

BOARD REPORT

Dear Members,

Your Directors are pleased to present the Seventy-First Annual Report on the business and operations of the Company together with the Audited Financial Statements for the financial year ended March 31, 2018.

1. FINANCIAL HIGHLIGHTS

Particulars	₹ in Cr.)	
	FY 2017-18	FY 2016-17
Revenue from Operations	2308.72	2382.94
Other Income	59.98	35.82
Profit Before Interest, Depreciation and Tax	552.04	586.35
Interest	5.88	7.20
Depreciation	82.57	72.67
Profit before Tax & Exceptional items	463.59	506.47
Less: Current Tax inclusive of earlier year Tax	99.55	102.43
Deferred Tax Asset/Liability	(2.50)	(53.32)
Profit after Tax	366.54	457.36
Other Comprehensive Income	7.44	4.93
Total Comprehensive Income	359.10	462.30
Balance of retained earning brought forward from previous year	1189.35	806.96
- Profit for the year	366.54	457.36
- Other Comprehensive Income (OCI) for the year	1.13	(4.40)
Appropriations:-		
Final Dividend on Equity Shares 2016-17	34.40	-
Interim Dividend on Equity Shares 2017-18	20.64	20.64
Dividend Distribution Tax on Equity Shares	11.20	4.20
Transfer to General Reserve	36.65	45.74
Balance Profit / (-) Loss carried forward	1454.13	1189.35
Earning Per Share (EPS) (₹)	26.62	33.31
Basic & Diluted (₹)	26.55	33.08

2. KEY HIGHLIGHTS

Your company's Revenue from Operations for the year stood at ₹ 2,308.72 crores as compared to ₹ 2382.94 crores last year registering a decline of 3.11 % YoY. The Operating Profit for the year declined to ₹ 492.06 crores from ₹ 550.53 crores last year i.e. a decrease of 10.62% YoY. The Net Profit for the year on stand-alone basis stood at ₹366.54 as compared to ₹ 457.36 crores in the previous year i.e. a decline of 19.86% YoY on account of higher effective tax rates during the year under review.

EBIDTA margin decreased 179 basis points to 21.31 % in 2017-18 over 2016-17 and PAT margin declined 331 basis points to 15.88% in 2017-18 over 2016-17.

Your Company proposes to transfer an amount of ₹ 36.65 crores to the General Reserves.

Your Company's Net Profit on a consolidated basis stood at ₹ 367.63 crores during the year as compared to ₹ 459.44 crores in the previous year, a decline of 19.98 % YoY.

The Earnings per share (EPS) for the year stood at ₹26.62 per share, a decline of 20.08 % as compared to ₹ 33.31 per share for the previous year.

Your company launched five (5) new products in domestic segment namely Header, Fender, Visma, Humesol and Elite all of which received good reviews and expected to grow in coming years. Your company also commercialized four (4) new products for export market.

Your Company entered into a Joint-venture agreement with Kumiai Chemical Industry Co. Ltd., Japan on 22nd June, 2017 to manufacture and distribute Bispyribac Sodium, one of the flagship agrochemical products of Kumiai, in India to achieve operational efficiencies and further growth. In this joint-venture, PI subsidiary namely PI Life Science Research Ltd., holds 50% equity and remaining 50% share is held by Kumiai Chemical Industry Co. Ltd., Japan. This joint venture shall help PI to bring superior innovative solutions in India to enhance farm productivity and also leverage manufacturing efficiencies of India under "Make in India" initiative".

Your company invested ₹169.58 crores in fixed assets for expansion of manufacturing and Research & Development capacities.

3. PERFORMANCE REVIEW

The company revenues were flat as compared to last year (net of excise). Domestic revenues are moderated due to erratic and uneven rainfalls and channel de-stocking on account of GST transition. However, business continued to enhance its focus on the product spectrum and widen the existing portfolio of crop protection through a strategic tie up with BASF for introduction of novel products in the country. PI introduced some of the most advanced fungicides namely Header, Fender and Visma which helps strengthen the fungicide portfolio of the company. PI added 3 new co-marketing partners for Dinotefuran while achieving more than 100% growth in their own brand Osheen. Despite facing fierce competition from generics Nominee Gold expanded its customer base. The successful introduction of Humesol helped PI in increasing its presence in a rapidly growing bio stimulant market. The 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.

Your company's exports grew marginally by 1.2 % during the year despite a slowdown in the global market situation and challenge in availability of raw material especially from China. In order to reduce its dependency on Chinese raw material suppliers, the company has developed 6-7 alternate vendors in India for 6-7 key raw materials that shall help the company in the coming years. Commercialisation of 4 new molecules during the year

along with the enhanced utilization of multi-purpose plants at Jambusar SEZ, is expected to provide further growth momentum to the exports in the coming years.

Your company has won numerous awards and received much recognition. Panoli manufacturing site has won National Safety Council award, Company also won prestigious Global Sourcing – Outstanding Performance Award, the only award recognised under the global outsourcing category at annual award ceremony organised by Bayer held on December 15, 2017. Your Company was once again recognised for outstanding exports performance as it bagged 'Trishul award' from Chemexcil for outstanding exports performance during the year 2017. For its CSR initiatives, your Company was honoured with 'Social Change Award 2017'.

Your Company was also rated by ECOVADIS in 'GOLD' category for Company's quality in integrating the principles of CSR into their business (Environment, Labor/Social, Fair business/Ethics, and Supply Chain).

Research & Development (R&D)

During the year under review, the Research & Development team successfully carried out synthesis of 48 new development molecules. Out of these, 13 molecules were scaled up successfully for their next stage of development and 4 molecules were commercialised during the year. Apart from synthesis and scale up of new products, the Research & Development team also undertook process improvements for 17 projects in order to identify cost improvement opportunities and then implement 15 such project improvements at the plant level. Environment, Health and Safety (EHS) considerations were given the usual special emphasis in the process development work.

You company has state of art R&D set up with green house facilities for biological testing which support to increase R&D projects under various disciplines of chemistry, library synthesis, molecule design, lead optimization, route synthesis, biological & green house testing and joint research assignments with global innovator partners.

Your company's research strategy and implementation are well supported by a strong team comprising of more than 300 research scientists having expertise and experience in chemistry, analytical techniques, IP management and basic & detailed process engineering. During the year, R&D undertook development work on various new projects covering different sectors i.e. Agro, Pharma and Electronic chemical applications. You will be further glad to know that your company has identified patentable processes and has initiated the patent evaluation process.

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.

4. 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 ₹ 314.47 crores. Your Company follows

a prudent financial policy and aims at maintaining an optimum financial gearing. The Company's Debt to Equity Ratio was 0.04 as on March 31, 2018.

Your Company has been credit rated by CRISIL Limited. The Company's credit rating for long term was reaffirmed at AA/Stable and for short term loans, rating was reaffirmed at CRISIL A1+'. This reflects a very high degree of safety regarding timely servicing of financial obligations and also a vote of confidence reposed in your Company's financials.

5. DIVIDEND

During the year, the Board of your Company has declared an interim dividend of ₹ 1.50 per equity share of ₹ 1/- each in its Board Meeting on October 25, 2017. The Directors are pleased to recommend a final dividend of ₹ 2.50 per equity share of ₹ 1/- each. This will take the total dividend for the year to ₹ 4/- per equity share of ₹ 1/- each. The dividend, if approved at the ensuing Annual General Meeting, will be paid to those shareholders whose names appear on the register of members of the Company as on the record date i.e. August 01, 2018.

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 means to meet any unforeseen contingency.

PI Dividend Policy specifies the financial parameters that will be considered when declaring dividends, internal and external factors that would be considered for declaring dividends. The Policy has been put up on the website of the Company at [http://www.piindustries.com/Media/Documents/Dividend%20Policy%20\(f\).pdf](http://www.piindustries.com/Media/Documents/Dividend%20Policy%20(f).pdf)

SEBI, vide its notification dated July 08, 2016 has introduced a new Regulation 43A under SEBI(LODR) Regulations, 2015, requiring top 500 listed companies, based on market capitalisation calculated as on March 31 of every financial year, to formulate a Dividend Distribution Policy and disclosure of the same in their Annual Reports and on the company website. Since your company forms part of top 500 listed companies based on market capitalisation as on March 31, 2016, the Board of the Company has adopted a Dividend Distribution Policy, which can be accessed at following weblink [http://www.piindustries.com/Media/Documents/Dividend%20Policy%20\(f\).pdf](http://www.piindustries.com/Media/Documents/Dividend%20Policy%20(f).pdf)

6. SUBSIDIARIES & JOINT-VENTURES

As on March 31, 2018, the Company had three (3) Wholly-owned Subsidiaries and two (2) Associate Companies. In accordance with Section 129(3) of the Companies Act, 2013, the Company has prepared a consolidated financial statement of the Company and all its subsidiary companies.

The key highlights of these subsidiary and joint-ventures are as under:

SUBSIDIARY COMPANIES

(i) PI Life Science Research Ltd.

During the year, the Company posted a profit of ₹ 136.96 Lacs earned on account of various R&D activities for developing new products.

(ii) PI Japan Co. Ltd.

The Company posted a net profit of JPY 30.99 lacs during the year. Due to the size of operations and local laws, the annual accounts of this Company are not required to be audited. The same have been certified by the Management of the Company.

(iii) PILL Finance and Investments Ltd.

The Company posted a profit of ₹ 24.34 lacs during the year.

JOINT-VENTURES

Solinnos Agro Sciences Pvt. Ltd

The Company holds 49% equity in Solinnos Agro Sciences Pvt. Ltd through its subsidiary company namely PI Life Science Research Limited and hence an Associate Company. The Company posted a net profit of ₹ 30.35 lacs during the year ended March 31, 2018.

PI Kumai Pvt. Ltd

The Company holds 50% equity in PI Kumai Pvt. Ltd through its subsidiary company namely PI Life Science Research Ltd and hence an associate company, The Company posted a loss of ₹ 0.21 lacs on account of establishment expenses since the company has not commenced its operations during the period ended March 31, 2018.

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 Subsidiary and Associate Companies is given in form AOC-1. Refer **Annexure 'A'** to this Report.

The company does not have any material listed subsidiary company. 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.

7. RISK MANAGEMENT POLICY AND INTERNAL CONTROLS

Your company processes are inbuilt to enable risks to be identified, assessed and mitigated appropriately. Major risks identified by the business and functions are systematically addressed through mitigating actions on continuing basis. Risk assessment is conducted periodically and the Company has a mechanism to identify, assess, mitigate and monitor various risks to key business objectives. The Internal Audit Function regularly reviews various risks and places the report before the Audit Committee of your Company from time to time.

The Board has adopted policies and procedures for ensuring orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial disclosures.

Your Company's Internal Control Systems are commensurate with the nature and size of its business and in view of the complexity of its business operations, these are designed to meet the challenges. The control system comprises of continuous audit and compliance by in-house internal audit team supplemented by internal audit checks by M/s KPMG India LLP., Internal Auditors of

the Company. M/s PKF Sridhar & Santhanam have been engaged as the Depot Auditors to perform the internal audit function, assess the internal controls and statutory compliances in various areas and also provide suggestions for improvement.

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

8. INTERNAL FINANCIAL CONTROLS AND ITS ADEQUACY

The Company has in place an adequate Internal Financial Controls, with reference to financial statements. The Company has identified and documented all key internal financial controls as part of its Internal Financial Control reporting framework. The Company has laid down 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 financial controls are evaluated for operating effectiveness through Management's ongoing monitoring and review process and independently by Internal Auditors.

In our view, the Internal Financial Controls over Financial Reporting are adequate and are operating effectively as on March 31, 2018.

9. RELATED PARTY TRANSACTIONS

A significant quantum of related party transactions undertaken by the Company is with its subsidiary companies engaged in business development activities. All Related party transactions that were entered during the financial year as stated in the financial statements were on an arm's length basis and in ordinary course of business in compliance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations, 2015. There were no materially significant Related Party Transactions made by the Company during the year that would have required shareholder approval under the Listing regulations/Companies Act, 2013.

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

The Related Party Transactions Policy as approved by Board on recommendation of the Audit Committee is uploaded on the Company's website at the following weblink: [http://www.piindustries.com/Media/Documents/Related%20Party%20Transactions%20Policy\(r\).pdf](http://www.piindustries.com/Media/Documents/Related%20Party%20Transactions%20Policy(r).pdf)

Your Company does not have any contracts or arrangements with its related parties falling under Section

188(1) of the Companies Act, 2013. Hence, the details of such contracts or arrangements with its related parties are not disclosed in Form AOC-2 as prescribed under the Companies Act, 2013 and the Rules framed thereunder. Your Directors draw attention of the Shareholders to Note No. 34 of the standalone financial statements which set out related party disclosures.

10. AUDITORS

Statutory Auditors and Auditor's Report

The shareholders of the Company at last AGM held on September 06, 2017 had appointed M/s. Price Waterhouse Chartered Accountants, LLP, (ICAI Registration No-012754N/N500016), as the Statutory Auditors of the Company for an initial term of 5 years, subject to ratification by members at every AGM, if required under the provisions of the Companies Act, 2013. However, the Companies Amendment Act, 2017 has removed the requirement of ratification of statutory auditors and accordingly they hold their office till the conclusion of Annual General Meeting to be held in 2022.

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, 2019.

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and the Rules made thereunder, Members are requested to consider the ratification of the remuneration payable to M/s K.G. Goyal & Co., Cost Accountants.

Secretarial Auditor

The Board had appointed Mr. R.S. Bhatia (CP No.2514), practicing Company Secretary, to carry out Secretarial Audit in accordance with the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, for the financial year ended March 31, 2018. The Secretarial Audit Report for the financial year ended March 31, 2018 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, 2018 is annexed to this report as **Annexure 'B'**.

11. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The details of investments, loans and guarantees provided by the company are mentioned in Note No. 7 (b) and 7(c) forming part of the Notes to the financial statements.

12. DEPOSITS

Your Company has not accepted any public deposits during the financial year 2017-18 and as such no amount of principal or interest was outstanding as on March 31, 2018.

13. TRANSFER OF UNCLAIMED DIVIDEND AND SHARES TO INVESTOR EDUCATION AND PROTECTION FUND(IEPF)

During the year, company had transferred an amount of ₹ 90,782/- towards unclaimed or unpaid for more than seven years to IEPF Account. 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 06, 2017 (date of last Annual General Meeting) on the Company's website and on the website of the Ministry of Corporate Affairs. The details can be viewed at company's website at following link: <http://www.piindustries.com/sites/default/files/Copy%20of%20Unpaid%20Div%2015%209%2015%20all.pdf>

Pursuant to the provisions of the Companies Act, 2013 read with IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company is required to transfer equity shares in respect of which dividends have not been claimed for a period of seven years continuously, to IEPF. Your Company has further transferred 1,69,835 equity shares pertaining to shareholders in respect of which dividend was unclaimed for seven consecutive years to IEPF demat account through NSDL corporate action pursuant to the provisions as contained in Sec 124(6) of the Companies Act, 2013 and rules made thereunder.

14. BOARD AND COMMITTEES

a) Board of Directors

Your Company is managed and controlled by a Board comprising an optimum blend of Executive and Non-Executive Professional Directors. The Chairman of the Board is a Non-Executive Independent Director. As on March 31, 2018, the Board of Directors consists of eight (8) Directors consisting of Managing Director & CEO, Whole-time Director and six (6) Non-executive Directors, out of which five (5) are Independent Directors including one Woman 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. All the Directors possess requisite qualifications and experience in general corporate management, strategy, finance, banking and other allied fields which enable them to contribute effectively to the Company in their capacity as Directors of the Company.

Declaration from all Independent Directors has been received confirming that they meet the criteria of independence as prescribed both under the Companies Act, 2013 and the Listing Regulations, 2015.

In order to strengthen the Board, Dr T.S. Balganeshe was appointed as an Additional Director on the Board of the Company w.e.f May 16, 2017 on the basis of the recommendation of Nomination and Remuneration Committee. Shareholders in its meeting held on September 06, 2017 approved the appointment of Dr T.S. Balganeshe as Independent Director on the Board

for a period of 3 years from the date of aforesaid AGM. Further, Mr. Narayan K. Seshadri, Mr. Pravin K. Laheri, Mrs. Ramni Nirula were reappointed as Independent Directors to hold their office for another term of 5 years from the date of aforesaid AGM.

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr. Arvind Singhal, shall retire 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.

b) Evaluation of the Board's Performance

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

c) Number of Board Meetings conducted during the year under review

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year, Board of Directors met five (5) times. The details of the Board meetings and attendance of the Directors are provided in the Corporate Governance Report.

d) Composition of Audit Committee

The Board has a duly constituted Audit Committee which comprises of Mr. Narayan K. Seshadri as the Chairman, Mr. Rajnish Sarna, Ms. Ramni Nirula and Mr. Ravi Narain as the members. Details on the Committee are given in the Corporate Governance Report.

e) 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, 2018, 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, 2018 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.

15. CHANGES IN KEY MANAGERIAL PERSONNEL

During the year, Mr. Subhash Anand was appointed as Chief Financial Officer w.e.f October 25, 2017 in place of Ms. Jayashree Satagopan who had relinquished her office on October 20, 2017. There has been no change in any other Key Managerial Personnel of the Company during the year.

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 extract of Annual Return in form MGT-9 is attached as **Annexure 'C'**.

17. EMPLOYEES

a) Remuneration policy of the Company

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

b) Human Resources and Trade Relations

In the area of Human Capital, considerable progress has been achieved in the initiatives begun last year. Your company campus relationship building exercise which commenced last year has paid rich dividends. Company participated in the placement processes of premier campuses and made offers to nine candidates, all of whom have since joined us. A Talent Review process was put in place as a pilot in one part of our business and will be replicated throughout the company in the coming year. The objective of the process is to segment our talent according to performance and potential and to develop customized training, careers and retention plans for them. Recognising that the provision of basic services matters the most to the vast majority of any workforce and is a key driver of employee satisfaction, company rolled out an Employee Bill of

Rights which documents and communicates service levels our employees can hold us to account against. This is supported by a HR Service Management tool to enable to us to track HR performance against the promised service levels.

A healthy workforce is a productive and engaged workforce. During the last quarter of the year, company launched a Wellness Program, a multi-dimensional initiative aimed at increasing employees' awareness of the need for a healthy lifestyle and preventive healthcare. The program's focus includes diet, exercise, stress management and disease prevention.

Your company technology focus continued unabated as company implemented the Recruitment, Onboarding and Off-boarding modules of Success Factors and upgraded our time and attendance management system for enhanced linkage with SAP as well as data access and reporting".

During 2017-18, your Company continued to have cordial relationship with all its employees and maintained healthy, cordial and harmonious industrial relations at all levels.

Total workforce of your Company stood at 2070 as on March 31, 2018.

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

Your Company has a zero tolerance for any abuse against Women at Workplace. Policy on Prohibition, Prevention and Redressal of Sexual Harassment of Women at Workplace and matters connected therewith or incidental thereto covering all the aspects as required under the "The Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013". The Company has constituted Internal Complaints Committee (ICC) known as Prevention of Sexual Harassment (POSH) Committee to enquire in to complaints of Sexual Harassment and recommend appropriate action. The Company has not received any complaint of sexual harassment during the financial year 2017-18.

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

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

e) Employee Stock Option Plan / Scheme

During the year, your Company discontinued grant of stock options under PII-ESOP Scheme, 2010 as per the recommendation of Nomination & Remuneration Committee of the Board. The stock options already granted would vest as per the conditions contained in the grant letter. As per the ESOP scheme, stock options shall vest after a lock in period of one year from the date of grant. The stock options vest in graded manner over a vesting period of four (4) years. The exercise price of stock options granted have been arrived by giving discount to the closing market price of the equity share on National Stock Exchange India Limited one day prior to the date of grant of option. Voting rights on the equity shares issued to employees under the ESOP Scheme are either exercised by them or through their appointed proxy. No employee has been issued stock options equal to or exceeding 1% of the issued capital of the Company at the time of grant. Details of options as required under SEBI regulations is given in **Annexure 'E'**.

18. VIGIL MECHANISM – WHISTLE BLOWER POLICY

Your Company has established a 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 weblink: [http://www.piindustries.com/Media/Documents/Whistle%20Blower%20Policy\(r\).pdf](http://www.piindustries.com/Media/Documents/Whistle%20Blower%20Policy(r).pdf)

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

19. 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 'F'** attached to this report.

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

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

Your Company carried out the 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 2017-18, the Company has contributed an amount of ₹ 8.58 cr. to PI Foundation, aggregating to 2% of its average net profits for preceding 3 financial years. However, PI Foundation has been able to spend an amount of ₹ 6.87 cr. during the financial year 2017-18, since few projects considered are ongoing and spread over 2 to 3 years and would thus require a continuous outflow in respect of the same.

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

21. 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 and given in separate section of Annual Report.

22. MANAGEMENT DISCUSSION AND ANALYSIS

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

23. BUSINESS RESPONSIBILITY REPORT

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires top 500 listed companies by Market capitalisation to provide Business Responsibility Report in their Annual Report.

Your Company falls under the top 500 Listed Companies by market capitalisation and accordingly a Business Responsibility Report, describing the initiatives taken by the Company from an environmental, social and governance perspective, forms part of this Report.

24. CHANGES IN SHARE CAPITAL

During the year, your Company had issued 3,20,694 Equity Shares of ₹ 1/- each, which were allotted to PII ESOP Trust (Trust), set up to administer PII Employee Stock Option Plan-2010. The Trust allocates these shares to the employees of the Company and its subsidiaries upon exercise of stock options from time to time under the aforesaid Scheme. As a result of this allotment, the paid-up equity share capital of your Company increased to ₹ 13.79 cr. (comprising of 13,79,07,318 Equity Shares of ₹1/- each as on March 31, 2018) from ₹ 13.76 cr. (comprising of 13,75,86,624 Equity Shares of ₹ 1/- each as on March 31, 2017).

25. 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.

26. ACKNOWLEDGEMENTS

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

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

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

On behalf of the Board of Directors

For **PI Industries Ltd.**

Sd/-

Narayan K. Seshadri

Chairman

DIN: 00053563

Place: Gurugram

Date: May 15, 2018