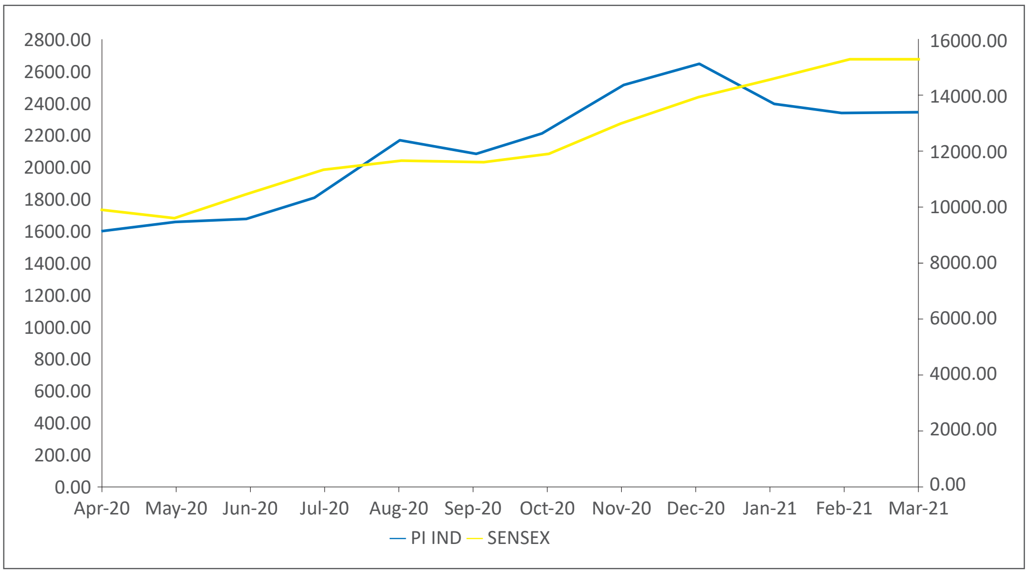
Month	BSE		NSE		NIFTY	SENSEX
	High	Low	High	Low	Closing high	Closing high
April, 2020	1602.00	1155.00	1604.70	1153.00	9859.90	33717.62
May, 2020	1642.95	1428.00	1650.00	1425.55	9580.30	32424.1
June, 2020	1688.00	1500.00	1689.00	1500.00	104710	35430.43
July, 2020	1836.00	1500.00	1838.00	1500.00	11300.55	38492.95
August, 2020	2154.35	1780.00	2160.00	1769.95	11647.60	39467.31
September, 2020	2068.40	1825.00	2070.00	1810.00	11604.55	39302.85
October, 2020	2237.50	1934.05	2239,00	1933.00	11971.05	40794.74
November, 2020	2515.00	2143.05	2517.00	2141.00	13055.15	44523.02
December, 2020	2544.00	2169.65	2650.00	2168.00	13981.95	47751.33
January, 2021	2364.10	1989.00	2400.00	1987.50	14644.70	49792.12
February, 2021	2338.00	1982.45	2339.90	1981.00	15314.70	52154.13
March, 2021	2356.00	2104.70	2357.95	2123.00	15245.60	51444.65

(Source: NSE/BSE website)

PERFORMANCE OF COMPANY SHARES VS BSE SENSEX



PI PERFORMANCE VS NIFTY



ix. Registrar and Transfer Agents

KFin Technologies Private Limited
Unit: PI Industries Limited
Selenium Building, Tower B, Plot no. 31 & 32,
Financial District, Nanakramguda
Serilingampally , Hyderabad – 500 032,
Rangareddy, Telangana, India
Contact Person: Mr N. Shivakumar
Email: einward.ris@kfintech.com
Tel: 040-67162222

Share Transfer Mechanism

The share transfer requests received in physical form are processed through Registrar and Share Transfer Agent (RTA), KFin Technologies Private Limited, within 6-7 days from the date of receipt, subject to the completeness of documents in all aspects.

The share certificates duly endorsed are returned immediately to the shareholders by RTA. The details of transfers/ transmission so approved from time to time, are placed before the Stakeholder's Relationship Committee for noting and confirmation.

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

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

x. Distribution of Shareholdings (As on March 31, 2021)

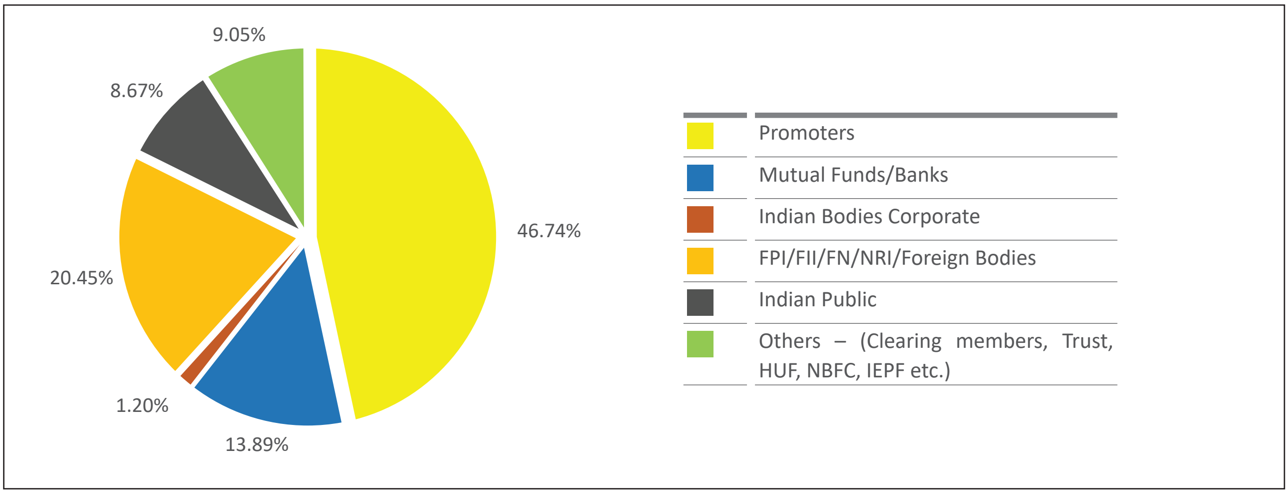
Shareholding of Nominal value of	Shareholders		Share Capital (Amount)	
	No.	% to total	In ₹	% to total
1-5000	1,03,920	99.23	1,10,66,240	7.29
5001- 10000	270	0.26	19,56,210	1.29
10001- 20000	159	0.15	21,84,027	1.44
20001- 30000	73	0.07	17,64,137	1.16
30001- 40000	48	0.05	16,79,437	1.11
40001- 50000	26	0.02	11,69,798	0.77
50001- 100000	80	0.08	56,84,368	3.75
100001& Above	149	0.14	12,62,13,901	83.19
Total	**1,04,725**	**100**	**15,17,18,118**	**100**

xi. Demat Status (As on March 31, 2021)

Mode	No. of shareholders	No. of shares	%
Demat	1,04,675	15,16,18,179	99.94
Physical	50	99,939	0.06
Total	**1,04,725**	**15,17,18,118**	**100**

xii. **Category of Shareholders on PAN basis (As on March 31, 2021)**

S. No.	Category	No. of shareholder	No. of shares held	Voting strength (%)
1	Promoters	6	7,09,20,494	46.74
2	Mutual Funds/Banks	33	2,10,74,904	13.89
3	Indian Bodies Corporate	1,253	18,13,160	1.20
4	FPI/FII/FN/NRI/Foreign Bodies	4,764	3,10,21,716	20.45
5	Indian Public	91,590	1,31,55,103	8.67
6	Others – (Clearing members, Trust, HUF, NBFC, IEPF etc.)	1,842	1,37,32,741	9.05
	Total	**99,488**	**15,17,18,118**	**100**



Shareholding Pattern as on March 31, 2021

xiii. **Web-based Redressal System for Investor Grievance**

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

xiv. **Unclaimed Dividend**

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 25, 2020 (date of last Annual General Meeting) on the Company's website and on the website of the Ministry of Corporate Affairs. The web link for the same is

https://www.piindustries.com/investor-relations/Investor-Information/Shareholders-Information

S. No.	Financial Year	Date of declaration of Dividend	Date of Transfer/Due date of transfer of Dividend to IEPF a/c
1	2013-14/ Final Dividend	10.09.2014	16.10.2021
2	2014-15/ Interim Dividend	28.10.2014	04.12.2021
3	2014-15/ Final Dividend	15.09.2015	21.10.2022
4	2015-16/ 1st Interim Dividend	27.10.2015	03.12.2022
5	2015-16/ 2nd Interim Dividend	14.03.2016	20.04.2023
6	2016-17/ Interim Dividend	25.10.2016	01.12.2023
7	2016-17/ Final Dividend	06.09.2017	12.10.2023
8	2017-18/ Interim Dividend	25.10.2017	01.12.2024
9	2017-18/ Final Dividend	06.08.2018	12.09.2025
10	2018-19/ Interim Dividend	26.10.2018	02.12.2025
11	2018-19/ Final Dividend	09.09.2019	15.10.2026
12	2019-20/ Interim Dividend	12.02.2020	18.03.2027
13	2019-20/ Final Dividend	25.09.2020	29.10.2027
14	2020-21/ Interim Dividend	02.02.2021	06.03.2028

xv. Transfer of shares to IEPF

Pursuant to the provisions contained in Sec 124 of the Companies Act, 2013 read with IEPF rules, the Company has transferred 7,060 equity shares on October 10, 2020 pertaining to shareholders in respect of whom there was unclaimed dividend for consecutive seven years to demat account held in PNB by IEPF in compliance with the provisions of the Companies Act, 2013 read with IEPF Rules made thereunder.

xvi. Credit Rating: CRISIL has upgraded the long term rating to CRISIL AA+/ Stable and further re-affirmed Short-term rating A1+ in respect of the various banking facilities availed by the company.

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

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

PAN Card of Transferee (For Shares held in Physical form): SEBI vide its circular dated November 06, 2018 has made it mandatory to submit a copy of PAN card along with other documents for effecting transfer, transmission, transposition and name deletion of deceased holder from share certificate (in case of joint holding) in respect of shares held in physical form . Shareholders are requested to ensure submission of copy of their PAN Card, as in the absence of the said document, the above said requests in respect of shares held in physical form will stand rejected by the Company/ RTA.

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

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

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

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

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

xviii. Managing Director & CEO and CFO Certification

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

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

xix. Auditor's Certificate

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

xx. Annual Secretarial Compliance Report

Pursuant to the SEBI circular no. CIR/CFD/ CMD1/27/2019 dated February 08, 2019, the Company has obtained an Annual Secretarial Compliance Report from Mr. Rupinder Singh Bhatia, Practising Company Secretary, confirming compliance of SEBI Regulations / Circulars / Guidelines issued thereunder and applicable to the Company. There are no observations or adverse remarks in the said report.

On behalf of the Board
For **PI Industries Limited**

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

Date: May 18, 2021
Place: Mumbai

Inspired by Science

Annexure 'A' to CGR report

Name of listed companies in which board members hold directorship along with their categories below:-

S.N o	Name of Director & Designation	No. of positions held		Category of directorship held in aforesaid listed company
		Board	Name of the listed company where holding the position of director	Executive/Non-Executive/Independent
1.	Mr. Narayan K. Seshadri, Independent Chairman DIN: 00053563	4	1. PI Industries Ltd. 2. Kalpataru Power Transmission Ltd. 3. AstraZeneca Pharma India Ltd. 4. SBI Life Insurance Co. Ltd.	Non-Executive Independent Chairperson Non-Executive Independent Director Non-Executive Independent Chairperson Non-Executive Independent Director
2.	Mr. Mayank Singhal, Vice Chairman & MD DIN: 00006651	1	PI Industries Ltd.	Executive Director
3.	Dr. Raman Ramachandran Managing Director & CEO DIN: 00200297	1	PI Industries Ltd.	Executive Director
4.	Mr. Rajnish Sarna, Joint Managing Director DIN: 06429468	1	PI Industries Ltd.	Executive Director
5.	Dr. K.V.S. Ram Rao** Executive Director DIN: 08874100	1	PI Industries Ltd.	Executive Director
6.	Mrs. Ramni Nirula, Independent Director DIN: 00015330	4	1. PI Industries Ltd. 2. DCM Shriram Ltd. 3. HEG Limited 4. Usha Martin Limited	Non-Executive Independent Director Non-Executive Independent Director Non-Executive Independent Director Non-Executive Independent Director
7.	Mr. Pravin K. Laheri, Independent Director DIN: 00499080	1	PI Industries Ltd	Non-Executive Independent Director
8.	Mr. Arvind Singhal, Non-Executive, Non-Independent Director DIN: 00092425	1	PI Industries Ltd.	Non-Executive Non-Independent Director
9.	Dr. T.S. Balganesh, Independent Director DIN: 00648534	1	PI Industries Ltd.	Non-Executive Independent Director
10.	Ms. Lisa J. Brown* Independent Director DIN: 07053317	1	PI Industries Ltd.	Non-Executive Independent Director

* Ms. Lisa J. Brown was appointed as an Additional Director on the board w.e.f. August 04, 2020. Further, she was appointed as an Independent Director w.e.f. September 25, 2020 as approved by the shareholders.

** Dr. K.V.S. Ram Rao was appointed as Executive Director w.e.f. May 18. 2021.

Annexure ‘B ’ to CGR Report

Skill Matrix chart for Individual Directors

	Mr. Narayan K. Seshadri	Mr. Mayank Singhal	Dr. Raman Ramachandran	Dr. K.V.S. Ram Rao**	Dr. T.S. Balganesh	Mrs. Ramni Nirula	Mr. Pravin K. Laheri	Mr. Arvind Singhal	Mr. Rajnish Sarna	Ms. Lisa J. Brown*
Industry Experience	✓	✓	✓	✓	✓	✓		✓	✓	
Mergers & Acquisitions	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Business Management & Corporate Strategies.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Finance, & Taxation	✓	✓	✓			✓		✓	✓	
Technology expertise		✓		✓	✓					
Corporate Governance	✓	✓	✓		✓	✓	✓	✓	✓	✓
Legal & Regulatory	✓	✓	✓				✓	✓	✓	✓
Risk Management	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Govt./Public Policy		✓	✓	✓	✓	✓	✓	✓	✓	✓
Marketing/Sales		✓	✓			✓		✓	✓	
Human Capital/ Compensation	✓	✓	✓	✓		✓	✓	✓	✓	

* Ms. Lisa J. Brown was appointed as an Additional Director on the board w.e.f. August 04, 2020. Further, she was appointed as an Independent Director w.e.f. September 25, 2020 as approved by the shareholders.

** Dr. K.V.S. Ram Rao was appointed as Executive Director w.e.f. May 18. 2021.

Annexure ‘C’ Certificate by Managing Director & CEO

To,
The Members
PI Industries Limited
Udaipur

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

This is to certify that pursuant to the Regulation 17(5) and Clause D of Part C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Code of Conduct has been laid down for all the Board Members and Senior Management of the Company. The Board Members and Senior Management personnel have affirmed compliance with the Company’s code of conduct for the year ended March 31, 2021.

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

Place: Gurugram
Date: May 18, 2021

Annexure ‘D’ CEO and CFO Certificate

To,
The Members
PI Industries Limited
Udaipur

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

A. We have reviewed the financial statements including the cash flow statement (standalone and consolidated) for the financial year ended March 31, 2021 and that these statements:

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

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

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

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

D. We further certify that:

   - there have been no significant changes in internal control during the aforesaid period.

   - the Company has complied with new accounting standard, IND-AS, applicable from April 1, 2016.

   - there have been no instance of significant fraud of which, we have become aware and the involvement therein, if any, of management or an employee having a significant role in the Company’s internal control system over financial reporting.

	Sd/-	Sd/-
Place: Gurugram	**Raman Ramachandran**	**Rajiv Batra**
Date: May 18, 2021	Managing Director & CEO	Group Chief Financial Officer
	DIN: 00200297	

Annexure 'E' Non-Disqualification of Directors

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

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

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

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ended on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, New Delhi or any such other Statutory Authority.

S.No.	Name of Director	DIN	Date of Appointment in Company
1.	Mr. Mayank Singhal	00006651	28/09/1998
2.	Mrs. Ramni Nirula	00015330	28/07/2010
3.	Mr. Narayan Keelveedhi Seshadri	00053563	27/01/2006
4.	Mr. Arvind Singhal	00092425	05/10/2016
5.	Dr. Raman Ramachandran	00200297	01/07/2019
6.	Mr. Pravin Kanubhai Laheri	00499080	20/01/2010
7.	Dr. Tanjore Balganesh Soundararajan	00648534	16/05/2017
8.	Mr. Rajnish Sarna	06429468	07/11/2012
9.	Ms. Lisa Jane Brown	07053317	04/08/2020

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

For **A. K. Friends & Co.**

Sd/-
Ashish Kumar Friends
Practicing Company Secretaries
CP No.:4056
Membership No.: FCS 5129
UDIN: F005129C000210070

Place: Delhi
Date: April 29, 2021

Inspired by Science

Annexure ‘F’ Independent Auditor’s Certificate on Corporate Governance

Auditors’ Certificate regarding compliance of conditions of Corporate Governance

To the Members of **PI Industries Limited**

We have examined the compliance of conditions of Corporate Governance by PI Industries Limited, for the year ended March 31, 2021 as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 24A, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C , D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (collectively referred to as “SEBI Listing Regulations, 2015”).

The compliance of conditions of Corporate Governance is the responsibility of the Company’s management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and 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 Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

We 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 **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: FRN 012754N/N500016
Chartered Accountants

Sd/-
Sougata Mukherjee
Partner
Membership Number: 057084
UDIN:21057084AAAABN5979

Place of Signature: Gurugram
Date: May 18, 2021

Business Responsibility Report

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

Introduction

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

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	**Corporate Identity Number (CIN) of the Company**	L24211RJ1946PLC000469
2.	**Name of the Company**	PI INDUSTRIES LIMITED
3.	**Registered address**	Udaisagar Road, Udaipur-313001, Rajasthan
4.	**Website**	www.piindustries.com
5.	**E-mail id**	investor@piind.com
6.	**Financial Year reported**	April 01, 2020 - March 31, 2021

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

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

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

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

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

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

   i) Number of International Locations:

   The Company has three offices located in Japan, China & Germany.

   ii) Number of National Locations:

   The Company has its research and development facilities in Udaipur and its manufacturing locations in Panoli & Jambusar in Gujarat. In addition to same, the Company has 28+ depots across India.

10. **Markets served by the Company**

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

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	**Paid up Capital**	₹ 15,17,18,118
2.	**Total Turnover**	₹ 42,762 Mn.
3.	**Total profit after taxes**	₹ 7,189 Mn.
4.	**Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)**	Company has contributed an amount of ₹ 108.9 Mn to PI Foundation, CSR arm of PI Industries Limited. The Trust has spent an amount of ₹ 92.8 Mn. during the year. Unspent amount pertains to ongoing projects.

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

   a. Environmental Sustainability

   b. Education, Skill Development and Livelihood Enhancement Projects

   c. Health, Hygiene and Sanitation

   d. Women Empowerment

   e. Promotion of Rural Sports

Inspired by Science

f. Rural development

g. Training and Capacity Building of CSR Team and Administrative Expenses

h. Disaster relief For details, kindly refer to Principle 8, Section E

SECTION C: OTHER DETAILS

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

Yes, the Company has 7 subsidiary companies.

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

Subsidiary Companies are closely integrated with BRR initiatives of PI.

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

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

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

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

i. DIN : 00006651

ii. Name : Mr. Mayank Singhal

iii. Designation : Vice Chairman and Managing Director

b. Details of the BR head

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

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

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

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

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

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

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

P5 Businesses should respect and promote human rights.

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

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

P8 Businesses should support inclusive growth and equitable development.

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

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

3. Governance related to BR

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

Same is reviewed annually.

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

Yes, the Company publishes the Sustainability Report. The same can be accessed at https://www.piindustries.com/sustainability/Reports/Sustainability-Report.

SECTION E: PRINCIPLE-WISE PERFORMANCE

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

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

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

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

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

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

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

   The three products are:

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

   - Controls major grasses, sedges and broad leaf weeds of rice thus minimising the yield losses caused by weed infestation
   - Is environment friendly, cost effective and is safe to the rice crop.
   - Results in saving of water, in comparison with the other popular pre-emergent herbicides and other farmer practices.
   - Helps in the successful adoption of Direct Sown Rice which requires lesser resources like water, power, labour etc.
   - Coupled with Direct Seeded Rice Technology, use of NOMINEE GOLD has translated into savings of nearly ₹ 7,000 per hectare.

   b) **SPRAY MACHINE**

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

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

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

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

   We have developed direct and multilingual connections with the farmers to disseminate the required information about the safer use of our products. We have developed various mechanized spraying systems to ensure safe, focused and highly efficient spraying of the product without being in direct contact. We have trained coaches on the fields to enable safer use of our products to the farmers for better production and yield.

   Apart from this, we have global safety and stewardship team for ensuring the product safety and stewardship activities at field and farmer level and monthly reporting to the leadership. In the year gone by, we conducted Mega-stewardship day in which 178 meetings were conducted pan India. Total number of farmer participants in the meeting were 15,574 (incl. 595 female farmers; Trade Partners 483; Govt. officials 137). YTD activities conducted were 368 with 11009 participants.

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

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

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

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

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

The Direct Seeded Rice (DSR) Technology promoted by the Company contributes to a 25-30% savings in costs related to energy, water conservation, labour, etc. on the customer's end, since there is no transplantation apart from benefits on improved soil porosity and less carbon emission translating to a savings of nearly ₹ 7,000 per hectare to the farmer.

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

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

- As per usual practice, the Company organised virtual Vendor Meets during the year 2020-21. The purpose of the meet is to understand the sustainability objectives and progress on ongoing initiatives with each supplier. Our Technical Team offers necessary guidance so that the suppliers can get necessary support to run their business in more environment friendly, compliant and therefore sustainable in the long run.
- Various initiatives are taken on packaging of both raw materials as well as finished product. The Company encourages procurement of raw materials in bulk, tankers or jumbo bags. This helps in reduced handling of various types of packing materials, better adherence to environment and safety guidelines and also maximum use of container space thereby reducing overall number of trips.
- Similarly, the Company continues to modify the packing of various finished products to reduce the usage of plastic and increase use of recycled paper.
- The Company has significantly changed the Material Handling process and instead of drums, most of the bulk products are being sourced and stored in tankers / ISO Tanks. This not only helps in reducing the drum handling but also ensures better adherence to environment and safety guidelines.

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

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

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

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

A. **Solvent Recovery: -** Solvent recovery is our prime focus area and we take several initiatives to recover and reuse solvents in our manufacturing facilities. During the year 85% of our total solvent consumption was from recovered and reused material. We also recycled catalyst in process that also resulted in reduction of resource consumption.

B. **Water Recycling: -** Various measures taken include installation and maintenance of rainwater harvesting systems across all our plants, introduction of reverse osmosis and ultrafiltration for increased recovery of wastewater (as a part of tertiary wastewater treatment), continuous monitoring of water consumption across all our plants. Introduction of drip irrigation to replace surface irrigation in gardening, replacement of wooden drift eliminators with PVC drift eliminators to reduce water consumption in the process cooling tower and conversion of water cooled air compressors to air cooled ones to reduce water and power consumption.

C. **Recycling Packaging Material:-** Our packaging material includes various containers, drums, bottle, bags, plastic sheets, cardboard, paper labels etc. We have standardised our packaging, making it tamper proof. Due to safety concerns, we do not reuse most of our packaging materials and it is classified as hazardous waste which is disposed of in prescribed manner. The Company also modified the packing of various finished products to reduce the usage.

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

a.	Total number of permanent employees	2,963
b.	Total number of employees hired on temporary /contractual/casual basis	700
c.	Number of permanent women employees	88
d.	Number of permanent employees with disabilities	Nil
e.	Do you have an employee association that is recognised by Management?	No

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

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

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

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

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

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

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

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

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

Yes, the Company has mapped its internal and external stakeholders.

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

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

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

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

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

Principle 5 - Businesses should respect and promote human rights.

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

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

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

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

Principle 6 - Business should respect, protect and make efforts to restore the environment

1. **Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/ Suppliers/ Contractors/ NGOs/ others.**

   PI Industries Limited is highly committed towards environment and sustainability as we demonstrate this through our EHS and also Sustainability Policy. Being a responsible organization our policies cover the Company, its subsidiaries, suppliers, contractors, partners, society and all stakeholders who has direct or indirect stake in the Company's business activities. Our policies are available in the public domain via hosting it on the Company's website (www.piindustries.com).

2. **Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

   Yes, PI Industries has mapped global environment issues such as climate change & global warming as business risks and has considered these issues as one of the top priority topics. We have made strategies and taken initiatives to address such global issues. We believe that balance in Economic, Social and Environmental objectives, permeating through everyday conduct of business is the key to achieve the goal of Sustainable Development and this will help us to address the global environment issues. .A few glimpses of the initiatives/actions undertaken are highlighted below:

   a. Conservation and optimum utilization of natural resources has been and continues to be the topmost priority for us and we demonstrate this through our close monitoring programme at each stage of product manufacturing.

   b. Every year we set stringent norms compared to previous year for raw material consumption, energy usage, emissions, waste generation and operational efficiencies and these norms are being scrutinized.

   c. Various external audits are conducted viz. energy, ISO 14001: 2015 etc. by external agencies to monitor the Company's performance w.r.t. environment and sustainability which help us to identify areas of improvement.

   d. The Company undertakes Eco-Vadis assessment for its sustainability ratings. Company is ranked in Gold rating under Ecovadis and is among top 7 agrochemical supplier companies globally on sustainability practices

   e. The company has also laid down procedure to evaluate our vendors in terms of their environment and sustainability practices at their facilities and such evaluations are done at regular intervals.

   f. Our facilities use cleaner fuels which helps us to reduce the GHGs emissions

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

   Yes, as a company we do the environment risk assessment through structured mechanisms which includes environmental impact assessment followed by development of environmental management plans (EMPs). The said environmental management plans are reviewed periodically during internal meetings/audits.

   Company has prepared a detailed risk register considering potential environment risks. Risk registers is reviewed on a frequent basis to accommodate the changes in the operations and the subsequent action plan developed owing to the proposed change.

   Company has a Board level risk committee to coordinate the risk framework. All the sites of the Company are certified to ISO 14001: 2015 where environmental risk assessment is the key to have this certification.

   We also take utmost care of environment and before setting up of any new facilities or expansion of existing facilities, the Company carries out Environmental Impact Assessment (EIA) study to identify & assess all potential environmental risks that will come to the fore owing to the Company's operations. Based on this study, specific mitigation plans have been developed to address these environmental risks. The same philosophy is engaged for brownfield projects as well.

4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?**

   The Company has not registered any projects under Clean Development Mechanism.

5. **Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

   Yes, the Company has undertaken various initiatives on clean technology, energy efficiency and renewable energy. Some of key initiatives are captured below.

   a. The Company has upgraded its Effluent Treatment Plant (ETP) at Panoli by adding Moving Bed Biological Reactor (MBBR) and also biological nitrification/de-nitrification units in existing facilities. This up-gradation has helped us to further improve final treated wastewater quality.

Inspired by Science

b. For improving energy efficiency, PUF insulated Panels installed in Cold room and replaced its refrigeration system from reciprocating type to scroll type at Panoli unit.

c. We are also doing wind power procurement through open access at Panoli unit. Total 1679668 units of wind power procured in FY 2020-21.

d. Micro turbine has been commissioned in one of our MPPs at JMB unit to reduce energy consumption.

e. Power factor at from 0.95 to 0.995 has been improved by installing APFC relay at JMB unit.

f. Company has installed upgraded its effluent treatment new air blower with membrane diffuser system in aeration tank and replaced surface aerator in ETP at Udaipur site. This will help to improve the DO level in aeration tank and also reduce energy consumption.

g. For accurate and reliable monitoring of waste water, company has set up environment laboratory in ETP at Udaipur site.

R&D centre at Udaipur conducts research on the products for waste reduction, reduction in raw material consumption as a part of clean technology & green chemistry. Company has also setup for flow chemistry Lab (ATR) at Udaipur site.

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

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

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

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

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

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

The Company is the member of: -

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

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

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

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

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

Our CSR interventions are deep-rooted in the triple bottom line framework for responsible business practices within: Social, Economic and Environmental pillars of sustainable development. The Company engages with the society through PI Foundation and community development initiatives to leverage its CSR activities for inclusive growth. These initiatives include: -

1. **Environmental sustainability through conservation of natural resources & Sustainable Farming Practices: -** Propagation of agriculture system that is economically, environmentally and socially sustainable. Sustained agriculture practices such as direct seeding of Rice (DSR) through conservation of water, reduction in drudgery, reducing cost of cultivation and use of technology has led to saving >1.7 trillion litres of water during FY'21. Promotion of DSR technique through various farm extension activities has impacted over 20 Lac Acres of farm land till FY'21, from the inception of programme. Around 11,000 farmers benefited through webinars for better yield and sustainable agriculture practices to overcome economic losses during Covid-19 induced lockdown. As part of income generation programme through promotion of Farmer Producer Organizations, we have enhanced the agriculture-based income by 50% from existing income of 1300 farmer families in Rayagada district of Orissa. In addition to this, we have also participated in promoting improved agricultural practices for sustainable production of Chili amongst 2772 farmers in select districts of Madhya Pradesh, Andhra Pradesh and Karnataka.

2. **Health, Hygiene and Sanitation: -** The COVID-19 pandemic created an unprecedented crisis globally. As responsible corporate citizens, teams at PI swung into swift action to support the government and the community during the COVID-19 crisis since the beginning. PI joined forces with local administrations in several states to fight corona, deploying its 60 hi-tech spraying application machines with 642 machine days in covering large areas for sanitisation. Starting with Andhra Pradesh and Telangana, sanitisation drives were conducted across 34 districts around the country in Punjab, Haryana, Gujarat, Rajasthan and Delhi-NCR region. PI also arranged for protective equipment (PPE) for healthcare workers and funding medical infrastructure support to government healthcare centres. Support was extended to Al-Mahmood General Hospital and Jayaben Mody hospital in Gujarat. The hospitals were declared COVID-19 designated Hospital by Govt. of Gujarat due to rise in numbers of COVID-19 patients.

   Access to preventive health care by deploying Mobile Health care vans provides preventive, promotive and curative health services at the beneficiary's doorstep. Around 80,985 people utilized the services of our "swasthya seva initiative this year. **PI Foundation is continuously utilising its 3 Mobile Medical Units 24x7 in 64 villages of Jambusar, Gujarat for screening of potential cases in the community.** Community outreach programs covered >30,000 people in 64 villages. Demonstration of proper handwashing, information on COVID-19, social distancing and basic hygiene techniques was imparted. In addition, a blood bank in Ankleshwar was also revived and made operational to cater to the community benefiting around 10,000 people in FY'21.

3. **Disaster Relief: -** Responding to the sharp increase in demand for sanitisers used to prevent transmission of COVID-19, PI's production facility in Gujarat quickly rolled out production of the same. The sanitiser was distributed around our plant locations in Gujarat and Rajasthan. The initiative benefited over 1,50,000 people in over 30,000 households. Sanitisers were also distributed in old age home in Bharuch district, Gujarat. Additionally, over 100,000 litres of sanitizer was used to disinfect entire villages near PI's plant operations in Jambusar and Panoli, Gujarat. PI teams organised the distribution of food kits to migrant and daily-wage labourers around our plant locations in Gujarat. So far >12,500 dry ration kits were distributed in FY'21. Besides, 30,000 masks were distributed across the country and **>15,000 tailored masks** through PI's women empowerment programme near plant operations, providing additional livelihood opportunities to those women.

4. **Education & Skill Development: -** In the wake of Covid-19, when schools were shut through the year, Initiatives were undertaken on improving age appropriate learning and teaching outcomes amongst over 15,000 children across 135 Govt. schools through online mode in 82 villages. Students were taught reading, writing, comprehension and arithmetic via engaging parents through digital medium. To promote comprehensive learning, regular assignments were circulated on various activities such as creating science model and its experimentation, short stories, quiz programme, dictation, mathematical activities. Our mobile education van has been imparting learning to the last mile through interactive techniques. We are increasing the youth employability through employment linked skill-development courses on chemical plant operations, BPO, Electrical, Sales & Marketing and Hospitality in Gujrat. These courses have helped and trained 290 youth in FY'21, providing jobs to 170 students in the organized sectors.

5. **Livelihood Creation through Women Empowerment Programmes: -** Improving the livelihood opportunities for around 7,000 women members and their families by providing them enhanced access to credit, bank linkages, skill development opportunities and entrepreneurship development in dairy value chain through the promotion of Self-help groups and cooperatives development. Besides, 326 women were also trained for various entrepreneur activities for generating additional livelihood opportunities during Covid-19.

6. **Rural Infrastructure Development:** PI identified a dearth of basic sanitary facilities in the villages surrounding our plant locations. Hence, we have taken up the responsibility to develop and strengthen sewage system thereby contributing to the hygiene and cleanliness of the village. The land for setting up of Sewage treatment system has been procured in FY'21.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

All the CSR Programmes are undertaken through PI Foundation which is the CSR arm of PI Industries Limited. The foundation collaborates with reputed universities and organizations to involve experts in order to engage with various communities.

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

We appraise our projects and internal assessment through efficient management system from time to time. Impact assessment is proposed every three years after the inception of the programme with mid-term reviews in the intervening years. PI Foundation conducted the impact assessment of its projects around plant location in previous year which measures the impact for subsequent three years. More impact assessments will be conducted in the years to come.

4. What is your Company's direct contribution to community development projects Amount in INR and the details of the projects undertaken?

During the financial year 2020-21, the Company has contributed an amount of 92.8 Mn. towards community development projects. For details of the projects undertaken, refer the projects listed in the CSR report forming part of the Board Report.

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

   Yes, the Company has taken multiple steps to ensure that their CSR programmes are adopted by the community. During the unprecedented Covid-19 crisis, PI ensured well-being of the community by engaging its mobile health van for circulating information on proper handwashing, wearing of masks, social distancing and other information on Covid-19. An increased discipline with respect to Covid-19 specific behaviour and acceptance of such practices was observed. We kept our high-tech machines for conducting large scale sanitization drives at government authorities' disposal and which were utilised efficiently. Our mobile health services have also resulted an increase in health seeking behavior amongst the community. Our interventions in education, healthcare, women empowerment and environment ensure the participation from all spheres of the community. Besides, various trainings for women on honing their entrepreneur skills such as sewing, beauty training etc. have provided additional livelihood opportunities, especially during Covid pandemic and further years to come. In our interventions across sustainable agriculture practices, we organize several trainings and demonstration sessions for farmers through online and offline mode in order to ensure the successful on-ground implementation and maximum adoption of the improved practices. Many of our programmes around plant location are in public-private partnership mode with the participation of representatives from gram panchayats and office of district collectorate so as to ensure their sustained community adoption.

Principle 9- Businesses should engage with and provide value to their customers and consumers in a responsible manner.

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

   As on March 31, 2021, 16 consumer complaints were pending before the various forums.

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the Members of PI Industries Limited

Report on the audit of the Standalone financial statements

Opinion

1. We have audited the accompanying standalone financial statements of PI Industries Limited ("the Company"), which comprise the balance sheet as at March 31, 2021, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Assessment of carrying values of Investments in two wholly owned subsidiaries (Refer to note 7(a) in the standalone financial statements) The Company has equity investments in two wholly-owned subsidiaries Isagro (Asia) Agrochemicals Private Limited and Jivagro Limited amounting to INR 2,945 MN and INR 1,489 MN, respectively, as on March 31, 2021. The Company has performed an assessment of appropriateness of the carrying amount of the above investments as on the balance sheet date using the discounted cash flows model with the involvement of a valuation expert engaged by the management and concluded that the carrying amount of these investments is appropriate. We have considered this to be a key audit matter as the carrying values of these investments are significant to the standalone Financial Statements and the assessment of recoverable value using discounted cash flows forecast required significant management judgement in respect certain key inputs like determining an appropriate discount rate, future cash flows and terminal growth rate.	Our audit procedures included the following: • Understanding the design and testing the operating effectiveness of controls around assessment of the carrying amount of the said investments. • Reviewing minutes of the meeting of the board of directors / audit committee and ensuring compliances with the relevant provisions of the Companies Act 2013. • Evaluating the independence, competence, capabilities and objectivity of the valuation expert engaged by the management; • Reading the report prepared by the external valuation expert engaged by the management and understanding and evaluating, the projections thereon by testing key inputs and assumptions made in the value in use calculations and performing sensitivity analysis. • Involving auditor's expert to review the key assumptions considered in forecasting the cash flows for assessment of carrying amount of Investments. • Ensuring the adequacy and appropriateness of the disclosures made in the standalone financial statements. Based on our procedures performed above, the management's assessment of the carrying amount of investments is appropriate.

Key audit matter	How our audit addressed the key audit matter
Estimation of provision for sales returns and discounts and volume rebates on sales impacting revenue on sale of products (Refer note 19 to the standalone financial statements) Revenue from sale of products is presented net of returns, discounts and volume rebates in the standalone financial statements. The management determines provision for sales returns, discounts and rebates on the basis of various factors such as the current and expected business environment, specific dealer performance, overall zone performance sales returns variability and expected achievement of targets against various ongoing schemes floated. We have considered this to be a key audit matter in view of it having significant impact on the revenue recognised and the involvement of management judgment in estimating the amounts at which these are expected to be settled.	Our audit procedures included: • Understanding the policies and procedures related to sales returns, discounts and volume rebates and evaluating the design and testing the operating effectiveness of related controls related to these estimates. • Checking management's calculations for the estimates and assessing the reasonableness of assumptions used by the management in arriving at the amount of provisions. • Assessing the reasonableness of estimates made by the management in the past by comparing the provisions recognised in the earlier financial years with their subsequent settlement, performing ratio analysis of discounts, volume rebates and sales returns as a percentage of sale of the current year and comparing the same with those in prior years. • Testing on a sample basis, credit notes issued and/or adjustments made after the balance sheet date and their impact if any on the reported amounts. Based on the above procedures performed, the estimates made by the management in respect of provision for sales returns and discounts and rebates on sales were considered to be reasonable

Other Information

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

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

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

   We have nothing to report in this regard.

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

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

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

Auditor's responsibilities for the audit of the financial statements

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

12. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

13. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

14. As required by Section 143(3) of the Act, we report that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

    (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.

    (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

    (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

    (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 15 and 33 to the financial statements;

        ii. The Company has long-term contracts including derivative contracts as at March 31, 2021 for which there were no material foreseeable losses.

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

        iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2021.

15. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: FRN012754N/N500016
Chartered Accountants

Sd/-
Sougata Mukherjee
Partner
Membership Number 057084
UDIN: 21057084AAAABM7499

Place: Gurugram
Date: May 18, 2021

Annexure A to Independent Auditors' Report

Referred to in paragraph 14(f) of the Independent Auditors' Report of even date to the members of PI Industries Limited on the standalone financial statements for the year ended March 31, 2021.

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

1. We have audited the internal financial controls with reference to financial statements of PI Industries Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: FRN012754N/N500016
Chartered Accountants

Sd/-
Sougata Mukherjee
Partner
Membership Number 057084

Place: Gurugram
Date: May 18, 2021

Annexure B to Independent Auditors' Report

Referred to in paragraph 13 of the Independent Auditors' Report of even date to the members of PI Industries Limited on the standalone financial statements as of and for the year ended March 31, 2021

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) The title deeds of immovable properties, as disclosed in Note 4 on fixed assets to the financial statements, are held in the name of the Company.

ii. The physical verification of inventory excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. The Company has not granted any loans, or provided any guarantees or security to the parties covered under Section 185 of the Act. Further, in our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of the investments made by it and the Company has not provided any loans, guarantees or security to the parties covered under Section 186 of the Act.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products.

We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of Income Tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, goods and services tax, duty of customs, cess and other material statutory dues, as applicable, with the appropriate authorities. Also refer note 33 to the financial statements regarding management's assessment on certain matters relating to provident fund.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of sales-tax, goods and services tax, service-tax which have not been deposited on account of any dispute. The particulars of dues of income tax, duty of customs, duty of excise, value added tax as at March 31, 2021 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount Demanded (₹ in Million)	Amount Paid under Protest (₹ in Million)	Period to which the amount relates	Forum where the dispute is pending
Assam Value Added Tax Act, 2003	Value Added Tax (excluding interest and penalty)	0.15	0.04	2007-08	Joint Commissioner Guwahati
Kerala Value Added Tax Act, 2003		0.34	0.34	2008-09	Deputy Commissioner (Appeals) Earnakulam
Kerala Value Added Tax Act, 2003		0.18	0.18	2009-10	Deputy Commissioner (Appeals) Earnakulam
Madhya Pradesh Value Added Tax Act, 2002		0.40	0.40	2011-12	Deputy Commissioner (Appeals), Indore
Gujarat Value Added Tax Act, 2003		1.30	-	2009-10	Joint Commissioner, Baroda
Gujarat Value Added Tax Act, 2003		18.59	18.59	2012-13	Joint Commissioner, Baroda
Gujarat Value Added Tax Act, 2003		11.69	11.69	2013-14	Joint Commissioner, Baroda
Gujarat Value Added Tax Act, 2003		13.26	-	2014-15	Joint Commissioner, Baroda
West Bengal Value Added Tax Act, 2003		0.25	0.25	2013-14	Taxation Tribunal, Kolkata
Income Tax Act, 1961	Income Tax (Excluding interest and penalty)	24.31	-	FY-2008-09	Rajasthan High Court
Income Tax Act, 1961		29.34	-	FY-2009-10	Rajasthan High Court
Income Tax Act, 1961		15.30	-	FY-2010-11	Rajasthan High Court
Income Tax Act, 1961		24.61	-	FY-2011-12	Rajasthan High Court
Central Excise Act, 1944	Excise Duty (Excluding interest and penalty)	4.49	4.49	1987-88	Rajasthan High Court

Name of the statute	Nature of dues	Amount Demanded (₹ in Million)	Amount Paid under Protest (₹ in Million)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Cenvat Credit (Excluding interest and penalty)	15.92	-	March 2011 to June 2013	CESTAT
Custom Act, 1962	Custom Duty (Excluding interest and penalty)	131.67	-*	2008	Assistant Commissioner of Customs, Mumbai

*Company has issued Bank Guarantee amounting to ₹ 131.67 Mn towards custom duty demand.

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank as at the balance sheet date. The Company does not have any loan or borrowings from Government, nor has it issued any debentures as at balance sheet date.

ix. In our opinion, and according to the information and explanations given to us, the money raised by way of further public offer (Qualified Institutional Placement) which were not required for immediate utilisation were invested in mutual funds, bank deposits (refer note 42). The term loans have been applied, on an overall basis, for the purposes for which they were obtained. The company has not raised any money by way of Initial Public offer of equity or further public offer of debt Instruments during the year.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. Also, refer to paragraph 15 of main audit report.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: FRN012754N/N500016
Chartered Accountants

Sd/-
Sougata Mukherjee
Partner
Membership Number 057084

Place: Gurugram
Date: May 18, 2021

BALANCE SHEET

AS AT MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	4	18,544	16,579
Capital work-in-progress		2,284	2,359
Other intangible assets	5	113	99
Intangible asset under development	6	380	336
Financial assets			
(i) Investments	7(a)	4,544	4,544
(ii) Loans	7(c)	42	56
(iii) Other financial assets	7(g)	244	30
Non-current tax assets	10	68	85
Other non-current assets	9	121	357
Total non-current assets		**26,340**	**24,445**
Current assets			
Inventories	8	9,652	7,199
Financial assets			
(i) Investments	7(b)	7,059	-
(ii) Trade receivables	7(d)	6,206	5,483
(iii) Cash and cash equivalents	7(e)	972	1,079
(iv) Bank balances other than (iii) above	7(f)	14,612	25
(v) Loans	7(c)	138	157
(vi) Other financial assets	7(g)	427	306
Contracts assets	7(h)	1,482	1,022
Other current assets	9	1,797	1,348
Total current assets		**42,345**	**16,619**
Total assets		**68,685**	**41,064**
EQUITY & LIABILITIES			
Equity			
Equity share capital	11	152	138
Other equity	12	52,758	25,773
Total equity		**52,910**	**25,911**
Liabilities			
Non current liabilities			
Financial liabilities			
(i) Borrowings	14(a)	2,574	3,994
(ii) Other financial liabilities	14(d)	484	748
Provisions	15	80	107
Deferred tax liabilities (Net)	16	809	113
Total non current liabilities		**3,947**	**4,962**
Current Liabilities			
Financial liabilities			
(i) Borrowings	14(b)	-	1,083
(ii) Trade payables	14(c)		
a) total outstanding dues of micro enterprises and small enterprises		226	56
b) total outstanding dues of creditors other than micro enterprises and small enterprises		7,570	5,482
(iii) Other financial liabilities	14(d)	3,023	2,714
Provisions	15	316	284
Current tax liabilities	18	65	44
Other current liabilities	17	628	528
Total current liabilities		**11,828**	**10,191**
Total liabilities		**15,775**	**15,153**
Total equity and liabilities		**68,685**	**41,064**
Notes to accounts	1 to 43		

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

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

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

Sd/-
Sougata Mukherjee
Partner
Membership Number: 057084

For and on behalf of the Board of Directors

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

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

Sd/-
Rajiv Batra
Group CFO

Sd/-
Rajnish Sarna
Joint Managing Director
DIN: 06429468

Sd/-
Naresh Kapoor
Company Secretary

Place: Gurugram
Date: May 18, 2021

STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

Particulars	Notes	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
Revenue from operations	19	42,762	33,068
Other income	20	1,133	479
Total income		**43,895**	**33,547**
Expenses:			
Cost of materials consumed		23,054	16,551
Purchase of stock in trade		1,822	1,600
Changes in inventories of finished goods, work in progress and stock in trade	21	(1,011)	(23)
Employee benefit expense	22	3,659	3,113
Finance cost	26	281	180
Depreciation and amortisation expense	25	1,603	1,332
Other expense	23	5,387	4,850
Total expenses		**34,795**	**27,603**
Profit before tax		**9,100**	**5,944**
Income tax expense	27		
Current tax		(1,588)	(1,236)
Deferred tax		(257)	(272)
Income tax of earlier years		(66)	(13)
Total tax expense		**(1,911)**	**(1,521)**
Profit for the year		**7,189**	**4,423**
Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
Remeasurements gains/(losses) on defined benefit plans		1	(22)
Income tax relating to the above item		(0)	8
(ii) Items that will be reclassified to profit or loss			
Effective portion of gains/(losses) on cash flow hedges		1,067	(840)
Income tax relating to the above item		(373)	294
Total comprehensive income for the year		**7,884**	**3,863**
Earnings per equity share	29		
1) Basic (in ₹)		48.56	32.04
2) Diluted (in ₹)		48.55	32.02
Face value per share (in ₹)		1.00	1.00
Notes to accounts	1 to 43		

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

This is the statement of profit and loss referred to our report of even date

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

Sd/-
Sougata Mukherjee
Partner
Membership Number: 057084

For and on behalf of the Board of Directors

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

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

Sd/-
Rajiv Batra
Group CFO

Sd/-
Rajnish Sarna
Joint Managing Director
DIN: 06429468

Sd/-
Naresh Kapoor
Company Secretary

Place: Gurugram
Date: May 18, 2021

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

a. Equity share capital

Particulars	Notes	As at March 31, 2021		As at March 31, 2020	
		No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period	11	138,107,993	138	138,030,651	138
Changes in equity share capital during the period		13,610,125	14	77,342	0
Balance at the end of the reporting period		151,718,118	**152**	**138,107,993**	**138**

b. Other equity

Particulars	Notes	Reserves & Surplus					Other Reserves	Total other equity
		Capital reserve	Securities premium reserve	Share option outstanding account	General reserve	Retained earnings	Effective portion of cash flow hedges	
Balance at April 1, 2019		**15**	**2,169**	**73**	**1,857**	**18,368**	**127**	**22,609**
Profit for the year		-	-	-	-	4,423	-	4,423
Other comprehensive income		-	-	-	-	(14)	(546)	(560)
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**4,409**	**(546)**	**3,863**
Transactions with owners in their capacity as owners:								
Premium on issue of equity shares through ESOP	12 b.	-	80	-	-	-	-	80
Shares issued under ESOP scheme	12 c.	-	-	(27)	-	-	-	(27)
Expense on Employee Stock Option Scheme	12 c.	-	-	(4)	-	-	-	(4)
Dividends paid	13	-	-	-	-	(621)	-	(621)
Dividend Distribution Tax (DDT)	13	-	-	-	-	(127)	-	(127)
Balance at March 31, 2020		**15**	**2,249**	**42**	**1,857**	**22,029**	**(419)**	**25,773**
Profit for the year		-	-	-	-	7,189	-	7,189
Other comprehensive income	12 e, f	-	-	-	-	1	694	695
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**7,190**	**694**	**7,884**
Transactions with owners in their capacity as owners:								
Premium on issue of Equity Shares through ESOP	12 b.	-	14	-	-	-	-	14
Premium on issue of Qualified Institutional Placement (QIP)(net of expenses)	12 b.	-	19,736	-	-	-	-	19,736
Shares issued under ESOP scheme	12 c.	-	-	(11)	-	-	-	(11)
Expense on Employee Stock Option Scheme	12 c.	-	-	(31)	-	-	-	(31)
Dividends paid	13	-	-	-	-	(607)	-	(607)
Balance at March 31, 2021		**15**	**21,999**	**-**	**1,857**	**28,612**	**275**	**52,758**

This is the statement of changes in equity referred to our report of even date

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

Sd/-
Sougata Mukherjee
Partner
Membership Number: 057084

For and on behalf of the Board of Directors

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

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

Sd/-
Rajiv Batra
Group CFO

Sd/-
Rajnish Sarna
Joint Managing Director
DIN: 06429468

Sd/-
Naresh Kapoor
Company Secretary

Place: Gurugram
Date: May 18, 2021

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Income Tax	**9,100**	**5,944**
Adjustments for :-		
Depreciation and amortisation expense	1,603	1,332
Finance costs	281	180
Provision for Bad and Doubtful debts & Advances	(3)	122
Interest Income on Financial Assets at amortised cost	(502)	(163)
Unwinding of discount on Security Deposits	(14)	(15)
Expense on Employee Stock Option Scheme	(31)	(4)
(Gain)/Loss on Sale/Retirement of property, plant & equipment (Net)	(1)	13
(Gain)/Loss on sale of Investments (Net)	(23)	(19)
(Gain)/Loss on financial assets measured at fair value through profit or loss (Net)	(188)	6
Unrealised (Gain)/Loss on foreign currency transactions (Net)	(315)	194
Operating Profit before Working Capital changes	**9,907**	**7,590**
(Increase) / Decrease in Trade Receivables	(836)	1,161
(Increase) / Decrease in Current financial assets - Loans	33	(33)
(Increase) / Decrease in Current Contract Assets	(460)	(502)
(Increase) / Decrease in Non-current financial assets - Loans	14	42
(Increase) / Decrease in Other current financial assets	189	(210)
(Increase) / Decrease in Other non-current financial assets	(2)	88
(Increase) / Decrease in Other current assets	(438)	719
(Increase) / Decrease in Other non-current assets	17	10
(Increase) / Decrease in Other bank balances	(1)	17
(Increase)/Decrease in Inventories	(2,454)	(1,842)
Increase / (Decrease) in Current Provisions and Trade Payables	2,515	265
Increase / (Decrease) in Non-current Provisions	(26)	(182)
Increase / (Decrease) in Other current financial liabilities	270	120
Increase / (Decrease) in Other non-current financial liabilities	8	301
Increase / (Decrease) in Other current liabilities	100	92
Cash generated from Operations before tax	**8,836**	**7,636**
Income Taxes paid	(1,555)	(1,025)
Net cash inflow (outflow) from Operating Activities	**7,281**	**6,611**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Payments for purchase of property, plant & equipment including Capital Work in Progress, Intangible Assets and Capital Advances	(3,379)	(6,720)
Proceeds from sale of property, plant & equipment	15	28
(Purchase)/ refund of Investment in Subsidiary	(0)	(4,434)
Purchase of Current Investments	(9,500)	1,339
Sale of Current Investments	2,652	-
Fixed Deposits more than 3 months and less than 12 months	(14,258)	-
Interest Received	191	163
Net cash used in Investing Activities	**(24,279)**	**(9,624)**
Net cash inflow (outflow) from Operating and Investing Activities	**(16,998)**	**(3,013)**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceed on issue of Equity Shares under ESOP and Qualified Institutional Placement	14	-
Premium on issue of equity shares under ESOP scheme (net of expenses)	3	53
Premium on issue from Qualified Institutional Placement (net of expenses)	19,736	-
Short Term Borrowings (Net)	(1,083)	1,083
Borrowings -Repayments	(1,848)	(407)
Borrowings - Term Loan	1,145	3,886
Principal elements of Deferred lease payments	(223)	(175)
Interest paid	(246)	(188)
Dividends paid (including Tax)	(607)	(747)
Net Cash inflow (outflow) from Financing Activities	**16,891**	**3,505**
Net Cash inflow (outflow) from Operating, Investing & Financing Activities	**(107)**	**492**
Net increase (decrease) in Cash & Cash equivalents	**(107)**	**492**
Opening balance of Cash & Cash equivalents	**1,079**	**587**
Closing balance of Cash & Cash equivalents	**972**	**1,079**
Note: Cash and cash equivalents included in the Cash Flow Statement comprise of the following (Refer Note No. 7(e)):-		
i) Cash on Hand	**0**	**0**
ii) Balance with Banks :		
-In Current Accounts	455	479
-In Fixed Deposits	517	600
Total	**972**	**1,079**

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

Figures in brackets indicate cash outflows.

This is the statement of cash flow referred to our report of even date

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

Sd/-
Sougata Mukherjee
Partner
Membership Number: 057084

For and on behalf of the Board of Directors

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

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

Sd/-
Rajiv Batra
Group CFO

Sd/-
Rajnish Sarna
Joint Managing Director
DIN: 06429468

Sd/-
Naresh Kapoor
Company Secretary

Place: Gurugram
Date: May 18, 2021

Inspired by Science

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

1. Corporate Information

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

PI is in the field of Agri Sciences having strong presence in both Domestic and Export market. It has three manufacturing facilities in Gujarat and a Research & Development center at Udaipur.

The registered office of the company is situated at Udaisagar Road, Udaipur – 313001, Rajasthan, India and the corporate office is situated at 5th Floor, Vipul Square, B-Block, Sushant Lok, Phase-I, Gurugram – 122009, Haryana, India.

2. Basis of preparation

The Company has consistently applied the following accounting policies to all periods presented in the financial statements unless otherwise stated.

a) Statement of compliance

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

These financial statements were authorised for issue by the Board of Directors on May 18, 2021.

b) Basis of measurement

The financial statements have been prepared on an accrual basis and under the historical cost convention, except for the following:

- Certain financial assets and liabilities (including derivative instruments) and contingent considerations are measured at fair value;
- Defined benefit plan assets measured at fair value;
- Share-based payments measured at fair value.

c) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Indian National Rupee ('₹'), which is the Company's functional and presentation currency. All amounts disclosed in the financial statements and notes have been rounded off to the nearest millions as per the requirement of Schedule III, unless otherwise stated. The sign '0' in these standalone financial statements indicates that the amounts involved are below ₹ five lacs and the sign '-' indicates that amounts are nil.

d) Current or Non- current classification

All Assets and Liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services provided and time between the rendering of services and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

e) Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent liabilities and contingent assets at the date of financial statements, income and expenses during the period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Application of accounting policies that require critical accounting estimates and assumption judgements having the most significant effect on the amounts recognized in the financial statements are:

- Measurement of defined benefit obligations;
- Recognition of deferred tax assets & minimum alternative tax credit entitlement;
- Useful life and residual value of Property, plant and equipment and intangible assets;
- Impairment test of financial and non-financial assets including recoverability of expenditure on internally- generated intangible assets;
- Measurement of fair value for share based payments;
- Recognition and measurement of provisions and contingencies.
- Estimate of Sales Return, Rebates and Discounts

f) The Company recognises revenue over the period of time for contracts wherein the Company's performance for the products does not create an asset with alternative use to the Company and the Company has an enforceable right to payment for performance completed till date. Management has determined that it is highly probable that there will be no rescission of the contract and a significant reversal in the amount of revenue recognised will not occur. Accordingly, revenue is recognised for these contracts based on Input method wherein amount of revenue to be recognised is determined based on the actual cost incurred till date and the estimated margin on the contract.

The Company also recognises Provision for discounts and sales returns based on the current and expected operating environment, Sales returns variability, expected achievement of targets against various ongoing schemes floated.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

3. Significant Accounting Policies

a) Property, plant and equipment

i) Recognition and measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Borrowing costs relating to acquisition of qualifying fixed assets, if material, are also included in cost to the extent they relate to the period till such assets are ready to be put to use.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. The cost of replacing part of an item of property, plant and equipment or major inspections performed, are recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of all other repairs and maintenance are recognized in the Statement of Profit & Loss as incurred.

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date. Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

An item of property, plant and equipment is derecognised when no future economic benefit are expected to arise from the continued use of the asset or upon disposal. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii) Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

iii) Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values, and is recognised in the statement of profit and loss. Depreciation on property, plant and equipment is provided on the Straight-Line Method based on the useful life of assets estimated by the Management which coincide with the life specified under Schedule II of the Companies Act, 2013, which are as follows:

- Buildings including factory buildings and Roads	3 - 60 years
- Plant and machinery	15 years
- Electrical installations and equipment	10 years
- Furniture and fixtures	10 years
- Office equipment's	5 years
- Vehicles	8 - 10 years
- Computer and Data Processing Units	3 - 6 years
- Laboratory equipment	10 years

The Company has estimated the useful lives different from the lives prescribed in schedule II of Companies Act, 2013, in the following cases:

- Plant and Equipment (Continuous Process Plant)	15 years
- Special Plant and machinery (used in manufacture of chemicals)	15 years

Leasehold land is being amortised over the lease period and Cost of improvement on leasehold building is being amortised over the lease period or useful life whichever is shorter.

Based on assessment made by technical experts, the Management believes that the useful lives as given above best represent the period over which it expects to use these assets.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and changes, if any, are accounted for prospectively. Depreciation on additions to or on disposal of assets is calculated on pro-rata basis i.e. from (up to) the date on which the property, plant and equipment is available for use (disposed of).

b) Intangible assets

i) Recognition and measurement

Intangible assets acquired separately

Intangible assets that are acquired by the Company are measured at cost, less accumulated amortization and accumulated impairment losses, if any.

Internally generated intangible assets - Research and development

Research costs are expensed as incurred. Development costs are capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the company intends to and has sufficient resources to complete development and to use or sell the asset. The expenditures to be capitalized include

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

the cost of materials and other costs directly attributable to preparing the asset for its intended use. Other development expenditures are recognized in profit or loss as incurred.

Subsequent to initial recognition, the assets are measured at cost, less accumulated amortisation and accumulated impairment losses, if any.

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate.

Internally generated Intangible assets which are not yet available for use are subject to impairment testing at each reporting date. All other intangible assets are tested for impairment when there are indications that the carrying value may not be recoverable. All impairment losses are recognized immediately in profit or loss.

An item of intangible asset is derecognised when no future economic benefit are expected to arise from the continued use of the asset or upon disposal. Any gain or loss on disposal of an item of intangible assets is recognised in profit or loss.

ii) Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its Intangible assets recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of such intangible assets.

iii) Amortisation

Amortization is recognized in the income statement on a straight-line basis over the estimated useful lives of intangible assets or on any other basis that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity. Intangible assets that are not available for use are amortized from the date they are available for use.

The estimated useful lives are as follows:

Software	6 years
Product development	5 years

The amortization period and the amortization method for intangible assets are reviewed at each reporting date.

c) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication on impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash flows are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units ('CGUs').

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

In respect of assets for which impairment loss has been recognised in prior periods, the company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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

d) Financial instruments

i) Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition.

ii) Subsequent measurement

i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. When the financial asset is derecognised or impaired, the gain or loss is recognised in the statement of profit and loss.

ii) Financial assets at fair value through other comprehensive income (FVOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit and loss and recognised in other income.

Equity instruments are subsequently measured at fair value. On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment by investment basis. Fair value gains and losses recognised in OCI are not reclassified to profit and loss.

iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

v) Investment in subsidiaries

Investment in subsidiaries is carried at cost less impairment, if any, in the separate financial statements.

iii) Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. Except Trade receivables, expected credit losses are measured at an amount equal to the 12-month Expected Credit Loss (ECL), unless there has been a significant increase in credit risk from initial recognition, in which case those are measured at lifetime ECL.

With regard to trade receivable, the Company applies the simplified approach (Refer Note No. 38(I)), which requires expected lifetime losses to be recognised from the initial recognition of the trade receivables.

iv) Derecognition

Financial Assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet but retains either all or substantially all the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial Liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

v) Reclassification of Financial Assets and Financial Liabilities

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. If the company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model.

vi) Derivative financial instruments

The Company is exposed to exchange rate risk which arises from its foreign exchange revenues. The Company uses foreign exchange forward contracts (derivative financial instruments), to hedge foreign currency risk associated with highly probable forecasted transactions and classifies them as cash flow hedges.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are taken directly to profit and loss, except for the effective portion of cash flow hedges, which is recorded in the Company's hedging reserve as a component of equity through OCI and later reclassified to profit and loss when the hedge item affects profit and loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability. The ineffective portion of such cash flow hedges is recorded in the statement of profit and loss.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

The Company makes an assessment, on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk. For cash flow hedges to be "highly effective", a forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in other comprehensive income/ (loss), remains there until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income/ (loss) is recognized immediately in the statement of profit and loss.

vii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

e) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using other valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair values for measurement and/ or disclosure purposes are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 - This includes financial instruments measured using quoted prices.

Level 2 - The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

f) Inventories

Inventories (including Stock-in-transit) of Finished Goods, Stock in Trade, Work in progress, Raw materials, packing materials and Stores & Spares are stated at lower of cost and net realizable value. By-products are measured at estimated realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Cost of Raw Materials, Packing Materials, Stores and Spares, Stock in Trade and other products are determined on weighted average basis and are net of Cenvat / Goods and service tax credit.

Cost of Work in progress and Finished Goods is determined on weighted average basis considering direct material cost and appropriate portion of manufacturing overheads based on normal operating capacity.

Obsolete, slow moving and defective inventories are identified as and when required, and where necessary, the same are written off or provision is made for such inventories.

g) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent Liability is disclosed after careful evaluation of facts, uncertainties and possibility of reimbursement, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent liabilities are not recognised but are disclosed in notes to the financial statements.

Contingent assets are not disclosed in the financial statements unless an inflow of economic benefits is probable.

h) Revenue Recognition

i) Sale of goods

The Company manufactures and sells a range of products to various customers. Revenue is recognised over the period of time for contracts wherein the Company's performance does not create an asset with alternative use to the Company and the entity has an enforceable right to payment for performance completed till date. For remaining contracts, revenue is recognised when the significant risk and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods to the degree usually associated with the ownership, and the amount of revenue can be measured reliably, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable. Revenue recognised in relation to these contracts in excess of billing is recognised as a Contract Asset. Accumulated experience is used to estimate and provide for the discounts and returns and revenue is only recognized to the extent that it is highly probable that a significant reversal will not

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

occur. A refund liability (included in other current liabilities) is recognized for expected returns from the customer and a right to recover the returned goods (included in other current assets) are recognised for the products expected to be returned. Liability (included in other financial liabilities) is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period

Amounts disclosed as revenue are net of returns, discounts, volume rebates and net of goods and service tax.

ii) Sale of services

Revenue from sale of services is recognised over the period of time as per the terms of the contract with customers based on the stage of completion when the outcome of the transactions involving rendering of services can be estimated reliably.

iii) Export Incentives

Incentives on exports are recognised in books after due consideration of certainty of utilisation/ receipt of such incentives.

iv) Interest Income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount on initial recognition. Interest income is included in other income in the statement of profit and loss.

v) Dividends

Dividend income is recognized when the Company’s right to receive dividend is established, and is included in other income in the statement of profit and loss.

i) Employee Benefits

i) Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii) Defined contribution plans

Employees benefits in the form of the Company’s contribution to Provident Fund, Pension scheme, Superannuation Fund and Employees State Insurance are defined contribution schemes. The Company recognizes contribution payable to these schemes as an expense, when an employee renders the related service.

If the contribution payable exceeds contribution already paid, the deficit payable is recognised as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, The Company recognize that excess as an asset (prepayments) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

iii) Defined benefit plans

Retirement benefits in the form of gratuity are considered as defined benefit plans. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The company provides for its gratuity liability based on actuarial valuation of the gratuity liability as at the Balance Sheet date, based on Projected Unit Credit Method, carried out by an actuary. The Company contributes to the gratuity fund, which are recognized as plan assets. The defined benefit obligation as reduced by fair value of plan assets is recognized in the Balance Sheet.

When the calculation results in a potential asset for the company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in Other Comprehensive Income. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

iv) Other long-term employee benefits

Employee benefits in the form of long-term compensated absences are considered as long-term employee benefits. The Company’s net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

The liability for long term compensated absences are provided based on actuarial valuation as at the Balance Sheet date, based on Projected Unit Credit Method, carried out by an actuary.

j) Foreign currency transactions

Initial recognition

Transactions in foreign currencies are translated into the Company’s functional currency at the exchange rates at the dates of the transactions.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

Conversion

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Exchange difference

Exchange differences are recognised in profit or loss, except exchange differences arising from the translation of the following items which are recognised in OCI

- equity investments at fair value through OCI (FVOCI);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective

In accordance with Ind-AS 101 'First Time Adoption of Indian Accounting Standards', the Company has continued the policy of capitalisation of exchange differences on foreign currency loans taken before the transition date. Accordingly, exchange differences arising on translation of long-term foreign currency monetary items relating to acquisition of depreciable fixed assets taken before the transition date are capitalized and depreciated over the remaining useful life of the asset.

k) Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

l) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in Other Comprehensive Income.

i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year after taking credit of the benefits available under the Income Tax Act and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if, the Company:

i) has a legally enforceable right to set off the recognized amounts; and

ii) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

ii) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding tax bases used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences and tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

For operations carried out in tax free units, deferred tax assets or liabilities, if any, have been recognised for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Deferred tax assets and liabilities are offset only if:

i) The entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

benefits in the form of adjustment of future income tax liability, is considered as an asset if there is probable evidence that the Company will pay normal income tax in future. Accordingly, MAT is recognised as deferred tax asset in the Balance Sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

Company also considers decisions of appropriate authorities and legal advice for recognizing taxes. In the current year, the decision of Appellate Tribunal on Special Economic Zones was considered, the resultant net impact of which was not material.

m) Segment Reporting

An operating segment is defined as a component of the entity that represents business activities from which it earns revenues and incurs expenses and for which discrete financial information is available. The operating segments are based on the Company's internal reporting structure and the manner in which operating results are reviewed by the Chief Operating Decision Maker (CODM).

The Management Advisory Committee of the Company has been identified as the CODM by the Company. Refer Note 34 for Segment disclosure.

n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

o) Cash flow statement

Cash flow statements are prepared in accordance with "Indirect Method" as explained in the Accounting Standard on Statement of Cash Flows (Ind AS - 7). The cash flows from regular revenue generating, financing and investing activity of the Company are segregated.

p) Lease

The company leases various offices, warehouses, IT equipment and vehicles. Rental contracts are typically made for fixed periods of 6 months to 9 years but may have extension and termination options.

Until the 2019 financial year, leases of office & warehouses, IT equipment and vehicles leases were classified as either finance leases or operating leases. From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the company under residual value guarantees
- the exercise price of a purchase option if the company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

As a lessor

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of this underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard

q) Share-based payment transaction:

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee benefit expense, with a corresponding increase in equity. The total expense is recognised over the vesting period, which is the

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

period over which all of the specified vesting conditions are to be satisfied and is adjusted to reflect the actual number of share options that vest.

The total amount to be expensed is determined by reference to the fair value of the options granted including any market performance conditions and the impact of any non-vesting conditions and excluding the impact of any service and non-market performance vesting conditions.

r) Earnings per share:

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to Equity Shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted Earnings per Share, the net profit or loss for the period attributable to Equity Shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

s) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

4 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land	Freehold land	Buildings	Plant and machinery	Furniture and fixtures	Office equipments	Vehicles	Total
Gross carrying amount								
As at beginning of April 01, 2019	**353**	**51**	**3,564**	**10,421**	**159**	**118**	**33**	**14,699**
Lease- Right of Use	-	-	213	-	-	17	190	420
Addition - Right of Use	-	-	84	-	-	6	86	176
Additions	-	-	1,270	3,922	22	33	313	5,560
Disposals	-	-	-	(72)	-	-	(0)	(72)
As at March 31, 2020	**353**	**51**	**5,130**	**14,271**	**181**	**174**	**623**	**20,783**
Addition - Right of Use	-	-	18	-	-	27	100	145
Additions	-	-	951	2,418	20	18	1	3,408
Disposals	-	-	-	(14)	(2)	(1)	(0)	(17)
As at March 31, 2021	**353**	**51**	**6,099**	**16,675**	**199**	**218**	**724**	**24,319**
Accumulated depreciation								
As at beginning of April 01, 2019	9	-	367	2,451	37	58	4	2,926
Depreciation charge during the year	-	-	144	910	18	22	35	1,129
Amortisation of ROU	4	-	81	-	-	10	87	182
Disposals	-	-	-	(33)	-	-	(0)	(33)
As at March 31, 2020	**13**	**-**	**592**	**3,328**	**55**	**90**	**126**	**4,204**
Depreciation charge during the year	-	-	187	1,130	19	26	43	1,405
Amortisation of ROU	4	-	68	-	-	13	84	169
Disposals	-	-	-	(0)	(2)	(1)	(0)	(3)
As at March 31, 2021	**17**	**-**	**847**	**4,458**	**72**	**128**	**253**	**5,775**
Net carrying amount								
As at March 31, 2020	**340**	**51**	**4,538**	**10,943**	**126**	**84**	**497**	**16,579**
As at March 31, 2021	**336**	**51**	**5,252**	**12,217**	**127**	**90**	**471**	**18,544**

a. Depreciation for the year includes depreciation amounting to ₹ 132 (March 31, 2020 ₹ 108) on assets used for Research & Development. During the year Company incurred ₹ 235 (March 31, 2020 ₹ 229) towards capital expenditure for Research & Development (Refer Note 28).

b. Refer note 40 for information on property, plant and equipment pledged as security by the Company.

c. Refer note 32 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

d. Capital Work in progress mainly comprises of ongoing projects in various plants constituting plant and machinary and Building.

e. Amount recognised above related to Right-of-use assets.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

	As at March 31, 2021	As at March 31, 2020
Buildings	166	216
Office Equipments	27	13
Vehicles	205	189
Leasehold land	335	340
Total	**733**	**758**

5 OTHER INTANGIBLE ASSETS

	Computer Software	Product Development	Total
Gross carrying amount			
As at beginning of April 01, 2019	120	10	130
Additions	35	19	54
As at March 31, 2020	**155**	**29**	**184**
Additions	43	-	43
As at March 31, 2021	**198**	**29**	**227**
Accumulated amortisation			
As at beginning of April 01, 2019	56	8	64
Amortisation charge during the year	20	1	21
As at March 31, 2020	**76**	**9**	**85**
Amortisation charge during the year	24	5	29
As at March 31, 2021	**100**	**14**	**114**
Net Carrying Amount			
As at March 31, 2020	**79**	**20**	**99**
As at March 31, 2021	**98**	**15**	**113**

6 INTANGIBLE ASSETS UNDER DEVELOPMENT

	Intangible Assets under Development
As at beginning of April 01, 2019	284
Additions	87
Disposal/Adjustments	(16)
Amount recognised under Intangible assets	(19)
As at March 31, 2020	**336**
Additions	44
Disposal/Adjustments	-
Amount recognised under Intangible assets	-
As at March 31, 2021	**380**

The value-in-use of intangible assets under development is higher than the carrying amount.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

7 FINANCIAL ASSETS

7(a) NON-CURRENT INVESTMENTS

	As at March 31, 2021		As at March 31, 2020	
Investment in equity instruments (fully paid up)				
Unquoted shares				
Investment in equity instruments of wholly-owned subsidiary companies at Cost				
a) PILL Finance & Investment Limited	4		4	
3,60,000 (March 31, 2020 : 3,60,000) Equity Shares of ₹ 10 each fully paid				
b) PI Life Science Research Limited	104		104	
14,97,325 (March 31, 2020 : 14,97,325) Equity Shares of ₹ 10 each fully paid				
c) Isagro (Asia) Agro Chemicals Pvt. Limited	2,945		2,945	
14,862,903 (March 31, 2020 :14,862,903) Equity Shares of ₹ 10 each fully paid *				
d) Jivagro Limited	1,489		1,489	
148,829,030 (March 31, 2020 :200,00) Equity Shares of ₹ 10 each fully paid*				
e) PI Japan Company Limited	2		2	
100 (March 31, 2020 : 100) Equity Shares of ₹ 18,600 each fully paid - (JPY 50,000 each)				
f) PI Enzachem Private Limited	0		-	
10,000 (March 31, 2020 :NIL) Equity Shares of ₹ 10 each fully paid				
g) PI Fermachem Private Limited	0		-	
10,000 (March 31, 2020 :NIL) Equity Shares of ₹ 10 each fully paid				
		4,544		**4,544**
TOTAL		**4,544**		**4,544**
Aggregate amount of un-quoted investments		**4,544**		**4,544**
Aggregate amount of impairment in the value of investments		-		-

* On December 27,2019, the Company acquired 100% share of Isagro (Asia) Agrochemicals Private Limited ("Isagro") resulting into Isagro becoming subsidiary of the Company.

The Company acquired the total assets amounting to ₹ 4,522 (including Cash and Cash equivalents amounting to ₹ 87, Current Investments amounting to ₹ 1,037, Property Plant and Equipment amounting ₹ 750, Inventory amounting to ₹ 780 and Debtors amounting to ₹ 1079) and Liabilities amounting to ₹ 918 (including trade payable to ₹ 334) as a part of consideration and balance is attributable towards the Goodwill amounting to ₹828 recognised in the consolidated financial statements of the Company towards excess of purchase consideration paid over fair value of net identifiable assets acquired.

The Isagro business is to be recognised such that the domestic retail activities undertaken by Isagro will be transferred to Jivagro Limited and rest of the activities will be merged into PI Industries. The reorganization will be undertaken with effect from the date of acquisition of the Isagro business by PI Industries viz December 27, 2019 through a scheme of reorganization as filed before the National Company Law Tribunal (NCLT).

The Honourable National Company Law Tribunal, (NCLT) Mumbai vide its order dated March 18, 2021 has approved the scheme of demerger of Domestic B2C business of Isagro Asia Agrochemicals to Jivagro Ltd. Certified copy of order has been received on April 06, 2021 and both companies have filed form INC 28 with respective Registrar of Companies on 4th May, 2021 which becomes the effective date of demerger as per the orders passed by the Hon'ble NCLT. As specified in the Scheme of Arrangement, 14,86,29,030 fully paid up equity shares of ₹ 10/- shall be issued to shareholders of Isagro (Asia) Agrochemicals Private Limited after filing of the Order with ROC. These equity shares are currently pending allotment.

For the approval of merger of rest of the activities of Isagro with PI Industries Limited, the NCLT order is still awaited as at the signing date of these financials statements.The said demerger does not have any impact on the financial statements of the company.

Basis the individual net assets position on acquisition date (December 27, 2019) for domestic retail business and balance business of Isagro, total acquisition value of ₹ 4,432 was split between Jivagro Limited and Isagro (Asia) Agrochemicals Private Limited basis valuation made by an independent valuer.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

7(b) CURRENT INVESTMENTS

	As at March 31, 2021		As at March 31, 2020	
Investment in mutual funds at FVTPL (Refer Note 42)				
Quoted				
a) Axis Liquid Fund-Direct Plan- Growth	215		-	
93,938 (March 31, 2020 : Nil) Units				
b) Nippon India Liquid Fund-Direct Plan- Growth	669		-	
133,007 (March 31, 2020 : Nil) Units				
c) HDFC Ultra Short Term Fund-Direct Plan- Growth	2,064		-	
172,861,190 (March 31, 2020 : Nil) Units				
d) SBI Magnum Ultra Short Duration Fund-Direct Plan-Growth	2,055		-	
435,559 (March 31, 2020 : Nil) Units				
e) Aditya Birla SL Money Manager Fund-Direct Plan- Growth	1,029		-	
3,581,964 (March 31, 2020 : Nil) Units				
f) Kotak Money Market Fund(G)-Direct Plan	1,027		-	
294,745 (March 31, 2020 : Nil) Units				
		7,059		**-**
Quoted TOTAL		**7,059**		**-**
Aggregate amount of quoted investments is ₹ 7,059 (March 31, 2020 Nil) and market value thereof ₹ 7,059 (March 31, 2020 Nil).		**7,059**		**-**
Aggregate amount of impairment in the value of investments is Nil (March 31, 2020 Nil).		-		-

7(c) LOANS

	Non- Current		Current	
	As at March 31, 2021	As at March 31, 2020	**As at March 31, 2021**	As at March 31, 2020
Unsecured, considered good unless stated otherwise				
Security deposits*	42	36	17	15
Loans and advances to related parties (Refer Note 35)	-	20	58	92
Other loans and advances				
Employee advances				
Considered good	-	-	2	3
Doubtful	-	-	3	3
Less: Allowance for doubtful employee advances	-	-	(3)	(3)
Other miscellaneous advances**	-	-	61	47
TOTAL	**42**	**56**	**138**	**157**

* Includes ₹ 0 (March 31, 2020 ₹ 0) rent deposit to PILL Finance & Investment Limited

** Includes amount due from Directors amounting to ₹ 5 (March 31, 2020 ₹ 11).

Classification of current and non current loans :

	As at March 31, 2021	As at March 31, 2020
Loan considered good- Secured	-	-
Loans considered good- Unsecured	180	213
Loans which have significant increase in credit risk	-	-
Loans- credit impaired	3	3
Total Loans	**183**	**216**
Less: Loss Allowance	(3)	(3)
TOTAL	**180**	**213**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

7(d) TRADE RECEIVABLES

	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good unless stated otherwise		
Trade receivables	6,607	5,829
Receivables from related parties (Refer note 35)	24	63
Less: Allowance for doubtful debts	(425)	(409)
TOTAL	**6,206**	**5,483**
Current portion	6,206	5,483
Non-current portion	-	-

Break up of security details

	As at March 31, 2021	As at March 31, 2020
Trade receivables considered good- Secured	-	-
Trade receivables considered good- Unsecured*	6,206	5,483
Trade receivables which have significant increase in credit risk	-	-
Trade receivables- credit impaired	425	409
Less: Allowance for doubtful debts	(425)	(409)
TOTAL	**6,206**	**5,483**

Refer note 40 for information on trade receivables pledged as security by the Company.

* Trade Receivable include amount due from Related Parties amounting to ₹ 24 (March 31, 2020 ₹ 63)

7(e) CASH AND CASH EQUIVALENTS

	As at March 31, 2021	As at March 31, 2020
i. Cash & Cash Equivalents		
Balance with banks		
In Current Accounts	135	470
In EEFC account	320	9
Cash on hand	0	0
Deposits with maturity of less than 3 months	517	600
Total	**972**	**1,079**

7(f) BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at March 31, 2021	As at March 31, 2020
In deposit accounts held as margin money	-	18
Fixed deposits with bank (refer note 42)	14,569	-
In unclaimed dividend accounts *	43	7
TOTAL	**14,612**	**25**

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

7(g) OTHERS FINANCIAL ASSETS

	Non- Current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Considered good unless stated otherwise				
Interest and other charges recoverable from customers				
-Considered good	-	-	35	80
-Doubtful	-	-	101	120
Less: Allowance for doubtful debts	-	-	(101)	(120)
Deposits lodged with Excise & Sales Tax department	32	30	-	-
Deposit accounts held as margin money	20	-	-	-
Insurance Claims Recoverable	-	-	100	104
Other recoverable	-	-	-	122
Derivative financial instruments - foreign exchange forward contracts	192	-	292	-
TOTAL	**244**	**30**	**427**	**306**

7(h) CONTRACTS ASSETS

	Non- Current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Contract assets*	-	-	1,482	1,022
TOTAL	**-**	**-**	**1,482**	**1,022**

* Recoverable from customer under contract for supply of goods manufactured exclusively for customers (Refer note 3(h)).

8 INVENTORIES

	As at March 31, 2021	As at March 31, 2020
Raw materials {includes stock-in-transit ₹ 1,483 (March 31, 2020 : ₹ 733)}	6,476	5,036
Work in progress	869	303
Finished goods *{includes stock-in-transit ₹ 21 (March 31, 2020 : ₹ 67)}	1,371	931
Stock in trade *{includes stock-in-transit ₹ Nil (March 31, 2020 : ₹ Nil)}	355	466
Stores & spares {includes stock-in-transit ₹ 5 (March 31, 2020 : ₹ 1)}	581	463
TOTAL	**9,652**	**7,199**

* The cost of inventories recognised as an expense on account of provision of obsolete/ slow and non moving inventories amounting to ₹ 57 (March 31, 2020: ₹ 45)

9 OTHER ASSETS

	Non- Current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Considered good unless stated otherwise				
Capital advances				
Considered good	79	297	-	-
Doubtful	2	1	-	-
Less: Allowance for doubtful advances	(2)	(1)	-	-
Advances to vendors				
Considered good	-	-	362	339
Doubtful	-	-	32	43
Less: Allowance for doubtful advances	-	-	(32)	(43)
Balance with Central Excise Authorities, Customs etc.	-	-	588	249
Prepayments	4	6	100	91
Other statutory advances	-	0	208	284
Export incentive receivables	-	-	371	333
Right to recover returned goods (refer note 17)	-	-	168	52
Other miscellaneous advances*	38	54	-	-
TOTAL	**121**	**357**	**1,797**	**1,348**

* Other miscellaneous advances includes amount of ₹ 34 (March 31, 2020 ₹ 50) deposited with Sales Tax Authorities under protest.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

10 NON - CURRENT TAX ASSETS

	As at March 31, 2021	As at March 31, 2020
Advance income tax (Net of provision for income tax ₹ 4,994 {March 31, 2020 ₹ 4,994})	68	85
TOTAL	**68**	**85**

11 EQUITY SHARE CAPITAL

	As at March 31, 2021	As at March 31, 2020
Authorised Shares		
723,000,000 (March 31, 2020 : 723,000,000) Equity Shares of ₹ 1 each (March 31, 2020 : ₹ 1 each)	723	723
	723	**723**
Issued Shares		
151,894,693 (March 31, 2020 : 138,284,568) Equity Shares of ₹ 1 each (March 31, 2020 : ₹ 1 each)	152	138
	152	**138**
Subscribed & Fully Paid up Shares		
151,718,118 (March 31, 2020 : 138,107,993) Equity Shares of ₹ 1 each (March 31, 2020 : ₹ 1 each)	152	138
Total subscribed and fully paid up share capital	**152**	**138**

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

b. **Terms/ rights attached to Equity Shares**

The Company has only one class of Equity Shares having a par value of ₹ 1 per share (March 31, 2020 ₹ 1 per share). Each holder of Equity Shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except interim dividend. In the event of liquidation, the Equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c. **Issue of Shares under employee stock option (ESOP) Scheme**

During the year ended March 31, 2021, the Company has issued 4,683 equity shares of ₹ 1 each (March 31, 2020 77,342 equity shares of ₹ 1 each), as per exercise price to PII ESOP Trust, set up to administer Employee Stock Option Plan. Out of total equity shares issued to the Trust 64,277 equity shares of face value of ₹ 1 each (March 31, 2020 1,59,685 equity shares of face value of ₹ 1 each) have been allocated by the Trust to respective employees upon exercise of Stock Option. As on March 31, 2021, 89,263 equity shares of face value of ₹ 1 per share (March 31, 2020 1,31,036 of face value of ₹ 1 each) are pending to be allocated to employees upon exercise of Stock Option. (Refer Note 31)

d. **Reconciliation of shares outstanding at the beginning and at the end of the reporting period**

Issued share capital

Equity Shares

	Equity Share (No. of Shares)		Value of Equity Shares	
	2020-21	2019-20	2020-21	2019-20
Share outstanding at beginning of period	138,284,568	138,207,226	138	138
Shares issued under Qualified Institutional Placement (Refer note 42)	13,605,442	-	14	-
Shares issued under employee stock option scheme	4,683	77,342	0	-
Share outstanding at end of period	**151,894,693**	**138,284,568**	**152**	**138**

Subscribed & paid up

Equity Shares

	Equity Share (No. of Shares)		Value of Equity Shares	
	2020-21	2019-20	2020-21	2019-20
Share outstanding at beginning of period	138,107,993	138,030,651	138	138
Shares issued under Qualified Institutional Placement (Refer note 42)	13,605,442	-	14	0
Shares issued under employee stock option scheme	4,683	77,342	0	0
Share outstanding at end of period	**151,718,118**	**138,107,993**	**152**	**138**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

e. Shares reserved for issue under option

Shares reserved for issue under employee stock option scheme is set out in Note 31

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

Equity Shares

Name of Shareholders	2020-21		2019-20	
	No of Shares	% of Holding	No of Shares	% of Holding
Mr. Salil Singhal	8,554,857	5.64	8,554,857	6.20
Ms. Madhu Singhal	21,560,500	14.21	21,560,500	15.62
Mr. Mayank Singhal	32,028,510	21.11	32,028,510	23.20
Ms. Pooja Singhal	8,665,550	5.71	8,665,550	6.28

12 OTHER EQUITY

	Reserves & surplus	As at March 31, 2021		As at March 31, 2020	
	Reserves & surplus				
a.	**Capital reserve**				
	Balance at the beginning of the financial year	15		15	
	Addition during the financial year	-	15	-	15
	Capital Reserve pertains to amount transferred from capital redemption reserve which was created for redemption of preference share.				
b.	**Securities premium reserve**				
	Balance at the beginning of the financial year	2,249		2,169	
	Add: Premium on issue of Qualified Institutional Placement (QIP) (refer note 42)	19,986		-	
	Less: Share issue expenses on Qualified Institutional Placement (QIP) (refer note 42)	(250)		-	
	Add: Premium on issue of equity shares through ESOP	14	21,999	80	2,249
	Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.				
c.	**Share option outstanding account**				
	Balance at the beginning of the financial year	42		73	
	Less: Expense on employee stock option scheme	(31)		(4)	
	Less: Shares issued under employee stock option scheme	(11)	-	(27)	42
	The share options outstanding account is used to recognise the liability arising out of options issued to employees under Employee stock option scheme until the shares are issued (Refer Note 31).				
d.	**General reserve**				
	Balance at the beginning of the financial year	1,857		1,857	
	Add: Transferred during the financial year	-	1,857	-	1,857
e.	**Surplus in statement of profit & loss**				
	Balance at the beginning of the financial year	22,030		18,368	
	Addition during the financial year	7,189		4,423	
	Add: Remeasurement gain / (loss) on defined benefit plans through OCI	1		(14)	
	Less: Interim dividend (refer note 13)	(455)		(414)	
	Less: Final dividend (refer note 13)	(152)		(207)	
	Less: Dividend distribution tax on equity shares	-	28,612	(127)	22,030
	Items of other comprehensive income				
h.	**Cash flow hedge reserve**				
	Balance at the beginning of the financial year	(419)		127	
	Add: Other comprehensive income for the financial year	694	275	(546)	(419)
	The company uses hedging instruments as part of its management of foreign currency risk associated with its highly probable forecast sale. For hedging foreign currency risk, the company uses foreign currency forward contracts which is designated as cash flow hedges. To the extent these hedges are effective; the change in fair value of the hedging instrument is recognised in the cash flow hedging reserve. Amounts recognised in the cash flow hedging reserve is reclassified to profit or loss when the hedged item (sales) affects profit or loss.				
	Total		**52,758**		**25,773**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

13 DISTRIBUTION MADE AND PROPOSED

		As at March 31, 2021	As at March 31, 2020
A	**Dividends declared and paid:**		
	Final dividend (March 31, 2021 pertains to financial year 2019-20 and March 31, 2020 pertains to financial year 2018-19)	152	207
	Interim dividend (March 31, 2021 pertains to financial year 2020-21 and March 31, 2020 pertains to financial year 2019-20)	455	414
	Total dividends	**607**	**621**
	(a) The Company has paid tax on dividend amounting to ₹ Nil (March 31, 2020 ₹ 127)		
B	**Dividends not recognised at the end of the reporting period**		
	In addition to the above dividends, subsequent to the year end the Board of Directors have recommeded a final dividend of ₹ 2 per fully paid equity share (March 31, 2020 ₹ 1).	303	138
	This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.		

14 FINANCIAL LIABILITIES

14(a) BORROWINGS (NON-CURRENT)

	Non- Current maturities		Current maturities	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Secured				
Term Loans - From Banks				
Foreign Currency Loans from Banks at amortised cost	2,574	2,254	705	109
Rupee Term Loan at amortised cost	-	1,740	-	-
Less: Interest accrued but not due on borrowings (included in Note 14(d))	-	-	4	12
TOTAL	**2,574**	**3,994**	**701**	**97**

a. Foreign currency loans includes:

(i) 'External commercial borrowings (ECB) from HSBC Bank, Singapore amounting to USD 45.0 MN (March 31, 2020 USD 30.0 MN) (drawn) carrying interest rate of 3 months LIBOR plus 1.25% is outstanding as on March 31, 2021.The borrowing from HSBC Bank, Singapore are repayable in 14 (fourteen) equal quarterly instalments of USD 3.21 MN (March 31, 2020 USD 4.14 MN) each. The maturity date of the loan is October 10, 2024. The loan is secured by exclusive charge on movable plant and machinery and building relating to multi purpose plant (MPP) - 10 & 11 of the Company situated at SPM 29/2, Jambusar (Gujarat) .The loan was taken for the purpose of capital expenditure for two multi purpose plant designated as MPP 10 and MPP 11 at sterling Multi Product SEZ in Jambusar, District, Gujarat. (refer note 40)

(ii) 'External commercial borrowings (ECB) from HSBC Bank, Mauritius amounting to USD Nil (March 31, 2020 USD 1.42 MN) is outstanding as on March 31, 2021.The maturity date of the loan was May 26, 2020 and has been fully repaid.The loan was secured by exclusive charge on movable plant and machinery & building relating to multi purpose plant (MPP) - 6 &7 of the Company situated at SPM 28, Jambusar (Gujarat). The loan was taken for the purpose of capital expenditure for two multi purpose plant designated as MPP 6 and MPP 7 at sterling Multi Product SEZ in Jambusar, District, Gujarat. (refer note 40).

(iii) 'Rupee Term Loan from Citicorp Finance (India) Limited ("CFIL") amounting to ₹ Nil (March 31, 2020 ₹ 1,740) is outstanding as on March 31, 2021.The maturity date of the loan was December 31, 2022, however the Company has fully repaid the loan during the year.The loan was secured by exclusive charge on moveable fixed assets of multi purpose plant (MPP) 8 and under construction Multi purpose plant (MPP) 9 of the Company situated at SPM 29/2, Jambusar (Gujarat). The purpose of Loan was reimbursement of capital expenditure at various manufacturing facility in FY 2019 and H1 FY 2020.(refer note 40).

b. As on the Balance sheet date there is no default in repayment of loans and interest.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

c. Changes in liabilities arising from financing activities

	As at March 31, 2021	As at March 31, 2020
This section sets out changes in liabilities arising from financing activities pursuant to requirements under Ind AS 7		
Current portion of long term financial borrowings	(701)	(97)
Non-current portion of long term financial borrowings	(2,574)	(3,994)
Interest accrued but not due on borrowings	(4)	(12)
TOTAL	**(3,279)**	**(4,103)**
	Amount	Amount
Balance as at the beginning of the year	**(4,103)**	**(494)**
Foreign exChange adjustments	125	(154)
Interest expense	(183)	(60)
Interest paid	190	50
Amortisation of Prepaid Processing Charges on Term Loan	(11)	34
Loan taken	(1,145)	(3,886)
Re-payments	1,848	407
Balance as at the end of the year	**(3,279)**	**(4,103)**

d. Loan covenants

Under the terms of the major borrowing facilities, the group is required to comply with the following financial covenants :

a. the Debt service coverage ratio (DSCR) must be higher than 2. [DSCR = (PAT + Depreciation + Interest expenses + Deferred tax + Amortization)/ (Interest paid (including interest capitalized) + Finance charges paid + Long term and short term debt repayments excluding working capital)]

b. Fixed assets coverage ratio (FACR) must be higher than 1.25 [Fixed assets coverage ratio = (Hypothecated Movable Fixed Assets (net book value) + Immovable assets mortgaged (book value))/ (secured loan outstanding)]

c. External Debt/EBIDTA to be maintained below 2.5. [Total debt or borrowings/ EBIDTA]

d. External gearing to be maintained below 2.[Total debt or borrowings /Tangible net worth]

The company complied with these ratios throughout the reporting period. As at March 31, 2021 Debt service coverage ratio was 4.35 (March 31, 2020 10.72), Fixed assets coverage ratio was 4.94 (March 31, 2020 3.44), External Debt/EBIDTA was 0.34 (March 31, 2020 at 0.76) and external gearing ratio was 0.07 (March 31, 2020 at 0.22).

14(b) BORROWINGS (CURRENT)

		Current	
		As at March 31, 2021	As at March 31, 2020
	Secured		
	From Banks		
	Secured Short term loan- Working capital Demand loan	-	950
	Buyer's Credit	-	133
	TOTAL	-	**1,083**
a	**Short term loan:**		
	Working capital loans amounting to ₹ Nil (March 31, 2020 ₹ 950) Mn carrying interest rate of 7.90 to 8.10% .The loan was secured by floating chagre on all current assets. The purpose of the loan was to meet working capital requirements of the Company.		
b	**Changes in liabilities arising from financing activities**		
	Balance as at the beginning of the year	**1,083**	-
	Interest expense	17	43
	Interest paid	(17)	(43)
	Amortisation of Prepaid Processing Charges	-	-
	Repayment of Borrowings	(1,083)	1,083
	Balance as at the end of the year	-	**1,083**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

14(c) TRADE PAYABLES

	As at March 31, 2021	As at March 31, 2020
Trade payables		
-Due to micro and small enterprises (Refer Note 36)	226	56
-Other trade payables*	7,570	5,482
TOTAL	**7,796**	**5,538**

* Other trade payable includes amount due to related parties amounting to ₹ 332 (March 31, 2020 ₹ 201)

14(d) OTHER FINANCIAL LIABILITIES

	Non- Current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Employee payables*	-	-	766	640
Security deposits from dealers	202	195	-	-
Security deposits from contractors	2	1	2	2
Current maturities of long-term borrowings (Refer Note 14 (a))	-	-	701	97
Interest accrued but not due on borrowings	-	-	4	12
Unclaimed dividends	-	-	43	7
Creditors for capital purchases	-	-	437	502
Deferred Lease Liabilities	280	295	144	164
Other payable **	-	-	926	782
Derivative financial instruments - foreign exchange forward contracts	-	257	-	508
TOTAL	**484**	**748**	**3,023**	**2,714**

a **Changes in liabilities arising from financing activities- Deferred lease liabilities :-**

	As at March 31, 2021	As at March 31, 2020
Balance as at the beginning of the year	459	412
Interest expenses	43	46
Addition- lease liabilities	145	176
Lease rental paid	(223)	(175)
Balance as at the end of the year	**424**	**459**

* This includes due to directors amounting to ₹ 166 (March 31, 2020 ₹ 99)

** This includes due to non-executive/ independent directors amounting to ₹ 33 (March 31, 2020 : ₹ 13)

15 PROVISIONS

	Non- Current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits				
Long term compensated absences	-	-	180	152
Gratuity (refer note 30)	80	107	-	-
	80	**107**	**180**	**152**
Provisions for legal claims	-	-	136	132
	-	**-**	**136**	**132**
TOTAL	**80**	**107**	**316**	**284**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

(i) Long term compensated absences

The long term compensated absences cover the Company's liability for earned leave which are classified as other long-term benefits.

The entire amount of provision of ₹ 180 is presented as current, since the company does not have an unconditional right to defer settlement for any of these obligations. However based on past experience, the company does not expect all employees to avail the full amount of accured leave or require payment for such leave within next 12 months.

	As at March 31, 2021	As at March 31, 2020
Leave obligations not expected to be settled with in next 12 months	125	135

(i) Information about provisions for legal claims

(a) An objection was raised by the custom department on classification of one of the imported raw materials resulting in demand of differential custom duty. The Company filed an appeal against the order and is clearing the goods after furnishing of bank guarantee for differential duty against each import of such raw material. As on March 31, 2021 total differential custom duty demand is ₹ 132 (March 31, 2020: ₹ 128). Case is pending before Assistant Commissioner of Customs, Mumbai.

(b) Government of Rajasthan issued a notification resulting into an excise liability of ₹ 4 (March 31, 2020: ₹ 4). The Company has filed writ against the notification and has furnished fixed deposit against the said liability. The case is pending before Honorable Rajasthan High Court.

(ii) Movement in other provisions

	Legal claims
As at 1 April 2019	118
Provisions made during the year	14
As at 31 March 2020	**132**
Provisions made during the year	4
As at March 31, 2021	**136**

16 DEFERRED TAX (ASSETS) / LIABILITIES

The balance comprises temporary differences attributable to:		As at March 31, 2021	As at March 31, 2020
Deferred tax liabilities			
Plant, property and equipment		2,002	1,433
Intangible assets		14	13
Other comprehensive income items			
- Effective portion on cash flow hedges		137	-
Unrealised gain on mutual fund		67	-
Right to use assets		140	-
	A	**2,360**	**1,446**
Deferred tax assets			
Provision for employee benefits		(60)	(51)
Other provisions		(59)	(64)
Other financial liabilities		(6)	(7)
Trade receivables		(148)	(143)
Deferred lease liabilities		(148)	-
Other comprehensive income items			
- Remeasurements on defined benefit plans		(25)	(25)
- Effective portion on cash flow hedges		-	(236)
Others		(27)	(29)
Minimmum alternate tax (MAT) credit entitlement		(1,078)	(778)
	B	**(1,551)**	**(1,333)**
Net deferred tax (assets)/ liabilities	TOTAL	**809**	**113**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

Movement in deferred tax:	As at March 31, 2020	Recognized in P&L	Recognized in OCI	Other Adjustments*	As at March 31, 2021
Deferred tax liabilities					
Plant, property and equipment	1,433	569	-	-	2,002
Intangible assets	13	1	-	-	14
Other comprehensive income items					
- Effective portion on cash flow hedges	(236)	-	373	-	137
Unrealised gain on mutual fund	-	67	-	-	67
Right to use assets	-	140	-	-	140
Sub- Total (a)	**1,210**	**777**	**373**	**-**	**2,360**
Deferred tax assets					
Provision for employee benefits	51	9	-	-	60
Other provisions	64	(5)	-	-	59
Other financial liabilities	7	(1)	-	-	6
Trade receivables	143	5	-	-	148
Deferred lease liabilities	-	148	-	-	148
Other comprehensive income items					
- Remeasurements on defined benefit plans	25	-	(0)	-	25
Others	29	(2)	-	-	27
Minimmum alternate tax (MAT) credit entitlement	778	366	-	(66)	1,078
Sub- Total (b)	**1,097**	**520**	**(0)**	**(66)**	**1,551**
Net deferred tax (assets)/ liabilities (a)-(b)	**113**	**257**	**373**	**66**	**809**

Movement in deferred tax:	As at March 31, 2019	Recognized in P&L	Recognized in OCI	Other Adjustments**	As at March 31, 2020
Deferred tax liabilities					
Plant, property and equipment	1,093	340	-	-	1,433
Intangible assets	14	(1)	-	-	13
Other comprehensive income items					
- Remeasurements on defined benefit plans	-	-	-	-	-
- Effective portion on cash flow hedges	-	-	-	-	-
Sub- Total (a)	**1,107**	**339**	**-**	**-**	**1,446**
Deferred tax assets					
Provision for employee benefits	42	9	-	-	51
Other provisions	17	47	-	-	64
Other financial liabilities	9	(2)	-	-	7
Trade receivables	155	(12)	-	-	143
Other financial assets	-	-	-	-	-
Other comprehensive income items					
- Remeasurements on defined benefit plans	17	-	8	-	25
- Effective portion on cash flow hedges	(58)	-	294	-	236
Others	5	24	-	-	29
Minimmum alternate tax (MAT) credit entitlement	1,048	0	-	(270)	778
Sub- Total (b)	**1,234**	**67**	**302**	**(270)**	**1,333**
Net deferred tax (assets)/ liabilities (a)-(b)	**(127)**	**272**	**(302)**	**270**	**113**

*Actualisation of MAT credit utilisation for the FY 2019-20 on the basis of the return filed.

**Actualisation of MAT credit utilisation for the FY 2018-19 on the basis of the return filed.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

17 OTHER LIABILITIES

	Non- Current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Advance from customers	-	-	218	323
Refund/ Return liabilities *	-	-	307	95
Statutory dues payable	-	-	103	110
TOTAL	**-**	**-**	**628**	**528**

* The Company has a customary practice of accepting return and accordingly, the Company has recognised a refund liability amounting to ₹ 307 (March 31,2020: ₹ 95). The Company has also recognised a right to recover the returned goods ₹ 168 (March 31, 2020: ₹ 52). The costs to recover the products are not material because the customers usually return the product in a saleable condition.

18 CURRENT TAX LIABILITIES

	As at March 31, 2021	As at March 31, 2020
Provision for Income Tax (Net of Advance Income Tax ₹ 4,739 {March 31, 2020 ₹ 3,174})	65	44
TOTAL	**65**	**44**

19 REVENUE FROM OPERATIONS

	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from operations includes		
a) Sale of products	42,144	32,468
b) Sale of services	112	12
c) Other operating revenues:		
Scrap sales	95	16
Export incentives	411	572
Revenue From Operations (Net)	**42,762**	**33,068**

Reconciliation of revenue recognised with the contract price:	Year ended March 31, 2021	Year ended March 31, 2020
Contract Price	44,721	34,242
Adjustments for:		
Refund liabilities	(307)	(95)
Discount/Incentives	(2,270)	(1,679)
Revenue from Operations	**42,144**	**32,468**

Critical judgements in recognising revenue :

The Company has recognised Provision for discounts and sales returns amounting to ₹ 764 millions from sale of products to various customers during the year ended March 31, 2021 (March 31, 2020 ₹ 456). The provision has been determined by the management based on the current and expected operating environment, Sales returns variability, expected achievement of targets against various ongoing schemes floated.

20 OTHER INCOME

	Year ended March 31, 2021		Year ended March 31, 2020	
Interest Income from financial assets at amortised cost		502		163
Unwinding of discount on security deposits		14		15
Net gain/ (loss) on sale of Plant, property and equipment ;		1		-
Net gain on financial assets measured at fair value through profit or loss				
'-Realized Gain		23		19
'-Unrealized Gain/ (Loss)		188		(6)
Net foreign exchange differences	443		255	-
Less: transferred to capital work in progress	(117)	326	-	255
Dividend Income		-		0
Provision for bad and doubtful debts and advances no longer required		3		-
Miscellaneous Income		76		33
TOTAL		**1,133**		**479**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

21 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

	Year ended March 31, 2021		Year ended March 31, 2020	
Closing balance				
Finished Goods	1,371		931	
Stock in trade	355		466	
Work in Progress	869		303	
Right to recover returned goods (refer note 9)	168	2,763	52	1,752
Opening balance				
Finished Goods	931		735	
Stock in trade	466		292	
Work in Progress	303		595	
Right to recover returned goods (refer note 9)	52	1,752	107	1,729
TOTAL		**(1,011)**		**(23)**

22 EMPLOYEE BENEFIT EXPENSE

	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages and bonus	3,670	3,241
Contribution to provident & other funds (refer note 30)	139	131
Gratuity (Refer Note 30)	59	57
Long term compensated absences	43	46
Employees Welfare Expenses	153	136
Expense on Employee Stock Option Scheme (refer Note 31)	(31)	(4)
TOTAL	**4,033**	**3,607**
Less: transferred to capital work in progress	374	494
TOTAL	**3,659**	**3,113**

23 OTHER EXPENSES

	Year ended March 31, 2021	Year ended March 31, 2020
Power, fuel & water	1,153	1,103
Consumption of stores & spares	331	317
Repairs & maintenance		
- Buildings	58	47
- Plant and machinery	289	247
- Others	203	174
Environment & pollution control expenses	684	480
Laboratory & testing charges	378	313
Freight & cartage	481	300
Advertisement & sales promotion	335	445
Travelling and conveyance	278	424
Rental charges {Refer note 32(c)}	75	80
Rates and taxes	39	35
Insurance	127	112
Donation	54	8
Loss on Sale/Retirement of property, plant and equipment (Net)	-	13
Payment to auditors {Refer note 23 (a) below}	8	5
Telephone and communication charges	45	46
Provision for bad and doubtful debts & advances	-	122
Director sitting fees and commission	16	15
Legal & professional fees	274	292
Technical Know How Fees	18	12
Bank charges	57	20

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

	Year ended March 31, 2021	Year ended March 31, 2020
Corporate social responsibility expenditure {Refer note 24 below}	109	102
Miscellaneous expenses	407	272
TOTAL	**5,419**	**4,984**
Less: transferred to capital work in progress	32	134
TOTAL	**5,387**	**4,850**
a. Auditors' Remuneration#		
-Audit fees *	6	3
- Limited review fees	1	1
-Certificates & other matters	1	1
-Reimbursement of expenses	0	0
TOTAL	**8**	**5**

Excluding fees relating to Qualified Institutional Placement ₹ 13, debited to securities premium reserve.

* Includes audit fees amounting to ₹ 1 related to year ended March 31, 2020

24 CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

	Year ended March 31, 2021	Year ended March 31, 2020
Contribution to PI Foundation Trust for CSR activities	109	102
Amount required to be spent by the Company during the year as per Section 135 of the Act	109	102
Amount spent during the year on :		
(i) Construction/acquisition of an asset	-	-
(ii) On purpose other than (i) above	109	102

25 DEPRECIATION AND AMORTIZATION EXPENSES

	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation of Property, Plant and Equipment (Refer Note 4)	1,405	1,129
Amortization of ROU (Refer Note 4)	169	182
Amortization of Intangible Assets (Refer Note 5)	29	21
TOTAL	**1,603**	**1,332**

26 FINANCE COST

	Year ended March 31, 2021	Year ended March 31, 2020
Interest on financial liabilities measured at amortised cost	237	151
Less: transferred to capital work in progress	-	(19)
Interest and finance charges on lease liability	43	46
Other borrowing costs	1	2
TOTAL	**281**	**180**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

27 INCOME TAX EXPENSE

		Year ended March 31, 2021	Year ended March 31, 2020
a)	Income tax expense recognized in Profit and Loss		
	Current tax expense		
	Current tax on profits for the year	1,588	1,236
	Adjustment of current tax for prior year periods	66	13
	Total Current tax expense	**1,654**	**1,249**
	Deferred tax expense		
	(Decrease) / Increase in Deferred tax liability	777	339
	Decrease / (Increase) in Deferred tax assets	(520)	(67)
	Net Deferred tax expense	**257**	**272**
	Total Income tax expense	**1,911**	**1,521**
b)	**Deferred tax related to items recognised in Other comprehensive income during the year**		
	Remeasurement of defined benefit plans	0	(8)
	Effective portion on cash flow hedges	373	(294)
	Income tax charged to Other comprehensive income	**373**	**(302)**
c)	**Reconciliation of tax expense and the accounting profit multiplied by India's tax rate**		
	Accounting profit before tax	9,100	5,944
	Tax at India's statutory income tax rate @ 34.944% (March 31, 2020: 34.944%)	3,180	2,077
	Adjustment in respect of current income tax of previous years	66	13
	Effect of concessions (expenditure on research and development)	-	(156)
	Effect of income that is exempt from taxation (operations in tax free zone)	(1,340)	(431)
	Effect of amounts which are not deductible in calculating taxable income	5	18
	Income Tax Expense	**1,911**	**1,521**

28 RESEARCH & DEVELOPMENT EXPENSES

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

a) Revenue Expenditure

	Year ended March 31, 2021	Year ended March 31, 2020
Other Income	0	0
TOTAL	**0**	**0**
Employee Benefit Expenses		
Salaries, Wages & Bonus	449	374
Contributions to Provident & other funds	29	26
Employee Welfare Expenses	7	8
	485	**408**
Raw & Packing Materials Consumed	**140**	**115**
Other Expenses		
Laboratory & testing Material	78	71
Power, Fuel & Water	47	51
Consumption of stores & spares	79	47
Testing &analysis	50	26
Travelling & conveyance	11	21
Rates and taxes	0	0
Printing & Stationery	0	1
Bank Charges	0	0
Legal & professional fees	39	31
Miscellaneous Expenses	72	41
	376	**289**
Depreciation		
Depreciation	132	108
TOTAL	**1,133**	**920**
Total Expenditure Allowed	**1,133**	**920**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

b) Capital Expenditure

Description	Year ended March 31, 2021	Year ended March 31, 2020
Buildings	10	55
Equipments & Others	225	174
TOTAL	**235**	**229**

29 EARNING PER SHARE (EPS)

		Year ended March 31, 2021	Year ended March 31, 2020
a)	Net Profit for Basic & Diluted EPS	7,189	4,423
b)	Number of Equity Shares at the beginning of the year	138,107,993	138,030,651
	Add: Issue of Shares under ESOP/ QIP	13,610,125	77,342
	Total Number of Shares outstanding at the end of the Period	**151,718,118**	**138,107,993**
	Weighted Average number of Equity Shares outstanding during the period - Basic	**148,023,217**	**138,054,383**
	Add: Weighted Average number of Equity Shares arising out of grant of ESOP	35,849	27,844
	Weighted Average number of Equity Shares outstanding during the year - Diluted	**148,059,066**	**138,082,227**
	Earning Per Share - Basic (₹)	48.56	32.04
	Earning per share - Diluted (₹)	48.55	32.02
	Face value per share (₹)	1.00	1.00

30 EMPLOYEE BENEFITS

The Company participates in defined contribution and benefit schemes, the assets of which are held (where funded) in separately administered funds. For defined contribution schemes the amount charged to the statements of profit or loss is the total of contributions payable in the year.

Provident Fund

In accordance with the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 (EPF and MP Act), employees are entitled to receive benefits under the Provident Fund. Employers and employees both contribute @12% of wages in contribution accounts. Further, the employers also contribute towards administration of the benefits under the EPF and MP Act. All employees have an option to make additional voluntary contributions as permissible under the Act. These contributions are made to the fund administered and managed by the Employee Provident Fund organization. The Company has no further obligations under the fund managed by the Employee Provident Fund Organization (EPFO) beyond its monthly contributions which are charged to the statements of profit or loss in the period they are incurred. The benefits are paid to employees on their retirement or resignation from the EPFO. Also, refer note 33.

Gratuity Plan

In accordance with the Payment of Gratuity Act of 1972, PI Industries Limited has established a defined benefit plan (the “Gratuity Plan”). The Gratuity Plan provides a lump sum payment to the employees at the time of retirement or resignation (after 5 years of continued services of employment), being an amount based on the respective employee’s last drawn salary and the number of years of employment with the Company. Based on actuarial valuations conducted as at year end, a provision is recognised in full for the benefit obligation over and above the funds held in the Gratuity Plan. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

Long term compensated absences

The liabilities for compensated absence namely earned and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit and loss.

a) Defined Contribution Plans: -

The Company has recognised an expense of ₹ 139 (Previous Year ₹ 131) towards the defined contribution plan.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

b) Defined benefits plans - as per actuarial valuation

I Change in present value of obligation during the year

	Year ended March 31, 2021 Gratuity Funded	Year ended March 31, 2020 Gratuity Funded
Present value of obligation at the beginning of the year	326	259
Total amount included in profit and loss: *		
- Current Service Cost	48	42
- Interest Cost	22	20
- Past Service Cost	4	-
Total amount recognised in profit or loss	74	62
Total amount included in OCI:		
Remeasurement related to gratuity:		
Actuarial losses/(gains) arising from:		
- Demographic Assumption	(1)	0
- Financial assumption	-	23
- Experience Judgement	(8)	2
Others		
Benefits Paid	(27)	(20)
Present Value of obligation as at year-end	**364**	**326**

*Includes expenses reclassified to capital work in progress ₹ 6 (March 31, 2020 ₹ 6)

II Change in Fair Value of Plan Assets during the year

	Year ended March 31, 2021	Year ended March 31, 2020
Plan assets at the beginning of the year	219	81
Included in profit and loss:		
Expected return on plan assets	15	6
Included in OCI:		
Actuarial Gain/(Loss) on plan assets	(8)	3
Others:		
Employer's contribution	85	148
Benefits paid	(17)	(17)
Claim received during the year from fund manager	-	-
Pending claim with fund manager	(10)	(2)
Plan assets at the end of the year	**284**	**219**

The plan assets are managed by the Gratuity Trust formed by the Company. The management of 100% of the funds is entrusted with the Life Insurance Corporation of India, HDFC Standard Life Insurance Company Ltd. and Kotak Mahindra Old Mutual Life Insurance Ltd.

III Reconciliation of Present value of Defined Benefit Obligation and Fair Value of Plan Assets

	Year ended March 31, 2021 Gratuity Funded	Year ended March 31, 2020 Gratuity Funded
1 Present Value of obligation as at year-end	364	326
2 Fair value of plan assets at yearend	284	219
3 Funded status {Surplus/(Deficit)}	(80)	(107)
Net Asset/(Liability)	(80)	(107)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

IV Bifurcation of Present value of obligation at the end of the year

		Year ended March 31, 2021 Gratuity Funded	Year ended March 31, 2020 Gratuity Funded
1	Current Liability	-	-
2	Non-Current Liability	80	107
V	**Actuarial Assumptions**		
1	Discount Rate	6.79%	6.79%
2	Expected rate of return on plan assets	7.50%	7.50%
3	Mortality Table	IALM (2012-14)	IALM (2012-14)
4	Salary Escalation	7.00%	7.00%

VI The expected contribution for Defined Benefit Plan for the next financial year will be ₹ 61 (March 31, 2020: ₹ 58).

VII Sensitivity Analysis

Gratuity	Year ended March 31, 2021 Increase	Year ended March 31, 2020 Increase
Discount rate (0.50 % movement)	(15)	(14)
Future salary growth (0.50 % movement)	16	15

VIII Maturity Profile of Defined Benefit Obligation

	Year ended March 31, 2021 Gratuity Funded	Year ended March 31, 2020 Gratuity Funded
Within the next 12 months	17	18
Between 2-5 years	82	60
Beyond 5 years	265	248

IX Major categories of plan assets :

The plan assets are managed by the Gratuity Trust formed by the Company. The management of 100% of the funds is entrusted with the Life Insurance Corporation of India, HDFC Standard Life Insurance Company Ltd. and Kotak Mahindra Old Mutual Life Insurance Ltd. Refer Below for major categories of plan assets invested where available :

a) Life Insurance Corporation of India (LIC) :- The details of investments maintained by LIC are not available and have therefore not been disclosed.

b) HDFC Standard Life Insurance Company Ltd.:- 30.67% (PY 28.19%) of the Funds are in Defensive Manager Fund and 69.33% (PY 71.81%) of the Funds are in Secure Managed Fund.

c) Kotak Mahindra Old Mutual Life Insurance Ltd. :- 51.14% (PY 55.77%) of the Funds are in Kotak Group Bond Fund, 37.10% (PY 31.17%) of the Funds are in Kotak Group Balance Fund and 11.76% (PY 13.06%) of the Funds are in Kotak Group Short Term Bond Fund.

X Description of Risk Exposures:

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follow -

A) Salary Increases- Actual salary increases will increase the Plan’s liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

B) Investment Risk – If Plan is funded then the mismatch between assets and liabilities and actual return on assets being lower than the discount rate assumed at the last valuation date can impact the liability.

C) Discount Rate: Reduction in discount rate in subsequent valuations can increase the plan’s liability.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

D) Mortality & disability – Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

E) Withdrawals – Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

c) Long term compensated absences

The provision for long term compensated absences covers the Company's liability for earned and sick leave, the amount of provision recognised is ₹ 180 (March 31, 2020 ₹ 152).

31 SHARE BASED PAYMENTS

Employee Stock Option Plan

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

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

Key terms of the scheme	
Date of Shareholder's Approval	21-Jan-11
Total Number of Options approved	62,62,090
Vesting Requirements	Options shall vest after a lock in period of one year from the date of grant. Option shall vest in four years as per the Company's ESOP plan. (Refer vesting schedule below)
The Pricing Formula	10% discount to market price on National Stock Exchange a day prior to date of grant
Maximum term of Options granted (years)	10 years
Method of Settlement	Shares
Source of shares	Primary-Fresh equity allotment by Company to the Trust
Variation in terms of ESOP	Nil
Vesting schedule	Under the plan, participants are granted options which vests at 15%, 25%, 30%, 30% respectively each year over a period of 4 years or as defined in Grant letter.
Exercisable period	Once vested, the options remain excisable for a period of six years
Vesting condition	Vesting shall be computed through performance evaluation method based on conditions pre-communicated to employees.

I. Option Movement during the year ended March 2021

	Year ended March 31, 2021		Year ended March 31, 2020	
	No. of Options	Wt. avg exercise Price (in ₹)	No. of Options	Wt. avg exercise Price (in ₹)
No. of Options Outstanding at the beginning of the year	2,07,178	623.36	4,39,351	592.87
Options Granted during the year	-	NA	-	NA
Options Forfeited / Surrendered during the year	53,638	744	72,488	711.90
Total number of shares arising as a result of exercise of options	64,277	618.37	1,59,685	499.27
Money realised by exercise of options (₹ Mn)	40	NA	80	NA
Number of options Outstanding at the end of the year	89,263	599	2,07,178	623.36
Number of Options exercisable at the end of the year	89,263	599	1,31,036	574.51

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

II. Weighted Average remaining contractual life

Range of Exercise Price	Year ended March 31, 2021		Year ended March 31, 2020	
	No. of Options Outstanding	Weighted average contractual life (years)	No. of Options Outstanding	Weighted average contractual life (years)
25 to 75	-	NA	-	NA
75 to 150	10,717	2.34	24,349	3.16
150 to 450	1,520	3.47	5,254	4.47
450 to 750	77,026	5	1,77,575	5.57

III. Weighted average Fair Value of Options granted during the year

Range of Exercise Price	March 31, 2021	March 31, 2020
Exercise price is less than market price (in ₹) *	NA	NA

*No options granted during the year ended March 31, 2021 and March 31, 2020.

IV. The weighted average market share price of options exercised during the year ended March 31, 2021 is ₹ 2,066.99 (March 31, 2020 is ₹ 1,327)

V. Method and Assumptions used to estimate the fair value of options granted during the year ended:

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

The Assumptions used in the model are as follows:

Variables	March 31, 2021 Weighted Average *	March 31, 2020 Weighted Average
1. Risk Free Interest Rate	NA	NA
2. Expected Life (in years)	NA	NA
3. Expected Volatility	NA	NA
4. Dividend Yield	NA	NA
5. Exercise Price (in ₹)	NA	NA
6. Price of the underlying share in market at the time of the option grant. (in ₹)	NA	NA

* No options granted during the year ended March 31, 2021 and March 31, 2020.

VI. Particulars

Particular	March 31, 2021	March 31, 2020
Employee Option plan expense	(31)	(4)
Total liability at the end of the period	Nil	42

32 CAPITAL & OTHER COMMITMENT

		March 31, 2021	March 31, 2020
A	Estimated Amount of Contracts remaining to be executed on capital account and not provided for {Net of advances ₹ 81 (March 31, 2020: ₹ 298)}	167	361
B	Export Commitment	5,873	5,712
C	Leases		

Operating lease commitments - As lessee

The Company leases various offices, warehouses, godown, IT equipment and vehicles. Rental contracts are typically made for fixed periods of 6 months to 9 years. The leases have varying terms, escalation clauses and renewal rights. From April 1, 2019, the company has recognised Right of Use Assets for these leases except for short term and low value lease (refer table below).

Particular	March 31, 2021	March 31, 2020
Short term lease expense	45	71
Low value lease expense	30	9
Total (refer note 23)	**75**	**80**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

Total of future minimum lease payments under non-cancellable short term operating leases for each of the following periods:

Particular	March 31, 2021	March 31, 2020
Payable within one year	25	20
-Later than one year and not later than five years	48	26
-Later than five years	-	-
-Lease payments recognised in Statement of Profit and Loss (Refer note 23)	75	80

33 CONTINGENT LIABILITIES

		March 31, 2021	March 31, 2020
a.	Claims against the company not acknowledged as debt; *		
	(refer note (i) below)		
	- Sales Tax	45	62
	- Excise Duty	16	16
	- Income Tax	94	78
	- ESI	-	1
	- Other matters, including claims relating to customers, labour and third parties etc.	94	19
b.	Guarantees excluding financial guarantees;		
	- Performance bank guarantees	386	440
c.	Other money for which the Company is contingently liable		
	- Letter of Credit	2,873	1,393

Notes:

(i) Represents amounts as stated in Demand Order excluding interest and penalty

* Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of the cash outflows, if any, in respect of the above as it is determinable only on receipt of the judgements/ decisions pending with various forums / authorities.

The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.

"In Company's assessment the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 and circular No. C-I/1(33)2019/Vivekanand Vidyamandir/717 dated August 28, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 and computation of liability to be done as per provision of Para 2(f) of EPF Scheme, 1952, the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in these Financial Statements".

34 OPERATING SEGMENT

An operating segment is defined as a component of the entity that represents business activities from which it earns revenues and incurs expenses and for which discrete financial information is available. The operating segments are based on the Company's internal reporting structure and the manner in which operating results are reviewed by the Chief Operating Decision Maker (CODM).

The Company has evaluated the applicability of segment reporting and has concluded that since the Company is operating in the field of Agro Chemicals both in the domestic and export markets and the CODM reviews the overall performance of the agro chemicals business, accordingly the Company has one reportable business segment viz. Agro Chemicals.

I Revenue:

A. Information about product revenues:

The Company is in the business of manufacturing and distribution of Agro Chemicals. The amount of its revenue from external customers broken down by products is shown in the table below:

Particular	March 31, 2021	March 31, 2020
Active Ingredients and Intermediates	33,211	25,517
Formulations	8,999	7,324
Others	552	227
TOTAL	**42,762**	**33,068**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

B. Geographical Areas

The Company is domiciled in India. The amount of its revenue from external customers broken down by location of the customers is shown in the table below (also refer note 38):

Particular	March 31, 2021	March 31, 2020
India	10,478	8,678
Asia (other than India)	9,117	8,522
North America	15,912	11,911
Europe	2,873	2,583
Rest of the World	4,382	1,374
	42,762	**33,068**

II. The total of Non-current assets (other than financial instruments and deferred tax assets), broken down by location of the assets, is shown in the table below:

Particular	March 31, 2021	March 31, 2020
India	21,437	19,725
Asia (other than India)	0	1
Europe	5	5
	21,442	**19,731**

35 RELATED PARTY DISCLOSURES

Related party disclosure, as required by Indian Accounting Standard-24, is as below:

a) Nature of Related Party relationship

I - Subsidiaries, Associates and Controlled Trust:

(a)	PILL Finance and Investment Limited	Subsidiary
(b)	PI Life Science Research Limited	Subsidiary
(c)	PI Japan Co. Limited	Foreign Subsidiary
(d)	Solinnos Agro Sciences Private Limited	Associate
(e)	PI Kumiai Private Limited	Joint Venture
(f)	PII ESOP Trust	Controlled Trust
(g)	Isagro (Asia) Agrochemicals Pvt. Ltd.	Subsidiary of the Company w.e.f December 27, 2019
(h)	Jivagro Limited	Subsidiary (Incorporated as wholly owned subsidiary of the Company w.e.f. December 12, 2019)
(i)	PI Fermachem Private Limited	Subsidiary (Incorporated as wholly owned subsidiary of the Company w.e.f. September 11, 2020)
(j)	PI Enzachem Private Limited	Subsidiary (Incorporated as wholly owned subsidiary of the Company w.e.f. September 11, 2020

II- Key Management Personnel (KMP) & their relatives with whom transactions have taken place:

(a) Key Management Personnel

Mr. Mayank Singhal	Vice Chairman and Managing Director
Mr. Rajnish Sarna	Whole-Time Director
Dr. Raman Ramachandran	Managing Director & CEO (W.e.f July 1, 2019)
Mr. Narayan K. Seshadri	Non-executive Director (Chairman)
Mr. Pravin K. Laheri	Non-executive Director
Ms. Ramni Nirula	Non-executive Director
Mr. Ravi Narain	Non-executive Director (Until May 01, 2019)
Mr. Arvind Singhal	Non-executive Director
Dr. Tanjore Soundararajan Balganesh	Non-executive Director
Ms. Lisa Jane Brown	Non-executive Director (w.e.f. August 4, 2020)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

(b) Relatives of Key Management Personnel

Mr. Salil Singhal	Father of Mr. Mayank Singhal
Ms. Madhu Singhal	Mother of Mr. Mayank Singhal
Ms. Pooja Singhal	Sister of Mr. Mayank Singhal

III - - Entities controlled by KMP with whom transactions have taken place:

(a) PI Foundation

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

Nature of Transaction	Type of relation	2020-21		2019-20	
		Transactions during the period	Balance outstanding Dr (Cr)	Transactions during the period	Balance outstanding Dr (Cr)
Compensation to KMP					
-Short term employee benefits		292		212	
-Post employment benefits		10		27	
-Commission and other benefits to non-executive/ independent directors	a(ii)(a)	16		15	
Total		**318**	**(271)**	**254**	**(180)**
Other Transactions					
Purchase of services	a(i)(b)	48	-	38	(7)
	a(i)(c)	61	(10)	58	(11)
	a(i)(g)	315	(266)	-	-
	a(ii)(b)	13	(2)	13	(2)
Purchase of Goods	a(i)(e)	665	(25)	239	(181)
	a(i)(g)	39	(21)	-	-
	a(i)(h)	65	(8)	-	-
Purchase of capital goods	a(i)(g)	15	-	-	-
Sales of services	a(i)(d)	1	-	1	0
	a(i)(e)	122	-	3	-
	a(i)(g)	12	-	-	-
Sale of Goods	a(i)(e)	448	5	158	58
	a(i)(g)	119	14	0	5
	a(i)(h)	235	5	4	0
Sale of capital goods	a(i)(g)	66	-	-	-
Sale of MEIS licence	a(i)(g)	28	-	-	-
Rent and Power Cost received	a(i)(b)	6	-	7	0
Rent and Power Cost received	a(i)(d)	0	-	0	-
Rent and Power Cost received	a(i)(e)	4	-	4	-
Rent and Power Cost paid	a(i)(a)	0	(0)	0	(0)
Rent and Power Cost paid	a(ii)(b)	2	-	2	(0)
Security Deposits	a(i)(a)	-	0	-	0
Loans Given	a(i)(f)	-	58	53	125
Loans Received	a(i)(f)	68	-	50	-
Travel & Other expenditure	a(ii)(a)	5	5	37	11
incurred	a(ii)(b)	-	-	5	-
Dividend Paid	a(ii)(a)	122	-	147	-
	a(ii)(b)	143	-	175	-
	a(i)(f)	0	-	1	-
Investments	a(i)(h)	-	-	-	-
	a(i)(i)	0	-	-	-
	a(i)(j)	0	-	-	-
Recovery of Dues on account of expenses incurred	a(ii)(b)	-	-	0	-
Contribution towards CSR Activities	a(iii)	109	-	102	-
Donation	a(iii)	4	-	5	-

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

c) **Terms and conditions of transactions with related parties**

The sales and purchases / services rendered to and from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2020: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

36 DISCLOSURES REQUIRED UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006

	March 31, 2021 Amount	March 31, 2020 Amount
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	226	56
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	325	277
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	2	1
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Amount of 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 the MSMED Act	-	-
Interest accrued and remaining unpaid at the end of each accounting year	0	0
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act	2	1

37 FINANCIAL INSTRUMENTS

1 Financial instruments – Fair values and risk management

A. Financial instruments by category

	Notes	March 31 2021			March 31 2020		
		FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial assets							
Non-current assets							
Loans	7(c)	-	-	42	-	-	56
Derivative financial instruments	7(g)	-	192	-	-	-	-
Other financial asset	7(g)	-	-	52	-	-	30
Current assets							
Investments	7(b)	7,059	-	-	-	-	-
Trade receivables	7(d)	-	-	6,206	-	-	5,483
Cash and cash equivalents	7(e)	-	-	972	-	-	1,079
Bank balance other than cash and cash equivalents	7(f)	-	-	14,612	-	-	25
Loans and advances	7(c)	-	-	138	-	-	157
Derivative financial instruments	7(g)	-	292	-	-	-	-
Other financial assets	7(g)	-	-	135	-	-	306
TOTAL		**7,059**	**484**	**22,157**			**7,136**
Financial liabilities							
Non-current liabilities							
Borrowings	14(a)	-	-	2,574	-	-	3,994
Derivative Financial Instrument	14(d)	-	-	-	-	257	-
Other financial liabilities	14(d)	-	-	484	-	-	491
Current liabilities							
Borrowings	14(b)	-	-	701	-	-	1,180
Trade payables	14(c)	-	-	7,796	-	-	5,538
Derivative financial	14(d)	-	-	-	-	508	-
Other financial liabilities	14(d)	-	-	2,322	-	-	2,109
TOTAL		**-**	**-**	**13,877**	**-**	**765**	**13,312**

* Excluding Investment in subsidiaries measured at cost in accordance with Ind AS 27

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

B. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

	Notes	March 31 2021			March 31 2020		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets							
Investment in mutual funds	7(b)	7,059	-	-	-	-	-
Derivative financial instruments	7(g)	-	484	-	-	-	-
TOTAL		**7,059**	**484**	**-**	**-**	**-**	**-**
Financial liabilities							
Derivative financial instruments	14(d)	-	-	-	-	766	-
TOTAL		**-**	**-**	**-**	**-**	**766**	**-**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

	Notes	March 31 2021			March 31 2020		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets							
Security deposits	7(c)	-	-	59	-	-	51
Loans and advances to related parties (PII ESOP Trust)	7(c)	-	-	58	-	-	112
TOTAL		**-**	**-**	**117**	**-**	**-**	**163**
Financial liabilities							
Security deposits from contractors	14(d)	-	-	4	-	-	3
TOTAL		**-**	**-**	**4**	**-**	**-**	**3**

The fair value of cash and cash equivalents, bank balances other than Cash and cash equivalents, trade receivables, short term loans, contract assets, current financial assets, trade payables, current financial liabilities and borrowings approximate their carrying amount, largely due to the short-term nature of these instruments. Long-term debt has been contracted at floating rates of interest, which are reset at short intervals. Accordingly, the carrying value of such long-term debt approximates fair value. Fair value for security deposits (other than perpetual security deposits) has been presented in the above table. Fair value for all other non-current assets and liabilities is equivalent to the amortised cost, interest rate on them is equivalent to the market rate of interest.

Fair value hierarchy

The table shown above analyses financial instruments carried at fair value, by valuation method. The different levels have been defined below:

Level 1 - This includes financial instruments measured using quoted prices. The mutual funds are valued using closing net assets value (NAV).

Level 2 – The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There are no transfers between level 1, level 2 and level 3 during the year.

Valuation technique used to determine fair value:

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices

- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date

- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

The fair values for security deposits (assets & liabilities) were calculated based on present values of cash flows and the discount rates used were adjusted for counterparty or own credit risk. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit.

38 FINANCIAL RISK MANAGEMENT

Risk management framework

The Company is exposed to credit risk, liquidity risk and market risk. The Company's board of directors has the overall responsibility for the management of these risks and is supported by Management Advisory Committee that advises on the appropriate financial risk governance framework. The Company has risk management policies and systems in place which are reviewed regularly to reflect changes in market conditions and price risk along with the Company's activities. The Company's audit committee oversees how management monitors compliance with the financial risk management policies and procedures and reviews the adequacy of risk management framework in relation to the risks faced by the Company.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and impact of hedge accounting in the financial statements.

I. Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation, and arises from the operating activities primarily (trade receivables) and from its financing activities including cash and cash equivalents, deposits with banks, derivatives and other financial instruments. The carrying amount of financial assets represents the maximum credit exposure and is as follows:

Trade and other receivables and contract assets

he Company’s exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

he Company has established a credit policy under which each customer is analyzed individually for creditworthiness before the Company’s credit terms are offered. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. Credit limits are established for each customer and reviewed periodically. Any sales order exceeding those limits requires approval from the appropriate authority. There is one customer having revenue of ₹ 15,743 (March 31, 2020 ₹ 12,353) including an amount of ₹ 9,984 and ₹ 5,759 (March 31, 2020 ₹ 7,039 and ₹ 5,314) arising from shipments to United States of America and Japan respectively.

The concentration of credit risk is limited in domestic market due to the fact that the customer base is large and unrelated. The Company's exports are mainly carried out in countries which have stable economic conditions, where the concentration is relatively higher; however the credit risk is low as the customers have good credit ratings.

The Company computes an allowance for impairment of trade receivables based on a simplified approach, that represents its expected credit losses. The Company uses an allowance matrix to measure the expected credit loss of trade receivables. Loss rates are based on actual credit loss experienced over the past 3 years. These loss rates are adjusted by considering the available, reasonable and supportive forward-looking information like limited impacted of COVID – 19 on domestic trade receivable engaged in exempted areas of agricultural activities.

The following table provides information about the exposure to credit risk and expected credit loss:

Reconciliation of loss allowance provision – Trade receivables and Interest and Other charges recoverable from customer

	March 31, 2021	March 31, 2020
Opening balance	529	442
Changes in loss allowance	(3)	87
Closing balance	**526**	**529**

Cash and cash equivalents, deposits with banks, mutual funds and other financial instruments

Credit risk from balances with banks and other financial instruments is managed by Company in accordance with its policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

credit limits are reviewed by the management and may be updated throughout the year. Company also invests in mutual funds based on the credit ratings, these are reviewed for safety, liquidity and yield on regular basis.

Impairment on cash and cash equivalents, deposits and other financial instruments has been measured on the 12-month expected credit loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on external credit ratings of counterparties.

Based on the assessment there is no impairment in the above financial assets.

Derivatives

The derivatives are entered with banks and financial institution counterparties which have low credit risk based on external credit ratings of counterparties.

Exposure to credit risk:

The gross carrying amount of financial assets, net of impairment losses recognized represents the maximum credit exposure. The maximum exposure to credit risk as at March 31, 2021 and March 31, 2020 was as follows:

	March 31, 2021	March 31, 2020
Trade receivables	6,206	5,483
Cash and cash equivalents	972	1,079
Bank balances other than above	14,612	25
Investments	7,059	-
Loans	180	213
Other financial assets	671	336
TOTAL	**29,700**	**7,136**

II. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Due to the dynamic nature of underlying businesses, the Company maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecast of Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. The Company does not anticipate material impact on future cash flows as agricultural activities are exempted from COVID -19 related travel restrictions. In addition, the company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(a) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	March 31, 2021	March 31, 2020
Expiring within one year		
- Fund based (Floating rate)	3,694	3,983
- Non fund based (Fixed rate)	497	551

(b) Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include estimated interest payments and exclude the impact of netting agreements.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

March 31, 2021	Contractual cash flows					
	Total	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Term Loans from Banks	3,290	-	705	940	1,645	-
Interest Accrued but not due on Borrowings	4	4	-	-	-	-
Interest payment on term loan						
Short term loan from Banks	95		39	32	24	-
Trade Payables (Due to micro and small enterprises)	226	226	-	-	-	-
Trade Payables (Other Trade Payables)	7,570	7,570	-	-	-	-
Employee payables	766	232	534	-	-	-
Security Deposits from Dealers	202	-	-	-	-	202
Security Deposits from Contractors	4	4	-	-	-	-
Unclaimed Dividends	43	43	-	-	-	-
Creditors for Capital Purchases	437	437	-	-	-	-
Deferred Lease Liability	424	54	90	112	164	4
Other Payable	926	465	461	-	-	-
TOTAL	**13,987**	**9,035**	**1,829**	**1,084**	**1,833**	**206**

March 31, 2020	Contractual cash flows					
	Total	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Term Loans from Banks	4,128	108	219	1,361	2,440	-
Interest Accrued but not due on Borrowings	12	12	-	-	-	-
Interest payment on Term Loan	691	47	193	234	217	-
Short Term Loans from Banks	1,083	1,083	-	-	-	-
Trade Payables (Due to micro and small enterprises)	56	56	-	-	-	-
Trade Payables (Other Trade Payables)	5,482	5,482	-	-	-	-
Employee payables	640	229	411	-	-	-
Security Deposits from Dealers	195	-	-	-	-	195
Security Deposits from Contractors	3	3	-	-	-	-
Unclaimed Dividends	7	7	-	-	-	-
Creditors for Capital Purchases	502	502	-	-	-	-
Deferred Lease Liability	459	67	97	112	153	30
Other Payable	782	421	361	-	-	-
TOTAL	**14,040**	**8,017**	**1,281**	**1,707**	**2,810**	**225**

III. Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

The Company is exposed to market risk primarily related to foreign exchange rate risk (currency risk), interest rate risk and market value of its investments. Thus, the Company's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currencies.

Foreign Currency risk

The company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US$ and Euro. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (₹). The Company uses forward exchange contracts to hedge its currency risk and are used

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

exclusively for hedging purposes and not for trading and speculative purposes. These forward exchange contracts, carried at fair value, may have varied maturities depending upon the primary host contract requirement and risk management strategy of the Company. The objective of the hedges is to minimize the volatility of the ₹ cash flows of highly probable forecast transactions.

The Company's risk management policy is to hedge around 50% to 100% for first year and balance up to 70% of the net exposure with forward exchange contracts. The remaining exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short term requirements. Hedging decisions are based on rolling forex cash flow statement prepared and reviewed on a monthly basis. Such contracts are designated as cash flow hedges.

The foreign exchange forward contracts are denominated in the same currency as the highly probable future sales transaction; therefore, the hedge ratio is 1:1. The Company's hedge policy allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective assessments to ensure that an economic relationship exists between the hedged item and the hedged instrument. The Company enters into hedge instruments where the critical terms of hedging instrument are aligned with terms of the hedged item.

Ineffectiveness is recognised on a cash flow hedge where the cumulative change in the value of the hedging instruments exceeds on an absolute basis the change in the value of the hedged item attributable to the hedged risk. Hedge ineffectiveness may arise due to the following:

- the critical terms of the hedging instrument and the hedged item differ (i.e. nominal amounts, timing of the forecast transaction, interest resets change from what was originally estimated), or

- differences arise between the credit risk inherent within the hedged item and the hedging instrument.

Foreign currency risk exposure -

The currency profile of financial assets and financial liabilities as at March 31, 2021 and March 31, 2020 expressed in Indian Rupees (₹) are as below:

Non derivative

Particulars	March 31, 2021					
	USD	EURO	JPY	GBP	CHF	AUD
Financial assets						
Cash and cash equivalents (EEFC Account)	320	-	-	-	-	-
Trade receivables	4,260	20	7	-	-	-
	4,580	**20**	**7**	**-**	**-**	**-**
Financial liabilities						
Borrowings (Term Loan)	3,275	-	-	-	-	-
Trade payables	3,984	22	108	0	-	-
	7,259	**22**	**108**	**0**	**-**	**-**

Particulars	March 31, 2020					
	USD	EURO	JPY	GBP	CHF	AUD
Financial assets						
Cash and cash equivalents (EEFC Account)	9	-	-	-	-	-
Trade receivables	3,826	59	15	-	-	-
	3,835	**59**	**15**	**-**	**-**	**-**
Financial liabilities						
Borrowings (Term Loan)	2,363	-	-	-	-	-
Trade payables	3,188	71	-	1	1	-
	5,551	**71**	**-**	**1**	**1**	**-**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

The following significant exchange rates have been applied during the year.

	Year-end spot rate (₹)	
	March 31, 2021	March 31, 2020
USD	73.11	75.67
EUR	85.75	82.77
JPY (100)	66.11	69.63
GBP	100.75	93.50
CHF	77.56	78.29
AUD	55.70	46.08

Sensitivity analysis

A reasonably possible strengthening (weakening) of the foreign currency at March 31 would have affected the measurement of financial instruments denominated in foreign currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, interest rates, remain constant and ignores any impact of forecast sales and purchases. Impact of hedging, if any has not been considered here. A 5% increase or decrease is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign currency rate.

Particulars	Profit or loss, net of tax		Impact on other components of equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
March 31, 2021				
5% movement				
USD	(87)	87	-	-
EUR	-	-	-	-
JPY (100)	(329)	329	-	-
GBP	(0)	0	-	-
TOTAL	**(416)**	**416**	**-**	**-**

Particulars	Profit or loss, net of tax		Impact on other components of equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
March 31, 2020				
5% movement				
USD	(56)	56	-	-
EUR	(0)	0	-	-
JPY (100)	49	(49)	-	-
GBP	(0)	0	-	-
TOTAL	**(7)**	**7**	**-**	**-**

Interest rate risk

The Company's main interest rate risk arises from long term foreign currency and working capital borrowings at variable rates. Company's investments are primarily in fixed deposits which are short term in nature and do not expose it to interest rate risk. The Company regularly evaluates the interest rate hedging requirement to align with interest rate views and defined risk appetite, in order to ensure most cost-effective interest rate risk management.

Exposure to interest rate risk

The interest rate profile of the Company’s interest-bearing financial instruments as reported to the management of the Company is as follows.

	Year-end spot rate (₹)	
	March 31, 2021	March 31, 2020
Fixed-rate instruments		
Financial assets	15,138	742
Financial liabilities	-	1,740
Variable-rate instruments		
Financial liabilities	3,275	3,434
TOTAL	**18,413**	**5,916**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 50 bp in interest rates would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, foreign currency exchange rates, remain constant.

Particulars	Profit or loss		Impact on other components of equity, net of tax	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
March 31, 2021				
Variable-rate instruments	10.65	(10.65)	-	-
Cash flow sensitivity (net)	**10.65**	**(10.65)**	-	-
March 31, 2020				
Variable-rate instruments	11.17	(11.17)	-	-
Cash flow sensitivity (net)	**11.17**	**(11.17)**	-	-

IV. Price risk

The Company's exposure to price risk arises from investment in mutual funds and classified in the balance sheet as fair value through profit and loss. Mutual fund investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments. However, due to very short tenor of the underlying portfolio in the liquid schemes, these do not pose any significant price risk. Company reviews these mutual fund investments based on safety, liquidity and yield on regular basis.

V. Impact of Hedging activities

(a). Disclosure of hedge accounting on financial position

Type of hedge and risk	March 31, 2021					
	No. of outstanding contracts	Nominal Value (₹)	Carrying value of hedging instrument * (₹)	Maturity date	Hedge ratio	Weighted average strike price/rate
Foreign exchange forward contracts	207	23,137	484	April 2021 March 2024	1:1	US$1 : ₹ 79.24

Type of hedge and risk	March 31, 2021					
	No. of outstanding contracts	Nominal Value (₹)	Carrying value of hedging instrument ** (₹)	Maturity date	Hedge ratio	Weighted average strike price/rate
Foreign exchange forward contracts	217	17,758	765	April 2020 - September 2023	1:1	US$1: ₹ 75.89

* Refer Note No. 7(g)

** Refer Note No. 14(d)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

(b). Disclosure of effects of hedge accounting on financial performance

Type of hedge	March 31, 2021			
	Change in value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit and loss account	Amount reclassified from cash flow hedging reserve to profit and (loss)	Line item affected in statement of profit and loss account because of this reclassification
Foreign exchange forward contracts	1,033	-	(34)	Revenue

Type of hedge and risk	March 31, 2020			
	Change in value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit and loss account	Amount reclassified from cash flow hedging reserve to profit and (loss)	Line item affected in statement of profit and loss account because of this reclassification
Foreign exchange forward contracts	(779)	-	62	Revenue

(c). Movement in the cash flow hedge reserve

Effective portion of Cash flow Hedges	Amount
As at April 01, 2019	**127**
Add: Effective portion of gains/(losses) on cash flow hedges	(779)
Less: Amount reclassified to profit and loss account	61
Less: Deferred tax relating to above	(294)
As at March 31, 2020	**(419)**
Add: Effective portion of gains/(losses) on cash flow hedges	1033
Less: Amount reclassified to profit and loss account	(34)
Less: Deferred tax relating to above	373
As at March 31, 2021	**275**

(d). Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars at March 31 would have affected the measurement of foreign forward exchange contract designated as cash flow hedges and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. A 5% increase or decrease is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign currency rate.

	Profit or loss, net of tax		Impact on other components of equity, net of tax	
Effect in ₹	Strengthening	Weakening	Strengthening	Weakening
March 31, 2021				
5% movement				
USD	-	-	753	(753)
March 31, 2020				
5% movement				
USD	-	-	578	(578)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

39 CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The primary objective of the Company's Capital management is to maximise shareholder's value. The Company manages its capital and makes adjustment to it in light of the changes in economic and market conditions.

The Company manages capital using gearing ratio, which is total debt divided by total equity. The gearing ratio at the end of the reporting period was as follows:

		As at March 31, 2021	As at March 31, 2020
Borrowings (Non-current)		2,574	3,994
Borrowings (Current)		701	1,180
Total Debt	A	3,275	5,174
Total Equity	B	52,910	25,911
Debt to Equity ratio	A/B	0.06	0.20

No changes were made in the objectives, policies or processes for managing capital of the Company during the current and previous year.

Also, refer note 13 relating to details on dividend declared and distributed and note 14(a)(d) for details of applicable loan covenants.

40. ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for borrowings are:

	As at March 31, 2021	As at March 31, 2020
Property, plant and equipment		
First charge	5,165	6,169
Second charge	11,021	11,707
Floating charge on Other Assets	42,345	16,619
TOTAL	**58,531**	**34,495**

41. In management's evaluation, there is no significant impact of the COVID-19 pandemic on current and future business condition of the Company, liquidity position and cash flow and therefore, no material adjustments are required in the financial statements. Management will continue to closely monitor the situation.

42. The Company has raised ₹ 20,000 million in July 2020 through Qualified Institutional Placement (QIP) of equity shares. The Company has issued 13,605,442 equity shares of face value of ₹ 1 each at a price of ₹ 1,470 per Equity Share, including a premium of ₹ 1,469 per Equity Share. Funds received pursuant to QIP (net of expenses of ₹ 250 million) remain invested in fixed deposits amounting to ₹ 12,691 million and debt mutual funds of ₹ 7,059 (liquid and other short term categories).

43. EVENTS AFTER REPORTING DATE

The Board of Directors in the meeting held on May 18, 2021 have recommended final dividend for the year ended March 31, 2021 which is subject to the approval of shareholders in the ensuing annual general meeting. Refer note 13(B) for details.

This is the notes to the financial statements referred to our report of even date

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

Sd/-
Sougata Mukherjee
Partner
Membership Number: 057084

Place: Gurugram
Date: May 18, 2021

For and on behalf of the Board of Directors

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

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

Sd/-
Rajnish Sarna
Joint Managing Director
DIN: 06429468

Sd/-
Rajiv Batra
Group CFO

Sd/-
Naresh Kapoor
Company Secretary

INDEPENDENT AUDITOR'S REPORT

To the Members of PI Industries Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of PI Industries Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), controlled trust, its associate and joint venture entity (refer Note 3(t) to the attached consolidated financial statements), which comprise the consolidated Balance Sheet as at March 31, 2021, and the consolidated Statement of Profit and Loss including Other Comprehensive Income , the consolidated statement of changes in equity and the consolidated cash flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records. (hereinafter referred to as "the consolidated financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, controlled trust, its associate and joint venture entity as at March 31, 2021, of consolidated total comprehensive income (comprising of profit and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, controlled trust, its associate and joint venture entity in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 17 of the Other Matters paragraph below, other than the unaudited financial statements/ financial information as certified by the management and referred to in sub-paragraph 18 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Assessment of impairment of Goodwill relating to acquisition of subsidiaries. (Refer to note 42 in the Consolidated financial statements) The group has carrying value of Goodwill as on March 31, 2021 is INR 828 MN. The Group has performed an impairment assessment of the carrying values of Goodwill as on the balance sheet date using the discounted cash flows model with the involvement of a valuation expert engaged by the management and concluded that no impairment provision is required against Goodwill. We have considered this to be a key audit matter as the Goodwill balance is significant to the financial statements and the assessment of recoverable value using discounted cash flows forecast required significant management judgement in respect of certain key inputs like determining on appropriate discount rate, future cash flows and terminal growth rate.	Our audit procedures included the following: ● Understanding the design and testing the operating effectiveness of controls around assessment of impairment in the carrying value of Goodwill. ● Reviewing minutes of the meeting of the board of directors / audit committee and ensuring compliances with the relevant provision of the Companies Act 2013. ● Evaluating the independence, competence, capabilities and objectivity of the valuation expert engaged by the management; ● Reading the report prepared by the external valuation expert engaged by the management and understanding and evaluating, the projections thereon by testing key inputs and assumptions made in the value in use calculations and performing sensitivity analysis. ● Involving auditor's expert to review the key assumptions considered in forecasting the cash flows for impairment assessment . ● Ensuring the adequacy and appropriateness of the disclosures made in the financial statements. Based on our procedures performed above, the management's impairment assessment of the Goodwill is appropriate.

Key audit matter	How our audit addressed the key audit matter
Estimation of provision for sales returns and discounts and volume rebates on sales impacting revenue on sale of products (Refer note 20 to the consolidated financial statements) Revenue from sale of products is presented net of returns, discounts and volume rebates in the financial statements. The management determines provision for sales returns, discounts and rebates on the basis of various factors such as the current and expected business environment, specific dealer performance, overall zone performance, sales returns variability and expected achievement of targets against various ongoing schemes floated. We have considered this to be a key audit matter in view of it having significant impact on the revenue recognised and the involvement of management judgment in estimating the amounts at which these are expected to be settled.	Our audit procedures included: Understanding the policies and procedures related to sales returns, discounts and volume rebates and evaluating the design and testing the operating effectiveness of related controls related to these estimates. Checking management's calculations for the estimates and assessing the reasonableness of assumptions used by the management in arriving at the amount of provisions. Assessing the reasonableness of estimates made by the management in the past by comparing the provisions recognised in the earlier financial years with their subsequent settlement, performing ratio analysis of discounts, volume rebates and sales returns as a percentage of sale of the current year and comparing the same with those in prior years. Testing on a sample basis, credit notes issued and/or adjustments made after the balance sheet date and their impact if any on the reported amounts. Based on the above procedures performed, the estimates made by the management in respect of provision for sales returns and discounts and rebates on sales were considered to be reasonable.

5. The following Key Audit Matter was included in the audit report dated May 10, 2021, containing an unmodified audit opinion on the financial statement of Jivagro Limited, a subsidiary of the Holding Company issued by an independent firm of Chartered Accountants reproduced by us as under:

Key audit matter	How our audit addressed the key audit matter
Estimation of provision for discounts and volume rebates on sales impacting revenue on sale of products (Refer note 45 to the consolidated financial statements) Revenue from sale of products is presented net of returns, discounts and volume rebates in the financial statements. The management determines provision for discounts and rebates on the basis of various factors such as the current and expected operating environment and expected achievement of targets against various ongoing schemes floated. We determined the estimates associated with discounts and volume rebates on sale of products as a key audit matter in view of it having significant impact on the recognised revenue and the involvement of management judgment in estimating the amounts at which these are expected to be settled.	In this regard, our audit procedures included: Understanding the policies and discounts and volume rebates including evaluation and testing of the design and operating effectiveness of controls related to these estimates. Obtained management's calculations for the respective estimates and assessed the reasonableness of assumptions used by the management in determining the amount of provisions based on understanding of the market conditions. Assessed the reasonableness of estimates made by the management in the past by comparing the provisions recognised in the earlier financial years with their subsequent settlement, ratio analysis of discounts and volume rebates percentage of sale of last few years. Verified, if any credit notes were issued and/or adjustments made after the balance sheet date and their impact if any on the reported amounts. Based on the above procedures performed, the estimates made by the management in respect of provision for discounts and rebates on sales were considered to be reasonable.

Other Information

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

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

8. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us (Refer paragraph 17 below), we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

9. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group including controlled trust, its Associate and joint venture entity in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group, controlled trust and of its associate and joint venture entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

10. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group, controlled trust and of its associate and joint venture entity are responsible for assessing the ability of the Group, controlled trust and of its associates and joint venture entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

11. The respective Board of Directors of the companies included in the Group, controlled trust and of its associate and joint venture entity are responsible for overseeing the financial reporting process of the Group, controlled trust and of its associate and joint venture entity.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

12. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

13. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group, controlled trust and its associate and joint venture entity to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group, controlled trust and its associate and joint venture entity to cease to continue as a going concern.

    - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

    - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group, controlled trust and its associate and joint venture entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

14. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

15. We also provide those charged with governance with a statement

that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

16. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

17. We did not audit the financial statements of six subsidiaries, and one controlled trust whose financial statements reflect total assets of INR 5,778 MN and net assets of INR 3,878 MN as at March 31, 2021, total revenue of INR 3,844 MN, total comprehensive income (comprising of profit and other comprehensive income) of INR 265 MN and net cash flows amounting to INR 345 MN for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of total comprehensive income (comprising of profit and other comprehensive income) of INR 0.30 MN and INR 44 MN for the year ended March 31, 2021 as considered in the consolidated financial statements, in respect of one associate company and one joint venture respectively, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports dated April 22, 2021, April 23, 2021, May 5, 2021, May 6, 2021 and May 10, 2021 have been furnished to us by the Management, and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, controlled trust, joint venture entity and associate company and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information in so far as it relates to the aforesaid subsidiaries, joint venture entity and associate, is based solely on the reports of the other auditors.

18. We did not audit the financial statements of one subsidiary whose financial statements reflect total assets of INR 29 MN and net assets of INR 22 MN as at March 31, 2021, total revenue of INR 61 MN, total comprehensive income (comprising of profit and other comprehensive income) of INR 2 MN and net cash flows amounting to INR 1 MN for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management, and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information in so far as it relates to the aforesaid subsidiary is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

    Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

19. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

    (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

    (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.

    (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.

    (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, its associate company and joint venture entity incorporated in India, none of the directors of the Group, its associate company and joint venture entity incorporated in India is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

    (f) With respect to the adequacy of internal financial controls with reference to financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.

        With respect to the adequacy of internal financial controls with reference to financial statements of an associate and a joint venture entity incorporated in India and the operating effectiveness of such controls, reporting under clause (i) of sub section 3 of Section 143 of the Act is not applicable vide the reports dated April 22, 2021 and April 23, 2021 of their respective statutory auditors and not applicable on one subsidiary incorporated outside India and a controlled trust.

    (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

    i. The consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group, controlled trust, its associate and joint venture entity– Refer Note 16 and 33 to the consolidated financial statements.

ii. The Group, controlled trust, its associate and joint venture entity had long-term contracts including derivative contracts as at March 31, 2021 for which there were no material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, controlled trust, associate company and joint venture entity incorporated in India.

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2021.

20. The Holding Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act and for the five subsidiaries and one associate based on the reports dated April 22, 2021, May 6, 2021 and May 10, 2021 of their statutory auditors no managerial remuneration has been paid. The provisions of section 197 read with schedule V of the Act are applicable to public companies. Accordingly, reporting under section 197(16) of the Act is not applicable to one subsidiary, controlled trust, and one joint venture vide their reports dated April 23, 2021, May 5, 2021, and May 6, 2021 of their respective statutory auditors and one subsidiary incorporated outside India.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: FRN012754N/N500016
Chartered Accountants

Sd/-
Sougata Mukherjee
Partner
Membership Number 057084
UDIN: 21057084AAAABO8219

Place: Gurugram
Date: May 18, 2021

Annexure A to Independent Auditors' Report

Referred to in paragraph 19(f) of the Independent Auditors' Report of even date to the members of PI Industries Limited on the consolidated financial statements for the year ended March 31, 2021

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

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to financial statements of PI Industries Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date. Reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is not applicable to an associate and a joint venture entity incorporated in India namely Solinnos Agro Sciences Private Limited and PI Kumiai Private Limited, pursuant to MCA notification GSR 583(E) dated 13 June 2017 and one subsidiary incorporated outside India namely PI Japan Co. Limited and a controlled trust.

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

2. The respective Board of Directors of the Holding company, its subsidiary companies, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement , including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

8. In our opinion, the Holding Company, its subsidiary companies, which are companies incorporated in India, have, in all material

respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matter

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to six subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not qualified in respect of this matter.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: FRN012754N/N500016
Chartered Accountants

Sd/-
Sougata Mukherjee
Partner
Membership Number 057084

Place: Gurugram
Date: May 18, 2021

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	4	20,197	17,338
Capital work-in-progress		2,495	2,371
Goodwill		828	828
Other intangible assets	5	357	409
Intangible asset under development	6	380	336
Investments accounted for using the equity method	9	153	109
Financial assets			
(i) Investments	7(a)	54	70
(ii) Loans	7(c)	67	61
(iii) Other financial assets	7(g)	279	82
Non current tax assets	11	132	146
Other non-current assets	10	146	411
Total non-current assets		**25,088**	**22,161**
Current assets			
Inventories	8	10,528	7,989
Financial assets			
(i) Investments	7(b)	7,079	1,325
(ii) Trade receivables	7(d)	7,035	6,465
(iii) Cash and cash equivalents	7(e)	1,096	1,246
(iv) Bank balances other than (iii) above	7(f)	15,099	98
(v) Loans	7(c)	103	83
(vi) Other financial assets	7(g)	429	313
Contract assets	7(h)	1,482	1,022
Other current assets	10	2,080	1,546
Total current assets		**44,931**	**20,087**
Total assets		**70,019**	**42,248**
EQUITY & LIABILITIES			
Equity			
Equity share capital	12	152	138
Other equity	13	53,272	26,053
Total equity		**53,424**	**26,191**
Liabilities			
Non current liabilities			
Financial liabilities			
(i) Borrowings	15(a)	2,574	3,994
(ii) Other financial liabilities	15(d)	559	832
Provisions	16	96	124
Deferred tax liabilities (Net)	17	796	102
Total non current liabilities		**4,025**	**5,052**
Current Liabilities			
Financial liabilities			
(i) Borrowings	15(b)	-	1,083
(ii) Trade payables	15(c)		
a) total outstanding dues of micro enterprises and small enterprises		319	83
b) total outstanding dues of creditors other than micro enterprises and small enterprises		7,641	5,826
(iii) Other financial liabilities	15(d)	3,358	2,970
Provisions	16	456	424
Current tax liabilities	19	65	44
Other current liabilities	18	731	575
Total current liabilities		**12,570**	**11,005**
Total liabilities		**16,595**	**16,057**
Total equity and liabilities		**70,019**	**42,248**
Notes to accounts	1 to 46		

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

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

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

Sd/-
Sougata Mukherjee
Partner
Membership Number: 057084

For and on behalf of the Board of Directors

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

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

Sd/-
Rajiv Batra
Group CFO

Sd/-
Rajnish Sarna
Joint Managing Director
DIN: 06429468

Sd/-
Naresh Kapoor
Company Secretary

Place: Gurugram
Date: May 18, 2021

STATEMENT OF CONSOLIDATED PROFIT & LOSS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

Particulars	Notes	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
Revenue from operations	20	45,770	33,665
Other income	21A	1,249	489
Total income		**47,019**	**34,154**
Expenses:			
Cost of materials consumed		25,081	16,877
Purchase of stock in trade		1,637	1,619
Changes in inventories of finished goods, work in progress and stock in trade	21B	(1,006)	(22)
Employee benefit expense	22	4,169	3,209
Finance cost	26	282	170
Depreciation and amortisation expense	25	1,748	1,367
Other expense	23	5,767	4,804
Total expenses		**37,678**	**28,024**
Share of profit and (loss) of associates & joint venture accounted for using the equity method	**9**	**44**	**8**
Profit before tax		**9,385**	**6,138**
Income tax expense	27		
Current tax		(1,689)	(1,246)
Deferred tax		(249)	(313)
Income tax of earlier years		(64)	(13)
Total tax expense		**(2,002)**	**(1,572)**
Profit for the year		**7,383**	**4,566**
Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
Remeasurements gains/(losses) on defined benefit plans		7	(19)
Income tax relating to the above item		(2)	8
(ii) Items that will be reclassified to profit or loss			
Effective portion of gains/(losses) on cash flow hedges		1,067	(840)
Exchange difference on translation of foreign operations		(1)	2
Income tax relating to the above item		(373)	293
Total comprehensive income for the year		**8,081**	**4,010**
Earnings per equity share	29		
1) Basic (in ₹)		49.92	33.08
2) Diluted (in ₹)		49.89	33.08
Face value per share (in ₹)		1.00	1.00
Notes to accounts	1 to 46		

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

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

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

Sd/-
Sougata Mukherjee
Partner
Membership Number: 057084

For and on behalf of the Board of Directors

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

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

Sd/-
Rajiv Batra
Group CFO

Sd/-
Rajnish Sarna
Joint Managing Director
DIN: 06429468

Sd/-
Naresh Kapoor
Company Secretary

Place: Gurugram
Date: May 18, 2021

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

a. Equity share capital

Particulars	Notes	As at March 31, 2021		As at March 31, 2020	
		No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period	12	138,107,993	138	138,030,651	138
Changes in equity share capital during the period		13,610,125	14	77,342	0
Balance at the end of the reporting period		**151,718,118**	**152**	**138,107,993**	**138**

b. Other equity

Particulars	Notes	Reserves & Surplus							Other Reserves		Total other equity
		Capital reserve	Capital Redemption reserve	Securities premium reserve	Share option outstanding account	General reserve	Own shares held by Trust under ESOP scheme	Retained earnings	Effective portion of cash flow hedges	Foreign Currency Translation Reserve	
Balance at April 1, 2019		**15**	**4**	**2,169**	**73**	**1,857**	**(114)**	**18,583**	**127**	**2**	**22,716**
Profit for the year		-	-	-	-	-	-	4,566	-	-	4,566
Other comprehensive income	13 i, h	-	-	-	-	-	-	(11)	(547)	2	(556)
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**-**	**4,555**	**(547)**	**2**	**4,010**
Transactions with owners in their capacity as owners:											
Premium on issue of equity shares through ESOP	13 c.	-	-	80	-	-	-	-	-	-	80
Own shares held by ESOP Trust	12 c.		-	-			(53)			-	(53)
Shares issued under ESOP scheme	13 d.	-		-	(27)	-	80	-	-		53
Expense on Employee Stock Option Scheme	13 d.	-	-	-	(4)	-	-	-	-	-	(4)
Dividends paid	14	-	-	-	-	-	-	(621)	-	-	(621)
Dividend Distribution Tax (DDT)	14	-	-	-	-	-	-	(128)	-	-	(128)
Balance at March 31, 2020		**15**	**4**	**2,249**	**42**	**1,857**	**(87)**	**22,389**	**(420)**	**4**	**26,053**
Profit for the year		-	-	-	-	-	-	7,383	-	-	7,383
Other comprehensive income	13 i, h	-	-	-	-	-	-	5	694	(1)	698
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**-**	**7,388**	**694**	**(1)**	**8,081**
Transactions with owners in their capacity as owners:											
Premium on issue of Equity Shares through ESOP	13 c.	-	-	14	-	-	-	-	-	-	14
Premium on issue of Equity Shares through QIP	13 c.	-	-	19,736	-	-	-	-	-	-	19,736
Own shares held by ESOP Trust	12 c.	-	-	-	-	-	(4)	-	-	-	(4)
Shares issued under ESOP scheme	13 d.	-	-	-	(11)	-	40	-	-	-	29
Expense on Employee Stock Option Scheme	13 d.	-	-	-	(31)	-	-	-	-	-	(31)
Dividends paid	14	-	-	-	-	-	-	(606)	-	-	(606)
Balance at March 31, 2021		**15**	**4**	**21,999**	**-**	**1,857**	**(51)**	**29,171**	**274**	**3**	**53,272**

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

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

Sd/-
Sougata Mukherjee
Partner
Membership Number: 057084

For and on behalf of the Board of Directors

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

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

Sd/-
Rajiv Batra
Group CFO

Sd/-
Rajnish Sarna
Joint Managing Director
DIN: 06429468

Sd/-
Naresh Kapoor
Company Secretary

Place: Gurugram
Date: May 18, 2021

Inspired by Science

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Income Tax	**9,385**	**6,138**
Adjustments for :-		
Depreciation and amortisation expense	1,748	1,367
Finance costs	282	170
Provision for Bad and Doubtful debts & Advances	(39)	122
Interest Income on Financial Assets at amortised cost	(541)	(175)
Unwinding of discount on Security Deposits	(11)	(3)
Expense on Employee Stock Option Scheme	(31)	(4)
(Gain)/Loss on Sale/Retirement of property, plant & equipment (Net)	(1)	(9)
(Gain)/Loss on sale of Investments (Net)	(50)	(19)
(Gain)/Loss on financial assets measured at fair value through profit or loss (Net)	(188)	7
Share of (profit)/loss of associate and joint venture	(44)	(8)
Unrealised (Gain)/Loss on foreign currency transactions (Net)	(311)	188
Operating Profit before Working Capital changes	**10,199**	**7,774**
(Increase) / Decrease in Trade Receivables	(647)	1,267
(Increase) / Decrease in Current financial assets - Loans	(9)	(1)
(Increase) / Decrease in Current Contract Assets	(460)	(502)
(Increase) / Decrease in Non-current financial assets - Loans	(7)	4
(Increase) / Decrease in Other current financial assets	194	(177)
(Increase) / Decrease in Other non-current financial assets	(2)	88
(Increase) / Decrease in Other current assets	(521)	771
(Increase) / Decrease in Other non-current assets	46	7
(Increase) / Decrease in other bank balances	(36)	1
(Increase)/Decrease in Inventories	(2,539)	(1,850)
Increase / (Decrease) in Current Provisions and Trade Payables	2,197	319
Increase / (Decrease) in Non-current Provisions	(28)	(180)
Increase / (Decrease) in Other current financial liabilities	335	96
Increase / (Decrease) in Other non-current financial liabilities	19	294
Increase / (Decrease) in Other current liabilities	155	118
Cash generated from Operations before tax	**8,896**	**8,029**
Income Taxes paid (Includes TDS)	(1,647)	(1,048)
Net cash inflow (outflow) from Operating Activities	**7,250**	**6,981**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Payments for purchase of property, plant & equipment including Capital Work in Progress, Intangible Assets and Capital Advances	(4,390)	(6,741)
Proceeds from sale of property, plant & equipment	15	48
Consideration paid for acquisition of subsidiary, net of cash acquired	0	(4,345)
Purchase of Equity Investment	15	-
Investments in associates and joint venture	-	-
Purchase of Current Investments	(9,500)	1,014
Sale of Current Investments	3,984	-
Deposits with more than 12 months maturity	(3)	-
Fixed Deposit with Bank (having more than 3 months but less than 12 months maturity)	(14,654)	-
Interest Received	230	175
Net cash used in Investing Activities	**(24,304)**	**(9,849)**
Net cash inflow (outflow) from Operating and Investing Activities	**(17,054)**	**(2,868)**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
C. CASH FLOW FROM FINANCING ACTIVITIES		
Premium on issue of equity shares under ESOP scheme	39	80
Proceed on issue of Equity Shares under Qualified Institutional Placement (net of expenses)	14	-
Premium on issue from Qualified Institutional Placement (net of expenses)	19,736	-
Short Term Borrowings (Net)	(1,083)	1,083
Borrowings- Repayments	(1,848)	(407)
Borrowings- Term Loan	1,145	3,886
Principal elements of Deferred lease payments	(248)	(215)
Interest paid	(244)	(179)
Dividends paid (including Tax)	(607)	(748)
Net Cash inflow (outflow) from Financing Activities	**16,904**	**3,500**
Net Cash inflow (outflow) from Operating, Investing & Financing Activities	**(150)**	**632**
Effect of exchange differences on translation of foreign currency Cash & Cash equivalents	-	(0)
Net increase (decrease) in Cash & Cash equivalents	**(150)**	**632**
Opening balance of Cash & Cash equivalents	**1,246**	**614**
Closing balance of Cash & Cash equivalents	**1,096**	**1,246**
Note: Cash and cash equivalents included in the Cash Flow Statement comprise of the following		
i) Cash on Hand	**2**	**0**
ii) Balance with Banks :		
-In Current Accounts	572	602
-In Fixed Deposits	522	644
Total	**1,096**	**1,246**

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

Figures in brackets indicate cash outflows.

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

For **Price Waterhouse Chartered Accountants LLP**
Chartered Accountants
Firm Reg. No. 012754N/N500016
Sd/-
Sougata Mukherjee
Partner
Membership Number: 057084

For and on behalf of the Board of Directors

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

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

Sd/-
Rajiv Batra
Group CFO

Sd/-
Rajnish Sarna
Joint Managing Director
DIN: 06429468

Sd/-
Naresh Kapoor
Company Secretary

Place: Gurugram
Date: May 18, 2021

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

1. Corporate Information

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

These consolidated financial statements comprise the Company and its subsidiaries (referred to collectively as "the Group") and the Group's interest in an associate and a joint venture entity. PI is a leading player in the agchem space having strong presence in both Domestic and Export markets. It has state-of-art facilities in Gujarat having integrated process development teams with in-house engineering capabilities. The Group maintains a strong research presence through its R&D facility at Udaipur. The principal activities of the subsidiaries are Research and Development, Market research and Investment.

2. Basis of preparation

The Group has consistently applied the following accounting policies to all periods presented in the consolidated financial statements unless otherwise stated.

a) Statement of compliance

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

These consolidated financial statements were authorised for issue by the Board of Directors on May 18, 2021.

b) Basis of measurement

The financial statements have been prepared on an accrual basis and under the historical cost convention, except for the following:

- Certain financial assets and liabilities (including derivative instruments) and contingent considerations are measured at fair value;
- Defined benefit plan assets measured at fair value;
- Share-based payments measured at fair value.

c) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The consolidated financial statements are presented in Indian National Rupee ('₹'), which is the Group's functional and presentation currency. All amounts disclosed in the financial statements and notes have been rounded off to the nearest millions as per the requirement of Schedule III, unless otherwise stated. The sign '0' in these consolidated financial statements indicates that the amounts involved are below ₹ five lacs and the sign '-' indicates that amounts are nil.

d) Current or Non current classification

All Assets and Liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services provided and time between the rendering of services and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

e) Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent liabilities and contingent assets at the date of consolidated financial statements, income and expenses during the period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Application of accounting policies that require critical accounting estimates and assumption judgements having the most significant effect on the amounts recognised in the consolidated financial statements are:

- Measurement of defined benefit obligations;
- Recognition of deferred tax assets & minimum alternative tax credit entitlement;
- Useful life and residual value of Property, plant and equipment and intangible assets;
- Impairment test of financial and non-financial assets including recoverability of expenditure on internally- generated intangible assets;
- Measurement of fair value for share based payments;
- Recognition and measurement of provisions and contingencies;
- Estimate of Sales Return, Rebates and Discounts .

f)

The Group recognises revenue over the period of time for contracts wherein the Group's performance for the products does not create an asset with alternative use to the Group and the Group has an enforceable right to payment for performance completed till date. Management has determined that it is highly probable that there will be no rescission of the contract and a significant reversal in the amount of revenue recognised will not occur. Accordingly, revenue is recognised for these contracts based on Input method wherein amount of revenue to be recognised is determined based on the actual cost incurred till date and the estimated margin on the contract.

The Group also recognises Provision for discounts and sales returns based on the current and expected operating environment, Sales returns variability, expected achievement of targets against various ongoing schemes floated.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

3. Significant Accounting Policies

a) Property, plant and equipment

i) Recognition and measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Borrowing costs relating to acquisition of qualifying fixed assets, if material, are also included in cost to the extent they relate to the period till such assets are ready to be put to use.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. The cost of replacing part of an item of property, plant and equipment or major inspections performed, are recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of all other repairs and maintenance are recognized in the Statement of Profit & Loss as incurred.

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date. Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

An item of property, plant and equipment is derecognised when no future economic benefit are expected to arise from the continued use of the asset or upon disposal. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii) Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all its property, plant and equipment recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

iii) Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values, and is recognised in the statement of profit and loss. Depreciation on property, plant and equipment is provided on the Straight Line Method based on the useful life of assets estimated by the Management which coincide with the life specified under Schedule II of the Companies Act, 2013, which are as follows:

- Buildings including factory buildings and Roads	3 - 60 years
- General Plant and Equipment	15 years
- Electrical Installations and Equipments	10 years
- Furniture and Fixtures	10 years
- Office Equipments	5 years
- Vehicles	8 - 10 years
- Supply Agreement	5 years
- Computer and Data Processing Units	3 - 6 years
- Laboratory Equipments	10 years

The Group has estimated the useful lives different from the lives prescribed in schedule II of Companies Act, 2013, in the following cases:

- Plant and Equipment (Continuous Process Plant)	15 years
- Special Plant and Equipment (used in manufacture of chemicals)	15 years

Leasehold land is being amortised over the lease period and Cost of improvement on leasehold building is being amortised over the lease period or useful life, whichever is shorter.

Based on assessment made by technical experts, the Management believes that the useful lives as given above best represent the period over which it expects to use these assets.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and changes, if any, are accounted for prospectively. Depreciation on additions to or on disposal of assets is calculated on pro-rata basis i.e. from (up to) the date on which the property, plant and equipment is available for use (disposed of).

b) Intangible assets

i) Recognition and measurement

Intangible assets acquired separately

Intangible assets that are acquired by the Group are measured at cost, less accumulated amortisation and accumulated impairment losses, if any.

Internally generated intangible assets - Research and development

Research costs are expensed as incurred. Development costs are capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

and has sufficient resources to complete development and to use or sell the asset. The expenditures to be capitalized include the cost of materials and other costs directly attributable to preparing the asset for its intended use. Other development expenditures are recognized in profit or loss as incurred.

Subsequent to initial recognition, the assets are measured at cost, less accumulated amortisation and accumulated impairment losses, if any.

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate.

Internally generated Intangible assets which are not yet available for use are subject to impairment testing at each reporting date. All other intangible assets are tested for impairment when there are indications that the carrying value may not be recoverable. All impairment losses are recognized immediately in profit or loss.

An item of intangible asset is derecognised when no future economic benefit are expected to arise from the continued use of the asset or upon disposal. Any gain or loss on disposal of an item of intangible assets is recognised in profit or loss.

ii) Transition to Ind AS

On transition to Ind AS, Group has elected to continue with the carrying value of all of its intangible assets recognised as at April 1, 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

iii) Amortisation

Amortisation is recognized in the income statement on a straight-line basis over the estimated useful lives of intangible assets or on any other basis that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity. Intangible assets that are not available for use are amortized from the date they are available for use.

The estimated useful lives are as follows:

Software	6 years
Product development	5 years

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

c) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication on impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash flows are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units ('CGUs').

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

In respect of assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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

d) Financial instruments

i) Initial recognition

The Group recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition.

ii) Subsequent measurement

i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. When the financial asset is derecognised or impaired, the gain or loss is recognised in the statement of profit and loss.

ii) Financial assets at fair value through other comprehensive income (FVOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit and loss and recognised in other income.

Equity instruments are subsequently measured at fair value. On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment by investment basis. Fair value gains and losses recognised in OCI are not reclassified to profit and loss.

iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

iii) Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. Except Trade receivables, expected credit losses are measured at an amount equal to the 12-month Expected Credit Loss (ECL), unless there has been a significant increase in credit risk from initial recognition, in which case those are measured at lifetime ECL.

With regard to trade receivable, the Group applies the simplified approach (Refer Note 39 (I)), which requires expected lifetime losses to be recognised from the initial recognition of the trade receivables.

iv) Derecognition

Financial Assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial Liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

v) Reclassification of Financial Assets and Financial Liabilities

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model.

vi) Derivative financial instruments

The Group is exposed to exchange rate risk which arises from its foreign exchange revenues. The Group uses foreign exchange forward contracts (derivative financial instruments), to hedge foreign currency risk associated with highly probable forecasted transactions and classifies them as cash flow hedges.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are taken directly to profit and loss, except for the effective portion of cash flow hedges, which is recorded in the Group's hedging reserve as a component of equity through OCI and later reclassified to profit and loss when the hedge item affects profit and loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability. The ineffective portion of such cash flow hedges is recorded in the statement of profit and loss.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

The Group makes an assessment, on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk. For cash flow hedges to be "highly effective", a forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in other comprehensive income/ (loss),

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

remains there until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income/ (loss) is recognized immediately in the statement of profit and loss.

vii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

e) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using other valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair values for measurement and/ or disclosure purposes are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1- This includes financial instruments measured using quoted prices.

Level 2-The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3-If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

f) Inventories

Inventories (including Stock-in-transit) of Finished Goods, Stock in Trade, Work in progress, Raw materials, Packing materials and Stores & Spares are stated at lower of cost and net realizable value. By-products are measured at estimated realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Cost of Raw Materials, Packing Materials, Stores and Spares, Stock in Trade and other products are determined on weighted average basis and are net of Cenvat/Goods and service tax credit.

Cost of Work in progress and Finished Goods is determined on weighted average basis considering direct material cost and appropriate portion of manufacturing overheads based on normal operating capacity.

Obsolete, slow moving and defective inventories are identified as and when required, and where necessary, the same are written off or provision is made for such inventories.

g) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent Liability is disclosed after careful evaluation of facts, uncertainties and possibility of reimbursement, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent liabilities are not recognised but are disclosed in notes to the consolidated financial statements.

Contingent assets are not disclosed in the consolidated financial statements unless an inflow of economic benefits is probable.

h) Revenue Recognition

i) Sale of goods

The Group manufactures and sells a range of products to various customers. Revenue is recognised over the period of time for contracts wherein the Group's performance does not create an asset with alternative use to the Group and the entity has an enforceable right to payment for performance completed till date. For remaining contracts, revenue is recognised when the significant risk and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods to the degree usually associated with the ownership, and the amount of revenue can be measured reliably, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable. Revenue recognised in relation to these contracts in excess of billing is recognised as a Contract Asset. Accumulated experience is used to estimate and provide for the discounts and returns and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in other current liabilities) is recognized for expected returns from the customer and and a

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

right to recover the returned goods (included in other current assets) are recognised for the products expected to be returned. Liability (included in other financial liabilities) is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

Amounts disclosed as revenue are net of returns, discounts, volume rebates and net of goods and service tax.

ii) Sale of services

Revenue from sale of services is recognised over the period of time as per the terms of the contract with customers based on the stage of completion when the outcome of the transactions involving rendering of services can be estimated reliably.

iii) Export Incentives

Incentives on exports are recognised in books after due consideration of certainty of utilisation/ receipt of such incentives.

iv) Interest Income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount on initial recognition. Interest income is included in other income in the statement of profit and loss.

v) Dividends

Dividend income is recognized when the Group’s right to receive dividend is established, and is included in other income in the statement of profit and loss.

i) Employee Benefits

i) Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii) Defined contribution plans in respect of entities incorporated in India

Employees benefits in the form of the Group’s contribution to Provident Fund, Pension scheme, Superannuation Fund and Employees State Insurance are defined contribution schemes. The Group recognizes contribution payable to these schemes as an expense, when an employee renders the related service.

If the contribution payable exceeds contribution already paid, the deficit payable is recognised as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, The Group recognize that excess as an asset (prepayments) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

iii) Defined benefit plans

Retirement benefits in the form of gratuity are considered as defined benefit plans. The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The Group provides for its gratuity liability based on actuarial valuation of the gratuity liability as at the Balance Sheet date, based on Projected Unit Credit Method, carried out by an actuary. The Group contributes to the gratuity fund, which are recognized as plan assets. The defined benefit obligation as reduced by fair value of plan assets is recognized in the Balance Sheet.

When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

iv) Other long-term employee benefits

Employee benefits in the form of long term compensated absences are considered as long term employee benefits. The Group’s net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

The liability for long term compensated absences are provided based on actuarial valuation as at the Balance Sheet date, based on Projected Unit Credit Method, carried out by an actuary. In respect of entities incorporated outside India, the Group does not have any material employee benefit obligations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

j) Foreign currency transactions

Initial recognition:

Transactions in foreign currencies are translated into the Group's functional currency at the exchange rates at the dates of the transactions.

Conversion:

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Exchange difference:

Exchange differences are recognised in profit or loss, except exchange differences arising from the translation of the following items which are recognised in OCI

- equity investments at fair value through OCI (FVOCI);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective

In accordance with Ind-AS 101 'First Time Adoption of Indian Accounting Standards', the Group has continued the policy of capitalisation of exchange differences on foreign currency loans taken before the transition date. Accordingly, exchange differences arising on translation of long term foreign currency monetary items relating to acquisition of depreciable fixed assets taken before the transition date are capitalized and depreciated over the remaining useful life of the asset.

k) Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

l) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in Other Comprehensive Income

i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year after taking credit of the benefits available under the Income Tax Act and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if, the Group:

i) Has a legally enforceable right to set off the recognised amounts; and

ii) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding tax bases used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences and tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

For operations carried out in tax free units, deferred tax assets or liabilities, if any, have been recognised for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Deferred tax assets and liabilities are offset only if:

i) The entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

In respect of entities incorporated in India deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is probable evidence that the Group will pay normal income tax in future. Accordingly, MAT is recognised as deferred tax asset in the Balance Sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

Company also considers decisions of appropriate authorities and legal advise for recognizing taxes. In the current year, the decision of Appellate Tribunal on Special Economic Zones was considered, the resultant net impact of which was not material.

m) Segment Reporting

An operating segment is defined as a component of the entity that represents business activities from which it earns revenues and incurs expenses and for which discrete financial information is available. The operating segments are based on the Group's internal reporting structure and the manner in which operating results are reviewed by the Chief Operating Decision Maker (CODM).

The Management Advisory Committee of the Group has been identified as the CODM by the Group. Refer Note 34 for Segment disclosure.

n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

o) Cash flow statement

Cash flow statements are prepared in accordance with "Indirect Method" as explained in the Accounting Standard on Statement of Cash Flows (Ind AS - 7). The cash flows from regular revenue generating, financing and investing activity of the Group are segregated.

p) Leases

The Group leases various offices, warehouses, IT equipment and vehicles. Rental contracts are typically made for fixed periods of 6 months to 9 years but may have extension and termination options.

Until the 2019 financial year, leases of office & warehouses, IT equipment and vehicles leases were classified as either finance leases or operating leases. From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Till 31 Mar 2019:

At inception of an arrangement, it is determined whether the arrangement is or contains a lease, based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Group as lessee under finance lease

Assets held under finance lease are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between the finance expenses and the reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. The finance expenses are recognised in the statement of profit and loss.

Group as lessee under operating lease

Payments made under operating leases are generally recognised in profit or loss on a straight- line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as an integral part of the total lease expense over the term of the lease.

As a lessor

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of this underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard

q) Share-based payment transactions

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee benefit expense, with a corresponding increase in equity. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied and is adjusted to reflect the actual number of share options that vest.

The total amount to be expensed is determined by reference to the fair value of the options granted including any market performance conditions and the impact of any non-vesting conditions and excluding the impact of any service and non-market performance vesting conditions.

r) Earning per share

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

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

s) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

t) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. the Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The subsidiary companies considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	%voting power held as at March 31st, 2021 (March 31, 2020)
PILL Finance & Investment Limited	India	100% (100%)
PI Life Science Research Limited	India	100% (100%)
PI Japan Co. Ltd.	Japan	100% (100%)
Jivagro Ltd.	India	100% (Nil)
Isagro (Asia) Agrochemicals Pvt. Ltd.	India	100% (Nil)
PI Enzhachem Private Limited	India	100% (Nil)
PI Fermachem Private Limited	India	100% (Nil)

Equity accounted investees

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and OCI of equity accounted investees until the date on which significant influence or joint control ceases.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

The joint venture and associate companies considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	%voting power held as at March 31st, 2021 (March 31, 2020)
PI Kumiai Private Limited	India	50% (50%)
Solinnos Agro Sciences Private Limited	India	49% (49%)

Transactions eliminated on consolidation

Intra -group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group 's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Foreign operation

The assets and liabilities of foreign operations (subsidiaries, associates, joint arrangements, branches) including goodwill and fair value adjustments arising on acquisition, are translated into ₹, the functional currency of the Group , at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into ₹ at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction. The resulting exchange difference arising on translations are recognised in OCI and accumulated in other Equity, except to the extent that they are allocated to Non Controlling Interest.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

4 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land	Freehold land	Leasehold improvement	Buildings	Plant and machinery	Furniture and fixtures	Office equipments	Vehicles	Total
Gross carrying amount									
As at beginning of April 01, 2019	353	52	1	3,564	10,450	160	121	33	14,734
Addition relating to acquisition*	236	-	-	252	207	4	2	6	707
Lease - Right of Use	-	-	-	218	-	-	17	190	425
Addition - Right of Use	-	-	-	84	-	-	6	86	176
Additions of Right of Use relating to acquisition*	-	-	-	44	-	-	-	-	44
Additions	-	-	-	1,274	3,922	22	33	313	5,564
Disposals/Adjustments	-	-	-	-	(72)	-	-	(0)	(72)
As at March 31, 2020	**589**	**52**	**1**	**5,436**	**14,507**	**186**	**179**	**628**	**21,578**
Addition - Right of Use	-	-	-	18	-	-	27	101	146
Additions	-	-	-	1,057	3,284	20	18	1	4,380
Disposals/Adjustments	-	-	-	-	(14)	(2)	(0)	(0)	(16)
As at March 31, 2021	**589**	**52**	**1**	**6,511**	**17,777**	**204**	**224**	**730**	**26,088**
Accumulated depreciation									
As at beginning of April 01, 2019	9	-	0	367	2,467	37	59	4	2,943
Depreciation charge during the year	-	-	0	149	916	18	23	35	1,141
Depreciation on Right of Use	5	-	-	87	-	-	10	87	189
Disposals	-	-	-	-	(33)	-	-	(0)	(33)
As at March 31, 2020	**14**	**-**	**0**	**603**	**3,350**	**55**	**92**	**126**	**4,240**
Depreciation charge during the year	-	-	-	207	1,162	20	28	44	1,461
Depreciation on Right of Use	7	-	-	86	-	-	15	84	192
Disposals/Adjustments	-	-	-	-	(0)	(1)	(1)	(0)	(2)
As at March 31, 2021	**21**	**-**	**0**	**896**	**4,512**	**74**	**134**	**254**	**5,891**
Net carrying amount									
As at March 31, 2020	**575**	**52**	**1**	**4,833**	**11,157**	**131**	**87**	**502**	**17,338**
As at March 31, 2021	**568**	**52**	**1**	**5,615**	**13,265**	**130**	**90**	**476**	**20,197**

* At fair value as on December 27, 2019

a. Depreciation for the year includes depreciation amounting to ₹ 132 (March 31, 2020 ₹ 108) on assets used for Research & Development. During the year Group incurred ₹ 235 (March 31, 2020 ₹ 228) towards capital expenditure for Research & Development (Refer Note 28).

b. Refer note 32 (A) for disclosure of contractual commitments for the acquisition of property, plant and equipment.

c. Refer note 41 for information on property, plant and equipment pledged as security by the Group.

d. Capital Work in progress mainly comprises of ongoing projects in various plants constituting Plant & Machinery and Buildings.

e. Amount recognised above related to Right-of-use assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

	As at March 31, 2021	As at March 31, 2020
Buildings	189	258
Office Equipments	28	14
Vehicles	207	190
Leasehold land	335	340
Total	**759**	**802**

5 OTHER INTANGIBLE ASSETS

	Computer Software	Product Development	Supply Agreement	Total
Gross carrying amount				
As at beginning of April 01, 2019	120	10	-	130
Addition relating to acquisition (Refer note 42)*	3	-	324	327
Additions	34	19	-	53
As at March 31, 2020	**157**	**29**	**324**	**510**
Additions	43	-	-	43
As at March 31, 2021	**200**	**29**	**324**	**553**
Accumulated amortisation				
As at beginning of April 01, 2019	56	8	-	64
Amortisation charge during the year	20	1	16	37
As at March 31, 2020	**76**	**9**	**16**	**101**
Amortisation charge during the year	25	5	65	95
As at March 31, 2021	**101**	**14**	**81**	**196**
Net Carrying Amount				
As at March 31, 2020	**81**	**20**	**308**	**409**
As at March 31, 2021	**99**	**15**	**243**	**357**

* At fair value as on December 27, 2019

6 INTANGIBLE ASSETS UNDER DEVELOPMENT

	Intangible Assets under Development
As at beginning of April 01, 2019	284
Additions	87
Disposal/Adjustments	(16)
Amount recognised under Intangible assets	(19)
As at March 31, 2020	**336**
Additions	44
Disposal/Adjustments	-
Amount recognised under Intangible assets	-
As at March 31, 2021	**380**

Inspired by Science

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

7 FINANCIAL ASSETS

7(a) NON-CURRENT INVESTMENTS

		As at March 31, 2021			As at March 31, 2020		
		Face value (in ₹)	No. of Shares	Amount	Face value	No. of Shares	Amount
	Investment in equity instruments (fully paid up)						
1)	**Quoted at FVTPL**						
	a) United Credit Limited	10	700	0	10	700	0
	b) Summit Securities	10	12	0	10	12	0
	c) Akzo Nobel India Limited	10	50	0	10	50	0
	d) BASF India Limited	10	976	2	10	976	1
	e) Sudershan Chemical Industries Limited	1	900	1	1	900	0
	f) Rallis India Limited	1	2,070	1	1	2,070	1
	g) Bayers Crop Science Limited	10	66	0	10	66	0
	h) Punjab Chemicals & Crop Protection Limited	10	248	0	10	248	0
	i) Pfizer Limited (Erstwhile Wyeth Limited)	10	29	0	10	29	0
	j) Sanofi India Limited	10	100	1	10	100	1
	k) L.M.L.Limited	10	150	0	10	150	0
	l) United Sprit Limited	10	940	1	10	940	1
	m) RPG Life Sciences Limited	10	360	0	10	360	0
	n) Voltas Limited	1	100	0	1	100	0
	o) ICICI Bank Limited	2	2,530	1	2	2,530	1
				7			**5**
2)	**Unquoted**						
	a) Sygenta India Limited	-	-	-	10	160	0
	b) Ciba CKD Biochem Limited	10	100	0	10	100	0
	c) PI Collabotech Inc.(in JPY)	291,545	343	65	291,545	343	65
	d) Investement in Ifionic India Pvt Ltd.			5			-
	Less: Provision for diminution in value of investment			**(23)**			**(0)**
				47			**65**
	TOTAL			**54**			**70**
	Aggregate amount of quoted investments and market value thereof			**7**			**5**
	Aggregate amount of un-quoted investments			**70**			**65**
	Aggregate amount of impairment in the value of investments			**(23)**			**(0)**

7(b) CURRENT INVESTMENTS

		As at March 31, 2021		As at March 31, 2020	
Investment in mutual funds at FVTPL (Refer Note 44)					
Quoted					
a)	**SBI Short Term Debt Fund - Direct Plan - Growth**	-		609	
	Nil (March 31, 2020 : 2,52,39,905) Units				
b)	**SBI Short Term Debt Fund - Direct Plan - Growth Fund**	20		716	
	4,373 (March 31, 2020 : 2,30,197) Units				
c)	**Axis Liquid Fund-Direct Plan- Growth**	215		-	
	93,938 (March 31, 2020 : Nil) Units				
d)	**Nippon India Liquid Fund-Direct Plan- Growth**	669		-	
	133,007 (March 31, 2020 : Nil) Units				
e)	**HDFC Ultra Short Term Fund-Direct Plan- Growth**	2,064		-	
	172,861,190 (March 31, 2020 : Nil) Units				
f)	**SBI Magnum Ultra Short Duration Fund-Direct Plan-Growth**	2,055		-	
	435,559 (March 31, 2020 : Nil) Units				
g)	**Aditya Birla SL Money Manager Fund-Direct Plan- Growth**	1,029		-	
	35,81,964 (March 31, 2020 : Nil) Units				
h)	**Kotak Money Market Fund(G)-Direct Plan**	1,027		-	
	294,745 (March 31, 2020 : Nil) Units				
			7,079		**1,325**
Quoted	TOTAL		**7,079**		**1,325**
Aggregate amount of quoted investments and market value thereof			**7,079**		**1,325**
Aggregate amount of impairment in the value of investments			**-**		**-**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

7(c) LOANS

	Non- Current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good unless stated otherwise				
Security deposits	67	61	33	29
Loans and advances to related parties (Refer Note 35)	-	-	2	-
Other loans and advances				
Employee advances				
Considered good	-	-	6	7
Doubtful	-	-	3	3
Less: Allowance for doubtful employee advances	-	-	(3)	(3)
Other miscellaneous advances*	-	-	62	47
TOTAL	67	61	103	83

* Includes amount due from Directors amounting to ₹ 5 (March 31, 2020 ₹ 11).

Classification of current and non current loans :

	As at March 31, 2021	As at March 31, 2020
Loans considered good- Secured	-	-
Loans considered good- Unsecured	170	144
Loans which have significant increase in credit risk	-	-
Loans- credit impaired	3	3
Total Loans	**173**	**147**
Less: loss allowance	(3)	(3)
TOTAL	**170**	**144**

7(d) TRADE RECEIVABLES

	As at March 31, 2021	As at March 31, 2020
Trade receivables	7,525	6,923
Receivables from related parties (Refer note 35)	5	58
Less: Allowance for doubtful debts	(495)	(516)
TOTAL	**7,035**	**6,465**
Current portion	7,035	6,465
Non-current portion	-	-

Break up of security details

	As at March 31, 2021	As at March 31, 2020
Trade receivables considered good- Secured	-	-
Trade receivables considered good- Unsecured*	7,035	6,465
Trade receivables which have significant increase in credit risk	-	-
Trade receivables- credit impaired	495	516
	7,530	**6,981**
Less: Allowance for doubtful debts	(495)	(516)
TOTAL	**7,035**	**6,465**

Refer note 41 for information on trade receivables pledged as security by the Group.

* Trade Receivable include amount due from Related Parties amounting to ₹ 5 (March 31, 2020 ₹ 58)

7(e) CASH AND CASH EQUIVALENTS

	As at March 31, 2021	As at March 31, 2020
i. Cash & Cash Equivalents		
Balance with banks		
In Current Accounts	222	565
In EEFC account	350	37
Cash on hand	2	0
Deposits with maturity of less than 3 months	522	644
Total	**1,096**	**1,246**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

7(f) BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at March 31, 2021	As at March 31, 2020
In deposit accounts held as margin money	161	20
Fixed deposits with bank (refer note 44)	14,895	71
In unclaimed dividend accounts *	43	7
	15,099	**98**

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

7(g) OTHERS FINANCIAL ASSETS

	Non- Current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Considered good unless stated otherwise				
Interest and other charges recoverable from customers				
-Considered good	-	-	35	86
-Doubtful	-	-	101	120
Less: Allowance for doubtful debts	-	-	(101)	(120)
Deposits lodged with Excise & Sales Tax department	32	30	-	-
Deposit accounts held as margin money	20	52	-	-
Deposits with more than 12 months maturity	35	-	2	-
Insurance Claims Recoverable	-	-	100	105
Other recoverable	-	-	-	122
Derivative financial instruments - foreign exchange forward contracts	192	-	292	-
TOTAL	**279**	**82**	**429**	**313**

7(h) CONTRACT ASSETS

	Non- Current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Contract assets*	-	-	1,482	1,022
TOTAL	**-**	**-**	**1,482**	**1,022**

*Recoverable from customers under contract for supply of goods manufactured exclusively for customers (Refer note 3(h)).

8 INVENTORIES

	As at March 31, 2021	As at March 31, 2020
Raw materials {includes stock-in-transit ₹ 1,494 (March 31, 2020 : ₹ 733)}	6,833	5,381
Work in progress	1,004	1,138
Finished goods * {includes stock-in-transit ₹ 46 (March 31, 2020 : ₹ 103)}	1,676	541
Stock in trade * {includes stock-in-transit ₹ Nil (March 31, 2020 : Nil)}	355	466
Stores & spares {includes stock-in-transit ₹ 5 (March 31, 2020 : ₹ 5)}	660	463
TOTAL	**10,528**	**7,989**

* The cost of inventories recognised as an expense on account of provision of obsolete/ slow and non moving inventories amounting to ₹ 79 (March 31, 2020: ₹ 52)

9 INVESTMENTS IN ASSOCIATE AND JOINT VENTURE

	As at March 31, 2021	As at March 31, 2020
Investment in Unquoted Equity Instruments*		
Solinnos Agro Sciences Private Limited (Associate)**	7	6
PI Kumiai Private Limited (Joint Venture)***	146	103
	153	**109**

* Unlisted entity - no quoted price available

** The Group has a 49% interest in Solinnos Agro Sciences Private Limited, which is involved in the business of all types of agri Inputs. The Group's interest in Solinnos Agro Sciences Private Limited is at carrying amount determined using the equity method of accounting. The country of business is India.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

*** The Group has a 50% interest in PI Kumiai Private Limited, which is involved in the business of are manufacturing and trading of Agri Science Products. The Group's interest in PI Kumiai Private Limited is at carrying amount determined using the equity method of accounting. The country of business is India.

The Group has interest in Solinnos Agro Sciences Private Limited and PI Kumiai Private Limited that are accounted for using equity method and are individually immaterial to the Group. Refer table below for details: -

	As at March 31, 2021	As at March 31, 2020
Aggregate carrying amount of individually immaterial associate and joint venture	153	109
Aggregate amounts of the group's share of:		
Profit/(loss) from continuing operations	44	8
Total comprehensive income	**44**	**8**

10 OTHER ASSETS

	Non- Current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Considered good unless stated otherwise				
Capital advances				
Considered good	82	301	-	-
Doubtful	2	1	-	-
Less: Allowance for doubtful advances	(2)	(1)	-	-
Advances to vendors				
Considered good	-	-	377	344
Doubtful	-	-	32	43
Less: Allowance for doubtful advances	-	-	(32)	(43)
Balance with Central Excise Authorities, Customs etc.	-	-	589	413
Prepayments	4	6	101	84
Other statutory advances	22	50	434	288
Export incentive receivables	-	-	411	365
Right to recover returned goods (refer note 18)	-	-	168	52
Other miscellaneous advances*	38	54	-	-
TOTAL	**146**	**411**	**2,080**	**1,546**

* Other miscellaneous advances includes amount of ₹ 34 (March 31, 2020 ₹ 50) deposited with Sales Tax Authorities under protest.

11 NON CURRENT TAX ASSETS

	As at March 31, 2021	As at March 31, 2020
Advance income tax (Net of provision for income tax ₹ 4,994 {March 31, 2020 ₹ 4,994})	132	146
TOTAL	**132**	**146**

12 EQUITY SHARE CAPITAL

	As at March 31, 2021	As at March 31, 2020
Authorised Shares		
72,30,00,000 (March 31, 2020 : 72,30,00,000) Equity Shares of ₹1 each (March 31, 2020 : ₹ 1 each)	723	723
	723	**723**
Issued Shares		
151,894,693 (March 31, 2020 : 13,82,84,568) Equity Shares of ₹1 each (March 31, 2020 : ₹ 1 each)	152	138
	152	**138**
Subscribed & Fully Paid up Shares		
151,718,118 (March 31, 2020 : 13,81,07,993) Equity Shares of ₹1 each (March 31, 2020 : ₹ 1 each)	152	138
Total subscribed and fully paid up share capital	**152**	**138**
Own Shares held by ESOP Trust		
Less: 89,263 (March 31, 2020 : 148,857) Equity Shares of ₹1 each (March 31, 2020 : ₹ 1 each) (Refer Note 31))	(0)	(0)
Net subscribed and fully paid up share capital (151,628,855 (March 31, 2020 : 137,959,136) equity share of ₹ 1 each (March 31, 2020 : ₹ 1 each)	**152**	**138**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

b. Terms/ rights attached to Equity Shares

The Company has only one class of Equity Shares having a par value of ₹1 per share (March 31, 2020 ₹ 1 per share). Each holder of Equity Shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except interim dividend. In the event of liquidation, the Equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c. Own shares held by ESOP Trust

In the earlier years, PII ESOP Trust was set up to administer the employee stock option plan. During the current year PII ESOP Trust has been consolidated. Refer table below for movement of shares on account of consolidation: -

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
	No. of shares	Amount	No. of shares	Amount
Opening balance	148,857	0	231,200	0
Adjustment on consolidation of ESOP Trust during the year	4,683	0	77,342	0
Exercised during the year	64,277	0	159,685	0
Closing balance	**89,263**	**0**	**148,857**	**0**

d. Issue of Shares under employee stock option (ESOP) Scheme

During the year ended March 31, 2021, the Company has issued 4,683 equity shares of ₹ 1 each (March 31, 2020 77,342 equity shares of ₹ 1 each), as per exercise price to PII ESOP Trust, set up to administer Employee Stock Option Plan. Out of total equity shares issued to the Trust 64,277 equity shares of face value of ₹ 1 each (March 31, 2020 1,59,685 equity shares of face value of ₹ 1 each) have been allocated by the Trust to respective employees upon exercise of Stock Option. As on March 31, 2021, 89,263 equity shares of face value of ₹ 1 per share (March 31, 2020 1,31,036 of face value of ₹ 1 each) are pending to be allocated to employees upon exercise of Stock Option. (Refer Note 31)

e. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Issued share capital

Equity Shares

Particular	Equity Share (No. of Shares)		Value of Equity Shares	
	2020-21	2019-20	2020-21	2019-20
Share outstanding at beginning of period	138,284,568	138,207,226	138	138
Shares issued under employee stock option scheme	4,683	77,342	0	0
Shares issued under Qualified Institutional Placement (Refer note 44)	13,605,442	-	14	-
Share outstanding at end of period	**151,894,693**	**138,284,568**	**152**	**138**

Subscribed & paid up

Equity Shares

Particular	Equity Share (No. of Shares)		Value of Equity Shares	
	2020-21	2019-20	2020-21	2019-20
Share outstanding at beginning of period	138,107,993	138,030,651	138	138
Shares issued under employee stock option plan	4,683	77,342	0	0
Shares issued under Qualified Institutional Placement (Refer note 44)	13,605,442	-	14	-
Share outstanding at end of period	**151,718,118**	**138,107,993**	**152**	**138**

f. Shares reserved for issue under option

Shares reserved for issue under employee stock option scheme is set out in Note 31

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

Equity Shares

Name of Shareholders	2020-21		2019-20	
	No of Shares	% of Holding	No of Shares	% of Holding
Mr. Salil Singhal	8,554,857	5.64	8,554,857	6.20
Ms. Madhu Singhal	21,560,500	14.21	21,560,500	15.62
Mr. Mayank Singhal	32,028,510	21.11	32,028,510	23.20
Ms. Pooja Singhal	8,665,550	5.71	8,665,550	6.28

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

13 OTHER EQUITY

	Reserves & surplus	As at March 31, 2021		As at March 31, 2020	
	Reserves & surplus				
a.	**Capital reserve**				
	Balance at the beginning of the financial year	15		15	
	Addition during the financial year	-	15	-	15
	Capital Reserve pertains to amount transferred from capital redemption reserve which was created for redemption of preference share.				
b.	**Capital redemption reserve**				
	Balance at the beginning of the financial year	4		4	
	Addition during the Financial year	-	4	-	4
	Deduction during the financial year				
c.	**Securities premium reserve**				
	Balance at the beginning of the financial year	2,249		2,169	
	Add: Premium on issue of Qualified Institutional Placement (QIP) (refer note 44)	19,986		-	
	Less: Share issue expenses on Qualified Institutional Placement (QIP) (refer note 44)	(250)		-	
	Add: Premium on issue of equity shares through ESOP	14	21,999	80	2,249
	Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.				
d.	**Share option outstanding account**				
	Balance at the beginning of the financial year	42		73	
	Less: Expense on employee stock option scheme	(31)		(4)	
	Less: Shares issued under employee stock option scheme	(11)	-	(27)	42
	The share options outstanding account is used to recognise the liability arising out of options issued to employees under Employee stock option scheme until the shares are issued (Refer Note 31).				
e.	**General reserve**				
	Balance at the beginning of the financial year	1,857		1,857	
	Add: Transferred during the financial year	-	1,857	-	1,857
f.	**Surplus in statement of profit & loss**				
	Balance at the beginning of the financial year	22,389		18,583	
	Addition during the financial year	7,383		4,566	
	Add: Remeasurement gain / (loss) on defined benefit plans through OCI	5		(11)	
	Less: Interim dividend (refer note 14)	(455)		(414)	
	Less: Final dividend (refer note 14)	(151)		(207)	
	Less: Dividend distribution tax on equity shares	-	29,171	(128)	22,389
g.	**Own shares held by ESOP Trust**				
	Balance at the beginning of the financial year	(87)		(114)	
	Add: Shares bought by the Trust during the year	(4)		(53)	
	Less: Shares issued to employees by the trust during the year	40	(51)	80	(87)
	Items of other comprehensive income				
h.	**Cash flow hedge reserve**				
	Balance at the beginning of the financial year	(420)		127	
	Add: Other comprehensive income for the financial year	694	274	(547)	(420)
	The company uses hedging instruments as part of its management of foreign currency risk associated with its highly probable forecast sale. For hedging foreign currency risk, the company uses foreign currency forward contracts which is designated as cash flow hedges. To the extent these hedges are effective; the change in fair value of the hedging instrument is recognised in the cash flow hedging reserve. Amounts recognised in the cash flow hedging reserve is reclassified to profit or loss when the hedged item (sales) affects profit or loss.				
i.	**Foreign currency translation reserve**				
	Balance at the beginning and end of the financial year	4		2	
	Other comprehensive income for the year	(1)	3	2	4
	Total		**53,272**		**26,053**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

14 DISTRIBUTION MADE AND PROPOSED

		As at March 31, 2021	As at March 31, 2020
A	**Dividends declared and paid:**		
	Final dividend (March 31, 2021 pertains to financial year 2019-20 and March 31, 2020 pertains to financial year 2018-19)	151	207
	Interim dividend (March 31, 2021 pertains to financial year 2020-21 and March 31, 2020 pertains to financial year 2019-20)	455	414
	Total dividends	**606**	**621**
	The Company has paid tax on dividend amounting to ₹ Nil (March 31, 2020 ₹ 127)		
B	**Dividends not recognised at the end of the reporting period**		
	In addition to the above dividends, subsequent to the year end the Board of Directors have recommended a final dividend of ₹ 2 per fully paid equity share (March 31, 2020 ₹ 1).	303	138
	This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.		

15 FINANCIAL LIABILITIES

15(a) BORROWINGS (NON-CURRENT)

	Non- Current maturities		Current maturities	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Secured				
Term Loans - From Banks				
Foreign Currency Loans from Banks at amortised cost	2,574	2,254	705	109
Rupee Term Loan at amortised cost	-	1,740	-	-
Less: Interest accrued but not due on borrowings (included in Note 15(d))	-	-	4	12
TOTAL	**2,574**	**3,994**	**701**	**97**

a. Foreign currency loans includes:

(i) 'External commercial borrowings (ECB) from HSBC Bank, Singapore amounting to USD 45.0 MN (March 31, 2020 USD 30.0 MN) (drawn) carrying interest rate of 3 months LIBOR plus 1.25% is outstanding as on March 31, 2021.The borrowing from HSBC Bank, Singapore are repayable in 14 (fourteen) equal quarterly instalments of USD 3.21 MN (March 31, 2020 USD 4.14 MN) each. The maturity date of the loan is October 10, 2024. The loan is secured by exclusive charge on movable plant and machinery and building relating to multi purpose plant (MPP) - 10 & 11 of the Company situated at SPM 29/2, Jambusar (Gujarat) .The loan was taken for the purpose of capital expenditure for two multi purpose plant designated as MPP 10 and MPP 11 at sterling Multi Product SEZ in Jambusar, District, Gujarat. (refer note 41)

(ii) 'External commercial borrowings (ECB) from HSBC Bank, Mauritius amounting to USD Nil (March 31, 2020 USD 1.42 MN) is outstanding as on March 31, 2021.The maturity date of the loan was May 26, 2020 and has been fully repaid.The loan was secured by exclusive charge on movable plant and machinery & building relating to multi purpose plant (MPP) - 6 &7 of the Company situated at SPM 28, Jambusar (Gujarat). The loan was taken for the purpose of capital expenditure for two multi purpose plant designated as MPP 6 and MPP 7 at sterling Multi Product SEZ in Jambusar, District, Gujarat. (refer note 41)

(iii) 'Rupee Term Loan from Citicorp Finance (India) Limited ("CFIL") amounting to ₹ Nil (March 31, 2020 ₹ 1,740) is outstanding as on March 31, 2021.The maturity date of the loan was December 31, 2022, however the Company has fully repaid the loan during the year.The loan was secured by exclusive charge on moveable fixed assets of multi purpose plant (MPP) 8 and under construction Multi purpose plant (MPP) 9 of the Company situated at SPM 29/2, Jambusar (Gujarat). The purpose of Loan was reimbursement of capital expenditure at various manufacturing facility in FY 2019 and H1 FY 2020.(refer note 41).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

b. As on the Balance sheet date there is no default in repayment of loans and interest.

c. Changes in liabilities arising from financing activities

	As at March 31, 2021	As at March 31, 2020
This section sets out changes in liabilities arising from financing activities pursuant to requirements under Ind AS 7		
Current portion of long term financial borrowings	(701)	(97)
Non-current portion of long term financial borrowings	(2,574)	(3,994)
Interest accrued but not due on borrowings	(4)	(12)
TOTAL	**(3,279)**	**(4,103)**
	Amount	Amount
Balance as at the beginning of the year	**(4,103)**	**(494)**
Foreign exchange adjustments	125	(154)
Interest expense	(183)	(60)
Interest paid	190	50
Amortisation of Prepaid Processing Charges on Term Loan	(11)	34
Loan taken	(1,145)	(3,886)
Re-payments	1,848	407
Balance as at the end of the year	**(3,279)**	**(4,103)**

d. Loan covenants

Under the terms of the major borrowing facilities, the group is required to comply with the following financial covenants :

a. the Debt service coverage ratio (DSCR) must be higher than 2. [DSCR = (PAT + Depreciation + Interest expenses + Deferred tax + Amortization)/ (Interest paid (including interest capitalized) + Finance charges paid + Long term and short term debt repayments excluding working capital)]

b. Fixed assets coverage ratio (FACR) must be higher than 1.25 [Fixed assets coverage ratio = (Hypothecated Movable Fixed Assets (net book value) + Immovable assets mortgaged (book value))/ (secured loan outstanding)]

c. External Debt/EBIDTA to be maintained below 2.5. [Total debt or borrowings/ EBIDTA]

d. External gearing to be maintained below 2.[Total debt or borrowings /Tangible net worth]

The group complied with these ratios throughout the reporting period. As at March 31, 2021 Debt service coverage ratio was 4.54 (March 31, 2020 10.95), Fixed assets coverage ratio was 4.94 (March 31 2020 3.52), External Debt/EBIDTA was 0.33 (March 31 2020 0.66) and external gearing ratio was 0.07 (March 31, 2020 0.21) .

15(b) BORROWINGS (CURRENT)

		Current	
		As at March 31, 2021	As at March 31, 2020
	Secured		
	Working Capital- From Banks		
	Secured Short term loan- Working capital Demand loan	-	950
	Buyer's Credit	-	133
	TOTAL	-	**1,083**
a	Short term loan:		
	Working capital loans amounting to ₹ Nil (March 31, 2020 ₹ 950) Mn carrying interest rate of 7.90 to 8.10% .The loan was secured by floating chagre on all current assets. The purpose of the loan is to meet working capital requirements of the Company.		
b	**Changes in liabilities arising from financing activities**		
	Balance as at the beginning of the year	**1,083**	-
	Interest expense	17	43
	Interest paid	(17)	(43)
	Repayment of Borrowings	(1,083)	1,083
	Balance as at the end of the year	-	**1,083**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

15(c) TRADE PAYABLES

	As at March 31, 2021	As at March 31, 2020
Trade payables		
-Due to micro and small enterprises (Refer Note 36)	319	83
-Other trade payables	7,641	5,826
TOTAL	**7,960**	**5,909**

15(d) OTHER FINANCIAL LIABILITIES

	Non- Current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Employee payables*	-	-	774	642
Security deposits from dealers	273	255	-	-
Security deposits from contractors	2	1	2	2
Current maturities of long-term borrowings (Refer Note 15 (a))	-	-	701	97
Interest accrued but not due on borrowings	-	-	4	12
Unclaimed dividends	-	-	43	7
Creditors for capital purchases	-	-	484	502
Deferred Lease Liabilities	284	318	165	187
Other payable **	-	-	1,185	1,013
Derivative financial instruments - foreign exchange forward contracts	-	258	-	508
TOTAL	**559**	**832**	**3,358**	**2,970**

a **Changes in liabilities arising from financing activities- Deferred lease liabilities :-**

	As at March 31, 2021	As at March 31, 2020
Balance as at the beginning of the year	505	412
Interest expense	46	47
Addition- lease liabilities	146	261
Lease rental paid	(248)	(215)
Balance as at the end of the year	**449**	**505**

* This includes due to directors amounting to ₹ 166 (March 31, 2020 ₹ 99)

** This includes due to non-executive/ independent directors amounting to ₹ 33 (March 31, 2020 : ₹ 13)

16 PROVISIONS

	Non- Current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits				
Long term compensated absences	-	-	185	157
Gratuity (Refer Note no. 30)	96	124	6	7
	96	**124**	**191**	**164**
Provisions for legal claims	-	-	**265**	**260**
TOTAL	**96**	**124**	**456**	**424**

(i) Long term compensated absences

The long term compensated absences cover the company's liability for earned leave which are classified as other long-term benefits.

The entire amount of provision of ₹ 185 is presented as current, since the compnay does not have an unconditional right to defer settlement for any of these obligations. However based on past experience, the company does not expect all employees to avail the full amount of accrued leave or require payment for such leave within next 12 months.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

	As at March 31, 2021	As at March 31, 2020
Leave obligations not expected to be settled within the next 12 months	125	157

(i) Information about provisions for legal claims

(a) An objection was raised by the custom department on classification of one of the imported raw materials resulting in demand of differential custom duty. The Company filed an appeal against the order and is clearing the goods after furnishing of bank guarantee for differential duty against each import of such raw material. As on March 31, 2021 total differential custom duty demand is ₹ 132 (March 31, 2020 ₹ 128). Case is pending before Assistant Commissioner of Customs, Mumbai.

(b) Government of Rajasthan issued a notification resulting into an excise liability of ₹ 4 (March 31, 2020: ₹ 4). The Company has filed writ against the notification and has furnished fixed deposit against the said liability. The case is pending before Honorable Rajasthan High Court.

(c) An objection was raised by the custom department on classification of one of the raw materials siapton resulting in demand of differential excise duty. The Company filed an appeal against the order and has given fixed deposit amounting to ₹ 21 under lein against the said liability.As on March 31, 2021 total differential excise duty demand is ₹128 (March 31, 2020 ₹ 128).

(ii) Movement in other provisions

	Legal claims
As at April 01, 2019	118
Provisions made during the year	14
Additions relating to acquisition	128
As at March 31, 2020	**260**
Provisions made during the year	4
As at March 31, 2021	**264**

17 DEFERRED TAX (ASSETS) / LIABILITIES

The balance comprises temporary differences attributable to:		As at March 31, 2021	As at March 31, 2020
Deferred tax liabilities			
Property, plant and equipment		2,053	1,507
Intangible assets		14	14
Other comprehensive income items			
- Effective portion on cash flow hedges		137	-
Unrealised gain on mutual fund		67	-
Right to use assets		140	-
	A	**2,411**	**1,521**
Deferred tax assets			
Provision for employee benefits		(68)	(58)
Other provisions		(59)	(64)
Other financial liabilities		(6)	(7)
Trade receivables		(166)	(169)
Deferred lease liabilities		(148)	-
Other comprehensive income items			
- Remeasurements on defined benefit plans		(23)	(25)
- Effective portion on cash flow hedges		-	(236)
- Exchange difference on translation of foreign operations		1	1
Others		(65)	(71)
Minimum alternate tax (MAT) credit entitlement		(1,081)	(790)
	B	**(1,615)**	**(1,419)**
Net deferred tax (assets)/ liabilities	TOTAL	**796**	**102**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

Movement in deferred tax:	As at March 31, 2020	On account of acquisition	Recognized in P&L	Recognized in OCI	Other Adjustments**	As at March 31, 2021
Deferred tax liabilities						
Property, plant and equipment	1,507	-	546	-	-	2,053
Intangible assets	14	-	0	-	-	14
Other comprehensive income items						
- Effective portion on cash flow hedges	(236)	-	-	373	-	137
Unrealised gain on mutual fund	-	-	67	-	-	67
Right to use assets	-	-	140	-	-	140
Sub- Total (a)	**1,285**	**-**	**753**	**373**	**-**	**2,411**
Deferred tax assets						
Provision for employee benefits	58	-	10	-	-	68
Other provisions	64	-	(5)	-		59
Other financial liabilities	7	-	(1)	-	-	6
Trade receivables	169	-	(3)	-	-	166
Deferred lease liabilities	-	-	148			148
Other comprehensive income items						
- Remeasurements on defined benefit plans	25	-	-	(2)	-	23
- Exchange difference on translation of foreign operations	(1)	-	-	-	-	(1)
Others	71	-	(6)	-	-	65
Minimum alternate tax (MAT) credit entitlement	790	-	361	-	(70)	1,081
Sub- Total (b)	**1,183**	**-**	**504**	**(2)**	**(70)**	**1,615**
Net deferred tax liability (a)-(b)	**102**	**-**	**249**	**375**	**70**	**796**

Movement in deferred tax:	As at March 31, 2019	On account of acquisition*	Recognized in P&L	Recognized in OCI	Other Adjustments	As at March 31, 2020
Deferred tax liabilities						
Property, plant and equipment	1,093	37	377	-	-	1,507
Intangible assets	14	-	(0)	-	-	14
Sub- Total (a)	**1,107**	**37**	**377**	**-**	**-**	**1,521**
Deferred tax assets						
Provision for employee benefits	42	8	9	(1)	-	58
Other provisions	17		47	-	-	64
Other financial liabilities	8		(1)	-	-	7
Trade receivables	155	38	(24)	-	-	169
Other comprehensive income items						
- Remeasurements on defined benefit plans	17	-	-	8	-	25
- Effective portion on cash flow hedges	(58)	-	-	294	-	236
-Exchange difference on translation of foreign operations	(1)	-	-	-	-	(1)
Others	5	33	33	-	-	71
Minimum alternate tax (MAT) credit entitlement	1,063	-	-	-	(273)	790
Sub- Total (b)	**1,248**	**79**	**64**	**301**	**(273)**	**1,419**
Net deferred tax liability (a)-(b)	**(141)**	**(42)**	**313**	**(301)**	**273**	**102**

* Acquired on December 27, 2019 (Refer note 42)

** Actualisation on MAT credit utilisation for the FY 2019-20 on the basis of return filed.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

18 OTHER LIABILITIES

	Non- Current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Advance from customers	-	-	289	363
Refund/ Return liabilities*	-	-	307	95
Statutory dues payable	-	-	135	117
TOTAL	**-**	**-**	**731**	**575**

* The Company has a customary practice of accepting return and accordingly, the Company has recognised a refund liability amounting to ₹ 307 (March 31,2020: ₹ 95). The Company has also recognised a right to recover the returned goods ₹ 168 (March 31, 2020: ₹ 52). The costs to recover the products are not material because the customers usually return the product in a saleable condition.

19 CURRENT TAX LIABILITIES

	As at March 31, 2021	As at March 31, 2020
Provision for Income Tax (Net of Advance Income Tax ₹ 4,739 {March 31, 2020 ₹ 3,174})	65	44
TOTAL	**65**	**44**

20 REVENUE FROM OPERATIONS

	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from operations includes		
a) Sale of products	45,100	33,054
b) Sale of services;	100	12
c) **Other operating revenues:**		
Scrap sales	134	17
Export incentives	436	582
Revenue From Operations (Net)	**45,770**	**33,665**

Reconciliation of revenue recognised with the contract price:	Year ended March 31, 2021	Year ended March 31, 2020
Contract Price	47,642	34,851
Adjustments for:		
Refund liabilities	(307)	(95)
Discount/Incentives	(2,235)	(1,702)
Revenue from Operations	**45,100**	**33,054**

Critical judgements in revenue :

The group has recognised Provision for discounts and sales returns amounting to ₹ 764 from sale of products to various customers during the year ended March 31, 2021 (March 31, 2020 ₹ 479). The provision has been determined by the management based on the current and expected operating environment, Sales returns variability, expected achievement of targets against various ongoing schemes floated.

21A OTHER INCOME

	Year ended March 31, 2021		Year ended March 31, 2020	
Interest Income from financial assets at amortised cost		541		175
Unwinding of discount on security deposits		11		3
Net gain/ (loss) on sale of Plant, property and equipment ;		1		9
Net gain on financial assets measured at fair value through profit or loss				
-Realised Gain		50		13
-Unrealised Gain/ (Loss)		188		-
Net foreign exchange differences	444	-	264	-
Less: transferred to capital work in progress	(117)	327	-	264
Dividend Income		0		0
Provision for bad and doubtful debts and advances no longer required		39		-
Miscellaneous Income		92		25
TOTAL		**1,249**		**489**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

21B CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

	Year ended March 31, 2021		Year ended March 31, 2020	
Closing balance				
Finished Goods	1,676		541	
Stock in trade	355		466	
Work in Progress	1,004		1,138	
Right to recover returned goods (Refer Note 10)	168	3,203	52	2,197
Opening balance				
Finished Goods	541		735	
Stock in trade	466		292	
Work in Progress	1,138		1,148	
Right to recover returned goods (Refer Note 10)	52	2,197	-	2,175
TOTAL		**(1,006)**		**(22)**

22 EMPLOYEE BENEFIT EXPENSE

	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages and bonus	4,121	3,324
Contribution to provident & other funds (Refer Note 30)	158	136
Gratuity (Refer Note 30)	72	60
Long term compensated absences	43	46
Employees Welfare Expenses	180	141
Expense/(Reversal) on Employee Stock Option Scheme (Refer Note 31)	(31)	(4)
	4,543	**3,703**
Less: transferred to capital work in progress	374	494
TOTAL	**4,169**	**3,209**

23 OTHER EXPENSES

	Year ended March 31, 2021	Year ended March 31, 2020
Power, Fuel & Water	1,272	1,124
Consumption of stores & spares	345	353
Repairs & Maintenance		
- Buildings	69	46
- Plant and machinery	353	249
- Others	203	178
Environment & Pollution Control expenses	684	480
Laboratory & Testing Charges	329	248
Freight & Cartage	559	341
Advertisement & Sales Promotion	347	444
Travelling and conveyance	338	458
Rental charges {Refer note 32 (c)}	76	81
Rates and taxes	48	2
Insurance	140	114
Donation	55	8
Payment to auditors {Refer note 23 (a) below}	12	9
Telephone and communication charges	46	47
Provision for Bad and Doubtful debts & Advances	-	75
Bad Trade Receivables written off	21	-
Director sitting fees and commission	16	15
Effluent / Waste Disposal Exp A/C	63	5
Legal & professional fees	324	306
Bank charges	58	20

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

	Year ended March 31, 2021	Year ended March 31, 2020
Corporate social responsibility expenditure {Refer note 24 below}	114	104
Miscellaneous Expenses	327	236
	5,799	**4,938**
Less: transferred to capital work in progress	32	134
TOTAL	**5,767**	**4,804**
a. Auditors' Remuneration #		
-Audit Fees *	7	5
- Limited Review Fees	3	1
-Certificates & other matters	3	4
-Reimbursement of expenses	0	0
TOTAL	**12**	**9**

Excluding fees relating to Qualified Institutional Placement ₹ 13, debited to securities premium reserve.

* Includes audit fees amounting to ₹ 1 relating to year ended March 31, 2020.

24 CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

	Year ended March 31, 2021	Year ended March 31, 2020
Contribution to PI Foundation Trust for CSR activities	114	104
Amount required to be spent by the Company during the year as per Section 135 of the Act	114	104
Amount spent during the year on :		
(i) Construction/acquisition of an asset	-	-
(ii) On purpose other than (i) above	114	104

25 DEPRECIATION AND AMORTIZATION EXPENSES

	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation of Property, Plant and Equipment (Refer Note 4)	1,461	1,141
Amortization of ROU (Refer Note 4)	192	189
Amortization of Intangible Assets (Refer Note 5)	95	37
TOTAL	**1,748**	**1,367**

26 FINANCE COST

	Year ended March 31, 2021	Year ended March 31, 2020
Interest on financial liabilities measured at amortised cost	235	140
Less: transferred to CWIP	-	(19)
Interest and finance charges on lease liability	46	47
Other borrowing costs	1	2
TOTAL	**282**	**170**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

27 INCOME TAX EXPENSE

		Year ended March 31, 2021	Year ended March 31, 2020
a)	Income tax expense recognized in Profit and Loss		
	Current tax expense		
	Current tax on profits for the year	1,689	1,246
	Adjustment of current tax for prior year periods	64	13
	Total Current tax expense	1,753	1,259
	Deferred tax expense		
	(Decrease) / Increase in Deferred tax liability	753	377
	Decrease / (Increase) in Deferred tax assets	(504)	(64)
	Net Deferred tax expense	**249**	**313**
	Total Income tax expense	**2,002**	**1,572**
b)	**Deferred tax related to items recognised in Other comprehensive income during the year**		
	Remeasurement of defined benefit plans	2	(8)
	Effective portion on cash flow hedges	373	(294)
	Exchange difference on translation of foreign operation	(0)	1
	Income tax charged to Other comprehensive income	**375**	**(301)**
c)	**Reconciliation of tax expense and the accounting profit multiplied by India's tax rate**		
	Accounting profit before tax	9,385	6,138
	Tax at India's statutory income tax rate @ 34.944% (March 31, 2019: 34.944%)	3,280	2,145
	Adjustment in respect of current income tax of previous years	64	13
	Effect of concessions (expenditure on research and development)	-	(156)
	Effect of income that is exempt from taxation (operations in tax free zone)	(1,340)	(426)
	Effect of lower income tax rate	-	(16)
	Effect of amounts which are not deductible in calculating taxable income	(2)	11
	Income Tax Expense	**2,002**	**1,572**
d)	**Unrecognized temporary differences**		
	Temporary difference relating to investments in subsidiaries for which deferred tax liabilities have not been recognised:		
	Undistributed earnings	644	2,607
	Unrecognised deferred tax liabilities relating to the above temporary differences @ 34.944% (March 31, 2020: 34.944%)	225	911

Certain subsidiaries of the Group have undistributed earnings which, if paid out as dividends, would be subject to tax in the hands of the recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised as the Group is able to control the timing of distributions from the subsidiaries. These subsidiaries are not expected to distribute these profits in foreseeable future. Also refer note 42.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

28 RESEARCH & DEVELOPMENT EXPENSES

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

a) Revenue Expenditure

	Year ended March 31, 2021	Year ended March 31, 2020
Other Income	0	0
TOTAL	0	0
Employee Benefit Expenses		
Salaries, Wages & Bonus	449	374
Contributions to Provident & other funds	29	26
Employee Welfare Expenses	7	8
	485	**408**
Raw & Packing Materials Consumed	**140**	**115**
Other Expenses		
Laboratory & testing Material	78	71
Power, Fuel & Water	47	51
Consumption of stores & spares	79	47
Testing & analysis	50	26
Travelling & conveyance	11	21
Rates and taxes	0	0
Printing & Stationery	0	1
Bank Charges	0	0
Legal & professional fees	39	31
Miscellaneous Expenses	72	41
	376	**289**
Depreciation		
Depreciation	132	108
TOTAL	**1,133**	**920**
Total Expenditure	**1,133**	**920**

b) Capital Expenditure

Description	Year ended March 31, 2021	Year ended March 31, 2020
Buildings	10	55
Equipments & Others	225	174
TOTAL	**235**	**229**

29 EARNING PER SHARE (EPS)

		Year ended March 31, 2021	Year ended March 31, 2020
a)	Net Profit for Basic and Diluted EPS	7,383	4,566
b)	Number of Equity Shares at the beginning of the year	138,107,993	138,030,651
	Add: Issue of Shares under ESOP/QIP	13,610,125	77,342
	Sub-total	**151,718,118**	**138,107,993**
	Less: Adjustment of own shares held under ESOP Trust	(89,263)	(148,857)
	Total Number of Shares outstanding at the end of the Period	**151,628,855**	**137,959,136**
	Weighted Average number of Equity Shares outstanding during the period - Basic	**147,899,278**	**138,035,101**
	Add: Weighted Average number of Equity Shares arising out of grant of Employee Stock option	88,726	2,840
	Weighted Average number of Equity Shares outstanding during the year - Diluted	**147,988,004**	**138,037,941**
	Earning Per Share - Basic (₹)	49.92	33.08
	Earning per share - Diluted (₹)	49.89	33.08
	Face value per share (₹)	1.00	1.00

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

30 EMPLOYEE BENEFITS

In respect of entities incorporated in India, the Group participates in defined contribution and benefit schemes, the assets of which are held (where funded) in separately administered funds. For defined contribution schemes the amount charged to the statements of profit or loss is the total of contributions payable in the year.

Provident Fund

In accordance with the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 (EPF and MP Act), employees are entitled to receive benefits under the Provident Fund. Employers and employees both contribute @12% of wages in contribution accounts. Further, the employers also contribute towards administration of the benefits under the EPF and MP Act. All employees have an option to make additional voluntary contributions as permissible under the Act. These contributions are made to the fund administered and managed by the Employee Provident Fund organization. The Group has no further obligations under the fund managed by the Employee Provident Fund Organization (EPFO) beyond its monthly contributions which are charged to the statements of profit or loss in the period they are incurred. The benefits are paid to employees on their retirement or resignation from the EPFO. Also, refer note 33.

Gratuity Plan

In accordance with the Payment of Gratuity Act of 1972, PI Industries Limited has established a defined benefit plan (the "Gratuity Plan"). The Gratuity Plan provides a lump sum payment to the employees at the time of retirement or resignation (after 5 years of continued services of employment), being an amount based on the respective employee's last drawn salary and the number of years of employment with the Group. Based on actuarial valuations conducted as at year end, a provision is recognised in full for the benefit obligation over and above the funds held in the Gratuity Plan. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

Long term compensated absences

liabilities for compensated absence namely earned and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit and loss.

a) DEFINED CONTRINBUTION PLANS:-

The Group has recognised an expense of ₹ 158 (Previous Year ₹ 136) towards the defined contribution plan.

b) DEFINED BENEFITS PLANTS - AS PER ACTUARIAL VALUATION

I Change in present value of obligation during the year

	Year ended March 31, 2021 Gratuity		Year ended March 31, 2020 Gratuity	
	Funded	Non-funded	Funded	Non-funded
Present value of obligation at the beginning of the year	409	-	259	0
On account of Acquisition (refer note 42)	-	-	83	-
Total amount included in profit and loss*:				
- Current Service Cost				
- Interest Cost	60	-	44	0
- Past Service Cost	28	-	21	0
Total amount included in OCI:	4	-	-	-
Remeasurement related to gratuity:				
Actuarial losses/(gains) arising from:				
- Demographic Assumption	(1)	-	0	-
- Financial assumption	1	-	25	0
- Experience Judgement	(15)	-	0	0
Others				
Benefits Paid	(35)	-	(23)	-
Present Value of obligation as at year-end	451	-	409	0

* Includes expenses reclassified to capital work in progress ₹ 6 (March 31, 2020 ₹ 6)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

II Change in Fair Value of Plan Assets during the year

	Year ended March 31, 2021	Year ended March 31, 2020
Plan assets at the beginning of the year	280	81
On account of acquisition (refer note 42)	-	61
Included in profit and loss:		
Expected return on plan assets	20	6
Included in OCI:		
Actuarial Gain/(Loss) on plan assets	(8)	6
Others:		
Employer's contribution	92	148
Benefits paid	(25)	(20)
Claim received during the year from fund manager	-	-
Pending claim with fund manager	(10)	(2)
Plan assets at the end of the year	349	280

The plan assets are managed by the Gratuity Trust formed by the Group. The management of 100% of the funds is entrusted with the Life Insurance Corporation of India, HDFC Standard Life Insurance Company Ltd. and Kotak Mahindra Old Mutual Life Insurance Ltd.

III Reconciliation of Present value of Defined Benefit Obligation and Fair Value of Plan Assets

	Year ended March 31, 2021		Year ended March 31, 2020	
	Gratuity		Gratuity	
	Funded	Non-funded	Funded	Non-funded
Present Value of obligation as at year-end	451	-	409	1
Fair value of plan assets at year-end	349	-	280	-
Funded status {Surplus/(Deficit)}	(102)	-	(129)	(0)
Net Asset/(Liability)	(102)	-	(129)	(1)

IV Bifurcation of PBO at the end of the year

		Year ended March 31, 2021		Year ended March 31, 2020	
		Gratuity		Gratuity	
		Funded	Non-funded	Funded	Non-funded
1	Current Liability	6	-	-	-
2	Non-Current Liability	96	-	129	1
V	**Actuarial Assumptions**				
1	Discount Rate	6.79%	NA	6.79%	6.79%
2	Expected rate of return on plan assets	7.50%	NA	7.50%	NA
3	Mortality Table	IALM (2012-14)	NA	IALM (2006-08)	IALM (2006-08)
4	Salary Escalation	7.00%	NA	7.00%	7.00%

VI The expected contribution for Defined Benefit Plan for the next financial year will be ₹ 78

VII Sensitivity Analysis

	Year ended March 31, 2021		Year ended March 31, 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50 % movement)	(18)	18	(16)	16
Future salary growth (0.50 % movement)	19	(19)	17	(17)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

VIII Maturity Profile of Defined Benefit Obligation

	Year ended March 31, 2021		Year ended March 31, 2020	
	Gratuity		Gratuity	
	Funded	Non-funded	Funded	Non-funded
Within the next 12 months	34	-	34	0
Between 2-5 years	113	-	90	0
Beyond 5 years	304	-	328	0

IX Major Categories of plan assets:

The plan assets are managed by the Gratuity Trust formed by the Company. The management of 100% of the funds is entrusted with the Life Insurance Corporation of India, HDFC Standard Life Insurance Company Ltd. And Kotak Mahindra Old Mutual Life Insurance Ltd. Refer Below for major categories of plan assets invested where available:

a) Life Insurance Corporation of India (LIC) :- The details of investments maintained by LIC are not available and have therefore not been disclosed.

b) HDFC Standard Life Insurance Company Ltd.:- 30.67% (PY 28.19%) of the Funds are in Defensive Manager Fund and 69.33% (PY 71.81%) of the Funds are in Secure Managed Fund.

c) Kotak Mahindra Old Mutual Life Insurance Ltd. :- 51.14% (PY 55.77%) of the Funds are in Kotak Group Bond Fund, 37.10% (PY 31.17%) of the Funds are in Kotak Group Balance Fund and 11.76% (PY 13.06%) of the Funds are in Kotak Group Short Term Bond Fund.

X Description of Risk Exposures:

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Group is exposed to various risks as follow -

A) Salary Increases- Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

B) Investment Risk – If Plan is funded then the mismatch between assets and liabilities and actual return on assets being lower than the discount rate assumed at the last valuation date can impact the liability.

C) Discount Rate: Reduction in discount rate in subsequent valuations can increase the plan's liability.

D) Mortality & disability – Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

E) Withdrawals – Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

c) LONG TERM COMEPSATED ABSENCES

The provision for long term compensated absences covers the Group's liability for earned and sick leave, the amount of provision recognised is ₹ 185 (March 31, 2020 ₹ 157).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

31 SHARE BASED PAYMENTS

Employee Stock Option Plan

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

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

Key terms of the scheme	
Date of Shareholder's Approval	21-Jan-11
Total Number of Options approved	62,62,090
Vesting Requirements	Options shall vest after a lock in period of one year from the date of grant. Option shall vest in four years as per the Group's ESOP plan. (Refer vesting schedule below)
The Pricing Formula	10% discount to market price on National Stock Exchange a day prior to date of grant
Maximum term of Options granted (years)	10 years
Method of Settlement	Shares
Source of shares	Primary-Fresh equity allotment by Group to the Trust
Variation in terms of ESOP	Nil
Vesting schedule	Under the plan, participants are granted options which vests at 15%, 25%, 30%, 30% respectively each year over a period of 4 years or as defined in Grant letter.
Exercisable period	Once vested, the options remain excisable for a period of six years
Vesting condition	Vesting shall be computed through performance evaluation method based on conditions pre-communicated to employees.

I. Option Movement during the year ended March 2021

	Year ended March 31, 2021		Year ended March 31, 2020	
	No. of Options	Wt. avg exercise Price (in ₹)	No. of Options	Wt. avg exercise Price (in ₹)
No. of Options Outstanding at the beginning of the year	2,07,178	623.36	4,39,351	592.87
Options Granted during the year	-	NA	-	NA
Options Forfeited / Surrendered during the year	53,638	744	72,488	711.90
Total number of shares arising as a result of exercise of options	64,277	718.37	1,59,685	499.27
Money realised by exercise of options (₹ Mn)	40	NA	80	NA
Number of options Outstanding at the end of the year	89,263	599	2,07,178	623.36
Number of Options exercisable at the end of the year	89,263	599	1,31,036	574.51

II. Weighted Average remaining contractual life

Range of Exercise Price	Year ended March 31, 2021		Year ended March 31, 2020	
	No. of Options Outstanding	Weighted average contractual life (years)	No. of Options Outstanding	Weighted average contractual life (years)
25 to 75	-	NA	-	NA
75 to 150	10,717	2.34	24,349	3.16
150 to 450	1,520	3.47	5,254	4.47
450 to 750	77,026	5	1,77,575	5.57

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

III. Weighted average Fair Value of Options granted during the year

Range of Exercise Price	March 31, 2021	March 31, 2020
Exercise price is less than market price (in ₹)*	NA	NA

* No options granted during the year ended March 31, 2021 and March 31, 2020.

IV. The weighted average market price of options exercised during the year ended March 31, 2021 is ₹ 2,066.99 (March 31, 2020 is ₹ 1,327).

V. Method and Assumptions used to estimate the fair value of options granted during the year ended:

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

The Assumptions used in the model are as follows:

Variables	March 31, 2021 Weighted Average *	March 31, 2020 Weighted Average
1. Risk Free Interest Rate	NA	NA
2. Expected Life(in years)	NA	NA
3. Expected Volatility	NA	NA
4. Dividend Yield	NA	NA
5. Exercise Price (in ₹)	NA	NA
6. Price of the underlying share in market at the time of the option grant.(in ₹)	NA	NA

* No options granted during the year ended March 31, 2021 and March 31, 2020.

VI. Particulars

Particular	March 31, 2021	March 31, 2020
Employee Option plan expense	(31)	(4)
Reversal of liability	(11)	
Total liability at the end of the period	Nil	42

32 CAPITAL & OTHER COMMITMENT

		March 31, 2021	March 31, 2020
A	Estimated Amount of Contracts remaining to be executed on capital account and not provided for {Net of advances ₹ 81 (March 31, 2020: ₹ 298)	188	388
B	Export Commitment	5,873	5,712

C Leases

Operating lease commitments - As lessee

The Company leases various offices, warehouses, godown, IT equipment and vehicles. Rental contracts are typically made for fixed periods of 6 months to 9 years. The leases have varying terms, escalation clauses and renewal rights. From April 1, 2019, the company has recognised Right of Use Assets for these leases except for short term and low value leases.

Particular	March 31, 2021	March 31, 2020
Short term Lease	45	72
Low value lease	31	9
Total (refer note 23)	**76**	**81**

Total of future minimum lease payments under non-cancellable short term operating leases for each of the following periods:

Particular	March 31, 2021	March 31, 2020
-Payable within one year	25	24
-Later than one year and not later than five years	48	26
-Later than five years	-	0
-Lease payments recognised in Statement of Profit and Loss (Refer note 23)	76	81

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

33 CONTINGENT LIABILITIES

		March 31, 2021	March 31, 2020
a.	Claims against the Group not acknowledged as debt;* (refer note (i) below)		
	- Sales Tax	45	62
	- Excise Duty	149	248
	- Income Tax	237	125
	- ESI	-	1
b.	- Other matters, including claims relating to customers, labour and third parties etc.	94	19
	Guarantees excluding financial guarantees;		
c.	- Performance bank guarantees	389	442
	Other money for which the Group is contingently liable		
	- Letter of Credit	2,873	1,393

Notes:

(i) Represents amounts as stated in Demand Order excluding interest and penalty

* Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of the cash outflows, if any, in respect of the above as it is determinable only on receipt of the judgements/ decisions pending with various forums / authorities.

The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.

In Group's assessment the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 and circular No. C-I/1(33)2019/Vivekanand Vidyamandir/717 dated August 28, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 and computation of liability to be done as per provision of Para 2(f) of EPF Scheme, 1952, the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in these Financial Statements.

34 OPERATING SEGMENT

An operating segment is defined as a component of the entity that represents business activities from which it earns revenues and incurs expenses and for which discrete financial information is available. The operating segments are based on the Group's internal reporting structure and the manner in which operating results are reviewed by the Chief Operating Decision Maker (CODM).

The Group has evaluated the applicability of segment reporting and has concluded that since the Group is operating in the field of Agro Chemicals both in the domestic and export markets and the CODM reviews the overall performance of the agro chemicals business, accordingly the Group has one reportable business segment viz. Agro Chemicals.

I Revenue:

A. Information about product revenues:

The Group is in the business of manufacturing and distribution of Agro Chemicals. The amount of its revenue from external customers broken down by products is shown in the table below:

Particular	March 31, 2021	March 31, 2020
Active Ingredients and Intermediates	33,768	25,737
Formulations	11,091	7,700
Others	911	228
	45,770	**33,665**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

B. Geographical Areas

The Group is domiciled in India. The amount of its revenue from external customers broken down by location of the customers is shown in the table below (also refer note 39):

Particular	March 31, 2021	March 31, 2020
India	12,550	9,003
Asia (other than India)	9,463	8,615
North America	15,917	11,911
Europe	3,369	2,715
Rest of the World	4,471	1,421
	45,770	**33,665**

II. The total of Non-current assets (other than financial instruments and deferred tax assets), broken down by location of the assets, is shown in the table below:

Particular	March 31, 2021	March 31, 2020
India	23,567	20,854
Asia (other than India)	3	6
Europe	5	5
	23,575	**20,865**

35 RELATED PARTY DISCLOSURES

Related party disclosure, as required by Indian Accounting Standard-24, is as below:

a) Nature of Related Party relationship

I - Joint Ventures, Associates and Controlled Trust:

(a) Solinnos Agro Sciences Private Limited.	Associate
(b) PI Kumiai Private Limited.	Joint Venture

II - Key Management Personnel (KMP) & their relatives with whom transactions have taken place:

(a) Key Management Personnel

Mr. Mayank Singhal	Vice Chairman and Managing Director
Mr. Rajnish Sarna	Whole-Time Director
Dr. Raman Ramachandran	Managing Director & CEO (W.e.f July 1, 2019)
Mr. Narayan K. Seshadri	Non-executive Director (Chairman)
Mr. Pravin K. Laheri	Non-executive Director
Ms. Ramni Nirula	Non-executive Director
Mr. Ravi Narain	Non-executive Director (Until May 01, 2019)
Mr. Arvind Singhal	Non-executive Director
Dr. Tanjore Soundararajan Balganesh	Non-executive Director
Ms. Lisa Jane Brown	Non-executive Director (w.e.f August 4, 2020)

(b) Relatives of Key Management Personnel

Mr. Salil Singhal	Father of Mr. Mayank Singhal
Ms. Madhu Singhal	Mother of Mr. Mayank Singhal
Ms. Pooja Singhal	Sister of Mr. Mayank Singhal

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

III - Entities controlled by KMP with whom transactions have taken place:

(a) PI Foundation

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

Nature of Transaction	Type of relation	2020-21		2019-20	
		Transactions during the period	Balance outstanding Dr (Cr)	Transactions during the period	Balance outstanding Dr (Cr)
Compensation to KMP					
-Short term employee benefits	a(ii) (a)	292		212	
-Post employment benefits		10		27	
-Commission and other benefits to non-executive/ independent directors		16		15	
Total		**318**	**(271)**	**254**	**(180)**
Other transactions					
Purchase of services	a(ii) (b)	13	(2)	13	(2)
Purchase of services	a(i)(a)	-	-	-	-
Purchase of goods	a(i)(b)	665	(25)	239	(181)
Sale of services	a(i)(a)	1	-	1	-
Sale of services	a(i)(b)	122	-	3	-
Sale of goods	a(i)(b)	448	5	158	58
Rent & Power cost Received	a(i)(a)	0	-	4	-
Rent & Power cost Received	a(i)(b)	4	-	4	-
Rent & Power cost paid	a(ii)(b)	2	-	2	-
Recovery of Dues on account of expenses incurred	a(ii)(b)	-	-	0	-
Donation	a(iii)	4	-	5	-
Dividend paid	a(ii)(a)	122	-	147	-
Travel & Other expenditure incurred	a(ii)(b)	143	-	175	-
	a(ii)(a)	5	5	37	11
Contribution towards CSR Activities	a(ii)(b)	-	-	5	-
	a(iii)	109	-	102	-

c) Terms and conditions of transactions with related parties

The sales and purchases / services rendered to and from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2020: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

36 DISCLOSURES REQUIRED UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006

	March 31, 2021 Amount	March 31, 2020 Amount
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	319	83
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	325	277
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	2	1
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Amount of 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 the MSMED Act	-	-
Interest accrued and remaining unpaid at the end of each accounting year	3	-
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act	2	1

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

37 ADDITIONAL INFORMATION REQUIRED UNDER SCHEDULE III TO COMPANIES ACT 2013, OF ENTITIES CONSOLIDATED AS SUBSIDIARIES, ASSOCIATES, JOINT VENTURE AND OTHER CONTROLLED ENTITIES

March 31, 2021

Name of the Entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount
Parent								
PI Industries Limited	92.88%	52,910	95.33%	7,189	99.29%	695	95.67%	7,884
Subsidiaries Indian								
PI Life Science Limited	0.63%	360	0.74%	56	0.00%	-	0.68%	56
PILL finance and investments Limited	0.08%	46	0.05%	4	0.00%	-	0.05%	4
Jivagro Limited	3.19%	1,819	3.30%	249	0.00%	0	3.02%	249
Isagro (Asia) Agrochemicals Private Limited	2.91%	1,655	-0.06%	(5)	0.71%	5	0.00%	(0)
PI Enzachem Private Limited	0.00%	0	0.00%	(0)	0.00%	-	0.00%	(0)
PI Fermachem Private Limited	0.00%	0	0.00%	(0)	0.00%	-	0.00%	(0)
Subsidiaries Foreign								
PI Japan Limited	0.04%	22	0.03%	2	0.00%	-	0.03%	2
Associates								
Solinnos Agro Sciences Private Limited	0.01%	7	0.00%	0	0.00%	-	0.00%	0
Joint Venture								
PI Kumiai Private Limited	0.26%	148	0.58%	44	0.00%	-	0.53%	44
Controlled Trust								
PI ESOP Trust	0.00%	1	0.03%	2	0.00%	-	0.02%	2
TOTAL	**100%**	**56,968**	**100%**	**7,541**	**100%**	**700**	**100%**	**8,241**

March 31, 2020

Name of the Entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount
Parent								
PI Industries Limited	87.97%	25,911	96.30%	4,423	-100.4%	(560)	95.88%	3,864
Subsidiaries Indian								
PI Life Science Limited	1.03%	303	0.54%	25	-0.00%	(0)	0.60%	25
PILL finance and investments Limited	0.14%	42	0.02%	1	0.00%	0	0.02%	1
Jivagro	0.01%	2	0.00%	(0)	0.00%	0	0.00%	0
Isagro (Asia) Agrochemicals Private Ltd	10.41%	3,067	2.82%	130	0.40%	2	3.28%	132
Subsidiaries Foreign								
PI Japan Limited	0.07%	22	0.07%	3	0.00%	0	0.07%	3
Associates								
Solinnos Agro Sciences Private Limited	0.02%	6	0.00%	0	0.00%	0	0.00%	0
Joint Venture								
PI Kumiai Private Limited	0.36%	103	0.17%	8	0.00%	0	0.20%	8
Controlled Trust								
PI ESOP Trust	-0.01%	-3	0.07%	3	0.00%	0	0.07%	3
TOTAL	**100%**	**29,453**	**100%**	**4,593**	**100%**	**(558)**	**100%**	**4,036**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

38 FINANCIAL INSTRUMENTS

1 Financial instruments – Fair values and risk management

A. Financial instruments by category

	Notes	March 31 2021			March 31 2020		
		FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial assets							
Non-current assets							
Investments	7(a)	54	-	-	70	-	-
Loans	7(c)	-	-	67	-	-	61
Derivative financial instruments	7(g)	-	192	-	-	-	-
Other financial asset	7(g)	-	-	87	-	-	82
Current assets							
Investments	7(b)	7,079	-	-	1,325	-	-
Trade receivables	7(d)	-	-	7,035	-	-	6,465
Cash and cash equivalents	7(e)	-	-	1,096	-	-	1,246
Bank balances other than cash and cash equivalents	7(f)	-	-	15,099	-	-	98
Loans and advances	7(c)	-	-	103	-	-	83
Derivative financial instruments	7(g)	-	292	-	-	-	-
Other financial asset	7(g)	-	-	137	-	-	313
TOTAL		**7,133**	**484**	**23,624**	**1,395**	**-**	**8,348**
Financial liabilities							
Non-current liabilities							
Borrowings	15(a)	-	-	2,574	-	-	3,994
Derivative financial	15(d)	-	-	-	-	258	-
Other financial liabilities	15(d)	-	-	559	-	-	574
Current liabilities							
Borrowings	15(b)	-	-	701	-	-	1,083
Trade payables	15(c)	-	-	7,960	-	-	5,909
Derivative financial	15(d)	-	-	-	-	508	-
Other financial liabilities	15(d)	-	-	3,358	-	-	2,462
TOTAL		**-**	**-**	**15,152**	**-**	**766**	**14,022**

B. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

	Notes	March 31 2021			March 31 2020		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets							
Investment in equity instruments	7(a)	7	-	47	5	-	65
Investment in mutual funds	7(b)	7,079	-	-	1,325	-	-
Derivative financial instruments	7(g)	-	484	-	-	-	-
		7,086	**484**	**47**	**1,330**	**-**	**65**
Financial liabilities							
Derivative financial instruments	15(d)	-	-	-	-	766	-
		-	**-**	**-**	**-**	**766**	**-**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

	Notes	March 31 2021			March 31 2020		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets							
Security deposits	7(c)	-	-	100	-	-	89
Loans and advances to related parties	7(c)	-	-	2	-	-	-
TOTAL		**-**	**-**	**102**	**-**	**-**	**89**
Financial liabilities							
Security deposits from contractors	15(d)	-	-	4	-	-	3
TOTAL		**-**	**-**	**4**	**-**	**-**	**3**

The fair value of cash and cash equivalents, bank balances other than Cash and cash equivalents, trade receivables, short term loans, contract assets, current financial assets, trade payables, current financial liabilities and borrowings approximate their carrying amount, largely due to the short-term nature of these instruments. Long-term debt has been contracted at floating rates of interest, which are reset at short intervals. Accordingly, the carrying value of such long-term debt approximates fair value. Fair value for security deposits (other than perpetual security deposits) has been presented in the above table. Fair value for all other non-current assets and liabilities is equivalent to the amortised cost, interest rate on them is equivalent to the market rate of interest.

Fair value hierarchy

The table shown above analyses financial instruments carried at fair value, by valuation method. The different levels have been defined below:

Level 1 - This includes financial instruments measured using quoted prices. The mutual funds are valued using closing net assets value (NAV).

Level 2 – The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There are no transfers between level 1, level 2 and level 3 during the year.

Valuation technique used to determine fair value:

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices

- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date

- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

The fair values for security deposits (assets & liabilities) were calculated based on present values of cash flows and the discount rates used were adjusted for counterparty or own credit risk. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit.

39 FINANCIAL RISK MANAGEMENT

Risk management framework

The Group is exposed to credit risk, liquidity risk and market risk. The Group's board of directors has the overall responsibility for the management of these risks and is supported by Management Advisory Committee that advises on the appropriate financial risk governance framework. The Group has risk management policies and systems in place which are reviewed regularly to reflect changes in market conditions and price risk along with the Group's activities. The Group's audit committee oversees how management monitors compliance with the financial risk management policies and procedures, and reviews the adequacy of risk management framework in relation to the risks faced by the Group.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and impact of hedge accounting in the financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

I. Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation, and arises from the operating activities primarily (trade receivables) and from its financing activities including cash and cash equivalents, deposits with banks, derivatives and other financial instruments. The carrying amount of financial assets represents the maximum credit exposure and is as follows:

Trade and other receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Group has established a credit policy under which each customer is analysed individually for creditworthiness before the Group's credit terms are offered. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. Credit limits are established for each customer and reviewed periodically. Any sales order exceeding those limits require approval from the appropriate authority. There is one customer having revenue of ₹ 15,743 (March 31, 2020 ₹ 12,353) including an amount of ₹ 9,984 and ₹ 5,759 (March 31, 2020 ₹ 7,039 and ₹ 5,314) arising from shipments to United States of America and Japan respectively.

The concentration of credit risk is limited in domestic market due to the fact that the customer base is large and unrelated. The Group's exports are mainly carried out in countries which have stable economic conditions, where the concentration is relatively higher, however the credit risk is low as the customers have good credit ratings.

The Group computes an allowance for impairment of trade receivables based on a simplified approach, that represents its expected credit losses. The Group uses an allowance matrix to measure the expected credit loss of trade receivables. Loss rates are based on actual credit loss experienced over the past 3 years. These loss rates are adjusted by considering the available, reasonable and supportive forward-looking information like limited impacted of COVID – 19 on domestic trade receivable engaged in exempted areas of agricultural activities.

The following table provides information about the exposure to credit risk and expected credit loss:

Reconciliation of loss allowance provision – Trade receivables and Interest and Other charges recoverable from customer

	March 31, 2021	March 31, 2020
Opening balance	636	442
On account of acquisition (refer note 42)	-	153
Changes in loss allowance	(39)	41
Closing balance	**597**	**636**

Cash and cash equivalents, deposits with banks, mutual funds and other financial instruments

Credit risk from balances with banks and other financial instruments is managed by Group in accordance with its policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the management and may be updated throughout the year. Group also invests in mutual funds based on the credit ratings, these are reviewed for safety, liquidity and yield on regular basis.

Impairment on cash and cash equivalents, deposits and other financial instruments has been measured on the 12-month expected credit loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on external credit ratings of counterparties.

Based on the assessment there is no impairment in the above financial assets.

Derivatives

The derivatives are entered into with banks and financial institution counterparties which have low credit risk based on external credit ratings of counterparties.

Exposure to credit risk:

The gross carrying amount of financial assets, net of impairment losses recognized represents the maximum credit exposure. The maximum exposure to credit risk as at March 31, 2021 and March 31, 2020 was as follows:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

	March 31, 2021	March 31, 2020
Trade receivables	7,035	6,465
Cash and cash equivalents	1,096	1,244
Bank balances other than above	15,099	98
Investments	7,079	1,325
Loans	170	144
Other financial assets	708	317
TOTAL	**31,187**	**9,593**

II. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Due to the dynamic nature of underlying businesses, the Group maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecast of Group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(a) Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	March 31, 2021	March 31, 2020
Expiring within one year		
- Fund based (Floating rate)	3,694	3,983
- Non fund based (Fixed rate)	573	631

(b) Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

March 31, 2021	Contractual cash flows					
	Total	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Term Loans from Banks	3,290	-	705	940	1,645	-
Interest Accrued but not due on						
Working capital	4	4	-	-	-	-
Interest Payment on Term Loan	95	-	39	32	24	-
Trade Payables (Due to micro and small enterprises)	319	319	-	-	-	-
Trade Payables (Other Trade Payables)	7,641	7,641	-	-	-	-
Employee payables	774	234	540	-	-	-
Security Deposits from Dealers	273	-	-	-	-	273
Security Deposits from Contractors	4	4	-	-	-	-
Unclaimed Dividends	43	43	-	-	-	-
Creditors for Capital Purchases	484	484	-	-	-	-
Lease liability	449	55	110	116	164	4
Other Payable	1,185	724	461	-	-	-
TOTAL	**14,561**	**9,508**	**1,855**	**1,088**	**1,833**	**277**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

March 31, 2020	Contractual cash flows					
	Total	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Term Loans from Banks	4,128	108	219	1,361	2,440	-
Interest Accrued but not due on Borrowings	12	12	-	-	-	-
Working capital	1,083	1,083	-	-	-	-
Interest Payment on Term Loan	691	47	193	234	217	-
Trade Payables (Due to micro and small enterprises)	83	83	-	-	-	-
Trade Payables (Other Trade Payables)	5,826	5,826	-	-	-	-
Employee payables	642	231	411	-	-	-
Security Deposits from Dealers	255	-	-	-	-	255
Security Deposits from Contractors	3	3	-	-	-	-
Unclaimed Dividends	7	7	-	-	-	-
Creditors for Capital Purchases	502	502	-	-	-	-
Lease liability	504	71	113	133	157	30
Other Payable	1,013	652	361	-	-	-
TOTAL	**14,749**	**8,625**	**1,297**	**1,728**	**2,814**	**285**

III. Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

The Group is exposed to market risk primarily related to foreign exchange rate risk (currency risk), interest rate risk and market value of its investments. Thus the Group's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currencies.

Foreign Currency risk

The Group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US$ and Euro. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency (₹). The Group uses forward exchange contracts to hedge its currency risk and are used exclusively for hedging purposes and not for trading and speculative purposes. These forward exchange contracts, carried at fair value, may have varied maturities depending upon the primary host contract requirement and risk management strategy of the Group. The objective of the hedges is to minimise the volatility of the ₹ cash flows of highly probable forecast transactions.

The Group's risk management policy is to hedge around 50% to 100% of the net exposure with forward exchange contracts. The remaining exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short term requirements. Hedging decisions are based on rolling forex cash flow statement prepared and reviewed on a monthly basis. Such contracts are designated as cash flow hedges.

The foreign exchange forward contracts are denominated in the same currency as the highly probable future sales transaction, therefore the hedge ratio is 1:1. The Group's hedge policy allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective assessments to ensure that an economic relationship exists between the hedged item and the hedged instrument. The Group enters into hedge instruments where the critical terms of hedging instrument are aligned with terms of the hedged item.

Ineffectiveness is recognised on a cash flow hedge where the cumulative change in the value of the hedging instruments exceeds on an absolute basis the change in the value of the hedged item attributable to the hedged risk. Hedge ineffectiveness may arise due to the following:

- the critical terms of the hedging instrument and the hedged item differ (i.e. nominal amounts, timing of the forecast transaction, interest resets changes from what was originally estimated), or

- differences arise between the credit risk inherent within the hedged item and the hedging instrument.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

Foreign currency risk exposure -

The currency profile of financial assets and financial liabilities as at March 31, 2021 and March 31, 2020 expressed in Indian Rupees (₹) are as below:

Non derivative

Particulars	March 31, 2021					
	USD	EURO	JPY	GBP	CHF	AUD
Financial assets						
Cash and cash equivalents (EEFC Account)	350	-	-	-	-	-
Trade receivables	4,527	20	7	-	-	-
	4,877	**20**	**7**	**-**	**-**	**-**
Financial liabilities						
Borrowings (Term Loan)	3,275	-	-	-	-	-
Trade payables	4,087	22	108	0	-	-
	7,362	**22**	**108**	**0**	**-**	**-**

Particulars	March 31, 2020					
	USD	EURO	JPY	GBP	CHF	AUD
Financial assets						
Cash and cash equivalents (EEFC Account)	10	27	-	-	-	-
Trade receivables	4,032	81	15	-	-	-
	4,042	**108**	**15**	**-**	**-**	**-**
Financial liabilities						
Borrowings (Term Loan)	2,363	-	-	-	-	-
Trade payables	3,227	93	-	1	1	-
	5,590	**93**		**1**	**1**	**-**

The following significant exchange rates have been applied during the year.

	Year-end spot rate (₹)	
	March 31, 2021	March 31, 2020
USD	73.11	75.67
EUR	85.75	82.77
JPY (100)	66.11	69.63
GBP	100.75	93.50
CHF	77.56	78.29
AUD	55.70	46.08

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee at March 31 would have affected the measurement of financial instruments denominated in foreign currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. Impact of hedging, if any has not been considered here. A 5% increase or decrease is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign currency rate.

Particulars	Profit or loss, net of tax		Impact on other components of equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
March 31, 2021				
5% movement				
USD	(81)	81	-	-
EUR	-	-	-	-
JPY (100)	(329)	329	-	-
GBP	(0)	0	-	-
	(410)	**410**	**-**	**-**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

Particulars	Profit or loss, net of tax		Impact on other components of equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
March 31, 2020				
5% movement				
USD	(50)	50	-	-
EUR	0	(0)	-	-
JPY (100)	49	(49)	-	-
GBP	(0)	0	-	-
	(1)	**1**	**-**	**-**

Interest rate risk

The Group's main interest rate risk arises from long term foreign currency and working capital borrowings at variable rates. Group's investments are primarily in fixed deposits which are short term in nature and do not expose it to interest rate risk. The Group regularly evaluates the interest rate hedging requirement to align with interest rate views and defined risk appetite, in order to ensure most cost effective interest rate risk management.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

	Year-end spot rate (₹)	
	March 31, 2021	March 31, 2020
Fixed-rate instruments		
Financial assets	15,665	817
Financial liabilities	-	1,740
Variable-rate instruments		
Financial liabilities	3,275	3,434
TOTAL	**18,940**	**5,991**

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 50 bp in interest rates would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	Profit or loss		Impact on other components of equity, net of tax	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
March 31, 2021				
Variable-rate instruments	(11.12)	11.12	-	-
Cash flow sensitivity (net)	(11.12)	11.12	-	-
March 31, 2020				
Variable-rate instruments	(11.17)	11.17	-	-
Cash flow sensitivity (net)	(11.17)	11.17	-	-

IV. Price risk

The Group's exposure to price risk arises from investment in mutual funds and classified in the balance sheet as fair value through profit and loss. Mutual fund investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments. However, due to very short tenor of the underlying portfolio in the liquid schemes, these do not pose any significant price risk. Group reviews these mutual fund investments based on safety, liquidity and yield on regular basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

V. Impact of Hedging activities

(a). Disclosure of hedge accounting on financial position

Type of hedge and risk	March 31, 2021					
	No. of outstanding contracts	Nominal Value	Carrying value of hedging instrument *	Maturity date	Hedge ratio	Weighted average strike price/rate
Foreign exchange forward contracts	207	23,137	483	April 2021 to March 2024	1:1	US$1: ₹ 79.24

Type of hedge and risk	March 31, 2020					
	No. of outstanding contracts	Nominal Value	Carrying value of hedging instrument *	Maturity date	Hedge ratio	Weighted average strike price/rate
Foreign exchange forward contracts	217	17,758	765	April 2020 - September 2023	1:1	US$1: ₹ 75.79

* Refer Note No. 7(g) and 15(d)

(b). Disclosure of effects of hedge accounting on financial performance

Type of hedge and risk	March 31, 2021			
	Change in value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit and loss account	Amount reclassified from cash flow hedging reserve to profit and (loss)	Line item affected in statement of profit and loss account because of this reclassification
Foreign exchange forward contracts	1,033	-	(34)	Revenue

Type of hedge and risk	March 31, 2020			
	Change in value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit and loss account	Amount reclassified from cash flow hedging reserve to profit and (loss)	Line item affected in statement of profit and loss account because of this reclassification
Foreign exchange forward contracts	(779)	-	62	Revenue

(c). Movement in the cash flow hedge reserve

Effective portion of Cash flow Hedges	Amount
As at April 01, 2019	**127**
Add: Effective portion of gains/(losses) on cash flow hedges	(779)
Less: Amount reclassified to profit and loss account	62
Less: Deferred tax relating to above	(294)
As at March 31, 2020	**(420)**
Add: Effective portion of gains/(losses) on cash flow hedges	1101
Less: Amount reclassified to profit and loss account	34
Less: Deferred tax relating to above	373
As at March 31, 2021	**274**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

(d). Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars at March 31 would have affected the measurement of foreign forward exchange contract designated as cash flow hedges and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. A 5% increase or decrease is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign currency rate.

Particulars	Profit or loss, net of tax		Impact on other components of equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
March 31, 2021				
5% movement				
USD	-	-	578	(578)
March 31, 2020				
5% movement				
USD	-	-	578	(578)

40 CAPITAL MANAGEMENT

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The primary objective of the Group's Capital management is to maximise shareholder's value. The Group manages its capital and makes adjustment to it in light of the changes in economic and market conditions.

The Group manages capital using gearing ratio, which is total debt divided by total equity. The gearing ratio at the end of the reporting period was as follows:

		As at March 31, 2021	As at March 31, 2020
Borrowings (Non-current)		2,574	3,994
Borrowings (Current)		701	1,180
Total Debt	A	3,275	5,174
Total Equity	B	53,424	26,191
Debt to Equity ratio	A/B	0.06	0.20

No changes were made in the objectives, policies or processes for managing capital of the Group during the current and previous year.

Also refer note 14 relating to details on dividend declared and distributed and note 15(a)(d) for details of applicable loan covenants.

41. ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for borrowings are:

	As at March 31, 2021	As at March 31, 2020
Property, plant and equipment		
First charge	5,165	6,169
Second charge	11,021	11,707
Floating charge	42,345	18,400
TOTAL	**58,531**	**36,276**

42. BUSINESS COMBINATION

On December 27, 2019, the Group acquired 100% of the issued equity shares in Isagro (Asia) Agrochemicals Private Limited, for consideration of INR 4,432.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration	Amount
Total Purchase consideration (Refer note (ii) below)	4,432

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

The assets and liabilities recognised in FY 19-20 as a result of the acquisition on December 27, 2019 are as follows:

Purchase consideration	Fair Value
Cash and cash equivalents	87
Fixed Deposits	11
Current Investments	1,037
Property, plant and equipment (refer note 4)	750
Intangibles (refer note 5)	327
Capital Work in Progress	14
Inventories	780
Trade and other assets	1,475
Trade and other payables	(918)
Net deferred tax assets	41
Net identifiable assets acquired	**3,604**
Add : Goodwill	828
Total purchase consideration	**4,432**

i. Acquisition-related costs

Acquisition-related costs of ₹ 7.4 are included in other expenses in profit or loss.

ii. Revenue and Profit Contribution

The acquired business contributed revenues of ₹ 3,791 (March 31, 2020 ₹601) and net profit/(loss) after tax of ₹ 249 (March 31, 2020 ₹ 130) to the group for the year March 31, 2020 : 28 December 2019 to March 31, 2020) If the acquisition had occurred on 1 April 2019, consolidated revenue and consolidated net profit for the year ended 31 March 2020 would have been ₹ 36,077 and ₹ 4,485 respectively.

The Isagro business is reorganized such that the domestic retail activities undertaken by Isagro will be transferred to Jivagro Limited (wholly owned subsidiary) and rest of the activities will be merged into PI Industries. This reorganization will be undertaken with effect from the date of acquisition of the Isagro business by PI Industries viz December 27, 2019 through a scheme of reorganization as filed on July 15, 2020 before the National Company Law Tribunal ('NCLT').

The Honourable NCLT, Mumbai vide its order dated March 18, 2021 has approved the scheme of Demerger of Domestic retail business of Isagro Asia Agrochemicals Private Limited to Jivagro Limited from Appointed date December 27, 2019. Certified copy of order has been received on April 06, 2021 and have been filed by both companies with respective Registrar of Companies on May 04, 2021 ('the effective date') of demerger. For the approval of merger of rest of the activities of Isagro (Asia) Agrochemicals Private Limited with PI Industries Limited, the NCLT order is awaited.

Basis the individual net assets position on acquisition date (December 27, 2019) for domestic retail business and balance business of Isagro, total acquisition value of ₹ 4,432 was split between Jivagro Limited and remaining activities of Isagro (Asia) Agrochemicals Private Limited. There was no impact of the split on the Consolidated Financial Statements.

The goodwill is tested for impairment annually. The recoverable amount of Goodwill has been determined from a value in use calculation which require the use of assumptions. The value in use calculation uses cash flow forecasts based on the most recently approved financial budgets and business projections by the management, which cover a period of five years. Key assumptions underlying the value in use calculation are those regarding expected revenues and introduction of new trading products and a pre-tax discount rate of 19% per annum. Sales growth projections considers managements' expectation of market development, current industry trends and pre-tax discount rate based on the relevant risks. 4% growth rate has been used to extrapolate the cash flow projections beyond the five-year period of the approved financial budgets. The management believes that any reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount of the cash generating unit.

43. In management's evaluation, there is no significant impact of the COVID-19 pandemic on current and future business condition of the Company, liquidity position and cash flow therefore, no material adjustments are required in the financial results. Management will continue to closely monitor the situation.

44. The Company has raised ₹ 20,000 million in July 2020 through Qualified Institutional Placement (QIP) of equity shares. The Company has issued 13,605,442 equity shares of face value of ₹ 1 each at a price of ₹ 1,470 per Equity Share, including a premium of ₹ 1,469 per Equity Share. Funds received pursuant to QIP (net of expenses of ₹ 250 million) remain invested in fixed deposits amounting to ₹ 12,691 million and debt mutual funds of ₹ 7,059 (liquid and other short term categories).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amount in ₹ million, unless otherwise stated)

45. Note number 19 in financial statement of Jivagro limited which is referred to in the audit report of statutory auditors of Jivagro limited is reproduced below

REVENUE FROM OPERATIONS (Rs. In Millions)

	For the Year ended March 31, 2021	For the period ended December 12, 2019 March 31, 2020
(1) Sale of Products	2,526	332
(2) Other Operating Revenue [Refer Note (i) below]	2	0
TOTAL	**2,528**	**332**
(i) Other operating revenue		
Others:		
- Cash Discount Received	1	-
- Misc Sales	1	-
Total Other Operating Revenue	2	-

	For the Year ended March 31, 2021	For the period ended December 12, 2019 March 31, 2020
Revenue from operations		
Sale of products	2,526	332
Timing of revenue recognition		
Goods transferred at a point in time	2,526	332

Contract Balances

'The following table provides information about receivables, contract assets and contract liabilities from contracts with customers

	As at March 31, 2021	As at March 31, 2020
Contract assets		
Trade receivables	584	729
Contract liabilities		
Advances from customers	71	38

46. EVENTS AFTER REPORTING DATE

The Board of Directors in the meeting held on May 18, 2021 have recommended final dividend for the year ended March 31, 2021 which is subject to the approval of shareholders in the ensuing annual general meeting. Refer note 14(B) for details.

This is the notes to the consolidated financial statements referred to our report of even date

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

Sd/-
Sougata Mukherjee
Partner
Membership Number: 057084

Place: Gurugram
Date: May 18, 2021

For and on behalf of the Board of Directors

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

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

Sd/-
Rajnish Sarna
Joint Managing Director
DIN: 06429468

Sd/-
Rajiv Batra
Group CFO

Sd/-
Naresh Kapoor
Company Secretary

Inspired by Science

Registered Office: PI Industries Ltd,
Udaisagar Road, Udaipur - 313001. (Raj.)
Tel: +91 – 0294 - 2492451-5,2492477 Fax: +91 – 0294 - 2491946,- 2491384

Corporate Office: PI Industries Ltd,
5th floor, Vipul Square,B Block, Sushant Lok,Phase - 1,Gurgaon-122009.
Tel: +91 - 124 - 6790000 Fax: +91 - 124 - 4081247. Email : investor@piind.com
Website : www.piindustries.com
CIN : L24211RJ1946PLC000469