Notes to the Financial Statements

for the year ended March 31, 2018

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 centre at Udaipur.

The registered office of the company is situated at Udaisagar Road, Udaipur – 313 001, Rajasthan, India and the corporate office is situated at 5th Floor, Vipul Square, B-Block, Sushant Lok, Phase-I, Gurgaon - 122 009.

2 BASIS OF PREPARATION

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 15, 2018.

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) Amended standards adopted by the Company

The amendments to IND AS 7 requires disclosure of changes in liabilities arising from financing activities. Refer Note 14 (a).

d) 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 ('INR'), which is the Company's functional and presentation currency. All amounts have been presented in lacs with two decimal, unless otherwise indicated.

e) 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 realisation 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.

f) 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 recognised prospectively.

Application of accounting policies that require critical accounting estimates and assumption judgements having the most significant effect on the amounts recognised 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.

3 SIGNIFICANT ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in the financial statements.

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 equipments	10 years
- Furniture and fixtures	10 years
- Office equipments	5 years
- Vehicles	8 - 10 years
- Computer and Data Processing Units	3 - 6 years
- Laboratory equipments	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 machinery (Continuous Process Plant)	15 years
- Special Plant and machinery (used in manufacture of chemicals)	15 years

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

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 (upto) the date on which the property, plant and equipment is available for use (disposed off).

b) Intangible assets

i) Recognition and measurement

<u>Intangible assets acquired separately</u>

Intangible assets that are acquired by the Company are measured at cost, less accumulated amortization and accumulated impairment losses, if any.

<u>Internally generated intangible assets - Research and development</u>

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 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 property,

Notes to the Financial Statements

for the year ended March 31, 2018

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) 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 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. 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 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. 37(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 of 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

Notes to the Financial Statements

for the year ended March 31, 2018

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 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 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. Cost of finished goods include excise duty until June 30, 2017.

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

Revenue is measured at the fair value of the consideration received or receivable. 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. Amounts disclosed as revenue are inclusive of excise duty and net of returns, discounts, volume rebates and net of goods and service tax.

ii) Sale of services

Revenue from sale of services is recognised 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 (prepaid expense) 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.

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 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.

Notes to the Financial Statements

for the year ended March 31, 2018

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.

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 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 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 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.

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 33 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

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.

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.

Company 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.

Company 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.

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.

Notes to the Financial Statements

for the year ended March 31, 2018

4 PROPERTY, PLANT & EQUIPMENT

(₹ in lacs)

Particulars	Leasehold land	Freehold land	Buildings	Plant and machinery	Furniture and fixtures	Office equipments	Vehicles	Total
Gross carrying amount								
As at beginning of April 01, 2016	2,011.72	55.86	21,376.26	67,289.58	616.46	556.30	10.44	91,916.62
Additions	-	-	4,905.87	8,600.05	331.31	217.11	3.24	14,057.58
Disposals	-	-	(35.27)	(96.28)	(4.41)	(0.37)	-	(136.33)
As at March 31, 2017	**2,011.72**	**55.86**	**26,246.86**	**75,793.35**	**943.36**	**773.04**	**13.68**	**105,837.87**
Additions	-	-	2,956.44	9,891.05	384.78	202.21	9.87	13,444.35
Disposals	-	-	-	(84.85)	-	(1.96)	(0.03)	(86.84)
As at March 31, 2018	**2,011.72**	**55.86**	**29,203.30**	**85,599.55**	**1,328.14**	**973.29**	**23.52**	**119,195.38**
Accumulated depreciation								
As at beginning of April 01, 2016	21.47	-	499.73	4,583.44	39.36	81.31	3.49	5,228.80
Depreciation charge during the year	21.47	-	880.32	5,999.61	77.88	140.59	1.67	7,121.54
Disposals	-	-	(1.33)	(49.94)	(1.10)	(0.24)	-	(52.61)
As at March 31, 2017	**42.94**	**-**	**1,378.72**	**10,533.11**	**116.14**	**221.66**	**5.16**	**12,297.73**
Depreciation charge during the year	21.47	-	1,058.25	6,692.96	114.70	170.44	2.35	8,060.17
Disposals	-	-	-	(23.76)	-	(0.89)	(0.02)	(24.67)
As at March 31, 2018	**64.41**	**-**	**2,436.97**	**17,202.31**	**230.84**	**391.21**	**7.49**	**20,333.23**
Net carrying amount								
As at March 31, 2017	**1,968.78**	**55.86**	**24,868.14**	**65,260.24**	**827.22**	**551.38**	**8.52**	**93,540.14**
As at March 31, 2018	**1,947.31**	**55.86**	**26,766.33**	**68,397.24**	**1,097.30**	**582.08**	**16.03**	**98,862.15**

a. Depreciation for the year includes depreciation amounting to ₹ 901.92 lacs (March 31, 2017 ₹ 525.74 lacs) on assets used for Research & Development. During the year Company incurred ₹ 1,665.27 lacs (March 31, 2017 ₹ 5,304.18 lacs) towards capital expenditure for Research & Development (Refer Note 27).

b. Refer note 40 for information on property, plant and equipment pledged as security by the Company.

c. Refer note 31 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

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Notes to the Financial Statements

for the year ended March 31, 2018

5 OTHER INTANGIBLE ASSETS

(₹ in lacs)

	Computer Software	Product Development	Total
Gross carrying amount			
As at beginning of April 01, 2016	483.51	95.47	578.98
Additions	401.44	-	401.44
As at March 31, 2017	**884.95**	**95.47**	**980.42**
Additions	168.58	-	168.58
As at March 31, 2018	**1,053.53**	**95.47**	**1,149.00**
Accumulated amortisation			
As at beginning of April 01, 2016	80.27	13.66	93.93
Amortisation charge during the year	124.50	21.41	145.91
As at March 31, 2017	**204.77**	**35.07**	**239.84**
Amortisation charge during the year	**175.45**	**21.41**	**196.86**
As at March 31, 2018	380.22	56.48	436.70
Net Carrying Amount			
As at March 31, 2017	**680.18**	**60.40**	**740.58**
As at March 31, 2018	**673.31**	**38.99**	**712.30**

6 INTANGIBLE ASSETS UNDER DEVELOPMENT

(₹ in lacs)

	Intangible Assets under Development
As at beginning of April 01, 2016	1,256.31
Additions	640.87
As at March 31, 2017	1,897.18
Additions	489.31
Disposal	(310.16)
As at March 31, 2018	2,076.33

a. The value-in-use of intangible assets under development is higher than the carrying amount.

7 FINANCIAL ASSETS

7(a) NON-CURRENT INVESTMENTS

(₹ in lacs)

	As at March 31, 2018		As at March 31, 2017	
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	36.00		36.00	
3,60,000 (March 31, 2017 : 3,60,000) Equity Shares of ₹ 10 each fully paid				
b) PI Life Science Research Limited	94.50		94.50	
9,45,000 (March 31, 2017 : 9,45,000) Equity Shares of ₹10 each fully paid				
c) PI Japan Company Limited	18.60		18.60	
100 (March 31, 2017 : 100) Equity Shares of ₹18,600 each fully paid - (JPY 50,000 each)		**149.10**		**149.10**
TOTAL		**149.10**		**149.10**
Aggregate amount of un-quoted investments		149.10		149.10
Aggregate amount of impairment in the value of investments		-		-

Notes to the Financial Statements

for the year ended March 31, 2018

7(b) CURRENT INVESTMENTS

(₹ in lacs)

	As at March 31, 2018		As at March 31, 2017	
Investment in mutual funds at FVTPL				
Quoted				
a) **Reliance Liquid Fund-Treasury Plan-Growth Plan-Growth Option**	3,252.66		2,080.52	
77,036.308 (March 31, 2017 : 52,618.45) Units				
b) **SBI Premier Liquid Fund-Regular Plan-Growth**	3,115.52		2,032.59	
1,14,726.879 (March 31, 2017 : 79,844.41) Units				
c) **ICICI Prudential Liquid Plan-Growth**	3,256.18		2,081.26	
12,70,018.482 (March 31, 2017 : 8,66,628.55) Units				
d) **HDFC Liquid Fund-Regular Plan-Growth**	3,216.94		2,048.74	
94,323.052 (March 31, 2017 : 64,030.18) Units				
e) **Aditya Birla Sun Life Cash Plus-Growth-Direct Plan**	3,109.02		-	
11,13,090.088 (March 31, 2017 : Nil) Units		**15,950.32**		**8,243.11**
TOTAL		**15,950.32**		**8,243.11**
Aggregate amount of quoted investments and market value thereof		**15,950.32**		**8,243.11**
Aggregate amount of impairment in the value of investments		-		-

7(c) LOANS

(₹ in lacs)

	Non- Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good unless stated otherwise				
Security deposits*	375.14	266.36	32.12	36.13
Loans and advances to related parties (Refer Note 34)	364.25	-	420.14	375.94
Other loans and advances				
Employee advances				
Considered good	-	-	30.77	424.39
Doubtful	-	-	5.65	3.52
Less: Allowance for doubtful employee advances	-	-	(5.65)	(3.52)
Other miscellaneous advances	-	-	296.22	52.93
	-	-	326.99	477.32
TOTAL	**739.39**	**266.36**	**779.25**	**889.39**

* Includes ₹ 0.50 lacs (March 31, 2017 ₹ 0.50 lacs) rent deposit to PILL Finance & Investment Limited.

7(d) TRADE RECEIVABLES

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good unless stated otherwise		
- Considered good	52,675.17	42,371.16
- Doubtful	1,930.33	1,483.05
	54,605.50	**43,854.21**
Less: Allowance for doubtful debts	(1,930.33)	(1,483.05)
TOTAL	**52,675.17**	**42,371.16**
Of the above, trade receivable from related parties are given below:		
Total trade receivable from related parties (Refer Note 34)	61.95	9.58
Less: Allowance for bad and doubtful debts	-	(0.34)
Net trade receivables	**61.95**	**9.24**

Refer note 40 for information on trade receivables pledged as security by the Company.

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Notes to the Financial Statements

for the year ended March 31, 2018

7(e) CASH AND CASH EQUIVALENTS

(₹ in lacs)

		As at March 31, 2018	As at March 31, 2017
i.	**Cash & Cash Equivalents**		
	Balance with banks		
	In Current Accounts	1,311.45	538.68
	In EEFC account	108.66	10.09
	Cash on hand	7.01	6.17
	Deposits with maturity of less than 3 months*	10,093.53	7,722.20
	TOTAL	**11,520.65**	**8,277.14**

* Includes deposits amounting to ₹ 2,069.69 lacs (March 31, 2017 : Nil) held as margin money.

ii. **Disclosure on specified bank notes:**

During the previous year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 30, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the previous period from November 8, 2016 to December 30, 2016. The denomination wise SBNs and other notes as per the notification is given below:

(amount in ₹)

	SBNs*	Other Denomination Notes	Total
Closing cash on hand as on 08.11.2016	1,035,000	420,353	1,455,353
(+) Permitted receipts	-	2,637,416	2,637,416
(-) Permitted payments	-	(2,394,022)	(2,394,022)
(-) Amount deposited in Banks	(1,035,000)	(30,000)	(1,065,000)
Closing cash on hand as on 30.12.2016	-	**633,747**	**633,747**

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the November 8, 2016.

7(f) BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017
In deposit accounts held as margin money	462.93	784.16
Fixed deposits with bank	-	3,014.04
In unclaimed dividend accounts *	58.63	44.69
TOTAL	**521.56**	**3,842.89**

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

7(g) OTHER FINANCIAL ASSETS

(₹ in lacs)

	Non- Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Considered good unless stated otherwise				
Interest and other charges recoverable from customers				
- Considered good	-	-	884.07	722.16
- Doubtful	-	-	795.84	652.06
Less: Allowance for doubtful debts	-	-	(795.84)	(652.06)
Deposits lodged with Excise & Sales Tax department	265.63	245.89	-	-
Deposit accounts held as margin money	52.95	11.47	0.02	267.15
Derivative financial instruments - foreign exchange forward contracts	98.12	-	1,016.38	2,985.00
TOTAL	**416.70**	**257.36**	**1,900.47**	**3,974.31**

Notes to the Financial Statements

for the year ended March 31, 2018

8 INVENTORIES

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017
Raw materials {includes stock-in-transit ₹ 5,532.10 lacs (March 31, 2017 : ₹ 5,798.86 lacs)}	20,802.53	18,138.04
Work in progress	3,686.89	7,619.06
Finished goods {includes stock-in-transit ₹ 6,290.65 lacs (March 31, 2017 : ₹ 2,383.42 lacs)}	17,094.79	13,547.17
Stock in trade {includes stock-in-transit ₹ 217.67 lacs (March 31, 2017 : ₹ 41.98 lacs)}	1,503.75	1,897.68
Stores & spares {includes stock-in-transit ₹ 55.26 lacs (March 31, 2017 : ₹ 40.05 lacs)}	2,112.55	1,992.63
TOTAL	45,200.51	43,194.58

The cost of inventories recognised as an expense on account of provision of obsolete/ slow and non moving inventories amounting to ₹ 490.04 lacs (March 31, 2017: ₹ 1,623.92 lacs)

9 OTHER ASSETS

(₹ in lacs)

	Non- Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Considered good unless stated otherwise				
Capital advances				
Considered good	3,249.25	2,327.46	-	-
Doubtful	10.80	1.69	-	-
Less: Allowance for doubtful advances	(10.80)	(1.69)	-	-
Advances to vendors				
Considered good	-	-	4,260.62	2,282.13
Doubtful	-	-	101.10	11.40
Less: Allowance for doubtful advances	-	-	(101.10)	(11.40)
Balance with Central Excise Authorities, Customs etc.	-	-	1,806.61	2,089.09
Prepayments	102.46	451.34	1,040.96	855.52
Other statutory advances	3.48	3.48	5,264.95	1,374.19
Export incentive receivables	-	-	4,269.91	2,733.64
Other miscellaneous advances*	547.66	424.80	-	-
TOTAL	3,902.85	3,207.08	16,643.05	9,334.57

* Miscellaneous advances includes amount of ₹ 500.01 lacs (March 31, 2017 ₹ 377.16 lacs) deposited with Sales Tax Authorities under protest.

10 CURRENT TAX ASSETS

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017
Advance income tax (Net of provision for income tax ₹ 59,632.45 lacs {March 31, 2017 ₹ 49,595.40 lacs})	24.89	495.63
TOTAL	24.89	495.63

Notes to the Financial Statements

for the year ended March 31, 2018

11 EQUITY SHARE CAPITAL

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017
Authorised Shares		
223,000,000 (March 31, 2017 : 223,000,000) Equity Shares of ₹1 each (March 31, 2017 : ₹ 1 each)	2,230.00	2,230.00
5,000,000 (March 31, 2017 : 5,000,000) Preference Shares of ₹100 each (March 31, 2017 : ₹ 100 each)	5,000.00	5,000.00
	7,230.00	**7,230.00**
Issued Shares		
138,083,893 (March 31, 2017 : 137,763,199) Equity Shares of ₹1 each (March 31, 2017 : ₹ 1 each)	1,380.84	1,377.63
	1,380.84	**1,377.63**
Subscribed & Fully Paid up Shares		
137,907,318 (March 31, 2017 : 137,586,624) Equity Shares of ₹1 each (March 31, 2017 : ₹ 1 each)	1,379.07	1,375.87
Total subscribed and fully paid up share capital	**1,379.07**	**1,375.87**

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, 2017 ₹ 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, 2018, the Company has issued 320,694 equity shares of ₹ 1 each (March 31, 2017 459,402 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 233,496 equity shares of face value of ₹ 1 each (Previous Year 503,177 equity shares of face value of ₹ 1 each) have been allocated by the Trust to respective employees upon exercise of Stock Option from time to time. As on March 31, 2018, 266,748 equity shares of face value of ₹ 1 per share (March 31, 2017 184,360 of face value of ₹ 1 each) are pending to be allocated to employees upon exercise of Stock Option. (Refer Note 30).

d. **Reconciliation of shares outstanding at the beginning and at the end of the reporting period**

Issued Share Capital

Equity Shares

Particulars	Equity Share (No. of Shares)		Value of Equity Shares	
	2017-18	2016-17	2017-18	2016-17
Share outstanding at beginning of period	137,763,199	137,303,797	1,377.63	1,373.04
Shares issued under employee stock option scheme	**320,694**	**459,402**	**3.21**	**4.59**
Share outstanding at end of period	**138,083,893**	**137,763,199**	**1,380.84**	**1,377.63**

Subscribed & Paid up

Equity Shares

Particulars	Equity Share (No. of Shares)		Value of Equity Shares	
	2017-18	2016-17	2017-18	2016-17
Share outstanding at beginning of period	137,586,624	137,127,222	1,375.87	1,371.27
Shares issued under employee stock option plan	320,694	459,402	3.21	4.59
Share outstanding at end of period	**137,907,318**	**137,586,624**	**1,379.08**	**1,375.86**

e. **Shares reserved for issue under option**

Shares reserved for issue under employee stock option scheme is set out in Note 30.

Notes to the Financial Statements

for the year ended March 31, 2018

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

Equity Shares

Name of Shareholders	2017-18		2016-17	
	No of Shares	% of Holding	No of Shares	% of Holding
Mr. Salil Singhal	8,554,857	6.20	8,554,857	6.22
Ms. Madhu Singhal	21,560,500	15.63	21,560,500	15.67
Mr. Mayank Singhal	32,028,510	23.22	32,028,510	23.28
Ms. Pooja Singhal	8,665,550	6.28	8,665,550	6.30
ICICI Prudential Value Discovery Fund	7,345,756	5.33	4,646,256	3.38
Cartica Capital Ltd.	Nil	Nil	8,483,037	6.17

12 OTHER EQUITY

(₹ in lacs)

	As at March 31, 2018		As at March 31, 2017	
Reserves & surplus				
a. Capital reserve				
Balance at the beginning of the financial year	148.88		148.88	
Addition during the financial year	-	148.88	-	148.88
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	19,093.86		17,740.31	
Add: Premium on issue of equity shares through ESOP	1,437.27	20,531.13	1,353.55	19,093.86
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	1,413.19		1,097.30	
Less: Expense on employee stock option scheme	165.96		843.06	
Less: Shares issued under employee stock option scheme	(556.83)	1,022.32	(527.17)	1,413.19
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 30).				
d. General reserve				
Balance at the beginning of the financial year	18,566.38		13,992.72	
Add: Transferred during the financial year	-	18,566.38	4,573.66	18,566.38
e. Surplus in statement of profit & loss				
Balance at the beginning of the financial year	118,935.00		80,695.90	
Addition during the financial year	36,654.11		45,736.52	
Add: Remeasurement gain / (loss) on defined benefit plans through OCI	112.98		(439.82)	
Less: Transfer to general reserves	-		(4,573.66)	
Less: Interim dividend on equity shares ₹ 1.50 per share (March 31, 2017 ₹ 1.50 per share)	(2,063.80)		(2,063.80)	
Less: Final dividend for the year ended March 31, 2017 ₹ 2.50 per share (March 31, 2016 - Nil per share)	(3,439.66)		-	

Notes to the Financial Statements

for the year ended March 31, 2018

(₹ in lacs)

		As at March 31, 2018		As at March 31, 2017	
	Less: Dividend distribution tax on equity shares	(1,120.38)	149,078.25	(420.14)	118,935.00
	Items of other comprehensive income				
f.	**Cash flow hedge reserve**				
	Balance at the beginning of the financial year	1,353.55		420.50	
	Add: Other comprehensive income for the financial year	(857.46)	496.09	933.05	1,353.55
	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		**189,843.05**		**159,510.86**

13 DISTRIBUTION MADE AND PROPOSED

(₹ in lacs)

		As at March 31, 2018	As at March 31, 2017
A	**Dividends declared and paid:**		
	Final dividend for the year ended March 31, 2017 ₹ 2.50 (March 31, 2016 - Nil) per qualifying equity share	3,439.67	-
	Interim dividend for the year ended March 31, 2018 ₹ 1.50 (March 31, 2017 - ₹ 1.50) per qualifying equity share	2,063.80	2,063.80
	Total dividends	**5,503.47**	**2,063.80**

(a) The Company has paid tax on dividend amounting to ₹ 1,120.38 lacs (March 31, 2017 ₹ 420.14 lacs)

Particulars		As at March 31, 2018	As at March 31, 2017
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 ₹ 2.50 per fully paid equity share (March 31, 2017 ₹ 2.50).	3,447.68	3,439.67
	Tax on dividend	701.95	700.32
	This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.		

14 FINANCIAL LIABILITIES

14(a) BORROWINGS (NON-CURRENT)

(₹ in lacs)

	Non- Current maturities		Current maturities	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Secured				
Term Loans - From Banks				
Foreign Currency Loans from Banks	4,633.33	8,296.73	3,729.46	3,713.90
Less: Interest accrued but not due on borrowings (included in Note 14(c))	-	-	24.27	27.29
TOTAL	**4,633.33**	**8,296.73**	**3,705.19**	**3,686.61**

Notes to the Financial Statements

for the year ended March 31, 2018

a. **Foreign Currency Loans includes:**

External commercial borrowings (ECB) from HSBC bank amounting to USD 128.57 lacs carrying interest rate of 3 months LIBOR plus 1.42% is outstanding as on March 31, 2018 and is repayable in balance 9 quarterly instalments of USD 14.29 lacs each. The loan is secured by exclusive charge on movable plant and machinery relating to multi purpose plant (MPP) - 6 &7 of the Company situated at SPM 28, Jambusar (Gujarat). Carrying value of assets pledged as securities is ₹ 18,253.25 lacs. Refer note 40.

b. As on the Balance sheet date there is no default in repayment of loans and interest.

		As at March 31, 2018	As at March 31, 2017
c.	**Changes in liabilities arising from financing activities**		
	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	(3,705.19)	(3,686.61)
	Non-current portion of long term financial borrowings	(4,633.33)	(8,296.73)
	TOTAL	**(8,338.52)**	**(11,983.34)**

	Balance as at March 31, 2017		**(11,983.34)**
	Foreign exchange adjustments		(3.02)
	Interest expense		(284.51)
	Interest paid		287.53
	Re-payments		3,644.82
	Balance as at March 31, 2018		**(8,338.52)**

14(b) TRADE PAYABLES

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017
Trade payables		
- Due to micro and small enterprises (Refer Note 35)	474.90	486.79
- Other trade payables*	36,559.79	28,320.12
TOTAL	**37,034.69**	**28,806.91**

* Other trade payable includes amount due to subsidiary companies amounting to ₹ 202.18 lacs (March 31, 2017 ₹ 29.04 lacs)

14(c) OTHER FINANCIAL LIABILITIES

(₹ in lacs)

	Non- Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Employee payables*	-	-	4,855.01	4,039.21
Security deposits from dealers	1,816.72	1,701.63	-	-
Security deposits from contractors	15.00	17.50	25.50	27.25
Current maturities of long-term borrowings (Refer Note 14 (a))	-	-	3,705.19	3,686.61
Interest accrued but not due on borrowings	-	-	24.27	27.29
Unclaimed dividends	-	-	58.63	44.69
Creditors for capital purchases	-	-	2,386.73	3,553.79
Other payable**	-	-	10,341.28	10,873.55
	1,831.72	**1,719.13**	**21,396.61**	**22,252.39**

* This includes due to directors amounting to ₹ 680.94 lacs (March 31, 2017 ₹ 685.80 lacs)

** This includes due to non-executive/ independent directors amounting to ₹ 114.88 lacs (March 31, 2017 : ₹ 100.00 lacs)

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Notes to the Financial Statements

for the year ended March 31, 2018

15 PROVISIONS

(₹ in lacs)

	Non- Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits*				
Long term compensated absences	970.13	954.53	63.60	67.35
Gratuity	1,356.13	1,314.79	-	-
	2,326.26	2,269.32	63.60	67.35
Provisions for legal claims	-	-	1,009.62	817.02
	-	-	1,009.62	817.02
TOTAL	**2,326.26**	**2,269.32**	**1,073.22**	**884.37**

(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, 2018 total differential custom duty demand is ₹ 964.70 lacs (March 31, 2017 ₹ 772.10 lacs). Case is pending before Assistant Commissioner of Customs, Mumbai.

(b) Government of Rajasthan issued a notification resulting into an excise liability of ₹ 44.92 lacs (March 31, 2017: ₹ 44.92 lacs). The Company has filed writ against the notification and has furnished fixed deposit against the said liability. The case is pending before Honourable Rajasthan High Court.

(ii) Movement in Other Provisions

(₹ in lacs)

	Legal claim
As at 1 April 2016	688.45
Provisions made during the year	128.57
As at 31 March 2017	817.02
Provisions made during the year	192.60
As at March 31, 2018	1,009.62

* Refer note 29 for movement in "Provision for Employee Benefits"

16 DEFERRED TAX (ASSETS)/LIABILITIES

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017
Deferred tax liabilities		
Plant, property and equipment	10,318.50	9,452.28
Intangible assets	161.78	139.21
Other comprehensive income items		
- Remeasurements on defined benefit plans	(163.92)	(223.71)
- Effective portion on cash flow hedges	162.90	616.70
	10,479.26	**9,984.48**
Deferred tax assets		
Provision for employee benefits	(886.88)	(575.91)
Other provisions	(111.15)	-
Other financial liabilities	(54.48)	(132.38)
Trade receivables	(668.05)	(513.25)
Other financial assets	(275.42)	(225.67)
Others	(40.68)	(7.00)
Minimum alternate tax (MAT) credit entitlement	(10,959.56)	(10,321.37)
	(12,996.22)	**(11,775.58)**
Net deferred tax (assets)/ liabilities TOTAL	**(2,516.96)**	**(1,791.10)**

Notes to the Financial Statements

for the year ended March 31, 2018

Movement in deferred tax:

(₹ in lacs)

	As at March 31, 2017	Recognised in P&L	Recognised in OCI	Other Adjustments*	As at March 31, 2018
Deferred tax liabilities					
Plant, property and equipment	9,452.28	866.22	-	-	10,318.50
Intangible assets	139.21	22.57	-	-	161.78
Other comprehensive income items					
- Remeasurements on defined benefit plans	(223.71)	-	59.79	-	(163.92)
- Effective portion on cash flow hedges	616.70	-	(453.80)	-	162.90
Sub- Total (a)	**9,984.48**	**888.79**	**(394.01)**	**-**	**10,479.26**
Deferred tax assets					
Provision for employee benefits	575.91	310.97	-	-	886.88
Other provisions	-	111.15	-	-	111.15
Other financial liabilities	132.38	(77.90)	-	-	54.48
Trade receivables	513.25	154.80	-	-	668.05
Other financial assets	225.67	49.75	-	-	275.42
Others	7.00	33.68	-	-	40.68
Minimum alternate tax (MAT) credit entitlement	10,321.37	556.01	-	82.18	10,959.56
Sub- Total (b)	**11,775.58**	**1,138.46**	**-**	**82.18**	**12,996.22**
Net deferred tax liability (a)-(b)	**(1,791.10)**	**(249.67)**	**(394.01)**	**(82.18)**	**(2,516.96)**

Movement in deferred tax:

(₹ in lacs)

	As at April 01, 2016	Recognised in P&L	Recognised in OCI	Other Adjustments*	As at March 31, 2017
Deferred tax liabilities					
Plant, property and equipment	6,650.05	2,802.23	-	-	9,452.28
Intangible assets	138.07	1.14	-	-	139.21
Other comprehensive income items				-	
- Remeasurements on defined benefit plans	9.06	-	(232.77)	-	(223.71)
- Effective portion on cash flow hedges	122.89	-	493.81	-	616.70
Sub- Total (a)	**6,920.07**	**2,803.37**	**261.04**	**-**	**9,984.48**
Deferred tax assets					
Provision for employee benefits	421.76	154.15	-	-	575.91
Other financial liabilities	148.59	(16.21)	-	-	132.38
Trade receivables	430.32	82.93	-	-	513.25
Other financial assets	191.64	34.03	-	-	225.67
Others	22.89	(15.89)	-	-	7.00
Minimum alternate tax (MAT) credit entitlement	1,956.28	7,896.32	-	468.77	10,321.37
Sub- Total (b)	**3,171.48**	**8,135.33**	**-**	**468.77**	**11,775.58**
Net deferred tax liability (a)-(b)	**3,748.59**	**(5,331.96)**	**261.04**	**(468.77)**	**(1,791.10)**

* It consists actualisation of MAT credit entitlement for the FY 2015-16 on the basis of tax return filed.

17 OTHER LIABILITIES

(₹ in lacs)

	Non- Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Advance from customers	-	-	1,161.16	1,980.88
Statutory dues payable	-	-	824.69	1,209.88
TOTAL	**-**	**-**	**1,985.85**	**3,190.76**

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Notes to the Financial Statements

for the year ended March 31, 2018

18 REVENUE FROM OPERATIONS

(₹ in lacs)

			Year ended March 31, 2018	Year ended March 31, 2017
	Revenue from operations includes			
a)	Sale of products (including excise duty)		**227,477.04**	**235,034.29**
b)	Sale of services;		**148.68**	**31.87**
c)	Other operating revenues:			
	Scrap sales		137.96	186.48
	Export incentives		3,108.03	3,041.13
			3,245.99	**3,227.61**
	Revenue From Operations (Net)	**TOTAL**	**230,871.71**	**238,293.77**

Goods and Service Tax (GST) has been effective from July 01, 2017. Consequently, excise duty, value added tax (VAT), Service tax etc. have been replaced with GST. Until June 30, 2017, 'Sale of products' included the amount of excise duty recovered on sales. With effect from July 01, 2017, 'Sale of products' excludes the amount of GST recovered. Accordingly, revenue from 'Sale of Products' and 'Revenue from operations' for the year ended March 31, 2018 are not comparable with those of the previous year.

19 OTHER INCOME

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Interest Income from financial assets at amortised cost	2,623.58	1,476.30
Unwinding of discount on security deposits	19.79	14.06
Net gain on sale of investments	83.95	61.77
Net gain on financial assets measured at fair value through profit or loss	707.21	243.11
Net foreign exchange differences	2,347.99	1,652.72
Miscellaneous Income	215.53	133.97
TOTAL *	**5,998.05**	**3,581.93**

* Net of amount of loss/ (gain) ₹ 16.54 lacs (March 31, 2017 ₹ (231.00) lacs) which has been transferred to Capital work in progress during the year.

20 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

(₹ in lacs)

	Year ended March 31, 2018		Year ended March 31, 2017	
Closing balance				
Finished Goods	17,094.79		13,547.17	
Stock in trade	1,503.75		1,897.68	
Work in Progress	3,686.89	22,285.43	7,619.06	23,063.91
Opening balance				
Finished Goods	13,547.17		11,518.22	
Stock in trade	1,897.68		1,708.94	
Work in Progress	7,619.06	23,063.91	5,747.72	18,974.88
TOTAL		**778.48**		**(4,089.03)**

Notes to the Financial Statements

for the year ended March 31, 2018

21 EMPLOYEE BENEFIT EXPENSE

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Salaries, wages and bonus	21,100.89	18,952.40
Contribution to provident & other funds	841.35	788.45
Gratuity (Refer Note 29)	898.22	260.73
Long term compensated absences	129.32	477.76
Employees Welfare Expenses	861.50	715.36
Expense on Employee Stock Option Scheme (Refer Note 30)	165.96	843.06
TOTAL *	**23,997.24**	**22,037.76**

* Net of amount of ₹ 936.38 lacs (March 31, 2017 ₹ 811.80 lacs) which has been transferred to Capital work in progress during the year.

22 OTHER EXPENSES

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Power, Fuel & Water	7,511.73	6,886.17
Consumption of stores & spares	2,122.00	2,810.47
Repairs & Maintenance		
- Buildings	532.95	157.40
- Plant and machinery	1,547.34	319.36
- Others	1,036.17	942.22
Environment & Pollution Control expenses	3,496.80	4,395.21
Laboratory & Testing Charges	2,240.01	1,512.94
Freight & Cartage	3,209.27	2,824.57
Advertisement & Sales Promotion	3,668.47	3,941.40
Travelling and conveyance #	3,778.09	3,349.94
Rental charges (Refer note 31 (c))	1,497.27	1,210.94
Rates and taxes	365.95	552.15
Insurance	435.70	333.84
Donation	344.20	69.55
Loss on Sale/Retirement of property, plant and equipment (Net)	53.27	23.71
Payment to auditors (Refer Note 22(a) below)	50.32	42.40
Telephone and communication charges	441.88	486.76
Provision for Bad and Doubtful debts & Advances	691.98	349.56
Director sitting fees and commission	149.62	117.32
Legal & professional fees	1,717.38	1,752.45
Bank charges	198.86	155.88
Corporate social responsibility expenditure (Refer Note 23 below)	858.00	695.00
Miscellaneous Expenses	1,655.16	1,318.16
TOTAL*	**37,602.42**	**34,247.40**

a. Auditors' Remuneration

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
- Audit Fees	33.50	27.00
- Limited Review Fees	10.50	10.50
- Certificates & other matters	3.32	2.34
- Reimbursement of expenses	3.00	2.56
TOTAL	**50.32**	**42.40**

* Includes donation paid to political parties amounting to ₹ 290 lacs (march 31, 2017 ₹ Nil). This includes donation paid to Bhartiya Janta Party amounting to ₹ 240 lacs and indian National Congress Party amounting to ₹ 50 lacs.

* Net of amount of ₹ 24.78 lacs (March 31, 2017 ₹ 463.96 lacs) which has been transferred to Capital work in progress during the year.

Includes lease rental for vehicles on operating lease amounting to ₹ 927.94 (March 31, 2017 ₹ 776.00). Refer note 31 (c).

Notes to the Financial Statements

for the year ended March 31, 2018

23 CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Contribution to PI Foundation Trust for CSR activities	858.00	695.00
Amount required to be spent by the Company during the year as per Section 135 of the Act	858.00	695.00
Amount spent during the year on :		
(i) Construction/acquisition of an asset	-	-
(ii) On purpose other than (i) above	858.00	695.00

24 DEPRECIATION AND AMORTIZATION EXPENSES

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation of Property, Plant and Equipment (Refer Note 4)	8,060.16	7,121.54
Amortization of Intangible Assets (Refer Note 5)	196.86	145.91
TOTAL	**8,257.02**	**7,267.45**

25 FINANCE COSTS

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Interest on financial liabilities measured at amortised cost	556.80	680.37
Other borrowing costs	31.16	39.47
TOTAL	**587.96**	**719.84**

26 INCOME TAX EXPENSE

a) Income tax recognised in Profit and Loss

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Current tax expense		
Current tax on profits for the year	10,037.77	10,689.87
Adjustment of current tax for prior year periods	(82.90)	(447.06)
Total Current tax expense	**9,954.87**	**10,242.81**
Deferred tax expense		
(Decrease) / Increase in Deferred tax liability	888.79	2,803.37
Decrease / (Increase) in Deferred tax assets	(1,138.46)	(8,135.33)
Net Deferred tax expense	**(249.67)**	**(5,331.96)**
Total Income tax expense	**9,705.20**	**4,910.85**

b) Deferred tax related to items recognised in OCI during the year

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Remeasurement of defined benefit plans	59.79	(232.77)
Effective portion on cash flow hedges	(453.80)	493.81
Income tax charged to OCI	**(394.01)**	**261.04**

Notes to the Financial Statements

for the year ended March 31, 2018

c) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Accounting profit before tax	46,359.31	50,647.37
Tax at India's statutory income tax rate @ 34.608%	**16,044.03**	**17,528.04**
Adjustment in respect of current income tax of previous years	(82.90)	(447.06)
Adjustment in respect of interest under 234A/B/C of Income Tax Act	10.27	-
Effect of concessions (expenditure on new plant and machinery)	-	(273.58)
Effect of concessions (expenditure on research and development)	(1,206.83)	(2,425.79)
Effect of income that is exempt from taxation (operations in tax free zone)	(5,127.61)	(9,809.02)
Effect of amounts which are not deductible in calculating taxable income	68.24	338.26
Income Tax Expense **TOTAL**	**9,705.20**	**4,910.85**

27 RESEARCH & DEVELOPMENT EXPENSES

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

a) Revenue Expenditure

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Other Income	22.82	3.71
TOTAL	**22.82**	**3.71**
Employee Benefit Expenses		
Salaries, Wages & Bonus	2,308.50	1,646.59
Contributions to Provident & other funds	159.25	114.14
Employee Welfare Expenses	71.53	33.00
TOTAL	**2,539.28**	**1,793.73**
Raw & Packing Materials Consumed	**976.95**	**366.26**
Other Expenses		
Laboratory & testing Material	560.83	410.06
Power, Fuel & Water	411.45	217.29
Consumption of stores & spares	467.98	353.47
Testing & analysis	54.18	14.96
Travelling & conveyance	132.69	94.64
Rates and taxes	2.67	1.21
Printing & Stationery	2.52	3.98
Bank Charges	0.12	0.07
Legal & professional fees	169.03	6.28
Miscellaneous Expenses	342.52	203.40
TOTAL	**2,143.99**	**1,305.36**
Depreciation		
Depreciation	901.92	525.74
TOTAL	**6,562.14**	**3,991.09**
Total Expenditure Allowed	**6,539.32**	**3,987.38**

b) Capital Expenditure

(₹ in lacs)

Description	Additions during Year ended March 31, 2018	Additions during Year ended March 31, 2017
Buildings	257.70	1,454.95
Equipments & Others	1,407.57	3,849.23
TOTAL	**1,665.27**	**5,304.18**

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Notes to the Financial Statements

for the year ended March 31, 2018

28 EARNINGS PER SHARE

(₹ in lacs)

		Year ended March 31, 2018	Year ended March 31, 2017
a)	Net Profit for Basic & Diluted EPS	**36,654.11**	**45,736.52**
b)	Number of Equity Shares at the beginning of the year	137,586,624	137,127,222
	Add: Issue of Shares under ESOP	320,694	459,402
	Total Number of Shares outstanding at the end of the year	**137,907,318**	**137,586,624**
	Weighted Average number of Equity Shares outstanding during the year - Basic	**137,705,237**	**137,326,086**
	Add: Weighted Average number of Equity Shares arising out of grant of Employee Stock option	374,621	941,359
	Weighted Average number of Equity Shares outstanding during the year - Diluted	**138,079,858**	**138,267,445**
	Earning Per Share - Basic (₹)	26.62	33.31
	Earning per share - Diluted (₹)	26.55	33.08
	Face value per share (₹)	1.00	1.00

29 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.

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 ₹ 841.35 lacs (Previous Year ₹ 788.45 lacs) towards the defined contribution plan.

Notes to the Financial Statements

for the year ended March 31, 2018

b) Defined benefits plans - as per actuarial valuation

(₹ in lacs)

		Year ended March 31, 2018 Gratuity Funded	Year ended March 31, 2017 Gratuity Funded
I	**Change in present value of obligation during the year**		
	Present value of obligation at the beginning of the year	1,613.21	1,113.92
	Total amount included in profit and loss *:		
	- Current Service Cost	244.23	227.71
	- Interest Cost	120.99	89.11
	- Past Service Cost	571.26	-
	Total amount included in OCI:		
	Remeasurement related to gratuity:		
	Actuarial losses/(gains) arising from:		
	- Demographic Assumption	0.48	(4.44)
	- Financial assumption	(42.56)	263.51
	- Experience Judgement	(131.98)	434.45
	Others		
	Benefits Paid	(141.88)	(511.05)
	Present Value of obligation as at year-end	**2,233.75**	**1,613.21**

* Includes expenses reclassified to capital work in progress ₹ 15.88 lacs (March 31, 2017 ₹ 99.66 lacs)

(₹ in lacs)

		Year ended March 31, 2018	Year ended March 31, 2017
II	**Change in Fair Value of Plan Assets during the year**		
	Plan assets at the beginning of the year	298.42	544.68
	Included in profit and loss:		
	Expected return on plan assets	22.37	43.57
	Included in OCI:		
	Actuarial Gain/(Loss) on plan assets	(1.29)	20.92
	Others:		
	Employer's contribution	700.00	199.97
	Benefits paid	(141.88)	(510.72)
	Plan assets at the end of the year	**877.62**	**298.42**

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., whose pattern of investment is not available with the Company.

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Notes to the Financial Statements

for the year ended March 31, 2018

III Reconciliation of Present value of Defined Benefit Obligation and Fair Value of Plan Assets

(₹ in lacs)

		Year ended March 31, 2018	Year ended March 31, 2017
		Gratuity Funded	Gratuity Funded
1	Present Value of obligation as at year-end	2,233.75	1,613.21
2	Fair value of plan assets at year -end	877.62	298.42
3	Funded status {Surplus/(Deficit)}	(1,356.13)	(1,314.79)
	Net Asset/(Liability)	**(1,356.13)**	**(1,314.79)**

IV Bifurcation of PBO at the end of the year

(₹ in lacs)

		Year ended March 31, 2018	Year ended March 31, 2017
		Gratuity Funded	Gratuity Funded
1	Current Liability	-	-
2	Non-Current Liability	1,356.13	1,314.79

V Actuarial Assumptions

(₹ in lacs)

		Year ended March 31, 2018	Year ended March 31, 2017
		Gratuity Funded	Gratuity Funded
1	Discount Rate	7.71%	7.50%
2	Expected rate of return on plan assets	7.50%	7.50%
3	Mortality Table	IALM (2006-08)	IALM (2006-08)
4	Salary Escalation	7.00%	7.00%

VI The expected contribution for Defined Benefit Plan for the next financial year will be ₹ 429.23 lacs.

VII Sensitivity Analysis

(₹ in lacs)

Gratuity	Year ended March 31, 2018	Year ended March 31, 2017
	Increase	Increase
Discount rate (0.50 % movement)	(96.56)	(74.33)
Future salary growth (0.50 % movement)	103.51	79.89

Notes to the Financial Statements

for the year ended March 31, 2018

VIII Maturity Profile of Defined Benefit Obligation

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
	Gratuity Funded	Gratuity Funded
Within the next 12 months	122.98	67.07
Between 2-5 years	416.77	246.36
Beyond 5 years	1,694.01	1,299.78

IX 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.

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 ₹ 1,033.73 lacs (March 31, 2017 ₹ 1,021.88 lacs).

30 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.

Notes to the Financial Statements

for the year ended March 31, 2018

I. Option Movement during the year ended Mar 2018

	March 31, 2018		March 31, 2017	
	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	1,360,078	447.36	1,559,507	243.69
Options Granted during the year	-	-	457,864	744.00
Options Forfeited / Surrendered during the year	438,658	510.91	154,116	203.31
Total number of shares arising as a result of exercise of options	233,496	194.84	503,177	160.79
Money realised by exercise of options (₹ lacs)	454.95	NA	809.06	NA
Number of options Outstanding at the end of the year	687,924	492.55	1,360,078	447.36
Number of Options exercisable at the end of the year	266,748	255.81	191,883	139.83

II. Weighted Average remaining contractual life

Range of Exercise Price	March 31, 2018		March 31, 2017	
	No. of Options Outstanding	Weighted average contractual life (years)	No. of Options Outstanding	Weighted average contractual life (years)
25 to 75	72,454	1.66	84,884	2.58
75 to 150	108,893	5.22	397,689	6.14
150 to 450	91,839	6.21	181,154	6.91
450 to 750	414,738	6.62	696,351	7.45

III. Weighted average Fair Value of Options granted during the year

(in ₹)

	March 31, 2018	March 31, 2017
Exercise price is less than market price (in ₹)	NA	435.15

IV. The weighted average market price of options exercised during the year ended March 31, 2018 is ₹ 882.59 (March 31, 2017 is ₹ 832.44).

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, 2018	March 31, 2017
	Weighted Average	Weighted Average
1. Risk Free Interest Rate	NA	6.67% to 6.89%
2. Expected Life(in years)	NA	4 to 7 years
3. Expected Volatility	NA	39.02% to 40.52%
4. Dividend Yield	NA	0.37%
5. Exercise Price (in ₹)	NA	744.00
6. Price of the underlying share in market at the time of the option grant.(in ₹)	NA	845.40

* No options granted during the year ended March 31, 2018.

Notes to the Financial Statements

for the year ended March 31, 2018

VI. Assumptions:

1 Stock Price: Closing price on National Stock Exchange on the date of grant has been considered
2 Volatility: The historical volatility over the expected life has been considered to calculate the fair value.
3 Risk-free rate of return: The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero-coupon yield curve for Government Securities
4 Exercise Price: Exercise Price of each specific grant has been considered.
5 Time to Maturity: Time to Maturity / Expected Life of options is the period for which the Company expects the options to be live.
6 Expected divided yield: Expected dividend yield has been calculated based on the dividend declared prior to the date of grant.

(₹ in lacs)

VII.		March 31, 2018	March 31, 2017
	Employee Option plan expense	165.96	843.06
	Total liability at the end of the period	1,022.32	1,413.19

31 CAPITAL & OTHER COMMITMENT

(₹ in lacs)

Particulars		March 31, 2018	March 31, 2017
a.	Estimated Amount of Contracts remaining to be executed on capital account and not provided for {Net of advances ₹ 3,260.05 lacs (March 31, 2017 : ₹ 2,329.15 lacs)}	1,620.81	-
b.	Export Commitment	34,037.46	33,225.53
c.	Leases		

Operating lease commitments - As lessee

Total of future minimum lease payments under non-cancellable operating leases for each of the following periods:

(₹ in lacs)

	March 31, 2018	March 31, 2017
- Payable within one year	1,473.54	1,266.09
- Later than one year and not later than five years	1,848.26	2,414.58
- Later than five years	-	165.10
- Lease payments recognised in Statement of Profit and Loss (Refer note 22)	2,425.21	1,986.94

Finance lease commitments - As lessee

The Company has entered into finance lease for land in Panoli and Jambusar (Gujarat). Future minimum lease payments under finance leases for all the land is ₹ 225 per annum. For land in Panoli company has a renewal option for further 2 periods with 100% increase in lease rentals and for land in Jambusar company has a renewal option upon expiry as may be agreed between the parties or as may be determined by Development Committee from time to time. The amount of minimum lease payments and their present value is not material.

32 CONTINGENT LIABILITIES

(₹ in lacs)

		March 31, 2018	March 31, 2017
a.	Claims against the company not acknowledged as debt;*		
	- Sales Tax including Goods and Service Tax	493.20	373.96
	- Excise Duty	255.49	262.96
	- Income Tax	780.22	1469.69
	- ESI	6.09	6.09
	- Other matters, including claims relating to customers, labour and third parties etc.	274.80	138.11
b.	Guarantees excluding financial guarantees;		
	- Performance bank guarantees	2,116.90	1,854.07
c.	Other money for which the Company is contingently liable		
	- Letter of Credit	9,843.94	4,152.52

* 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.

33 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:

(₹ in lacs)

	March 31, 2018	March 31, 2017
Active Ingredients and Intermediates	146,869.81	147,203.32
Formulations	82,858.57	90,323.26
Others	1,143.33	767.19
TOTAL	**230,871.71**	**238,293.77**

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:

(₹ in lacs)

	March 31, 2018	March 31, 2017
India	85,340.30	94,444.80
Asia (other than India)	86,827.91	70,026.15
North America	31,908.72	54,064.40
Australia	-	2,788.16
Europe	19,108.30	12,679.19
Rest of the World	7,686.48	4,291.07
TOTAL	**230,871.71**	**238,293.77**

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:

(₹ in lacs)

	March 31, 2018	March 31, 2017
India	112,425.55	105,182.35
Asia (other than India)	11.46	-
Europe	28.77	37.29
TOTAL	**112,465.78**	**105,219.64**

34 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 Ltd. — Subsidiary

(b) PI Life Science Research Ltd. — Subsidiary

(c) PI Japan Co.Ltd. — Foreign Subsidiary

(d) Solinnos Agro Sciences Pvt. Ltd. — Associate

Notes to the Financial Statements

for the year ended March 31, 2018

(e) PI Kumiai Pvt. Ltd. Joint Venture

(f) PII ESOP Trust Controlled Trust

ii Key Management Personnel (KMP) & their relatives with whom transactions have taken place:

(a) Key Management Personnel

Mr. Salil Singhal	Chairman & Managing Director (till August 21, 2016)
Mr. Mayank Singhal	Managing Director & CEO
Mr. Rajnish Sarna	Whole-Time Director
Mr. Narayan K. Seshadri	Non-executive Director (Chairman w.e.f. October 5, 2016)
Mr. Pravin K. Laheri	Non-executive Director
Ms. Ramni Nirula	Non-executive Director
Mr. Ravi Narain	Non-executive Director (w.e.f. May 24, 2016)
Mr. Arvind Singhal	Non-executive Director (w.e.f. October 5, 2016)
Mr. Anurag Surana	Non-executive Director (till May 11, 2016)
Dr. Venkatrao S. Sohoni	Non-executive Director (till September 14, 2016)
Dr. Tanjore Soundararajan Balganesh	Non-executive Director (w.e.f. May 16, 2017)

(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:

(₹ in lacs)

Nature of Transaction	Type of relation	2017-18		2016-17	
		Transactions during the period	Balance outstanding Dr (Cr)	Transactions during the period	Balance outstanding Dr (Cr)
Compensation to KMP	a(ii)(a)				
- Short term employee benefits		1,294.53		1,504.28	
- Post employment benefits*		48.94		495.69	
- Commission and other benefits to non-executive independent directors		134.18		116.66	
Total		**1,477.65**	**(795.82)**	**2,116.63**	**(818.19)**
Other Transactions					
Purchase of services	a(i)(b)	337.02	(112.88)	326.12	-
	a(i)(c)	493.59	(89.30)	367.85	(29.04)
	a(ii)(b)	130.32	-	-	-
Sales of services	a(i)(d)	60.00	61.95	8.33	9.58
Rent and Power Cost received	a(i)(b)	57.82	-	53.90	-
Rent and Power Cost received	a(i)(d)	2.55	-	-	-
Rent and Power Cost paid	a(i)(a)	0.54	-	0.54	-
Rent and Power Cost paid	a(ii)(b)	22.25	-	18.38	-
Security Deposits	a(i)(a)	-	0.50	-	0.50

Notes to the Financial Statements

for the year ended March 31, 2018

(₹ in lacs)

Nature of Transaction	Type of relation	2017-18		2016-17	
		Transactions during the period	Balance outstanding Dr (Cr)	Transactions during the period	Balance outstanding Dr (Cr)
Loans Given	a(i)(f)	900.00	910.05	525.00	310.05
Loans Received	a(i)(f)	300.00	-	649.02	-
Interest	a(i)(f)	-	-	44.87	44.87
Travel & Other expenditure incurred	a(ii)(a)	324.14	5.14	318.85	32.38
	a(ii)(b)	26.65	2.45	37.52	(0.29)
Dividends paid	a(ii)(a), a(ii)b, a(i)f	1,079.23	-	2,879.94	-
Salary	a(ii)(b)	0.40	-	1.44	(0.24)
Recovery of Dues on account of expenses incurred	a(ii)(b)	-	-	0.15	0.15
Contribution towards CSR Activities	a(iii)	858.00	-	695.00	-
Donation	a(iii)	42.00	-	50.00	-

* The above post employment benefits excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.

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, 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2017: ₹ 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.

35 DISCLOSURES REQUIRED UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006

(₹ in lacs)

	March 31, 2018		March 31, 2017	
	Principal Amount	Interest Amount	Principal Amount	Interest Amount
Principal amount and Interest due thereon remaining unpaid to any supplier as on 31st March	474.90	-	486.79	-
Interest paid by the Company in terms of Section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during the accounting year	364.75	3.87	69.60	0.98
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act.	-	-	-	-
Interest accrued and remaining unpaid at the end of the year	-	-	-	-
Further interest remaining due and payable in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act.	-	-	-	-

Notes to the Financial Statements

for the year ended March 31, 2018

36 FINANCIAL INSTRUMENTS

Financial instruments – Fair values and risk management

A. Financial instruments by category

(₹ in lacs)

	Notes	March 31, 2018			March 31, 2017		
		FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial Assets							
Non-current Assets*							
Loans	7(c)	-	-	739.39	-	-	266.36
Derivative financial instruments designated as hedges	7(g)	-	98.12	-	-	-	-
Other financial asset	7(g)	-	-	318.58	-	-	257.36
Current Assets							
Investments	7(b)	15,950.32	-	-	8,243.11	-	-
Trade receivables	7(d)	-	-	52,675.17	-	-	42,371.16
Cash and cash equivalents	7(e)	-	-	11,520.65	-	-	8,277.14
Bank balance other than cash and cash equivalents	7(f)	-	-	521.56	-	-	3,842.89
Loans and advances	7(c)	-	-	779.25	-	-	889.39
Derivative financial instruments designated as hedges	7(g)	-	1,016.38	-	-	2,985.00	-
Other financial assets	7(g)	-	-	884.09	-	-	989.31
TOTAL		**15,950.32**	**1,114.50**	**67,438.69**	**8,243.11**	**2,985.00**	**56,893.61**
Financial Liabilities							
Non-current Liabilities							
Borrowings	14(a)	-	-	4,633.33	-	-	8,296.73
Other financial liabilities	14(c)	-	-	1,831.72	-	-	1,719.13
Current Liabilities							
Trade payables	14(b)	-	-	37,034.69	-	-	28,806.91
Other financial liabilities	14(c)	-	-	21,396.61	-	-	22,252.39
TOTAL		**-**	**-**	**64,896.35**	**-**	**-**	**61,075.16**

* Excluding Investment in subsidiaries measured at cost in accordance with Ind AS 27

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

(₹ in lacs)

	Notes	March 31, 2018			March 31, 2017		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets							
Investment in mutual funds	7(b)	15,950.32	-	-	8,243.11	-	-
Derivative financial instruments designated as hedges	7(g)	-	1,114.50	-	-	2,985.00	-
		15,950.32	**1,114.50**	**-**	**8,243.11**	**2,985.00**	**-**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

(₹ in lacs)

	Notes	March 31, 2018			March 31, 2017		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets							
Security deposits	7(c)	-	-	232.70	-	-	178.95
Loans and advances to related parties (PII ESOP Trust)	7(c)	-	-	784.39	-	-	-
		-	**-**	**1,017.09**	**-**	**-**	**178.95**
Financial liabilities							
Security deposits from contractors	14(c)	-	-	39.04	-	-	42.83
		-	**-**	**39.04**	**-**	**-**	**42.83**

The fair value of cash and cash equivalents, bank balances other than Cash and cash equivalents, trade receivables, short term loans, 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.

37. 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 the risk management policies and systems in place and are reviewed regularly to reflect changes in market conditions and price risk along with Company's activities. The Company's audit committee

Notes to the Financial Statements

for the year ended March 31, 2018

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

The 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.

The Company has established a credit policy under which each customer is analysed 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 require approval from the appropriate authority.

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.

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 customers

(₹ in lacs)

	March 31, 2018	March 31, 2017
Opening balance	2,135.11	1,797.15
Changes in loss allowance	591.06	337.96
Closing balance	**2,726.17**	**2,135.11**

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 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 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 represent the maximum credit exposure. The maximum exposure to credit risk as at March 31, 2018 and March 31, 2017 was as follows:

(₹ in lacs)

Trade receivables	March 31, 2018	March 31, 2017
Trade receivables	52,675.17	42,371.16
Cash and cash equivalents	11,520.65	8,277.14
Bank balances other than above	521.56	3,842.89
Loans	1,518.64	1,155.75
Other financial assets	2,317.17	4,231.67
TOTAL	**68,553.19**	**59,878.61**

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. 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:

(₹ in lacs)

	March 31, 2018	March 31, 2017
Expiring within one year		
- Fund based (Floating rate)	18,500.00	18,499.80
- Non fund based (Fixed rate)	**8,539.00**	**17,124.00**

(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.

(₹ in lacs)

March 31, 2018	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	8,379.64	931.07	2,793.21	3,724.29	931.07	-
Interest Accrue not due on Borrowings	24.27	24.27	-	-	-	-
Trade Payables (Due to micro and small enterprises)	474.90	474.90	-	-	-	-
Trade Payables (Other Trade Payables)	36,559.79	33,152.26	3,407.53	-	-	-
Employee payables	4,855.01	2,522.89	2,332.12	-	-	-
Security Deposits from Dealers	1,816.72	-	-	-	-	1,816.72
Security Deposits from Contractors	40.50	10.00	15.50	8.00	5.00	2.00
Unclaimed Dividends	58.63	58.63	-	-	-	-
Creditors for Capital Purchases	2,386.73	2,385.00	1.73	-	-	-
Other Payable	10,341.28	2,010.39	8,330.89	-	-	-
TOTAL	**64,937.47**	**41,569.41**	**16,880.98**	**3,732.29**	**936.07**	**1,818.72**

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for the year ended March 31, 2018

(₹ in lacs)

March 31, 2017	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	12,043.57	926.43	2,779.29	3,705.71	4,632.14	-
Interest Accrue not due on Borrowings	27.29	27.29	-	-	-	-
Trade Payables (Due to micro and small enterprises)	486.79	486.79	-	-	-	-
Trade Payables (Other Trade Payables)	28,320.12	24,155.21	4,164.91	-	-	-
Employee payables	4,039.21	2,032.81	2,006.40	-	-	-
Security Deposits from Dealers	1,701.63	-	-	-	-	1,701.63
Security Deposits from Contractors	44.75	16.25	11.00	14.50	1.00	2.00
Unclaimed Dividends	44.69	44.69	-	-	-	-
Creditors for Capital Purchases	3,553.79	3,553.40	0.39	-	-	-
Other Payable	10,873.55	2,533.67	8,339.88	-	-	-
TOTAL	**61,135.39**	**33,776.54**	**17,301.87**	**3,720.21**	**4,633.14**	**1,703.63**

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 optimising 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 JPY. 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 (INR). The Company 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 Company. The objective of the hedges is to minimise the volatility of the INR cash flows of highly probable forecast transactions.

The Company'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 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 changes 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, 2018 and March 31, 2017 expressed in Indian Rupees (₹) are as below:

Non derivative

(₹ in lacs)

	March 31, 2018			
	USD	EURO	JPY	GBP
Financial assets				
Cash and cash equivalents (EEFC Account)	108.66	-	-	-
Trade receivables	29,281.17	1,116.87	252.14	-
	29,389.83	**1,116.87**	**252.14**	**-**
Financial liabilities				
Borrowings (Term Loan)	8,379.64	-	-	-
Trade payables	7,453.65	-	89.30	2.83
	15,833.29	**-**	**89.30**	**2.83**

(₹ in lacs)

	March 31, 2017			
	USD	EURO	JPY	GBP
Financial assets				
Cash and cash equivalents (EEFC Account)	10.09	-	-	-
Trade receivables	21,119.70	1,007.98	20.30	-
	21,129.79	**1,007.98**	**20.30**	**-**
Financial liabilities				
Borrowings (Term Loan)	12,043.57	-	-	-
Trade payables	8,823.49	19.07	29.04	0.63
	20,867.06	**19.07**	**29.04**	**0.63**

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 1% 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.

(₹ in lacs)

Effect in INR	**Profit or loss, net of tax**		**Impact on other components of equity, net of tax**	
	Strengthening	**Weakening**	**Strengthening**	**Weakening**
March 31, 2018				
1% movement				
USD	88.65	(88.65)	-	-
EUR	7.30	(7.30)	-	-
JPY (100)	106.48	(106.48)	-	-
GBP	(0.02)	0.02	-	-
TOTAL	**202.41**	**(202.41)**	**-**	**-**

Notes to the Financial Statements

for the year ended March 31, 2018

(₹ in lacs)

Effect in INR	Profit or loss, net of tax		Impact on other components of equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
March 31, 2017				
1% movement				
USD	1.72	(1.72)	-	-
EUR	6.47	(6.47)	-	-
JPY (100)	(5.71)	5.71	-	-
TOTAL	**2.48**	**(2.48)**	**-**	**-**

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.

(₹ in lacs)

	March 31, 2018	March 31, 2017
Fixed-rate instruments		
Financial assets	11,295.20	12,420.85
Variable-rate instruments		
Financial liabilities	8,338.52	11,983.34
TOTAL	**19,633.72**	**24,404.19**

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, in particular foreign currency exchange rates, remain constant.

(₹ in lacs)

	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, 2018				
Variable-rate instruments	(27.40)	27.40	-	-
Cash flow sensitivity (net)	**(27.40)**	**27.40**	**-**	**-**
March 31, 2017				
Variable-rate instruments	(39.38)	39.38	-	-
Cash flow sensitivity (net)	**(39.38)**	**39.38**	**-**	**-**

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.

Notes to the Financial Statements

for the year ended March 31, 2018

v) Impact of Hedging activities

(a) Disclosure of hedge accounting on financial position

March 31, 2018						
Type of hedge and risk	**No. of outstanding contracts**	**Nominal Value (₹ in lacs)**	**Carrying value of hedging instrument * (₹ in lacs)**	**Maturity date**	**Hedge ratio**	**Weighted average strike price/rate**
Foreign exchange forward contracts	121.00	98,866.36	1,114.50	April 2017 - March 2021	1:1	US$1: INR 67.94
March 31, 2017						
Type of hedge and risk	**No. of outstanding contracts**	**Nominal Value (₹ in lacs)**	**Carrying value of hedging instrument * (₹ in lacs)**	**Maturity date**	**Hedge ratio**	**Weighted average strike price/rate**
Foreign exchange forward contracts	67.00	53,292.60	2,985.00	April 2017 - February 2018	1:1	US$1: INR 70.11

* Refer Note No. 7(g)

(b) Disclosure of effects of hedge accounting on financial performance

(₹ in lacs)

March 31, 2018				
Type of hedge	**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	2,428.71	-	3,739.97	Revenue

(₹ in lacs)

March 31, 2017				
Type of hedge	**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	3,401.26	-	1,974.40	Revenue

Notes to the Financial Statements

for the year ended March 31, 2018

(c) Movement in the cash flow hedge reserve

(₹ in lacs)

Effective portion of Cash flow Hedges	Amount
As at April 01, 2016	**420.50**
Add: Effective portion of gains/(losses) on cash flow hedges	3,401.26
Less: Amount reclassified to profit and loss account	1,974.40
Less: Deferred tax relating to above	493.81
As at March 31, 2017	**1,353.55**
Add: Effective portion of gains/(losses) on cash flow hedges	2,428.71
Less: Amount reclassified to profit and loss account	3,739.97
Less: Deferred tax relating to above	(453.80)
As at March 31, 2018	**496.09**

(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 1% 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.

(₹ in lacs)

Effect	Profit or loss, net of tax		Impact on other components of equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
March 31, 2018				
1% movement				
USD	-	-	646.51	(646.51)
March 31, 2017				
1% movement				
USD	-	-	348.49	(348.49)

38 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:

(₹ in lacs)

		As at March 31, 2018	As at March 31, 2017
Borrowings (Non-current)		4,633.33	8,296.73
Borrowings (Current)		3,705.19	3,686.61
Total Debt	A	8,338.52	11,983.34
Total Equity	B	191,222.12	160,886.73
Debt to Equity ratio	A/B	0.04	0.07

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.

39 EVENTS AFTER REPORTING DATE

The Board of Directors in the meeting held on May 15, 2018 have recommended final dividend for the year ended March 31, 2018 which is subject to the approval of shareholders in the ensuing annual general meeting. Refer note 13(B) for details.

40 ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for borrowings are :

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017
First charge		
Property, plant and equipment	95,608.48	90,964.26
Floating charge		
Trade Receivables	52,675.17	42,371.16
Inventories	45,200.51	43,194.58
TOTAL	**193,484.16**	**176,530.00**

41 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115, 'Revenue from Contracts with Customers', and consequential amendments to other Ind AS. The amendments are applicable to the Company from April 01, 2018. The Company is currently evaluating the impact of the new standard.

This is the notes to accounts referred to our report of even date

For **Price Waterhouse Chartered Accountants LLP**
Chartered Accountants
Firm Reg. No. 012754N/N500016

Sd/-
Ashok Narayanaswamy
Partner
Membership Number: 095665

Place: Gurugram
Date: May 15, 2018

For and on behalf of the Board of Directors

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

Sd/-
Mayank Singhal
Managing Director & CEO
DIN: 00006651

Sd/-
Subhash Anand
Chief Financial Officer

Sd/-
Naresh Kapoor
Company Secretary