



ANNUAL REPORT 2019



EMBRACING  
NEW TECHNOLOGIES







## EMBRACING NEW TECHNOLOGIES

A quality that defines a great company is how it responds to change. At Hikal, we embrace the changing world as we create, innovate and lead with technology.

As developments over the past few years have shown, we are in a time of unprecedented technological growth which shows no signs of slowing down. This has caused disruption on a global scale as the impact of new, cutting-edge technology is beginning to be seen now in every industry.

We are developing and utilizing new technologies to move aggressively and strategically to help our clients disrupt rather than be disrupted. We have been able to capture new growth opportunities in a very competitive environment.

The landscape of chemical manufacturing is changing globally. Greater emphasis is laid on leveraging sophisticated technology to improve productivity of existing plants. As part of our strategy to be a leader in technology, we are implementing Industry 4.0.

By making our manufacturing processes more cost-effective, customizing solutions for complex products and by specializing in developing innovative technologies we have been able to expand our abilities to help our customers and have delivered value for all our stakeholders.

We believe that in our journey of transformation by embracing new technologies we are creating and providing superior alternatives to existing products and services.







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## CHAIRMAN'S MESSAGE

Dear Shareholders,

2018-19 was a momentous year at Hikal with the highest ever revenues and profits. Our sales grew by 22% to ₹ 15,896 million and our net profit grew by 34% to ₹ 1,031 million. This growth was achieved despite several challenges we faced during the year which included the constant disruption of supplies and the increase in cost of raw materials originating from China.

The Board has recommended a total dividend of 60% - 30% interim and a final dividend of 30% on the expanded capital after the bonus shares were issued (maintained at 60% as the previous year). In the past two years, our shareholders have more than tripled to about 30,000, which has increased the liquidity of our stock. Our Stock price appreciated 26% during the year.

Hikal's crop protection division grew by 19% from ₹ 5,473 million to ₹ 6,505 million. The growth in sales was a result of increased demand of our existing products and the launch of several new products. Our R&D has developed new crop protection products which will be introduced in the coming years. Our biocides business has shown significant growth and new products are in the pipeline.

Hikal's pharmaceutical division grew by 25% from ₹ 7,528 million to ₹ 9,391 million. The growth in the pharmaceutical business was a result of increased penetration of our product portfolio in existing and new markets combined with the launch of new products. We filed 2 new DMFs, 1 VMF and 1 CEP during the year.

Hikal's EBITDA increased by 23% and we have maintained a healthy margin of 19%, despite the significant increase in raw material costs. Our balance sheet has become stronger as our Debt Equity Ratio is now 0.83 as compared to 0.91 last year and our return on capital employed has increased from 12.9% to 15.3%. We continue to reduce the overall cost of our borrowings and are targeting to bring this down further. We received a credit rating upgrade to an 'A' and expect this to further improve this financial year.

Hikal's continued focus on developing new technologies has started to yield dividends. We continue to expand our R&T capabilities and manpower and have filed and received several process patents during the year. We are combining technology and science with a focus on creating more sustainable and efficient processes for products while reducing their environmental impact. This we believe is a key differentiator for Hikal.



Hikal's strategy focuses on sustainable growth and profitability and we are investing in opportunities where we see growth. We are in the midst of a significant capital expenditure program which will meet the growing demand of our existing products as well as our new products. We are funding this capital expenditure through our internal cash flows as well as bank borrowings.

In the past few years we have invested in developing our Human Resources to make Hikal the 'Best Employer' and a 'Great Place to Work'. We have also been working with the local communities in the areas in which we operate and have contributed to their social welfare and well-being. In recognition of all our efforts, we were conferred with several prestigious awards which include, 'National Best Employer Brands 2018', 'Significant Achievement in HR Excellence' by CII, 'ET Now CSR Leadership Award' for Best Corporate Social Responsibility Practices by the World CSR Congress and were nominated to the list of top 100 companies in India that can be called as a 'Great Place to Work'.

We are a Responsible Care® Certified company and have a strong focus on compliance, quality and integrity. Our track record of

quality audits from the regulatory authorities of various countries and leading multinational companies has been excellent. We continue to maintain high standards of safety and environmental control.

Operational excellence will be our key focus area for this year and will make us more efficient thereby improving our margins even further.

The outlook for our business looks promising in the coming years. Developing and adapting new technologies and innovation will allow Hikal to be more competitive in the fast-changing market environment.

I would like to express my gratitude and appreciation to all our employees, clients, bankers, shareholders and to all our partners for their continued commitment, confidence and support.

We look forward to a successful 2019-20.



**Jai Hiremath**

Chairman and Managing Director



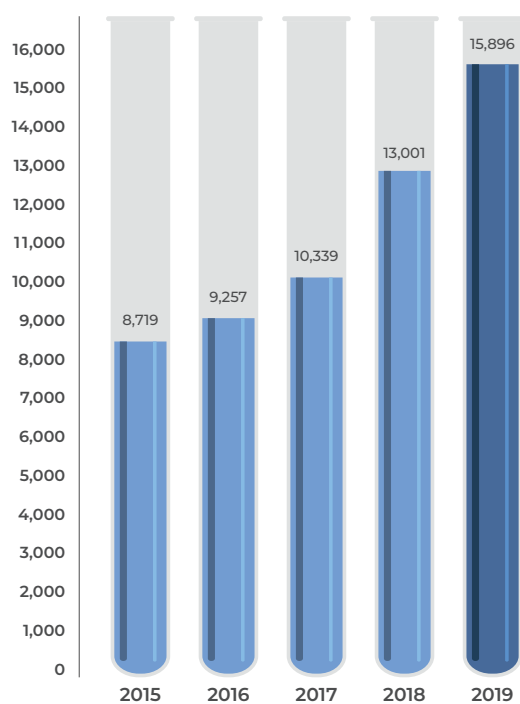
## PERFORMANCE AT A GLANCE



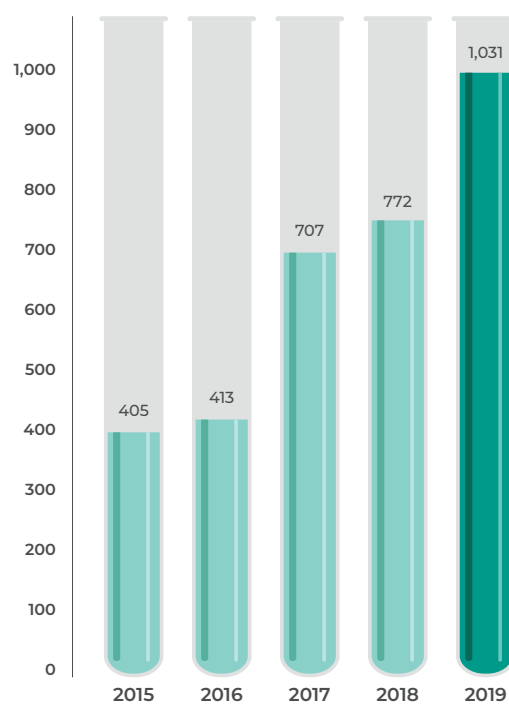
Sameer Hiremath

Joint Managing Director & CEO

### TURNOVER (₹ in Million)



### PAT (₹ in Million)

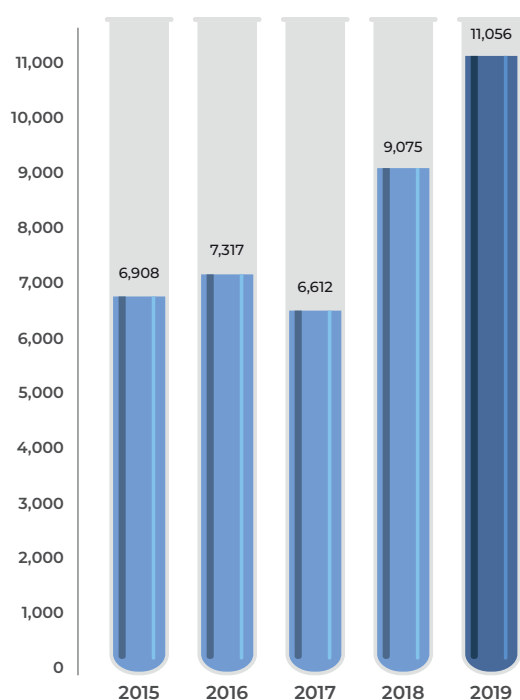




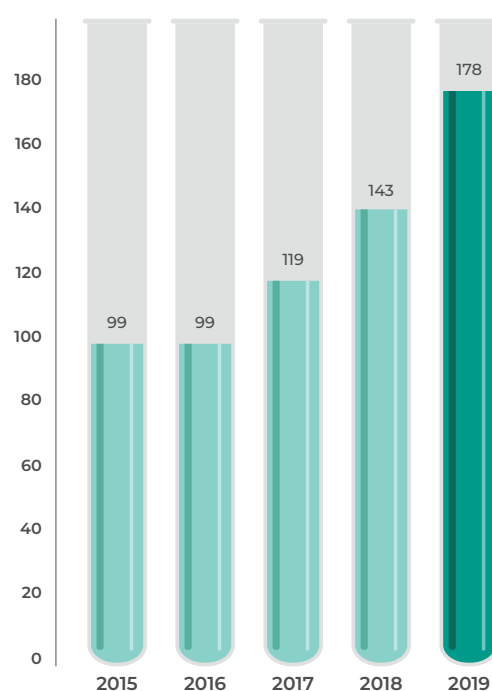
Financial Highlights	₹ in Million		
	March 31, 2019	March 31, 2018	Growth
Turnover	15,896	13,001	22 %
Operating profit (PBIDT)	2,981	2,418	23 %
Finance costs	584	491	-
Gross profit	2,397	1,927	24 %
Depreciation and amortisation expenses	929	856	-
Profit after tax	1,031	772	34 %
Paid-up equity share capital	247	164	-
Earnings per share on face value of ₹ 2/- (EPS)	8.36	6.26*	-
Cash earnings per share on face value of ₹ 2/- (EPS)	15.89	13.21	20 %
Dividend per share (in ₹)	1.20	1.20	-
Payout (Including tax)	178	143	-

\*The earnings per share (EPS) have been restated to give effect of bonus shares allotted on 26 June 2018

### EXPORTS (₹ in Million)



### DIVIDEND (₹ in Million)



## BOARD OF DIRECTORS



Jai Hiremath is the Founder and Chairman of Hikal and has over 38 years of experience in the fine chemicals and pharmaceuticals industry. Mr. Hiremath developed Hikal into one of the leading global development and manufacturing companies. A Chartered Accountant from the Institute of Chartered Accountants in England and Wales, he is a 2004 alumnus of Harvard University, USA. His contribution to the industry has been recognized across global forums and in 2005, he was presented the Chemtech Business Leader of the Year Award (Chemicals). Mr. Hiremath is the past President of the Indian Chemical Council (ICC), and the former Chairman of the Chemicals Committee of the Federation of Indian Chambers of Commerce and Industry (FICCI). He served as a board member at the Drug, Chemical and Associated Technologies Association (DCAT) headquartered in New Jersey, USA. He is a board member of Novartis India Ltd.



Baba Kalyani is the Chairman and MD of Bharat Forge Ltd., the flagship company of the USD 2.5 bn Kalyani Group. He received his B.E. (Hons) in Mechanical Engineering from the prestigious Birla Institute of Technology & Science, Pilani and subsequently, earned his Master of Science in 1972 from the Massachusetts Institute of Technology, Boston,

USA. Mr. Kalyani has been conferred with the highest civilian awards from many countries which include, Padma Bhushan by the Government of India, Cross of the Order of Merit (Germany), Commander First Class of the Royal Order of the Polar Star (Sweden), Knight in the Order of the Legion of Honour (France). The Prime Minister of India also nominated Baba Kalyani as the Co-Chairman of the India-Japan Business Leaders' Forum in the year 2013 and as the Co-Chairman of India-Sweden Business Leaders' Roundtable in the year 2016. Mr. Kalyani is also an active member of the US-India CEO's Forum, Indo-French CEO's Forum, Indo-UK CEO's Forum and India-Israel CEO's Forum. Mr. Kalyani in 2018 has also been appointed as a Member on the Prime Minister's Science Technology and Innovation Advisory Council.



Sameer Hiremath is the Joint Managing Director and CEO of Hikal Ltd. He oversees the day-to-day operations of the company which includes Research & Technology, Manufacturing Operations and Sales & Marketing. He has over 22 years of experience in technical plant operations, business development and corporate strategy. He has held several key positions at Hikal, including that of Executive Director. He holds a degree in Chemical Engineering from Pune University and an MBA and MS degree in Information Technology from Boston University, USA. Sameer was recently conferred the 'Business Leader of the Year' award by the World Federation of Marketing Professionals and World Federation of Human Resources Professionals in association with Business Television India.



Kannan Unni is one of the pioneers in crop protection industry with over 52 years of experience in the crop protection and animal health industry. Mr. Unni worked in multiple capacities in Hoechst, AgrEvo, Aventis Crop Science and Bayer Crop Science Group. He was the Chairman and Managing Director of Bilag Industries, a 100% Bayer Crop Science-owned company. Mr. Unni has technical and commercial experience in the agricultural and animal health businesses, having worked in a variety of roles. He is a graduate in Agriculture and holds a degree in Business Administration from Jamnalal Bajaj Institute of Management, Bombay and a Diploma in Marketing from IMEDE, Switzerland.



Prakash Mehta is the Managing Partner at Malvi Ranchoddas & Co., Advocates & Solicitors, a leading law firm in Mumbai. He brings extensive experience in corporate and commercial legal matters. Mr. Mehta is on the board of several listed and unlisted companies in India. He is a member of the Managing Committee of The Bombay Incorporated Law Society. He holds a degree in law from Mumbai University.



Shivkumar Kheny is a seasoned entrepreneur who has in-depth experience across several industries. His business interests include real estate, steel and infrastructure development. Mr. Kheny is on the board of several reputable companies, some of which are listed on the Bombay Stock Exchange.



Sugandha Hiremath has more than 37 years of experience in the financial industry. She is an active participant in the Audit Committee at Hikal and also serves as an independent Director on the board of several companies.



## BOARD OF DIRECTORS



Dr. Wolfgang Welter has over 40 years of experience in the crop protection and fine chemicals industries. Prior to his retirement, Dr. Welter was a board member responsible for industrial operations and quality, health, safety, environment at Bayer Crop Science AG for six years. He has in-depth experience in manufacturing operations at Aventis Crop Science in France.



Amit Kalyani is a member of the management board and Executive Director of Bharat Forge Limited (BFL), flagship company of the USD 2.5 bn Kalyani Group which operates in the sectors of specialty steel, hi-tech metallurgical manufacturing, automotive components and infrastructure along with specialty chemicals. He has been involved with driving the group's strategy and execution of its diversification over the past decade. He is also responsible for finance and M&A. He holds a BE degree in Mechanical Engineering from Bucknell University, Pennsylvania, USA and is a graduate from the OPM Program at Harvard Business School.



Ranjit Shahani has extensive experience in the life sciences industry. He started his career with ICI in the Fibres & Specialty Chemicals business and then oversaw their Asia Pacific and Latin American operations for their Petrochemicals and Plastics division. He was CEO at Roche Products Ltd., after which he moved to Novartis in India in 1997, following the merger of Sandoz and Ciba-Geigy as CEO Healthcare. He recently retired from Novartis India after 20 years as Vice Chairman and Managing Director. Mr. Shahani brings with him a diverse and broad experience to drive strategic growth plans and over his career has delivered strong and successful business outcomes within complex environments. Mr. Shahani is the President of the Swiss Indian Chamber of Commerce. He is also the President Emeritus of Organisation of Pharmaceuticals Producers of India (OPPI), is past President of the Bombay Chamber of Commerce and Industry and was on the Council of the International Federation of Pharmaceuticals Manufacturers Associations (IFPMA, Geneva). Mr. Shahani is a Mechanical Engineer from IIT Kanpur and an MBA from Jamnalal Bajaj Institute of Management Studies.

## MANAGEMENT COMMITTEE



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Sham V. Wahalekar (Senior Vice President – Finance and Company Secretary) has over 42 years of experience in finance and secretarial functions at Hikal. He has completed his M.Com. (Hons) and holds a degree in law. He is also a member of the Institute of Company Secretaries of India. He has extensive working knowledge of financial management and corporate law. He is responsible for finance, legal compliance and the corporate secretarial functions at Hikal.

## MANAGEMENT COMMITTEE



Manoj Mehrotra (President – Pharmaceuticals Business) has over 32 years of experience in the fine chemicals and pharmaceuticals industry. He did his B.Tech (Hons) in Chemical Engineering from IIT Kharagpur and MBA from XLRI, Jamshedpur. In his last assignment at Dr. Reddy's Laboratories, he was the global head of the Custom Pharmaceutical Services (CPS) business. Earlier, Mr. Mehrotra worked in companies such as Thermax and SRF Ltd. In SRF, his last role was strategizing and growing the fluoro-specialty business. He is responsible for strategy, sales and operations of the Pharmaceutical division at Hikal.



Kumar Inamdar (President – Crop Protection Business) has over 29 years of experience in sales, marketing, procurement and general administration in the fine chemicals, agrochemicals and the medical device industry. He completed his BE in Chemical Engineering from Gujarat University and MBA from Pune University. He has worked in several companies including Tata Ltd., Lupin and Bilag Industries. At Bilag, he started as a Purchase Manager responsible for procurement and advanced to the role of General Manager for commercial activities with the responsibility of sales and marketing. He was the Managing Director of Bilag from 2007 to 2012. At Hikal, Mr. Inamdar is responsible for the strategy, sales and operations of the Crop Protection division.



Dr. Sudhir Nambiar (President – Research & Technology) has over 28 years of experience in the area of process research and development of APIs, lifecycle management of molecules, process safety, regulatory and technology across several industries. He is a Ph.D. in Synthetic Organic Chemistry from the University of Louisville, Kentucky and he did his post-doctorate from the University of Montreal. Dr. Nambiar completed his Senior Leadership program from Harvard Business School. In his last assignment at Dr. Reddy's Laboratories, he was the Senior VP & Global Head of API – R&D. Prior to Dr. Reddy's Laboratories, he was the Managing Director of AstraZeneca India Pvt. Ltd. where he was responsible for the day-to-day operations of the company as well as being accountable for research, business services, governance and administration. At Hikal, Dr. Nambiar is responsible for the Research and Technology initiatives with a focus on driving innovation through chemistry.





Anish Swadi (President - Strategy and Business Development) has 22 years of Industry experience. He oversees the Corporate Strategy initiatives at Hikal and is also responsible for Investor Relations and IT operations. He serves on the board of Rx-360, an international pharmaceutical supply chain consortium. Previously, he worked as an International Financial Portfolio Manager with Merrill Lynch in the US. Mr. Swadi holds a bachelor's degree in International Business and Finance from Ithaca College, New York, USA.



Kumaar Priyaranjan (Senior Vice President – Human Resources) has over 28 years of experience as a human resource professional. He has worked at Indian Hotels Ltd., Transport Corporation of India Ltd., the RPG Group and Dr. Reddy's Laboratories. He holds a Bachelor of Science degree from Patna University. He received his post-graduate diploma in Personnel Management and Industrial Relations from S.P. College of Communication and Management from the University of Delhi. He completed the Strategic Human Resources Management program from the Ross School of Management from the University of Michigan, USA. Mr. Priyaranjan brings with him a wealth of experience having worked in senior positions across several industries in India and has handled many overseas assignments. He is also an executive coach certified by Gallup, USA. He was felicitated with the 'Dr. Tarita Shankar Award' for excellence in the HR sector in 2019 and was recognized as one of the '101 Most Impactful CSR Leaders - Global Listing', by the World CSR Congress, 2019. He is responsible for human capital and CSR at Hikal.



## SCIENTIFIC ADVISORY BOARD



Dr. Axel Kleemann has in-depth knowledge and experience in research and development, production, engineering and drug safety. He was the Director of Corporate Organic Research of Degussa AG (now Evonik Industries) for over 10 years. He was appointed a member on the management board of Asta Medica AG with the responsibility of research and development, production, engineering and drug safety till 2000. Besides being a board member in various organizations and scientific societies in Germany, Dr. Kleemann is the Chairman of the Board of Directors of Protagen AG since 2001, and a member of advisory boards of several biotech and fine chemical companies. He is the co-author of the standard reference book, *Pharmaceutical Substances* (5th edition and online version), as well as a member of the editorial board of *Ullmann's Encyclopedia of Industrial Chemistry*. He is an honorary professor of chemistry at the Johann Wolfgang Goethe University in Frankfurt. He holds a Ph.D. degree in Chemistry from Johann Wolfgang Goethe University in Frankfurt am Main.



Dr. Goverdhan Mehta is a globally recognized organic chemist. He is currently a National Research Professor at the Eli Lilly Chair School of Chemistry at the University of Hyderabad. He holds a Ph.D. in Organic Chemistry from Pune University and has conducted his post-doctoral research at the Michigan State and the Ohio State universities in USA. Dr. Mehta has been a CSIR Bhatnagar Fellow as well as the Director of the Indian Institute of Science, Bangalore and Vice Chancellor of the University of Hyderabad. He has mentored over a hundred doctoral and post-doctoral students and published nearly 500 research papers. He has over 50 prestigious awards and honors to his credit, nationally and internationally. He has been conferred D.Sc. by over a dozen universities in India and overseas. He was awarded the civilian honor, Padma Shri, in 2000 by the President of India and Chevalier de la Légion d'Honneur in 2004 by the President of France. Dr. Mehta was conferred the 'Order of Merit-Commander's Cross' (Bundesverdienstkreuz) by the President of the Federal Republic of Germany in 2016. He is a Fellow of the Royal Society and several Academies and Societies around the world. He is a former President of the Indian National Science Academy and the International Council for Science (ICSU) and has been a member of the Scientific Advisory Committee to the Prime Minister of India.



Dr. K. Nagarajan has over 56 years of experience as a chemistry professional. He was the director at the Medicinal Chemistry Research Center and the Director of the R&D department of Searle India, among others. He is a recipient of the Bhatnagar Prize in Chemistry and Lifetime Research Award from the Chemical Research Society of India. He spearheads the scientific research initiatives at Hikal. He is associated with several national research institutions such as the Central Drug Research Institute, scientific agencies such as the Department of Biotechnology and projects of the Ministry of Earth Sciences. Dr. Nagarajan obtained his B.Sc. (Hons) in Chemistry from Loyola College, Chennai and Ph.D. from the University of Madras. He is a post-doctoral Fellow from Wayne State University( California), Institute of Technology (Pasadena) and Zurich University, (Switzerland).

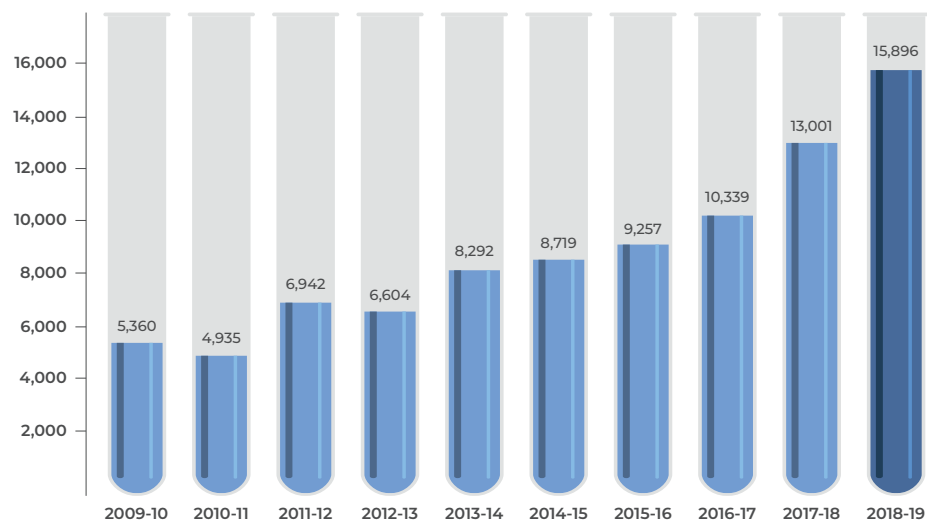




## SUSTAINABLE GROWTH

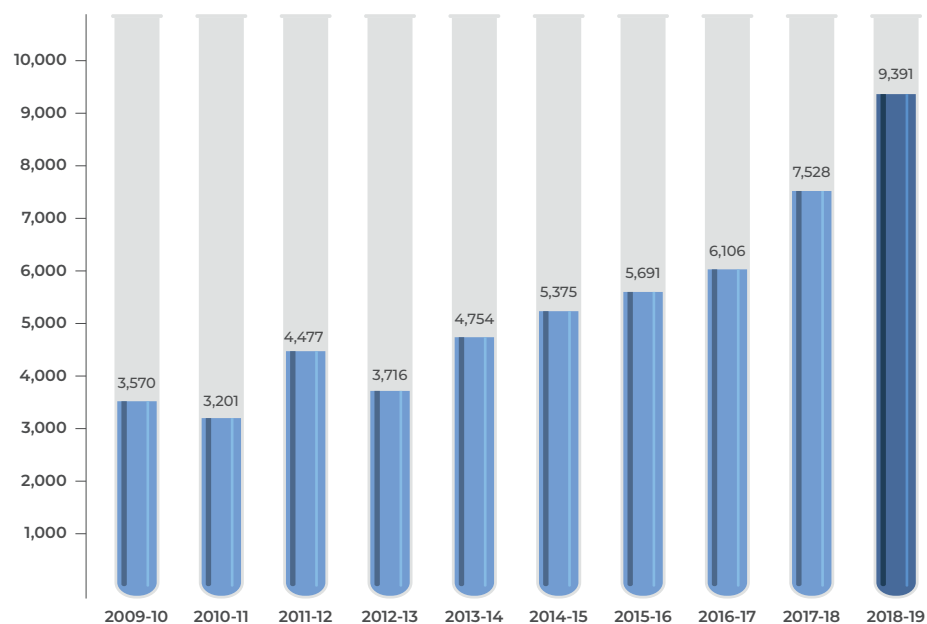
### HIKAL REVENUE

( ₹ Millions )



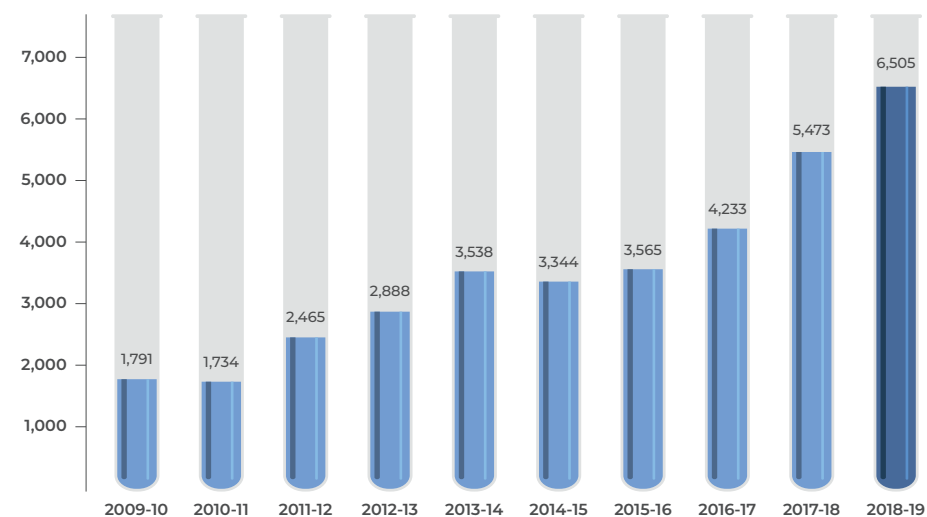
### PHARMACEUTICALS REVENUE

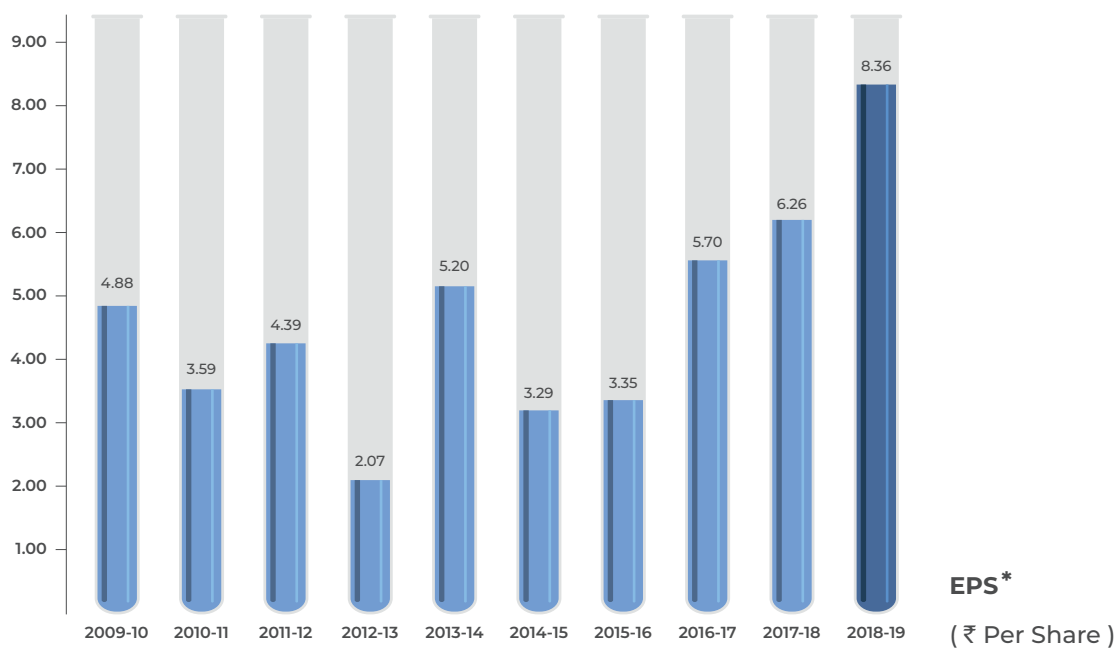
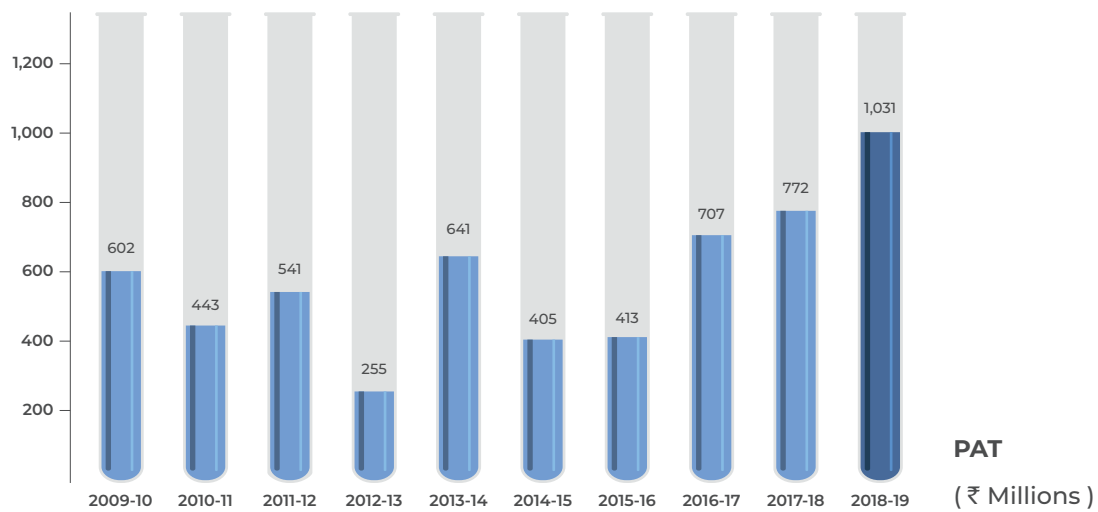
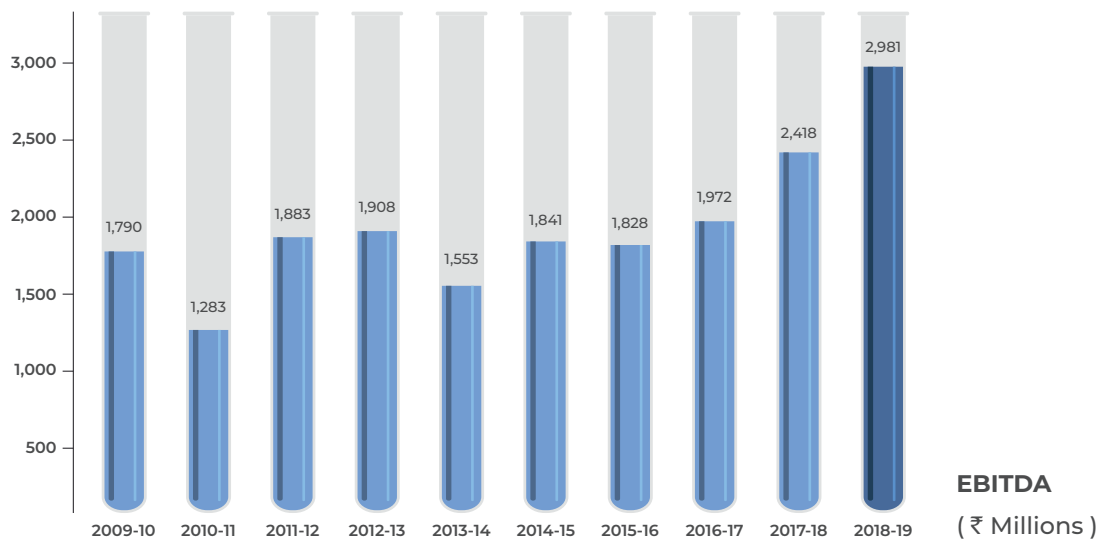
( ₹ Millions )



### CROP PROTECTION REVENUE

( ₹ Millions )





\*The earnings per share (EPS) have been restated to give effect of bonus shares allotted on 26 June 2018





## MANAGEMENT DISCUSSION AND ANALYSIS



# STRATEGY

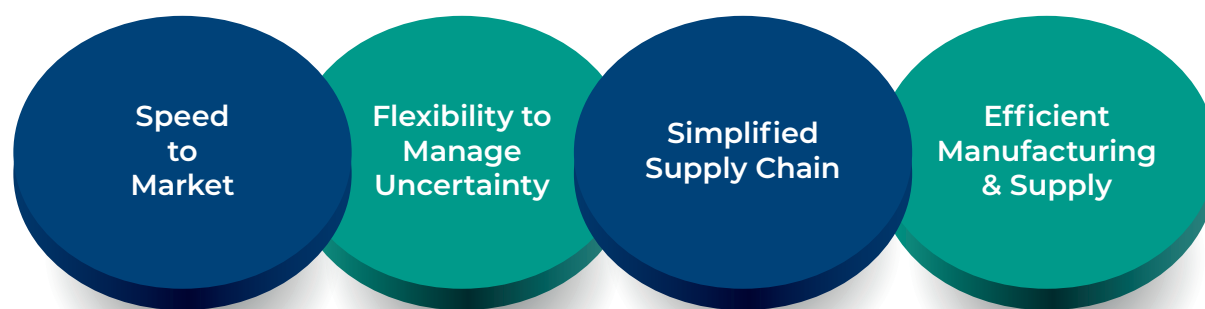
## The Road Ahead

Hikal today is one of the leading global suppliers to the Life Sciences industry. We have six sites providing a multitude of services across the value chain and serve several different industries which include the Crop Protection, Pharmaceutical, Biotechnology, Animal Health, Food and the Specialty Chemical industry.

Our strategy was further refined in FY 2018-19 which focused on long term growth balanced with our responsibility to the environment and society. We retained a global consulting company and have identified new opportunities in the speciality chemical and biocides business. We want to grow sustainably and profitably. In 2019-20, we have committed significant capital expenditure to begin the execution of our growth strategy.

Hikal will be implementing a Business Excellence Program which will focus on operational and commercial excellence across all functions in the company. Through operational excellence we will become leaner and more efficient. Our Commercial Excellence Program will provide seamless integration across all functions ultimately delivering a better experience and solution to our customers. We are always simplifying and de-risking our supply chain to ensure quality and security of supply to our customers. With the implementation of this new program, we expect to become faster, flexible, more efficient and more effective.

## Business Drivers



We will do this while investing in innovation and technology which is the lead differentiator for us in the competitive marketplace. We are focusing our initiatives on strengthening and broadening our integrated solutions across different technology platforms in the Life Sciences industry. We are leveraging technology and engineering synergies across our two divisions to provide our customers with an integrated solution. Furthermore, we are investing in digitization of our commercial facilities which will provide additional safety, reliability, flexibility and ease of operations. We are utilising technology to make simpler, flexible, sustainable and more efficient processes which will ultimately benefit the environment and our customers.



## Key Ingredients for Growth

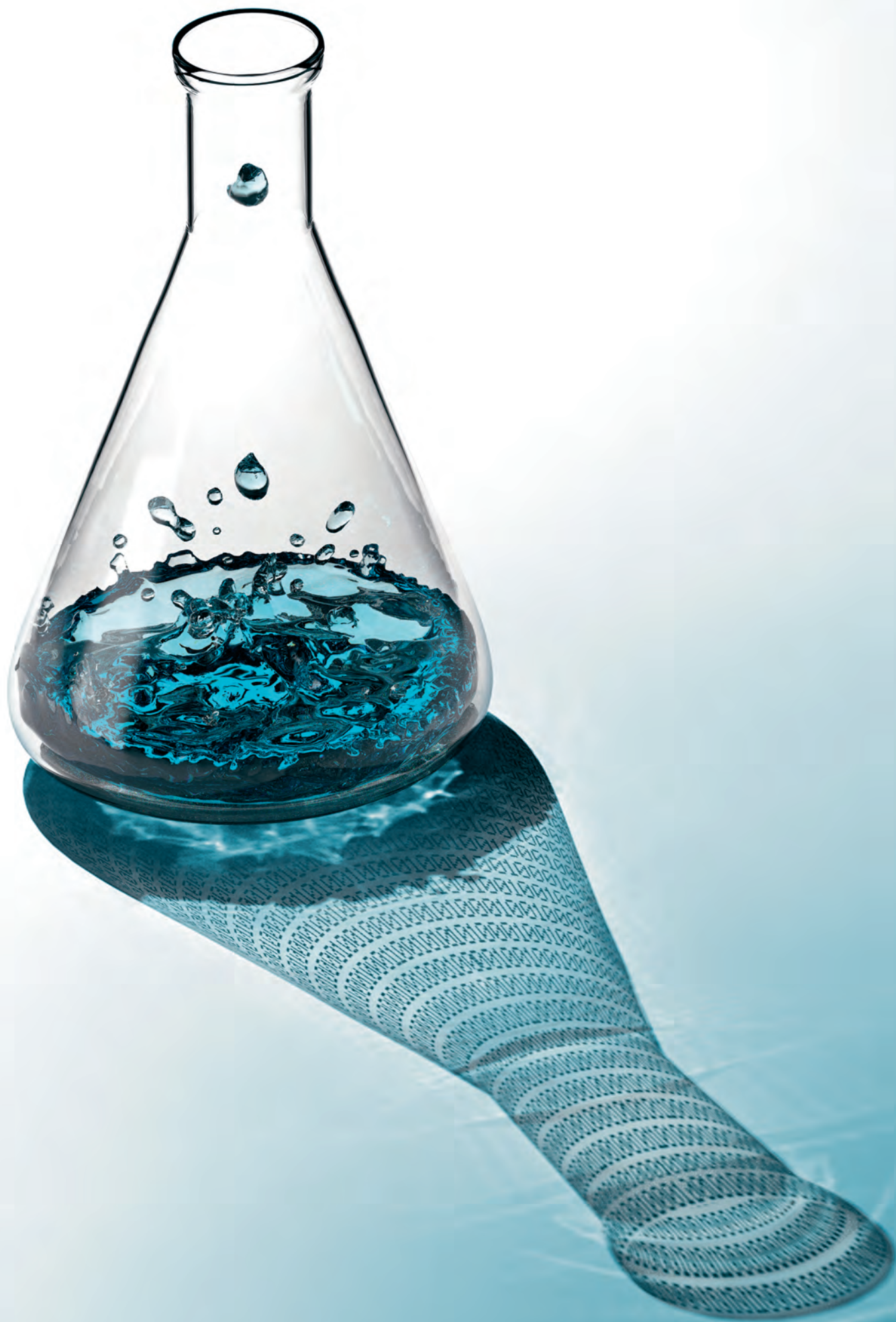


Success in our business amounts to creating value in the environment in which we operate. We view it as a driver for growth and risk management. Through our Corporate Social Responsibility platform, we have developed several outreach programs to benefit the community around which we operate. Being a Responsible Care company, we are committed to the safety, health and security of our people and the environment. We have developed a new generation of products using bio-catalysis which is more efficient and environment friendly. Additionally, we are also investing in manufacturing technologies which will be more cost effective and which will make products in a safe and efficient manner.

## Sustainable Growth



We are confident about our strategy and growth prospects in the next few years which will be driven by the investments in capacity, infrastructure, people and technology. We have a stronger base and the right people and passion to deliver on our goals. We expect the ongoing initiatives to accelerate the top line growth and profitability in the near to mid term horizon.



## RESEARCH AND TECHNOLOGY

At Hikal, we believe that Research and Technology plays the most critical role in the innovation process. We consider it as an investment in future capabilities which is further transformed into new products, processes, and services. R&T is the crucial component of innovation and sustainability which gives us a competitive advantage in the marketplace.

Having a robust research and technology setup is vital for our manufacturing organization to differentiate itself. Our business model supports global companies across their value chain: from pre-launch to launch to post-launch lifecycle management, where we are reliant on cutting-edge technology and sustainable processes developed by our scientists. Value chains, supply chains and market relationships are changing, so our business model must adapt. Sustainable development is both a challenge and an opportunity for our industry and we are adopting this model as part of our global strategy.

### Strategy

Over the past several years, our average annual R&T spend has been between 3-4% of sales and we will continue to invest at a similar pace going forward. We offer integrated solutions while maintaining flexibility, reliability and efficiency. We aim to create value which requires significant and continuous investment in resources and developing technology.

We offer the following services from R&T

- **Process Development**
- **Analytical Development**
- **Product Development**
- **Pilot Plant and Scale up Manufacturing**
- **Commercial Manufacturing**

We service the following Industries

- **Pharmaceutical (Generics & Custom Manufacturing)**
- **Biotech**
- **Animal Healthcare**
- **Crop Protection, Specialty Chemicals and Biocides**
- **Food**

Our strategy to have a healthy balance between contract manufacturing and developing a robust pipeline of our niche products is moving in the right direction. We are building a pipeline of projects where our scientists identify safe, effective, and economical manufacturing processes using advanced technology. We have several projects under evaluation in various stages of their lifecycle in both the Pharmaceutical and Crop Protection divisions.

Our R&T activities at our Pune site support the Crop Protection (active ingredients, speciality chemical & biocides) and Pharmaceutical (contract manufacturing and generics) businesses.





Our expertise is in the development and scale up of active ingredients, intermediates and active pharmaceutical ingredients. We support these activities through our process and chemical development laboratories where we develop scalable, cost-effective and robust manufacturing processes meeting our customers' and market needs. Our analytical development ensures the processes are safe, sustainable, effective and robust. We provide high-quality, customized solutions for complex products and unique production processes, specializing in the development of innovative technologies and solutions for our customers. Our strength is to take efficient chemical processes developed at R&T and scale them up into cost effective and robust manufacturing processes.

Last year several products of ours have completed the journey from lab scale to kilogram scale to pilot plant / validation scale to commercialization / semi-commercialization scale. Post commercialisation of these products, we continue to focus on process improvements to meet our market and customer needs. We are confident our concentrated efforts on technology and process innovation will boost our productivity, revenue, and profitability of the company.

## R&T Crop Protection

In the crop protection industry, it can take over 10 years and cost over USD 250 mn to turn an interesting molecule into a product that farmers can use. It is a lengthy process and there are no guarantees. Our customers are constantly looking for new active ingredients that can control crop pests in unique ways. We help our customers by developing viable commercial manufacturing processes so that their products can reach the marketplace in a safe, efficient and cost-effective manner.

The goal of the industry's research and development programs is to improve the range and quality of its crop protection products. These advances include both the refinement of existing products and the development of new products and applications.

The development and launch of new products in the crop protection industry is limited to less than five molecules per year and there is a clear focus on improving the efficacy and delivery system of these products into the agricultural system.

In our crop protection business, our R&T team was at the forefront of developing several new processes for products that should be commercialized by this year and the year to follow.

We developed processes for two fungicides, a biocide and an insecticide in the generic space. Additionally we also developed processes to manufacture a novel insecticide for an innovator and developed a process to create a derivative for an existing product for another innovator. For one of the new fungicides we have developed a novel polymorph that could potentially enable an earlier market entry for our customers.

A concerted effort is being made to develop treatable measures to decrease the volume as well as the COD and BOD content, total measurement of all chemicals (organic and inorganic) in water. The amount of oxygen required for bacteria to degrade the organic components present in water / waste water is a part of our sustainability initiative to reduce waste from our commercial processes.



While we continue to focus on Active Ingredients, our team has intensified efforts to identify, develop and market intermediates that are in short supply in China. We were successful in developing processes of two intermediates of commercial significance that we will take to market this year.

We were able to develop processes to convert components of our waste stream in to two valuable reagents. This served the dual purpose of reducing waste significantly as well as creating products of value from waste streams.

We also worked on commercializing a product from a technologically complex solid gas phase reaction in the plant using a novel catalyst and are very close to realizing the objectives of this project. It may be noted that this is one more example of a successful scale up of a continuous manufacturing process in the crop protection business.

We found a way of optimizing the yield of a fungicide for an innovator thereby lowering the cost of production as well as decreasing the total waste generated. This has led to additional capacity in the plant and is a far more efficient process.

We have also developed a process to convert a side product to the desired product using a novel reaction for an innovator and are working on protocols to commercialize this process.

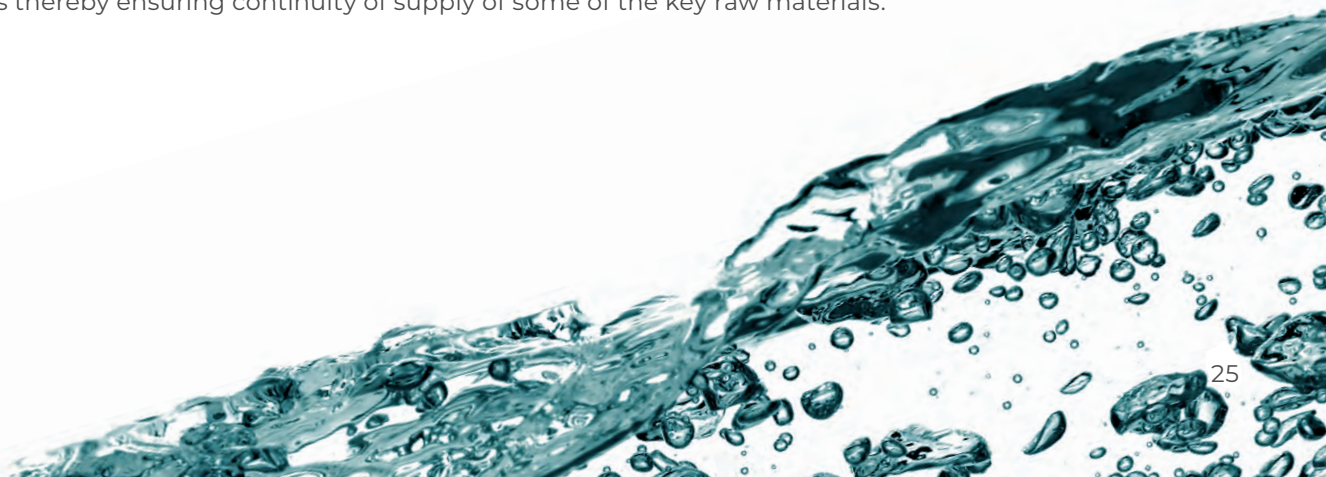
The process intensification efforts for products we have already commercialized, ensured continuous cost reduction for proprietary as well as contract manufactured products.

We developed several new commercially viable processes for products belonging to new and existing clients as part of our contract development business and expect to commercialise these products in the near future.

## **R&T Pharmaceuticals**

As part of our proprietary generic portfolio in the Pharmaceuticals division, we filed two US drug master files (DMFs), one veterinary master file (VMF) and one certificate of suitability (CEP) for Europe. Our product selection strategy has been a mix of short-term, medium-term and long-term opportunities. The US DMF's we filed are for, Dapagliflozin and Empagliflozin, which are anti-hyperglycemics. The VMF is for an antiparasitic active ingredient for veterinary use. The CEP is for Flunarizine which is a migraine prevention medication.

As part of our cost improvement program we have significantly improved the yield and throughput processes for some generic products such as Celecoxib, Venlafaxine, Quetiapine, and Bupropion thereby ensuring that we remain competitive in the marketplace. These products are already available in the market and we have further developed more efficient and cost-effective processes to enable our customers to gain additional market share. As part of our strategy to de-risk the supply of raw material from China, we have back integrated most of our synthetic routes thereby ensuring continuity of supply of some of the key raw materials.





On the technology front, our R&T team has also developed a next generation process to produce Pregabalin used in the treatment of epilepsy and neuropathic pain. This is a greener process than its predecessor, increases throughput and reduces waste substantially. These improvements should see Hikal occupy a leadership position in the market for Pregabalin after the molecule becomes generic. Hikal has also developed a very innovative and cost effective bio-catalytic route to Sitagliptin, a global blockbuster which goes off patent in 2024.

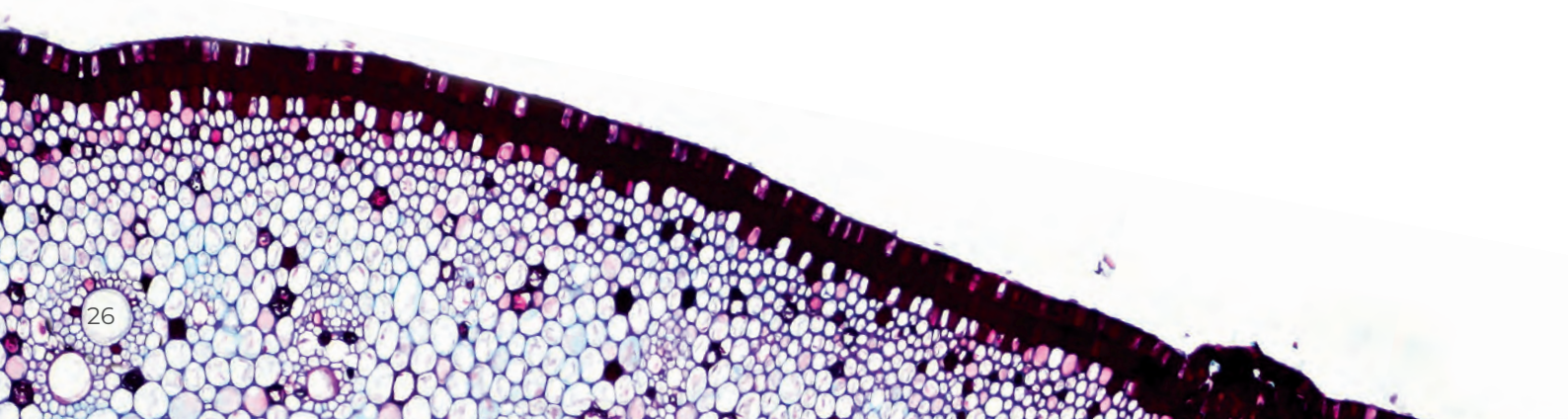
Our R&T facility in Pune and our Development and Launch Plant (DLP) in Jigani, Bengaluru delivered many contract development and manufacturing projects successfully during the year. These are high margin, complex products that are at various stages in the innovators pipeline. The number of repeat orders that Hikal has received from its customers indicates the satisfaction of our customers. This is a critical area of our business which requires a large allocation of R&T resources due to the complexity, value and importance of the projects to our customers. Going forward we expect the revenue and margins from the DLP plant to increase due to repeat orders of increasing value and because of new businesses in the pipeline.

On the Animal Healthcare front, our R&T facility has successfully filed a VMF for an antiparasitic active ingredient used in veterinary medicine in livestock and pets against internal parasites. We have developed a process for the preparation of a leading flea and tick medicine. This is a niche, high value complex molecule. We have also developed a cost-effective route to an intermediate that goes into several other products that we will sell in the market independently. We have commercialized the process for manufacturing a synthetic antagonist opioid analgesic, another very niche high value complex product. We are steadily building a pipeline of products for the animal healthcare market and our R&T team is playing a crucial role in supporting our business development efforts.

In the Pharmaceutical business, our current focus is on introducing better productivity measures and ensuring optimal utilization of all our labs and equipment. Many of our chemists are trained to monitor the progress of their reactions using sophisticated equipment that lead to an acceleration of the development process. We continue to invest significantly in relatively new technology areas like catalysis development, batch-to-continuous transformation including ammoxidation and enzyme-based bio-catalysis. We routinely use Design of Experiments (DOE) to optimize our experiments thereby arriving at superior outcomes.

As part of our initiative to improve the cost of goods, we continued to establish a proof of concept for continuous manufacturing for several of our leading active pharmaceutical ingredients (APIs) and Active Ingredients (AIs) last year. As we continue to evaluate the scalability of these processes, we are looking to collaborate with global leaders in flow chemistry. We have already received positive indications from several select innovators who are interested in our capabilities.

We are positive that our focused initiatives in R&T will deliver significant growth in the near future. Our primary R&T goal is to develop new technologies and innovative processes that offer significant benefits to our clients. We continue to build scale agility and expertise to deliver sustainable solutions across all our businesses.



## Technology and the Way Forward

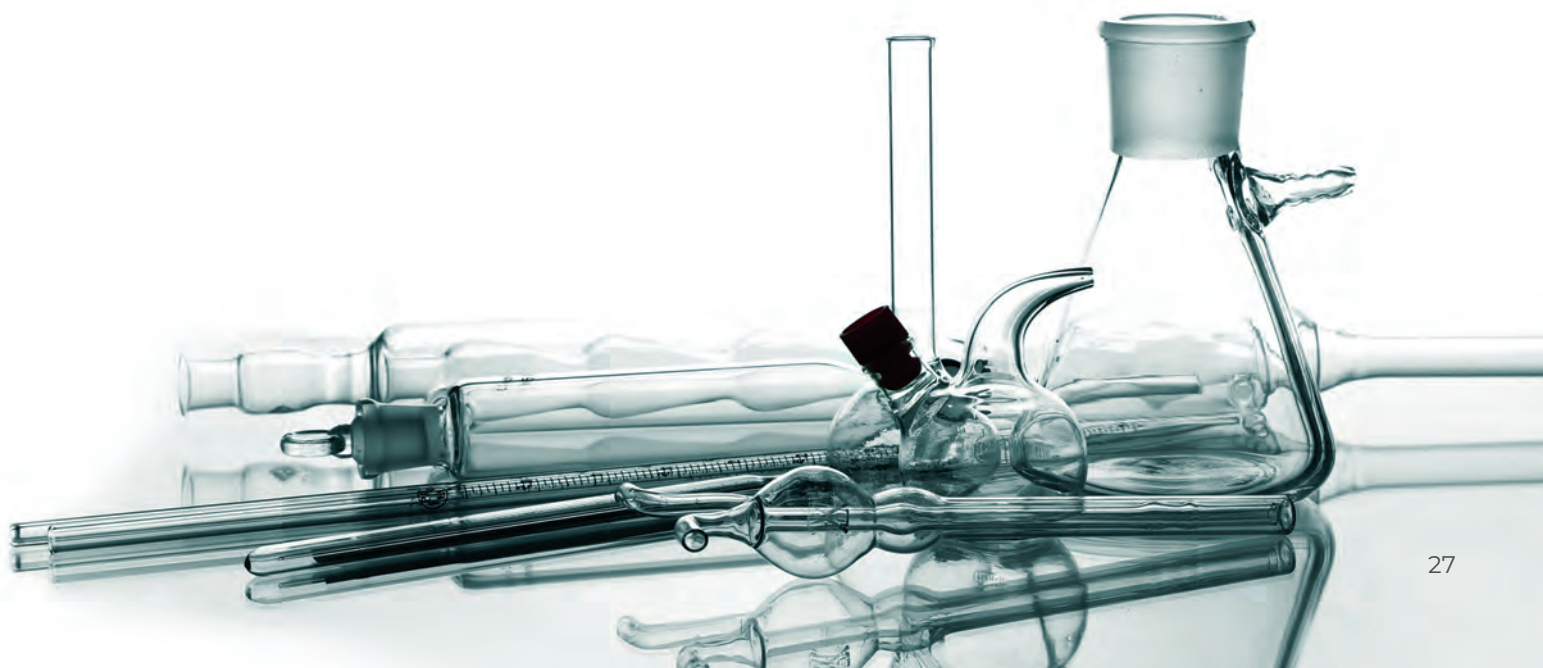
Our R&T strategy has dual focus. We strive to develop new products with cost-effective and sustainable processes as well as optimize the productivity, yields, and costs for existing products. The core of our philosophy is based on understanding the processes that we develop for our customers and our own products. This involves understanding reaction mechanisms, reaction kinetics, and reasons for formation of impurities among other things. This approach in turn leads to more robust and scalable processes that are more amenable for troubleshooting problems in the plant. Last year, we successfully filed and launched several products, and we plan to build on this momentum to commercially launch more products this year.

To achieve this objective, we have added significant resources in the Pharmaceutical and the Crop Protection business. We are growing our process engineering team in R&T and appointed a senior professional as a leader of the group. This should enhance our technology transfer as well as flow chemistry efforts significantly. We are also in the process of increasing simulation capabilities to increase the efficiency of the scaleup efforts. We are investing in a new pilot plant at our R&T center. This will further streamline the process of technology transfer between R&T and our commercial sites and will validate new technologies before we commercialise them.

We are also building on the growth drivers that we have identified for the future. We aim to enhance our capabilities in the chemistry of bio-catalysis by planning a backward integration into protein engineering. This would enable us to screen enzymes for chemical processes thereby identifying new opportunities. Our batch-to-continuous manufacturing initiative is another focus area which has the potential to decrease our manufacturing footprint & increase our profitability significantly.

We continue to focus on prevention of waste generation through the application of green chemistry principles and the treatability of effluent streams. We are investing in the creation of an effluent treatability lab that can improve our understanding of the science of treatability. This will ensure treatability of all waste products under development so that the manufacturing teams will be geared to adapt the transferred processes faster on the sites. This can also become a potential revenue stream in the future.

In both businesses, our current focus is on introducing better productivity measures and ensuring optimal utilization of our labs and manufacturing facilities. Many of our chemists are trained to monitor the progress of their reactions using sophisticated equipment leading to an acceleration of the development process.





Our newly established Solid-State Lab has started to play a leading role in the area of identifying polymorphs, solvates, cocrystals and others. This has resulted in generating intellectual property for Hikal which will enable us to compete with other generic players in a more efficient manner. Additionally, we are armed with better knowledge about crystallizations from this lab and this has helped us improve the robustness of the processes connected with the physical characteristics of the products for commercial use and those which are under development. The outcome has often led to products that require decreased manipulation post crystallization thereby giving rise to increased productivity and better bioavailability.





We are investing to keep pace with the increasingly stringent norms on the regulatory as well as safety, health, and environment (SHE) front. Introduction of a new process safety software onsite has accelerated the screening of processes for thermal safety. Enhancing regulatory understanding for both APIs and formulations and ensuring early responses to deficiencies are our focus areas for the regulatory team this year. We have an impeccable SHE track record and are following stringent measures to maintain it.

Hikal's Research & Technology is committed to provide innovative and sustainable chemistry solutions to the industry. We believe that the efforts of our R&T team will create significant growth opportunities for both our Crop Protection and Pharmaceutical divisions at Hikal.









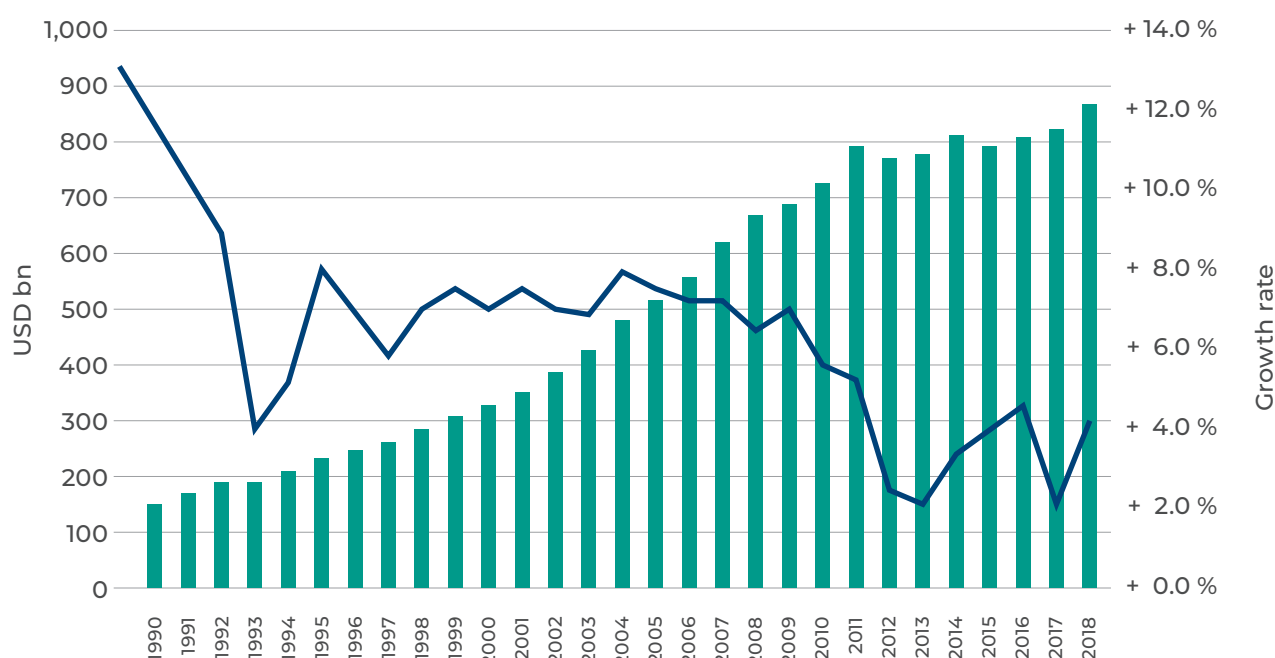
# PHARMACEUTICALS

## Global Market Overview

2018 was a mixed year for the industry. This was largely due to a background of considerable political uncertainty, and government attention on drug pricing, particularly in relation to older drugs and the rise of generic and biosimilar approvals. The US Food and Drug Administration (FDA) set a record for new drugs and biologics approved by the agency's Center for Drug Evaluation and Research (CDER).

The worldwide prescription drug market had an underlying growth of 4.3%, boosted to 4.8% in USD terms, in 2018 to USD 865 bn, up from USD 825 bn in 2017. This is consistent with the 5% growth rate that was reported in the annual reports of several global drug companies.<sup>1</sup>

## Global Prescription Drug Market: 1990-2018



■ Global Prescription Drug Market Value in USD bn

Source: Hardman & Co. Life Sciences research

— Growth rate of Global Prescription Drug Market

The US market was an important driver of growth, rising 4.3% to USD 337 bn in 2018, from USD 323 bn in 2017, representing 39% of the global market. The FDA approved a new record number of drugs in 2018, with 59 approvals, which is a clear reflection of the Commissioner's stated goal to improve the agency's efficiency.

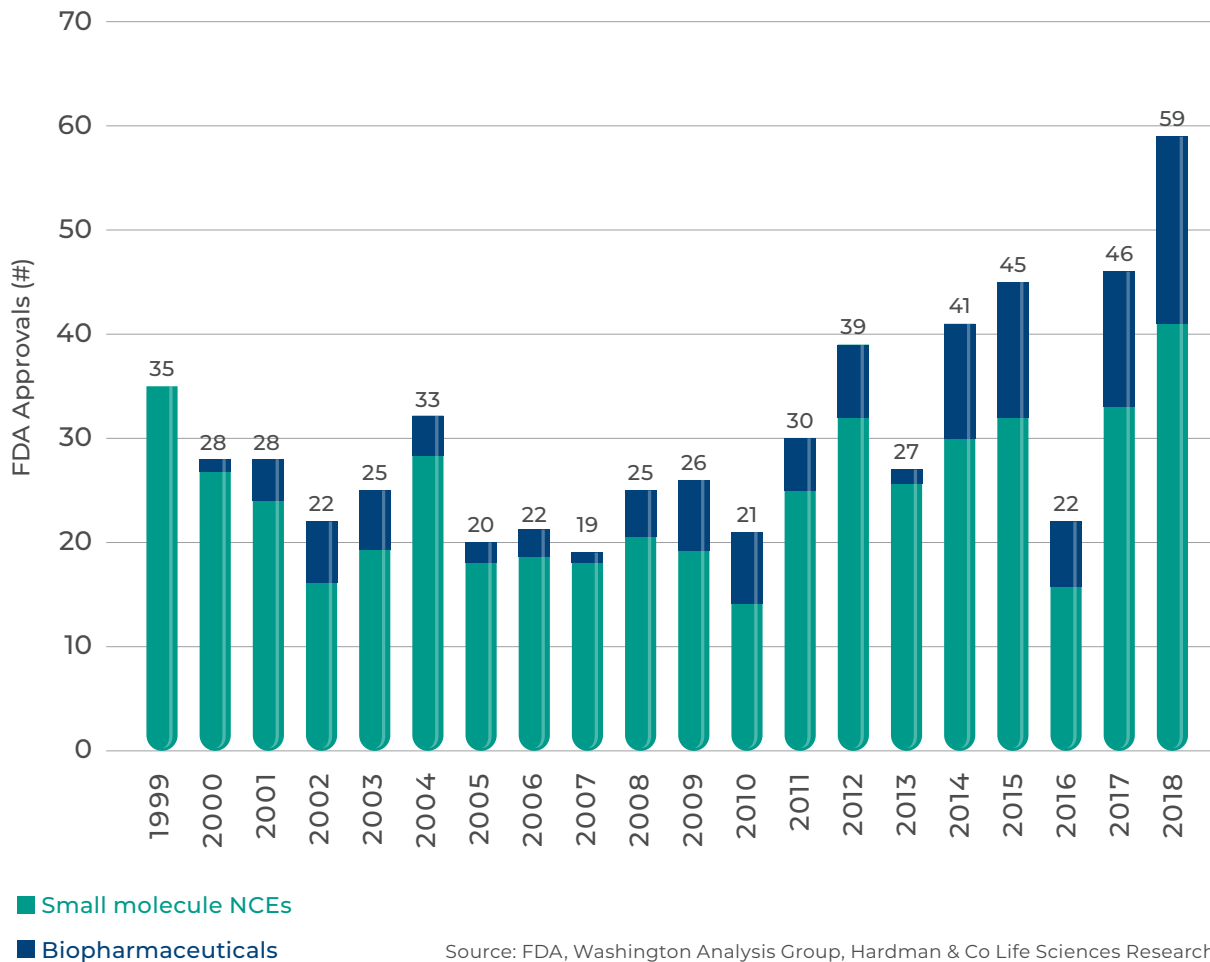
Following a 10 year (2003-13) period in which the rate of growth of the drug industry was trending downwards, the last five years have been more volatile. The CAGR of the global pharmaceutical market was 2.12% (from 2013 to 2018) and 2.76% (from 2009 to 2018), lower than what many industry commentators had predicted given the introduction of some high-profile, and high-priced, new drugs.

<sup>1</sup> Hardman & Co.

## FDA Approvals in 2018

2018 proved to be another exceptional year for the FDA with regards to new approvals. 59 NCEs (new chemical entities) made it through as compared to the previous record set in 2017, when 46 new drugs were approved. The composition of this was 42 small molecule NCEs and 17 biopharmaceuticals / biologicals respectively which can be seen in the below chart.

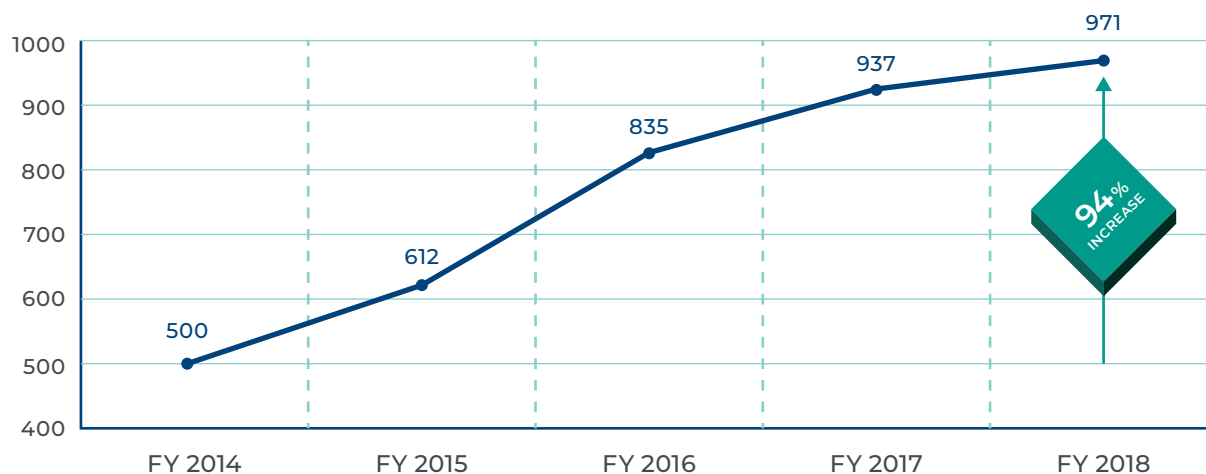
### FDA new drug approvals: 1999-2018



The FDA has substantial new authority, resources and resolve to make it easier for generics to enter the market, viewing competition as a keyway to bring down drug prices. These efforts will likely succeed in bringing new generics to the market more quickly and predictably, but significant competitive hurdles may limit their impact on drug pricing or competition. By the end of the 2018, there were a total of 971 drugs approved in 2018 (781 final approvals and 190 tentative approvals). This continues the string of record-setting trend approval rates, 937 approvals in 2017 and 835 in 2016, making them both the highest in their turn.<sup>2</sup>

<sup>2</sup> Optum Research

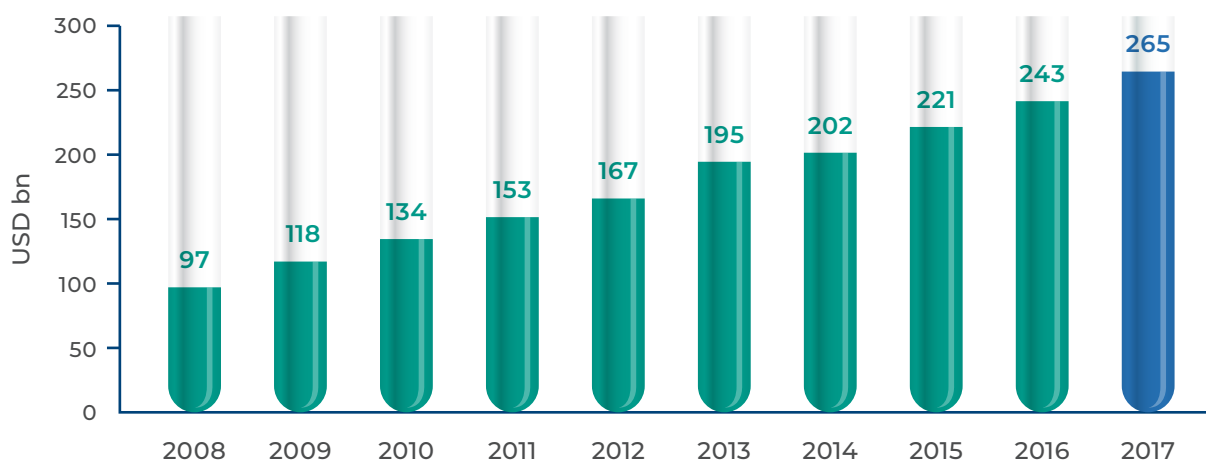
This graph shows the continued upswing in the number of FDA approvals for generic drugs<sup>3</sup>



Generics are widely seen as the key to providing affordable access to many important medications. One way to measure that effect is to note that while generics account for about 90% of all prescriptions filled, they represent only 23% of total prescription spending.

In a world of rapidly rising drug costs, generics continue to provide good value. The generic manufacturers estimate that generics save hundreds of billions of dollars each year – almost two trillion dollars over the last decade. Here we can see the impressive increase in savings due to generic drugs:

Bar chart showing the increase in savings due to generic drugs is up 173% since 2008<sup>4</sup>



The FDA has improved competition in the generic space by making it easier for generics to come to market. The agency has announced several steps to further encourage generic competition. These include reducing the ability of brand-name manufacturers, delaying generic drug entries and simplifying the approval process for complex generics like asthma inhalers, and improves the overall efficiency of the generic review process.

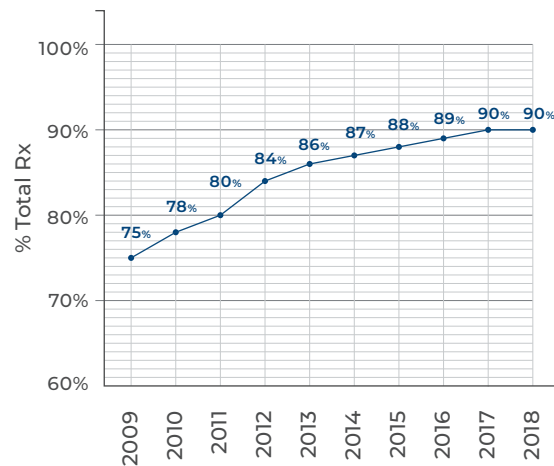
<sup>3</sup> Optum Research

<sup>4</sup> Optum Research

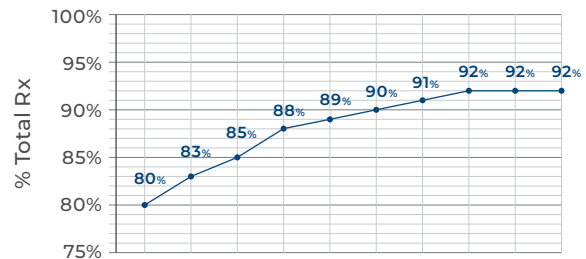
## Increase in share of generic medicines as a percentage of dispensed prescriptions<sup>5</sup>

### Generic shares of dispensed prescriptions

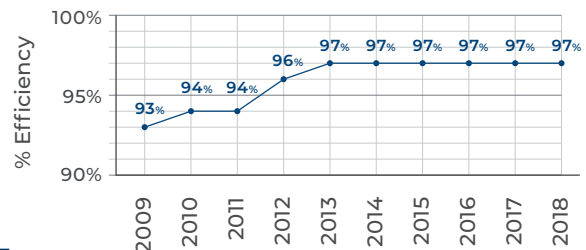
Generic (Branded and Unbranded)  
Market Share, % of Rx



Percent of Market Accessible to Generics,  
% of total Rx



Percent Dispensed as Generic When Available  
(% Generic of Rx Accessible to Generics)



Source: IQVIA National Prescription Audit, Jan 2019

Chart notes: If a generic or branded generic is available in the market for a medicine (i.e., a molecule combination, of a specific formulation) it is considered to be available, whether or not the FDA Orange Book indicates that they are substitutable.

Report: Medicine Use and Spending in the U.S. - A Review of 2018 and Outlook to 2023. IQVIA Institute for Human Data Science, May 2019

However, these steps were only announced as plans in January 2018. While we can hope that they will eventually help improve the process, they cannot have affected the total approvals seen in recent years. The flood of new generic approvals stem from a year-long effort to improve the generic drug review process. The key moment came in 2012 with the approval of a new user fee program which got implemented called the Generic Drug User Fee Act (GDUFA).

The purpose of the act was to tap the generic manufacturers themselves to create a new funding stream for the FDA. The new funds allowed them to hire additional review staff, and overall it appears to have worked as intended which can be seen by the substantial increase in approvals in the last few years.

## Opportunities and Challenges

The increasing pricing pressure in the regulated market is squeezing margins and profitability. Key drivers include customer consolidation, greater competition in commoditized, easy-to-manufacture products with increased ANDA approvals, and slowdown in new launches. Another key challenge stems from compliance issues affecting the reliability of supply. While many Indian companies have fared well in regulatory audits over the last year and seem to be emerging out of remediation, others still continue to face challenges.

<sup>5</sup> IQVIA Research

India continues to rely on imports of key starting materials, intermediates and APIs from China and this dependence has increased over time. Potentially, this exposes us to raw material supply disruptions and pricing volatility. There is an opportunity for us to drive growth by building on the cost advantage and improving reliability of supply which is a major buying criterion for our customers.

To succeed we must build stronger quality systems, achieve full compliance and refocus our efforts on operational and business excellence. We must diversify the supply chain through alternate sourcing and be self-sufficient to a large extent in raw materials and intermediates. Operational excellence is a strong enabler of quality and supply reliability.

The last few years have seen Indian pharmaceutical manufacturers experience intense regulatory scrutiny and numerous compliance challenges in meeting the evolving cGMP requirements. However, things have vastly improved in the last few years. Hikal has an impeccable track record with the global regulatory authorities and our customers. This bodes well for the new opportunities which are knocking at our door.

## **Hikal Generic API Business**

Last year, Hikal's generic API business registered a robust growth of 22% in terms of value as compared to the previous year. This is despite the pricing pressures we faced from the US market and the supply-chain disruptions in China. The availability of certain key raw materials was a constraint and prices from China were significantly higher than earlier. Based on our efforts in backward integration and alternate vendor developments in India, we were able to mitigate some of the risks facing the global API market and capture a larger market share in the generic business.

Going forward, we expect the shortages and pricing pressures to continue in the short term. While we are passing on the price increase to our customers to the maximum extent possible, we are also making concerted efforts in improving yields, recoveries, time-cycles, productivity and reducing effluents, wastages and costs to achieve operational excellence and keep our products profitable. We have successfully developed alternate raw material sources for two of our major products, one being an anti-convulsant drug and the other being a drug used for the treatment of cholesterol. We have invested in our plant infrastructure to recover higher volumes of solvents and also established a partnership to outsource handling some of our solvents.

Being committed to sustainability, we have taken up several initiatives for protection of the environment around us. We have made substantial capital investments to upgrade the ETP infrastructure and equip it with the best-in-class technologies that are available today. We have successfully developed and rejuvenated a lake near one of our manufacturing facilities which was contaminated earlier by pollution from neighbouring industries. Moreover, initiatives utilizing power from renewable sources such as solar and wind energy and using biomass have helped us to reduce our carbon footprint. We have also started monitoring stack emissions inside our plants to track the air quality and to ensure compliance.



Additionally, being a technology driven company, we have developed a 'green' process for one of our molecules that is used as an anti-convulsant which will significantly reduce effluent levels and make the manufacturing process environment friendly.

While the USFDA continues to tighten its grip over Indian companies, quality and regulatory compliance remains at the forefront of our priorities. Last year our API site successfully cleared a stringent 4-day inspection by the Pharmaceutical and Medical Devices Agency (PDMA), Japan. We were able to meet the expectations of the PMDA through our compliance on cGMP (current good manufacturing practices) and quality requirements. We continue to focus on ensuring our quality control systems are compliant and satisfy all data integrity requirements of the governing bodies.

Last year we filed two US drug master files (DMFs), one Veterinary Master File (VMF) and one certificate of suitability (CEP) for Europe which included both 'already generic' and 'to be generic' products.

We are creating a mixed portfolio of APIs, both niche and therapeutic which shall enable us to get into a deep strategic relationship with customers. We are significantly investing in capacity to cater to the increased demand from our customers while mitigating the risk of supply-chain disruptions. Last year we were able to improve our sales significantly in the Latin American region. Improving our global outreach, last year also marked the beginning of registrations of some of our products in the Commonwealth of Independent States (CIS) and China. We were also able to file one of our anti-convulsant APIs in Japan and register generic sales in the Japanese market.

Hikal aspires to be a global cost leader in key APIs with a strong product development pipeline and a focus on continuous improvement in operations and costs. We also remain committed to providing regulatory and QA support to our customers. Going forward, we aim to maximize the sales and outreach of our legacy generic products through cost leadership and to capture a large market share in select APIs where we have backward integration and scale and technology as a differentiator. Building on our success, where we had filed 10 DMFs in the last 3 years and we plan to commercialize 3-4 APIs every year with economies of scale and a cost position.

We are in the midst of increasing manufacturing capacities at both our Bengaluru and Panoli site. This new flexible capacity will address the future market demands of generic API molecules. We have already de-bottlenecked two of our API blocks that manufacture an anti-convulsant drug and installed a powder transfer system for automation which has increased the speed of operations and its efficiency.

Several supplemental capacity enhancement projects are underway in our other API blocks and multipurpose plants which shall be completed this year. We have also put up a multipurpose solvent recovery unit to further aid us in reuse of solvents and to achieve a better cost position for our products. Additionally, significant capital expenditure plans are underway for creating an entirely new multi-purpose facility at our Bengaluru site for commercialization of some of our new generic API molecules. We are also increasing the capacity at our Panoli site by putting up another plant for manufacturing of advanced intermediates. Meanwhile, we have already made notable progress in expanding our Panoli facility for API manufacturing to de-risk production of APIs at Bengaluru.



## Global Contract Development and Manufacturing Organization (CDMO) Business

The global pharmaceutical contract manufacturing market size was estimated to be valued at USD 120 bn in 2018. It is expected to witness a CAGR of 9.3% till 2026. The share of the API contract manufacturing (merchant) market is roughly USD 50 bn which is still less than 40% of the global synthetic APIs market, comprising of advanced intermediates and chemically synthesized APIs. At a time when large pharmaceutical companies are focusing on reducing their operational expenses and prioritizing capital investments on their most innovative products, this in-house capacity represents a large reservoir adding to the growth potential for Hikal in the CDMO industry.

After a gap of almost five years, India is back on the radar for CDMO projects. Big Pharma companies are increasingly trying to develop alternative options for Europe (given the high cost of manufacturing) and China (given the unpredictability associated with it). Innovators are moving away from pure technical transfer projects and are looking for 'off the shelf' APIs and intermediates for life cycle extension. CDMOs with advanced manufacturing technologies like continuous manufacturing, flow chemistry, cryogenic processes, high containment facilities and capabilities to produce controlled substances and HPAPI drugs will have an edge in attracting pharmaceutical companies to outsource manufacturing.

However, innovators are now very cautious in introducing a new supplier to their network. With China tightening environmental norms, compliance track record is critical to securing business from innovators and pharmaceutical companies. Indian companies are increasingly getting better in terms of environmental and statutory compliances with issues of warning letters getting resolved. CDMOs are now also engaging with smaller innovator companies besides big Pharma companies and are offering solutions across the entire value chain. Well executed projects by CDMOs will lead to further opportunities and will build better relationships with innovator companies.

## Hikal Animal Health Business

Hikal continues its efforts to grow the animal health business. Our exclusive manufacturing contract with a leading US-based veterinary drug innovator for a non-antibiotic veterinary drug API was stable in terms of volume this past year. In 2019-20 we expect volumes to reduce slightly due to the build-up of inventories from the customer's end.

Last year, Hikal completed the validation of a niche pain management veterinary drug. This product is used to treat severe pain from surgery, muscle pain and headaches. We plan to file a VMF for this product this year. Additionally, we plan to commercialise several advanced intermediates for a new generation ectoparasitic API that belongs to the isoxazoline group. We also filed a VMF for an antiparasitic active ingredient used in veterinary medicine for livestock and pets to fight against internal parasites. This is a niche product that will yield commercial sales in the FY 2019-20.

We continue to establish relationships with global animal health companies in the world and we are positive about the future prospects of this business.



## Hikal Performance in the CDMO Business

Hikal has developed strategic partnerships with customers across the globe by providing value added solutions to their problems. We understand the needs of our customers well and use our agility to address them. Our continued focus on regulatory compliance combined with reliability, flexibility and advanced technology capabilities continue to attract and retain global clients across the value chain.

As part of contract development and manufacturing, we offer early-stage R&D services such as synthesis, scale-up, API development, stability studies and analytical development all the way through manufacturing services, ranging from preclinical R&D material for clinical trial purposes and commercial production, Phases I through IV. By combining advanced technology and chemical engineering solutions, we provide our customers integrated solutions across the life sciences value chain.

Hikal's CDMO business registered a robust growth of 25% owing to the high volumes of our legacy contract manufacturing products as well as several new projects that were undertaken in custom development. To augment the future growth of the CDMO business, Hikal is actively engaging with several small, medium and large innovator companies to develop a pipeline of products. These are currently under various stages of evaluation and development.

To cater to the current market demands and capitalize on future opportunities, Hikal is aggressively creating capacity for growth in the CDMO business. There are significant capital expenditure plans this year for debottlenecking our development and launch plant as well as for creation of new multipurpose facilities for contract manufacturing.

We have identified several new opportunities for custom development and manufacturing of intermediates and Active Pharmaceutical Ingredients (APIs) which are in different stages of development at our R&T Centre. We have added several new biotech and virtual companies as clients for the development of early stage molecules.

Hikal also provided process development and manufacturing services for high value complex intermediates in clinical trials to leading innovator companies. A high level of customer satisfaction has led to repeat orders showcasing our technical strength and execution skills on these complex projects.

Last year we have successfully delivered a complex molecule to a Japanese innovator company and an advanced intermediate to a US based contract manufacturing company. Furthermore, we were successful in adding several key global customers to our portfolio.

We delivered larger volumes for an intermediate to a leading US company for one of their APIs under development. This year we expect a repeat order of two intermediates going into new generation APIs to be launched in Japan. We also expect to supply additional volumes of a versatile chiral intermediate going into a high-value Prostaglandin API. We will supply an intermediate going into Phase 1, which is used for the treatment of breast cancer as well as different types of other cancers and is developed by a biotech company.

Our long-term exclusive multi product manufacturing contract agreement with a leading European innovator grew significantly in terms of volumes. Based on the forecast provided by the client, it is expected to grow even further this year. One of these molecules is an anti-epilepsy drug that is widely used to control seizures and the other one is a nootropic drug used for memory enhancement.

Over the years, Hikal has maintained an impeccable track record in technically transferring projects and has established a strong relationship with innovator companies. We have backward integrated two large volume molecules to ensure a more robust supply-chain to provide an uninterrupted, on-time delivery to a leading US-based innovator company. One of these molecules is a neuropathic pain reliever and the other is an anti-cholesterol drug. In the past year, we have also focused on developing secondary sources of raw materials for these molecules to reduce dependencies on China. We expect the volumes of both these molecules to continue to increase this year.

We have undertaken several initiatives last year for achieving operational excellence and to save cost. This has enabled us to increase the capacity of one of our products made exclusively for a European Innovator customer. As a technology driven company, we have developed solutions for achieving better yields and recoveries during the synthesis of the molecules that we manufacture. This has given us a better cost position which in turn has benefitted our customer through an increased market share.

Being committed to sustainability, we have taken up several initiatives for protection of the environment that we operate in. We continue to make substantial capital investments to upgrade the ETP infrastructure and equip it with the latest technology. Sourcing a large proportion of our power requirements from renewable sources such as solar and wind energy and using non-polluting fuels such as briquette have helped us reduce our carbon footprint.

Global pharmaceutical companies are increasingly focused on early stage research, clinical development and marketing of their products. They outsource production to companies like Hikal and have confidence in our ability to reduce the complexity of the supply chain. We take on the responsibility of development, quality, compliance, logistics and supply of the final product. This type of strategic outsourcing reduces their investments in manufacturing assets and improves the total return on capital. In effect we reduce the risk of our customers so that the much needed medicines can reach the patients.

We are confident of our growth in the CDMO business and are focusing on expanding our capabilities in continuous manufacturing, flow chemistry and bio-catalysis which is broadening our technological base. Creating the aforesaid technology differentiation is helping Hikal better engage with virtual, big and medium sized pharma companies in existing and new geographies. We are also focusing on seamless project execution as a tool to differentiate ourselves from the competition and have implemented a world class project management philosophy across the organization. We expect sustainable growth in the CDMO business through a healthy pipeline of new projects in their early and late stage development, the addition of new clients and the growth in volumes of existing products being supplied to global innovator companies.

## **Future Outlook**

We believe we can achieve our target of sustainable growth in the coming years. We have a strong product pipeline, both in the API and CDMO business which continues to give us traction with our existing and several new customers globally.

Overall, we are confident of the prospects of our pharmaceutical division. This year our focus is on increased cost awareness through business excellence as we are investing significantly in building new capacity. Innovation and technology combined with our new capacity coming on-stream, makes us extremely well positioned to capitalise on the opportunities in the near future.







# CROP PROTECTION

## The Global Agrochemical Market in 2018

The global agrochemical market in 2018 in both crop and non-crop grew by 5.6% to USD 65 bn at the ex-manufacturer level. In 2018, the market benefitted from improved prices of generic materials, particularly glyphosate, derived from China. As a result of a crackdown on production in the country driven by a mandate imposed by the Ministry for the Environment, chemical companies had to invest in costly pollution control and effluent treatment infrastructure. In addition, financial pressures to display improved profitability by the increasing number of Chinese companies that are listed on the local stock market resulted in improved prices emanating from the country.

The situation of high inventory levels experienced in recent years, particularly so in Brazil and Western Europe largely ended with efforts to reduce inventory from major companies and had a positive effect on stocks which resulted in an increased demand for crop protection products.

As for non-crop agrochemicals, the market is estimated to have grown by over 3.1%, largely in line with global GDP growth. This market can continue to grow in the coming years boosted by improving economies in developing nations.

### Global Agrochemical Market (USD mn)<sup>1</sup>

Sales (USD mn)	2018	2017	Change %
Conventional crop protection	57,561	54,319	+6.0
Non-crop agrochemical market	7,538	7,311	+3.1
<b>Total agrochemicals</b>	<b>65,099</b>	<b>61,630</b>	<b>+5.6</b>

The global agrochemical industry has undergone a major shift in 2018 due to the scale of the recent mergers and acquisition activities. ChemChina's USD 43 bn successful bid to acquire Syngenta as well as the merger between Dow and DuPont closed during the year. Bayer also completed its USD 63.5 bn acquisition of Monsanto and more recently, in February 2019 UPL announced that it closed the acquisition of Arysta LifeScience Inc. from Platform Specialty Products in a transaction valued at USD 4.2 bn. As a result of significant M&A in the past year, we expect growth going forward to most likely come from second-tier companies. This bodes well for us as a company as we have diversified our customer base and we expect the tier one customers to rationalise manufacturing operations which will eventually lead to significant opportunities for our company.

<sup>1</sup>Phillips McDougall: Agri Futura – April 2019



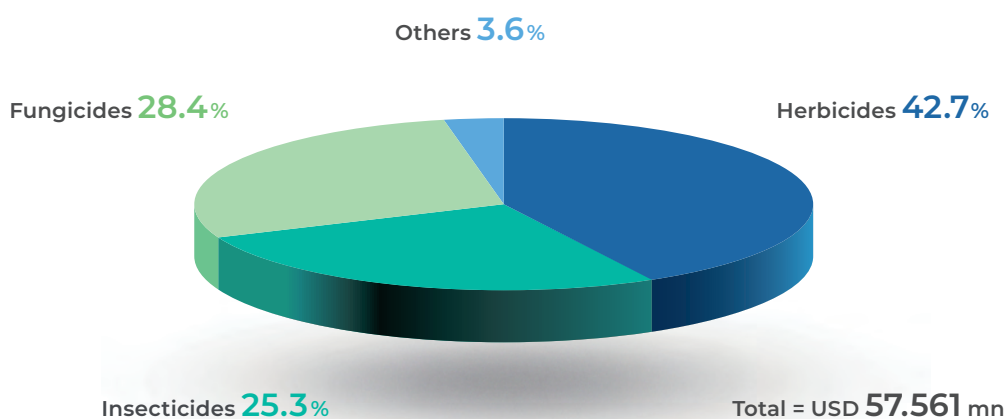
## Major Factors affecting Global Market Performance in 2018:

- Improved generic product prices
- Increased adoption of new GM technologies driving demand for more expensive agrochemicals
- Ethanol production was sustained at record level
- Reduced distributor inventories and levels of stocks
- Strong cereal acreage increase in both USA and Canada
- Market driven by year-round specialty crop production and improved political stability in north and east Africa
- Favourable rainfall in key Middle Eastern markets
- Rebound in Brazilian market
- High inflation in Argentina
- Hot, dry weather in key central and western markets reducing pest pressure
- Increasing regulatory pressures on agrochemicals in EU
- Russian agricultural economy continues to boom in response to sanctions imposed from EU
- Indonesia boosted by import bans on rice and corn, elevating domestic crop prices
- Favourable monsoon benefitting India and SE Asian markets
- Australian drought detrimental to pest pressure and agrochemical demand

## Crop Protection Market Distribution<sup>1</sup>

In 2018 the herbicide sector increased by 5.9% to reach an estimated USD 24.5 bn, equating to 42.7% of the crop protection market. The herbicide segment was boosted by improved glyphosate prices, reduced channel inventories and improved market conditions in Latin America following year-on-year declines in the region.

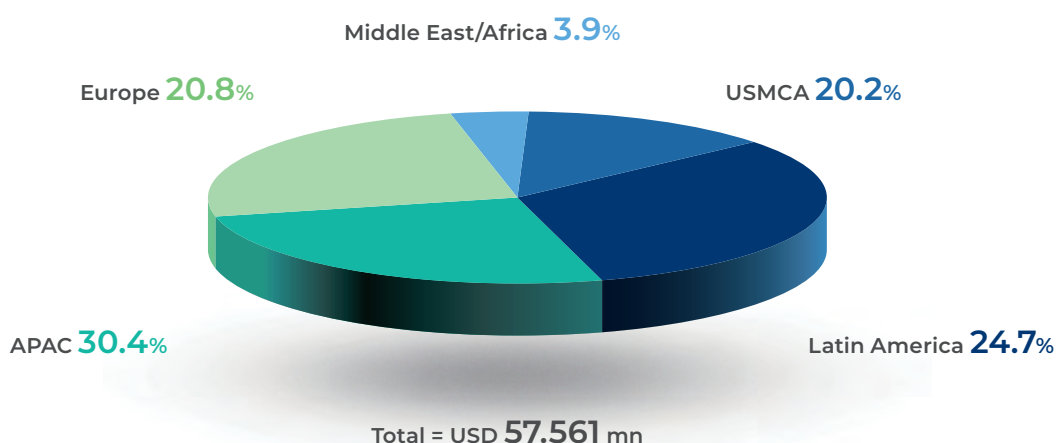
## Crop Protection Market Segmentation 2018<sup>1</sup>



In 2018, fungicide sales increased by 4.7% to USD 16 bn, representing a 28.4% share of the global crop protection market. Similar market drivers to herbicides contributed to the growth in this sector, however this growth was somewhat offset by dry conditions in Europe leading to reduced disease pressure. In addition, the significant Brazilian soybean fungicide market has been impacted by reduced Asian soybean rust pressure in the country.

The insecticide market is estimated to have experienced the greatest growth over the previous year, with sales increasing by 7.6% to reach USD 14.5 bn in 2018, representing a 25.3% share of the crop protection market. Sales during 2018 were boosted by improved prices and reduced channel inventories. The market also benefitted from increased demand in India, particularly for cotton which is a large crop.

## Crop Protection Market by Region 2018<sup>1</sup>



In 2018, crop protection sales in USMCA are estimated to have increased by 8.0% in comparison with the previous year. Growth was largely driven by increased prices of generic products in line with the increased environmental pressures and consolidation in the Chinese industry.

In Latin America, sales are estimated to have increased significantly, up by 11.1% with the rise largely attributable to Brazil, which benefitted from reduced inventory levels driving crop protection purchasing as well as the improved prices of products from China.

The European crop protection market is estimated to have decreased in 2018, falling by 3.0%. Major declines are estimated for France, Germany and the UK where hot, dry weather during spring and summer, reduced disease and pest pressure and hence demand for crop protection products, especially fungicides. Elsewhere, growth is estimated to have continued in key eastern markets, notably Russia where the domestic agricultural economy continues to boom in response to the sanctions imposed by the EU.

The Asia/Pacific region performed well with sales estimated to have increased by 7.2%. The market benefitted from increased generic product prices, generics having a particularly high share of many Asian countries. The growth experienced in this region was however somewhat offset by continued drought in the country which lowered pest pressure.

As for the Middle East & African region, sales are estimated to have increased by 7.4% where growth is attributable to buoyancy in the Middle Eastern markets, notably Turkey and Iran. Improved rainfall in Turkey boosted crop production expectations and increased demand for agrochemicals. Most of the growth was derived from fruit and vegetable crops.

## Future Market Outlook<sup>2</sup>

The crop protection market in 2019 is forecasted to grow in mid-single digits with much of the growth dependent on what happens to product prices and the situation in China. If the prices of products coming out of China remain high and we experience unavailability of products as they have this past year, the value of the market will increase.

Increasing population, decreasing per capita availability of arable land and focus on increasing agricultural yield are major factors driving the global agrochemical market. Producing more food in a sustainable manner for a growing population will be one of the decade's most important global challenges. There is a shift from governments towards using fewer pesticides. Globally we expect 2019 to be a better year.

<sup>2</sup>Phillips McDougall: Agri Futura – April 2019

## Hikal Crop Protection

Hikal's Crop Protection division achieved a substantial growth of 19% in FY 2018-19. We ended the year with revenues of ₹ 6,504 mn as compared to ₹ 5,473 mn in the previous year. We outperformed the broader global crop protection market which grew by 6% in real terms. We achieved this growth by successfully growing our existing product volumes and commercializing new products in our portfolio. The continuation of our strategic diversification into the biocides and specialty chemicals market has also led to increased opportunities which have contributed to last year's revenue. We succeeded in significantly growing our top and bottom line despite challenging market conditions.

Sales of Thiabendazole, one of our oldest crop protection products was stable last year. The product is extremely versatile and used in both, crop protection to control mold and other fungal diseases in fruits and vegetables, as well as an anti-parasitic to control roundworms. It is also used in the material protection industry to prevent fungal growth. We have invested significantly in upgrading the plant which has been operational for over 20 years. We expect sales of Thiabendazole to grow in the years to come.

An on-patent fungicide that is used to prevent late blight and downy mildew on vine, potato fruit and vegetables saw a significant increase in volumes last year. The growth was driven by increased demand from a global innovator for whom we manufacture this product exclusively. Multiple new registrations across various geographies and the introduction of a new combination of products which use this fungicide are expected to see further increase in volumes this year.

Last year we successfully commissioned a new state-of-the-art plant for manufacturing an advanced intermediate for a key herbicide for one of our leading global innovator customers. The demand for this product remained stable last year and its profitability increased with the client offering us the exclusive production rights to its key precursor. Going forward, we expect slightly lower volumes due to inventory correction at the customer's end, but we expect the demand to return to its normal level in the subsequent years. Based on the positive experience of our customer, they have given us an opportunity to manufacture another advanced intermediate that is produced from the same precursor which will add to revenues and profitability.

We also manufacture a broad-spectrum fungicide for a leading Japanese innovator company. Last year the supply situation of raw materials from China improved significantly over previous years, resulting in significant increase in sales. Demand is strong for the product and we expect volumes to grow significantly. The customer was delighted with Hikal's performance and dedication towards continuous improvements in processes and costs and has enhanced the relationship by awarding us with another new product which will result in higher turnover and profitability going forward.

The volumes of a fungicide that is used to control the Oomycete disease in potatoes, tomatoes and mildew in vegetables remained stable last year. We exclusively manufacture this product under a contract for a leading European innovator. The volumes of this product are expected to reduce this year as we have an opportunity to replace it with a high margin Japanese on-patent product in our production facility.

We continue to manufacture two on-patent herbicides for a Japanese innovator company. These products are used predominantly for controlling broad-leaved weeds in water, seeded rice and for seed treatment of cotton. These are high margin niche products and the volumes of both these products have a stable outlook going forward.

The volume of a niche fungicide that we manufacture for another Japanese innovator client remained stable. This special product is a selective new compound with new modes of action for protection from fungal diseases, especially in rice crops. The volume was stable last year, and we expect to continue to supply them to our customer.

In FY 2015-16, we commercialized another such niche product, an insecticide, for a leading Japanese innovator company. Since the client was in the process of developing the market for this innovative product, we did not have any volume demand for it in the last two years. Nonetheless, as expected, the demand has now resumed. The successful development and scale-up of such niche products fits well into our business model by maintaining a healthy mix of high margin and high-volume products. It also helps diversify our Crop Protection product portfolio by de-risking our existing customer and product base.

We have diversified into biocides and specialty chemicals businesses as part of our strategy to enter new business areas. We have successfully established ourselves in the market with several molecules commercially and have a pipeline of products at various stages of development which will be launched in the near future.

The volumes of a broad-spectrum residual herbicide and algaecide we manufacture have grown multi-fold in the last several years and demand is expected to remain buoyant in the future. This versatile product is used in agriculture for pre-emergent and post-emergent control of broadleaf and grass weed. It is also used to control weed and algae in and around water bodies and is a component of marine anti-fouling paints. The decision to explore the biocides and specialty chemicals market for this product has proven to be very successful for us. Volumes and values of this product have increased significantly last year even though we faced some issues with raw material supply from China and Europe. Demand for this product is expected to grow further this year.

Two years ago, we successfully commercialized a novel insecticide which belongs to a new neonicotinoid class. This product is used to control a wide range of insects on rape, maize, fruits & vegetables and works as a wood preservative to control termites and other insects. Last year, we could not produce significant volume of this product due to raw material supply issues from China and lack of availability of production capacities. We have now debottlenecked our plants and have created additional capacity to cater to the market. We will ramp up the production and sales this year.

## **New Product Development**

Developing and scaling up new products at our R&T center is at the heart of the future growth strategy of our Crop Protection, Biocides and Speciality Chemicals business. We have several new products in the pipeline, each of which has a strong potential to provide us significant growth in our top line as well as bottom line. Our portfolio is a mix of products for our customers in contract manufacturing and our own products.

We expect to commercialize a versatile product that is used as a microbicide as well as a fungicide. It has a wide range of applications as a preservative and in leather, textiles and paint industries. We have created an annex facility at one of our sites to manufacture and commercialize the product this year. To reduce the dependency and exposure to supply chain issues in China, we are working on backward integrating a key intermediate by developing a new technology for manufacturing it in-house.

We are in late stages of developing a commercially viable process for manufacturing a fungicide which has recently gone off-patent. This product is used to control a wide range of diseases by pests on soybean, cereals, vine, fruits and vegetables. This product class of fungicides has a particular strength against powdery mildew on cereals as well as on sugarcane. Even though this product involves a complex, multi-step chemistry, our R&T has developed a novel process using breakthrough technology and we expect to launch this product commercially early next year. We have started construction on a multipurpose production facility to cater to the market demand.



## Future Outlook

Market trends for 2019 remain positive. Much will depend on weather conditions, distributor inventory, and farmer confidence in the face of global challenges. Although the market grew by 6% in real terms in 2018 and the growth is expected to continue this year, a huge uncertainty remains on the availability of raw materials and effects of the ongoing trade war between the US and China.

In FY 2018-19 our Crop Protection division showed significant revenue growth. While demand in the crop protection business is cyclical based on the current market forecast for commercial and under development products, we do expect the outlook to remain positive over the next few years.

Last year we continued to add several new products to our portfolio and moved forward on our strategy of diversification. We forayed into new markets and further established ourselves in the biocides and specialty chemicals marketplace. We are focusing on targeted opportunities with a range of products and customers. We are continuing to expand our niche portfolio of products. These measures will continue to add to our future revenue growth and profitability.

The development of new products and markets is on-going and well established. The complexity of our product portfolios will add value to our customers as we provide them with a secure supply chain. Some of the new products being developed are client-specific while the rest are part of our own portfolio. Along with these developments, our focused efforts, we will continue to deliver positive results for our Crop Protection division.

For our own product portfolio, we are adding value by creating data for registration purposes. We are making it easier for our customers to register these products in global markets. This significantly reduces regulatory obstacles to ensure unhindered growth of our products in new markets. This is part of our strategy to increase the value of services and products for our clients in existing and newer geographies.

We see a lot of new market opportunities and are optimistic about the future demand for our existing product base as well as for our new products in the pipeline. We are investing in capacity to cater to our growing product portfolio. Based on our growth projections, we are setting up new production streams and are de-bottlenecking the existing production streams to provide the necessary infrastructure and support to our facilities. The creation of new capacity along with the necessary infrastructure will add to the revenue and profitability in the years to come. This year we are focusing on operational excellence to cater to the increased demand of our existing products while our new capacity comes on stream.

Being a Responsible Care Certified company, Hikal continues to maintain the highest environmental standards while improving our safety record year on year. We are investing in environment, health and safety infrastructure to ensure that the highest quality standards are always met. Waste reduction, energy conservation, and better utilization of raw materials and capacity are our key focus areas for achieving operational excellence in this year.

## SUPPLY CHAIN

It is said that when China sneezes, the world catches a cold. Widespread chemical plant closures in China have been threatening supplies of raw materials and finished goods across the world. Last year, the Ministry of Environmental Protection (MEP) had promised to tackle China's air pollution by tightening its grip on polluting industrial sites. Since then, the authorities have shut thousands of chemical plants in the country. The shutdown has taken place across industries, affecting energy production, finished product manufacturing, and essential raw materials.

The Chinese government's decision to improve air quality by forcibly closing the country's most polluting factories, is sending ripples around the world. The crop protection and pharmaceutical industry are among those reeling under the effects of this clampdown right now. Supplies of a 'broad range' of raw materials and active pharmaceutical ingredients (APIs) were affected last year and the disruptions are expected to continue this year as well.

Hikal sources about 30% of its raw materials from China. In the past two years we have taken focused steps to de-risk the supply chain wherever possible. Firstly, we have developed in-house processes using our own technology to manufacture critical raw materials for some of our products. We have continued to develop partnerships and alliances in India to manufacture some of these key raw materials. This year, we have inducted an experienced professional to head our supply-chain activities and have created an outsourcing team to effectively manage our procurement operations. We have identified the most important products that require a robust supply chain and have determined the optimal manufacturing, sourcing and inventory strategies for each product. Additionally, we have shortlisted the optimal levels of risk inventory for the different products across our portfolio to minimise the effects of raw material shortages and to ensure supply chain security for our customers.

It is vital for our customers to have reliable suppliers, ideally from different countries. Many companies went to China to source cheaper and readily available products. With the environmental impact causing a shortage and a huge increase in the price of raw materials, a lot of companies have faced supply chain disruptions. With favourable cost structures and investor friendly policies such as strict intellectual property protection laws and better environment compliance norms, India has the required potential to plug the current demand supply gap globally. We see this as an opportunity for Hikal.

Last year we had several customers approach us to supply products for which they had earlier moved to China. While several of these discussions are in early stages, we are confident that de-risking the supply chain out of China is critical not only for us but also for our customers. Both Crop Protection and Pharmaceutical companies are re-evaluating and diversifying their supply chains so that they don't end up in similar situations again, which is a significant opportunity for Hikal as we are expanding our capacities and becoming fully backward integrated.



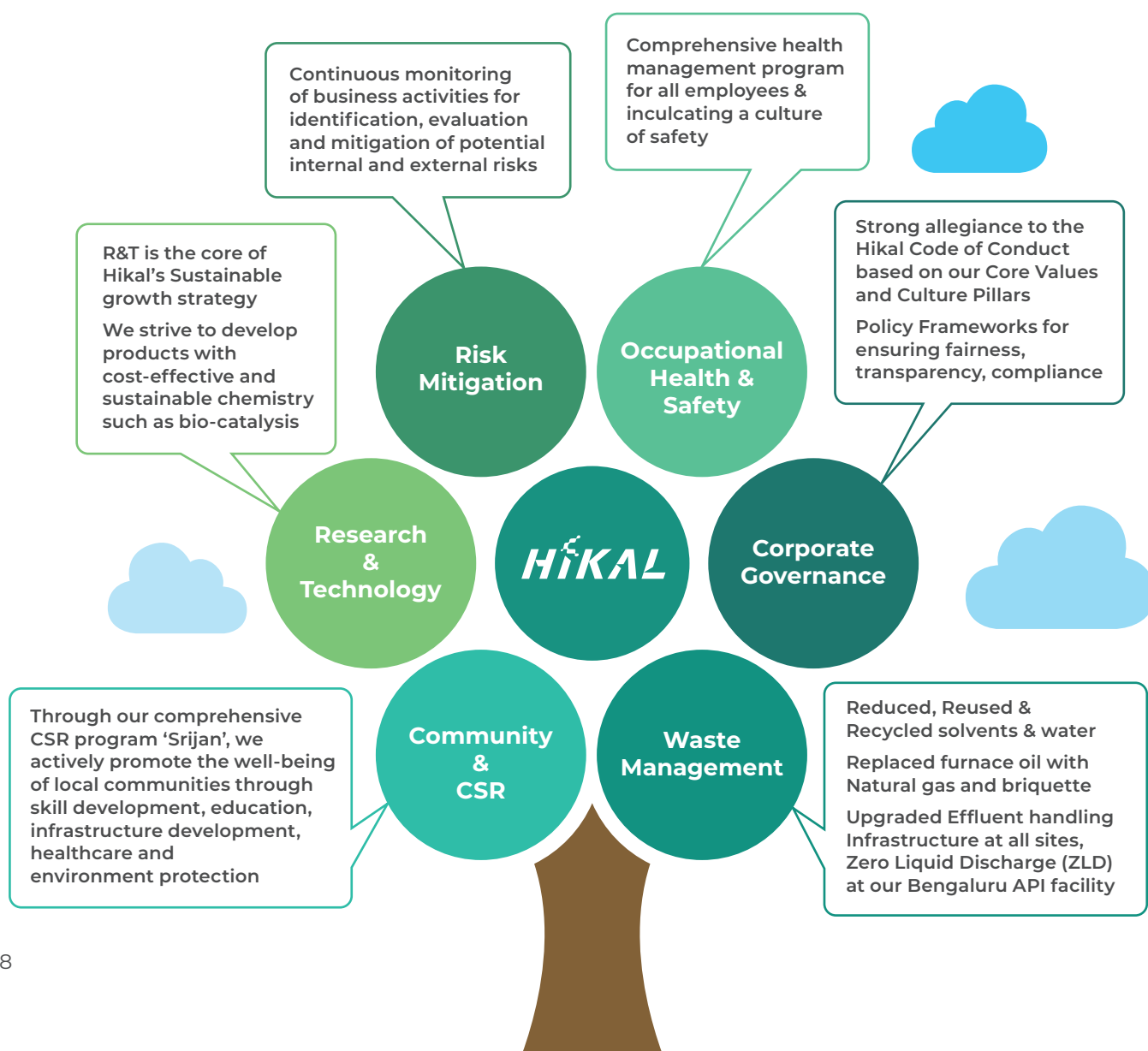
# SUSTAINABILITY

Being a sustainable company is key to long-term success. At Hikal, we believe we are successful when our products, solutions and technologies add value to our stakeholders, environment, economy and society at large.

As a manufacturing company, our chemical processes are energy intensive and require precautionary measures for our employee safety and the environment in which we operate. Regulatory compliance, integrity and ethical conduct are the foundations on which we function as a company.

At our R&T centre, we ensure the processes we develop minimise any undesirable effects on the environment and are always safe to operate in large scales. In our Pharmaceutical business, sustainability is incredibly important as our products need to meet the highest standards of quality for the end-user's health and wellness. In our Crop Protection business, we are ensuring our products help farmers meet their complex needs in a consistent, safe and sustainable way. We believe our R&T spend is not only an engine of economic growth but a driver of sustainable development. We are confident that our efforts in innovation will continue to have positive effects in reducing CO<sub>2</sub> emissions.

Last but not the least, our people are vital to the success of our business and we aim to ensure our employees grow and develop professionally by providing them a safe, nurturing and an empowering workplace.



Hikal believes in taking progressive but steady steps towards sustainability and therefore continuous efforts have been made towards risk mitigation, occupational health and safety, waste management, research and technology, corporate governance, community and CSR. These initiatives were selected after carrying out a need analysis on various initiatives that were considered important by the stakeholders as well as the management of the company. A list of these key initiatives that were implemented across Hikal last year are outlined below:

- Imparted behavioural training to convert safety awareness into habit
- Achieved a continuous reducing trend in safety related incidents
- Revamped drainage systems to prevent accumulation of water
- Improved recoveries for fuel and water savings
- Reduced effluent levels significantly through segregation, usage of additional aeration tanks, sludge removal from bioreactors etc.
- Brought the effluent handling tanks and pipes above ground for better monitoring
- Reduced energy consumption at sites through various initiatives such as automation of chillers, upgrading the power infrastructure, replacing pumps etc.
- Identified partners like cement industries for co-processing solid wastes
- Utilized renewable energy sources like solar energy and wind energy for reducing the carbon footprint
- Replaced most of the CFL and Mercury Vapor lamps with LED lights
- Started the monitoring of air quality and emissions inside the plant premises
- Optimized chemical processes to reduce effluent generation and water requirements
- Developed green processes for our new and existing products with focus on usage of enzymes and bio-catalysis

Innovation in manufacturing and developing sustainable processes will remain our focus in the year ahead. Some of the initiatives we plan to undertake are listed below.

- Harvesting of rainwater for water conservation
- Installation of a solar power plant for handling captive load
- Further upgradation of ETP infrastructure with latest technologies
- Setting up of a new Effluent Treatment Lab at our R&T site

At Hikal we have redefined our strategy to reinforce sustainability as a key driver to improving efficiency, creating synergies and delivering an improved customer value proposition. We want our people to think about sustainability and increase the relevance of sustainability in our decision-making processes and business model. We are confident this will ensure the long-term success of our company, create new business opportunities and establish us as a key partner to our customers.







## HUMAN CAPITAL

Hikal's success to a large extent is attributed to our employee's knowledge, passion and commitment. By bolstering the strength of individuals and maximizing the power of our people, we strive to enhance our organizational goals and build a stronger more competitive company.

As we enter a rapid phase of growth, it is important that people and processes are aligned to Hikal's business strategy. Our HR strategy, 'Shashwat' is fully aligned with our long-term business goals. In the current competitive global environment, we need to be more agile, flexible, yet fully compliant and disciplined. We are focused on maintaining our culture and corporate values based on trust, integrity and transparency. In 2019-20 the focus of our Human Resources will be on increasing efficiency, improving skill sets and delivering on our commitments.

Over the years, Hikal has been recognized by leading organizations, industry experts and professionals alike. Last year we have won numerous external awards which stand testimony to our excellent reputation as an employer and our commitment to excellence.



### National Best Employer Brands 2018

The Global Employer Branding Institute and World HRD Congress have conferred Hikal with the 'National Best Employer Brands 2018' in February 2019. The National Best Employer Brand Awards 2018 features top organizations from across India, who are exemplary in HR and have used marketing communications effectively for Human Resource Development.



### Business Leader of the Year Award

World Federation of Marketing Professionals and World Federation of Human Resources Professionals in association with Business Television India presented the prestigious 'Business Leader of the Year' award to Hikal's Joint Managing Director & CEO, Sameer Hiremath. This award was conferred to selected CEOs of organizations which won the National Best Employer Brands 2018, based on their orientation towards HR and the contribution made by HR in their organizations.



### ET NOW CSR Leadership Award for Best Corporate Social Responsibility Practices

In February 2019, Hikal was conferred with the ET NOW 'CSR Leadership Award for the Best Corporate Social Responsibility Practices' by the World CSR Congress. Hikal was recognized for its comprehensive CSR Policy 'Srijan', and its deployment across sites in the areas involving secondary education, skill development, employability and infrastructure development, healthcare, sanitation, environmental sustainability, ecological balance and protection of national heritage, art and culture.



## CII's 'Significant Achievement in HR Excellence' Award

Hikal won the coveted Confederation of Indian Industry (CII)'s 'Significant Achievement in HR Excellence' award at the CII National HR Excellence Award Confluence in March 2019. The recognition for CII HR Excellence Award, involves a stringent assessment process of various components of the HR Function in an organization. These include leadership, learning and development, HR strategy, people's well-being, employee engagement and HR processes.



Prestigious awards such as these speak volumes about the credibility that Hikal has built in the industry as an employer and as a sustainability-driven 'Responsible Care' company.

## Below are some of the key initiatives undertaken in FY 2018-19

### 30 Years' Celebrations and Values Week

On July 8<sup>th</sup>, 2018 Hikal completed 30 years since its inception. This was a significant milestone for the company. All Hikalites in unison celebrated the 30<sup>th</sup> Anniversary of Hikal along with the Values Week between July 9<sup>th</sup> and July 14<sup>th</sup>, 2018.



This celebration week was inaugurated by our Chairman & MD along with our Joint Managing Director & CEO and Head – Strategy & Business Development. This was telecasted LIVE to all locations via webcast. Further to the very inspiring opening remarks by the Chairman, the 30 Years Celebration film was unveiled which provided an in-depth insight into the history and journey of the company.

The senior leadership team visited all our sites during this week to commemorate the celebrations and make people feel important and valued.

### Shashwat - HR Strategy Review Meet

With the objective of understanding the renewed expectations in view of our changed business scenario and future business aspirations, we are gearing up to upgrade competencies to deliver beyond expectations and are creating a great place to work for every Hikalite. Shashwat – The HR Strategy Review Meet was organized between September 5<sup>th</sup> and 7<sup>th</sup>, 2018.

Three days were spent in understanding the expectations from the Chairman, CEO, Business Heads and other key stakeholders. In lieu of the changing business environment and long-term strategy of the company, 'Shashwat' was created to align our HR practices with business goals.



## 6<sup>th</sup> Quality Week

Hikal celebrated its sixth quality week from November 19<sup>th</sup> to November 23<sup>rd</sup>, 2018 with the theme of 'Quality is everyone's responsibility'. The activities during this week were centered around the concept of quality, what customers expect from us and how to deliver on those expectations.



## Safety Week

The 48<sup>th</sup> National Safety Day/Safety Week was celebrated across all Hikal sites from March 4<sup>th</sup> to March 11<sup>th</sup>, 2019 under the theme 'Cultivate and sustain a safety culture for building the nation'. The aim was to develop safety awareness amongst all employees and create a safety culture that focuses on a goal of zero accidents.

## Uday: Employee Engagement Program

Uday is an integrated deep-rooted employee engagement program to develop the skills and competences of our people and engage them meaningfully.



Strengthening the capabilities of each individual employee is an important part of corporate growth. Through a variety of Learning and Development initiatives, Hikal is working to maximize the capabilities of its people. Under 'Uday' we have several programs such as Lakshya, Apex and the Ambassador Program which focuses on enhancing self-awareness, building confidence and helping establish productive relationships.

## Tarang – Campus to Corporate Program

Hikal believes in creating the right talent within the organization to suit its business needs. 'Tarang', our campus to corporate drive in the last year saw a lot of aspiring engineers and chemists showing keen interest in being part of the Hikal family. Hikal also participated in technical events at several premier institutions and sponsored several events such as IIT Bombay's 'Azeotropy Annual Chemical Engineering Symposium'.



## Employee Communication

Effective internal communication is important for developing trust within our organisation and we believe it has a significant impact on employee engagement, organisational culture and ultimately, productivity. We facilitated several initiatives last year where employees were able to freely interact with the senior management and decision makers across all our sites. Programmes such as CEO Connect, Site Management Committee & Town Hall Meeting, Employee Hour, HR Help Desk and Management Committee (MC) Interaction has enhanced transparency within the organisation.



## emPower

Our digitisation drive has extended to our HR practices. Last year we implemented 'Oracle HCM Fusion' an online portal which automates several manual processes and is integrated across a single platform. This new system enables every Hikalite to have uninterrupted access to all the relevant information such as tracking performance goals, development and training needs.



## Parigyaan

Under Parigyaan, our rewards and recognition policy, 933 employees were recognised under various award categories such as Spot Awards, Spark Awards and Employee of the Month Awards. All awardees were felicitated by the Senior Management in Town Hall Meetings. The awards motivated our employees through recognition and created a strong culture of performance.



## Hikal Women's Forum

International Women's Day was celebrated on March 8<sup>th</sup> 2019 across the company. The theme for Women's Day celebrations at Hikal was '#BalanceforBetter'. We had a renowned guest speaker from a leading Information Technology company. She shared her professional accomplishments and touched upon the challenges she faced in the workplace as a woman. She shared her recipe for success which was to 'embrace change into life as change is the only constant'.



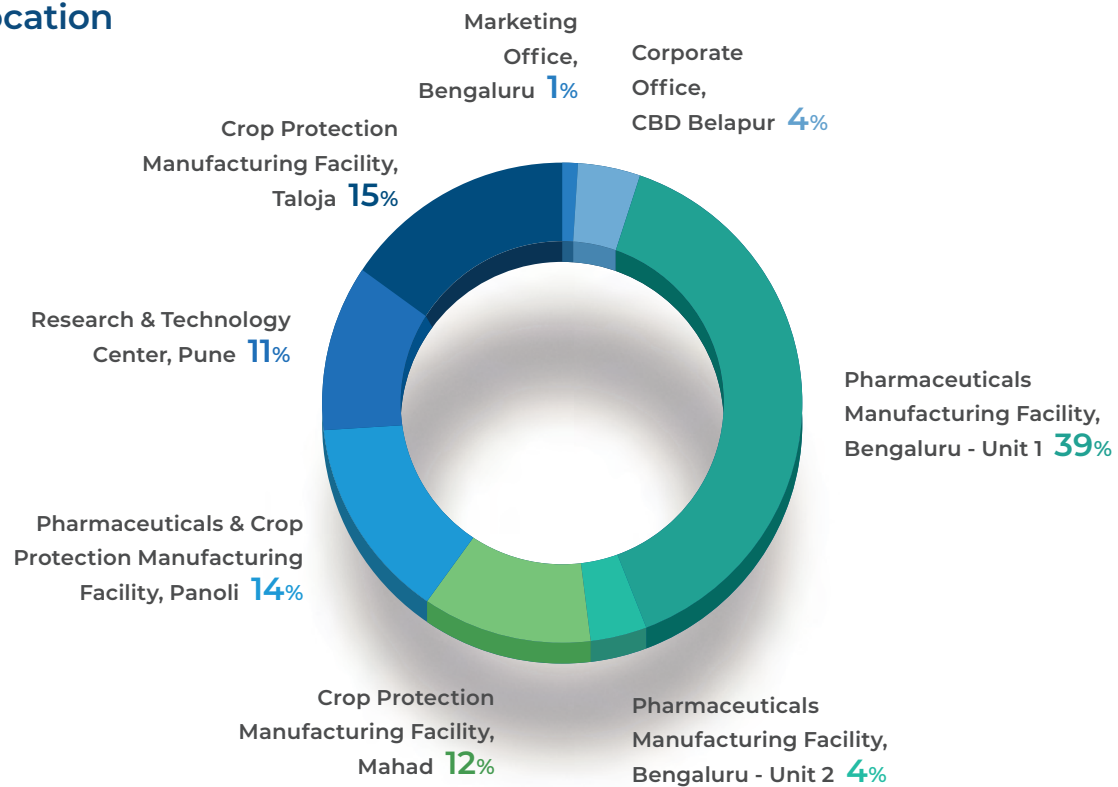
## Ojas: Employee Wellness Program

Under our Ojas initiative, annual medical health check-ups were organized across the company with a purpose of maintaining a healthier, more productive and engaged workforce. Hikal also launched the National Pension Scheme (NPS) scheme for all the employees to look after their financial well-being.

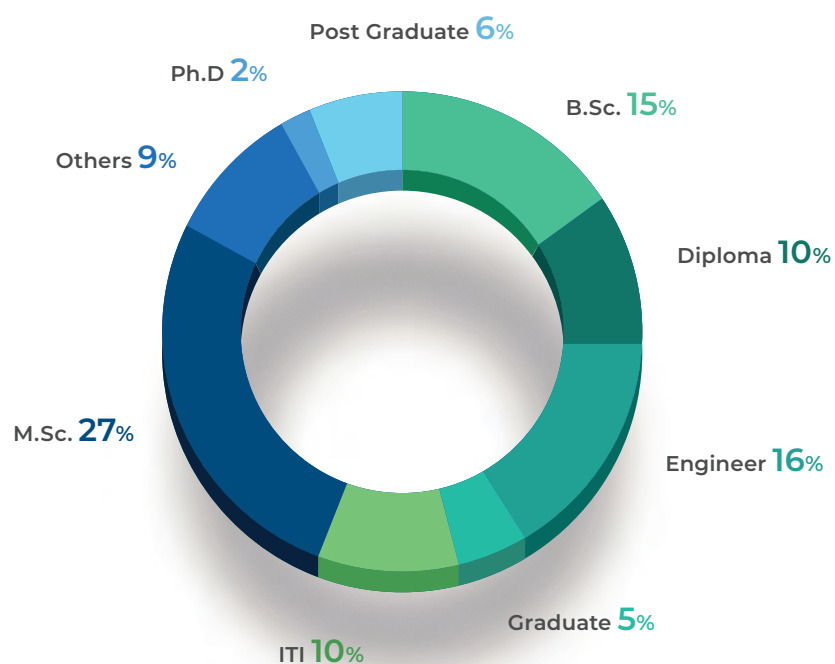


## Total workforce (as on March 31<sup>st</sup>, 2019) – 2,122

### Location



### Qualifications



## SRIJAN – CORPORATE SOCIAL RESPONSIBILITY (CSR) PROGRAM

Hikal believes that the local community where we operate is a key constituent of our growth. 'Srijan,' our social responsibility initiative, is actively involved in the well-being of the less fortunate in our society. We partner with non-governmental organizations (NGOs) in areas like secondary education, skill development, employability and infrastructure development, healthcare, sanitation, environmental sustainability, protection of national heritage, art, and culture.

In FY 2018-19, Hikal spearheaded several projects to make a positive difference to the lives of underprivileged people which included children, women & senior citizens and also invested in environment protection initiatives.

### Srijan – Our CSR Program



## Projects implemented in FY 2018-19

### Anahat (Environment & Ecology Protection)

Hikal completed the **'Rejuvenation of Konasandra Lake'** situated near our **Jigani plant in Bengaluru**. As the lake is surrounded by many Industries, the same was contaminated due to granite waste, plastics and other toxic substances. This led to severe water pollution and deplorable water quality for aquatic animals and birds. Hikal decided to adopt this lake and initiated the cleaning, rejuvenation and repair work of the lake in October 2018. This was executed through a leading NGO, SayTrees that specialized in project execution related to environment protection.



#### Work done and Impact of the Konasandra Lake Rejuvenation Project

- Encroachment of water bodies has been stopped by proper demarcation of the lake
- Water holding capacity has increased more than 3 times due to desilting & creation of wider & stronger bunds
- Pollutants have been removed and cleared by a natural filtration method and water can now be used for cattle and birds
- Maintained ecology & biodiversity
- Stopped the silt from entering the lake by making silt traps
- Increase in activity of birds around the lake
- Growth of aquatic life in the lake
- Slowly helping borewells yield more water
- Increased the farmer's income since the water holding capacity in the lake increased
- Involvement of more than 1000 citizens for this noble cause and outreach to around 2300 villagers

Hikal supported the **World Wide Fund for Nature (WWF - India)** for the **conservation of satellite wetlands of Keoladeo National Park (KNP)**. KNP is one of the most significant bird sanctuaries in the country, supporting **more than 370 species**. Increased pressure on the catchment of water sources resulted in reduced water flow into the park. The park which has remained dry for several years was faced with losing recognition as a World Heritage Site. During the years, it was observed that the migratory birds used the satellite wetlands as their feeding grounds hence the area is very critical especially for the resident and migratory bird species. The revitalisation project of KNP was initiated in October 2018 and was completed in March 2019.





### Outcome of the Conservation of Satellite Wetlands of Keoladeo National Park Project

- Conservation and management plan for 2 satellite wetlands has been prepared by engaging the stakeholders and submitted to the Rajasthan Forest Department
- Significance of the area as satellite wetlands to Keoladeo National Park has been re-established
- Key conservation measures have been implemented in the selected 2 satellite wetlands to demonstrate best management practices

Hikal partnered with **International Association of Human Values (IAHV)** towards **'The Afforestation Project'** at **Tetvali, Rabale** which is spread over **33 acres of land**. The project involved planting and maintaining trees across the barren hills. Hikal has adopted **1 acre of land** in the area where **we have planted about 450 trees** and will maintain them.



Hikal in association with **IAHV constructed a borewell** at **Sutarkond village, Mahad** which solved the water shortage problems of this village permanently. This borewell was attached to their main tank which supplies water to **about 1500 people** residing in the village. We handed over the borewell to the people of the village in May 2018 with a commitment from them to maintain it.

### Medha (Education & Skill Development)

With the view of supporting athletes in sports, Hikal along with its partner NGO, International Association for Human Values (IAHV) extended support to **Mayank Vaibhav Chaphekar**, a professional Modern Pentathlon Athlete, who is preparing for **2020 Olympics**. Hikal's support is an important step in helping Mayank make a mark in this challenging global event for which India is set to participate for the first time.

This is the **4<sup>th</sup> consecutive year** of Hikal's relationship with the **Mehli Mehta Music Foundation (MMMF)**, to facilitate their outreach program which caters to providing musical education to the underprivileged children of municipal schools that they partner with. Hikal's financial aid has helped MMMF consolidate its outreach programme where students are trained to play the violin, viola, cello and piano by international conservatory trained teachers.



Hikal has been supporting **special children** of '**Aai Day Care Sanstha**' in **Pen, Raigad District**, in Maharashtra, over the **past three years**. Items made by the differently abled children, were put on display in an 'Exhibition' at several Hikal sites. The amount collected from this exhibition through sale of the products contributed to their development fund, which were utilized for physiotherapy and speech therapy for children.

Hikal collaborated with **IAHV** to **better the infrastructural needs** of the **Nere Zilla Parishad School, Pune**. Upon conducting the need assessment, it was observed that the sanitation, clean water and drainage facility of the school was in a bad shape and hence it was decided to take this up on priority which benefitted **140 students** from the 1<sup>st</sup> to the 4<sup>th</sup> standard.



The initiatives taken included:

- Creation of new sanitation facilities
- Hand pump converted into electric operated borewell pump with storage tank facility
- Water pump/water storage facilities
- Water connection for existing toilets & new toilets
- New RO water filter system with new stainless-steel water tank
- Safety drainage tank was connected to a new sanitation facility
- A provision for washing hands was made



Hikal **Mahad** undertook the development of **two Zilla Parishad Schools** at **Vadovali & Dadali** in the FY 2018-19. The following work was carried out in both the schools which benefitted **about 85 school children, teachers and administrative staff**.

#### Work done at Zilla Parishad School, Vadovali

Front grill/entrance gate, electrical wiring, tube lights & fans for classrooms, installation of water filters, wash basins and painting - external/internal

#### Work done at Zilla Parishad School, Dadali

Tank for gent's toilet, pipeline connection from MIDC, MS frame for water tank, false ceiling for 2 classrooms, electrical wiring in classrooms, tube lights & fans in classrooms and computer tables

Hikal initiated the development of **Ghot Camp Government School** near its **Taloja** manufacturing unit in collaboration with IAHV after conducting a comprehensive need assessment exercise. The work will be completed in three phases.

The following work has been completed as part of Phase I development of this school:

- Staircase, terrace, grilling and other repair work
- Flooring, parapet wall and plaster work of the terrace
- Tiling on the terrace which has enabled the terrace to be used for various activities





## Kaushalya (Healthcare & Sanitation)

Hikal employees visited **Ashraya old age** home near **Jigani** to distribute fruit baskets & medical aid devices to senior citizens. Medical aid items included blood pressure monitor, glucometer, pulse oximeter, stethoscope and sugar test strips in addition to wheelchairs which were also donated to the home.



Hikal installed a **metallic roof shed** above the **Mahad MIDC police station** to protect the building from heavy rains during monsoons. Every rainy season, the police station faced problems due to severe roof leaks. The team at Mahad quickly got this work done before monsoons so that there were no disruptions in the day-to-day functioning of the police station.

Hikal has been supporting **Seva Yagna Samiti** for the past three years. The work done has enabled the underprivileged in getting **ICU/ICCU facilities** along with access to the right treatments, proper diagnosis on time, medicines and hospitalization in the case of critical conditions. We are pleased to report that during the period between April 2018 and March 2019, our association with Seva Yagna Samiti has facilitated medical assistance and provided medical allied services to about **7,530 patients**.

Heavy rains and the subsequent flooding in Kerala wreaked havoc in several parts of the state. Recognising this, Hikal partnered with IAHV, whose volunteers had been actively working on the ground in the affected areas. **A relief fund** was extended via **contribution of one day's salary** of our employees which was matched by the company. This was utilized towards rebuilding **two Zilla Parishad Schools** at **Kerala** which were completely destroyed during the floods.

## Rachana (Protection of National Heritage, Art & Culture)

Hikal supported a unique **musical and theatrical presentation**, that challenged established aesthetic binaries. Hikal is proud to have supported this initiative and hopes to make a difference in spreading awareness towards these lost musical and theatrical performances, which highlights the rich ancient tradition of our country.



**Jnanapravaha** facilitates critical thinking in the arts through courses, lectures, seminars, conversations and performances. With the aim of facilitating art education and providing space in the city of Mumbai for a global exchange of creative Indian thought, Hikal extended support to Jnanapravaha for the **second consecutive year**.

## Sampark (Employee Contribution)

Hikal celebrated '**Srijan – Sampark**' day on **July 11<sup>th</sup>, 2018** across all sites to commemorate the 30<sup>th</sup> Anniversary of Hikal. Employees in large numbers voluntarily came forward to contribute to the society by undertaking various activities such as tree plantation, a visit to zilla parishad schools, old age homes and orphanages, distribution of notebooks and uniforms in schools, organized medical check-up camps and painting competition at schools, delivered awareness lectures at villages, conducted cleanliness drive at local bus stops of their cities and organized various health and career related awareness campaigns in the nearby villages and schools.





# CORPORATE INFORMATION

## Board of Directors

Jai Hiremath - Chairman & Managing Director  
Sameer Hiremath - Joint Managing Director and CEO  
Baba Kalyani  
Prakash Mehta  
Shivkumar Kheny  
Kannan Unni  
Amit Kalyani  
Wolfgang Welter  
Ranjit Shahani  
Sugandha Hiremath

## Audit Committee

Kannan Unni  
Prakash Mehta  
Sugandha Hiremath  
Shivkumar Kheny

## Company Secretary

Sham Wahalekar

## Auditors

B S R & Co. LLP  
Chartered Accountants

## Bankers & Financial Institutions

Axis Bank Ltd.  
Central Bank of India  
Citibank N.A.  
DBS Bank Ltd  
Export Import Bank of India  
HDFC Bank Ltd  
International Finance Corporation  
IDBI Bank Ltd  
Kotak Mahindra Bank Ltd.  
Standard Chartered Bank  
Union Bank of India  
Yes Bank Ltd.  
Aditya Birla Finance Ltd.  
The Federal Bank Ltd.

## Legal Advisor

Malvi Ranchoddas & Co.

## Registered Office / Corporate Office

717/718, Maker Chambers V  
Nariman Point  
Mumbai 400 021

## Administrative Office

Great Eastern Chambers, 6<sup>th</sup> Floor  
Sector 11, C. B. D. Belapur  
Navi Mumbai 400 614

## Works

Mahad, Maharashtra  
Taloja, Maharashtra  
Panoli, Gujarat  
Pharmaceutical Unit-I & II, Jigani, Karnataka  
R&D Unit at Hinjewadi Pune, Maharashtra

## Registrars & Transfer Agents

Universal Capital Securities Pvt. Ltd.  
21, Shakil Niwas, Mahakali Caves Road,  
Opp. Satya Sai Baba Mandir,  
Andheri (East), Mumbai - 400 093.  
Tel: 022 - 2807 7203/04/05,  
Fax: 022 - 2807 7207

## Website

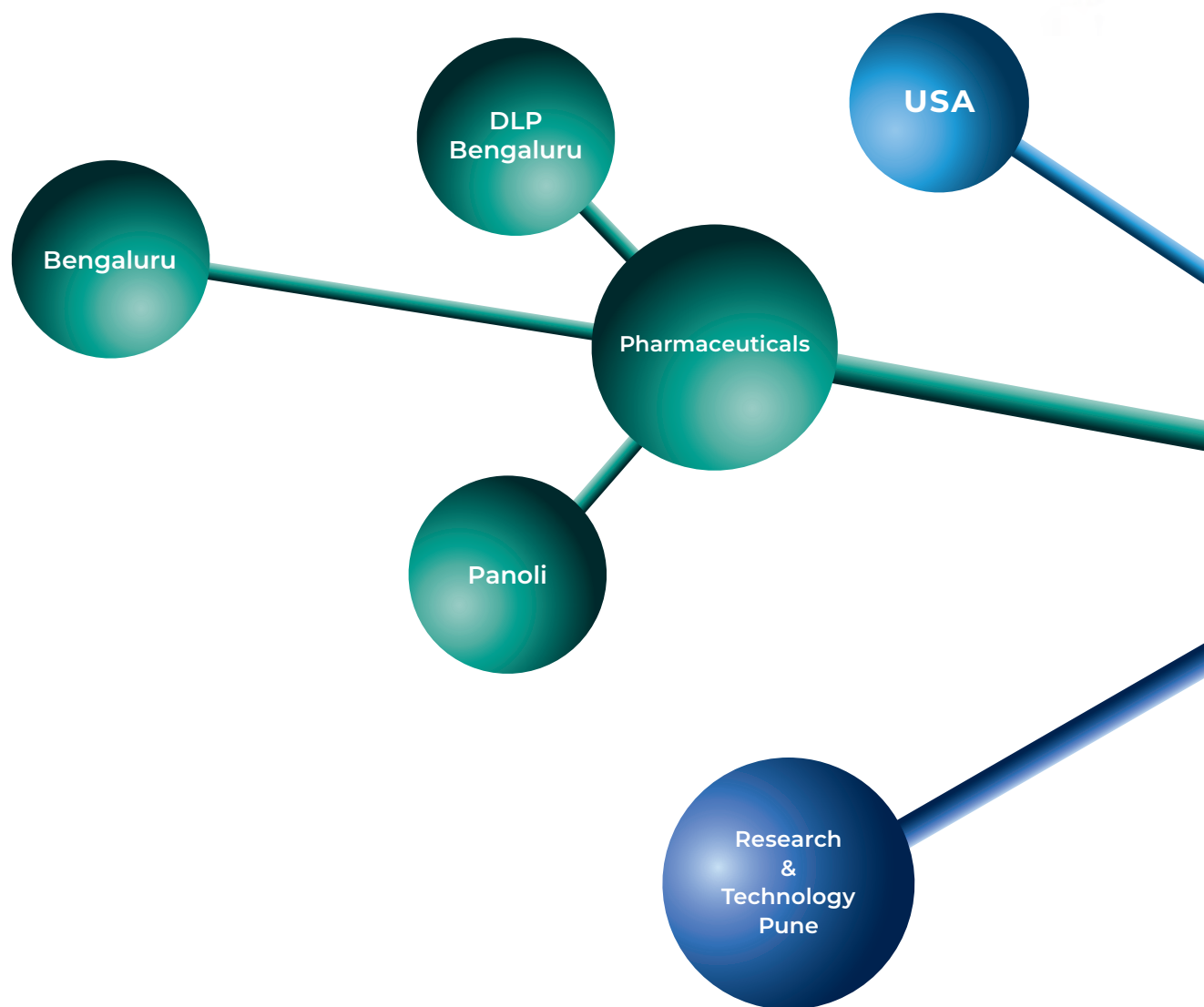
[www.hikal.com](http://www.hikal.com)

## Email

[info@hikal.com](mailto:info@hikal.com)



## GLOBAL PRESENCE





Europe

Japan

**HIKAL**  
Headquarters  
Mumbai

Panoli

Crop  
Protection

Mahad

Taloja

# FINANCIAL REPORT









## Directors' Report

To  
The Members,

The Directors are pleased to present the 31st Annual Report with the Audited Accounts for the financial year ended 31 March 2019.

### 1. FINANCIAL RESULTS

	<u>2018-19</u>	<u>2017-18</u>
	₹ in million	
Turnover	15,896	13,001
Profit before interest & depreciation	2,981	2,418
Interest	584	491
Profit before depreciation	2,397	1,927
Depreciation	929	856
Profit before taxation	1,491	1,115
Provision for taxation		
- Current tax	455	447
- Deferred tax liability / (assets)	5	(104)
Profit after tax	1,031	772
Reserves and surplus	7,316	6,529
Dividend on equity share	136	107
Tax on dividend	28	22

### 2. COMPANY PERFORMANCE

The Company achieved the highest ever revenue of ₹ 15,896 million in FY 2018-19, 22% higher than that of ₹ 13,001 million in the previous year. The sales of the Pharmaceutical business grew by 25% to ₹ 9,391 million while the sales of the Crop Protection business grew by 19% to ₹ 6,505 million.

The EBITDA margins have been steady and robust at around 19%, growing in line with the turnover to ₹ 2,981 million in FY 2018-19 from ₹ 2,418 million in the previous year. Absolute EBITDA increased by 23% amounting to ₹ 563 million. The Profit before Tax (PBT) has gone up by 34% to ₹ 1,491 million in FY 2018-19 from ₹ 1,115 million in the previous year. We crossed a milestone of over ₹ 1,000 million in Profit after Tax (PAT) which has also gone up by 34% to ₹ 1,031 million in FY 2018-19 from ₹ 772 million in the previous year. The Earning per Share (EPS) has gone up to ₹ 8.36 in FY 2018-19 from ₹ 6.26 in the previous year.

The free cash generated by the Company out of operations is healthy and growing in line with the turnover. The Company is incurring substantial capital expenditure for growth in the Pharmaceutical and Crop Protection businesses, to augment capacities for existing products and to create capacities for new products, as well as investments in Research & Technology.

The Company has prudently been funding the growth capex with a mix between internal accruals and long-term loans. In doing so, the Company is ensuring it maintains a healthy liquidity position and that its financial gearing and debt service coverage are at comfortable levels.

The Current Ratio of the Company is at a healthy 1.38 for FY 2018-19 as against 1.23 for the previous year. The Debt to Equity ratio has improved to 0.83 in FY 2018-19 from 0.91 in the previous year while the Debt Service Coverage Ratio (DSCR) has strengthened to 2.85 in FY 2018-19 from 2.29 in the previous year.

The Long-Term Credit Rating of the Company has been upgraded by ICRA during the FY 2018-19 from "A-" to "A" with a stable outlook while the Short Term Credit Rating has been upgraded from A2+ to A1. The rating upgrades reflect the comfortable liquidity position and the overall strong financial health of the Company.



### 3. EXPORTS

Exports for the year are ₹ 11,056 million (69% of total sales) as compared to ₹ 9,075 million (69% of total sales) in the previous year. We have diversified our customer base which includes more local customers who in turn re-export our manufactured products.

### 4. MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis on the operations of the company is provided in a separate section and forms a part of the report.

### 5. DIVIDEND

The Board declared an interim dividend of 30% which was paid to shareholders in February 2019 (previous year: 35%), and a final dividend of 60% including the interim dividend for the year (previous year: 60%) has been recommended for the year 2018-19.

### 6. SHARE CAPITAL

During the year under review Company has issued Bonus Shares on 26 June 2018 in the ratio of 1:2 i.e. one bonus equity share of ₹ 2 each fully paid-up for every two existing equity shares of ₹ 2 each fully paid-up held by the members and therefore there is change in paid-up share capital of the Company. Accordingly, the paid-up equity share capital as at 31 March 2019 stood at ₹246.6 million. During the year under review, the Company has not issued shares with differential voting rights nor granted any stock options or sweat equity. As on 31 March 2019 none of the Directors of the Company hold instruments convertible into equity shares of the Company.

### 7. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the annual return in form MGT-9, as required under Section 92 of the Companies Act, 2013, is included in this Report as "Annexure - A" and forms an integral part of this Report.

### 8. SUBSIDIARY ACCOUNTS

In terms of the approval granted by the Government of India, Ministry of Company Affairs under Section 129 (3) of the Companies Act, 2013, copies of the balance sheet, profit and loss account, directors' report and the report of the auditors of the subsidiary company Acoris Research Limited, have not been attached with the balance sheet of the Company. The Company will make available these documents / details upon request made by any shareholder of the Company interested in obtaining the documents / details, and they can also be inspected at the registered office of the Company as well as of the subsidiary. Pursuant to the approval, a statement of the summarized financials of the subsidiary is attached along with the consolidated financial statements. Pursuant to Ind AS 110 issued by the Institute of Chartered Accountants of India, the consolidated financial statements presented by the Company includes the financial information of its subsidiary.

### 9. DIRECTORS

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015.

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Company's Articles of Association, Mr. Babasaheb Kalyani, Director retires by rotation at the forthcoming Annual General Meeting, and being eligible, offers himself for re-appointment.

Details of the number of Board meetings held during 2018-19 form part of the Corporate Governance Report.

### 10. BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, a structured questionnaire was prepared after taking into consideration the various aspects of the Board's functioning, like composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance.

Pursuant to the Special Resolution passed on 26 March 2019 by way of Postal Ballot by the members of the Company, Mr. Prakash Mehta and Mr. Kanan Unni were re-appointed as Independent Directors of the Company for a period of 5 years with effect from 1 April 2019.

The performance evaluation of the Independent Directors was completed. The performance evaluation of the Chairman and the Non-independent Directors was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

#### **11. WHISTLEBLOWER POLICY**

The Company has a whistleblower policy to report genuine concerns or grievances. The whistleblower policy has been posted on the website of the Company ([www.hikal.com](http://www.hikal.com)).

#### **12. REMUNERATION AND NOMINATION POLICY**

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, key managerial personnel and senior management of the Company. The Nomination and Remuneration Policy of the Company is attached as "Annexure – F" to this report. This policy also lays down criteria for selection and appointment of Board members. The details of this policy are explained in the Corporate Governance Report and also put up on the website of the Company ([www.hikal.com](http://www.hikal.com)).

#### **13. RELATED PARTY TRANSACTIONS**

All related party transactions that were entered into during the financial year were at an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with promoters, directors, key managerial personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All related party transactions are placed before the Audit Committee as also the Board for approval.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website <https://www.hikal.com/uploads/documents/related-party-policy.pdf>

None of the Directors has any pecuniary relationships or transactions vis-a-vis the Company.

#### **14. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

There are no significant and material orders passed by the regulators / courts that could impact the going concern status of the Company and its future operations.

#### **15. RISK MANAGEMENT**

The Company has a robust business risk management framework in place to identify and evaluate all business risks. The company recognizes that risk management is a crucial aspect of the management of the Company, and is aware that identification and management of risk effectively is instrumental to achieving its corporate objectives.

The Company has identified the business risks, and the business heads, who are termed as risk owners, assess, monitor and manage these risks on an ongoing basis. The risk owners assess the identified risks and continually identify any new risks that can affect the business. Different risks such as technological, operational, maintenance of quality, reputational, competition, environmental, foreign exchange, financial, human resource, legal compliances among others are assessed on a continuous basis. The Risk Management Committee and Audit Committee review and submit to the Board of Directors their findings in the form of risk register at regular intervals. At the Board meetings, the members have a detailed discussion to assess each risk and the measures that are in place to lower them to acceptable limits.

The strategies are reviewed, discussed and allocation of appropriate resources is done as and when necessary. The risk management program, internal control systems and processes are monitored and updated on an ongoing basis. A built-up mechanism has been established to identify, measure, control, monitor and report the risks. Business heads are responsible for rolling out the risk assessment and management plan within the organization.

## **16. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has an internal control system, commensurate with the size, scale and complexity of its operations. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of the internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company and its subsidiaries. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen them. The Company has a robust management information system, which is an integral part of the control mechanism.

During the year, a thorough audit of the internal financial controls was carried out by an independent firm of chartered accountants.

## **17. KEY MANAGERIAL PERSONNEL**

The Company has appointed the following persons as key managerial personnel.

Mr. Jai Hiremath, Chairman & Managing Director

Mr. Sameer Hiremath, Joint Managing Director & CEO (Whole time Director)

Mr. Sham Wahalekar, Chief Financial Officer & Company Secretary

## **18. PARTICULARS OF LOANS, GUARANTEES & INVESTMENTS BY THE COMPANY**

The details under Section 186 of the Companies Act, 2013 are given in the notes to the financial statements.

## **19. DIRECTOR'S RESPONSIBILITY STATEMENT**

Your Directors state that:

- (i) In the preparation of the annual accounts, the applicable accounting standards read with requirements set out under Schedule III to the Companies Act, 2013 (the Act), have been followed and there are no material departures from the same;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31 March 2019 and of the profit of the Company for that year;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The annual accounts have been prepared on a going concern basis;
- (v) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- (vi) The Directors have devised a proper system to ensure compliance with the provision of all applicable laws and that such systems are adequate and are operating effectively.

## **20. AUDITOR**

M/s. B S R & Co. LLP, Chartered Accountants were appointed for a term of five years commencing 2014-15 to 2018-19. Term of existing Statutory Auditors is valid up to this i.e. 31st Annual General Meeting. Accordingly, under Section 139 of the Companies Act, 2013, it is necessary to appoint new Statutory Auditors in place of retiring Auditors i.e. B S R & Co. LLP.



On the Basis of recommendations made by Audit Committee, the Board of Directors has recommended the appointment of M/s. S R B C & Co LLP, Chartered Accountants, Mumbai, (FRN : 324982E/E300003), as Statutory Auditors of the Company to hold office from the conclusion of 31st Annual General Meeting of the Company till the conclusion of 36th Annual General Meeting to be held in the year 2024.

The Auditor's report prepared by M/s. B S R & Co. LLP, to the members on the accounts of the Company for the year ended 31 March, 2019 does not contain any qualifications, adverse or disclaimer remarks.

#### **21. COST AUDITOR**

The Company has re-appointed M/s. V. J. Talati & Co., as the Cost Auditor to carry out the audit of cost accounts for the financial year 2019-20. The cost audit report for the financial year 2017-18 was filed with the Ministry of Corporate Affairs, Government of India, on 3 September 2018.

#### **22. SECRETARIAL AUDITOR**

The Board has appointed M/s. Ashish Bhatt & Associates, Practicing Company Secretaries, to conduct a secretarial audit for the financial year 2018-19.

The secretarial audit report for the financial year ended 31 March 2019 is annexed herewith as "Annexure - B" to this Report. The secretarial audit report does not contain any qualifications, reservations or adverse remarks.

#### **23. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The Corporate Social Responsibility Committee (CSR Committee) has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR Policy may be accessed on the Company's website at: <https://www.hikal.com/uploads/documents/corporate-social-responsibility-polic-srijan.pdf>

##### **Policy Statement:**

As a socially responsible corporate member of the world community with long-term relationships, we believe that the future of our business is best served by respecting the interests of society at large. Through our efforts, we shall strive to improve the living standards of the community. Our CSR activities shall aim to make a difference to the lives of the needy, underprivileged members of society including children, women and senior citizens, and the environment.

The key philosophy of all CSR initiatives of the Company are guided by three core commitments of Scale, Impact and Sustainability. The Company has identified six focus areas of engagement which are as under:

- Health: Affordable solutions for healthcare through improved access, awareness and sanitation
- Education: Access to quality education, training, skill enhancement, enhancement of vocation skills
- Environment: Environmental sustainability, ecological balance, conservation of natural resources
- Protection of national heritage, art and culture: Protection and promotion of traditional art, culture and heritage
- Overall development activities in surrounding areas of Hikal's manufacturing sites for the benefit of society
- Contribution to Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development or welfare

##### **Implementation of the CSR Program**

1. Project activities identified under CSR are to be implemented either by personnel of the Company or through a registered trust or a registered society.
2. The time duration of each project / program shall depend on its nature and intended impact.

The Company also undertakes other need-based initiatives in compliance with Schedule VII of the Act. During the year, the Company has spent ₹ 18.24 million on CSR activities. Pursuant to the provisions of the Companies Act, 2013, the Company should have spent ₹ 15.30 million (being 2% of the average net profits of the last three financial years), during the financial year 2018-19.

The Annual Report on CSR activities is annexed herewith marked as "Annexure - C".

#### **24. PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE**

Pursuant to the provisions of the Prevention of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH Act"), the Company has adopted a "Policy on Appropriate Social Conduct at Workplace". The policy is applicable for all employees of the organization, which includes corporate office and manufacturing units etc. The policy is also applicable to non-employees as well i.e. business associates, vendors, trainees etc.

A Complaints Committee has also been set up to redress complaints received on sexual harassment as well as other forms of verbal, physical, written or visual harassment.

During the financial year under review, the Company did not receive any complaints of sexual harassment and no cases were filed under the POSH Act.

#### **25. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND ("IEPF")**

- **Transfer of Unclaimed Dividend to IEPF**

During the year under review, dividend amounting to ₹ 502,218 that had not been claimed by the shareholders for the year ended 31 March 2011, was transferred to the credit of IEPF as required under Sections 124 and 125 of the Act.

- **Unclaimed dividend as on 31 March 2019**

The Shareholders are requested to lodge their claims with the Registrar and Share Transfer Agents of the Company i.e. Universal Capital Securities Pvt. Ltd., for unclaimed dividend.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of Information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company on 8 August 2018 (date of the last Annual General Meeting) on the website of the Company, [www.hikal.com](http://www.hikal.com). The same are also available on the website of the Ministry of Corporate Affairs, [www.mca.gov.in](http://www.mca.gov.in).

- **Transfer of Equity Shares**

As required under Section 124 of the Act, 235,057 Equity Shares, in respect of which dividend has not been claimed by the members for seven consecutive years or more, have been transferred by the Company to the IEPF Authority. Details of such shares transferred have been uploaded on the website of the Company, [www.hikal.com](http://www.hikal.com). The same are also available on the website of the Ministry of Corporate Affairs, [www.mca.gov.in](http://www.mca.gov.in).

#### **26. SAFETY & ENVIRONMENT**

The Company continued to maintain the highest standards in environment, health and safety. The Company has become the first Indian life sciences company to receive the Responsible Care certification. It is applicable to all manufacturing and research sites of the Company. Continuous training and awareness programs for the employees are undertaken on a frequent basis.

#### **27. PUBLIC DEPOSITS**

The Company has not accepted any deposits and as such there are no overdue deposits outstanding as on 31 March 2019.

#### **28. EMPLOYEES**

The Company considers its human capital as an invaluable asset. The Company continued to have cordial relationships with all its employees. Management and employee development programs and exercises were conducted at all sites. Employees had various team building exercises and were sponsored for various external seminars and other developmental programs to enhance their skill sets. The total workforce of the Company stood at 1,587 as on 31 March 2019.

The information as required by the provisions of Section 197 (12) of the Companies Act, 2013, read with Rule 5 (1) of the Companies (Appointment and Remuneration of Management Personnel) Rules, 2014, as amended, from time to time, is enclosed herewith as "Annexure – D."

The statement containing particulars of employees as required under Section 197 (12) of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this report. Further, the report and the financial statements are being sent to the members, excluding the aforesaid statement. In terms of Section 136 of the Companies Act, 2013, the said statement is open for inspection by the members at the registered office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. Any member interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company.

**29. CONSERVATION OF ENERGY, RESEARCH & DEVELOPMENT TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

In accordance with the requirements of Section 134 (3) (m) of the Companies Act, 2013, read with rule 8 (3) of the Companies (Accounts) Rules, 2014, a statement showing particulars with respect to conservation of energy, technology absorption and foreign earnings and outgo forming part of the Directors' Report, is given in the enclosed "Annexure E" which forms part of this report.

**30. CORPORATE GOVERNANCE**

A report on Corporate Governance along with a certificate from the Auditors of the Company regarding the compliance of the code of Corporate Governance as also the Management Discussion and Analysis Report as stipulated under the provisions of Regulation 34 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 are annexed to this Report.

**31. ACKNOWLEDGEMENTS**

The Board of Directors place on record their appreciation of the contribution and sincere support extended to the Company by our bankers, financial institutions and valued customers and suppliers.

The Board also places on record its appreciation for the impeccable service and generous efforts rendered by its employees at all levels, across the Board towards the overall growth and success of the Company.

**32. CAUTIONARY STATEMENT**

Statements in the Board's Report and the Management Discussion and Analysis describing the Company's objectives, expectations or forecasts may be forward-looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices of finished goods, input availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

**For and on behalf of the Board of Directors**

Date: 9 May 2019

Place: Mumbai

**Jai Hiremath**  
**Chairman & Managing Director**  
DIN: 00062203



**“Annexure A”**

**Form No. MGT – 9  
EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31 March 2019

[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12 (1) of the Companies  
(Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS**

i.	CIN	L24200MH1988PTC048028
ii.	Registration Date	8 July 1988
iii.	Name of the Company	HIKAL LIMITED
iv.	Category / Sub-Category of the Company	Public Company / Limited by Shares
v.	Address of the registered office and contact details	717/718, Maker Chambers V Nariman Point, Mumbai 400 021. Tel: 91 22 3926 7100 / 6277 0477 Fax: 91 22 2283 3913 Website: www.hikal.com
vi.	Whether listed company	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Universal Capital Securities Pvt. Ltd. 21, Shakil Niwas, Opp. Satya Sai Baba Mandir, Mahakali Caves Road, Andheri (East), Mumbai - 400093 Tel: 91 22 2820 7203 / 04 / 05 Fax: 91 22 2820 7207 Website: www.unisec.in E-mail: info@unisec.in

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

(All the business activities contributing 10% or more of the total turnover of the Company shall be stated)

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Pharmaceuticals	210.2100.21001	59.00
2.	Agrochemicals	202.2021.20211	41.00
	Total		100.00

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sl. No.	Name And Address	CIN/GLN of the	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1.	Acoris Research Ltd. 603A, 6th Floor Great Eastern Chambers, Sector 11, Navi Mumbai 400614.	U72100MH2000 PLC127909	Subsidiary	100%	Section 2(87)

#### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### (i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(A) Promoter and Promoter Group</b>									
(1) Indian									
(a) Individuals / Hindu Undivided Family	7,863,400	-	7,863,400	9.57	11,795,100	-	11,795,100	9.57	-
(b) Central / State Government	-	-	-	-	-	-	-	-	-
(c) Bodies Corporate	48,115,110	-	48,115,110	58.53	72,172,664	-	72,172,664	58.53	-
(d) Banks / FI	-	-	-	-	-	-	-	-	-
(f) Any other (Specify)									
(f.i) Trusts	550,000	-	550,000	0.67	825,000	-	825,000	0.67	-
Sub - Total (A) (1)	56,528,510	-	56,528,510	68.77	84,792,764	-	84,792,764	68.77	-
(2) Foreign	-	-	-	-	-	-	-	-	-
(a) NRIs -Individuals	-	-	-	-	-	-	-	-	-
(b) Other Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corporate	-	-	-	-	-	-	-	-	-
(d) Institutions	-	-	-	-	-	-	-	-	-
(e) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(f) Any other (Specify)	-	-	-	-	-	-	-	-	-
Sub - Total (A)(2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter and Promoter Group (A) = (A) (1) + (A) (2)	56,528,510	-	56,528,510	68.77	84,792,764	-	84,792,764	68.77	-

Category of Shareholders		No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(B)	Public Shareholding									
(1)	Institutions									
(a)	Mutual Funds /UTI	3,502,253	-	3,502,253	4.26	2,178,153	-	2,178,153	1.77	-2.47
(b)	Financial Institutions /Banks	59,857	-	59,857	0.07	364,222	-	364,222	0.30	0.23
(c)	Central Government	-	-	-	-	-	-	-	-	-
(d)	State Govt(s)	-	-	-	-	-	-	-	-	-
(e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f)	Alternate Investment Fund	-	-	-	-	111,066	-	111,066	0.09	0.09
(g)	Foreign Institutional Investors	3,351,739	-	3,351,739	4.08	5,519,160	-	5,519,160	4.48	0.40
(h)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(i)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(j)	Insurance Company	-	100,500	100,500	0.12	-	150,750	150,750	0.12	-
(k)	Others (specify)	-	-	-	-	-	-	-	-	-
	Sub-total (B) (1)	6,913,849	100,500	7,014,349	8.53	8,172,601	150,750	8,323,351	6.75	-1.78
(2)	Non-institutions									
(a)	Bodies Corporate	1,834,792	-	1,834,792	2.23	2,441,465		2,441,465	1.98	-0.25
i.	Indian									
ii.	Overseas	-	-	-	-	-	-	-	-	-
(b)	Individuals									
i.	Individual Shareholders holding nominal share capital upto ₹1 Lakh.	8,246,879	317,310	8,564,189	10.42	16,077,564	282,919	16,360,483	13.27	2.85
ii.	Individual Shareholders holding nominal share capital in excess of ₹1Lakh.	1,277,140	-	1,277,140	1.55	7,601,403	-	7,601,403	6.16	4.61
(c)	Others (Specify)									
i.	Clearing Members	670,875	-	670,875	0.82	617,032	-	617,032	0.50	-0.32
ii.	Trusts	4,555	-	4,555	0.01	19,513	-	19,513	0.02	0.01
iii.	NRI / OCBs	437,825	-	437,825	0.53	1,003,704	11	1,003,715	0.81	0.28
iv.	Foreign Nationals	121,550	-	121,550	0.15	182,325	-	182,325	0.15	-
v.	Foreign Corporate Body	4,826,318	-	4,826,318	5.87	-	-	-	-	-5.87
vi.	LLP / Partnership Firm	25,931	-	25,931	0.03	111,574	-	111,574	0.09	0.06
vii.	NBFC	17,900	-	17,900	0.02	83,124	-	83,124	0.07	0.05
viii.	HUF	740,861	-	740,861	0.90	1,528,944	-	1,528,944	1.24	0.34
ix.	IEPF	135705	-	135705	0.17	235,057	-	235,057	0.19	0.02
	Sub-total (B) (2)	18,340,331	317,310	18,657,641	22.70	29,901,705	282,930	30,184,635	24.48	1.78
(B)	Total Public Shareholding (B) = (B) (1) + (B) (2)	25,254,180	417,810	25,671,990	31.23	38,074,306	433,680	38,507,986	31.23	-
	TOTAL (A) + (B)	81,782,690	417,810	82,200,500	100.00	123,300,750	433,680	123,300,750	100.00	-
(C)	Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
	Grand Total (A+B+C)	81,782,690	417,810	82,200,500	100.00	123,300,750	433,680	123,300,750	100.00	-

Note: Company has issued 41,100,250 Bonus equity shares of ₹ 2 each on 26 June 2018 and therefore there is change in paid-up share capital of the Company.



(ii) Shareholding of Promoters

Sr. No.	Category of Shareholders	Shareholding at the beginning of the year			Cumulative Shareholding during the year			% of change during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Anish Dilip Swadi	5,000	0.01	-	7,500	0.01	-	-
2	Jai V. Hiremath	893,750	1.09	-	1,340,625	1.09	-	-
3	Pallavi J. Hiremath	254,000	0.31	-	381,000	0.31	-	-
4	Pooja Hiremath	5,000	0.01	-	7,500	0.01	-	-
5	Sameer Hiremath	260,650	0.32	-	390,975	0.32	-	-
6	Sugandha Jai Hiremath	6,445,000	7.84	-	9,667,500	7.84	-	-
7	BF Investment Limited	2,182,250	2.65	-	3,273,375	2.65	-	-
8	Decent Electronics Pvt Ltd	33,000	0.04	-	49,500	0.04	-	-
9	Ekdant Investment Pvt Ltd	262,535	0.32	-	393,802	0.32	-	-
10	Kalyani Investment Company Limited	25,778,250	31.36	-	38,667,375	31.36	-	-
11	Karad Engineering Consultancy Pvt Ltd	42,500	0.05	-	63,750	0.05	-	-
12	Shri Badrinath Investment Pvt Ltd	13,276,575	16.15	-	19,914,862	16.15	-	-
13	Shri Rameshwara Investment Pvt Ltd	6,540,000	7.96	-	9,810,000	7.96	-	-
14	Sumer Trust	50,000	0.06	-	75,000	0.06	-	-
15	Rhea Trust	50,000	0.06	-	75,000	0.06	-	-
16	Nihal Trust	50,000	0.06	-	75,000	0.06	-	-
17	Anika Trust	50,000	0.06	-	75,000	0.06	-	-
18	Pooja Trust	50,000	0.06	-	75,000	0.06	-	-
19	Anish Trust	50,000	0.06	-	75,000	0.06	-	-
20	Pallavi Trust	125,000	0.15	-	187,500	0.15	-	-
21	Sameer Trust	125,000	0.15	-	187,500	0.15	-	-
	TOTAL	56,528,510	68.77	-	84,792,764	68.77	-	-

Note: Company has issued issued 41,100,250 Bonus equity shares of ₹ 2 each on 26 June 2018, in the ratio of 1:2 i.e. one bonus equity share of ₹ 2 each fully paid-up for every two existing equity shares of ₹ 2 each fully paid-up held by the members and therefore there is change in paid-up share capital of the Company. Accordingly, Promoters Shareholding has increased due to the allotment of bonus shares. None of promoters of the Company have bought shares during the Financial Year 2018-19.

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	Name of the Promoter	Shareholding at the beginning of the year		Datewise increase / decrease in Shareholding during the year			Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	Date	Reason	No. of Shares	No. of shares	% of total shares of the Company
1	Anish Dilip Swadi	5,000	0.01	01-Apr-2018	-	-	5,000	0.01
				06-Jul-2018	Bonus Shares	2,500	7,500	0.01
				31-Mar-2019	-	-	7,500	0.01
2	Jai V. Hiremath	893,750	1.09	01-Apr-2018	-	-	893,750	1.09
				06-Jul-2018	Bonus Shares	446,875	1,340,625	1.09
				31-Mar-2019	-	-	1,340,625	1.09
3	Pallavi A Swadi	254,000	0.31	01-Apr-2018	-	-	254,000	0.31
				06-Jul-2018	Bonus Shares	127,000	381,000	0.31
				31-Mar-2019	-	-	381,000	0.31
4	Pooja Hiremath	5,000	0.01	01-Apr-2018	-	-	5,000	0.01
				06-Jul-2018	Bonus Shares	2,500	7,500	0.01
				31-Mar-2019	-	-	7,500	0.01
5	Sameer Hiremath	260,650	0.32	01-Apr-2018	-	-	260,650	0.32
				06-Jul-2018	Bonus Shares	130,325	390,975	0.32
				31-Mar-2019	-	-	390,975	0.32
6	Sugandha Jai Hiremath	6,445,000	7.84	01-Apr-2018	-	-	6,445,000	7.84
				06-Jul-2018	Bonus Shares	3,222,500	9,667,500	7.84
				31-Mar-2019	-	-	9,667,500	7.84
7	BF Investment Limited	2,182,250	2.65	01-Apr-2018	-	-	2,182,250	2.65
				06-Jul-2018	Bonus Shares	1,091,125	3,273,375	2.65
				31-Mar-2019	-	-	3,273,375	2.65
8	Decent Electronics Pvt. Ltd.	33,000	0.04	01-Apr-2018	-	-	33,000	0.04
				06-Jul-2018	Bonus Shares	16,500	49,500	0.04
				31-Mar-2019	-	-	49,500	0.04
9	Ekdant Investment Pvt. Ltd.	262,535	0.32	01-Apr-2018	-	-	262,535	0.32
				06-Jul-2018	Bonus Shares	131,267	393,802	0.32
				31-Mar-2019	-	-	393,802	0.32
10	Kalyani Investment Company Limited	25,778,250	31.36	01-Apr-2018	-	-	25,778,250	31.36
				06-Jul-2018	Bonus Shares	12,889,125	38,667,375	31.36
				31-Mar-2019	-	-	38,667,375	31.36
11	Karad Engineering Consultancy Pvt. Ltd.	42,500	0.05	01-Apr-2018	-	-	42,500	0.05
				06-Jul-2018	Bonus Shares	21,250	63,750	0.05
				31-Mar-2019	-	-	63,750	0.05
12	Shri Badrinath Investment Pvt. Ltd.	13,276,575	16.15	01-Apr-2018	-	-	13,276,575	16.15
				06-Jul-2018	Bonus Shares	6,638,287	19,914,862	16.15
				31-Mar-2019	-	-	19,914,862	16.15
13	Shri Rameshwara Investment Pvt. Ltd.	6,540,000	7.96	01-Apr-2018	-	-	6,540,000	7.96
				06-Jul-2018	Bonus Shares	3,270,000	9,810,000	7.96
				31-Mar-2019	-	-	9,810,000	7.96
14	Sumer Trust	50,000	0.06	01-Apr-2018	-	-	50,000	0.06
				06-Jul-2018	Bonus Shares	25,000	75,000	0.06
				31-Mar-2019	-	-	75,000	0.06
15	Rhea Trust	50,000	0.06	01-Apr-2018	-	-	50,000	0.06
				06-Jul-2018	Bonus Shares	25,000	75,000	0.06
				31-Mar-2019	-	-	75,000	0.06
16	Nihal Trust	50,000	0.06	01-Apr-2018	-	-	50,000	0.06
				06-Jul-2018	Bonus Shares	25,000	75,000	0.06
				31-Mar-2019	-	-	75,000	0.06
17	Anika Trust	50,000	0.06	01-Apr-2018	-	-	50,000	0.06
				06-Jul-2018	Bonus Shares	25,000	75,000	0.06
				31-Mar-2019	-	-	75,000	0.06
18	Pooja Trust	50,000	0.06	01-Apr-2018	-	-	50,000	0.06
				06-Jul-2018	Bonus Shares	25,000	75,000	0.06
				31-Mar-2019	-	-	75,000	0.06
19	Anish Trust	50,000	0.06	01-Apr-2018	-	-	50,000	0.06
				06-Jul-2018	Bonus Shares	25,000	75,000	0.06
				31-Mar-2019	-	-	75,000	0.06
20	Pallavi Trust	125,000	0.15	01-Apr-2018	-	-	125,000	0.15
				06-Jul-2018	Bonus Shares	62,500	187,500	0.15
				31-Mar-2019	-	-	187,500	0.15
21	Sameer Trust	125,000	0.15	01-Apr-2018	-	-	125,000	0.15
				06-Jul-2018	Bonus Shares	62,500	187,500	0.15
				31-Mar-2019	-	-	187,500	0.15

Note: Company has issued 41,100,250 Bonus equity shares of ₹ 2 each on 26 June 2018, in the ratio of 1:2 i.e. one bonus equity share of ₹ 2 each fully paid-up for every two existing equity shares of ₹ 2 each fully paid-up held by the members and therefore there is change in paid-up share capital of the Company. The said bonus shares credited to the demat account of respective members of the Company on 6 July 2018. Accordingly, Promoters Shareholding has increased due to the allotment of bonus shares. None of promoters of the Company have bought shares during the Financial Year 2018-19.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	Name of the Promoter	Shareholding at the beginning of the year		Datewise increase / decrease in Shareholding during the year			Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	Date	Reason	No. of Shares	No. of shares	% of total shares of the Company
1	GOVERNMENT PENSION FUND GLOBAL	1,300,000	1.58	06-Jul-2018	Bonus	650,000	1,950,000	1.58
				22-Feb-2019	Purchase	250000	2,200,000	1.78
				31-Mar-2019	-	-	2,200,000	1.78
2	ASHISH KACHOLIA	-	-	07-Sep-2018	Purchase	2,000,000	2,000,000	1.62
				15-Feb-2019	Purchase	12,449	2,012,449	1.63
				22-Feb-2019	Purchase	12,551	2,025,000	1.64
				01-Mar-2019	Purchase	25,000	2,050,000	1.66
				31-Mar-2019	-	-	2,050,000	1.66
3	MADHULIKA AGARWAL	-	-	07-Sep-2018	Purchase	1,779,967	1,779,967	1.44
				29-Sep-2018	Purchase	200,000	1,979,967	1.61
				22-Feb-2019	Purchase	25,000	2,004,967	1.63
				01-Mar-2019	Purchase	45,000	2,049,967	1.66
				31-Mar-2019	-	-	2,049,967	1.66
4	CANARA ROBECO MUTUAL FUND A/C CANARA ROBECO EMERGING EQUITIES	1,137,954	1.38	01-Jun-2018	Sale	(141,610)	996,344	1.21
				06-Jul-2018	Bonus	498,172	1,494,516	1.21
				02-Nov-2018	Sale	(277,026)	1,217,490	0.99
				11-Jan-2019	Purchase	57,798	1,275,288	1.03
				25-Jan-2019	Purchase	30,800	1,306,088	1.06
				08-Feb-2019	Purchase	64,622	1,370,710	1.11
				15-Feb-2019	Purchase	79,293	1,450,003	1.18
				31-Mar-2019	-	-	1,450,003	1.18
5	SONIA GULATI	234,000	0.29	13-Apr-2018	Purchase	390,000	624,000	0.76
				06-Jul-2018	Bonus	312,000	936,000	0.76
				15-Mar-2019	Sale	(224,000)	712,000	1.18
				31-Mar-2019	-	-	712,000	1.18
6	DANSKE INVEST SICAV - SIF - EMERGING AND FRONTIER MARKETS SMID II	489,503	0.60	06-Jul-2018	Bonus	244,751	734,254	0.60
				07-Sep-2018	Sale	(24,000)	710,254	0.58
				14-Sep-2018	Sale	(40,000)	670,254	0.54
				21-Sep-2018	Sale	(20,000)	650,254	0.53
				31-Mar-2019	-	-	650,254	0.53
7	HIRZEL CAPITAL MASTER FUND, L.P.	396,980	0.48	06-Apr-2018	Purchase	100,000	496,980	0.61
				06-Jul-2018	Bonus	248,490	745,470	0.60
				14-Sep-2018	Sale	(58,464)	687,006	0.56
				21-Sep-2018	Sale	(26,009)	660,997	0.54
				12-Oct-2018	Sale	(18,076)	642,921	0.52
				31-Mar-2019	-	-	642,921	0.52
8	GAURISHANKAR NEELKANTH KALYANI	283,500	0.34	06-Jul-2018	Bonus	141,750	425,250	0.34
				31-Mar-2019	-	-	425,250	0.34
9	THE EMERGING MARKETS SMALL CAP SERIES OF THE DFA INVESTMENT TRUST COMPANY	146,707	0.17	13-Apr-2018	Purchase	4,497	151,204	0.18
				20-Apr-2018	Purchase	2,090	153,294	0.19
				11-May-2018	Purchase	4,053	157,347	0.19
				18-May-2018	Purchase	8,282	165,629	0.20
				25-May-2018	Purchase	11,813	177,442	0.22
				01-Jun-2018	Purchase	7,231	184,673	0.22
				06-Jul-2018	Bonus	92,336	277,009	0.22
				11-Jan-2019	Purchase	6,922	283,931	0.23
				18-Jan-2019	Purchase	11,773	295,704	0.24
				25-Jan-2019	Purchase	13,802	309,506	0.25
				01-Feb-2019	Purchase	17,571	327,077	0.27
				08-Feb-2019	Purchase	7,540	334,617	0.27
				31-Mar-2019	-	-	334,617	0.27



Sr. No.	Name of the Promoter	Shareholding at the beginning of the year		Datewise increase / decrease in Shareholding during the year			Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	Date	Reason	No. of Shares	No. of shares	% of total shares of the Company
10	IDFC STERLING EQUITY FUND	900,000	1.09	11-May-2018	Sale	(22,189)	877,811	1.06
				18-May-2018	Sale	(70,490)	807,321	0.98
				01-Jun-2018	Sale	(135)	807,186	0.98
				15-Jun-2018	Sale	(47,186)	760,000	0.92
				22-Jun-2018	Sale	(27,597)	732,403	0.89
				30-Jun-2018	Sale	(15,843)	716,560	0.58
				06-Jul-2018	Bonus	354,780	1,071,340	0.87
				27-Jul-2018	Sale	(5,835)	1,065,505	0.86
				10-Aug-2018	Sale	(51,987)	1,013,518	0.82
				24-Aug-2018	Sale	(6,848)	1,006,670	0.82
				31-Aug-2018	Sale	(48,615)	958,055	0.78
				07-Sep-2018	Sale	(358,055)	600,000	0.49
				14-Sep-2018	Sale	(100,000)	500,000	0.41
				16-Nov-2018	Sale	(46863)	453,137	0.37
				11-Jan-2019	Purchase	46863	500,000	0.41
				08-Mar-2019	Sale	(200000)	300,000	0.24
				15-Mar-2019	Sale	(203759)	96,241	0.08
				30-Mar-2019	Sale	(74241)	22,000	0.02
				31-Mar-2019	-	-	22,000	0.02
11	INTERNATIONAL FINANCE CORPORATION	4,826,318	5.87	27-Apr-2018	Sale	(322844)	4503474	5.47
				11-May-2018	Sale	(91191)	4412283	5.36
				06-Jul-2018	Bonus	2206141	6618424	5.37
				10-Aug-2018	Sale	(139568)	6478856	5.25
				17-Aug-2018	Sale	(45432)	6433424	5.22
				24-Aug-2018	Sale	(1166793)	5266631	4.27
				31-Aug-2018	Sale	(1284114)	3982517	3.23
				07-Sep-2018	Sale	(3982517)	-	-
				31-Mar-2019	-	-	-	-

#### (V) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Sr. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Babasaheb Neelkanth Kalyani	15,000	0.02	22,500	0.02
2	Shivkumar Kheny	30,750	0.04	46,125	0.04
3	Kandankote Kannan Unni	10,000	0.01	20,000	0.02
4	Prakash Mehta	9,850	0.01	14,775	0.01
5	Amit Babasaheb Kalyani	Nil	-	Nil	-
6	Sameer Hiremath	260,650	0.32	390,975	0.32
7	Sugandha Hiremath	6,445,000	7.84	9,667,500	7.84
8	Jai Hiremath	893,750	1.09	1,340,625	1.09
9	Dr. Wolfgang Welter	Nil	-	Nil	-
10	Mr. Ranjit Shahani	Nil	-	Nil	-
11	Sham Wahalekar	9,000	0.01	13,500	0.01

Note: Company has issued 41,100,250 Bonus equity shares of ₹ 2 each on 26 June 2018, in the ratio of 1:2 i.e. one bonus equity share of ₹ 2 each fully paid-up for every two existing equity shares of ₹ 2 each fully paid-up held by the members and therefore there is change in directors shareholding. None of the Directors of the Company have purchased shares except Mr. Kannan Unni, who has purchased 5,000 shares during the financial year 2018-19.

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(₹ in Million)

	Secured loans excluding deposits	Unsecured loans	Total indebtedness
Indebtedness at the beginning of the financial year			
i. Principal amount	6,350.92	-	6,350.92
ii. Interest due but not paid	-	-	-
iii. Interest accrued but not due	18.60	-	18.60
Total (i + ii + iii)	6,369.52	-	6,369.52
Change in Indebtedness during the financial year (net change)	258.74	-	258.74
Indebtedness at the end of the financial year			
i. Principal amount	6,609.25	-	6,609.25
ii. Interest due but not paid	-	-	-
iii. Interest accrued but not due	19.01	-	19.01
Total (i + ii + iii)	6,628.26	-	6,628.26

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Wholtime Directors and / or Managers:

(₹ in Million)

Sr No.	Particulars of Remuneration	Name of MD / WTD / Manager		Total Amount
		Jai Hiremath Chairman & Managing Director	Sameer Hiremath Joint Managing Director & CEO	
1	Gross Salary (a) Salary as per provisions contained in section 17 (1) of the Income-tax Act, 1961	30.43	19.55	49.98
	(b) Value of perquisites u/s 17 (2) of the Income-tax Act, 1961	7.16	2.16	9.32
	(c) Profits in lieu of salary under section 17 (3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	15.44	15.44	30.88
	- as % of Profit	1%	1%	2%
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	Total (A)	53.03	37.15	90.18
	Ceiling as per the Act @ 10% of profit calculated under Section 198 of the Companies Act, 2013			154.83

.....Cont.

**B. Remuneration to other Directors:**

(₹ in Million)

Sr. No.	Particulars of Remuneration	Name of Directors								Total Amount
		Baba Kalyani, NED	Amit Kalyani, NED	Sugandha Hiremath, NED	K. K. Unni, NEID	Prakash Mehta, NEID	S. M. Kheny, NEID	Wolfgang Welter, NEID	Ranjit Shahani, NEID	
1	Independent Directors (a) Fee for attending board / committee meetings	-	-	-	1.10	1.40	0.90	0.50	0.40	4.3
	(b) Commission	-	-	-	0.96	0.96	0.96	0.96	0.96	4.8
	(c) Others, please specify	-	-	-	-	-	-	-	-	-
	Total (1)	-	-	-	2.06	2.36	1.86	1.46	1.36	9.1
2	Other Non-Executive Directors (a) Fee for attending board / committee meetings	0.20	0.30	1.20	-	-	-	-	-	1.70
3	(b) Commission	0.96	0.96	0.96	-	-	-	-	-	2.88
4	(c) Others, please specify	-	-	-	-	-	-	-	-	-
	Total (2)	1.16	1.26	2.16	-	-	-	-	-	-
TOTAL (B) = (1 + 2)		1.16	1.26	2.16	2.06	2.36	1.86	1.46	1.36	13.68
Total Managerial Remuneration		-	-	-	-	-	-	-	-	103.86
Ceiling as per the Act @ 1% of profit calculated under Section 198 of the Companies Act, 2013										15.48

NED = Non-Executive Director and NEID – Non-executive Independent Director

**C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD**

(₹ in Million)

Sr. No.	Particulars of Remuneration	Name of the KMP
		Sham Wahalekar, Company Secretary & CFO
1	Gross Salary (a) Salary as per provisions contained in section 17 (1) of the Income-tax Act, 1961	11.57
	(b) Value of perquisites u/s 17 (2) of the Income-tax Act, 1961	-
	(c) Profits in lieu of salary under section 17 (3) of the Income-tax Act, 1961	-
	(b) Value of perquisites u/s 17 (2) of the Income-tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission	-
	- as % of Profit	-
	- others, specify	-
5	Others, please specify	-
	Total	11.57



## VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty			Not Applicable		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			Not Applicable		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			Not Applicable		
Punishment					
Compounding					

**“Annexure - B”**

**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED ON 31 MARCH 2019**

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

To,

The Members, Hikal Limited

717/718, Maker Chambers V, Nariman Point, Mumbai - 400021, Maharashtra

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Hikal Limited (hereinafter called the Company). The Secretarial Audit was conducted in a manner which provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31 March 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board- processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment, External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during audit period)
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during audit period);
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during audit period); and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during audit period);

- (vi) We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company. The list of major head/groups of Acts, Laws and Regulations as applicable to the Company is given in Annexure I.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings and agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

**We further report that:**

there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that:**

during the audit period the Company has passed the following special/ordinary resolutions which are having major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

1. Payment of remuneration by way of commission on net profit to the Non-Executive Directors of the Company.
2. Reclassification of Authorised Share Capital of the Company and consequently alteration of capital clause in the Memorandum of Association of the Company.
3. Change in Authorised Share capital of the Company and consequently alteration of capital clause in the Article of Association of the Company.
4. Issue of Bonus Shares in the proportion of 1(one) fully paid up equity share for every 2 fully paid up equity shares.

For Ashish Bhatt & Associates

Ashish Bhatt  
Practicing Company Secretary  
FCS No: 4650  
C.P. No. 2956

Place: Thane  
Date: 9 May 2019



**Annexure I**  
**List of applicable laws to the Company**

Under the Major Group and Head

1. Drugs & Cosmetics Act, 1940,
2. Drugs (Prices Control) Order 2013.
3. Factories Act, 1948;
4. Industries (Development & Regulation) Act, 1951
5. Labour Laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.;
6. Acts prescribed under prevention and control of pollution;
7. Acts prescribed under Environmental protection;
8. Acts as prescribed under Direct Tax and Indirect Tax
9. Land Revenue laws of respective States;
10. Labour Welfare Act of respective States;
11. Trade Marks Act 1999.
12. The Legal Metrology Act, 2009

For Ashish Bhatt & Associates

Ashish Bhatt  
Practicing Company Secretary  
FCS No: 4650  
C.P. No. 2956

Place: Thane  
Date: 9 May 2019

**“Annexure - C”**

**THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT**

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:  
As mentioned at Sr. No.23 of the Directors' Report.
2. The composition of the CSR Committee:  
Mr. Jai Hiremath - Chairman & Managing Director, Mr. Sameer Hiremath - President & Joint Managing Director, Mr. Prakash Mehta - Independent Non-Executive Director and Mrs. Sugandha Hiremath, Non-Executive Director. Mr. Jai Hiremath is the Chairman of the Company's CSR Committee.
3. Average net profit of the Company for last three financial years:  
₹ 765.23 million
4. Prescribed CSR Expenditure (two percent of the amount as mentioned in item 3 above):  
₹ 15.30 million
5. Details of CSR spent during the financial year:  
a) Total amount to be spent for the financial year: ₹ 15.30 million  
b) Amount un-spent, if any: NIL  
c) Manner in which the amount was spent during financial year, is detailed below :

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR Project or Activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs (1) Direct Expenditure on projects or programs (2) Overheads	Cumulative Expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1.	Contribution to Disaster Relief Fund	Disaster Relief Fund	Kerala	Nil	0.777 million	0.777 million	Indirect
2.	Promoting vocational skills	Education	Local Area, Mumbai	4.500 million	1.150 million	4.106 million	Direct
3.	Promoting vocational skills	Education	Local Area, Mumbai	Nil	0.010 million	0.010 million	Direct
4.	Promoting sports	Education	Local Area, Mumbai	Nil	0.033 million	0.033 million	Indirect
5.	Ensuring Environmental Sustainability & Ecological Balance	Ensuring Environmental Sustainability & Ecological Balance	Maharashtra	1.116 million	1.116 million	1.116 million	Indirect
6.	Preserving art, culture & heritage	Preserving art, culture & heritage	Local Area, Mumbai	0.900 million	0.910 million	0.910 million	Direct
7.	Promoting health care & sanitation	Promoting health care & sanitation	Navi Mumbai	Nil	0.600 million	0.600 million	Direct
8.	Education	Education	Mahad, Maharashtra	0.679 million	0.679 million	0.679 million	Indirect
9.	Ensuring Environmental Sustainability & Ecological Balance	Ensuring Environmental Sustainability & Ecological Balance	Mahad, Maharashtra	1.400 million	1.400 million	1.400 million	Indirect
10.	Education	Education	Pune, Maharashtra	0.510 million	0.517 million	0.517 million	Indirect
11.	Promoting preventive health care	Promoting preventive health care	Pune, Maharashtra	Nil	0.021 million	0.021 million	Direct
12.	Education & Promoting Skill Development	Education & Promoting Skill Development	Taloja, Maharashtra	Nil	0.886 million	0.886 million	Indirect
13.	Promoting health care & sanitation	Promoting health care & sanitation	Taloja, Maharashtra	Nil	0.015 million	0.015 million	Direct

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR Project or Activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs (1) Direct Expenditure on projects or programs (2) Overheads	Cumulative Expenditure upto the reporting period	Amount spent: Direct or through implementing agency
14.	Education	Education	Panoli, Gujarat	Nil	0.011 million	0.011 million	Direct
15.	Promoting preventive health care & sanitation and support to senior citizens	Promoting preventive health care & sanitation and support to senior citizens	Panoli, Gujarat	Nil	0.908 million	0.908 million	Indirect
16.	Education	Education	Jigani, Karnataka	0.900 million	0.942 million	0.942 million	Direct
17.	Ensuring Environmental Sustainability & Ecological Balance	Ensuring Environmental Sustainability & Ecological Balance	Jigani, Karnataka	8.000 million	8.187 million	8.187 million	Indirect
18.	Promoting preventive health care & sanitation	Promoting preventive health care & sanitation	Jigani, Karnataka	Nil	0.079 million	0.079 million	Direct
19.	Support to Orphans	Support to Orphans	Jigani, Karnataka	Nil	0.002 million	0.002 million	Direct
	<b>TOTAL</b>			<b>18.005 million</b>	<b>18.243 million</b>	<b>18.243 million</b>	

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, reasons for not spending the amount in its Board Report: Not Applicable.

7. A responsibility statement of the Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company: The implementation and monitoring of the CSR Policy, is in compliance with the CSR objectives and policy of the Company.

**Jai Hiremath**  
**Chairman & Managing Director and**  
**Chairman of CSR Committee**

Date: 9 May 2019

Place: Mumbai

DIN: 00062203

## ANNEXURE “D”

### A) Remuneration to Directors and Key Managerial Personnel

I. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during FY2018-19, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for FY2018-19 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sr. No.	Name of Director / KMP and designation	Remuneration ₹ in million	% increase in remuneration FY 2018-19	Ratio of remuneration of each director to median remuneration of employee
1	Jai Hiremath Chairman & Managing Director	53.03	27.08	108.22:1
2	Sameer Hiremath Joint Managing Director & CEO	37.15	30.26	75.82:1
3	Sugandha Hiremath Non-executive Director	2.16	NA	4.41:1
4	B. N. Kalyani Non-executive Director	1.16	NA	2.37:1
5	Amit Kalyani Non-executive Director	1.26	NA	2.57:1
6	Kannan Unni Independent Director	2.06	NA	4.20:1
7	Prakash Mehta Independent Director	2.36	NA	4.81:1
8	Shivkumar Kheny Independent Director	1.86	NA	3.80:1
9	Wolfgang Welter Independent Director	1.46	NA	2.98:1
10	Ranjit Shahani Independent Director	1.36	NA	2.78:1
11	Sham Wahalekar CFO & Company Secretary	11.57	9.05	23.61:1

- ii. The median remuneration of employees of the Company during FY 2018-19 was ₹ 492020;
  - iii. In the financial year, there was an increase of 8% in the median remuneration of employees;
  - iv. There were 1,587 permanent employees on the rolls of the Company as on 31 March 2019;
  - v. Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. FY 2018-19 was 8%. As regards managerial remuneration, details of remuneration paid to whole time directors are given in a tabular format earlier in this Report. Percentage increase of managerial remuneration in the financial year i.e. FY 2018-19 is 28.37%, as compared to previous financial year.
  - vi. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for directors, key managerial personnel and other employees.
- B) None of the whole time directors received any commission nor any remuneration from any of the Company's subsidiaries.



## “Annexure E”

### INFORMATION AS PER SECTION 134 (3) (m) READ WITH RULE 8 (3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH, 2019.

#### I. CONSERVATION OF ENERGY

Energy conservation is integral to Hikal's business philosophy. We aggressively implement and monitor conservation initiatives at all our sites to reduce our carbon footprint as well as reduce fuel and power costs. Here are some of the energy conservation activities we have undertaken at some of our key sites:

- a) Steps taken for conservation of energy:
  - “High efficiency transformer” installed which is more efficient than standard transformers and reduces power losses in Panoli
  - Increased condensate recovery from 10% to 45% which contributed to fuel savings and reduced water consumption and effluent levels in Panoli
  - More than half of the CFL and Mercury Vapor lamp at Jigani Unit-1 and Taloja were replaced with LED lights which consume less energy and are longer lasting
  - Automation of the chiller was done in order to identify the heat requirement of the chiller and therefore optimize the amount of energy required at Jigani Unit-1
  - A Capacitor was also installed in the plant to increase the power factor which leads to better utilization of power at Jigani Unit-1
- b) Steps taken by the Company for utilizing alternative sources of energy:
  - Due to high energy consumption in Jigani plant, alternative sources of energy through third parties (solar and wind energy) were purchased satisfying almost half of the company's energy requirement, reducing the cost per unit of energy used
  - Plans to install the solar panels at the Taloja plant is in process
  - Plans are in progress to install solar panels at the site itself which will be able to satisfy around 70-80% of the energy needs at our Jigani plant
- c) Capital investment on energy conservation equipment:
  - Installation of high efficiency transformer at Panoli
  - Installation of dry vacuum pumps in Mahad (Replacement of steam ejector vacuum pump by Dry vacuum pump - reduces steam and effluent in Mahad)
  - Installation of economizer for heat recovery in Panoli
  - A Capacitor was also installed in Jigani plant to increase the power factor which leads to better utilization of power
  - Installing heat pumps which will be more efficient and environment friendly compared to the boiler
  - Replacement of remaining CFL lamps to LED lamps at Jigani

#### II. TECHNOLOGY ABSORPTION:

##### A) Efforts made towards technology absorption:

We have continued to develop products with innovative and greener processes so that we are able to compete effectively in the competitive marketplace. This year, our technology absorption team (TAT) has focused on reducing effluent generation and improving throughput of the molecular reactions to make the processes cleaner and more robust. In one of our contract manufacturing products for a European pharmaceutical company, we developed a novel process that replaced organic solvents with water thereby reducing the effluents and the waste generated from the process. Additionally, we have incorporated the philosophy of Quality by Design (QbD) to ensure a systematic approach to product development thereby ensuring quality and product performance. In an effort to expand our offerings, we have filed three DMFs and one VMF this year and we plan to continuously increase our portfolio in both the Pharmaceuticals and Crop Protection space in the coming years.

We continue to support our customers by developing innovative processes and technologies for complex starting materials, advanced intermediates and APIs. Our cutting-edge chemistry helps us to assist innovator companies in their various stages of product development from pre-clinical trials to commercial launch. Once our R&D has established a process, it is transferred to one of our pilot facilities for the demonstration of a robust and scalable process. We always conduct relevant safety studies using state-of-the-art instruments to ensure process safety.

While we remain committed to convert our contract development projects into exclusive long-term manufacturing opportunities in both our pharma and crop protection business divisions, we have also identified several new molecules for taking them through various stages of the lifecycle ending in commercialization.

##### B) Benefits derived like product improvement, cost reduction, product development or import substitution:

The company has consistently focused on process improvement and cost reduction through reduction of effluents, time-cycles and yield improvement this year. On the basis of the efforts at R&D, we have been able to achieve better yields in several of our products including repeat campaigns of some contract manufacturing products. The cost improvements achieved in generic products are now in various phases of implementation at our plants. In the area of new product development, we have successfully registered DMFs for 2 anti-diabetic drugs, one drug for veterinary application and one other API. We also developed a food ingredient intermediate for a US based life-sciences company that will be used as taste modifier in soft drinks. Moreover, we have been working actively to reduce our dependencies on certain key raw materials for our products which have been affected by the ongoing disruptions in the supply-chain. We have successfully backward integrated one of our molecules that is used in the treatment of cholesterol and have also brought several local and alternate vendors online to de-risk the procurement of raw materials.

- (C) Details regarding imported technology (imported during last three years, reckoned from the beginning of the financial year):

We have not imported or licensed any technology over the last three years.

	(₹ in Million)	
(D) Expenditure on R & D	2018-19	2017-18
i) Capital	95.36	56.38
ii) Recurring	443.68	392.14
Total	539.04	448.52
iii) Total R&D expenditure as a percentage of total turnover	3.39%	3.45%

### III. FOREIGN EXCHANGE EARNINGS & OUTGO

Total foreign exchange used and earned:

Used : ₹ 5,893 million (Previous year ₹ 4,721 million)

Earned : ₹ 11,056 million (Previous year ₹ 9,075 million)

For and on behalf of the Board of Directors

Jai Hiremath

Chairman & Managing Director

Date: 9 May 2019

Place: Mumbai

DIN: 00062203

## **“Annexure – F”**

Hikal Ltd.  
Nomination and Remuneration Policy

### **Preamble**

The objective of the Remuneration Policy of Hikal Ltd. (the "Company") is to attract, motivate, retain the best talent in the industry, create congenial work environment and offer appropriate remuneration packages and retirement benefits. The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended from time to time.

This Remuneration Policy applies to Directors, Senior Management including its Key Managerial Personnel (KMP) and other employees of the Company.

The Company had already constituted the "Remuneration Committee" consisting of three (3) Non-Executive Directors of which majority are Independent Directors. In line with the amended provisions of listing agreement and requirement of the Companies Act, 2013 the name of the committee was changed to Nomination and Remuneration Committee ("NRC") in May 2014.

The Board of Directors / NRC will have the powers to make deviations from this remuneration policy in extra ordinary circumstances as when felt necessary in the interest of the Company and on reasonable grounds within the regulatory / legal framework.

### **Objectives**

1. To advise the Board in relation to appointment, removal of Directors, Key Managerial Personnel and Senior Management and their remuneration structure keeping in view integrity, qualifications, expertise and experience of the person. NRC will have discretion /authority to make decision on these aspects and recommend to Board of Directors;
2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board;
3. To devise a policy on Board diversity, develop a succession plan for the Board and to regularly review the plan;
4. To decide the criteria for determining qualifications, positive attributes and independence of a director.  
While designing remuneration packages, industry practices and cost of living are also taken into consideration.

NRC may consider delegating any of its powers to one or more of its members or the Secretary of the Committee. The Company Secretary of the Company shall act as Secretary of the Committee.

### **Directors**

As per the Policy followed by the Company since inception the non-executive directors are paid remuneration in the form of sitting fees for attending Board and Committee meetings as fixed by the Board of Directors from time to time and commission subject to statutory provisions. The terms of appointment, tenure will be subject to the provision of the Companies Act, in force, at that time.

Remuneration of Whole Time Directors including Managing Director reflects the overall remuneration philosophy and guiding principle of the Company. When considering the appointment and remuneration of Whole Time Directors, the Nomination & Remuneration Committee (NRC) considers pay and employment conditions in the industry, merit and seniority of the person and the paying capacity of the Company.

The NRC while designing the remuneration package considers the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the company successfully.

The term of office and remuneration of Whole Time Directors are subject to the approval of the Board of Directors, shareholders and the limits laid down under the Companies Act from time to time.

### **Remuneration**

The Company's Remuneration Policy is guided by principles and objectives as more fully and particularly envisaged under Section 178 of the Companies Act 2013, inter alia principles pertaining to determining qualifications, positive attributes, integrity and independence etc. Remuneration packages for Whole Time Directors are designed subject to the limits laid down under the Companies Act, 2013 to remunerate them fairly and responsibly. The Whole Time Directors' remuneration comprises of salary, perquisites and performance based commission on profits of the Company /reward apart from retirement benefits like P.F., Superannuation, Gratuity, etc as per Rules of the Company.

Remuneration also aims to motivate personnel to deliver Company's key business strategies, create a strong performance-oriented environment and reward achievement of meaningful targets over the short and long-term.

The Whole Time Directors are entitled to customary non-monetary benefits such as Company cars, furnished accommodation, health care benefits, leave travel, communication facilities, etc. The severance payments are governed by the prevalent provisions of Companies Act.

Director, broadly based on the Remuneration Policy in respect of Whole Time Directors. Total remuneration comprises of:

1. A fixed base salary - set at a level aimed at attracting and retaining executives with professional and personal competence, showing good performance towards achieving Company goals.
2. Perquisites - in the form of house rent allowance/ accommodation, business / professional development allowance, reimbursement of medical expenses, conveyance, telephone, leave travel, etc.
3. Retirement benefits - contribution to PF, other retirement benefits, gratuity, etc as per Company Rules.
4. Motivation/Reward - A performance appraisal is carried out annually and promotions/ increments/ rewards/variable pay are decided by CMD and /or President & Joint Managing Director based on the appraisal and recommendation as applicable.
5. Severance payments - In accordance with terms of employment, and applicable statutory requirements, if any.

#### Other employees

The remuneration of other employees is fixed from time to time as per the guiding principles outlined above and considering industry standards and cost of living. In addition to basic salary they are also provided perquisites and retirement benefits as per schemes of the Company and statutory requirements, where applicable. Policy of motivation/ reward/ severance payments are applicable to this category of personnel as in the case of those in the management cadre.

#### Disclosure of information

Information on the total remuneration of members of the Company's Board of Directors, Whole Time Directors and KMP/ senior management personnel may be disclosed in the Company's annual financial statements as per statutory requirements.

#### Dissemination

The Company's Remuneration Policy shall be published on its website.



## Report on Corporate Governance : 2019

The Company has complied with the provisions of Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 relating to the Corporate Governance. The Company has constituted various committees and discloses various information to the public through its Annual Reports, web-site, press releases, etc.

### I. OUR CORPORATE GOVERNANCE PHILOSOPHY

Hikal's philosophy of corporate governance envisages the highest level of transparency, accountability and equity in all its dealings with shareholders, employees, Government and lenders. It continues to focus on good corporate governance, in line with emerging local and global standards. It understands and respects its fiduciary role in the corporate world. We ensure fairness for every stakeholder i.e. our investors, customers, vendors, employees, communities where we operate through accountability and transparency. The Company's guiding principles are focused to achieve the highest standards of corporate governance. Our corporate governance report for fiscal 2019 forms part of this Annual Report.

### II. BOARD OF DIRECTORS

The strength of the Board of Directors is 10 as on 31 March 2019, whose composition is given below:

#### A COMPOSITION AND CATEGORY:

<b>JAI HIEMATH</b> Chairman & Managing Director DIN: 00062203	Executive Director
<b>SAMEER HIEMATH</b> Joint Managing Director & CEO DIN: 00062129	Executive Director
<b>SUGANDHA HIEMATH</b> DIN: 00062031	Non-Executive Director
<b>BABA KALYANI</b> DIN: 00089380	Non-Executive Director
<b>AMIT KALYANI</b> DIN: 00089430	Non-Executive Director
<b>KANNAN UNNI</b> DIN: 00227858	Independent, Non-Executive Director
<b>PRAKASH MEHTA</b> DIN: 00001366	Independent, Non-Executive Director
<b>SHIVKUMAR KHENY</b> DIN: 01487360	Independent, Non-Executive Director
<b>WOLFGANG WELTER</b> DIN: 00580197	Independent, Non-Executive Director
<b>RANJIT SHAHANI</b> DIN: 00103845	Independent, Non-Executive Director

Mrs. Sugandha Hiemath is Wife of Mr. Jai Hiemath, Mother of Mr. Sameer Hiemath and sister of Mr. Baba Kalyani.

Mr. Amit Kalyani is son of Mr. Baba Kalyani.

The attendance of each Director at the Board meetings, last Annual General Meeting and Number of other Directorship and Chairmanship/Membership of Committees of each Director in various Companies is as under:

Name	Attendance		Directorships (excluding Directorship in Private Companies)*	Committee Membership##	Committee Chairmanship
	Board Meeting	Last AGM			
JAI HIEMATH	4	Yes	2	-	1
SAMEER HIEMATH	4	Yes	1	-	-
SUGANDHA HIEMATH	4	Yes	-	2	-
BABA KALYANI	2	No	5	3	-
AMIT KALYANI	3	No	6	1	-
KANNAN UNNI	4	Yes	3	-	3
PRAKASH MEHTA	4	Yes	6	5	3
SHIVKUMAR KHENY	4	Yes	7	2	1
WOLFGANG WELTER	4	No	-	-	-
RANJIT SHAHANI	3	No	1 @	-	1

\* excludes directorship in own Company and foreign Companies.

## includes membership / chairmanship in own Company (for committee membership Audit Committee and Stakeholders' Relationship Committee is considered).

@ Mr Ranjit Shahani appointed as Director in Ambuja Cements Ltd. wef 1 April 2019

Directorship in Listed Entities other than Hikal Ltd. and the category of directorship as on 31 March 2019, is as follows:

<b>Name of the Director</b>	<b>Names of Listed Entities</b>	<b>Category of Directorship</b>
Jai Hiremath	Novartis India Ltd.	Non-Executive – Independent Director
Sameer Hiremath	Nil	-
Baba Kalyani	Bharat Forge Ltd.	Executive Director (CMD)
	Kalyani Steels Ltd.	Non-Executive, Non-Independent Director
	Automotive Axles Ltd.	Non-Executive, Non-Independent Director (Chairman)
	BF Utilities Ltd.	Non-Executive, Non-Independent Director (Chairman)
Amit Kalyani	Bharat Forge Ltd.	Executive Director
	Kalyani Steels Ltd.	Non-Executive, Non-Independent Director
	BF Utilities Ltd.	Non-Executive, Non-Independent Director
	BF Investment Ltd.	Non-Executive, Non-Independent Director
	Kalyani Investment Company Ltd.	Non-Executive, Non-Independent Director
Kannan Unni	Tanfac Industries Ltd.	Non-Executive, Independent Director
Prakash Mehta	Mukand Ltd.	Non-Executive, Independent Director
	Bharat Bijlee Ltd.	Non-Executive, Independent Director
	Mukand Engineers Ltd.	Non-Executive, Independent Director
	Advani Hotel & Resorts (India) Ltd.	Non-Executive, Independent Director
	Oriental Aromatics Ltd.	Non-Executive, Independent Director
Shivkumar Kheny	Kalyani Steels Ltd.	Non-Executive Director
Wolfgang Welter	Nil	-
Ranjit Shahani	Ambuja Cements Ltd. wef 1 April 2019	Non-Executive, Independent Director

A Chart / Matrix setting out the skills / expertise / competence of the Board of Directors

Competency is defined as the experience, knowledge, skills, attitudes, values and beliefs of the Board members.

The list of core skills / expertise / competencies identified by the Board of Directors as required in the context of Company's business(es) and sector(s) for it to function effectively and those actually available with the Board are as follows :

<b>Name</b>	<b>Age</b>	<b>Qualifications</b>	<b>Skills, Expertise, Competencies</b>
Jai Hiremath	71	Chartered Accountant (England and Wales), Owner President Management Program, Harvard University, USA	Financial Acumen, Strategic Expertise Knowledge of Industry especially in which Company Operates, Vision
Sameer Hiremath	45	BE (Chem), MBA & MS ( I.T.) - Boston (USA).	Building High Performance Teams, IT – Digital Acumen, Projects Implementation, Strategic Planning
Sugandha Hiremath	67	B. Com.	Finance, Investments.
Baba Kalyani	70	BE (Mech), MS (MIT – USA)	Technical skills, Vast Industry Experience
Amit Kalyani	43	Mechanical Engineering from Bucknell University, Pennsylvania, USA	Production and Technical expertise
Kannan Unni	77	BA-Agriculture, Diploma in Marketing Management (Mumbai) IMEDE - Loussanne, Switzerland.	Marketing, Business strategy, Finance
Prakash Mehta	77	LLB (Mumbai), Solicitor	Legal expertise, Integrity, Business Strategy
Shivkumar Kheny	71	BE (Mech)	Vast Industry Experience, Projects, Investments
Wolfgang Welter	71	PhD in Chemistry (Germany)	Expert knowledge in Chemicals and Pharmaceuticals
Ranjit Shahani	69	ME (IIT, Kanpur), MBA (Jamnalal Bajaj Institute of Management Studies)	Operational efficiency Intellectual Property expert

The Board of Directors hereby confirms that in its opinion, the Independent Directors of the Company fulfil the conditions as specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management.

Detailed reasons for the resignation of an Independent Director who resigns before the expiry of his tenure along with a confirmation by such director that there are no other material reasons other than those provided – Dr. Axel Kleemann, Independent, Non-Executive Director, resigned w.e.f. 5 May 2018 due to end of his term of appointment.

## B BOARD PROCEDURE

Board members are given appropriate documents and information in advance of each Board and Committee meeting. To enable the Board to discharge its responsibilities effectively, the Chairman & Managing Director reviews Company's overall performance.

## C SUCCESSION PLAN:

The Nomination and Remuneration Committee works with the Board on the leadership succession plan and prepares contingency plans for succession in case of any exigencies.

## D DETAILS OF THE MEETINGS OF THE BOARD OF DIRECTORS HELD DURING THE YEAR:

The Board met 4 (four) times during the financial year, details of which are as follows:

(1) 9 May 2018 (2) 8 August 2018 (3) 1 November 2018 (4) 1 February 2019.

The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013.

## E NOMINATION AND REMUNERATION POLICY:

In framing its remuneration policy, the Nomination and Remuneration Committee / Board of Directors take into consideration the remuneration practices of companies of a size and standing similar to the Company.

The Executive Directors are paid remuneration as per the Agreements entered between them and the Company. These Agreements are placed for approval before the Nomination and Remuneration Committee, Board and the shareholders and such authorities as may be necessary. The remuneration structure of the Executive Directors comprises of salary, commission, perquisites and allowances, contributions to provident fund and gratuity. Commission varies with profit whereas other component is fixed. The non-executive Directors do not draw any remuneration from the Company except sitting fees & commission on net profits of the Company.

### i Remuneration to Directors for the year ended 31 March 2019.

The Non-executive Directors are paid sitting fees of Rs.100,000/- (Rupees One Lakh only) for each meeting of the Board and Committees thereof except Share Transfer Committee meeting attended by them. They also receive commission on net profits of the Company as determined by the Board of Directors from year to year basis within the overall limit approved by shareholders of the Company.

Director	Sitting Fees (₹ in Million)	Commission on net profits (₹ in Million)	Total (₹ in Million)
Baba Kalyani	0.20	0.96	1.16
Prakash Mehta	1.40	0.96	2.36
Shivkumar Kheny	0.90	0.96	1.86
Kannan Unni	1.10	0.96	2.06
Sugandha Hiremath	1.20	0.96	2.16
Wolfgang Welter	0.50	0.96	1.46
Amit Kalyani	0.30	0.96	1.26
Ranjit Shahani	0.40	0.96	1.36
<b>Total</b>	<b>6.00</b>	<b>7.68</b>	<b>13.68</b>

### ii Remuneration to Executive Directors:

(₹ in Million)

Name of the Director	Salary and Perquisites	Commission	Total
Jai Hiremath	37.59	15.44	53.03
Sameer Hiremath	21.71	15.44	37.15

Shareholding of Non-Executive Directors in the Company:

Director	Number of shares held
Baba Kalyani	22,500
Prakash Mehta	14,775
Shivkumar Kheny	46,125
Kannan Unni	20,000
Sugandha Hiremath	9,667,500
Wolfgang Welter	Nil
Amit Kalyani	Nil
Ranjit Shahani	Nil

The details of programmes for familiarisation of independent directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are uploaded on the Company's website at the link:

<https://www.hikal.com/uploads/documents/familiarization-programme-for-independent-directors.pdf>

### III. COMMITTEES OF THE BOARD

Currently, the Board has six committees, Audit Committee, Share Transfer Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Risk Management Committee.

#### A. AUDIT COMMITTEE

##### Composition

The Committee consists of Mr. Kannan Unni, Independent, Non-Executive Director, Mr. Prakash Mehta, Independent, Non-Executive Director, Mr. Shivkumar Kheny, Independent, Non-Executive Director and Mrs. Sugandha Hiremath, Non-Executive Director. Mr. Kannan Unni is the Chairman of the Audit Committee.

The terms of reference of the Audit Committee inter alia include:

1. To review the company's systems of internal control and to ensure that adequate system of internal audit exists and is functioning.
2. To ensure compliance of internal control systems and action taken on internal audit reports.
3. To establish accounting policies.
4. To review financial statements and pre publication announcements before submission to the Board.
5. To apprise the Board on the impact of accounting policies, accounting standards and legislation.
6. To review the Company's financial and risk management policies.

The Audit Committee invites such executives, as it considers appropriate, representatives of the Statutory Auditors and representatives of the Internal Auditors/Cost Auditors to be present at its meetings. The Company Secretary acts as the Secretary to the Audit Committee.

##### Meetings and Attendance

The Audit Committee met 4 (four) times during the financial year, the details of which are as under:

(1) 9 May 2018 (2) 8 August 2018 (3) 1 November 2018 (4) 1 February 2019.

The attendance of the Committee meetings is as under:

Name of the Director	Number of meetings attended
Kannan Unni	4
Prakash Mehta	4
Shivkumar Kheny	4
Sugandha Hiremath	4

#### B. SHARE TRANSFER COMMITTEE

The Share Transfer Committee consists of Mrs. Sugandha Hiremath, Director (Non-Executive), Mr. Jai Hiremath, Chairman & Managing Director (Executive), and Mr. Sameer Hiremath, Joint Managing Director & CEO (Executive). Mrs. Sugandha Hiremath is the Chairperson of the Share Transfer Committee.

The share transfer committee met 5 (five) times during the financial year, the details of which are as under:

(1) 28 September 2018 (2) 29 November 2018 (3) 11 January 2019  
(4) 1 February 2019 (5) 19 February 2019

Name of the Director	Number of meetings attended
Sugandha Hiremath	5
Jai Hiremath	5
Sameer Hiremath	5

#### C. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Committee consists of Mr. Kannan Unni - Independent, Non-Executive Director, Mr. Prakash Mehta - Independent, Non-Executive Director and Mrs. Sugandha Hiremath - Non-Executive Director. Mr. Kannan Unni is the Chairman of the Stakeholders Relationship Committee.

The Committee looks into redressing of shareholders/investors' complaints. No complaint was outstanding as on 1 April 2018. During the year 2 complaints were received from shareholders / investors and the same were resolved. Thus, no complaints were outstanding as on 31 March 2019.

The meeting of the Stakeholders Relationship Committee was held on 1 February 2019.



The attendance of the Committee meetings is as under:

<b>Name of the Director</b>	<b>Number of meetings attended</b>
Kannan Unni	1
Prakash Mehta	1
Sugandha Hiremath	1

#### **Compliance Officer**

The Board has designated Mr. Sham Wahalekar, Sr. Vice President Finance & Company Secretary as the Compliance Officer.

#### **D. NOMINATION AND REMUNERATION COMMITTEE**

The Committee consists of Mr. Kannan Unni, Independent, Non-Executive Director, Mr. Baba Kalyani, Non-Executive Director and Mr. Prakash Mehta, Independent, Non-Executive Director. Mr. Kannan Unni is the Chairman of the Nomination & Remuneration Committee. The terms of reference of Nomination and Remuneration Committee inter alia includes fixation and revision of remuneration packages of Chairman & Managing Director and Joint Managing Director & CEO to the Board for approval and review.

During the year 2018–19, 1 meeting was held on 1 February 2019. Mr. K K Unni and Mr. Prakash Mehta attended the meeting.

#### **E. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The Committee consists of Mr. Jai Hiremath - Chairman & Managing Director, Mrs. Sugandha Hiremath, Non-Executive Director, Mr. Sameer Hiremath - Joint Managing Director & CEO and Mr. Prakash Mehta - Independent Non-Executive Director. Mr. Jai Hiremath is the Chairman of the Corporate Social Responsibility Committee. The Corporate Social Responsibility Committee consists of 4(four) members. The said CSR committee will consider, review, and amend the CSR policy/initiatives. The committee is responsible for preparation of detailed plan on CSR activities including expenditure, type of activities & recommend the same to the Board of Directors and monitoring the mechanism for CSR activities.

During the year 2018–19, 1 meeting was held on 1 February 2019.

The attendance of the Committee meetings is as under:

<b>Name of the Director</b>	<b>Number of meetings attended</b>
Jai Hiremath	1
Sameer Hiremath	1
Prakash Mehta	1
Sugandha Hiremath	1

#### **F. RISK MANAGEMENT COMMITTEE**

The Committee consists of Mr. Jai Hiremath - Chairman & Managing Director, Mr. Sameer Hiremath - Joint Managing Director & CEO, Mr. Kannan Unni - Independent, Non-Executive Director, and Mr. Prakash Mehta - Independent, Non-Executive Director. Mr. Jai Hiremath is the Chairman of the Risk Management Committee. The terms of reference of Risk Management Committee includes periodically reviewing the risk management and minimization procedure vis a vis the company. No meeting took place during the year 2018 – 19. Requirement of Risk Management Committee as per the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are not applicable to the Company. However, the risk management & minimization procedures are periodically reviewed at the Audit Committee and Board Meeting.

### **IV. GENERAL BODY MEETING**

<b>Financial Year</b>	<b>Location</b>	<b>Day, Date &amp; Time</b>	<b>Special Resolutions Passed</b>
2015-2016	Centrum Hall 'A', 1st Floor, Centre 1, World Trade Centre, Mumbai – 400 005.	Wednesday, 10 August 2016 3.30 PM	No Special Resolution was passed at the meeting.
2016-2017	Centrum Hall 'A', 1st Floor, Centre 1, World Trade Centre, Mumbai – 400 005.	Thursday, 10 August 2017 3.30 PM	No Special Resolution was passed at the meeting.
2017-2018	Centrum Hall 'A', 1st Floor, Centre 1, World Trade Centre, Mumbai – 400 005.	Wednesday, 10 August 2018 3.30 PM	Resolution under section 197 of the Companies Act, 2013 passed for payment of remuneration by way of commission on net profits to the non-executive Directors of the Company, for a period of consecutive five years commencing from 1 April 2018.

### Extra Ordinary General Meeting

Special Resolutions passed during the year by way of Extra Ordinary General Meeting (EOGM) pursuant to the provisions of Section 100 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules 2014:

The Company issued notice of EOGM dated 9 May 2018 to obtain the consent from the Shareholders by way of Special Resolutions through ballot/e-voting in respect of following resolutions:

Resolution (1): Reclassification of Authorised Share Capital and Consequent Alteration of Memorandum of Association and

Resolution (2): Change in the Authorised Share Capital and consequent alteration of the Capital Clause in the Articles of Association of the Company.

Mr. Ashish C. Bhatt of M/s. Ashish Bhatt and Associates, Company Secretaries, Thane, was appointed as the Scrutinizer for conducting the ballot / e-voting process.

After due scrutiny of all the ballot forms / e-voting received upto the close of the working hours on 11 June 2018 (being the last date fixed for receipt of duly filled postal ballot forms) the Scrutinizer submitted his final report on Monday, 11 June 2018. The date of declaration of the results of ballot / e-voting i.e. 11 June 2018 has been taken as the date of passing of the Resolutions.

The result of the voting at EOGM through ballot/ e-voting is as under:

	Resolution 1	Resolution 2
A Number of Valid Postal Ballots forms received & e-voting by shareholders	96	96
B Votes in favour of the Resolution	60,329,722	60,329,722
C Votes against the Resolution	2	2
D Number of invalid Postal Ballot Forms received	Nil	Nil

The votes cast assenting to all the above mentioned Special Resolutions are 100% of the total votes polled and consequently the Resolutions as mentioned in the Notice of EOGM dated 9 May 2018 were passed by the shareholders by overwhelming majority.

### Postal Ballot

Special Resolutions passed during the last three years by way of postal ballot pursuant to the provisions of Section 110 of Companies Act, 2013 read with the Companies (Management and Administration) Rules 2014:

1. The Company issued postal ballot notice dated 1 November 2017 to obtain the consent from the Shareholders by way of Special Resolutions through postal ballot/e-voting for :

Resolution (1): To re-appoint Mr. Jai Hiremath as Chairman & Managing Director of the Company for the period from 1 April 2018 to 30 September 2022,

Resolution (2): To re-appoint Mr. Shivkumar Kheny as Independent Director of the Company for the period from 5 May 2018 to 30 September 2022 and

Resolution (3): To re-appoint Dr. Wolfgang Welter as Independent Director of the Company for the period from 5 May 2018 to 30 September 2019.

Mr. Ashish C. Bhatt of M/s. Ashish Bhatt and Associates, Company Secretaries, Thane, was appointed as the Scrutinizer for conducting the postal ballot / e-voting process.

After due scrutiny of all the postal ballot forms / e-voting received upto the close of the working hours on 20 February 2018 (being the last date fixed for receipt of duly filled postal ballot forms) the Scrutinizer submitted his final report on Thursday, 22 February 2018. The date of declaration of the results of postal ballot / e-voting i.e. 22 February 2018 has been taken as the date of passing of the Resolution.

Mr. Jai Hiremath, Chairman & Managing Director announced the following results of the Postal Ballot/ e-voting.

	Resolution 1	Resolution 2	Resolution 3
A Number of Valid Postal Ballots forms received & e-voting by shareholders	81	81	81
B Votes in favour of the Resolution	50,320,496	50,498,590	51638606
C Votes against the Resolution	1,318,223	1,140,129	113
D Number of invalid Postal Ballot Forms received	Nil	Nil	Nil

The votes cast assenting to all the above mentioned Special Resolutions are 100% of the total votes polled and consequently the Resolution as mentioned in the Notice of Postal Ballot dated 1 November 2017 were passed by the shareholders by overwhelming majority.

2. The Company issued postal ballot notice dated 1 February 2019 to obtain the consent from the Shareholders by way of Special Resolutions through postal ballot/e-voting for :

Resolution (1): To re-appoint Mr. Prakash Mehta as Independent Director of the Company for the period of 5 (five) years commencing from 1 April 2019 to 31 March 2024 and

Resolution (2): To re-appoint Mr. Kannan Unni as Independent Director of the Company for the period of 5 (five) years commencing from 1 April 2019 to 31 March 2024

Mr. Ashish C. Bhatt of M/s. Ashish Bhatt and Associates, Company Secretaries, Thane, was appointed as the Scrutinizer for conducting the postal ballot / e-voting process.

After due scrutiny of all the postal ballot forms / e-voting received upto the close of the working hours on 25 March 2019 (being the last date fixed for receipt of duly filled postal ballot forms) the Scrutinizer submitted his final report on Tuesday, 26 March 2019. The date of declaration of the results of postal ballot / e-voting i.e. 26 March 2019 has been taken as the date of passing of the Resolution.

Mr. Jai Hiremath, Chairman & Managing Director announced the following results of the Postal Ballot/ e-voting

	<b>Resolution 1</b>	<b>Resolution 2</b>
A Number of Valid Postal Ballots forms received & e-voting by shareholders	196	196
B Votes in favour of the Resolution	49,314,606	52,065,387
C Votes against the Resolution	2,759,996	9,215
D Number of invalid Postal Ballot Forms received	1	1

The votes cast assenting to all the above mentioned special resolutions are 100% of the vote polled and subsequently the resolution as mentioned in the Notice of Postal Ballot dated 1 February 2019 were passed by the shareholders by overwhelming majority.

In addition to Annual General Meetings, the Company holds Extra-Ordinary General Meetings of the shareholders as and when need arises.

## V. DISCLOSURES

- (i) The Company has entered into related party transactions as set out in the Notes to Accounts, which are not likely to have a conflict with the interest of the Company. The details of all significant transactions with the relevant parties are periodically placed before the Audit Committee. The Company has in place a Policy on dealing with Related Party Transactions and on Materiality of Related Party Transactions, which has been posted on the website of the Company at <https://www.hikal.com/uploads/documents/related-party-policy.pdf>
- (ii) No penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any Statutory Authority on any matter related to capital markets during the last three years.
- (iii) In the preparation of financial statements, the Company has followed the Accounting Standards notified under Section 133 of the Companies Act, 2013 to the extent applicable.
- (iv) The Company has laid down the Risk Management Policy defining risk profiles involving Strategic, Technological, Operational, Financial, Organisational, Legal and Regulatory risks within well defined framework. The Board periodically reviews the business related risks.
- (v) **Commodity price risk or foreign exchange risk and hedging activities :** With reference to SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 dated November 15, 2018, on disclosures regarding commodity risks by listed entities, the Company actively works on mitigating commodity risks and foreign exchange risks.

**Commodity Risk :** Important raw materials are monitored on regular basis using pricing trends and forecasts. The Company has not hedged commodities on the exchange. Appropriate coverage is taken on rising trends and inventory is cut in declining trends. Wherever direct co-relation exists, cost sheet is monitored to calculate delta changes and accordingly purchase prices are decided. Import data is tracked to compare average import prices and buying prices. On going efforts are taken to minimise commodity risks.

**Foreign Exchange Risk :** Company has Forex Policy in place. Currency forecasts are compiled on regular basis to understand the forex trend. Critical events such as rate changes by US Fed, RBI are closely monitored. We cover forward exposure to an extent depending upon movement of currencies and forward premium. Also, option strategies are evaluated depending on market situation. Please refer to Note 41 of Notes to the Standalone Financial Statements towards exposure to currency risk.

(vi) Credit Rating :

Particulars	Rating Agency	Previous Rating	Rating upgraded during the year
Long term borrowing	ICRA	A -	A (Stable)
Short term borrowing	ICRA	A 2 +	A 1

(vii) Material Subsidiaries:

The Company does not have a material subsidiary as defined under Regulation 16 (1) (c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Policy for determining material subsidiaries is posted on the website of the Company at:

<https://www.hikal.com/uploads/documents/policy-for-determining-material-subsidiary.pdf>

(viii) Details of utilization of funds raised through Preferential Allotment or Qualified Institutions Placement as specified under Regulation 32 (7A) : There was no Preferential Allotment or Qualified Institutions Placement as specified under Regulation 32 (7A).

(ix) A Certificate has been received from Ashish Bhatt & Associates, Practicing Company Secretaries, that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities Exchange Board of India / Ministry of Corporate Affairs or any such Statutory Authority, which is appended at the end of this report.

(x) Disclosure of instances along with the reasons, where the Board of Directors had not accepted any recommendation of any Committee of the Board which is mandatorily required, in the financial year 2018-19, provided that the clause shall only apply where recommendation of / submission by the committee is required for the approval of the Board of Directors and shall not apply where prior approval of the relevant committee is required for undertaking any transaction under these Regulations : There was no instance during the financial year 2018-19, where the Board of Directors had not accepted the recommendation of any Committee of the Board which it was mandatorily required to accept.

(xi) Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the Statutory Auditor and all entities in the network firm/network entity of which the Statutory Auditor is a part :

Please refer Note 48 on Payments to Auditors in standalone financial statements for total payment / accrual of fees paid to B S R & Co. LLP. Other than this, Statutory Auditors of the Company have not provided any service to the Company or its subsidiaries.

(xii) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 :

- |   |     |
|---|-----|
| a. number of complaints filed during the financial year 2018-19 :         | Nil |
| b. number of complaints disposed of during the financial year 2018-19 :   | Nil |
| c. number of complaints pending as on end of the financial year 2018-19 : | Nil |

(xiii) Disclosure with respect to demat suspense account/unclaimed suspense account as required under Schedule V (F) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 : Company does not have any shares in suspense account and hence disclosure regarding demat / unclaimed suspense account is not applicable to the Company.

(xiv) The Company has a code of conduct for Board members and senior management of the Company, which is posted on the Company's website. The employees covered by code of conduct, affirm on annual basis the compliance with the said code. The Company has a whistle blower policy. No personnel of the Company have been denied access to the grievance redressal mechanism and Audit Committee of the Board of the Company.

(xv) The Company has complied with non-mandatory requirement of Regulation 34 read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pertaining to Corporate Governance, in respect of formation of Risk Management Committee.

(xvi) A certificate from the Secretarial Auditor of the Company regarding corporate governance as stipulated in Part E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is appended at the end of this report.



## VI. MEANS OF COMMUNICATION

The Board Meeting Notice are published in Free Press Journal and Navashakti and the quarterly, half yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board. These are published in leading Financial/Non-financial newspapers viz: in Economic Times and Maharashtra Times.

These results and shareholding pattern of the Company at the end of each quarter are simultaneously posted on the web site of the Company at [www.hikal.com](http://www.hikal.com). The Annual Report has detailed Chapter about Management Discussion and Analysis Report.

In line with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company has created a separate e-mail address viz. [secretarial@hikal.com](mailto:secretarial@hikal.com) to receive complaints and grievances of the investors.

## VII. GENERAL SHAREHOLDERS INFORMATION

### (A) Annual General Meeting

Day and Date	: Thursday, 1 August 2019
Time	: 3.30 P.M.
Venue	: Centrum Hall 'A', 1st Floor Centre 1, World Trade Center, Cuffe Parade Mumbai – 400 005

### (B) Financial Calendar

: 01 April to 31 March

### (C) Tentative Financial

Calendar 2019-20	:
1st Quarter results	on or before 14 August 2019
2nd Quarter results	on or before 15 November 2019
3rd Quarter results	on or before 15 February 2020
4th Quarter results	before end of May 2020

### (D) Book Closure

: 25 July 2019 to 1 August 2019 (both days inclusive)

### (E) Dividend Payment Date

: Dividend will be paid within 30 days from the date of declaration.

### (F) Listing of Shares and Other Securities

: The Shares are listed on the Stock Exchanges at BSE Limited, Mumbai, and National Stock Exchange of India Limited, Mumbai. The Company has paid the listing fees to these Exchanges.

### (G) Stock Code

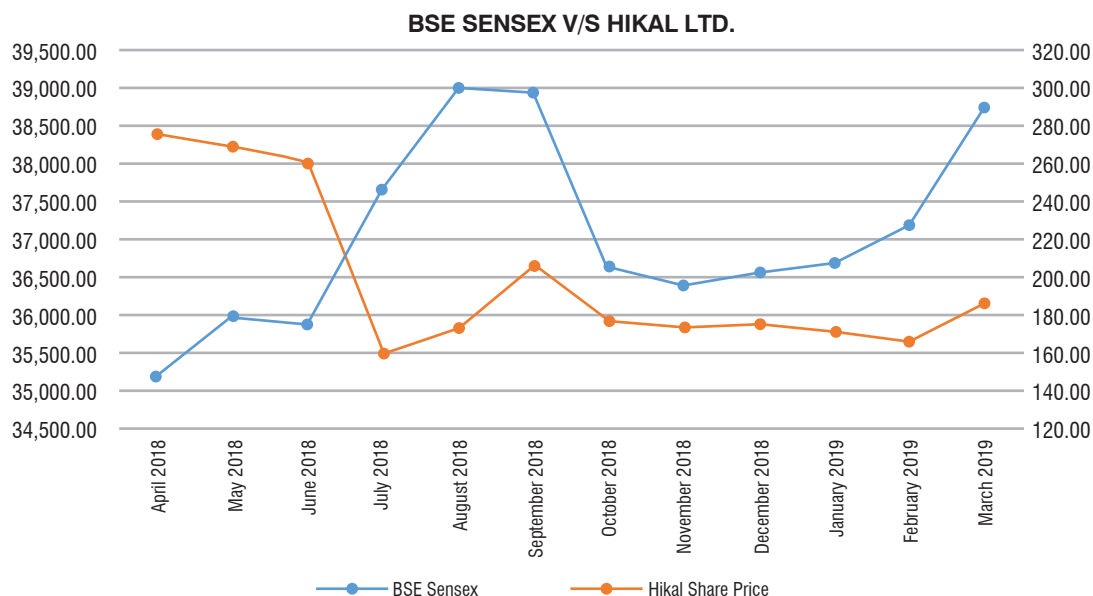
: Trading Symbol at :  
BSE Ltd. (BSE) – 524735, P J Towers, Dalal Street, Fort, Mumbai 400001  
National Stock Exchange of India Ltd. (NSE) – HIKAL  
Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400051.  
Demat ISIN Number in NSDL & CDSL – INE475B01022  
CIN No. - L24200MH1988PTC048028

### (H) Market Price Data

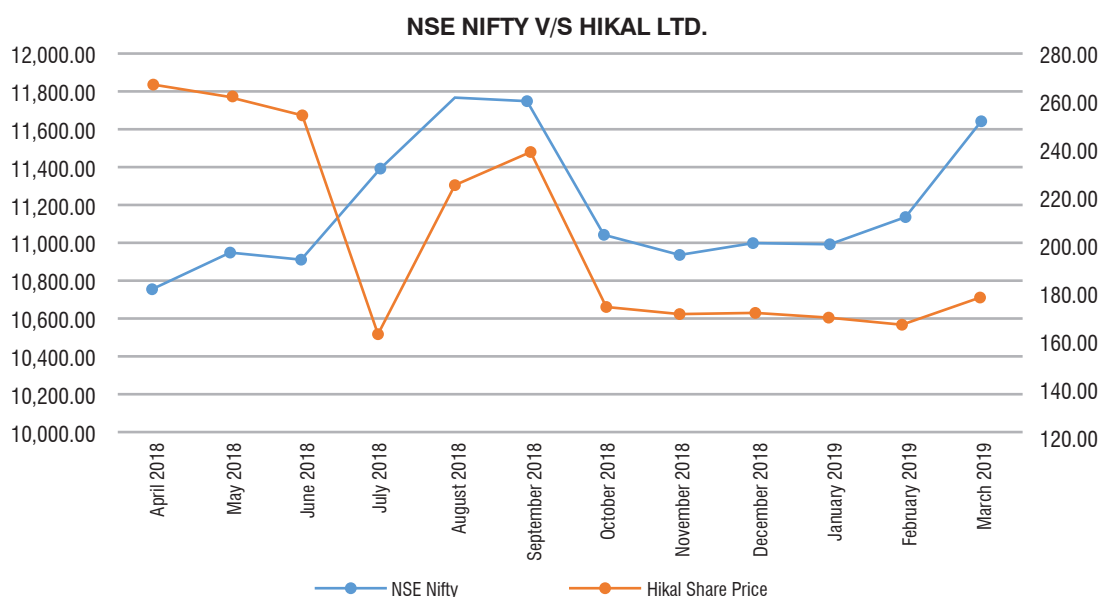
The details of high/low market price of the shares at BSE and NSE are as under:

	BSE			NSE		
	High (₹)	Low (₹)	Close (₹)	High (₹)	Low (₹)	Close (₹)
April 2018	265.35	205.30	254.75	265.50	205.10	254.20
May 2018	260.50	223.85	237.90	261.80	220.80	236.75
June 2018	253.10	138.20	146.10	253.20	137.10	146.55
July 2018	154.20	135.00	145.65	159.70	135.45	145.45
August 2018	167.70	135.20	161.40	167.90	135.50	161.45
September 2018	207.00	155.00	160.15	206.90	155.00	160.80
October 2018	171.20	141.80	160.10	171.50	141.65	159.90
November 2018	167.85	145.00	151.25	167.60	147.50	151.15
December 2018	168.75	144.00	156.40	168.40	143.45	156.55
January 2019	166.45	143.60	152.65	166.50	143.00	153.20
February 2019	163.70	141.10	161.30	164.00	141.10	161.55
March 2019	176.70	161.90	174.95	175.00	162.60	173.65

(I) Performance Comparison : Hikal Ltd. v/s BSE SENSEX and Hikal Ltd. v/s NSE NIFTY:



**Note:** The sharp change seen in the share price of the Company in June 2018 is due to the issue of Bonus Shares allotted in the ratio of 1:2 on 26 June 2018.



**Note:** The sharp change seen in the share price of the Company in June 2018 is due to the issue of Bonus Shares allotted in the ratio of 1:2 on 26 June 2018.

(J) **Share Transfer Agents**

Universal Capital Securities Pvt. Ltd. 21,  
Shakil Niwas, Mahakali Caves Road,  
Opp. Satya Sai Baba Mandir, Andheri (East),  
Mumbai – 400 093  
Phone : 022- 28207203 /04/05 Fax : 022- 28207207  
Email: info@unisec.in

(K) **Share Transfer System**

Shares sent for transfer in physical form are registered by our Registrars and Share Transfer Agents within 15 days of receipt of the documents, if the documents are found to be in order. Shares under objection are returned within one week. The Share Transfer Committee meets generally twice in a month to consider the transfer request if there are any.

**(L) Distribution of Shareholding (Equity) as on 31 March 2019.**

Share Holding Range Nominal Value of		Share Holders		Share Holdings		Share Amount	
From	To	Number	% To Total	Holdings	% To Total	₹	% To Total
UP TO	5,000	28,028	94.50	8,783,241	7.12	17,566,482	7.12
5,001	10,000	809	2.73	2,890,539	2.34	5,781,078	2.34
10,001	20,000	420	1.41	2,982,156	2.42	5,964,312	2.42
20,001	30,000	139	0.47	1,766,620	1.43	3,533,240	1.43
30,001	40,000	70	0.24	1,253,436	1.02	2,506,872	1.02
40,001	50,000	38	0.13	864,000	0.70	1,728,000	0.70
50,001	100,000	69	0.23	2,448,122	1.99	4,896,244	1.99
100,001	And Above	86	0.29	102,312,636	82.98	204,625,272	82.98
<b>TOTAL</b>		<b>29,659</b>	<b>100</b>	<b>123,300,750</b>	<b>100</b>	<b>246,601,500</b>	<b>100</b>

**(M) Shareholding pattern as on 31 March 2019 is as under:**

Category of Shareholders	Number of Equity Shares	Percentage
Promoters	84,792,764	68.77
Resident Individuals	23,961,886	19.43
Mutual Funds / Investment Funds	2,289,219	1.86
FPIs	5,519,160	4.48
Insurance Company	150,750	0.12
Foreign National	182,325	0.15
Non Resident Indians	1,003,715	0.81
Corporate Bodies	2,441,465	1.98
Banks / Financial Institutions	447,346	0.36
IEPF	235,057	0.19
Others	2,277,063	1.85

**(N) Dematerialisation of Shares**

91.48% (11,27,98,681 shares) of total equity capital is held in dematerialised form with NSDL and 8.17% (100,68,389 shares) of total equity capital is held in dematerialised form with CSDL as on 31 March 2019.

**(O) Plant Locations:**

- (a) MIDC, Taloja, Dist. Raigad, Maharashtra
- (b) MIDC, Mahad, Dist. Raigad, Maharashtra
- (c) GIDC, Panoli, Dist. Bharuch, Gujarat
- (d) KIADB, Jigani, Bangalore, Karnataka
- (e) Hinjewadi, Pune, Maharashtra

**(P) Investor Correspondence**

**i.** Universal Capital Securities Pvt. Ltd  
21 Shakil Niwas, Opp. Satyasaibaba Temple,  
Mahakali Caves Road, Andheri (East),  
Mumbai – 400 093.  
Tel: 91 22 2820 7203 / 2825 7641  
Fax: 91 22 2820 7207  
Email: info@unisec.com

**ii.** Investors Relation Centre  
Mr. Sham Wahalekar –  
Sr. V. P. Finance & Company Secretary  
603-A, Great Eastern Chambers, 6th Floor,  
Sector 11, CBD Belapur,  
Navi Mumbai - 400 614.  
Tel: 91 22 3097 3100  
Fax: 91 22 3097 3281  
Email: secretarial@hikal.com  
Website: www.hikal.com

**CEO/CFO Certification issued pursuant to the provisions of Regulation 17(8) read with part B of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

The Board of Directors,

9 May 2019

**Sub: CEO/CFO Certificate**

We have reviewed financial statements, read with the cash flow statements of Hikal Ltd. for the year ended 31 March 2019 and that to the best of our knowledge and belief, we state that:

- (a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee of the Company:
  - (i) significant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**For Hikal Ltd.**

**Jai Hiremath**

Chairman & Managing Director  
DIN: 00062203

**Sham Wahalekar**

Company Secretary &  
CFO

**DECLARATION**

To the Members  
Hikal Ltd.

**Subject: Declaration under Regulation 17 read with Schedule V (D) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

As required under Regulation 17 read with Schedule V (D) of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, I hereby declare that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the year ended 31 March 2019.

**For Hikal Ltd.**

**Jai Hiremath**

Chairman & Managing Director  
DIN: 00062203

Mumbai  
9 May 2019



**Certificate of Compliance with the Corporate Governance requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To the Members of  
Hikal Limited

1. This report contains details of compliance of conditions of Corporate Governance by Hikal Limited ('the Company') for the year ending 31 March 2019 as stipulated in Regulation 17-27, clause (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') pursuant to Listing Agreement of the Company with Stock Exchanges.

**Management's Responsibility for compliance with the conditions of Listing Regulations**

2. The compliance with the terms and conditions contained in the corporate governance is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents.

**Auditors' Responsibility**

3. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor expression of opinion in the financial statements of the Company.
4. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31 March 2019.

**Opinion**

5. In our opinion, and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in above-mentioned Listing Regulations.
6. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Restrictions on Use**

7. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For Ashish Bhatt & Associates  
Company Secretaries

Ashish Bhatt  
Membership No 4650  
CP No 2956

Place : Thane  
Date : 9 May 2019

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C sub clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members,  
Hikal Limited  
717/718 Maker Chambers V,  
Nariman Point, Mumbai - 400021  
Maharashtra.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Hikal Limited having CIN L24200MH1988PTC048028 and having registered office at 717 /718 Maker Chambers V, Nariman Point, Mumbai - 400021, Maharashtra (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C sub clause 10 (i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31 March 2019 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

Sr. No.	Name of Director	DIN
1	Mr. Jai Hiremath Chairman & Managing Director	00062203
2	Mr. Sameer Hiremath Joint Managing Director & CEO	00062129
3	Mrs. Sugandha Hiremath Non-Executive Director	00062031
4	Mr. Baba Kalyani Non-Executive Director	00089380
5	Mr. Amit Kalyani Non-Executive Director	00089430
6	Mr. Kannan Unni Independent, Non-Executive Director	00227858
7	Mr. Prakash Mehta Independent, Non-Executive Director	00001366
8	Mr. Shivkumar Kheny Independent, Non-Executive Director	01487360
9	Mr. Wolfgang Welter Independent, Non-Executive Director	00580197
10	Mr. Ranjit Shahani Independent, Non-Executive Director	00103845

Ensuring the eligibility of the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Ashish Bhatt & Associates

Ashish Bhatt  
Practicing Company Secretary  
FCS No: 4650  
C.P. No. 2956

Place: Thane  
Date: 9 May 2019

# Independent Auditors' Report

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To the Members of Hikal Limited

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the standalone financial statements of Hikal Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2019, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



## Independent Auditors' Report *(continued)*

### Description of Key Audit Matter

#### Revenue recognition

Refer to note 3.1 of Significant Accounting Policies and Note 29 to the standalone financial statements

The key audit matter	How the matter was addressed in our audit
<ul style="list-style-type: none"><li>Revenue is recognised net of returns, trade allowances and rebates owed to the customers based on the arrangement with customers.</li><li>Revenue is recognised when control of the underlying products have been transferred to the customer. There is a risk of revenue being overstated on account of variation in the timing of transfer of control due to the pressure management may feel to achieve performance targets at the reporting period end.</li></ul>	<ul style="list-style-type: none"><li>Assessed the appropriateness of the Company's revenue recognition accounting policies, those relating to trade allowances and rebates by comparing with applicable accounting standards.</li><li>Assessed and tested design, implementation and operating effectiveness of the Company's general IT controls and key IT/manual application controls over the Company's systems which govern recording of revenue</li><li>Tested controls over review of contracts and revenue recognition.</li><li>Performed substantive testing (including year-end cut- off testing) by selecting samples of revenue transactions recorded during the year, by verifying the underlying documents, which included sales invoices/contracts and shipping documents.</li><li>We inspected, on a sample basis, key customer contracts to identify terms and conditions relating to goods acceptance and rebates and assessing the Company's revenue recognition policies with reference to the requirements of the applicable accounting standards.</li><li>We assessed manual journals posted to revenue to identify unusual items and considered the adequacy of the disclosures in respect of revenue.</li></ul>

#### Information Other than the Standalone Financial Statements and Auditors' Report Thereon

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Independent Auditors' Report *(continued)*

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### **Management's Responsibility for the Standalone Financial Statements**

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related

## Independent Auditors' Report *(continued)*

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disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
  - (A) As required by Section 143(3) of the Act, we report that:
    - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
    - c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
    - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.
    - e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.
    - f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

## Independent Auditors' Report *(continued)*

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(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations as at 31 March 2019 on its financial position in its standalone financial statements - Refer Note 43 to the standalone financial statements
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2019.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No. 101248W/W-100022

Mumbai  
9 May 2019

**Farhad Bamji**  
Partner  
Membership No. 105234



## Independent Auditors' Report *(continued)*

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### Annexure A to the Independent Auditors' Report – 31 March 2019

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2019, we report the following:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.  
(b) The Company has a regular programme of physical verification of its property, plant and equipment, which includes freehold and leasehold land, by which the property, plant and equipment are verified by the management in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the policy, the Company has physically verified property, plant and equipment during the year and no material discrepancies were noticed on such verification.  
(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than leasehold land) as disclosed in Note 4 to the standalone financial statements, are held in the name of the Company. In respect of leasehold lands, we have verified the lease agreements duly registered with the appropriate authorities as disclosed in Note 4 to the standalone financial statements.
- ii. The inventory, except for goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. In respect of stocks lying with third parties at the year-end, written confirmations have been obtained. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in books of account.
- iii. According to the information and explanations given to us the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraphs 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanation given to us, the Company has not granted any loans, or provided any guarantees or security to the parties covered under Section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act in respect of the investments made.
- v. In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.
- vi. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under Section 148(1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

## Independent Auditors' Report (continued)

- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Duty of customs, Goods and Services tax, Profession tax, Provident fund, Cess and other material statutory dues have been regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Employees' State Insurance and income tax have generally been regularly deposited during the year with the appropriate authorities, though there have been slight delays in few cases. As explained to us, the Company did not have any dues on account of wealth tax.
- According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Profession tax, Income-tax, Duty of customs, Goods and Service tax, Cess and other material statutory dues and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Sales tax, Service tax, Duty of customs, Goods and Service tax and Value added tax as at 31 March 2019, which have not been deposited with the appropriate authorities on account of any dispute, except as stated below:

Name of the Act	Nature of dues	Amount Demanded (₹)	Amount not deposited under disputes	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income-tax	15,292,537	15,292,537	2006-07	Deputy Commissioner of Income-Tax
Income Tax Act, 1961	Income-tax	108,810,783	92,691,237	2009-10	Commissioner of Income-Tax (appeals)
The Central Excise Act, 1944	Excise Duty	40,126,609	34,126,609	July-2007 to December 2011	Customs Excise and service tax Appellate Tribunal , Bangalore

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues financial institutions or bank during the year. The Company does not have any loan or borrowing from government or dues to debenture holders during the year.
- ix. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.

## Independent Auditors' Report *(continued)*

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- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by applicable Ind AS.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.
- xvi. In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No. 101248W/W-100022

**Farhad Bamji**

Partner

Membership No. 105234

Mumbai

9 May 2019

## Independent Auditors' Report *(continued)*

Annexure B to the Independent Auditors' report on the standalone financial statements of Hikal Limited for the period ended 31 March 2019

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

Referred to in paragraph A(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date

### Opinion

We have audited the internal financial controls with reference to standalone financial statements of Hikal Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

### Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.



## Independent Auditors' Report *(continued)*

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### **Meaning of Internal Financial controls with Reference to Standalone Financial Statements**

A Company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial controls with Reference to Standalone Financial Statements**

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No. 101248W/W-100022

**Farhad Bamji**

Partner

Membership No. 105234

Mumbai

9 May 2019

## Financial Statements

### Standalone Balance Sheet

as at 31 March 2019

Currency : Indian Rupees in million)

	Note	31 March 2019	31 March 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	7,103.14	6,301.22
Capital work-in-progress	4	730.86	1,155.14
Other intangible assets	5	26.49	34.72
Intangible assets under development	5	56.00	23.65
<b>Financial Assets</b>			
Investments	6	10.34	26.11
Loans	7	2.82	3.27
Others	8	36.29	1.94
Current tax assets (net)	9	4.14	-
Deferred tax assets (net)	10	-	4.59
Other non-current assets	11	584.77	966.98
<b>Total non-current assets</b>		<b>8,554.85</b>	<b>8,517.62</b>
<b>Current assets</b>			
Inventories	12	3,642.31	3,030.53
<b>Financial Assets</b>			
Trade receivables	13	3,497.19	2,873.73
Cash and cash equivalents	14	114.13	58.22
Bank balance other than cash and cash equivalents	15	203.29	214.02
Loans	16	5.03	3.58
Other current assets	17	838.38	719.48
<b>Total current assets</b>		<b>8,300.33</b>	<b>6,899.56</b>
<b>Total assets</b>		<b>16,855.18</b>	<b>15,417.18</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	18	246.60	164.40
Other equity			
Retained Earnings		4,925.60	4,057.31
Other reserves	19	2,390.04	2,472.24
<b>Total equity</b>		<b>7,562.24</b>	<b>6,693.95</b>
<b>Liabilities</b>			
<b>Non-current Liabilities</b>			
<b>Financial Liabilities:</b>			
Borrowings	20	2,978.47	2,966.31
Provisions	21	160.41	156.47
Deferred tax liabilities (net)	22	128.38	-
<b>Total non-current liabilities</b>		<b>3,267.26</b>	<b>3,122.78</b>
<b>Current Liabilities</b>			
<b>Financial Liabilities:</b>			
Borrowings	23	3,018.83	2,771.62
Trade payables	24		
- Payables to Micro, Small and Medium Enterprises		197.42	61.24
- Payables to others		1,413.00	1,584.22
Other financial liabilities	25	855.21	874.28
Other current liabilities	26	495.49	265.09
Provisions	27	40.69	35.13
Current tax liabilities (net)	28	5.04	8.87
<b>Total current liabilities</b>		<b>6,025.68</b>	<b>5,600.45</b>
<b>Total liabilities</b>		<b>9,292.94</b>	<b>8,723.23</b>
<b>Total equity and liabilities</b>		<b>16,855.18</b>	<b>15,417.18</b>

#### Significant accounting policies

The notes referred to above form an integral part of standalone financial statements

1-3

4-54

As per our report of even date attached

#### For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

#### Farhad Bamji

Partner

Membership No: 105234

Mumbai

9 May 2019

For and on behalf of the Board of Directors of Hikal Limited

CIN: L24200MH1988PTC048028

#### Jai Hiremath

Chairman & Managing Director- DIN: 0062203

#### Kannan K. Unni

Director- DIN: 00227858

#### Sham Wahalekar

Chief Financial Officer & Company Secretary- CS Membership No: 8745

Mumbai

9 May 2019

## Standalone Statement of Profit and Loss

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

	Note	31 March 2019	31 March 2018
<b>Income</b>			
Revenue from operations	29	15,896.09	13,000.87
Other income	30	22.64	44.63
<b>Total income</b>		<b>15,918.73</b>	<b>13,045.50</b>
<b>Expenses</b>			
Cost of materials consumed	31	8,688.00	7,153.16
Changes in inventories of finished goods and work-in-progress	32	(149.83)	(163.44)
Excise duty		-	39.95
Employee benefits expense	33	1,503.70	1,280.58
Finance costs	34	584.27	491.17
Depreciation and amortisation expenses	4-5	928.79	855.93
Other expenses	35	2,872.94	2,273.21
<b>Total expenses</b>		<b>14,427.87</b>	<b>11,930.56</b>
<b>Profit before tax</b>		<b>1,490.86</b>	<b>1,114.94</b>
<b>Tax expense</b>			
Current tax		455.03	446.97
Deferred tax		5.05	(104.30)
<b>Total tax expense</b>		<b>460.08</b>	<b>342.67</b>
<b>Profit for the year</b>		<b>1,030.78</b>	<b>772.27</b>
Other comprehensive income			
(i) Items that will not be reclassified to Standalone statement of profit and loss			
Remeasurements of defined benefit liability /(asset)		1.90	0.82
Equity investments through other comprehensive income - net change in fair value		(0.33)	(0.16)
(ii) Income tax relating to items that will not be reclassified to Standalone statement of profit and loss		(0.55)	(0.28)
Other comprehensive income for the year (net of income tax)		1.02	0.38
Total comprehensive income for the year		1,031.80	772.65
<b>Earnings per equity share</b>			
Basic and Diluted	36	8.36	6.26
<b>Significant accounting policies</b>			
The notes referred to above form an integral part of standalone financial statements	1-3 4-54		

As per our report of even date attached

**For B S R & Co. LLP**

Chartered Accountants  
Firm's Registration No: 101248W/W-100022

**Farhad Bamji**

Partner  
Membership No: 105234

Mumbai  
9 May 2019

For and on behalf of the Board of Directors of Hikal Limited  
CIN: L24200MH1988PTC048028

**Jai Hiremath**

Chairman & Managing Director- DIN: 0062203

**Kannan K. Unni**

Director- DIN: 00227858

**Sham Wahalekar**

Chief Financial Officer & Company Secretary- CS Membership No: 8745

Mumbai  
9 May 2019

## Standalone Statement of Changes in Equity

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### (a) Equity share capital

<b>Balance as at 1 April 2017</b>	<b>164.40</b>
Changes in equity share capital during 2017-18	-
<b>Balance as at 31 March 2018</b>	<b>164.40</b>
Changes in equity share capital during 2018-19 on account of bonus issue	<b>82.20</b>
<b>Balance as at 31 March 2019</b>	<b>246.60</b>

### (b) Other equity

	Capital reserve	Capital redemption reserve	Securities premium	State subsidy	Contingency reserve	General reserve	Retained earnings
<b>Balance as at 31 March 2017</b>	0.44	509.82	146.92	5.50	30.00	1,779.56	3,413.27
<b>Total comprehensive income for the year ended 31 March 2018</b>							
Profit for the year							772.27
Items of OCI for the year, net of tax							
Remeasurements of defined benefit liability							0.54
Equity investments through other comprehensive income - net change in fair value							(0.16)
<b>Total comprehensive income</b>							<b>772.65</b>
<b>Transaction with owners in their capacity as owners, recorded directly in equity</b>							
Dividend							(106.86)
Dividend distribution tax							(21.75)
<b>Balance as at 31 March 2018</b>	<b>0.44</b>	<b>509.82</b>	<b>146.92</b>	<b>5.50</b>	<b>30.00</b>	<b>1,779.56</b>	<b>4,057.31</b>
<b>Total comprehensive income for the year ended 31 March 2019</b>							
Profit for the year							1,030.78
Items of OCI for the year, net of tax							
Remeasurements of defined benefit liability							1.35
Equity investments through other comprehensive income - net change in fair value							(0.33)
<b>Total comprehensive income</b>							<b>1,031.80</b>
<b>Transaction with owners in their capacity as owners, recorded directly in equity</b>							
Dividends							(135.63)
Dividend Distribution Tax							(27.88)
Issue of bonus shares			(82.20)				
<b>Balance as at 31 March 2019</b>	<b>0.44</b>	<b>509.82</b>	<b>64.72</b>	<b>5.50</b>	<b>30.00</b>	<b>1,779.56</b>	<b>4,925.60</b>

As per our report of even date attached

**For B S R & Co. LLP**

Chartered Accountants  
Firm's Registration No: 101248W/W-100022

**Farhad Bamji**

Partner  
Membership No: 105234

Mumbai  
9 May 2019

For and on behalf of the Board of Directors of Hikal Limited  
CIN: L24200MH1988PTC048028

**Jai Hiremath**

Chairman & Managing Director- DIN: 0062203

**Kannan K. Unni**

Director- DIN: 00227858

**Sham Wahalekar**

Chief Financial Officer & Company Secretary- CS Membership No: 8745

Mumbai  
9 May 2019



## Notes to the standalone financial statements

for the year ended 31 March 2019

(Currency : Indian Rupees in million)

### 1 Company Overview

Hikal Limited ('Hikal' or 'the Company') was incorporated on July 8, 1988 having its registered office at 717/718, Maker Chamber V, Nariman Point, Mumbai 400 021.

The Company is engaged in the manufacturing of various chemical intermediates, specialty chemicals, active pharma ingredients and contract research activities.

The Company has its equity shares listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India.

The Company is operating in the crop protection and pharmaceuticals space.

### 2 Basis of preparation

#### 2.1 Statement of compliance

The accompanying standalone financial statements have been prepared in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 notified under section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The standalone financial statements for the year ended 31 March 2019 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on 9 May 2019.

#### 2.2 Functional and presentation currency

These standalone financial statements are presented in Indian rupees, which is also the Company's functional currency. All amounts have been rounded off to two decimal places to the nearest million, unless otherwise indicated.

#### 2.3 Basis of measurement

The standalone financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) that are measured at fair value; and
- net defined benefit (asset)/ liability that are measured at fair value of plan assets less present value of defined benefit obligations.

#### 2.4 Use of estimates and judgements

The preparation of the standalone financial statements in accordance with Ind AS requires use of judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2019 are as follows:

## Notes to the standalone financial statements *(continued)*

for the year ended 31 March 2019

(Currency : Indian Rupees in million)

### a. **Property, plant and equipment**

Determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalised. Useful lives of tangible assets are based on the life prescribed in Schedule II of the Act. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

### b. **Recognition and measurement of defined benefit obligations**

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

### c. **Allowances for doubtful debts**

The company makes allowances for doubtful debts on an assessment of the recoverability of trade and other receivables. The identification of doubtful debts requires use of judgements and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

### d. **Allowances for inventories**

Management reviews the inventory age listing on a periodic basis. The review involves comparison of the carrying value of the aged inventory items with the respective net realizable value. The purpose is to ascertain whether an allowance is required to be made in the financial statement for any obsolete and slow-moving items. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

### e. **Recognition of deferred tax assets**

Deferred tax assets are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilised business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilised.

## 2.5 **Measurement of fair values**

The Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values, which includes overseeing all significant fair value measurements, including Level 3 fair values by the management. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

## Notes to the standalone financial statements *(continued)*

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### 2.6 Current / non-current classification

An entity shall classify an asset as current when-

- (a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- (b) it holds the asset primarily for the purpose of trading;
- (c) it expects to realise the asset within twelve months after the reporting period; or
- (d) the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify all other assets as non-current.

An entity shall classify a liability as current when-

- (a) it expects to settle the liability in its normal operating cycle;
- (b) it holds the liability primarily for the purpose of trading;
- (c) the liability is due to be settled within twelve months after the reporting period; or
- (d) it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

An entity shall classify all other liabilities as non-current.

#### Operating cycle

An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

Based on the nature of services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

### 3 Significant accounting policies

#### 3.1 Revenue

##### Sale of goods

Revenue from the sale of goods includes excise duty and is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, volume rebates, Sales tax / VAT, GST, Octroi, freight and insurance. Revenue is recognised when significant risks and rewards of ownership in the goods are transferred to the buyer, collectability of the resulting receivable is reasonably assured, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

Due to short nature of credit period given to customer there is no financial component in the contract.

The Company has adopted Ind AS 115 Revenue from contracts with customers, with effect from 1 April, 2018. Ind AS 115 establishes principles for reporting information about the nature, amount, timing and uncertainty of revenues and cash flows arising from the contracts with its customers and replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts.

The Company has adopted Ind AS 115 using the cumulative effect method whereby the effect of applying this standard is recognised at the date of initial application (i.e. 1 April, 2018). Accordingly, the comparative information in the Standalone Statement of Profit and Loss is not restated. Impact on adoption of Ind AS 115 is not material.

##### Interest Income

Interest income is recognised using the effective method as set out in Ind AS 109 - Financial Instrument. Recognition and Measurement, when it is possible that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably. The effective interest method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

##### Divident Income

Divident income is recognised when right to receive payment is established and it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably.

## Notes to the standalone financial statements *(continued)*

for the year ended 31 March 2019

(Currency : Indian Rupees in million)

### 3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the Company's functional currency at the exchange rates at the dates of the transactions.

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 asstes and liabilities that are measured based on historical cost in a foreign currency are not translated. Foreign currency exchange differences are generally recognised in the statement of profit and loss.

### 3.3 Employee benefits

#### Short-term employee benefits

Short-term employee benefits obligations are measured on an undiscounted basis and are expensed as the related service is provided. These benefits include bonus and compensated absences such as paid annual leave and sickness leave.

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 amount of obligation can be estimated reliably.

#### Post employment employee benefits

##### i. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

The Company makes specified monthly contributions to Provident fund, Employee State Insurance and Labour Welfare Fund and are recognised as an employee benefit expense in the statement of profit and loss on an accrual basis.

Contribution to Superannuation Fund, a defined contribution scheme, administered by Life Insurance Corporation of India, based on a specified percentage of eligible employees' salary.

##### ii. Defined benefit plans

A defined benefit plan is a post-employee benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan 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 calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined liability (asset) 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 gratuity benefit scheme are recognised in the 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.

#### Gratuity

The Company has an obligation towards gratuity, a defined benefit scheme covering eligible employees. The Company accounts for gratuity benefits payable in future based on an independent actuarial valuation method as stated above. Gratuity for staff at Panoli plant is funded through group gratuity insurance scheme of the Life Insurance Corporation of India ('LIC').



## Notes to the standalone financial statements *(continued)*

for the year ended 31 March 2019

(Currency : Indian Rupees in million)

### Other long-term employee benefits

The Company's net obligation in respect of compensated absences such as paid annual leave, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method, as at the date of the Balance Sheet. Actuarial gains or losses comprising of experience adjustments and the effects of changes in actuarial assumptions are immediately recognised in the statement of profit and loss.

### 3.4 Income tax

Income tax expense comprises current and deferred tax. It is recognised in the statement of profit and loss or 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 and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates enacted or substantively enacted by the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and current tax liabilities are offset only if, the Company:

- a) has a legally enforceable right to set off the recognised amounts; and
- b) 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 amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries 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; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. 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 by 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.

Deferred tax assets and liabilities are offset only if:

- a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable Company.

## Notes to the standalone financial statements *(continued)*

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### 3.5 Inventories

#### a. Measurement of Inventory

The company measures its inventories at the lower of cost and net realisable value.

#### b. Cost of Inventories

The cost of inventories shall comprise all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of purchase of inventories comprise the purchase price, import duties and other taxes (other than the subsequently recoverable by the entity from the taxing authorities), and transport, handling and other cost directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the cost of purchase.

The cost of conversion of inventories include costs directly related to the units of production and a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods.

Other costs are included in the cost of inventories only to the extent that they are incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned by weighted average cost formula. The Company uses the same cost formula for all inventories having a similar nature and use to the Company.

#### c. Net realisable value

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The net realisable value is ascertained for each item of inventories with the reference to the selling prices of related finished products.

The practice of writing inventories down below cost to net realisable value is consistent with the view that assets should not be carried in excess of amounts expected to be realised from their sale or use. Inventories are usually written down to net realisable value item by item.

Estimates of net realisable value of finished goods and stock-in-trade are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. Materials and other supplies 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. However, when a decline in the price of materials indicates that the cost of the finished products exceeds net realisable value, the materials are written down to net realisable value.

Amount of any reversal of write-down of inventories shall be recognised as an expense as when the event occurs.

A new assessment is made of net realisable value in each subsequent period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed. Amounts so reversed shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which reversal occurs.

#### d. Valuation of Spare parts, stand-by equipments and servicing equipments

Spare parts, stand-by equipment and servicing equipment are recognised as Property, Plant and Equipment if and only if it is possible that future economic benefits associated with them will flow to the Company and their cost can be measured reliably. Otherwise such items are classified and recognised as Inventory.

## Notes to the standalone financial statements *(continued)*

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### 3.6 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.

The cost of an item of property, plant and equipment comprises:

- a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- b) any directly attributable cost of bringing the asset to its location and condition necessary for it to be capable of operating in the manner intended by management.
- c) the estimated costs of dismantling and removing the item and restoring the site on which it is located.

Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in the statement of profit and loss.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted and depreciated for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the statement of profit and loss.

#### ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

#### iii. Depreciation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on the depreciable amount of an item of Property, plant and equipment is allocated on a systematic basis over its useful life. The Company provides depreciation on the straight-line method. The Company believes that straight line method reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Company. Based on internal technical evaluation, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc: the management believes useful lives of the assets are appropriate. The depreciation method is reviewed at least at each financial year-end and, if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate in accordance with Ind AS 8 -Accounting Policies, Changes in Accounting Estimates and Errors.

The residual value and the useful life of an asset is reviewed at least at each financial year-end. Depreciation is calculated using the straight-line method on cost of items of property, plant and equipment less their estimated residual values over the estimated useful lives prescribed under Schedule II of the Act, except for certain assets in 'Plant and Machinery', where based on internal assessment and technical evaluation carried out, management believes that the useful life is 20 years, which is higher and different from the useful life of 15 years as prescribed under Part C of Schedule II of the Act.

## Notes to the standalone financial statements (continued)

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

The estimated useful lives of items of property, plant and equipment are as follows:

<b>Tangible Assets</b>	<b>Life defined</b>	<b>Useful life as per Schedule II</b>
Buildings	30-60	30-60
Plant and equipment	9-15	10-20
Furniture and fixtures	10	10
Electrical installation	10	10
Vehicles	10	10
Office equipment	5	5
Computers	3	3
Ships	30	20

Leasehold land is amortised over the duration of the lease.

Leasehold improvements amortised over the primary period of lease.

Assets acquired on hire purchase/finance lease are generally depreciated over the period of useful life of assets on a straight-line basis unless there is no reasonable certainty that the ownership of the asset would be obtained at the end of the agreement term. Where there is no reasonable certainty that the ownership of the asset would be obtained at the end of the agreement term, such assets are depreciated over the shorter of the contract term or the asset's useful life in accordance with the Company's normal depreciation policy.

The additional depreciation charge on account of revaluation of property, plant and equipment (tangible fixed assets) is spread over the balance useful life of the revalued assets. The additional charge of depreciation on account of revaluation is debited to the statement of profit and loss.

Asset individually costing upto Rs 5,000 are fully depreciated in the year of purchase.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

### 3.7 Borrowing cost

Borrowing cost are interest and other cost (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost) incurred in connection with the borrowing of funds. Borrowing cost that are directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of that asset till the date it is ready for its intended use or sale. Other borrowing cost are recognised as an expense in the period in which they are incurred.

### 3.8 Intangible assets

#### i. Recognition and measurement

Expenditure on research activities is recognised in the statement of profit and loss as incurred.

Development expenditure is capitalised as part of the cost of the research and development, 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 sell the asset. Otherwise, it is recognised in the statement of profit and loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets, includes computer software, which are acquired by the Company are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

## Notes to the standalone financial statements *(continued)*

for the year ended 31 March 2019

(Currency : Indian Rupees in million)

### ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the statement of profit and loss as incurred.

### iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is included in depreciation and amortisation in the statement of profit and loss.

Other intangible assets are amortised over the estimated useful lives as given below:

- Computer Software 5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

## 3.9 Financial instruments

### a. Financial assets

#### i. Recognition and initial measurement

Trade receivables and debt instruments issued are initially recognised when they are originated. All other financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset is initially measured at fair value. In the case of financial assets which are recognised at fair value through profit and loss (FVTPL), the transaction costs are recognised in the statement of profit and loss. In other cases, the transaction costs are attributed to the acquisition value of the financial asset.

#### ii. Classification

On initial recognition, a financial asset is classified as measured at

- amortised cost; or
- fair value through profit or loss (FVTPL); or
- fair value through other comprehensive income (FVOCI)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets 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.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset 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.

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.



## Notes to the standalone financial statements *(continued)*

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information

is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

### iii. Subsequent measurement and gains and losses

#### Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit and loss.

#### Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of profit and loss. Any gain or loss on derecognition is recognised in the statement of profit and loss. Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to the statement of profit and loss.

### iv. Derecognition

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.

## Notes to the standalone financial statements *(continued)*

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### **b. Financial liabilities**

#### **i. Recognition and initial measurement**

All financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is initially measured at fair value. In the case of financial liabilities which are recognised at fair value through profit and loss (FVTPL), the transaction costs are recognised in the statement of profit and loss. In other cases, the transaction costs are attributed to the acquisition or issue of financial liability.

#### **ii. Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of profit and loss. Any gain or loss on derecognition is also recognised in the statement of profit and loss.

#### **iii. Derecognition**

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the statement of profit and loss.

#### **iv. Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### **c. Derivative financial instruments**

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each reporting period. Any changes therein are generally recognised in the statement of profit and loss.

### **d. Investment in subsidiaries**

Investment in subsidiaries is carried at cost in the standalone financial statements.

### **3.10 Provisions and contingent liabilities**

A provision is recognised 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. 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. The unwinding of the discount is recognised as finance cost.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but will probably not, require an outflow of resources. When there is a possible obligation of a present obligation in respect of which the likelihood of outflow of resources is remote, no provision disclosure is made.

## Notes to the standalone financial statements *(continued)*

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### 3.11 Leases

#### i. Lease payments

Payments made under operating leases are recognised in the statement of profit and 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. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

#### ii. Assets held under lease

Leases of property, plant and equipment that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets 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 the similar owned asset.

Assets held under leases that do not transfer to the Company substantially all risks and rewards of ownership are classified as operating leases and are not recognised in the Company's statement of financial position.

### 3.12 Impairment of non-financial assets

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

The recoverable amount is the higher 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. In respect of the 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. When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods which no longer exists or may have decreased, impairment loss is reversed to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets, such reversal is not recognised.

### 3.13 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

### 3.14 Earnings Per Share (EPS)

Basic EPS is computed using the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be antidilutive.

## Notes to the standalone financial statements *(continued)*

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### 3.15 Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective subsequent years as mentioned below:

Ind AS 116 – Leases:

Ind AS 116 Leases replaces existing lease accounting guidance i.e. Ind AS 17 Leases. It sets out principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet lease accounting model. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

#### **Amendments to existing Ind AS:**

The following amended standards are not expected to have a significant impact on the Company's standalone financial statements. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Company when it will adopt the respective amended standards.

##### 1. Amendments to Ind AS 23 Borrowing Costs

The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

##### 2. Amendments to Ind AS 19 Employee Benefits

This amendment requires:

- To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- To recognise in the statement of profit and loss as part of past service cost, or gain or loss on settlement, any reduction in surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

##### 3. Amendments to Ind AS 109 Financial Instruments

- The Company does not expect this standard to have significant impact on the standalone financial statements.

##### 4. Amendments to Ind AS 12 Income Taxes

- The Company does not expect this standard to have significant impact on the standalone financial statements.

##### 5. Amendments to Ind AS 28 Investments in Associates and Joint Ventures

- The Company does not expect this standard to have significant impact on the standalone financial statements.

## Notes to the standalone financial statements (continued)

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### 4 Property, Plant and Equipment

Description	As at 1 Apr 2018	Additions	Deductions	Gross Block		Accumulated Depreciation		Net Block	
				Adjustment of exchange difference	As at 31 Mar 2019	As at 1 Apr 2018	Charge for the year	As at 31 Mar 2019	As at 31 Mar 2018
Freehold land	579.18	-	-	-	579.18	-	-	-	579.18
Leasehold land	691.71	-	-	-	691.71	17.67	9.28	26.95	674.04
Buildings	1,503.89	119.58	-	-	1,623.47	123.10	66.59	189.69	1,380.79
Plant and machinery	4,761.08	1,463.94	-	68.41	6,293.43	1,293.16	787.48	2,080.64	3,467.92
Electrical equipments and installations	93.82	22.34	-	-	116.16	42.92	18.78	61.70	50.90
Office equipments	54.63	24.06	-	-	78.69	22.68	18.79	41.47	31.95
Furniture and fixtures	73.89	11.94	-	-	85.83	27.60	11.21	38.81	46.29
Leasehold Improvements	5.54	0.04	-	-	5.58	1.12	0.56	1.68	4.42
Vehicles	44.16	15.47	6.28	-	53.35	10.44	6.08	13.54	33.72
Ships	35.75	-	-	-	35.75	3.74	1.79	5.53	32.01
<b>Total</b>	<b>7,843.65</b>	<b>1,657.37</b>	<b>6.28</b>	<b>68.41</b>	<b>9,563.15</b>	<b>1,542.43</b>	<b>920.56</b>	<b>2,460.01</b>	<b>6,301.22</b>
Capital work in progress								<b>730.86</b>	1,155.14



## Notes to the standalone financial statements (continued)

for the year ended 31 March 2019  
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### 4 Property, Plant and Equipment (Previous year)

Description	Gross Block			Accumulated Depreciation			Net Block	
	As at 1 Apr 2017	Additions	Deductions	Adjustment of exchange difference on borrowing	As at 31 Mar 2018	As at 1 Apr 2017	As at 31 Mar 2018	As at 31 Mar 2017
Freehold land	579.18	-	-	-	579.18	-	-	579.18
Leasehold land	657.59	34.12	-	-	691.71	8.75	17.67	648.84
Buildings	1,372.27	131.62	-	-	1,503.89	60.51	123.10	1,311.76
Plant and machinery	4,493.27	269.39	-	(1.58)	4,761.08	568.70	1,293.16	3,924.57
Electrical equipments and installations	81.76	12.06	-	-	93.82	22.75	42.92	50.90
Office equipments	36.01	18.62	-	-	54.63	6.61	22.68	31.95
Furniture and fixtures	62.47	11.42	-	-	73.89	11.63	27.60	46.29
Leasehold Improvements	5.51	0.03	-	-	5.54	0.14	1.12	4.42
Vehicles	41.87	2.29	-	-	44.16	8.70	10.44	33.72
Ships	35.75	-	-	-	35.75	1.80	3.74	33.95
<b>Total</b>	<b>7,365.68</b>	<b>479.55</b>	<b>-</b>	<b>(1.58)</b>	<b>7,843.63</b>	<b>689.59</b>	<b>1,542.43</b>	<b>6,676.09</b>
Capital work in progress							<b>1,155.14</b>	<b>619.40</b>

Notes:

a. Exchange differences of Rs. 68.41 million (P.Y. (Rs 1.58) million) has been included in the additions to fixed assets post the exercise of option in terms of Para 46A of AS11 (pursuant to notification dated 29 December 2011 issued by the Ministry of Corporate Affairs).

b. Plant and machinery includes assets taken on finance lease as under

Particulars	As at 31 March 2019	As at 31 March 2018
Gross block	23.23	23.23
Accumulated depreciation	9.60	6.40
Net block	13.63	16.83
Depreciation charge for the year	3.20	3.20

## Notes to the standalone financial statements (continued)

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### 5 Other Intangible Assets

Description	Gross Block			Accumulated Depreciation				Net Block		
	As at 1 Apr 2018	Additions	Deductions	As at 31 Mar 2019	As at 1 Apr 2018	Charge for the year	Deductions	As at 31 Mar 2019	As at 31 Mar 2019	As at 31 Mar 2018
Computer software	39.63	-	-	39.63	4.91	8.23	-	13.14	26.49	34.72
<b>Total</b>	<b>39.63</b>	<b>-</b>	<b>-</b>	<b>39.63</b>	<b>4.91</b>	<b>8.23</b>	<b>-</b>	<b>13.14</b>	<b>26.49</b>	<b>34.72</b>
Intangible assets under development									56.00	23.65

### 5 Other Intangible Assets (Previous Year)

Description	Gross Block			Accumulated Depreciation				Net Block		
	As at 1 Apr 2017	Additions	Deductions	As at 31 Mar 2018	As at 1 Apr 2017	Charge for the year	Deductions	As at 31 Mar 2018	As at 31 Mar 2018	As at 31 Mar 2017
Computer software	8.99	30.64	-	39.63	1.82	3.09	-	4.91	34.72	7.17
<b>Total</b>	<b>8.99</b>	<b>30.64</b>	<b>-</b>	<b>39.63</b>	<b>1.82</b>	<b>3.09</b>	<b>-</b>	<b>4.91</b>	<b>34.72</b>	<b>7.17</b>
Intangible assets under development									23.65	8.19

### 6 Non-Current Investments

	31 March 2019	31 March 2018
Investments in equity instruments:		
<b>A. Unquoted</b>		
<b>i. Subsidiary company</b>		
Acoris Research Limited	0.10	0.10
15,050,080 Equity Shares of face value Rs 10 each (PY: 15,050,080 Equity Shares of face value Rs 10 each)		
<b>ii. Other investment</b>		
223,164 (P.Y. 223,164) Equity shares of Rs 10 each of Bharuch Eco Aqua.Infrastructure Limited fully paid-up	6.52	6.67
30,000 (P.Y. 30,000) Equity shares of Rs 10 each of Panoli Enviro Technology Limited fully paid-up	0.70	0.70
14,494 (P.Y. 14,494) Equity shares of Rs 100 each MMA CETP Co-operative Society Limited fully paid-up	1.45	1.45
16% (P.Y. 16%) equity shares of Jiangsu Chemstar Chemical Co Limited fully paid-up	-	15.47
<b>B. Quoted</b>		
10,000 (P.Y. 10,000) Equity shares of Rs 10 each of Bank of Baroda fully paid-up	1.29	1.44
2,900 (P.Y. 2,900) Equity shares of Rs 10 each of Union bank of India fully paid-up	0.28	0.28
<b>Total non-current investments (A + B)</b>	<b>10.34</b>	<b>26.11</b>
Aggregate amount of quoted investments	1.57	1.72
Aggregate market value of quoted investments	1.57	1.72
Aggregate amount of unquoted investments	34.24	34.39
Aggregate amount of impairment in value of investments	(25.47)	(10.00)
	<b>10.34</b>	<b>26.11</b>

Note:

The Company has made full provision for investment in Jiangsu Chemstar Chemical Co. Limited in current year.

## Notes to the standalone financial statements (continued)

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

	31 March 2019	31 March 2018
<b>7 Loans</b>		
Unsecured and considered good		
<b>To other than related parties</b>		
Loans to employees	2.82	3.27
	<u>2.82</u>	<u>3.27</u>
<b>8 Other financial assets</b>		
Unsecured and considered good		
<b>To other than related parties</b>		
Deposits with original maturity of more than 12 months	36.29	1.94
	<u>36.29</u>	<u>1.94</u>
<b>9 Current tax assets (net)</b>		
Current tax assets (net)	4.14	-
(Net of provision of Rs 327 million (31 March 2018 : Nil))	<u>4.14</u>	<u>-</u>
<b>10 Deferred tax assets (net)</b>		
Mat credit entitlement	-	369.89
Deferred tax liabilities (Refer note 38)	-	(365.30)
	<u>-</u>	<u>4.59</u>
<b>11 Other non-current assets</b>		
Unsecured and considered good		
<b>To other than related parties</b>		
Security deposit	75.15	70.00
Prepaid expenses	26.78	14.47
VAT/ CST refund receivable	37.98	40.28
Balance with government authorities	242.96	667.89
Capital advances	131.90	104.34
	<u>514.77</u>	<u>896.98</u>
<b>To related parties</b>		
Security deposits - given to Director	70.00	70.00
	<u>70.00</u>	<u>70.00</u>
	<u>584.77</u>	<u>966.98</u>
<b>12 Inventories</b>		
Valued at the lower of cost and net realisable value		
Raw materials (includes goods in transit of Nil, 31 March 2018 Rs 0.93 million)	2,364.95	1,939.74
Packing materials	13.49	14.68
Work-in-progress	535.84	522.14
Finished goods	526.27	390.14
Stores and spares	201.76	163.83
	<u>3,642.31</u>	<u>3,030.53</u>

Inventories which comprise raw materials, packing materials, work-in-progress and finished goods are carried at the lower of cost and net realisable value. (See detailed accounting policy in Note 3.5) The write-down of inventories to net realisable value as at year end amounted to Rs 46.25 million (31 March 2018: Rs 41.25 million). The write down of inventories are included in cost of materials consumed or changes in inventories of finished goods and work-in-progress in the statement of profit and loss.

## Notes to the standalone financial statements (continued)

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### 13 Trade receivables

	31 March 2019	31 March 2018
(Unsecured)		
Considered good	3,500.83	2,894.84
Considered doubtful	22.28	23.25
	<u>3,523.11</u>	<u>2,918.09</u>
Loss allowance	(3.64)	(21.11)
Considered doubtful	(22.28)	(23.25)
	<u>(25.92)</u>	<u>(44.36)</u>
Net trade receivables	<u>3,497.19</u>	<u>2,873.73</u>

The loss allowance on trade receivables has been computed on the basis of Ind AS 109, Financial Instruments, which requires such allowance to be made even for trade receivables considered good on the basis that credit risk exists even though it may be very low.

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 41.

### 14 Cash and cash equivalents

Bank balances in :		
- Current accounts	39.58	39.74
- Exchange earners foreign currency	0.04	0.04
- Fixed deposit account (with original maturity of 3 months or less)	73.25	17.46
Cash on hand	1.26	0.98
Cash and cash equivalents in the statement of cash flows	<u>114.13</u>	<u>58.22</u>

### 15 Bank balance other than cash and cash equivalents

Other bank balances:		
Bank deposits due to mature within 12 months of the reporting date	201.04	211.65
Unpaid dividend accounts	2.25	2.37
	<u>203.29</u>	<u>214.02</u>

Deposits given as security

- 1) Margin money deposits with a carrying amount as at 31 March 2019 Rs 166.81 million (As at 31 March 2018 Rs 96.20 million) are subject to first charge to secure the Company's working capital loans.
- 2) Bank deposits with a carrying amount as at 31 March 2019 Rs 143.68 million (As at 31 March 2018 Rs 134.84 million) are subject to exclusive first charge to secure the Company's rupee term loans and external commercial borrowing term loan from one bank.

### 16 Loans

To parties other than related parties		
Loans to employees	5.03	3.58
	<u>5.03</u>	<u>3.58</u>

### 17 Other current assets

(Unsecured)		
To parties other than related parties		
Advance to suppliers		
Considered good	365.99	125.15
Considered doubtful	10.00	10.00
Advance to suppliers	<u>375.99</u>	<u>135.15</u>
Less: Provision for doubtful advances	(10.00)	(10.00)
	<u>365.99</u>	<u>125.15</u>
Balance with government authorities	387.47	448.04
Advance to employees	0.65	1.31
VAT / CST refund receivable	42.85	97.44
Prepaid expenses	38.46	39.80
Interest accrued on fixed deposit	2.96	7.74
	<u>838.38</u>	<u>719.48</u>

## Notes to the standalone financial statements (continued)

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### 18 Share capital

	31 March 2019	31 March 2018
Authorised share capital (Refer note a below)		
Equity	500	250
Par value per share (Rs.)	2	2
Number of equity shares	25,00,00,000	12,50,00,000
Preference shares	250	500
Par value per share (Rs.)	100	100
Number of Preference shares	25,00,000	50,00,000
Issued, subscribed and fully paid up -Equity	246.60	164.40
Par value per share (Rs.)	2	2
Number of equity shares	12,33,00,750	8,22,00,500

- The Company has reclassified its authorised share capital which was approved by the shareholders by means of special resolution in the extra ordinary general meeting held on 11 June 2018.
- The Board of Directors of the Company at its meeting held on 9 May, 2018, approved a proposal to issue bonus shares in the ratio of one equity share of Rs 2 each for every two equity share of Rs 2 each held by the shareholders of the Company as on the record date i.e 25 June 2018 , which was approved by the shareholders by means of an ordinary resolution in the extra ordinary general meeting held on 11 June, 2018. The Company allotted 41,100,250 equity shares as fully paid up bonus shares by capitalisation of securities premium amounting to Rs 82.20 million.
- Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

#### Equity shares

	31 March 2019		31 March 2018	
	No. millions	Rs in millions	No. millions	Rs in millions
At the beginning of the year	82.20	164.40	82.20	164.40
Bonus shares	41.10	82.20	-	-
At the end of the year	123.30	246.60	82.20	164.40

#### d. Terms/rights attached to equity shares

The Company has only single class of equity shares having a par value of Rs 2 (P.Y. Rs 2) per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### e. Details of shareholders holding more than 5% of shares:

	31 March 2019		31 March 2018	
	No of Shares	%	No of Shares	%
Kalyani Investment Company Limited	38.67	31.36	25.78	31.36
Shri Badrinath Investment Private. Limited	19.92	16.15	13.28	16.15
Shri Rameshwara Investment Private Limited	9.81	7.96	6.54	7.96
Sugandha J Hiremath	9.68	7.84	6.45	7.84
International Finance Corporation	-	-	4.80	5.84



## Notes to the standalone financial statements (continued)

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### 19 Other Equity

	Note	31 March 2019	31 March 2018
Capital reserve	i	0.44	0.44
Capital redemption reserve	ii	509.82	509.82
Securities premium	iii	64.72	146.92
State subsidy	iv	5.50	5.50
Contingency reserve	v	30.00	30.00
General reserve	vi	1,779.56	1,779.56
		<u>2,390.04</u>	<u>2,472.24</u>

### A Notes

#### i Capital reserve

Opening balance	0.44	0.44
Additions during the year	-	-
Closing balance	<u>0.44</u>	<u>0.44</u>

#### ii Capital redemption reserve

Opening balance	509.82	509.82
Additions during the year	-	-
Closing balance	<u>509.82</u>	<u>509.82</u>

#### iii Securities premium

Opening balance	146.92	146.92
Issue of bonus shares (Refer note 17 (b))	(82.20)	-
Closing balance	<u>64.72</u>	<u>146.92</u>

#### iv State subsidy

Opening balance	5.50	5.50
Additions during the year	-	-
Closing balance	<u>5.50</u>	<u>5.50</u>

#### v Contingency reserve

Opening balance	30.00	30.00
Additions during the year	-	-
Closing balance	<u>30.00</u>	<u>30.00</u>

#### vi General reserve

Opening balance	1779.56	1779.56
Additions during the year	-	-
Closing balance	<u>1779.56</u>	<u>1779.56</u>

### B Nature and purpose of reserves

#### i. Capital reserve

Capital reserve is created on merger/amalgamation.

#### ii. Capital redemption reserve

Capital redemption reserve represents redemption of redeemable cumulative preference shares in earlier years.

#### iii. Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Act.

#### iv. State subsidy

State subsidy is created on receipt of government grants for setting up the factories in backward areas.

#### v. Contingency reserve

Contingency reserve is created by transferring funds from retained earnings to meet future contingencies.

#### vi. General reserve

General Reserve is a free reserve which is created by transferring funds from retained earnings to meet future obligations or purposes.

## Notes to the standalone financial statements (continued)

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### C Dividends

The following dividends were declared and paid by the Company during the years ended: (Currency : Indian Rupees in million)

	31 March 2019	31 March 2018
Final equity dividend paid for financial year 2016-17 at Re 0.60 per equity share	-	49.32
Interim equity dividend paid for financial year 2017-18 at Re 0.70 per equity share	-	57.54
Final equity dividend paid for financial year 2017-18 at Re 0.50 per equity share	61.65	-
Interim equity dividend paid for financial year 2018-19 at Re 0.60 per equity share	73.98	-
Dividend distribution tax on the equity dividend paid above	27.88	21.75
<b>Total</b>	<b>163.51</b>	<b>128.61</b>

After the reporting dates the following dividends were proposed by the directors subject to the approval at the annual general meeting. These dividends and tax thereon have not been recognised as liabilities in the year to which they pertain to and is recorded in the year in which they have been approved in the Annual General Meeting. Dividends would attract dividend distribution tax when declared or paid:

Final equity dividend proposed for financial year 2018-19 at Re 0.60 per equity share	73.98	-
Final equity dividend proposed for financial year 2017-18 at Re 0.50 per equity share	-	41.10
Dividend distribution tax on the equity dividend proposed above	15.21	8.37
<b>Total</b>	<b>89.19</b>	<b>49.47</b>

### 20 Borrowings

	31 March 2019	31 March 2018
<b>Term loans from banks</b>		
Rupee (refer note a (i), a (ii) and b (i) below)	1,405.97	1,172.25
External commercial borrowing (refer note a (iii) and b (i) below)	944.03	1,002.68
<b>Term loans from financial institutions</b>		
Rupee (refer note a (iv) and b (ii) below)	441.15	558.01
<b>Term loans from others</b>		
Rupee (refer note a (v) and b (iii) below)	177.95	228.13
<b>Vehicle loans</b>		
From banks -Rupee (refer note a (vi) and b (iv) below)	5.09	0.50
From Others -Rupee (refer note a (vi) and b (iv) below)	4.28	4.74
	<b>2,978.47</b>	<b>2,966.31</b>

#### a Nature of security :

- Rupee term loan from banks of Rs. 918.12 million is secured by first pari passu charge on the fixed assets of the Company's plants situated at Taloja, Panoli, Bangalore, R & D centre at Pune and office at CBD Belapur (Navi Mumbai) and second pari passu charge on entire current assets both present and future.
- Rupee term loan from banks of Rs.487.85 million is secured by first pari passu charge on the fixed assets of the Company's plants situated at Taloja, Panoli, Bangalore, R & D centre at Pune and second pari passu charge on entire current assets both present and future.
- External Commercial borrowing from bank is secured by first pari passu charge on the fixed assets of the Company's plants situated at Taloja, Panoli and Bangalore, R & D centre at Pune and office at CBD Belapur (Navi Mumbai) and second pari passu charge on entire current assets both present and future.
- Rupee term loan from financial institutions is secured by first pari passu charge on the fixed assets of the Company's plants situated at Taloja, Panoli and Bangalore, R & D centre at Pune and office at CBD Belapur (Navi Mumbai) and second pari passu charge on entire current assets both present and future.
- Rupee term loan from others is secured by first pari passu charge on the fixed assets of the Company's plants situated at Taloja, Panoli, Bangalore, R & D centre at Pune and office at CBD Belapur (Navi Mumbai) and second pari passu charge on entire current assets both present and future.
- Vehicle loans are secured by first charge on the said vehicles.

## Notes to the standalone financial statements *(continued)*

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### B i) Terms of repayment as on 31 March 2019 are as under :

(i)	US \$ in Million	Rs In Million	Repayment Terms	Interest Rate p.a.
a	-	311.62	Repayable quarterly - 16 instalments of Rs. 19.476 Mio starting from 30.06.2019	11.00%
b	-	77.39	Repayable quarterly - 16 instalments of Rs. 4.837 Mio starting from 30.06.2019	11.00%
c	-	500.04	Repayable quarterly - 16 instalments of Rs. 31.253 Mio starting from 30.06.2019	11.20%
d	-	153.99	Repayable quarterly - 16 instalments of Rs. 9.624 Mio starting from 30.06.2019	11.30%
e	-	154.08	Repayable quarterly - 16 instalments of Rs. 9.630 Mio starting from 30.06.2019	11.20%
f	-	295.84	Repayable quarterly - 26 instalments of Rs. 11.378 Mio starting from 31.03.2020	10.35%
g	-	197.03	Repayable quarterly - 26 instalments of Rs. 7.578 Mio starting from 31.03.2020	10.15%
h	15.57	1,076.86	Repayable quarterly - 18 instalments of US \$ 0.865 Mio each starting 10.09.2019	3M Libor + 395 bps
(ii)	US \$ in Million	Rs In Million	Repayment Terms	Interest Rate p.a.
a	-	576.15	Repayable quarterly - 16 instalments of Rs. 36.009 Mio starting from 30.06.2019	10.50%
(iii)	US \$ in Million	Rs In Million	Repayment Terms	Interest Rate p.a.
a	-	231.95	Repayable quarterly - 16 instalments of Rs. 14.497 Mio starting from 30.06.2019	10.45%
(iv)	US \$ in Million	Rs In Million	Repayment Terms	Interest Rate p.a.
a	-	0.49	Repayable monthly EMI of Rs. 0.047 Mio	10.30%
b	-	4.73	Repayable monthly EMI of Rs. 0.315 Mio	9.24%
c	-	6.31	Repayable monthly EMI of Rs. 0.144 Mio	8.60%
d	-	3.96	Repayable monthly EMI of Rs. 0.102 Mio	8.73%

## Notes to the standalone financial statements *(continued)*

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### ii) Terms of repayment as on 31 March 2018 are as under :

(i)	US \$ in Million	Rs In Million	Repayment Terms	Interest Rate p.a.
a	-	359.17	Repayable quarterly - 20 instalments of Rs. 18.00 Mio starting from 30.06.2018	10.65%
b	-	89.01	Repayable quarterly - 20 instalments of Rs. 4.50 Mio starting from 30.06.2018	10.60%
c	-	574.23	Repayable quarterly - 20 instalments of Rs. 29.25 Mio starting from 30.06.2018	10.75%
d	-	177.21	Repayable quarterly - 20 instalments of Rs. 9.00 Mio starting from 30.06.2018	10.90%
e	-	176.92	Repayable quarterly - 20 instalments of Rs. 9.00 Mio starting from 30.06.2018	11.20%
f	15.41	1,002.58	Repayable quarterly - 18 instalments of US \$ 0.890 Mio each starting 10.07.2019	3M Libor + 395 bps
(ii)	US \$ in Million	Rs In Million	Repayment Terms	Interest Rate p.a.
a	-	661.45	Repayable quarterly - 20 instalments of Rs. 33.75 Mio starting from 30.06.2018	10.20%
b	2.01	130.53	Repayable half yearly - 2 instalments of US \$ 1 Mio each starting from 15.07.2018	6M Libor + 300 bps
c	2.01	130.44	Repayable half yearly - 2 instalments of US \$ 1 Mio each starting from 15.07.2018	6M Libor + 320 bps
(iii)	US \$ in Million	Rs In Million	Repayment Terms	Interest Rate p.a.
a	-	267.01	Repayable quarterly - 20 instalments of Rs. 13.50 Mio starting from 30.06.2018	10.45%
(iv)	US \$ in Million	Rs In Million	Repayment Terms	Interest Rate p.a.
a	-	0.26	Repayable monthly EMI of Rs. 0.025 Mio	10.49%
b	-	0.30	Repayable monthly EMI of Rs. 0.150 Mio	9.87%
c	-	0.19	Repayable monthly EMI of Rs. 0.039 Mio	10.25%
d	-	0.52	Repayable monthly EMI of Rs. 0.070 Mio	10.74%
e	-	0.97	Repayable monthly EMI of Rs. 0.047 Mio	10.26%
f	-	0.07	Repayable monthly EMI of Rs. 0.066 Mio	10.26%
g	-	7.91	Repayable monthly EMI of Rs. 0.315 Mio	9.24%

## Notes to the standalone financial statements (continued)

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

	31 March 2019	31 March 2018
<b>21 Long - term provisions</b>		
Provision for gratuity (Refer note 39)	85.71	78.58
Provision for compensated absences (Refer note 39)	74.70	77.89
	<u>160.41</u>	<u>156.47</u>
<b>22 Deferred tax liabilities (net)</b>		
Deferred tax liabilities (Refer note 38)	369.80	-
Mat credit entitlement	(241.42)	-
	<u>128.38</u>	<u>-</u>
<b>23 Short - term borrowings</b>		
<i>Secured</i>		
Loans repayable on demand from banks		
Working capital loan -Rupee (refer note a and b below)	1,599.06	790.77
Working capital loan -Foreign currency (refer note a and b below)	-	657.51
Bill discounting (Refer note a (ii) below)	1,419.77	1,323.34
	<u>3,018.83</u>	<u>2,771.62</u>
a. Nature of security and terms of repayment for secured borrowings :		
i Working capital loans from all banks are secured by first charge on all current assets of the Company and second pari passu charge on all fixed assets both present and future of the Company, situated at Company's plants at Bangalore, Taloja and Panoli.		
ii Loans availed under bill discounting facility are secured against specific receivables, have tenure of 30 to 90 days and carry interest ranging between 1.50% to 9.80% p.a.		
b. Working capital loans are repayable on demand and carry interest ranging from 1.50% to 10.00% p.a.		
<b>24 Trade payables</b>		
Payables to Micro, Small and Medium Enterprises (Refer note 44)	197.42	61.24
Payables to others	1,413.00	1,584.22
Trade payable	<u>1,610.42</u>	<u>1,645.46</u>
The Company's exposure to currency and liquidity risk related to trade payable is disclosed in Note 41.		
<b>25 Other financials liabilities</b>		
Current maturities of long-term debt	611.94	612.99
Interest accrued but not due on borrowings	19.01	18.60
Payables for capital purchases	100.87	130.25
Employee benefits payable	123.39	112.44
	<u>855.21</u>	<u>874.28</u>
<b>26 Other current liabilities</b>		
Unpaid dividend	2.24	2.37
Advances from customers	420.06	182.47
<b>Statutory dues payable</b>		
- Provident fund	4.71	4.01
- Employees' state insurance	0.08	0.16
- Tax deducted at source	19.32	16.44
- GST /Value added tax	48.77	59.37
- Profession tax	0.31	0.27
	<u>495.49</u>	<u>265.09</u>



## Notes to the standalone financial statements (continued)

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

		31 March 2019	31 March 2018
<b>27</b>	<b>Short - term provisions</b>		
	Provision for gratuity (Refer note 39)	14.83	12.26
	Provision for compensated absences (Refer note 39)	25.86	22.87
		<u>40.69</u>	<u>35.13</u>
<b>28</b>	<b>Current tax liabilities (net)</b>		
	Provision for tax	5.04	8.87
	(Net of advance tax Rs 564.53 million (31 March 2018 : Rs 561.23 million))	<u>5.04</u>	<u>8.87</u>
<b>29</b>	<b>Revenue from operations</b>		
	Sale of products(including excise duty in previous year)	15,620.32	12,802.42
	Sale of services	46.27	20.91
	(A)	<u>15,666.59</u>	<u>12,823.33</u>
	Other operating revenues		
	Export incentive	212.45	161.72
	Scrap sales	17.05	15.82
	(B)	<u>229.50</u>	<u>177.54</u>
	Revenue from operations (A+B)	<u>15,896.09</u>	<u>13,000.87</u>
<b>29.1</b>	<b>Disaggregation of revenue from contracts with customers</b>		
	The Company derives revenue from sale of products from following major segments :		
	Particulars		
	<b>1 Revenue from contracts with customers</b>		
	<b>Sale of products (Transferred at point in time)</b>		
	<b>Manufacturing</b>		
	India	4,840.57	3,926.35
	Outside India	10,779.75	8,876.07
	(A)	<u>15,620.32</u>	<u>12,802.42</u>
	<b>Sale of services</b>		
	India	-	-
	Outside India	46.27	20.91
	(B)	<u>46.27</u>	<u>20.91</u>
	<b>2 Other operating revenues</b>		
	Export incentive	212.45	161.72
	Scrap Sales	17.05	15.82
	(C)	<u>229.50</u>	<u>177.54</u>
	<b>Total revenue (A + B + C)</b>	<u>15,896.09</u>	<u>13,000.87</u>
	<b>Major product lines</b>		
	Crop protection	6,504.67	5,472.80
	Pharmaceuticals	9,391.42	7,528.07
		<u>15,896.09</u>	<u>13,000.87</u>
	<b>Major product lines</b>		
	Upon shipment	15,620.32	12,802.42
	Upon delivery	46.27	20.91
		<u>15,666.59</u>	<u>12,823.33</u>
	Reconciliation of revenue from contract with customer		
	Revenue from contracts with customer as per contract price	15,666.59	12,783.38
	Adjustment made to contract price on account of		
	a) Other operating revenue	229.50	177.54
	b) Excise duty on sale of goods	-	39.95
	Revenue from contracts with customers as per Standalone statement of profit and loss	<u>15,896.09</u>	<u>13,000.87</u>

## Notes to the standalone financial statements (continued)

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

	31 March 2019	31 March 2018
<b>30 Other income</b>		
Dividend received on non-current investment	-	0.01
Interest income on		
Bank deposit	15.60	13.48
Other	4.17	16.98
Provision for doubtful debts written back	-	9.00
Miscellaneous income	2.87	5.16
	<u>22.64</u>	<u>44.63</u>
<b>31 Cost of materials consumed</b>		
Raw material consumed		
Opening stock	1,939.74	1,762.59
Add: Purchase	9,113.21	7,330.31
Less: Closing stock	2,364.95	1,939.74
	<u>8,688.00</u>	<u>7,153.16</u>
<b>32 Changes in inventories of finished goods and Work-in-progress</b>		
Opening stock		
Finished goods	390.14	352.94
Work-in-progress	522.14	395.90
	<u>912.28</u>	<u>748.84</u>
Less: Closing stock		
Finished goods	526.27	390.14
Work-in-progress	535.84	522.14
	<u>1,062.11</u>	<u>912.28</u>
	<u>(149.83)</u>	<u>(163.44)</u>
<b>33 Employee benefits expense</b>		
Salaries and wages	1,301.29	1,108.70
Contribution to provident and other funds	60.01	51.37
Gratuity expenses (Refer note 39)	18.70	22.01
Staff welfare expense	123.70	98.50
	<u>1,503.70</u>	<u>1,280.58</u>
<b>34 Finance costs</b>		
Interest on rupee term loans	235.92	306.13
Interest on foreign currency term loans	44.96	4.61
Interest on working capital loans	128.69	78.84
Interest on bills discounted	65.66	54.98
Other interest	1.17	11.83
Bank charges	34.41	27.84
Exchange difference to the extent considered as an adjustment to borrowing costs	73.46	6.94
	<u>584.27</u>	<u>491.17</u>

## Notes to the standalone financial statements *(continued)*

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

	<u>31 March 2019</u>	<u>31 March 2018</u>
<b>35 Other expenses</b>		
Consumption of stores and spares	<b>271.81</b>	198.44
Processing charges	-	14.29
Power and fuel	<b>1,320.41</b>	1,084.05
Advertisement	<b>3.04</b>	1.61
Rent (Refer note 40)	<b>28.43</b>	18.17
Rates and taxes	<b>7.82</b>	8.96
Insurance	<b>18.75</b>	16.11
Repairs and maintenance		
- Plant and machinery	<b>247.06</b>	146.29
- Buildings	<b>46.69</b>	31.45
- Others	<b>123.72</b>	114.35
Printing and stationery	<b>19.28</b>	21.01
Legal and professional charges		
- Legal charges	<b>3.72</b>	2.68
- Professional charges	<b>119.57</b>	80.28
Travelling and conveyance	<b>62.69</b>	52.19
Vehicle expenses	<b>25.05</b>	16.13
Postage, telephone and telegrams	<b>7.97</b>	10.25
Payment to auditors (Refer note 48)	<b>6.29</b>	7.03
Director's sitting fee / Commission	<b>14.00</b>	5.30
Sales and distribution expenses	<b>197.35</b>	199.97
Commission on sales	<b>8.20</b>	7.48
Security service charges	<b>31.24</b>	29.96
Sundry balance written off	<b>41.95</b>	15.01
Service charges	<b>37.93</b>	31.36
Excise duty on closing stock	-	(0.73)
Loss on sale of assets (net)	<b>0.23</b>	-
Foreign exchange loss (net)	<b>35.25</b>	27.39
Provision for doubtful debts/advances	<b>2.28</b>	5.00
Provision for diminution in value of investment	<b>15.47</b>	10.00
Corporate Social Responsibility expenses (CSR) (Refer note 46)	<b>18.24</b>	12.02
Miscellaneous expenses	<b>158.50</b>	107.16
	<b><u>2,872.94</u></b>	<b><u>2,273.21</u></b>

## Notes to the standalone financial statements (continued)

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### 36 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year, after considering adjustment for the effects of all dilutive potential equity shares.

	31 March 2019	31 March 2018
Profit attributable to equity shareholders (basic and diluted)		
profit for the year attributable to equity shareholders (A)	1,031.80	772.65
<b>Weighted average number of equity shares for basic and diluted earnings per share</b>		
Number of equity shares at beginning of the year	8,22,00,500	8,22,00,500
Bonus Equity shares issued during the year*	4,11,00,250	4,11,00,250
<b>Number of equity shares outstanding at the end of the year</b>	<b>12,33,00,750</b>	<b>12,33,00,750</b>
<b>Weighted average number of equity shares for the year*</b> (B)	<b>12,33,00,750</b>	<b>12,33,00,750</b>
<b>Basic and diluted earnings per share of face value of Rs 2 each</b> (A) / (B)	<b>8.36</b>	<b>6.26</b>

\* Pursuant to the issue of bonus shares, the weighted average number of equity shares and earning per share of the previous year have been accordingly re-stated.

### 37 Tax expense

#### a. Amounts recognised in balance sheet

	31 March 2019	31 March 2018
Current tax liabilities (Net of advance tax Rs 564.53 million (31 March 2018 : Rs 561.23 million ))	5.04	8.87
Current tax assets (Net of provision of Rs 327 million (31 March 2018 : Nil))	4.14	-

Note: The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

#### b. Amounts recognised in statement of profit and loss

	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Current income tax</b>		
Current year	455.03	446.97
	455.03	446.97
<b>Deferred income tax liability / (asset), net</b>		
Origination and reversal of temporary differences	5.05	(104.30)
<b>Deferred tax expense</b>	<b>5.05</b>	<b>(104.30)</b>
<b>Tax expense for the year</b>	<b>460.08</b>	<b>342.67</b>

## Notes to the standalone financial statements (continued)

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### c. Amounts recognised in other comprehensive income

	For the year ended 31 March 2019			For the year ended 31 March 2018		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
<b>Items that will not be reclassified to profit or loss</b>						
Remeasurements of the defined benefit plans	1.90	(0.65)	1.25	0.82	(0.28)	0.54
Fair value of investment	(0.33)	0.10	(0.23)	(0.16)	-	(0.16)
	1.57	(0.55)	1.02	0.66	(0.28)	0.38

### d. Reconciliation of effective tax rate

	31 March 2019	31 March 2018
Profit before tax	1,490.86	1,114.94
Tax using the Company's domestic tax rate (Current year 34.61% and Previous year 34.61%)	520.90	385.88
Tax effect of:		
Non-deductible tax expenses	4.67	2.89
Incremental deduction allowed for research and development costs	(65.50)	(46.10)
	460.08	342.67

The Company's standalone weighted average tax rates for the years ended 31 March 2019 and 31 March 2018 were 30.86% and 30.73%, respectively.

## 38 Deferred tax liabilities (net)

### a. Recognised deferred assets and liabilities

	Deferred tax assets		Deferred tax liabilities		Net deferred tax asset/(liabilities)	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Property, plant and equipment	-	-	(466.43)	(454.31)	(466.43)	(454.3)
Inventories	16.17	14.28	-	-	16.17	14.28
Trade receivables	9.05	15.35	-	-	9.05	15.35
Loans and advances	3.49	3.46	-	-	3.49	3.46
Investments	9.42	3.46	-	-	9.42	3.46
Provisions	70.26	66.31	-	-	70.26	66.31
Loan processing charges	-	-	(11.76)	(13.85)	(11.76)	(13.85)
<b>Net Deferred tax asset / (liabilities)</b>	<b>108.39</b>	<b>102.86</b>	<b>(478.19)</b>	<b>(468.16)</b>	<b>(369.80)</b>	<b>(365.30)</b>

### b. Movement in deferred tax balances

	Net balance 1 April 2018	Recognised in profit or loss	Recognised in OCI	31 March 2019		
				Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
Property, plant and equipment	(454.31)	(12.12)	-	(466.43)	-	(466.43)
Inventories	14.28	1.89	-	16.17	16.17	-
Trade receivables	15.35	(6.30)	-	9.05	9.05	-
Loans and advances	3.46	0.03	-	3.49	3.49	-
Investments	3.46	5.96	-	9.42	9.42	-
Provisions	66.31	3.40	0.55	70.26	70.26	-
Loan processing charges	(13.85)	2.09	-	(11.76)	-	(11.76)
<b>Net deferred tax assets / (liabilities)</b>	<b>(365.30)</b>	<b>(5.05)</b>	<b>0.55</b>	<b>(369.80)</b>	<b>108.39</b>	<b>(478.19)</b>



## Notes to the standalone financial statements (continued)

for the year ended 31 March 2019

(Currency : Indian Rupees in million)

### c. Movement in deferred tax balances (previous year)

	Net balance	Recognised in	Recognised	31 March 2018		
	1 April 2017	profit or loss	in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
Property, plant and equipment	(536.08)	81.77	-	(454.31)	-	(454.31)
Inventories	10.82	3.46	-	14.28	14.28	-
Trade receivables	18.46	(3.11)	-	15.35	15.35	-
Loans and advances	1.73	1.73	-	3.46	3.46	-
Investments	-	3.46	-	3.46	3.46	-
Provisions	53.61	12.42	0.28	66.31	66.31	-
Loan processing charges	(18.42)	4.57	-	(13.85)	-	(13.85)
<b>Net deferred tax assets / (liabilities)</b>	<b>(469.88)</b>	<b>104.30</b>	<b>0.28</b>	<b>(365.30)</b>	<b>102.86</b>	<b>(468.16)</b>

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income and the period over which deferred income tax assets will be recovered.

### 39 Employee benefits

#### i. Defined Contribution Plans

The Company makes contributions towards superannuation fund and other retirement benefits to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

Contribution to defined contribution plans are charged off for the year as under :

Particulars	31 March 2019	31 March 2018
Employer's contribution to Provident Fund	60.01	48.23
Employer's contribution to Superannuation Fund	1.33	1.20
Employer's contribution to ESIC	3.98	1.90
Employer's contribution to Labour Welfare Fund	0.03	0.04

#### ii. Defined Benefit Plans

##### Gratuity:

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The Company has obtained insurance policies with the Life Insurance Corporation of India (LIC) for eligible employees at Panoli plant and makes an annual contribution to LIC for amounts notified by LIC. The Company accounts for gratuity benefits payable in future based on an independent external actuarial valuation carried out at the end of the year using the projected unit credit method. Actuarial gains and losses are recognised as Other Comprehensive Income or Loss.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's standalone financial statements as at balance sheet date:

## Notes to the standalone financial statements (continued)

for the year ended 31 March 2019

(Currency : Indian Rupees in million)

### A. Reconciliation of the net defined benefit (asset)/ liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit (asset) / liability and its components

	31 March 2019	31 March 2018
<b>Reconciliation of present value of defined benefit obligation</b>		
Balance at the beginning of the year	107.41	90.66
Current service cost	12.26	10.42
Past service cost	-	5.89
Interest cost (income)	7.51	6.80
Benefits paid	(2.98)	(5.59)
Actuarial losses/ (gains) recognised in other comprehensive income		
- financial assumptions	1.50	(0.91)
- experience adjustments	(3.06)	0.14
<b>Balance at the end of the year</b>	<b>122.64</b>	<b>107.41</b>
<b>Reconciliation of present value of plan assets</b>		
Balance at the beginning of the year	16.56	14.69
Interest income	1.08	1.10
Remeasurements :	-	
- Return on plan assets, excluding amount included in interest (expense)/income	0.34	0.05
Employer contributions	5.12	2.56
Benefits paid	(1.00)	(1.84)
<b>Balance at the end of the year</b>	<b>22.10</b>	<b>16.56</b>
<b>Net defined benefit (asset)/ liability</b>	<b>100.54</b>	<b>90.85</b>

### B. Plan assets

Plan assets comprise the following

	31 March 2019	31 March 2018
<b>Investment</b>		
Policy of insurance	100%	100%
Bank Special Deposit	0%	0%
Investment in other securities	0%	0%
Corporate Bonds	0%	0%
State Government Bonds	0%	0%
	<b>100%</b>	<b>100%</b>

### C. The components of defined benefit plan expense are as follows:

	31 March 2019	31 March 2018
<b>Recognised in income statement</b>		
Current service cost	12.26	10.42
Past service cost	-	5.89
Interest cost	6.44	5.70
Expected return on plan assets	-	-
<b>Total</b>	<b>18.70</b>	<b>22.01</b>
Recognised in Other Comprehensive Income		
Remeasurement of net defined benefit liability/(asset)	(1.57)	(0.77)
Return on plan assets, excluding interest income	(0.33)	(0.05)
<b>Total</b>	<b>(1.90)</b>	<b>(0.82)</b>

## Notes to the standalone financial statements (continued)

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### D. Defined benefit obligations

#### i. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	31 March 2019	31 March 2018
Expected return on plan assets	7.60%	7.60%
Discount rate	7.45%	7.60%
Salary escalation rate	5.00%	5.00%
Attrition rate	1.00%	1.00%
Mortality rate table	Indian assured lives mortality (2006-08)	

#### ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	31 March 2019		31 March 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	113.25	133.50	99.03	117.11
Rate of salary increase (1% movement)	133.04	113.39	116.74	99.16
Rate of employee turnover (1% movement)	122.83	122.44	107.60	107.22

The above sensitivity analyses have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the reporting date. In practice, generally it does not occur. When we change one variable, it affects to others. In calculating the sensitivity, project unit credit method at the end of the reporting period has been applied.

#### Maturity profile of the defined benefit obligation

Particulars	Up to 1 year	Between 1-2 years	Between 2-5 years	6 to 10 years	Total
<b>31 March 2019</b>					
Defined benefit obligations (Gratuity)	7.15	5.92	25.32	62.14	100.53
<b>Total</b>	<b>7.15</b>	<b>5.92</b>	<b>25.32</b>	<b>62.14</b>	<b>100.53</b>
<b>31 March 2018</b>					
Defined benefit obligations (Gratuity)	11.72	6.52	18.92	53.68	90.84
<b>Total</b>	<b>11.72</b>	<b>6.52</b>	<b>18.92</b>	<b>53.68</b>	<b>90.84</b>

#### Other long term employee benefit plans

##### Compensated absences:

The obligation for leave encashment is recognised in the same manner as gratuity. The Company's liability on account of compensated absences is not funded and hence the disclosures relating to the planned assets are not applicable. Amount of Rs 16.05 million (previous year Rs 42.47 million) towards compensated absences is recognised as an expense and included in "Employee benefits expense" in the Statement of profit and loss during the year.

## Notes to the standalone financial statements (continued)

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### 40 Operating leases

#### Leases as lessee

The Company has taken printers, copiers and office and residential premises under cancellable and non-cancellable operating lease arrangements. Lease rentals debited to the statement of profit and loss aggregate Rs 3.26 million (31 March 2018 Rs 3.11 million) for non-cancellable lease and Rs 25.17 million (31 March 2018 Rs 15.06 million) for cancellable lease

#### i. Future minimum lease payments

The future minimum lease payments to be made under non-cancellable operating leases are as follows:

	31 March 2019	31 March 2018
Payable within one year	3.42	3.26
Payable between one year and five years	9.64	13.06
Payable after more than five years	-	-
	<u>13.06</u>	<u>16.32</u>

#### ii. Amount recognised in profit or loss

	Year ended 31 March 2019	Year ended 31 March 2018
Lease expense - minimum lease payments	28.43	18.17

### 41 Financial instruments - fair values and risk management

#### A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value, if the carrying amount is a reasonable approximation of fair value.

31 March 2019	Carrying amount			Fair value			
	FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>							
Cash and cash equivalents	-	114.13	114.13	-	-	-	-
Other bank balances	-	203.29	203.29	-	-	-	-
Loans - current	-	5.03	5.03	-	-	-	-
Trade receivables	-	3,497.19	3,497.19	-	-	-	-
	-	<u>3,819.64</u>	<u>3,819.64</u>	-	-	-	-
<b>Financial liabilities</b>							
Borrowing - non current	-	2,978.47	2,978.47	-	2,978.47	-	2,978.47
Borrowing - current	-	3,018.83	3,018.83	-	-	-	-
Trade payables	-	1,610.42	1,610.42	-	-	-	-
Other financial liabilities - current	-	855.21	855.21	-	855.21	-	855.21
	-	<u>8,462.93</u>	<u>8,462.93</u>	-	<u>3,833.68</u>	-	<u>3,833.68</u>

## Notes to the standalone financial statements (continued)

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

31 March 2018	Carrying amount			Fair value			
	FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>							
Cash and cash equivalents	-	58.22	58.22	-	-	-	-
Other bank balances	-	214.02	214.02	-	-	-	-
Loans - current	-	3.58	3.58	-	-	-	-
Trade receivables	-	2,873.73	2,873.73	-	-	-	-
	-	3,149.55	3,149.55	-	-	-	-
<b>Financial liabilities</b>							
Borrowing - non current	-	2,966.31	2,966.31	-	2,966.31	-	2,966.31
Borrowing - current	-	2,771.62	2,771.62	-	-	-	-
Trade payables	-	1,645.46	1,645.46	-	-	-	-
Other financial liabilities - current	-	874.28	874.28	-	874.28	-	874.28
	-	8,257.67	8,257.67	-	3,840.59	-	3,840.59

### B. Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

#### Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Forward contracts for foreign exchange contracts	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currency.	Not applicable	Not applicable
Non current financial assets and liabilities measured at amortised cost	Discounted cash flows: The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates.	Not applicable	Not applicable

### C. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk



## Notes to the standalone financial statements (continued)

for the year ended 31 March 2019

(Currency : Indian Rupees in million)

### i. Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

### ii. 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 obligations, and arises principally from the Company's receivables from customers.

The carrying amount of following financial assets represents the maximum credit exposure:

#### 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 establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

At 31 March 2019, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows.

	Carrying amount	
	31 March 2019	31 March 2018
India	1,311.44	791.48
Other regions	2,185.75	2,082.25
	<u>3,497.19</u>	<u>2,873.73</u>

As at 31 March 2019, the Company's most significant customers, accounted for Rs 2,142.87 million (31 March 2018: Rs 1,760.32 million) of the trade and other receivables carrying amount.

## Notes to the standalone financial statements (continued)

for the year ended 31 March 2019

(Currency : Indian Rupees in million)

### Impairment

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables:

31 March 2019			
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Not due	3,096.27	0.02%	0.51
Past due 0-90 days	380.43	0.24%	0.90
Past due 91-180 days	10.06	6.73%	0.68
Past due 181-365 days	3.32	23.33%	0.77
Past due 366-730 days	10.71	28.50%	3.05
Past due 731-1096 days	4.21	44.13%	1.93
More than 1096 days	18.08	100.00%	18.08
	<b>3,523.08</b>		<b>25.92</b>

31 March 2018			
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Not due	2,790.94	0.49%	6.83
Past due 0-90 days	38.76	1.55%	1.33
Past due 91-180 days	41.71	30.52%	12.73
Past due 181-365 days	14.36	39.62%	5.69
Past due 366-730 days	14.03	44.76%	6.28
Past due 731-1096 days	15.41	55.94%	8.62
More than 1096 days	2.88	100.00%	2.88
	<b>2,918.09</b>		<b>44.36</b>

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows.

Particulars	Amount
<b>Balance as at 31 March 2018</b>	<b>44.36</b>
Additional provision	2.30
Impairment loss recognised / (reversal)	(20.74)
<b>Balance as at 31 March 2019</b>	<b>25.92</b>

### Cash and cash equivalents

The Company held cash and cash equivalents of Rs 114.13 million at 31 March 2019 (31 March 2018: Rs 58.22 million). The cash and cash equivalents are held with banks with good credit ratings and financial institution counterparties with good market standing.

Other than trade and other receivables, the Company has no other financial assets that are past due but not impaired.

## Notes to the standalone financial statements (continued)

for the year ended 31 March 2019

(Currency : Indian Rupees in million)

### iii. 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.

#### Exposure to liquidity risk

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.

	Contractual cash flows				
31 March 2019	Carrying amount	Total	Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Borrowings - Non current	2,978.47	2,978.47	-	2,753.47	225.00
Borrowings - current	3,018.83	3,018.83	3,018.83	-	-
Other financial liabilities - current	855.21	855.21	855.21	-	-
Trade payables	1,610.42	1,610.42	1,610.42	-	-
	8,462.93	8,462.93	5,484.46	2,753.47	225.00

#### Derivative Financial Liabilities

Forward Exchange Contracts

- Outflow	-	-	-	-	-
- Inflow	-	-	-	-	-

		Contractual cash flows			
31 March 2018	Carrying amount	Total	Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Borrowings - Non current	2,966.31	2,966.31	-	2,737.33	228.98
Borrowings - current	2,771.62	2,771.62	2,771.62	-	-
Other financial liabilities - current	874.28	874.28	874.28	-	-
Trade payables	1,645.46	1,645.46	1,645.46	-	-
	8,257.67	8,257.67	5,291.36	2,737.33	228.98

#### Derivative Financial Liabilities

Forward Exchange Contracts

- Outflow	-	-	-	-	-
- Inflow	-	-	-	-	-

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity.

### iv. 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. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. We are exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of our investments. Thus, our exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

## Notes to the standalone financial statements *(continued)*

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### Currency risk

The Company is exposed to currency risk on account of its operating and financing activities. The functional currency of the Company is Indian Rupee. The Company uses forward exchange contracts to hedge its currency risk.

#### Exposure to currency risk

The currency profile of financial assets and financial liabilities as at 31 March 2019 and 31 March 2018 are as below:

31 March 2019	USD	EUR	GBP	Others
<b>Financial assets</b>	1,794.04	603.28	11.80	71.32
<b>Financial liabilities</b>	2,553.38	573.32	12.11	-
<b>Net Exposure</b>	<b>(759.34)</b>	<b>29.96</b>	<b>(0.31)</b>	<b>71.32</b>

31 March 2018	USD	EUR	GBP	Others
<b>Financial assets</b>	1,413.10	518.76	12.11	-
<b>Financial liabilities</b>	3,189.87	626.68	5.45	-
<b>Net Exposure</b>	<b>(1,776.77)</b>	<b>(107.92)</b>	<b>6.66</b>	<b>-</b>

Others includes JPY and CHF

The forward contract booked during the year that includes future revenue transaction exposure.

The foreign exchange forward contracts outstanding as 31 March 2019 is Nil. (31 March 2018 Nil).

### Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars, Euros and GBP at 31 March would have affected the measurement of financial instruments denominated in US dollars 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.

Effect in INR	Profit or loss	
	Strengthening	Weakening
<b>31 March 2019</b>		
USD (3% movement )	22.78	(22.78)
EUR (3% movement )	(0.90)	0.90
GBP (3% movement )	0.01	(0.01)
	<b>21.89</b>	<b>(21.89)</b>

Effect in INR	Profit or loss	
	Strengthening	Weakening
<b>31 March 2018</b>		
USD (3% movement )	(53.30)	53.30
EUR (3% movement )	(3.24)	3.24
GBP (3% movement )	0.20	(0.20)
	<b>(56.34)</b>	<b>56.34</b>

### V. Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

## Notes to the standalone financial statements (continued)

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### Exposure to interest rate risk

Since the Company does not have any significant financial assets or financial liabilities bearing floating interest rates, a change in interest rates at the reporting date would not have any significant or material impact on the standalone financial statements of the Company.

	Nominal amount	
	31 March 2019	31 March 2018
<b>Fixed-rate instruments</b>		
Financial assets	318.43	237.90
Financial liabilities	(5,010.18)	(5,087.37)
	<b>(4,691.75)</b>	<b>(4,849.47)</b>
<b>Variable-rate instruments</b>		
Financial assets	-	-
Financial liabilities	(1,599.06)	(1,263.55)
	<b>(1,599.06)</b>	<b>(1,263.55)</b>

### 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 statement of profit and 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

The Company does not have any financial assets or financial liabilities bearing floating interest rates. Therefore a change in interest rates at the reporting date would not affect statement of profit and loss.

## 42 Capital management

As at 31 March 2019, the Company has only one class of equity shares. In order to maintain or achieve an optimal capital structure, the Company allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.

For the purpose of the Company's capital management, capital includes issued capital and other equity reserves. The primary objective of the Company's capital management is to safeguard its ability to continue as going concern and to maintain and optimal capital structure so as to maximise shareholders value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The Company monitors capital using adjusted net debt to equity ratio. For this purpose, adjusted net debt is defined as total debt less cash and bank balances.

	31 March 2019	31 March 2018
Non-current borrowings	2,978.47	2,966.31
Current borrowings	3,018.83	2,771.62
Current maturity of long term debt	611.94	612.99
<b>Gross debt</b>	<b>6,609.24</b>	<b>6,350.92</b>
Less - Cash and cash equivalents	114.13	58.22
Less - Other bank deposits	237.33	213.59
<b>Adjusted net debt</b>	<b>6,257.78</b>	<b>6,079.11</b>
<b>Total equity</b>	<b>7,562.24</b>	<b>6,693.95</b>
<b>Adjusted net debt to equity ratio</b>	<b>0.83</b>	<b>0.91</b>



## Notes to the standalone financial statements (continued)

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### 43 Contingent liabilities and commitments (to the extent not provided for)

	31 March 2019	31 March 2018
<b>A. Contingent liabilities</b>		
<b>Direct and Indirect taxes</b>		
Income Taxes	124.10	124.10
Excise Duty	40.13	40.13

### B. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances, tangible assets	757.47	172.93
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In addition, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liability, where applicable in its financial statements. The Company's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect of the Company's results of operations or financial condition.

### 44 Dues to Micro, Small and Medium suppliers

Particulars	31 March 2019	31 March 2018
1. The amounts remaining unpaid to Micro, Small and Medium suppliers as at the end of the year		
- Principal	197.42	61.24
- Interest on the above		
2. The amount of interest paid by the buyer as per the Micro, Small and Medium Enterprises Development Act, 2006	-	-
3. The amounts of the payments made to Micro, Small and Medium suppliers beyond the appointed day during each accounting year	-	-
4. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
5. The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
6. The amount of further interest remaining due and payable even in the 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 the MSMED Act, 2006	-	-

## Notes to the standalone financial statements (continued)

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### 45 Dues relating to investor education and protection fund

During the year the Company has transferred Rs 0.50 Million to Investor Education and Protection fund. There are no dues which need to be credited as at the year end to the Investor Education and Protection fund

### 46 Corporate social responsibility (CSR)

As per Section 135 of the Act, a CSR committee has been formed by the Company. The funds are utilised during the year on the activities which are specified in Schedule VII of the Act. The utilisation is done by way of direct and indirect contribution towards various activities.

Gross amount required to be spent by the Company during the year: Rs 15.30 million (31 March 2018: Rs.11.98 million)

The areas of CSR activities and contributions made thereto are as follows:

Amount spent during the year on ;	31 March 2019	31 March 2018
Protection of national heritage	2.05	0.78
Promotion of education	3.08	1.08
Promotion of vocational skill	-	6.45
Disaster Relief	0.78	-
Environmental sustainability	10.73	1.22
Promoting preventive health care and sanitation and making available safe water	1.60	1.70
Others	-	0.79
<b>Total</b>	<b>18.24</b>	<b>12.02</b>

The Company does not carry any provisions for corporate social responsibility expenses for the current year and the previous year.

### 47 Research and Development expenditure

A unit of the Company has been recognized by DSIR as in-house Research and Development unit. The Company claims 150% exemption under Sec 35(2AB) of Income Tax Act 1961 for expenditure incurred on in-house R&D activities.

Amount in respect to	31 March 2019	31 March 2018
Capital expenditure	95.36	8.18
Revenue expenditure	443.68	392.14
<b>Total</b>	<b>539.04</b>	<b>400.32</b>

### 48 Payment to auditors' (excluding goods and service tax)

	31 March 2019	31 March 2018
Audit fees	3.40	3.55
Limited review of quarterly results	2.40	2.50
Certification and other matters	0.15	0.63
Out-of-pocket expenses	0.34	0.35
<b>Total</b>	<b>6.29</b>	<b>7.03</b>

## Notes to the standalone financial statements (continued)

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### 49 Disclosure under Section 186 of the Companies Act, 2013

Details of investment made during the year ended 31 March 2019 as per section 186 (4) of the Act:

Name of entity	31 March 2018	Investment made during the year	Change due to fair valuation	31 March 2019
Bharuch Eco Aqua. Infrastructure Limited	6.67	-	(0.15)	6.52
Panoli Enviro Technology Limited	0.70	-	-	0.70
Jiangsu Chemstar Chemical Co Limited	15.47	-	(15.47)	-
Bank of Baroda	1.44	-	(0.15)	1.29
Union Bank of India	0.28	-	-	0.28
Acoris Research Limited	0.10	-	-	0.10
MMA CETP Co-oprative society Limited	1.45	-	-	1.45

### 50 Capitalisation of expenditure

During the year, the Company has capitalised the following expenses of revenue nature to the cost of property, plant and equipment (tangible fixed assets)/capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company.

	Year ended 31 March 2019	Year ended 31 March 2018
Salaries, wages and bonus	9.37	22.53
Finance costs	50.46	15.44
Other expenses	1.66	-
<b>Total</b>	<b>61.49</b>	<b>37.97</b>

### 51 Segment information

For management purposes, the Company is organised into business units based on its products and services and has two reportable segments, as follows:

Pharmaceuticals: Segment produces in Active Pharmaceutical Ingredients

Crop protection: Segment manufactures in pesticides, herbicides.

The Chief Operating Decision Maker ("CODM") evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by operating segments. The CODM reviews revenue and gross profit as the performance indicator for all of the operating segments, and does not review the total assets and liabilities of an operating segment.

Based on above, following are reportable segments as per Ind AS 108

Primary Segment (Operating Segment): Based on product lines of Company	Secondary Segment (Geographical Segment ) Based on geographical area of operation
Pharmaceuticals	India and Outside India
Crop Protection	

#### A. Segment wise classification :-

##### i) Primary segment reporting (by business segment)

The Company's business segments based on product lines are as under:

##### - Pharmaceuticals

Segment produces/trades in Active Pharmaceutical Ingredients

##### - Crop Protection

Segment produces/trades in pesticides and herbicides

## Notes to the standalone financial statements *(continued)*

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### ii) Segment revenues, results and other information

Particulars	Crop Protection	Pharmaceuticales	Total of Reportable Segment
External sales	<b>6,504.67</b>	<b>9,391.42</b>	<b>15,896.09</b>
(Gross of excise duty)	<i>5,472.80</i>	<i>7,528.07</i>	<i>13,000.87</i>
Other income	-	-	-
	-	-	-
Segment revenue	<b>6,504.67</b>	<b>9,391.42</b>	<b>15,896.09</b>
	<i>5,472.80</i>	<i>7,528.07</i>	<i>13,000.87</i>
Segment results	<b>1,116.50</b>	<b>1,293.00</b>	<b>2,409.50</b>
	<i>865.20</i>	<i>985.50</i>	<i>1,850.70</i>
Segment assets	<b>5,475.30</b>	<b>10,339.50</b>	<b>15,814.80</b>
	<i>5,304.10</i>	<i>9,214.40</i>	<i>14,518.50</i>
Segment liabilities	<b>1,762.20</b>	<b>2,030.50</b>	<b>3,792.70</b>
	<i>1,838.70</i>	<i>1,686.10</i>	<i>3,524.80</i>
Capital expenditure	<b>556.07</b>	<b>742.52</b>	<b>1,298.59</b>
(included in segment assets)	<i>380.31</i>	<i>795.57</i>	<i>1,175.88</i>
Depreciation/Amortisation	<b>337.08</b>	<b>567.08</b>	<b>904.16</b>
	<i>272.10</i>	<i>566.06</i>	<i>838.16</i>

*Figures in italics pertain to previous year*

### iii) Reconciliation of reportable segments with the financial statements

	Revenues	Results / Net Profits	Assets	Liabilities	Capital Expenditure	Depreciation/ Amortisation
<b>Total of reportable segments</b>	<b>15,896.09</b>	<b>2,409.50</b>	<b>15,814.80</b>	<b>3,792.70</b>	<b>1,298.59</b>	<b>904.16</b>
	<i>13,000.87</i>	<i>1,850.70</i>	<i>14,518.50</i>	<i>3,524.80</i>	<i>1,175.88</i>	<i>838.16</i>
<b>Corporate / Unallocated segment</b>	-	<b>334.37</b>	<b>1,040.38</b>	<b>5,500.24</b>	<b>86.89</b>	<b>24.63</b>
	-	<i>244.59</i>	<i>898.68</i>	<i>5,198.43</i>	<i>97.14</i>	<i>17.77</i>
<b>Finance cost</b>	-	<b>584.27</b>	-	-	-	-
	-	<i>491.17</i>	-	-	-	-
<b>Taxes</b>	-	<b>460.08</b>	-	-	-	-
	-	<i>342.67</i>	-	-	-	-
<b>As per financial statement</b>	<b>15,896.09</b>	<b>1,030.78</b>	<b>16,855.18</b>	<b>9,292.94</b>	<b>1,385.48</b>	<b>928.79</b>
	<i>13,000.87</i>	<i>772.27</i>	<i>15,417.18</i>	<i>8,723.23</i>	<i>1,273.01</i>	<i>855.93</i>

*Figures in italics pertain to previous year*

## Notes to the standalone financial statements (continued)

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### B. Secondary segment reporting (by geographical segment)

Particulars	India	USA and Canada	Europe	South East Asia	Others	Total
<b>Revenue</b>	<b>4,840.57</b>	<b>1,708.36</b>	<b>4,771.68</b>	<b>4,373.69</b>	<b>201.79</b>	<b>15,896.09</b>
	3,926.35	2,115.46	3,767.46	2,926.93	264.67	13,000.87
<b>Total assets</b>	<b>16,855.18</b>	-	-	-	-	<b>16,855.18</b>
	15,417.18	-	-	-	-	15,417.18
<b>Capital expenditure</b>	<b>1,385.48</b>	-	-	-	-	<b>1,385.48</b>
	1,273.01	-	-	-	-	1,273.01

There are no transactions with single external customer which amounts to 10% or more of the Company's revenue.

*Figures in italics pertain to previous year.*

### 52 Related party disclosures

The note provides the information about the Company's structure including the details of the subsidiaries and the holding company. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

#### i. List of Related parties

##### Subsidiary

Name of the related party	Relationship	Country of incorporation	Ownership interest	
			31 March 2019	31 March 2018
Acoris Research Limited ("ARL")	Subsidiary	India	100%	100%

##### Other related parties

Relationship	Name of the related party
a) Company/ enterprises exercising significant influence through voting power ('significant shareholder')	Kalyani Investment Company Limited ("KICL")
b) Key Management Personnel (KMP) Executive Directors	Jai Hiremath (Chairman and Managing Director) Sameer Hiremath (Joint Managing Director and CEO)
c) Enterprises owned or controlled or significantly influenced by key management personnel or their relatives"	Decent Electronics Private Limited ("DEPL") Marigold Investments Private Limited ("MIPL") Iris Investments Private Limited ("I IPL") Karad Engineering Consultancy Private Limited ("KECPL") Ekdant Investments Private Limited ("EIPL") Shri Rameswara Investment Private Limited ("SRIPL") Shri Badrinath Investment Private Limited ("SBIPL") Rushabh Capital Services Private Limited ( "RCSPL")
d) Relatives of Key Management Personnel"	Sugandha Hiremath
e) Non-executive directors	Baba Kalyani Amit Kalyani K.K. Unni Prakash Mehta S. M. Kheny Wolfgang Welter Ranjit Shahani



## Notes to the standalone financial statements *(continued)*

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### ii. Details of transactions with related parties

Particulars	Transaction value		Balances outstanding	
	Year ended 31 March 2019	Year ended 31 March 2018	31 March 2019	31 March 2018
<b>Remuneration</b>				
Jai Hiremath	37.59	30.35	-	-
Sameer Hiremath	21.71	17.14	-	-
<b>Commission paid</b>				
Jai Hiremath	15.44	11.38	15.44	11.38
Sameer Hiremath	15.44	11.38	15.44	11.38
<b>Sitting fees</b>				
Sugandha Hiremath	1.20	1.00	-	-
Baba Kalyani	0.20	0.10	-	-
Amit Kalyani	0.30	0.10	-	-
K.K. Unni	1.20	1.20	-	-
Prakash Mehta	1.50	1.30	-	-
S. M. Kheny	0.90	0.90	-	-
Wolfgang Welter	0.62	0.40	-	-
Ranjit Shahani	0.40	0.30	-	-
<b>Commission to Independent Directors</b>				
Sugandha Hiremath	0.96	-	0.96	-
Baba Kalyani	0.96	-	0.96	-
Amit Kalyani	0.96	-	0.96	-
K.K. Unni	0.96	-	0.96	-
Prakash Mehta	0.96	-	0.96	-
S. M. Kheny	0.96	-	0.96	-
Wolfgang Welter	0.96	-	0.96	-
Ranjit Shahani	0.96	-	0.96	-
<b>Dividend paid</b>				
SBIPL	21.91	17.26	-	-
SRIPL	10.79	8.50	-	-
DEPL	0.05	0.04	-	-
EIPL	0.43	0.34	-	-
KECPL	0.07	0.06	-	-
KICL	42.54	33.51	-	-
Sugandha Hiremath	10.63	8.37	-	-
Jai Hiremath	1.47	1.16	-	-
Sameer Hiremath	0.43	0.34	-	-
<b>Lease rent paid</b>				
RCSPL	1.08	1.08	-	-
Sugandha Hiremath	2.40	2.40	-	-
Jai Hiremath	0.30	0.30	-	-
<b>Security Deposit</b>				
RCSPL	-	-	1.10	1.10
Sugandha Hiremath	-	-	50.00	50.00
Jai Hiremath	-	-	20.00	20.00

## Notes to the standalone financial statements *(continued)*

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### 53 Contribution to provident fund as per Supreme Court judgment

The Hon'ble Supreme Court of India ("SC") by their order dated 28 February 2019, in the case of another company, set out the principles based on which certain allowances paid to the employees should be included in basic wages for the purposes of calculation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal.

The management as advised, considered the revised calculation from the date of the SC order, which is not material. Accordingly, pending decision on the subject review petition, the impact for the same is not given in the accounts.

### 54 Other information

Information with regard to other matters, as required by Schedule III to the Act is either nil or not applicable to the Company for the year.

As per our report of even date attached

**For B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

**Farhad Bamji**

Partner

Membership No: 105234

Mumbai

9 May 2019

For and on behalf of the Board of Directors of Hikal Limited

CIN: L24200MH1988PTC048028

**Jai Hiremath**

Chairman & Managing Director- DIN: 00062203

**Kannan K. Unni**

Director- DIN: 00227858

**Sham Wahalekar**

Chief Financial Officer & Company Secretary- CS Membership No: 8745

Mumbai

9 May 2019

## Standalone cash flow statement

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

	31 March 2019	31 March 2018
<b>(A) Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>1,490.86</b>	1,114.94
Adjustments:		
Depreciation and amortisation	<b>928.79</b>	855.93
Dividend on long-term investments	-	(0.01)
Finance costs	<b>584.27</b>	491.17
Interest income	<b>(19.77)</b>	(30.46)
Loss on sale of property, plant and equipment	<b>0.23</b>	-
Sundry balances written off	<b>41.95</b>	15.01
Provision for doubtful debts/advances	<b>2.28</b>	5.00
Provision for diminution in value of investment	<b>15.47</b>	10.00
Fair value of investment	<b>0.33</b>	-
Provision for doubtful debts written back	-	(9.00)
Unrealised foreign exchange (gain)/ loss	<b>34.60</b>	65.88
	<b>1,588.15</b>	1,403.52
<b>Operating cash flow before working capital changes</b>	<b>3,079.01</b>	2,518.46
Decrease/(Increase) in trade receivables	<b>(690.76)</b>	(295.21)
Decrease/(Increase) in loans and advances and other assets	<b>90.29</b>	(716.53)
Decrease/(increase) in inventories	<b>(611.78)</b>	(394.72)
(Decrease)/increase trade payables	<b>(30.05)</b>	265.91
Increase/(decrease) in provisions and other liabilities	<b>345.38</b>	268.96
	<b>(896.92)</b>	(871.59)
<b>Cash generated from operations</b>	<b>2,182.09</b>	1,646.87
Income tax paid	<b>(326.20)</b>	(258.73)
<b>Net cash flows generated from operating activities (A)</b>	<b>1,855.89</b>	1,388.14
<b>(B) Cash flow from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	<b>(1,284.28)</b>	(1,059.81)
Proceeds from sale of property, plant and equipment (tangible fixed assets)	<b>3.06</b>	-
Dividend on long-term investments	-	0.01
Interest received	<b>24.56</b>	27.18
(Increase)/decrease in other bank balances	<b>10.73</b>	(68.61)
<b>Net cash flows (used in) investing activities (B)</b>	<b>(1,245.93)</b>	(1,101.23)

## Standalone cash flow statement (continued)

for the year ended 31 March 2019

(Currency : Indian Rupees in million)

	31 March 2019	31 March 2018
<b>(C) Cash flow from financing activities</b>		
Proceeds from long-term borrowings	537.14	389.97
Repayment of long-term borrowings	(591.05)	(475.04)
Repayments of/proceeds from short-term borrowings (net)	247.22	462.33
Finance costs paid	(583.85)	(496.59)
Dividend paid on equity shares (including dividend distribution tax)	(163.51)	(128.61)
<b>Net cash flows (used in) financing activities (C)</b>	<b>(554.05)</b>	<b>(247.94)</b>
Net decrease in cash and cash equivalents (A+B+C)	55.91	38.97
<b>Cash and cash equivalents at the beginning of the year the components being</b>		
Cash on hand	0.98	1.25
Balances with banks		
- Current accounts	39.74	17.91
- Exchange Earners Foreign Currency accounts	0.04	0.09
- Deposits accounts (demand deposits and deposits having original maturity of 3 months or less)	17.46	-
	58.22	19.25
<b>Cash and cash equivalents at the end of the year the components being</b>		
Cash on hand	1.26	0.98
Balances with banks		
- Current accounts	39.58	39.74
- Exchange Earners Foreign Currency accounts	0.04	0.04
- Deposits accounts (demand deposits and deposits having original maturity of 3 months or less)	73.25	17.46
	114.13	58.22
<b>Net increase/(decrease) as disclosed above</b>	<b>55.91</b>	<b>38.97</b>

	31 March 2019	31 March 2018
<b>Debt reconciliation statement in accordance with Ind AS 7</b>		
<b>Opening balance</b>		
Long term borrowings	3,579.30	3,676.11
Short term borrowings	2,771.62	2,302.35
<b>Movements</b>		
Long term borrowings	11.11	(96.81)
Short term borrowings	247.21	469.27
<b>Closing balance</b>		
Long term borrowings	3,590.41	3,579.30
Short term borrowings	3,018.83	2,771.62

Note to the cash flow statement

The above cash flow statement has been prepared under the 'Indirect Method' set out in Accounting Standard (IND AS) 7, 'Cash Flow Statements'.

As per our report of even date attached

**For B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

**Farhad Bamji**

Partner

Membership No: 105234

Mumbai

9 May 2019

For and on behalf of the Board of Directors of Hikal Limited

CIN: L24200MH1988PTC048028

**Jai Hiremath**

Chairman & Managing Director- DIN: 0062203

**Kannan K. Unni**

Director- DIN: 00227858

**Sham Wahalekar**

Chief Financial Officer & Company Secretary- CS Membership No: 8745

Mumbai

9 May 2019

Statement containing the salient features of the financial statements of subsidiary  
Form AOC-1-pursuant to the first provision to sub section (3) of Section 129 of the Companies Act, 2013 read  
with rule 5 of the Companies (Accounts) rules, 2014

### Financial Highlights

		(Rs in Million except % of shareholding)
Sr. No.	Particulars	Acoris Research Limited
		(1 April 2018 to 31 March 2019)
a)	Share Capital	150.50
b)	Reserve	(153.53)
c)	Total Assets	-
d)	Total Liabilities	0.03
e)	Investment	-
f)	Turnover	-
g)	Profit/(Loss) before tax	(0.01)
h)	Provision for tax	-
i)	Profit/(Loss) after tax	(0.01)
j)	% of shareholding	100



## Independent Auditors' Report

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To the Members of Hikal Limited

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Hikal Limited (hereinafter referred to as the 'Holding Company') and its subsidiary Acoris Research Limited (Holding Company and its subsidiary together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2019, and the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of report of other auditor on separate financial statements of such subsidiary, as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31 March 2019, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Independent Auditors' Report (continued)

### Description of Key Audit Matter

#### Revenue recognition

Refer to note 3.2 of Significant Accounting Policies and Note 29 to the standalone financial statements

The key audit matter	How the matter was addressed in our audit
<ul style="list-style-type: none"><li>Revenue is recognised net of returns, trade allowances and rebates owed to the customers based on the arrangement with customers.</li><li>Revenue is recognised when control of the underlying products have been transferred to the customer. There is a risk of revenue being overstated on account of variation in the timing of transfer of control due to the pressure management may feel to achieve performance targets at the reporting period end.</li></ul>	<p>In view of the significance of the matter we applied following procedures:</p> <ul style="list-style-type: none"><li>Assessed the appropriateness of the Group's revenue recognition accounting policies, those relating to trade allowances and rebates by comparing with applicable accounting standards.</li><li>Assessed and tested design, implementation and operating effectiveness of the Company's general IT controls and key IT/manual application controls over the Company's systems which govern recording of revenue</li><li>Tested controls over review of contracts and revenue recognition.</li><li>Performed substantive testing (including year-end cut- off testing) by selecting samples of revenue transactions recorded during the year, by verifying the underlying documents, which included sales invoices/contracts and shipping documents.</li><li>We inspected, on a sample basis, key customer contracts to identify terms and conditions relating to goods acceptance and rebates and assessing the Company's revenue recognition policies with reference to the requirements of the applicable accounting standards.</li><li>We assessed manual journals posted to revenue to identify unusual items and considered the adequacy of the disclosures in respect of revenue.</li></ul>

#### Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit report of other auditor, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company. and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

## Independent Auditors' Report *(continued)*

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- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group (Holding company and subsidiary) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial statements, which have been audited by other auditor, such other auditor remain responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Other Matters**

- (a) We did not audit the financial statements of subsidiary whose financial statements / financial information reflect total assets of Rs.Nil as at 31 March 2019, total revenues of Rs.Nil and net cash flows amounting to Rs.Nil for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the audit reports of the other auditor.

## Independent Auditors' Report *(continued)*

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

### Report on Other Legal and Regulatory Requirements

- (A) As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditor on separate financial statements of such subsidiary as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.
  - e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditor of its subsidiary company incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiary as noted in the 'Other Matters' paragraph:
- i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group Refer Note 43 to the consolidated financial statements.
  - ii. The Group, did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2019.
  - iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company or its subsidiary company, incorporated in India during the year ended 31 March 2019.
  - iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2019



## Independent Auditors' Report *(continued)*

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(C) With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditor of such subsidiary company incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company, its subsidiary company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company, its subsidiary company, is not in excess of the limit laid down under Section 197 of the Act. The subsidiary Company Incorporated in India did not pay any remuneration to its director's during the year. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No. 101248W/W-100022

**Farhad Bamji**

Partner

Membership No. 105234

Mumbai

9 May 2019

## Independent Auditors' Report *(continued)*

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**Annexure A to the Independent Auditors' report on the consolidated financial statements of Hikal Limited for the period ended 31 March 2019**

**Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

**(Referred to in paragraph A(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

### **Opinion**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls with reference to consolidated financial statements of Hikal Limited (hereinafter referred to as "the Holding Company") and such company incorporated in India under the Companies Act, 2013 which are its subsidiary company as of that date.

In our opinion, the Holding Company and such company incorporated in India which are its subsidiary company, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential component of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

### **Management's Responsibility for Internal Financial Controls**

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

## Independent Auditors' Report *(continued)*

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We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary company incorporated in India in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

### **Meaning of Internal Financial controls with Reference to Consolidated Financial Statements**

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements**

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Other Matters**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to subsidiary company, which is company incorporated in India, is based on the corresponding reports of the auditors of such company incorporated in India.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No. 101248W/W-100022

**Farhad Bamji**

Partner

Membership No. 105234

Mumbai

9 May 2019

## Consolidated Balance Sheet as at 31 March 2019

(Currency : Indian Rupees in million)

	Note	31 March 2019	31 March 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	7,103.14	6,301.22
Capital work-in-progress	4	730.86	1,155.14
Other intangible assets	5	26.49	34.72
Intangible assets under development	5	56.00	23.65
<b>Financial Assets</b>			
Investments	6	10.24	26.01
Loans	7	2.82	3.27
Others	8	36.29	1.94
Current tax assets (net)	9	4.14	-
Deferred tax assets (net)	10	-	4.59
Other non-current assets	11	584.77	966.98
<b>Total non-current assets</b>		<b>8,554.75</b>	<b>8,517.52</b>
<b>Current assets</b>			
Inventories	12	3,642.31	3,030.53
<b>Financial Assets</b>			
Trade receivables	13	3,497.19	2,873.73
Cash and cash equivalents	14	114.13	58.22
Bank balance other than cash and cash equivalents	15	203.29	214.02
Loans	16	5.03	3.58
Other current assets	17	838.38	719.48
<b>Total current assets</b>		<b>8,300.33</b>	<b>6,899.56</b>
<b>Total assets</b>		<b>16,855.08</b>	<b>15,417.08</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	18	246.60	164.40
Other equity			
Retained earnings		4,608.94	3,740.68
Other reserves	19	2,706.57	2,788.77
<b>Total Equity</b>		<b>7,562.11</b>	<b>6,693.85</b>
<b>Liabilities</b>			
<b>Non-current Liabilities</b>			
<b>Financial Liabilities:</b>			
Borrowings	20	2,978.47	2,966.31
Provisions	21	160.41	156.47
Deferred tax liabilities (net)	22	128.38	-
<b>Total non-current liabilities</b>		<b>3,267.26</b>	<b>3,122.78</b>
<b>Current Liabilities</b>			
<b>Financial Liabilities:</b>			
Borrowings	23	3,018.83	2,771.62
Trade payables	24		
- Payables to Micro, Small and Medium Enterprises		197.42	61.24
- Payables to others		1,413.03	1,584.22
Other financial liabilities	25	855.21	874.28
Other current liabilities	26	495.49	265.09
Provisions	27	40.69	35.13
Current tax liabilities (net)	28	5.04	8.87
<b>Total current liabilities</b>		<b>6,025.71</b>	<b>5,600.45</b>
<b>Total liabilities</b>		<b>9,292.97</b>	<b>8,723.23</b>
<b>Total equity and liabilities</b>		<b>16,855.08</b>	<b>15,417.08</b>
<b>Significant accounting policies</b>			
The notes referred to above form an integral part of consolidated financial statements	1-3 4-50		

As per our report of even date attached

**For B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

**Farhad Bamji**

Partner

Membership No: 105234

Mumbai

9 May 2019

For and on behalf of the Board of Directors of Hikal Limited

CIN: L24200MH1988PTC048028

**Jai Hiremath**

Chairman & Managing Director- DIN: 0062203

**Kannan K. Unni**

Director- DIN: 00227858

**Sham Wahalekar**

Chief Financial Officer & Company Secretary- CS Membership No: 8745

Mumbai

9 May 2019

## Consolidated statement of profit and loss

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

	Note	31 March 2019	31 March 2018
<b>Income</b>			
Revenue from operations	29	15,896.09	13,000.87
Other income	30	22.64	44.63
<b>Total income</b>		<b>15,918.73</b>	13,045.50
<b>Expenses</b>			
Cost of materials consumed	31	8,688.00	7,153.16
Changes in inventories of finished goods and work-in-progress	32	(149.83)	(163.44)
Excise duty		-	39.95
Employee benefits expense	33	1,503.70	1,280.58
Finance costs	34	584.27	491.17
Depreciation and amortisation expenses	4-5	928.79	855.93
Other expenses	35	2,872.97	2,273.21
<b>Total expenses</b>		<b>14,427.89</b>	11,930.56
<b>Profit before tax</b>		<b>1,490.83</b>	1,114.94
<b>Tax expense</b>			
Current tax		455.03	446.97
Deferred tax		5.05	(104.30)
<b>Total tax expense</b>		<b>460.08</b>	342.67
<b>Profit for the year</b>		<b>1,030.75</b>	772.27
<b>Other comprehensive income</b>			
(i) Items that will not be reclassified to consolidated statement of profit and loss			
Remeasurements of defined benefit liability (assets)		1.90	0.82
Equity investments through other comprehensive income - net change in fair value		(0.33)	(0.16)
(ii) Income tax relating to items that will not be reclassified to consolidated statement of profit and loss		(0.55)	(0.28)
Other comprehensive income for the year (net of income tax)		1.02	0.38
<b>Total comprehensive income for the year</b>		<b>1,031.77</b>	772.65
Earnings per equity share			
Basic and Diluted	36	8.36	6.26
<b>Significant accounting policies</b>	1-3		
The notes referred to above form an integral part of consolidated financial statements	4-50		

As per our report of even date attached

### For B S R & Co. LLP

Chartered Accountants  
Firm's Registration No: 101248W/W-100022

### Farhad Bamji

Partner  
Membership No: 105234

Mumbai  
9 May 2019

For and on behalf of the Board of Directors of Hikal Limited

CIN: L24200MH1988PTC048028

### Jai Hiremath

Chairman & Managing Director- DIN: 0062203

### Kannan K. Unni

Director- DIN: 00227858

### Sham Wahalekar

Chief Financial Officer & Company Secretary- CS Membership No: 8745

Mumbai  
9 May 2019



## Consolidated statement of changes in equity

for the year ended 31 March 2019

(Currency : Indian Rupees in million)

### (a) Equity share capital

Balance as at 1 April 2017	164.40
Changes in equity share capital during 2017-18	-
Balance as at 31 March 2018	164.40
Changes in equity share capital during 2018-19 on account of bonus issue	82.20
Balance as at 31 March 2019	246.60

### (b) Other equity

Reserves and surplus attributable to equity shareholders of the group.

	Capital reserve	Capital redemption reserve	Securities premium	State subsidy	Contingency reserve	General reserve	Retained earnings
<b>Balance as at 31 March 2017</b>	<b>0.44</b>	<b>509.82</b>	<b>463.43</b>	<b>5.50</b>	<b>30.00</b>	<b>1,779.58</b>	<b>3,096.64</b>
<b>Total comprehensive income for the year ended 31 March 2018</b>							
Profit for the year							772.27
Items of OCI for the year, net of tax							
Remeasurements of defined benefit liability							0.54
Equity investments through other							
comprehensive income - net change in fair value							(0.16)
<b>Total comprehensive income</b>							<b>772.65</b>
Dividends							(106.86)
Dividend Distribution Tax							(21.75)
<b>Balance as at 31 March 2018</b>	<b>0.44</b>	<b>509.82</b>	<b>463.43</b>	<b>5.50</b>	<b>30.00</b>	<b>1,779.58</b>	<b>3,740.68</b>
<b>Total comprehensive income for the year ended 31 March 2019</b>							
Profit for the year							1,030.75
Items of OCI for the year, net of tax							
Remeasurements of defined benefit liability							1.35
Equity investments through other							
comprehensive income - net change in fair value							(0.33)
<b>Total comprehensive income</b>							<b>1,031.77</b>
Dividends							(135.63)
Dividend Distribution Tax							(27.88)
Issue of bonus shares			(82.20)				
<b>Balance as at 31 March 2019</b>	<b>0.44</b>	<b>509.82</b>	<b>381.23</b>	<b>5.50</b>	<b>30.00</b>	<b>1,779.58</b>	<b>4,608.94</b>

As per our report of even date attached

**For B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

**Farhad Bamji**

Partner

Membership No: 105234

Mumbai

9 May 2019

For and on behalf of the Board of Directors of Hikal Limited

CIN: L24200MH1988PTC048028

**Jai Hiremath**

Chairman & Managing Director- DIN: 0062203

**Kannan K. Unni**

Director- DIN: 00227858

**Sham Wahalekar**

Chief Financial Officer & Company Secretary- CS Membership No: 8745

Mumbai

9 May 2019

## Notes to the consolidated financial statements

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### 1 Company overview

Hikal Limited ('Hikal' or 'the Company') was incorporated on 8 July 1988 having its registered office at 717/718, Maker Chamber V, Nariman Point, Mumbai 400 021.

The Company is engaged in the manufacturing of various chemical intermediates, specialty chemicals, active pharma ingredients and contract research activities.

The Company has its equity shares listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India.

The Company alongwith its subsidiary is referred to as the "Group"

The Group is operating in the crop protection and pharmaceuticals space.

### 2 Basis of preparation

#### 2.1 Statement of compliance

The Group's consolidated financial statements have been prepared in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Ammendment) Rules, 2016 notified under section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The consolidated financial statements for the year ended 31 March 2019 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on 9 May 2019.

#### 2.2 Functional and presentation currency

These consolidated financial statements are presented in Indian rupees, which is also the Group's functional currency. All amounts have been rounded off to two decimal places to the nearest million, unless otherwise indicated.

#### 2.3 Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) that are measured at fair value; and
- net defined benefit (asset)/ liability that are measured at fair value of plan assets less present value of defined benefit obligations.

#### 2.4 Use of estimates and judgements

The preparation of the consolidated financial statements in accordance with Ind AS requires use of judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2019 are as follows:

##### a. Property, plant and equipment

Determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalised. Useful lives of tangible assets are based on the life prescribed in Schedule II of the Act. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

## Notes to the consolidated financial statements *(continued)*

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### b. Recognition and measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

### c. Allowances for doubtful debts

The Group makes allowances for doubtful debts based on an assessment of the recoverability of trade and other receivables. The identification of doubtful debts requires use of judgments and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

### d. Allowances for inventories

Management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realizable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow-moving items. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

### e. Recognition of deferred tax assets

Deferred tax assets are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilised business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilised.

## 2.5 Measurement of fair values

The Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values, which includes overseeing all significant fair value measurements, including Level 3 fair values by the management. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs)."

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

## Notes to the consolidated financial statements *(continued)*

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### 2.6 Current / non-current classification

An entity shall classify an asset as current when-

- (a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- (b) it holds the asset primarily for the purpose of trading;
- (c) it expects to realise the asset within twelve months after the reporting period; or
- (d) the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability

for at least twelve months after the reporting period."

An entity shall classify all other assets as non-current.

An entity shall classify a liability as current when-

- (a) it expects to settle the liability in its normal operating cycle;
- (b) it holds the liability primarily for the purpose of trading;
- (c) the liability is due to be settled within twelve months after the reporting period; or
- (d) it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification."

An entity shall classify all other liabilities as non-current.

#### Operating cycle

An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

Based on the nature of services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

## 3 Significant accounting policies

### 3.1 Basis of Consolidation

#### i. Subsidiary

Subsidiary is entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary is included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

#### ii. Consolidation Procedure

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March.

The procedure followed is as follows:

Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent with those of its subsidiary. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

Offset (eliminate) the carrying amount of the Parent's investment in each subsidiary and the Parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

## Notes to the consolidated financial statements (continued)

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The list of company, controlled directly or indirectly by the Company and associate of the Company which are included in the consolidated financial statements are as under:

Name	Relationship	Country of incorporation	Ownership Interest	
			31 March 2019	31 March 2018
Acoris Research Limited	Subsidiary	India	100%	100%

### 3.2 Revenue

#### Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, volume rebates, Sales tax / VAT, GST, Octroi ,freight and insurance. Revenue is recognised when significant risks and rewards of ownership in the goods are transferred to the buyer, collectability of the resulting receivable is reasonably assured, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

Due to short nature of credit period given to customers there is no financing component in the contract.

The Group has adopted Ind AS 115 Revenue from contracts with customers, with effect from 1 April, 2018. Ind AS 115 establishes principles for reporting information about the nature, amount, timing and uncertainty of revenues and cash flows arising from the contracts with its customers and replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts.

The Group has adopted Ind AS 115 using the cumulative effect method whereby the effect of applying this standard is recognised at the date of initial application (i.e. 1 April, 2018). Accordingly, the comparative information in the Statement of Profit and Loss is not restated. Impact on adoption of Ind AS 115 is not material.

#### Interest Income

Interest income is recognised using the effective interest method as set out in Ind AS 109 – Financial Instruments: Recognition and Measurement, when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

#### Dividend Income

Dividend income is recognised when right to receive payment is established and it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably.



## Notes to the consolidated financial statements *(continued)*

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### 3.3 Foreign currency

#### Foreign currency transactions

Transactions in foreign currencies are translated into the Group's functional currency at the exchange rates at the dates of the transactions.

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 not translated. Foreign currency exchange differences are generally recognised in the statement of profit and loss.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous Financial Statements are recognised in the Statement of Profit and Loss in the period in which they arise. When a gain or loss on a non-monetary item is recognised in Other Comprehensive Income, any exchange component of that gain or loss is recognised in Other Comprehensive Income. Conversely, when a gain or loss on a non-monetary item is recognised in Statement of Profit and Loss, any exchange component of that gain or loss is recognised in Statement of Profit and Loss.

### 3.4 Employee benefits

#### Short-term employee benefits

Short-term employee benefits obligations are measured on an undiscounted basis and are expensed as the related service is provided. These benefits include bonus and compensated absences such as paid annual leave and sickness leave.

A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the amount of obligation can be estimated reliably.

#### Post employment employee benefits

##### i. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

The Group makes specified monthly contributions to Provident fund, Employee State Insurance and Labour Welfare Fund and are recognised as an employee benefit expense in the statement of profit and loss on an accrual basis.

Contribution to Superannuation Fund, a defined contribution scheme, administered by Life Insurance Corporation of India, based on a specified percentage of eligible employees' salary.

##### ii. Defined benefit plans

A defined benefit plan is a post-employee benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan 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.

## Notes to the consolidated financial statements *(continued)*

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined liability (asset) 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 gratuity benefit scheme are recognised in the statement of consolidated 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 the statement of profit and loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

### **Gratuity**

The Group has an obligation towards gratuity, a defined benefit scheme covering eligible employees. The Group accounts for gratuity benefits payable in future based on an independent actuarial valuation method as stated above. Gratuity for staff at Panoli plant is funded through group gratuity insurance scheme of the Life Insurance Corporation of India ('LIC').

### **Other long-term employee benefits**

The Group's net obligation in respect of compensated absences such as paid annual leave, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method, as at the date of the Balance Sheet. Actuarial gains or losses comprising of experience adjustments and the effects of changes in actuarial assumptions are immediately recognised in the statement of profit and loss.

## **3.5 Income tax**

Income tax expense comprises current and deferred tax. It is recognised in the statement of profit and loss or 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 and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates enacted or substantively enacted by the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and current tax liabilities are offset only if, the Group:

- a) has a legally enforceable right to set off the recognised amounts; and
- b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## Notes to the consolidated financial statements *(continued)*

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### 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 amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. 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 by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if:

- a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable Group.

### 3.6 Inventories

#### a. Measurement of Inventory

The Company measures its inventories at the lower of cost and net realisable value.

#### b. Cost of Inventories

The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

The costs of conversion of inventories include costs directly related to the units of production and a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods.

Other costs are included in the cost of inventories only to the extent that they are incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned by weighted average cost formula. The Company uses the same cost formula for all inventories having a similar nature and use to the Group.

#### c. Net realisable value

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Net realisable value is ascertained for each item of inventories with reference to the selling prices of related finished products.

## Notes to the consolidated financial statements *(continued)*

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

The practice of writing inventories down below cost to net realisable value is consistent with the view that assets should not be carried in excess of amounts expected to be realised from their sale or use. Inventories are usually written down to net realisable value item by item.

Estimates of net realisable value of finished goods and stock-in-trade are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. Materials and other supplies 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. However, when a decline in the price of materials indicates that the cost of the finished products exceeds net realisable value, the materials are written down to net realisable value.

Amount of any reversal of write-down of inventories shall be recognised as an expense as when the event occurs. A new assessment is made of net realisable value in each subsequent period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed. Amounts such reversed shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which reversal occurs.

### d. Valuation of Spare parts, stand-by equipments and servicing equipments

Spare parts, stand-by equipment and servicing equipment are recognised as Property, Plant and Equipment if and only if it is probable that future economic benefits associated with them will flow to the Company and their cost can be measured reliably. Otherwise such items are classified and recognised as Inventory.

## 3.7 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.

The cost of an item of property, plant and equipment comprises:

- a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- b) any directly attributable cost of bringing the asset to its location and condition necessary for it to be capable of operating in the manner intended by management.
- c) the estimated costs of dismantling and removing the item and restoring the site on which it is located.  
Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in the statement of profit and loss.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted and depreciated for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the statement of profit and loss.

### ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

## Notes to the consolidated financial statements (continued)

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### iii. Depreciation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on the depreciable amount of an item of Property, plant and equipment is allocated on a systematic basis over its useful life. The Group provides depreciation on the straight-line method. The Group believes that straight line method reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Group. Based on internal technical evaluation, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc: the management believes useful lives of the assets are appropriate. The depreciation method is reviewed at least at each financial year-end and, if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate in accordance with Ind AS 8 -Accounting Policies, Changes in Accounting Estimates and Errors

The residual value and the useful life of an asset is reviewed at least at each financial year-end. Depreciation is calculated using the straight-line method on cost of items of property, plant and equipment less their estimated residual values over the estimated useful lives prescribed under Schedule II of the Act, except for certain assets in 'Plant and Machinery', where based on internal assessment and technical evaluation carried out, management believes that the useful life is 20 years, which is higher and different from the useful life of 15 years as prescribed under Part C of Schedule II of the Act.

The estimated useful lives of items of property, plant and equipment are as follows:

Tangible Assets	Life defined	Useful life as per Schedule II
Buildings	30-60	30-60
Plant and equipment	9-15	10-20
Furniture and fixtures	10	10
Electrical installation	10	10
Vehicles	10	10
Office equipment	5	5
Computers	3	3
Ships	30	20

Leasehold land is amortised over the duration of the lease.

Leasehold improvements amortised over the primary period of lease.

Assets acquired on hire purchase/finance lease are generally depreciated over the period of useful life of assets on a straight-line basis unless there is no reasonable certainty that the ownership of the asset would be obtained at the end of the agreement term. Where there is no reasonable certainty that the ownership of the asset would be obtained at the end of the agreement term, such assets are depreciated over the shorter of the contract term or the assets useful life in accordance with the Company's normal depreciation policy.

The additional depreciation charge on account of revaluation of property, plant and equipment (tangible fixed assets) is spread over the balance useful life of the revalued assets. The additional charge of depreciation on account of revaluation is debited to the statement of profit and loss.

Asset individually costing upto Rs 5,000 are fully depreciated in the year of purchase.



## Notes to the consolidated financial statements *(continued)*

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### 3.8 Borrowing cost

Borrowing cost 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 cost that are directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of that asset till the date it is ready for its intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

### 3.9 Intangible assets

#### i. Recognition and measurement

Expenditure on research activities is recognised in the statement of profit and loss as incurred.

Development expenditure is capitalised as part of the cost of the research and development, only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets, includes computer software, which are acquired by the Group are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

#### ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the statement of profit and loss as incurred.

#### iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is included in depreciation and amortisation in the statement of profit and loss.

Other intangible assets are amortised over the estimated useful lives as given below:

- Computer Software	5 years
---------------------	---------

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

### 3.10 Financial instruments

#### a. Financial assets

##### i. Recognition and initial measurement

Trade receivables and debt instruments issued are initially recognised when they are originated. All other financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset is initially measured at fair value. In the case of financial assets which are recognised at fair value through profit and loss (FVTPL), the transaction costs are recognised in the statement of profit and loss. In other cases, the transaction costs are attributed to the acquisition value of the financial asset.

##### ii. Classification

On initial recognition, a financial asset is classified as measured at

- amortised cost; or
- fair value through statement of profit and loss (FVTPL); or
- fair value through other comprehensive income (FVOCI)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

## Notes to the consolidated financial statements *(continued)*

for the year ended 31 March 2019  
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A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets 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.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset 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.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment- by- investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

### iii. Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit and loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in the statement of profit and loss.

## Notes to the consolidated financial statements *(continued)*

for the year ended 31 March 2019  
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### Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified in the statement of profit and loss.

#### iv. Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

### b. Financial liabilities

#### i. Recognition and initial measurement

All financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial liability is initially measured at fair value. In the case of financial liabilities which are recognised at fair value through profit and loss (FVTPL), the transaction costs are recognised in the statement of profit and loss. In other cases, the transaction costs are attributed to the acquisition or issue of financial liability.

#### ii. Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of profit and loss. Any gain or loss on derecognition is also recognised in the statement of profit and loss.

#### iii. Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the statement of profit and loss.

#### iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### c. Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each reporting period. Any changes therein are generally recognised in the profit and loss account.

## Notes to the consolidated financial statements *(continued)*

for the year ended 31 March 2019  
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### 3.11 Provisions and contingent liabilities

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. 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. The unwinding of the discount is recognised as finance cost.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but will probably not, require an outflow of resources. When there is a possible obligation of a present obligation in respect of which the likelihood of outflow of resources is remote, no provision disclosure is made.

### 3.12 Leases

#### i. Lease payments

Payments made under operating leases are recognised in the statement of profit and 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. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

#### ii. Assets held under lease

Leases of property, plant and equipment that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets 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 the similar owned asset. Assets held under leases that do not transfer to the Group substantially all risks and rewards of ownership are classified as operating leases and are not recognised in the Group's statement of financial position.

### 3.13 Impairment of non-financial assets

The Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

The recoverable amount is the higher 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.

In respect of the 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. When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods which no longer exists or may have decreased, impairment loss is reversed to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets, such reversal is not recognised.

### 3.14 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

## Notes to the consolidated financial statements *(continued)*

for the year ended 31 March 2019  
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### 3.15 Earnings per share (EPS)

Basic EPS is computed using the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be antidilutive.

### 3.16 Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective subsequent years as mentioned below:

#### **Ind AS 116 – Leases:**

Ind AS 116 Leases replaces existing lease accounting guidance i.e. Ind AS 17 Leases. It sets out principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet lease accounting model. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

#### **Amendments to existing Ind AS:**

The following amended standards are not expected to have a significant impact on the Company's consolidated financial statements. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Company when it will adopt the respective amended standards.

#### **1. Amendments to Ind AS 23 Borrowing Costs**

The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

#### **2. Amendments to Ind AS 19 Employee Benefits**

**This amendment requires:**

- To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- To recognise in the statement of profit and loss as part of past service cost, or gain or loss on settlement, any reduction in surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

#### **3. Amendments to Ind AS 109 Financial Instruments**

- The Company does not expect this standard to have significant impact on the Consolidated financial statements.

#### **4. Amendments to Ind AS 12 Income Taxes**

- The Company does not expect this standard to have significant impact on the consolidated financial statements.

#### **5. Amendments to Ind AS 28 Investments in Associates and Joint Ventures**

- The Company does not expect this standard to have significant impact on the consolidated financial statements.



**Notes to the consolidated financial statements (continued)**  
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**4 Property, plant and equipment**

Description	Gross Block			Accumulated Depreciation		Net Block	
	As at 1 Apr 2018	Additions	Deductions	Adjustment of exchange difference on borrowing	As at 31 Mar 2019	As at 1 Apr 2018	As at 31 Mar 2018
Freehold land	579.18	-	-	-	-	579.18	579.18
Leasehold land	691.71	-	-	-	26.95	664.76	674.04
Buildings	1,503.89	119.58	-	-	189.69	1,433.78	1,380.79
Plant and machinery	4,761.08	1,463.94	-	68.41	2,080.64	4,212.79	3,467.92
Electrical equipments and installations	93.82	22.34	-	-	18.78	54.46	50.90
Office equipments	54.63	24.06	-	-	41.47	37.22	31.95
Furniture and fixtures	73.89	11.94	-	-	38.81	47.02	46.29
Leasehold improvements	5.54	0.04	-	-	1.68	3.90	4.42
Vehicles	44.16	15.47	6.28	-	13.54	39.81	33.72
Ships	35.75	-	-	-	5.53	30.22	32.01
<b>Total</b>	<b>7,843.65</b>	<b>1,657.37</b>	<b>6.28</b>	<b>68.41</b>	<b>2,460.01</b>	<b>7,103.14</b>	<b>6,301.22</b>
Capital work in progress						730.86	1,155.14

## Notes to the consolidated financial statements (continued)

for the year ended 31 March 2019  
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### 4 Property, Plant and Equipment (Previous year)

Description	Gross Block			Accumulated Depreciation		Net Block	
	As at 1 Apr 2017	Additions	Deductions	Adjustment of exchange difference on borrowing	As at 31 Mar 2018	As at 1 Apr 2017	As at 31 Mar 2018
Freehold land	579.18	-	-	-	579.18	-	579.18
Leasehold land	657.59	34.12	-	-	691.71	8.75	674.04
Buildings	1,372.27	131.62	-	-	1,503.89	60.51	1,380.79
Plant and machinery	4,493.27	269.39	-	(1.58)	4,761.08	568.70	3,467.92
Electrical equipments and installations	81.76	12.06	-	-	93.82	22.75	50.90
Office equipments	36.01	18.62	-	-	54.63	6.61	31.95
Furniture and fixtures	62.47	11.42	-	-	73.89	11.63	46.29
Leasehold Improvements	5.51	0.03	-	-	5.54	0.14	4.42
Vehicles	41.87	2.29	-	-	44.16	8.70	33.72
Ships	35.75	-	-	-	35.75	1.80	32.01
<b>Total</b>	<b>7,365.68</b>	<b>479.55</b>	<b>-</b>	<b>(1.58)</b>	<b>7,843.63</b>	<b>689.59</b>	<b>6,301.22</b>
Capital work in progress							<b>1,155.14</b>
							<b>619.40</b>

Notes:

a. Exchange differences of Rs. 68.41 million (P.Y. (Rs 1.58) million) has been included in the additions to fixed assets post the exercise of option in terms of Para 46A of AS11 (pursuant to notification dated 29 December 2011 issued by the Ministry of Corporate Affairs).

b. Plant and machinery includes assets taken on finance lease as under

Particulars	As at 31 March 2019	As at 31 March 2018
Gross block	23.23	23.23
Accumulated depreciation	9.60	6.40
Net block	13.63	16.83
Depreciation charge for the year	3.20	3.20

## Notes to the consolidated financial statements (continued)

for the year ended 31 March 2019  
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### 5 Other intangible assets

Description	Gross Block			Accumulated Depreciation				Net Block		
	As at 1 Apr 2018	Additions	Deductions	As at 31 Mar 2019	As at 1 Apr 2018	Charge for the year	Deductions	As at 31 Mar 2019	As at 31 Mar 2019	As at 31 Mar 2018
Computer software	39.63	-	-	39.63	4.91	8.23	-	13.14	26.49	34.72
Total	39.63	-	-	39.63	4.91	8.23	-	13.14	26.49	34.72
Intangible assets under development									56.00	23.65

### 5 Other intangible assets (Previous year)

Description	Gross Block			Accumulated Depreciation				Net Block		
	As at 1 Apr 2017	Additions	Deductions	As at 31 Mar 2018	As at 1 Apr 2017	Charge for the year	Deductions	As at 31 Mar 2018	As at 31 Mar 2018	As at 31 Mar 2017
Computer software	8.99	30.64	-	39.63	1.82	3.09	-	4.91	34.72	7.17
Total	8.99	30.64	-	39.63	1.82	3.09	-	4.91	34.72	7.17
Intangible assets under development									23.65	8.19

### 6 Non-current investments

	31 March 2019	31 March 2018
Investments in equity instruments:		
<b>A. Unquoted</b>		
223,164 (P.Y. 223,164) Equity shares of Rs 10 each of Bharuch Eco Aqua.Infrastructure Limited fully paid-up	6.52	6.67
30,000 (P.Y. 30,000) Equity shares of Rs 10 each of Panoli Enviro Technology Limited fully paid-up	0.70	0.70
14,494 (P.Y. 14,494) Equity shares of Rs 100 each MMA CETP Co-operative Society Limited fully paid-up	1.45	1.45
16% (P.Y. 16%) equity shares of Jiangsu Chemstar Chemical Co Limited fully paid-up	-	15.47
<b>B. Quoted</b>		
10,000 (P.Y. 10,000) Equity shares of Rs 10 each of Bank of Baroda fully paid-up	1.29	1.44
2,900 (P.Y. 2,900) Equity shares of Rs 10 each of Union bank of India fully paid-up	0.28	0.28
<b>Total non-current investments (A + B)</b>	<u>10.24</u>	<u>26.01</u>
Aggregate amount of quoted investments	1.57	1.72
Aggregate market value of quoted investments	1.57	1.72
Aggregate amount of unquoted investments	34.14	34.29
Aggregate amount of impairment in value of investments	(25.47)	(10.00)
	<u>10.24</u>	<u>26.01</u>

Note:

The Company has made full provision for investment in Jiangsu Chemstar Chemical Co Limited in the current year.

## Notes to the consolidated financial statements (continued)

for the year ended 31 March 2019  
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	31 March 2019	31 March 2018
<b>7 Loans</b>		
Unsecured and considered good		
<b>To other than related parties</b>		
Loans to employees	2.82	3.27
	<u>2.82</u>	<u>3.27</u>
<b>8 Other financial assets</b>		
Unsecured and considered good		
<b>To other than related parties</b>		
Deposits with original maturity of more than 12 months	36.29	1.94
	<u>36.29</u>	<u>1.94</u>
<b>9 Current tax assets (net)</b>		
Current tax assets (net)	4.14	-
(Net of provision of Rs 327 million (31 March 2018 : Nil))	<u>4.14</u>	<u>-</u>
<b>10 Deferred tax assets (net)</b>		
Mat credit entitlement	-	369.89
Deferred tax liabilities (Refer note 38)	-	(365.30)
	<u>-</u>	<u>4.59</u>
<b>11 Other non-current assets</b>		
Unsecured and considered good		
<b>To other than related parties</b>		
Security deposit	75.15	70.00
Prepaid expenses	26.78	14.47
VAT/ CST refund receivable	37.98	40.28
Balance with government authorities	242.96	667.89
Capital advances	131.90	104.34
	<u>514.77</u>	<u>896.98</u>
<b>To related parties</b>		
Security deposits - given to Director	70.00	70.00
	<u>70.00</u>	<u>70.00</u>
	<u>584.77</u>	<u>966.98</u>
<b>12 Inventories</b>		
Valued at the lower of cost and net realisable value		
Raw materials (includes goods in transit of Nil, 31 March 2018 Rs 0.93 million)	2,364.95	1,939.74
Packing materials	13.49	14.68
Work-in-progress	535.84	522.14
Finished goods	526.27	390.14
Stores and spares	201.76	163.83
	<u>3,642.31</u>	<u>3,030.53</u>

Inventories which comprise raw materials, packing materials, work-in-progress and finished goods are carried at the lower of cost and net realisable value. (See detailed accounting policy in Note 3.6) The write-down of inventories to net realisable value as at year end amounted to Rs 46.25 million (31 March 2018: Rs 41.25 million). The write down of inventories are included in cost of materials consumed or changes in inventories of finished goods and work-in-progress in the statement of profit and loss.

## Notes to the consolidated financial statements *(continued)*

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### 13 Trade receivables

	31 March 2019	31 March 2018
(Unsecured)		
Considered good	3,500.83	2,894.84
Considered doubtful	22.28	23.2
	<u>3,523.11</u>	<u>2,918.09</u>
Loss allowance		
Considered good	(3.64)	(21.11)
Considered doubtful	(22.28)	(23.25)
	<u>(25.92)</u>	<u>(44.36)</u>
Net trade receivables	<u>3,497.19</u>	<u>2,873.73</u>

The loss allowance on trade receivables has been computed on the basis of Ind AS 109, Financial Instruments, which requires such allowance to be made even for trade receivables considered good on the basis that credit risk exists even though it may be very low.

The Group's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 41

### 14 Cash and cash equivalents

	31 March 2019	31 March 2018
Bank balances in :		
- Current accounts	39.58	39.74
- Exchange earners foreign currency	0.04	0.04
- Fixed deposit account (with original maturity of 3 months or less)	73.25	17.46
Cash on hand	1.26	0.98
Cash and cash equivalents in the statement of cash flows	<u>114.13</u>	<u>58.22</u>

### 15 Bank balance other than cash and cash equivalents

Other bank balances:		
Bank deposits due to mature within 12 months of the reporting date	201.04	211.65
Unpaid dividend accounts	2.25	2.37
	<u>203.29</u>	<u>214.02</u>

Deposits given as security

1) Margin money deposits with a carrying amount as at 31 March 2019 Rs 166.81 million (31 March 2018 Rs 96.20 million) are subject to first charge to secure the Company's working capital loans.

2) Bank deposits with a carrying amount as at 31 March 2019 Rs 143.68 million (31 March 2018 Rs 134.84 million) are subject to exclusive first charge to secure the Company's rupee term loans and external commercial borrowing term loan from one bank.

### 16 Loans

(Unsecured)

	31 March 2019	31 March 2018
To parties other than related parties		
Loans to employees	5.03	3.58
	<u>5.03</u>	<u>3.58</u>

## Notes to the consolidated financial statements (continued)

for the year ended 31 March 2019  
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### 17 Other current assets

	31 March 2019	31 March 2018
(Unsecured)		
To parties other than related parties		
Advance to suppliers		
Considered good	365.99	125.15
Considered doubtful	10.00	10.00
Advance to suppliers	375.99	135.15
Less: Provision for doubtful advances	(10.00)	(10.00)
	365.99	125.15
Balance with government authorities	387.47	448.04
Advance to employees	0.65	1.31
VAT / CST refund receivable	42.85	97.44
Prepaid expenses	38.46	39.80
Interest accrued on fixed deposit	2.96	7.74
	838.38	719.48

### 18 Share capital

Authorised share capital		
Equity	500	250
Par value per share (Rs.)	2	2
Number of equity shares	25,00,00,000	12,50,00,000
Preference shares	250	500
Par value per share (Rs.)	100	100
Number of Preference shares	25,00,000	50,00,000
Issued, subscribed and fully paid up -Equity	246.60	164.40
Par value per share (Rs.)	2	2
Number of equity shares	12,33,00,750	8,22,00,500

- The Holding Company has reclassified its authorised share capital which was approved by the shareholders by means of special resolution in the extra ordinary general meeting held on 11 June 2018.
- The Board of Directors of the Company at its meeting held on 9 May 2018, approved a proposal to issue bonus shares in the ratio of one equity share of Rs 2 each for every two equity share of Rs 2 each held by the shareholders of the Company as on the record date, which was approved by the shareholders by means of an ordinary resolution in the extra ordinary general meeting held on 11 June 2018. The Company allotted 41,100,250 equity shares as fully paid up bonus shares by capitalisation of securities premium amounting to Rs 82.20 million.

Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

#### c. Equity shares

	31 March 2019		31 March 2018	
	No. millions	Rs in millions	No. millions	Rs in millions
At the beginning of the year	82.20	164.40	82.20	164.40
Bonus shares	41.10	82.20	-	-
At the end of the year	123.30	246.60	82.20	164.40

#### d. Terms/rights attached to equity shares

The Company has only single class of equity shares having a par value of Rs 2 (P.Y. Rs 2) per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.



## Notes to the consolidated financial statements (continued)

for the year ended 31 March 2019

(Currency : Indian Rupees in million)

### e. Details of shareholders holding more than 5% of shares:

	31 March 2019		31 March 2018	
	No of Shares	%	No of Shares	%
<b>Equity shares of Rs 2 (P.Y. Rs 2) each fully paid</b>				
Kalyani Investment Company Limited	38.67	31.36	25.78	31.36
Shri Badrinath Investment Private. Limited	19.92	16.15	13.28	16.15
Shri Rameshwara Investment Private Limited	9.81	7.96	6.54	7.96
Sugandha J Hiremath	9.68	7.84	6.45	7.84
International Finance Corporation	-	-	4.80	5.84

### 19 Other equity

	Note	31 March 2019	31 March 2018
Capital reserve	i	0.44	0.44
Capital redemption reserve	ii	509.82	509.82
Securities premium	iii	381.23	463.43
State subsidy	iv	5.50	5.50
Contingency reserve	v	30.00	30.00
General reserve	vi	1,779.56	1,779.56
		<u>2,706.57</u>	<u>2,788.77</u>

### A Notes

#### i Capital reserve

Opening balance	0.44	0.44
Additions during the year	-	-
Closing balance	<u>0.44</u>	<u>0.44</u>

#### ii Capital redemption reserve

Opening balance	509.82	509.82
Additions during the year	-	-
Closing balance	<u>509.82</u>	<u>509.82</u>

#### iii Securities premium account

Opening balance	463.43	463.43
Issue of bonus shares (Refer note 17)	(82.20)	-
Closing balance	<u>381.23</u>	<u>463.43</u>

#### iv State subsidy

Opening balance	5.50	5.50
Additions during the year	-	-
Closing balance	<u>5.50</u>	<u>5.50</u>

#### v Contingency reserve

Opening balance	30.00	30.00
Additions during the year	-	-
Closing balance	<u>30.00</u>	<u>30.00</u>

#### vi General reserve

Opening balance	1779.58	1779.58
Additions during the year	-	-
Closing balance	<u>1779.58</u>	<u>1779.58</u>

### B Nature and purpose of reserves

#### i. Capital reserve

Capital reserve is created on merger/amalgamation.

#### ii. Capital redemption reserve

Capital redemption reserve represents redemption of redeemable cumulative preference shares in earlier years.

## Notes to the consolidated financial statements (continued)

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### iii. Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Act.

### iv. State subsidy

State subsidy is created on receipt of government grants for setting up the factories in backward areas.

### v. Contingency reserve

Contingency reserve is created by transferring funds from retained earnings to meet future contingencies.

### vi. General reserve

General Reserve is a free reserve which is created by transferring funds from retained earnings to meet future obligations or purposes.

## Dividends

The following dividends were declared and paid by the Company during the years ended

	31 March 2019	31 March 2018
Final equity dividend paid for financial year 2016-17 at Re 0.60 per equity share	-	49.32
Interim equity dividend paid for financial year 2017-18 at Re 0.70 per equity share	-	57.54
Final equity dividend paid for financial year 2017-18 at Re 0.50 per equity share	61.65	-
Interim equity dividend paid for financial year 2018-19 at Re 0.60 per equity share	73.98	-
Dividend distribution tax on the equity dividend paid above	27.88	21.75
<b>Total</b>	<b>163.51</b>	<b>128.61</b>

After the reporting dates the following dividends were proposed by the directors subject to the approval at the annual general meeting. These dividends and tax thereon have not been recognised as liabilities in the year to which they pertain to and is recorded in the year in which they have been approved in the Annual General Meeting. Dividends would attract dividend distribution tax when declared or paid:

Final equity dividend proposed for financial year 2018-19 at Re 0.60 per equity share	73.98	-
Final equity dividend proposed for financial year 2017-18 at Re 0.50 per equity share	-	41.10
Dividend distribution tax on the equity dividend proposed above	15.21	8.37
<b>Total</b>	<b>89.19</b>	<b>49.47</b>

## 20 Borrowings

	31 March 2019	31 March 2018
<b>Term loans from banks</b>		
Rupee (refer note a (i), a (ii) and b (i) below)	1,405.97	1,172.25
External commercial borrowing (refer note a (iii) and b (i) below)	944.03	1,002.68
<b>Term loans from financial institutions</b>		
Rupee (refer note a (iv) and b (ii) below)	441.15	558.01
<b>Term loans from others</b>		
Rupee (refer note a (v) and b (iii) below)	177.95	228.13
<b>Vehicle loans</b>		
From banks -Rupee (refer note a (vi) and b (iv) below)	5.09	0.50
From Others -Rupee (refer note a (vi) and b (iv) below)	4.28	4.74
	<b>2,978.47</b>	<b>2,966.31</b>

### A Nature of security :

- Rupee term loan from banks of Rs. 918.12 million is secured by first pari passu charge on the fixed assets of the Group's plants situated at Talaja, Panoli, Bangalore, R & D centre at Pune and office at CBD Belapur (Navi Mumbai) and second pari passu charge on entire current assets both present and future.

## Notes to the consolidated financial statements *(continued)*

for the year ended 31 March 2019

(Currency : Indian Rupees in million)

- ii Rupee term loan from banks of Rs.487.85 million is secured by first pari passu charge on the fixed assets of the Group's plants situated at Talaja, Panoli, Bangalore, R & D centre at Pune and second pari passu charge on entire current assets both present and future.
- iii External Commercial borrowing from bank is secured by first pari passu charge on the fixed assets of the Group's plants situated at Talaja, Panoli and Bangalore, R & D centre at Pune and office at CBD Belapur (Navi Mumbai) and second pari passu charge on entire current assets both present and future.
- iv Rupee term loan from financial institutions is secured by first pari passu charge on the fixed assets of the Group's plants situated at Talaja, Panoli and Bangalore, R & D centre at Pune and office at CBD Belapur (Navi Mumbai) and second pari passu charge on entire current assets both present and future.
- v Rupee term loan from others is secured by first pari passu charge on the fixed assets of the Group's plants situated at Talaja, Panoli, Bangalore, R & D centre at Pune and office at CBD Belapur (Navi Mumbai) and second pari passu charge on entire current assets both present and future.
- vi Vehicle loans are secured by first charge on the said vehicles.

### B i) Terms of repayment as on 31 March 2019 are as under :

(i)	US \$ in Million	Rs In Million	Repayment Terms	Interest Rate p.a.
a	-	311.62	Repayable quarterly - 16 instalments of Rs. 19.476 Mio starting from 30.06.2019	11.00%
b	-	77.39	Repayable quarterly - 16 instalments of Rs. 4.837 Mio starting from 30.06.2019	11.10%
c	-	500.04	Repayable quarterly - 16 instalments of Rs. 31.253 Mio starting from 30.06.2019	11.20%
d	-	153.99	Repayable quarterly - 16 instalments of Rs. 9.624 Mio starting from 30.06.2019	11.30%
e	-	154.08	Repayable quarterly - 16 instalments of Rs. 9.630 Mio starting from 30.06.2019	11.20%
f	-	295.84	Repayable quarterly - 26 instalments of Rs. 11.378 Mio starting from 31.03.2020	10.35%
g	-	197.03	Repayable quarterly - 26 instalments of Rs. 5.578 Mio starting from 31.03.2020	10.15%
h	15.57	1,076.86	Repayable quarterly - 18 instalments of US \$ 0.865 Mio each starting 10.09.2019	3M Libor + 395 bps
(ii)	US \$ in Million	Rs In Million	Repayment Terms	Interest Rate p.a.
a	-	576.15	Repayable quarterly - 16 instalments of Rs. 36.009 Mio starting from 30.06.2019	10.50%
(iii)	US \$ in Million	Rs In Million	Repayment Terms	Interest Rate p.a.
a	-	231.95	Repayable quarterly - 16 instalments of Rs. 14.497 Mio starting from 30.06.2019	10.45%
(iv)	US \$ in Million	Rs In Million	Repayment Terms	Interest Rate p.a.
a	-	0.49	Repayable monthly EMI of Rs. 0.047 Mio	10.30%
b	-	4.73	Repayable monthly EMI of Rs. 0.315 Mio	9.24%
c	-	6.31	Repayable monthly EMI of Rs. 0.144 Mio	8.60%
d	-	3.96	Repayable monthly EMI of Rs. 0.102 Mio	8.73%

## Notes to the consolidated financial statements *(continued)*

for the year ended 31 March 2019

(Currency : Indian Rupees in million)

### ii) Terms of repayment as on 31 March 2018 are as under :

(i)	US \$ in Million	Rs In Million	Repayment Terms	Interest Rate p.a.
a	-	359.17	Repayable quarterly - 20 instalments of Rs. 18.00 Mio starting from 30.06.2018	10.65%
b	-	89.01	Repayable quarterly - 20 instalments of Rs. 4.50 Mio starting from 30.06.2018	10.60%
c	-	574.23	Repayable quarterly - 20 instalments of Rs. 29.25 Mio starting from 30.06.2018	10.75%
d	-	177.21	Repayable quarterly - 20 instalments of Rs. 9.00 Mio starting from 30.06.2018	10.90%
e	-	176.92	Repayable quarterly - 20 instalments of Rs. 9.00 Mio starting from 30.06.2018	11.20%
f	15.41	1,002.58	Repayable quarterly - 18 instalments of US \$ 0.890 Mio each starting 10.07.2019	3M Libor + 395 bps
(ii)	US \$ in Million	Rs In Million	Repayment Terms	Interest Rate p.a.
a	-	661.45	Repayable quarterly - 20 instalments of Rs. 33.75 Mio starting from 30.06.2018	10.20%
b	2.01	130.53	Repayable half yearly - 2 instalments of US \$ 1 Mio each starting from 15.07.2018	6M Libor + 300 bps
c	2.01	130.44	Repayable half yearly - 2 instalments of US \$ 1 Mio each starting from 15.07.2018	6M Libor + 320 bps
(iii)	US \$ in Million	Rs In Million	Repayment Terms	Interest Rate p.a.
a	-	267.01	Repayable quarterly - 20 instalments of Rs. 13.50 Mio starting from 30.06.2018	10.45%
(iv)	US \$ in Million	Rs In Million	Repayment Terms	Interest Rate p.a.
a	-	0.26	Repayable monthly EMI of Rs. 0.025 Mio	10.49%
b	-	0.30	Repayable monthly EMI of Rs. 0.150 Mio	9.87%
c	-	0.19	Repayable monthly EMI of Rs. 0.039 Mio	10.25%
d	-	0.52	Repayable monthly EMI of Rs. 0.070 Mio	10.74%
e	-	0.97	Repayable monthly EMI of Rs. 0.047 Mio	10.26%
f	-	0.07	Repayable monthly EMI of Rs. 0.066 Mio	10.26%
g	-	7.91	Repayable monthly EMI of Rs. 0.315 Mio	9.24%

## 21 Long - term provisions

	31 March 2019	31 March 2018
Provision for gratuity (Refer note 39)	85.71	78.58
Provision for compensated absences (Refer note 39)	74.70	77.89
	<u>160.41</u>	<u>156.47</u>

## 22 Deferred tax liabilities (net)

	31 March 2019	31 March 2018
Deferred tax liabilities (Refer note 38)	369.80	-
Mat credit entitlement	(241.42)	-
	<u>128.38</u>	<u>-</u>

## Notes to the consolidated financial statements (continued)

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### 23 Short - term borrowings

<b>Secured</b>	<b>31 March 2019</b>	<b>31 March 2018</b>
Loans repayable on demand from banks		
Working capital loan -Rupee (refer note a and b below)	1,599.06	790.77
Working capital loan -Foreign currency (refer note a and b below)	-	657.51
Bill discounting (Refer note a (ii) below)	1,419.77	1,323.34
	<b>3,018.83</b>	<b>2,771.62</b>

#### a. Nature of security and terms of repayment for secured borrowings :

- Working capital loans from all banks are secured by first charge on all current assets of the Company and second pari passu charge on all fixed assets both present and future of the Company, situated at Company's plants at Bangalore, Taloja and Panoli.
- Loans availed under bill discounting facility are secured against specific receivables, have tenure of 30 to 90 days and carry interest ranging between 1.50% to 9.80%.

#### b. Working capital loans are repayable on demand and carry interest ranging from 1.50% to 10.00% p.a.

### 24 Trade payables

Payables to Micro, Small and Medium Enterprises (Refer note 44)	197.42	61.24
Payables to others	1,413.00	1,584.22
Trade payable	<b>1,610.42</b>	<b>1,645.46</b>

The Company's exposure to currency and liquidity risk related to trade payable is disclosed in Note 41.

### 25 Other financial liabilities

Current maturities of long-term debt	611.94	612.99
Interest accrued but not due on borrowings	19.01	18.60
Payables for capital purchases	100.87	130.25
Employee benefits payable	123.39	112.44
	<b>855.21</b>	<b>874.28</b>

### 26 Other current liabilities

Unpaid dividend	2.24	2.37
Advances from customers	420.06	182.47
<b>Statutory dues payable</b>		
- Provident fund	4.71	4.01
- Employees' state insurance	0.08	0.16
- Tax deducted at source	19.32	16.44
- GST /Value added tax	48.77	59.37
- Profession tax	0.31	0.27
	<b>495.49</b>	<b>265.09</b>

### 27 Short - term provisions

Provision for gratuity (Refer note 39)	14.83	12.26
Provision for compensated absences (Refer note 39)	25.86	22.87
	<b>40.69</b>	<b>35.13</b>

### 28 Current tax liabilities (net)

Provision for tax	5.04	8.87
(Net of advance tax Rs 564.53 million (31 March 2018 : Rs 561.23 million ))	<b>5.04</b>	<b>8.87</b>

## Notes to the consolidated financial statements (continued)

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

29	Revenue from operations	31 March 2019	31 March 2018
	Sale of products(including excise duty in previous year)	15,620.32	12,802.42
	Sale of services	46.27	20.91
	(A)	15,666.59	12,823.33
	Other operating revenues		
	Export incentive	212.45	161.72
	Scrap sales	17.05	15.82
	(B)	229.50	177.54
	Revenue from operations	(A+B) 15,896.09	13,000.87
29.1	Disaggregation of revenue from contracts with customers		
	The Company derives revenue from sale of products from following major segments :		
	Particulars		
	1 Revenue from contracts with customers		
	Sale of products (Transferred at point in time)		
	Manufacturing		
	India	4,840.57	3,926.35
	Outside India	10,779.75	8,876.07
	(A)	15,620.32	12,802.42
	Sale of services		
	India	-	-
	Outside India	46.27	20.91
	(B)	46.27	20.91
	2 Other operating revenues		
	Export incentive	212.45	161.72
	Scrap Sales	17.05	15.82
	(C)	229.50	177.54
	Total revenue (A + B + C)	15,896.09	13,000.87
	Major product lines		
	Crop protection	6,504.67	5,472.80
	Pharmaceuticals	9,391.42	7,528.07
		15,896.09	13,000.87
	Major product lines		
	Upon shipment	15,620.32	12,802.42
	Upon delivery	46.27	20.91
		15,666.59	12,823.33
	Reconciliation of revenue from contract with customer		
	Revenue from contracts with customer as per contract price	15,666.59	12,783.38
	Adjustment made to contract price on account of		
	a) Other operating revenue	229.50	177.54
	b) Excise duty on sale of goods	-	39.95
	Revenue from contracts with customers as per Consolidated statement of profit and loss	15,896.09	13,000.87
30	Other income		
	Dividend received on non-current investment	-	0.01
	Interest income on		
	Bank deposit	15.60	13.48
	Other	4.17	16.98
	Provision for doubtful debts written back	-	9.00
	Miscellaneous income	2.87	5.16
		22.64	44.63



## Notes to the consolidated financial statements *(continued)*

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

	31 March 2019	31 March 2018
<b>31 Cost of materials consumed</b>		
Raw material consumed		
Opening stock	1,939.74	1,762.59
Add: Purchase	9,113.21	7,330.31
Less: Closing stock	2,364.95	1,939.74
	<u>8,688.00</u>	<u>7,153.16</u>
<b>32 Changes in inventories of finished goods and Work-in-progress</b>		
Opening stock		
Finished goods	390.14	352.94
Work-in-progress	522.14	395.90
	<u>912.28</u>	<u>748.84</u>
Less: Closing stock		
Finished goods	526.27	390.14
Work-in-progress	535.84	522.14
	<u>1,062.11</u>	<u>912.28</u>
	<u>(149.83)</u>	<u>(163.44)</u>
<b>33 Employee benefits expense</b>		
Salaries and wages	1,301.29	1,108.70
Contribution to provident and other funds	60.01	51.37
Gratuity expenses (Refer note 39)	18.70	22.01
Staff welfare expense	123.70	98.50
	<u>1,503.70</u>	<u>1,280.58</u>
<b>34 Finance costs</b>		
Interest on rupee term loans	235.92	306.13
Interest on foreign currency term loans	44.96	4.61
Interest on working capital loans	128.69	78.84
Interest on bills discounted	65.66	54.98
Other interest	1.17	11.83
Bank charges	34.41	27.84
Exchange difference to the extent considered as an adjustment to borrowing costs	73.46	6.94
	<u>584.27</u>	<u>491.17</u>

## Notes to the consolidated financial statements *(continued)*

for the year ended 31 March 2019  
(Currency : Indian Rupees in millions)

	<u>31 March 2019</u>	<u>31 March 2018</u>
<b>35 Other expenses</b>		
Consumption of stores and spares	<b>271.81</b>	198.44
Processing charges	-	14.29
Power and fuel	<b>1,320.41</b>	1,084.05
Advertisement	<b>3.04</b>	1.61
Rent (Refer note 40)	<b>28.43</b>	18.17
Rates and taxes	<b>7.82</b>	8.96
Insurance	<b>18.75</b>	16.11
Repairs and maintenance		
- Plant and machinery	<b>247.06</b>	146.29
- Buildings	<b>46.69</b>	31.45
- Others	<b>123.72</b>	114.35
Printing and stationery	<b>19.28</b>	21.01
Legal and professional charges		
- Legal charges	<b>3.72</b>	2.68
- Professional charges	<b>119.57</b>	80.28
Travelling and conveyance	<b>62.69</b>	52.19
Vehicle expenses	<b>25.05</b>	16.13
Postage, telephone and telegrams	<b>7.97</b>	10.25
Payment to auditors (Refer note 45)	<b>6.30</b>	7.03
Director's sitting fee / Commission	<b>14.00</b>	5.30
Sales and distribution expenses	<b>197.35</b>	199.97
Commission on sales	<b>8.20</b>	7.48
Security service charges	<b>31.24</b>	29.96
Sundry balance written off	<b>41.95</b>	15.01
Service charges	<b>37.93</b>	31.36
Excise duty on closing stock	-	(0.73)
Loss on sale of assets (net)	<b>0.23</b>	-
Foreign exchange loss (net)	<b>35.25</b>	27.39
Provision for doubtful debts/advances	<b>2.28</b>	5.00
Provision for diminution in value of investment	<b>15.47</b>	10.00
Corporate Social Responsibility expenses (CSR) (Refer note 44)	<b>18.24</b>	12.02
Miscellaneous expenses	<b>158.52</b>	107.16
	<b><u>2,872.97</u></b>	<b><u>2,273.21</u></b>

## Notes to the consolidated financial statements (continued)

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### 36 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year, after considering adjustment for the effects of all dilutive potential equity shares.

	31 March 2019	31 March 2018
Consolidated profit attributable to equity shareholders (basic and diluted)		
Consolidated profit for the year attributable to equity shareholders	(A) 1,031.77	772.65
<b>Weighted average number of equity shares for basic and diluted earnings per share</b>		
Number of equity shares at beginning of the year	8,22,00,500	8,22,00,500
Bonus Equity shares issued during the year*	4,11,00,250	4,11,00,250
<b>Number of equity shares outstanding at the end of the year</b>	<b>12,33,00,750</b>	<b>12,33,00,750</b>
<b>Weighted average number of equity shares for the year*</b>	(B) <b>12,33,00,750</b>	<b>12,33,00,750</b>
<b>Basic and diluted earnings per share of face value of Rs 2 each</b>	(A) / (B) <b>8.36</b>	<b>6.26</b>

\* Pursuant to the issue of bonus shares, the weighted average number of equity shares and earning per share of the previous year have been accordingly re-stated.

### 37 Tax expense

#### a. Amounts recognised in balance sheet

	31 March 2019	31 March 2018
Current tax liabilities (Net of advance tax Rs 564.53 million (31 March 2018 : Rs 561.23 million ))	5.04	8.87
Current tax assets (Net of provision of Rs 327 million (31 March 2018 : Nil)	4.14	-

Note: The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

#### b. Amounts recognised in statement of profit and loss

	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Current income tax</b>		
Current year	455.03	446.97
	<b>455.03</b>	446.97
<b>Deferred income tax liability / (asset), net</b>		
Origination and reversal of temporary differences	5.05	(104.30)
<b>Deferred tax expense</b>	<b>5.05</b>	(104.30)
<b>Tax expense for the year</b>	<b>460.08</b>	<b>342.67</b>

## Notes to the consolidated financial statements (continued)

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### c. Amounts recognised in other comprehensive income

	For the year ended 31 March 2019			For the year ended 31 March 2018		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
<b>Items that will not be reclassified to profit or loss</b>						
Remeasurements of the defined benefit plans	1.90	(0.65)	1.25	0.82	(0.28)	0.54
Fair value of investment	(0.33)	0.10	(0.23)	(0.16)	-	(0.16)
	1.57	(0.55)	1.02	0.66	(0.28)	0.38

### d. Reconciliation of effective tax rate

	31 March 2019	31 March 2018
Profit before tax	1,490.83	1,114.94
Tax using the Company's domestic tax rate (Current year 34.61% and Previous year 34.61%)	520.90	385.88
Tax effect of:		
Non-deductible tax expenses	4.68	2.89
Incremental deduction allowed for research and development costs	(65.50)	(46.10)
	460.08	342.67

The Group's consolidated weighted average tax rates for the years ended 31 March 2019 and 31 March 2018 were 30.86% and 30.73%, respectively.

## 38 Deferred tax liabilities (net)

### a. Recognised deferred assets and liabilities

	Deferred tax assets		Deferred tax liabilities		Net deferred tax asset/(liabilities)	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Property, plant and equipment	-	-	(466.43)	(454.31)	(466.43)	(454.3)
Inventories	16.17	14.28	-	-	16.17	14.28
Trade receivables	9.05	15.35	-	-	9.05	15.35
Loans and advances	3.49	3.46	-	-	3.49	3.46
Investments	9.42	3.46	-	-	9.42	3.46
Provisions	70.26	66.31	-	-	70.26	66.31
Loan processing charges	-	-	(11.76)	(13.85)	(11.76)	(13.85)
<b>Net Deferred tax asset / (liabilities)</b>	<b>108.39</b>	<b>102.86</b>	<b>(478.19)</b>	<b>(468.16)</b>	<b>(369.80)</b>	<b>(365.30)</b>

### b. Movement in deferred tax balances

	Net balance 1 April 2018	Recognised in profit or loss	Recognised in OCI	31 March 2019		
				Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
Property, plant and equipment	(454.31)	(12.12)	-	(466.43)	-	(466.43)
Inventories	14.28	1.89	-	16.17	16.17	-
Trade receivables	15.35	(6.30)	-	9.05	9.05	-
Loans and advances	3.46	0.03	-	3.49	3.49	-
Investments	3.46	5.96	-	9.42	9.42	-
Provisions	66.31	3.40	0.55	70.26	70.26	-
Loan processing charges	(13.85)	2.09	-	(11.76)	-	(11.76)
<b>Net deferred tax assets / (liabilities)</b>	<b>(365.30)</b>	<b>(5.05)</b>	<b>0.55</b>	<b>(369.80)</b>	<b>108.39</b>	<b>(478.19)</b>

## Notes to the consolidated financial statements (continued)

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### c. Movement in deferred tax balances (previous year)

	Net balance	Recognised in	Recognised	31 March 2018		
	1 April 2017	profit or loss	in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
Property, plant and equipment	(536.08)	81.77	-	(454.31)	-	(454.31)
Inventories	10.82	3.46	-	14.28	14.28	-
Trade receivables	18.46	(3.11)	-	15.35	15.35	-
Loans and advances	1.73	1.73	-	3.46	3.46	-
Investments	-	3.46	-	3.46	3.46	-
Provisions	53.61	12.42	0.28	66.31	66.31	-
Loan processing charges	(18.42)	4.57	-	(13.85)	-	(13.85)
<b>Net deferred tax assets / (liabilities)</b>	<b>(469.88)</b>	<b>104.30</b>	<b>0.28</b>	<b>(365.30)</b>	<b>102.86</b>	<b>(468.16)</b>

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income and the period over which deferred income tax assets will be recovered.

### 39 Employee benefits

#### i. Defined Contribution Plans

The Group makes contributions towards superannuation fund and other retirement benefits to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Group is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

Contribution to defined contribution plans are charged off for the year as under :

Particulars	31 March 2019	31 March 2018
Employer's contribution to Provident Fund	60.01	48.23
Employer's contribution to Superannuation Fund	1.33	1.20
Employer's contribution to ESIC	3.98	1.90
Employer's contribution to Labour Welfare Fund	0.03	0.04

#### ii. Defined Benefit Plans

##### Gratuity:

The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The Group has obtained insurance policies with the Life Insurance Corporation of India (LIC) for eligible employees at Panoli plant and makes an annual contribution to LIC for amounts notified by LIC. The Group accounts for gratuity benefits payable in future based on an independent external actuarial valuation carried out at the end of the year using the projected unit credit method. Actuarial gains and losses are recognised as Other Comprehensive Income or Loss.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Group's consolidated financial statements as at balance sheet date:

## Notes to the consolidated financial statements (continued)

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### A. Reconciliation of the net defined benefit (asset)/ liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit (asset) / liability and its components

	31 March 2019	31 March 2018
<b>Reconciliation of present value of defined benefit obligation</b>		
Balance at the beginning of the year	107.41	90.66
Current service cost	12.26	10.42
Past service cost	-	5.89
Interest cost (income)	7.51	6.80
Benefits paid	(2.98)	(5.59)
Actuarial losses/ (gains) recognised in other comprehensive income		
- financial assumptions	1.50	(0.91)
- experience adjustments	(3.06)	0.14
<b>Balance at the end of the year</b>	<b>122.64</b>	<b>107.41</b>
<b>Reconciliation of present value of plan assets</b>		
Balance at the beginning of the year	16.56	14.69
Interest income	1.08	1.10
Remeasurements :	-	
- Return on plan assets, excluding amount included in interest (expense)/income	0.34	0.05
Employer contributions	5.12	2.56
Benefits paid	(1.00)	(1.84)
<b>Balance at the end of the year</b>	<b>22.10</b>	<b>16.56</b>
<b>Net defined benefit (asset)/ liability</b>	<b>100.54</b>	<b>90.85</b>

### B. Plan assets

Plan assets comprise the following

	31 March 2019	31 March 2018
<b>Investment</b>		
Policy of insurance	100%	100%
Bank Special Deposit	0%	0%
Investment in other securities	0%	0%
Corporate Bonds	0%	0%
State Government Bonds	0%	0%
	<b>100%</b>	<b>100%</b>

### C. The components of defined benefit plan expense are as follows:

	31 March 2019	31 March 2018
<b>Recognised in income statement</b>		
Current service cost	12.26	10.42
Past service cost	-	5.89
Interest cost	6.44	5.70
Expected return on plan assets	-	-
<b>Total</b>	<b>18.70</b>	<b>22.01</b>
Recognised in Other Comprehensive Income		
Remeasurement of net defined benefit liability/(asset)	(1.57)	(0.77)
Return on plan assets, excluding interest income	(0.33)	(0.05)
<b>Total</b>	<b>(1.90)</b>	<b>(0.82)</b>



## Notes to the consolidated financial statements (continued)

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### D. Defined benefit obligations

#### i. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	31 March 2019	31 March 2018
Expected return on plan assets	7.60%	7.60%
Discount rate	7.45%	7.60%
Salary escalation rate	5.00%	5.00%
Attrition rate	1.00%	1.00%
Mortality rate table	Indian assured lives mortality (2006-08)	

#### ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	31 March 2019		31 March 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	113.25	133.50	99.03	117.11
Rate of salary increase (1% movement)	133.04	113.39	116.74	99.16
Rate of employee turnover (1% movement)	122.83	122.44	107.60	107.22

The above sensitivity analyses have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the reporting date. In practice, generally it does not occur. When we change one variable, it affects to others. In calculating the sensitivity, project unit credit method at the end of the reporting period has been applied.

#### Maturity profile of the defined benefit obligation

Particulars	Up to 1 year	Between 1-2 years	Between 2-5 years	6 to 10 years	Total
<b>31 March 2019</b>					
Defined benefit obligations (Gratuity)	7.15	5.92	25.32	62.14	100.53
<b>Total</b>	<b>7.15</b>	<b>5.92</b>	<b>25.32</b>	<b>62.14</b>	<b>100.53</b>
<b>31 March 2018</b>					
Defined benefit obligations (Gratuity)	11.72	6.52	18.92	53.68	90.84
<b>Total</b>	<b>11.72</b>	<b>6.52</b>	<b>18.92</b>	<b>53.68</b>	<b>90.84</b>

#### Other long term employee benefit plans

##### Compensated absences:

The obligation for leave encashment is recognised in the same manner as gratuity. The Group's liability on account of compensated absences is not funded and hence the disclosures relating to the planned assets are not applicable. Amount of Rs 16.05 million (previous year Rs 42.47 million) towards compensated absences is recognised as an expense and included in "Employee benefits expense" in the Statement of profit and loss during the year.

## Notes to the consolidated financial statements (continued)

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### 40 Operating leases

#### Leases as lessee

The Group has taken printers, copiers and office and residential premises under cancellable and non-cancellable operating lease arrangements. Lease rentals debited to the statement of profit and loss aggregate Rs 3.26 million (31 March 2018 Rs 3.11 million) for non-cancellable lease and Rs 25.17 million (31 March 2018 Rs 15.06 million) for cancellable lease

#### i. Future minimum lease payments

The future minimum lease payments to be made under non-cancellable operating leases are as follows:

	31 March 2019	31 March 2018
Payable within one year	3.42	3.26
Payable between one year and five years	9.64	13.06
Payable after more than five years	-	-
	<u>13.06</u>	<u>16.32</u>

#### ii. Amount recognised in profit or loss

	Year ended 31 March 2019	Year ended 31 March 2018
Lease expense - minimum lease payments	28.43	18.17

### 41 Financial instruments - fair values and risk management

#### A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value, if the carrying amount is a reasonable approximation of fair value.

31 March 2019	Carrying amount			Fair value		
	FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3
<b>Financial assets</b>						
Cash and cash equivalents	-	114.13	114.13	-	-	-
Other bank balances	-	203.29	203.29	-	-	-
Loans - current	-	5.03	5.03	-	-	-
Trade receivables	-	3,497.19	3,497.19	-	-	-
	-	<u>3,819.64</u>	<u>3,819.64</u>	-	-	-
<b>Financial liabilities</b>						
Borrowing - non current	-	2,978.47	2,978.47	-	2,978.47	-
Borrowing - current	-	3,018.83	3,018.83	-	-	-
Trade payables	-	1,610.42	1,610.42	-	-	-
Other financial liabilities - current	-	855.21	855.21	-	855.21	-
	-	<u>8,462.93</u>	<u>8,462.93</u>	-	<u>3,833.68</u>	-

## Notes to the consolidated financial statements (continued)

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

31 March 2018	Carrying amount			Fair value			
	FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>							
Cash and cash equivalents	-	58.22	58.22	-	-	-	-
Other bank balances	-	214.02	214.02	-	-	-	-
Loans - current	-	3.58	3.58	-	-	-	-
Trade receivables	-	2,873.73	2,873.73	-	-	-	-
	-	3,149.55	3,149.55	-	-	-	-
<b>Financial liabilities</b>							
Borrowing - non current	-	2,966.31	2,966.31	-	2,966.31	-	2,966.31
Borrowing - current	-	2,771.62	2,771.62	-	-	-	-
Trade payables	-	1,645.46	1,645.46	-	-	-	-
Other financial liabilities - current	-	874.28	874.28	-	874.28	-	874.28
	-	8,257.67	8,257.67	-	3,840.59	-	3,840.59

### B. Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

#### Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Forward contracts for foreign exchange contracts	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currency.	Not applicable	Not applicable
Non current financial assets and liabilities measured at amortised cost	Discounted cash flows: The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates.	Not applicable	Not applicable

### C. Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

## Notes to the consolidated financial statements (continued)

for the year ended 31 March 2019  
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### i. Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

### ii. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The carrying amount of following financial assets represents the maximum credit exposure:

#### Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

At 31 March 2019, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows.

	Carrying amount	
	31 March 2019	31 March 2018
India	1,311.44	791.48
Other regions	2,185.75	2,082.25
	<u>3,497.19</u>	<u>2,873.73</u>

As at 31 March 2019, the Group's most significant customers, accounted for Rs 2,142.87 million (31 March 2018: Rs 1,760.32 million) of the trade and other receivables carrying amount.

## Notes to the consolidated financial statements (continued)

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### Impairment

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables:

31 March 2019			
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Not due	3,096.27	0.02%	0.51
Past due 0-90 days	380.43	0.24%	0.90
Past due 91-180 days	10.06	6.73%	0.68
Past due 181-365 days	3.32	23.33%	0.77
Past due 366-730 days	10.71	28.50%	3.05
Past due 731-1096 days	4.21	44.13%	1.93
More than 1096 days	18.08	100.00%	18.08
	<b>3,523.08</b>		<b>25.92</b>

31 March 2018			
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Not due	2,790.94	0.49%	6.83
Past due 0-90 days	38.76	1.55%	1.33
Past due 91-180 days	41.71	30.52%	12.73
Past due 181-365 days	14.36	39.62%	5.69
Past due 366-730 days	14.03	44.76%	6.28
Past due 731-1096 days	15.41	55.94%	8.62
More than 1096 days	2.88	100.00%	2.88
	<b>2,918.09</b>		<b>44.36</b>

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows.

Particulars	Amount
<b>Balance as at 31 March 2018</b>	<b>44.36</b>
Additional provision	2.30
Impairment loss recognised / (reversal)	(20.74)
<b>Balance as at 31 March 2019</b>	<b>25.92</b>

### Cash and cash equivalents

The Group held cash and cash equivalents of Rs 114.13 million at 31 March 2019 (31 March 2018: Rs 58.22 million). The cash and cash equivalents are held with banks with good credit ratings and financial institution counterparties with good market standing.

Other than trade and other receivables, the Group has no other financial assets that are past due but not impaired.

## Notes to the consolidated financial statements (continued)

for the year ended 31 March 2019  
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### iii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

#### Exposure to liquidity risk

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.

	Contractual cash flows				
31 March 2019	Carrying amount	Total	Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Borrowings - Non current	2,978.47	2,978.47	-	2,753.47	225.00
Borrowings - current	3,018.83	3,018.83	3,018.83	-	-
Other financial liabilities - current	855.21	855.21	855.21	-	-
Trade payables	1,610.45	1,610.45	1,610.45	-	-
	8,462.96	8,462.96	5,484.49	2,753.47	225.00

#### Derivative Financial Liabilities

Forward Exchange Contracts

- Outflow	-	-	-	-	-
- Inflow	-	-	-	-	-

		Contractual cash flows			
31 March 2018	Carrying amount	Total	Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Borrowings - Non current	2,966.31	2,966.31	-	2,737.33	228.98
Borrowings - current	2,771.62	2,771.62	2,771.62	-	-
Other financial liabilities - current	874.28	874.28	874.28	-	-
Trade payables	1,645.46	1,645.46	1,645.46	-	-
	8,257.67	8,257.67	5,291.36	2,737.33	228.98

#### Derivative Financial Liabilities

Forward Exchange Contracts

- Outflow	-	-	-	-	-
- Inflow	-	-	-	-	-

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity.

### iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. We are exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of our investments. Thus, our exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.



## Notes to the consolidated financial statements (continued)

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### Currency risk

The Group is exposed to currency risk on account of its operating and financing activities. The functional currency of the Group is Indian Rupee. The Group uses forward exchange contracts to hedge its currency risk.

#### Exposure to currency risk

The currency profile of financial assets and financial liabilities as at 31 March 2019 and 31 March 2018 are as below:

31 March 2019	USD	EUR	GBP	Others
Financial assets	1,794.04	603.28	11.80	71.32
Financial liabilities	2,553.38	573.32	12.11	-
Net Exposure	(759.34)	29.96	(0.31)	71.32

31 March 2018	USD	EUR	GBP	Others
Financial assets	1,413.10	518.76	12.11	-
Financial liabilities	3,189.87	626.68	5.45	-
Net Exposure	(1,776.77)	(107.92)	6.66	-

Others includes JPY and CHF

The forward contract booked during the year that includes future revenue transaction exposure.

The foreign exchange forward contracts outstanding as 31 March 2019 is Nil. (31 March 2018 Nil).

### Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars, Euros and GBP at 31 March would have affected the measurement of financial instruments denominated in US dollars 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.

Effect in INR	Profit or loss	
	Strengthening	Weakening
31 March 2019		
USD (3% movement )	22.78	(22.78)
EUR (3% movement )	(0.90)	0.90
GBP (3% movement )	0.01	(0.01)
	21.89	(21.89)

Effect in INR	Profit or loss	
	Strengthening	Weakening
31 March 2018		
USD (3% movement )	(53.30)	53.30
EUR (3% movement )	(3.24)	3.24
GBP (3% movement )	0.20	(0.20)
	(56.34)	56.34

### V. Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

## Notes to the consolidated financial statements (continued)

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### Exposure to interest rate risk

Since the Group does not have any significant financial assets or financial liabilities bearing floating interest rates, a change in interest rates at the reporting date would not have any significant or material impact on the standalone financial statements of the Group.

	Nominal amount	
	31 March 2019	31 March 2018
<b>Fixed-rate instruments</b>		
Financial assets	318.43	237.90
Financial liabilities	(5,010.18)	(5,087.37)
	<b>(4,691.75)</b>	<b>(4,849.47)</b>
<b>Variable-rate instruments</b>		
Financial assets	-	-
Financial liabilities	(1,599.06)	(1,263.55)
	<b>(1,599.06)</b>	<b>(1,263.55)</b>

### Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through statement of profit and 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

The Group does not have any financial assets or financial liabilities bearing floating interest rates. Therefore a change in interest rates at the reporting date would not affect statement of profit and loss.

## 42 Capital management

For the purpose of the Group's capital management, capital includes issued capital and other equity reserves. The primary objective of the Group's capital management is to safeguard its ability to continue as going concern and to maintain an optimal capital structure so as to maximise shareholders value. The Group manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

As at 31 March 2019, the Group has only one class of equity shares and debt of Rs.6609.24 million. Consequent to such capital structure, there are no externally imposed capital requirement. In order to maintain or achieve an optimal capital structure, the Group allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.

The Group monitors capital using adjusted net debt to equity ratio. For this purpose, adjusted net debt is defined as total debt less cash and bank balances.

	31 March 2019	31 March 2018
Non-current borrowings	2,978.47	2,966.31
Current borrowings	3,018.83	2,771.62
Current maturity of long term debt	611.94	612.99
<b>Gross debt</b>	<b>6,609.24</b>	<b>6,350.92</b>
Less - Cash and cash equivalents	114.13	58.22
Less - Other bank deposits	237.33	213.59
<b>Adjusted net debt</b>	<b>6,257.78</b>	<b>6,079.11</b>
<b>Total equity</b>	<b>7,562.11</b>	<b>6,693.85</b>
<b>Adjusted net debt to equity ratio</b>	<b>0.83</b>	<b>0.91</b>

## Notes to the consolidated financial statements (continued)

for the year ended 31 March 2019  
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### 43 Contingent liabilities and commitments (to the extent not provided for)

	31 March 2019	31 March 2018
<b>A. Contingent liabilities</b>		
<b>Direct and Indirect taxes</b>		
Income Taxes	124.10	124.10
Excise Duty	40.13	40.13
<b>B. Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances, tangible assets	757.47	172.93

In addition, the Group is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liability, where applicable in its financial statements. The Group's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect of the Group's results of operations or financial condition.

### 44 Corporate social responsibility (CSR)

As per Section 135 of the Act, a CSR committee has been formed by the Group. The funds are utilised during the year on the activities which are specified in Schedule VII of the Act. The utilisation is done by way of direct and indirect contribution towards various activities.

Gross amount required to be spent by the Group during the year: Rs 15.30 million (31 March 2018: Rs.11.98 million)

The areas of CSR activities and contributions made thereto are as follows:

Amount spent during the year on ;	31 March 2019	31 March 2018
Protection of national heritage	2.05	0.78
Promotion of education	3.08	1.08
Promotion of vocational skill	-	6.45
Disaster Relief	0.78	-
Environmental sustainability	10.73	1.22
Promoting preventive health care and sanitation and making available safe water	1.60	1.70
Others	-	0.79
<b>Total</b>	<b>18.24</b>	<b>12.02</b>

The Group does not carry any provisions for corporate social responsibility expenses for the current year and the previous year.

### 45 Payment to auditors' (excluding goods and service tax)

	31 March 2019	31 March 2018
Audit fees	3.41	3.55
Limited review of quarterly results	2.40	2.50
Certification and other matters	0.15	0.63
Out-of-pocket expenses	0.34	0.35
<b>Total</b>	<b>6.30</b>	<b>7.03</b>

## Notes to the consolidated financial statements (continued)

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### 46 Capitalisation of expenditure

During the year, the Group has capitalised the following expenses of revenue nature to the cost of property, plant and equipment (tangible fixed assets)/capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Group.

	Year ended 31 March 2019	Year ended 31 March 2018
Salaries, wages and bonus	9.37	22.53
Finance costs	50.46	15.44
Other expenses	1.66	-
<b>Total</b>	<b>61.49</b>	<b>37.97</b>

### 47 Segment information

For management purposes, the Group is organised into business units based on its products and services and has two reportable segments, as follows:

Pharmaceuticals: Segment produces in Active Pharmaceutical Ingredients

Crop protection: Segment manufactures in pesticides, herbicides.

The Chief Operating Decision Maker ("CODM") evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by operating segments. The CODM reviews revenue and gross profit as the performance indicator for all of the operating segments, and does not review the total assets and liabilities of an operating segment.

Based on above, following are reportable segments as per Ind AS 108

Primary Segment (Operating Segment): Based on product lines of Company	Secondary Segment (Geographical Segment ) Based on geographical area of operation
Pharmaceuticals	India and Outside India
Crop Protection	

#### A. Segment wise classification :-

##### i) Primary segment reporting (by business segment)

The Company's business segments based on product lines are as under:

##### - Pharmaceuticals

Segment produces/trades in Active Pharmaceutical Ingredients

##### - Crop Protection

Segment produces/trades in pesticides and herbicides

## Notes to the consolidated financial statements (*continued*)

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### ii) Segment revenues, results and other information

Particulars	Crop Protection	Pharmaceuticales	Total of Reportable Segment
External sales	<b>6,504.67</b>	<b>9,391.42</b>	<b>15,896.09</b>
(Gross of excise duty)	<i>5,472.80</i>	<i>7,528.07</i>	<i>13,000.87</i>
Other income	-	-	-
	-	-	-
Segment revenue	<b>6,504.67</b>	<b>9,391.42</b>	<b>15,896.09</b>
	<i>5,472.80</i>	<i>7,528.07</i>	<i>13,000.87</i>
Segment results	<b>1,116.50</b>	<b>1,293.00</b>	<b>2,409.50</b>
	<i>865.20</i>	<i>985.50</i>	<i>1,850.70</i>
Segment assets	<b>5,475.30</b>	<b>10,339.50</b>	<b>15,814.80</b>
	<i>5,304.10</i>	<i>9,214.40</i>	<i>14,518.50</i>
Segment liabilities	<b>1,762.20</b>	<b>2,030.50</b>	<b>3,792.70</b>
	<i>1,838.70</i>	<i>1,686.10</i>	<i>3,524.80</i>
Capital expenditure	<b>556.07</b>	<b>742.52</b>	<b>1,298.59</b>
(included in segment assets)	<i>380.31</i>	<i>795.57</i>	<i>1,175.88</i>
Depreciation/Amortisation	<b>337.08</b>	<b>567.08</b>	<b>904.16</b>
	<i>272.10</i>	<i>566.06</i>	<i>838.16</i>

*Figures in italics pertain to previous year*

### iii) Reconciliation of reportable segments with the financial statements

	Revenues	Results / Net Profits	Assets	Liabilities	Capital Expenditure	Depreciation/ Amortisation
<b>Total of reportable segments</b>	<b>15,896.09</b>	<b>2,409.50</b>	<b>15,814.80</b>	<b>3,792.70</b>	<b>1,298.59</b>	<b>904.16</b>
	<i>13,000.87</i>	<i>1,850.70</i>	<i>14,518.50</i>	<i>3,524.80</i>	<i>1,175.88</i>	<i>838.16</i>
<b>Corporate / Unallocated segment</b>	-	<b>334.40</b>	<b>1,040.28</b>	<b>5,500.27</b>	<b>86.89</b>	<b>24.63</b>
	-	<i>244.59</i>	<i>898.58</i>	<i>5,198.43</i>	<i>97.14</i>	<i>17.77</i>
<b>Finance cost</b>	-	<b>584.27</b>	-	-	-	-
	-	<i>491.17</i>	-	-	-	-
<b>Taxes</b>	-	<b>460.08</b>	-	-	-	-
	-	<i>342.67</i>	-	-	-	-
<b>As per financial statement</b>	<b>15,896.09</b>	<b>1,030.75</b>	<b>16,855.08</b>	<b>9,292.97</b>	<b>1,385.48</b>	<b>928.79</b>
	<i>13,000.87</i>	<i>772.27</i>	<i>15,417.08</i>	<i>8,723.23</i>	<i>1,273.01</i>	<i>855.93</i>

*Figures in italics pertain to previous year*

## Notes to the consolidated financial statements (continued)

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### B. Secondary segment reporting (by geographical segment)

Particulars	India	USA and Canada	Europe	South East Asia	Others	Total
<b>Revenue</b>	<b>4,840.57</b>	<b>1,708.36</b>	<b>4,771.68</b>	<b>4,373.69</b>	<b>201.79</b>	<b>15,896.09</b>
	3,926.35	2,115.46	3,767.46	2,926.93	264.67	13,000.87
<b>Total assets</b>	<b>16,855.08</b>	-	-	-	-	<b>16,855.08</b>
	15,417.08	-	-	-	-	15,417.08
<b>Capital expenditure</b>	<b>1,385.48</b>	-	-	-	-	<b>1,385.48</b>
	1,273.01	-	-	-	-	1,273.01

There are no transactions with single external customer which amounts to 10% or more of the Group's revenue.

*Figures in italics pertain to previous year.*

### 48 Related party disclosures

The note provides the information about the Group's structure. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

#### i. List of Related parties

Relationship	Name of the related party
a) Company/ enterprises exercising significant influence through voting power ('significant shareholder')	Kalyani Investment Company Limited ("KICL")
b) Key Management Personnel (KMP) Executive Directors	Jai Hiremath (Chairman and Managing Director) Sameer Hiremath (Joint Managing Director and CEO)
c) Enterprises owned or controlled or significantly influenced by key management personnel or their relatives"	Decent Electronics Private Limited ("DEPL") Marigold Investments Private Limited ("MIPL") Iris Investments Private Limited ("I IPL") Karad Engineering Consultancy Private Limited ("KECPL") Ekdant Investments Private Limited ("EIPL") Shri Rameswara Investment Private Limited ("SRIPL") Shri Badrinath Investment Private Limited ("SBIPL") Rushabh Capital Services Private Limited ( "RCSPL")
d) Relatives of Key Management Personnel"	Sugandha Hiremath
e) Non-executive directors	Baba Kalyani Amit Kalyani K.K. Unni Prakash Mehta S. M. Kheny Wolfgang Welter Ranjit Shahani



## Notes to the consolidated financial statements (continued)

for the year ended 31 March 2019

(Currency : Indian Rupees in million)

### ii. Details of transactions with related parties

Particulars	Transaction value		Balances outstanding	
	Year ended 31 March 2019	Year ended 31 March 2018	31 March 2019	31 March 2018
<b>Remuneration</b>				
Jai Hiremath	37.59	30.35	-	-
Sameer Hiremath	21.71	17.14	-	-
<b>Commission paid</b>				
Jai Hiremath	15.44	11.38	15.44	11.38
Sameer Hiremath	15.44	11.38	15.44	11.38
<b>Sitting fees</b>				
Sugandha Hiremath	1.20	1.00	-	-
Baba Kalyani	0.20	0.10	-	-
Amit Kalyani	0.30	0.10	-	-
K.K. Unni	1.20	1.20	-	-
Prakash Mehta	1.50	1.30	-	-
S. M. Kheny	0.90	0.90	-	-
Wolfgang Welter	0.62	0.40	-	-
Ranjit Shahani	0.40	0.30	-	-
<b>Commission to Independent Directors</b>				
Sugandha Hiremath	0.96	-	0.96	-
Baba Kalyani	0.96	-	0.96	-
Amit Kalyani	0.96	-	0.96	-
K.K. Unni	0.96	-	0.96	-
Prakash Mehta	0.96	-	0.96	-
S. M. Kheny	0.96	-	0.96	-
Wolfgang Welter	0.96	-	0.96	-
Ranjit Shahani	0.96	-	0.96	-
<b>Dividend paid</b>				
SBIPL	21.91	17.26	-	-
SRIPL	10.79	8.50	-	-
DEPL	0.05	0.04	-	-
EIPL	0.43	0.34	-	-
KECPL	0.07	0.06	-	-
KICL	42.54	33.51	-	-
Sugandha Hiremath	10.63	8.37	-	-
Jai Hiremath	1.47	1.16	-	-
Sameer Hiremath	0.43	0.34	-	-
<b>Lease rent paid</b>				
RCSPL	1.08	1.08	-	-
Sugandha Hiremath	2.40	2.40	-	-
Jai Hiremath	0.30	0.30	-	-
<b>Security Deposit</b>				
RCSPL	-	-	1.10	1.10
Sugandha Hiremath	-	-	50.00	50.00
Jai Hiremath	-	-	20.00	20.00

## Notes to the consolidated financial statements *(continued)*

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

### 49 Contribution to provident fund as per Supreme Court judgment

The Hon'ble Supreme Court of India ("SC") by their order dated 28 February 2019, in the case of another company, set out the principles based on which certain allowances paid to the employees should be included in basic wages for the purposes of calculation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal.

The management as advised, considered the revised calculation from the date of the SC order, which is not material. Accordingly, pending decision on the subject review petition, the impact for the same is not given in the accounts.

### 50 Other information

Information with regard to other matters, as required by Schedule III to the Act is either nil or not applicable to the Group for the year.

As per our report of even date attached

**For B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

**Farhad Bamji**

Partner

Membership No: 105234

Mumbai

9 May 2019

For and on behalf of the Board of Directors of Hikal Limited

CIN: L24200MH1988PTC048028

**Jai Hiremath**

Chairman & Managing Director- DIN: 00062203

**Kannan K. Unni**

Director- DIN: 00227858

**Sham Wahalekar**

Chief Financial Officer & Company Secretary- CS Membership No: 8745

Mumbai

9 May 2019

## Consolidated cash flow statement

for the year ended 31 March 2019  
(Currency : Indian Rupees in million)

	31 March 2019	31 March 2018
<b>(A) Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>1,490.83</b>	1,114.94
Adjustments:		
Depreciation and amortisation	<b>928.79</b>	855.93
Dividend on long-term investments	-	(0.01)
Finance costs	<b>584.27</b>	491.17
Interest income	<b>(19.77)</b>	(30.46)
Loss on sale of property, plant and equipment	<b>0.23</b>	-
Sundry balances written off	<b>41.95</b>	15.01
Provision for doubtful debts/advances	<b>2.28</b>	5.00
Provision for diminution in value of investment	<b>15.47</b>	10.00
Provision for doubtful debts written back	-	(9.00)
Unrealised foreign exchange (gain)/ loss	<b>34.60</b>	65.88
	<b>1,587.82</b>	1,403.52
<b>Operating cash flow before working capital changes</b>	<b>3,078.65</b>	2,518.46
Decrease/(Increase) in trade receivables	<b>(690.76)</b>	(295.21)
Decrease/(Increase) in loans and advances and other assets	<b>90.29</b>	(716.53)
Decrease/(increase) in inventories	<b>(611.78)</b>	(394.72)
(Decrease)/increase trade payables	<b>(29.69)</b>	265.91
Increase/(decrease) in provisions and other liabilities	<b>345.38</b>	268.96
	<b>(896.56)</b>	(871.59)
<b>Cash generated from operations</b>	<b>2,182.09</b>	1,646.87
Income tax paid	<b>(326.20)</b>	(258.73)
<b>Net cash flows generated from operating activities (A)</b>	<b>1,855.89</b>	1,388.14
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	<b>(1,284.28)</b>	(1,059.81)
Proceeds from sale of property, plant and equipment (tangible fixed assets)	<b>3.06</b>	-
Dividend on long-term investments	-	0.01
Interest received	<b>24.56</b>	27.18
(Increase)/decrease in other bank balances	<b>10.73</b>	(68.61)
<b>Net cash flows (used in) investing activities (B)</b>	<b>(1,245.93)</b>	(1,101.23)

## Consolidated cash flow statement (continued)

for the year ended 31 March 2019

(Currency : Indian Rupees in million)

	31 March 2019	31 March 2018
<b>(C) Cash flow from financing activities</b>		
Proceeds from long-term borrowings	537.14	389.97
Repayment of long-term borrowings	(591.05)	(475.04)
Repayments of/proceeds from short-term borrowings (net)	247.22	462.33
Finance costs paid	(583.85)	(496.59)
Dividend paid on equity shares (including dividend distribution tax)	(163.51)	(128.61)
<b>Net cash flows (used in) financing activities (C)</b>	<b>(554.05)</b>	<b>(247.94)</b>
Net decrease in cash and cash equivalents (A+B+C)	55.91	38.97
<b>Cash and cash equivalents at the beginning of the year the components being</b>		
Cash on hand	0.98	1.25
Balances with banks		
- Current accounts	39.74	17.91
- Exchange Earners Foreign Currency accounts	0.04	0.09
- Deposits accounts (demand deposits and deposits having original maturity of 3 months or less)	17.46	-
	58.22	19.25
<b>Cash and cash equivalents at the end of the year the components being</b>		
Cash on hand	1.26	0.98
Balances with banks		
- Current accounts	39.58	39.74
- Exchange Earners Foreign Currency accounts	0.04	0.04
- Deposits accounts (demand deposits and deposits having original maturity of 3 months or less)	73.25	17.46
	114.13	58.22
<b>Net increase/(decrease) as disclosed above</b>	<b>55.91</b>	<b>38.97</b>

Debt reconciliation statement in accordance with Ind AS 7	31 March 2019	31 March 2018
<b>Opening balance</b>		
Long term borrowings	3,579.30	3,676.11
Short term borrowings	2,771.62	2,302.35
<b>Movements</b>		
Long term borrowings	11.11	(96.81)
Short term borrowings	247.21	469.27
<b>Closing balance</b>		
Long term borrowings	3,590.41	3,579.30
Short term borrowings	3,018.83	2,771.62

Note to the cash flow statement

The above cash flow statement has been prepared under the 'Indirect Method' set out in Accounting Standard (IND AS) 7, 'Cash Flow Statements'.

As per our report of even date attached

**For B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

**Farhad Bamji**

Partner

Membership No: 105234

Mumbai

9 May 2019

For and on behalf of the Board of Directors of Hikal Limited

CIN: L24200MH1988PTC048028

**Jai Hiremath**

Chairman & Managing Director- DIN: 0062203

**Kannan K. Unni**

Director- DIN: 00227858

**Sham Wahalekar**

Chief Financial Officer & Company Secretary- CS Membership No: 8745

Mumbai

9 May 2019

## NOTES

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