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## NOTICE

Notice is hereby given that Annual General Meeting of PI Industries Limited will be held on Saturday, July 16, 2011 at 11.00 A.M. at Udaisagar Road, Udaipur - 313001 Rajasthan to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2011 and Profit and Loss Account for the financial year ended on that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare Dividend on non-cumulative Compulsorily Convertible Preference Shares (CCPS) for the year ended 31st March, 2011.
3. To declare Dividend on Equity Shares for the year ended March 31, 2011.
4. To appoint a Director in place of Shri P.N. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Narayan K. Seshadri, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration.

### SPECIAL BUSINESS

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

**"RESOLVED THAT** Mrs. Ramni Nirula, who was appointed as an Additional Director on the Board of the Company with effect from July 28, 2010, pursuant to section 260 of the Companies Act, 1956 and Articles of Association of the Company and who holds office only upto the date of the ensuing Annual General Meeting and in respect of whom the Company has received notice in writing, under section 257 of the Companies Act, 1956 from a member signifying his intention to propose her as a candidate for the office of a Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation".

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

**"RESOLVED THAT** pursuant to the provisions of

Section 16, 94 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") or any other law for the time being in force (including any statutory modification or re-enactment thereof) and the provisions of the Articles of Association of the Company and subject to such approval(s), permission(s), sanction(s), confirmation(s), as may be required under any law for the time being in force, the consent of the Company be and is hereby accorded for sub-division of the existing equity shares of face value of Rs.10/- each of the Company into 2 equity shares of Rs. 5 /- each".

**"RESOLVED FURTHER THAT** the existing Clause 5 of the Memorandum of Association be and is hereby substituted in the manner as set out below:

The Authorized Share Capital of the Company is Rs.70,00,00,000/- (Rupees Seventy Crores only) divided into 4,00,00,000 (Four Crores) Equity Shares of Rs. 5/- (Rupees Five only) each; 50,00,000 (Fifty Lac) Preference Shares of Rs.100/- (Rupees Hundred only) each; with such rights, privileges and conditions attaching thereto as may for the time being be provided by the regulations of the Company. The Company shall have power to increase or reduce the capital or divide the capital for the time being into several classes; to issue any shares with special rights or privileges as to voting, dividend (including rate of dividend of preference shares), repayment of capital or otherwise, or to subject the shares to any restrictions, limitations and conditions and to vary, modify or abrogate any such rights, privileges, restrictions or conditions. The rights of the holders of any class of shares for the time being forming part of the capital of the Company may be modified, affected, varied, extended or surrendered in such manner as may for the time being be provided by the regulations of the Company".

**"RESOLVED FURTHER THAT** the existing share certificate(s) in relation to the equity share capital held in physical form be cancelled and new share certificate(s) be issued in respect of the equity shares held by the members of the Company consequent upon the sub-division of the equity shares as aforesaid and in case of shares held in the dematerialized form, the subdivided equity shares be credited to the

respective demat accounts of the beneficiaries in lieu of the existing shares held by them".

**"RESOLVED FURTHER THAT** the Board of directors of the Company ("the Board", which expression shall also include a duly constituted Committee thereof) be and is hereby authorized to do all such acts, deeds and things and to delegate all or any of the powers vested in the Board to any Director(s) or Officer(s) of the Company as may be required to give effect to the above resolution."

## NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE SHOULD BE DULY STAMPED, COMPLETED AND SIGNED AND MUST REACH TO THE COMPANY AT UDAISAGAR ROAD, UDAIPUR – 313 001 RAJASTHAN NOT LESS THAN FOURTY EIGHT HOURS BEFORE THE MEETING.**
2. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. The register of members and the share transfer books shall remain close from July 12, 2011 to July 16, 2011 (both days inclusive).
4. The dividend, if declared at the Annual General Meeting, will be paid on or after July 16, 2011 to those persons or their mandates:
  - (a) whose names appear as Beneficial Owners as at the end of the business hours on July 12, 2011 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form; and
  - (b) whose names appear as Members in the Register of Members of the Company on July 12, 2011 after giving effect to valid share transfers in physical form lodged with the Company / Registrar and Share Transfer Agents on or before the aforesaid date.
5. Members holding shares in electronic form are hereby informed that the bank particulars registered against their respective depository accounts will be used by the Company for

the payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change in the bank particulars or bank mandates. Such changes are to be advised only to the Depository Participants of the Members.

6. Members holding shares in physical form are requested to advise any change of address immediately to the Company's Registrars and Transfer Agent, M/s Karvy Computershare Private Limited (Unit: PI Industries Ltd.) 17 to 24, Vithalrao Nagar, Madhapur, Hyderabad-500 081. Members holding shares in electronic form must send the advice about change in address to their respective Depository Participant only and not to the Company or the Company's Registrar and Share Transfer Agent. Members are also requested to register their email-id with the Company's Registrar and Transfer Agent or may alternatively send request for registering the same with the company at its **E-mail id. investor.grievance@piind.com**. It may please be noted that members who have opted to register the email id shall be forwarded the news and annual report to them thru email only and hard copy shall be provided only on receipt of specific request from them.
7. Pursuant to provisions of section 205-A and 205-C of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account, is required to be transferred to the Investor Education and Protection Fund. Members shall not be able to claim any unpaid dividend from the said fund or the Company thereafter. Members who have not encashed the dividend warrants for the year 2003-04 onwards are requested to contact the Registrars and Transfer Agent or Registered Office of the Company at the earliest.
8. Members can avail the facility of nomination in respect of shares held by them by sending their nomination in the prescribed Form No.2B duly filled in to the Company's Registrars and Transfer Agent at the address as stated in Note No. 6 above.
9. Members having the physical share certificates are advised to consider opening of a Demat Account with an authorized Depository Participant and arrange for dematerializing their Shareholdings in the Company.

10. Kindly forward all accounts related queries, so as to reach the Company atleast 10 days before the Annual General Meeting.
11. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect to business under Item Nos. 7 & 8 of the Notice are annexed hereto. The relevant details as required by Clause 49 of the Listing Agreements entered with the Stock Exchange, of persons seeking appointment / re-appointment as Directors under Item Nos. 4, 5 & 7 of the Notice are also annexed.
12. Members are requested to bring their copy of Annual Report to the Meeting.

By Order of the Board  
For **PI INDUSTRIES LTD.**

Sd/-

**(Rajnish Sarna)**

CFO & President (IT)

Date: 14.04.2011  
Registered Office  
Udaisagar Road,  
Udaipur – 313 001 (Raj.)

## EXPLANATORY STATEMENT

The following Explanatory Statement sets out all material facts relating to the businesses mentioned under Item Nos. 7 & 8 of the accompanying Notice.

### Item no. 7

Mrs Ramni Nirula was appointed as an Additional Director by the Board of Directors of the Company, with effect from July 28, 2010. In accordance with the provisions of Section 260 of the Companies Act, 1956, Mrs Ramni Nirula will hold office as a Director upto the date of the ensuing Annual General Meeting. The Company has received a Notice under Section 257 of the Companies Act, 1956 from a member proposing her candidature for the office of Director of the Company liable to retire by rotation.

A brief profile of Mrs. Ramni Nirula alongwith required particulars is given at the end of the explanatory statement to the notice for the information of the members.

Your Directors are of the view that the Company would be immensely benefited by the wealth of experience and expert advice of Mrs Ramni Nirula and therefore recommend for approval, the Resolution contained in Item No. 7 of the Notice convening the Annual General Meeting.

None of the Directors except Mrs Ramni Nirula is concerned or interested in Item No. 7 of the Notice.

### Item no. 8

The equity shares of the Company are listed and are actively traded on the Bombay Stock Exchange Limited (BSE).

The market price of the shares of the Company has witnessed significant growth over the past few years and are presently traded at above Rs. 700/-. In order to improve the liquidity of the Company's shares in the stock market and to make it affordable to the small investors, the Board of directors of the Company at their meeting held on April 14, 2011, considered it desirable to sub-divide the nominal value of the equity share capital of the Company from Rs. 10/- per share to Rs. 5/- per share as proposed in the resolution.

The aforesaid sub-division would require substitution of existing Capital Clause V of the Memorandum of Association of the Company by Clause V detailed in the resolution.

Accordingly, the Board recommend the resolution as set out in item no. 8 for approval of the shareholders as an ordinary resolution. Upon approval of the shareholders for sub-division of shares, in case the shares are held in physical, the old share certificates of face value of Rs. 10/- each will be cancelled on the record date and the new share certificates will be sent to the shareholders within 10 days of the record date. In case the shares are in dematerialized form, the sub-divided shares will be directly credited to the shareholders demat account on the record date in lieu of their existing shares.

By Order of the Board  
For **PI INDUSTRIES LTD.**

Sd/-

**(Rajnish Sarna)**

CFO & President (IT)

Date: 14.04.2011  
Registered Office  
Udaisagar Road,  
Udaipur – 313 001 (Raj.)

**Pursuant to the provisions of clause 49 of the Listing Agreement, a brief resume of the Directors, proposed for appointment/ re-appointment is given below:**

### Mr. P.N Shah

He is a Chartered Accountant and a partner of M/s Shah & Co., a CA firm. He is on the Board of PI Industries since 1991. He was the President of the ICAI. Currently, he is also on the Board of Indo

Count Industries Ltd., Secure Meters Ltd., Taparia Tools Ltd., Lipi Data Systems Ltd., Wolkem India Ltd. and Pranavaditya Spinning Mills Ltd.

#### **Mr. Narayan K. Seshadri**

Mr. Narayan K. Seshadri is a Chartered Accountant and is a Director on the Board of PI Industries since 2006. He started his career with Arthur Anderson in the business consultancy area. Later on, he joined KPMG and became the managing partner of the business advisory practice of the firm. He was the first and only Indian partner on Anderson's Global CEO Advisory Council. He is also the founder Chairman and CEO of Halcyon Group, an investment advisory and management services organization. He is also on the Board of Halcyon Resources and Management Pvt. Ltd., Development Credit Bank Ltd., DHFL Venture Capital India Pvt. Ltd., HGB Holdings Pvt. Ltd., Magma Fincrop Ltd., Kalpataru Power Transmission Ltd., WABCO TVS India Ltd., TranzMyoot Capital Management Pvt. Ltd., SBI Capital Markets Ltd., Radiant Life Care Pvt. Ltd.,

Halcyon Enterprises Pvt. Ltd., IRIS Business Services Ltd. and TVS Investments Ltd. Mr. Narayan K. Seshadri holds 130878 Equity Shares of the Company.

#### **Mrs. Ramni Nirula**

Mrs. Ramni Nirula holds a Bachelor's Degree in Economic and a Master's Degree in Business Administration from Delhi University. She is holding position of Vice-President in ICICI Foundation and has more than three decades of experience in the financial sector, beginning her career with the erstwhile ICICI Ltd. in 1976 in the project appraisal division and also held various leadership positions in areas of Project Financing, Strategy, Planning & Resources and Corporate Banking. Mrs. Ramni Nirula also held key position as Managing Director & CEO of ICICI Securities Ltd., and also headed the Corporate Banking Group of ICICI Bank.

Mrs. Ramni Nirula is also on the Board of Vardhaman Special Steels Ltd., Jubilant Food Works Ltd., Haldia Petrochemicals Ltd., Usha Martin Ltd. Utkarsh Microfinance Pvt. Ltd. and IKP Knowledge Park.

#### **Important Communication to Members**

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to provide necessary details to company at **s.varghese@piind.com** or register the same with Karvy Computershare Private Limited at **prabhakar@karvy.com**



## DIRECTORS' REPORT

### TO THE MEMBERS

Your Directors are pleased to present the Annual Report of the Company together with the Audited Accounts for the year ended March 31, 2011.

#### 1. FINANCIAL HIGHLIGHTS

(Rs. in Crores)

Particulars	Current Year 2010-11	Previous Year 2009-10
Gross Sales	836.31	619.25
Net Sales	718.57	541.71
Other Income	0.73	1.11
Profit Before Interest, Tax, Dep. & App. (EBITDA)	123.64	87.47
Interest	18.19	18.31
Depreciation	15.62	13.15
Profit Before Tax (PBT)	89.83	56.01
Provision for Taxation		
Current Tax	20.42	13.03
Deferred Tax	5.29	2.03
Profit After Tax	64.12	40.95

Year 2010-11 has been a year of significant achievements, and witnessed excellent growth in revenues and profitability.

During the year under review, the net sales of the Company increased to Rs.719 Crore as compared to Rs. 542 Crore in previous year; an increase of 33% YoY. While all business segments of the company reported strong increase in sales, a key driver of the growth in sales was 38% YoY increase in the agri input business of the Company.

The operating profit of the Company increased to Rs. 123.64 Crore as compared to Rs. 87.47 Crore; an increase of 41% YoY. The operating profit margin increased to 17.2% in current year from 16.15% in the previous year on account of improved margins in domestic agri-input, increased revenues from custom synthesis and polymer compounding business, better capacity utilization and efficient overheads cost management.

The net profit (PAT) grew by 56.6% to Rs. 64.12 Crore for the year ended 31<sup>st</sup> March, 2011 from Rs. 40.95 Crore in the previous year. Net profit margin increased to 8.92% during the year under review from 7.56% in the previous year.

The Company's net profit on a consolidated basis increased to Rs 65.10 Crores during the year, as compared to Rs.41.90 Crores in the previous year, a growth of 55.37% YoY.

The earning per share (EPS) for the year stood at Rs. 57.73 per share an increase of 53% compared to Rs.37.85 per share for the previous year.

#### 2. OPERATIONS

The year 2010-11 was marked by a normal monsoon with most districts receiving adequate rainfall. Total acreages under crops increased to 164.8 million hectares in 2010-11 from 156.4 million hectares in 2009-10, up by 5.08% YoY. Production of food grains and of many crops reached record highs. The commodity prices remained remunerative for most of the crops, especially for cash crops like cotton, chillies, sugarcane, fruits and vegetables, while wheat & rice farmers realized the increased Minimum Support Prices (MSP).

The year 2010-11 also witnessed volatility in crude prices and consequent upward trend in raw materials used in manufacture of crop protection products. The industry is taking a graduated approach to pass on increased product costs to the customers.

Outperforming the estimated industry growth of about 15 % for the review year, revenue of your Company's agri-input business grew by 38% YoY mainly on account of substantial growth of newly launched products, volume expansion of some of the existing products and expanding distribution network in new markets.

The revenue of the Custom Synthesis Business continues to grow as per plan. The business reported an increase of 23% YoY. Due to constant efforts made by the Japanese business development team, your company has commenced commercial production on some very promising products and revenues from these products are expected in the current year. During the year under review, many new inquiries were received in diverse areas of application leading for a diversified and balanced portfolio of products. The business has an order book

position of ~US\$ 300 mn at the end of the year and growing.

One of the key highlight in the year was the signing of an agreement with the largest electronics company of the world, M/s Sony Corporation to set up a joint research centre at Udaipur, named as PI-Sony Research Centre, it was formally inaugurated in January 2011. This R&D Centre will be engaged in developing commercially viable processes for molecules invented by Sony.

By this Agreement, M/s. Sony Corp. has recognized the abilities and commitment of your Company in research & development of next generation organic chemicals. The outcome of these researched chemicals would find use in futuristic products like flexible television, solar cells etc. It is heartening that work on several new molecules has already started.

The Polymer business also witnessed substantial growth in the current year based on traction seen in user industries like automobile, construction material, electronics, etc. However, the product margins remained under pressure due to high volatility in their raw material prices. Going by your Company's strategy to concentrate on its core businesses of Agri-inputs and Customs Synthesis business, this business has been divested to Rhodia, S.A., a French multinational speciality chemical major. The deal includes transfer of all assets, people, plant facility, R & D capabilities, customer base and logistic network in India. The deal was concluded in April, 2011.

#### Introduction of New Products

Striving towards excellence in building brands and bringing innovations to the farmers, your company could successfully establish **NOMINEE GOLD** as the fastest growing herbicide in India. On the back of PI Industries being one of the front runner companies in rice crop solutions, NOMINEE GOLD is expected to attain the status of the largest brand of herbicide in the coming years and will contribute significantly to the growth of your company.

As a part of its strategy to provide complete crop solutions, your company has successfully introduced an herbicide in soyabean and pulses segment. The product was introduced in association with a leading multinational company.

During the period under review, your company also filed for registration of another two new

molecule expected to be commercially launched by 2012-2013. Your company continues its quest for new molecules and has signed 4 new agreements with their patent holders to evaluate them in the herbicide / fungicide segment. These will continue to help further strengthen the Company's product portfolio.

The company has signed a distribution agreement with a leading multinational for the marketing for its new generation insecticide and acaricide, which will further strengthen its position in plantation and, field crops, vegetables and fruits.

Apart from this, in the fine chemicals business area, several new molecules were successfully synthesized in the areas of agrochemicals, pharmacueticals, imaging, printing etc. Out of these newly synthesized products, commercial production was commenced for 4 products.

### 3. DIVIDEND

The Board of Directors are pleased to recommend dividend of Rs.4/- per equity share of Rs.10/- each (40%) and Rs.0.01 per Compulsorily Convertible Preference Shares (CCPS) (0.01%) dividend on pro-rata basis for the financial year ended on March 31, 2011

The dividend on equity shares, if approved at the ensuing Annual General Meeting, will be paid to those shareholders whose names appear on the register of members of the Company as on July 12, 2011.

### 4. CONVERSION OF COMPULSORILY CONVERTIBLE PREFERENCE SHARES

During the year, the Company has partly redeemed by way of conversion of Compulsorily Convertible Preference Shares (CCPS) and issued 370826 Equity Shares of Rs.10/- each against 12,50,000 Convertible Preference Shares of Rs.100/- each allotted to M/s Standard Chartered Private Equity (Mauritius) Ltd. (185413 Equity Shares) and Standard Chartered Private Equity (Mauritius) II Ltd. (185413 Equity shares), out of total 20,60,000 CCPS. The aforesaid equity shares were also listed on the Bombay Stock Exchange Ltd. on July 9, 2010. As on 31.3.2011, following CCPS and Optionally Convertible Debentures (OCD) are outstanding for conversion / redemption on or before the due date as per their agreements:

- a. 405,000 Non Cumulative Compulsorily Convertible Preference Shares (CCPS) of face value of Rs.100/- each of Standard

Chartered Private Equity (Mauritius) Limited (SEBI Registered Foreign Institutional Investor);

- b. 405,000 Non Cumulative Compulsorily Convertible Preference Shares (CCPS) of face value of Rs.100/- each of Standard Chartered Private Equity (Mauritius) II Limited (SEBI Registered Foreign Venture Capital Investor) and;
- c. 29,40,000 Optionally Convertible Debentures (OCD) of face value of Rs.100/- each of Standard Chartered Investments and Loans (India) Limited (Non Banking Finance Company).

The CCPS and OCDs will be convertible within a period of 18 months from the date of allotment. In case of OCDs, the unconverted portion, if any, shall be redeemed at the end of 18 months or may be further extended by another 18 months, if mutually agreed, and shall be redeemed.

#### **5. ISSUE AND ALLOTMENT OF BONUS SHARES**

To reward the shareholders in the successful value creation cycle, the Committee of Directors of the Company in their meeting held on July 12, 2010 issued and allotted 3729167 bonus equity shares of Rs.10/- each in the ratio of 1:2 to the members of the Company as on July 10, 2010 (Record Date) as per the recommendation of Board of Directors in their meeting held on May 17, 2010 and as approved by the Members through Postal Ballot on June 26, 2010. The Bonus shares have been listed on Bombay Stock Exchange Limited w.e.f. July 15, 2010. Consequent to the Bonus issue and conversion of Compulsorily Convertible Preference Shares into Equity Shares as aforesaid, the paid up equity capital of the Company stood at Rs.11.19 Crores.

#### **6. DEPOSITS**

The Company has accepted deposits as per the Rules and none of the deposits which were due for payment remain unclaimed / unpaid.

#### **7. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND**

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

#### **8. DIRECTORS**

During the year under review, Mr. Sukh Dev Nayyar, resigned w.e.f. July 19, 2010 and Dr. Satya Prakash Vishnoi, resigned w.e.f.

September 3, 2010 from the position of Director of the Company. The Board places on record its gratitude for the valuable guidance provided by Mr. Sukh Dev Nayyar and Dr. Satya Prakash Vishnoi during their tenure as Directors of the Company.

Also, during the year, Mrs. Ramni Nirula was appointed as Additional Director on the Board with effect from July 28, 2010 and hold office till the ensuing Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 have been received from a member of the Company, for her appointment.

At the ensuing Annual General Meeting, Mr. P.N. Shah and Mr. Narayan K. Seshadri retire by rotation as Directors and being eligible, offer themselves for re-appointment in terms of provisions of Articles of Association of the Company.

The Board recommends their re-appointment for your approval.

The brief resume/details relating to the Directors who are to be appointed/re-appointed are furnished in the explanatory statements to the notice for Annual General Meeting to be held on July 16, 2011 which forms part of the Annual Report.

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

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

- (i) In the preparation of the Annual Accounts for the year ended on March 31, 2011, the applicable accounting standards have been followed by the Company;
- (ii) Appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2011 and of the profit for the year ended March 31, 2011.
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;



(iv) The Annual Accounts are prepared on a going concern basis.

## 10. SUBSIDIARY COMPANIES

The Company has three wholly owned subsidiary companies as on March 31, 2011. The members may refer to the Statement under section 212 of the Companies Act, 1956 and information on the financials of subsidiaries appended to the above statement under section 212 of the Companies Act, 1956 in this Annual Report for detailed information on these subsidiary companies. The key highlights of these subsidiary companies are as under:

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

During the year, the Company has posted a profit of Rs.73.96 Lacs, which was earned on account of various R&D activities for developing new products.

### (2) PI Japan Company Ltd.

The Company posted a profit of JPY 12.69 Lacs (Approx. Rs. 7.5 Lacs) during the year.

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

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

The Company posted a profit of Rs.3.97 Lacs during the year.

## 11. SALE OF POLYMER COMPOUNDING BUSINESS UNDERTAKING OF THE COMPANY.

During the year, the Company has received a Binding Offer from Rhodia S.A., France for purchase of its Polymer Compounding unit as going concern on slump sale basis

As per the recommendation of the board of directors at their meeting held on 15.12.2010, the shareholders of the Company approved the sale of Polymer Compounding Business to the M/s Rhodia Polymer & Specialties India Pvt. Ltd., a wholly owned Indian Subsidiary of Rhodia S.A. by way of Postal Ballot on February 19, 2011.

The aforesaid sale transaction has been concluded on April 11, 2011.

## 12. AUDITORS

The Joint Statutory Auditors of the Company, M/s B.D. Gargieya & Co., Chartered Accountants and M/s S.S. Kothari Mehta & Co., Chartered Accountants; retire at the ensuing Annual

General Meeting and have confirmed their eligibility and willingness to accept office of Auditors, if reappointed. The Auditors have given a certificate that their re-appointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956.

The Audit Committee and the Board of Directors recommend appointment of M/s B.D. Gargieya & Co. and M/s S.S. Kothari Mehta & Co. as Statutory Auditors of the Company for the financial year 2011-12.

## 13. COST AUDITORS

Pursuant to the directives issued by the Central Government, an audit of the cost records relating to Insecticides (Technical and Formulations) manufactured by the Company is required to be conducted by an auditor with the requisite qualifications as prescribed under section 233B of the Companies Act, 1956. Your Board has proposed to appoint M/s K.G. Goyal & Co., Cost Accountants, Jaipur, as Cost Auditors based on the recommendation of the Audit Committee for the conduct of the audit of cost records of Insecticides (Technical and Formulations) for the year ending March 31, 2012 at their meeting held on 14<sup>th</sup> April, 2011 and necessary application has been filed through E-filing with Ministry of Corporate Affairs under section 233B.

## 14. SECRETARIAL AUDIT

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

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

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

## 16. EMPLOYEES

During 2010-11, your Company continued to have excellent cordial relationships with all its employees at all units. The Company is proud to see their commitment towards their responsibilities. They have made invaluable contribution in the growth of the Company.

The company recognizes the importance of human capital and enrichment of professional

and technical skills is an ongoing process within the organization.

Total workforce of the Company stood at 1143 as on March 31, 2011.

Pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars of Employees) Rules, 1975, the names and other particulars of the employees form part of this report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the reports and the accounts are being sent to all shareholders, excluding the statement of particulars under section 217(2A). Any shareholders, interested in obtaining a copy of this statement may write to the Company Secretary at the registered office of the Company.

#### 17. EMPLOYEE STOCK OPTION PLAN/SCHEME

The Shareholders at their meeting held on January 21, 2011 has approved Employees Stock Option Scheme /Employees Stock Option Plan (ESOP/ESOS or the Scheme) with such number of equity shares not exceeding 5% of the paid up equity shares capital at any time, on payment of the requisite exercise price, in such manner, in one or more tranches and on such other terms and conditions as the Board may decide in accordance with the regulations or other provisions of the law as may be prevailing at the relevant time. The Board / Committee were also authorized to form a trust for allotment of equity shares to the eligible employees of the Company, which shall be done along with annual appraisal of employees.

The Company has not offered any stock option to the Employees during the year 2010-11 either under the Employee Stock Option Plan or Scheme introduced by the Company.

#### 18. MANAGEMENT DISCUSSION AND ANALYSIS

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

#### 19. CORPORATE GOVERNANCE

Your Company believes and is committed to in transparency and has always maintained a very high level of Corporate Governance over the years and it is a continuous and ongoing process. Your Company is committed to benchmark itself with highest standards in all areas including appropriate standards for Good Corporate Governance. Towards this end, an effective

Corporate Governance System has been put in place in the Company, to ensure compliance.

A detailed report on the Corporate Governance Code and practices of the Company along with a certificate from the auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement are given in a separate section in this Annual Report.

#### 20. INTERNAL CONTROL SYSTEM

The Company's internal control system comprises audit and compliance by in-house internal audit team supplement by internal audit checks from Protiviti Consulting Pvt. Ltd. who were appointed as the Internal Auditors of the Company during current year. The internal auditors independently evaluate the adequacy of internal controls and concurrently audit the financial transactions and review various business processes. Independence of the audit and compliance is ensured by the direct report of internal audit division and internal auditors to the Audit Committee of the Board.

#### 21. ACKNOWLEDGMENTS

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

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

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

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

Sd/- Sd/-  
(**Salil Singhal**) (**Mayank Singhal**)

Place : Gurgaon Chairman & Managing Director  
Date : 14.04.2011 Managing Director & CEO