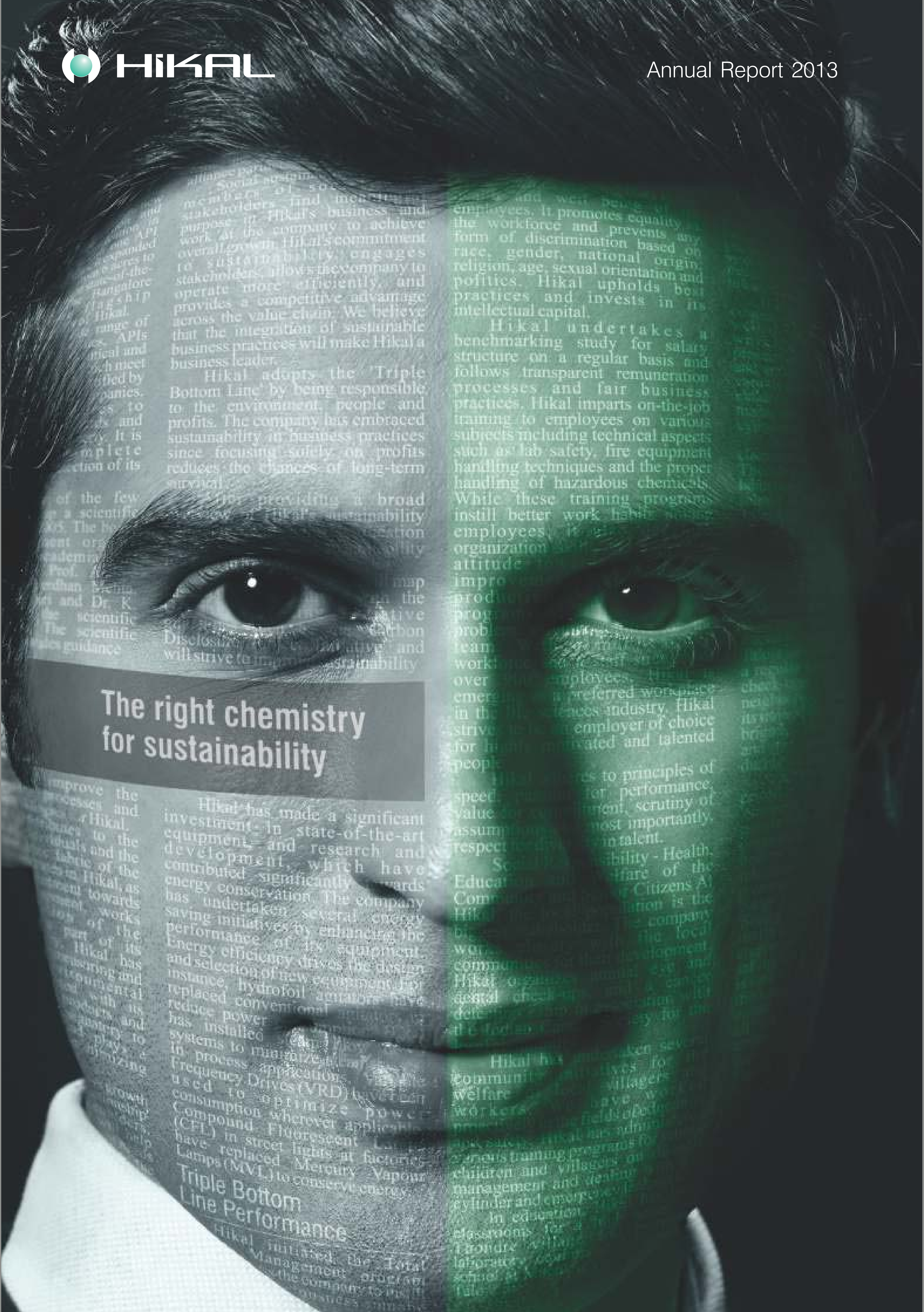
HIKAL

Annual Report 2013

The right chemistry for sustainability



In our twenty fifth year, we are even more focused on creating a sustainable culture. Our commitment to Responsible Care® is reaffirmed by the changes we are effecting at the early stage Research & Development phase progressing all the way through to commercial manufacturing. The safety of our employees, the environment in which we operate and the well being of the local communities is at the forefront of our attention. We believe ‘sustainable chemistry is the right chemistry.’

The right
chemistry for
sustainability

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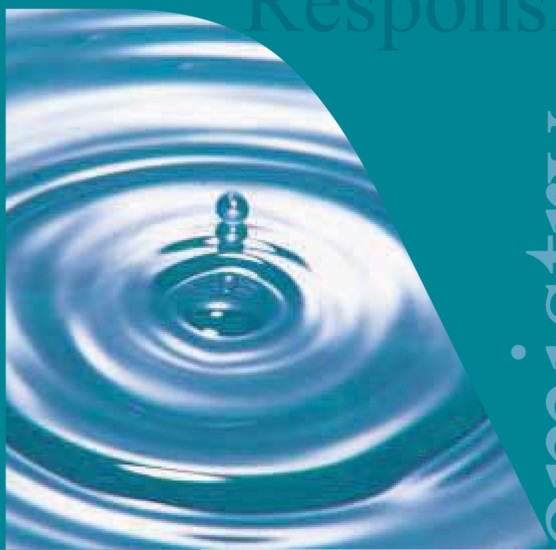
We are using innovation to drive sustainability. We are committed to reducing our impact on the environment and improving the lives of people in the communities in which we operate. We act responsibly and are using chemistry as a catalyst to develop sustainable innovative solutions for all our stakeholders.

Responsible Chemistry



Our Taloja facility has completed 5.23 million person-hours of accident-free operations.

Hikal received the Aditya Birla Award for the 'Best Responsible Care Company' in India.

Hikal adopts a 'green chemistry' approach to achieve sustainable growth, improve productivity and create incremental value for our stakeholders. We blend chemistry along with technology to meet global standards in health, safety and environmental performance.

We use greener routes to isolation, purification and synthesis of molecules. We have implemented biomass conversion and the use of renewable resources to reduce the harmful effects on the environment. We use bio-catalysis to develop new generation processes for products that are not only beneficial economically but also have a positive impact on the environment.

Our facilities meet ISO 14001 standards based on the Environmental Management System framework of the United States Environment Protection Agency and OHSAS 18001 specifications of the Occupational Health and Safety Advisory Services. Our Taloja facility has completed 5.23 million person-hours of accident-free operations.

In 2012-13, we received 'Responsible Care' certification as a company. We subsequently won the Aditya Birla Award for the 'Best Responsible Care Company' in India becoming the first ever life sciences company in India to do so.

Responsible Care®

We expect growth in both our divisions with increased volumes from our existing products.

Dear Shareholders,

After a significant growth in revenues and profitability in 2012, we experienced a challenging year at Hikal. Company revenues were lower by 4.9%. On a positive note, the Crop Protection business grew by 17%, continuing the upward trend from the past year. The Pharmaceutical business experienced price pressure and delays in off take from our customers, which resulted in a revenue decline of 17%. Hikal has a well established business across both segments and a growing global presence.

Despite the difficult economic environment, EBIDTA of the company increased by 1.2% to ₹ 1,907 millions from ₹ 1,883 millions. The company added new products on a commercial scale. The profit before tax before extraordinary items was ₹ 816 million, which was comparable to the prior year despite lower revenues. The profit after tax decreased to ₹ 255 million from ₹ 541 million primarily due to a loss on foreign exchange hedges amounting to ₹ 484 million. Based on the results, we recommend a dividend of 25%.

The outlook for the crop protection business continues to be encouraging. We foresee growth that we experienced last year to continue in the coming year. The pharmaceutical business is back on track and the increase in revenues is expected from our new commercialized products and a long-term supply contract that we recently signed with a global innovator company. A notable achievement was the US FDA audit and approval of our second pharma manufacturing site at Panoli, which produces regulatory starting materials and advanced intermediates for the U.S., Europe and Japanese markets. It will add additional revenues and offer new opportunities for the pharmaceutical division. Our customer base, products and geographies will be further diversified with this approval.

On the Research and Development front, Acoris, formerly a subsidiary company, is now a division of Hikal and its results are included in the current year. Acoris undertakes contract research business for major multinational clients at the early stage of their pipeline. A significant portion of Acoris resources are focused on adopting new technologies and developing the company's internal product pipeline. Our R&D facility in Bangalore continues to focus on process improvements of commercial manufacturing projects and incorporating new technologies and processes for our customers in contract manufacturing.

On a positive note, the old forward contracts we entered into have been settled and there will be no further losses as a result of these old contracts. Despite the challenging economic environment, the company has increased its operational margins.

Our strategy of becoming a leading sustainable technology-driven contract and custom manufacturing company serving the Crop Protection and Pharmaceutical industries is on track. We continue to implement the recommendations of the 'strategy study' of a leading consulting company, in a phase-wise manner. These measures will allow us to align ourselves more closely with our customers' requirements and enhance operational efficiencies, which will result in increased profitability.

Chairman's Message

We are creating a sustainable culture from R&D to commercial manufacturing.

Hikal continues to embrace the core principles of being a sustainable company through various initiatives. Our labs are developing environment-friendly processes, which will be utilized for commercial manufacturing. Our efforts in reducing our carbon footprint have taken shape. We have installed biomass boilers at our manufacturing sites to reduce the harmful effects on the environment. We have planned several cleaner production initiatives in the company and we are creating a sustainable culture from research and development to commercial manufacturing.

Hikal won the award for the 'Best Responsible Care®' company in India last year awarded by the Indian Chemical Council. The globally recognized certification goes beyond our legal obligations and reflects our pursuit for excellence in safety, sustainability and environmental performance. It is a testimony to the high standards of quality, regulatory compliance and operating standards at our company.

We begin 2013-14 on a positive note. We expect growth in both our divisions with increased volumes from our existing products and the introduction of new products in the coming years.

Once again, I thank our stakeholders for their continued support.

With regards,

Jai Hiremath
Chairman and Managing Director

Hikal at a Glance

Highlights

Crop protection Sales – Up by 17% to ₹ 2,888 millions

Company EBITDA for the year up by 1.2 % at ₹ 1,907 millions

Hikal wins the Aditya Birla Award for the best "Responsible Care" company in India

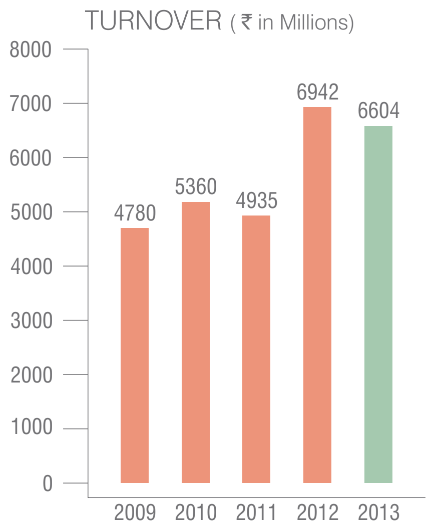
Hikal's second Pharmaceutical manufacturing site at Panoli gets US FDA approval

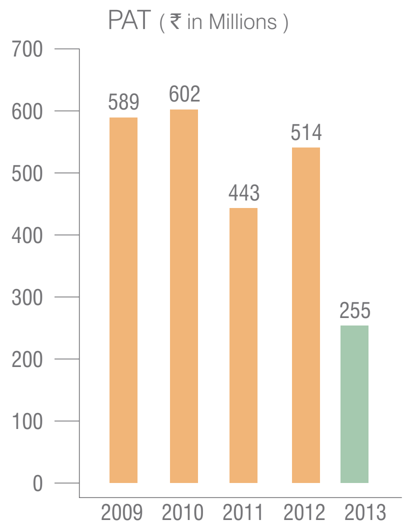
Japanese PMDA approval received for our Panoli & Jigani Pharmaceutical commercial manufacturing sites

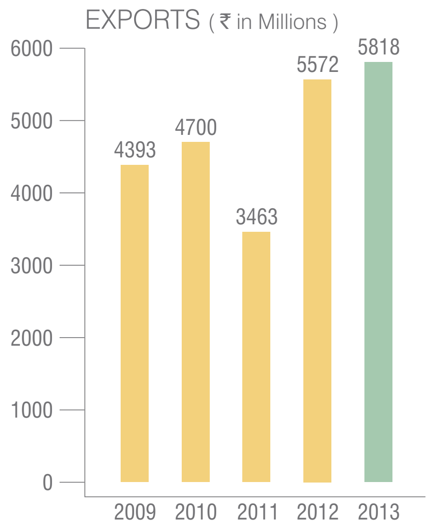
Signed a long-term contract manufacturing agreement for human health, with a leading Biopharmaceutical Innovator company

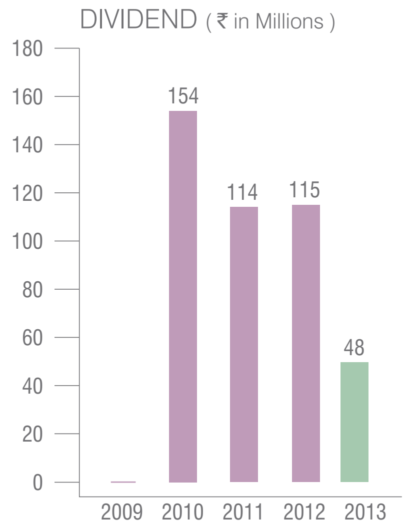
Commercial supplies for a new generation pharmaceutical food ingredient product for a US Customer commenced based on a long-term contract

Financial Highlights		₹ in Millions		Growth
		March 31, 2013	March 31, 2012	%
Turnover		6,604	6942	(4.87)
Operating profit before exceptional item (PBIDT)		1,907	1,883	1.27
Interest		599	640	-
Gross profit		1,308	1243	5.23
Depreciation		491	424	-
Exceptional item		484	218	-
Profit after tax		255	541	(52.87)
Paid-up equity share capital		164	164	-
Earnings per share (EPS)	₹.	15.52	32.90	-
Cash earnings per share (EPS)	₹	45.39	58.69	-
Dividend per share	₹	2.50	6.00	-
Payout (including tax)		48	115	-


TURNOVER (₹ in Millions)
8000
7000
6000
5000
4000
3000
2000
1000
0
4780
5360
4935
6942
6604
2009
2010
2011
2012
2013


PAT (₹ in Millions)
700
600
500
400
300
200
100
0
589
602
443
514
255
2009
2010
2011
2012
2013

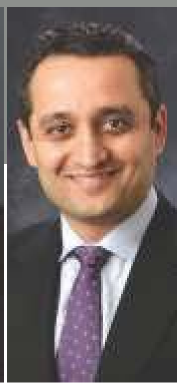

EXPORTS (₹ in Millions)
6000
5000
4000
3000
2000
1000
0
4393
4700
3463
5572
5818
2009
2010
2011
2012
2013


DIVIDEND (₹ in Millions)
180
160
140
120
100
80
60
40
20
0
154
114
115
48
2009
2010
2011
2012
2013

Board of Directors

Jai Hiremath

Baba Kalyani



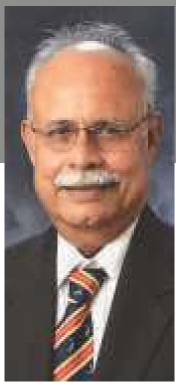
Sameer Hiremath

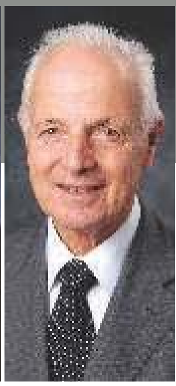
Jai Hiremath is the Chairman and Managing Director of Hikal Ltd. A Chartered Accountant from England and Wales, he has completed the Advanced Management Program for professionals and entrepreneurs from Harvard University, USA in 2004. He has more than 35 years of experience in the chemical and pharmaceutical industry. Mr. Hiremath established the company in 1988 and under his leadership; Hikal has grown to become one of the leading life sciences companies globally.

Mr. Hiremath is the past President of the Indian Chemical Council (ICC) and the former Chairman of the Chemical Committee of the Federation of Indian Chamber of Commerce and Industry (FICCI). Mr. Hiremath is also a board member of Novartis (India) Ltd and National Safety Council (NSC) of India. Most recently, he has been elected to serve as a board member of DCAT (Drug, Chemical and Associated Technology Association) headquartered in New Jersey, U.S.A.

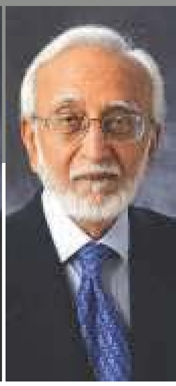
Baba Kalyani is the Chairman and Managing Director of Bharat Forge Ltd., a US $2.5 billion conglomerate serving several sectors including automotive, oil and gas, power, locomotive & marine, aerospace, construction & mining. Mr. Kalyani is an M.E. from Birla Institute of Technology & Sciences, Pilani and an M.S. from Massachusetts Institute of Technology, USA. Mr. Kalyani has been the recipient of many awards, some of which include CEO of the year 2004 by Business Standard, Entrepreneur of the Year (Manufacturing) 2005 by Ernst & Young and Businessman of the Year 2006 by Business India Magazine. He has been honored by the Government of India which conferred the Padma Bhushan on Mr. Kalyani in 2008 and by the French Government which honored him with the distinction, Chevalier l'Ordre de la Legion d'Honneur (Knight of the National Order) in 2011 in recognition of his important contribution to enhance relations between India and France in the economic and commercial fields.

Sameer Hiremath is the President & Joint Managing Director of Hikal Ltd. Mr. Hiremath did his Chemical Engineering from Pune University and received his MBA cum M.S. degree in Information Technology from Boston University, USA. Over the years, he has held various positions at Hikal including that of Executive Director. His responsibilities include managing the day to day operations of the company. He has over 18 years experience in plant operations, manufacturing and marketing at Hikal. Mr Hiremath is a member of the Young President's Organisation.

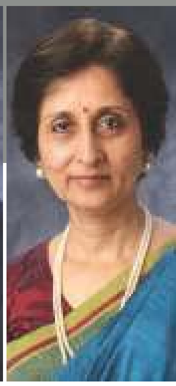

Kannan Unni

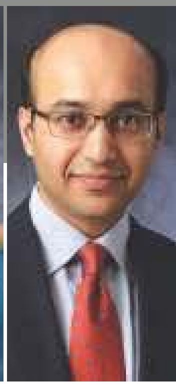

Dr. Peter Pollak


Dr. Wolfgang Welter


Prakash Mehta


Shivkumar Kheny


Sugandha Hiremath


Amit Kalyani

Kannan Unni graduated in agriculture and holds a Diploma in Marketing from the University of Mumbai. He is a pioneer in crop protection and increasing the farm yield in India. Mr. Unni was the Chairman of Bilag Industries Pvt. Ltd., a 100% subsidiary of Bayer CropScience. He was also the CEO of Aventis CropScience in India. He brings a wealth of experience in technology and marketing in the Crop Protection industry.

Dr. Peter Pollak is a Ph.D. in Chemistry from the Swiss Federal Institute of Technology, Zurich. He is internationally recognized as a pioneer in the development of the modern fine chemicals industry. He has more than 38 years of experience in fine chemicals, notably at Lonza in Switzerland and U.S.A. He has published numerous articles in several prestigious chemical publications worldwide. He is a consultant to some of the world's leading fine chemical and pharmaceutical companies.

Dr. Wolfgang Welter started his career in 1977 at Hoechst AG where he held a number of senior positions in Crop Protection and Fine Chemicals divisions. He served as the Head of Production at AgrEvo after which he took on the role of overseeing manufacturing operations at Aventis CropScience in France. Prior to his retirement, Dr. Welter was the Head of Industrial Operations at Bayer CropScience AG. He has served the industry for more than 30 years and brings a wealth of experience to Hikal.

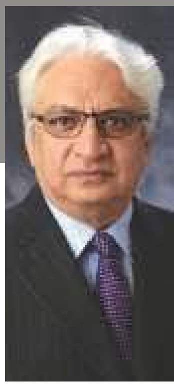
Prakash Mehta graduated in law from the University of Mumbai in 1963. He has extensive experience in corporate law both in India and overseas. Mr. Mehta is on the boards of several conglomerates and is a member of the Managing Committee of The Bombay Incorporated Law Society. He is a senior partner at M/s. Malvi Ranchoddas & Co., Advocates & Solicitors, one of the leading law firms in Mumbai.

Shivkumar Kheny has extensive industry experience, specifically in steel and infrastructure development. Mr. Kheny sits on the board of several reputable companies, some of which are listed on the Bombay Stock Exchange.

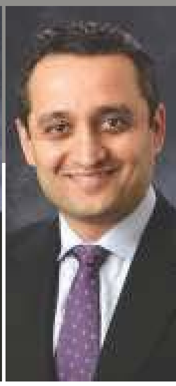
Sugandha Hiremath has more than 25 years experience in finance. She serves as an independent director on the board of several companies.

Amit Kalyani received his Bachelor's in Mechanical Engineering from Bucknell University, Pennsylvania, USA, in 1998. He is currently an Executive Director on the board of Bharat Forge Limited, the flagship company of the US $ 2.5 billion Kalyani Group. He is involved in the company's strategic planning & global business development initiatives and he also oversees the entire group's strategy. He serves on the Boards of several companies.

Management Committee



Jai Hiremath



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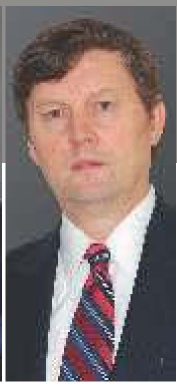
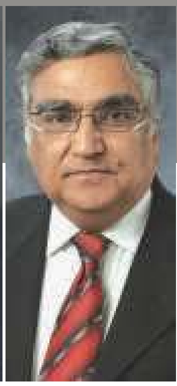
Sham Wahalekar, Senior Vice President, Finance and Company Secretary has more than 36 years of experience. He is an M.Com (Hons), L.L.B, and ACS. He has extensive knowledge in Corporate Law and Financial Management.

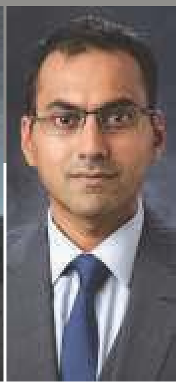
Dr. Peter Nightingale, President, Acoris Research is a Ph.D. in Chemistry from the University of Manchester, United Kingdom. He is a process development chemist with over thirty years of global experience in development, scale up, technology transfer in the pharmaceutical, agrochemical and fine chemical sectors. His expertise ranges from small scale process development to large scale operations. He is an experienced scientist who has held senior managerial positions at Development Chemicals, USA; Synprotec Ltd., and Coalite Group, UK. He has been with Acoris since late 2011.


Sham Wahalekar

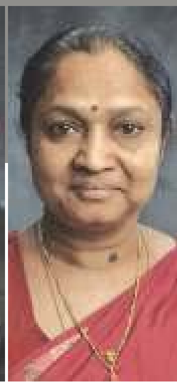

Dr. Peter Nightingale


Ashok Anand


Satish Sohoni


Anish Swadi


Ravi Khadabadi


Sulabha Sawant

Ashok Anand, President, Pharmaceuticals has more than 37 years of experience in the pharmaceutical industry. He is a pharmacy graduate with a post graduate degree in marketing management. He joined Hikal in 2004 and serves as its President responsible for the Pharmaceutical business. Prior to joining Hikal, Mr. Anand held senior marketing positions in various pharmaceutical companies such as Nicholas Piramal and Johnson & Johnson.

Satish Sohoni, Senior Vice President, Crop Protection joined Hikal in 2007. Mr. Sohoni holds a Bachelor's Degree in Commerce from the University of Mumbai and an MBA from Pune University. Prior to joining Hikal, he held senior positions in Hindustan Lever and its parent company, Unilever in Central and Eastern Europe; Rallis India and Tata Chemicals.

Anish Swadi, Vice President, Business Development joined Hikal in 2005. Apart from Corporate Strategy, he oversees IT. Prior to joining Hikal, he worked as an International Financial Advisor with Merrill Lynch. He holds a Bachelor's Degree in International Business and Finance.

Ravi Khadabadi, Vice President, Procurement has more than 27 years of experience in the industry. He joined Hikal in 1997. He has a double Master's Degree in Chemistry and Polymers.

Sulabha Sawant, Head HR & Administration joined Hikal in 2012 and has 30 years of experience in Human Resource Management and Administration. She has a Master's Degree in English and in Personnel Management and Industrial Relations from Tata Institute of Social Sciences. Prior to joining Hikal, she held various senior positions in companies such as Dubai Port World Limited, P&O Ports, Tata Infotech, TCS and Nocil. She has been the recipient of several awards such as Women Super Achiever Award, Shine HR Leadership Award and the HR Warrior Award for her contributions in the area of HR.

Scientific Advisory Board

Prof. Goverdhan Mehta is a distinguished organic chemist. He is a National Research Professor, Eli Lilly Chair, School of Chemistry at the University of Hyderabad and a Bhatnagar Fellow. He is the former President of the International Council for Science (ICSU), past director of the Indian Institute of Science, Bangalore. He holds a D.Sc. from the University of Marseille, France; Ph.D. in Organic Chemistry from Pune University - National Chemical Laboratory; and a Ph.D. from Michigan State University and Ohio State University USA. He has been awarded the Padma Shri in 2000 by the President of India and Chevalier de la Légion d'Honneur in 2004. He is a Fellow of the Royal Society and a member of the Scientific Advisory Committee to the Prime Minister of India. He has many prestigious awards and innumerable honors to his credit.

Dr. Takayuki Shioiri, a Ph.D. from the University of Tokyo, is Professor Emeritus of the Nagoya City University and an adjunct Professor of the Graduate School of Environmental and Human Sciences, Meijo University. He is the Honorary President of the Japanese Society for Process Chemistry. Dr. Shioiri is the recipient of the Pharmaceutical Society of Japan (PSJ) Award, the Abbott Prize and the Japanese Peptide Society Award.

Dr. K. Nagarajan obtained his B.Sc. (Hons) in Chemistry from Loyola College, Madras, and Ph.D. from the University of Madras. He is a postdoctoral Fellow from Wayne State University, California Institute of Technology, Pasadena and Zurich University, Switzerland. He has held various positions as Head, Medicinal Chemistry, Ciba Research Center; Director, R&D of Searle India, among others. He is the recipient of the Bhatnagar Prize in Chemistry and Lifetime Research Award from the Chemical Research Society of India. Dr. K. Nagarajan spearheads the scientific efforts at Hikal.

Prof. Axel Kleemann holds a Ph.D. in Chemistry from the Johann Wolfgang Goethe University, Frankfurt am Main, where he is the Honorary Professor of Chemistry. Prof. Kleemann was a member of the Management Board of ASTA Medica AG from 1987 to 2000. He was responsible for research and development, production, engineering and drug safety. Apart from being a board member in various organizations and scientific societies in Germany, Prof. Kleemann is also the Chairman of the Board of Directors of Protagen AG and a member of the Board of Directors of several non-listed and listed biotech and fine chemical companies. Prof. Kleemann is the co-author of the standard reference book, 'Pharmaceutical Substances'.

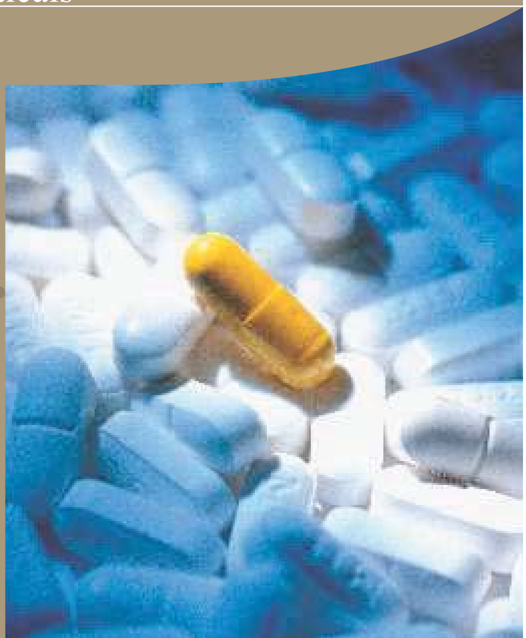

Prof. Goverdhan Mehta


Dr. Takayuki Shioiri


Dr. K. Nagarajan


Dr. Axel Kleemann

Pharmaceuticals



Our Jigani and Panoli facilities meet the requirements of the European client. We expect sales volumes to increase rapidly.

Our Panoli facility was certified by US FDA. It can be used as an alternative manufacturing site for APIs.

Our ability to offer small scale development to commercial manufacturing solutions utilizing alternative technologies helps us compete more effectively. In 2012-13 we diversified our offerings, explored new allied business opportunities and expanded our product portfolio.

In our contract manufacturing business, we signed a long-term supply agreement for human health products with a European innovator customer. Commercial supplies for this customer have begun and are expected to ramp up fully in the coming financial year. In addition, we have successfully validated a large volume API for the customer. Our Jigani and Panoli facilities where we manufacture these products have been audited and approved by this customer. Hikal commenced production of an artificial sweetener for a US-based specialty chemical company on the basis of a long-term contract. We expect revenues from these new businesses to increase significantly over a period of time.

Our Panoli facility was audited and certified by the US FDA, in 2012. It will be used as an additional manufacturing site to supply advanced intermediates and APIs globally. The approval will further diversify our products and customers.

We have shortlisted several new products for development which are at various stages in the development and commercial pipeline. We are working toward filing Drug Master Files (DMFs) after completion of validation of these products. These will add to the product diversification strategy and result in additional revenues.

Hikal has partnered with several innovator, mid size pharmaceutical and biotech companies in contract manufacturing and providing R&D solutions for their new molecules. The benefit of these long-term contracts will add stability and revenue growth in the years to come.

Rx-360 An International Pharmaceutical Supply Chain Consortium

Crop Protection

Japan is a growing market for Hikal. We are undertaking several research projects which are in the last phase.

We are undertaking several research projects which will be commercialized in 18-24 months.

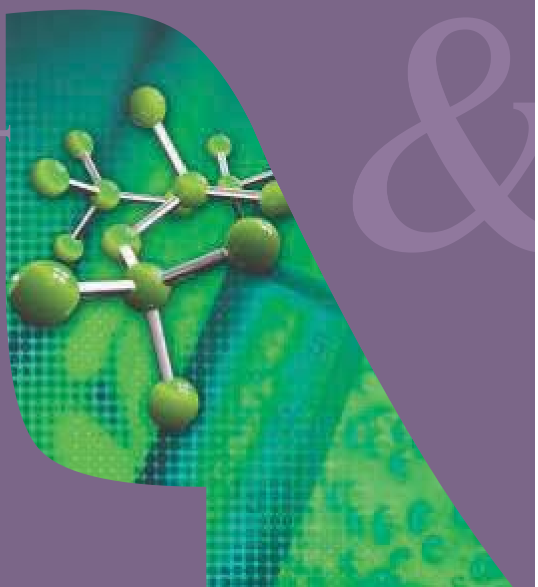
Hikal is the preferred partner to several leading crop protection companies. In 2012-13, we registered volume and revenue growth in contract manufacturing for these global innovator companies.

We ramped up production for an on-patent molecule of a European company which is growing in volume. We have debottlenecked our plants and increased throughput to meet the increased requirements of the innovator company.

Japan is a growing market for Hikal. We have undertaken multiple research projects of which several are in advanced phases of development and semi-commercialization. These projects will be commercialized in the next 18 to 24 months. We commissioned a plant and initiated production of an active ingredient for a Japanese innovator company. We have since received commercial orders from the customer.

Hikal operates with the highest quality and safety standards. We successfully completed environment health, safety and quality audits by several multinational companies during the year.

Research & Development



Acoris is diversifying into new contract manufacturing areas such as agro and fine chemicals.

USPTO and the Indian Intellectual Property Appellate Board granted four patents for API and intermediate processes.

Hikal's activities in Research & Development are based on a clear focus to build a sustainable portfolio of products for the Crop Protection, Animal Health and the Pharmaceutical businesses. The R&D activities for the company and its customers are carried out in Acoris, (Pune) and at our Bangalore R&D site. Combined over two hundred highly trained and qualified scientists work on new areas of technology, sustainable process solutions using bio-catalysis, and manufacturing processes utilizing micro and gas reactors.

Hikal's internal Research Committee was created this year to streamline R&D for new product development, technology transfer and scale-up activities. The company's strategy to offer full development and scale-up services to innovator, generic and biotech companies are leading to new possibilities for long-term contract manufacturing opportunities for the Hikal group.

A healthy product pipeline in the development phase, new technologies that have been absorbed and developed internally along with strong regulatory governance has created a niche for the company which will lead to additional opportunities in the future.

Corporate Social Responsibility

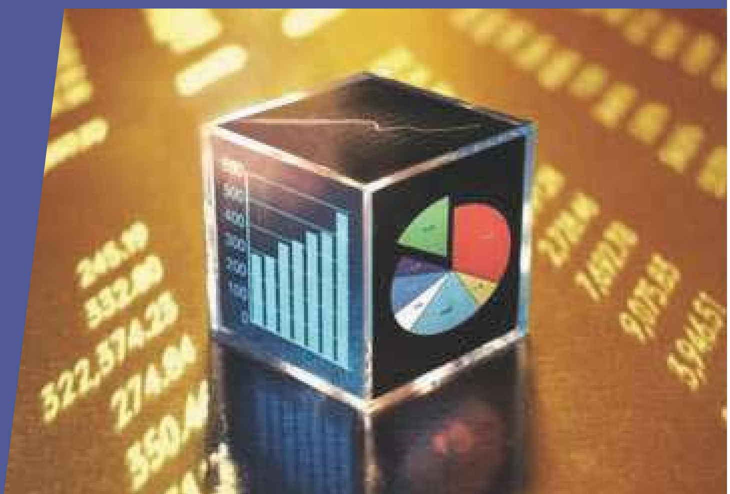
We undertake health check ups for children and eye camps for senior citizens.

We partner with non-governmental organizations and our employees volunteer for programs.

Hikal supports local communities in the areas of education and healthcare. We partner with non-governmental organizations and our employees volunteer their time for specific programs which directly impact the communities in which we operate. Hikal undertakes community welfare programs focused on the girl child, women and senior citizens.

As part of our education initiative, Hikal has distributed educational books and stationery items to schools in the vicinities of our factories, and has donated computers to encourage computer literacy among students to local educational institutions. From the healthcare perspective, we provide regular health checkups for children, have organized eye camps for senior citizens, administer treatment and donate medicines for the betterment of the people who reside in our communities.

Financials



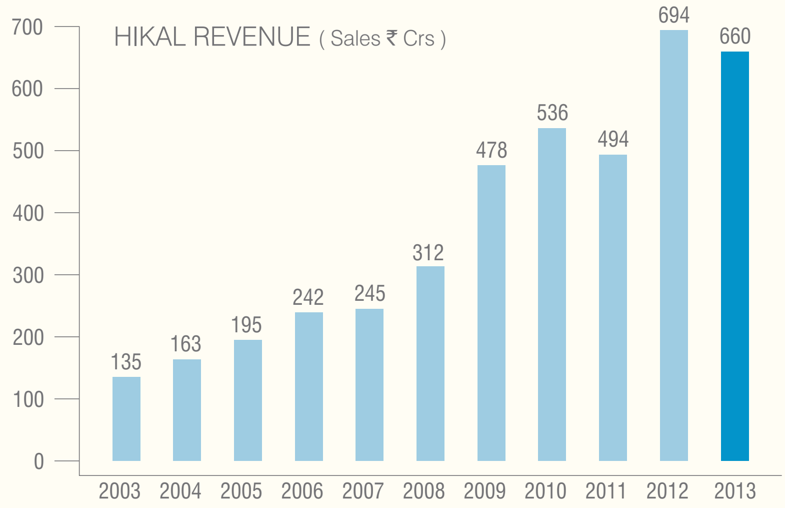
As a company we believe that stable growth needs to be sustainable. Over the past 10 years, we have invested in building assets, capabilities and more importantly a reputation for quality and trust. In order to achieve the growth that we have registered our focus has been on creating long-term value for all our stakeholders.

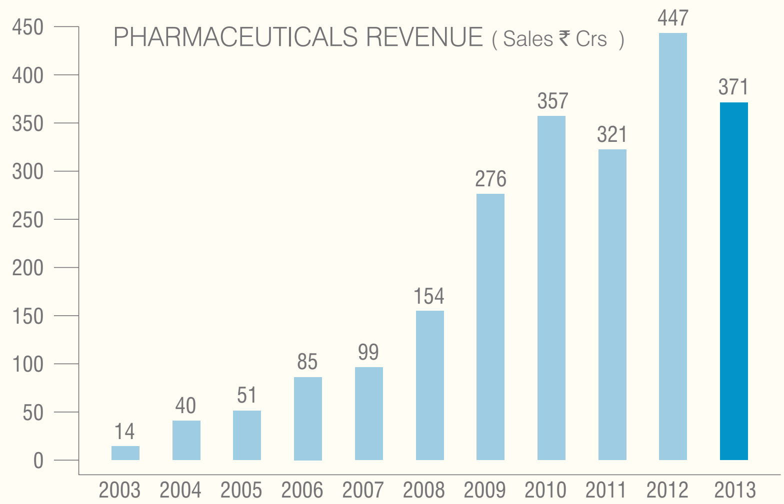
Hikal has registered positive growth over the past ten years. The Crop Protection division recorded a compounded annual growth rate (CAGR) of 9%. The Pharmaceutical division has recorded 39% as its CAGR over the last ten years. This is despite the fact that as a company, we were a relatively late entrant into the Pharmaceutical Industry.

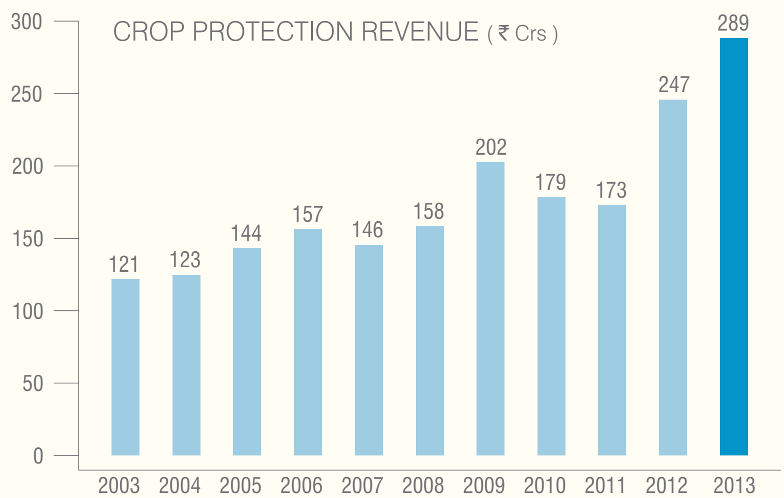
As a company, the CAGR in terms of revenues for the past ten years is 17%. The CAGR for the EBITDA of the company over the past ten years is also 17%. This shows the continuous focus on improving the operational margins of the company.

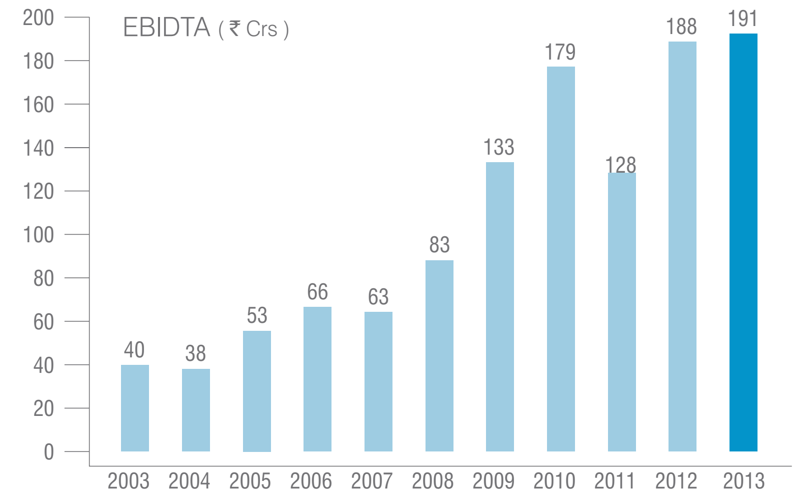
As we exit the past year which has been challenging, we are entering the next phase of growth. We see opportunities that we can capitalise on in both our divisions. Our customers value us not only for the services we provide, but for aligning ourselves with their strategies becoming more of a value added integrated resource in their supply chains. Our goal is to deliver the right balance of economic, social and environmental performance so that our growth remains sustainable to deliver adequate returns for all our stakeholders.

Sustainable Growth








EBIDTA (₹ Crs)
200
180
160
140
120
100
80
60
40
20
0
40
38
53
66
63
83
133
179
128
188
191
2003
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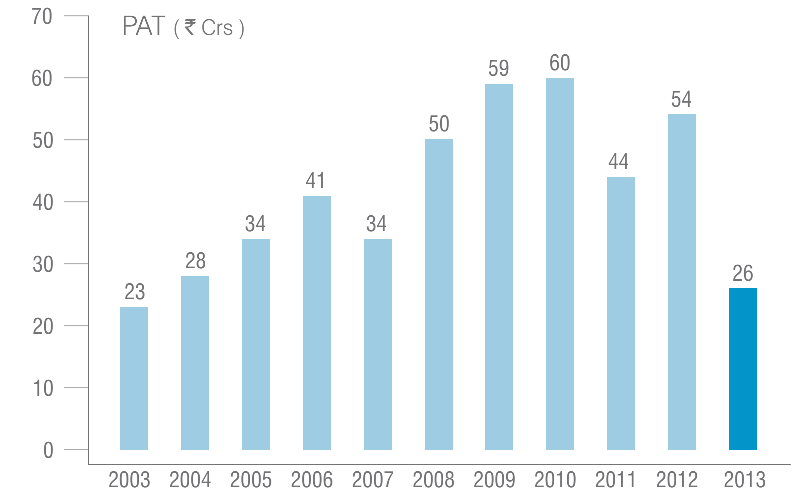
2011
2012
2013


PAT (₹ Crs)
70
60
50
40
30
20
10
0
23
28
34
41
34
50
59
60
44
54
26
2003
2004
2005
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2007
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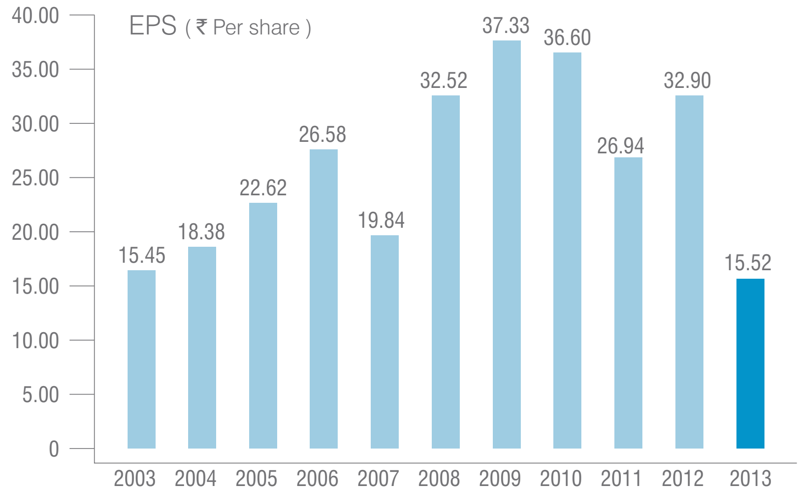
2009
2010
2011
2012
2013


EPS (₹ Per share)
40.00
35.00
30.00
25.00
20.00
15.00
10.00
5.00
0
15.45
18.38
22.62
26.58
19.84
32.52
37.33
36.60
26.94
32.90
15.52
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013

Directors' Report

To
The Members,

The Directors are pleased to present the 25th Annual Report with the Audited Accounts for the financial year ended March 31, 2013.

₹ in Millions

1. **FINANCIAL RESULTS**

	2012-13	2011-12
Turnover	6,604	6,942
Profit before interest and depreciation and exceptional items	1,907	1,884
Interest	599	640
Profit before depreciation	1,308	1,243
Depreciation	491	424
Profit after depreciation before exceptional items	817	819
Exchange loss	484	256
Reversal of cashflow hedge reserve	-	(37)
Profit before taxation after exceptional items	333	601
Provision for taxation		
- Current tax	66	123
- Less MAT tax credit	(66)	(123)
- Deferred tax liability	78	60
Profit after tax	255	541
Reserves and surplus	4,512	4,434
Dividend on equity share	41	99
Tax on dividend	7	16
Transfer to general reserve	30	100

COMPANY'S PERFORMANCE

After a significant growth in revenues and profitability in 2012, we experienced a challenging year at Hikal. Company revenues were lower by 4.9%. On a positive note, the Crop Protection business grew by 17%, continuing the upward trend from the past year. The Pharmaceutical business experienced price pressure and delays in off take from our customers, which resulted in a revenue decline of 17%.

Despite the difficult economic environment, EBIDTA of the company increased by 1.2% to ₹1,907 millions from ₹1,884 millions. The company added new products on a commercial scale. The profit before tax and before extraordinary items was ₹817 millions, which was comparable to the prior year despite lower revenues. The profit after tax decreased to ₹255 millions from ₹541 millions primarily due to a loss on foreign exchange hedges amounting to ₹484 millions. Based on the results, we recommend a dividend of 25%. On a positive note, the old forward contracts we entered into have been settled and there will be no further losses as a result of these old contracts. Despite the challenging economic environment, the company has increased its operational margins.

2. **EXPORTS**

Exports for the year increased to ₹5,818 millions (88% of total sales) from ₹5,572 millions (80% of total sales) in the previous year; an increase of 4% versus the last fiscal year. This is due to the new customers added in overseas geographies and domestic customers for products that are re-exported.

3. **OPERATIONS**

Crop Protection Division:

Our crop protection division revenues are primarily driven from contract manufacturing products for multinational innovator companies. The past year saw a volume increase of a fungicide produced for a major European multinational company. An intermediate for the same customer produced at our Mahad facility has grown in volume and based on future forecasts given by the customer, we expect it to grow further.

We have added two customers for commercial manufacturing which is expected to commence next year. The lab trials for these molecules have been completed. We worked on multiple late stage research projects for Japanese Crop Protection companies which are expected to fructify over the next two years. This will lead to additional revenues in the Crop Protection division. We are currently working on an intermediate to be manufactured at our Mahad facility for the Japanese market. This is a solvent for the electronic chemical market with extremely stringent quality requirements. The success of this project along with others has opened up a new market in the fast growing specialty chemicals field for the company.

We have invested incrementally in debottlenecking our plants at Taloja and Mahad to cater to the additional demand of our customers. Going forward, we are focusing on maximum capacity utilization at our manufacturing facilities which will improve our profitability. We have successfully completed Safety, Health and Environment audits with our multinational customers who have reinforced our high standards and quality systems. This should lead to additional business in the years to come. In addition, we have invested in increasing the capacity of our R&D personnel and equipment at our Taloja plant which focuses on process improvements and new product development. The on-patent molecule that we are contract manufacturing for a European multinational innovator customer has grown substantially over last year's volume. Based on our customer's forecast, we expect that this molecule will further grow as our customer's registration gets approved in new markets for this new generation product.

Pharmaceutical Division:

Our pharmaceutical division recorded a turnover of Rs. 3,716 millions as compared to Rs. 4,477 millions in the previous year, a decline of 17%. While we managed to successfully diversify the geographies in which we sell and our customer base, much of the decline in revenues was due to delayed orders of products from our existing customers and the decline in selling prices.

We have signed a long term contract manufacturing agreement with a European innovator customer to commercially manufacture pharmaceutical products for human health. Commercial production of one of these large volume products has commenced late last year and we expect the benefit of full ramp up in 2014. We have also completed the validation of another important API for this customer and we expect commercial production to also commence in 2014. These products will be contract manufactured exclusively for this customer through a technology transfer process as it is one of their largest molecules. The benefits of this agreement will reap rewards over the next few years as we mutually expand the relationship encompassing additional services and products.

During the year we signed another manufacturing agreement with a specialty US based food ingredient company. The long term manufacturing agreement is for a specialty food ingredient product manufactured under pharmaceutical grade conditions. Commercial supplies have begun and we expect to ramp up to full production in the upcoming year. This new business is a diversification in terms of products and customers that the company has traditionally garnered. We have completed the validation of a new molecule for an important Japanese customer through a technology transfer. This product will be registered by the customer and we expect to start production once all the regulatory approvals are completed in 2014. This is an important step for the company as we have been operating in the Japanese market for over a decade and have had varied levels of success on the commercial manufacturing side. We expect this commercial manufacturing business to expand over the next few years in Japan as we have an established track record of supplying products in line with the expectations of our customers on specifications and quality.

Some of our existing API's that have been manufactured over a period of time are experiencing both stable volumes and prices. As there are fewer competitors, we expect these molecules to diversify the current product pipeline while serving as a business development tool for adding newer customers.

Hikal has a valuable role to play by providing options across the pharmaceutical value chain from early stage support on research to flexible manufacturing solutions on the commercial scale. The past year we have diversified our customers and geographies. This has brought along a larger product portfolio which is less dependent on a few major products as has been seen in the past. Additionally new regulated capacity in terms of the Panoli site has increased our offerings and services. We should see these factors drive growth for the division in the years to come.

Research & Development:

This year, we refocused our efforts in Research & Development at the company. Acoris, our contract research site has concentrated on multinational, midsize biotech and innovator customers looking to use new and improved technologies to reduce and make more efficient their processes for their new drugs under development. As part of our integration efforts, Acoris Research formerly a 100% subsidiary is now a division of Hikal. It will enable a smoother transition from contract R&D to scale up and manufacturing at any one of our commercial sites. Our R&D centre in Bangalore continues to implement technology transfer projects and process improvement projects for our own internal development pipeline.

We successfully completed initial supplies for advanced intermediates to one of the largest U.S. biotech companies. These molecules are in phase I & II and are progressing well in clinical trials. The company has a good chance to supply future commercial quantities for this new molecule. The process for these molecules was worked on and improved at Acoris and small volume commercial supplies were provided from the Hikal manufacturing facilities.

During the year we signed a contract with a leading Japanese company to develop different peptides using their proprietary technology. This will enable Hikal enter into a new area of peptide development and possibly manufacturing. The experience and capabilities gained from this project has opened up a new avenue of customers for the company.

We extended a long term process development contract with a leading Japanese company which will yield some molecules for manufacturing in the future. Process development was successfully carried out on a small scale for a product used in wide view film technology. This product sample was approved by our customer and we are in commercial discussions for future supplies.

Several lab scale projects are in progress with different divisions of a large multinational company and these are expected to yield some manufacturing returns. We successfully completed process development for two anti malarial drugs and have supplied samples on a kilo scale to the customer. These products are part of the company's initiatives to supporting, "World Health Organization's" initiative to supply quality medicines at an affordable cost to affected people.

Our Animal health initiatives continue to gain traction. We completed process development for a key product for our customer and supplied kilo quantities for their formulation studies. Commercial quantities are expected in the next year. Pilot scale trails have been completed and supplied for a key active ingredient. Discussions are in progress for commercial supplies of this product

Hikal's R&D has developed a non-infringing and economically viable process for an advanced intermediate for a large volume molecule where kilo lab samples were approved by the customer and pilot plant batches are in currently under progress. Hikal has filed a patent for this non-infringing route. Several non-infringing API processes have been developed for the internal product pipeline of the company. We have filed and received patents on the innovative processes developed to support Hikal's new product portfolio which are in the pilot scale and will progress to the commercialization phase in the latter half of this fiscal year.

We filed 3 DMF's in the past year for products that will be commercially manufactured and sold in the near future. This is part of our strategy to diversify our existing customer base and product pipeline. The company's R&D initiatives are ongoing using bio catalysis to minimize the use of chemicals in our manufacturing processes. Enzyme catalysed transformation help us develop environment-friendly processes for our new product pipeline. In order to ensure that our current manufacturing processes are environment-friendly and sustainable, consumption of organic solvents have been reduced and in certain cases eliminated. Effluent streams were processed to recover valuable products that can be recycled. These initiatives have been transferred and implemented in commercial production. It is part of the companies' initiative to create and maintain a sustainable business.

Our strategy to offer full development and scale up services to innovator, generic and biotech companies is leading to new possibilities for long-term contract manufacturing opportunities for the Hikal group. A healthy product pipeline in the development phase, new technologies that have been absorbed and developed internally along with strong regulatory governance has created a niche for the company which will lead to many opportunities in the future.

4. DEMERGER OF SUBSIDIARY OPERATIONS

In terms of the Scheme of Arrangement ("the Scheme") under Sections 391 to 394 read with Section 78, 100 to 103 of the Companies Act, 1956 sanctioned by Order dated March 30, 2012 of Hon'ble High Court of Judicature at Bombay and filed with the Registrar of Companies, Maharashtra on May 10, 2012, all the assets and liabilities of the research business of Acoris Research Limited ('Transferor Company') has been taken over by the Company with effect from April 1, 2012. Acoris formerly a subsidiary is now be a division of Hikal.

During the year, Acoris has further strengthened its capabilities, both in terms of manpower as well as technical capabilities. We have a qualified group of approximately 118 people, most of them highly trained scientists, Acoris helps customers innovate during the early lifecycle of products with a comprehensive suite of offerings. Acoris provides customized services, from Route Scouting, Contract Research, Process Development, Scale up, Analytical Method Development and cGMP (kilo scale) Manufacturing under Full Time Equivalent (FTE) to Fee for Service (FFS) contracts. With the demerger of operation, the scale up and technology transfer from Acoris to one of Hikal's manufacturing sites will be seamless and customers will experience a smooth transition of their products.

5. **DIVIDEND**

The Board has recommended a final dividend of 25% for the year (previous year 60%).

6. **AWARDS**

During the year, the company received the following awards:

Aditya Birla Award for the "Best Responsible Care Company" in India

US FDA audit and approval of second pharmaceutical manufacturing site in Panoli

Japanese Pharmaceutical & Medical Devices Authority (PMDA) approval at our Panoli & Jigani Pharmaceutical Commercial Manufacturing sites

7. **SUBSIDIARY ACCOUNTS**

In terms of the approval granted by the Government of India, Ministry of Company Affairs under Section 212(8) of the Companies Act, 1956, copies of the Balance Sheet, Profit and Loss Account, Directors' Report and the Report of the Auditors of the subsidiary companies viz., Hikal International B.V. and Acoris Research Limited have not been attached with the Balance Sheet of the company. The company will make available these documents / details upon request made by any shareholder of the company interested in obtaining the same and the same can also be inspected at the Registered Office of the company as well as of the subsidiaries. Pursuant to the approval, a statement of the summarized financials of all the subsidiaries is attached along with the Consolidated Financial Statements. Pursuant to Accounting Standard (AS) – 21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the company includes the financial information of its subsidiaries.

8. **DIRECTORS**

Mr. B.N. Kalyani, Mr. S.M.Kheny and Mr. Wolfgang Welter Directors on Board retire by rotation and being eligible, offer themselves for re-appointment.

9. **DIRECTOR'S RESPONSIBILITY STATEMENT**

In accordance with Section 217 (2AA) of the Companies Act, 1956, the Directors confirm that:

(i) In the preparation of the annual accounts, the applicable accounting standards have been followed.

(ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year ended March 31, 2013 and of the profit of the company for that year.

(iii) Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

(iv) The annual accounts have been prepared on a going concern basis.

10. **AUDITOR'S REPORT**

With regard to the qualified opinion contained in the Auditors' Report, explanations are given below:

Refer Note 28

The Company has entered into swap contracts with the banks against long term loans which will mature year on year upto August 2016. The Company has MTM losses of ₹ 116.17 milions on March 31, 2013 on these swap contracts for the future years which have not been provided for in the books. The Company is of the opinion that the "Mark to Market" loss of these transactions represent unrealised losses that are notional in nature and will not affect the ongoing business or operations of the company. The company has adequate long-term export contracts to cover the entire value of these contracts. The losses on these contracts are being accounted for as and when they fall due. The company is also of the opinion that these losses are not actual losses as the US dollar is highly volatile and unpredictable versus the Indian Rupee.

11. **AUDITOR**

The members have appointed M/s B S R & Company Chartered Accountants as the auditor of the company in the last Annual General Meeting of the company.

M/s B S R & Company Chartered Accountants is the retiring auditor, offer themselves for re-appointment.

12. **COST AUDIT**

The company has re-appointed Prof. V.J.Talati of V.J.Talati & Co., as the Cost Auditor to carry out the audit of Cost Accounts for the financial year 2012-13. The Cost Audit report for the financial year 2011-12 was filed with Ministry of Corporate Affairs, Government of India on January 31, 2013 by the cost auditors.

13. **PUBLIC DEPOSITS**

The company has not accepted any deposits and as such there are no overdue deposits outstanding as on March 31, 2013.

14. **LISTING FEES**

The company has paid requisite annual listing fees to Bombay Stock Exchange and National Stock Exchange where its securities are listed.

15. **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 1,065 as on March 31, 2013.

As required by the provisions of the section 217 (2A) of the Companies Act, 1956, read with companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees form part of the Directors' Report. However, as per the provisions of the Sec. 219 (1) (b) (iv) of the Companies Act, 1956, the report and accounts are being sent to all shareholders of the company excluding the aforesaid information, any shareholders interested in obtaining such particulars may write to the Company Secretary at the corporate office of the company.

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

In accordance with the requirements of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, a statement showing particulars with respect to conservation of energy, technology absorption and foreign earnings and outgo forming part of the Directors' Report, is given in the enclosed annexure which forms part of this report.

17. **SAFETY & ENVIRONMENT**

The company continued to maintain the highest standards of safety and environment control. 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.

18. **CORPORATE GOVERNANCE**

A report on the Corporate Governance Code along with a certificate from the Auditors of the company regarding the compliance of the code of Corporate Governance as also the Management Discussion and Analysis Report as stipulated under clause 149 of the Listing Agreements are annexed to this Report.

19. **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.

For and on behalf of the Board of Directors

Place: Mumbai	**Jai Hiremath**	**Kannan K.Unni**
Date: May 16, 2013	**Chairman & Managing Director**	**Director**

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2013.

I. CONSERVATION OF ENERGY

Energy conservation is an important element of our Energy Policy. Hikal undertakes various measures to implement energy conservation at all sites: Some of the measures taken are listed below which we expect to yield results starting this financial year. The company is also embarking on a set of cleaner production initiatives at its facilities some of which are mentioned below:

(i) Replacement of furnace oil with biomass boilers to which will result in large energy savings and reduce the harmful effects on the environment,

(ii) Proposed establishment of a co-generation power plant at the pharmaceutical site which will utilize the steam generated to power some of the manufacturing units,

(iii) Setting up a production line for one of the key products based on a new, "green" process that uses enzymes and eliminates solvents,

(iv) Setting up a new pilot plant in Bangalore to scale up green processes post development,

(v) Establishment of effluent treatment facilities at some of our manufacturing sites,

(vi) Energy audits conducted at all sites to ensure minimal loss of utilities

(vii) Replacement of Membranes for the Reverse Osmosis plant at our Jigani site which will directly results in water conservation.

₹ in Millions

FORM A

			2012-13	2011-12
A	**Power & Fuel Consumption**			
1.	Electricity			
	Purchased			
	Unit (KWH in thousands)		**54,891**	49,973
	Total amount (₹ in Mio)		**391,36**	300.69
	Rate / KWH (₹)		**7.13**	6.02
2.	Furnace oil			
	Quantity (K. Ltrs.)		**10,999**	9,962
	Total Cost (₹ in Mio)		**426.41**	357.89
	Average rate / Ltrs. (₹)		**38.77**	35.92
3.	Others			
	LSHS / LDO / GAS / HSD Quantity (K. Ltrs.)		**1,549**	2,107
	Total Cost (₹ in Mio)		**50.92**	58.15
	Rate / Ltrs. (₹)		**32.87**	27.59
B.	**Consumption per unit of Production**			
	Product Unit (Intermediate for Crop protection and Pharmaceuticals)			
	Electricity	KWH	**12.60**	10.80
	Furnace oil	Ltrs.	**2.53**	2.16
	LSHS / LDO /GAS	Ltrs.	**0.36**	0.46

II. RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

(a) Specific areas in which R&D is carried out by the company and benefits accrued

1. Our R&D team has successfully concluded several new projects during the year. Several projects have been concluded successfully and two provisional patents were granted in India. In addition, Hikal has received 4 patents for processes related to API's and Intermediates which were developed in house.

2. In the area of generic pharmaceuticals, 2 new DMFs have been filed and validation trial related to an API has been completed. Technologies related to 2 products were absorbed and transferred to production under GMP for commercial production. Processes have also been developed for other APIs and API intermediates. These processes are due for validation in the coming financial year.

3. Current manufacturing technologies related to 2 APIs were improved and validated successfully to achieve superior environmental standards. Use of solvent was either eliminated or reduced.

4. Several other projects in the area of contract manufacturing were also successfully concluded in the area of Agrochemicals and Specialty chemicals. In two instances, the respective commercial quantities were produced and delivered to the customer. Many projects are in piloting phase and are expected to move into commercial scale production in the coming year.

(b) Future plans

Hikal's R&D activities have a clear focus to build a sustainable portfolio of products to create opportunities for the manufacturing facilities across both divisions.

1. The company's plan to file 4 Drug Master Files (DMF) every year continues to generate its own Intellectual Property through process patents. Many new projects have been initiated through the developed of the company's own internal pipeline and some based on customer requests. A robust new project management and product selection system has been implemented.
2. The management's vision is to position Hikal as a company of choice both as a preferred supplier and as an employer. The company has adopted a sustainable business model which will reduce the harmful effects on the environment by reducing the amount of solvents and developing greener processes in mainstream R&D and manufacturing processes. The company has positioned itself as a leader in contract manufacturing and research.
3. The absorption and development of new technologies is a key focus area for the company. Using technology to eliminate process steps and or reducing solvents is a primary objective.
4. The company has plans to introduce new technologies that will reduce the manufacturing costs and create environmentally friendlier processes resulting in a lower cost of goods and a sustainable product long term.

₹ in Millions

(c) Expenditure on R & D	**2012-13**	2011-12
i) Capital	**18.92**	5.05
ii) Recurring	**299.55**	128.32
Total	**318.47**	133.37
iii) Total R&D expenditure as a percentage of total turnover	**4.82%**	1.92%

III. FOREIGN EXCHANGE EARNINGS & OUTGO

Total foreign exchange used and earned:

Used : ₹ **2,129** Millions (Previous year ₹ 1,887 Millions)

Earned : ₹ **5,818** Millions (Previous year ₹ 5,572 Millions)

For and on behalf of the Board of Directors

Place: Mumbai
Date: May 16, 2013

Jai Hiremath
Chairman & Managing Director

Kannan K. Unni
Director

Report on Corporate Governance : 2013

The Company has complied with the provisions of clause No. 49 of the listing agreement with the stock exchanges 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. COMPANY'S PHILOSOPHY OF CODE OF GOVERNANCE

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. The Company's guiding principles are focused to achieve the highest standards of corporate governance.

II. BOARD OF DIRECTORS

The present strength of the Board of Directors is 10, whose composition is given below:

A Composition and category :

JAI HIREMATH	Chairman & Managing Director
BABA KALYANI	Non-Executive Director
PRAKASH MEHTA	Independent, Non-Executive Director
SHIVKUMAR KHENY	Independent, Non-Executive Director
KANNAN UNNI	Independent, Non-Executive Director
SUGANDHA HIREMATH	Non-Executive Director
PETER POLLAK	Independent, Non-Executive Director
WOLFGANG WELTER	Independent, Non-Executive Director
AMIT KALYANI	Non-Executive Director
SAMEER HIREMATH	President and Joint Managing Director

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 of Director	Attendance		Directorships (excluding Directorship in Private Companies)*	Committee Memberships#	Committee Chairmanships
	Board Meeting	Last AGM			
JAI HIREMATH Chairman & Managing Director	4	Yes	2	1	1
BABA KALYANI Director	No	No	14	5	2
PRAKASH MEHTA Director	4	Yes	8	9	-
SHIVKUMAR KHENY Director	4	Yes	12	4	1
KANNAN UNNI Director	4	Yes	5	4	2
SUGANDHA HIREMATH Director	4	Yes	-	2	-
PETER POOLAK Director	No	No	-	-	-
WOLFGANG WELTER Director	4	No	-	-	-
AMIT KALYANI Director	2	No	12	5	-
SAMEER HIREMATH President & Joint Managing Director	4	Yes	1	-	-

* excludes directorship in own Company

includes membership / chairmanship in own Company (for committee membership Audit Committee and Shareholders' Grievance Committee is considered)

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 Details of Board of Directors Meetings held during the year :

Four (4) Meetings of the Board of Directors were held during the year ended March 31, 2013.

These were held on : (1) May 14, 2012 (2) August 9, 2012 (3) November 6, 2012 (4) February 6, 2013.

D Remuneration Policy :

In framing its remuneration policy, the 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 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. The non-executive Directors do not draw any remuneration from the Company except sitting fees.

Remuneration to Directors for the year ended March 31, 2013.

i) Remuneration to Non-Executive Directors

The Non-executive Directors are paid sitting fees of ₹15,000/- (Rupees Fifteen Thousand) for each meeting of the Board, Audit Committee, Shareholders' Grievance Committee, and Remuneration Committee meetings attended by them:

Director	Sitting Fees (₹)
Baba Kalyani	Nil
Prakash Mehta	1,35,000/-
Shivkumar Kheny	90,000/-
Kannan Unni	1,35,000/-
Sugandha Hiremath	1,35,000/-
Peter Pollak	Nil/-
Wolfgang Welter	60,000/-
Amit Kalyani	30,000/-

ii) Remuneration to Executive Directors

₹ in Millions

Name of the Director	Salary & Perquisites	Commission	Total
Jai Hiremath	17.96	-	17.96
Sameer Hiremath	10.36	3.62	13.98

Shareholding of Non Executive Directors in the Company:

Name of the Director	Number of shares held
Baba Kalyani	3,000
Prakash Mehta	1,970
Peter Pollak	Nil
Shivkumar Kheny	6,350
Kannan Unni	5,500
Sugandha Hiremath	12,89,000
Amit Kalyani	Nil
Wolfgang Welter	Nil

III. COMMITTEES OF THE BOARD

A. Audit Committee

Composition

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

The terms of reference of the Audit Committee include :

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

The Company Secretary acts as the Secretary to the Committee.

The Statutory Auditors, Internal Auditor and Cost Auditor are invited to attend and participate at the meeting of the Committee.

Meetings and Attendance

In 2012-13, the Audit Committee met 4 times viz; on May 14, 2012, August 9, 2012, November 6, 2012, and February 6, 2013.

The attendance of the Committee meetings is as under:

Name of the Director	No. of meetings attended
Kannan Unni	4
Prakash Mehta	4
Sugandha Hiremath	4
Shivkumar Kheny	2

B. Share Transfer Committee

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

During the year 2012-2013, 6 meetings were held.

C. Shareholders' & Investors' Grievance 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.

The Committee looks into redressing of shareholders/investors' complaints. During the year 7 complaints were received from shareholders / investors and the same were resolved. No complaints were outstanding as on 31st March, 2013.

During the year 2012 –2013, 1 meeting was held.

Compliance Officer

The Board has designated Mr. Sham Wahalekar, Sr.VP (Finance) & Company Secretary as the Compliance Officer.

D. Remuneration Committee

The Committee consists of Mr. B.N. Kalyani - Non Executive Director, Mr. Kannan Unni - Independent Non-Executive Director, and Mr. Prakash Mehta - Independent Non-Executive Director. The terms of reference of Remuneration Committee includes fixation and revision of remuneration packages of Chairman & Managing Director and President and Joint Managing Director and recommendation of the same to the Board for approval and review.

No meeting took place during the year 2012 – 13.

IV. GENERAL BODY MEETING

The details of Annual General Meetings held in the last 3 years are as under:

Annual General Meeting	Day	Date	Time	Venue
22nd	Wednesday	August 18, 2010	11 :00 AM	Sunflower Suite No. I & II 30th Floor, Center 1 World Trade Center Cuffe Parade Mumbai – 400 005
23rd	Thursday	August 18, 2011	11 :00 AM	Sunflower Suite No. I & II 30th Floor, Center 1 World Trade Center Cuffe Parade Mumbai – 400 005
24th	Thursday	August 23, 2012	11 :00 AM	Centrum Hall 'A', 1st Floor Centre 1, World Trade Centre MUMBAI – 400 005

Details of special resolutions passed during last 3 years.

1. Resolution under section 314(1B) of the companies Act, 1956 passed for holding place of profit by a relative of directors. The Resolution was passed with the requisite majority at the 22nd Annual General Meeting of the company held on 18th August, 2010.

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

V. DISCLOSURES

(i) The Company has entered into related party transactions as set out in the Notes to Accounts, which are not likely to have a conflict with the interest of the Company. The details of all significant transactions with the relevant parties are periodically placed before the audit committee.

(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 (3C) of section 211 of the Companies Act, 1956 to the extent applicable except as stated in the auditors' report.

(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) 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 does not have 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.

(vi) The company has complied with non-mandatory requirement of Clause 49 pertaining to Corporate Governance, in respect of formation of remuneration Committee.

(vii) In relation to the audit qualifications, the note to accounts referred to in Auditor's Report are self explanatory and therefore do not call for any further comments.

VI. MEANS OF COMMUNICATION

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 Listing Agreement, the Company has created a separate e-mail address viz. secretarial@hikal.com to receive complaints and grievances of the investors.

VII. GENERAL SHAREHOLDERS INFORMATION

(A) Annual General Meeting

Date	:	Thursday, August 22, 2013
Time	:	11.00 A.M.
Venue	:	Centrum Hall 'A', 1st Floor Center 1, World Trade Center, Cuffe Parade Mumbai – 400 005

(B) Financial Calendar : April 01 to March 31

(C) Book Closure : August 16, 2013 to August 22, 2013(both days inclusive)

(D) Listing of Shares & Other Securities

The Shares are listed on the Stock Exchanges at Mumbai, and National Stock Exchange.

The Company has paid the listing fees to these Exchanges.

(E) Stock Code

Trading Symbol at :

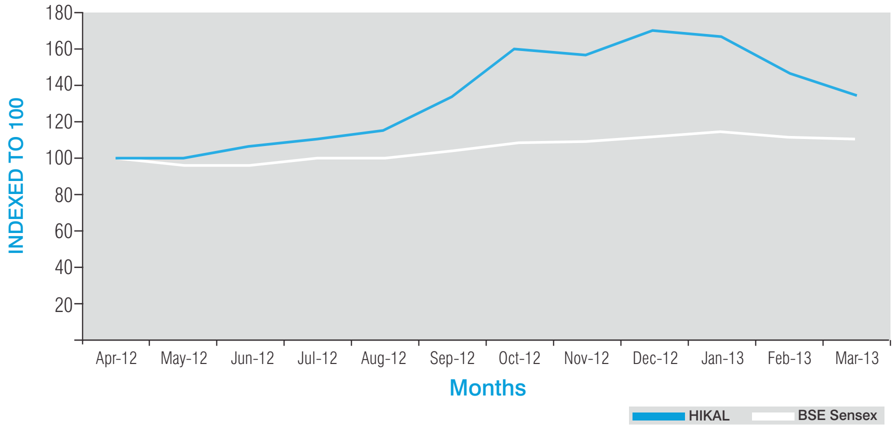
Stock Exchange, Mumbai	524735
National Stock Exchange	HIKAL
Demat ISIN Number in NSDL & CDSL	INE 475 B 01014

(F) Market Price Data

The details of high/low market price of the shares at the Stock Exchange, Mumbai, are as under:

Year	Month	High(₹)	Low(₹)
2012	April	299	271
	May	295	267
	June	339	263
	July	326	299
	August	351	303
	September	444	317
	October	480	421
	November	475	416
	December	518	451
2013	January	513	432
	February	460	375
	March	405	360

HIKAL SHARE PRICE WITH RELATION TO BSE SENSEX DURING 2012-13



(G) Share Transfer Agents

Universal Capital Securities Pvt. Ltd.
(Formerly known as Mondkar Computers Pvt. Ltd.)
21, Shakil Niwas, Mahakali Caves Road
Opp. Satya Sai Baba Mandir, Andheri (East),
Mumbai – 400 093
Phone : 022- 28366620 Fax : 022- 28262920

(H) Share Transfer System

Shares sent for transfer in physical form are registered by our Registrars and Share Transfer Agents within 30 days of receipt of the documents, if the documents are found to be in order. Shares under objection are returned within one week. The Share Transfer Committee meets generally twice in a month to consider the transfer request if there are any.

(I) Distribution of Shareholding (Equity) as on March 31, 2013

Shareholding Range(s)		No. of Shareholders		Equity Shares held	
From	To	Number	Percentage	Number	Percentage
1	500	6,688	92.20	6,92,137	4.21
501	1000	279	3.85	2,06,673	1.26
1001	2000	122	1.68	1,76,695	1.07
2001	3000	49	0.67	1,26,414	0.77
3001	4000	24	0.33	85,652	0.52
4001	5000	20	0.28	90,799	0.55
5001	10000	34	0.47	2,54,073	1.55
10001 & above		38	0.52	1,48,07,657	90.07
Total		**7,254**	**100.00**	**1,64,40,100**	**100.00**

(J) Shareholding pattern as on March 31, 2013 is as under :

Category of Shareholders	No. of Equity Shares	Percentage
Promoters	1,13,14,302	68.82
Resident Individuals	23,79,714	14.48
Mutual Funds / UTI	8,21,851	5.00
FIIs	1,71,004	1.04
Foreign National	24,310	0.15
Non Resident Indians	1,12,179	0.68
Corporate Bodies	2,56,740	1.56
Foreign Corporate Bodies	13,60,000	8.27
Total	**1,64,40,100**	**100.00**

(K) Dematerialisation of Shares

84.69% (13922808 shares) of total equity capital is held in dematerialized form with NSDL and 14.49% (2382907 shares) of total equity capital is held in dematerialized form with CDSL as on March 31, 2013.

(L) 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) Bannerghatta, Bangalore, Karnataka
(f) Hinjewadi, Pune, Maharashtra

(M) Investor Correspondence

(i) Universal Capital Securities Pvt. Ltd
(Formerly known as Mondkar Computers Pvt. Ltd.)
21 Shakil Niwas,
Mahakali Caves Road,
Andheri (East), Mumbai – 400 093.
Tel: 022- 28366620,
Fax: 022-28262920

(ii) **Investors Relation Center**
Mr. Sham Wahalekar – Sr.VP. Finance & Company Secretary
603-A, Great Eastern Chambers, 6th Floor,
Sector 11, CBD Belapur, Navi Mumbai - 400 614.
Tel: 022-27574276,
Fax: 022-27574277

CEO/CFO Certification Issued Pursuant to The Provisions of Clause 49 of the Listing Agreement

The Board of Directors, May 16, 2013
Hikal Ltd.

Sub: **CEO/CFO Certificate**

We have reviewed financial statements, read with the cash flow statements of Hikal Ltd. for the year ended March 31, 2013 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 and that we have evaluated the effectiveness of the internal control systems of the company 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

(i) significant changes in internal control 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.

For Hikal Ltd.

Jai Hiremath
Chairman & Managing Director

Sham Wahalekar
Sr. V.P Finance & Company Secretary

DECLARATION

To The Members,

Hikal Ltd.

Sub: Declaration under Clause 49 of the Listing Agreement

I hereby declare that all the Directors and the designated employees in the Senior Management of the Company have affirmed compliance with their Codes for the financial year ended March 31, 2013.

For Hikal Ltd.

Jai Hiremath
Chairman & Managing Director

Mumbai,

May 16, 2013

Auditors' Certificate on Corporate Governance

To the Members of Hikal Limited

We have examined the compliance of conditions of Corporate Governance by **Hikal Limited** ("the Company") for the year ended 31 March 2013, as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company during the year for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our knowledge and according to the information and explanations given to us, we report that the Company is in compliance with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that our 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.

For **B S R & Company**
Chartered Accountants
Firm's Registration No: 128032W

Natrajh Ramakrishna
Partner
Membership No: 032815

Mumbai
16 May 2013

Management Discussion & Analysis Report

Industry Overview, Opportunity and Outlook

PHARMACEUTICAL MARKET

2012 has been a year mixed year for the Pharmaceutical Industry where the per capita cost and use of medicines declined worldwide. The global pharmaceutical industry is expected to surpass the $1 trillion mark, which is a milestone in itself led by the growth in emerging markets. While the developed markets are expected to have moderate returns, focus is on the emerging nations such as Brazil, India, Russia, Mexico, Indonesia, China, South Africa and Turkey to drive incremental sales.[1]

The pharmaceutical industry is influenced by economic factors which are heavily dependent on government policy decisions on spending. While 2012 was a volatile year for the global markets, 2013 is showing signs of a steady recovery on a macroeconomic front. The US market which is the largest pharmaceutical market by volume and revenues, relied heavily on the new government policy, primarily healthcare reform. This is expected to reshape the way in which medicines are purchased, sold and reimbursed hence, directly affecting the sales of pharmaceuticals. Japan and Western Europe which remain the 2nd and 3rd largest markets after the U.S. are expected to be flat. (Figure 1)

Figure 1: IMS: Total Unaudited and Audited Global Pharmaceutical Market by Region

	2011			2010	2007-2011	2012	2012-2016
	Mkt Size *US$Bn	Mkt Size **Const. US$	% Growth **Const. US$	% Growth **Const. US$	CAGR % **Const. US$	Forecast % **Const. US$	CAGR % **Const. US$
Total unaudited and audited global market							
	$955.5	$942.2	5.1%	4.5%	6.1%	3-4%	3-6%
Total unaudited and audited global market by region							
North America	$347.1	$346.2	3.0%	2.2%	3.5%	1-2%	1-4%
Europe	$265.4	$255.1	2.4%	2.9%	4.9%	0-1%	0-3%
Asia/Africa/Australia	$165.2	$163.1	13.1%	14.0%	15.5%	10-11%	10-13%
Japan	$111.2	$114.7	5.6%	0.1%	3.9%	0-1%	1-4%
Latin America	$66.7	$62.9	8.9%	12.7%	12.3%	13-14%	10-13%

[2]

Combined growth in global spending annually is forecasted to more than double by 2016 to as much as $70 billion, up from a $30-billion pace in 2012, driven by volume increases in the emerging markets and attributed slightly to the developed nations.[3] Government spending in emerging markets are expected to increase from $194 billion in 2011 to between $345 billion and $375 billion by 2016, or $91 in drug spending per capita. These increases will be driven by rising incomes, continued low cost for drugs, and government-sponsored programs designed to increase access to treatments. Generic drugs and other products, including over-the-counter medicines will account for major portion of that increase. In the emerging markets, China is expected to reach $161 billion by 2016, Brazil's $47 billion, India's $29 billion, and Russia's $27 billion.[4] The global pharmaceutical industry is likely to experience a return to earnings growth in 2013 as fewer top-selling drugs lose their patent protection compared with last year, and a further earnings growth in 2014 is also anticipated as the negative effects of the patent cliff recede.

These growth levels pose a significant opportunity for companies such as Hikal to partner with its existing customer base to meet the increased opportunities on volumes and new products.

PHARMACEUTICALS – OPERATIONAL PERFORMANCE

Our pharmaceutical division recorded a turnover of ₹3,716 millions as compared to ₹4,477 millions in the previous year, a decline of 17%. While we managed to successfully diversify the geographies in which we sell and our customer base, much of the decline in revenues was due to delayed orders of products from our existing customers and the decline in selling prices.

One of our leading API products grew by approximately 4% last year globally. However, due to some destocking by some of our major customers combined with a slight decline in prices, lower than expected revenues were realised for the division. Our R&D has developed new and improved processes for some API's which will help reduce the manufacturing cost and make us more competitive. These processes are not only commercially beneficial but also have a greener footprint which is in line with the companies' goal and objectives on sustainability. In the long run we expect to consolidate our market share and effectively increase it with a “leaner and greener” process.

1.*IMS Health Report 2013*
2.*IMS Health Market Prognosis, May 2012*
3.*2012: Pharmaceutical Technology, The Year in Review, By Patricia Van Arnum*
4.*2012: Pharmaceutical Technology, The Year in Review, By Patricia Van Arnum*

We have signed a long term contract manufacturing agreement with a European innovator customer to commercially manufacture pharmaceutical products for human health. Commercial production of one of these large volume products has commenced late last year and we expect the benefit of full ramp up in 2014. We have also completed the validation of another important API for this customer and we expect commercial production to also commence in 2014. These products will be contract manufactured exclusively for this customer through a technology transfer process as it is one of their largest molecules. The benefits of this agreement will reap rewards over the next few years as we mutually expand the relationship encompassing additional services and products.

During the year we signed another manufacturing agreement with a Speciality US based food ingredient company. The long term manufacturing agreement is for a speciality food ingredient product manufactured under pharmaceutical grade conditions. Commercial supplies have begun and we expect to ramp up to full production in the upcoming year. This new business is a diversification in terms of products and customers that the company has traditionally garnered.

We have completed the validation of a new molecule for an important Japanese customer through a technology transfer. This product will be registered by the customer and we expect to start production once all the regulatory approvals are completed in 2014. This is an important step for the company as we have been operating in the Japanese market for over a decade and have had varied levels of success on the commercial manufacturing side. We expect this commercial manufacturing business to expand over the next few years in Japan as we have an established track record of supplying products in line with the expectations of our customers on specifications and quality.

Some of our existing API's that have been manufactured over a period of time are experiencing both stable volumes and prices. As there are fewer competitors, we expect these molecules to diversify the current product pipeline while serving as a business development tool for adding newer customers.

Our animal health API which is contract manufactured for a leading innovator company is growing in volume. This is an exclusive contract for the company manufactured at a dedicated facility. Larger volumes will help increase the product profitability going forward.

On the regulatory front, we achieved two significant milestones. Our Panoli manufacturing facility received and passed its first US FDA audit successfully. It is a great accomplishment for the company from a regulatory, quality, environment, health and safety perspective. It bears testimony to the high standards that we uphold. From a business perspective it diversifies and de-risks our manufacturing base and offers our customers two facilities with an increased range of capabilities, services and manufacturing options that we have to offer. Both our pharmaceutical manufacturing sites were audited and approved by the Japanese Pharmaceutical and Medical Devices Authority (PMDA) to commercially supply products to the Japanese market. This accomplishment now opens up a new avenue for further growth and opportunities for the company.

During the year, we received multiple audits from our existing and new customers who categorize the company as a preferred supplier. As the industry has witnessed multiple quality and regulatory issues in this past year, the focus of many companies has been on ensuring the best standards are being met by third party suppliers. The company won the Aditya Birla award for the “Best Responsible Care” chemical company in India last year which has been very well received by our existing and potential customers. It also reinforces the highest standards that are followed and maintained at Hikal.

Overall, although the pharmaceutical division has recorded a dip in sales, the future outlook for the company is bright. Some of the pharmaceutical industry's main markets are under pressure. North America, Europe and Japan which jointly account for a majority of the global sales are experiencing a slowdown in value growth. The industry continues to brace itself for some fundamental changes in the marketplace and is looking at newer ways to drive growth. Further, higher R&D costs, a relatively dry pipeline for new drugs, increasing pressure from payers and providers for reduced healthcare costs and a host of other factors are putting pressure on global pharmaceutical companies. These companies are looking for new ways to boost drug discovery potential, reduce time to market and reduce costs along the whole value chain.

This is where Hikal has a valuable role to play by providing options across the pharmaceutical value chain from early stage support on research to flexible manufacturing solutions on the commercial scale. The past year we have diversified our customers and geographies. This has brought along a larger product portfolio which is less dependent on a few major products as has been seen in the past. Additionally new regulated capacity in terms of the Panoli site has increased our offerings and services. We should see these factors drive growth for the division in the years to come.

CROP PROTECTION MARKET

In 2012, the global crop protection market is estimated to have increased by 6.4% to reach $47.3 billion[5]. The trend of improved crop prices witnessed in 2011 continued into 2012 creating a situation of strong growth during the year, resulting in an 8.9% increase in real terms over the previous year. As one can see in the below chart (figure 1), the market has recorded growth over the past two years which is expected to continue in the future.

[5]*Phillip Mcdougall Industry Overview 2012, May 2013*

Figure 1: Total Crop protection market growth 2007 - 2012

Conventional Crop Protection Market (Distributor Level)- 20075/2012

	2007	2008	2009	2010	2011	2012
World Crop Protection market ($m.)	33,390	40,475	37,800	38,315	44,528	47,360
Nominal change on previous year (%)	+9.7	+21.2	-6.5	+1.2	+16.2	+6.4
Real change on previous year (%)	+2.8	+10.2	+1.5	+0.2	+7.1	+8.9

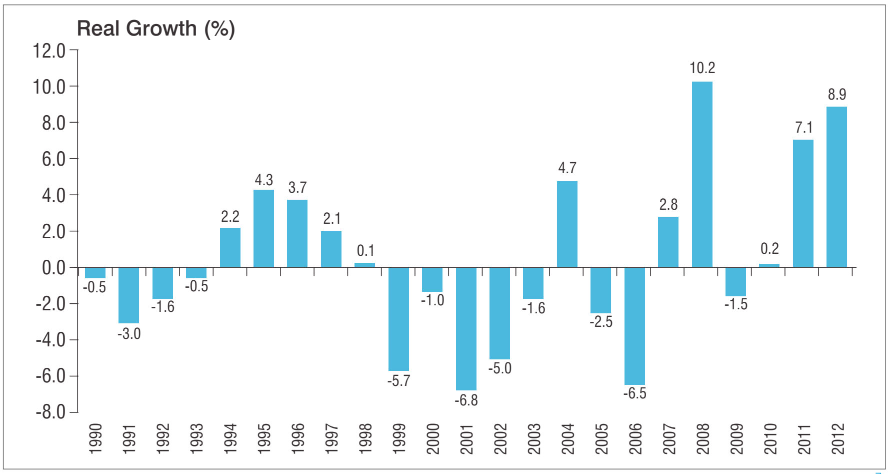
[6]

Some of the key factors influencing the global agrochemical market have been increased crop commodity prices. The rise in crop prices has however has not been constant. There have been effects reflecting the impact of weather on crop production in some years, increased import demand for grain and use of crops for biofuel, all of which have impacted grain supply and demand. Between 2010 and up to the end of 2012 prices of commodities have again begun to increase, resulting in higher volume demand for agrochemicals.

In addition to the increase in commodity prices, another major contributory factor within the last three years has been the significant change in global glyphosate prices. Over the past few years, China had created an oversupply situation which has now eased leading to some price improvements in the past year.

Some other factors contributing to the growth of the global agrochemical market are the strength of the farm economy in Latin America, particularly in Brazil, as well as the increasing use of crops for biofuel. Genetically Modified (GM) seed technology continues to have a growing influence on the market., When we analyse the chart below,(figure 2) one can see that the crop protection business is on a growth trajectory. The last two years have resulted in high single digit growth. If we were to analyse 2012, Latin America had improved crop prices particularly because of the weakening Brazilian Real and increased GM seed uptake in the region. Europe sustained its cereal and rapeseed prices. In the U.S. market there was stability in glyphosate prices and high corn, soybean and rice realisations. Asia experienced increasing grain demand in China and South East regions as well a strong rice price. All these factors put together resulted in buoyant sales for the Crop Protection Industry in 2012.

Figure 2: Real growth in the Crop Protection Market 1990 to 2012



[7]

The future of the Crop Protection market is positive from a demand and price perspective. With rising incomes and demand in the BRIC countries and increased productivity in farmland, we expect the next few years to have a positive effect on Hikal's product portfolio which will result in increased revenues for the company's crop protection division.

CROP PROTECTION – OPERATIONAL PERFORMANCE

In 2012, the revenues of the crop protection division increased substantially by 17% to ₹ 2,888 millions as compared to ₹ 2,465 millions in the prior year. The increase in sales was primarily due to the larger off take of existing products and new products that were commercialised from the R&D phase.

Our crop protection division revenues are primarily driven from contract and custom manufacturing products for multinational innovator companies. The on-patent molecules that we contract manufacture for an European multinational innovator customer has grown substantially in volume terms as customer has received new registration approvals across the world.

Thiabendazole (TBZ), a fungicide for which we have a dedicated manufacturing facility at our Taloja site, is doing well. The volume has been steadily increasing over the past few years and we expect it to further increase next year as new markets are penetrated, which in turn will considerably improve the plant utilization. This fungicide has additional uses in animal health which is also a growing market allied to the crop protection division.

[6] *Phillip Mcdougall Industry Overview 2012, May 2013*
[7] *Phillip Mcdougall Industry Overview 2012, May 2013*

Our efforts in Japan continue to yield results. We have successfully completed multiple late phase research projects which are likely to be commercialised over the next 18 - 24 months. We have completed a pilot trial of a fungicide for a large multinational Japanese company at our Mahad site and we expect the commercial quantities to be supplied during the financial year. We have completed a commercial scale order for a speciality chemical for another Japanese customer which is expected to ramp up in the next few months from our Mahad site. This is a speciality large volume product which will lead to additional opportunities. For an existing customer in Japan, we have completed scale up studies for a new product which is expected to be commercialised in the near future. Two additional products for a leading Agrochemical company in Japan are undergoing scale up studies at our research and pilot plant facilities. These products will add to the commercial pipeline for the Crop Protection division in the near future.

We have undergone and successfully completed EHS & Quality audits of Global Multinational Companies, including Japan which has reinforced our high standards and quality systems. This is a key requirement for sustainable business in future as well. We continue to target some of the global customers in the US market who are looking for established, quality manufacturers of Advanced Intermediates and Active Ingredients. Some of the potential customers have visited and audited our facilities and we have a good chance to add them into our fold as new customers.

This past year we have not only added products, but also increased our business development efforts in Europe, US and particularly Japan. These efforts have begun to yield results which are visible through the increased number molecules under evaluation in the pipeline and several successful products in the commercialisation phase. As the Crop protection market grows, we expect Hikal's revenues, capacity utilisation and profitability to increase over the next few years.

CONTRACT RESEARCH AND MANUFACTURING

The Contract Research and Manufacturing Services (CRAMs) segment is gaining traction worldwide and the Indian CRAMs industry is experiencing the effects of positive growth over the last few years. By 2020, India should successfully have captured a large piece of the global demand for outsourcing of manufacturing and services for the life sciences industry. India will become a centre for drug discovery support services and play a significant role in the manufacturing value chain of the global pharma industry. This segment will be driven by India's ability to compete and preserve its inherent competencies supported by the expected improvement in IP infrastructure and the compliance with international standards.

The Indian contract manufacturing industry is rapidly scaling up its presence in the innovative R&D space. Though there is a long way to go for Indian pharma companies to achieve a vital position in the global R&D landscape, companies are adopting collaborative research strategies such as in-licensing, out-licensing and joint development with international companies to ramp up their New Chemical Entity (NCE) and New Drug Discovery Services (NDDS) pipelines which create opportunities for companies such as Hikal that provide support services along the value chain. By 2020 we expect Indian contract manufacturing and providers of contract research services to have gained substantial experience and expertise in the areas of new drug discovery and development and possibly would see the launch of some molecules globally.

The global CRAMs market is estimated at $ 60 to$70 billion and is expected to grow up to $90 billion by 2015. The Indian CRAMs industry was valued at US$3.8 billion in 2010, which accounts for approximate 6% share of the US$67 billion global outsourcing market[8]. This highlights the significant growth opportunities in this segment. The CRAMs business is made up of contract manufacturing and contract research activities, of which contract manufacturing constitutes a major portion (>60%) of the overall business. The Domestic CRAMs industry is expected to grow at positive rate from 2010 to 2014(E). It is expected that the contract manufacturing segment would form a large part of that growth. It is also expected that the contract research segment would increase in its value and market share as companies globally look to rationalise their internal asset base and look to create partners in India[9].

Pharmaceutical companies are looking for strategic alliances to maintain their revenues and to enhance their product pipelines. The Pharma industry is focusing on innovation and the increase in cost of R&D for new chemical entities, raw materials and wage inflation are dominant factors that are leading global companies to look out for outsourcing solutions in Indian markets. The increased demand of generics is also seen as a one of the factors that causes the CRAMs industry to grow.

Hikal offers the right combination of capabilities and cost arbitrage for companies that are looking at reducing costs and improve the customers' productivity. The company's strength in chemistry based services differentiates itself in the CRAMS market. Global pharma companies are focusing on drug development while they look to outsource the R&D support services and manufacturing.

Our customers are looking to expand their relationships along these lines. There is move towards quality and strong regulatory governance among companies looking for partners. Our commitment to acting responsibly along with adhering to stringent regulatory guidelines, timelines and quality has reinforced a high level of trust and acceptability with our customers. We are uniquely positioned to become an integral part of their supply chain. We see our contract manufacturing and research business as a growth driver of future revenue. Drastic changes are expected in the future due to increased competition, regulatory challenges and a drastic reduction in drug prices. We see opportunistic growth for the company across both divisions backed by long term contracts which will lead to revenue growth and stability.

[8] *Credit Analysis & Research Ltd., Indian Crams Industry Report - 2012*
[9] *Credit Analysis & Research Ltd., Indian Crams Industry Report - 2012*

CONTRACT RESEARCH & DEVELOPMENT - OPERATIONAL PERFORMANCE

This year, we refocused our efforts in Research & Development at the company. Acoris, our contract research site has concentrated on multinational, midsize biotech and innovator customers looking to use new and improved technologies to reduce and make more efficient their processes for their new drugs under development. As part of our integration efforts, Acoris Research formerly a 100% subsidiary is now a division of Hikal. It will enable a smoother transition from contract R&D to scale up and manufacturing at any one of our commercial sites. Our R&D centre in Bangalore continues to implement technology transfer projects and process improvement projects for our own internal development pipeline.

We successfully completed initial supplies for advanced intermediates to one of the largest U.S. biotech companies. These molecules are in phase I & II and are progressing well in clinical trials. The company has a good chance to supply future commercial quantities for this new molecule. The process for these molecules was worked on and improved at Acoris and small volume commercial supplies were provided from the Hikal manufacturing facilities.

During the year we signed a contract with a leading Japanese company to develop different peptides using their proprietary technology. This will enable Hikal enter into a new area of peptide development and possibly manufacturing. The experience and capabilities gained from this project has opened up a new avenue of customers for the company.

We extended a long term process development contract with a leading Japanese company which will yield some molecules for manufacturing in the future. Process development was successfully carried out on a small scale for a product used in wide view film technology. This product sample was approved by our customer and we are in commercial discussions for future supplies.

Several lab scale projects are in progress with different divisions of a large multinational company and these are expected to yield some manufacturing returns. We successfully completed process development for two anti malarial drugs and have supplied samples on a kilo scale to the customer. These products are part of the company's initiatives to supporting, “World Health Organization's” initiative to supply quality medicines at an affordable cost to affected people.

Our Animal health initiatives continue to gain traction. We completed process development for a key product for our customer and supplied kilo quantities for their formulation studies. Commercial quantities are expected in the next year. Pilot scale trails have been completed and supplied for a key active ingredient. Discussions are in progress for commercial supplies of this product.

Hikal's R&D has developed a non-infringing and economically viable process for an advanced intermediate for a large volume molecule where kilo lab samples were approved by the customer and pilot plant batches are in currently under progress. Hikal has filed a patent for this non-infringing route. Several non-infringing API processes have been developed for the internal product pipeline of the company. We have filed and received patents on the innovative processes developed to support Hikal's new product portfolio which are in the pilot scale and will progress to the commercialization phase in the latter half of this fiscal year.

We filed 3 DMF's in the past year for products that will be commercially manufactured and sold in the near future. This is part of our strategy to diversify our existing customer base and product pipeline. The company's R&D initiatives are ongoing using bio catalysis to minimize the use of chemicals in our manufacturing processes. Enzyme catalysed transformation help us develop environment-friendly processes for our new product pipeline. In order to ensure that our current manufacturing processes are environment-friendly and sustainable, consumption of organic solvents have been reduced and in certain cases eliminated. Effluent streams were processed to recover valuable products that can be recycled. These initiatives have been transferred and implemented in commercial production. It is part of the companies' initiative to create and maintain a sustainable business.

Our strategy to offer full development and scale up service to innovator, generic and biotech companies is leading to new possibilities for long-term contract manufacturing opportunities for the Hikal group. A healthy product pipeline in the development phase, new technologies that have been absorbed and developed internally along with strong regulatory governance has created a niche for the company which will lead to many opportunities in the future.

FUTURE OUTLOOK

The contract manufacturing industry continues to grow at a steady pace, driven by cost pressures, stringent regulatory requirements and patent expiries. The highly competitive nature of the industry has been driving consolidation and companies are increasingly off shoring to emerging markets such as India to reduce costs. As a result, companies in key outsourcing destinations have been improving their manufacturing infrastructure which in turn is increasing their global competitiveness. India as a manufacturing and research service industry is driven by cost competitiveness, robust chemistry capabilities supported by a talent pool of skilled professionals and R&D infrastructure. As an industry, we have been able to leverage this capability in research chemistry, especially in the areas of analytical chemistry and compound synthesis.

As a company, Hikal has developed robust capabilities in process chemistry, analytical chemistry, process development and scale up capabilities for clinical and commercial API's for the pharmaceutical industry and AI's for the crop protection industry. We offer strong regulatory compliance, significant cost improvement advantages while delivering the same quality product and specification manufactured by our customers. The opportunity for the company is significant given the fact that globally there is a shift of towards companies with capabilities such as Hikal in India.

Independent Auditors' Report

To the members of Hikal Limited

Report on the financial statements

We have audited the accompanying financial statements of Hikal Limited ('the Company'), which comprise the balance sheet as at 31 March 2013, and the statement of profit and loss and the cash flow statement for the year ended 31 March 2013, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

The Company has not provided for a "mark-to-market" loss on derivative contracts/receivables aggregating to Rs 116.17 millions as at 31 March 2013 (31 March 2012: Rs 452.63 millions) (Refer Note 28 to financial statements) for the reasons stated by the management in the said note. Consequently, without considering the tax effect, the profit before tax for the year and reserves and surplus are overstated by Rs 116.17 millions (31 March 2012: Rs 452.63 millions), short term loans and advances are overstated by Rs Nil (31 March 2012: Rs 70.10 millions) and other current liabilities are understated by Rs 116.17 millions (31 March 2012: Rs 382.53 millions).

Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for qualified opinion paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- *(a) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2013;*
- *(b) in the case of the statement of profit and loss, of the profit of the Company for the year ended on that date; and*
- *(c) in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.*

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order'), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
   - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   - (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this report are in agreement with the books of account;
   - (d) except for the effects of the matter described in the Basis for qualified opinion paragraph, in our opinion, the balance sheet, statement of profit and loss and cash flow statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act; and
   - (e) on the basis of written representations received from the directors of the Company as at 31 March 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For **B S R & Company**
Chartered Accountants
Firm's Registration No: 128032W

Natrajh Ramakrishna
Partner
Membership No: 032815

Mumbai
16 May 2013

Annexure to Independent Auditors' Report - 31 March 2013

(Referred to in our repot of even date)

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

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) Fixed assets disposed of during the year were not substantial, and therefore, do not affect the going concern assumption.

ii. (a) The inventory, except goods-in-transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.

(b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between physical stocks and book records were not material and have been dealt with in the books of account.

iii. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the *Act*. Accordingly, the provisions of clauses 4 (iii) (b) to (d) of the Order are not applicable.

(b) The Company has taken loans from six companies covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year was Rs 65 millions and the year-end balance of such loans was Rs 65 millions.

(c) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties listed in the register maintained under Section 301 of the Act are not, prima facie, prejudicial to the interest of the Company.

(d) In the case of loans taken from companies listed in the register maintained under Section 301 of the Act, the Company has been regular in repaying the principal amounts as stipulated and in the payment of interest

iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.

v. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.

(b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs 5 lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

vi. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A, Section 58AA or other relevant provisions of the Companies Act, 1956 and the rules framed thereunder/the directives issued by the Reserve Bank of India (as applicable) with regard to deposits accepted from the public. Accordingly, there have been no proceedings before the Company Law Board or National Company Law Tribunal (as applicable) or Reserve Bank of India or any Court or any other Tribunal in this matter and no order has been passed by any of the aforesaid authorities.

vii. In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.

viii. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 209(1)(d) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

ix. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income-tax, Sales-tax / VAT, Wealth tax, Service tax, Customs duty, Excise duty and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income tax, Sales tax / VAT, Wealth tax, Service tax, Customs duty, Excise duty and other material statutory dues were in arrears as at 31 March 2013 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income-tax, Sales Tax/VAT, Wealth Tax, Service Tax, Custom duty and Excise duty which have not been deposited with the appropriate authorities on account of any dispute.

x. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.

xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers or to any financial institutions. The Company did not have any outstanding debentures during the year.

xii. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.

xiv. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

xvi. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.

xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.

xviii. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Act.

xix. The Company did not have any outstanding debentures during the year.

xx. The Company has not raised any money by public issues.

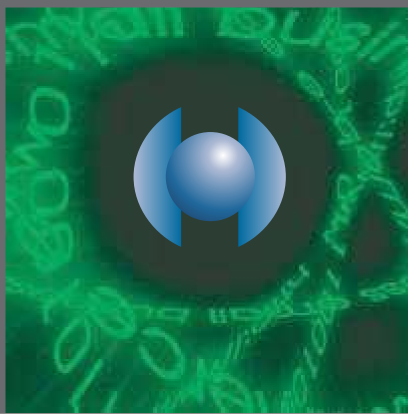
xxi. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **B S R & Company**
Chartered Accountants
Firm's Registration No: 128032W

Natrajh Ramakrishna
Partner
Membership No: 032815

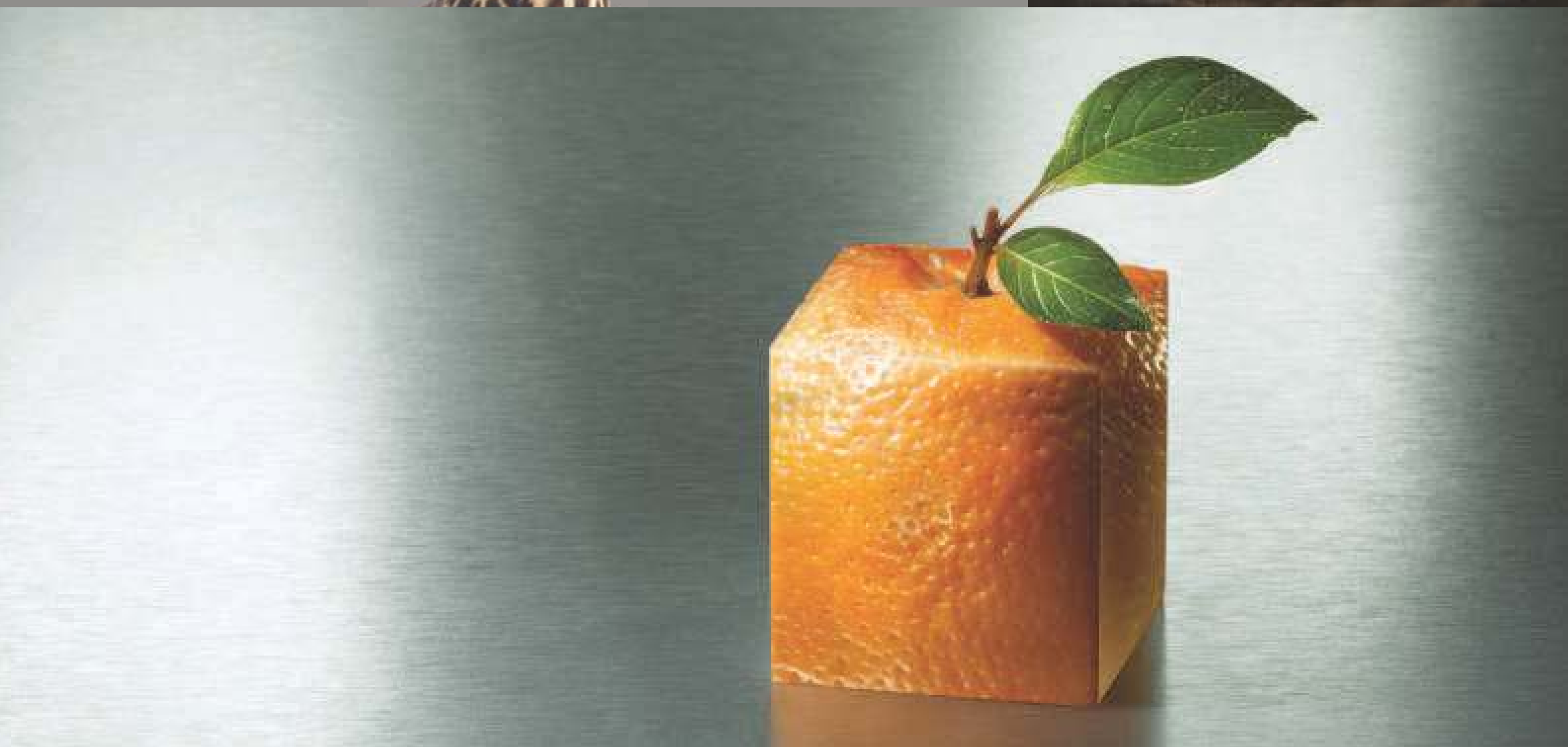
Mumbai
16 May 2013

25 years of Hikal



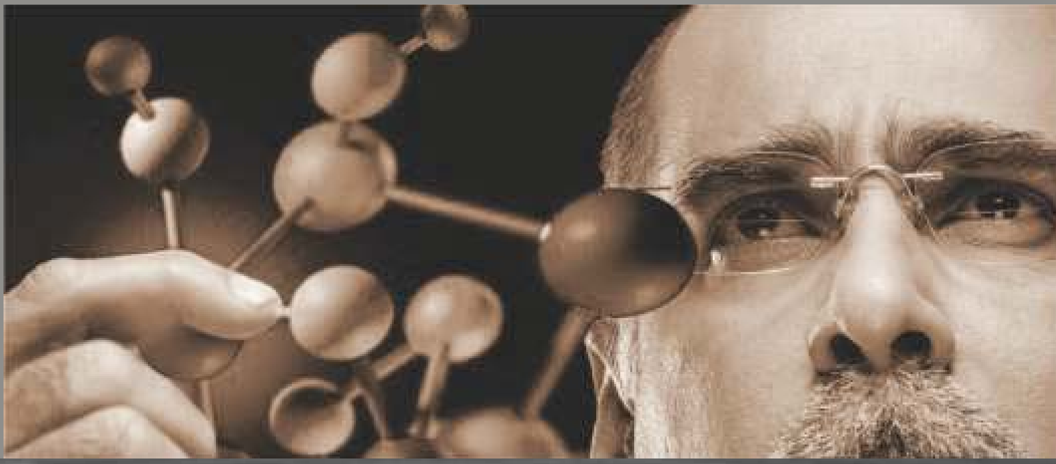
1988: Hikal is incorporated. 1991: First Manufacturing site at Mahad begins operations - Signed a long term supply agreement with Hoescht India 1995: Signed a long term manufacturing and supply agreement with Merck, U.S., for a large volume Agvet Active Ingredient. 1997: Manufacturing of the Active Ingredient for Merck begins at Taloja site. 2000: Hikal acquires manufacturing site from Novartis in Panoli, Gujarat. 2001: Acquired R&D and Manufacturing site in Bangalore. Hikal enters the Pharmaceutical business 2002: First Pharmaceutical API patent for non infringing process filed in the U.S. 2003: First new API plant commissioned at Bangalore. Multi-purpose pharma intermediate plant commissioned at Panoli. 2004: US FDA approval of Banglore Pharmaceutical manufacturing site. 2005: Hikal Scientific Advisory Board formed.Signed long term supply agreement with a multinational Crop Protection company. 2006: Signed Long term supply contract with global innovator company for commercial supply of API's. 2007: Signed long term contract API manfuacturing supply agreement with a leading Animal health company. 2008: Second successsful US FDA Audit of Bangalore facility. IFC (World Bank) invests 8.27% equity into the company. 2009: Acoris (Research & Development Center) becomes operational. Signed Long term supply contract for an on patent molecule with a global crop protection innovator company. 2011: Bangalore clears its 3rd successful US FDA audit. 2012: Panoli, 2nd pahramceuitcal manfuacturing site was certified by the US FDA. Panoli and Bangalore sites receive PMDA (Japanese) approval; Hikal wins Aditya Birla Award for "Best Responsible Care Company" in India. 2013: Signed a long term supply agreement for human health products with a global biopharmaceutical company.

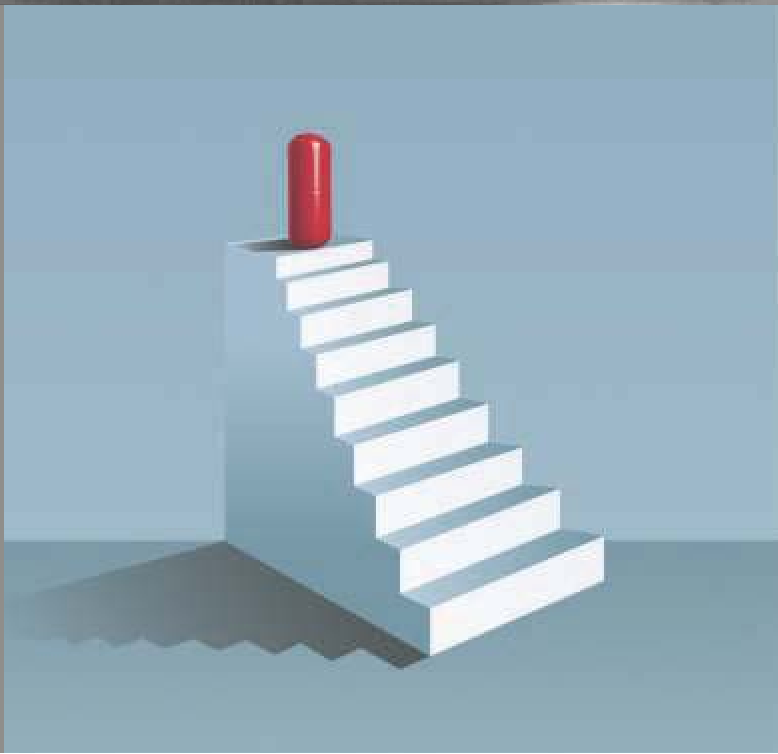
Hikal is the first Indian company to be certified by Rx-360, a global pharmaceutical supply chain consortium, for upholding world-class quality standards in the pharmaceutical and biotechnology supply chain.



Why not

We look for solutions to challenges we face everyday and think about them in a new way.





Maya lives in Jigani, in the vicinity of the Hikal plant. She studies at a school supported by Hikal. Hundreds of children from underprivileged families go to the school with Maya. Like her, they aspire to become professionals. We are changing the lives of our constituents, ensuring the safety of our employees and protecting the interests of the environment. We believe that chemistry holds the key to sustainability. Growth can be sustainable only when business is committed to transform society.

Acoris undertakes contract research business for major multinational clients at the early stage of their pipeline.

Financial Statements

Balance Sheet

As at March 31, 2013

(Currency: Indian Rupees in Millions)

	Notes	As At March 31, 2013		As At March 31, 2012	
EQUITY AND LIABILITIES					
SHAREHOLDERS' FUNDS					
Share capital	3	164.40			164.40
Reserves & surplus	4	4,348.08			4,433.78
			4,512.48		4,598.18
NON-CURRENT LIABILITIES					
Long-term borrowings	5	2,196.27			2,268.77
Deferred tax liabilities	36	86.25			86.71
Long-term provisions	6	96.62			64.19
			2,379.14		2,419.67
CURRENT LIABILITIES					
Short-term borrowings	7	2,602.83			2,054.67
Trade payables	8	1,128.41			1,139.26
Other current liabilities	9	1,236.28			1,062.46
Short-term provisions	10	60.44			129.68
			5,027.96		4,386.07
TOTAL			11,919.58		11,403.92
ASSETS					
NON-CURRENT ASSETS					
FIXED ASSETS					
(i) Tangible assets	11	6,607.57			5,783.96
(ii) Intangible assets	11	-			-
(iii) Capital work-in-progress	11	485.43			747.56
Non-current investments	12	31.27			181.67
Long-term loans and advances	13	704.16			1,236.00
			7,828.43		7,949.19
CURRENT ASSETS					
Inventories	14	2,570.33			1,918.53
Trade receivables	15	846.29			987.34
Cash and bank balances	16	154.05			59.19
Short-term loans and advances	17	514.20			486.54
Other current assets	18	6.28			3.13
			4,091.15		3,454.73
TOTAL			11,919.58		11.403.92
Summary of Significant Accounting Policies	2				

The notes referred to above form an integral past of the financial statements

As per our report of even date attached
For B S R & Company
Chartered Accountants
Firm's Registration No: 128032W
Natrajh Ramakrishna
Partner
Membership No: 032815
Place: Mumbai
Date: May 16, 2013

For and on behalf of the Board of Directors of Hikal Limited
Jai Hiremath
Chairman & Managing Director
Kannan K. Unni
Director
Sham Wahalekar
Company Secretary
Place: Mumbai
Date: May 16, 2013

Statement of Profit and Loss

for the year ended March 31, 2013

(Currency: Indian Rupees in Millions)

	Notes		Year Ended March 31, 2013	Year Ended March 31, 2012
INCOME				
Revenue from Operations (gross)	19		6,650.84	7,089.28
Less: Excise duty			46.67	146.93
Revenue from Operations (net)			6,604.17	6,942.35
Other Income	20		63.08	49.57
TOTAL REVENUE (I)			6,667.25	6,991.92
EXPENSES				
Cost of materials consumed	21		2,725.98	2,945.77
Changes in inventories of finished goods and work-in-progress	22		(115.48)	161.50
Employee benefits	23		701.76	556.86
Other expenses	24		1,447.98	1,444.04
Finance costs	25		598.78	640.32
Depreciation and amortization expense	11	498.31		431.92
Less: Transfer from revaluation reserve		(7.69)		(7.69)
Net depreciation and amortization expense			490.62	424.23
TOTAL EXPENSES (II)			5,849.64	6,172.72
PROFIT BEFORE EXCEPTIONAL ITEM AND TAX (I-II)			817.61	819.20
Exceptional Items	26		484.33	218.49
PROFIT BEFORE TAX			333.28	600.71
Tax Expenses				
- Current tax - MAT			62.48	122.80
- Less: MAT credit entitlement			(62.48)	(122.80)
- Deferred tax			78.24	59.91
Total tax expenses			78.24	59.91
PROFIT AFTER TAX			255.04	540.80
Basic and diluted earnings per share ₹	34		15.52	32.90
Face value per share ₹10/-				
Summary of significant accounting policies	2			

The notes referred to above form an integral past of the financial statements

As per our report of even date attached
For B S R & Company
Chartered Accountants
Firm's Registration No: 128032W
Natrajh Ramakrishna
Partner
Membership No: 032815
Place: Mumbai
Date: May 16, 2013

For and on behalf of the Board of Directors of Hikal Limited
Jai Hiremath
Chairman & Managing Director
Kannan K. Unni
Director
Sham Wahalekar
Company Secretary
Place: Mumbai
Date: May 16, 2013

Notes to the Financial Statements

For the year ended March 31, 2013

(Currency: Indian Rupees in Millions)

Note 1

BACKGROUND

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

The Company is engaged in the manufacturing of various chemical intermediates, specialty chemicals, Active pharma ingredients and Contract Research activities.

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

Note 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting in accordance with the provisions of the Companies Act 1956 ("the Act") and accounting principles generally accepted in India ("GAAP") and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable.

The accounting policies followed in preparation of these financial statements are consistent with those followed in the previous year.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the revised Schedule VI.

b. Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period reported. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements, actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

c. Fixed assets and capital work-in-progress

Fixed assets, both tangible and intangible, are stated at cost of acquisition/construction or at revalued amount less accumulated depreciation and impairment, if any. Cost includes purchase price, taxes, duties, freight and other directly attributable expenses of bringing the assets to its working condition for the intended use. Borrowing costs and exchange gain/loss on long term foreign currency loans attributable to acquisition, construction of qualifying asset (i.e. assets requiring substantial period of time to get ready for intended use) are capitalized. Other pre-operative expenses for major projects are also capitalized, where appropriate.

Capital work-in-progress comprises advances paid to acquire fixed assets and cost of fixed assets that are not yet ready for their intended use at the year end.

d. Depreciation and amortization

Depreciation on tangible fixed assets other than on leasehold land is provided pro rata to the period of use on straight-line method, at rates and in the manner prescribed under Schedule XIV to the Act which, in management's opinion, reflects the estimated useful lives of those fixed assets.

Leasehold land is amortized over the primary period of the lease.

Assets individually costing upto ₹ 5,000 are fully depreciated in the year of purchase.

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 fixed assets is spread over the balance useful life of the revalued assets. The additional charge of depreciation on account of revaluation is withdrawn from revaluation reserve and credited to statement of profit and loss .

The management estimates the useful lives of intangible assets viz. computer software, of 5 years and expects economic benefits from such assets to be consumed evenly over the period of its useful life. Accordingly, intangible assets are amortized over a period of five years on a straight-line basis.

Summary of significant accounting policies (Continued)

Depreciation foreign exchange differences capitalized pursuant to para 46A of AS 11 'The Effects of changes in Foreign Exchange Rates' vide notification dated December 29, 2011 by Ministry of Corporate Affairs (MCA), Government of India is provided over the balance useful life of depreciable capital assets.

e. **Impairment of assets**

In accordance with AS 28 'Impairment of Assets' ,the carrying amounts of the Company's assets are reviewed at each Balance Sheet date to determine whether there is any impairment. Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Impairment loss is recognized in the statement of profit and loss or against revaluation surplus, where applicable.

f. **Investments**

Long term investments are carried at cost. Provision for diminution, is made to recognize a decline, other than temporary in the value of long term investments and is determined separately for each individual investment. The fair value of a long term investment is ascertained with reference to its market value, the investee's assets and results and the expected cash flows from the investment.

Current investments are carried at lower of cost and fair value, computed separately in respect of each category of investment.

g. **Inventories**

Raw material, packing material, stores, spares and consumables are valued at lower of cost and net realizable value. Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost is ascertained on weighted average method and in case of work-in-process includes appropriate production overheads and in case of finished products includes appropriate production overheads and excise duty, wherever applicable.

Provision is made for the cost of obsolescence and other anticipated losses, whenever considered necessary.

h. **Revenue recognition**

Revenue from sale of goods is recognized on transfer of all significant risks and rewards of ownership to the buyer, which coincides with dispatch of goods from factory to the customers in case of domestic sales and is stated net of trade discount and exclusive of sales tax but inclusive of excise duty. Export sales are recognized based on date of bill of lading.

Interest income is recognised on time proportion basis.

Income from services is accounted for when the services are rendered.

Excise duty collected on sales is separately reduced from turnover.

i. **Foreign currency transactions**

- Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

- Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

- Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise except for long term foreign currency liabilities and assets and foreign currency loans taken for hedging purposes.

Pursuant to the notification issued by the Ministry of Corporate Affairs dated 31 March, 2009, the Company has exercised the option available under the newly inserted paragraph 46 to the Accounting Standard AS-11 “The Effect of Changes in Foreign Exchange Rates” to adjust the exchange differences arising on long term foreign currency liabilities and assets to the cost of depreciable capital assets in so far as it relates to the acquisition of such assets and in other cases, by transfer to “Foreign currency monetary item translation difference reserve”, to be amortized over the balance period of such long term foreign currency liabilities or 31 March, 2020, whichever is earlier.

Notes to the Financial Statements

For the year ended March 31, 2013

(Currency: Indian Rupees in Millions)

Summary of significant accounting policies (Continued)

j. **Employee benefits**

- Gratuity

The Company provides for gratuity, a defined benefit plan covering eligible employees. Liabilities with regard to the gratuity benefits payable, except for Panoli plant staff, in future are determined by actuarial valuation by an independent actuary at each Balance Sheet date using the Projected Unit Credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the Balance Sheet date. When the calculation results in a benefit to the Company, the recognized asset is limited to the net total of any unrecognized actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. Actuarial gains and losses are recognized immediately in the statement of profit and loss. Gratuity for Panoli staff is funded through group gratuity insurance scheme of the Life Insurance Corporation of India ('LIC').

- Superannuation

The Company makes contribution to the Superannuation Scheme, a defined contribution scheme, administered by Life Insurance Corporation of India, based on a specified percentage of eligible employees' salary.

- Leave encashment / compensated absences

The Company provides for the encashment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

- Provident fund

The Company makes contribution to statutory provident fund in accordance with Employees provident fund and miscellaneous provisions Act, 1952 which is a defined contribution plan and contribution paid or payable is recognised as an expense in the period in which services are rendered by the employee.

- Short term employee benefits

Expense in respect of other short term benefits is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

k. **Leases**

Leases under which the company assumes substantially all the risk and rewards of ownership are classified as finance leases .Assets acquired under the finance leases are capitalized at fair value of the leased asset or present value of the minimum lease payments at the inception of lease, whichever is lower and included within fixed assets. Such assets are depreciated as per the depreciation policy for such assets stated in Note (d) above. Liabilities under finance leases less interest not yet charged are included under lease obligations in the financial statements. Finance charges are debited to the statement of profit and loss over the term of the contract so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

l. **Provision for Taxation**

Tax expense comprises current income tax and deferred tax charge or credit. Current tax provision is made annually based on the tax liability computed in accordance with provision of the Income tax Act, 1961.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets other than on unabsorbed tax depreciation and unabsorbed tax losses are recognized only to the extent that there is a reasonable certainty of their realization. Deferred tax assets on unabsorbed tax depreciation and unabsorbed tax losses are recognized only to the extent that there is virtual certainty of their realization. Deferred tax assets are reviewed as at each Balance Sheet date to reassess realization.

Summary of significant accounting policies (Continued)

m. **Research and Development**

Capital expenditure is shown separately under respective heads of fixed assets. Revenue expenses including depreciation are charged to statement of profit and loss under the respective heads of expenses.

n. **Export incentives**

Export incentives principally comprises of Duty Drawback, Duty Entitlement Pass Book credit and Excise Duty rebate. The benefits under these incentive schemes are available based on the guideline formulated for respective schemes by the government authorities. These incentives are recognized as revenue on accrual basis to the extent it is probable that realization is certain.

o. **Provisions and contingencies**

The Company creates a provision when there exists a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

p. **Earnings per share (EPS)**

Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders by 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 result would be anti dilutive.

q. **Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with a maturity of three months or less.

r. **Proposed Dividend**

Dividend recommended by the Board of directors is provided for in the accounts, pending approval at the Annual General meeting.

Notes to the Financial Statements

For the year ended March 31, 2013
(Currency: Indian Rupees in Millions)

	As At March 31, 2013	As At March 31, 2012
Note 3		
SHARE CAPITAL		
Authorised		
25,000,000 Equity Shares of ₹10/- each	250.00	250.00
(31 March, 2012 : 25,000,000 Equity Shares of ₹10/- each)		
5,000,000 Cumulative Redeemable Preference Shares of ₹100/- each	500.00	500.00
(31 March, 2012 : 5,000,000 Cumulative Redeemable Preference Shares of ₹100/- each)		
	750.00	750.00
Issued, subscribed and paid up capital		
Equity shares		
16,440,100 Equity Shares of ₹ 10/- each fully paid-up	164.40	164.40
(31 March, 2012: 16,440,100 equity Shares of ₹10/- each fully paid up)		
	164.40	164.40

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

Equity shares

	March 31, 2013		March 31, 2012	
	No. millions	₹ in millions	No. millions	₹ in. millions
At the beginning of the year	16.44	164.40	16.44	164.40
Outstanding at the end of the year	16.44	164.40	16.44	164.40

b. **Terms/rights attached to equity shares**

The company has only one class of equity shares having a par value of ₹10/- 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.

During the year ended March 31, 2013 the amount of per share dividend recognized as distributions to equity shareholders was ₹2.50/- (March 31, 2012: ₹ 6/-).

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.

c. **Details of shareholders holding more than 5% shares in the company**

	March 31, 2013		March 31, 2012	
	No. millions	% holding in the Class	No. millions	% holding in the Class
Equity shares of ₹10 each fully paid				
Kalyani Investment Company Ltd.	5.16	31.36	5.16	31.36
Shri Badrinath Investment Pvt. Ltd.	2.65	16.15	2.65	16.15
Shri Rameshwara Investment Pvt. Ltd.	1.31	7.96	1.31	7.96
International Finance Corporation	1.36	8.27	1.36	8.27
Sugandha J Hiremath	1.29	7.84	1.32	8.02

(Currency: Indian Rupees in Millions)

	As At March 31, 2013	As At March 31, 2012
Note 4		
RESERVES AND SURPLUS		
Capital Reserve	0.44	0.44
Capital redemption reserve	509.82	509.82
Securities premium account		
Balance as per the last financial statements	431.88	431.88
Less : Utilization under demerger scheme	284.96	-
(Refer note 29(b) (il) & (iii))	146.92	431.88
Revaluation reserve on Land		
Balance as per the last financial statements	1,086.35	1,094.04
Less: Amount transferred to the statement of Profit and Loss as reduction from depreciation	7.69	7.69
	1,078.66	1,086.35
State subsidy	5.50	5.50
Contingency reserve	30.00	30.00
General reserve		
Balance as per last financial statements	423.62	323.62
Add: Transfer from surplus in the statement of profit and loss	30.00	100.00
	453.62	423.62
Surplus in the statement of profit and loss		
Balance as per last financial statements	1,946.17	1,620.01
Profit for the year	255.04	540.80
Less: Appropriations		
Proposed Final dividend on equity shares (amount per share ₹2.50 (March 31, 2012: ₹6))	41.10	98.64
Tax on proposed equity dividend	6.99	16.00
Transfer to general reserve	30.00	100.00
Total appropriations	78.09	214.64
Net surplus in the statement of profit and loss	2,123.12	1,946.17
Total reserves and surplus	4,348.08	4,433.78

Notes to Financial Statements

For the year ended March 31, 2013
(Currency: Indian Rupees in Millions)

	As At March 31, 2013	As At March 31, 2012
Note 5		
LONG-TERM BORROWINGS		
SECURED LOANS		
Term loans		
From banks (Refer note b (i) below)	1,021.60	849.30
From financial institutions (Refer note b (ii) below)	1,089.86	1,359.87
Deferred payment liabilities		
Vehicle Loan & Other loans (Refer note b (iii) below)	4.23	4.62
Finance lease obligations		
(Refer note 33(b))	18.61	-
	2,134.30	2,213.79
UNSECURED LOANS		
Term loans from banks & others (Refer note b (iv) below)	58.25	50.00
Deferred sales tax liability (Refer note b (v) below)	3.72	4.98
	61.97	54.98
Total	2,196.27	2,268.77

a. Nature of Security :

i) Terms loans from banks and financial institutions are secured by hypothecation of plant & machinery, first charge on the immovable properties and second charge on current assets situated at Taloja, Panoli , Bangalore and Pune.

ii) Deferred payment liability relates to certain vehicles and other equipments and is secured by way of first charge on the said asserts.

b. Terms of repayment are as under :

i		US $ in Millions	₹ in Millions	Repayment Terms	Interest Rate p.a.
	a	2.45	133.28	Repayable halfyearly -2 instalments of US $ 1.225 Mio each starting from 05.04.2013	Libor +300 Bps
	b	10.58	575.73	Repayable quarterly - 12 instalments of US $ 0.88 Mio each starting from 15.04.2013	Libor +300 Bps
	c	-	333.33	Repayable quarterly - 10 instalments of ₹33.33 Mio starting from 20.05.2013	BBR Plus 300 Bps
	d	-	300.00	Repayable quarterly - 12 instalments of ₹25.00 Mio starting from 15.07.2014	BBR Plus 205 Bps
	e	-	125.00	Repayable monthly - 60 instalments of ₹0.21 Mio starting from 21.04.2013	13.50%
ii	a	12.00	652.80	Repayable half yearly - 12 instalments of US $ 1 Mio each starting from 15.07.2013	Libor +300 Bps
	b	-	104.17	Repayable quarterly - 5 instalments of ₹ 20.83 Mio starting from 20.04.2013	PLR Minus 125 Bps
	c	-	541.67	Repayable quarterly - 10 instalments of ₹54.17 Mio starting from 20.04.2013	12.80%
	d	-	225.00	Repayable quarterly - 9 instalments of ₹25.00 Mio starting from 20.03.2014	LTMLR Plus 275 Bps
iii	a	-	4.62	Repayable monthly EMI of ₹0.16 Mio	9.61%
	b	-	1.67	Repayable quarterly 9 instalments of ₹0.18 Mio	12.75%
iv	a	-	150.00	Repayable monthly 18 instalments of ₹0.83 Mio starting from 01.05.2013	LTMLR Minus 250 Bps
	b	-	50.00	Repayable monthly - 4 instalments of ₹12.50 Mio starting from 30.04.2013	BBR Plus 300 Bps
v	a	-	3.72	Repayable yearly in 5 equal installment, starting after 10 years from the year of deferral	Nil

For the year ended March 31, 2013

(Currency: Indian Rupees in Millions)

	As At March 31, 2013	As At March 31, 2012
Note 6		
LONG TERM PROVISIONS		
Provision for employee benefits		
Provision for gratuity	31.31	25.53
Provision for leave encashment	65.31	38.66
	96.62	64.19
Note 7		
SHORT TERM BORROWINGS		
Secured Borrowings		
Loans repayable on demand		
Working capital loan from banks	2,097.88	1,851.17
	2,097.88	1,851.17
Unsecured Borrowings		
Loans repayable on demand		
Inter corporate deposits		
- From related parties (refer note 32)	59.45	43.50
- From others	445.50	160.00
	504.95	203.50
	2,602.83	2,054.67

a. Nature of Security and terms of repayment for secured/unsecured borrowings :

i)	Working Capital Loans from banks are secured by hypothecation of present and future stock of raw materials, stock-in-process, finished and semi finished goods, stores, spares and book debts and second charge on properties situated at Taloja, Mahad, Panoli Bangalore and Pune	Working capital loans are repayable on demand and carry interest ranging from 5% to 14.50 % p.a.
ii)	Inter Corporate Deposits	Repayable on demand and carries interest 13.50 % to 18% p.a

	As At March 31, 2013	As At March 31, 2012
Note 8		
TRADE PAYABLES		
Trade payables (Refer note 35 for details of dues to Micro and Small Enterprises)	1,128.41	1,139.26
	1,128.41	1,139.26
Note 9		
OTHER CURRENT LIABILITES		
Current maturities of long-term borrowings	1,024.52	750.82
Current maturities of finance lease obligations	12.22	-
Interest accrued but not due on borrowings	29.65	16.31
Other payables		
Payables for capital purchases	97.62	149.05
Advances from customers	19.88	84.69
Book overdraft	-	18.52
Statutory dues		
- Tax deducted at Source	8.16	8.96
- Other	4.09	1.08
Employee benefits expenses	40.14	33.03
	1,236.28	1,062.46
Note 10		
SHORT TERM PROVISIONS		
Provision for employee benefits		
Provision for gratuity	5.09	2.84
Provision for leave encashment	7.26	12.20
	12.35	15.04
Other provisions		
Proposed equity dividend	41.10	98.64
Provision for tax on proposed equity dividend	6.99	16.00
	48.09	114.64
	60.44	129.68

Notes to Financial Statements

For the year ended March 31, 2013

(Currency: Indian Rupees in Millions)

Note 11

FIXED ASSETS

[At cost less (depreciation / amortisation) and impairment provision]

Description	Gross block						Depreciation/amortisation					Net block
	As at April 01, 2012	Additions	Additions due to Demerger	Deductions/ Adjustments	Adjustments of exchange difference on borrowings	As at March 31, 2013	Upto March 31, 2012	For the year	Additions due to Demerger	Deductions/ Adjustments	Upto March 31, 2013	As at March 31, 2013
Tangible assets												
Freehold land	787.38	-	-	-	-	787.38	-	-	-	-	-	787.38
Leasehold land	705.90	-	9.91	-	-	715.81	36.60	8.75	0.75	-	46.10	669.71
Buildings	1,258.02	49.29	286.15	1.68	-	1,591.78	266.09	50.32	30.33	0.19	346.55	1,245.23
Plant and machinery*	5,289.56	490.31	323.20	4.07	171.45	6,270.45	2,204.22	413.22	43.74	1.87	2,659.31	3,611.14
Electrical installations	204.37	3.94	44.60	2.20	-	250.71	89.91	9.50	6.80	0.60	105.61	145.10
Office equipment	100.28	1.45	15.07	-	-	116.80	74.24	6.13	5.49	-	85.86	30.94
Furniture and fixtures	86.02	2.41	23.23	-	-	111.66	37.95	6.64	4.66	-	49.25	62.41
Vehicles	28.29	-	2.26	-	-	30.55	13.85	1.22	0.95	-	16.02	14.53
Ships	56.00	-	-	4.44	-	51.56	9.00	2.53	-	1.10	10.43	41.13
	8,515.82	547.40	704.42	12.39	171.45	9,926.70	2,731.86	498.31	92.72	3.76	3,319.13	6,607.57
Intangible assets												
Computer software	5.49	-		-	-	5.49	5.49	-		-	5.49	-
	8,521.31	547.40	704.42	12.39	171.45	9,932.19	2,737.35	498.31	92.72	3.76	3,324.62	6,607.57
Capital work-in-progress (Refer note no. 33 (b))												485.43
Total												7,093.00

Note:

a. Valuers based on reinstatement cost/market values, The resultant appreciation aggregating to ₹1,111.42 millions has been added to the assets and credited to revaluation reserve. The additional depreciation aggregating to ₹7.69 millions (2012: ₹ 7.69 million) on account of revaluation has been charged to statement of Profit and Loss and a similar amount has been withdrawn from the Revaluation Reserve and credited to statement of Profit and Loss.

b. Other adjustments include adjustments on account of exchange differences.

*Additions includes capitalisation of borrowing cost of ₹57.71 millions

Note 11

FIXED ASSETS (continued)

[At cost less (depreciation / amortisation) and impairment provision]

Description	Gross block					Depreciation/amortisation				Net block
	As at April 01, 2011	Additions	Deductions/ Adjustments	Adjustments of exchange difference on borrowings	As at March 31, 2012	Upto March 31, 2011	For the year	Deductions/ Adjustments	Upto March 31, 2012	As at March 31, 2012
Tangible assets										
Freehold land	786.52	0.86	-	-	787.38	-	-	-	-	787.38
Leasehold land	705.90	-	-	-	705.90	27.95	8.65	-	36.60	669.30
Buildings	1,209.05	48.97	-	-	1,258.02	226.18	39.91	-	266.09	991.93
Plant and machinery	4,892.82	271.06	-	125.68	5,289.56	1,843.51	360.71	-	2,204.22	3,085.34
Electrical installation	196.87	7.50	-	-	204.37	82.29	7.62	-	89.91	114.46
Office equipment	98.00	2.28	-	-	100.28	68.58	5.66	-	74.24	26.04
Furniture and fixtures	84.71	1.31	-	-	86.02	32.77	5.18	-	37.95	48.07
Vehicles	25.87	3.16	0.74	-	28.29	12.08	2.25	0.48	13.85	14.44
Ships	56.00	-	-	-	56.00	7.06	1.94	-	9.00	47.00
	8,055.74	335.14	0.74	125.68	8,515.82	2,300.42	431.92	0.48	2,731.86	5,783.96
Intangible assets										
Computer software	5.49	-	-	-	5.49	5.49	-	-	5.49	-
	8,061.23	335.14	0.74	125.68	8,521.31	2,305.91	431.92	0.48	2,737.35	5,783.96
Capital work-in-progress										747.56
Total										6,531.52

Note:

a) In order to reflect the current reinstatement cost/market value, the Company revalued its Leasehold and Freehold Land located at its factory sites as on 31st December, 2008 on the basis of valuation carried out by approved valuers based on reinstatement / market values. The resultant appreciation aggregating to ₹1,111.42 millions has been added to the assets and credited to revaluation reserve. The additional depreciation aggregating to ₹7.69 millions (2011: ₹7.69 million) on account of revaluation has been charged to statement of Profit and Loss and a similar amount has been withdrawn from the Revaluation Reserve and credited to statement of Profit and Loss.

b) Other adjustments include adjustments on account of exchange differences.

c) Includes exchange difference of ₹70.72 Millions.

Notes to Financial Statements

For the year ended March 31, 2013

(Currency: Indian Rupees in Millions)

	As At March 31, 2013	As At March 31, 2012
Note 12		
NON CURRENT INVESTMENTS		
Trade Investments (valued at cost)		
Unquoted Equity Investments		
223,164 (Previous year: 223,164) Equity Shares of Bharuch Eco Aqua. Infrastructure Ltd. of ₹10/- each, fully paid up.	2.23	2.23
30,000 (Previous year: 30,000) Equity Shares of Panoli Enviro Technology Ltd. of ₹10/- each, fully paid up.	0.30	0.30
14,494 (Previous year:14,494) Equity Shares of MMA CETP Co-operative Society Limited of ₹100/- each, fully paid up	1.45	1.45
16% (Previous year 16%) Equity Shares of Jiangsu Chemstar Chemical Co Limited fully paid up	26.97	26.97
	30.95	30.95
NON CURRENT INVESTMENTS		
Non Trade Investments (valued at cost unless stated otherwise)		
Quoted Equity Investments		
2,000 (Previous year 2,000) Equity Shares of Bank of Baroda of ₹10/- each fully paid up.	0.17	0.17
2,900 (Previous year 2,900) Equity Shares of Union Bank of India ₹10/- each fully paid up.	0.05	0.05
In subsidiary companies		
15,050,080 (Previous year15,050,080) Equity Shares of Acoris Research Limited of ₹10/- each, fully paid up.	150.50	150.50
Less: As per demeger scheme (refer note 29 (b) (iii)	150.40	-
	0.10	150.50
	0.32	150.72
	31.27	181.67
Aggregate book value of quoted investments	0.22	0.22
Aggregate market value of quoted investments	1.96	2.26
Aggregate book value of unquoted investments	30.95	181.45
Note 13		
LONG TERM LOANS AND ADVANCES		
Unsecured and considered good unless other wise stated		
Capital advances	83.13	48.75
Security Deposits [Refer Note a]	106.71	99.35
	189.84	148.10
Loans and advances to related parties	58.00	683.92
Other loans and advances		
Advance tax	14.29	15.46
MAT Credit entillemnet	439.41	384.36
Loans to employees	2.62	4.16
	704.16	1,236.00

a. Security Deposits includes deposit given to Directors of ₹50 millions (2012: ₹50 millions)

Notes to Financial Statements

For the year ended March 31, 2013

(Currency: Indian Rupees in Millions)

		As At March 31, 2013	As At March 31, 2012
Note 14			
INVENTORIES			
(At lower of cost and net realisable value - Also refer note 2 (g))			
Raw materials [includes goods in transit of ₹222.45 millions (2012: ₹185.62 millions)]		1,549.49	1,044.79
Packing materials		10.65	9.01
Work-in-progress		583.55	481.86
Finished goods		307.16	293.37
Stores, spares and consumables		119.48	89.50
		2,570.33	1,918.53
Note 15			
TRADE RECEIVABLES			
(Unsecured)			
Considered good			
Outstanding for a period exceeding six months from the date they are due for payment		86.46	32.54
Others		759.83	954.80
	(A)	846.29	987.34
Considered doubtful			
Outstanding for a period exceeding six months from the date they are due for payment		17.36	17.36
Others		-	-
		17.36	17.36
Less : Provision for doubtful recivables		17.36	17.36
	(B)	-	-
	Total (A+B)	846.29	987.34
Note 16			
CASH AND BANK BALANCES			
Cash and cash equivalents			
Cash on hand		1.26	1.02
Balance with banks:			
on current accounts		84.71	18.84
		85.97	19.86
Other bank balances			
Deposits with original maturity for more than 3 months but less than 12 months (refer note a)		68.08	39.33
		68.08	39.33
		154.05	59.19

a. **Margin money deposits given as security**

Margin money deposits with a carrying amount of ₹ 68.08 millions (31 March, 2012: ₹39.33 millions) are subject to first charge to secure the company's Working capital loans.

(Currency: Indian Rupees in Millions)

	As At March 31, 2013	As At March 31, 2012
Note 17		
SHORT TERM LOANS AND ADVANCES		
Unsecured and considered good unless other wise stated		
Advances recoverable in cash or in kind or for value to be received		
Considered good	78.89	123.42
Considered doubtful	17.91	17.91
	96.80	141.33
Less: Provision for doubtful advances	17.91	17.91
	78.89	123.42
Other loans and advances		
Balances with customs, excise, etc	195.65	171.01
Prepaid expenses	24.16	27.61
VAT receivable	214.40	164.25
Loans to employees	1.10	0.25
	514.20	486.54
Note 18		
OTHER CURRENT ASSETS		
Unsecured and considered good unless other wise stated		
Others		
Interest accrued on fixed deposits	6.07	3.13
Unamortised miscellaneous expenses	0.21	-
	6.28	3.13

Notes to Financial Statements

For the year ended March 31, 2013
(Currency: Indian Rupees in Millions)

	Year Ended March 31, 2013	Year Ended March 31, 2012
Note 19		
REVENUE FROM OPERATIONS		
Sale of products (gross)		
Finished goods	6,626.05	7,063.07
Less: Excise duty	46.67	146.93
Sale of products (Net)	6579.38	6916.35
Sale of services	15.40	16.21
Other operating revenue		
Scrap sales	9.39	10.00
Revenue from operations	6,604.17	6,942.35
Note 20		
OTHER INCOME		
Interest income on		
Bank deposits	5.28	3.89
Others	6.03	42.53
Dividend on long term investments	0.06	0.06
Insurance claim	30.50	-
Other non-operating income	0.25	0.59
Provision for doubtful debts written back	-	2.50
Provision for inventory written back	20.96	-
	63.08	49.57
Note 21		
COST OF MATERIALS CONSUMED (refer note 43)		
Raw materials at the beginning of the year	1,044.79	687.66
Add : Purchases	3,230.68	3,290.40
	4,275.47	3,978.06
Less : Closing stock	1,549.49	1,044.79
Provision for diminution in value of inventory	-	12.50
	2,725.98	2,945.77
Note 22		
CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
(Increase)/ decrease in stocks		
Inventories at the end of the year		
Work-in-progress	583.55	481.86
Finished goods	307.16	293.37
Total A	890.71	775.23
Inventories at the beginning of the year		
Work-in-progress	481.86	447.31
Finished goods	293.37	489.42
Total B	775.23	936.73.
(Increase)/ decrease in stocks (B-A)	(115.48)	161.50
Note 23		
EMPLOYEE BENEFITS		
Salaries, wages and bonus	601.49	477.16
Contribution to provident and other funds	30.64	24.27
Gratuity expenses	10.81	0.58
Staff welfare expenses	58.82	54.85
	701.76	556.86

Notes to Financial Statements

For the year ended March 31, 2013

(Currency: Indian Rupees in Millions)

	Year Ended March 31, 2013	Year Ended March 31, 2012
Note 24		
OTHER EXPENSES		
Consumption of stores and spares	97.98	99.34
Processing charges	4.85	33.55
Power & fuel	887.96	733.49
Advertisement	0.90	3.46
Rent	13.73	13.30
Rates and taxes	6.65	6.82
Insurance	14.49	9.43
Repairs and maintenance		
- Plant & Machinery	49.46	45.40
- Buildings	15.69	16.92
- Others	24.87	16.64
Printing and stationery	12.84	8.89
Legal and professional charges		
- Legal charges	6.35	5.25
- Professional charges	44.47	76.36
Traveling and conveyance	38.75	35.88
Vehicle expenses	11.05	9.38
Postage, telephone and telegrams	12.43	8.98
Auditors remuneration (Refer note 40)	4.68	4.26
Director's sitting fee	0.59	0.51
Sales and distribution expenses	93.83	126.59
Commission on sales	3.96	20.61
Security service charges	15.98	13.32
Amortisation of miscellaneous Expenses	0.43	-
Sundry balance written off	11.85	35.50
Excise duty on closing stock	2.54	0.78
Loss on sale of assets (net)	3.22	0.15
Foreign exchange loss (net)	3.93	63.16
Bad debts written off (net)	-	8.96
Miscellaneous expenses	64.50	47.11
	1,447.98	1,444.04
Note 25		
FINANCE COSTS		
Interest on fixed period loans	237.79	241.56
Other interest	240.33	185.52
Bank charges	44.82	50.50
Exchange difference to the extent considered as an adjustment to borrowing costs	75.84	162.74
	598.78	640.32
Note 26		
EXCEPTIONAL ITEMS		
Exchange loss	484.33	255.59
Reversal of cashflow hedge reserve	-	(37.10)
	484.33	218.49

Notes to Financial Statements

For the year ended March 31, 2013

(Currency: Indian Rupees in Millions)

	As At March 31, 2013	As At March 31, 2012
Note 27		
Contingent liabilities		
Bills discounted with banks	949.14	774.41
Guarantee provided to Bank for borrowing made by subsidiary	-	250.73
Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	92.54	152.65

Note 28

The company had entered into options & forward contracts to hedge its exposures to fluctuations in the past in foreign exchange. As the major percentage of the Company's turnover is realised from exports hence the Company was of the opinion that the results of these transactions represent unrealized losses that are notional in nature. The gain/loss on these transactions was recogised as and when they fell due. The mark to market loss on March 31, 2013 on these option and forward contracts not recognized in statement of profit and loss amounts to ₹ Nil (Previous year as on March 31, 2012 ₹357.18 millions).

The Company has also entered into swap contracts against long term loans which will mature year on year upto August 2016. The Company is of the opinion that the "Mark to Market" loss of these transactions represent unrealized losses that are notional in nature. The gain/loss on these transactions will be recongised as and when they fall due. The mark to market loss on March 31, 2013 on these swap contracts not recognized in statement of profit and loss amounts to ₹116.17 millions (Previous year as on March 31, 2012 ₹95.46 millions)

Note 29

a) In terms of the Scheme of Arrangement ("the Scheme") under sections 391 to 394 read with Section 78, 100 to 103 of the Companies Act, 1956 sanctioned by order dated March 30, 2012 of Hon'ble High Court of Judicature at Bombay and filed with the Registrar of Companies, Maharashtra on May 10, 2012, all the assets and liabilities of the research business of Acoris Research Limited ('Transferor Company') has been taken over by the Company with effect from April 1, 2012, being the effective date. The details of assets and liabilities taken over by the Company is as follows:

	Rupees in Millions
Assets	
Fixed assets (net) including capital work-in-progress	619.85
Deferred tax assets	78.71
Trade receivables	30.22
Inventories	9.20
Loans and advances	27.07
Cash and bank balances	3.02
Fixed deposits	6.14
Other assets	0.64
Total assets	774.85
Liabilities	
Term loans	250.73
Trade payables	7.16
Other liabilities	23.21
Advance from parent company	628.03
Total liabilities	1,059.81
Net Assets	(134.56)

(Currency: Indian Rupees in Millions)

b) In accordance with the said Scheme and as per the Hon'ble High Courts' approval the assets and liabilities of Research business of the transferor company have been vested in the Company with effect from April 1, 2012 and have been recorded in accordance with the provisions of the Scheme as follows:

i) The Company has recorded all the assets and liabilities pertaining to the Transferor Company at the respective book values as appearing in the books of Transferor Company as on the appointed date.

ii) The excess of liabilities over assets of the Transferor Company aggregating ₹134.56 millions have been transferred to Securities Premium Account of the Company.

iii) Further, the carrying value of the investment in the transferor company aggregating ₹150.40 millions has been adjusted against Securities Premium Account of the Company.

c) In view of the aforesaid scheme, the profit and loss of the Research business is forming part of the current year profit and loss of the Company. Accordingly, the figure for the current year including EPS are strictly not comparable with those of the corresponding previous year.

Note 30

Capitalization of expenditure

During the year, the company has capitalized the following expenses of revenue nature to the cost of fixed asset/capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the company.

	Year ended March 31, 2013	Year ended March 31, 2012
Salaries, wages and bonus	12.74	6.49
Staff welfare expenses	0.20	1.66
Raw Material Consumption	-	3.96
Power & Fuel	5.15	13.36
Insurance	0.05	0.05
Rates & Taxes	3.30	0.47
Traveling & Conveyance	-	0.68
Finance Cost	61.18	26.14
Total	82.62	52.81

Note 31

Segment reporting

The Company's financial reporting is organized into two major operating divisions viz. crop protection and pharmaceuticals. These divisions are the basis on which the Company is reporting its primary segment information.

Joint revenues and expenses, if any, are allocated to the business segments on a reasonable basis. All other segment revenues and expenses are directly attributable to the segments.

Segment assets include all operating assets used by a segment comprising debtors, inventories, fixed assets and loans and advances. While most assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly is allocated to the segments on a reasonable basis. Segment liabilities include all operating liabilities of the segment comprising creditors and other liabilities.

The Company's operating divisions are managed from India. The principal geographical areas in which the Company operates are India, Europe, USA & Canada and South East Asia.

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

Notes to Financial Statements

For the year ended March 31, 2013
(Currency: Indian Rupees in Millions)

Primary Segment information

Particulars	Crop Protection	Pharmaceuticals	Total
Revenue (external revenue)	**2,888.02**	**3,716.15**	**6,604.17**
	2,465.49	*4,476.86*	*6,942.35*
Segment result	**464.34**	**1026.86**	**1,491.20**
	273.43	*1,240.54*	*1,513.97*
Interest expenses			**522.95**
			477.57
Other unallocable expenditure			**74.80**
(net of unallocable income)			*54.46*
Profit before tax			**893.45**
			981.94
Exchange loss	-	-	**560.17**
			418.33
Reversal of cashflow hedge reserve			-
			(37.10)
Net Profit before tax			**333.28**
			600.71
Segment assets	**3,278.96**	**7,464.07**	**10,743.03**
	3,166.47	*6,247.68*	*9,414.15*
Unallocated corporate assets			**1,176.55**
			1,989.77
Total assets			**11,919.58**
			11,403.92
Segment liabilities	**529.69**	**793.67**	**1,323.36**
	393.05	*970.61*	*1,363.66*
Unallocated corporate liabilities			**6,083.74**
			5,442.08
Total liabilities			**7,407.10**
			6,805.74
Capital expenditure for the year	**91.80**	**364.70**	**456.50**
	62.45	*578.49*	*640.94*
Unallocated capital expenditure			**0.22**
			60.12
Depreciation for the year	**128.39**	**354.53**	**482.92**
	125.22	*289.71*	*414.93*
Unallocated depreciation			**7.72**
			9.30

(Currency: Indian Rupees in Millions)

Secondary segment information

Particulars	Sales revenue	Assets employed	Capital expenditure
India	**1,035.74**	**11,919.58**	**456.72**
	1,479.50	*11,403.92*	*701.06*
USA and Canada	**834.29**		
	1,105.56	-	-
Europe	**2,062.97**	**-**	**-**
	1,565.39	-	-
South East Asia	**2,539.26**	**-**	**-**
	2,747.91	-	-
Others	**131.91**	**-**	**-**
	43.99	-	-
Total	**6,604.17**	**11,919.58**	**456.72**
	6,942.35	*11,403.92*	*701.06*

Note 32

Related Party Disclosures

List of related parties

Parties where control exists :

Subsidiary Companies

Hikal International B.V. ("HIBV")

Acoris Research Limited ("ARL")

Key Management Personnel

Jai Hiremath	Chairman and Managing Director
Sameer Hiremath	President & Joint Managing Director

Relatives of Key Management Personnel

Sugandha Jai Hiremath

Enterprises over which key management personnel and their relatives exercise significant influence

Decent Electronics Private Limited ("DEPL")

Marigold Investments Private Limited

Iris Investments Private Limited

Karad Engineering Consultancy Private Limited ("KECPL")

Ekdant Investment Private Limited ("EIPL")

Shri Rameshwara Investment Private Limited ("RIPL")

Shri Badrinath Investment Private Limited ("BIPL")

Rushabh Capital Services Private Limited ("RCSPL")

Notes to Financial Statements

For the year ended March 31, 2013
(Currency: Indian Rupees in Millions)

Transactions with related parties

Nature of Transaction	Subsidiary Companies	Key management personnel	Relative of Key management personnel	Enterprises over which key management personnel or their relatives have significant influence
Sales- ARL	-			
	17.25			
Interest received- ARL	-			
	37.71			
Remuneration				
- Jai Hiremath		17.96		
		13.61		
- Sameer Hiremath		10.36		
		8.67		
Commission Paid				
- Jai Hiremath		-		
		6.21		
- Sameer Hiremath		3.62		
		6.21		
Sitting fees				
- Sugandha Hiremath			0.14	
			0.14	
Interest Paid				
- BIPL				4.18
				2.46
- KECPL				0.41
				0.32
- DEPL				0.45
				0.32
- EIPL				0.40
				0.84
- RIPL				1.33
				0.72
Dividend paid				
- BIPL				6.64
				15.93
- RIPL				3.27
				7.85
- Sugandha Hiremath			3.22	
			7.85	
- Jai Hiremath		0.44		
		1.07		
- Sameer Hiremath		0.13		
		0.31		
Lease rent paid				
- Sugandha Hiremath			2.40	
			2.40	
- RIPL				0.84
				0.84
- RCSPL				1.08
				1.08

(Currency: Indian Rupees in Millions)

Nature of transaction	Subsidiary Companies	Key management personnel	Relative of Key management personnel	Enterprises over which key management personnel or their relatives have significant influence
Inter Corporate Deposits Received				
- BIPL				**12.50**
				23.00
- KECPL				**1.60**
				2.50
- DEPL				**2.95**
				2.50
- EIPL				**0.95**
				9.00
Inter Corporate Deposits Repaid				
- BIPL				**-**
				1.00
- RIPL				**2.50**
				-
- EIPL				**7.00**
				-
Guarantee given				
- ARL	**-**			
	250.73			
Loans/advances granted/(taken) net				
- ARL	**-**			
	159.11			
- HIBV	**2.11**			
	-			
Outstanding balance debit/(credit)				
- HIBV	**6.50**			
	4.39			
- ARL	**-**			
	628.03			
- Jai Hiremath		**-**		
		(6.21)		
- Sameer Hiremath		**3.62**		
		(6.21)		
- BIPL				**(34.50)**
				(22.00)
- KECPL				**(4.10)**
				(2.50)
- DEPL				**(5.45)**
				(2.50)
- EIPL				**(2.90)**
				(9.00)
- RIPL				**(12.50)**
				(7.50)

Notes to Financial Statements

For the year ended March 31, 2013
(Currency: Indian Rupees in Millions)

Note 33

Leases	Year Ended March 31, 2013	Year Ended March 31, 2012
a) Operating Leases		
Lease rental charges for the year	8.44	8.12
Future lease rental obligation payable:		
- not later than one year	2.82	6.13
- later than one year but not later than five years	1.74	1.28
- later than five years	-	-

b) Finance Leases

Certain items of plant and machinery (included in capital work in progress pending installation as on balance sheet date) have been obtained on finance lease basis. The legal title of these items vests with their lessors. The lease term of such plant and machinery ranges between 2 – 3 years with equated monthly payments beginning from the month subsequent to the commencement of the lease. The total future lease payment at the balance sheet date, element of interest included in such payments and present value of these lease payments are as follows:

	Minimum Lease payment		Present Value	
Maturity profile of finance lease is as under :	March 31,2013	March 31,2012	March 31,2013	March 31,2012
Payable within 1 year	15.25	-	12.22	-
Payable between 1-5 years	20.24	-	18.61	-
Payable later than 5 years	-	-	-	-

Finance lease obligation are secured against the respective assets taken on lease

	Non Current portion		Current portion	
	March 31,2013	March 31,2012	March 31,2013	March 31,2012
a) Total minimum lease payments	20.24	-	15.25	-
b) Future interest included in (a) above	1.63	-	3.04	-
c) Present value of future minimum lease payments {a-b}	18.61	-	12.22	-

The rate of interest implicit in the above is in the range of 10% to 14%

Note 34

Earnings Per Share

Rupees in millions, except per share data

	Year Ended March 31, 2013	Year Ended March 31, 2012
Basic and diluted earnings per share		
Profit after taxation	255.04	540.80
Numerator used for calculating basic earnings per share	255.04	540.80
Calculation of weighted average number of equity shares		
Weighted average number of equity shares outstanding during the year used as denominator for calculating earnings per share (based on date of issue of shares)	16,440,100	16,440,100
Basic and diluted earnings per share (₹)	15.52	32.90
Nominal value per shares (₹)	10.00	10.00

(Currency: Indian Rupees in Millions)

Note 35

Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006

Particulars	As At March 31, 2013	As At March 31, 2012
Principal amount remaining unpaid to any supplier as at the year end	10.32	57.00
Interest due thereon	-	-
Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year.	-	-
Amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED.	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-
The amount of further interest remaining due and payable even in the succeding years until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	-	-

Note 36

Deferred Tax

Deferred tax assets:		
Amounts that are deducted for tax purpose when paid	52.90	60.62
Others	5.90	5.63
Unabsorbed depreciation / Business losses	297.00	211.75
Total deferred tax assets	355.80	278.00
Deferred tax liabilities:		
Additional depreciation on fixed assets for tax purposes due to higher tax depreciation rates	442.05	364.71
Total deferred tax liabilities	442.05	364.71
Net deferred tax liability	86.25	86.71

Note 37

Disclosure in relation to Derivative Instruments

Category	No. of contracts	Amount in foreign currency (Millions)	Equivalent amount in Rupees (Millions)	Purpose
Forward cover	-	USD -	-	Hedging of exposure to fluctuations in foreign exchange of future exports/Imports
	31	USD 41.85	2,141.46	
Currency/ interest swaps	3	USD 14.43	784.99	Hedging of term loan/interest
	3	USD 15.13	774.15	

Notes to Financial Statements

For the year ended March 31, 2013

(Currency: Indian Rupees in Millions)

The Net foreign currency exposures not hedged as at the year end are as under:

	March 31, 2013			March 31, 2012		
	Foreign Currency		₹millions	Foreign Currency		₹millions
	Curr.	Amt.	Amt.	Curr.	Amt.	Amt.
a. Amount receivable in foreign currency on account of following :						
-Export of goods	USD	20.58	1,119.35	USD	25.91	1325.65
	EUR	3.74	260.12	EUR	0.40	27.35
	JPY	1.85	1.07	JPY	-	-
	GBP	0.35	28.81	GBP	0.23	18.75
b. Amount payable in foreign currency on account of following:						
(i) Import of goods & Services	USD	8.78	477.63	USD	7.47	382.13
	EUR	0.64	44.19	EUR	0.04	2.83
(ii) Loan payables *	USD	25.03	1,361.81	USD	27.00	1,381.59
c. Other Advances	USD	0.46	25.02	USD	0.80	40.92
	EUR	0.05	3.48	EUR	0.07	4.91

* excludes Loans payable of ₹ 809.43 millions (USD 14.88 millions) [Previous year ₹890.59 millions (USD 17.40 millions)] assigned to hedging relationship against highly probable forecast sales. The Cash flow is expected to occur and impact the statement of profit and loss within the period of 1 year from drawdown of the loan.

Note 38

Amount due from subsidiaries as at March 31, 2013:

- Hikal International B.V ₹6.50 millions (Previous year ₹4.39 millions) [Maximum amount outstanding during the year ₹ 6.50 millions (Previous year ₹4.39 millions)]
- Acoris Research Limited Nil (Previous year ₹628.03 millions) [Maximum amount outstanding during the year Nil (Previous year ₹628.03 millions)]

Note 39

Research and Development	Year Ended March 31, 2013	Year Ended March 31, 2012
Research and development expenses (including depreciation) included under the relevant heads in the statement of profit and loss	318.66	128.32

Note 40

Auditor's remuneration		
- Audit fees	2.75	2.35
- Tax audit fees	-	-
- Limited review of quarterly results	1.50	1.50
- Certification and other matters	0.30	0.36
- Out-of-pocket expenses	0.13	0.05
Total	4.68	4.26

Note 41

Dues relating to Investor Education and Protection Fund

. There are no dues, which needs to be credited as at the year end to the Investor Education and Protection Fund.

(Currency: Indian Rupees in Millions)

Note 42

Disclosure relating to Employee Benefits - As per Revised AS - 15

		2012-2013 Non Funded		2011-2012 Non Funded	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
A.	**Expenses recognized in the statement of Profit & Loss for the year ended March 31**				
	1. Interest cost	3.51	4.33	3.33	3.99
	2. Current service cost	6.56	12.48	5.67	7.74
	3. Expected return on planned assets	(1.23)	-	(1.10)	-
	4. Net actuarial (gain) / loss on obligations	(2.98)	(6.05)	(6.25)	(1.13)
	Total expenses recognized in statement of Profit and Loss	5.86	22.86	1.65	10.60
B.	**Net asset / (liability) recognized in the Balance Sheet**				
	1. Present value of the obligation as on April 1	50.93	72.57	41.65	48.79
	2. Fair value of planned assets as on March 31	(14.53)	-	(13.30)	-
	Unfunded liability recognized in the Balance Sheet	36.40	72.57	28.37	50.86
C.	**Change in Plan Assets**				
	1. Fair value of the plan as on April 1	13.30	-	12.09	-
	2. Actual return of plan assets	1.23	-	1.11	-
	3. Employer's contribution	Nil	-	0.55	-
	4. Benefit paid	Nil	-	0.45	-
	5. Plan assets as at March 31	14.53	-	13.30	-
D.	**Change in Present value of obligation**				
	1. Present value of obligation as on April 1	41.66	48.78	41.68	49.85
	2 Liability assumed on demerger of Acoris Research Ltd	2.18	5.34	-	-
	3. Interest cost	3.51	4.33	3.33	3.99
	4. Current services cost	6.56	12.48	5.67	7.74
	5. Benefits paid	Nil	(44.04)	(2.78)	(11.66)
	6. Net actuarial (gain) / loss on obligations	(2.98)	6.05	(6.25)	(1.13)
	Present value of obligation as per actuarial valuation as at March 31	50.93	72.57	41.65	48.79
E.	**Actuarial assumptions**				
	1. Discount Rate	8% p.a.	8% p.a.	8% p.a.	8% p.a.
	2. Rate of Increase in Compensation level	5% p.a.	5% p.a.	5% p.a.	5% p.a.
	3. Rate of Return on Plan Assets				
	a. Funded	9.25%p.a.	N.A.	9.14%p.a.	N.A
	b. Un-funded	N.A.	N.A	N.A	N.A
	4. Mortality rate	LIC (1994-96) ultimate		LIC (1994-96)ultimate	

Notes to Financial Statements

For the year ended March 31, 2013

(Currency: Indian Rupees in Millions)

F. Experience Adjustment	2013	2012	2011	2010	2009
1. Defined Benefit Obligation	**50.93**	41.66	41.68	23.04	22.58
2. Plan Assets (including bank balance)	**14.52**	13.30	12.08	7.31	5.66
3. Surplus/(Deficit)	**36.40**	28.36	29.60	15.73	16.92
4. Experience Adjustments of Obligation	**2.98**	6.25	14.03	3.88	4.35
5. Experience adjustment on Plan Assets	**0.17**	0.14	0.14	0.16	0.09

On account of defined contribution plans the Company's contribution to Provident Fund and Superannuation Fund aggregating ₹31.26 millions (2012: ₹ 24.90 millions) has been recognized in the statement of profit and loss under the head emplayee benefits (Refer note 23)

Assumptions made for the actuarial valuation of gratuity liability

Payment of Gratuity arises on account of future payments which a company is required to make in the event of an employee retiring or dying during the services or leaving due to certain reasons.

Rate of Interest

As the payment are to be made in future on the happenings of the contingencies, it is necessary to use an appropriate rate of interest for the purpose of ascertaining the present value of such payments. While considering the various aspects in this behalf, a long-term view is taken and suitable rate in calculating the valuation function is adopted.

Salary Scale

Since the salaries or wages of employees will increase year after year, it is necessary to have rough approximation of the salary and employee will be receiving at the time of payment of gratuity. A suitable growth rate is assumed for this purpose. This is implied in the projected Unit Credit Method.

Mortality

Since the gratuity payments are to be made on the death of an employee while in service or on attainment of retirement age, it is necessary to employ a Mortality Table so that the number of employees who would retire on the attainment age could be estimated. The table used in the calculation of valuation valuation functions is recent Mortality Table.

Note 43

Additional information

a) Raw material consumption	Year ended March 31, 2013 Amount	Year ended March 31, 2012 Amount
Cyclohexane Diacetic Acid	**632.55**	744.07
SMPGM	**592.32**	458.96
Iso Propyl Alcohol (IPA)	**58.21**	231.68
Liquid Bromine	**156.73**	186.52
Acetone	**131.96**	187.25
Iso-Butyl Chloro Valeriate	**96.68**	119.02
Caustic Soda Lye	**116.20**	98.05
2,6 Di chloro Para Nitro Aniline	**81.24**	50.81
Others	**803.68**	869.41
	2,725.98	2,945.77

Notes to Financial Statements

For the year ended March 31, 2013

(Currency: Indian Rupees in Millions)

	Year Ended March 31, 2013		Year Ended March 31, 2012	
b) Indigenous and imported consumption	Amount	%	Amount	%
Raw materials				
Indigenous	855.60	31.39	1,268.75	43.07
Imported	1870.38	68.61	1,677.02	56.93
	2,725.98	100.00	2,945.77	100.00
Stores and spares				
Indigenous	90.52	92.38	96.71	97.35
Imported	7.46	7.62	2.63	2.65
	97.98	100.00	99.34	100.00

c) Stocks and Turnover

Class of Goods	Work-in-progress		Finished Goods		Turnover
	Opening stock	Closing stock	Opening stock	Closing stock	
Crop Protection Products	138.72	194.26	175.57	101.42	2,866.48
	163.46	*138.72*	*285.33*	*175.57*	*2,446.03*
Bulk drugs	336.80	389.29	117.70	205.64	3,632.41
	277.65	*336.80*	*203.99*	*117.70*	*4,247.50*
Others	6.34	-	0.03	0.03	136.55
	6.20	*6.34*	*0.10*	*0.03*	*379.54*
Goods for resale in Crop	-	-	0.07	0.07	-
protection products	-	-	-	*0.07*	-
Income from	-	-	-	-	15.40
services rendered	-	-	-	-	*16.21*
Total	481.86	583.55	293.37	307.16	6,650.84
	447.31	*481.86*	*489.42*	*293.37*	*7,089.28*

	Year Ended March 31, 2013	Year Ended March 31, 2012
d) CIF value of imports		
Raw materials	1,.925.55	1,698.75
Capital goods	14.31	35.59
Stores and spares	7.46	2.63
e) Earnings in foreign exchange		
FOB value of exports	5,818.08	5,572.23
f) Expenditure in foreign currency		
Interest	119.77	100.76
Professional charges	13.65	10.68
Commission	3.23	2.14
Traveling expenses	10.65	7.98
Others	33.92	28.17
g) Remittance in foreign currency on account of dividends		
Period to which it relates	2011-12	2010-11
Number of Non Resident Shareholders	1	1
Number of equity shares held on which dividend is due	24,310	24,310
Amount remitted	0.15	0.07

The previous year's figures have been reclassified to conform to this year's classification.

As per our report of even date attached
For B S R & Company
Chartered Accountants
Firm's Registration No: 128032W
Natrajh Ramakrishna
Partner
Membership No: 032815
Place: Mumbai
Date: May 16, 2013

For and on behalf of the Board of Directors of Hikal Limited
Jai Hiremath
Chairman & Managing Director
Kannan K. Unni
Director
Sham Wahalekar
Company Secretary
Place: Mumbai
Date: May 16, 2013

Cash Flow Statement

For the year ended March 31, 2013
(Currency: Indian Rupees in Millions)

		Year Ended March 31, 2013		Year Ended March 31, 2012	
A)	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net profit before tax		333.28		600.71
	Adjusted for –				
	Depreciation/amortisation	490.62		424.23	
	Amortisation of miscellaneous expenses	0.43		-	
	Reversal of cashflow hedge reserve	-		(37.10)	
	Interest income	(11.56)		(46.42)	
	Dividend income	(0.06)		(0.06)	
	Interest expense	522.95		477.57	
	Provision for diminution in value of inventory	-		12.50	
	Sundry balances written off	71.95		32.50	
	Provision for doubtful advances	-		3.00	
	Provision for doubtful debts written back	-		(2.50)	
	Provision for inventory w/back	(20.96)		-	
	(Profit) /loss on sale of fixed assets (net)	3.22		0.15	
			1,056.59		863.87
	Operating profit before working capital changes		1,389.87		1,464.58
	Adjustment for increase/decrease in:				
	Decrease/(increase) in trade and other receivables	56.81		(206.21)	
	Decrease/(increase) in inventories	(642.60)		(215.96)	
	(Decrease)/increase in trade payables, provisions and other liabilities	(137.02)		411.23	
			(722.81)		(10.94)
	Cash generated from operating activities		667.06		1,453.64
	Income tax paid		(53.88)		(86.85)
	NET CASH FROM OPERATING ACTIVITIES		613.18		1,366.79
B)	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of fixed assets (Includes increase in capital work in progress)	(269.17)		(500.04)	
	Sale of fixed assets	0.12		0.13	
	Dividend received	0.06		0.06	
	Increase in investments in fixed deposits (margin money account)	(22.61)		(9.68)	
	Loans given to subsidiaries	(2.11)		(159.11)	
	Interest received	11.56		46.42	
	NET CASH USED IN INVESTING ACTIVITIES		(282.15)		(622.22)

Cash Flow Statement

For the year ended March 31, 2013
(Currency: Indian Rupees in Millions)

		Year Ended March 31, 2013		Year Ended March 31, 2012	
C)	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Proceeds from borrowings	1,284.07		677.40	
	Repayment of borrowings	(866.43)		(840.59)	
	Principal payment under finance leases	(0.15)		-	
	Interest paid	(570.791)		(505.26)	
	Dividend paid	(114.64)		(114.64)	
	NET CASH USED IN FINANCING ACTIVITIES		(267.94)		(783.09)
	NET INCREASE IN CASH AND CASH EQUIVALENTS		(63.09)		(38.52)
	Cash and cash equivalents as at March 31,2012 (Opening Balance)		19.86		58.38
	Cash received on demerger		3.02		-
	Cash and cash equivalents as at March 31,2013 (Closing Balance)		85.97		19.86

NOTES TO THE CASH FLOW STATEMENT

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' set out in Accounting Standard 3, 'Cash Flow Statements', issued by the Central Government in consultation with the National Advisory Committee on Accounting Standards.
2. Cash and cash equivalents represent :

	Year Ended March 31, 2013	Year Ended March 31, 2012
Cash	1.26	1.02
With Banks		
- Current accounts	84.71	18.84
Total cash and cash equivalents	85.97	19.86

As per our report of even date attached
For B S R & Company
Chartered Accountants
Firm's Registration No: 128032W
Natrajh Ramakrishna
Partner
Membership No: 032815
Place: Mumbai
Date: May 16, 2013

For and on behalf of the Board of Directors of Hikal Limited
Jai Hiremath
Chairman & Managing Director
Kannan K. Unni
Director
Sham Wahalekar
Company Secretary
Place: Mumbai
Date: May 16, 2013

Notes to the financial statements

For the year ended March 31, 2013

(Currency: Indian Rupees in Millions)

Statement pursuant to approval u/sec. 212(8) of the Companies Act,1956

	Particulars	Hikal International BV	Acoris Research Limited
a)	Share Capital	5.01	150.50
b)	Reserves	(12.74)	(150.25)
c)	Total Assets	0.37	0.25
d)	Total Liabilities	0.37	0.25
e)	Details of Investment	-	-
f)	Turnover	-	-
g)	Profit/(loss) before Taxation	(2.46)	(0.13)
h)	Provision for taxation	-	-
i)	Profit/(loss) after Taxation	(2.46)	(0.13)
j)	Proposed dividend	-	-

Independent Auditors' Report

To the Board of Directors of Hikal Limited

Report on the consolidated financial statements

We have examined the attached consolidated Balance Sheet of Hikal Limited ('the Company' or 'the Parent Company') and its subsidiaries (collectively referred to as the 'Hikal Group'), as at 31 March 2013 and the related Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year ended 31 March 2013 and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Hikal Group's management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India. This includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

The consolidated financial statements have been prepared by the Hikal Group's management in accordance with the requirements of Accounting Standards (AS) 21, consolidated financial statements, specified in the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of the Company and its subsidiaries.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

The Company has not provided for a “mark-to-market” loss on derivative contracts/receivables aggregating to Rs 116.17 millions as at 31 March 2013 (31 March 2012: Rs 452.63 millions) (Refer Note 28 to consolidated financial statements) for the reasons stated by the management in the said note. Consequently, without considering the tax effect, the profit before tax for the year and reserves and surplus are overstated by Rs 116.17 millions (31 March 2012: Rs 452.63 millions), short term loans and advances are overstated by Rs Nil (31 March 2012: Rs 70.10 millions) and other current liabilities are understated by Rs 116.17 millions (31 March 2012: Rs 382.53 millions).

Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for qualified opinion paragraph, and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the consolidated balance sheet, of the state of affairs of the Hikal Group as at 31 March 2013;

(b) in the case of the consolidated statement of profit and loss, of the profit of the Hikal Group for the year ended on that date; and

(c) in the case of the consolidated cash flow statement, of the consolidated cash flows of the Hikal Group for the year ended on that date.

Other matter

We have audited the financial statements of the parent company, Hikal Limited, whose financial statements reflect total assets of Rs 11,919.58 millions (31 March 2012: Rs 11,403.92 millions) as at 31 March 2013, total revenues of Rs 6,604.17 millions (31 March 2012: Rs 6,942.35 millions) and net cash inflows aggregating Rs 63.09 millions (31 March 2012: net cash outflows Rs (38.52) millions) for the year ended 31 March 2013. Our opinion, in so far as it relates to the amounts included in respect thereof, is based on our Independent Auditors' Report.

We did not audit the financial statements of two subsidiaries whose financial statements reflect total assets of Rs 0.61 millions as at 31 March 2013, total revenues of Rs Nil and net cash outflows aggregating Rs 0.1 millions for the year ended on that date. These financial statements have been audited by another firm of Chartered Accountants whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the report of the auditor.

For B S R & Company
Chartered Accountants
Firm’s Registration No: 128032W

Natrajh Ramakrishna
Partner
Membership No: 032815

Mumbai
16 May 2013

Consolidated Balance Sheet

As at March 31, 2013

(Currency: Indian Rupees in Millions)

	Notes	As At March 31, 2013		As At March 31, 2012
EQUITY AND LIABILITIES				
SHAREHOLDERS' FUNDS				
Share capital	3	164.40		164.40
Reserves & surplus	4	4,338.30		4,141.63
			4,502.70	4,306.03
NON-CURRENT LIABILITIES				
Long-term borrowings	5	2,196.27		2,456.82
Deferred tax liabilities	34	86.25		8.00
Long-term provisions	6	96.62		70.15
			2,379.14	2,534.97
CURRENT LIABILITIES				
Short-term borrowings	7	2,602.83		2,054.67
Trade payables	8	1,129.42		1,144.72
Other current liabilities	9	1,236.28		1,145.65
Short- term provisions	10	60.44		131.22
			5,028.97	4,476.26
TOTAL			11,910.81	11,317.26
ASSETS				
NON-CURRENT ASSETS				
FIXED ASSETS				
(i) Tangible assets	11	6,604.79		6,393.00
(ii) Intangible assets	11	-		-
(Iii) Capital work-in-progress	11	485.43		755.72
Non-current investments	12	31.17		31.17
Long-term loans and advances	13	697.77		554.74
			7,819.16	7,734.63
CURRENT ASSETS				
Inventories	14	2,570.33		1,927.73
Trade receivables	15	846.29		1,019.70
Cash and bank balances	16	154.42		68.78
Short-term loans and advances	17	514.33		562.20
Other current assets	18	6.28		4.22
			4,091.65	3,582.63
TOTAL			11,910.81	11,317.26
Summary of significant accounting policies	2			

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

As per our report of even date attached
For B S R & Company
Chartered Accountants
Firm's Registration No: 128032W
Natrajh Ramakrishna
Partner
Membership No: 032815
Place: Mumbai
Date: May 16, 2013

For and on behalf of the Board of Directors of Hikal Limited
Jai Hiremath
Chairman & Managing Director
Kannan K. Unni
Director
Sham Wahalekar
Company Secretary
Place: Mumbai
Date: May 16, 2013

Statement of Consolidated Profit and Loss

For the year ended March 31, 2013

(Currency: Indian Rupees in Millions)

	Notes		Year Ended March 31, 2013	Year Ended March 31, 2012
INCOME				
Revenue from Operations (gross)	19		6,650.84	7,225.35
Less: Excise duty			46.67	147.24
Revenue from Operations (net)			6,604.17	7,078.11
Other income	20		63.08	14.01
TOTAL REVENUE(I)			6,667.25	7,092.12
EXPENSES				
Cost of materials consumed	21		2,725.98	2,967.48
Changes in inventories of finished goods and work-in-progress	22		(115.48)	161.50
Employee benefits	23		701.76	636.57
Other expenses	24		1,450.29	1,480.15
Finance costs	25		598.94	663.78
Depreciation/amortisation expenses	11	498.43		460.76
Less: Transfer from Revaluation Reserve		(7.69)	490.74	(7.69)
TOTAL EXPENSES (II)			5,852.23	6,362.55
PROFIT BEFORE EXCEPTIONAL ITEM AND TAX (I-II)			815.02	729.57
Exceptional items	26		484.33	218.49
PROFIT BEFORE TAX			330.69	511.08
Tax expenses				
- Current tax- MAT			62.48	122.80
- Less: MAT credit entitlement			(62.48)	(122.80)
- Less : Income tax refund received			-	(0.09)
- Deferred tax			78.24	50.83
Total tax expenses			78.24	50.74
PROFIT AFTER TAX			252.45	460.34
Basic and diluted earnings per share ₹	33		15.36	28.01
Face value per share ₹10/-				
Summary of significant accounting policies	2			

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

As per our report of even date attached
For B S R & Company
Chartered Accountants
Firm's Registration No: 128032W
Natrajh Ramakrishna
Partner
Membership No: 032815
Place: Mumbai
Date: May 16, 2013

For and on behalf of the Board of Directors of Hikal Limited
Jai Hiremath
Chairman & Managing Director
Kannan K. Unni
Director
Sham Wahalekar
Company Secretary
Place: Mumbai
Date: May 16, 2013

Notes to Consolidated Financial Statements

For the year ended March 31, 2013

(Currency: Indian Rupees in Millions)

Note 1

BACKGROUND

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

The Company is engaged in the manufacturing of various chemical intermediates, specialty chemicals, Active pharma ingredients and Contract Research activities. The Company is operating in the crop protection and pharmaceuticals space.

The Company has following subsidiaries:

a) **Acoris Research Limited :** A 100% subsidiary of the Company

b) **Hikal International BV :** A 100% subsidiary of the Company engaged in trading activities and is based in Netherlands.

Note 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. **Basis of preparation of consolidated financial statements**

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting, In accordance with the provisions of the Companies Act 1956 ("the Act") and accounting principles generally accepted in India ("GAAP") and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable.

The accounting policies followed in preparation of these financial statements are consistent with those followed in the previous year.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the revised Schedule VI.

The consolidated financial statements relate to Hikal Limited ('the Company'), its subsidiaries and share of profits / losses in associates (collectively referred to as 'the Group'). The consolidated financial statements have been prepared in accordance with the principles and procedures required for the preparation and presentation of financial statements as laid down under the accounting standards. The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and transactions and resulting unrealized gain/losses. The financial statements of the associates are considered following equity method.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

Where the cost of the investment is higher than the share of equity in the subsidiary at the time of acquisition, the resulting difference is treated as goodwill. Minority interests have been excluded. Minority interest represents that part of the net profit or loss and net assets of subsidiaries that is not, directly or indirectly, owned or controlled.

The revenue and expense transactions during the year reflected in statement of profit and loss have been translated into Indian Rupees at the average exchange rate for the year under consideration. Assets and liabilities in the balance sheet have been translated into Indian Rupees at the closing exchange rate at the year end. The resultant translation exchange gain/loss is disclosed as foreign currency translation reserve.

b. **Use of estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period reported. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements, actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

c. **Fixed assets and capital work-in progress**

Fixed assets, both tangible and intangible, are stated at cost of acquisition/construction or at revalued amount less accumulated depreciation and impairment, if any. Cost includes purchase price, taxes, duties, freight and other directly attributable expenses of bringing the assets to its working condition for the intended use. Borrowing costs and exchange gain/loss on long term foreign currency loans attributable to acquisition, construction of qualifying asset (i.e. assets requiring substantial period of time to get ready for intended use) are capitalized. Other pre-operative expenses for major projects are also capitalized, where appropriate.

Summary of significant accounting policies (Continued)

Capital work-in-progress comprises advances paid to acquire fixed assets and cost of fixed assets that are not yet ready for their intended use at the year end.

d. **Depreciation and amortization**

Depreciation on tangible fixed assets other than on leasehold land is provided pro rata to the period of use on straight-line method, at rates and in the manner prescribed under Schedule XIV to the Act which, in management's opinion, reflects the estimated useful lives of those fixed assets.

Leasehold land is amortized over the primary period of the lease.

Assets individually costing upto ₹ 5,000 are fully depreciated in the year of purchase.

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 fixed assets is spread over the balance useful life of the revalued assets. The additional charge of depreciation on account of revaluation is withdrawn from revaluation reserve and credited to statement of profit and loss.

The management estimates the useful lives of intangible assets viz. computer software, of 5 years and expects economic benefits from such assets to be consumed evenly over the period of its useful life. Accordingly, intangible assets are amortized over a period of five years on a straight-line basis.

Depreciation foreign exchange differences capitalized pursuant to para 46A of AS 11 'The Effects of changes in Foreign Exchange Rates' vide notification dated December 29, 2011 by Ministry of Corporate Affairs (MCA), Government of India is provided over the balance useful life of depreciable capital assets.

e. **Impairment of assets**

In accordance with AS 28 'Impairment of Assets', the carrying amounts of the Company's assets are reviewed at each Balance Sheet date to determine whether there is any impairment. Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Impairment loss is recognized in the statement of profit and loss or against revaluation surplus, where applicable.

f. **Investments**

Long term investments are carried at cost. Provision for diminution, is made to recognize a decline, other than temporary in the value of long term investments and is determined separately for each individual investment. The fair value of a long term investment is ascertained with reference to its market value, the investee's assets and results and the expected cash flows from the investment.

Current investments are carried at lower of cost and fair value, computed separately in respect of each category of investment

g. **Inventories**

Raw material, packing material, stores, spares and consumables are valued at lower of cost and net realizable value. Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost is ascertained on weighted average method and in case of work-in-process includes appropriate production overheads and in case of finished products includes appropriate production overheads and excise duty, wherever applicable.

Provision is made for the cost of obsolescence and other anticipated losses, whenever considered necessary.

h. **Revenue recognition**

Revenue from sale of goods is recognized on transfer of all significant risks and rewards of ownership to the buyer, which coincides with dispatch of goods from factory to the customers in case of domestic sales and is stated net of trade discount and exclusive of sales tax but inclusive of excise duty. Export sales are recognized based on date of bill of lading.

Interest income is recognised on time proportion basis

Income from services is accounted for when the services are rendered.

Excise duty collected on sales is separately reduced from turnover.

Notes to Consolidated Financial Statements

For the year ended March 31, 2013

(Currency: Indian Rupees in Millions)

Summary of significant accounting policies (Continued)

i. **Foreign currency transactions**

- Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

-Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

-Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise except for long term foreign currency liabilities and assets and foreign currency loans taken for hedging purposes.

Pursuant to the notification issued by the Ministry of Corporate Affairs dated March 31, 2009, the Company has exercised the option available under the newly inserted paragraph 46 to the Accounting Standard AS-11 “The Effect of Changes in Foreign Exchange Rates” to adjust the exchange differences arising on long term foreign currency liabilities and assets to the cost of depreciable capital assets in so far it relates to the acquisition of such assets and in other cases, by transfer to “foreign currency monetary item translation difference reserve”, to be amortized over the balance period of such long term foreign currency liabilities or March 31, 2020 whichever is earlier.

j. **Employee benefits**

- Gratuity

The Company provides for gratuity, a defined benefit plan covering eligible employees. Liabilities with regard to the gratuity benefits payable (except for Panoli plant staff) in future are determined by actuarial valuation by an independent actuary at each Balance Sheet date using the Projected Unit Credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the Balance Sheet date. When the calculation results in a benefit to the Company, the recognized asset is limited to the net total of any unrecognized actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. Actuarial gains and losses are recognized immediately in the statement of profit and loss . Gratuity for Panoli staff is funded through group gratuity insurance scheme of the Life Insurance Corporation of India ('LIC').

- Superannuation

The Company makes contribution to the Superannuation Scheme, a defined contribution scheme, administered by Life Insurance Corporation of India, based on a specified percentage of eligible employees' salary.

- Leave encashment / Compensated absences

The Company provides for the encashment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

- Provident fund

The Company makes contribution to statutory provident fund in accordance with Employees provident fund and miscellaneous provisions Act, 1952 which is a defined contribution plan and contribution paid or payable is recognised as an expense in the period in which services are rendered by the employee.

- Short term employee benefits

Expense in respect of other short term benefits is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

k. **Leases**

Leases under which the company assumes substantially all the risk and rewards of ownership are classified as finance leases .Assets acquired under the finance leases are capitalized at fair value of the leased asset or present value of the minimum lease payments at the inception of lease, whichever is lower and included within fixed assets. Such assets are depreciated as per the depreciation policy for such assets stated in Note (d) above.

Summary of significant accounting policies (Continued)

Liabilities under finance leases less interest not yet charged are included under lease obligations in the financial statements. Finance charges are debited to the statement of profit and loss over the term of the contract so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

l. **Provision for Taxation**

Tax expense comprises current income tax and deferred tax charge or credit. Current tax provision is made annually based on the tax liability computed in accordance with provision of the Income tax Act, 1961.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets other than on unabsorbed tax depreciation and unabsorbed tax losses are recognized only to the extent that there is a reasonable certainty of their realization. Deferred tax assets on unabsorbed tax depreciation and unabsorbed tax losses are recognized only to the extent that there is virtual certainty of their realization. Deferred tax assets are reviewed as at each Balance Sheet date to reassess realization.

m. **Research and Development**

Capital expenditure is shown separately under respective heads of fixed assets. Revenue expenses including depreciation are charged to statement of profit and loss under the respective heads of expenses.

n. **Export incentives**

Export incentives principally comprises of Duty Drawback, Duty Entitlement Pass Book credit and Excise Duty rebate. The benefits under these incentive schemes are available based on the guideline formulated for respective schemes by the government authorities. These incentives are recognized as revenue on accrual basis to the extent it is probable that realization is certain.

o. **Provisions and contingencies**

The Company creates a provision when there exists a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

p. **Share Issue Expenses**

Preliminary/public issue expenses are written off equally over a period of five years. Expenses incurred on subsequent preferential issue of shares are adjusted against securities premium.

q. **Earnings per share**

Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders by 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 result would be anti dilutive.

r. **Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with a maturity of three months or less.

s. **Proposed Dividend**

Dividend recommended by the Board of directors is provided for in the accounts, pending approval at the Annual General meeting.

Notes to Consolidated Financial Statements

For the year ended March 31, 2013

(Currency: Indian Rupees in Millions)

	As At March 31, 2013	As At March 31, 2012
Note 3		
SHARE CAPITAL		
Authorised		
25,000,000 Equity Shares of ₹ 10/- each (31 March 2012 : 25,000,000 equity shares of ₹10/- each)	250.00	250.00
5,000,000 Cumulative Redeemable Preference Shares of ₹100/- each (31 March 2012 : 5,000,000 Cumulative Redeemable Preference Shares of ₹100/- each)	500.00	500.00
	750.00	750.00
Issued, subscribed and paid-up capital		
Equity shares		
16,440,100 Equity Shares of ₹10/- each fully paid-up (31 March 2012:16,440,100 equity Shares of ₹ 10/- each fully paid up)	164.40	164.40
	164.40	164.40

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

Equity shares

	March 31, 2013		March 31, 2012	
	No. millions	₹ in millions	No. millions	₹ in. millions
At the beginning of the year	16.44	164.40	16.44	164.40
Outstanding at the end of the year	16.44	164.40	16.44	164.40

b. **Terms/rights attached to equity shares**

The company has only one class of equity shares having a par value of ₹10/- 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.

During the year ended 31 March 2013, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 2.50 /- (31 March 2012: ₹ 6/-).

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.

c. **Details of shareholders holding more than 5% shares in the company**

	March 31, 2013		March 31, 2012	
	No. millions	% holding in the Class	No. millions	% holding in the Class
Equity shares of ₹10/- each fully paid				
Kalyani Investment Company Ltd.	5.16	31.36	5.16	31.36
Shri Badrinath Investment Pvt. Ltd.	2.65	16.15	2.65	16.15
Shri Rameshwara Investment Pvt. Ltd.	1.31	7.96	1.31	7.96
International Finance Corporation	1.36	8.27	1.36	8.27
Sugandha J Hiremath	1.29	7.84	1.32	8.02

For the year ended March 31, 2013
(Currency: Indian Rupees in Millions)

Note 4

	As At March 31, 2013	As At March 31, 2012
RESERVE AND SURPLUS		
Capital Reserve	0.44	0.44
Capital redemption reserve	509.82	509.82
Securities premium account		
Balance as per the last financial statements	1,131.99	1,131.99
Revaluation reserve on Land		
Balance as per the last financial statements	1,086.35	1,094.04
Less: Amount transferred to the statement of Profit and Loss as reduction from depreciation	7.69	7.69
	1078.66	1086.35
State subsidy	5.50	5.50
Contingency reserve	30.00	30.00
General reserve		
Balance as per last financial statements	428.48	328.48
Add: Transfer from surplus in the statement of profit and loss	30.00	100.00
	458.48	428.48
Foreign currency translation reserve	(30.28)	(30.28)
Surplus in the statement of profit and loss		
Balance as per last financial statements	979.33	733.63
Profit for the year	252.45	460.34
Less: Appropriations		
Proposed final dividend on equity shares (amount per share ₹ 2.50 (March 31, 2012 ₹ 6)	-	-
Proposed Final dividend on equity shares (amount per share ₹6 (March 31, 2012: ₹6/-)	41.10	98.64
Tax on proposed equity dividend	6.99	16.00
Transfer to general reserve	30.00	100.00
Total appropriations	78.09	214.64
Net surplus in the statement of profit and loss	1,153.68	979.33
Total reserves and surplus	4,338.30	4,141.63

Notes to Consolidated Financial Statements

For the year ended March 31, 2013

(Currency: Indian Rupees in Millions)

	As At March 31, 2013	As At March 31, 2012
Note 5		
LONG-TERM BORROWINGS		
Secured Loans		
Term loans		
From banks (Refer note b (i) below	1,021.60	1,037.35
From financial institutions (Refer note b (ii) below	1,089.86	1,359.87
Deferred payment liabilities		
Vehicle Loan & other loans (Refer note b (iii) below	4.23	4.62
Finance lease obligations	18.61	-
(Refer note 31(b))		
	2,134.30	2,401.84
Unsecured Loans		
Term loans from banks & others (refer note b (iv) below)	58.25	50.00
Deferred sales tax liability (refer note b (v) below)	3.72	4.98
	61.97	54.98
	2,196.27	2,456.82

a. Nature of Security :

i) Terms loans from banks and financial institutions are secured by hypothecation of plant & machinery, first charge on the immovable properties and second charge on current assets situated at Taloja, Panoli, Bangalore and Pune

ii) Deferred payment liability relates to certain vechicles and other equipment and is secured by way of first change on the said assets.

b. Terms of repayment are as under :

		US $ in Millions	₹ in Millions	Repayment Terms	Interest Rate p.a.
i	a	2.45	133.28	Repayable halfyearly -2 instalments of US $ 1.225 Mio each starting from 05.04.2013	Libor +300 Bps
	b	10.58	575.73	Repayable quarterly - 12 instalments of US $ 0.88 Mio each starting from 15.04.2013	Libor +300 Bps
	c	-	333.33	Repayable quarterly - 10 instalments of ₹33.33 Mio starting from 20.05.2013	BBR Plus 300 Bps
	d	-	300.00	Repayable quarterly - 12 instalments of ₹25.00 Mio starting from 15.07.2014	BBR Plus 205 Bps
	e	-	125.00	Repayable monthly - 60 instalments of ₹0.21 Mio starting from 21.04.2013	13.50%
ii	a	12.00	652.80	Repayable half yearly - 12 instalments of US $ 1 Mio each starting from 15.07.2013	Libor +300 Bps
	b	-	104.17	Repayable quarterly - 5 instalments of ₹ 20.83 Mio starting from 20.04.2013	PLR Minus 125 Bps
	c	-	541.67	Repayable quarterly - 10 instalments of ₹54.17 Mio starting from 20.04.2013	12.80%
	d	-	225.00	Repayable quarterly - 9 instalments of ₹25.00 Mio starting from 20.03.2014	LTMLR Plus 275 Bps
iii	a	-	4.62	Repayable monthly EMI of ₹0.16 Mio	9.61%
	b	-	1.67	Repayable quarterly 9 instalments of ₹0.18 Mio	12.75%
iv	a	-	150.00	Repayable monthly 18 instalments of ₹0.83 Mio starting from 01.05.2013	LTMLR Minus 250 Bps
	b	-	50.00	Repayable monthly - 4 instalments of ₹12.50 Mio starting from 30.04.2013	BBR Plus 300 Bps
v	a	-	3.72	Repayable yearly in 5 equal installment, starting after 10 years from the year of deferral	Nil

(Currency: Indian Rupees in Millions)

	As At March 31, 2013	As At March 31, 2012
Note 6		
LONG TERM PROVISIONS		
Provision for employee benefits		
Provision for gratuity	31.31	27.49
Provision for leave encashment	65.31	42.66
	96.62	70.15
Note 7		
SHORT TERM BORROWINGS		
Secured Borrowings		
Loans repayable on demand		
Working capital loan from banks	2,097.88	1,851.17
	2,097.88	1,851.17
Unsecured Borrowings		
Loans repayable on demand		
Inter Corporate Deposits		
- From related parties (refer note 31)	59.45	43.50
- From others	445.50	160.00
	504.95	203.50
	2,602.83	2,054.67

a. **Nature of Security and terms of repayment for secured/unsecured borrowings :**

i.	Working Capital Loans from banks are secured by hypothecation of present and future stock of raw materials, stock-in-process, finished and semi finished goods, stores, spares and book debts and second charge on properties situated at Taloja, Mahad, Panoli and Bangalore)	Working capital loans are repayable on demand and carry interest ranging from 5% to 14.50 % p.a.
ii.	Inter Corporate Deposits	Repayable on demand and carries interest 12.5% to 18% p.a

Notes to Consolidated Financial Statements

For the year ended March 31, 2013
(Currency: Indian Rupees in Millions)

	As At March 31, 2013	As At March 31, 2012
Note 8		
TRADE PAYABLES		
Trade payables	1,129.42	1,144.72
	1,129.42	1,144.72
Note 9		
Other current liabilities		
Current maturities of long-term borrowings	1,024.52	813.78
Current maturities of finance lease obligations	12.22	-
Interest accrued but not due on borrowings	29.65	24.66
Other payables		
Payables for capital purchases	97.62	152.16
Advances from customers	19.88	86.84
Bank overdraft	-	18.52
Statutory dues		
- Tax deducted at source	8.16	12.94
- Others	4.09	1.08
Employee benefits expenses	40.14	35.67
	1,236.28	1,145.65
Note 10		
SHORT TERM PROVISIONS		
Provision for employee benefits		
Provision for gratuity	5.09	3.05
Provision for leave encashment	7.26	13.53
	12.35	16.58
Other provisions		
Proposed equity dividend	41.10	98.64
Provision for tax on proposed equity dividend	6.99	16.00
	48.09	114.64
	60.44	131.22

Notes to Consolidated Financial Statements

For the year ended March 31, 2013

(Currency: Indian Rupees in Millions)

Note 11

FIXED ASSETS

[At cost less (depreciation / amortisation) and impairment provision]

Description	Gross block					Depreciation/amortisation				Net block
	As at April 01, 2012	Additions	Deductions/ Adjustments	Adjustments of exchange difference on borrowings	As at March 31, 2013	Upto March 31, 2012	For the year	Deductions/ Adjustments	Upto March 31, 2013	As at March 31, 2013
Tangible assets										
Freehold land	787.38	-	-	-	787.38	-	-	-	-	787.38
Leasehold land	715.81	-	-	-	715.81	37.35	8.75	-	46.10	669.71
Buildings	1,544.17	49.29	1.68	-	1,591.78	296.41	50.32	0.19	346.54	1,245.24
Plant and machinery*	5,609.54	490.31	4.07	171.45	6,267.23	2,247.95	413.22	1.87	2,659.30	3,607.93
Electrical installations	248.96	3.94	2.20	-	250.70	96.71	9.50	0.60	105.61	145.09
Office equipment	116.05	1.45	-	-	117.50	80.15	6.25	-	86.40	31.10
Furniture and fixtures	109.25	2.41	-	-	111.66	42.61	6.64	-	49.25	62.41
Vehicles	30.55	-	-	-	30.55	14.53	1.22	-	15.75	14.80
Ships	56.00	-	4.44	-	51.56	9.00	2.53	1.10	10.43	41.13
	9217.71	547.40	12.39	171.45	9,924.17	2,824.71	498.43	3.76	3,319.38	6,604.79
Intangible assets										
Computer software	5.48	-	-	-	5.48	5.48	-	-	5.48	-
	9,223.19	547.40	12.39	171.45	9,929.65	2,830.19	498.43	3.76	3,324.86	6,604.79
Capital work-in-progress (Refer note c below)										485.43
Total										7,090.22

Note:

a) In order to reflect the current reinstatement cost/market value, the Company revalued its Leasehold and Freehold Land located at its factory sites as on 31st December, 2008 on the basis of valuation carried out by approved valuers based on reinstatement / market values. The resultant appreciation aggregating to ₹1,111.42 millions has been added to the assets and credited to revaluation reserve. The additional depreciation aggregating to ₹7.69 millions (2012: ₹7.69 million) on account of revaluation has been charged to statement of Profit and Loss and a similar amount has been withdrawn from the Revaluation Reserve and credited to statement of Profit and Loss.

b) Other adjustments include adjustments on account of borrowing cost and exchange differences.

c) Includes exchange difference of ₹70.72 Millions.

*Additions includes capitalisation of borrowing cost of ₹57.71 Millions

Note 11

FIXED ASSETS (continued)

[At cost less (depreciation / amortisation) and impairment provision]

Description	Gross block					Depreciation/amortisation				Net block
	As at April 01, 2011	Additions	Deductions/ Adjustments	Adjustments of exchange difference on borrowings	As at March 31, 2012	Upto March 31, 2011	For the year	Deductions/ Adjustments	Upto March 31, 2012	As at March 31, 2012
Tangible assets										
Freehold land	786.52	0.86	-	-	787.38	-	-	-	-	787.38
Leasehold land	715.81	-	-	-	715.81	28.59	8.76	-	37.35	678.46
Buildings	1,494.03	50.14	-	-	1,544.17	246.98	49.43	-	296.41	1247.76
Plant and machinery	5174.34	272.06	-	163.14	5,609.54	1,873.53	374.42	-	2,247.95	3,361.59
Electrical installation	241.45	7.51	-	-	248.96	86.97	9.74	-	96.71	152.25
Office equipment	113.57	2.48	-	-	116.05	72.77	7.38	-	80.15	35.90
Furniture and fixtures	107.47	1.78	-	-	109.25	35.98	6.63	-	42.61	66.64
Vehicles	28.13	3.16	0.74	-	30.55	12.55	2.46	0.48	14.53	16.02
Ships	56.00	-	-	-	56.00	7.06	1.94	-	9.00	47.00
	8,717.32	337.99	0.74	163.14	9,217.71	2,364.43	460.76	0.48	2,824.71	6,393.00
Intangible assets										
Computer software	5.48	-	-	-	5.48	5.48	-	-	5.48	-
	8,722.80	337.99	0.74	163.14	9,223.19	2,369.91	460.76	0.48	2,830.19	6,393.00
Capital work-in-progress (Refer note c below)										755.72
Total										7,148.72

Note:

a) In order to reflect the current reinstatement cost/market value, the Company revalued its Leasehold and Freehold Land located at its factory sites as on 31st December, 2008 on the basis of valuation carried out by approved valuers based on reinstatement / market values. The resultant appreciation aggregating to ₹1,111.42 millions has been added to the assets and credited to revaluation reserve. The additional depreciation aggregating to ₹7.69 millions (2012: ₹7.69 million) on account of revaluation has been charged to statement of Profit and Loss and a similar amount has been withdrawn from the Revaluation Reserve and credited to statement of Profit and Loss.

b) Other adjustments include adjustments on account of borrowing cost and exchange differences.

c) Includes exchange difference of ₹70.72 Millions.

Notes to Consolidated Financial Statements

For the year ended March 31, 2013
(Currency: Indian Rupees in Millions)

	As At March 31, 2013	As At March 31, 2012
Note 12		
NON CURRENT INVESTMENTS		
Trade Investments (valued at cost)		
Unquoted Equity Investments		
223,164 (Previous year 223,164) Equity Shares of Bharuch Eco Aqua. Infrastructure Ltd. of ₹10/- each, fully paid up.	2.23	2.23
30,000 (Previous year 30,000) Equity Shares of Panoli Enviro Technology Ltd. of ₹10/- each, fully paid up.	0.30	0.30
14,494 (Previous year 14,494) Equity Shares of MMA CETP Co-operative Society Limited of ₹100/- each, fully paid up	1.45	1.45
16% (Previous year 16%) Equity Shares of Jiangsu Chemstar Chemical Co Limited fully paid up	26.97	26.97
	30.95	30.95
Non Trade Investments (valued at cost unless stated otherwise)		
Quoted Equity Investments		
2,000 (Previous year 2,000) Equity Shares of Bank of Baroda of ₹10/- each fully paid up.	0.17	0.17
2,900 (Previous year 2,900) Equity Shares of Union Bank of India ₹10/- each fully paid up.	0.05	0.05
	0.22	0.22
	31.17	31.17
Aggregate book value of quoted investments	0.22	0.22
Aggregate market value of quoted investments	1.96	2.26
Aggregate book value of unquoted investments	30.95	30.95
Note 13		
LONG TERM LOANS AND ADVANCES		
Unsecured and considered good unless other wise stated		
Capital advances	83.13	49.61
Security deposits [Refer Note a]	106.71	100.47
	189.84	150.08
Loans and advances to related parties	51.50	-
Other loans and advances		
Advance tax	14.29	16.06
MAT Creadit entittlement	439.41	384.36
Loans to employees	2.73	4.24
	697.77	554.74

a. Security Deposits includes deposit given to Directors of ₹50 millions (2012: ₹50 millions)

(Currency: Indian Rupees in Millions)

	As At March 31, 2013	As At March 31, 2012
Note 14		
INVENTORIES		
(At lower of cost and net realisable value - Also refer note 2 (g))		
Raw materials [includes goods in transit of ₹222.45 millions] (2012: ₹185.62 millions)	1,549.49	1,053.99
Packing materials	10.65	9.01
Work-in-progress	583.55	481.86
Finished goods	307.16	293.37
Stores, spares and consumables	119.48	89.50
	2,570.33	1,927.73

	As At March 31, 2013	As At March 31, 2012
Note 15		
TRADE RECEIVABLES		
(Unsecured)		
Considered good		
Outstanding for a period exceeding six months from the date they are due for payment	86.46	32.58
Others	759.83	987.12
(A)	846.29	1,019.70
Considered doubtful		
Outstanding for a period exceeding six months from the date they are due for payment	17.36	17.36
Others	-	-
	17.36	17.36
Less : Provision for doubtful receivables	17.36	17.36
(B)	-	-
Total (A + B)	846.29	1,019.70

	As At March 31, 2013	As At March 31, 2012
Note 16		
CASH AND BANK BALANCES		
Cash and cash equivalents		
Cash on hand	1.26	1.15
Balances with banks:		
- On current accounts	85.08	22.16
	86.34	23.31
Other bank balances		
Deposits with original maturity for more than 3 months but less than 12 months (refer note a)	68.08	45.47
	68.08	45.47
	154.42	68.78

a. **Margin money deposits given as security**

Margin money deposits with a carrying amount of ₹68.08 millions (31 March 2012: ₹42.61 millions) are subject to first charge to secure the company's cash credit loans.

Notes to Consolidated Financial Statements

For the year ended March 31, 2013
(Currency: Indian Rupees in Millions)

	As At March 31, 2013	As At March 31, 2012
Note 17		
SHORT TERM LOANS AND ADVANCES		
Unsecured and considered good unless other wise stated		
Advances recoverable in cash or in kind or for value to be received		
Considered good	78.89	176.83
Considered doubtful	17.91	17.91
	96.80	194.74
Less: Provision for doubtful advances	17.91	17.91
	78.89	176.83
Other loans and advances		
Balances with customs, excise, etc	195.65	183.09
Prepaid expenses	24.16	29.94
VAT receivable	214.40	171.73
Loans to employees	1.23	0.61
	514.33	562.20

	As At March 31, 2013	As At March 31, 2012
Note 18		
OTHER CURRENT ASSETS		
Unsecured and considered good unless other wise stated		
Others		
Interest accrued on fixed deposits	6.07	3.58
Unamortised miscellaneous expenses	0.21	0.64
	6.28	4.22

(Currency: Indian Rupees in Millions)

	Year Ended March 31, 2013	Year Ended March 31, 2012
Note 19		
REVENUE FROM OPERATIONS		
Sale of products		
Finished goods	6,626.05	7,104.02
Less: Excise duty	46.67	147.24
Sale of Product (Net)	6579.38	6956.78
Sale of Services	15.40	111.23
Other operating revenue		
Scrap sales	9.39	10.10
Revenue from operations	6,604.17	7,078.11
Note 20		
OTHER INCOME		
Interest income on		
Bank deposits	5.28	4.66
Others	6.03	4.82
Dividend on long term investments	0.06	0.06
Insurance claim	30.50	-
Other non-operating income	0.25	0.61
Provision for doubtful debts written back	-	2.50
Foreign exchange gain	-	1.36
Provision for inventory written back	20.96	-
	63.08	14.01
Note 21		
COST OF MATERIALS CONSUMED		
Raw materials at the beginning of the year	1,037.04	687.66
Add : Purchases	3,238.43	3,321.31
	4,275.47	4,008.97
Less : Closing stock	1,549.49	1,053.99
Provision for diminution in value of inventory	-	12.50
	2,725.98	2,967.48
Note22		
CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
(Increase)/ decrease in stocks		
Inventories at the end of the year		
Work-in-progress	583.55	481.86
Finished goods	307.16	293.37
Total A	890.71	775.23
Inventories at the beginning of the year		
Work-in-progress	481.86	447.31
Finished goods	293.37	489.42
Total B	775.23	936.73
(Increase)/ decrease in stocks (B-A)	(115.48)	161.50
Note 23		
EMPLOYEE BENEFITS		
Salaries, wages and bonus	601.49	548.86
Contribution to provident and other funds	30.64	27.21
Gratuity expenses	10.81	1.21
Staff welfare expenses	58.82	59.29
	701.76	636.57

Notes to Consolidated Financial Statements

For the year ended March 31, 2013
(Currency: Indian Rupees in Millions)

	Year Ended March 31, 2013	Year Ended March 31, 2012
Note 24		
OTHER EXPENSES		
Consumption of stores and spares	97.98	104.20
Processing charges	4.85	33.55
Power & fuel	887.96	736.96
Advertisement	0.90	3.46
Rent	13.73	15.49
Rates and taxes	6.65	6.83
Insurance	14.49	9.96
Repairs and maintenance		
- Plant & Machinery	49.46	47.47
- Buildings	15.69	17.01
- Others	24.87	20.16
Printing and stationery	12.84	9.44
Legal and professional charges		
- Legal charges	6.35	5.25
- Professional charges	46.77	80.45
Travelling and conveyance	38.75	37.66
Vehicle expenses	11.05	10.23
Postage, telephone and telegrams	12.43	9.68
Auditors remuneration	4.68	4.59
Director's sitting fee	0.59	0.51
Sales and distribution expenses	93.83	128.11
Commission on sales	3.96	20.61
Security service charges	15.98	14.42
Amortisation of miscellaneous expenditure	0.43	0.43
Provision for doubtful advances	11.85	35.50
Excise duty on closing stock	2.54	0.78
Loss on sale of assets (net)	3.22	0.15
Foreign exchange loss	3.93	63.16
Bad debts written off	-	8.96
Miscellaneous expenses	64.51	55.13
	1,450.29	1,480.15
Note 25		
Finance costs		
Interest on fixed period loans	237.79	264.61
Other interest	240.33	185.60
Bank charges	44.98	50.83
Exchange difference to the extent considered as an adjustment to borrowing costs	75.84	162.74
	598.94	663.78
Note 26		
Exceptional itmes		
Exchange loss	484.33	255.59
Reversal of cash flow hedge reserve	-	(37.10)
	484.33	218.49

(Currency: Indian Rupees in Millions)

NOTES 27

	As At March 31, 2013	As At March 31, 2012
Contingent liabilities		
Bills discounted with banks	949.14	774.41
Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	92.54	152.76

Note 28

The company had entered into options & forward contracts to hedge its exposures to fluctuations in the past in foreign exchange. As the major percentage of the Company's turnover is realised from exports hence the Company was of the opinion that the results of these transactions represent unrealized losses that are notional in nature. The gain/loss on these transactions was recoginsed as and when they fell due. The mark to market loss on March 31, 2013 on these option and forward contracts not recognized in statement of profit and loss amounts to ₹Nil (Previous year as on March 31, 2012 ₹357.18 millions).

The Company has also entered into swap contracts against long term loans which will mature year on year upto August 2016. The Company is of the opinion that the “Mark to Market” loss of these transactions represent unrealized losses that are notional in nature. The gain/loss on these transactions will be recongised as and when they fall due. The mark to market loss on March 31, 2013 on these swap contracts not recognized in statement of profit and loss amounts to ₹116.17 millions (Previous year as on March31, 2012 ₹95.46 millions)

Note 29

Capitalization of expenditure

During the year, the company has capitalized the following expenses of revenue nature to the cost of fixed asset/capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the company.

	Year Ended March 31, 2013	Year Ended March 31, 2012
Salaries, wages and bonus	12.74	6.49
Staff welfare expenses	0.20	1.66
Raw Material Consumption	-	3.96
Power & Fuel	5.15	13.36
Insurance	0.05	0.05
Rates & Taxes	3.30	0.47
Traveling & Conveyance	-	0.68
Finance Cost	61.18	26.14
Total	82.62	52.81

Note 30

Segment reporting

The Company's financial reporting is organized into two major operating divisions' viz. crop protection and pharmaceuticals. These divisions are the basis on which the Company is reporting its primary segment information. Joint revenues and expenses, if any, are allocated to the business segments on a reasonable basis. All other segment revenues and expenses are directly attributable to the segments.

Segment assets include all operating assets used by a segment comprising debtors, inventories, fixed assets and loans and advances. While most assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly is allocated to the segments on a reasonable basis. Segment liabilities include all operating liabilities of the segment comprising creditors and other liabilities.

The Company's operating divisions are managed from India. The principal geographical areas in which the Company operates are India, Europe, USA & Canada and South East Asia.

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

Notes to Consolidated Financial Statements

For the year ended March 31, 2013

(Currency: Indian Rupees in Millions)

Primary segment information

Particulars	Crop Protection	Pharmaceuticals Indian operation	Pharmaceuticals Overseas operation	Total
Revenue (external revenue)	2,888.02	3,716.15	-	6,604.17
	2,465.44	*4,612.67*	-	*7,078.11*
Segment result	464.34	1,026.76	(2.50)	1,488.60
	273.43	*1,213.26*	*(1.50)*	*1,485.19*
Interest expenses				522.95
				501.04
Other unallocable expenditure (net of unallocable income)				150.63
				254.58
Profit before tax, exceptional expenditure				815.02
				729.57
Exchange Loss				484.33
				255.59
Reversal of cash flow hedge reserve				-
				(37.10)
Net Profit before tax				330.69
				511.08
Segment assets	3,278.96	7,454.91	0.40	10,734.27
	3,166.47	*7,228.87*	*0.42*	*10,395.76*
Unallocated corporate assets				1,176.54
				921.50
Total assets				11,910.81
				11,317.26
Segment liabilities	529.69	794.28	0.40	1,324.37
	393.05	*1,210.98*	*0.42*	*1,604.45*
Unallocated corporate liabilities				6,083.74
				5,406.78
Total liabilities				7,408.11
				7,011.23
Capital expenditure for the year	91.80	364.70	-	456.50
	62.45	*625.04*	-	*687.49*
Unallocated capital expenditure				0.22
				60.12
Depreciation for the year	128.39	354.63	-	483.04
	125.22	*318.55*	-	*443.77*
Unallocated depreciation				7.70
				9.30

(Currency: Indian Rupees in Millions)

Secondary segment information

	Sales revenue	Assets employed	Capital expenditure
India	1,035.74	11,910.41	456.72
	1,485.90	*11.317.84*	*747.61*
USA and Canada	834.29	-	-
	795.27	-	-
Europe	2062.97	0.40	-
	1,942.55	*0.42*	-
South East Asia	2539.26	-	-
	2810.39	-	-
Others	131.91	-	-
	44.00	-	-
Total	6604.17	11,910.81	456.72
	7,078.11	*11,317.26*	*747.61*

Note 31

Related Parties Disclosures

List of related parties

Parties where control exists

Subsidiary Companies

Hikal International B.V. (“HIBV”)

Acoris Research Limited (“ARL”)

Key Management Personnel

Jai Hiremath	Chairman and Managing Director
Sameer Hiremath	President & Joint Managing Director

Relatives of Key Management Personnel

Sugandha Jai Hiremath

Enterprises over which key management personnel and their relatives exercise significant influence

Decent Electronics Private Limited (”DEPL”)

Marigold Investments Private Limited

Iris Investments Private Limited

Karad Engineering Consultancy Private Limited (”KECPL”)

Ekdant Investments Private Limited

Shri Rameshwara Investment Private Limited (“RIPL”)

Shri Badrinath Investment Private Limited (“BIPL”)

Rushabh Capital Services Private Limited (“RCSPL”)

Notes to Consolidated Financial Statements

For the year ended March 31, 2013

(Currency: Indian Rupees in Millions)

Transactions with related parties

Nature of transaction	Key management personnel	Relative of Key management personnel	Enterprises over which key management personnel or their relatives have significant influence
Remuneration			
- Jai Hiremath	17.96		
	13.61		
- Sameer Hiremath	10.36		
	8.67		
Commission Paid			
- Jai Hiremath	-		
	6.21		
- Sameer Hiremath	3.62		
	6.21		
Sitting fees			
- Sugandha Hiremath		0.14	
		0.14	
Interest Paid			
- BIPL			4.18
			2.46
- KECPL			0.41
			0.32
- DEPL			0.45
			0.32
- EIPL			0.40
			0.84
- RIPL			1.33
			0.72
Management and administration fees			
- TMF Netherlands BV	2.15		
	0.88		
Dividend paid			
- RIPL			3.27
			7.85
- Sugandha Hiremath		3.22	
		7.85	
- Jai Hiremath	0.44		
	1.07		
- Sameer Hiremath	0.13		
	0.31		
Lease rent paid			
- Sugandha Hiremath		2.40	
		2.40	
- RIPL			0.84
			0.84
- RCSPL			1.08
			1.08
Inter corporate deposits Received			
- BIPL			12.50
			23.00
- KECPL			1.60
			2.50
- DEPL			2.95
			2.50
- EIPL			0.95
			9.00

(Currency: Indian Rupees in Millions)

Transactions with related parties

Nature of transaction	Key management personnel	Relative of Key management personnel	Enterprises over which key management personnel or their relatives have significant influence
Inter corporate deposits Repaid			
- BIPL			-
			1.00
- RIPL			2.50
			-
- EIPL			7.00
			-
Outstanding balance debit/(credit)			
- Jai Hiremath	-		
	(6.21)		
- Sameer Hiremath	3.62		
	(6.21)		
- BIPL			(34.50)
			(22.00)
- KECPL			(4.10)
			(2.50)
- DEPL			(5.45)
			(2.50)
- EIPL			(2.90)
			(9.00)
- RIPL			(12.50)
			(7.50)

Notes 32

	Year Ended March 31, 2013	Year Ended March 31, 2012
a) **Operating Leases**		
Lease rental charges for the year	8.44	8.26
Future lease rental obligation payable:		
- not later than one year	2.82	6.12
- later than one year but not later than five years	1.74	1.28
- later than five years	-	-

b) **Finance Leases**

Certain items of plant and machinery (included in capital work in progress pending installation as on balance sheet date) have been obtained on finance lease basis. The legal title of these items vests with their lessors. The lease term of such plant and machinery ranges between 2 – 3 years with equated monthly payments beginning from the month subsequent to the commencement of the lease. The total future lease payment at the balance sheet date, element of interest included in such payments and present value of these lease payments are as follows:

	Minimum Lease payment		Present Value	
Maturity profile of finance lease is as under :	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Payable within 1 year	15.25	-	12.22	-
Payable between 1-5 years	20.24	-	18.61	-
Payable later than 5 years	-	-	-	-

Finance lease obligation are secured against the respective assets taken on lease

	Non Current portion		Current portion	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
a) Total minimum lease payments	20.24	-	15.25	-
b) Future interest included in (a) above	1.63	-	3.04	-
c) Present value of future minimum lease payments {a-b}	18.61	-	12.22	-

The rate of interest implicit in the above is in the range of 10% to 14%

Notes to Consolidated Financial Statements

For the year ended March 31, 2013

(Currency: Indian Rupees in Millions)

Note 33

Earnings per share

	Year Ended March 31, 2013	Year Ended March 31, 2012
	Rupees in millions, except per share data	
Basic diluted earnings per share		
Profit after taxation	252.45	460.34
Numerator used for calculating basic and diluted earnings per share	252.45	460.34
Calculation of weighted average number of equity shares		
Weighted average number of equity shares outstanding during the year used as denominator for calculating basic earnings per share (based on date of issue of shares)	16,440,100	16,440,100
Basic and diluted earnings per share (₹)	15.36	28.01
Nominal value per shares (₹)	10.00	10.00

Note 34

Deferred tax

	As At March 31, 2013	As At March 31, 2012
Deferred tax assets:		
Amounts that are deducted for tax purpose when paid	52.90	63.06
Others	5.90	5.63
Unabsorbed depreciation	297.00	347.08
Total deferred tax assets	355.80	415.77
Deferred tax liabilities:		
Additional depreciation on fixed assets for tax purposes due to higher tax depreciation rates	442.05	423.77
Total deferred tax liabilities	442.05	423.77
Net deferred tax assets/(liabilities)	(86.25)	(8.00)

Note 35

Disclosure in relation to Derivative Instruments

Category	No. of contracts	Amount in foreign currency (Millions)	Equivalent amount in Rupees (Millions)	Purpose
Forward covers	- 31	USD - USD 41.85	- 2,141.46	Hedging of exposure to fluctuations in foreign exchange of future exports/import
Currency / Interest swap	3 4	USD 14.43 USD 20.03	784.99 1,024.88	Hedging of term loan/ interest

The previous year's figures have been classified to confirm to this year's classification

As per our report of even date attached
For B S R & Company
Chartered Accountants
Firm's Registration No: 128032W
Natrajh Ramakrishna
Partner
Membership No: 032815
Place: Mumbai
Date: May 16, 2013

For and on behalf of the Board of Directors of Hikal Limited
Jai Hiremath
Chairman & Managing Director
Kannan K. Unni
Director
Sham Wahalekar
Company Secretary
Place: Mumbai
Date: May 16, 2013

Consolidated Cash Flow Statement

For the year ended March 31, 2013
(Currency: Indian Rupees in Millions)

	Particulars	Year ended March 31, 2013		Year Ended March 31, 2012	
A	CASH FLOW FROM OPERATING ACTIVITIES:				
	Net profit before taxation		330.69		511.08
	Adjusted for -				
	Depreciation/amortisation	490.74		453.07	
	Reversal of cashflow hedge reserve	-		(37.10)	
	Interest income	(11.56)		(8.71)	
	Dividend income	(0.06)		(0.06)	
	Interest expense	523.10		501.03	
	Amortisation of miscellaneous expenditure	0.43		0.43	
	Provision for diminution in value of inventory	-		12.50	
	Sundry balances written off	71.95		32.50	
	Provision for doubtful debts written back	-		(2.50)	
	Provision for inventry written back	(20.96)		-	
	Provision for doubtful advances	-		3.00	
	(Profit)/loss on sale of fixed assets(net)	3.22		0.15	
	Foreign currency translation reserve-for the year	(2.95)		(0.18)	
			1,053.91		954.13
	Operating profit before working capital changes		1,384.60		1,465.21
	Adjustment for increase/decrease in:				
	Decrease/(increase) in trade and other receivables	58.98		(207.66)	
	Decrease/(increase) in inventories	(642.60)		(212.36)	
	(Decrease)/increase in trade payables, Provisions and other liabilities	(136.61)		406.79	
			(720.23)		(13.23)
	Cash generated from operating activities		664.37		1,451.98
	Income tax paid		(53.88)		(86.77)
	NET CASH FLOW FROM OPERATING ACTIVITIES		610.49		1,365.21
B.	CASH FLOW FROM INVESTING ACTIVITIES:				
	Purchase of fixed assets (includes increase in capital work in progress)	(269.18)		(535.27)	
	Proceeds from sale of fixed assets	0.12		0.13	
	Dividend received	0.06		0.06	
	Increase in investments in fixed deposits (margin money account)	(22.61)		(9.87)	
	Interest received	11.41		8.71	
	NET CASH USED IN INVESTING ACTIVITIES		(280.20)		(536.24)

Consolidated Cash Flow Statement

For the year ended March 31, 2013
(Currency: Indian Rupees in Millions)

		Year Ended March 31, 2013		Year Ended March 31, 2012
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from borrowings	1,281.97		677.40	
Repayment of borrowings	(866.43)		(929.17)	
Principal payment under finance lease	(0.15)		-	
Dividend paid (including dividend tax)	(114.64)		(114.64)	
Interest paid	(570.87)		(504.50)	
NET CASH USED IN FINANCING ACTIVITIES		(270.12)		(870.93)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(60.17)		(41.94)
Cash and cash equivalents as at March 31, 2012 (Opening Balance)		26.17		68.11
Cash and cash equivalents as at March 31, 2013 (Closing Balance)		86.34		26.17

Notes to the Cash Flow Statement

1 The above Cash Flow Statement has been prepared under the 'Indirect Method' set out in Accounting Standard 3, 'Cash Flow Statements', issued by the Central Government in consultation with the National Advisory Committee on Accounting Standards.

2 Cash and cash equivalents represent :

	2013	2012
Cash	1.26	1.15
With Banks		
- Current accounts	85.08	22.16
- Fixed Deposits	-	2.68
Total cash and cash equivalents	86.34	26.17

As per our report of even date attached
For B S R & Company
Chartered Accountants
Firm's Registration No: 128032W
Natrajh Ramakrishna
Partner
Membership No: 032815
Place: Mumbai
Date: May 16, 2013

For and on behalf of the Board of Directors of Hikal Limited
Jai Hiremath
Chairman & Managing Director
Kannan K. Unni
Director
Sham Wahalekar
Company Secretary
Place: Mumbai
Date: May 16, 2013

NOTES

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NOTES

Corporate Information


Bangalore
Panoli
Pharmaceuticals
Japan
U.S.
Hikal Limited
Headquarters : Mumbai
Pune
(Acoris Research)
Crop Protection
Research & Development
Mahad
Bangalore
Taloja

Board of Directors

Jai Hiremath - Chairman & Managing Director
Sameer Hiremath - President & Joint Managing Director
Baba Kalyani
Prakash Mehta
Shivkumar Kheny
Kannan Unni
Dr. Peter Pollak
Amit Kalyani
Wolfgang Welter
Sugandha Hiremath

Audit Committee

Kannan Unni
Prakash Mehta
Sugandha Hiremath
Shivkumar Kheny

Company Secretary

Sham Wahalekar

Auditors

B S R & Company
Chartered Accountants

Bankers & Financial Institutions

Axis Bank Ltd.
Bank of Baroda
Central Bank of India
Citibank N.A.
DBS Bank Ltd
Export Import Bank of India
HDFC Bank Ltd
International Finance Corporation
ICICI Bank Limited
IDBI Bank Ltd
Kotak Mahindra Bank Ltd.
State Bank of India
State Bank of Hyderabad
Standard Chartered Bank
Union Bank of India
Yes 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 Bannerghatta, Bangalore Karnataka
R&D Unit at Hinjewadi, Pune, Maharashtra

Registrars & Transfer Agents

Universal Capital Securities Pvt. Ltd.
(Formarly known as Mondkar Computers Pvt. Ltd.)
21, Shakil Niwas
Mahakali Caves Road
Andheri (E), Mumbai 400 093.
Tel / Fax : 91-22-2822 1966/ 2825 7641

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HIKAL 25 just the right chemistry

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JUST THE RIGHT CHEMISTRY

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