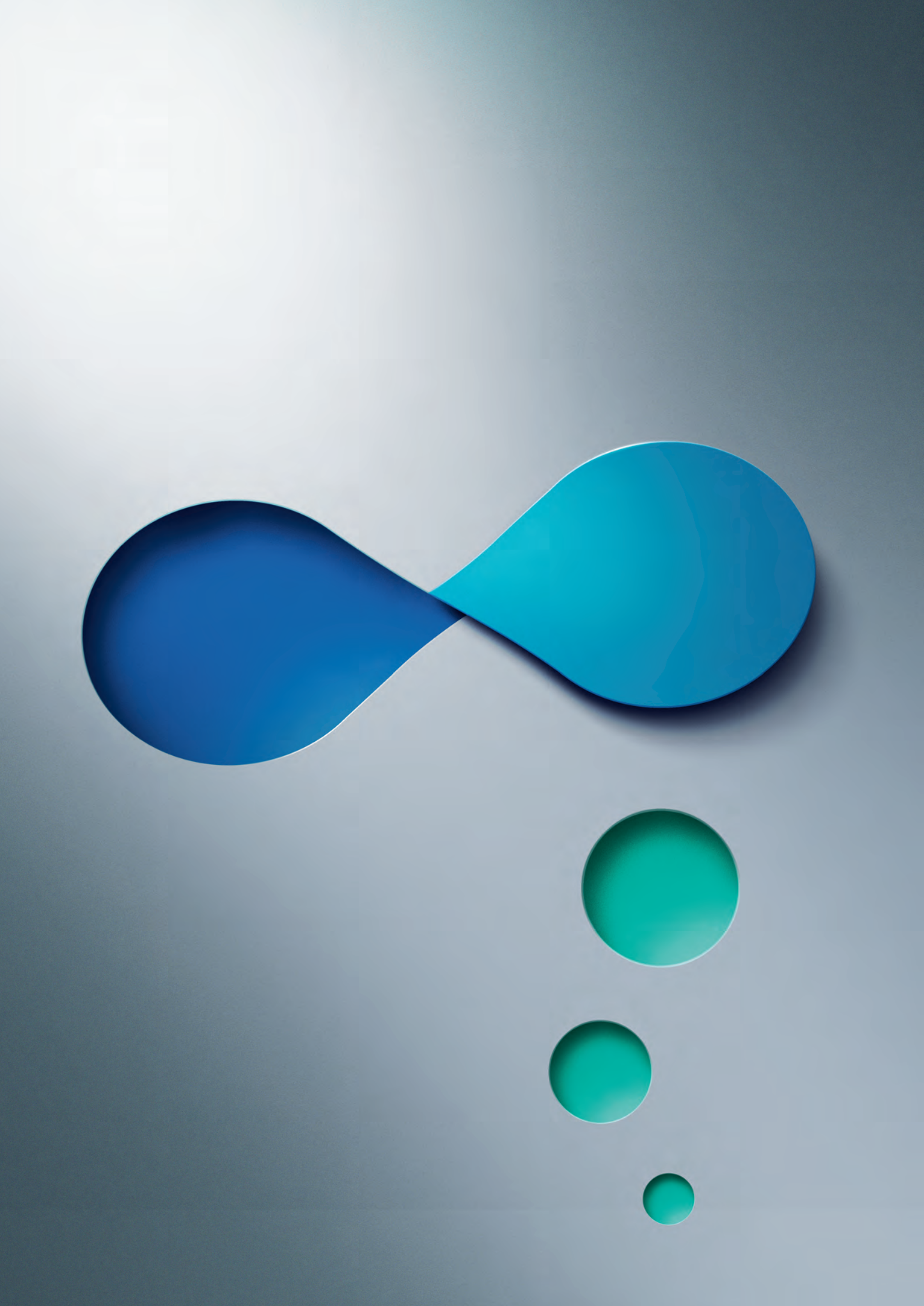
HIKAL

ANNUAL REPORT 2020

SUSTAINABLE
SOLUTIONS



SUSTAINABLE SOLUTIONS

The infinity symbol, a figure eight on its side, signifies the concept of limitlessness or eternity, and represents simplicity and balance. The English word for infinity is taken from the Latin word 'infinitas' which means unboundedness or endless.
It was used in ancient India to represent perfection and dualism and signifies balance between opposite forces.

Being a sustainable company is key to our long-term success. It can only happen when we Reduce, Reinvent, Renew - an infinite loop of not just reducing one's footprint but also at looking for ways to protect and nurture the environment for the benefit of future generations.

At Hikal innovation and sustainability are interlinked. We develop new technologies that can be used to reduce waste and emissions. We believe in taking progressive but steady steps towards sustainability and continuous efforts have been made towards these initiatives. We are integrating chemistry to build a sustainable future for all our stakeholders.

CHAIRMAN'S MESSAGE

Dear Shareholders,

2019-20 was poised to be a year of consolidation for Hikal, however it turned out to be quite challenging. The year was marred by several headwinds in the form of unforeseen environmental challenges, customer destocking along with the Covid-19 outbreak which further accelerated the challenging scenario.

Hikal recorded a total turnover of ₹ 15,073 million as compared to ₹ 15,896 million in FY 2019-20, a decrease of 5.2%. We faced unanticipated operational interruptions at our Mahad and Taloja facilities due to curtailment of water supply and severe flooding at the facilities, respectively. We also had a planned shutdown for capacity expansion at our Bengaluru plant. As a result, our adjusted net profit stood at ₹ 946 million, declining by 8% compared to the last year. On a positive note, we continued with our efforts of building operational efficiencies.

The crop protection division witnessed a sales de-growth from ₹ 6,505 million in FY 2018-19 to ₹ 6,204 million in FY 2019-20, a decline of 4.63%. The reasons for this performance are largely attributable to inventory correction by several clients, water logging at the facility in Mahad, water supply issues at Taloja facility, along with the demand disruption near the end of the year on account of the Covid-19 pandemic.

In addition, the disruption of raw material supply owing to the environmental concerns in China, also had a domino effect on the supply chain, resulting in delays of supplies. The long-term prospects for the business are positive. We are confident of turning around this performance based on our new product pipeline and significant traction from allied businesses.

The pharmaceutical division witnessed a sales de-growth from ₹ 9,391 million in FY 2018-19 to ₹ 8,869 million in FY 2019-20, a decline of 5.56%. The reason for this performance is largely attributable to de-stocking at the customers end which resulted in lower volumes during the year. A planned annual shutdown was taken at the multipurpose plant at Bengaluru to increase the manufacturing capacities to cater to increased demand of our existing products. The unit became fully operational by the end of the third quarter. The destocking exercise has normalised, and we expect to see upward demand in the next financial year.

Our total EBITDA saw a decline of only about 8%, despite lower sales and full operating costs. However, we maintained healthy operating margins above 18% for the year. This was a result of replacing several lower margin products with the high margin molecules and an efficiency improvement drive which further added to these margins. We further strengthened our Balance Sheet by reducing our debt equity ratio to 0.71 times in FY 2019-20 as against 0.83 times in FY 2018-19. The Return on Capital Employed (ROCE) dropped to 13% in FY 2019-20 from 15.3% in FY 2018-19, on account of lower operating profits reported this year. We continued to reduce our overall borrowing costs and have a comfortable liquidity position to meet all the financial commitments. We received a reaffirmation on our credit rating which stands at 'A' which is a reflection of our strengthening financial position.

In the last week of March 2020, our operations came to a complete halt with the implementation of the nationwide lockdown due to the Covid-19 pandemic. However, being a part of the essential services industry and after taking measures to ensure the health and safety of our employees, we safely initiated the start of our operations from 5th April onwards. There were multiple initial hiccups due to restrictions on movement of manpower and materials, which gradually improved in a phased wise manner. We ensured the health and well-being of our people and communities through adequate safety arrangements, while adhering to safety protocols laid down by the Government. We also engaged directly with NGOs and various Government agencies to support them in this crisis.

Despite a challenging year, the Board has proposed an aggregate dividend of 60% for the shareholders (10% final and 50% interim). We continued the same dividend pay-out as compared to the previous year based on our future growth plans.

At the core of our operations, is the constant endeavour to apply cutting-edge Research and Technology (R&T) to meet the complexities of our customers' products and expectations. Our R&T sets us apart and gives us a strong competitive edge. We are consistently innovating through our efforts and have successfully filed several new products and patents over the past few years. We are focused on developing cost effective, efficient and sustainable processes with a constant eye on reducing the environmental impact of the products. Our new technologies bring in efficient manufacturing processes which give our customers a distinct advantage both in terms of price, quality and sustainable supply.

Hikal's strategy focuses on sustainable growth and profitability and we are investing in opportunities where we see growth. We have the environmental and regulatory compliances in place for all our sites. In order to meet the growing demand of our customers, we continued to invest towards increasing our capacities and developing new technologies and capabilities.

We are in the midst of a significant capital expenditure program. However, due to Covid-19, the expansion plans have been delayed by several months. We have completed the scheduled expansion in our multipurpose Bengaluru facility, and are expecting to complete the next phase of expansion within the next 12-15 months.

Our strength lies in the relentless pursuit of operational and commercial excellence across all the functions of the organisation. We have developed a flexible business model; our passion for quality and the drive to become more efficient has helped us provide seamless integrated and sustainable solutions to customers.

In line with our commitment to the Government's "Make in India" and more recently the "Atmanirbhar Bharat" initiative, we continue our efforts to de-risk our supply chain and make ourselves more self-reliant. This also ensures the quality and security of supply to our customers. At Hikal, we have undertaken proactive initiatives over the past two years to create a structured supply chain de-risking programme for most of our products. The primary objective is to ensure a secured supply of all Key Starting Materials (KSMs) from India with alternative suppliers in China and Europe. Besides, we are also exploring strategic manufacturing partners in India to support Hikal in all the KSMs. We are also ensuring strong adherence to the Environmental, Health and Safety (EHS) and quality parameters.

Hikal continues to work on new products and innovative processes in response to the consistently growing demand in both our divisions. The impact of the pandemic is likely to be positive on all the Indian companies as several countries have now started reducing their dependency on China and exploring alternative geographies. We have already started getting enquiries from several of our customers from Europe, the US and Japan. With strong customer relationships, healthy product pipeline, strong balance sheet along with increasing capacities, we are confident of a sustainable growth in the coming years.

Our people are our core assets. We have seen the commitment, resilience, and integrity of our people during the Covid-19 pandemic. We provide a stimulating and safe environment to support and help our employees build on their competencies. We have been certified as a 'Great Place to Work' and ranked 84th among the '100 Indian Best Companies to Work for' in 2019. We have also been conferred with the 'Best Employer Brand Award' at the Asia Pacific HRM Congress.

Our belief in bringing social transformation continues to bolster our commitment towards enhancing the quality of life for the communities where we operate. In recognition of all the CSR efforts Hikal was conferred with the 'Best CSR Impact Initiative' Award at the Zee Business National CSR Leadership Congress & Awards during the year. Hikal's key CSR projects also featured in Grant Thornton Social Impact Report 2019. In the past few months we have made significant contributions to Covid-19 programmes.

I am optimistic FY 2020-21 will bring us back on the path of growth and increased profitability. This is a core part of our strategy which is to create long term sustainable value for all our stakeholders.

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

Stay Safe,

Jai Hiremath

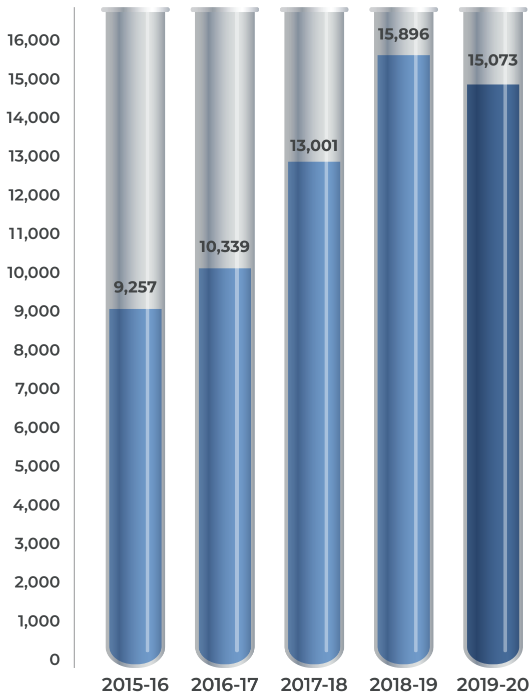
Chairman and Managing Director

PERFORMANCE AT A GLANCE

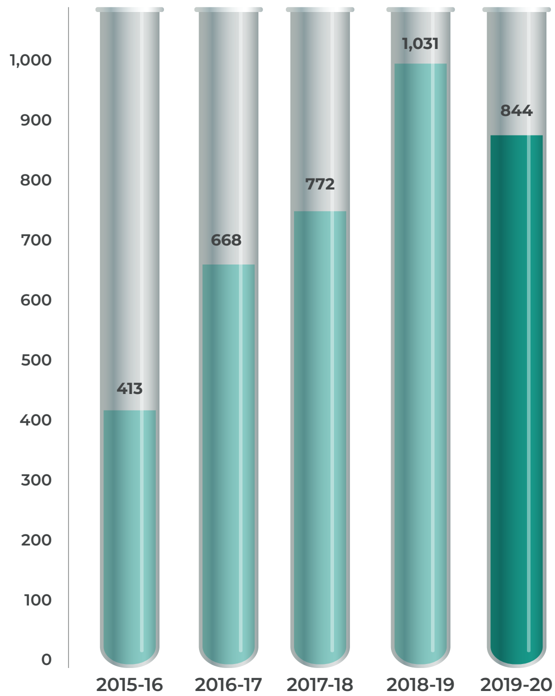
Sameer Hiremath

Joint Managing Director & CEO

TURNOVER (₹ in Million)



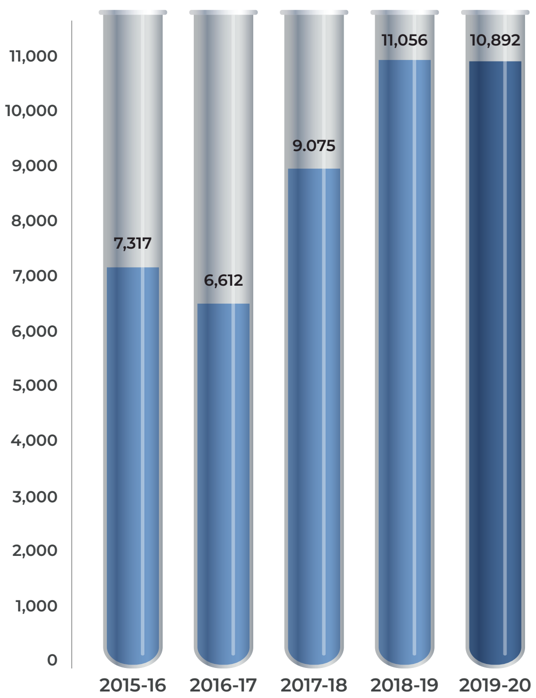
PAT (₹ in Million)



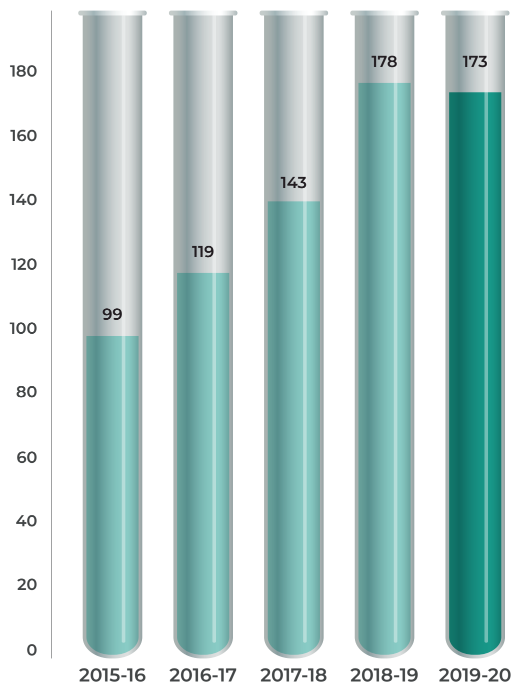
Financial Highlights	₹ in Million		
	31 March 2020	31 March 2019	Growth (%)
Turnover	15,073	15,896	(5.2)
Operating profit (PBIDT)	2,732	2,981	(8.4)
Finance costs	524	584	(10.3)
Gross profit	2,208	2,397	(7.9)
Depreciation and amortisation expenses	825	929	11.2
Profit after tax (PAT)	844	1,031	(18.1)
Paid-up equity share capital	247	247	-
Earnings per share on face value of ₹ 2/- (EPS)	6.85	8.36	-
Cash earnings per share on face value of ₹ 2/- (EPS)	13.54	15.89	-
Dividend per share (in ₹)	1.20	1.20	-
Payout (Including tax)*	173	178	-

*Including tax upto 31 March 2020

EXPORTS (₹ in Million)



DIVIDEND (₹ in Million)

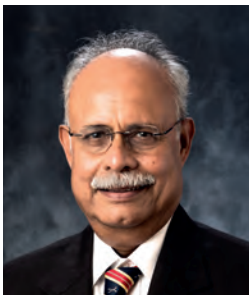


BOARD OF DIRECTORS

Jai Hiremath is the Founder and Chairman of Hikal and has over 39 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 recognised across global forums. In 2005, he was presented the Chemtech Business Leader of the Year Award (Chemicals). Mr. Hiremath was the former President of the Indian Chemical Council (ICC), as well as the Chairman of the Chemicals Committee of the Federation of Indian Chambers of Commerce and Industry (FICCI). He served as a board member of the Drug, Chemical and Associated Technologies Association (DCAT) headquartered in New Jersey, USA. He is a board member of Novartis India Ltd and a member of CII's Pharma Committee.

Baba Kalyani is the Chairman and MD of Bharat Forge Limited, the flagship company of the USD 3 billion Kalyani Group. He received his B.E. (Hons) in Mechanical Engineering from the prestigious Birla Institute of Technology & Science, Pilani and subsequently, earned an M.S. from the Massachusetts Institute of Technology, Boston, USA, in 1972. Mr. Kalyani has been conferred with the highest civilian awards from many countries which include: Padma Bhushan by the Government of India; Order of the Rising Sun, Gold and Silver Star (Japan); Cross of the Order of Merit (Germany); Commander First Class of the Royal Order of the Polar Star (Sweden); and Knight in the Order of the Legion of Honour (France). The Prime Minister of India nominated Mr. 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. He also serves as an active member of the US India CEO's Forum, Indo-French CEO's Forum, India-UK CEO's Forum and India-Israel CEO's Forum.

Sameer Hiremath is the Joint Managing Director and the CEO of Hikal. He oversees the day-to-day operations of the company which includes Research & Technology, Manufacturing Operations to Sales & Marketing. He has over 24 years of experience in technical plant operations, business development and strategy. He has held several key positions at Hikal, including that of an Executive Director. He holds a degree in Chemical Engineering 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. He is also a member of YPO.



Kannan Unni is one of the pioneers in crop protection with over 53 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 the Chairman Emeritus of CropLife India. 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.

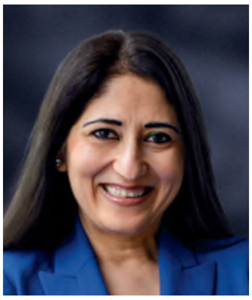
Prakash Mehta holds a degree in law from Mumbai University and is qualified as a solicitor. He is the Managing Partner at Malvi Ranchoddas & Co., Advocates & Solicitors, a leading law firm in Mumbai. He brings extensive experience in corporate and commercial legal matters. Mr. Mehta is on the board of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

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 38 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.

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 Limited, 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 diverse and broad experience to drive strategic growth plans. Over his career span he has delivered strong and successful business outcomes within complex environments. Mr. Shahani is President, Swiss Indian Chamber of Commerce. He is President Emeritus of Organisation of Pharmaceuticals Producers of India (OPPI), is former President of the Bombay Chamber of Commerce and Industry and was also 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.

Amit Kalyani is a member of the management board and Deputy Managing Director of Bharat Forge Limited (BFL), flagship company of the USD 2.5 billion 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 in the execution of its diversification over the past decade. He is also responsible for finance and M&A. His key focus is on nurturing talent and developing new skills within the organisation, driving growth in new areas and products.
Mr. Kalyani has been a part of many committees of the Government of India on manufacturing, education, skill development and bilateral relations. He is also on the advisory board of Capgemini, India. He serves as an Independent Director on the board of Schaeffler India Ltd. and is a member at USIBC & YPO. 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.



Shivani Bhasin Sachdeva is the Founder & CEO of India Alternatives, a reputable mid-market private equity fund focused on investing in transformational themes in India. She has over 17 years of global private equity experience in the US and in India at top funds including GE Equity, Lightyear Capital and IDFC Private Equity. Shivani sits on the boards of several companies some of which include Emaar India, HealthCare Global and Seclore Technology and has helped shape the strategy for leading companies through her active involvement.
She recently won an award for the top 25 women leaders in Finance by Association of International Wealth Management of India and has received several accolades and recognition for being one of the top women leaders in Finance in India. She is a frequent speaker at domestic and international conferences on private equity including Super Return Europe and Singapore and the Indian Venture Capital Association. Shivani received an MBA from the Wharton School, University of Pennsylvania and a B.A. in Economics from Mount Holyoke College (Phi-Beta-Kappa, Magna Cum Laude, Sarah Williston Scholar).

MANAGEMENT COMMITTEE

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Sham V. Wahalekar, President – Finance & Company Secretary, has over 43 years of experience in finance and secretarial functions at Hikal. He is 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 33 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 Limited. At SRF, his last role was strategising 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 30 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 with several companies including Tata Limited, 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 29 years of experience in the area of process research and development of APIs, AIs, Chemical Speciality products, process safety, regulatory and technology across several chemical industries in the originator, generic and CDMO space. He has 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 23 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, President – Human Capital & CSR, has over 29 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 Ltd. 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 and 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 'CHRO of the Year 2019', 'Dr. Tarita Shankar Award' for excellence in the HR sector in 2019 and was recognised 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.

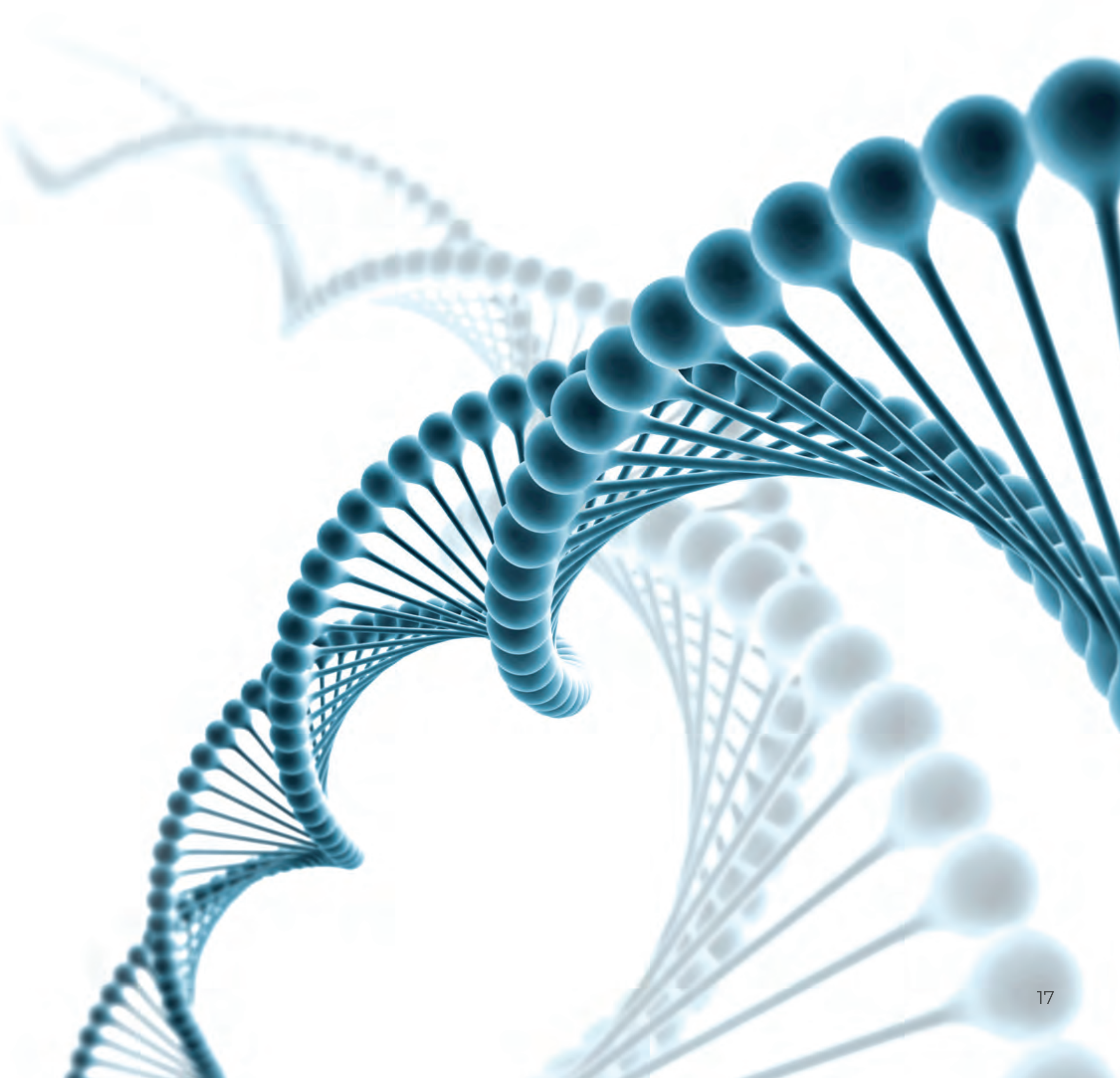
SCIENTIFIC ADVISORY BOARD

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 organisations and scientific societies in Germany, Dr. Kleemann was Chairman of the Board of Directors of Protagen AG from 2001 until 2017 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 recognised organic chemist. He is currently University Distinguished Professor and Dr. Kallam Anji Reddy Chair at the School of Chemistry, 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, National Research Professor 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 550 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 was 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.

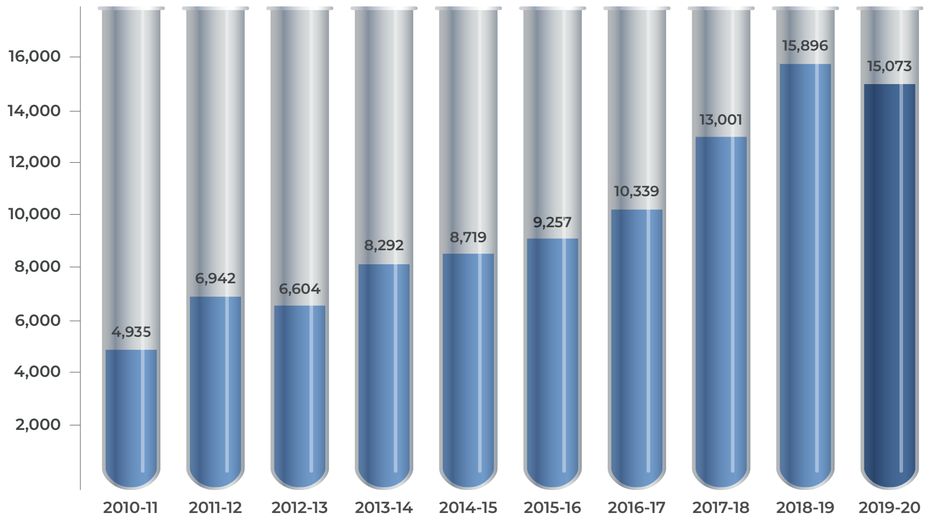
Dr. K. Nagarajan has over 57 years of experience as a chemistry professional. He was the director at the Medicinal Chemistry Research Center and the Director of the R&D department of Searle India He is a recipient of the Bhatnagar Prize in Chemistry and Lifetime Research Award from the Chemical Research 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

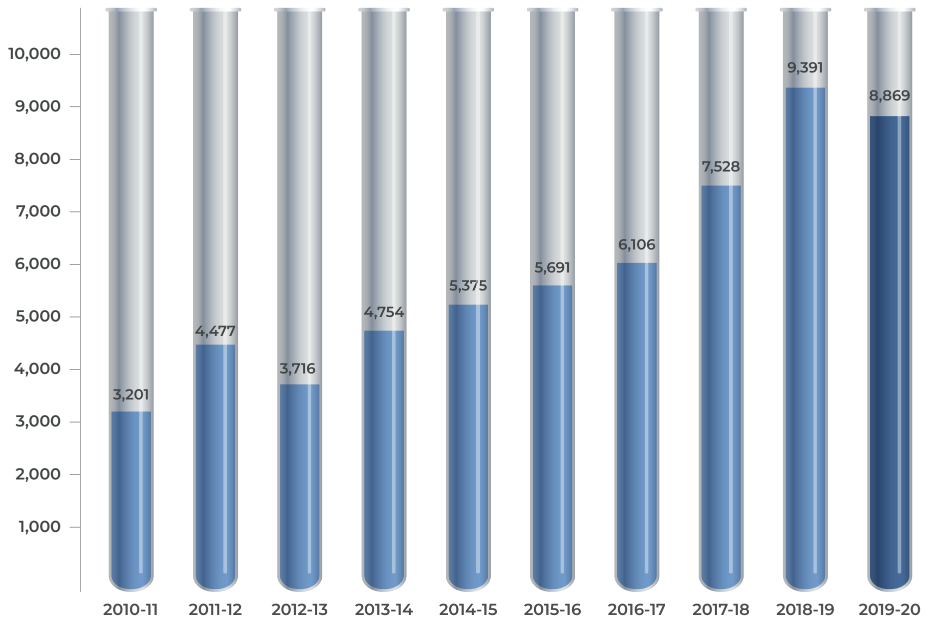
HIKAL TURNOVER

(₹ Millions)



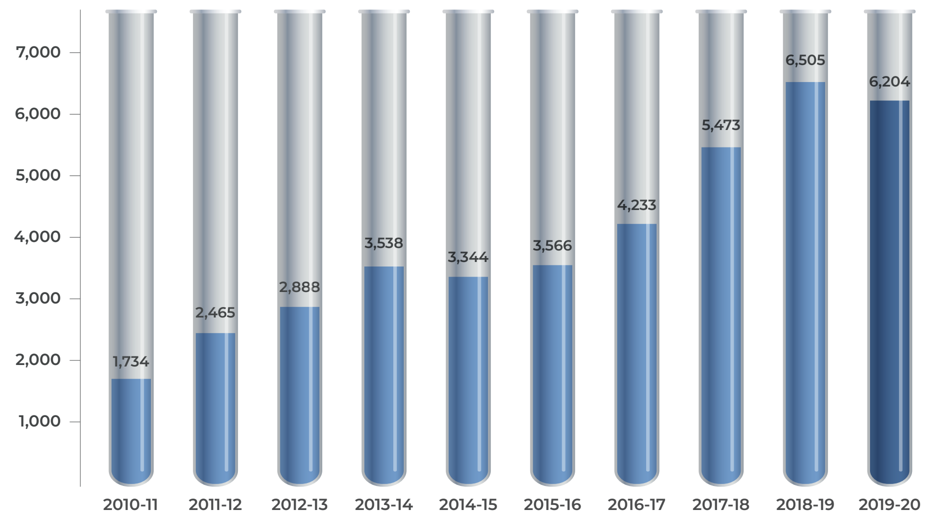
PHARMACEUTICALS TURNOVER

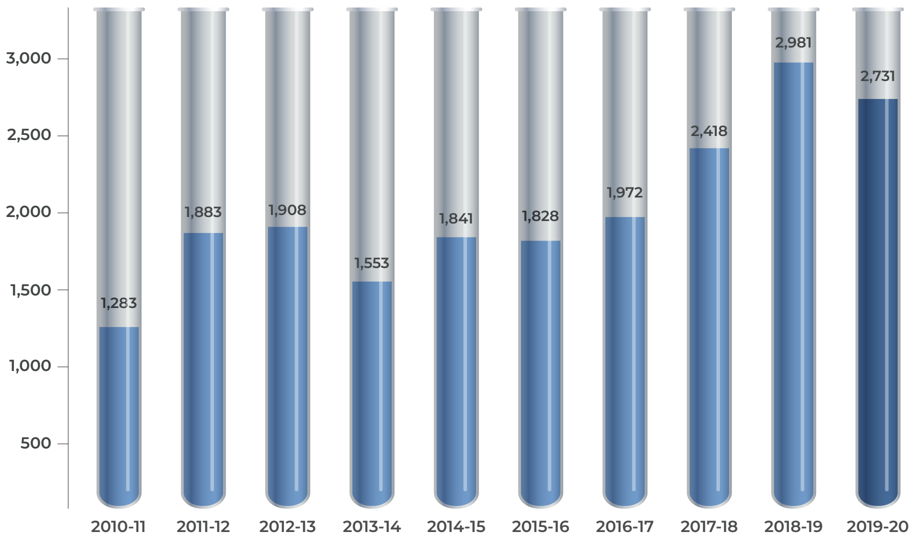
(₹ Millions)



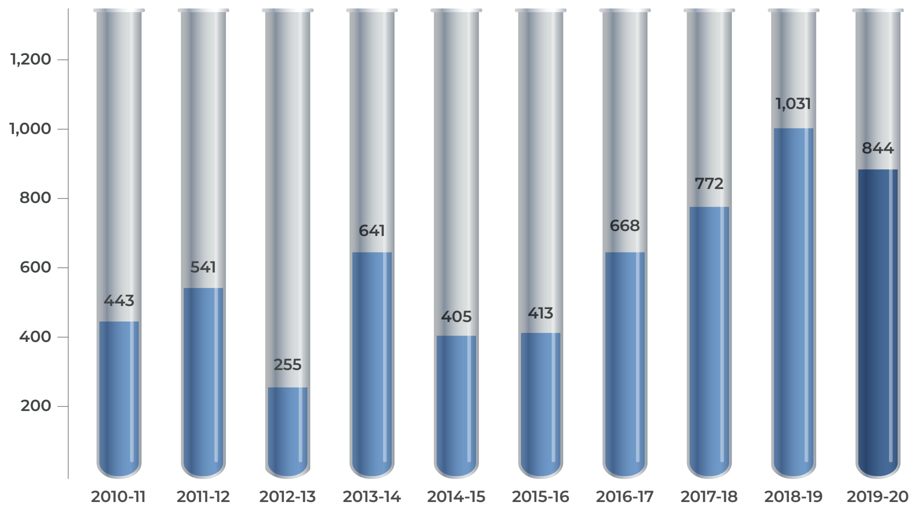
CROP PROTECTION TURNOVER

(₹ Millions)

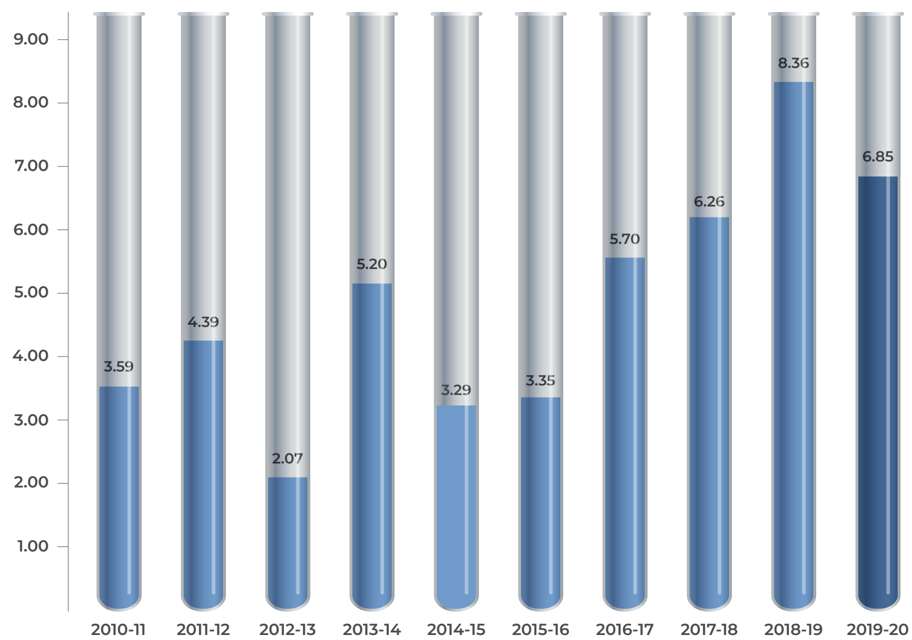




EBITDA
(₹ Millions)



PAT
(₹ Millions)



EPS*
(₹ Per Share)

*The earnings per share (EPS) for 2018-19 have been restated to give effect of bonus shares allotted on 26th June 2018

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

At Hikal, our unique business model of Pharmaceutical and Crop Protection divisions acts as two separate growth engines that propel us forward. Through a focused and calibrated approach, we have evolved as a reliable B2B player supplying to the global Pharmaceuticals, Animal Health, Crop Protection, Biocides and Specialty Chemical industries.

Through our superior chemistry skills, we have been increasingly able to tap more customers in the pharmaceuticals' space through the CDMO route, providing them a compelling value proposition. We have done this while we continue expanding our portfolio of APIs and AIs. We have come a long way forward, through a predominantly CDMO-focused business model catering to the global innovators in the crop protection space as well.

Over the years, we have also increased our product offerings with a foray into niche products and specialty chemicals. Our differentiated business model and strategy bodes well in the current scenario, where the Chinese supply disturbances are likely to create opportunities for Indian players in both the segments in which we operate.

Our endeavour has always been to continue building scale, agility and expertise to deliver sustainable solutions across our business segments. By delivering innovative solutions for our partners and customers across the life-sciences' value chain, we have done our best to provide them customised, cost-effective solutions in research and development and manufacturing. By transforming ourselves to be a market-oriented, technology and innovation-based player, we are aligning the organisation to provide sustainable solutions to our clients to meet their varied needs day-in and day-out.

Business Drivers

At Hikal, we consider the following levers as our business drivers:

- Ensuring speed to market
- Maintaining flexibility to manage uncertainty
- Simplifying the supply chain
- Bringing efficiency in manufacturing and supply

Investments in innovation and technology provide us a competitive advantage, while we adhere to our business imperatives. With a constant focus on innovation and technology, we continue our endeavour to provide customers with integrated solutions across both the business segments. This, while we provide additional safety, reliability, flexibility and ease of operations. Technology is helping us make the processes simpler, flexible, sustainable and more efficient, that shall not only benefit the environment, but also our customers immensely.

Sustainable Growth

Environment	Environment, Health and Safety are non-negotiable values that always come first
Chemistry	Focus on designing of products and processes that minimise the use and generation of hazardous substances
Compliance	Instil and follow our culture of quality, compliance and integrity
Capacity	Building highly flexible and automated plants using Industry 4.0

Our strong customer relationships, healthy product pipeline, right people, new manufacturing capacities are expected to drive our growth. This, along with a healthy balance sheet, improving margins and return profile, will support our sustainable growth in the future.

Sustainability

Sustainability is the long-term value creation by a business in an ecological, social, and economic landscape. At Hikal, we have always believed and adopted sustainability as a strategy towards our business and society. As an organisation, we strive to achieve success, creating a meaningful impact through our products and solutions on all the associated stakeholders.

We have always nurtured and encouraged a culture of innovation. Research and Technology (R&T) plays a significant role in this process. Our investments in upgrading our future capabilities give us an edge over the competitors through product, process, and technology transformations. This becomes a critical component driving our sustainability agenda forward while maintaining our unique positioning.

As part of our overall culture, our employees are always encouraged to share innovative ideas within the organisation through the right channels. In the process, a lot of ideas have evolved from development to distribution of our products. Our 'Wealth from Waste' programme is a result of some of these ideas. Through this programme, we aim to improve efficiencies and ensure waste minimisation that will help reduce our environmental footprint. Our objective is to put efforts towards residue reduction and improvise waste generation processes. In turn, this is anticipated to support yield, quality, throughput, and time-cycle improvement, thereby, making valuable products from by-products and waste. Our sustainability initiatives are further aimed at reduction in carbon footprint and building awareness about the environmental consequences of adding waste to nature.

Sourcing of cleaner energy from renewable sources, is an ongoing effort to reduce our carbon footprint. Currently, our Bengaluru unit utilises solar power purchased from the grid as an alternate source of energy, already catering to a significant part of the Company's energy requirements. We use energy generated from briquettes at all our major sites. Use of briquettes eliminates fossil fuel consumption like coal, furnace oil etc. We are also exploring partnership-based approaches through engagements with other agencies producing clean energy. Our target is to continuously reduce waste and minimise our carbon footprint on the environment by treating discharge.

Constant endeavours are carried out to reduce effluent generation at source. Our monitoring mechanism helps monitor the water generation levels at our Taloja unit. Monthly data is collated to review deviation and variances. At our Bengaluru Pharmaceutical unit, we have expanded our ETP operations. This has been done through investments towards better quality recycling and implementing Zero Liquid Discharge (ZLD) units for water discharge to Reduce, Reuse and Recycle. Since the facility is land-locked, conservation of water is highly important due to water scarcity in the vicinity. We have also implemented an HPRO (High Pressure Reverse Osmosis) plant at our Bengaluru facility in line with our efforts towards ZLD. HPRO helps treat highly saline water and reduce wastewater load in the evaporation facility which reduces environment footprint. Multiple Effect Evaporator (MEE) with drying equipment have been installed at Taloja site to treat highly saline wastewater and reduce salinity. ZLD facility at Jigani Unit I has been revamped to improve efficiency of existing multiple effect evaporator. Condensate water of low salinity from MEE is being recycled in the cooling tower, thereby reducing water footprint of our manufacturing activities.

In addition to the initiatives stated above, we have also installed a new Sludge Management System at our Jigani Unit I site, at the hazardous waste disposal facility to help reduce weight of the sludge. Reduction of moisture in waste reduces its weight and volume which further reduces waste disposal cost.

Investments

Backed by our belief in taking progressive and steady steps towards sustainability, several investments were made during the year. Some of these include:

- Moving to ZLDs to recycle wastewater in utilities such as cooling tower
- Segregation/appropriate treatment through HPRO and MEE plants
- Processing of waste residue and converting into valuable products through our 'Wealth from Waste' programme – about 10 projects are currently ongoing, aimed at reducing soil pollution
- Reduction of CO_2 emissions per unit of product and controlling overall energy consumption
- Bringing in energy efficiencies in the plant and machinery

Safety

Safety of our people and the environment is of utmost importance to us. Since our chemical processes are highly intensive and complex, we need to ensure multiple safety measures. Our endeavours are always directed towards ensuring adequate steps to prevent any untoward incidents not only inside, but also outside our manufacturing premises.

We have used technology to bring on-board, an emergency preparedness system which is common to the organisation. The risks are first classified based on their intensity levels. Appropriate control measures are undertaken thereafter to proactively detect early threats. All the business activities related risks are properly identified first, followed by a mitigation plan on all the topics pertaining to risk and safety.

The requirement of maintaining safety at our facilities and through our operations has been disseminated into each of our employee groups. Suitable trainings and mock drills are also conducted regularly. We also practice and encourage regular discussions about safety on the shop floor every week. This does not just facilitate sharing of cross-departmental learnings, but it also highlights safety as a priority.

Other Environment Improvement Projects

As part of our commitment to sustainability towards the environment and the communities that we serve, we undertook a lake (Konasandra) rejuvenation project near our Jigani facility in the previous financial year. We facilitated the building of bunds and filtration systems to reduce water pollutants at Konasandra Lake, thereby, boosting the aquatic life while maintaining biodiversity. We continue to maintain this lake and take adequate measures to sustain the eco-biodiversity.

In our efforts to conserve water, we constructed a check dam near our Mahad facility which facilitated the local farmers to harvest two crops in a year leading to an increase in their income resulting in a better standard of living. This project also ensured availability of drinking water throughout the year.

Sustainability and Environment Safety & Health (EHS)

There is an organisational level EHS Committee in place, chaired by the Head – Sustainability & Corporate EHS, which in turn reports to the CEO and the MD. The Committee meets once every fortnight to discuss various sustainability issues and concerns, if any.

Various performance indicators are also discussed in the meeting comprising:

- Facility enhancement
- Waste generation per kg of product
- Hazardous waste storage and its disposal
- Wastewater generation per kg of product
- Wastewater treatment cost
- Training and awareness on Sustainability and EHS
- Safety of hazardous material storage facilities
- Involvement and engagement of all employees across Sustainability and EHS initiatives
- Planning and implementation for carbon footprint reduction

At Hikal, we have redefined our strategy to reinforce sustainability and EHS as key drivers to improving efficiency, creating synergies and delivering an improved customer value proposition. We want our people to think about sustainability and EHS in our decision-making processes and have incorporated it in our 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.

PHARMACEUTICALS

Global Market Overview

The year 2019 was fairly challenging for the entire industry. Major factors affecting the pharmaceutical industry were political uncertainties, and the Government's attention on drug pricing.
Several Governments announced varying levels of price controls on pharmaceutical products.

Prescription Drugs Sales

The first half of 2020 being hit by the Covid-19 pandemic is expected to dampen the demand in the near term. Despite weak sales expected in the near future, the demand for innovative and effective therapies will continue to drive the long-term growth.

The Prescription (Rx) drug sales are anticipated to register growth of 3.7% in 2020 to USD 904 billion and are expected to reach nearly USD 1.4 trillion by 2026.

Worldwide Prescription Drug Sales 2020-26 in Figures

+7.4% CAGR* 2020-26

Drivers

21.7%
Proportion of 2026 industry sales from oncology therapies
($311bn)

530
Number of FDA NME approvals anticipated from current clinical pipeline

$239 bn
Additional sales in 2026 from biotechnology products vs. 2019

10.8%
2020-26 CAGR for orphan drugs

Brakes

-$7.8 bn
2020 consensus forecast change between March and June in responce to the COVID - 19 pandemic

-1.9%
2019-26 CAGR decline for anti-rheumatics as Humira, Enbrel and Remicade face biosimilar competition

$252bn
Sales at risk between 2020 and 2026 due to patent expiries

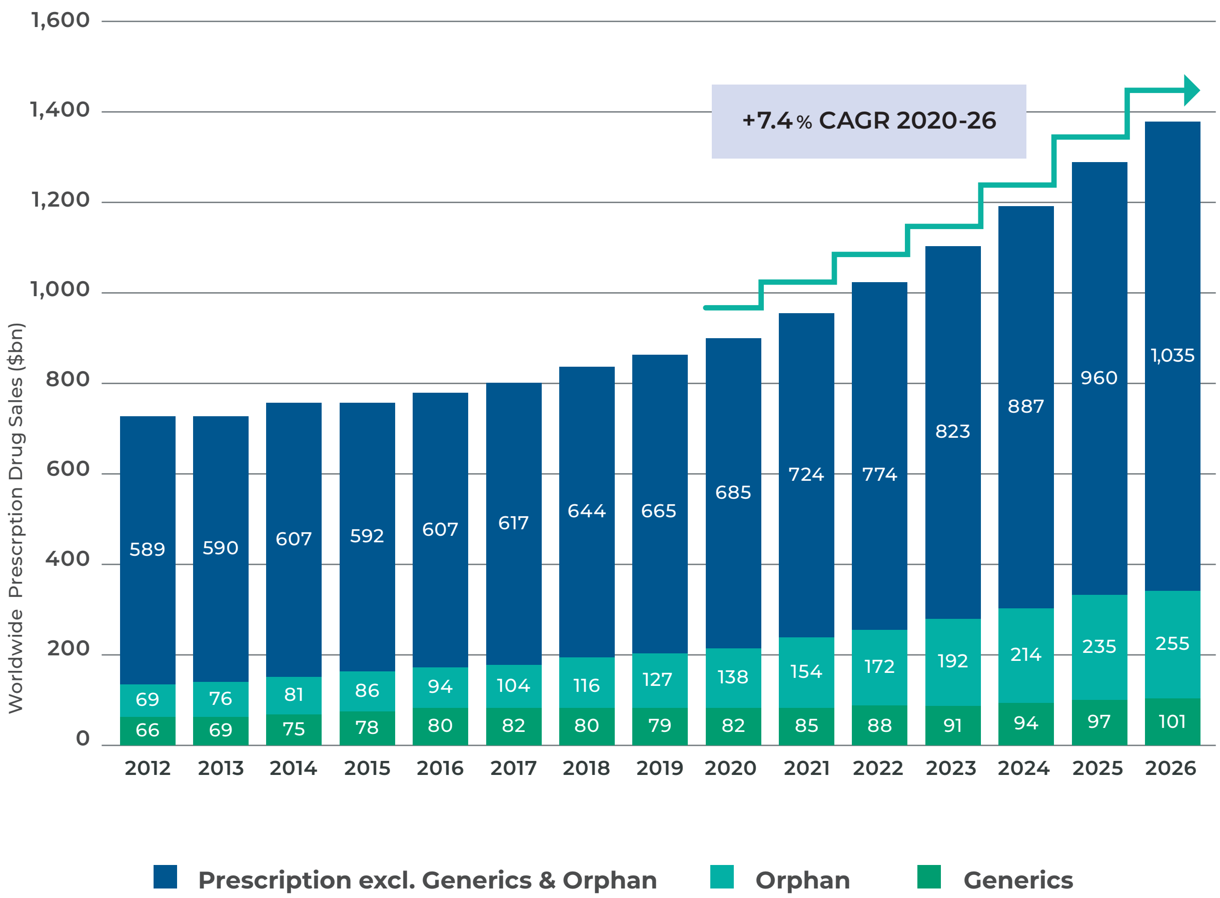
+3.2%
2019 - 26
CAGR of industry R&D spend, down from 4.6% between 2012 -19, increasing pressure on pharma innovation or R&D efficiencies improving?

*Compound Annual Growth Rate

Source: Evaluate Pharma, June 2020

The prescription (Rx) drug sales are estimated to witness a CAGR of +7.4% between 2020 and 2026, valuing ~USD 1.4 trillion in 2026. The impressive acceleration in sales growth is indicated by the +2.7% CAGR registered for Rx sales over 2012-2019. However, 2020 is an unusual year for biopharma, the Covid-19 outbreak has impacted the business outlook resulting in marginal decline in growth forecast to 3.7% in 2020 compared to 4.7% registered in 2018.

Worldwide Total Prescription Drug Sales (2012-2026)



Source: Evaluate Pharma, June 2020

The worldwide Rx sales, excluding generics, is forecasted to cross the USD 1.0 trillion mark in 2023, with the highest year-on-year growth of +8.2% expected in 2025. The promising growth outlook is attributed to some highly anticipated drug launches over the coming years.

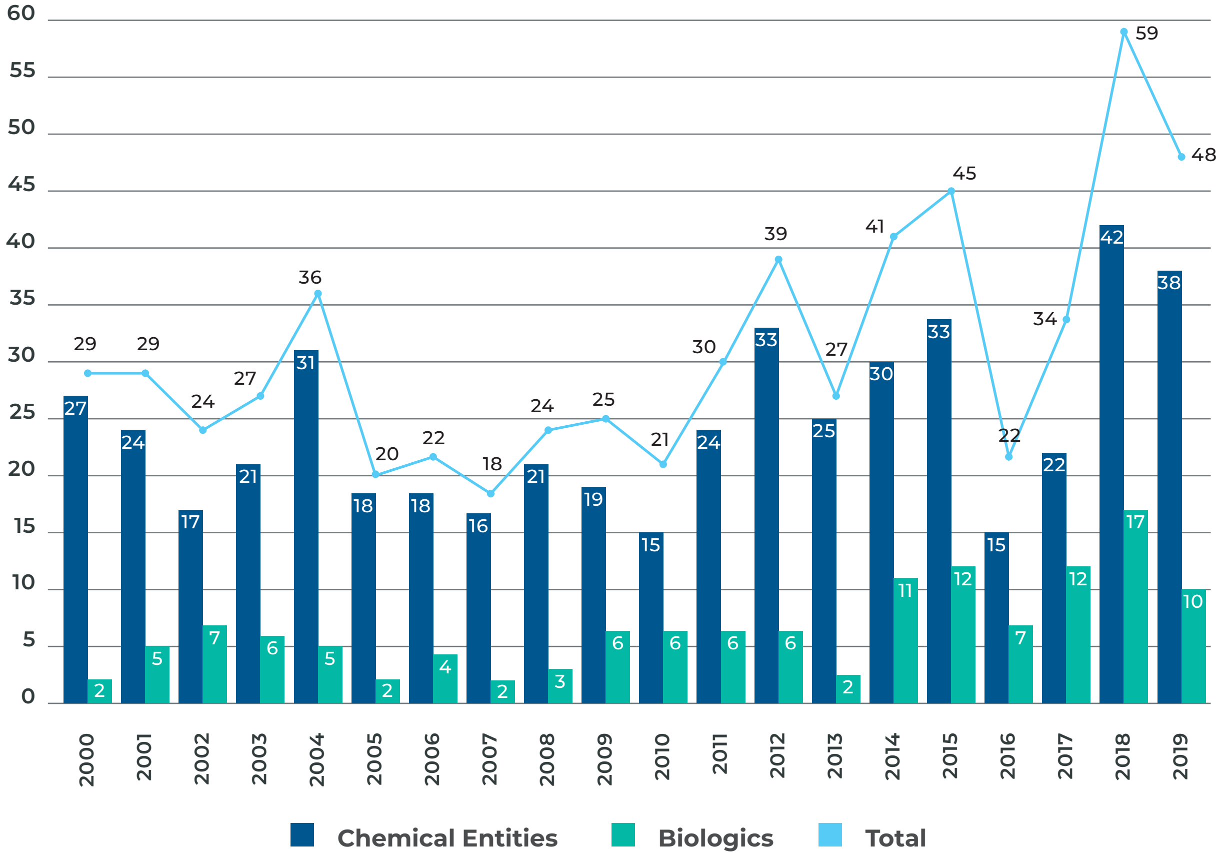
Drugmakers placing greater emphasis on specialised diseases with smaller patient populations is leading to strong growth in the orphan drug market. The orphan drug market is estimated to double from USD 127 billion sales in 2019 to USD 225 billion in 2026.

The year 2023 is expected to witness expiration of several patents for a number of biologics including Humira and Stelara. As per the consensus forecast, USD 252 billion of sales of innovators would be impacted due to the expirations between 2020 and 2026. A number of high-profile patent expiries are also anticipated in 2025 and 2026 with major drugs like Perjeta, Prolia, Xgeva, Xeljanz, Farxiga and Yervoy having patent expirations in 2025. Eliquis and Prevnar 13 will also go off-patent in 2026. However, despite this situation, Eliquis is still anticipated to retain its position within the top 10 selling drugs worldwide ranking in 2026. Owing to the situation where several patents are up for expiration, we can expect opportunities to open up for the generic companies to aid the expansion of their product portfolio.

The Indian pharmaceutical sector is expected to grow to USD 100 billion by 2025. The country's export to the US will also see an upsurge as branded drugs worth USD 55 billion will become off-patent during 2020-25.

FDA Drug Approvals

New Chemical Entities and Biologics Approved by the FDA in the Last two Decades



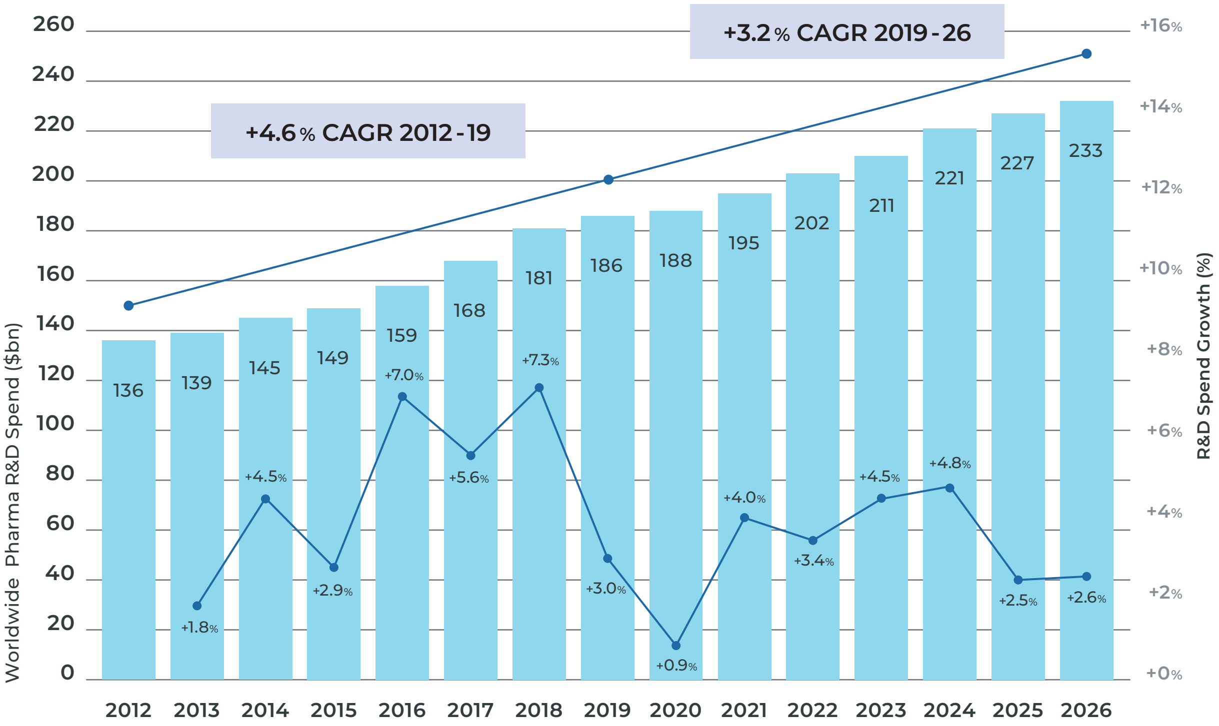
Source: U.S. Food and Drug Administration (FDA)

In terms of the number of drugs approved by the Food and Drug Administration (FDA), 2019 witnessed the approval of 48 new drugs. The 48 new drugs of 2019 are categorised as 10 Biologics and 38 New Chemical Entities. It is expected that this trend of emergence of new drugs will be maintained in the near future. This makes it imperative to consider the fact that the pharmaceutical industry tops the world ranking in the total Research and Development (R&D) investment and continues to grow.

Pharmaceutical R&D Growth

The global pharmaceutical R&D spend is anticipated to show a steady uptrend from 2019 to 2026 at a CAGR of 3.2% to reach USD 232.5 billion, slower than the past CAGR of 4.6% over 2012 to 2019. Worldwide pharmaceutical R&D spends totalled USD 186.0 billion in 2019 showcasing an increase of 3.0% over last year, though lower growth compared to 7.3% growth registered in 2018. The average proportion of R&D spend to worldwide prescription (Rx) sales is also forecasted to witness a downtrend with an average of 18.9% over 2020-26 as compared to 20.1% over 2012-19. This indicates that the biopharma industry expects to reap the benefits of R&D investment made now in the coming years. Furthermore, this data supports the industry trend inclination towards more specialised treatments with smaller patient populations, along with heavy investments from biopharma in ways to improve R&D efficiencies such as the use of artificial intelligence.

Worldwide Total Pharmaceutical R&D Spend in 2012-2026



Source: Evaluate Pharma, June 2020

API Market Growth

The global active pharmaceutical ingredient market size was valued at USD 170.8 billion in 2019 and is likely to witness a CAGR of 6.7% over the next several years. The key drivers of the market include growth of the biopharmaceutical sector, advancements in Active Pharmaceutical Ingredient (API) manufacturing and the increase in geriatric population.

Additionally, the increasing prevalence of congenital heart disease is amongst the key growth drivers for the market as a whole. Epidemiological studies have revealed the effects of lifestyle habits such as smoking and dietary irregularities lead to health issues like obesity which in turn is associated with increased risk of disease. The upsurge in the prevalence of obesity has thus acted as a major contributor to drive the demand for APIs.

Patent expirations of blockbuster drugs give rise to generic versions of these molecules, wherein the manufacturers bear the cost. After the expiration of the patent, R&D investments done by the Company becomes obsolete. API production requires a great deal of investment as the process needs extremely systematic protocols. This is why the pharmaceutical companies turn to outsourcing API production, as it eliminates the need for labour force and installing expensive manufacturing units. Strategic outsourcing lets the companies to direct their efforts and resources on their core competencies, ultimately resulting in an uptick in productivity and savings.
These factors are also projected to drive the active pharmaceutical ingredient market growth.

The generic APIs segment is expected to witness strong growth over the next several years. One of the key factors driving the demand for generic API drugs is the patent expiry of branded molecules. The generic drugs market is forecasted to witness growth in countries such as India and Brazil due to high acceptance levels for Over-the-counter (OTC) drugs and presence of unmet clinical needs in these economies.

North America exercised dominance in the market in 2019 because of high economic development in the region along with technological advancements. The increased cases of cancer and other lifestyle-associated diseases have further prodded activities by key players, thereby boosting the market growth.

Asia Pacific is anticipated to be the fastest-growing markets in the near future. Factors like the availability of affordable labour, emergence of major companies in the market setting up API manufacturing plants in developing countries such as China and India are the key drivers of growth in the market.

The FDA has made it easier for generics to enter the market thereby improving the competition. The agency has introduced several steps to further encourage generic competition. Reducing the ability of brand-name manufacturers, delaying generic drug entries and simplifying the approval process for complex generics like asthma inhalers, in addition to improving the overall efficiency of the generic review process are some of the key announcements by the FDA to improve the competition and make the business environment more conducive.

Opportunities and Challenges

The increasing pricing pressure in the regulated market is squeezing margins and profitability. Customer consolidation, greater competition in commoditised, easy-to manufacture products with increased number of ANDA approvals, and a slowdown in new launches are the key factors impacting growth. In addition to this, compliance issues affecting the reliability of supply are seeding greater challenges.

India's reliance on imports of key starting materials, intermediates and APIs from China has increased over the course of time. Potentially this exposes us to raw material supply disruptions and pricing volatility which we experienced this financial year. Hikal has come up with several initiatives last year to build a network of partners in India to supply key starting materials. The aim is to build a reliable and cost-effective supply chain in close proximity to our manufacturing facilities.

In order to be successful, it is important for us to build stronger quality systems, achieve full compliance and refocus our efforts on operational and business excellence. It is also important for us to diversify the supply chain through alternate sourcing and become largely self-sufficient in raw materials and intermediates. Operational excellence is the enabler of quality, supply, reliability and cost competitiveness.

Two of Hikal's Pharmaceutical sites in Panoli, Gujarat and Jigani, Bengaluru went through successful USFDA re-inspections in July and September 2019 and we have received the 'Establishment Inspection Reports'. We continue to focus on our quality control systems, which are globally compliant and satisfy all data integrity requirements of the regulatory and governing bodies.

Hikal's Performance in API Generic Business

This year, Hikal's generic API business registered degrowth due to an inventory correction and pricing pressure on some of our key APIs. The year 2018-19 had seen a positive volume growth with all our key customers. Besides, the nationwide lockdown due to Covid-19 further disrupted the segment's overall operations in March 2020 and operations were severely disrupted in the last 10 days of 2019-20 fiscal year. However, we expect robust growth to come back in 2020-21 as secondary sales in various emerging markets of the world continue to grow steadily.

We continued to make forays into new geographies and markets and several new customers were added in Japan, Korea, Latin America, Russia and Eastern European countries. In the long run, we believe that we must spread our customer base and be present across the world as a global API supplier.

This year, two of our multipurpose plants in Bengaluru underwent a planned shutdown to increase manufacturing capacities. This increase in capacity will yield benefits in the coming years. We commissioned a new multi-purpose intermediate block at our Panoli site and production started to support one of our key APIs for the future. We also made progress toward making APIs at Panoli site which will be commissioned in FY 2020-21. The objective is to de-risk our APIs made at Bengaluru and offer an alternative site to our customers as part of our de-risking strategy.

We continue to focus on Operational Excellence. Our efforts are concentrated towards enhancing yields, reducing costs, improving recoveries and time cycles to achieve operational efficiencies. With this approach, we successfully reduced costs for two of our major APIs, during the year. Going ahead, our target is to replicate the similar principal in other APIs to achieve operational leverage.

Being committed to sustainability, we have taken up several initiatives to protect the environment in which we operate. We continue to make substantial capital investments to upgrade the ETP (Effluent Treatment Plant) infrastructure and equip it with the best-in-class technologies to reduce our carbon footprint and waste. Moreover, initiatives utilising power from renewable sources such as solar and wind energy and using biomass have helped us to reduce our carbon footprint and cost. We have also started monitoring our stack emissions inside our plants to track the air quality to ensure compliance standards are always met.

Hikal aspires to be a global cost leader in several 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 global customers. Going forward, we aim to maximise the sales and outreach of our legacy generic products through cost leadership and capture a large market share in select APIs where we have full backward integration, scale and technology as a differentiator. This year we filed 3 Drug Master Files (DMFs) which included both 'already generic' and 'to be generic' products. A few updates were also made for cost reduction of our key APIs which will yield additional market share in the years to come.

Contract Development and Manufacturing Organisation (CDMO) Business

CDMO Market

The Pharmaceutical CDMO market was valued USD 148.5 billion in 2019, and it is expected to reach USD 224.9 billion by 2025, registering a CAGR of 7%, during the period of 2020-25. As a result of the growing demand for generic medicines and biologics, the capital-intensive nature of the business, and the complex manufacturing requirements, many pharmaceutical companies have identified the potential profitability in contracting with a CMO (Contract Manufacturing Outsourcing) for both clinical and commercial stage manufacturing.

The biggest factor driving the growth of CMOs in the pharmaceutical industry is the growing need for state-of-the-art processes and production technologies, which have proven highly effective in meeting regulatory requirements and offering cost benefits.

The CMO/CDMO service sector is uniquely positioned to address some of the challenges that drug developers are facing amid the Covid-19 pandemic. This pandemic has impacted multiple aspects of the pharma and biopharma industry, from drug development, clinical trials, supplies, manufacturing to supply chain logistics.

Due to continued supply chain disruptions from China, India is back on the radar for CDMO projects. Big Pharma companies are increasingly trying to develop alternative options for the US and 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 (High Potency API) 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's Performance in the CDMO Business

Hikal has developed several strategic partnerships with customers across the globe by providing value-added solutions to their problems. We understand the needs of our customers and address them with speed and delivery. 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 our contract development and manufacturing services, 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 with integrated solutions across the life sciences value chain.

Hikal's CDMO business registered a modest growth of 2% in 2019-20. 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 for them. These are currently under various stages of evaluation and development.

To cater to the current market demands and capitalise on future opportunities, Hikal is aggressively creating capacity for growth in the CDMO business. There are significant capital expenditure plans in place for the 2020-21 and a new block is being added in our Development and Launch plant at Bengaluru which enable us to increase capacity and deliver higher value and margin products. Hikal also provided process development and manufacturing services for high value complex intermediates in clinical trials to leading innovator companies. The high level of customer satisfaction has led to repeat orders showcasing our technical strength and execution skills on these complex projects.

We have successfully delivered intermediates of complex molecule to a Japanese innovator company and a significant order is under execution in 2020-21. Further, we have signed a master supply agreement with one of the major pharmaceutical companies in Europe for their legacy branded API product. Several other customers were added in CDMO business which will add to revenue and profitability in the coming years.

Our long-term multi-product manufacturing contract agreement with a leading European innovator to exclusively manufacture molecules grew in terms of volumes and price as part of the life cycle extension strategy of our customer. 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. These contracts have been renewed for a further period of five years.

Over the years, Hikal has maintained an impeccable track record in technically transferred projects and has established a strong relationship with several leading innovator companies. We have done backward integration with two large volume molecules to ensure a more robust supply-chain and 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 grow in the coming year.

Being committed to sustainability, we have taken up several initiatives for protection of the environment that we operate in. We have and 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 to 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 where they 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 and flow chemistry. Creating the aforesaid technology differentiation is helping Hikal better engage with virtual, large and medium-sized pharmaceutical companies exploring 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 organisation. 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 growth in the volume of existing products being supplied to global innovator companies.

Hikal Performance in Animal Health Business

Hikal continues its focus on growing 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 2020-21, we expect growth to be back for this customer as they launch this product in additional countries.

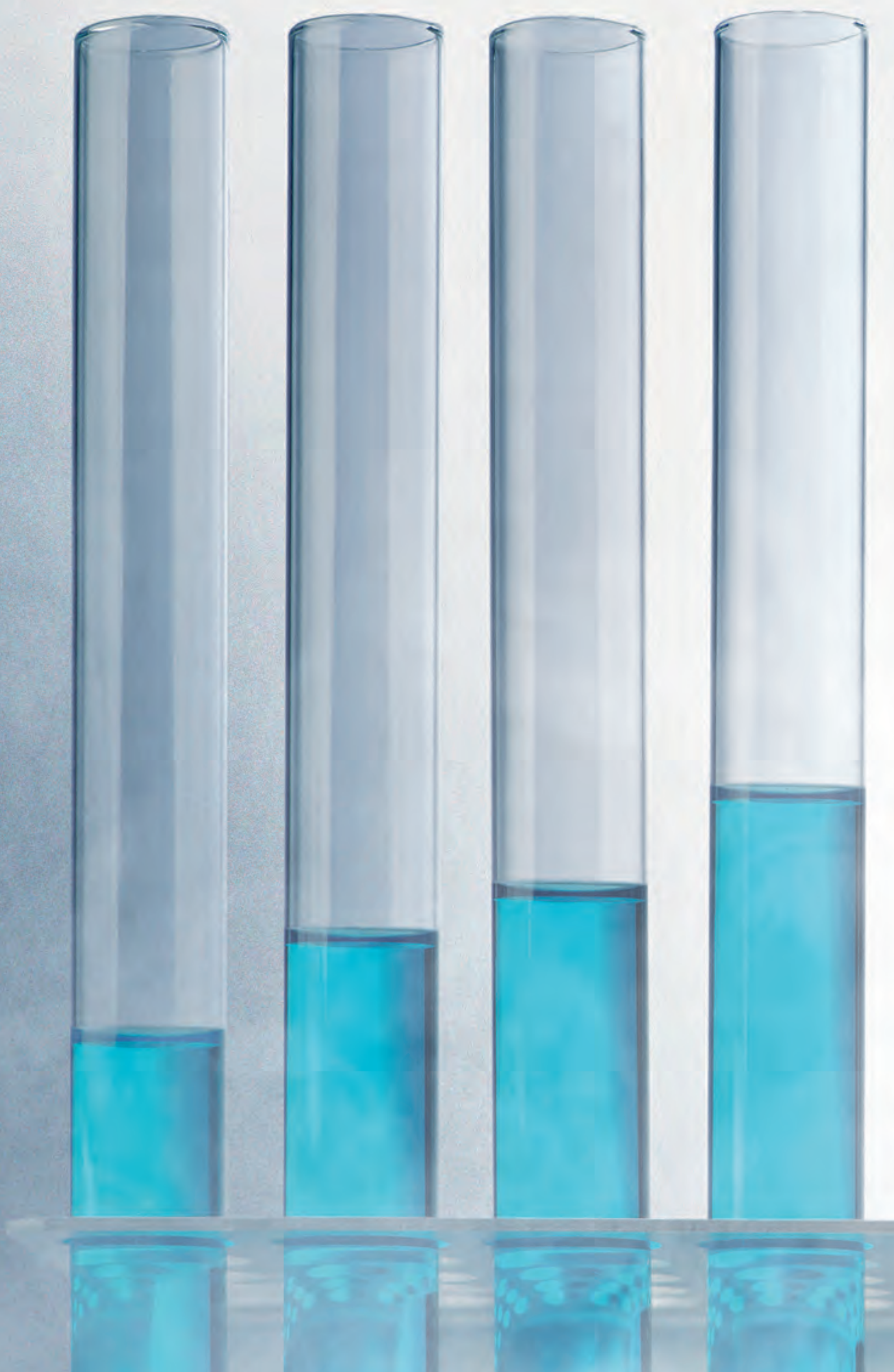
Hikal completed the scale up validation of a niche pain management veterinary drug. This product is used to treat severe pain from surgery to muscle headaches. This product is expected to increase volumes in 2020-21. We will commercialise several advanced intermediates for a new generation ectoparasitic API that belongs to the isoxazoline group.

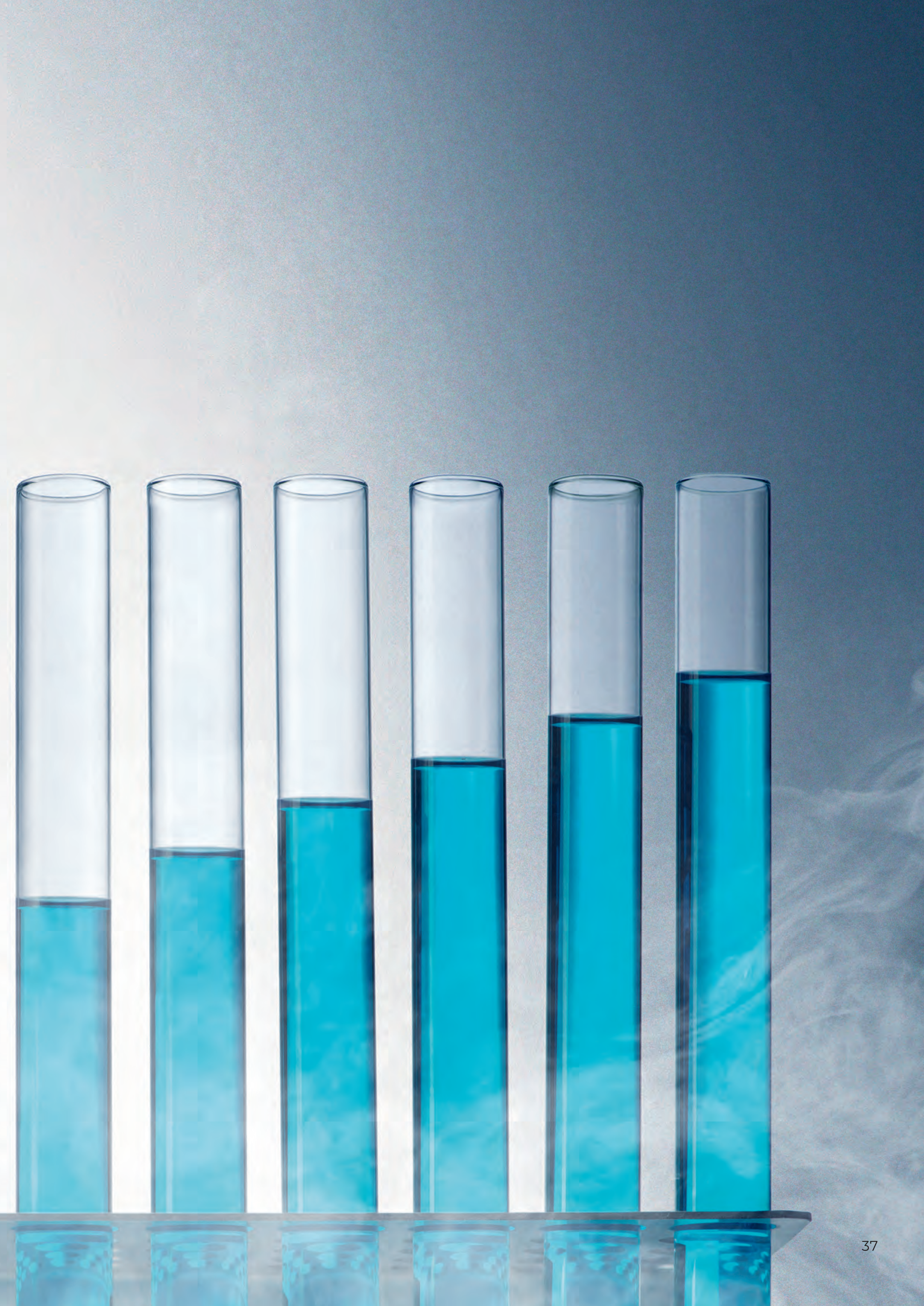
We continue to establish relationships with global animal health companies in the world and we are positive about the prospects of this business. Currently, we are in discussion with several global animal health companies to launch a portfolio of APIs. These products will be developed and launched if commercial feasibility is established.

Future Outlook

We believe we can achieve our target of sustainable growth in the coming years. We have a strong product pipeline in the API and CDMO business which has and 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 onstream, makes us extremely well positioned to capitalise on the opportunities in the near future.





CROP PROTECTION

The Global Crop Protection Market in 2019

Despite an increasing awareness amongst farmers and a push from respective governments, the global Crop Protection market has showcased a downward trend in the last 4 years. The market, under only one instance, recorded a rise in real terms over the 4-year period. In line with this trend, it witnessed a slight dip of 0.8% in sales in 2019, touching USD 59,827 million (ex-manufacturer level) over 2018, as per a report published by Phillips McDougall. Looking at the same set of numbers, when weighed in real terms (excluding the impact of inflation and currency fluctuations), the market size shrank by about 5.8% as compared to the previous year. The total sales (including non-crop pesticides) dipped by 0.3%, reaching USD 67,629 million in 2019.

USD 59,827 million

Global market size of Crop Protection business

Global Agrochemical Market (USD million)

Segment	2018	2019	% Change
Crop Protection	60,304	59,827	(0.8)
Non-Crop Pesticides	7,538	7,802	3.5
Total	67,842	67,629	(0.3)

Source: Phillips McDougall April 2020 Report

Weather plays a detrimental role in influencing any Crop Protection market. The year 2019 was no different being marred by various severe and mild impacts of climate change, along with some geopolitical headlines. Right from flooding in North America or the dry conditions and drought witnessed across major areas of Europe and Asia Pacific, to the prevailing US-Chinese trade wars, it was a highly eventful year. A Phillips McDougall report suggests that the US-Chinese stand-off is likely to cite a shift in global trade patterns. This probability is demonstrated through the supply of US-produced soybeans and some other products being replaced with produce from Latin American (LATAM) countries, by China.

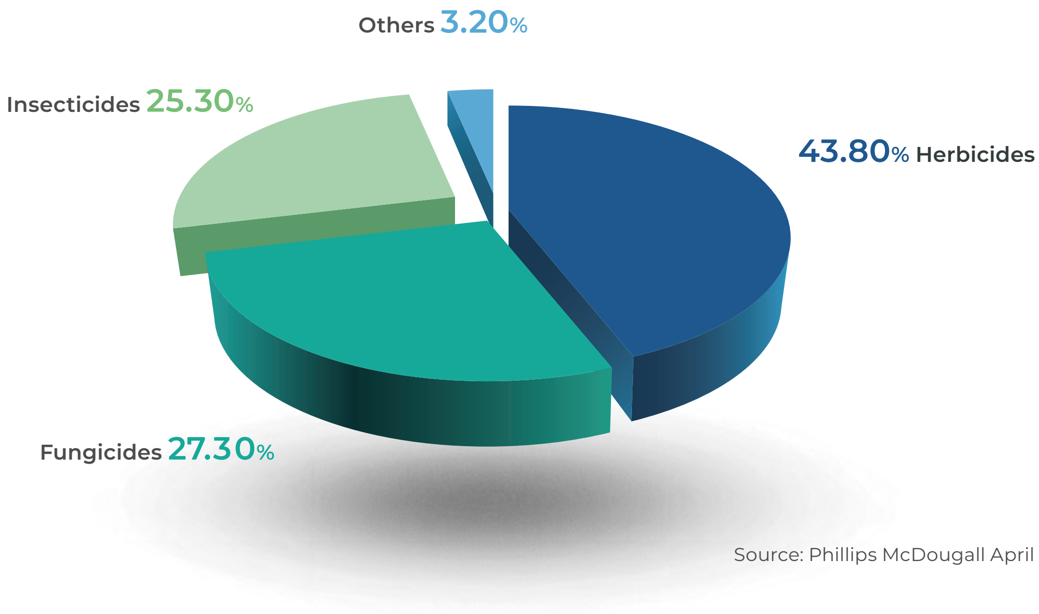
The increased regulatory pressures in Europe, leading to a ban of some 'notable chemistries', in addition to the strengthening US Dollar, also impacted the market adversely.

However, these negative impacts were somewhat offset by a number of factors: continued high generic product prices, especially, the Chinese manufactured products, normalisation of inventory levels in LATAM, especially, Brazil, increased adoption of genetically-modified traits of some products, and a shifting demand away from glyphosate tolerance into newer and more expensive herbicides.

With regards to the non-crop pesticides market, the rising business was largely in line with global GDP. This segment is further expected to continue on the growth charter.

Crop Protection Market Distribution

The Crop Protection market is primarily divided into 4 categories: herbicides (43.8%), fungicides (27.3%), insecticides (25.3%) and others (3.2%). The Crop Protection chemicals play an important role in controlling pests, weeds, and diseases, that infect, consume or damage crops, thereby maintaining and enhancing the agricultural output.



Source: Phillips McDougall April 2020 Report

The sale of herbicide markets is seasonal, yet comprises about 43.8% of the overall Crop Protection market. Amongst the Crop Protection sub-segments, herbicide continued maintaining the highest share in 2019 as well, with more generic products compared to fungicides and insecticides. However, it also witnessed one of the sharpest falls in global sales, touching an estimated size of USD 26,175 million, registering a degrowth of 1.5%.

Owing to the segment's seasonal nature, it was impacted by unfavourable weather in most regions. Depreciation of some currencies also impacted the business around the world. However, the continued high prices for generic products, particularly those manufactured in China, more favourable conditions in the LATAM market, and the increasing adoption of the alternative expensive GM traits, helped offset the degrowth.

USD 26,175 million

Estimated size of the herbicide market in 2019

In line with the overall declining trend, the fungicide sales fell to USD 16,356 million, registering a drop of 0.7% in 2019, over 2018. Fungicide sales were also affected on account of lower product demand and lesser disease pressure due to hot and dry conditions in key regions. However, one of the factors that offset the degrowth included growth from the LATAM markets. It witnessed increased soybean acreages in Brazil and Argentina, catering the Chinese import demands, having moved away from its earlier dependence on the US produce.

USD 16,356 million

Fungicide sales in 2019

The insecticide market was nearly flat, recording a 0.2% increase to USD 15,146 million (these valuations were also hit by the currency fluctuations that hit the US dollar). The increased soybean acreages and demand positively impacted the insecticide sales in the LATAM markets. On the other hand, the Asia-Pacific demand continued to be driven by the expanding fall armyworm (Spodoptera frugiperda).

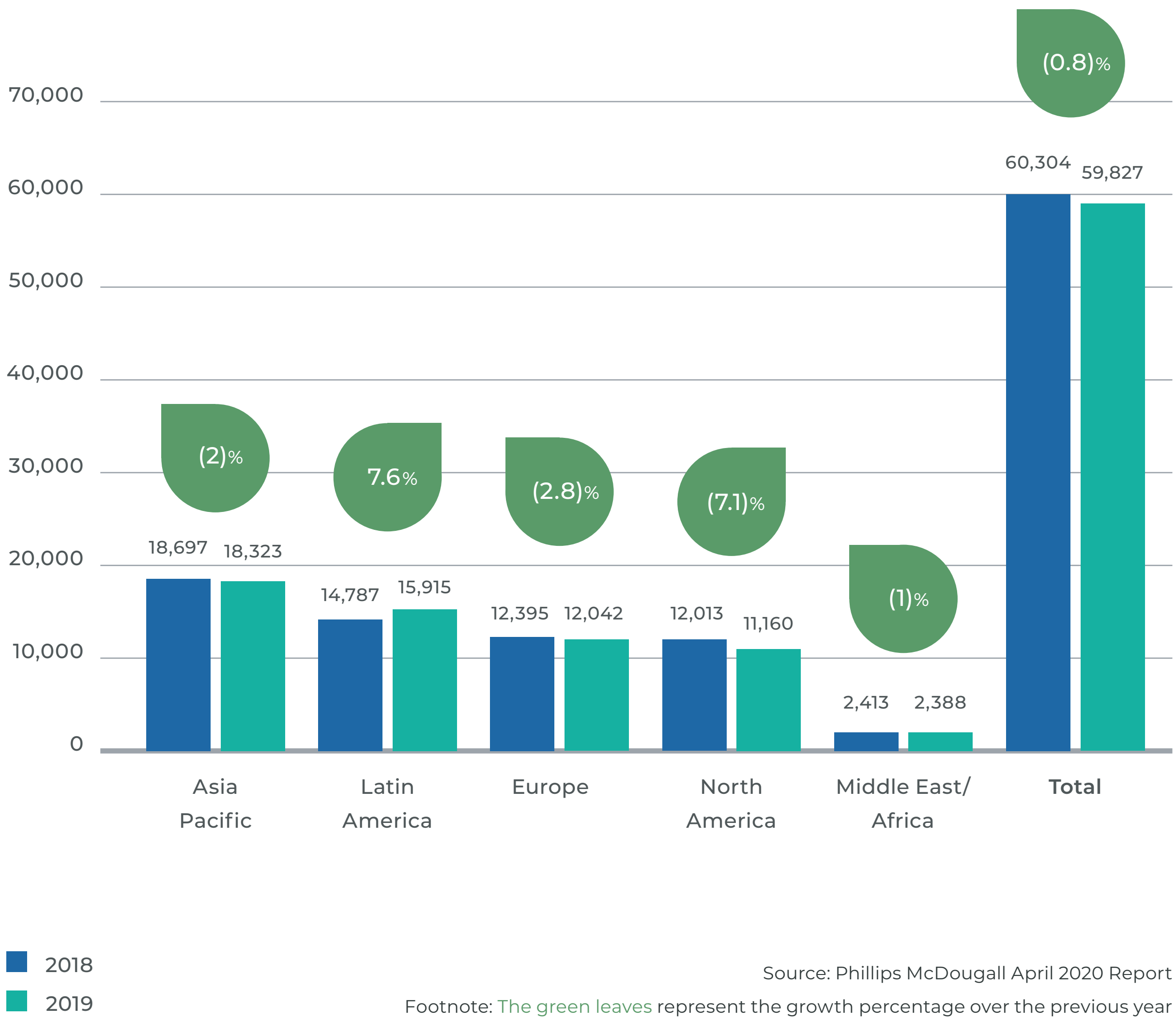
USD 15,146 million

Insecticides sales in 2019

Crop Protection Market by Region

The Crop Protection market is largely dominated by the region of Asia-Pacific, with about 30.6% sales share in the Crop Protection product sales.

Crop Protection Product Sales by Region (USD million)



Source: Phillips McDougall April 2020 Report

Footnote: The green leaves represent the growth percentage over the previous year

Key Factors Affecting the Crop Protection Market in the next 20 Years[1]

Over the past 20 years, four factors which have had a major influence on the evolution of the market: the spread of new pests or diseases such as Asian Soybean Rust, resistance to products, regulatory decisions and the introduction of new, improved product classes such as the diamides.

While these will continue to be significant drivers in the future, below are some key factors which will drive further growth:

- **The US-China trade war** – Will tensions between the two nations be resolved in the near future, or will the conflict lead to a permanent shift in the pattern of global agriculture?
- **Digital agriculture** – Will increased adoption of such systems and technologies lead to lower application rates and hence, global volumes?
- **Rate of innovation** – The number of new products being launched has been in a trend of decline in recent years with increasing regulatory pressure and cost of bringing a new active to market hindering research and development
- **Loss of older products** – This is particularly so regarding the fate of glyphosate with an increasing number of countries proposing a ban on the molecule; The neonicotinoids have also come under pressure in the European Union
- **Continued growth of generics** – As the rate of innovation slows down, the share of the market attributed to off-patent products has the potential to rise in the near to mid-term; However, the increase in pest resistance, loss of older chemistries, trends towards lower use rate actives with improved environmental / toxicological properties and novel modes of action is likely to lead to modest gains in proprietary market share in the long term

Impact of Covid-19

While the world is currently grappling with the unprecedented Covid-19 pandemic, there have been instances of disruptions in the Crop Protection manufacturing because of raw material availability. This is likely to have a domino effect on the predominantly agrarian economies, in the short run, thereby impacting food productivity and crop yields. Governments across developing countries are increasingly vying to ease limitations on the manufacturing of fertilisers and maintaining seasonal agricultural activities. This is just to diminish the concerns about food security, a critical indicator for determination of the course of supply gap in the industry.

Future Market Outlook

The Crop Protection market has tremendously contributed to modern agriculture and its growth, so much so that the present level of output cannot be sustained without it. The companies involved in Crop Protection have been constantly creating and supplying new products to aid such output growth and support the cause of resolving the global food security issues. In turn, these actions are nothing less than directly contributing to the United Nation's Sustainable Development Goal 2 i.e. zero hunger and other allied objectives.

[1] Phillips McDougall December 2019 Report

From a medium to a long term perspective, the Crop Protection market is likely to propel forward by a number of climatic as well as demographical factors like increasing population, urbanisation, rising global economy, decreasing arable land, growing agricultural production and the rising demand for higher crop yield to counter food scarcity. Besides, the under-penetrated countries with low per hectare consumption of Crop Protection products and enhanced awareness about the best farming practices shall serve great long-term opportunities for the sector. In addition, constant crop care product innovation is also likely to drive the consumption of Crop Protection chemicals across application areas. On the other hand, the increasing R&D costs, low per capita consumption in various economies along with restrictions and bans on these chemicals in some economies are likely to act as major restraints, in an otherwise growing sector.

The Company further expects that the need for safe and effective usage of Crop Protection products will only increase further that would need tackling with larger climatic variations and at the same time, catering the new invasive insects, diseases and weeds. Therefore, it is highly imperative for companies to invest in science and practices which promote safe and sensible Crop Protection usage, today.

Hikal Crop Protection

The revenue from the Company's Crop Protection division clocked a degrowth of 4.63% in 2019-20 at ₹ 6,204 million, compared to ₹ 6,504 million in 2018-19. The dip was on account of various headwinds like severe flooding at the Mahad facility and NGT-led water cuts at the Taloja facility in the second quarter of the fiscal. In addition, the volume offtake by our innovator customers was also impacted due to de-stocking, leading to a build-up of the finished goods inventory on our end.

The nationwide lockdowns imposed by the Government towards the end of 2019-20 also led to disruption in operations, leading to revenue loss. Raw material availability was another major concern during the year. Despite the negative operating leverage, the margin performance of the company stayed on track owing to a diverse product mix and a focus on the backward integration, besides various other cost rationalisation measures.

Operations

On the operational front, both our Taloja and Mahad facilities were adversely impacted owing to externalities. At our Taloja facility, owing to a ruling by the National Green Tribunal (NGT), there was a severe water supply shortage to all the industries in the MIDC area in the second quarter of the year. Overall, the issue lasted for about 4 to 5 months, which impacted the production and in turn the performance of the Crop Protection division. Our Mahad facility also faced issues with regards to water logging. All the electricity equipment, power generation plants, pumps were submerged under 4-6 feet of water. As a result of this flooding, the operations had to be halted temporarily, post which the equipment was repaired, and operations restored back to normalcy. Additionally, de-stocking by our innovator clients also impacted the sales volumes of some of our products. With these impacts, the plans outlined at the beginning of the year, didn't materialise as envisaged, however, we managed some recovery from the setbacks experienced by the end of the year.

Raw Material Procurement

Our Company currently procures about 30% - 35% of the raw materials from China. The raw material supply chain was severely disrupted during the year, owing to an explosion at one of the chemical plants in China's Jiangsu province in March 2019. This along with the shutting down of some Chinese companies on account of a clampdown by the Environment Ministry on chemical production also triggered disruption in the global supply chain. Sensing these disruptions, we had already started our de-risking exercise a few years ago due to some strong undercurrents from China. We have also developed in-house technologies and capabilities to develop fully backward integrated manufacturing processes. This will enable us to de-risk from the Chinese imports for some of the products. We have been already supplying test and validation quantities to our potential customers and at the same time validating sourcing partners in India and Europe. However, a noteworthy point to be made here is that due to higher costs, and lesser complexity of specific products, China still has a favourable edge over Europe in commodity raw materials. Hence, we strongly feel India could witness the next major supply side shift.

Customer Relationships

Trust and transparency are the two main pillars on which we have built our customer relationships over the years. With relationships lasting over three decades in some cases, we also have always been transparent while dealing with them. The customers' trust is endorsed by the multiple long-term, first-time or renewed contracts that we have signed with our existing as well as new customers. Our transparency helps us in getting more orders and retention of customer trust, thereby leading to more opportunities and engagements with them. Their trust is further accentuated by the developed and advanced capabilities that we have deployed and showcased for handling complex chemistries and intensive processes.

We are fully committed to continuously find opportunities, reducing the cost of the product and sharing the benefits with customers. Furthermore, we regularly engage in joint efforts with our customers, year-on-year, to implement cost improvement initiatives such as alternative raw material sourcing, increase recoveries, increase yields, and reduction in overall manufacturing costs. This goes a long way in strengthening our relationships with them.

Capex

Based on our initial plans, our Capex cycle was slated to commence in the financial year gone by. However, because of multiple external issues, there was a slight deviation on the planned Capex. We will now be investing significantly in setting up additional manufacturing capacities, over the course of the next couple of years, to cater growth opportunities and target new product launches. These facilities will be multipurpose with the ability to produce complex products at the same time. We are also investing in common infrastructure and facilities like zero-liquid discharge plant as part of our overall sustainability initiatives.

Products

In terms of the products' sales, the sales of a Fungicide product, one of our oldest Crop Protection products, remained stable during the year. Owing to its versatility, it has multiple uses in Crop Protection, right from controlling fungal diseases in fruits and vegetables to acting as an anti-parasitic to control roundworms. We expect the product to contribute significantly to the overall sales in the coming years.

In line with our diversification and new business focus, we have strategically chosen to diversify into biocides and specialty chemicals businesses in the past few years. Biocide products generally involve value addition to formulated products and have more regulations for registrations along with more margin accretion. They also have a wide spectrum usage across product categories. We commercially launched one key molecule in the biocide segment. We now have a pipeline of products at various stages of development.

The expansion into biocides also bodes well for us in the future, since the world markets are moving to de-risk from China and are looking for a partner with a completely de-risked supply chain. This is where Hikal stands to benefit in the long term.

In terms of our proprietary products, we have identified several niche molecules, which are currently imported into India. In line with the same thought, we have set sights on product registrations in India and some non-regulated and semi-regulated markets. It is also poised to become an export-oriented segment for us once we receive positive traction in these markets. Overall, we are planning for the registration of 3 new products in India and developing bulk formulations for Indian companies. Parallelly, we are also working out engagement possibilities with multiple partners worldwide.

We have successfully commercialised a novel insecticide product belonging to the Neonicotinoid class. It enjoys a wide spectrum usage on insects on rice, fruits and vegetables. It also works as a preservative to control termites and other insects. The registration for the product was done in 2019-20 in India. The production and sales were ramped up last year, through plant debottlenecking and additional capacity creation. There still were some supply side issues for the procurement of raw material from China in the year prior to the last, which were ironed out to an extent.

Our Crop Protection CDMO segment has 2-3 products in the pipeline currently. These are all early stage products. Generally, commercialisation in Crop Protection takes longer, since the product registrations are carried out on a country-by-country basis and not pan-EU, like in the pharma space. Overall, our product pipeline is healthy.

New Product Development

We believe that the next level of growth shall emanate from the development and scaling up of new products at our R&T centre. Several new products have been added to the pipeline and each product is capable of not only growing our top-line, but also the bottom line.

Future Outlook

Going ahead, the Crop Protection division is expected to show growth. This growth estimation rides the back of several cost rationalisation and efficiency improvement measures, planned during the current year and the near future. Through a focussed and calibrated approach, as a Company, we are well poised to expand our product portfolio. This preparedness has come at a time when along with the Chinese supply disturbances, the government incentives for the sector are also likely to create opportunities for the Indian players.

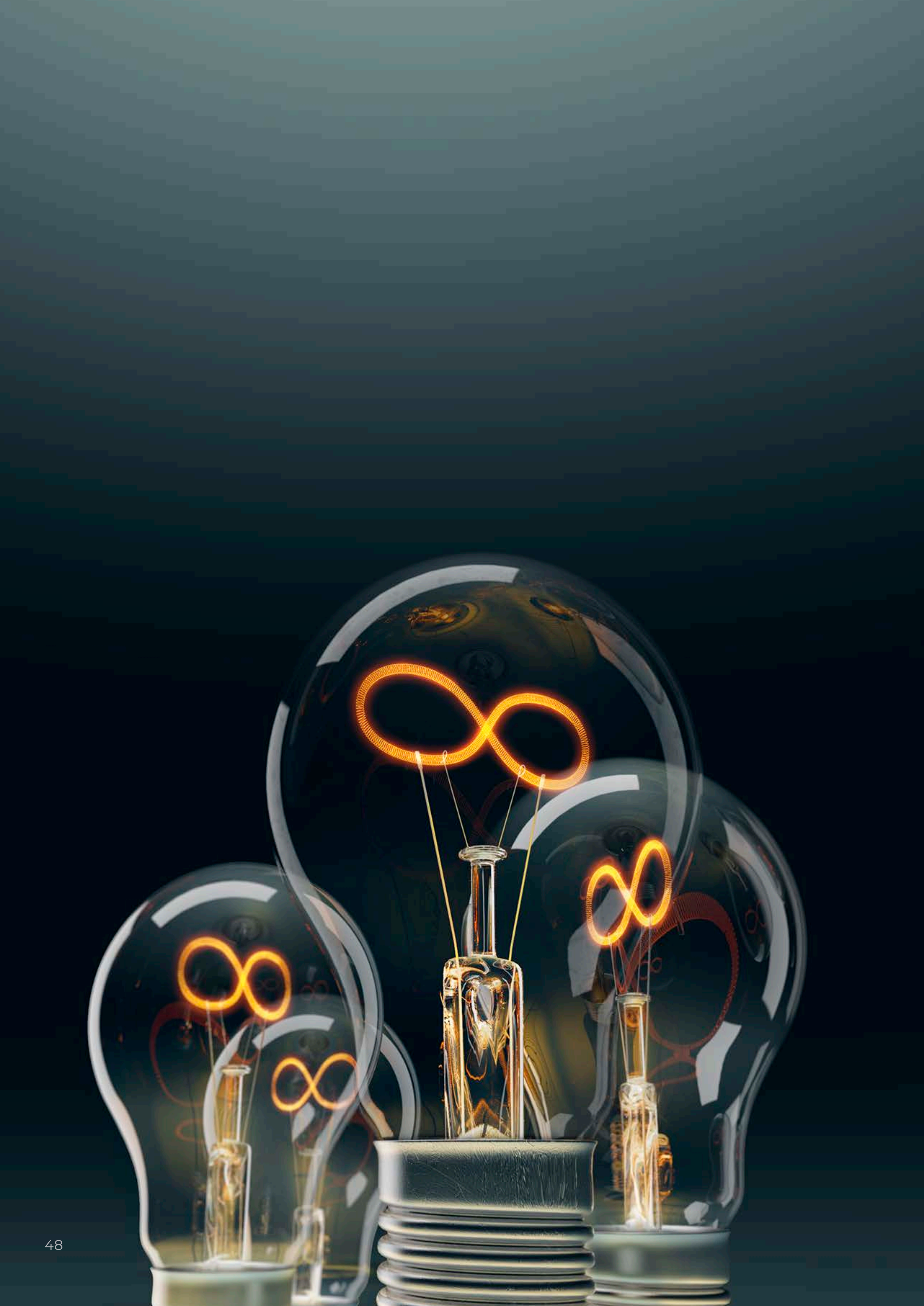
Although the last 4 years witnessed ups and downs as far as the Crop Protection market is concerned, the next year, too, will be dependent on the weather conditions, distributor inventory, and farmers' confidence. Despite the cyclical nature of the Crop Protection business for commercial and under development products, the overall long-term outlook remains positive. Much of it is also dependent on how the Covid-19 pandemic fades out, given its ability to disrupt operations and supply chains, globally.

India, on account of its low-cost advantage, improved manufacturing abilities and strong research & technological capabilities, and an emerging global supply chain preference, is expected to capture a higher market share of Crop Protection products. Successively, this will bode well for companies such as ours.

As a Company, we are optimistic about the future potential of our existing product portfolio, and the new ones in the pipeline. We have envisaged Capex programmes for capacity expansion, catering the new product demand as well as the increased demand from the existing product mix – achieved by setting up new streams and de-bottlenecking the existing ones. This, along with the operational excellence initiatives we are implementing is likely to augur well for us, going forward.

At Hikal, we will continue leveraging our brand, diverse product portfolio, expertise, distribution network, and manufacturing and R&T capabilities, to cater a larger set of partners worldwide. We will continue anchoring our partnerships and network strength worldwide, by working with the right collaborators. We will also continue working on value additions to our products, that will significantly add more to the bottom line in our business.

We will continue exploring the regulated and semi-regulated markets for our own product portfolio and envisage the specialty chemicals market to drive the next leg of growth. Furthermore, by virtue of being a Responsible Care Certified Company, we continue to maintain the highest regards for the environmental standards. This helps us ensure that the highest quality standards are met with, while achieving operational excellence.



RESEARCH AND TECHNOLOGY

Research and Technology (R&T) is the principal growth driver at Hikal. Our investment in technology and future capabilities is 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.

We emphasise on leveraging our inherent skills and strengths in this division. At every step, our endeavour is to develop cost-effective products through sustainable processes. This not only results in optimum utilisation of resources but also helps improving yields and reducing effluents and time-cycles. Our efforts in R&T have significantly contributed to developing new products through innovative and greener processes. Thereby allowing us to expand and offer niche and complex products.

Innovation across processes and strong research capabilities have been made possible through our dedicated team of ~250 scientists. Annually, we invest about 3-4% of our total sales in R&T. Our flexible and reliable business model, best-in-class technology and state-of-the-art infrastructure supports our global customers across the product value chain.

The year gone by, was a challenging one for Hikal, owing to some external contingencies. Despite these challenges, our continuous efforts and focus on innovation helped us improve our existing processes while introducing newer ones.

Our Edge

Wealth from Waste: Our persistent focus on waste management through green chemistries has moved us in the direction of establishing waste/effluent treatability labs at our facilities. The objective behind this was to generate valuable products from waste. In one of the cases, this initiative resulted in the conversion of waste product to a useful reagent, thereby, reducing toxic waste, while developing a novel process with a significant increase in throughput. After a successful implementation for few of our commercial products, the process is now being adopted across both, new and old products, which is likely to show substantial improvement in waste reduction and accelerate process development. We also envisage a potential additional revenue stream through this programme in the future.

Solid State Lab: One of our initiatives, from the last year, has finally started reaping benefits. The Solid State Lab plays a vital role in identifying polymorphs, solvates, cocrystals and others. This has ensured creation of valuable intellectual property for Hikal. It enables us to add value to our existing and new customers for some of their complex molecules which have challenging physical properties. Additionally, it has also helped us gain a better understanding of scalable crystallisations in the lab. This knowledge has helped us in various ways like improving the strength of the processes connected with the physical characteristics of the products for commercial use and those under development.

Pilot Plant: We have completed the engineering design for a pilot plant this year at our R&T centre. The plant is expected to reduce the overall process and development time. We can now create simulations to demonstrate the processes at the pilot plan stage, thereby identifying the product at an early stage in consonance with the scientists working on the product development. This will help us streamline the process of technology and knowledge transfer from R&T to our commercial sites for faster production, lower lead times and better utilisation of our capacity, thereby attracting more customers. It will give us an early movers' advantage and leverage for many of our products.

Batch to Continuous Manufacturing: A shift from batch production to continuous production manufacturing was initiated last year, which is now showing results. We have set-up a state-of-the-art continuous manufacturing laboratory for the evaluation of processes from batch to continuous manufacturing. The lab is well-equipped with the latest technologies to cater to the screening of processes across parameters. Continuous manufacturing has many advantages over batch processing. It is more efficient, reduces energy and physical space requirements, enhances process control, produces selectivity, increases productivity with precision, ensures safety, scalability, and minimal waste.

Our approach to developing our contract manufacturing and a robust pipeline of niche products is on track. We are focusing on building a channel of projects that are identified to have safe, effective, and economical manufacturing processes using advanced technologies developed by our scientists. Alongside, we are also increasing our knowledge and understanding of regulatory requirements in different countries. This is necessary as we grow our global presence across nations. We have several new projects which are under evaluation in various stages of their lifecycle in both, the Pharmaceutical and Crop Protection divisions.

We constantly thrive to remain innovative in everything we do. Our employees are solution and result-oriented. They always look at a better way of doing things. We believe in the philosophy of finding solutions rather than highlighting problems.

Key Highlights During the Year

R&T Crop Protection

Our Philosophy

From product identification, development to process improvements and many more, R&T is the starting point of any activity for a company. 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 that meet our customers and market needs. Our analytical knowledge base ensures that the processes are safe, sustainable, effective, and robust. We provide high-quality, customised solutions for complex products and unique production processes, specialising in the development of innovative technologies and solutions for our customers. Our strength is to take the learnings from the efficient chemical processes developed at R&T and scale them up into cost-effective and robust manufacturing processes.

Operational Highlights for the Year

During the financial year, a project on organophosphorus chemistry was developed and delivered. We also scaled up and successfully commercialised a biocide product. This was done while we continued developing processes for 2 new products, expected to be commercialised in the next few years. Additionally, a new process for a novel fungicide was also developed for an innovator company and is due for commercialisation next year.

By conducting troubleshooting experiments, our R&T team ably supports the production department. It also supports the supply chain by identifying qualified alternative vendors. In line with this, we have been consciously undertaking measures to de-risk the supply of raw materials from a single country, company and or region. We have been traditionally dependent on Chinese sources for raw material supply, however, our R&T, along with our supply chain team, has facilitated by developing technology and processes and identified alternate vendors from India and other countries.

As part of our overall sustainability agenda, we have moved ahead intending to reduce waste from our commercial processes. In line with this, we have concentrated on processes comprising treatable measures to reduce the extent of COD and BOD content in water. These processes will also help bring down the total extent of organic as well as inorganic chemicals in the discharged effluent.

R&T Pharmaceuticals

Product Development

We filed DMFs for two antidiabetic drugs. One of the two products is registered for the application of Certificate of Suitability (CEP) and another API Dossier is prepared for Active Substance Master File (ASMF) procedure. We also filed a DMF for an antimalarial drug for a client and received CEP approvals for three products during the year. We are likely to be the first to file a DMF for antidiabetic in 2020 (FY 2020-21) globally and all our validation trials for the same are complete.

Cost Improvement Programme

Hikal is always looking to achieve a cost leadership position across its product portfolio. During the year, we were able to successfully reduce cost and improve throughput for two of our products, Vildagliptin and Venlafaxine. The cost reduction will help our customers become more competitive and gain higher market share.

Supply Chain & Raw Material Management

Significant supply chain issues have cropped up concerning the raw materials and early-stage intermediates from China. The potential shortage of intermediates would have impacted our manufacturing process. However, through the backward integration in R&T, we have successfully developed processes to overcome the shortfalls. We synthesised a complex KSM (Key Starting Material) inhouse. This was one of the major steps to reduce the dependency on China. We continue with our strategy to develop alternate raw material suppliers in India and abroad and build on our strengths of backward integration.

At Hikal, we focus on minimising customer queries and deficiencies and try to accelerate the processes. We have implemented new SOPs and emphasised on developing greener processes for our products.

During the year, we successfully delivered various high margin and complex development contract manufacturing projects. This year, we continue our thrust upon enhancing yields, optimising resources, reducing volume and number of solvents and developing sustainable green solutions. Our focus is to ensure scalability, stability, and sustainability, to all our customers giving them an edge in the marketplace across business segments.

Outlook

As a part of our R&T strategy, we will continue to focus on delivering products identified by our customers and business development teams. We will also continue commercialising products and processes that we have developed in-house. We anticipate a profitable growth over the next few years as we seek to develop and add multiple products to our portfolio. This will help us tremendously by giving us a competitive advantage, as we move ahead.

We understand that we will need to identify products as early as possible to give us access to more customers and bring in higher margins. We have already developed a competitive portfolio across both our divisions. As part of the philosophy to either evolve traditional products further or identify products that would help us leapfrog over competition, we anticipate our R&T spend in the range of 3-4% of sales in the near term, which may gradually increase in the future. This will create and build a strong pipeline of products and technology.

We remain focused on converting our contract development projects into exclusive long-term manufacturing opportunities in both the Pharma and Crop Protection business divisions.
To support our product development, we will also continue to work on improving our processes, introducing better productivity measures to increase yields, decrease impurities and reduce overall costs. We will continue to invest in technologies to support this. Our focus on newer and greener technologies shall help reduce carbon footprints, optimise resources, and improve process utilisation levels. Our chemists are also adequately equipped and trained to monitor the progress of the reactions using equipment leading to an acceleration in the overall development process.

On the raw material front, we will continue our efforts towards backward integrating our commodity products to reduce dependencies on other countries.

Waste and by-products are often generated because of inefficient manufacturing processes. Our efforts are further streamlined towards prevention of waste generation through the application of green chemistry principles and treatability of effluent streams.
Through programmes like 'Waste to Wealth' and other internal initiatives, we aim to develop a potential profit centre going forward and will continue to provide innovative and sustainable chemistry solutions to the industry.

FINANCIAL PERFORMANCE

Hikal recorded a total revenue of ₹ 15,073 million as compared to ₹ 15,896 million in 2019-20. The revenue from the Crop protection division recorded a drop from ₹ 6,505 million in 2018-19 to ₹ 6,204 million in 2019-20. The Pharmaceutical division recorded a dip in the revenue from ₹ 9,391 million in 2018-19 to ₹ 8,869 million in 2019-20.

Cost Rationalisation

The year was characterised by several cost rationalisation and productivity improvement measures including cost control and de-risking of key materials and several measures to bring in more efficiencies.

The raw material prices are generally dynamic in nature and sensitive to the supply, demand, geopolitical environment, and foreign exchange rates. In order to reduce the price rise and volatility, a key focus area for the year was around increasing our domestic sourcing of key raw materials.

Several productivity improvement measures were undertaken that entailed investing in increasing automation & mechanisation and implementing Industry 4.0 initiatives, which are aimed at improving operational efficiencies.

Capex

At Hikal, we already have a capex programme running across both our segments, aggregating to around ₹ 3,000 million, which is targeted towards capacity addition and upgradation of infrastructure across facilities. As of 31 March 2020, we have already invested ₹ 1,580 million and the balance capex cycle is expected to get completed in 2020-21. The completion of the current capex cycle has been delayed presently on account of the Covid-19 pandemic. The capex is targeted towards multi-product plants providing us with flexibility to manufacture various products. This makes us confident of improving our ROCE going forward. We expect the new capacity addition, post the current programme to be fully utilised within 3 years post commissioning. About 40-55% of this new capacity will be absorbed by existing products and balance capacity will be utilised for new products. The current capex programme would have a blended asset turnover of approximately 1.5 times, once completed.

EBITDA and EBIT

The Company recorded an EBITDA of ₹ 2,731 million for the current year, compared to ₹ 2,981 million recorded in the previous year. Despite the lower sales and full operating costs being incurred, we were able to maintain a healthy EBITDA margin of above 18% for the current year. The Crop Protection division recorded an EBIT of ₹ 997 million in 2019-20, in comparison to ₹ 1,117 million recorded in 2018-19. The Pharmaceutical division recorded an EBIT of ₹ 1,275 million in 2019-20, dipping slightly from the ₹ 1,293 million recorded in the corresponding period in the previous year. The corresponding EBIT margins for the Crop Protection and Pharmaceutical segments stood at 16.06% and 14.38%, respectively.

Net Profit

The reported Net Profit for the year stood at ₹ 844 million after adjusting for exceptional items during 2019-20 as compared to ₹ 1,031 million recorded in the previous financial year.

Ratios

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements), (Amendment), Regulations, 2018, none of the key financial ratios i.e. Debtors Turnover, Inventory Turnover, Current Ratio, Debt Equity, Operating Profit Margin, Net Profit Margin exceed the threshold of 25% or more as compared to the immediately preceding financial year. Our Return on Networth was recorded at 10.72% for 2019-20, dipping by 444 bps compared to 15.16% recorded in the previous year, primarily on account of an increase in Networth of the Company along with a reduction of overall profitability.

SUPPLY CHAIN MANAGEMENT

China has established itself as the key point of global supply chains. Having been coined as the 'factory of the world' over the last three decades, the People's Republic of China is driven by strong infrastructure, low-cost labour and business-friendly regulations. However, this was true until recently when the country faced stringent regulations from the Ministry of Environmental Protection. China has been witnessing several untoward instances like the recent blast at one of its leading chemical facility at Jiangsu, resulting in reinforcement of the 'Blue Sky' policy. All these incidents have created major disruptions in the supply chain globally. The de-risking of supply chains from China, had already commenced following heightened concerns of the US-China trade war. This has further accelerated on the recent outbreak of Covid-19.

In order to survive the current environment, supply chains need to be made swift and agile. At Hikal, our primary objective is to sharpen our focus on our key strengths and ensure scale and supply chain reliability and security. We had proactively started a structured and calibrated diversification towards alternative suppliers a few years ago. For several of our products, we have already created alternative sourcing within India and Europe.

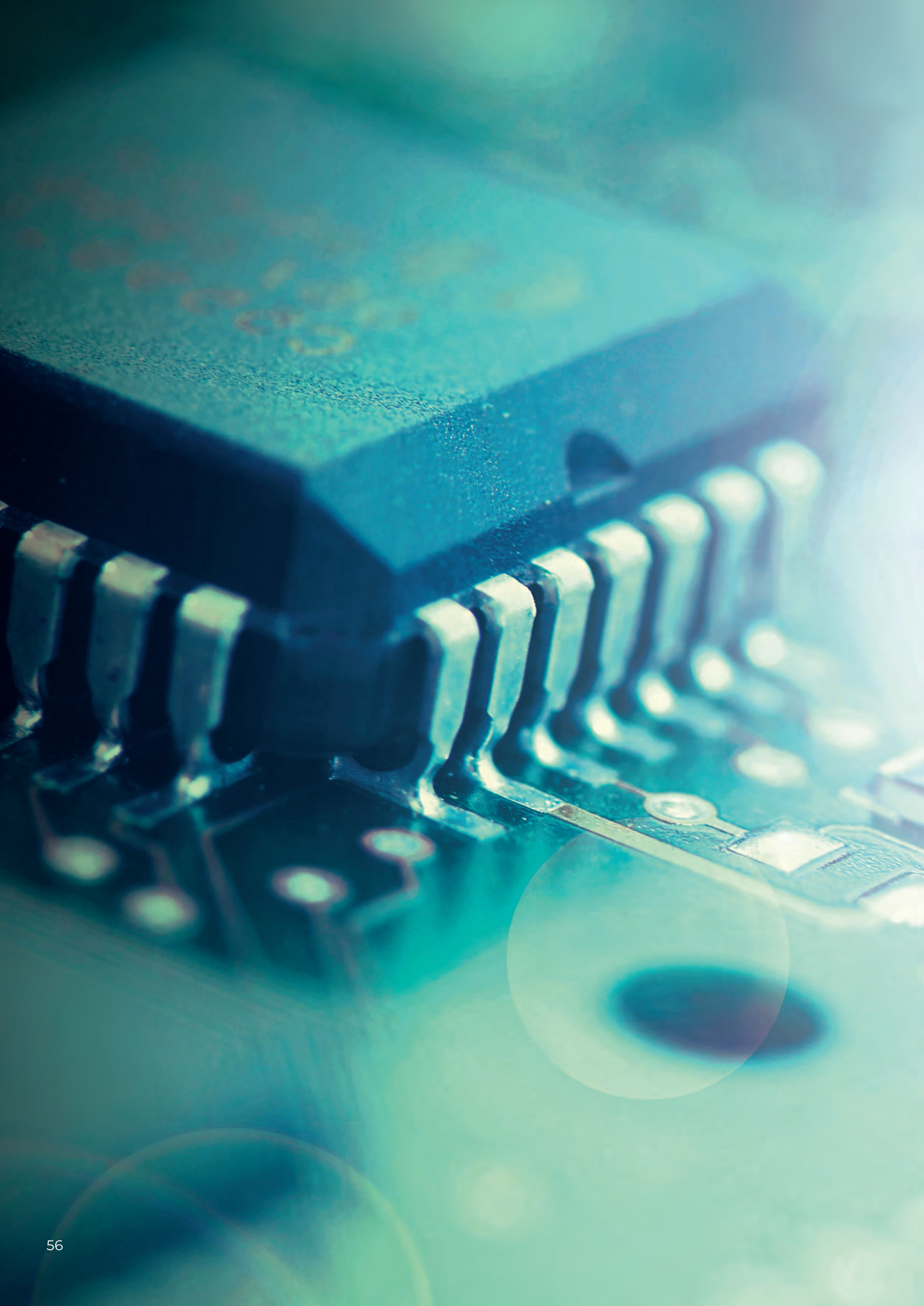
During the year under review, we encountered logistical challenges impacting our raw material supply chain, which was gradually resolved. Currently 35-40% of our raw material procurement is from China and we expect to further de-risk this in the coming few years.

Hikal has taken multiple initiatives to de-risk and strengthen its supply chain management:

- Developed in-house processes using our in-house technology to manufacture critical raw materials for some of our products
- Established partnerships in India to manufacture key raw materials
- Efficiently managed internal supply chain by a strong and experienced team
- Working with reliable transporters with GPS to monitor our logistics supply
- Signed long term contracts with reliable suppliers wherein raw material requires to be imported to ensure better visibility
- Facilitated local economic growth by encouraging and supporting local suppliers
- Increased the inventory days for some key raw materials to ensure supply chain security

Outlook

Amid all the disruption, India stands to benefit with global companies reassessing their risk of relying on one country and potentially shifting their supply chains to India. The country's technologies, skilled manpower, intellectual property protection laws and investment-friendly norms have positioned India as the preferred partner. This also positions Hikal in a favourable spot, as we expand our capacities and become fully backward integrated. We have geared up to be the partner of choice for our customers globally, for both ou crop protection and pharmaceutical segments. Our proactive decision to establish an alternative supply base from China is reaping benefits now and is expected to create more opportunities in future.



INFORMATION TECHNOLOGY

Information technology is the path that drives innovation. At Hikal, we use the power of innovation to transform and define our business success. Hikal has judiciously invested in extensive IT security and control systems across all our sites. We have undertaken various technology enabled initiatives to strengthen the Company's journey towards driving sustainability and improving customer experience. All our systems are regularly evaluated and upgraded for better scalability, stability, and security. Hikal has implemented software solutions across all business functions right from mapping business development solutions to the entire life cycle development.

We are also implementing Industry 4.0 in a phased manner with clear definition of KPI and benefits in each phase. Automation, digitalisation, and analytics are the main pillars of implementation.

In the first phase creation of network infrastructure, automation of unit operations, mechanisation of human handling process, local data repository creation and visualisation data in modules such as electricity, water, raw material, and ETP, among others, have been enabled.

These initiatives have helped us in:

- Realtime monitoring of process parameters and running status of utilities, leading to proactive actions overcoming downtime
- Analysis of consumption pattern of raw materials, electricity, water
- Assessment of utility assets such as chillers, compressors, and dryer's performance
- Realtime monitoring of plant floor for quick decision making
- Interactive dashboard, alarms, and mail notifications

In order to drive seamless integration and improve efficiency, we are on a constant endeavour to adopt the latest IT systems and processes. Our efforts in this direction are guided and based on best industry practices and in compliance with regulatory guidelines.

HUMAN CAPITAL

Hikal's success is driven by our employee's knowledge, passion and commitment. Our HR strategy, Shashwat, is fully aligned with our long-term business goals. It helps us progress in line with the changing industry dynamics in both our businesses. Our HR strategy is constantly worked upon to improve and evolve as we continue to re-align our processes with the short-term and long-term business strategies.

We have always given significance to securing our organisational values and culture for a strong foundation. In the year 2019-20 we have implemented several HR initiatives. There was a special focus towards increasing efficiency and operational excellence. While we remained focused on maintaining our corporate values of trust, integrity, and transparency, we also suddenly witnessed a great deal of concern on the impact of Covid-19 on our business. This had implications on our working practices and human resource strategy in the latter part of the year. Our primary concern was to figure out and define what the 'New Normal' might be. The year 2019-20 saw our attention towards increasing efficiency and improving skill sets of our people. But this was later shifted to finding out how the 'New Normal' would impact our business conduct in 2020-21. Our Human Resources focus has therefore switched more on the sides of operational excellence, lean management & Self-Managed Teams (SMT).

Even amidst the crisis, our employees' safety remained our top-most priority. We undertook several measures to ensure their well-being which has been covered in detail in the Covid-19 section of the MDA.

Employer Branding Awards & Certifications

The year 2019-20 witnessed Hikal being recognised as a Best Employer brand, both by the national and international bodies and associations.

Certification as a Great Place to Work

Hikal was certified as a 'Great Place to Work' by the Great Place to Work® (GPW) Institute, for the year 2019-20. GPW Institute is the Global Authority on Workplace Culture Assessment. GPW Certification is very prestigious 'Employer-of-Choice' and Workplace quality recognition for a company globally.

Great Place To Work® Certified
MAY 2019–APR 2020
INDIA

- The Online Survey©: This was responded by Hikalites on 5 dimensions of a great workplace namely fairness, respect, credibility, pride and camaraderie. Together these lead to 'Trust Index'
- Validation: The GPW auditor validated the process of survey administration and policies design and deployment across the Company
- Culture Audit and Assessment: Our Company's people practices, as implemented, were assessed by the GPW team through 9 distinct practice areas of a great workplace culture

India's Best Companies to Work For 2019

Hikal earned 84th rank amongst the top 100 'India's Best Companies to Work For 2019' for inspiring trust amongst employees, instilling pride in every Hikalite, for creating an environment within the the workplace promoting camaraderie and for many other reasons that make Hikal one of India's best companies to work for. Additionally, Hikal was also recognised as one of the Best Workplaces in Biotechnology and Pharmaceuticals Industry, 2019.

India's Best Companies To Work For 2019
A STUDY BY THE ECONOMIC TIMES | Great Place To Work.

National and State Level Best Employer Brand Awards

- **National Best Employer Brands 2019**
  The Global Employer Branding Institute and the World HRD Congress conferred Hikal with the 'National Best Employer Brands 2019' award in February 2020; Hikal received this award for the 2nd consecutive year; This award features top organisations from across India, who have exemplary HR practices and have used marketing communications effectively for Human Resource Development

- **Maharashtra Best Employer Brand Awards**
  Hikal won the Maharashtra Best Employer Brand Awards at the India Human Capital Summit & Awards held in July 2019

- **Gujarat Best Employer Brand Awards 2019**
  Hikal won the Gujarat Best Employer Brand Awards 2019, hosted by the Employer Branding Institute, World HRD Congress & Stars of the Industry Group in September 2019

Best Employer Brand Awards at the Asia Pacific HRM Congress 2019

Our Company received the Best Employer Brand Award at the Asia Pacific HRM Congress in September 2019. The congress recognises the Best of Best in industry, benchmarking talent & HR practices.

Special Commendation in Golden Peacock HR Excellence Award 2019

Hikal was declared as the Winner of Special Commendation for 'Golden Peacock HR Excellence Award' for the year 2019, by the Awards Jury under the Chairmanship of Hon'ble Justice M. N. Venkatachaliah, former Chief Justice of India, Chairman, National Human Rights Commission of India and National Commissionfor Constitution of India Reforms. Golden Peacock HR Excellence Award is bestowed upon organisations that have achieved overall excellence in their HR and people management practices. Thus, contributing to the needs of business, profession, employees, industry, and the nation.

Awards such as these indeed bring a great sense of pride and satisfaction of working in a progressive and leading organisation such as Hikal. It reaffirms our Company's positioning as a sustainability-driven and 'Responsible Care' company.

Below are some of the key initiatives undertaken in FY 2019-20:

Values Week & Chairman's Excellence Awards

This was the 4th year of Values Week celebrations at Hikal. This weeklong celebration between 8 and 12 July 2019, was thoroughly enjoyed by all Hikalites.

The week started with the Chairman & MD and Joint MD & CEO welcoming all Hikalites via webcast into the 31st year of Hikal. They emphasised on the importance of Core Values and Culture Pillars in their inaugural address and urged everyone to always embrace them.

The week's Engagement Plan was further launched at every Site by the senior leadership team. What then followed was the Long Service Award Ceremony where 132 employees were felicitated. Apart from various other programs, a unique initiative was also launched this year named 'Value Champions'. Value Champions were the ones who exemplified the Company's Core Values through performance, attitude, behaviour, and actions. A total of 33 Value Champions were felicitated across all the sites and they will further be trained to act as flag bearers for inculcating the values amongst their colleagues at Hikal.

The week concluded with the prestigious Chairman's Excellence Awards on 12 July 2019. During the awards night, 5 employees were felicitated with Individual Excellence Award, 107 employees with Team Excellence Awards and 1 site was conferred with Best Manufacturing Site Award.

7th Quality Week

Hikal celebrated its 7th Quality Week from 18 to 22 November 2019. The celebrations focussed more inwards as all Hikalites vowed to commit to the cause of Quality at Hikal under the overarching theme 'Quality is MY Responsibility'. The week was inaugurated with the address from the Joint Managing Director & CEO, followed by the address from the Head, Strategy & Business Development. These were then followed by Site level addresses from the Management Committee members. Unique interventions such as 'Creative Cafe', 'My Quality Commitment', 'Quiz', 'Slogan Competition' and 'Poster Competition' were planned through the week. The 7th Quality Week thus ended with a commitment from each Hikalite to take complete responsibility for living up to the highest Quality standards while working at Hikal.

Hi-Q QUALITY WEEK

Safety Week

We celebrated 49th Safety Week Program from 4 to 11 March 2020 under the theme 'Enhance Safety and Health Performance by Use of Advanced Technologies'. The week signified the importance of safety, health, environment, and the overall well-being of each Hikalite. The activities, as planned through the week, reiterated that Hikal is a Responsible Care certified Company and is committed to creating a 'Safety First' environment, ensure excellence in the lines of manufacturing, quality, environment, health and safety performance.

Launch of the New Avatar of Hikal Compass

We completed the much-awaited revamping of intranet in this year and came up with a brand-new avatar of Hikal Compass, launched on 30 April 2019. Hikal Compass is a secure IT platform, accessible only within Hikal's premises.

Hikal Compass has various sections which keeps the employees up to date with company related information, news, policies, events and happenings across sites, CSR activities under Srijan, feature employees receiving awards under Parigyaan, feature employee's birthdays, company's event calendar and HR related information. The new avatar of Hikal Compass gives a transformed user experience to every Hikalite and keeps everyone completely updated with all happenings around the company.

Hikal Compass

Uday: Employee Engagement Program

Uday is our integrated Employee Engagement Program. It aims at giving the employees an opportunity to integrate, connect, interact and exchange ideas with their colleagues. The celebrations wing of Uday, encompasses site celebrations, festivals, picnics, and sports events, among others. Through these, employees get to experience an increase in morale, productivity, and commitment. It also encourages free upwards and downwards communication while boosting efficiencies at individual and team level.

Under the Learning & Development arm of Uday, internal training capacity was strengthened and a state-of-the-art Training Room has also been created at the corporate office. With a seating capacity of 40 participants in multiple formats, the room is also equipped with advanced training and presentation facilities. This is a strong testament to the management's focus on using training as a tool for fostering people's productivity.

While our flagship programs like *APEX - Achieving Personal Excellence* and *Lakshya - Catalyst for Change* focusing on behavior for bringing positive change at work, have been carried on at full pelt covering about 1182 employees so far, we also focused on designing a process for conducting programs for niche audiences. Leaders were put through one-on-one *Executive Coaching* journeys to assist the participants with right insights and developmental tools to work on their strengths and develop areas of concern for transformational performance leading to individual growth.

Further to enhance efficiencies, a formal *Operational Excellence Program* was launched in Jigani for a key pharmaceutical product. This program is based on continuous improvement methodologies, such as Lean Thinking, Six Sigma and Scientific Visual Shopfloor Management. A *Champions Certification Program* was specially designed for the leadership team to build capability in the area of Lean Manufacturing and thereby enabling our journey towards sustainable operations. GEMBA walks, implementation of 5S, LDM boards, Value Stream Mapping were the aspects of this program. The operational excellence program is an important step in Hikal's growth strategy.

Tarang – Campus to Corporate Program

Hikal visits premier institutes for recruiting freshers as Graduate Engineer Trainees (GETs), under the Company's Tarang initiative. This year, we welcomed the fifth consecutive batch of GETs. They underwent a detailed orientation across all Hikal sites, enriching their learning experience. We placed all GETs across diverse departments such as Technical Services, Projects, Maintenance & Production Department. We also renewed our focus on The Summer Internship Program. It comprises a rigorous selection process and 23 students were shortlisted from Management colleges like KJ Somaiya, IIM Ranchi and TAPMI in Manipal, in 2019-20. These students received a comprehensive orientation under senior leaders. They also successfully and timely completed their summer internship projects. Hikal took part in technical events at several premier institutions and even sponsored several such events: AIChE Regional Student Conference at MIT World Peace University, Pune, IIT Bombay's 'AZeotropy Annual Chemical Engineering Symposium', to name a few. Industrial visits were organised for the 3rd and 4th year students from institutes like Welingkar Institute of Management, BMS College of Engineering and Sri Dharmasthala Manjunatheshwara College, Karnataka.

Employee Communication

To facilitate easy and transparent employee communication, programmes like CEO Connect, Site Management Committee & Town Hall Meeting, Employee Hour, HR Help Desk and Management Committee (MC) Interaction, have now become an integral part of Hikal. These programs have not only aided communication across organisation levels but have also facilitated transparency within. We continually monitor, track and reinforce these programs for successful and uniform implementation.

EmPower

Last year, we successfully implemented Oracle - HCM (FUSION) cloud-based HCM system – Empower. This system facilitated in transforming user experience of HR processes. We effectively administered performance management on this online platform in 2019-20. It encompassed everything right from goal setting, performance appraisals to identifying training and development needs of every employee. The system has now entered the second phase of development. Under this phase, different modules like talent management, learning and development and compensation and benefits, among others, will be mapped and effected in the next year.

Parigyaan

Parigyaan is Hikal's Rewards and Recognition policy. It is designed to recognise and promote positive behaviour to achieve business objectives, increase employee productivity while adhering to compliance and quality systems. It also plays a pivotal role in developing a culture of innovation by using the philosophy of 'Why Not?'. All our sites channelled this tool for appreciating and recognising 995 employees in 2019-20. There were many categories such as Spark Award, Employee of the Month and Spot Award, under which the appreciation and recognition of employees were based on.

Hikal Women's Forum

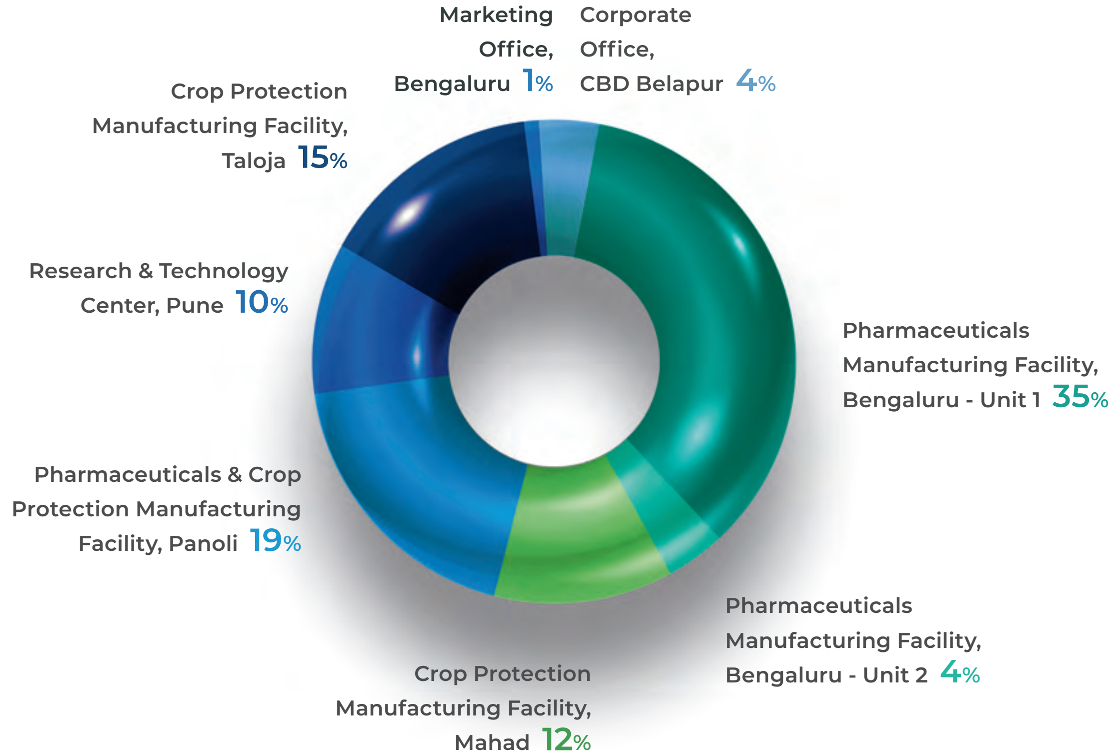
We celebrated International Women's Day across our organisation on 8 March 2020. The commemoration started with our respected Chairman & MD addressing everyone. He unveiled our Women's Day celebrations' theme "#EachforEqual", the global theme for 2020. For the special occasion, we had invited a renowned leadership coach and a premium educator as our guest speaker. She encouraged our employees by sharing her professional accomplishments. She even shared her thoughts on gender parity while touching upon the challenges that she personally faced at her workplace as a woman.

Ojas: Employee Wellness Program

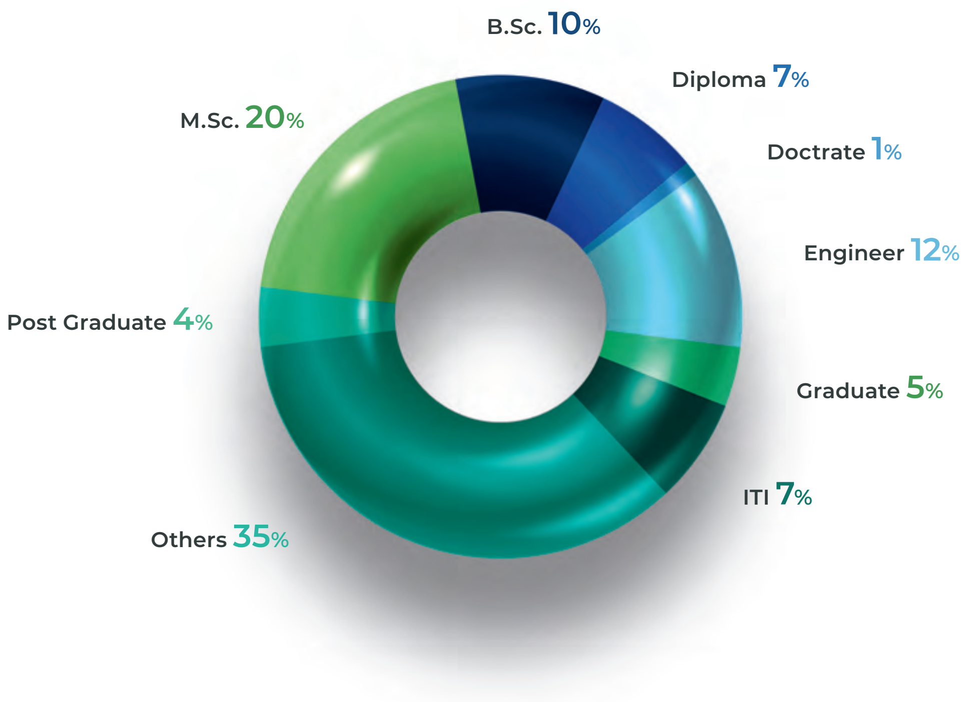
Our program, Ojas, is an employee wellness program. The purpose of this program is to pay special attention on the physical well-being, mental health, and financial well-being of our employees. Just like every other year, this year too we organised Employee Health Check-ups across our sites. This was done along with numerous workshops associated with Employee Wellness like lifestyle awareness, stress management, yoga, and management of chronic diseases, among others.

Total workforce (as on 31 March 2020) – 2,274

Location



Qualifications



SRIJAN – CORPORATE SOCIAL RESPONSIBILITY (CSR) PROGRAM

We believe creating a strong business and a better world go hand in hand. At Hikal, our social responsibility is an integral part of our business strategy. Bolstering our commitment towards sustainability, we continue our CSR philosophy of 'Sustained Inclusiveness' in accordance with our Corporate CSR Program – 'Srijan'. Our efforts in this area have always been directed towards making a meaningful contribution and enhancing the quality of life in communities where we operate. As we have done in the past, we continued collaborating with non-governmental organisations (NGOs) for working on areas like secondary education, skill development, employability and infrastructure development, healthcare, sanitation, environmental sustainability and protection of national heritage, art, and culture.

The major focus of CSR programs at Hikal has been on ensuring that all programs have well defined outcome measures. We also make sure that these programs are monitored at the highest level with proper decision support mechanism. Need assessment, planning and implementation are critical aspects towards achieving this outcome. Based on this structured approach, the year 2019-20 saw various key programmes undertaken by Hikal. With the Coronavirus pandemic creating a havoc across the world, disrupting economic activities and impacting livelihoods of many in India and abroad, a major thrust was given in the last two months of the financial year. During these two months, we actively participated towards combating the Covid-19 crisis through direct involvement and partner NGO as well as through Government and Government agencies.

In recognition of all our CSR efforts, Hikal was conferred with the 'Best CSR Impact Initiative' Award at the ZEE BUSINESS Presents National CSR Leadership Congress & Awards, in August 2019. Hikal was recognised for its comprehensive CSR Policy 'Srijan', and its deployment across sites. Hikal's key CSR projects also featured in Grant Thornton Social Impact Report 2019.

Key Highlights of the CSR Programs Implemented in FY 2019-20:

ANAHAT (Environment and Ecology Protection):

Hikal is collaborating with SayTrees Environment Trust for the maintenance of Konasandra Lake, located near its Jigani plant, which was rejuvenated by Hikal in the previous financial year. Maintenance activities includes:

- Strengthening of bunds
- Review of water-holding capacity of the lake
- Maintenance of ecology and biodiversity, and
- Regular tree plantation activities in alliance with Hikal employees and local villagers

Hikal supported the WorldWide Fund for Nature (WWF - India) for the conservation of Keoladeo National Park (KNP), a UNESCO World Heritage site. KNP at Bharatpur, Rajasthan, is home to 375 species of birds, 27 species of mammals, 7 species of turtles, 379 floral species, 50 fish species, 13 species of snakes and numerous invertebrates. However, the increased pressure on the catchment of the water sources of the park has resulted in reduced water inflow to the park. As a result, the park has seen many lean years during the past two decades. Hikal has been supporting WWF-India in this area. We are revisiting the management plan and attempting to propose solutions to manage the park effectively in order to conserve its biodiversity.

Outcome of the Conservation of Keoladeo National Park Project:

- Conservation and management plan of Keoladeo National Park and submission to Rajasthan Forest Department
- Listing out gaps in research required in KNP
- Socio-economic survey of park surrounded villages
- Proposed measures to address issues related to invasive species
- Development of water management strategy

Hikal partnered with International Association of Human Values (IAHV) towards 'The Afforestation Project' at Tetvali, Rabale, for the 2nd consecutive year. The project involved planting and maintaining trees across the barren hills where Hikal has adopted 1 acre of land. Hikal employees have planted about 450 trees in this area, they regularly visit the site to oversee maintenance of the planted saplings and the survival rate of the planted trees is nearly 85%. For this project, Hikal was recognised with a 'Certificate of Appreciation' by the Ex-Chief Minister of Maharashtra's wife, Mrs. Amruta Fadnavis.

Hikal in association with IAHV constructed a check dam at the Sutarkond Village, Mahad. The project involved desilting and construction of a check dam which can hold enough water for the farmers to cultivate two crops in year. This led to higher income and better standard of living. This project has also enabled availability of drinking water throughout the year.


Before


After

MEDHA (Education & Skill Development) :

Prarambh (Initiation)

Hikal partnered with the leading NGO, The Akshay Patra Foundation, to sponsor mid-day meals, plates and tumblers for 455 children (217 boys and 238 girls) in Bengaluru-Jigani, Karnataka, for a period of 3 years. Hikal is also taking steps to sensitise its employees to volunteer for social development. In January 2020, twenty-eight employees from Jigani Unit 1 & Unit 2, Bengaluru, went to The Akshaya Patra Foundation and volunteered at the Jigani kitchen of the Foundation. The employees enthusiastically helped the kitchen staff in the mid-day meal operations, from sorting through grains to loading and offloading raw materials.

Hikal extended support to the government schools in the villages near Jigani plant for the 7th consecutive year benefitting 215 students. Like every year, Hikal distributed notebooks and stationery items and sponsored the teachers' salaries who assisted in improving the quality of education in these schools. School bags, shoes and notebooks were also distributed to 25 orphan children of Adarane Charitable Trust at Jigani. Along with this, the team also donated two iron storage lockers with 8 compartments each for keeping their personal belongings under lock and key.

Unnati (Progress)

With the view of encouraging athletes in sports, Hikal along with its partner NGO, IAHV, extended support to Mayank Vaibhav Chaphekar. Mayank is a professional modern Pentathlon athlete, who is preparing for 2021 Olympics. Hikal's financial aid helped him procure a special rifle for training which was not available to him all the time. It has also been decided that Hikal will bear the cost of his travel to the Tokyo Olympics if he qualifies after the trials in China.

This is the 5th consecutive year of Hikal's relationship with the Mehli Mehta Music Foundation (MMMF), to facilitate their Outreach Program. This program caters to providing musical education to the underprivileged children of municipal schools that they partner with. By extending support to MMMF, Hikal is happy to have made this humble contribution in the development of about 956 non-fee-paying students from low income families who receive free of cost music education and training.

Hikal has been supporting the National Centre for the Performing Arts (NCPA) since the past three years now and is helping them step up their education and outreach initiatives. One of the outreach initiatives of NCPA is being run with a group of children from the Apun Ka Club. This is an NGO that offers after-school learning opportunities in art and craft, physical fitness, singing and dancing and spoken English to children of the nearby slums of Shimla Nagar in Malabar Hill, Mumbai.

Hikal's annual support to the Aai Day Care Sanstha in Pen, Raigad district, has enabled 49 differently abled students undergo vocational training, speech therapy and physiotherapy for the 4th consecutive year now. This year, Hikal undertook an additional responsibility of bearing the complete expenses towards construction, equipment, furniture and furnishing of 1st floor of the residential facility which is under construction. This residential facility is being constructed for the special children who cannot commute on a daily basis.

Buniyaad (Foundation)

Hikal along with IAHV undertook the renovation of roof shed at Gothe BK Zila Parishad School at Mahad. This school was in a dilapidated state, feared to collapse anytime during the monsoon, resulting in high school drop out rate. Installation of water cooler was also facilitated at Sanskar Dham Vidyalaya Kharawali, Borwadi, Mahad.

Various developmental work related to infrastructure augmentation have been completed at the Zila Parishad school at Dattawadi Nere, near Pune, in the previous financial year. The following work was completed at the school between April 2019 and August 2019:

- Roof repairing work
- Drainage facilities for new toilets
- Water proofing and painting of the existing RCC slab building
- Safety grills work for the ladies toilet
- Provided e-Learning software and spoken English E-learning software for the students of 1st to 4th standard
- Provided nursery rhymes both in Marathi and English to anganwadi kids

The support provided by Hikal was instrumental in providing a conducive learning environment to the children and increased their concentration and enthusiasm while decreasing the school drop out rate.

KAUSHALYA (Healthcare and Sanitation) :

This is the 5th year of Hikal's relationship with Seva Yagna Samiti (SYS), a Bharuch based NGO, which provides people from underprivileged backgrounds with an access to ICU/ICCU facilities, proper diagnosis on time, medicines and hospitalisation in critical conditions.
The patients and caregivers are given food and medicines completely free of cost. The project has facilitated medical assistance for over 40,000 patients in the past three years. Medical services, Medical allied services, Diet supply services and Ambulance services are provided by SYS as and when required.

Hikal supported BPL families at Primary Health Center at Jigani. Hikal employees visited the center and donated new born baby kits and storage container to the mothers of these BPL families.
In association with Kallubalu panchayat, Hikal also took the responsbility of providing monthly financial assistance for the medical treatment of a villager of Konasandra Village, who has been suffering from chronic kidney ailment.

Blood donation camps were organised at Hikal sites at Pune, Jigani and Mahad:

- Pune R&T organised blood donation camp on 22 June 2019, in association with Sanjeevani Blood Bank
- To commemorate Karnataka Rajyotsava on 15 November 2019, a blood donation camp in association with Sparsha Hospital was organised at Jigani. A total of 67 employees donated blood for the good cause
- As a part of Quality Week Celebrations, the site of Mahad conducted blood donation camp in association with Janakalyan Blood Bank, Mahad, on 21 November 2019. Around 30 units of blood was collected

RACHANA (Preservation of Art, Heritage and Culture) :

Hikal has been supporting Jnanapravaha for three years now. This year Hikal has contributed to facilitate the scholar's international travel, hospitality, transport, as well as honorarium to realise the ambitions for Jnanapravaha's quarter-long Certificate Yoga & Tantra Course.

Hikal extended support to Chhatrapati Shivaji Maharaj Vastu Sangrahalaya towards maintenance activities related to restoration of artefacts in the Indian Metal & Decorative Art gallery, established by Hikal in 2016.

SAMPARK (Employee Contribution) :

A voluntary donation drive was carried out by the employees of CBD and Taloja from 2 April to 4 April 2019 for underprivileged people in association with Goonj. Basic supplies such as clothes, stationary, and toys among others, were collected and handed over to Goonj, who further distributed the same to the poor and needy.

Hikal Jigani employees organised an educational trip to Jawaharlal Nehru Planetarium for twenty four children from Adarane Charitable Trust. Children thoroughly enjoyed the show on 'Our Solar System' as it shared insights about our universe through visual display.

The employees of Hikal Mahad carried out a voluntary donation drive at Shinde Kond Village, near Mahad, on 20 July 2019. Clothes, stationery, and toys were donated by the employees to the poor and needy people of Shinde Kond village.

When floods hit the districts of Kolhapur and Sangli leaving the city of Sangli completely marooned in July 2019, volunteers from Pune R&T collected donations for the flood relief funds in kind and cash in a very short span. They travelled all the way to the village Malwadi, near Bhilwadi, Sangli district, to distribute the collected items personally.

To commemorate Gandhi Jayanti on 2 October 2019, the team at Pune R&T organised a drawing and essay writing competition for children of Dattawadi Nere Zila Parishad School. A few employees also organised a motivational and behavioural workshop for these children. Further, an educational trip was organised to Sant Tukaram Sugar Factory on 10 February 2020, in which a total of 120 Students and 5 teachers participated

On the occasion of Children's Day on 14 November 2019, an awareness session was organised on personal hygiene by Hikal Jigani employees at the Haraggade Government School which was attended by 8^{th} to 10^{th} standard students.

The employees of Hikal Jigani volunteered to take the children of Government School (Nosenoor & Dyavasandra) for a one-day educational trip to Mysore on 24 December 2019.

Hikal celebrated ‘Srijan – Sampark’ day on 10 July 2019, across all sites, to commemorate the Values Week Celebrations. Around 680 employees from all Hikal sites voluntarily came forward to contribute to the society by undertaking various activities such as tree plantation, a visit to zila parishad schools, old age homes and orphanages, distribution of notebooks and uniforms in schools, organised medical check-up camps and painting competition at schools, delivered awareness lectures at villages, organised voluntary donation drives and blood donation camps in the nearby villages and schools.

At Hikal, we have further taken several steps to help the community navigate through the Covid-19 crisis, supporting the Ministry of Health, State Government and Municipal Corporations. Relief work was undertaken for slum dwellers, daily wage workers and the needy across the sites where we operate, the details of which have been covered in the Covid-19 section of the MDA.

COVID-19 - RESPONDING TO THE PANDEMIC

The ongoing pandemic and subsequent lockdowns have created a challenging environment for all of us across the globe. It has devastated economies and is impacting lives, occupations, and wellbeing of people at large.

In these troubled times, we have taken additional steps to ensure the health and wellness of our people and communities that we closely work with.

Hikal's Response and Preparedness towards Covid-19

Pre-entry Protocol: Before Starting for Work

- Mandatory installation of Arogya Setu App
- Self-quarantine for 14 days before joining office/site in case of interstate/interdistrict movement, especially from the hotspot/containment zones

Safety Protocol at the Site/Office

- Temperature check of all the employees at the entry gate across every site
- Washing hands at handwash stations kept near the entrance of all the sites
- Wearing masks always
- Disinfecting footwear by using disinfectant foot mats placed at the entrance
- Sanitising hands with hand sanitiser
- Social distancing by maintaining a minimum 6 feet distance
- Registration of attendance through RFID Card

Safety Protocol during Travel

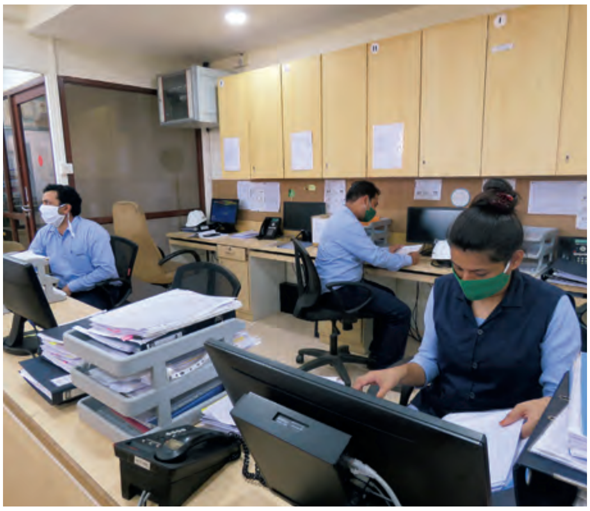
- Temperature check of all employees prior to boarding the bus
- Alternate seating arrangement as per marking done in the bus/Company-provided vehicle

Safety Protocol at Workstation

- Alternate seating in common seating areas
- Usage of masks at all times
- Sanitisation and fumigation
- Air conditioners at a temperature not less than 24°C

Safety Protocol at Canteen

- Social distancing
- Staggered canteen timings
- Alternate seating arrangement
- Canteen staff to wear personal protective equipment at all times



Safety Protocols for Meeting Spaces

- No meetings to be held in individual cabins, usage of Zoom or other A/V platforms is encouraged
- Minimum people in a meeting room following social distancing, sanitisation, and hygiene as necessary

Safety Protocols for the Visitors

- Inviting visitors is discouraged. However, if unavoidable, all norms to be followed as per the Company guidelines

Safety Protocol for Fumigation

- All exposed touch points are being periodically sanitised

Additionally, the employees are constantly advised to maintain personal hygiene and report any suspicious symptoms to health authorities immediately. Employees who are directly or indirectly associated with Hikal are being advised and given extended care. We believe that these measures will have to continue for several months. So, Hikal is gearing up its facilities to ensure that such practices are well-imbibed in our Company.

As a responsible corporate, Hikal has extended its support to the communities and State Governments and undertaken relief work at its sites.

Key Initiatives Undertaken Include:

- **Contribution to PM Cares Fund and CM's Relief Fund:**
  Hikal contributed Rs. 1 crore to PM Cares Fund and every employee contributed one day salary to the three state's CM's Relief Fund, wherein company has added significantly to make the contribution sizable.

CMRF Karnataka

CMRF Gujarat

CMRF Maharashtra

- **Masks and Body Suits for Healthcare Providers in Alliance with the Ministry of Health and Government of Maharashtra:**
  Hikal supported the Ministry of Health and Government of Maharashtra by procuring 10,000 surgical masks and 2,500 body suits. These were for the healthcare providers working in the hospitals across the state.

- **PPEs for Thane and Navi Mumbai Municipal Corporation:**
  - Hikal helped procure 600 PPEs for Thane Municipal Corporation, in alliance with Confederation of Indian Industry (CII) Foundation; These PPEs were used by the healthcare workers and corporation staff involved in Covid-19 management
  - Hikal supported International Association for Human Values (IAHV) with 500 PPEs. These were used by the workers of Thane Municipal Corporation (TMC) and Navi Mumbai Municipal Corporation (NMMC)

- **Relief Work for Slum Dwellers and Daily Wage Earners:**
  With the country wide lockdown mandated to curb the Covid-19 crisis, the biggest calamity had struck for the daily wage workers and those working in the unorganised sectors. With sudden loss of livelihoods, a lot of such workers were stuck in cities with hardly any resources at their disposal.

Support to IAHV for distribution of Ration Kits to 1000 affected families

- Keeping this in mind, Hikal partnered with IAHV to provide RATION Kits (containing wheat atta, rice, dal, condiments, soap, and oil) to 1,000 affected families in the slums of Dharavi, Borivali and Kalyan

- Hikal also collaborated with Goonj to provide RAHAT kits to 250 daily wage workers which took care of their immediate material needs for items like dry ration, dari, cleansing agents, toiletries, essential clothing and other household material

- 460 families in slum areas in CBD Belapur, Navi Mumbai, were supplied with packets worth one month's groceries

Support to Goonj for distribution of Rahat Kits to 250 daily wage workers

Grocery distribution to 460 families in slums of Belapur

- **Relief Work Undertaken by Hikal Sites:**
  Hikal sites are taking measures to ensure the safety and well-being of the community living in the environ of its plant locations.

  - Hikal Pune distributed 1,100 masks and 400 litres of sanitiser to Pune District Hospitals through MIDC. Further, relief work for migrant labour was also taken up in collaboration with Hinjewadi police. Hikal Pune also initiated daily fumigation of Hinjewadi Police Station, Pune.

  - Hikal Jigani distributed 500 hand sanitiser bottles to nearby villagers, Gram Panchayat and police station. They also gave 1,500 Kgs of rice and 250 Kgs of pulses to the underprivileged people living in nearby villages. Along with this, they also distributed 1,500 Kgs of rice and 250 Kgs of pulses to the DCP office which was used to feed the poor and needy.

Distribution of ration in villages near Jigani plant, Bengaluru

  - Hikal Panoli donated 12,500 kgs of wheat to three villages of Umarwada, Panoli and Sanjali and 2100 liters of sanitising liquid to sanitise the local area in the villages.

Grocery distribution in villages of Umarwada, Panoli & Sanjali, Gujarat

- Hikal Taloja supported industrial workers living in villages in and around Taloja MIDC area who have been struggling for basic necessities during this lockdown period. A relief camp was facilitated for them in which grocery kit was distributed to 500 migrant labourers in Ghot and Tondre villages and also to 200 contract workers.

Distribution of groceries to 500 migrant labourers and 400 contract workers in Taloja, Maharashtra

- Grocery kits containing wheat flour, pulses, rice and vegetables were also distributed to about 100 daily wage workers living in the slums of CBD Belapur.

Grocery kit distribution to 100 families in CBD Belapur

- Hikal Mahad donated 4000 kgs of rice, 2000 kg of pulses and 1000 liter of cooking oil to the underprivileged villagers of Mahad through the local MLA.

Distribution of ration to villagers of Mahad, Maharashtra

Hikal shall continue to look for avenues to support the underprivileged and those in utmost need in these unprecedented times.

CORPORATE INFORMATION

Board of Directors

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

Audit Committee

Kannan Unni
Prakash Mehta
Sugandha Hiremath
Shivkumar Kheny

Company Secretary

Sham Wahalekar

Auditors

S R B C & Co. LLP
Chartered Accountants

Bankers & Financial Institutions

Axis Bank Ltd.
Citibank N.A.
DBS Bank Ltd
Export Import Bank of India
HDFC Bank Ltd
IDBI Bank Ltd
Kotak Mahindra Bank Ltd.
Standard Chartered Bank
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, 6th 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 - 2820 7203/04/05
Fax: 022 - 2820 7207

Website

www.hikal.com

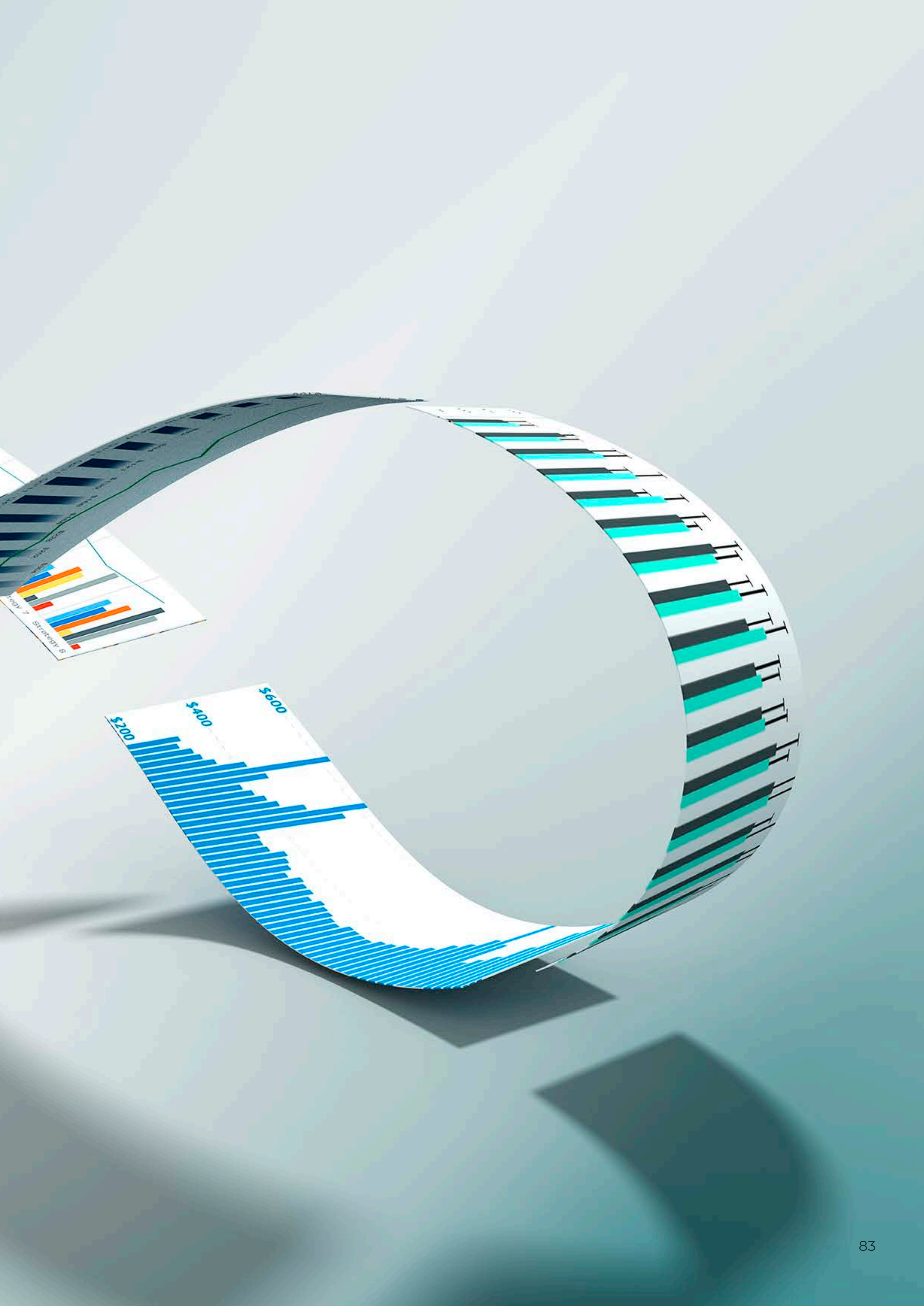
Email

info@hikal.com

GLOBAL PRESENCE


Bengaluru
DLP Bengaluru
Pharmaceuticals
Panoli
USA
Europe
HIKAL
Headquarters Mumbai
Japan
Research & Technology Pune
Crop Protection
Panoli
Taloja
Mahad

FINANCIAL REPORT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To
The Members,

The Directors are pleased to present the 32nd Annual Report with the Audited Accounts for the financial year ended 31 March 2020.

1. FINANCIAL RESULTS

₹ in million

	2019-20	2018-19
Revenue	15,110	15,919
Profit before interest & depreciation	2,769	3,004
Interest	524	584
Profit before depreciation	2,245	2,420
Depreciation	825	929
Profit before taxation before exceptional item	1,420	1,491
Exceptional item	154	-
Profit before taxation after exceptional item	1,266	1,491
Provision for taxation		
- Current tax	347	455
- Deferred tax liability/(assets)	75	5
Profit after tax	844	1,031
Reserves and surplus	7,919	7,316
Dividend on equity share	197	136
Tax on dividend	41	28

2. COMPANY PERFORMANCE

The Company achieved the revenue of ₹ 15,110 million in 2019-20, 5% lower than that of ₹ 15,919 million in the previous year. The sales of the Pharmaceutical business recorded a degrowth by 6% to ₹ 8,869 million while the sales of the Crop Protection saw a degrowth by 5% to ₹ 6,204 million.

The EBIDTA margins stood at around 18%, degrowing in line with the turnover from ₹ 3,004 million in the previous year to ₹ 2,769 million in 2019-20. Absolute EBITDA also decreased by 8% amounting to ₹ 235 million. The Profit before Tax (PBT) went down by 5% from ₹ 1,491 million in the previous year to ₹ 1,420 million in 2019-20. Profit after Tax (PAT) witnessed a degrowth of 18% from ₹ 1,031 million in the previous year to ₹ 844 million in 2019-20. The Earning per Share (EPS) also declined from ₹ 8.36 in the previous year to ₹ 6.85 in 2019-20.

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 ensures that 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 1.14 for 2019-20 as against 1.25 for the previous year. The Debt to Equity ratio improved from 0.83 in the previous year to 0.71 in 2019-20, while the Debt Service Coverage Ratio (DSCR) strengthened from 2.85 in the previous year to 2.21 in 2019-20.

The Long-Term Rating of the Company was reaffirmed by ICRA during the 2019-20 as "A" with a stable outlook while the Short Term Rating was also reaffirmed as A1. The rating upgrades reflect the comfortable liquidity position and the overall strong financial health of the Company.

This year we faced several headwinds in our business. During the year, the business operations in both divisions were impacted due to several reasons which resulted in lower revenues. In Q2 our Crop Protection Division was affected by severe flooding at our Mahad facility and water cuts at our Taloja facility leading to loss of revenues. Also, in Q2 in our Pharmaceutical division we took a major plant shutdown to increase capacities of some existing products which led to a loss in revenues. We also incurred a one-time exceptional item of Rs 154 million. All the above have resulted in loss of profits. The nationwide lock-down imposed by the Government of India to constrain the Covid-19 pandemic further disrupted the operations resulting in loss of revenue towards the end of the financial year.

3. EXPORTS

Exports for the year 2019-20 were ₹ 10,892 million (72% of total sales) as compared to ₹ 11,056 million (69% of total sales) in the previous year. We diversified our customer base which included more local customers who, in turn, re-exported our manufactured products.

4. MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis on the Company's operations is provided in a separate section and forms a part of this Annual Report.

5. BUSINESS RESPONSIBILITY REPORT

The Company's Business Responsibility Report, in terms of Regulation 34 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (Listing Regulations), is provided in a separate section and forms a part of this Annual Report.

6. DIVIDEND

The Board declared an interim dividend of 50% (previous year: 30%) which was paid to shareholders in February 2020, and a final dividend of 60% (previous year: 60%), including the interim dividend for the year, was recommended for the year 2019-20.

7. SHARE CAPITAL

There has been no change in the Company's paid-up share capital during the current financial year. The paid-up equity share capital as at 31 March 2020, stood at ₹ 246.6 million. During the year under review, the Company did not issue shares with differential voting rights nor granted any stock options or sweat equity. As on 31 March 2020, none of the Company's Directors held instruments convertible into equity shares of the Company.

8. 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.

9. 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 & Loss account, Directors' Report and the Report of the Auditors of the subsidiary Company, Acoris Research Limited, have not been attached with the Company's Balance Sheet. The Company will make these documents/details available upon request made by any Company shareholder interested in obtaining the documents/details. Alternately, they can also be inspected at the Company's registered office, as well as that of the subsidiary.

Pursuant to the approval, a statement of the summarised financials of the subsidiary is attached along with the consolidated financial statements. Pursuant to Accounting Standards (AS) – 21 issued by the Institute of Chartered Accountants of India, the consolidated financial statements presented by the Company includes the financial information of its subsidiary. The Financial Statements of Subsidiary are also hosted on the website of the Company at www.hikal.com.

10. 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. Amit Kalyani (DIN - 00089430), Director, retires by rotation at the forthcoming Annual General Meeting, and being eligible, offers himself for re-appointment. The Board has, in their meeting held on 18 June 2020, re-appointed Mr. Ranjit Shahani (DIN- 00103845) as an Independent Director of the Company for the second consecutive term of 5 years with effect from 8 February 2021 till 7 February 2026 and in terms of Regulation 17(1A) of the Listing Regulations, the Company has sought the approval of the members of the Company by special resolution.

During the year under review, Dr. Wolfgang Welter ceased to be Independent Director of the Company wef 30 September 2019 upon completion of his term and the Board places on record its appreciation for his invaluable contribution and guidance during his tenure as Independent Director.

Details of the number of Board meetings, held during 2019-20, form a part of the Corporate Governance Report.

11. 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.

The performance evaluation of the Independent Directors was completed. In a separate meeting of Independent Directors, performance of Non-Independent Directors, the Board as a whole and the Chairman of the Company was evaluated, taking into account the views of Executive Directors and Non-Executive Directors. The Board of Directors expressed their satisfaction with the evaluation process.

12. WHISTLE BLOWER POLICY

The Company has a whistleblower policy to report genuine concerns or grievances. The Whistle Blower Policy is posted on the Company's website (www.hikal.com).

13. REMUNERATION AND NOMINATION POLICY

The Company has 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 Company's website (www.hikal.com).

14. RELATED PARTY TRANSACTIONS

All related party transactions, entered during the financial year, were at an arm's length basis and in the ordinary course of business. There were 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 Company's interest at large. Therefore, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Act in Form **AOC-2** is not applicable to the Company for the Financial Year 2019-20.

All related party transactions were placed before the Audit Committee and also the Board for approval.

The policy on Related Party Transactions, as approved by the Board, is uploaded on the Company's website www.hikal.com

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

15. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

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

16. RISK MANAGEMENT

The Company has a robust business risk management framework in place to identify and evaluate all business risks. The Company recognises risk management as a crucial aspect of the Company's management 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, to 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, and 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 organisation.

17. 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 subsidiary. 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.

The Audit Committee 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.

18. KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company as on 31 March 2020 are:

Mr. Jai Hiremath, Chairman & Managing Director

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

Mr. Sham Wahalekar, Chief Financial Officer & Company Secretary

19. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS BY THE COMPANY

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

20. 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), were 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 2020 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.

21. AUDITOR

At 31st Annual General Meeting held on 1 August 2019, M/s. S R B C & CO LLP, Chartered Accountants, Mumbai, (FRN : 324982E/E300003), were appointed 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. S R B C & CO. LLP, to the members on the accounts of the Company for the year ended 31 March 2020, does not contain any qualifications, adverse or disclaimer remarks. No fraud has been reported by the Auditors to the Audit Committee or the Board.

22. 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 2020-21. The requisite resolution for ratification, of remuneration payable to Cost Auditors for the year 2020-21, by the shareholders has been set out in the Notice of AGM. The cost audit report for the financial year 2018-19 was filed with the Ministry of Corporate Affairs, Government of India, on 22 August 2019.

23. SECRETARIAL AUDITOR

The Board has appointed M/s. Ashish Bhatt & Associates, Practicing Company Secretaries, to conduct a Secretarial Audit for the financial year 2019-20.

The Secretarial Audit Report for the financial year ended 31 March 2020, is annexed herewith as "**Annexure - B**" to this Report. The Secretarial Audit Report does not contain any qualifications, reservations, or adverse remarks.

24. 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 is 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 will also undertake other need-based initiatives in compliance with Schedule VII of the Act. During the year, the Company has spent ₹ 22.73 million on CSR activities. Pursuant to the provisions of the Companies Act, 2013, the Company should have spent ₹ 21.70 million (being 2% of the average net profits of the last three financial years), during the financial year 2019-20.

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

25. 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 adopted a 'Policy on Appropriate Social Conduct at Workplace'. The policy is applicable for all employees of the organisation, which includes corporate office and manufacturing units, among others. The policy is applicable to non-employees as well, i.e. business associates, vendors, and trainees, among others.

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.

26. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND ("IEPF")

- Transfer of Unclaimed Dividend to IEPF
  During the year under review, dividend amounting to ₹ 342,876/- pertaining to the year ended 31 March 2012 that had not been claimed by the shareholders was transferred to the credit of IEPF as required under Sections 124 and 125 of the Act

- Unclaimed dividend as on 31 March 2020
  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 1 August 2019 (date of the last Annual General Meeting) on the website of the Company, www.hikal.com. The same are also available on the website of the Ministry of Corporate Affairs, www.mca.gov.in.

- Transfer of Equity Shares
  As required under Section 124 of the Act, 246,959 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. The same are also available on the website of the Ministry of Corporate Affairs, www.mca.gov.in.

27. SAFETY AND 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.

28. PUBLIC DEPOSITS

The Company did not accept any deposits and as such there were no overdue deposits outstanding as on 31 March 2020.

29. 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 1,629 as on 31 March 2020.

The information in terms 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 a 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. Any member interested in obtaining such particulars may write to the Company Secretary at: secretarial_agm@hikal.com.

30. 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 a part of the Directors' Report, is given in the enclosed "**Annexure E**" which forms a part of this Report.

31. 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 and 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 Annual Report.

32. SECRETARIAL STANDARDS

The Company has complied with the applicable Secretarial Standards, issued by the Institute of Company Secretaries of India, during the Financial Year 2019-20.

33. 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.

34. 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
Jai Hiremath
Chairman & Managing Director
DIN: 00062203

Date: 18 June 2020
Place: Mumbai

"ANNEXURE – A"

Form No. MGT – 9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31 March 2020

[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 / 2825 7641 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 of the Company	CIN/GLN	Holding/ subsidiary/ associate	% of shares held	Applicable section
1	Acoris Research Ltd. 603A, 6th Floor Great Eastern Chambers, Sector 11, Navi Mumbai 400614	U72100MH2000PLC127909	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	
(A) Promoter and Promoter Group									
(1) Indian									
(a) Individuals/Hindu Undivided Family	11,795,100	-	11,795,100	9.57	11,795,100	-	11,795,100	9.57	-
(b) Central/State Government	-	-	-	-	-	-	-	-	-
(c) Bodies Corporate	72,172,664	-	72,172,664	58.53	72,172,664	-	72,172,664	58.53	-
(d) Banks/FI	-	-	-	-	-	-	-	-	-
(f) Any other (Specify) -									
(fi) Trusts	825,000	-	825,000	0.67	825,000	-	825,000	0.67	-
Sub - Total (A) (1)	**84,792,764**	**-**	**84,792,764**	**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)	**84,792,764**	**-**	**84,792,764**	**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	2,178,153	-	2,178,153	1.77	1,319,773	-	1,319,773	1.07	-0.70
(b) Financial Institutions / Banks	364,222	-	364,222	0.30	509,026	-	509,026	0.41	0.11
(c) Central Government	-	-	-	-	-	-	-	-	-
(d) State Govt(s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Alternate Investment Fund	111,066	-	111,066	0.09	121,066	-	121,066	0.10	0.01
(g) Foreign Institutional Investors	5,519,160	-	5,519,160	4.48	5,997,901	-	5,997,901	4.86	0.38
(h) Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(i) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(i) Insurance Company	-	150,750	150,750	0.12	669,000	150,750	819,750	0.66	0.54
(j) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B) (1)	**8,172,601**	**150,750**	**8,323,351**	**6.75**	**8,616,766**	**150,750**	**8,767,516**	**7.11**	**-0.35**
(2) Non-institutions									
(a) Bodies Corporate	2,441,465		2,441,465	1.98	2,077,509		2,077,509	1.68	-0.30
i. Indian									
ii. Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals									
i. Individual Shareholders holding nominal share capital upto ₹ 2 lakh.	16,077,564	282,919	16,360,483	13.27	17,706,693	244,919	17,951,612	14.56	1.29
ii. Individual Shareholders holding nominal share capital in excess of ₹ 2 lakh.	7,601,403	-	7,601,403	6.16	6,190,301	-	6,190,301	5.02	-1.14

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	
(c) Others (Specify)									
i. Clearing Members	617,032	-	617,032	0.50	333,035	-	333,035	0.27	-0.23
ii. Trusts	19,513	-	19,513	0.02	20,513	-	20,513	0.02	0.00
iii. NRI / OCBs	1,003,704	11	1,003,715	0.81	1,170,595	11	1,170,606	0.95	0.14
iv. Foreign Nationals	182,325	-	182,325	0.15	182,325	-	182,325	0.15	-
v. Foreign Corporate Body	-	-	-	-	-	-	-	-	-
vi. LLP / Partnership Firm	111,574	-	111,574	0.09	111,873	-	111,873	0.09	-
vii. NBFC	83,124	-	83,124	0.07	83,124	-	-	-	-0.07
viii. HUF	1,528,944	-	1,528,944	1.24	1,455,737	-	1,455,737	1.18	-0.06
ix. IEPF	235,057	-	235,057	0.19	246,959	-	246,959	0.20	0.01
Sub-total (B) (2)	**29,901,705**	**282,930**	**30,184,635**	**24.48**	**29,495,540**	**244,930**	**29,740,470**	**24.12**	**-0.36**
(B) Total Public Shareholding (B) = (B) (1) + (B) (2)	**38,074,306**	**433,680**	**38,507,986**	**31.23**	**38,112,306**	**395,680**	**38,507,986**	**31.23**	**0.00**
TOTAL (A) + (B)	**122,867,070**	**433,680**	**123,300,750**	**100.00**	**122,905,079**	**395,680**	**123,300,750**	**100.00**	**-**
(C) Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**123,300,750**	**433,680**	**123,300,750**	**100.00**	**123,300,750**	**433,680**	**123,300,750**	**100.00**	**-**

(ii) Shareholding of Promoters

Sr. No.	Name of Shareholder	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	7,500	0.01	-	7,500	0.01	-	-
2	Jai V. Hiremath	1,340,625	1.09	-	1,340,625	1.09	-	-
3	Pallavi J. Hiremath	381,000	0.31	-	381,000	0.31	-	-
4	Pooja Hiremath	7,500	0.01	-	7,500	0.01	-	-
5	Sameer Hiremath	390,975	0.32	-	390,975	0.32	-	-
6	Sugandha Jai Hiremath	9,667,500	7.84	-	9,667,500	7.84	-	-
7	BF Investment Limited	3,273,375	2.65	-	3,273,375	2.65	-	-
8	Decent Electronics Pvt Ltd	49,500	0.04	-	49,500	0.04	-	-
9	Ekdant Investment Pvt Ltd	393,802	0.32	-	393,802	0.32	-	-
10	Kalyani Investment Company Limited	38,667,375	31.36	-	38,667,375	31.36	-	-
11	Karad Engineering Consultancy Pvt Ltd	63,750	0.05	-	63,750	0.05	-	-
12	Shri Badrinath Investment Pvt Ltd.	19,914,862	16.15	-	19,914,862	16.15	-	-
13	Shri Rameshwara Investment Pvt Ltd.	9,810,000	7.96	-	9,810,000	7.96	-	-
14	Sumer Trust	75,000	0.06	-	75,000	0.06	-	-
15	Rhea Trust	75,000	0.06	-	75,000	0.06	-	-
16	Nihal Trust	75,000	0.06	-	75,000	0.06	-	-
17	Anika Trust	75,000	0.06	-	75,000	0.06	-	-
18	Pooja Trust	75,000	0.06	-	75,000	0.06	-	-
19	Anish Trust	75,000	0.06	-	75,000	0.06	-	-
20	Pallavi Trust	187,500	0.15	-	187,500	0.15	-	-
21	Sameer Trust	187,500	0.15	-	187,500	0.15	-	-
	TOTAL	**84,792,764**	**68.77**	**-**	**84,792,764**	**68.77**	**-**	**-**

(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	7,500	0.01	01-Apr-2019	-	-	7,500	0.01
				31-Mar-2020	-	-	7,500	0.01
2	Jai V. Hiremath	1,340,625	1.09	01-Apr-2019	-	-	1,340,625	1.09
				31-Mar-2020	-	-	1,340,625	1.09
3	Pallavi A Swadi	381,000	0.31	01-Apr-2019	-	-	381,000	0.31
				31-Mar-2020	-	-	381,000	0.31
4	Pooja Hiremath	7,500	0.01	01-Apr-2019	-	-	7,500	0.01
				31-Mar-2020	-	-	7,500	0.01
5	Sameer Hiremath	390,975	0.32	01-Apr-2019	-	-	390,975	0.32
				31-Mar-2020	-	-	390,975	0.32
6	Sugandha Jai Hiremath	9,667,500	7.84	01-Apr-2019	-	-	9,667,500	7.84
				31-Mar-2020	-	-	9,667,500	7.84
7	BF Investment Limited	3,273,375	2.65	01-Apr-2019	-	-	3,273,375	2.65
				31-Mar-2020	-	-	3,273,375	2.65
8	Decent Electronics Pvt Ltd	49,500	0.04	01-Apr-2019	-	-	49,500	0.04
				31-Mar-2020	-	-	49,500	0.04
9	Ekdant Investment Pvt Ltd	393,802	0.32	01-Apr-2019	-	-	393,802	0.32
				31-Mar-2020	-	-	393,802	0.32
10	Kalyani Investment Company Limited	38,667,375	31.36	01-Apr-2019	-	-	38,667,375	31.36
				31-Mar-2020	-	-	38,667,375	31.36
11	Karad Engineering Consultancy Pvt Ltd	63,750	0.05	01-Apr-2019	-	-	63,750	0.05
				31-Mar-2020	-	-	63,750	0.05
12	Shri Badrinath Investment Pvt Ltd	19,914,862	16.15	01-Apr-2019	-	-	19,914,862	16.15
				31-Mar-2020	-	-	19,914,862	16.15

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
13	Shri Rameshwara Investment Pvt Ltd	9,810,000	7.96	01-Apr-2019	-	-	9,810,000	7.96
				31-Mar-2020	-	-	9,810,000	7.96
14	Sumer Trust	75,000	0.06	01-Apr-2019	-	-	75,000	0.06
				31-Mar-2020	-	-	75,000	0.06
15	Rhea Trust	75,000	0.06	01-Apr-2019	-	-	75,000	0.06
				31-Mar-2020	-	-	75,000	0.06
16	Nihal Trust	75,000	0.06	01-Apr-2019	-	-	75,000	0.06
				31-Mar-2020	-	-	75,000	0.06
17	Anika Trust	75,000	0.06	01-Apr-2019	-	-	75,000	0.06
				31-Mar-2020	-	-	75,000	0.06
18	Pooja Trust	75,000	0.06	01-Apr-2019	-	-	75,000	0.06
				31-Mar-2020	-	-	75,000	0.06
19	Anish Trust	75,000	0.06	01-Apr-2019	-	-	75,000	0.06
				31-Mar-2020	-	-	75,000	0.06
20	Pallavi Trust	187,500	0.15	01-Apr-2019	-	-	187,500	0.15
				31-Mar-2020	-	-	187,500	0.15
21	Sameer Trust	187,500	0.15	01-Apr-2019	-	-	187,500	0.15
				31-Mar-2020	-	-	187,500	0.15

(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		Date-wise 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 Global	2,200,000	1.78	15-Nov-2019	Purchase	73,343	2,273,343	1.84
				22-Nov-2019	Purchase	105,886	2,379,229	1.93
				29-Nov-2019	Purchase	170,771	2,550,000	2.07
				06-Dec-2019	Purchase	150,000	2,700,000	2.19
				13-Mar-2020	Purchase	20,000	2,720,000	2.21
				31-Mar-2020	Purchase	8,500	2,728,500	2.21
2	Madhulika Agarwal	2,049,967	1.66	30-Sep-2019	Sale	(299,967)	1,750,000	1.42
				31-Mar-2020	-	-	1,750,000	1.42
3	Ashish Kacholia	2,050,000	1.66	20-Sep-2019	Sale	(137,129)	1,912,871	1.55
				30-Sep-2019	Sale	(262,871)	1,650,000	1.34
				11-Oct-2019	Sale	(24,526)	1,625,474	1.32
				18-Oct-2019	Sale	(73,201)	1,552,273	1.26
				25-Oct-2019	Sale	(43,204)	1,509,069	1.22
				06-Dec-2019	Sale	(89,682)	1,419,387	1.15
				31-Mar-2020	-	-	1,419,387	1.15
4	Bajaj Allianz life insurance Company ltd.	-	-	07-Feb-2020	Purchase	105,000	105,000	0.09
				14-Feb-2020	Purchase	454,000	559,000	0.45
				13-Mar-2020	Purchase	45,000	604,000	0.49
				20-Mar-2020	Purchase	20,000	624,000	0.51
				31-Mar-2020	Purchase	45,000	669,000	0.54
5	Canara Robeco mutual fund A/C Canara Robeco small cap fund	236,843	0.19	31-May-2019	Purchase	50,000	286,843	0.23
				28-Jun-2019	Purchase	28,517	315,360	0.26
				28-Feb-2020	Purchase	45,715	361,075	0.29
				06-Mar-2020	Purchase	170,000	531,075	0.43
				13-Mar-2020	Purchase	75,000	606,075	0.49
				31-Mar-2020	-	-	606,075	0.49

Sr. no.	Name of the promoter	Shareholding at the beginning of the year		Date-wise 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
6	Mercer qif Fund PLC - Mercer Investment Fund 1 - Firth Investment Management Pte Ltd.	-	-	28-Feb-2020	Purchase	446,633	446,633	0.36
				06-Mar-2020	Purchase	76,456	523,089	0.42
				31-Mar-2020	-	-	523,089	0.42
7	ICICI Bank Limited	318,185	0.26	05-Apr-2019	Sale	(45,398)	272,787	0.22
				12-Apr-2019	Purchase	12,352	285,139	0.23
				19-Apr-2019	Sale	(3,375)	281,764	0.23
				26-Apr-2019	Purchase	1,150	282,914	0.23
				03-May-2019	Sale	(19,977)	262,937	0.21
				10-May-2019	Sale	(79,232)	183,705	0.15
				17-May-2019	Sale	(24,487)	159,218	0.13
				24-May-2019	Sale	(11,394)	147,824	0.12
				31-May-2019	Sale	(4,336)	143,488	0.12
				07-Jun-2019	Purchase	8,719	152,207	0.12
				14-Jun-2019	Purchase	6,606	158,813	0.13
				21-Jun-2019	Sale	(1,780)	157,033	0.13
				28-Jun-2019	Sale	(3,632)	153,401	0.12
				29-Jun-2019	Sale	(410)	152,991	0.12
				05-Jul-2019	Purchase	4,036	157,027	0.13
				12-Jul-2019	Purchase	16,338	173,365	0.14
				19-Jul-2019	Purchase	322	173,687	0.14
				26-Jul-2019	Purchase	2,442	176,129	0.14
				02-Aug-2019	Purchase	5,427	181,556	0.15
				09-Aug-2019	Purchase	67,391	248,947	0.20
				16-Aug-2019	Sale	(44,709)	204,238	0.17
				23-Aug-2019	Purchase	20	204,258	0.17
				30-Aug-2019	Sale	(21,256)	183,002	0.15
				06-Sep-2019	Purchase	2,061	185,063	0.15
				13-Sep-2019	Sale	(1,816)	183,247	0.15
				20-Sep-2019	Purchase	5,913	189,160	0.15

Sr. no.	Name of the promoter	Shareholding at the beginning of the year		Date-wise 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
				30-Sep-2019	Sale	(17,656)	171,504	0.14
				04-Oct-2019	Purchase	9,509	181,013	0.15
				11-Oct-2019	Sale	(2,594)	178,419	0.14
				18-Oct-2019	Sale	(89,968)	88,451	0.07
				25-Oct-2019	Sale	(7,875)	80,576	0.07
				01-Nov-2019	Sale	(14,100)	66,476	0.05
				08-Nov-2019	Purchase	8,873	75,349	0.06
				15-Nov-2019	Sale	(2,400)	72,949	0.06
				22-Nov-2019	Purchase	10,480	83,429	0.07
				29-Nov-2019	Purchase	1,824	85,253	0.07
				06-Dec-2019	Purchase	527	85,780	0.07
				13-Dec-2019	Sale	(5,781)	79,999	0.06
				20-Dec-2019	Sale	(1,600)	78,399	0.06
				27-Dec-2019	Purchase	7,444	85,843	0.07
				31-Dec-2019	Purchase	9,308	95,151	0.08
				03-Jan-2020	Sale	(12,110)	83,041	0.07
				10-Jan-2020	Sale	(19,792)	63,249	0.05
				17-Jan-2020	Purchase	72,805	136,054	0.11
				24-Jan-2020	Purchase	19,571	155,625	0.13
				31-Jan-2020	Purchase	4,945	160,570	0.13
				07-Feb-2020	Purchase	160,604	321,174	0.26
				14-Feb-2020	Purchase	52,534	373,708	0.30
				21-Feb-2020	Purchase	9,068	382,776	0.31
				28-Feb-2020	Purchase	16,015	398,791	0.32
				06-Mar-2020	Sale	5,392	404,183	0.33
				13-Mar-2020	Purchase	(4,368)	399,815	0.32
				20-Mar-2020	Purchase	43,952	443,767	0.36
				31-Mar-2020	Purchase	65,259	509,026	0.41

Sr. no.	Name of the promoter	Shareholding at the beginning of the year		Date-wise 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
8	Gaurishankar Neelkanth kalyani	425,250	0.34	01-Apr-2019	-	141,750	425,250	0.34
				31-Mar-2020	-	-	425,250	0.34
9	Emerging markets core equity portfolio (the portfolio) of DFA investment dimensions group inc. (DFAIDG)	312,164	0.25	12-Apr-2019	Purchase	23,440	335,604	0.27
				26-Apr-2019	Purchase	4,174	339,778	0.28
				03-May-2019	Purchase	4,606	344,384	0.28
				25-May-2019	Purchase	6,959	351,343	0.28
				15-Nov-2019	Purchase	9,580	360,923	0.29
				31-Mar-2020	-	-	360,923	0.29
10	The emerging markets small cap series of the DFAA investment trust Company	334,617	0.27	10-May-2019	Sale	(4,792)	329,825	0.27
				20-Mar-2020	Sale	(70,490)	807,321	0.25
				31-Mar-2020	-	-	807,321	0.25

(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	22,500	0.02	22,500	0.02
2	Shivkumar Kheny	46,125	0.04	46,125	0.04
3	Kandankote Kannan Unni	20,000	0.01	20,000	0.02
4	Prakash Mehta	14,775	0.01	14,775	0.01
5	Amit Babasaheb Kalyani	Nil	-	Nil	-
6	Sameer Hiremath	390,975	0.32	390,975	0.32
7	Sugandha Hiremath	9,667,500	7.84	9,667,500	7.84
8	Jai Hiremath	1,340,625	1.09	1,340,625	1.09
9	Shivani Bhasin Sachdeva	Nil	-	Nil	-
10	Mr. Ranjit Shahani	Nil	-	Nil	-
11	Sham Wahalekar	13,500	0.01	14,000	0.01

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	6,609.15	-	6,609.15
ii. Interest due but not paid	-	-	-
iii. Interest accrued but not due	24.85	-	24.85
Total (i+ii+iii)	6,634.00	-	6,634.00
Change in indebtedness during the financial year (net change)	(258.43)	100.00	(158.43)
Indebtedness at the end of the financial year			
i. Principal amount	6,347.19	100.00	6,447.19
ii. Interest due but not paid	-	-	-
iii. Interest accrued but not due	28.38	-	28.38
Total (i+ii+iii)	6,375.57	100.00	6,475.57

VI. **Remuneration of Directors and Key Managerial Personnel**

A. **Remuneration to Managing Director, Whole Time Directors and/or Managers:**

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	33.12	21.53	54.65
	(b) Value of perquisites u/s 17 (2) of the Income-tax Act, 1961	2.64	0.24	2.88
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock option	-	-	-
3	Sweat equity	-	-	-
4	Commission	13.23	13.23	26.46
	-as % of profit	1%	1%	2%
	-others, specify	-	-	-
5	Others, please specify	-	-	-
	Total (A)	48.99	35.00	83.99
	Ceiling as per the Act @ 10% of profit calculated under Section 198 of the Companies Act, 2013			132.33

B. Remuneration to other Directors:

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**	**Shivani Bhasin Sachdeva, NEID**	
1	Independent Directors (a) Fee for attending board/committee meetings	-	-	-	1.20	1.30	0.90	0.20	0.50	0.20	4.30
	(b) Commission	-	-	-	0.82	0.82	0.82	-	0.82	0.82	4.10
	(c) Others, please specify	-	-	-	-	-	-	-	-	-	-
	Total (1)	**-**	**-**	**-**	**2.02**	**2.12**	**1.72**	**0.20**	**1.32**	**1.02**	**8.40**
2	Other Non-Executive Directors (a) Fee for attending board/committee meetings	0.30	0.20	1.00	-	-	-	-	-	-	1.50
3	(b) Commission	0.82	0.82	0.82	-	-	-	-	-	-	2.46
4	(c) Others, please specify	-	-	-	-	-	-	-	-	-	-
	Total (2)	**1.12**	**1.02**	**1.82**	**-**	**-**	**-**	**-**	**-**	**-**	**3.96**
	TOTAL (B) = (1 + 2)	**1.12**	**1.02**	**1.82**	**2.02**	**2.12**	**1.72**	**0.20**	**1.32**	**1.02**	**12.36**
Ceiling as per the Act @ 1% of profit calculated under Section 198 of the Companies Act, 2013											**13.23**
Total managerial remuneration (A+B)		-	-	-	-	-	-	-	-	**-**	**96.35**

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

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

Sr. no.	Particulars of remuneration	Name of the KMP
		Sham Wahalekar, Company Secretary & CFO
1	Gross Salary	13.30
	(a) Salary as per provisions contained in section 17 (1) of the Income-tax Act, 1961	
	(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	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission	-
	- as % of Profit	-
	- others, specify	-
5	Others, please specify	-
	Total	**13.30**

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					
Punishment			**Not applicable**		
Compounding					
B. Directors					
Penalty					
Punishment			**Not applicable**		
Compounding					
C. Other Officers in Default					
Penalty					
Punishment			**Not applicable**		
Compounding					

"ANNEXURE – B"

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31 MARCH 2020

[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 Ltd
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 Ltd (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 authorised 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 2020 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 2020 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, 2018 (Not applicable to the Company during audit period);

   (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, 2018 (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 to Executive Directors (i.e. Promoters) in excess of threshold limits as mentioned in Regulation 17(6)(e) of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

2. Reappointment of Mr. Anish Swadi as President - Business Development & Strategy, relative of Director under section 188 of the Act for a period from 1 October 2019 to 30 September 2022.

3. Appointment of Mrs. Shivani Bhasin Sachdeva as an Independent Director of the Company.

For **Ashish Bhatt & Associates**
Ashish Bhatt
Practicing Company Secretary
FCS No: 4650
C. P. No. 2956
UDIN: F004650B000352162

Place: Thane
Date: 18 June 2020

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
UDIN: F004650B000352162

Place: Thane
Date: 18 June 2020

"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.24 of the Directors' Report.

2. The composition of the CSR Committee:

   Mr. Jai Hiremath - Chairman & Managing Director, Mr. Sameer Hiremath - Joint Managing Director & CEO, 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 the last three financial years: ₹ 1,085.00 million

4. Prescribed CSR Expenditure (two percent of the amount as mentioned in item 3 above): ₹ 21.70 million

5. Details of CSR spent during the financial year:

   a) Total amount spent for the financial year: ₹ 22.73 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 up to the reporting period (₹)**	**Amount spent: Direct or through implementing agency**
1.	Promoting sports	Promoting sports	Local Area, Mumbai	0.350 million	0.352 million	0.385 million	Indirect
2.	Education	Education	Local Area, Mumbai	2.500 million	0.020 million	0.020 million	Direct
2.	Ensuring environmental sustainability and ecological balance	Ensuring Environmental Sustainability and Ecological Balance	Local Area, Mumbai and PAN India	0.866 million	0.866 million	1.982 million	Indirect
3.	Promoting health care and sanitation	Promoting health care and sanitation	Local Area, Mumbai	Nil	0.080 million	0.080 million	Direct
4.	Preserving art, culture and heritage	Education	Local Area, Mumbai	4.500 million	1.000 million	5.106 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 up to the reporting period (₹)**	**Amount spent: Direct or through implementing agency**
5.	Preserving art, culture and heritage	Education	Local Area, Mumbai	3.000 million	3.000 million	3.000 million	Direct
6.	Covid-19	Promoting health care and sanitation	Local Area, Mumbai, Thane & Navi Mumbai	Nil	4.800 million	4.800 million	Direct and Indirect
7.	Education	Education	Taloja, Maharashtra	3.000 million	5.410 million	5.410 million	Direct
8.	Education and promoting skill development	Education and promoting skill development	Pune, Maharashtra	0.900 million	0.930 million	0.930 million	Indirect
9.	Covid-19	Promoting health care and sanitation	Pune, Maharashtra	Nil	0.450 million	0.450 million	Direct
10.	Education	Education	Jigani, Karnataka	Nil	0.078 million	0.078 million	Direct
11.	Education and promoting skill development	Education and promoting skill development	Jigani, Karnataka	1.500 million	1.420 million	1.420 million	Direct
12.	Promoting health care and sanitation	Promoting health care and sanitation	Jigani, Karnataka	0.150 million	0.150 million	0.150 million	Direct
13.	Covid-19	Promoting health care & sanitation	Jigani, Karnatka	Nil	0.160 million	0.160 million	Direct
14.	Ensuring Environmental Sustainability & Ecological Balance	Ensuring Environmental Sustainability & Ecological Balance	Jigani, Karnatka	0.500 million	0.360 million	0.360 million	Indirect

(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 up to the reporting period (₹)**	**Amount spent: Direct or through implementing agency**
15.	Preventive Healthcare & Sanitation & making available safe drinking water	Preventive Healthcare & Sanitation & making available safe drinking water	Mahad, Maharashtra	0.050 million	0.040 million	0.040 million	Indirect
16.	Education	Education	Mahad, Maharashtra	0.250 million	0.250 million	0.250 million	Indirect
17.	Ensuring Environmental Sustainability & Ecological Balance	Ensuring Environmental Sustainability & Ecological Balance	Mahad, Maharashtra	2.000 million	1.820 million	1.820 million	Indirect
18.	Education	Education	Panoli, Gujarat	0.700 million	0.710 million	0.710 million	Direct & Indirect
19	Promoting preventive health care & sanitation	Promoting preventive health care & sanitation	Panoli, Gujarat	0.800 million	0.800 million	0.800 million	Direct
20	Ensuring Environmental Sustainability & Ecological Balance	Ensuring Environmental Sustainability and Ecological Balance	Panoli, Gujarat	0.200 million	0.050 million	0.050 million	Direct
	TOTAL			**21.266 million**	**22.732 million**	**22.765 million**	

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
DIN: 00062203

Mumbai
18 June 2020

"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 FY2 019-20, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for 2019-20 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company were as under:

Sr. No.	Name of Director/KMP and designation	Remuneration ₹ in million	% increase in remuneration 2019-20	Ratio of remuneration of each Director to median remuneration of employee
1	Jai Hiremath Chairman & Managing Director	48.99	-7.62	97.98:1
2	Sameer Hiremath Joint Managing Director & CEO	35.00	-5.79	70:1
3	Sugandha Hiremath Non-Executive Director	1.82	NA	3.66:1
4	B. N. Kalyani Non-Executive Director	1.12	NA	2.26:1
5	Amit Kalyani Non-Executive Director	1.02	NA	2.06:1
6	Kannan Unni Independent Director	2.02	NA	4.06:1
7	Prakash Mehta Independent Director	2.12	NA	4.26:1
8	Shivkumar Kheny Independent Director	1.72	NA	3.46:1
9	Wolfgang Welter Independent Director	0.20	NA	0.40:1
10	Ranjit Shahani Independent Director	1.32	NA	2.66:1
11	Shivani Bhasin Sachdeva	1.02	NA	2.06:1
12	Sham Wahalekar CFO & Company Secretary	13.30	--	26.60:1

ii. The median remuneration of employees of the Company during 2019-20 was ₹ 495,300;

iii. In the financial year, there was an increase of 7.5% in the median remuneration of employees;

iv. There were 1,629 permanent employees on the rolls of the Company as on 31 March 2020;

v. Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year 2019-20 was 7.5%. 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 last financial year 2019-20 was -6.86%.

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 2020

I. Conservation of Energy

a) Steps taken for conservation of energy:

- Detailed study conducted for various pumping system and many pumps were replaced with high efficiency pumps; Interchanging of pumps and trimming of impellers was also undertaken; This has reduced direct pumping cost in day to day utility systems
- Replaced new screw type air compressor in place of reciprocating air compressor; Operating screw type compressor has reduced specific power consumption from 0.22 Kw to 0.18Kw
- HPMV lamps of 125 W replaced by 45 W LED lamps
- Replacement of steam ejectors by dry screw vacuum pump for effluent reduction & cost saving
- Conversion of steam boiler and hot oil boiler from diesel to natural gas
- Installation of VFD for reactors and 10hp pumps from 7.5hp pumps for ETP plant
- All plants were replaced with LED lights which consume less energy and are longer lasting

b) Steps taken by the Company for utilising alternative sources of energy:

- Roof top solar system of 100Kw/Hr capacity installed at Panoli Plant on top of warehouse; This is generating around 400-450Kw power per day green energy and sufficing requirement of site lighting
- Plans to install solar panels at the Taloja plant is in process
- Plans are in progress to install solar panels which will be able to satisfy around 70-80% of the energy needs at our Jigani plant

c) Capital investment on energy conservation equipment:

- At Panoli Plant, installed a roof top solar system of 100Kw/Hr capacity
- Replaced new screw type air compressor in place of reciprocating air compressor
- Conversion of steam boiler and hot oil boiler from diesel to natural gas
- Installation of VFD for reactors and 10hp pumps from 7.5hp pumps for ETP plant
- Installing heat pumps which will be more efficient and environment friendly compared to the boiler
- Replacement of remaining CFL lamps to LED lamps at all sites

II. Technology Absorption:

A) Efforts made towards technology absorption:

We are embracing innovative green processes and technologies through our R&T. These are helping us become more competitive while promoting greater safety, efficiency and reliability. We continually put efforts for reducing the generation of effluent at source. We also constantly try improving treatability regimens. With this in mind, Hikal has introduced the 'Wealth from Waste' initiative across all our sites. The idea behind this was to generate saleable products from by-products and waste. While this was implemented successfully for a few of our commercial products, we are now trying to extend this initiative for all our products, including already commercialised and new products under development. In one of the cases, we were able to successfully convert a waste product from the reaction to a useful reagent that can be sold in the market commercially, We developed novel processes where the throughput increased with a reduction in the cost of effluent treatment. With a good process understanding of the kinetics of product / impurity formation, we could decrease solvent volumes, substantially increasing the throughput of the reaction. Additionally, in the Pharmaceutical division, we implemented new formats and SOP's at R&T to strengthen and improve the quality of Drug Master Files

(DMF's). These improvements shall facilitate in minimising customer queries and deficiencies while accelerating delivery. Furthermore, we also initiated the concept of a 'Green Matrix', during the product development. At R&T, we strive to introduce new processes with greener methodologies, bio-catalysis, reduced volume and number of solvents, and decrease effluent generation in our new products. We continued to follow the concept of Quality by Design (QbD) to augment our understanding of process and product, with the help of risk assessments, identifying Critical Quality Attributes (CQA) & Critical Process Parameters (CPP). Nitrosamines have been identified as a major issue for most of the pharmaceutical companies. Hikal proactively evaluated the risk assessments of all our API products and intermediates. Confirmatory testing of Nitrosamines, as directed by the European agency and US FDA is being outsourced for a few of our products.

We continued supporting our customers by developing innovative processes and technologies for complex starting materials, advanced intermediates, and AI's. Our in depth knowledge in chemistry helps us support innovative companies in various stages of their product development from pre-clinical trials to commercial launch.

Post development of robust and scalable processes at R&T, the process is transferred to kilo lab, pilot facilities for demonstration and commercial trials. Relevant safety studies are conducted using state-of-the-art solid-state facility at R&T to ensure process safety. R&T is exhaustive work and it develops the process in connection with recovery and recycle of solvents and effluent treatability methodology, prior to scaling up new products.

We remain committed to convert our contract development projects into exclusive long-term manufacturing opportunities in both Pharma and Crop protection business divisions. Alongside, we have also identified several new molecules for taking them through various stages of lifecycle, resulting in commercialisation.

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

At Hikal, we focus our R&T efforts on process improvement. We do this with an aim of cost reduction of our existing products and process development of new products. We upgraded many of our processes and operations by introducing new technologies to increase productivity and efficiencies. These efforts resulted in remarkable improvement in yield, quality, throughput, time cycle and significant reduction in requirement of additional equipment and amount of waste produced. The benefits of process improvement efforts were realised in five products. In the area of new product development, Hikal registered DMFs for 2 antidiabetic drugs, one product registered the application for CEP and one API Dossier is ready for ASMF. A US DMF for an antimalarial drug was also filed for a client. To our credit this year, we received CEP approvals of three products. We finished the validation trials to a promising antidiabetic and hope to be the first to file a DMF in calendar year 2020. We extended our efforts with macrolide chemistry, by synthesising a complex KSM in-house, thereby reducing our dependence on China and increasing our expertise in this field. Also, we successfully developed and delivered a project involving organophosphorus chemistry. We also commercialised a large volume biocide on the Crop side while developing processes for two of our products, expected to be commercialised over the next 2 years. We also developed a process to a novel fungicide for an innovator that will be commercialised this calendar year. We back integrated the manufacture of another large volume innovator product on the Crop side that brought us cost advantages and security of supply and products. In addition, we supported the regulatory department by providing experimental results needed to answer several regulatory queries. We also de-risked the supply chain in the qualification of alternate vendors and production department by conducting troubleshooting experiments. In addition to this, Hikal is also continuously focusing on minimising dependencies on China for key raw materials. As a part of our de-risking strategy for key products, alternate vendors for sourcing from India and diverse parts of the globe were identified. In some cases, we developed in-house processes to these KSM before sharing the process with potential outsourcing collaborators.

C) Continuous Manufacturing

A state-of-the-art manufacturing laboratory is operational at R&T for evaluation of processes to be manufactured on a continuous basis. The lab is well-equipped with Vapourtec for quick screening of processes for various parameters: plug flow reactors, pinch tube reactors, continuous stirred tank reactors, Zaiput membrane separation system and high precision pumps. Typical benefits of continuous manufacturing processes include improved process control and product selectivity, process consistency, enhanced process safety, inherent reduction in risk while handling hazardous compounds, ease of scalability and increased throughput with reduced space requirement. A detailed screening procedure for identifying suitable processes for continuous manufacturing evaluation was established. We hope to install suitable continuous scaleup equipment in our Pilot Plant in due course.

D) Photo-halogenation capability

We have the capability of light induced photo chemical reactions at our R&T center. We can carry out these reactions at Lab/Kilo Lab scale.

E) 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.

F) Expenditure on R&D

₹ in million

	2019-20	**2018-19**
i) Capital	**38.59**	95.36
ii) Recurring	**482.41**	443.68
Total	**521.00**	539.04
iii) Total R&D expenditure as a percentage of total turnover	**3.46%**	3.39%

III. Foreign Exchange Earnings & Outgo

Total foreign exchange used and earned: Used : ₹ 4,476 million (Previous year ₹ 5,893 million)
Earned : ₹ 10,892 million (Previous year ₹ 11,056 million)

For and on behalf of the Board of Directors

Jai Hiremath
Chairman & Managing Director
DIN: 00062203

Date: 18 June 2020
Place: Mumbai

"ANNEXURE – F"

Hikal Ltd.

Nomination and Remuneration Policy

Preamble

The objective of the Remuneration Policy of Hikal Ltd. (the "Company") is to attract, motivate, and 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, are in compliance with Section 178 of the Companies Act, 2013, read along with the applicable rules thereto and Clause 49 under the Listing Agreement.

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

The Company had already constituted the 'Remuneration Committee', comprising three (3) Non-Executive Directors of which majority were 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, subject to statutory provisions. The terms of appointment and 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, among others. 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 salary, perquisites and performance based commission on profits of the Company/reward apart from retirement benefits like PF, Superannuation, and Gratuity, among others, as per the Company Rules.

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, healthcare benefits, leave travel, and communication facilities, among others. 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, the total remuneration comprises:

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, and leave travel, among others.
3. **Retirement benefits**: Contribution to PF, other retirement benefits, and gratuity, among others 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 will be published on its website.

Business Responsibility Report

Hikal Limited ('the Company' or 'Hikal') has a comprehensive set of policies and guidelines that support its business activities. At Hikal, we strive to cultivate a corporate culture of the highest ethical standards. We firmly believe that to achieve sustained growth, the community in which we operate must flourish as well. We are committed towards giving back to the society in which we prosper. We strive to foster economic, environmental, and social well-being through our operations and in interaction with our stakeholders.

By focusing on the areas where opportunities for our business intersect with positive social and environmental impact, we aim to achieve sustainable growth, deliver cutting edge technology and create value in the communities around us.

In terms of Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, top 1000 listed Companies based on market capitalisation shall include Business Responsibility Report (BRR) in the Annual Report. As Hikal falls in the list of top 1,000 listed companies based on market capitalisation, the Company has prepared the Business Responsibility Report, as per the format prescribed by SEBI.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate identity number (CIN) of the Company	L24200MH1988PTC048028
2.	Name of the Company	Hikal Limited
3.	Registered address	717/718, Maker Chambers V Nariman Point, Mumbai 400 021
4.	Website	www.hikal.com
5.	E-mail id	secretarial@hikal.com
6.	Financial year reported	1 April 2019 to 31 March 2020
7.	Sector(s) that the Company is engaged in	Pharmaceuticals: 21001 Agrochemicals: 20211
8.	List three key products/services that the Company manufactures/provides	Gabapentin, Thiabendazole and Diuron Contract Development and Custom Manufacturing of Intermediates, API's & AI's
9.	Total number of locations where business activities are undertaken by the Company	
	a) Number of international locations	1 Overseas office in Japan 2 Representation in USA 3 Representation in Europe
	b) Number of national locations	5 manufacturing facilities and 1 Research & Technology (R&T) facility Regd. office at Mumbai, corporate office at Navi Mumbai and marketing office at Bengaluru
10.	Markets served by the Company: Local/state/national/international	Major markets cover many countries across the globe along with sale in domestic market

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up capital (₹)	₹ 246,601,500
2.	Total turnover (₹)	₹ 15,073 million
3.	Total profit after taxes (₹)	₹ 844 million
4.	Total spending on corporate social responsibility (CSR) as percentage of profit after tax for 2019-20 (%)	2.69%
5.	List of activities where the above mentioned item no. 4 expenditures were incurred:	Refer to Annexure to the Directors' Report given in the Annual Report

SECTION C: OTHER DETAILS

1.	Does the Company have any subsidiary company/ companies?	Yes
2.	Do the subsidiary company/companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(ies)	The Company has one subsidiary and during the year 2019-20, there were no operations carried out by the same.
3.	Do any other entity/entities (e.g. suppliers and distributors, among others), that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? (Less than 30%, 30-60%, more than 60%)	The Company expects all business partners to adhere to the Company's business principles.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for Business Responsibility

a) Details of the Director/Directors responsible for implementation of the BR policy/policies

DIN Number : 00062203

Name : Jai Hiremath

Designation : Chairman and Managing Director

b) Details of the BR head

Sr. No.	Particulars	Details
1.	DIN Number (if applicable)	00062203
2.	Name	Jai Hiremath
3.	Designation	Chairman and Managing Director
4.	Telephone number	022 3097 3100
5.	E-mail id	secretarial@hikal.com

2. Principle-wise (as per NVGs) BR policy/policies (reply in Y/N)

Principle 1: Businesses should conduct and govern themselves with ethics, transparency and accountability

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

Principle 3: Businesses should promote the well-being of all employees

Principle 4: Businesses should respect the interests of, and be responsive towards, all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

Principle 5: Businesses should respect and promote human rights

Principle 6: Businesses should respect, protect and make efforts to restore the environment

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

Principle 8: Businesses should support inclusive growth and equitable development

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

Sr. No.	Questions	Business Ethics	Sustainability	Employees' Well-being	Stakeholders Interests	Human Rights	Environment	Regulatory Policy	Equitable Development	Customers' Value
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have policy/policies for............	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national/ international standards? If yes, specify? (50 words)*	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy been approved by the Board? If yes, has it been signed by MD/Owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the Company have a specified committee of the Board/ Director/Official to oversee the policy implementation?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online	#	#	#	#	#	#	#	#	#
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

* The policies have been developed on the lines of the 'National Voluntary Guidelines'

The policies can be viewed on Company's website at www.hikal.com

2a. If answer to S. No. 1 against any principle, is 'No', please explain why:

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the principles	–	–	–	–	–	–	–	–	–
2.	The Company is not at a stage where it finds itself in a position to formulate and implement policies on specified principles	–	–	–	–	–	–	–	–	–
3.	The Company does not have financial or manpower resources available for the task	–	–	–	–	–	–	–	–	–
4.	The Company plans to get it done within the next 6 months	–	–	–	–	–	–	–	–	–
5.	The Company plans to get it done within the next 1 year	–	–	–	–	–	–	–	–	–
6.	Any other reason (please specify)	–	–	–	–	–	–	–	–	–

3. Governance related to BR

a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO meet to assess the Company's BR performance. Within 3 months, 3-6 months, annually, or more than 1 year:

The Board of Directors assess the Company's BR performance on a periodic basis. The Company's Board and the Senior Management affirm compliance with the Code of Conduct.

The Company is publishing Business Responsibility Report for the first time in the Annual Report for the year 2020.

Hikal's Corporate Social Responsibility (CSR) Committee is responsible for formulating, implementing and monitoring the CSR Policy of the Company under the guidance of the Board. Chairman & Managing Director and Joint Managing Director & CEO are a part of this Committee. The Committee meets at least once a year to review progress on various CSR initiatives. The CSR Committee also approves Annual CSR Report as per the provisions of the Act. CSR Report is a part of the Directors' Report.

b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this Report? How frequently is it published?

The BR report forms a part of the Annual Report and can be accessed on the Company's website at www.hikal.com.

The company does not have a separate Sustainability Report currently.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Businesses should be conducted and governed with ethics, transparency and accountability.

1. Does the policy relating to ethics, bribery, and corruption, cover only the Company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

   The policy extends to all our stakeholders like suppliers, customers and employees, among others. Hikal's Code of Conduct conforms to the standards of Corporate Governance by complying with laws and regulations and to fulfill the responsibilities to stakeholders and implement standards of transparency, integrity, accountability and corporate social responsibility in all dealings.

   The Company has specified the rules and procedures under the Whistle Blower and Prevention of Sexual Harassment of Women at workplaces policies, through which the employees can report the actual or suspected wrongdoings. The complaints are addressed as per the procedures specified under these policies.

2. How many stakeholder complaints were received in the past financial year and what percentage was satisfactorily resolved by the Management? If so, provide details thereof, in about 50 words or so.

   We did not receive any significant complaints from stakeholders in the last financial year.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

1. List up to 3 of your products or services whose designs have incorporated social or environmental concerns, risks and/or opportunities.

   a) Responsible Care by ensuring safety of employees, protection of environment

      Reducing/ Eliminating the use of hazardous reagents wherever possible by making the processes greener.

   b) Safe handling to reduce exposure of chemicals to environment

      Creating more efficient scrubber designs that enabled the capture of toxic chemicals to be often reused in the process

   c) Reduction of carbon footprint

      Evolving greener processes using catalysts / continuous manufacturing.

2. For each such product, provide the following details with respect to resource use (energy, water, and raw material, among others) per unit of product (optional):

   a) Was reduction during sourcing/production/distribution achieved since the previous year across the value chain?

      Yes. The increased emphasis on developing greener processes has resulted in significant avoidance of waste generation. Development of better effluent treatment procedures have resulted in more benign wastewater with increased potential for reuse.

b) Was reduction during usage by consumers (energy, water) achieved since the previous year?

Introduction of suitable catalysts has resulted in processes that consume less energy and generate less waste. Installation of Multiple Effect Evaporators has resulted in more efficient recycle of water, thereby indirectly decreasing water consumption.

3. Does the Company have procedures for sustainable sourcing (including transportation) in place?

a) If yes, what percentage of inputs were sourced sustainably? Also, provide details thereof, in about 50 words or so.

Yes, Hikal has a responsible supply-chain policy aimed at sustainable sourcing of inputs. The Company has a supplier evaluation and qualification process. On-site audits/visits are made to review the practices followed at suppliers' site towards this objective.

4. Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding Hikal's place of work?

a) If yes, what steps have been taken to improve the capacity and capability of local and small vendors?

Yes, Hikal does procure goods and services from local and small producers wherever it meets the quality requirements. The Company has a comprehensive engagement model for encouraging local/small vendors. 48% of Hikal's procurement is from domestic producers and 52% from international producers.

Hikal continuously puts efforts to increase the procuring of goods and service from small domestic producers. The Company has imparted knowledge and skill to some of its partners to develop them into being long term suppliers.

5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Yes, the Company does have a mechanism to recycle the process solvents and ensures all waste is recycled at authorised offsite facilities. Hikal has developed various processes to recycle solvents in the manufacture of its products thereby reducing the waste generated. Hikal currently recycles between 5% - 10% of its waste generated.

Principle 3: Businesses should promote the well-being of all employees.

1. Please indicate the total number of employees: 2,274 (including item no. 2 & 3 mentioned below)

2. Please indicate the total number of employees hired on temporary/contractual/casual basis: 645

3. Please indicate the number of permanent women employees: 78

4. Please indicate the number of permanent employees with disabilities: 2

5. Does the Company have an employee association that is recognised by management?
   a. Bhartiya Kaamgar Karmachari Mahasanghatan
   b. Hikal Chemical Worker Union
   c. New Maritime & General Kaamgar Sanghatana
   d. Jay Bhartiya General Kamgar Sanghatana
   e. Hikal Worker Union

6. What percentage of your permanent employees are members of this recognised employee association? 9.39%

7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, and sexual harassment, in the last financial year and pending, as at the end of the financial year.

Sr. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as at end of the financial year
1	Child labour/forced labour/involuntary labour	No	No
2	Sexual harassment	No	No
3	Discriminatory employment	No	No

8. What percentage of the Company's under mentioned employees were given safety and skill upgradation training in the last year?

Particulars	Panoli	Taloja	Mahad	Pune R&T	Jigani I	Jigani II
a) Permanent employees	77%	65%	80%	87%	90%	90%
b) Permanent women employees	100%	100%	100%	88%	100%	100%
c) Casual/temporary/contractual employees	65%	71%	74%	53%	78%	69%
d) Employees with disabilities	--	100%	--	--	--	--

Principle 4: Businesses should respect the interests of, and be responsive towards, all stakeholders especially those who are disadvantaged, vulnerable and marginalised.

1. Has the Company mapped internal and external stakeholders? Yes/No

   Yes, the Company has identified stakeholders, both internal and external, who directly or indirectly influence our business operations. Our major stakeholders are employees, community and society, investors, shareholders, vendors, suppliers, Government, and regulators.

2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalised stakeholders?

   Yes, as a responsible organisation, we are committed to work for the welfare of communities in which we operate. Various vulnerable stakeholders around our manufacturing sites have been identified, and we have devised and implemented various welfare and development, livelihood and skill upgradation programs for them regularly.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof. in about 50 words or so.

   Yes. Special initiatives are taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders by providing educational infrastructure, books, special aids, educational material for visually challenged, scholarship and school infrastructure. Hikal also provides medical aid to under privileged people in surrounding areas across our manufacturing sites.

Principle 5: Businesses should respect and promote human rights.

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

   Our policy on human rights extends across the supply chain of our Group, including suppliers, contractors as well as the local communities and consumers.

2. How many stakeholder complaints were received in the past financial year and what percent was satisfactorily resolved by the Management?

   We did not receive any stakeholder complaints pertaining to this principle, during the financial year.

Principle 6: Businesses should respect, protect, and make efforts to restore the environment.

1. Does the policy, related to Principle 6, cover only the Company, or extends to the Group/Joint Ventures/ Suppliers/Contractors/ NGOs/others.

   As a part of our corporate goals, the policy demonstrates our commitment to maintain a high standard of environmental protection, sharing of best practices and providing a safe and healthy workplace. The policy covers our employees and interested parties, ensuring compliance.

2. Does the Company have strategies/initiatives to address global environmental issues like climate change and global warming, among others? Yes/No. If yes, please give hyperlink for webpage etc.

   Yes, there is a continuous thrust on 'Green Chemistry Principles' and the Company identifies processes to minimise consumption of solvents and energy, recycle and reduce waste, thereby minimising the impact on environment. This is available on our Company's website at: https://www.hikal.com/page/research-technology

3. Does the Company identify and assess potential environmental risks? Yes/No

   Yes. The Company identifies potential environmental risk at the time of product / project conceptualisation, R & D activities, and operation phase. Responsibility has been assigned to competent personnel and it is being reviewed regularly at different levels within the organisation.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?

   The Company is signatory to "Responsible Care". The Company has adopted and implemented all best practice codes of "Responsible Care", which includes "Product Stewardship" and "Pollution Prevention". The Company uses energy from alternative source of energy supply which has reduced carbon footprint significantly of our pharmaceutical manufacturing operation.

5. Has the Company undertaken any other initiatives on clean technology, energy efficiency, and renewable energy, among others. Yes/No. If yes, please give hyperlink for web page etc.

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

6. Are the emissions/waste, generated by the Company, within the permissible limits as given by CPCB/SPCB for the financial year being reported?

   Yes, water, air and solid waste emission are within limits as given by CPCB / SPCB. There are adequate environment management systems installed at all manufacturing facilities with online measurement to ensure compliance of CPCB/SPCB limits.

7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of financial year.

   The Company has received a notice from the State Pollution Control Board (SPCB) for the closure of its Mahad Plant, which has since been revoked in FY 2020'21 and the plant is operating normally.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

1. Is your Company a member of any trade and chamber or association? If yes, name only the major ones that your business deals with:

   a) Confederation of Indian Industry (CII)

   b) The Federation of Indian Chambers of Commerce and Industry (FICCI)

   c) Indian Merchant Chambers (IMC)

   d) National Safety Council

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; If yes, specify the broad areas (Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, and Sustainable Business Principles, among others)

   Governance, Policy Reform, Sustainable Business Principles

Principle 8: Businesses should support inclusive growth and equitable development.

1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.

   As a part of our CSR policy, the Company has taken up several initiatives in this regard for the communities or villages around our manufacturing sites. All our programs and initiatives have complemented and supported the development priorities of the local communities.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organisation?

   All the programs/projects undertaken by Hikal are through in-house team and external NGOs. An HR department with qualified staff has been constituted for formulation, implementation and review of CSR activities. These activities are monitored by CSR Committee of the Company.

3. Did the Company do any impact assessment of the initiatives?

   Yes. We measure the outcome of every initiative implemented for the community through listening and feedback. The assessment helps us in designing new programs and initiatives to address the felt needs of local communities.

4. What is your Company's direct contribution to community development projects. Amount in ₹ and the details of the projects undertaken.

   Total expenditure incurred on community development initiatives during the financial year was Rs. 22.73 million. The programs undertaken are as per the CSR Policy enumerated in the CSR Report annexed to the Directors' Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

   Community development initiatives undertaken by Hikal are successfully adopted and continued by the local communities. We have adopted a collaborative and participatory approach in the formulation and implementation of community development programs for ensuring continuity and sustainability. Some of our initiatives have exit strategy wherein we handover the project, after successful implementation, to local administration for the community ownership.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?

   No significant complaints are pending as on the end of Financial Year.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)

   Yes, all the relevant product information such as name and grade of the product, batch number, manufacturing date, re-test date, quantity, manufacturer's details, storage and handling instructions, precautionary/hazard statements, and disposal procedures, among others are provided on the labels.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as at end of the financial year? If so, provide details thereof, in about 50 words or so.

   No.

4. Did your Company carry out any consumer survey/consumer satisfaction trends?

   Yes, customer feedback is taken and evaluated periodically.

Report on Corporate Governance : 2020

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 2020 forms part of this Annual Report.

II. BOARD OF DIRECTORS

The strength of the Board of Directors is 10 as on 31 March 2020, whose composition is given below:

A. Composition and category:

Mr. JAI HIREMATH Chairman & Managing Director DIN: 00062203	Executive Director
Mr. SAMEER HIREMATH Joint Managing Director & CEO DIN: 00062129	Executive Director
Mrs. SUGANDHA HIREMATH DIN: 00062031	Non-Executive Director
Mr. BABA KALYANI DIN: 00089380	Non-Executive Director
Mr. AMIT KALYANI DIN: 00089430	Non-Executive Director
Mr. KANNAN UNNI DIN: 00227858	Independent, Non-Executive Director
Mr. PRAKASH MEHTA DIN: 00001366	Independent, Non-Executive Director
Mr. SHIVKUMAR KHENY DIN: 01487360	Independent, Non-Executive Director
Mr. WOLFGANG WELTER* DIN: 00580197	Independent, Non-Executive Director
Mr. RANJIT SHAHANI DIN: 00103845	Independent, Non-Executive Director
Mrs. SHIVANI BHASIN SACHDEVA** DIN: 00590500	Independent, Non-Executive Director

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

Mr. Jai Hiremath is father of Mr. Sameer Hiremath.

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

* Mr. Wolfgang Welter resigned as Director w.e.f 30 September 2019 on completion of two consequent terms under Section 149 of the Companies Act, 2013.

** Mrs. Shivani Bhasin Sachdeva appointed as Independent Director of the Company w.e.f 1 August 2019.

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			
Mr. JAI HIREMATH	4	Yes	2	1	1
Mr. SAMEER HIREMATH	4	Yes	1	-	-
Mrs. SUGANDHA HIREMATH	4	Yes	-	2	-
Mr. BABA KALYANI	3	No	5	3	-
Mr. AMIT KALYANI	2	No	6	1	-
Mr. KANNAN UNNI	4	Yes	3	3	3
Mr. PRAKASH MEHTA	4	Yes	6	8	3
Mr. SHIVKUMAR KHENY	4	Yes	7	3	1
Mr. RANJIT SHAHANI	4	Yes	1	1	1
Mr. SHIVANI BHASIN SACHDEVA	2	NA			

* Directorship other than Hikal and foreign Companies.
includes membership / chairmanship other than Hikal (for committee membership Audit Committee and Stakeholders' Relationship Committee is considered).

Directorship in Listed Entities other than Hikal Ltd. and the category of directorship as on 31 March, 2020, is as follows:

Name of the Director	Names of Listed Entities	Category of Directorship
Mr. Jai Hiremath	Novartis India Ltd.	Non-Executive – Independent Director
Mr. Sameer Hiremath	Nil	
Mrs. Sugandha Hiremath	Nil	
Mr. 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)
Mr. 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
	Schaeffler India Limited	Non-Executive, Non-Independent Director
Mr. Kannan Unni	-	-
Mr. 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
Mr. Shivkumar Kheny	Kalyani Steels Ltd.	Non-Executive, Non-Independent Director
Mr. Ranjit Shahani	Ambuja Cements Ltd.	Non-Executive, Independent Director
Mrs. Shivani Bhasin Sachdeva	-	-

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:

Name	Age	Qualifications	Skills, Expertise, Competencies
Mr. Jai Hiremath	72	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
Mr. Sameer Hiremath	46	BE (Chem), MBA & MS (I.T.) - Boston (USA).	Building High Performance Teams, IT – Digital Acumen, Projects Implementation, Strategic Planning
Mrs. Sugandha Hiremath	68	B. Com.	Finance, Investments,
Mr. Baba Kalyani	71	BE (Mech), MS (MIT – USA)	Technical skills, Vast Industry Experience
Mr. Amit Kalyani	44	Mechanical Engineering from Bucknell University, Pennsylvania, USA	Production and Technical expertise
Mr. Kannan Unni	78	B.A. - Agriculture, Diploma in Marketing Management (Mumbai) IMEDE - Loussanne, Switzerland.	Marketing, Business Contacts, Finance
Mr. Prakash Mehta	78	LLB (Mumbai), Solicitor	Legal expertise, Integrity, Business Strategy
Mr. Shivkumar Kheny	72	BE (Mech)	Vast Industry Experience, Projects, Investments
Mr. Ranjit Shahani	70	ME (IIT, Kanpur), MBA (Jamnalal Bajaj Institute of Management Studies)	Operational efficiency, Intellectual Property expert
Mr. Shivani Bhasin Sachdeva	46	MBA from the Wharton School, University of Pennsylvania, B.A. in Economics from Mount Holyoke College (Phi-Beta-Kappa, Magna Cum Laude, Sarah Williston Scholar)	Business, Finance & Investments

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 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 – No Independent Director has resigned during the year.

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 Board of Directors Meetings held during the year:

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

(1) 9 May 2019 (2) 1 August 2019 (3) 25 October 2019 (4) 5 February 2020.

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.

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. The performance evaluation of the Independent Directors was completed at the meeting of the Independent Directors held on 9 May 2019.

Remuneration to Directors for the year ended 31 March 2020.

i) Remuneration to Non-Executive Directors

The Non-executive Directors are paid sitting fees of ₹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	0.30	0.82	1.12
Prakash Mehta	1.30	0.82	2.12
Shivkumar Kheny	0.90	0.82	1.72
Kannan Unni	1.20	0.82	2.02
Sugandha Hiremath	1.00	0.82	1.82
Amit Kalyani	0.20	0.82	1.02
Ranjit Shahani	0.50	0.82	1.32
Shivani Bhasin Sachdeva	0.20	0.82	1.02
Wolfgang Welter	0.20	-	0.20
Total	5.80	6.56	12.36

ii) **Remuneration to Executive Directors:**

(₹ in million)

Name of the Director	Salary and Perquisites	Commission	Total
Jai Hiremath	35.76	13.23	48.99
Sameer Hiremath	21.77	13.23	35.00

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
Amit Kalyani	Nil
Ranjit Shahani	Nil
Shivani Bhasin Sachdeva	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/familiarisation-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, Non-Executive Independent Director, Mr. Shivkumar Kheny, Non-Executive Independent 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 (AC) has been reviewed by the Board of Directors at its meeting held on January 25, 2019, which covers the areas mentioned in Section 177 of the Act and Regulation 18 read with Part C of Schedule II to the Listing Regulations.

The terms of reference of the AC, inter-alia are as follows:

1. oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity.
3. approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:.
   (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013.
   (b) changes, if any, in accounting policies and practices and reasons for the same.
   (c) major accounting entries involving estimates based on the exercise of judgment by management.
   (d) significant adjustments made in the financial statements arising out of audit findings.
   (e) compliance with listing and other legal requirements relating to financial statements.
   (f) disclosure of any related party transactions.
   (g) modified opinion(s) in the draft audit report.

5. reviewing, with the management, the quarterly financial statements before submission to the board for approval.
6. reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter.
7. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.
8. approval or any subsequent modification of transactions of the listed entity with related parties.
9. scrutiny of inter-corporate loans and investments.
10. valuation of undertakings or assets of the listed entity, wherever it is necessary.
11. evaluation of internal financial controls and risk management systems.
12. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
13. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
14. discussion with internal auditors of any significant findings and follow up there on.
15. reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
16. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
17. to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;.
18. to review the functioning of the whistle blower mechanism.
19. approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate.
20. Carrying out any other function as is mentioned in the terms of reference of the audit committee.
21. reviewing the utilisation of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

Review of the information by the Audit Committee:

1. management discussion and analysis of financial condition and results of operations.
2. statement of significant related party transactions (as defined by the audit committee), submitted by management.
3. management letters / letters of internal control weaknesses issued by the statutory auditors.
4. internal audit reports relating to internal control weaknesses.
5. the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
6. statement of deviations:
    (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
    (b) annual statement of funds utilised for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation 32(7).

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 2019 (2) 1 August 2019 (3) 25 October 2019 (4) 5 February 2020.

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, President & Joint Managing Director (Executive). Mrs. Sugandha Hiremath is the Chairperson of the Share Transfer Committee.

The share transfer committee met 2 (two) times during the financial year, the details of which are as under:

(1) 8 August 2019 (2) 18 October 2019

The attendance of the Committee meetings is as under:

Name of the Director	Number of meetings attended
Sugandha Hiremath	2
Jai Hiremath	2
Sameer Hiremath	2

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 terms of reference of the Stakeholders Relationship Committee (SRC) covers the areas mentioned in Section 178 (5) of the Act and Regulation 20 read with Part D (B) of Schedule II to the Listing Regulations.

The terms of reference of the SRC, inter-alia are as follows:

1. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
2. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

The Committee looks into redressing of shareholders/investors' complaints. No complaint was outstanding as on 1 April 2019. During the year, no complaints were received from shareholders/investors. Thus, no complaints were outstanding as on 31 March 2020.

The Stakeholder Relationship Committee was held on 5 February 2020.

The attendance of the Committee meetings is as under:

Name of the Director	Number of meetings attended
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 includes fixation and revision of remuneration packages of Chairman & Managing Director and Joint Managing Director & CEO to the Board for approval and review.

The terms of reference of the Nomination and Remuneration Committee (NRC) covers the areas mentioned in Section 178 of the Act and Regulation 19 read with Part D (A) of Schedule II to the Listing Regulations.

The terms of reference of the NRC, inter-alia are as follows:

1. formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees.
2. formulation of criteria for evaluation of performance of independent directors and the board of directors.
3. devising a policy on diversity of board of directors.
4. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal.
5. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
6. recommend to the board, all remuneration, in whatever form, payable to senior management.

During the year 2019–20, 2 meeting were held on 9 May 2019 and 1 August 2019.

The attendance of the Committee meetings is as under:

Name of the Director	Number of meetings attended
Kannan Unni	2
Prakash Mehta	2
Babasaheb Kalyani	-

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 2019–20, 1 meeting was held on 1 February 2020.

The attendance of the Committee meetings is as under:

Name of the Director	Number of meetings attended
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 minimisation procedure vis a vis the Company. No meeting took place during the year 2019-20. 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 & minimisation procedures are periodically reviewed at the Audit Committee and Board Meeting.

III. GENERAL BODY MEETING

Financial Year	Location	Day, Date & Time	Special Resolutions Passed
2016-2017	Centrum Hall 'A', 1 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', 1 Floor Centre 1, World Trade Centre Mumbai – 400 005	Wednesday, 8 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.
2018-2019	Centrum Hall 'A', 1 Floor Centre 1, World Trade Centre Mumbai – 400 005	Thursday, 1 August 2019 3.30 PM	Continuation of payment of remuneration to Executive Directors who are Promoters in excess of threshold limits as per Regulation 17(6)(e) in the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 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 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 Scrutiniser 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 Scrutiniser 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 Resolution.

The result of the voting at EOGM though 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	6,0329,722	6,0329,722
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 Resolution 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 year by way of postal ballot pursuant to the provisions of Section 108 and 110 of Companies Act, 2013 read with the Companies (Management and Administration) Rules 2014 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

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, Practicing Company Secretary (ACS No. 4650, CP No. 2956) was appointed as Scrutiniser for conducting Postal Ballot in a fair and transparent manner. The Postal Ballots were conducted in physical & e-voting mode.

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 Scrutiniser 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, Practicing Company Secretary (ACS No. 4650, CP No. 2956) was appointed as Scrutiniser for conducting Postal Ballot in a fair and transparent manner. The Postal Ballots were conducted in physical & e-voting mode.

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 Scrutiniser 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.

		Resolution 1	Resolution 2
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 total votes polled and consequently 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.

IV. 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://hikal.com//investor relations/corporate governance/policies.html.

(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. Ongoing 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 (Stable)	A (Stable)
Short term borrowing	ICRA	A 1	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-materiality-of-key-events-and-information.pdf

(viii) Details of utilisation 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.

(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 2019-20, 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 2019-20, 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 51 on Payments to Auditors in standalone financial statements for total payment / accrual of fees paid to S R B C & 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 2019-20 : Nil

b. number of complaints disposed of during the financial year 2019-20 : Nil

c. number of complaints pending as on end of the financial year 2019-20 : 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 Risk Management Committee.

V. 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. 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 to receive complaints and grievances of the investors.

VI. GENERAL SHAREHOLDERS INFORMATION

(A) Annual General Meeting

Day and Date	:	Tuesday, 15 September 2020
Time	:	11.30 A.M. (through VC/OAVM)

(B) Financial Calendar : 01 April to 31 March

(C) Tentative Financial Calendar 2020-21 :

1st Quarter results	on or before 14 August 2020
2nd Quarter results	on or before 14 November 2020
3rd Quarter results	on or before 14 February 2021
4th Quarter results	before end of May 2021

(D) Book Closure : 9 September 2020 to 15 September 2020 (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.

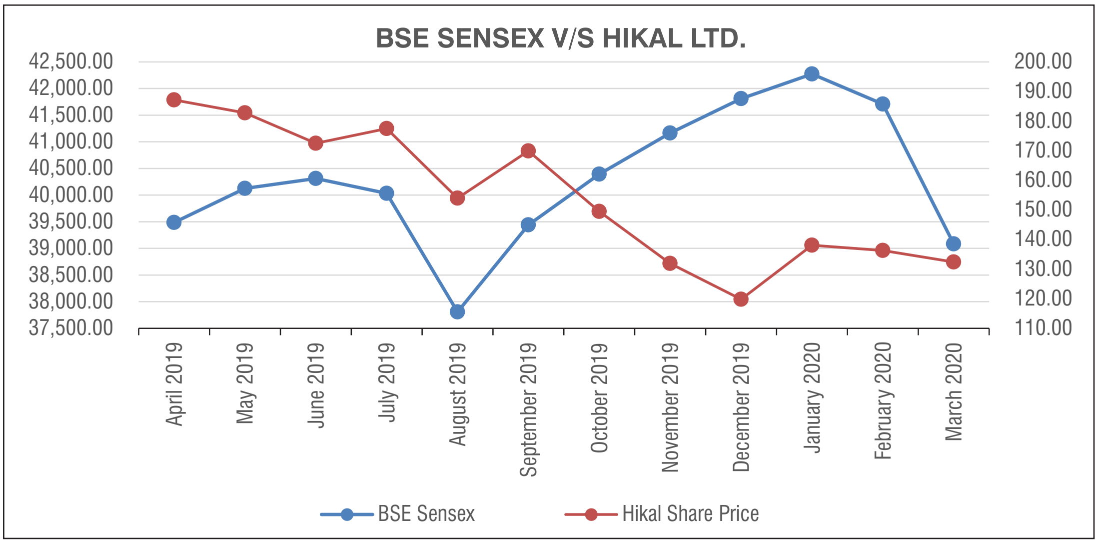
National Stock Exchange of India Ltd. (NSE) –
HIKAL Exchange Plaza, Bandra Kurla Complex
Bandra (East), Mumbai 400051.
Demat ISIN Number in
NSDL & CDSL – INE475B01022
CIN No. - L24200MH1988PTC048028

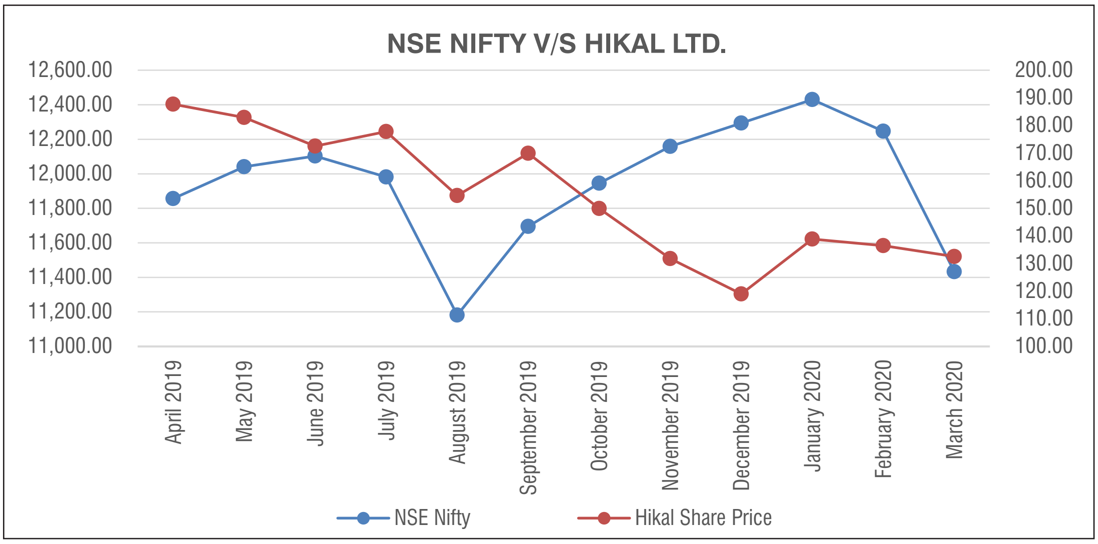
(H) Market Price Data

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

Month	BSE			NSE		
	High	Low	Close	High	Low	Close
April 2019	187.15	167.90	177.00	187.70	168.25	176.80
May 2019	182.80	165.65	170.20	182.90	166.15	170.00
June 2019	172.50	161.70	168.65	172.55	162.00	168.60
July 2019	177.50	143.00	147.20	177.80	142.50	147.35
August 2019	153.95	140.15	145.20	154.60	140.10	145.15
September 2019	169.90	140.00	149.85	169.90	141.05	149.30
October 2019	149.50	105.60	118.95	149.95	105.25	119.05
November 2019	131.90	105.40	112.35	131.80	105.35	112.25
December 2019	119.80	100.75	114.35	119.00	100.30	114.30
January 2020	138.05	114.35	123.70	138.85	113.75	123.75
February 2020	136.30	117.00	129.85	136.50	116.85	129.75
March 2020	132.40	57.00	70.00	132.55	56.90	69.65

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





(J) Registrar & 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 as and when necessary to consider the transfer request if there are any.

(L) Distribution of Shareholding (Equity) as on 31 March 2020.

Share Holding Nominal Value of		Share Holders		Share Holdings		Share Amount	
₹	₹	Number	% To Total	Holdings	% To Total	₹	% To Total
UP TO	5,000	35,563	95.59	10,550,639	8.56	17,566,482	8.56
5,001	10,000	851	2.29	3,093,716	2.51	5,781,078	2.51
10,001	20,000	414	1.11	2,986,083	2.42	5,964,312	2.42
20,001	30,000	131	0.35	1,636,884	1.33	3,533,240	1.33
30,001	40,000	62	0.17	1,120,520	0.91	2,506,872	0.91
40,001	50,000	34	0.09	766,665	0.62	1,728,000	0.62
50,001	100,000	70	0.19	2,570,421	2.08	4,896,244	2.08
100,001	And Above	79	0.21	100,575,822	81.57	204,625,272	81.57
TOTAL		**37,204**	**100**	**123,300,750**	**100**	**246,601,500**	**100**

(M) Shareholding pattern as on 31 March 2020 is as under:

Category of Shareholders	Number of Equity Shares	Percentage
Promoters	84,792,764	68.77
Resident Individuals	24,141,913	19.58
Mutual Funds / Investment Funds	1,319,773	1.07
FPIs	5,997,901	4.86
Alternate Investment Funds	121066	0.10
Insurance Company	819,750	0.66
Foreign National	182,325	0.15
Non Resident Indians	1,170,606	0.95
Corporate Bodies	2,077,509	1.68
Banks / Financial Institutions	509,026	0.41
IEPF	246,959	0.20
Others	1,921,158	1.57

(N) Dematerialisation of Shares

91.67% (11,30,30,912 shares) of total equity capital is held in dematerialised form with NSDL and 8.01% (98,74,158 shares) of total equity capital is held in dematerialised form with CSDL as on 31 March 2020.

(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-400093. • Tel: 91 22 2820 7203 / 2825 7641 • Fax: 91 22 2820 7207
Email: info@unisec.com

ii. Investors Relation Centre

Mr. Sham Wahalekar – President 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, 18 June 2020

Sub: CEO/CFO Certificate

We have reviewed financial statements, read with the cash flow statements of Hikal Ltd. for the year ended 31 March 2020 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.

Sameer Hiremath
Joint Managing Director & CEO
DIN : 00062129

Sham Wahalekar
President Finance &
Company Secretary

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 2020.

For Hikal Ltd.

Sameer Hiremath
Joint Managing Director & CEO
DIN : 00062129

Mumbai
18 June 2020

Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To the Members of
Hikal Ltd

1. The Corporate Governance Report prepared by Hikal Limited (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) of sub – regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') for the year ended March 31, 2020 as required by the Company for annual submission to the Stock exchange.

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

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.

3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditors' Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether, the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations.

5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements issued by the ICAI.

7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of procedures performed include:

    i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;

    ii. Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;

    iii. Obtained and read the Register of Directors as on March 31, 2020;

    iv. Obtained and read the minutes of the following committee meetings held between April 1, 2019 to March 31, 2020:

        (a) Board of Directors;

        (b) Audit Committee;

        (c) Annual General Meeting (AGM) / Extra Ordinary General Meeting (EGM);

        (d) Nomination and Remuneration Committee;

        (e) Stakeholders Relationship Committee;

    v. Obtained necessary declarations from the directors of the Company.

vi. Obtained and read the policy adopted by the Company for related party transactions.

vii. Obtained the schedule of related party transactions during the year and balances at the year-end. Obtained and read the minutes of the audit committee meeting where in such related party transactions have been pre-approved prior by the audit committee.

viii. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

8. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

9. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us,we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended March 31, 2020, referred to in paragraph 4 above.

Restrictions on Use

1. This report 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.

2. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and 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 or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For S R B C & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Vinayak Pujare
Partner
Membership Number: 101143
UDIN: 20101143AAAABC8352

Place: Mumbai
Date: 18 June 2020

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,
The Members,
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 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) 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 31st March, 2020 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	Mrs. Shivani Bhasin Sachdeva (Independent, Non-Executive Director)	00590500
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
UDIN: F004650B000352206

Place: Thane
Date: June 18, 2020

Independent Auditor's Report

To the Members of Hikal Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Hikal Limited ("the Company"), which comprise the Balance sheet as at March 31 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matter described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition based on contracts with customers (as described in note 3.1 and 32 of the standalone Ind AS financial statements)	
The Company recognizes revenue when control of the goods is transferred to the customers at an amount that reflects the net consideration, which the Company is entitled to receive for those goods from customers. Revenue from sale of products is recognised based on terms and conditions, which vary amongst different customers. 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. The recognition and measurement of such revenue is also based on the terms of sales arrangement/ contracts, which involves management judgement and estimation in respect of price adjustments that create complexities for determining sales revenues. Considering the above factors and the risk associated with recognition of such revenue, we have determined the same to be a key audit matter.	As part of our audit procedures, we: • Read the Company's accounting policy for revenue recognition and assessed its compliance with Ind AS 115 'Revenue from contracts with customers'; • Assessed the design and tested the operating effectiveness of internal financial controls related to sale of goods; • Performed sample tests of individual sales transactions and price adjustments and traced to sales invoices, sales orders, shipping documents and debit / credit notes. • Selected samples of sales transactions made pre and post year end, agreed the period of revenue recognition to underlying documents such as sales invoices, sales orders and shipping documents. • Read and assessed the relevant disclosures made within the standalone Ind AS financial statements.

Other Information

The Company's Board of Directors is responsible for the Other Information. The Other Information comprises the information included in the Annual report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

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

Responsibilities of Management for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity 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 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the 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 Ind AS 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 Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS 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 Ind AS 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 Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS 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 Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The Ind AS financial statements of the Company for the year ended March 31, 2019, included in these standalone Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 09, 2019.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

      i. The Company has disclosed the impact of pending litigations on its financial position in note 46(A) to the standalone Ind AS 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

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Vinayak Pujare
Partner
Membership Number: 101143
UDIN: 20101143AAAABA4928

Place of Signature: Mumbai
Date: 18 June 2020

Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date on the standalone Ind AS financial statements of Hikal Limited

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) All property, plant and equipment have not been physically verified during the year by the management, but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

(ii) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at year-end and no material discrepancies were noticed in respect of such confirmations.

(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 Act. Accordingly, the provisions of clause 3(iii) (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(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) The Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company and hence not commented upon.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, related to manufacture of products of the Company and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of custom, goods and services tax and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in few cases.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of custom, goods and services tax and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess not deposited on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount Unpaid* (₹ in Million)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax and interest	15.79	FY 2006-07	Deputy Commissioner of Income Tax
The Income Tax Act, 1961	Income Tax and interest	92.69	FY 2009-10	Commissioner of Income Tax (Appeals)

Name of the statute	Nature of the dues	Amount Unpaid* (₹ in Million)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax and interest	180.71	FY 2016-17	Commissioner of Income Tax (Appeals)
The Central Excise Act, 1944	Excise Duty and penalty	34.13	July 2007 to December 2011	Customs, Excise and Service Tax Appellate Tribunal, Bangalore

* Net of amount paid under protest

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to financial institutions or banks during the year. The Company did not have any outstanding loans or borrowing from government or dues to debenture holders during the year.

(ix) In our opinion and according to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments. Monies raised by way of term loans were utilized for the purposes for which they were raised.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company, has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion, the Company is not a nidhi company. Accordingly, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit. Accordingly, the provisions of clause 3(xiv) are not applicable to the Company and hence not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Vinayak Pujare
Partner
Membership Number: 101143
UDIN: 20101143AAAABA4928

Place of Signature: Mumbai
Date: 18 June 2020

Annexure 2 to the Independent Auditor's Report of even date on the standalone Ind AS financial statements of Hikal Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Hikal Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting with reference to these standalone Ind AS financial statements was 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 over financial reporting with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting with Reference to these Standalone Ind AS Financial Statements

A company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these standalone Ind AS 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 Over Financial Reporting with Reference to these Standalone Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone Ind AS 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 over financial reporting with reference to these standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Vinayak Pujare
Partner
Membership Number: 101143
UDIN: 20101143AAAABA4928

Place of Signature: Mumbai
Date: 18 June 2020

Standalone Balance Sheet

as at 31 March 2020

(Currency : Indian Rupees in million)

	Note	31 March 2020	31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	4	6,667.68	7,103.14
Capital work-in-progress	4	1,521.03	730.86
Right of use (ROU) assets	5	663.13	-
Other intangible assets	6	21.39	26.49
Intangible assets under development	6	87.14	56.00
Financial Assets			
Investments	7	6.90	10.34
Loans	8	151.72	147.97
Others	9	3.85	36.29
Income tax assets (net)	10	24.70	4.14
Other non-current assets	11	784.76	439.62
Total non-current assets		9,932.30	8,554.85
Current assets			
Inventories	12	3,124.64	3,642.31
Financial Assets			
Trade receivables	13	3,404.39	3,497.19
Cash and cash equivalents	14	316.83	114.14
Bank balance other than cash and cash equivalents	15	318.91	203.28
Loans	16	3.56	5.03
Others	17	3.02	2.96
Other current assets	18	576.28	835.32
Total current assets		7,747.63	8,300.23
Total assets		17,679.93	16,855.08
EQUITY AND LIABILITIES			
Equity			
Equity share capital	19	246.60	246.60
Other equity			
Retained earnings		5,531.24	4,926.08
Other reserves	20	2,387.32	2,389.56
Total equity		8,165.16	7,562.24
Liabilities			
Non-current liabilities			
Financial Liabilities:			
Borrowings	21	3,033.99	2,978.37
Lease liability	22	9.14	-
Provisions	23	184.29	160.41
Deferred tax liabilities (net)	24	324.18	128.38
Total non-current liabilities		3,551.60	3,267.16
Current liabilities			
Financial liabilities:			
Borrowings	25	2,575.42	3,018.83
Lease liability	26	2.26	-
Trade payables	27		
- Total outstanding dues of Micro Enterprises and Small Enterprises		233.54	197.42
- Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		1,778.03	1,402.62
Other financial liabilities	28	1,267.46	863.19
Other current liabilities	29	63.04	497.89
Provisions	30	38.38	40.69
Current tax liabilities (net)	31	5.04	5.04
Total current liabilities		5,963.17	6,025.68
Total liabilities		9,514.77	9,292.84
Total equity and liabilities		17,679.93	16,855.08
Significant accounting policies	1-3		

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

As per our report of even date attached
For S R B C & CO LLP
Chartered Accountants
ICAI Firm's Registration No: 324982E/E300003

per Vinayak Pujare
Partner
Membership No: 101143

Mumbai
18 June 2020

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

Jai Hiremath
Chairman and Managing Director
DIN: 00062203

Sameer Hiremath
Joint Managing Director and CEO
DIN: 00062129

Kannan K. Unni
Director
DIN: 00227858

Sham Wahalekar
Chief Financial Officer and Company Secretary
CS Membership No: 8745

Mumbai
18 June 2020

Standalone Statement of Profit and Loss

for the year ended 31 March 2020
(Currency : Indian Rupees in million)

	Note	31 March 2020	31 March 2019
INCOME			
Revenue from operations	**32**	**15,072.63**	15,896.09
Other income	**33**	**37.02**	22.64
Total income		**15,109.65**	15,918.73
EXPENSES			
Cost of materials consumed	**34**	**7,819.03**	8,688.00
Changes in inventories of finished goods and work-in-progress	**35**	**(55.81)**	(149.83)
Employee benefits expense	**36**	**1,565.67**	1,356.90
Finance costs	**37**	**524.18**	584.27
Depreciation and amortisation expenses	**4-6**	**824.62**	928.79
Other expenses	**38**	**3,012.15**	3,019.74
Total expenses		**13,689.84**	14,427.87
Profit before tax before exceptional item		**1,419.81**	1,490.86
Exceptional item	**58**	**154.02**	-
Profit before tax after exceptional item		**1,265.79**	1,490.86
Tax expense			
Current tax	**40**	**347.02**	455.03
Deferred tax	**41**	**74.41**	5.05
Total tax expense		**421.43**	460.08
Profit for the year		**844.36**	1,030.78
Other comprehensive income			
(i) Items that will not be reclassified to statement of profit and loss			
- Remeasurements of defined benefit liability /(Asset)		**1.39**	1.90
- Equity investments through other comprehensive income - net change in fair value		**(3.44)**	(0.33)
(ii) Income tax relating to items that will not be reclassified to statement of profit and loss		**0.72**	(0.55)
Other comprehensive income/(loss) for the year, (net of income tax)		**(1.33)**	1.02
Total comprehensive income for the year		**843.03**	1,031.80
Earnings per equity share (for nominal value per equity share of ₹ 2)			
Basic and Diluted	**39**	**6.85**	8.36
Significant accounting policies	**1-3**		

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

As per our report of even date attached
For S R B C & CO LLP
Chartered Accountants
ICAI Firm's Registration No: 324982E/E300003

per Vinayak Pujare
Partner
Membership No: 101143

Mumbai
18 June 2020

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Chief Financial Officer and Company Secretary
CS Membership No: 8745

Mumbai
18 June 2020

Standalone Statement of Changes in Equity

for the year ended 31 March 2020
(Currency : Indian Rupees in million)

(a) Equity share capital	No. of shares	Value
Balance as at 1 April 2018	82.20	164.40
Changes in equity share capital during 2018-19	41.10	82.20
Balance as at 31 March 2019	123.30	246.60
Changes in equity share capital during 2019-20	-	-
Balance as at 31 March 2020	123.30	246.60

(b) Other equity

	Capital reserve	Capital redemption reserve	Securities premium	State subsidy	Contingency reserve	General reserve	Retained earnings	Equity investments through other comprehensive income
Balance as at 31 March 2018	0.44	509.82	146.92	5.50	30.00	1,779.56	4,057.46	(0.15)
Total comprehensive income for the year ended 31 March 2019								
Profit for the year	-	-	-	-	-	-	1,030.78	-
Items of OCI for the year, net of tax								
Remeasurements of defined benefit liability/(assets)	-	-	-	-	-	-	1.35	-
Equity investments through other comprehensive income - net change in fair value	-	-	-	-	-	-	-	(0.33)
Total comprehensive income							**1,032.13**	(0.33)
Transaction with equity holders in their capacity as owners, recorded directly in equity								
Dividend	-	-	-	-	-	-	(135.63)	-
Dividend distribution tax	-	-	-	-	-	-	(27.88)	-
Issue of bonus shares	-	-	(82.20)	-	-	-	-	-
Balance as at 31 March 2019	**0.44**	**509.82**	**64.72**	**5.50**	**30.00**	**1,779.56**	**4,926.08**	**(0.48)**
Total comprehensive income for the year ended 31 March 2020								
Profit for the year	-	-	-	-	-	-	844.36	-
Items of OCI for the year, net of tax								
Remeasurements of defined benefit liability/(assets)	-	-	-	-	-	-	0.91	-
Equity investments through other comprehensive income - net change in fair value	-	-	-	-	-	-	-	(2.24)
Total comprehensive income	-	-	-	-	-	-	**845.27**	(2.24)
Transaction with equity holders in their capacity as owners, recorded directly in equity								
Dividends	-	-	-	-	-	-	(197.28)	-
Dividend Distribution Tax	-	-	-	-	-	-	(40.55)	-
Other adjustments								
Lease impact as per Ind AS 116	-	-	-	-	-	-	(2.28)	-
Balance as at 31 March 2020	**0.44**	**509.82**	**64.72**	**5.50**	**30.00**	**1,779.56**	**5,531.24**	**(2.72)**

As per our report of even date attached
For S R B C & CO LLP
Chartered Accountants
ICAI Firm's Registration No: 324982E/E300003

per Vinayak Pujare
Partner
Membership No: 101143

Mumbai
18 June 2020

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

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Director
DIN: 00227858

Sham Wahalekar
Chief Financial Officer and Company Secretary
CS Membership No: 8745

Mumbai
18 June 2020

1 Company overview

Hikal Ltd ('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 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 2020 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on 18 June 2020.

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 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 judgments

The preparation of the standalone financial statements in accordance with Ind AS requires use of judgments, 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.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

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 estimates made by the management. 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. Impairment allowance of trade receivables (allowance for bad and doubtful debts)

The Company 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 realisable 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 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.

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 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 assets and 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 realisation 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 is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those goods.

Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer which is usually on dispatch / delivery.

Revenue is measured based on the transaction price, which is the consideration, adjusted for rebates and discounts, price adjustments and returns, if any, as specified in the contracts with the customers. Revenue excludes taxes collected from customers on behalf of the government.

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

Export entitlements

Export entitlements from Government authorities are recognised in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Company, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

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 Company 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 Company and the amount of the revenue can be measured reliably.

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.

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 Standalone 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 Standalone Statement of Profit and Loss, any exchange component of that gain or loss is recognised in Standalone 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 profit or 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').

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 standalone 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.

"Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period."

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, 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 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. Net realisable value is ascertained for each item of inventories with 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 such reversed shall be recognised as a reduction in the amount of inventories and 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.

3.6 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.

(Currency : Indian Rupees in million)

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 15 years, which is lower and different from the useful life of 20 years as prescribed under Part C of Schedule II of the Act.

In case of Ships, based on internal assessment and technical evaluation carried out, management believes that the useful life is 30 years, which is higher and different from the useful life of 20 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	10-13	10-20
Furniture and fixtures	10	10
Electrical installation	10	10
Vehicles	8	10
Office equipment	5	5
Computers	3	3
Ships	30	20

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 ₹ 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 costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs 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.

3.8 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 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 Company 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.

3.9 Financial instruments

a. Financial assets

i. Recognition and initial measurement

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).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.

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 profit or 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 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. Impairment losses (and reversal of impairment losses) on equity instrument measured at FVOCI not reported separately from other changes in fair value.

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.

Further disclosures relating to impairment of financial assets are also provided in the following notes:

Trade receivables – see Note 13

Trade receivables the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

v. Impairment of financial assets

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.

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 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 profit or 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 profit and loss account.

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 or disclosure is made.

3.11 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i. Right-of-use Assets (ROU Assets)

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold Land	90 to 99 years
Buildings	9 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 3.12 Impairment of non-financial assets.

ii. Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

iii. Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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 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 anti dilutive.

3.15 Changes in accounting policies and disclosure

New and amended standards

The Company applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below. Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2020.

As at 31 March 2020
(Currency : Indian Rupees in million)

4 Property, plant and equipment

Description	Gross Block						Accumulated Depreciation					Net Block	
	As at 1 April 2019	Additions	Reclassified on account of adoption of Ind AS 116	Deductions	Adjustment of exchange difference on borrowing	As at 31 March 2020	As at 1 April 2019	Charge for the year	Reclassified on account of adoption of Ind AS 116	Deductions	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
Freehold land	579.18	2.76	-	-	-	581.94	-	-	-	-	-	581.94	579.18
Leasehold land (Refer note 5)	691.71	-	691.71	-	-	-	26.95	-	26.95	-	-	-	664.76
Buildings	1,623.47	71.13	-	-	-	1,694.60	189.69	72.89	-	-	262.58	1,432.02	1,433.78
Plant and machinery	6,293.43	842.55	-	2.47	68.24	7,201.75	2,080.64	679.82	-	0.78	2,759.68	4,442.07	4,212.79
Electrical equipments and installations	116.16	5.47	-	-	-	121.63	61.70	10.45	-	-	72.15	49.48	54.46
Office equipments	78.69	20.50	-	-	-	99.19	41.47	22.09	-	-	63.56	35.63	37.22
Furniture and fixtures	85.83	20.81	-	-	-	106.64	38.81	8.89	-	-	47.70	58.94	47.02
Leasehold improvements	5.58	-	-	-	-	5.58	1.68	0.56	-	-	2.24	3.34	3.90
Vehicles	53.35	2.72	-	-	-	56.07	13.54	6.70	-	-	20.24	35.83	39.81
Ships	35.75	-	-	-	-	35.75	5.53	1.79	-	-	7.32	28.43	30.22
Total	9,563.15	965.94	691.71	2.47	68.24	9,903.15	2,460.01	803.19	26.95	0.78	3,235.47	6,667.68	7,103.14
Capital work in progress												1,521.03	730.86

Notes to the Standalone financial statements *(Continued)*

As at 31 March 2020
(Currency : Indian Rupees in million)

4 Property, plant and equipment (Previous year)

Description	Gross Block					Accumulated Depreciation				Net Block	
	As at 1 April 2018	Additions	Deductions	Adjustment of exchange difference on borrowing	As at 31 March 2019	As at 1 April 2018	Charge for the year	Deductions	As at 31 March 2019	As at 31 March 2019	As at 1 March 2018
Freehold land	579.18	-	-	-	579.18	-	-	-	-	579.18	579.18
Leasehold land	691.71	-	-	-	691.71	17.67	9.28	-	26.95	664.76	674.04
Buildings	1,503.89	119.58	-	-	1,623.47	123.10	66.59	-	189.69	1,433.78	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	4,212.79	3,467.92
Electrical equipments and installations	93.82	22.34	-	-	116.16	42.92	18.78	-	61.70	54.46	50.90
Office equipments	54.63	24.06	-	-	78.69	22.68	18.79	-	41.47	37.22	31.95
Furniture and fixtures	73.89	11.94	-	-	85.83	27.60	11.21	-	38.81	47.02	46.29
Leasehold Improvements	5.54	0.04	-	-	5.58	1.12	0.56	-	1.68	3.90	4.42
Vehicles	44.16	15.47	6.28	-	53.35	10.44	6.08	2.98	13.54	39.81	33.72
Ships	35.75	-	-	-	35.75	3.74	1.79	-	5.53	30.22	32.01
Total	7,843.65	1,657.37	6.28	68.41	9,563.15	1,542.43	920.56	2.98	2,460.01	7,103.14	6,301.22
Capital work in progress										730.86	1,155.14

Notes:

a. Exchange differences of ₹ 68.24 million (P.Y. (₹ 68.41) million) has been included in the additions to Property, Plant and Equipment 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. Refer note 21 and 25 for details of assets hypothecated/mortgaged as security against borrowings.

c. Refer note 53 for details of revenue expenditure capitalised.

Notes to the Standalone financial statements *(Continued)*

As at 31 March 2020
(Currency : Indian Rupees in million)

5 Right of use assets

Description	Gross Block				Accumulated Depreciation				Net Block	
	As at 1 April 2019	Additions	Deductions	As at 31 March 2020	As at 1 April 2019	Charge for the year	Deductions	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
Leasehold land*	691.71	-	-	691.71	26.95	9.28	-	36.23	655.48	-
Buildings	11.06	-	-	11.06	-	3.41	-	3.41	7.65	-
Total	702.77	-	-	702.77	26.95	12.69	-	39.64	663.13	-

* Opening balance reclassified on account of adoption of Ind AS 116.

6 Other intangible assets

Description	Gross Block				Accumulated Depreciation				Net Block	
	As at 1 April 2019	Additions	Deductions	As at 31 March 2020	As at 1 April 2019	Charge for the year	Deductions	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
Computer software	39.63	3.64	-	43.27	13.14	8.74	-	21.88	21.39	26.49
Total	39.63	3.64	-	43.27	13.14	8.74	-	21.88	21.39	26.49
Intangible assets under development									87.14	56.00

6 Other intangible assets (Previous year)

Description	Gross Block				Accumulated Depreciation				Net Block	
	As at 1 April 2018	Additions	Deductions	As at 31 March 2019	As at 1 April 2018	Charge for the year	Deductions	As at 31 March 2019	As at 31 March 2019	As at 31 March 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

(Currency : Indian Rupees in million)

	31 March 2020	31 March 2019
7 Non-current investments		
Investments in equity instruments :		
A Unquoted		
i. Subsidiary company (at cost)		
Acoris Research Limited 15,050,080 Equity Shares of face value ₹ 10 each fully paid up (PY: 15,050,080 Equity Shares of face value ₹ 10 each fully paid up)	**0.10**	0.10
ii. Other investment		
(At fair value through other comprehensive income)		
223,164 (P.Y. 223,164) Equity shares of ₹ 10 each of Bharuch Eco Aqua Infrastructure Limited fully paid-up	**4.39**	6.52
30,000 (P.Y. 30,000) Equity shares of ₹ 10 each of Panoli Enviro Technology Limited fully paid-up	**0.08**	0.70
14,494 (P.Y. 14,494) Equity shares of ₹ 100 each MMA CETP Co-operative Society Limited fully paid-up	**1.71**	1.45
16% (P.Y. 16%) equity shares of Jiangsu Chemstar Chemical Co Limited fully paid-up	**26.97**	26.97
Impairment in value of investment*	**(26.97)**	(26.97)
B *Quoted*		
(At fair value through other comprehensive income)		
10,000 (P.Y. 10,000) Equity shares of ₹ 10 each of Bank of Baroda fully paid-up	**0.54**	1.29
2,900 (P.Y. 2,900) Equity shares of ₹ 10 each of Union bank of India fully paid-up	**0.08**	0.28
Total non-current investments (A + B)	**6.90**	10.34
Aggregate amount of quoted investments	**0.62**	1.57
Aggregate market value of quoted investments	**0.62**	1.57
Aggregate amount of unquoted investments	**33.25**	35.74
Aggregate amount of impairment in value of investments	**(26.97)**	(26.97)
	6.90	10.34

***Note:**
The Company has impaired the value of investment in Jiangsu Chemstar Chemical Co Limited in an earlier financial year.

(Currency : Indian Rupees in million)

		31 March 2020	31 March 2019
8	**Loans**		
	Unsecured and considered good		
	Loans to employees	**2.25**	2.82
	Security deposit to related parties	**71.10**	71.10
	Security deposit to other than related parties	**78.37**	74.05
		151.72	147.97
9	**Other financial assets**		
	Unsecured and considered good		
	To other than related parties		
	Deposits with original maturity of more than 12 months (Refer note 15)	**3.85**	36.29
		3.85	36.29
10	**Income tax assets (net)**		
	Income tax assets (net)	**24.70**	4.14
	(Net of provision of ₹ 550 million (P. Y. : ₹ 327 million))		
		24.70	4.14
11	**Other non-current assets**		
	Unsecured and considered good		
	To other than related parties		
	Prepaid expenses	**27.70**	26.78
	VAT/ CST refund receivable	**30.52**	37.98
	Balances with government authorities	**646.52**	242.96
	Capital advances	**80.02**	131.90
		784.76	439.62
12	**Inventories**		
	Valued at the lower of cost and net realisable value		
	Raw materials	**1,814.84**	2,364.95
	(includes goods in transit of ₹ 39.04 million, P.Y. Nil)		
	Packing materials	**9.38**	13.49
	Work-in-progress	**558.58**	535.84
	Finished goods	**559.34**	526.27
	Stores and spares	**182.50**	201.76
		3,124.64	3,642.31

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 provision towards slow moving/non moving inventories as at year end amounted to ₹ 58.01 million (P.Y.: ₹ 46.25 million). The provision towards slow moving/non moving 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.

(Currency : Indian Rupees in million)

		31 March 2020	31 March 2019
13	**Trade receivables**		
	(Unsecured)		
	Trade receivable considered good	**3,428.78**	3,500.83
	Trade receivable which have significant increase in credit risk	**22.73**	22.28
		3,451.51	3,523.11
	Impairment allowance (Allowance for bad and doubtful debts)		
	Trade receivable considered good	**(24.39)**	(3.64)
	Trade receivable which have significant increase in credit risk	**(22.73)**	(22.28)
		(47.12)	(25.92)
	Net trade receivable	**3,404.39**	3,497.19

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.

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 44.

The carrying amounts of the trade receivables include receivables which are subject to a factoring arrangement. Under this arrangement, the company has transferred the relevant receivables to the factor in exchange for cash. However, the company has retained credit risk. The company therefore continues to recognise the transferred assets in their entirety in its balance sheet. The amount subject to factoring agreement is presented as borrowing.

The relevant carrying amounts are as follows:

Particulars	31 March 2020	31 March 2019
Total transferred trade receivables	**824.84**	1,419.77
Associated borrowings [refer note 25]	**824.84**	1,419.77

		31 March 2020	31 March 2019
14	**Cash and cash equivalents**		
	Bank balances in :		
	- Current accounts	**304.56**	39.58
	- Exchange earners foreign currency	**1.86**	0.04
	- Fixed deposit account (with original maturity of 3 months or less)	**8.04**	73.25
	Cash on hand	**2.37**	1.27
	Cash and cash equivalents in the statement of cash flows	**316.83**	114.14
15	**Bank balance other than cash and cash equivalents**		
	Other bank balances:		
	Bank deposits due to mature within 12 months of the reporting date	**316.74**	201.04
	Unpaid dividend accounts	**2.17**	2.24
		318.91	203.28

Deposits given as security

1) Margin money deposits with a carrying amount as at 31 March 2020 ₹ 135.32 million (31 March 2019 ₹ 166.81 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 2020 ₹ 193.22 million (31 March 2019 ₹ 143.68 million) are subject to exclusive first charge to secure the Company's rupee term loans and external commercial borrowing term loan from one bank.
3) Bank deposits with a carrying amount as at 31 March 2020 ₹ 0.10 million (31 March 2019 ₹ 0.10 million) are lien with government authorities.

		31 March 2020	31 March 2019
16	**Loans**		
	(Unsecured)		
	To parties other than related parties		
	Loans to employees	**3.56**	5.03
		3.56	5.03
17	**Other financial assets**		
	Interest accrued on fixed deposit	**3.02**	2.96
		3.02	2.96
18	**Other current assets**		
	(Unsecured)		
	To parties other than related parties		
	Advance to suppliers		
	Considered good	**115.86**	365.99
	Considered doubtful	**10.00**	10.00
	Advance to suppliers	**125.86**	375.99
	Less: Provision for doubtful advances	**(10.00)**	(10.00)
		115.86	365.99
	Balance with government authorities	**358.50**	387.47
	Advance to employees	**-**	0.65
	VAT / CST refund receivable	**25.50**	42.85
	Prepaid expenses	**76.42**	38.36
		576.28	835.32
19	**Share Capital**		
	Authorised share capital (Refer note a below)		
	Equity	**500**	500
	Par value per share (₹)	**2**	2
	Number of equity shares	**250,000,000**	250,000,000
	Preference shares	**250**	250
	Par value per share (₹)	**100**	100
	Number of Preference shares	**2,500,000**	2,500,000
	Issued, subscribed and fully paid up -Equity	**246.60**	246.60
	Par value per share (₹)	**2**	2
	Number of equity shares	**123,300,750**	123,300,750

a. The Company has reclasified 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.

b. 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 ₹ 2 each for every two equity share of ₹ 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 ₹ 82.20 million.

c. **Reconciliation of the shares outstanding at the beginning and at the end of the reporting year**

Equity shares

	31 March 2020		31 March 2019	
	No. millions	₹ in millions	No. millions	₹ in millions
At the beginning of the year	**123.30**	**246.60**	82.20	164.40
Bonus shares	**-**	**-**	41.10	82.20
At the end of the year	**123.30**	**246.60**	123.30	246.60

(Currency : Indian Rupees in million)

d. Terms/rights attached to equity shares

The Company has only single class of equity shares having a par value of ₹ 2 (P.Y. ₹ 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 2020		31 March 2019	
	No of Shares	%	No of Shares	%
Equity shares of ₹ 2 (P.Y. ₹ 2) each fully paid				
Kalyani Investment Company Limited	**38.67**	**31.36**	38.67	31.36
Shri Badrinath Investment Private. Limited	**19.91**	**16.15**	19.91	16.15
Shri Rameshwara Investment Private Limited	**9.81**	**7.96**	9.81	7.96
Sugandha J Hiremath	**9.67**	**7.84**	9.67	7.84

20 Other equity

	Note	31 March 2020	31 March 2019
Capital reserve	i	**0.44**	0.44
Capital redemption reserve	ii	**509.82**	509.82
Securities premium	iii	**64.72**	64.72
State subsidy	iv	**5.50**	5.50
Contingency reserve	v	**30.00**	30.00
General reserve	vi	**1,779.56**	1,779.56
Equity instruments through other comprehensive income	vii	**(2.72)**	(0.48)
		2,387.32	2,389.56

A Notes

		31 March 2020	31 March 2019
i	**Capital reserve**		
	Opening balance	**0.44**	0.44
	Additions during the year	**-**	-
	Closing balance	**0.44**	0.44
ii	**Capital redemption reserve**		
	Opening balance	**509.82**	509.82
	Additions during the year	**-**	-
	Closing balance	**509.82**	509.82
iii	**Securities premium**		
	Opening balance	**64.72**	146.92
	Issue of bonus shares (Refer note 19 b)	**-**	(82.20)
	Closing balance	**64.72**	64.72
iv	**State subsidy**		
	Opening balance	**5.50**	5.50
	Additions during the year	**-**	-
	Closing balance	**5.50**	5.50
v	**Contingency reserve**		
	Opening balance	**30.00**	30.00
	Additions during the year	**-**	-
	Closing balance	**30.00**	30.00
vi	**General reserve**		
	Opening balance	**1779.56**	1779.56
	Additions during the year	**-**	-
	Closing balance	**1779.56**	1779.56
vii	**Equity instruments through other comprehensive income**		
	Opening balance	**(0.48)**	(0.15)
	Additions during the year	**(2.24)**	(0.33)
	Closing balance	**(2.72)**	(0.48)

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 Companies Act 2013 ('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

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.The general reserve includes fair value gain on land revaluation which is not free for distribution.

vii. Equity instruments through other comprehensive income

The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the Equity instruments through Other Comprehensive Income within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

C Dividends

The following dividends were declared and paid by the Company during the years ended: (Currency : Indian Rupees in million)

	31 March 2020	31 March 2019
Final equity dividend paid for financial year 2018-19 at ₹ 0.60 per equity share	**73.98**	-
Interim equity dividend paid for financial year 2019-20 at ₹ 1 per equity share	**123.30**	-
Final equity dividend paid for financial year 2017-18 at ₹ 0.50 per equity share	**-**	61.65
Interim equity dividend paid for financial year 2018-19 at ₹ 0.60 per equity share	**-**	73.98
Dividend distribution tax on the equity dividend paid above	**40.55**	27.88
Total	**237.83**	163.51

(Currency : Indian Rupees in million)

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 pertains to and is recorded in the year in which they have been approved in the Annual General Meeting.

	31 March 2020	31 March 2019
Final equity dividend proposed for financial year 2018-19 at ₹ 0.60 per equity share	-	73.98
Final equity dividend proposed for financial year 2019-20 at ₹ 0.20 per equity share	24.66	-
Dividend distribution tax on the equity dividend proposed above	-	15.21
Total	24.66	89.19

21 Non-current borrowings

(Secured)

	31 March 2020	31 March 2019
Term loans from banks		
Rupee (refer note a (i), a (ii) and b (i) below)	1,808.47	1,405.97
External commercial borrowing (refer note a (iii) and b (i) below)	806.45	944.03
Term loans from financial institutions		
Rupee (refer note a (iv) and b (ii) below)	294.72	441.15
Term loans from others		
Rupee (refer note a (v) and b (iii) below)	118.68	177.95
Vehicle loans		
From banks -Rupee (refer note a (vi) and b (iv) below)	3.71	5.09
From Others -Rupee (refer note a (vi) and b (iv) below)	1.96	4.18
	3,033.99	2,978.37

(For current maturities of loans refer note 28)

a. Nature of security :

i Rupee term loan from banks of ₹ 612.47 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.

ii Rupee term loan from banks of ₹ 1,196 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.

iii 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.

iv 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.

v 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.

vi Vehicle loans are secured by first charge on the said vehicles.

b. i) Terms of repayment as on 31 March 2020 are as under :

(i)	US $ in million	₹ In million	Repayment Terms	Closing interest rate as at 31.3.2020
a	-	239.78	Repayable in 12 quarterly instalments, next installment due on 30.06.2020; equated average instalments of ₹ 19.982 Million	11.05%
b	-	59.64	Repayable in 12 quarterly instalments, next installment due on 30.06.2020; equated average instalments of ₹ 4.970 Million	10.45%
c	-	385.48	Repayable in 12 quarterly instalments, next installment due on 30.06.2020; equated average instalments of ₹ 32.123 Million	10.55%
d	-	118.72	Repayable in 12 quarterly instalments, next installment due on 30.06.2020; equated average instalments of ₹ 9.893 Million	10.75%
e	-	118.85	Repayable in 12 quarterly instalments, next installment due on 30.06.2020; equated average instalments of ₹ 9.904 Million	11.20%
f	-	684.03	Repayable in 25 quarterly instalments, next installment due on 05.06.2020; equated average instalments of ₹ 27.361 Million	9.90% - 10.35%
g	-	596.98	Repayable in 26 quarterly instalments, next installment due on 06.11.2020; equated average instalments of ₹ 22.961 Million	9.45%
h	13.74	1,035.66	Repayable in 15 quarterly instalments, next installment due on 10.06.2020; equated average instalments of US $ 0.92 Million	4.72%

(ii)	US $ in million	₹ In million	Repayment Terms	Closing interest rate as at 31.3.2020
a	-	444.72	Repayable in 12 quarterly instalments, next installment due on 30.06.2020; equated average instalments of ₹ 37.060 Million	10.30%

(iii)	US $ in million	₹ In million	Repayment Terms	Closing interest rate as at 31.3.2020
a	-	178.68	Repayable in 12 quarterly instalments, next installment due on 30.06.2020; equated average instalments of ₹ 14.890 Million	10.45%

(iv)	US $ in million	₹ In million	Repayment Terms	Closing interest rate as at 31.3.2020
a	-	1.24	Repayable monthly EMI of ₹ 0.315 million	9.24%
b	-	5.05	Repayable monthly EMI of ₹ 0.144 million	8.60%
c	-	2.95	Repayable monthly EMI of ₹ 0.102 million	8.73%

ii) Terms of repayment as on 31 March 2019 are as under :

(i)	US $ in million	₹ In million	Repayment Terms	Interest Rate p.a.
a	-	311.62	Repayable quarterly - 16 instalments of ₹ 19.476 million starting from 30.06.2019	11.00%
b	-	77.39	Repayable quarterly - 16 instalments of ₹ 4.837 million starting from 30.06.2019	11.00%
c	-	500.04	Repayable quarterly - 16 instalments of ₹ 31.253 million starting from 30.06.2019	11.20%
d	-	153.99	Repayable quarterly - 16 instalments of ₹ 9.624 million starting from 30.06.2019	11.30%
e	-	154.08	Repayable quarterly - 16 instalments of ₹ 9.630 million starting from 30.06.2019	11.20%
f	-	295.84	Repayable quarterly - 26 instalments of ₹ 11.378 million starting from 31.03.2020	10.35%
g	-	197.03	Repayable quarterly - 26 instalments of ₹ 7.578 million starting from 31.03.2020	10.15%
h	15.57	1,076.86	Repayable quarterly - 18 instalments of USD 0.865 million each starting 10.09.2019	3M Libor + 395 bps
(ii)	**US $ in million**	**₹ In million**	**Repayment Terms**	**Interest Rate p.a.**
a	-	576.15	Repayable quarterly - 16 instalments of ₹ 36.009 million starting from 30.06.2019	10.50%
(iii)	**US $ in million**	**₹ In million**	**Repayment Terms**	**Interest Rate p.a.**
a	-	231.95	Repayable quarterly - 16 instalments of ₹ 14.497 million starting from 30.06.2019	10.45%
(iv)	**US $ in million**	**₹ In million**	**Repayment Terms**	**Interest Rate p.a.**
a	-	0.49	Repayable monthly EMI of ₹ 0.047 million	10.30%
b	-	4.73	Repayable monthly EMI of ₹ 0.315 million	9.24%
c	-	6.31	Repayable monthly EMI of ₹ 0.144 million	8.60%
d	-	3.96	Repayable monthly EMI of ₹ 0.102 million	8.73%

	31 March 2020	31 March 2019
22 Non current lease liability		
Lease liability	9.14	-
	9.14	-

(Currency : Indian Rupees in million)

		31 March 2020	31 March 2019
23	**Non-current provisions**		
	Provision for gratuity (Refer note 42)	**102.83**	85.71
	Provision for compensated absences (Refer note 42)	**81.46**	74.70
		184.29	160.41
24	**Deferred tax liabilities (net)**		
	Deferred tax liabilities (Refer note 41)	**443.49**	369.80
	MAT credit entitlement	**(119.31)**	(241.42)
		324.18	128.38
25	**Current borrowings**		
	(Secured)		
	Loans repayable on demand from banks		
	Working capital loan - Rupee (refer note a and b below)	**1,650.58**	1,599.06
	Bill discounting (Refer note a (ii))	**824.84**	1,419.77
	(Unsecured)		
	Loans repayable on demand from banks		
	Working capital loan - Rupee	**100.00**	-
		2,575.42	3,018.83

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 8.70% p.a.

b. Working capital loans are repayable on demand and carry interest ranging from 1.50% to 10.15% p.a.

		31 March 2020	31 March 2019
26	**Current lease liability**		
	Lease liability	**2.26**	-
		2.26	-
27	**Trade payables**		
	Total outstanding dues of Micro Enterprises and Small Enterprises (Refer note 47)	**233.54**	197.42
	Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	**1,778.03**	1,402.62
		2,011.57	1,600.04

The Company's exposure to currency and liquidity risk related to trade payable is disclosed in Note 44.

		31 March 2020	31 March 2019
28	**Other financials liabilities**		
	Current maturities of long-term debt	**837.78**	611.94
	Interest accrued but not due on borrowings	**28.38**	24.85
	Payables for capital purchases	**270.43**	100.87
	Employee benefits payable	**128.70**	123.29
	Unpaid dividend (Refer note no 48)	**2.17**	2.24
		1,267.46	863.19

Notes to the Standalone financial statements *(Continued)*

As at 31 March 2020
(Currency : Indian Rupees in million)

		31 March 2020	31 March 2019
29	**Other current liabilities**		
	Advances from customers (Contract liability)	**6.82**	420.06
	Statutory dues payable		
	- Provident fund	**10.92**	9.35
	- Employees' state insurance	**0.14**	0.08
	- Tax deducted at source	**15.24**	19.32
	- GST / Value added tax/Custom	**29.37**	48.77
	- Employees' national pension scheme	**0.22**	-
	- Profession tax	**0.33**	0.31
		63.04	497.89
30	**Current provisions**		
	Provision for gratuity (Refer note 42)	**16.58**	14.83
	Provision for compensated absences (Refer note 42)	**21.80**	25.86
		38.38	40.69
31	**Current tax liabilities (net)**		
	Provision for tax (Net of advance tax ₹ 564.53 million (31 March 2019 : ₹ 564.53 million))	**5.04**	5.04
		5.04	5.04

	For the year ended		31 March 2020	31 March 2019
32	**Revenue from Operations**			
	Sale of products		**14,572.69**	15,620.32
	Sale of services		**48.62**	46.27
		(A)	**14,621.31**	15,666.59
	Other operating revenues			
	Export incentive		**233.36**	212.45
	Compensation received from customer		**197.88**	-
	Scrap sales		**20.08**	17.05
		(B)	**451.32**	229.50
	Revenue from operations	**(A+B)**	**15,072.63**	15,896.09

32.1 Disaggregation of revenue from contracts with customers

The Company derives revenue from sale of products from following major segments :

Particulars			
1 Revenue from contacts with customers			
Sale of products (Transferred at point in time)			
Manufacturing			
India		**3,730.10**	4,840.57
Outside India		**10,842.59**	10,779.75
	(A)	**14,572.69**	15,620.32
Sale of services			
India		**-**	-
Outside India		**48.62**	46.27
	(B)	**48.62**	46.27

(Currency : Indian Rupees in million)

	31 March 2020	31 March 2019
2 Other operating revenues		
Export incentive	233.36	212.45
Compensation received from customer	197.88	-
Scrap Sales	20.08	17.05
(C)	451.32	229.50
Total revenue (A + B + C)	15,072.63	15,896.09
Major product lines		
Crop protection	6,203.92	6,504.67
Pharmaceuticals	8,868.71	9,391.42
	15,072.63	15,896.09
Major product lines		
Upon shipment	14,572.69	15,620.32
Upon delivery	48.62	46.27
	14,621.31	15,666.59
Reconciliation of revenue from contracts with customers		
Revenue from contracts with customers as per contract price	14,621.31	15,666.59
Adjustment made to contract price	-	-
Total Revenue from contracts with customers	14,621.31	15,666.59
Other operating revenue	451.32	229.50
Revenue from contracts with customers as per Standalone statement of profit and loss	15,072.63	15,896.09

For the opening and closing balance of receivables from contracts with customers refer note no 13.

33 Other income

Interest income on		
Bank deposits	21.05	15.60
Other deposits	4.19	4.17
Foreign exchange gain (net)	11.08	-
Miscellaneous income	0.70	2.87
	37.02	22.64

34 Cost of materials consumed

Raw material consumed		
Opening stock	2,364.95	1,939.74
Add: Purchase	7,268.92	9,113.21
Less: Closing stock	1,814.84	2,364.95
	7,819.03	8,688.00

35 Changes in inventories of finished goods and Work-in-progress

Opening stock		
Finished goods	526.27	390.14
Work-in-progress	535.84	522.14
	1,062.11	912.28
Less: Closing stock		
Finished goods	559.34	526.27
Work-in-progress	558.58	535.84
	1,117.92	1,062.11
	(55.81)	(149.83)

(Currency : Indian Rupees in million)

		31 March 2020	31 March 2019
36	**Employee benefits expense**		
	Salaries, wages and bonus	1,352.91	1,154.49
	Contribution to provident and other funds	67.18	60.01
	Gratuity expenses (Refer note 42)	20.28	18.70
	Staff welfare expense	125.30	123.70
		1,565.67	1,356.90
37	**Finance costs**		
	Interest on rupee term loans	200.35	235.92
	Interest on foreign currency term loans	59.53	44.96
	Interest on working capital loans	146.35	128.69
	Interest on bills discounted	54.07	65.66
	Other finance costs	0.60	1.17
	Interest expenses on lease liabilities	1.26	-
	Bank charges	31.11	34.41
	Exchange difference to the extent considered as an adjustment to borrowing costs	30.91	73.46
		524.18	584.27
38	**Other expenses**		
	Consumption of stores and spares	252.28	271.81
	Contract labour charges	151.39	146.80
	Power and fuel	1,299.88	1,320.41
	Advertisement	3.99	3.04
	Rent (Refer note 43)	34.06	28.43
	Rates and taxes	13.15	7.82
	Insurance	70.32	18.75
	Repairs and maintenance		
	- Plant and machinery	283.21	247.06
	- Buildings	33.35	46.69
	- Others	137.55	123.72
	Printing and stationery	16.63	19.28
	Legal and professional charges		
	- Legal charges	2.68	3.72
	- Professional charges	121.06	119.57
	Travelling and conveyance	62.44	62.69
	Vehicle expenses	18.91	25.05
	Postage, telephone and telegrams	10.16	7.97
	Payment to auditors (Refer note 51)	6.06	6.29
	Director's sitting fee/ Commission	12.30	14.00
	Sales and distribution expenses	168.15	197.35
	Commission on sales	13.43	8.20
	Security service charges	36.36	31.24
	Sundry balance written off	2.25	41.95
	Service charges	45.28	37.93
	Loss on sale of assets (net)	1.33	0.23
	Foreign exchange loss (net)	-	35.25
	Provision for doubtful debts/advances	21.20	2.28
	Provision for diminution in value of investment	-	15.47
	Corporate Social Responsibility expenses (CSR) (Refer note 49)	22.73	18.24
	Miscellaneous expenses	172.00	158.50
		3,012.15	3,019.74

(Currency : Indian Rupees in million)

39 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 2020	31 March 2019
Profit attributable to equity shareholders (basic and diluted)			
Profit for the year attributable to equity shareholders	**(A)**	**844.36**	1,030.78
Weighted average number of equity shares for basic and diluted earnings per share			
Number of equity shares at beginning of the year		**123,300,750**	82,200,500
Bonus Equity shares issued during the year*		**-**	41,100,250
Number of equity shares outstanding at the end of the year		**123,300,750**	123,300,750
Weighted average number of equity shares for the year*	**(B)**	**123,300,750**	123,300,750
Basic and diluted earnings per share of face value of ₹ 2 each	**(A)/(B)**	**6.85**	8.36

* 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.

(Currency : Indian Rupees in million)

40 Tax expense

	31 March 2020	31 March 2019
(a) Amounts recognised in balance sheet		
Current tax liabilities (Net of advance tax ₹ 564.53 million (31 March 2019 : ₹ 564.53 million))	**5.04**	5.04
Income tax assets (Net of provision of ₹ 550 million (31 March 2019 : ₹ 327 million))	**24.70**	4.14

Note: The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off income 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 2020	For the year ended 31 March 2019
Current income tax		
Current year	**347.02**	455.03
	347.02	455.03
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences	**74.41**	5.05
Deferred tax expense	**74.41**	5.05
Tax expense for the year	**421.43**	460.08

(c) Amounts recognised in other comprehensive income

	For the year ended 31 March 2020			For the year ended 31 March 2019		
	Before tax	Tax (expense) / benefit	Net of tax	Before tax	Tax (expense) / benefit	Net of tax
Items that will not be reclassified in the standalone statement of profit and loss						
Remeasurements of the defined benefit plans	**1.39**	**(0.48)**	**0.91**	1.90	(0.65)	1.25
Fair value of investment	**(3.44)**	**1.20**	**(2.24)**	(0.33)	0.10	(0.23)
	(2.05)	**0.72**	**(1.33)**	1.57	(0.55)	1.02

(d) Reconciliation of effective tax rate

	31 March 2020	31 March 2019
Profit before tax	**1,265.79**	1,490.86
Tax using the Company's domestic tax rate (Current year 34.94% and Previous year 34.94%)	**442.27**	520.91
Tax effect of:		
Non-deductible tax expenses	**49.16**	4.67
Incremental deduction allowed for research and development costs	**(70.00)**	(65.50)
	421.43	460.08

The Company's standalone weighted average tax rates for the years ended 31 March 2020 and 31 March 2019 were 33.29% and 30.86%, respectively.

The Company continues to pay income tax under older tax regime and has not opted for lower tax rate pursuant to taxation Law (Amendment) Ordinance, 2019 considering the accumulated MAT credit and other benefits under the Income tax Act, 1961.

(Currency : Indian Rupees in million)

41 Deferred tax liabilities (net)

a) Recognised deferred assets and liabilities

	Deferred tax assets		Deferred tax liabilities		Net deferred tax asset/(liabilities)	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Property, plant and equipment	-	-	(533.71)	(466.43)	(533.71)	(466.43)
Inventories	20.27	16.17	-	-	20.27	16.17
Trade receivables	11.86	9.05	-	-	11.86	9.05
Loans and advance	3.49	3.49	-	-	3.49	3.49
Investment	6.79	9.42	-	-	6.79	9.42
Provisions	53.16	70.26	-	-	53.16	70.26
Loan processing charges	-	-	(5.35)	(11.76)	(5.35)	(11.76)
Net Deferred tax asset / (liabilities)	**95.57**	**108.39**	**(539.06)**	**(478.19)**	**(443.49)**	**(369.80)**

b) Movement in deferred tax balances

	Net balance 1 April 2019	Recognised in profit or loss	Recognised in OCI	31 March 2020		
				Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
Property, plant and equipment	(466.43)	(67.28)	-	(533.71)	-	(533.71)
Inventories	16.17	4.10	-	20.27	20.27	-
Trade receivables	9.05	2.81	-	11.86	11.86	-
Loans and advances	3.49	-	-	3.49	3.49	-
Investments	9.42	(3.83)	1.20	6.79	6.79	-
Provisions	70.26	(16.62)	(0.48)	53.16	53.16	-
Loan processing charges	(11.76)	6.41	-	(5.35)	-	(5.35)
Net deferred tax assets / (liabilities)	**(369.80)**	**(74.41)**	**0.72**	**(443.49)**	**95.57**	**(539.06)**

c) Movement in deferred tax balances (previous year)

	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)
Net deferred tax assets / (liabilities)	**(365.30)**	**(5.05)**	**0.55**	**(369.80)**	**108.39**	**(478.19)**

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off income 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.

(Currency : Indian Rupees in million)

42 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 2020**	**31 March 2019**
Employer's contribution to Provident Fund	**65.31**	56.03
Employer's contribution to Superannuation Fund	**0.37**	1.33
Employer's contribution to ESIC	**1.87**	3.98
Employer's contribution to Labour Welfare Fund	**0.06**	0.03

(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:

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 2020	**31 March 2019**
Reconciliation of present value of defined benefit obligation		
Balance at the beginning of the year	**122.64**	107.41
Current service cost	**13.34**	12.26
Past service cost	**-**	-
Interest cost (income)	**8.41**	7.51
Benefits paid	**(7.38)**	(2.98)
Actuarial losses/(gains) recognised in other comprehensive income		
- financial assumptions	**(0.69)**	1.50
- demographic assumption	**(0.07)**	-
- experience adjustments	**(0.69)**	(3.06)
Balance at the end of the year	**135.56**	122.64

(Currency : Indian Rupees in million)

		31 March 2020	31 March 2019
Reconciliation of present value of plan assets			
Balance at the beginning of the year		**22.10**	16.56
Interest income		**1.47**	1.08
Remeasurements :		-	-
Return on plan assets, excluding amount included in interest (expense)/income		**(0.07)**	0.34
Employer contributions		**0.03**	5.12
Benefits paid		**(7.38)**	(1.00)
Balance at the end of the year		**16.15**	22.10
Net defined benefit (asset)/ liability		**119.41**	100.54

B. Plan assets

Plan assets comprise the following

Investment		
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%
	100%	100%

C. The components of defined benefit plan expense are as follows:

Recognised in income statement			
Current service cost		**13.34**	12.26
Past service cost		**-**	-
Interest cost		**6.94**	6.44
	Total	**20.28**	18.70
Recognised in Other Comprehensive Income			
Remeasurement of net defined benefit liability/(asset)		**(1.46)**	(1.57)
Return on plan assets, excluding interest income		**0.07**	(0.33)
	Total	**(1.39)**	(1.90)

D. Defined benefit obligations

i. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

Discount rate	**6.55%**	7.45%
Salary escalation rate	**4.00%**	5.00%
Attrition rate	**1.00%**	1.00%
Mortality rate table	**Indian assured lives mortality (2006-08)**	

(Currency : Indian Rupees in million)

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 2020		31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	**125.32**	**147.40**	113.25	133.50
Rate of salary increase (1% movement)	**146.84**	**125.45**	133.04	113.39
Rate of employee turnover (1% movement)	**135.77**	**135.34**	122.83	122.44

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.

	31 March 2020	31 March 2019
Expected employer's contribution to defined benefit plan for the next year	**16.58**	14.83

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
31 March 2020					
Defined benefit obligations (Gratuity)	**21.86**	**7.07**	**29.82**	**60.12**	**118.87**
Total	**21.86**	**7.07**	**29.82**	**60.12**	**118.87**
31 March 2019					
Defined benefit obligations (Gratuity)	7.15	5.92	25.32	62.14	100.53
Total	**7.15**	**5.92**	**25.32**	**62.14**	**100.53**

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 ₹ 21.61 million (previous year ₹ 16.05 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.

43 Transition to Ind AS 116

Effective 1 April, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1 April, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended 31 March 2019.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹ 11.06 million, and a lease liability of ₹ 14.46 million. The cumulative effect of applying the standard, amounting to ₹ 2.28 milliion was debited to retained earnings, net of taxes amounting to ₹ 1.19 million. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS

116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

(i) Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

(ii) Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.

(iii) Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

(iv) Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The weighted average incremental borrowing rate applied to lease liabilities as at 1 April, 2019 is 7.74% p.a.

The changes in the carrying value of right of use (ROU) assets for the year ended 31 March 2020 are disclosed in Note 5.

Particulars	**₹ in million**
ROU Balance at the beginning of the year.	11.06
Opening balance Reclassified on account of adoption of Ind AS 116 (Refer Note 5)	664.76
Additions (Refer Note 5).	-
Depreciation cost accrued during the year (Refer Note 5)	12.69
Deletions	-
ROU Balance at the end of the year	663.13
Lease Liabilities at the beginning of the year	14.46
Additions	-
Interest cost accrued during the year	1.26
Payment of lease liabilities	3.49
Deletion	0.83
Lease Liabilities at the end of the year	11.40
Current Lease Liabilities (Refer note 26)	2.26
Non-current Lease Liabilities (Refer note 22)	9.14

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due. Rental expense recorded for short-term leases or cancelable in nature was ₹ 34.06 million for the year ended 31 March, 2020.

The table below provides details regarding the contractual maturities of lease liabilities as of 31 March 2020 on an undiscounted basis:

	Year ended 31 March 2020	**Year ended 31 March 2019**
Payable within one year	**3.59**	-
Payable between one year and five years	**10.11**	-
Payable after more than five years	**-**	-

(Currency : Indian Rupees in million)

44 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. There are not financial assets or financial liabilities not measured at fair value, whose carrying amount is not a reasonable approximation of fair value.

31 March 2020	Carrying amount			Fair value			
	FVTOCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Investment	6.90	-	6.90	0.62	6.28	-	6.90
	6.90	-	6.90	0.62	6.28	-	6.90

31 March 2019	Carrying amount			Fair value			
	FVTOCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Investment	10.34		10.34	1.57	8.77		10.34
	10.34		**10.34**	**1.57**	**8.77**		**10.34**

B. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

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.

(Currency : Indian Rupees in million)

At 31 March 2020, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows.

	Carrying amount	
	31 March 2020	**31 March 2019**
India	**1,262.65**	1,311.44
Other regions	**2,141.74**	2,185.75
	3,404.39	3,497.19

As at 31 March 2020, the Company's most significant customers, accounted for ₹ 2276.16 million (31 March 2019: ₹ 2,142.87 million) of the trade and other receivables carrying amount.

Impairment

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables:

	31 March 2020		
	Carrying Amount	**Weighted Average Loss Rate**	**Loss Allowance**
Not due	3,046.21	0.09%	2.65
Past due 0-90 days	316.34	1.76%	5.57
Past due 91-180 days	43.59	12.04%	5.25
Past due 181-365 days	15.81	39.78%	6.29
Past due 366-730 days	6.82	67.71%	4.62
Past due 731-1096 days	2.82	100.00%	2.82
More than 1096 days	19.92	100.00%	19.92
	3,451.51		47.12

	31 March 2019		
	Carrying Amount	**Weighted Average Loss Rate**	**Loss Allowance**
Not due	3,096.30	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
	3,523.11		25.92

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows.

Particulars	**Amount**
Balance as at 31 March 2019	**25.92**
Additional provision	21.20
Impairment loss recognised / (reversal)	-
Balance as at 31 March 2020	**47.12**

Cash and cash equivalents

The Company held cash and cash equivalents (including bank deposits) of ₹ 639.60 million at 31 March 2020 (31 March 2019: ₹ 353.71 million). The cash and cash equivalents (including bank deposits) 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.

(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.

31 March 2020	Carrying amount	Total	Contractual cash flows		
			Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Borrowings and lease liabilities - Non current	3,101.18	3,101.18	-	2,716.18	385.00
Borrowings and lease liabilities - current	2,577.68	2,577.68	2,577.68	-	-
Other financial liabilities - current	1,267.46	1,267.46	1,267.46	-	-
Trade payables	2,011.57	2,011.57	2,011.57	-	-
	8,957.89	**8,957.89**	**5,856.71**	**2,716.18**	**385.00**

31 March 2019	Carrying amount	Total	Contractual cash flows		
			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	863.19	863.19	863.19	-	-
Trade payables	1,600.04	1,600.04	1,600.04	-	-
	8,460.53	**8,460.53**	**5,482.06**	**2,753.47**	**225.00**

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.

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.

(Currency : Indian Rupees in million)

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at 31 March 2020 and 31 March 2019 are as below:

	31 March 2020			
	USD	EUR	GBP	Others
Financial assets	1,515.21	658.09	-	-
Financial liabilities	2,035.85	436.47	0.42	-
Net Exposure	(520.64)	221.62	(0.42)	-

	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**

Others includes JPY and CHF

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against USD, Euros and GBP at 31 March would have affected the measurement of financial instruments denominated in these currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect in INR	Profit or loss		Equity net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2020				
USD (3% movement)	(15.62)	15.62	(10.16)	10.16
EUR (3% movement)	6.65	(6.65)	4.32	(4.32)
GBP (3% movement)	(0.01)	0.01	(0.01)	0.01
	(8.98)	8.98	(5.85)	5.85

Effect in INR	Profit or loss		Equity net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2019				
USD (3% movement)	22.78	(22.78)	14.82	(14.82)
EUR (3% movement)	(0.90)	0.90	(0.58)	0.58
GBP (3% movement)	0.01	(0.01)	0.01	(0.01)
	21.89	**(21.89)**	**14.25**	**(14.25)**

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.

Exposure to interest rate risk

Company's interest rate risk arises from borrowings. Borrowings issued at fixed and variable rates exposes to fair value interest rate risk. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows:

(Currency : Indian Rupees in million)

	Nominal amount	
	31 March 2020	31 March 2019
Fixed-rate instruments		
Financial assets	334.44	318.43
Financial liabilities	(2,575.42)	(1,599.06)
	(2,240.98)	**(1,280.63)**
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	(3,871.77)	(5,010.18)
	(3,871.77)	**(5,010.18)**

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.

45 Capital Management

As at 31 March 2020, 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 a gearing ratio, which is net debt divided by total capital plus net debt and adjusted net debt to equity ratio. For this purpose, adjusted net debt is defined as total debt less cash and bank balances.

	31 March 2020	31 March 2019
Non-current borrowings	3,033.99	2,978.37
Current borrowings	2,575.42	3,018.83
Current maturity of long term debt	837.78	611.94
Gross debt	6,447.19	**6,609.14**
Less - Cash and cash equivalents	316.83	114.14
Less - Other bank deposits	322.76	239.57
Adjusted net debt (A)	5,807.60	**6,255.43**
Total equity (B)	8,165.16	7,562.24
Adjusted net debt to equity ratio	0.71	0.83
Total capital (A)+(B)	13,972.76	13,817.66
Gearing ratio *	42%	45%

*The Company's ideal gearing ratio is 30% to 50%.

(Currency : Indian Rupees in million)

46 Contingent liabilities and commitments *(to the extent not provided for)*

	31 March 2020	31 March 2019
A. Contingent liabilities		
Direct and Indirect taxes*		
Income Taxes	236.39	124.10
Excise Duty	40.13	40.13
Value Added Tax (VAT)	11.20	-
Cental Sales Tax (CST)	2.82	-
*Above does not includes interest and penalty, if any		
B. Commitments*		
Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances, tangible assets	827.04	757.47

*Commitments includes capital creditors to the extent of ₹ 270.43 million (P.Y. ₹ 100.87 million) as adjusted against capital advances of ₹ 80.02 million (P.Y. ₹ 131.90 million).

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.

47 Dues to micro and small suppliers

Particulars	31 March 2020	31 March 2019
1. The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	233.54	197.42
- 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 and small 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	-	-

(Currency : Indian Rupees in million)

48 Dues relating to Investor Education and Protection fund

During the year the Company has transferred ₹ 0.34 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

49 Corporate social responsibility

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: ₹ 21.70 million (31 March 2019: ₹ 15.30 million)

The areas of CSR activities and contributions made thereto are as follows:

	31 March 2020	31 March 2019
Amount spent during the year on ;		
Protection of national heritage	**4.00**	2.05
Promotion of education	**9.19**	3.08
Disaster Relief	**-**	0.78
Environmental sustainability	**3.10**	10.73
Promoting preventive health care and sanitation and making available safe water	**6.40**	1.60
Others	**0.04**	-
Total	**22.73**	**18.24**

The Company does not carry any provisions for corporate social responsibility expenses for the current year and the previous year.

50 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 Section 35(2AB) of Income Tax Act 1961 for expenditure incurred on in-house R&D activities.

Amount in respect to		
Capital expenditure	**38.59**	95.36
Revenue expenditure	**482.41**	443.68
	521.00	**539.04**

51 Payment to Auditors (excluding Goods and Services tax)

- Audit fees	**3.40**	3.40
- Limited review of quarterly results	**2.50**	2.40
- Certification and other matters	**0.03**	0.15
- Out-of-pocket expenses	**0.13**	0.34
Total	**6.06**	**6.29**

(Currency : Indian Rupees in million)

52 Disclosure under Section 186 of the Companies Act, 2013

a) Details of investment made during the year ended 31 March 2020 as per section 186 (4) of the Act:

Name of entity	31 March 2019	Investment made during the year	Change due to fair valuation	31 March 2020	Maximum amount outstanding during the year
Bharuch Eco Aqua. Infrastructure Limited	6.52	-	(2.13)	**4.39**	6.52
Panoli Enviro Technology Limited	0.70	-	(0.62)	**0.08**	0.70
Jiangsu Chemstar Chemical Co Limited	-	-	-	**-**	-
Bank of Baroda	1.29	-	(0.75)	**0.54**	1.29
Union Bank of India	0.28	-	(0.20)	**0.08**	0.28
Acoris Research Limited	0.10	-	-	**0.10**	0.10
MMA CETP Co-operative society Limited	1.45	-	0.26	**1.71**	1.71

53 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 2020	Year ended 31 March 2019
Salaries, wages and bonus	**-**	9.37
Finance costs	**100.41**	50.46
Other expenses	**2.00**	1.66
Total	**102.41**	**61.49**

54 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 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	

Notes to the Standalone financial statements *(Continued)*

For the year ended 31 March 2020

(Currency : Indian Rupees in million)

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

ii) Segment revenues, results and other information

Particulars	Crop Protection	Pharmaceuticales	Total of Reportable Segment
External sales	**6,203.92** *6,504.67*	**8,868.71** *9,391.42*	**15,072.63** *15,896.09*
Other income	**-** *-*	**-** *-*	**-** -
Segment revenue	**6,203.92** *6,504.67*	**8,868.71** *9,391.42*	**15,072.63** *15,896.09*
Segment results	**996.46** *1,116.50*	**1,275.28** *1,293.00*	**2,271.74** *2,409.50*
Segment assets	**5,695.84** *5,475.30*	**10,493.09** *10,339.50*	**16,188.93** *15,814.80*
Segment liabilities	**1,449.02** *1,762.20*	**1,937.89** *2,030.50*	**3,386.91** *3,792.70*
Capital expenditure (included in segment assets)	**733.40** *556.07*	**1,007.84** *742.52*	**1,741.24** *1,298.59*
Depreciation/Amortisation	**322.12** *337.08*	**475.67** *567.08*	**797.79** *904.16*

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
Total of reportable segments	**15,072.63** *15,896.09*	**2,271.74** *2,409.50*	**16,188.93** *15,814.80*	**3,386.91** *3,792.70*	**1,741.24** *1,298.59*	**797.79** *904.16*
Corporate / Unallocated segment	**-** -	**327.75** *334.37*	**1,491.00** *1,040.28*	**6,127.86** *5,500.14*	**126.08** *86.89*	**26.83** *24.63*
Finance cost	**-** -	**524.18** *584.27*	**-** -	**-** -	**-** -	**-** -
Exceptional item	**-** -	**154.02** *-*	**-** -	**-** -	**-** -	**-** -
Taxes	**-** -	**421.43** *460.08*	**-** -	**-** -	**-** -	**-** -
As per financial statement	**15,072.63** *15,896.09*	**844.36** *1,030.78*	**17,679.93** *16,855.08*	**9,514.77** *9,292.84*	**1,867.32** *1,385.48*	**824.62** *928.79*

Figures in italics pertain to previous year.

(Currency : Indian Rupees in million)

B Secondary segment reporting (by geographical segment)

Particulars	India	USA and Canada	Europe	South East Asia	Others	Total
Revenue	**3,983.54**	**2,101.20**	**4,402.92**	**4,386.24**	**198.73**	**15,072.63**
	4,840.57	*1,708.36*	*4,771.68*	*4,373.69*	*201.79*	*15,896.09*
Total assets	**17,679.93**	**-**	**-**	**-**	**-**	**17,679.93**
	16,855.08	-	-	-	-	*16,855.08*
Capital expenditure	**1,867.32**	**-**	**-**	**-**	**-**	**1,867.32**
	1,385.48	-	-	-	-	*1,385.48*

There is a customer which account for revenue of ₹ 1,513.52 million in Crop protection segment and a customer which account for revenue of ₹ 1,826.27 million in Pharmaceuticals segment, other than these 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

55 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

Subsidiaries

Name of the related party	Relationship	Country of incorporation	Ownership interest	
			31 March 2020	31 March 2019
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)	Jai Hiremath (Chairman and Managing Director) Sameer Hiremath (Joint Managing Director and CEO) Sham Wahalekar (CFO and Company Secretary)
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 ("IIPL") 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 Wolfang Welter (Upto 30 September 2019) Ranjeet Shahani Mrs Shivani Bhasin Sachdeva (w.e.f.1 August 2019)

(Currency : Indian Rupees in million)

ii) Details of transactions with related parties and balances outstanding

Particulars	Transaction value		Balances outstanding	
	Year ended 31 March 2020	Year ended 31 March 2019	**31 March 2020**	**31 March 2019**
Remuneration				
Jai Hiremath	**35.76**	37.59	**-**	**-**
Sameer Hiremath	**21.77**	21.71	**-**	**-**
Sham Wahalekar	**13.30**	11.57	**-**	**-**
Commission paid				
Jai Hiremath	**13.23**	15.44	**13.23**	15.44
Sameer Hiremath	**13.23**	15.44	**13.23**	15.44
Sitting fees				
Sugandha Hiremath	**1.00**	1.20	**-**	**-**
Baba Kalyani	**0.30**	0.20	**-**	**-**
Amit Kalyani	**0.20**	0.30	**-**	**-**
K.K. Unni	**1.20**	1.20	**-**	**-**
Prakash Mehta	**1.30**	1.50	**-**	**-**
S. M. Kheny	**0.90**	0.90	**-**	**-**
Wolfang Welter	**0.20**	0.62	**-**	**-**
Ranjeet Shahani	**0.50**	0.40	**-**	**-**
Shivani Bhasin Sachdeva	**0.20**	-	**-**	**-**
Commission to Independent Directors				
Sugandha Hiremath	**0.82**	0.96	**0.82**	0.96
Baba Kalyani	**0.82**	0.96	**0.82**	0.96
Amit Kalyani	**0.82**	0.96	**0.82**	0.96
K.K. Unni	**0.82**	0.96	**0.82**	0.96
Prakash Mehta	**0.82**	0.96	**0.82**	0.96
S. M. Kheny	**0.82**	0.96	**0.82**	0.96
Wolfang Welter	**-**	0.96	**-**	0.96
Ranjeet Shahani	**0.82**	0.96	**0.82**	0.96
Shivani Bhasin Sachdeva	**0.82**	-	**0.82**	-
Dividend paid				
SBIPL	**31.86**	21.91	**-**	**-**
SRIPL	**15.70**	10.79	**-**	**-**
DEPL	**0.08**	0.05	**-**	**-**
EIPL	**0.63**	0.43	**-**	**-**
KECPL	**0.10**	0.07	**-**	**-**
KICL	**61.87**	42.54	**-**	**-**
Sugandha Hiremath	**15.47**	10.63	**-**	**-**
Jai Hiremath	**2.15**	1.47	**-**	**-**
Sameer Hiremath	**0.63**	0.43	**-**	**-**
Sham Wahalekar	**0.02**	0.01	**-**	**-**
Lease rent paid				
RCSPL	**1.08**	1.08	**-**	-
Sugandha Hiremath	**2.40**	2.40	**-**	-
Jai Hiremath	**0.30**	0.30	**-**	-
Security Deposit				
RCSPL	**-**	-	**1.10**	1.10
Sugandha Hiremath	**-**	-	**50.00**	50.00
Jai Hiremath	**-**	-	**20.00**	20.00

Terms and conditions of transactions with related parties

All related party transactions entered during the year were in ordinary course of business and are on arms length basis. Outstanding balances at year end are unsecured and interest free and settlement occures in cash.

56 Contribution to Provident Fund as per Supreme Court Judgment

There are numerous interpretative issues relating to the Supreme Court (SC) judgment dated 28 February, 2019 on Provident Fund (PF) on the inclusion of allowances for the purpose of PF contribution as well as its applicability of effective date. The impact is not expected to be material as per the assessment made by the Company.

57 COVID-19 Assessment

The Government of India in order to contain the spread of the COVID-19 pandemic announced a Nationwide Lockdown on 25 March 2020. Accordingly, the Company took a safe shut down of operations at all its manufacturing facilities. Being a part of the essential services industry, after getting the necessary permissions from the respective authorities, the Company restarted operations from 5 April 2020.

The company is ensuring full compliance with the directives issued by the central, state and local government and is taking the required precautions for all the staff.

The Company has considered internal and external information while finalising various estimates and recoverability of assets in relation to its financial statements up to the date of approval of the financial statements by the Board of Directors.

The Company is in the business of manufacturing and supply of Pharmaceuticals & Crop Protection products which is categorised under essential goods. The Company therefore is well positioned to fulfil its obligations and existing contracts/arrangements and believes that the impact of the pandemic may not be cause significant material impact.

The actual impact due to the pandemic may be different from estimates due to uncertainties of the ongoing situation which is fluid and may change from time to time both domestically and globally. The Company has and will continue to monitor the fast-changing environment.

58 Exceptional Item

Exceptional item comprises customs duty ₹ 133.93 million on past imports of raw materials at an Export Oriented Unit of the Company and interest of ₹ 20.09 million thereon, paid during the year ended on 31 March 2020 on directions of the Customs authority pursuant to Notification no. 59/2017-Customs dated 30 June 2017 issued by the Department of Revenue.

59 Other information

The figures for the previous periods have been regrouped whenever necessary to confirm to the current period presentation.

As per our report of even date attached
For S R B C & CO LLP
Chartered Accountants
ICAI Firm's Registration No: 324982E/E300003

per Vinayak Pujare
Partner
Membership No: 101143

Mumbai
18 June 2020

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

Jai Hiremath
Chairman and Managing Director
DIN: 00062203

Sameer Hiremath
Joint Managing Director and CEO
DIN: 00062129

Kannan K. Unni
Director
DIN: 00227858

Sham Wahalekar
Chief Financial Officer and Company Secretary
CS Membership No: 8745

Mumbai
18 June 2020

Standalone Cash Flow Statement

for the year ended 31 March 2020
(Currency : Indian Rupees in million)

		31 March 2020		31 March 2019
A. Cash flow from operating activities				
Profit before tax before exceptional item		**1,419.81**		1,490.86
Adjustments:				
Depreciation and amortisation	**824.62**		928.79	
Finance costs	**524.18**		584.27	
Interest income	**(25.24)**		(19.77)	
Loss on sale of property, plant and equipment	**1.33**		0.23	
Sundry balances written off	**2.25**		41.95	
Provision for doubtful debts/advances	**21.20**		2.28	
Provision for diminution in value of investment	**-**		15.47	
Provision for inventory	**11.76**		-	
Fair value of investment	**-**		0.33	
Unrealised foreign exchange loss	**1.60**		34.60	
		1,361.70		1,588.15
Operating cash flow before working capital changes		**2,781.51**		3,079.01
(Increase)/Decrease in trade receivables	**139.87**		(690.76)	
(Increase)/Decrease in loans and advances and other assets	**(145.53)**		90.29	
(Increase)/Decrease in inventories	**505.91**		(611.78)	
Increase/(Decrease) trade payables	**372.58**		(30.05)	
Increase/(Decrease) in provisions and other liabilities	**(407.96)**		345.38	
		464.87		(896.92)
Cash generated from operations		**3,246.38**		2,182.09
Income tax paid		**(243.06)**		(326.20)
Net cash flows generated from operating activities before exceptional item		**3,003.32**		1,855.89
Exceptional item		**(154.02)**		-
Net cash flows generated from operating activities (A)		**2,849.30**		1,855.89
B. Cash flow from investing activities				
Purchase of property, plant and equipment and intangible assets	**(1,580.32)**		(1,284.27)	
Proceeds from sale of property, plant and equipment	**0.36**		3.06	
Interest received	**25.18**		24.56	
(Increase)/decrease in other bank balances (includes margin money account)	**(83.19)**		10.73	
Net cash flows (used in) investing activities (B)		**(1,637.97)**		(1,245.92)
C. Cash flow from financing activities				
Proceeds from long-term borrowings	**800.00**		537.14	
Repayment of long-term borrowings	**(600.80)**		(591.05)	
Repayments of/proceeds from short-term borrowings (net)	**(449.35)**		247.22	
Finance costs paid	**(520.66)**		(583.85)	
Dividend paid on equity shares (including dividend distribution tax)	**(237.83)**		(163.51)	
Net cash flows (used in) financing activities (C)		**(1,008.64)**		(554.05)
Net increase/(decrease) in cash and cash equivalents (A+B+C)		**202.69**		55.92

Standalone Cash Flow Statement *(Continued)*

for the year ended 31 March 2020
(Currency : Indian Rupees in million)

	31 March 2020	31 March 2019
Cash and cash equivalents at the beginning of the year the components being		
Cash on hand	**1.27**	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
	114.14	58.22
Cash and cash equivalents at the end of the year the components being		
Cash on hand	**2.37**	1.27
Balances with banks		
- Current accounts	**304.56**	39.58
- Exchange Earners Foreign Currency accounts	**1.86**	0.04
- Deposits accounts (demand deposits and deposits having original maturity of 3 months or less)	**8.04**	73.25
	316.83	114.14
Net increase/(decrease) as disclosed above (A+B+C)	**202.69**	55.92

Debt reconciliation statement in accordance with Ind AS 7

	31 March 2020	31 March 2019
Opening balance		
Long term borrowings	**3,590.42**	3,579.30
Short term borrowings	**3,018.83**	2,771.62
Lease liability (Opening balance on account of adoption of Ind AS 116)	**13.63**	-
Movements		
Long term borrowings	**281.35**	11.12
Short term borrowings	**(443.41)**	247.21
Lease liability	**(2.26)**	-
Closing balance		
Long term borrowings	**3,871.77**	3,590.42
Short term borrowings	**2,575.42**	3,018.83
Lease liability	**11.37**	-

Notes to the cash flow statement

1 The above cash flow statement has been prepared under the 'Indirect Method' set out in Accounting Standard (IND AS) 7, 'Cash Flow Statements'.

	Note
Significant accounting policies	1-3

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

As per our report of even date attached
For S R B C & CO LLP
Chartered Accountants
ICAI Firm's Registration No: 324982E/E300003

per Vinayak Pujare
Partner
Membership No: 101143

Mumbai
18 June 2020

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

Jai Hiremath
Chairman and Managing Director
DIN: 00062203

Sameer Hiremath
Joint Managing Director and CEO
DIN: 00062129

Kannan K. Unni
Director
DIN: 00227858

Sham Wahalekar
Chief Financial Officer and Company Secretary
CS Membership No: 8745

Mumbai
18 June 2020

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

Sr. No	Particular	Acoris Research Limited (1 April 2019 to 31 March 2020)
a)	Share Capital	150.50
b)	Reserves	(153.54)
c)	Total Assets	-
d)	Total Liabilities	0.04
e)	Investments	-
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 Auditor’s Report

To the Members of Hikal Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Hikal Limited (hereinafter referred to as “the Holding Company”) and its subsidiary (the Holding Company and its subsidiary together referred to as “the Group”) comprising of the consolidated Balance sheet as at March 31 2020, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated Ind AS 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 and on the other financial information of the subsidiary, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended (“the Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at March 31, 2020, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the ‘Auditor’s Responsibilities for the Audit of the consolidated Ind AS 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matter described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditor of component not audited by us, as reported by him in his audit report furnished to us by the management, including those procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition based on contracts with customers (as described in note 3.2 and 32 of the consolidated Ind AS financial statements)	
The Group recognizes revenue when control of the goods is transferred to the customers at an amount that reflects the net consideration, which the Group is entitled to receive for those goods from customers. Revenue from sale of products is recognised based on terms and conditions, which vary amongst different customers. 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. The recognition and measurement of such revenue is also based on the terms of sales arrangement/ contracts, which involves management judgement and estimation in respect of price adjustments that create complexities for determining sales revenues. Considering the above factors and the risk associated with recognition of such revenue, we have determined the same to be a key audit matter.	As part of our audit procedures, we: • Read the Group's accounting policy for revenue recognition and assessed its compliance with Ind AS 115 'Revenue from contracts with customers'; • Assessed the design and tested the operating effectiveness of internal financial controls related to sale of goods; • Performed sample tests of individual sales transactions and price adjustments and traced to sales invoices, sales orders, shipping documents and debit / credit notes. • Selected samples of sales transactions made pre and post year end, agreed the period of revenue recognition to underlying documents such as sales invoices, sales orders and shipping documents. • Read and assessed the relevant disclosures made within the consolidated Ind AS financial statements.

Other Information

The Holding Company's Board of Directors is responsible for the Other Information. The Other Information comprises the information included in the Annual report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS 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 Ind AS financial statements, our responsibility is to read the Other Information and, in doing so, consider whether such Other Information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity 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 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS 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 Ind AS 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 Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS 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 to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements and other financial information, in respect of one subsidiary, whose Ind AS financial statements include total assets of ₹ NIL as at March 31, 2020, and total revenues of ₹ NIL and net cash outflows of ₹ NIL for the year ended on that date. These financial statements and other financial information have been audited by other auditor, which financial statements, other financial information and auditor's report have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of such other auditor.

(b) The consolidated Ind AS financial statements of the Company for the year ended March 31, 2019, included in these consolidated Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 09, 2019.

Our opinion above on the consolidated Ind AS 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 report of the other auditor and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and the other financial information of subsidiary, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditor whose report we have relied upon 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 Ind AS financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and report of the other auditor;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor who is appointed under Section 139 of the Act, of its subsidiary company, none of the directors of the Group's company, incorporated in India, is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary company, incorporated in India, refer to our separate Report in "Annexure 1" to this report;

(g) In our opinion and based on the consideration of report of other statutory auditor of the subsidiary, incorporated in India, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Holding Company and its subsidiary incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, 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 report of the other auditor on separate financial statements as also the other financial information of the subsidiary, as noted in the 'Other matter' paragraph:

   i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, in its consolidated Ind AS financial statements – Refer Note 46(A) to the consolidated Ind AS financial statements;

   ii. The Group, did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2020;

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary, incorporated in India during the year ended March 31, 2020.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Vinayak Pujare
Partner
Membership Number: 101143
UDIN: 20101143AAAABB3883

Place of Signature: Mumbai
Date: 18 June 2020

Annexure 1 to the Independent Auditor's Report of even date on the consolidated Ind AS financial statements of Hikal Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of Hikal Limited as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Hikal Limited (hereinafter referred to as the "Holding Company") and its subsidiary company, which is company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary company, which is company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 over financial reporting with reference to these consolidated Ind AS financial statements was 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 over financial reporting with reference to these consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report 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 over financial reporting with reference to these consolidated Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting with reference to these Consolidated Ind AS Financial Statements

A company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these consolidated Ind AS 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 Over Financial Reporting with reference to these Consolidated Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated Ind AS 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 over financial reporting with reference to these consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary company, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31,2020, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company, insofar as it relates to this one subsidiary company, which is the Company incorporated in India, is based on the corresponding report of the auditor of such subsidiary incorporated in India.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Vinayak Pujare
Partner
Membership Number: 101143
UDIN: 20101143AAAABB3883

Place of Signature: Mumbai
Date: 18 June 2020

Financial Statements

Consolidated Balance Sheet

as at 31 March 2020

(Currency : Indian Rupees in million)

	Note	31 March 2020	31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	4	6,667.68	7,103.14
Capital work-in-progress	4	1,521.03	730.86
Right of use assets (ROU)	5	663.13	-
Other intangible assets	6	21.39	26.49
Intangible assets under development	6	87.14	56.00
Financial Assets			
Investments	7	6.80	10.24
Loans	8	151.72	147.97
Others	9	3.85	36.29
Income tax assets (net)	10	24.70	4.14
Other non-current assets	11	784.76	439.62
Total non-current assets		9,932.20	8,554.75
Current assets			
Inventories	12	3,124.64	3,642.31
Financial Assets			
Trade receivables	13	3,404.39	3,497.19
Cash and cash equivalents	14	316.83	114.14
Bank balance other than cash and cash equivalents	15	318.91	203.28
Loans	16	3.56	5.03
Others	17	3.02	2.96
Other current assets	18	576.28	835.32
Total current assets		7,747.63	8,300.23
Total assets		17,679.83	16,854.98
EQUITY AND LIABILITIES			
Equity			
Equity share capital	19	246.60	246.60
Other equity			
Retained earnings		5,214.57	4,609.42
Other reserves	20	2,703.85	2,706.09
Total equity		8,165.02	7,562.11
Liabilities			
Non-current liabilities			
Financial Liabilities:			
Borrowings	21	3,033.99	2,978.37
Lease liability	22	9.14	-
Provisions	23	184.29	160.41
Deferred tax liabilities (net)	24	324.18	128.38
Total non-current liabilities		3,551.60	3,267.16
Current liabilities			
Financial liabilities:			
Borrowings	25	2,575.42	3,018.83
Lease liability	26	2.26	-
Trade payables	27		
Total outstanding dues of Micro Enterprises and Small Enterprises		233.54	197.42
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		1,778.07	1,402.65
Other financial liabilities	28	1,267.46	863.19
Other current liabilities	29	63.04	497.89
Provisions	30	38.38	40.69
Current tax liabilities (net)	31	5.04	5.04
Total current liabilities		5,963.21	6,025.71
Total liabilities		9,514.81	9,292.87
Total equity and liabilities		17,679.83	16,854.98
Significant accounting policies	1-3		

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

As per our report of even date attached
For S R B C & CO LLP
Chartered Accountants
ICAI Firm's Registration No: 324982E/E300003

per Vinayak Pujare
Partner
Membership No: 101143

Mumbai
18 June 2020

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

Jai Hiremath
Chairman and Managing Director
DIN: 00062203

Sameer Hiremath
Joint Managing Director and CEO
DIN: 00062129

Kannan K. Unni
Director
DIN: 00227858

Sham Wahalekar
Chief Financial Officer and Company Secretary
CS Membership No: 8745

Mumbai
18 June 2020

Consolidated Statement of Profit and Loss

for the year ended 31 March 2020
(Currency : Indian Rupees in million)

	Note	31 March 2020	31 March 2019
INCOME			
Revenue from operations	**32**	**15,072.63**	15,896.09
Other income	**33**	**37.02**	22.64
Total income		**15,109.65**	15,918.73
EXPENSES			
Cost of materials consumed	**34**	**7,819.03**	8,688.00
Changes in inventories of finished goods and work-in-progress	**35**	**(55.81)**	(149.83)
Employee benefits expense	**36**	**1,565.67**	1,356.90
Finance costs	**37**	**524.18**	584.27
Depreciation and amortisation expenses	**4-6**	**824.62**	928.79
Other expenses	**38**	**3,012.16**	3,019.77
Total expenses		**13,689.85**	14,427.90
Profit before tax before exceptional item		**1,419.80**	1,490.83
Exceptional item	**55**	**154.02**	-
Profit before tax after exceptional item		**1,265.78**	1,490.83
Tax expense			
Current tax	**40**	**347.02**	455.03
Deferred tax	**41**	**74.41**	5.05
Total tax expense		**421.43**	460.08
Profit for the year		**844.35**	1,030.75
Other comprehensive income			
(i) Items that will not be reclassified to statement of profit and loss			
- Remeasurements of defined benefit liability /(Asset)		**1.39**	1.90
- Equity investments through other comprehensive income - net change in fair value		**(3.44)**	(0.33)
(ii) Income tax relating to items that will not be reclassified to statement of profit and loss		**0.72**	(0.55)
Other comprehensive income/(loss) for the year, (net of income tax)		**(1.33)**	1.02
Total comprehensive income for the year		**843.02**	1,031.77
Earnings per equity share (for nominal value per equity share of ₹ 2)			
Basic and Diluted	**39**	**6.85**	8.36
Significant accounting policies	**1-3**		

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

As per our report of even date attached
For S R B C & CO LLP
Chartered Accountants
ICAI Firm's Registration No: 324982E/E300003

per Vinayak Pujare
Partner
Membership No: 101143

Mumbai
18 June 2020

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

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DIN: 00062129

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Director
DIN: 00227858

Sham Wahalekar
Chief Financial Officer and Company Secretary
CS Membership No: 8745

Mumbai
18 June 2020

Consolidated Statement of Changes in Equity

for the year ended 31 March 2020
(Currency : Indian Rupees in million)

(a) Equity share capital	No. of shares	Value
Balance as at 1 April 2018	82.20	164.40
Changes in equity share capital during 2018-19	41.10	82.20
Balance as at 31 March 2019	123.30	246.60
Changes in equity share capital during 2019-20	-	-
Balance as at 31 March 2020	123.30	246.60

(b) Other equity

	Capital reserve	Capital redemption reserve	Securities premium	State subsidy	Contingency reserve	General reserve	Retained earnings	Equity investments through other comprehen-sive income
Balance as at 31 March 2018	0.44	509.82	463.43	5.50	30.00	1,779.58	3,740.83	(0.15)
Total comprehensive income for the year ended 31 March 2019								
Profit for the year	-	-	-	-	-	-	1,030.75	-
Items of OCI for the year, net of tax								
Remeasurements of defined benefit liability//(assets)	-	-	-	-	-	-	1.35	-
Equity investments through other comprehensive income - net change in fair value	-	-	-	-	-	-	-	(0.33)
Total comprehensive income							**1,032.10**	**(0.33)**
Transaction with equity holders in their capacity as owners, recorded directly in equity								
Dividend	-	-	-	-	-	-	(135.63)	-
Dividend distribution tax	-	-	-	-	-	-	(27.88)	-
Issue of bonus shares	-	-	(82.20)	-	-	-	-	-
Balance as at 31 March 2019	**0.44**	**509.82**	**381.23**	**5.50**	**30.00**	**1,779.58**	**4,609.42**	**(0.48)**
Total comprehensive income for the year ended 31 March 2020								
Profit for the year	-	-	-	-	-	-	844.35	-
Items of OCI for the year, net of tax								
Remeasurements of defined benefit liability/(assets)	-	-	-	-	-	-	0.91	-
Equity investments through other comprehensive income - net change in fair value	-	-	-	-	-	-	-	(2.24)
Total comprehensive income							**845.26**	**(2.24)**
Transaction with equity holders in their capacity as owners, recorded directly in equity								
Dividends	-	-	-	-	-	-	(197.28)	-
Dividend Distribution Tax	-	-	-	-	-	-	(40.55)	-
Other adjustments								
Lease impact as per Ind AS 116	-	-	-	-	-	-	(2.28)	-
Balance as at 31 March 2020	**0.44**	**509.82**	**381.23**	**5.50**	**30.00**	**1,779.58**	**5,214.57**	**(2.72)**

As per our report of even date attached
For S R B C & CO LLP
Chartered Accountants
ICAI Firm's Registration No: 324982E/E300003

per Vinayak Pujare
Partner
Membership No: 101143

Mumbai
18 June 2020

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

Jai Hiremath
Chairman and Managing Director
DIN: 00062203

Sameer Hiremath
Joint Managing Director and CEO
DIN: 00062129

Kannan K. Unni
Director
DIN: 00227858

Sham Wahalekar
Chief Financial Officer and Company Secretary
CS Membership No: 8745

Mumbai
18 June 2020

Notes to the Consolidated financial statements

for the year ended 31 March 2020
(Currency : Indian Rupees in million)

1 Group overview

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

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

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

The Holding 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 accompanying 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) (Amendment) 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 2020 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on 18 June 2020.

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 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 judgments

The preparation of the consolidated financial statements in accordance with Ind AS requires use of judgments, 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.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

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 the estimates made by the management. 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. Impairment allowance of trade receivables (allowance for bad and 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 realisable 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.

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 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 assets and 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 realisation 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 subsidiaries are 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 reparing 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 holding 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 Holding Company'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.

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 Group 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 Holding Company which are included in the consolidated financial statements is as under:

Name	Relationship	Country of incorporation	Ownership Interest	
			31 March 2020	31 March 2019
Acoris Research Limited	Subsidiary	India	**100%**	100%

3.2 Revenue

Sale of goods

Revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those goods.

Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer which is usually on dispatch / delivery.

Revenue is measured based on the transaction price, which is the consideration, adjusted for rebates and discounts, price adjustments and returns, if any, as specified in the contracts with the customers. Revenue excludes taxes collected from customers on behalf of the government.

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

Export entitlements

Export entitlements from Government authorities are recognised in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Group, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

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.

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 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.

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 consolidated 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 consolidated Statement of Profit and Loss, any exchange component of that gain or loss is recognised in consolidated 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.

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 profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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 consolidated 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.

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.

"Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognises MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period."

3.6 Inventories

a. Measurement of Inventory

The Group 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 Group 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.

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 Group 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.

(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.

In case of Ships, based on internal assessment and technical evaluation carried out, management believes that the useful life is 30 years, which is higher and different from the useful life of 20 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	8	10
Office equipment	5	5
Computers	3	3
Ships	30	20

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 Group'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 ₹ 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.

3.8 Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs 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.

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 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 Group 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 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.

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. Impairment losses (and reversal of impairment losses) on equity instrument measured at FVOCI not reported separately from other changes in fair value.

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.

Further disclosures relating to impairment of financial assets are also provided in the following notes:

Trade receivables and contract assets – see Note 13

Trade receivables the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

v. Impairment of financial assets

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.

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 profit or 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.

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 or disclosure is made.

3.12 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i. Right-of-use assets (ROU assets)

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold Land	90 to 99 years
Buildings	9 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 3.13 Impairment of non-financial assets.

ii. Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

iii. Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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 Group 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 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.

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 Changes in accounting policies and disclosure

New and amended standards

The Group applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below. Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2020.

Notes to the Consolidated financial statements *(Continued)*

As at 31 March 2020
(Currency : Indian Rupees in million)

4 Property, plant and equipment

Description	Gross Block						Accumulated Depreciation					Net Block	
	As at 1 April 2019	Additions	Reclassified on account of adoption of Ind AS 116	Deductions	Adjustment of exchange difference on borrowing	As at 31 March 2020	As at 1 April 2019	Charge for the year	Reclassified on account of adoption of Ind AS 116	Deductions	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
Freehold land	579.18	2.76	-	-	-	581.94	-	-	-	-	-	581.94	579.18
Leasehold land (Refer note 5)	691.71	-	691.71	-	-	-	26.95	-	26.95	-	-	-	664.76
Buildings	1,623.47	71.13	-	-	-	1,694.60	189.69	72.89	-	-	262.58	1,432.02	1,433.78
Plant and machinery	6,293.43	842.55	-	2.47	68.24	7,201.75	2,080.64	679.82	-	0.78	2,759.68	4,442.07	4,212.79
Electrical equipments and installations	116.16	5.47	-	-	-	121.63	61.70	10.45	-	-	72.15	49.48	54.46
Office equipments	78.69	20.50	-	-	-	99.19	41.47	22.09	-	-	63.56	35.63	37.22
Furniture and fixtures	85.83	20.81	-	-	-	106.64	38.81	8.89	-	-	47.70	58.94	47.02
Leasehold improvements	5.58	-	-	-	-	5.58	1.68	0.56	-	-	2.24	3.34	3.90
Vehicles	53.35	2.72	-	-	-	56.07	13.54	6.70	-	-	20.24	35.83	39.81
Ships	35.75	-	-	-	-	35.75	5.53	1.79	-	-	7.32	28.43	30.22
Total	9,563.15	965.94	691.71	2.47	68.24	9,903.15	2,460.01	803.19	26.95	0.78	3,235.47	6,667.68	7,103.14
Capital work in progress												1,521.03	730.86

(Currency : Indian Rupees in million)

4 Property, plant and equipment (previous year)

Description	Gross Block					Accumulated Depreciation				Net Block	
	As at 1 April 2018	Additions	Deductions	Adjustment of exchange difference on borrowing	As at 31 March 2019	As at 1 April 2018	Charge for the year	Deductions	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018
Freehold land	579.18	-	-	-	579.18	-	-	-	-	579.18	579.18
Leasehold land	691.71	-	-	-	691.71	17.67	9.28	-	26.95	664.76	674.04
Buildings	1,503.89	119.58	-	-	1,623.47	123.10	66.59	-	189.69	1,433.78	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	4,212.79	3,467.92
Electrical equipments and installations	93.82	22.34	-	-	116.16	42.92	18.78	-	61.70	54.46	50.90
Office equipments	54.63	24.06	-	-	78.69	22.68	18.79	-	41.47	37.22	31.95
Furniture and fixtures	73.89	11.94	-	-	85.83	27.60	11.21	-	38.81	47.02	46.29
Leasehold Improvements	5.54	0.04	-	-	5.58	1.12	0.56	-	1.68	3.90	4.42
Vehicles	44.16	15.47	6.28	-	53.35	10.44	6.08	2.98	13.54	39.81	33.72
Ships	35.75	-		-	35.75	3.74	1.79	-	5.53	30.22	32.01
Total	7,843.65	1,657.37	6.28	68.41	9,563.15	1,542.43	920.56	2.98	2,460.01	7,103.14	6,301.22
Capital work in progress										730.86	1,155.14

Notes:

a. Exchange differences of ₹ 68.24 million (P.Y. ₹ 68.41 million) has been included in the additions to Property, Plant and Equipment 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. Refer note 21 and 25 for details of assets hypothecated/mortgaged as security against borrowings.

c. Refer note 49 for details of revenue expenditure capitalised.

(Currency : Indian Rupees in million)

5 Right of use assets

Description	Gross Block				Accumulated Depreciation				Net Block	
	As at 1 April 2019	Additions	Deductions	As at 31 March 2020	As at 1 April 2019	Charge for the year	Deductions	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
Leasehold land*	691.71	-	-	691.71	26.95	9.28	-	36.23	655.48	-
Buildings	11.06	-	-	11.06	-	3.41	-	3.41	7.65	-
Total	702.77	-	-	702.77	26.95	12.69	-	39.64	663.13	-

* Opening balance reclassified on account of adoption of Ind AS 116.

6 Other intangible assets

Description	Gross Block				Accumulated Depreciation				Net Block	
	As at 1 April 2019	Additions	Deductions	As at 31 March 2020	As at 1 April 2019	Charge for the year	Deductions	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
Computer software	39.63	3.64	-	43.27	13.14	8.74	-	21.88	21.39	26.49
Total	39.63	3.64	-	43.27	13.14	8.74	-	21.88	21.39	26.49
Intangible assets under development									87.14	56.00

6 Other intangible assets (Previous year)

Description	Gross Block				Accumulated Depreciation				Net Block	
	As at 1 April 2018	Additions	Deductions	As at 31 March 2019	As at 1 April 2018	Charge for the year	Deductions	As at 31 March 2019	As at 31 March 2019	As at 31 March 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

Notes to the Consolidated financial statements *(Continued)*

As at 31 March 2020
(Currency : Indian Rupees in million)

	31 March 2020	31 March 2019
7 Non-current investments		
Investments in equity instruments:		
(At fair value through other comprehensive income)		
Investments in other companies:		
A Unquoted		
223,164 (P.Y. 223,164) Equity shares of ₹ 10 each of Bharuch Eco Aqua Infrastructure Limited fully paid-up	**4.39**	6.52
30,000 (P.Y. 30,000) Equity shares of ₹ 10 each of Panoli Enviro Technology Limited fully paid-up	**0.08**	0.70
14,494 (P.Y. 14,494) Equity shares of ₹ 100 each MMA CETP Co-operative Society Limited fully paid-up	**1.71**	1.45
16% (P.Y. 16%) equity shares of Jiangsu Chemstar Chemical Co Limited fully paid-up	**26.97**	26.97
Impairment in value of investment*	**(26.97)**	(26.97)
B Quoted		
10,000 (P.Y. 10,000) Equity shares of ₹ 10 each of Bank of Baroda fully paid-up	**0.54**	1.29
2,900 (P.Y. 2,900) Equity shares of ₹ 10 each of Union bank of India fully paid-up	**0.08**	0.28
Total non-current investments (A + B)	**6.80**	**10.24**
Aggregate amount of quoted investments	**0.62**	1.57
Aggregate market value of quoted investments	**0.62**	1.57
Aggregate amount of unquoted investments	**33.15**	35.64
Aggregate amount of impairment in value of investments	**(26.97)**	(26.97)
	6.80	10.24

*** Note:**
The Holding Company has impaired the value of investment in Jiangsu Chemstar Chemical Co Limited in an earlier financial year.

As at 31 March 2020
(Currency : Indian Rupees in million)

		31 March 2020	31 March 2019
8	**Loans**		
	Loans to employee	**2.25**	2.82
	Security deposit to related parties	**71.10**	71.10
	Security deposit to other than related parties	**78.37**	74.05
		151.72	147.97
9	**Other financial assets**		
	Unsecured and considered good		
	To other than related parties		
	Deposits with original maturity of more than 12 months (Refer note 15)	**3.85**	36.29
		3.85	36.29
10	**Income tax assets (net)**		
	Income tax assets (net) (Net of provision of ₹ 550 million (P. Y. : ₹ 327 million))	**24.70**	4.14
		24.70	4.14
11	**Other non-current assets**		
	Unsecured and considered good		
	To other than related parties		
	Prepaid expenses	**27.70**	26.78
	VAT/ CST refund receivable	**30.52**	37.98
	Balances with government authorities	**646.52**	242.96
	Capital advances	**80.02**	131.90
		784.76	439.62
12	**Inventories**		
	Valued at the lower of cost and net realisable value		
	Raw materials (includes goods in transit of ₹ 39.04 million, P.Y. Nil)	**1,814.84**	2,364.95
	Packing materials	**9.38**	13.49
	Work-in-progress	**558.58**	535.84
	Finished goods	**559.34**	526.27
	Stores and spares	**182.50**	201.76
		3,124.64	3,642.31

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 provision towards slow moving/non moving inventories as at year end amounted to ₹ 58.01 million (P.Y. ₹ 46.25 million). The provision towards slow moving/non moving 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.

(Currency : Indian Rupees in million)

		31 March 2020	31 March 2019
13	**Trade receivables**		
	(Unsecured)		
	Trade receivable considered good	**3,428.78**	3,500.83
	Trade receivable which have significant increase in credit risk	**22.73**	22.28
		3,451.51	3,523.11
	Impairment allowance		
	(Allowance for bad and doubtful debts)		
	Trade receivable considered good	**(24.39)**	(3.64)
	Trade receivable which have significant increase in credit risk	**(22.73)**	(22.28)
		(47.12)	(25.92)
	Net trade receivable	**3,404.39**	3,497.19

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.

No trade or other receivable are due from directors or other officers of the group either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

The Group's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 44.

The carrying amounts of the trade receivables include receivables which are subject to a factoring arrangement. Under this arrangement, the Group has transferred the relevant receivables to the factor in exchange for cash. However, the Group has retained credit risk. The Group therefore continues to recognise the transferred assets in their entirety in its balance sheet. The amount subject to factoring agreement is presented as borrowing.

The relevant carrying amounts are as follows:

Particulars	**31 March 2020**	**31 March 2019**
Total transferred trade receivables	**824.84**	1,419.77
Associated borrowings [refer note 25]	**824.84**	1,419.77

		31 March 2020	31 March 2019
14	**Cash and cash equivalents**		
	Bank balances in :		
	- Current accounts	**304.56**	39.58
	- Exchange earners foreign currency	**1.86**	0.04
	- Fixed deposit account (with original maturity of 3 months or less)	**8.04**	73.25
	Cash on hand	**2.37**	1.27
	Cash and cash equivalents in the statement of cash flows	**316.83**	114.14
15	**Bank balance other than cash and cash equivalents**		
	Other bank balances:		
	Bank deposits due to mature within 12 months of the reporting date	**316.74**	201.04
	Unpaid dividend accounts	**2.17**	2.24
		318.91	203.28

Deposits given as security

1) Margin money deposits with a carrying amount as at 31 March 2020 ₹ 135.32 million (31 March 2019 ₹ 166.81 million) are subject to first charge to secure the Holding Company's working capital loans.
2) Bank deposits with a carrying amount as at 31 March 2020 ₹ 193.22 million (31 March 2019 ₹ 143.68 million) are subject to exclusive first charge to secure the Holding Company's rupee term loans and external commercial borrowing term loan from one bank.
3) Bank deposits with a carrying amount as at 31 March 2020 ₹ 0.10 million (31 March 2019 ₹ 0.10 million) are lien with government authorities.

Notes to the Consolidated financial statements *(Continued)*

As at 31 March 2020
(Currency : Indian Rupees in million)

		31 March 2020	31 March 2019
16	**Loans**		
	(Unsecured)		
	To parties other than related parties		
	Loans to employees	**3.56**	5.03
		3.56	5.03
17	**Other financial assets**		
	Interest accrued on fixed deposit	**3.02**	2.96
		3.02	2.96
18	**Other current assets**		
	(Unsecured)		
	To parties other than related parties		
	Advance to suppliers		
	Considered good	**115.86**	365.99
	Considered doubtful	**10.00**	10.00
	Advance to suppliers	**125.86**	375.99
	Less: Provision for doubtful advances	**(10.00)**	(10.00)
		115.86	365.99
	Balance with government authorities	**358.50**	387.47
	Advance to employees	**-**	0.65
	VAT / CST refund receivable	**25.50**	42.85
	Prepaid expenses	**76.42**	38.36
		576.28	835.32
19	**Share Capital**		
	Authorised share capital (Refer note a below)		
	Equity	**500**	500
	Par value per share (₹)	**2**	2
	Number of equity shares	**250,000,000**	250,000,000
	Preference shares	**250**	250
	Par value per share (₹)	**100**	100
	Number of Preference shares	**2,500,000**	2,500,000
	Issued, subscribed and fully paid up -Equity	**246.60**	246.60
	Par value per share (₹)	**2**	2
	Number of equity shares	**123,300,750**	123,300,750

a. The Holding Company has reclasified 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.

b. The Board of Directors of the Holding Company at its meeting held on 9 May 2018, approved a proposal to issue bonus shares in the ratio of one equity share of ₹ 2 each for every two equity share of ₹ 2 each held by the shareholders of the Holding 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 Holding Company allotted 41,100,250 equity shares as fully paid up bonus shares by capitalisation of securities premium amounting to ₹ 82.20 million.

c. **Reconciliation of the shares outstanding at the beginning and at the end of the reporting year.**

Equity shares

	31 March 2020		31 March 2019	
	No. millions	₹ in millions	No. millions	₹ in millions
At the beginning of the year	**123.30**	**246.60**	82.20	164.40
Bonus shares	**-**	**-**	41.10	82.20
At the end of the year	**123.30**	**246.60**	123.30	246.60

(Currency : Indian Rupees in million)

d. Terms/rights attached to equity shares

The Holding Company has only single class of equity shares having a par value of ₹ 2 (P.Y. ₹ 2) per share. Each holder of equity shares is entitled to one vote per share. The Holding 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 Holding Company, the holders of equity shares will be entitled to receive remaining assets of the Holding 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 2020		31 March 2019	
	No of Shares	%	No of Shares	%
Equity shares of ₹ 2 (P.Y. ₹ 2) each fully paid				
Kalyani Investment Company Limited	38.67	31.36	38.67	31.36
Shri Badrinath Investment Private. Limited	19.91	16.15	19.91	16.15
Shri Rameshwara Investment Private Limited	9.81	7.96	9.81	7.96
Sugandha J Hiremath	9.67	7.84	9.67	7.84

20 Other equity

	Note	31 March 2020	31 March 2019
Capital reserve	i	0.44	0.44
Capital redemption reserve	ii	509.82	509.82
Securities premium	iii	381.23	381.23
State subsidy	iv	5.50	5.50
Contingency reserve	v	30.00	30.00
General reserve	vi	1,779.58	1,779.58
Equity instruments through other comprehensive income	vii	(2.72)	(0.48)
		2,703.85	2,706.09

A Notes

	31 March 2020	31 March 2019
i Capital reserve		
Opening balance	0.44	0.44
Additions during the year	-	-
Closing balance	0.44	0.44
ii Capital redemption reserve		
Opening balance	509.82	509.82
Additions during the year	-	-
Closing balance	509.82	509.82
iii Securities premium		
Opening balance	381.23	463.43
Issue of bonus shares (Refer note 19 b)	-	(82.20)
Closing balance	381.23	381.23
iv State subsidy		
Opening balance	5.50	5.50
Additions during the year	-	-
Closing balance	5.50	5.50
v Contingency reserve		
Opening balance	30.00	30.00
Additions during the year	-	-
Closing balance	30.00	30.00
vi General reserve		
Opening balance	1779.58	1779.58
Additions during the year	-	-
Closing balance	1779.58	1779.58
vii Equity instruments through other comprehensive income		
Opening balance	(0.48)	(0.15)
Additions during the year	(2.24)	(0.33)
Closing balance	(2.72)	(0.48)

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

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.The general reserve includes fair value gain on land revaluation which is not free for distribution.

vii. Equity instruments through other comprehensive income

The Holding Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the Equity instruments through Other Comprehensive Income within equity. The Holding Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

C Dividends

The following dividends were declared and paid by the Holding Company during the years ended:
(Currency : Indian Rupees in million)

	31 March 2020	31 March 2019
Final equity dividend paid for financial year 2018-19 at ₹ 0.60 per equity share	73.98	-
Interim equity dividend paid for financial year 2019-20 at ₹ 1 per equity share	123.30	-
Final equity dividend paid for financial year 2017-18 at ₹ 0.50 per equity share	-	61.65
Interim equity dividend paid for financial year 2018-19 at ₹ 0.60 per equity share	-	73.98
Dividend distribution tax on the equity dividend paid above	40.55	27.88
Total	237.83	163.51

(Currency : Indian Rupees in million)

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 therenon have not been recognised as liabilities in the year to which they pertains to and is recorded in the year in which they have been approved in the Annual General Meeting.

	31 March 2020	31 March 2019
Final equity dividend proposed for financial year 2018-19 at ₹ 0.60 per equity share	-	73.98
Final equity dividend proposed for financial year 2019-20 at ₹ 0.20 per equity share	24.66	-
Dividend distribution tax on the equity dividend proposed above	-	15.21
Total	24.66	89.19

21 Non-current borrowings

(Secured)

	31 March 2020	31 March 2019
Term loans from banks		
Rupee (refer note a (i), a (ii) and b (i) below)	1,808.47	1,405.97
External commercial borrowing (refer note a (iii) and b (i) below)	806.45	944.03
Term loans from financial institutions		
Rupee (refer note a (iv) and b (ii) below)	294.72	441.15
Term loans from others		
Rupee (refer note a (v) and b (iii) below)	118.68	177.95
Vehicle loans		
From banks -Rupee (refer note a (vi) and b (iv) below)	3.71	5.09
From Others -Rupee (refer note a (vi) and b (iv) below)	1.96	4.18
	3,033.99	2,978.37

(For current maturities of loans refer note 28)

a. Nature of security :

i Rupee term loan from banks of ₹ 612.47 million is secured by first pari passu charge on the fixed assets of the Holding 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.

ii Rupee term loan from banks of ₹1,196.00 million is secured by first pari passu charge on the fixed assets of the Holding 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.

iii External Commercial borrowing from bank is secured by first pari passu charge on the fixed assets of the Holding 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.

iv Rupee term loan from financial institutions is secured by first pari passu charge on the fixed assets of the Holding 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.

v Rupee term loan from others is secured by first pari passu charge on the fixed assets of the Holding 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.

vi Vehicle loans are secured by first charge on the said vehicles.

b. i) Terms of repayment as on 31 March 2020 are as under :

(i)	US $ in million	₹ In million	Repayment Terms	Closing interest rate as at 31.3.2020
a	-	239.78	Repayable in 12 quarterly instalments, next installment due on 30.06.2020; equated average instalments of ₹ 19.982 Million	11.05%
b	-	59.64	Repayable in 12 quarterly instalments, next installment due on 30.06.2020; equated average instalments of ₹ 4.970 Million	10.45%
c	-	385.48	Repayable in 12 quarterly instalments, next installment due on 30.06.2020; equated average instalments of ₹ 32.123 Million	10.55%
d	-	118.72	Repayable in 12 quarterly instalments, next installment due on 30.06.2020; equated average instalments of ₹ 9.893 Million	10.75%
e	-	118.85	Repayable in 12 quarterly instalments, next installment due on 30.06.2020; equated average instalments of ₹ 9.904 Million	11.20%
f	-	684.03	Repayable in 25 quarterly instalments, next installment due on 05.06.2020; equated average instalments of ₹ 27.361 Million	9.90% - 10.35%
g	-	596.98	Repayable in 26 quarterly instalments, next installment due on 06.11.2020; equated average instalments of ₹ 22.961 Million	9.45%
h	13.74	1,035.66	Repayable in 15 quarterly instalments, next installment due on 10.06.2020; equated average instalments of US $ 0.92 Million	4.72%

(ii)	US $ in million	₹ In million	Repayment Terms	Closing interest rate as at 31.3.2020
a	-	444.72	Repayable in 12 quarterly instalments, next installment due on 30.06.2020; equated average instalments of ₹ 37.060 Million	10.30%

(iii)	US $ in million	₹ In million	Repayment Terms	Closing interest rate as at 31.3.2020
a	-	178.68	Repayable in 12 quarterly instalments, next installment due on 30.06.2020; equated average instalments of ₹ 14.890 Million	10.45%

(iv)	US $ in million	₹ In million	Repayment Terms	Closing interest rate as at 31.3.2020
a	-	1.24	Repayable monthly EMI of ₹ 0.315 Million	9.24%
b	-	5.05	Repayable monthly EMI of ₹ 0.144 Million	8.60%
c	-	2.95	Repayable monthly EMI of ₹ 0.102 Million	8.73%

ii) Terms of repayment as on 31 March 2019 are as under :

(i)	US $ in million	₹ In million	Repayment Terms	Interest Rate p.a.
a	-	311.62	Repayable quarterly - 16 instalments of ₹ 19.476 million starting from 30.06.2019	11.00%
b	-	77.39	Repayable quarterly - 16 instalments of ₹ 4.837 million starting from 30.06.2019	11.00%
c	-	500.04	Repayable quarterly - 16 instalments of ₹ 31.253 million starting from 30.06.2019	11.20%
d	-	153.99	Repayable quarterly - 16 instalments of ₹ 9.624 million starting from 30.06.2019	11.30%
e	-	154.08	Repayable quarterly - 16 instalments of ₹ 9.630 million starting from 30.06.2019	11.20%
f	-	295.84	Repayable quarterly - 26 instalments of ₹ 11.378 million starting from 31.03.2020	10.35%
g	-	197.03	Repayable quarterly - 26 instalments of ₹ 7.578 million starting from 31.03.2020	10.15%
h	15.57	1,076.86	Repayable quarterly - 18 instalments of US $ 0.865 million each starting 10.09.2019	3M Libor + 395 bps

(ii)	US $ in million	₹ In million	Repayment Terms	Interest Rate p.a.
a	-	576.15	Repayable quarterly - 16 instalments of ₹ 36.009 million starting from 30.06.2019	10.50%

(iii)	US $ in million	₹ In million	Repayment Terms	Interest Rate p.a.
a	-	231.95	Repayable quarterly - 16 instalments of ₹ 14.497 million starting from 30.06.2019	10.45%

(iv)	US $ in million	₹ In million	Repayment Terms	Interest Rate p.a.
a	-	0.49	Repayable monthly EMI of ₹ 0.047 million	10.30%
b	-	4.73	Repayable monthly EMI of ₹ 0.315 million	9.24%
c	-	6.31	Repayable monthly EMI of ₹ 0.144 million	8.60%
d	-	3.96	Repayable monthly EMI of ₹ 0.102 million	8.73%

	31 March 2020	31 March 2019
22 Non current lease liability		
Lease liability	**9.14**	-
	9.14	-

(Currency : Indian Rupees in million)

		31 March 2020	31 March 2019
23	**Non-current provisions**		
	Provision for gratuity (Refer note 42)	**102.83**	85.71
	Provision for compensated absences (Refer note 42)	**81.46**	74.70
		184.29	160.41
24	**Deferred tax liabilities (net)**		
	Deferred tax liabilities (Refer note 41)	**443.49**	369.80
	MAT credit entitlement	**(119.31)**	(241.42)
		324.18	128.38
25	**Current borrowings**		
	(Secured)		
	Loans repayable on demand from banks		
	Working capital loan - Rupee (refer note a and b below)	**1,650.58**	1,599.06
	Bill discounting (Refer note a (ii))	**824.84**	1,419.77
	(Unsecured)		
	Loans repayable on demand from banks		
	Working capital loan - Rupee	**100.00**	-
		2,575.42	3,018.83

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 Holding Company and second pari passu charge on all fixed assets both present and future of the Holding Company, situated at Holding 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 8.70% p.a.

b. Working capital loans are repayable on demand and carry interest ranging from 1.50% to 10.15% p.a.

		31 March 2020	31 March 2019
26	**Current lease liability**		
	Lease liability	**2.26**	-
		2.26	-
27	**Trade payables**		
	Total outstanding dues of Micro Enterprises and Small Enterprises	**233.54**	197.42
	Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	**1,778.07**	1,402.65
		2,011.61	1,600.07

The Group exposure to currency and liquidity risk related to trade payable is disclosed in Note 44.

		31 March 2020	31 March 2019
28	**Other financials liabilities**		
	Current maturities of long-term debt (Refer Note 4)	**837.78**	611.94
	Interest accrued but not due on borrowings	**28.38**	24.85
	Payables for capital purchases	**270.43**	100.87
	Employee benefits payable	**128.70**	123.29
	Unpaid dividend	**2.17**	2.24
		1,267.46	863.19

(Currency : Indian Rupees in million)

		31 March 2020	31 March 2019
29	**Other current liabilities**		
	Advances from customers	**6.82**	420.06
	Statutory dues payable		
	- Provident fund	**10.92**	9.35
	- Employees' state insurance	**0.14**	0.08
	- Tax deducted at source	**15.24**	19.32
	- GST / Value added tax/custom	**29.37**	48.77
	- Employees' national pension scheme	**0.22**	-
	- Profession tax	**0.33**	0.31
		63.04	497.89
30	**Current provisions**		
	Provision for gratuity (Refer note 42)	**16.58**	14.83
	Provision for compensated absences (Refer note 42)	**21.80**	25.86
		38.38	40.69
31	**Current tax liabilities (net)**		
	Provision for tax (Net of advance tax ₹ 564.53 million (31 March 2019 : ₹ 564.53 million))	**5.04**	5.04
		5.04	5.04

	For the year ended		31 March 2020	31 March 2019
32	**Revenue from operations**			
	Sale of products		**14,572.69**	15,620.32
	Sale of services		**48.62**	46.27
		(A)	**14,621.31**	15,666.59
	Other operating revenues			
	Export incentive		**233.36**	212.45
	Compensation received from customer		**197.88**	-
	Scrap sales		**20.08**	17.05
		(B)	**451.32**	229.50
	Revenue from operations	**(A+B)**	**15,072.63**	15,896.09

32.1 Disaggregation of revenue from contracts with customers

The Group derives revenue from sale of products from following major segments :

Particulars		31 March 2020	31 March 2019
1 Revenue from contacts with customers			
Sale of products (Transferred at point in time)			
Manufacturing			
India		**3,730.10**	4,840.57
Outside India		**10,842.59**	10,779.75
	(A)	**14,572.69**	15,620.32
Sale of services			
India		**-**	-
Outside India		**48.62**	46.27
	(B)	**48.62**	46.27

(Currency : Indian Rupees in million)

		31 March 2020	31 March 2019
2 Other operating revenues			
Export incentive		**233.36**	212.45
Compensation received from customer		**197.88**	-
Scrap Sales		**20.08**	17.05
	(C)	**451.32**	229.50
Total revenue (A + B + C)		**15,072.63**	15,896.09
Major product lines			
Crop protection		**6,203.92**	6,504.67
Pharmaceuticals		**8,868.71**	9,391.42
		15,072.63	15,896.09
Major product lines			
Upon shipment		**14,572.69**	15,620.32
Upon delivery		**48.62**	46.27
		14,621.31	15,666.59
Reconciliation of revenue from contracts with customers			
Revenue from contracts with customers as per contract price		**14,621.31**	15,666.59
Adjustment made to contract price		**-**	-
Total Revenue from contracts with customers		**14,621.31**	15,666.59
Other operating revenue		**451.32**	229.50
Revenue from contracts with customers as per consolidated statement of profit and loss		**15,072.63**	15,896.09

For the opening and closing balance of receivables from contracts with customers refer note no 13.

	31 March 2020	31 March 2019
33 Other income		
Interest income on		
Bank deposits	**21.05**	15.60
Other deposits	**4.19**	4.17
Foreign exchange gain (net)	**11.08**	-
Miscellaneous income	**0.70**	2.87
	37.02	22.64
34 Cost of materials consumed		
Raw material consumed		
Opening stock	**2,364.95**	1,939.74
Add: Purchase	**7,268.92**	9,113.21
Less: Closing stock	**1,814.84**	2,364.95
	7,819.03	8,688.00
35 Changes in inventories of finished goods and Work-in-progress		
Opening stock		
Finished goods	**526.27**	390.14
Work-in-progress	**535.84**	522.14
	1,062.11	912.28
Less: Closing stock		
Finished goods	**559.34**	526.27
Work-in-progress	**558.58**	535.84
	1,117.92	1,062.11
	(55.81)	(149.83)

(Currency : Indian Rupees in million)

		31 March 2020	31 March 2019
36	**Employee benefits expense**		
	Salaries, wages and bonus	**1,352.91**	1,154.49
	Contribution to provident and other funds	**67.18**	60.01
	Gratuity expenses (Refer note 42)	**20.28**	18.70
	Staff welfare expense	**125.30**	123.70
		1,565.67	1,356.90
37	**Finance costs**		
	Interest on rupee term loans	**200.35**	235.92
	Interest on foreign currency term loans	**59.53**	44.96
	Interest on working capital loans	**146.35**	128.69
	Interest on bills discounted	**54.07**	65.66
	Other finance costs	**0.60**	1.17
	Interest expenses on lease liabilities	**1.26**	-
	Bank charges	**31.11**	34.41
	Exchange difference to the extent considered as an adjustment to borrowing costs	**30.91**	73.46
		524.18	584.27
38	**Other expenses**		
	Consumption of stores and spares	**252.28**	271.81
	Contract labour charges	**151.39**	146.80
	Power and fuel	**1,299.88**	1,320.41
	Advertisement	**3.99**	3.04
	Rent (Refer note 43)	**34.06**	28.43
	Rates and taxes	**13.15**	7.82
	Insurance	**70.32**	18.75
	Repairs and maintenance		
	- Plant and machinery	**283.21**	247.06
	- Buildings	**33.35**	46.69
	- Others	**137.55**	123.72
	Printing and stationery	**16.63**	19.28
	Legal and professional charges		
	- Legal charges	**2.68**	3.72
	- Professional charges	**121.06**	119.57
	Travelling and conveyance	**62.44**	62.69
	Vehicle expenses	**18.91**	25.05
	Postage, telephone and telegrams	**10.16**	7.97
	Payment to auditors (Refer note 48)	**6.07**	6.30
	Director's sitting fee/ Commission	**12.30**	14.00
	Sales and distribution expenses	**168.15**	197.35
	Commission on sales	**13.43**	8.20
	Security service charges	**36.36**	31.24
	Sundry balance written off	**2.25**	41.95
	Service charges	**45.28**	37.93
	Loss on sale of assets (net)	**1.33**	0.23
	Foreign exchange loss (net)	**-**	35.25
	Provision for doubtful debts/advances	**21.20**	2.28
	Provision for diminution in value of investment	**-**	15.47
	Corporate Social Responsibility expenses (CSR) (Refer note 47)	**22.73**	18.24
	Miscellaneous expenses	**172.00**	158.52
		3,012.16	3,019.77

(Currency : Indian Rupees in million)

39 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit attributable to equity shareholders of the Holding 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 Holding 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 2020	31 March 2019
Consolidated profit attributable to equity shareholders (basic and diluted)			
Consolidated profit for the year attributable to equity shareholders	**(A)**	**844.35**	1,030.75
Weighted average number of equity shares for basic and diluted earnings per share			
Number of equity shares at beginning of the year		**123,300,750**	82,200,500
Bonus Equity shares issued during the year*		**-**	41,100,250
Number of equity shares outstanding at the end of the year		**123,300,750**	123,300,750
Weighted average number of equity shares for the year	**(B)**	**123,300,750**	123,300,750
Basic and diluted earnings per share of face value of ₹ 2 each	**(A)/(B)**	**6.85**	8.36

* 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.

(Currency : Indian Rupees in million)

40 Tax expense

	31 March 2020	31 March 2019
(a) Amounts recognised in balance sheet		
Current tax liabilities (Net of advance tax ₹ 564.53 million (31 March 2019 : ₹ 564.53 million))	**5.04**	5.04
Income tax assets (Net of provision of ₹ 550 million (31 March 2019 : 327 million))	**24.70**	4.14

Note: The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off income 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 2020	For the year ended 31 March 2019
Current income tax		
Current year	**347.02**	455.03
	347.02	455.03
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences	**74.41**	5.05
Deferred tax expense	**74.41**	5.05
Tax expense for the year	**421.43**	460.08

(c) Amounts recognised in other comprehensive income

	For the year ended 31 March 2020			For the year ended 31 March 2019		
	Before tax	Tax (expense) / benefit	Net of tax	Before tax	Tax (expense) / benefit	Net of tax
Items that will not be reclassified to statement of profit and loss						
Remeasurements of the defined benefit plans	**1.39**	**(0.48)**	**0.91**	1.90	(0.65)	1.25
Fair value of investment	**(3.44)**	**1.20**	**(2.24)**	(0.33)	0.10	(0.23)
	(2.05)	**0.72**	**(1.33)**	1.57	(0.55)	1.02

(d) Reconciliation of effective tax rate

	31 March 2020	31 March 2019
Profit before tax	**1,265.78**	1,490.83
Tax using the Group's domestic tax rate (Current year 34.94% and Previous year 34.94%)	**442.26**	520.90
Tax effect of:		
Non-deductible tax expenses	**49.17**	4.68
Incremental deduction allowed for research and development costs	**(70.00)**	(65.50)
	421.43	460.08

The Group's consolidated weighted average tax rates for the years ended 31 March 2020 and 31 March 2019 were 33.29% and 30.86%, respectively.

The Group continues to pay income tax under older tax regime and has not opted for lower tax rate pursuant to taxation Law (Amendment) Ordinance, 2019 considering the accumulated MAT credit and other benefits under the Income tax Act, 1961.

(Currency : Indian Rupees in million)

41 Deferred assets and liabilities

a) Recognised deferred assets and liabilities

	Deferred tax assets		Deferred tax liabilities		Net deferred tax asset/(liabilities)	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Property, plant and equipment	-	-	(533.71)	(466.43)	(533.71)	(466.43)
Inventories	20.27	16.17	-	-	20.27	16.17
Trade receivables	11.86	9.05	-	-	11.86	9.05
Loans and advances	3.49	3.49	-	-	3.49	3.49
Investments	6.79	9.42	-	-	6.79	9.42
Provisions	53.16	70.26	-	-	53.16	70.26
Loan processing charges	-	-	(5.35)	(11.76)	(5.35)	(11.76)
Net Deferred tax asset / (liabilities)	**95.57**	**108.39**	**(539.06)**	**(478.19)**	**(443.49)**	**(369.80)**

b) Movement in deferred tax balances

	Net balance 1 April 2019	Recognised in profit or loss	Recognised in OCI	31 March 2020		
				Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
Property, plant and equipment	(466.43)	(67.28)	-	(533.71)	-	(533.71)
Inventory	16.17	4.10	-	20.27	20.27	-
Trade receivables	9.05	2.81	-	11.86	11.86	-
Loans and advance	3.49	-	-	3.49	3.49	-
Investment	9.42	(3.83)	1.20	6.79	6.79	-
Provisions	70.26	(16.62)	(0.48)	53.16	53.16	-
Loan processing charges	(11.76)	6.41	-	(5.35)	-	(5.35)
Net deferred tax assets / (liabilities)	**(369.80)**	**(74.41)**	**0.72**	**(443.49)**	**95.57**	**(539.06)**

c) Movement in deferred tax balances (previous year)

	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)
Inventory	14.28	1.89	-	16.17	16.17	-
Trade receivables	15.35	(6.30)	-	9.05	9.05	-
Loans and advance	3.46	0.03	-	3.49	3.49	-
Investment	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)
Net deferred tax assets / (liabilities)	**(365.30)**	**(5.05)**	**0.55**	**(369.80)**	**108.39**	**(478.19)**

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off income 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.

(Currency : Indian Rupees in million)

42 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 2020	31 March 2019
Employer's contribution to Providend Fund	65.31	56.03
Employer's contribution to Superannuation Fund	0.37	1.33
Employer's Contribution to ESIC	1.87	3.98
Employer's Contribution to Labour Welfare Fund	0.06	0.03

(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 holding 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 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:

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 2020	31 March 2019
Reconciliation of present value of defined benefit obligation		
Balance at the beginning of the year	122.64	107.41
Current service cost	13.34	12.26
Past service cost	-	-
Interest cost (income)	8.41	7.51
Benefits paid	(7.38)	(2.98)
Actuarial losses/(gains) recognised in other comprehensive income		
- financial assumptions	(0.69)	1.50
- demographic assumption	(0.07)	-
- experience adjustments	(0.69)	(3.06)
Balance at the end of the year	135.56	122.64

(Currency : Indian Rupees in million)

	31 March 2020	31 March 2019
Reconciliation of present value of plan assets		
Balance at the beginning of the year	**22.10**	16.56
Interest income	**1.47**	1.08
Remeasurements :	-	-
Return on plan assets, excluding amount included in interest (expense)/income	**(0.07)**	0.34
Employer contributions	**0.03**	5.12
Benefits paid	**(7.38)**	(1.00)
Balance at the end of the year	**16.15**	22.10
Net defined benefit (asset)/ liability	**119.41**	100.54

B. Plan assets

Plan assets comprise the following

	31 March 2020	31 March 2019
Investment		
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%
	100%	100%

C. The components of defined benefit plan expense are as follows:

		31 March 2020	31 March 2019
Recognised in income statement			
Current service cost		**13.34**	12.26
Past service cost		**-**	-
Interest cost		**6.94**	6.44
	Total	**20.28**	18.70
Recognised in Other Comprehensive Income			
Remeasurement of net defined benefit liability/(asset)		**(1.46)**	(1.57)
Return on plan assets, excluding interest income		**0.07**	(0.33)
	Total	**(1.39)**	(1.90)

D. Defined benefit obligations

i. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	31 March 2020	31 March 2019
Discount rate	**6.55%**	7.45%
Salary escalation rate	**4.00%**	5.00%
Attrition rate	**1.00%**	1.00%
Mortality rate table	**Indian assured lives mortality (2006-08)**	

(Currency : Indian Rupees in million)

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 2020		31 March 2019	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (1% movement)	**125.32**	**147.40**	113.25	133.50
Rate of salary increase (1% movement)	**146.84**	**125.45**	133.04	113.39
Rate of employee turnover (1% movement)	**135.77**	**135.34**	122.83	122.44

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.

	31 March 2020	31 March 2019
Expected employer's contribution to defined benefit plan for the next year	**16.58**	14.83

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**
31 March 2020					
Defined benefit obligations (Gratuity)	**21.86**	**7.07**	**29.82**	**60.12**	**118.87**
Total	**21.86**	**7.07**	**29.82**	**60.12**	**118.87**
31 March 2019					
Defined benefit obligations (Gratuity)	7.15	5.92	25.32	62.14	100.53
Total	**7.15**	**5.92**	**25.32**	**62.14**	**100.53**

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 ₹ 21.61 million (previous year ₹ 16.05 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.

43 Transition to Ind AS 116

Effective 1 April 2019, the Group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Group's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended 31 March 2019.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹ 11.06 million, and a lease liability of ₹ 14.46 million. The cumulative effect of applying the standard, amounting to ₹ 2.28 million was debited to retained earnings, net of taxes amounting to ₹ 1.19 million. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS

116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

(i) Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

(ii) Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.

(iii) Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

(iv) Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The weighted average incremental borrowing rate applied to lease liabilities as at 1 April 2019 is 7.74% p.a.

The changes in the carrying value of right of use (ROU) assets for the year ended 31 March 2020 are disclosed in Note 5.

Particulars	**₹ in million**
ROU Balance at the beginning of the year.	11.06
Opening balance Reclassified on account of adoption of Ind AS 116 (Refer Note 5)	664.76
Additions (Refer Note 5).	-
Depreciation cost accrued during the year (Refer Note 5)	12.69
Deletions	-
ROU Balance at the end of the year	663.13
Lease Liabilities at the beginning of the year	14.46
Additions	-
Interest cost accrued during the year	1.26
Payment of lease liabilities	3.49
Deletion	0.83
Lease Liabilities at the end of the year	11.40
Current Lease Liabilities (Refer note 26)	2.26
Non-current Lease Liabilities (Refer note 22)	9.14

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due. Rental expense recorded for short-term leases or cancelable in nature was ₹ 34.06 million for the year ended 31 March 2020.

The table below provides details regarding the contractual maturities of lease liabilities as of 31 March 2020 on an undiscounted basis:

	Year ended 31 March 2020	**Year ended 31 March 2019**
Payable within one year	**3.59**	-
Payable between one year and five years	**10.11**	-
Payable after more than five years	**-**	-

(Currency : Indian Rupees in million)

44 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. There are not financial assets or financial liabilities not measured at fair value, whose carrying amount is not a reasonable approximation of fair value.

31 March 2020	Carrying amount			Fair value			
	FVTOCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Investment	6.80	-	6.80	0.62	6.18	-	6.80
	6.80	-	6.80	0.62	6.18	-	6.80

31 March 2019	Carrying amount			Fair value			
	FVTOCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Investment	10.24	-	10.24	1.57	8.67	-	10.24
	10.24	**-**	**10.24**	**1.57**	**8.67**	**-**	**10.24**

B. Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

i. Risk management framework

The Holding 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.

(Currency : Indian Rupees in million)

At 31 March 2020, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows.

	Carrying amount	
	31 March 2020	**31 March 2019**
India	**1,262.65**	1,311.44
Other regions	**2,141.74**	2,185.75
	3,404.39	3,497.19

At 31 March 2020, the Group's most significant customers, accounted ₹ 2,276.16 million (31 March 2019: ₹ 2,142.87 million) of the trade and other receivables carrying amount.

Impairment

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables :

	31 March 2020		
	Carrying Amount	**Weighted Average Loss Rate**	**Loss Allowance**
Not due	3,046.21	0.09%	2.65
Past due 0-90 days	316.34	1.76%	5.57
Past due 91-180 days	43.59	12.04%	5.25
Past due 181-365 days	15.81	39.78%	6.29
Past due 366-730 days	6.82	67.71%	4.62
Past due 731-1096 days	2.82	100.00%	2.82
More than 1096 days	19.92	100.00%	19.92
	3,451.51		47.12

	31 March 2019		
	Carrying Amount	**Weighted Average Loss Rate**	**Loss Allowance**
Not due	3,096.30	0.02%	0.51
Past due 0-90 days	380.43	0.24%	0.90
Past due 91-180 days	10.06	6.76%	0.68
Past due 181-365 days	3.32	23.19%	0.77
Past due 366-730 days	10.71	28.48%	3.05
Past due 731-1096 days	4.21	45.75%	1.93
More than 1096 days	18.08	100.00%	18.08
	3,523.11		25.92

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows.

Particulars	**Amount**
Balance as at 31 March 2019	**25.92**
Additional provision	21.20
Impairment loss recognised / (reversal)	-
Balance as at 31 March 2020	**47.12**

Cash and cash equivalents

The Group held cash and cash equivalents (including bank deposits) of ₹ 639.60 million at 31 March 2020 (31 March 2019: ₹ 353.71 million). The cash and cash equivalents (including bank deposits) 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.

(Currency : Indian Rupees in million)

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.

31 March 2020	Carrying amount	Total	Contractual cash flows		
			Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Borrowings and lease liabilities - Non current	3,101.18	3,101.18	-	2,716.18	385.00
Borrowings and lease liabilities - current	2,577.69	2,577.69	2,577.69	-	-
Other financial liabilities - current	1,267.46	1,267.46	1,267.46	-	-
Trade payables	2,011.61	2,011.61	2,011.61	-	-
	8,957.94	**8,957.94**	**5,856.76**	**2,716.18**	**385.00**

31 March 2019	Carrying amount	Total	Contractual cash flows		
			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	863.19	863.19	863.19	-	-
Trade payables	1,600.07	1,600.07	1,600.07	-	-
	8,460.56	**8,460.56**	**5,482.08**	**2,753.47**	**225.00**

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.

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.

(Currency : Indian Rupees in million)

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at 31 March 2020 and 31 March 2019 are as below:

	31 March 2020			
	USD	EUR	GBP	Others
Financial assets	1,515.21	658.09	-	-
Financial liabilities	2,035.85	436.47	0.42	-
Net Exposure	(520.64)	221.62	(0.42)	-

	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**

Others includes JPY and CHF

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against USD, Euros and GBP at 31 March would have affected the measurement of financial instruments denominated in these currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect in INR	**Profit or loss**		**Equity net of tax**	
	Strengthening	**Weakening**	**Strengthening**	**Weakening**
31 March 2020				
USD (3% movement)	(15.62)	15.62	(10.16)	10.16
EUR (3% movement)	6.65	(6.65)	4.32	(4.32)
GBP (3% movement)	(0.01)	0.01	(0.01)	0.01
	(8.98)	8.98	(5.85)	5.85

Effect in INR	**Profit or loss**		**Equity net of tax**	
	Strengthening	**Weakening**	**Strengthening**	**Weakening**
31 March 2019				
USD (3% movement)	22.78	(22.78)	14.82	(14.82)
EUR (3% movement)	(0.90)	0.90	(0.58)	0.58
GBP (3% movement)	0.01	(0.01)	0.01	(0.01)
	21.89	**(21.89)**	**14.25**	**(14.25)**

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.

Exposure to interest rate risk

Group's interest rate risk arises from borrowings. Borrowings issued at fixed and variable rates exposes to fair value interest rate risk. The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

(Currency : Indian Rupees in million)

	Nominal amount	
	31 March 2020	31 March 2019
Fixed-rate instruments		
Financial assets	334.44	318.43
Financial liabilities	(2,575.42)	(1,599.06)
	(2,240.98)	(1,280.63)
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	(3,871.77)	(5,010.18)
	(3,871.77)	(5,010.18)

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 statement of profit and loss.

45 Capital management

As at 31 March 2020, the Group has only one class of equity shares. 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.

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 and 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.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt and adjusted net debt to equity ratio. For this purpose, adjusted net debt is defined as total debt less cash and bank balances.

	31 March 2020	31 March 2019
Non-current borrowings	3,033.99	2,978.37
Current borrowings	2,575.42	3,018.83
Current maturity of long term debt	837.78	611.94
Gross debt	6,447.19	6,609.14
Less - Cash and cash equivalents	316.83	114.14
Less - Other bank deposits	322.76	239.57
Adjusted net debt (A)	5,807.60	6,255.43
Total equity (B)	8,165.02	7,562.11
Adjusted net debt to equity ratio	0.71	0.83
Total capital (A)+(B)	13,972.77	13,817.77
Gearing ratio *	42%	45%

*The Group's ideal gearing ratio is 30% to 50%.

(Currency : Indian Rupees in million)

46 Contingent liabilities and commitments *(to the extent not provided for)*

	31 March 2020	31 March 2019
A. Contingent liabilities		
Direct and Indirect taxes*		
Income Taxes	236.39	124.10
Excise Duty	40.13	40.13
Value Added Tax (VAT)	11.20	-
Cental Sales Tax (CST)	2.82	-
*Above does not includes interest and penalty, if any		
B. Commitments*		
Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances, tangible assets	827.04	757.47

*Commitments includes capital creditors to the extent of ₹ 270.43 million (P.Y. ₹ 100.87 million) as adjusted against capital advances of ₹ 80.02 million (P.Y. ₹ 131.90 million).

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.

47 Corporate social responsibility

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: ₹ 21.70 million (31 March 2019: ₹15.30 million)

The areas of CSR activities and contributions made thereto are as follows:

	31 March 2020	31 March 2019
Amount spent during the year on ;		
Protection of national heritage	4.00	2.05
Promotion of education	9.19	3.08
Disaster Relief	-	0.78
Environmental sustainability	3.10	10.73
Promoting preventive health care and sanitation and making available safe water	6.40	1.60
Others	0.04	-
Total	22.73	**18.24**

The Group does not carry any provisions for corporate social responsibility expenses for the current year and the previous year.

48 Payment to auditors' (excluding Goods and Services tax)

	31 March 2020	31 March 2019
- Audit fees	3.41	3.41
- Limited review of quarterly results	2.50	2.40
- Certification and other matters	0.03	0.15
- Out-of-pocket expenses	0.13	0.34
Total	6.07	**6.30**

(Currency : Indian Rupees in million)

49 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 2020	Year ended 31 March 2019
Salaries, wages and bonus	-	9.37
Finance costs	100.41	50.46
Other expenses	2.00	1.66
Total	**102.41**	**61.49**

50 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 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 Group	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 Group'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

ii) Segment revenues, results and other information

Particulars	Crop Protection	Pharmaceuticals	Total of Reportable Segment
External sales	6,203.92	8,868.71	15,072.63
	6,504.67	*9,391.42*	*15,896.09*
Other income	-	-	-
	-	-	-
Segment revenue	6,203.92	8,868.71	15,072.63
	6,504.67	*9,391.42*	*15,896.09*
Segment results	996.46	1,275.28	2,271.74
	1,116.50	*1,293.00*	*2,409.50*
Segment assets	5,695.84	10,493.09	16,188.93
	5,475.30	*10,339.50*	*15,814.80*
Segment liabilities	1,449.02	1,937.89	3,386.91
	1,762.20	*2,030.50*	*3,792.70*
Capital expenditure (included in segment assets)	733.40	1,007.84	1,741.24
	556.07	*742.52*	*1,298.59*
Depreciation/Amortisation	322.12	475.67	797.79
	337.08	*567.08*	*904.16*

Figures in italics pertain to previous year

(Currency : Indian Rupees in million)

iii) Reconciliation of reportable segments with the financial statements

	Revenues	Results / Net Profits	Assets	Liabilities	Capital Expenditure	Depreciation/ Amortisation
Total of reportable segments	**15,072.63** *15,896.09*	**2,271.74** *2,409.50*	**16,188.93** *15,814.80*	**3,386.91** *3,792.70*	**1,741.24** *1,298.59*	**797.79** *904.16*
Corporate / Unallocated segment	- -	**327.76** *334.40*	**1,490.90** *1,040.18*	**6,127.90** *5,500.17*	**126.08** *86.89*	**26.83** *24.63*
Finance cost	- -	**524.18** *584.27*	- -	- -	- -	- -
Exceptional item	- -	**154.02** -	- -	- -	- -	- -
Taxes	- -	**421.43** *460.08*	- -	- -	- -	- -
As per financial statement	**15,072.63** *15,896.09*	**844.35** *1,030.75*	**17,679.83** *16,854.98*	**9,514.81** *9,292.87*	**1,867.32** *1,385.48*	**824.62** *928.79*

Figures in italics pertain to previous year.

B Secondary segment reporting (by geographical segment)

Particulars	India	USA and Canada	Europe	South East Asia	Others	Total
Revenue	**3,983.54** *4,840.57*	**2,101.20** *1,708.36*	**4,402.92** *4,771.68*	**4,386.24** *4,373.69*	**198.73** *201.78*	**15,072.63** *15,896.09*
Total assets	**17,679.83** *16,854.98*	- -	- -	- -	- -	**17,679.83** *16,854.98*
Capital expenditure	**1,867.32** *1,385.48*	- -	- -	- -	- -	**1,867.32** *1,385.48*

There is a customer which account for revenue of ₹ 1513.52 million in Crop protection segment and a customer which account for revenue of ₹ 1826.27 million in Pharmaceuticals segment, other than these 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

51 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)	Jai Hiremath (Chairman and Managing Director) Sameer Hiremath (Joint Managing Director and CEO) Sham Wahalekar (CFO and Company Secretary)
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 ("IIPL") 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 Wolfang Welter (Upto 30 September 2019) Ranjit Shahani Mrs Shivani Bhasin Sachdeva (w.e.f.1 August 2019)

(Currency : Indian Rupees in million)

ii) Details of transactions with related parties

Particulars	Transaction value		Balances outstanding	
	Year ended 31 March 2020	Year ended 31 March 2019	**31 March 2020**	31 March 2019
Remuneration				
Jai Hiremath	**35.76**	37.59	**-**	-
Sameer Hiremath	**21.77**	21.71	**-**	-
Sham Wahalekar	**13.30**	11.57	**-**	-
Commission paid				
Jai Hiremath	**13.23**	15.44	**13.23**	15.44
Sameer Hiremath	**13.23**	15.44	**13.23**	15.44
Sitting fees				
Sugandha Hiremath	**1.00**	1.20	**-**	-
Baba Kalyani	**0.30**	0.20	**-**	-
Amit Kalyani	**0.20**	0.30	**-**	-
K.K. Unni	**1.20**	1.20	**-**	-
Prakash Mehta	**1.30**	1.50	**-**	-
S. M. Kheny	**0.90**	0.90	**-**	-
Wolfang Welter	**0.20**	0.62	**-**	-
Ranjeet Shahani	**0.50**	0.40	**-**	-
Shivani Bhasin Sachdeva	**0.20**	-	**-**	-
Commission to Independent Directors				
Sugandha Hiremath	**0.82**	0.96	**0.82**	0.96
Baba Kalyani	**0.82**	0.96	**0.82**	0.96
Amit Kalyani	**0.82**	0.96	**0.82**	0.96
K.K. Unni	**0.82**	0.96	**0.82**	0.96
Prakash Mehta	**0.82**	0.96	**0.82**	0.96
S. M. Kheny	**0.82**	0.96	**0.82**	0.96
Wolfang Welter	**-**	0.96	**-**	0.96
Ranjeet Shahani	**0.82**	0.96	**0.82**	0.96
Shivani Bhasin Sachdeva	**0.82**	-	**0.82**	-
Dividend paid				
SBIPL	**31.86**	21.91	**-**	-
SRIPL	**15.70**	10.79	**-**	-
DEPL	**0.08**	0.05	**-**	-
EIPL	**0.63**	0.43	**-**	-
KECPL	**0.10**	0.07	**-**	-
KICL	**61.87**	42.54	**-**	-
Sugandha Hiremath	**15.47**	10.63	**-**	-
Jai Hiremath	**2.15**	1.47	**-**	-
Sameer Hiremath	**0.63**	0.43	**-**	-
Sham Wahalekar	**0.02**	0.01	**-**	-
Lease rent paid				
RCSPL	**1.08**	1.08	**-**	-
Sugandha Hiremath	**2.40**	2.40	**-**	-
Jai Hiremath	**0.30**	0.30	**-**	-
Security Deposit				
RCSPL	**-**	-	**1.10**	1.10
Sugandha Hiremath	**-**	-	**50.00**	50.00
Jai Hiremath	**-**	-	**20.00**	20.00

Terms and conditions of transactions with related parties

All related party transactions entered during the year were in ordinary course of business and are on arms length basis. Outstanding balances at year end are unsecured and interest free and settlement occures in cash.

53 Contribution to provident fund as per Supreme Court judgment

There are numerous interpretative issues relating to the Supreme Court (SC) judgment dated 28th February, 2019 on Provident Fund (PF) on the inclusion of allowances for the purpose of PF contribution as well as its applicability of effective date. The impact is not expected to be material as per the assessment made by the Holding Company.

54 COVID-19 assessment

The Government of India in order to contain the spread of the COVID-19 pandemic announced a Nationwide Lockdown on 25 March 2020. Accordingly, the Group took a safe shut down of operations at all its manufacturing facilities. Being a part of the essential services industry, after getting the necessary permissions from the respective authorities, the Group restarted operations from 5 April 2020.

The Group is ensuring full compliance with the directives issued by the central, state and local government and is taking the required precautions for all the staff.

The Group has considered internal and external information while finalising various estimates and recoverability of assets in relation to its financial statements up to the date of approval of the financial statements by the Board of Directors.

The Group is in the business of manufacturing and supply of Pharmaceuticals & Crop Protection products which is categorised under essential goods. The Group therefore is well positioned to fulfil its obligations and existing contracts/arrangements and believes that the impact of the pandemic may not be cause significant material impact.

The actual impact due to the pandemic may be different from estimates due to uncertainties of the ongoing situation which is fluid and may change from time to time both domestically and globally. The Group has and will continue to monitor the fast-changing environment.

55 Exceptional item

Exceptional item comprises customs duty ₹ 133.93 million on past imports of raw materials at an Export Oriented Unit of the Holding Company and interest of ₹ 20.09 million thereon, paid during the year ended on 31 March 2020 on directions of the Customs authority pursuant to Notification no. 59/2017-Customs dated 30 June, 2017 issued by the Department of Revenue.

56 Other information

The figures for the previous periods have been regrouped whenever necessary to confirm to the current period presentation.

As per our report of even date attached
For S R B C & CO LLP
Chartered Accountants
ICAI Firm's Registration No: 324982E/E300003

per Vinayak Pujare
Partner
Membership No: 101143

Mumbai
18 June 2020

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

Jai Hiremath
Chairman and Managing Director
DIN: 00062203

Sameer Hiremath
Joint Managing Director and CEO
DIN: 00062129

Kannan K. Unni
Director
DIN: 00227858

Sham Wahalekar
Chief Financial Officer and Company Secretary
CS Membership No: 8745

Mumbai
18 June 2020

Consolidated Cash Flow Statement

for the year ended 31 March 2020

(Currency : Indian Rupees in million)

		31 March 2020		31 March 2019
A. Cash flow from operating activities				
Profit before tax before exceptional item		**1,419.80**		1,490.83
Adjustments:				
Depreciation and amortisation	**824.62**		928.79	
Finance costs	**524.18**		584.27	
Interest income	**(25.24)**		(19.77)	
Loss on sale of property, plant and equipment	**1.33**		0.23	
Sundry balances written off	**2.25**		41.95	
Provision for doubtful debts/advances	**21.20**		2.28	
Provision for diminution in value of investment	**-**		15.47	
Provision for inventory	**11.76**		-	
Fair value of investment	**-**		0.33	
Unrealised foreign exchange (gain)/ loss	**1.60**		34.60	
		1,361.70		1,588.15
Operating cash flow before working capital changes		**2,781.50**		3,078.98
(Increase)/Decrease in trade receivables	**139.87**		(690.76)	
(Increase)/Decrease in loans and advances and other assets	**(145.53)**		90.29	
(Increase)/Decrease in inventories	**505.91**		(611.78)	
Increase/(Decrease) trade payables	**372.59**		(30.05)	
Increase/(Decrease) in provisions and other liabilities	**(407.96)**		345.38	
		464.88		(896.92)
Cash generated from operations		**3,246.38**		2,182.06
Income tax paid		**(243.06)**		(326.20)
Net cash flows generated from operating activities before exceptional item		**3,003.32**		1,855.86
Exceptional item		**(154.02)**		-
Net cash flows generated from operating activities (A)		**2,849.30**		1,855.86
B. Cash flow from investing activities				
Purchase of property, plant and equipment and intangible assets	**(1,580.32)**		(1,284.27)	
Proceeds from sale of property, plant and equipment	**0.36**		3.06	
Interest received	**25.18**		24.56	
(Increase)/decrease in other bank balances (includes margin money account)	**(83.19)**		10.73	
Net cash flows (used in) investing activities (B)		**(1,637.97)**		(1,245.92)
C. Cash flow from financing activities				
Proceeds from long-term borrowings	**800.00**		537.14	
Repayment of long-term borrowings	**(600.80)**		(591.02)	
Repayments of/proceeds from short-term borrowings (net)	**(449.35)**		247.22	
Finance costs paid	**(520.66)**		(583.85)	
Dividend paid on equity shares (including dividend distribution tax)	**(237.83)**		(163.51)	
Net cash flows (used in) financing activities (C)		**(1,008.64)**		(554.02)
Net increase/(decrease) in cash and cash equivalents (A+B+C)		**202.69**		55.92

Consolidated Cash Flow Statement *(Continued)*

for the year ended 31 March 2020
(Currency : Indian Rupees in million)

	31 March 2020	31 March 2019
Cash and cash equivalents at the beginning of the year the components being		
Cash on hand	**1.27**	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
	114.14	58.22
Cash and cash equivalents at the end of the year the components being		
Cash on hand	**2.37**	1.27
Balances with banks		
- Current accounts	**304.56**	39.58
- Exchange Earners Foreign Currency accounts	**1.86**	0.04
- Deposits accounts (demand deposits and deposits having original maturity of 3 months or less)	**8.04**	73.25
	316.83	114.14
Net increase/(decrease) as disclosed above	**202.69**	55.92

Debt reconciliation statement in accordance with Ind AS 7

	31 March 2020	31 March 2019
Opening balance		
Long term borrowings	**3,590.42**	3,579.30
Short term borrowings	**3,018.83**	2,771.62
Lease liability (Opening balance on account of adoption of Ind AS 116)	**13.63**	-
Movements		
Long term borrowings	**281.35**	11.12
Short term borrowings	**(443.41)**	247.21
Lease liability	**(2.26)**	-
Closing balance		
Long term borrowings	**3,871.77**	3,590.42
Short term borrowings	**2,575.42**	3,018.83
Lease liability	**11.37**	-

Notes to the cash flow statement

1 The above cash flow statement has been prepared under the 'Indirect Method' set out in Accounting Standard (IND AS) 7, 'Cash Flow Statements'.

	Note
Significant accounting policies	1-3

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

As per our report of even date attached
For S R B C & CO LLP
Chartered Accountants
ICAI Firm's Registration No: 324982E/E300003

per Vinayak Pujare
Partner
Membership No: 101143

Mumbai
18 June 2020

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

Jai Hiremath
Chairman and Managing Director
DIN: 00062203

Sameer Hiremath
Joint Managing Director and CEO
DIN: 00062129

Kannan K. Unni
Director
DIN: 00227858

Sham Wahalekar
Chief Financial Officer and Company Secretary
CS Membership No: 8745

Mumbai
18 June 2020

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Hikal Limited

Great Eastern Chambers
Sector 11, CBD-Belapur
Navi Mumbai - 400 614, India

Tel.: +91-22-3097 3100
Fax.: +91-22-2757 4277

E-mail: info@hikal.com
Website: www.hikal.com


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