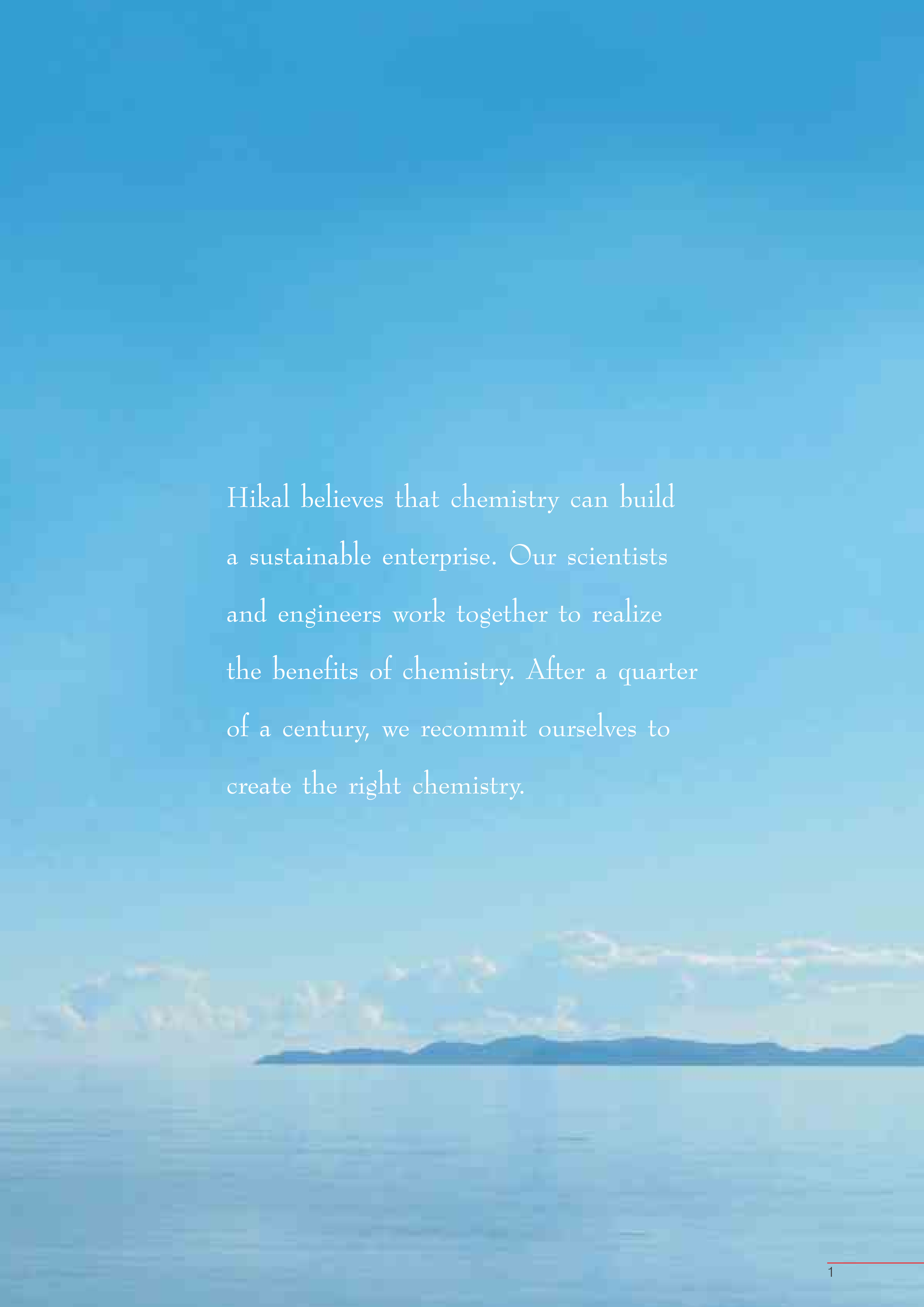
HIKAL

Annual Report 2015

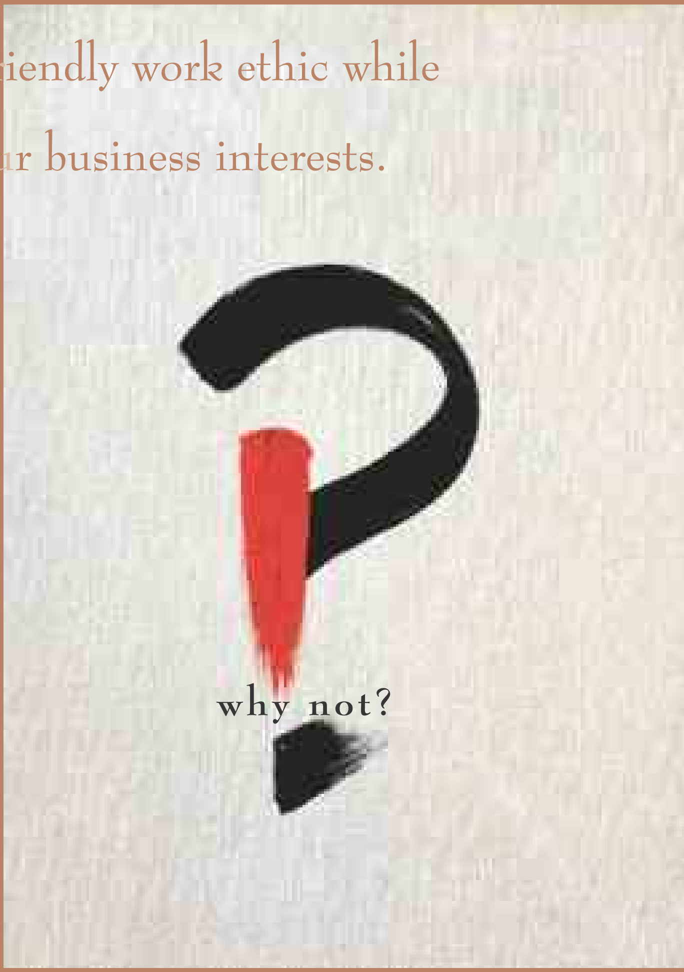
chemistry at work

chemistry at work



Hikal believes that chemistry can build a sustainable enterprise. Our scientists and engineers work together to realize the benefits of chemistry. After a quarter of a century, we recommit ourselves to create the right chemistry.

We use advanced chemistry to enhance our sustainability. Chemistry helps us embrace an environment-friendly work ethic while safeguarding our business interests.



the right chemistry

Hikal realizes the potential of chemistry to improve the quality of life. Our 'Why Not' attitude encourages our employees to deliver innovative solutions. We believe that chemistry can be truly transformational when we do it right.

Our scientists and engineers explore the composition, structure, properties and reaction of molecules to provide customized solutions meeting the expectations of innovator, specialty and generic companies. Hikal delivers intermediates for candidate drugs and active pharmaceutical intermediates for formulations. We also supply building blocks for discovery research in a contractual model.

We use advanced chemistry to enhance our sustainability. Chemistry helps us embrace an environment-friendly work ethic while safeguarding our business interests. We use our expertise to explore new molecules and create our own products.

our r&d chemistry

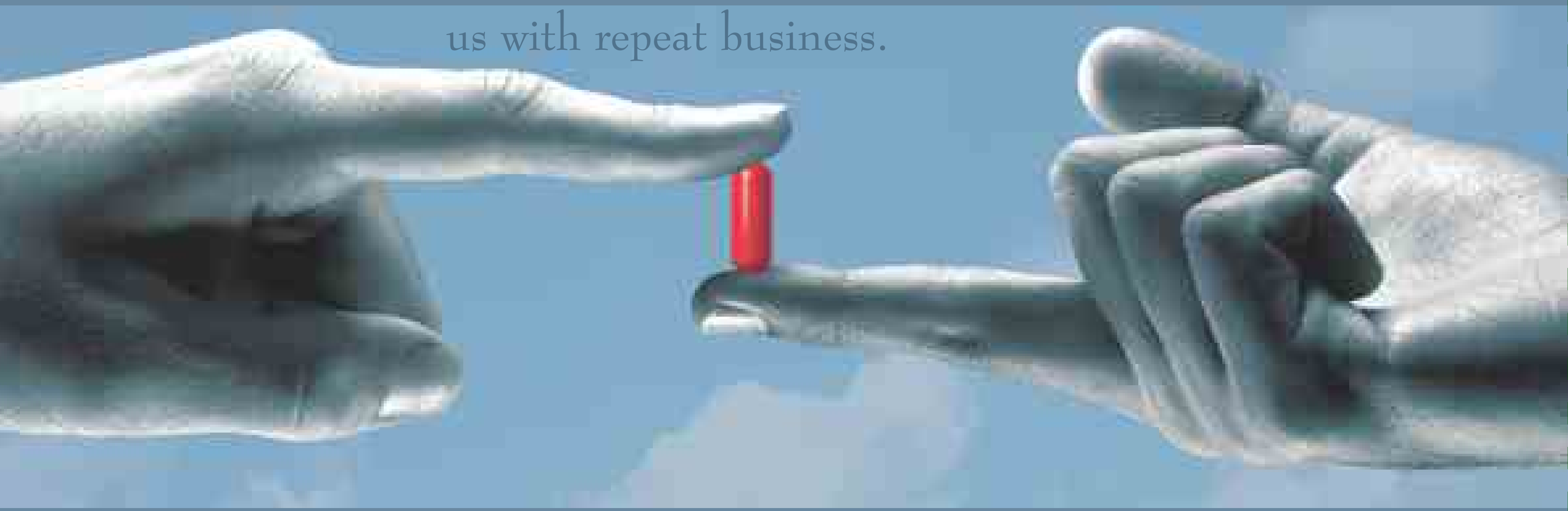
In our first quarter-century, we developed our chemistry expertise supported by world-class infrastructure. Our leadership team built a robust foundation to help us emerge as a reliable partner of pharmaceutical, biotechnology, crop protection and specialty chemical companies.

We aspire to develop new molecules and manufacture indigenous products. We will consolidate the mainstay of our business while opening new revenue streams. We are investing in the development of steroids and animal health products.

Hikal established four new chemical synthesis laboratories, including a steroid and high potency laboratory to increase output and diversify our offerings. We combined our R&D talent from our sites at our Pune facility. Our ISO 9001 certified R&D facility has 17 laboratories, each managed by an experienced team to ensure continuous delivery for our clients.

We aspire to develop new molecules and manufacture indigenous products. We will consolidate the mainstay of our business while opening new revenue streams.

Our chemists, scientists and technologists collaborate to develop innovative chemistry. Our multi-disciplinary team inspires confidence in our clients who reward us with repeat business.



our people chemistry

Our scientists and technologists collaborate to develop innovative chemistry. Our Scientific Advisory Board mentors our professionals to capitalize on opportunities across the value chain. Our multi-disciplinary team inspires confidence in our clients who reward us with repeat business.

Hikal has stepped up efforts to induct high calibre talent from premier chemical engineering and management institutions. We believe that a blend of experience and youth coupled with advanced infrastructure facilities offer a compelling chemistry advantage.

Our management accords top priority to the health of the professionals at our plants. Hikal has a 'people first' policy of implementing rigorous safety systems, undertaking continuous training of personnel for handling hazardous materials, and conducting periodic safety audits. As a result, we achieved 17.38 million person hours without lost time injury at our manufacturing plants.

our social chemistry

We believe that chemistry should transcend business and benefit society. We are responsible for the well-being of the local community and our ecosystem. Our environment, health and safety (EHS) personnel focus on maintaining the quality of air, land and water in and around our plants.

Hikal undertakes several community programs to improve the quality of life. We support education by upgrading the infrastructure of local schools. We conduct medical camps so that residents can access quality healthcare in rural areas. We provide employment at our plants to residents of the neighborhood.

The education of the girl child is our most fulfilling community program. Our employees volunteer and the management sponsors the primary education of girls. We support this cause by providing school uniforms, bags, education material, and mid-day meals to students.

The education of the girl child is our most fulfilling community program. Our employees volunteer and the management sponsors the primary education of girls.

chairman's message

Dear Shareholders,

In 2014, one year after our 25th anniversary, your company has taken affirmative steps to deliver sustainable financial performance on a consistent basis. We focus on growing our existing businesses while diversifying into new product lines and allied businesses.

It was a volatile year. Increased cost of raw materials due to high oil prices in the first six months and sluggish demand was a cause for concern. However, the price of commodities reversed in the second half leading to lower price of raw materials. The price of products along with lower than expected demand, especially in the crop protection business, affected our growth.

Financial Performance

In revenue terms, the company grew by 5% to ₹ 8,718 million from ₹ 8,292 million in the previous year. We strengthened our market position by increasing the sales volume of our products.

Our pharmaceutical division led the contribution to revenue growth. This division grew by 13% to ₹ 5,375 million from ₹ 4,754 million in the previous year. We consolidated our position in key products through process improvements. Our contract manufacturing products increased in volume backed by increased demand and a superior value proposition to clients.

Our crop protection division registered revenues of ₹ 3,343 million, a decrease of 5% compared to ₹ 3,537 million in the previous year. In 2014, the global crop protection market experienced a slowdown both in volume as well as value. Lower demand affected our revenue and margins. Our efforts to launch new molecules and target new global crop protection clients are paying off. We remain positive about the prospects of the crop protection business.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) of the company decreased to ₹ 1,841 million from ₹ 1,883 million, a 2% decline. Despite a volatile global economic environment, Hikal maintains a healthy EBIDTA of 21%. The operational profit before tax was ₹ 599 million as against ₹ 653 million, a drop of 8%. The operational profit after tax was ₹ 405 million as against ₹ 425 million last year. Our earnings per share (EPS) was ₹ 4.93 on face value of ₹ 2 compared to ₹ 7.80 in the previous year. The decline is due to a one-off 'exceptional income' on the employee stock ownership plan (ESOP) share sale in the previous year.

In a challenging year, Hikal performed well. We completed a stock split of our shares from ₹ 10 each to ₹ 2 each this past year. The Board recommended a dividend of 50% as against 45% in the previous year.

Renewed Strategy

As we mentioned in last year's annual report, our focus is to become a leading provider of contract development and commercial manufacturing services to the global life sciences industry. We modified our strategy to diversify our offerings by adding new products in each division developed by our R&D. We can sell the new products under development to multiple clients, ensuring that we de-risk our business model of providing exclusive products for a client.

In 2014, we consolidated R&D operations at our center in Pune. We are benefiting from better project management as well as significant cost rationalization. I am confident that our late stage R&D pipeline will continue to grow and yield results in the future.

Our focus in the crop protection business is to diversify our product offerings and partner with new clients. Several new technologies have been added on a commercial scale to our existing capabilities. We are focusing on efficient manufacturing and capacity utilization. We streamlined some of our large manufacturing facilities by debottlenecking plants to increase capacity and throughput. We introduced several new products which are under development in R&D that will grow the revenue and increase profitability in the near future.

Our pharmaceutical business focuses on contract manufacturing opportunities and developing generics. We continue to add new products on a commercial scale while improving the cost advantage of our existing portfolio. We explore opportunities in early stage development projects for new molecules and work toward their commercial manufacturing at our facilities. We are more closely aligned with client requirements to achieve growth and profitability.

We are developing a niche animal health business. The flexibility of our facilities and chemistry competencies are suitable for value-added services in this fast growing market. Our R&D and commercial marketing personnel are developing specific products for clients. We are confident that the animal health business will be a pillar of growth.

Recently, the Indian pharmaceutical industry faced pressure due to regulatory issues. Agencies such as the US FDA and the European Union regulatory authorities are closely monitoring companies in India. Our plants are frequently audited by clients and regulatory authorities. Our pharmaceutical plants (Jigani and Panoli) have been ratified by the US FDA and the European Union regulatory authorities. We invest in technology and training to meet the standards of global authorities.

Human Capital

The calibre of our people holds the key to our success. We appointed highly qualified personnel in senior and mid-level positions across our pharmaceutical, crop protection and R&D businesses. We continue to invest in training and education of our employees to manage technology and complex business systems. We believe that our talent will take Hikal to the next level.

Sustainability

Sustainable growth can create value for clients, investors and the environment. We are proactively using chemistry and engineering to drive sustainable solutions from process development to commercial manufacturing. Sustainability is a significant growth driver for our business. We commissioned a co-generation plant at our active pharmaceutical ingredient (API) facility in Bangalore to generate power and steam. It will minimize our carbon footprint while reducing energy costs. Our biomass boilers at our manufacturing plants insulate us from the risks of high energy prices. We are focused on developing innovative products and solutions that contribute toward sustainable development.

Looking Ahead

2014-15 was an important milestone in Hikal's transformation. Our strategy has been refined and our focus on performance and profitability is clear. We are well positioned to deliver on our commitments to our stakeholders. We will grow and strengthen our core businesses while exploring new revenue streams in allied areas.

Let me express my gratitude and appreciation to our employees, clients, partners and shareholders for your commitment, confidence and support.

We look forward to a prosperous 2015-16.

With regards,

Jai Hiremath
Chairman and Managing Director

hikal at a glance

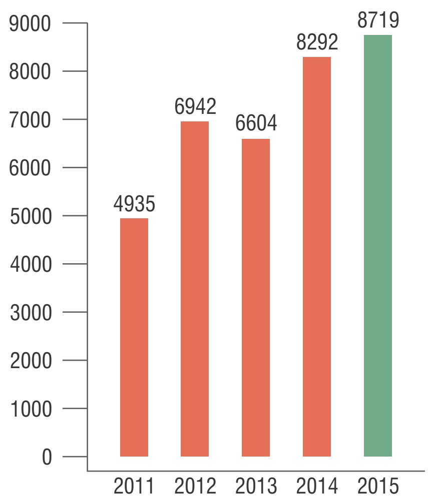
Highlights

- Revenues grew by 5% to ₹ 8,719 million
- Our Pharmaceuticals business grew by 13% to ₹ 5,375 million
- Our Pharmaceuticals manufacturing plant at Jigani was successfully inspected again by the US FDA
- We received GMP certification at our Jigani site from the European Directorate for the Quality of Medicines & HealthCare (EDQM)
- We commissioned our new 'Development and Launch Plant' in Bangalore. The facility is helping us speed up new product development while providing us more space for small scale manufacturing
- We commissioned biomass boilers at a majority of our sites and a power co-generation plant at our Jigani facility which offers green energy as well as cost savings

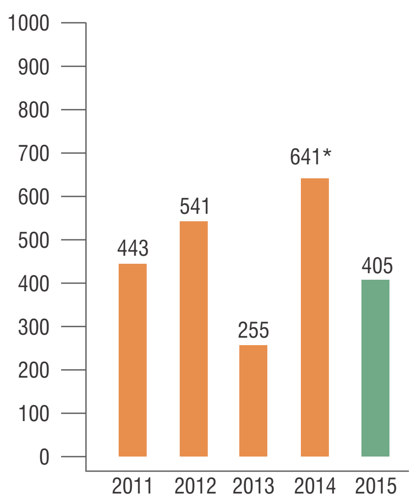
Financial Highlights		₹ in Millions		Growth
		March 31, 2015	March 31, 2014	%
Turnover		**8,719**	8292	5.15
Operating profit (PBIDT)		**1,841**	1883	(2.23)
Interest		**600**	680	-
Gross profit		**1,241**	1203	3.16
Depreciation		**642**	550	-
Profit after tax		**405**	641*	(36.81)
Paid-up equity share capital		**164**	164	-
Earnings per share on face value of ₹ 2 (EPS)	₹	**4.93**	7.80	-
Cash earnings per share on face value of ₹ 2 (EPS)	₹	**12.74**	14.49	-
Dividend per share	₹	**1.00**	0.90	-
Payout (including tax)		**99**	87	-

* FY2013-14 PAT of ₹ 641 million includes exceptional income of ₹ 218 million net of taxes. Adjusted PAT for FY2013-14 stood at ₹ 423 million

TURNOVER (₹ in Millions)



PAT (₹ in Millions)



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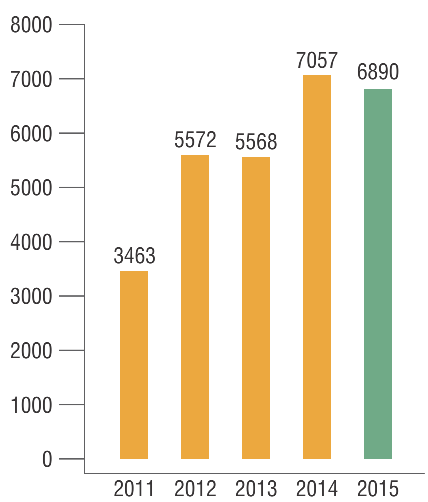
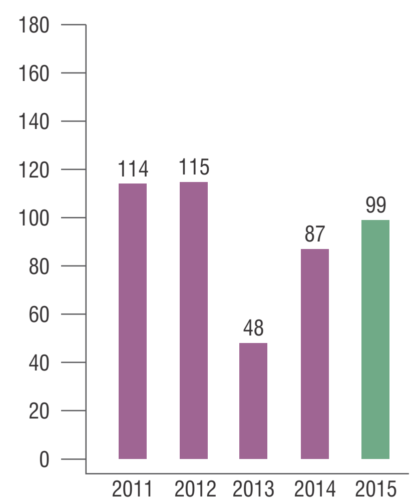
EXPORTS (₹ in Millions)



DIVIDEND (₹ in Millions)



board of directors

Jai Hiremath

Sameer Hiremath

Baba Kalyani

Kannan Unni

Prakash Mehta

Shivkumar Kheny

Sugandha Hiremath

Dr. Wolfgang Welter

Prof. Axel Kleemann

Amit Kalyani

Jai Hiremath
Chairman and Managing Director

Jai Hiremath is the Founder and Chairman of Hikal with over thirty-five years of experience in the fine chemicals and pharmaceuticals industry. He is instrumental in building the foundation of Hikal Ltd making it one of the leading contract manufacturing companies globally. He is a Chartered Accountant from the Institute of Chartered Accountants in England and Wales; and an alumnus of Harvard University, USA. His contribution to the industry has been recognised at several global forums. He was awarded the Chemtech Business Leader of the Year Award (Chemicals) in 2005. 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 Chambers of Commerce and Industry (FICCI). Mr. Hiremath is also a board member of Novartis (India) Ltd and National Safety Council (NSC) of India. He recently retired as a board member of Drug, Chemical and Associated Technologies (DCAT) Association headquartered in New Jersey, USA.

Sameer Hiremath
President and Joint Managing Director

Sameer Hiremath is the President and Joint Managing Director of Hikal Ltd where he oversees the da-to-day operations of the company. His depth of experience spans eighteen years in technical plant operations, business development and strategy. In the past, he has held several key positions at Hikal, including the Executive Director. He has two divisions of Pharmaceuticals and Crop Protection - report to him, and he is also actively involved in driving R&D. He holds a degree in Chemical Engineering from MIT (Maharashtra Institute of Technology), Pune and MBA and M.S. degree in Information Technology from Boston University, USA. He has been conferred the distinguished alumnus award of 'Jewel of MIT' in the business category by MIT in 2011.

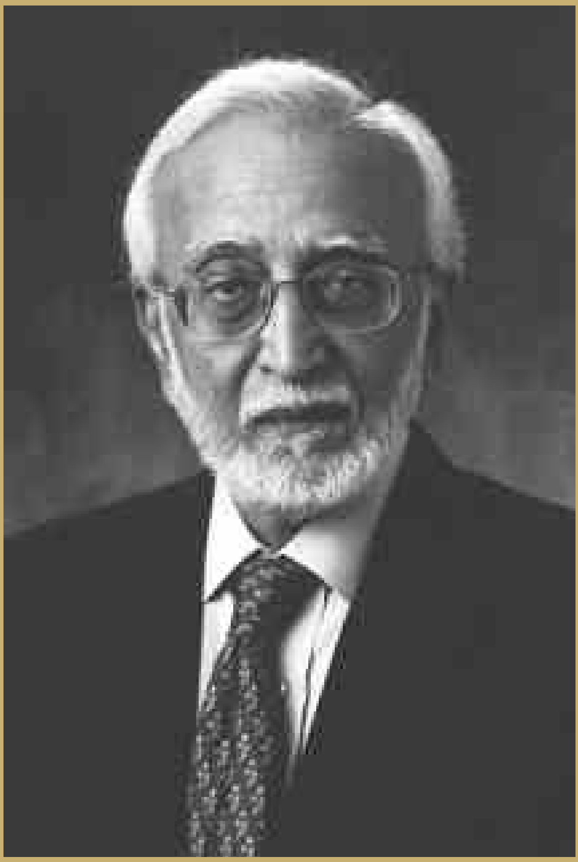
board of directors

Baba Kalyani
Board Member

Baba Kalyani is the Chairman and Managing Director of Bharat Forge Limited, the flagship company of the USD 2.5 billion Kalyani Group. Mr. Kalyani is a Mechanical Engineer from the Birla Institute of Technology & Science, Pilani, Rajasthan. He has done his M.S. from the Massachusetts Institute of Technology, USA. He has been awarded the Padma Bhushan by the Government of India and the Chevalier de l'Ordre National de la Legion d'Honneur (Knight of the National Order) by the French government for his remarkable contribution to enhancing relations between India and France. Mr. Kalyani is also a member of the Indo-German Chamber of Commerce, Chairman of Indo-Japan Chamber of Commerce and a member of the Advisory Committee of Robert Bosch GmbH, Germany.

Kannan Unni
Board Member

K.K. Unni is one of the pioneers in the field of crop protection with fifty years of rich experience in the agrochemical industry. Mr. Unni worked in multiple capacities in Hoechst, AgrEvo, Aventis CropScience and Bayer CropScience Group. He was the Chairman and Managing Director of Bilag Industries, a 100% Bayer CropScience-owned company. Mr. Unni has rich techno-commercial experience in agricultural and animal health businesses, besides mergers, acquisitions, joint ventures and marketing. He graduated in agriculture and holds a Diploma in Marketing from Mumbai University.



Prakash Mehta
Board Member

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

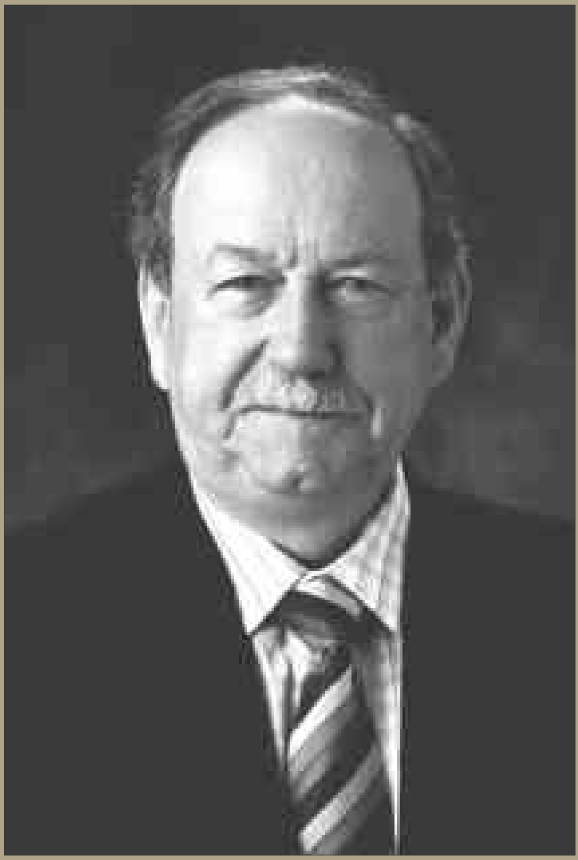
Shivkumar Kheny
Board Member

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

board of directors

Sugandha Hiremath
Board Member

Mrs. Sugandha Hiremath has more than 30 years of experience in the financial industry. She is an active participant of the Audit Committee at Hikal and also serves as an independent director on the board of several companies.



Wolfgang Welter
Board Member

Dr. Wolfgang Welter has over thirty-six years of experience in the crop protection and fine chemicals industries. Prior to his retirement, Dr. Welter was for six years the board member responsible for industrial operations and QHSE at Bayer CropScience AG. He has rich experience in manufacturing operations at Aventis CropScience in France.

Dr. Axel Kleemann
Board Member

Dr. Axel Kleemann has diverse experience in research and development, production, engineering and drug safety. He was the Director of Corporate Organic Research of DEGUSSA AG (now Evonik AG) from 1976 to 1987. He was appointed a member of the management board of ASTA Medica AG with responsibility for research and development, production, engineering and drug safety (1987-2000). Apart from being a board member in various organizations and scientific societies in Germany, Dr. Kleemann is Chairman of the Board of Directors of Protagen AG since 2001 and a member of advisory boards of several biotech and fine chemicals companies. He is the co-author of the standard reference book, Pharmaceutical Substances (5th edition and online version), as well as a member of the editorial board of Ullmann's Encyclopedia of Industrial Chemistry.
Dr. Kleemann has authored several publications, including Pharmaceutical Substances, a comprehensive reference guide to every significant pharmaceutical compound that contains syntheses, patents and applications of all FDA-approved active pharmaceutical ingredients. He holds a Ph.D. in Chemistry from the Johann Wolfgang Goethe University, Frankfurt am Main, where he is honorary Professor of Chemistry.

Amit Kalyani
Board Member

Amit Kalyani is the Executive Director of Bharat Forge Limited, the flagship company of the USD 2.5 billion Kalyani Group. He oversees the company's strategic direction and global business development initiatives. He holds a degree in mechanical engineering from Bucknell University, Pennsylvania, USA.

managing committee

Jai Hiremath

Sameer Hiremath

Sham Wahalekar

Manoj Mehrotra

Kumar Inamdar

Dr. Peter Nightingale

Anish Swadi

Kumaar Priyaranjan

Ravi Khadabadi

Sham V. Wahalekar
Senior Vice President – Finance & Company Secretary

Sham Wahalekar has thirty-seven years of experience and handles finance and compliance at Hikal. In addition to being the Company Secretary, he oversees the day-to-day financial operations of the company. He has extensive working knowledge of corporate law and financial management. He holds a degree from the Institute of Company Secretaries of India as well as a degree in Law and M.Com (Hons.).

Manoj Mehrotra
President – Pharmaceuticals

Manoj Mehrotra has over twenty-five years of experience in the fine chemicals and pharmaceuticals industry. Manoj has completed his B.Tech (Hons) in Chemical Engineering from IIT Kharagpur and an MBA from XLRI, Jamshedpur. In his last assignment at Dr. Reddy's, Manoj was the global head of the 'Custom Pharmaceutical Services' (CPS) business. Earlier, he has worked in companies such as Thermax and SRF Limited. He is responsible for the operations, sales and strategy of the Pharmaceuticals division.

Kumar Inamdar
President – Crop Protection

Kumar Inamdar is a B.E. in Chemical Engineering and an MBA from Gujarat University. He is an experienced professional with over 24 years of experience in sales, marketing, procurement, general administration in chemicals, agrochemicals and the medical device industries. Kumar has worked at several companies including Tata Limited, Lupin and Bilag Industries. At Bilag, he started as a purchase manager responsible for procurement and advanced to the role of General Manager for commercial activities with the responsibility of sales and marketing. Kumar was the Managing Director of Bilag from 2007 to 2012. He is responsible for the operations, sales and strategy of the Crop Protection division.

managing committee

Dr. Peter Nightingale
President – R&D

Dr. Peter Nightingale is a process development chemist with over thirty years of global experience in development, scale up and technology transfer in pharmaceuticals, agrochemicals and fine chemicals. 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 is a Ph.D. in Chemistry from the University of Manchester, UK.

Anish Swadi
Head – Strategy & Business Development

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

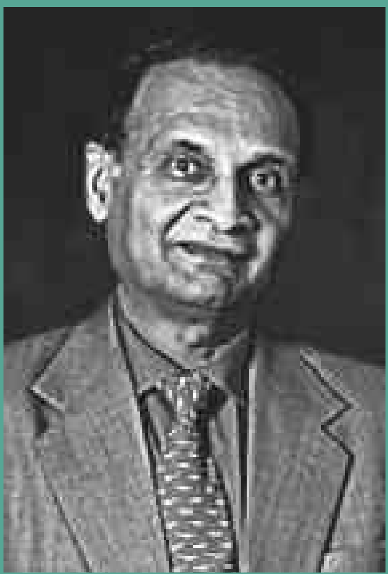
Kumaar Priyaranjan
Head – Human Resources

Kumaar Priyaranjan has over 22 years of experience as an HR professional. He has worked at Indian Hotels Ltd., Transport Corporation of India Ltd, the RPG Group and Dr. Reddy's Ltd. He holds a Bachelor's of Science degree from Patna University. Kumaar received his Post Graduate Diploma in Personnel Management and I.R. from S.P. College of Communication and Management, University of Delhi and completed the Strategic Human Resource Management program from Ross School of Management, University of Michigan, USA. He brings a wealth of experience having worked in senior positions across several industries in India. Kumaar manages human capital at Hikal.

Ravi Khadabadi
Vice President – Procurement

Ravi Khadabadi has more than thirty years of experience in materials and chemicals procurement. He holds a double masters degree in chemistry and polymers from University of Lowell Massachusetts, USA.

scientific advisory board



Dr. Goverdhan Mehta

Dr. K. Nagarajan

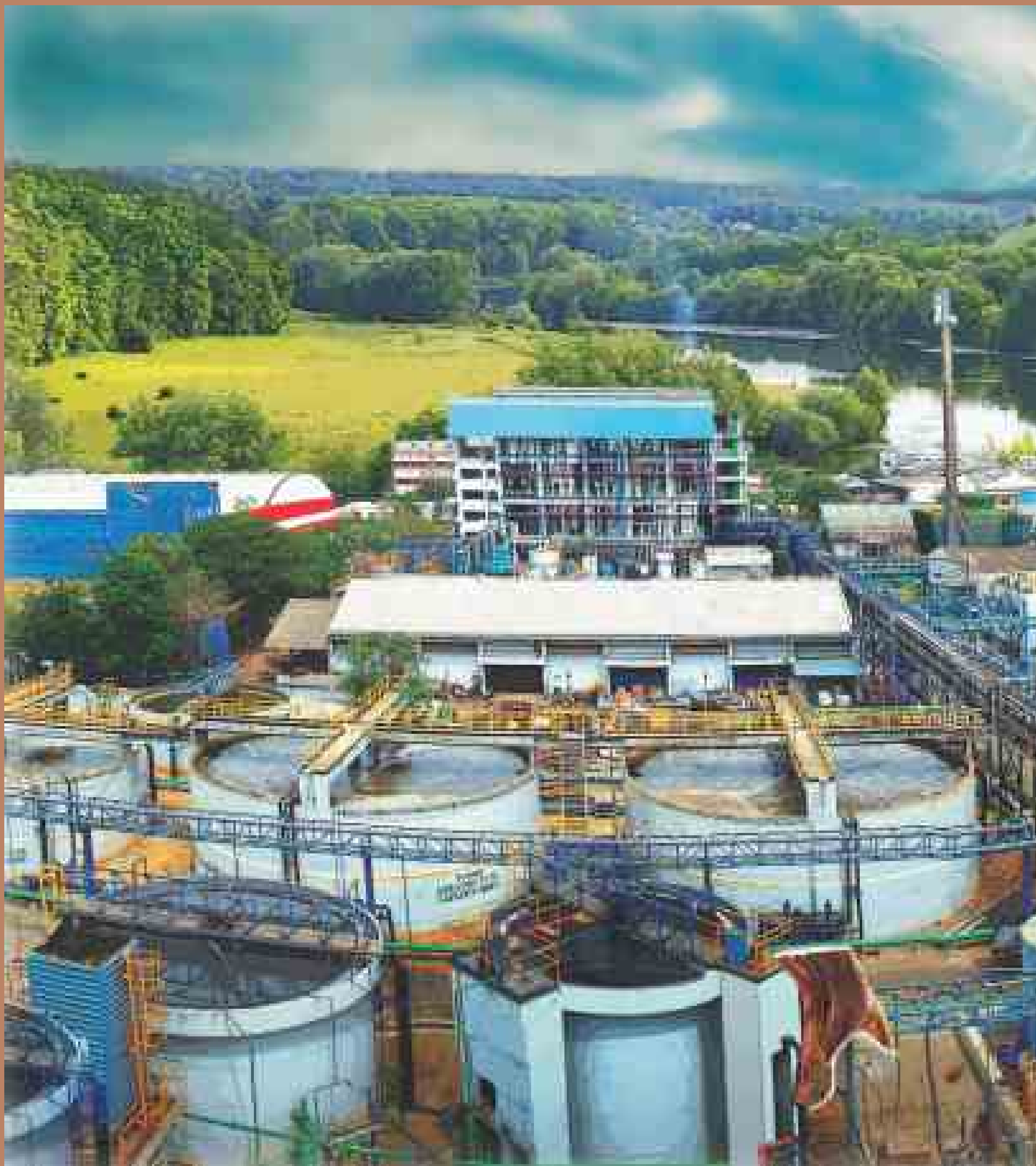
Dr. Axel Kleemann

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

Dr. K. Nagarajan 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. He spearheads the scientific initiatives at Hikal. In addition, he is associated with several national research institutions such as the Central Drug Research Institute, scientific agencies such as the Department of Biotechnology and projects of the Ministry of Earth Sciences. He has obtained his B.Sc (Hons.) in Chemistry from Loyola College, Chennai, and Ph.D. from University of Madras. He is a postdoctoral Fellow from Wayne State University, California Institute of Technology, Pasadena and Zurich University, Switzerland.

Dr. Axel Kleeman has diverse experience in research and development, production, engineering and drug safety. He was the Director of Corporate Organic Research of DEGUSSA AG (now Evonik AG) from 1976 to 1987. He was appointed a member of the management board of ASTA Medica AG with responsibility for research and development, production, engineering and drug safety (1987-2000). Apart from being a board member in various organizations and scientific societies in Germany, Dr. Kleemann is Chairman of the Board of Directors of Protagen AG since 2001 and a member of advisory boards of several biotech and fine chemicals companies. He is the co-author of the standard reference book, Pharmaceutical Substances (5th edition and online version), as well as a member of the editorial board of Ullmann's Encyclopedia of Industrial Chemistry. Dr. Kleemann has authored several publications, including Pharmaceutical Substances, a comprehensive reference guide to every significant pharmaceutical compound that contains syntheses, patents and applications of all FDA-approved active pharmaceutical ingredients. He holds a Ph.D. in Chemistry from the Johann Wolfgang Goethe University, Frankfurt am Main, where he is honorary Professor of Chemistry.

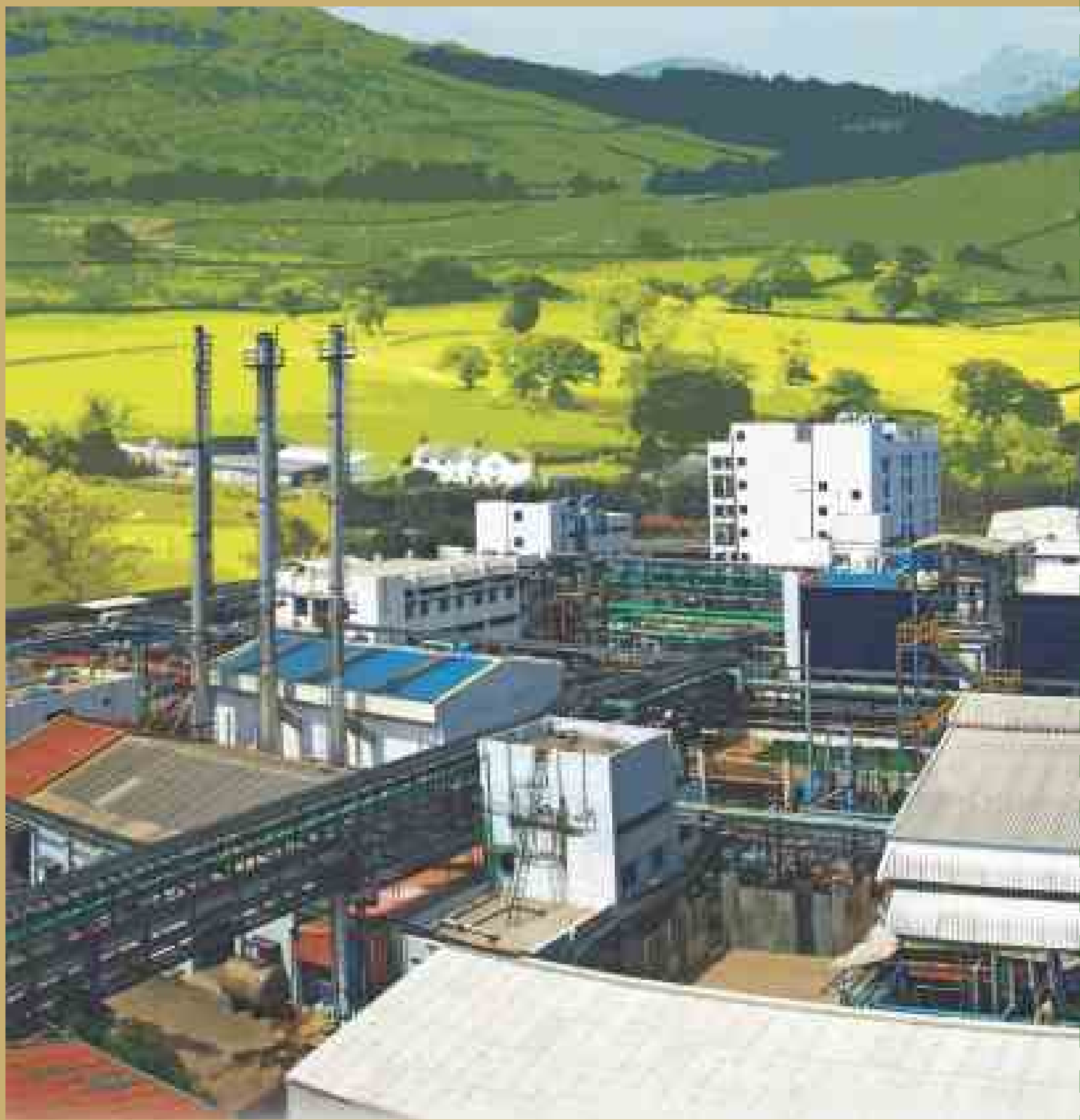
Taloja - Maharashtra
Crop Protection Plant



Our Taloja plant is ISO 9001:2008, ISO 17025, ISO 14001 and OHSAS 18001 certified. Spread over 60,000 square meters, it is a 100% export-oriented unit with a well-equipped kilo lab, pilot plant, and several multi-purpose plants.

Jigani - Bengaluru

US FDA Certified API Plant



Our Jigani plant is certified by leading global regulatory authorities. Spread over 87,700 square meters, it has several multi-product plants for manufacturing advanced intermediates and APIs.

Panoli - Gujarat

Multi-purpose Pharma Plant

Our Panoli plant is certified by leading global regulatory authorities. Spread over 1,26,000 square meters, it has three multi-purpose pharma plants and process development laboratories to support manufacturing processes.

Pune - Maharashtra

Research & Development

Our R&D Center in Pune has state-of-the-art infrastructure to support our global clients through various stages of the product lifecycle.
We expanded our R&D base last year with the addition of new labs and technologies.


HIKAL

Mahad - Maharashtra

Crop Protection Plant

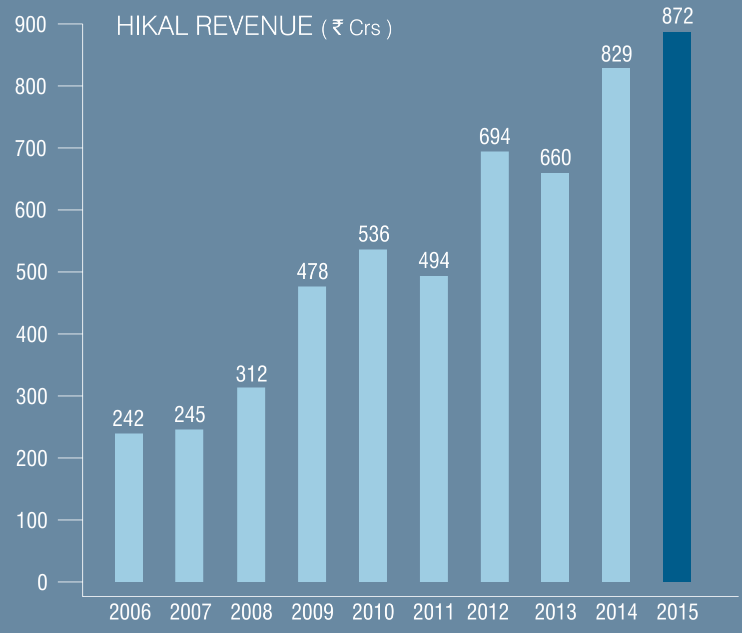
Our Mahad plant is ISO 9001:2008, ISO 14001 and OHSAS 18001 certified. The plant is spread over 27,000 square meters and is used for the manufacture of intermediates and active ingredients.

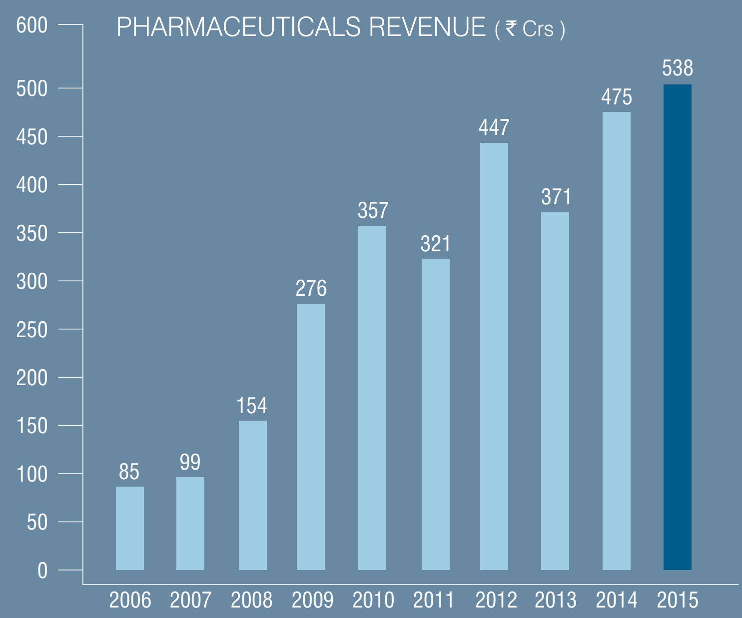
DLP - Bengaluru

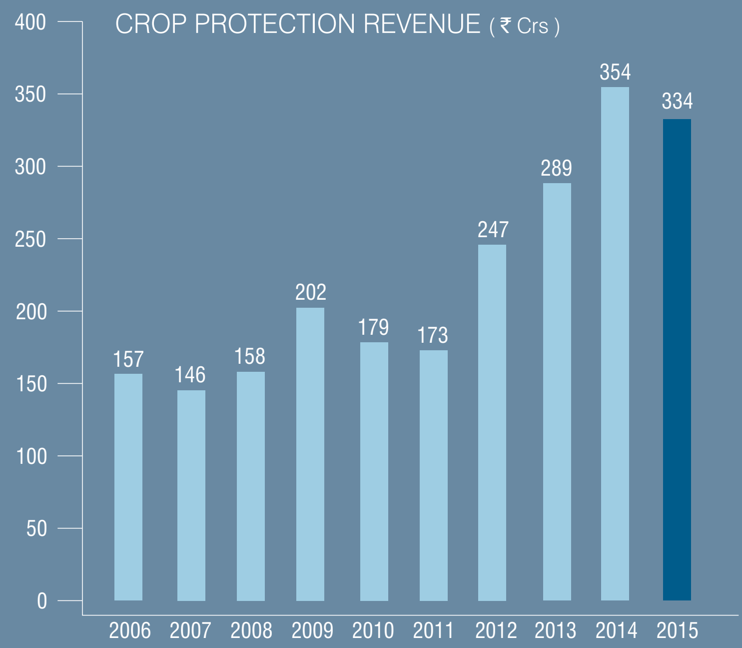
Pharmaceutical Plant

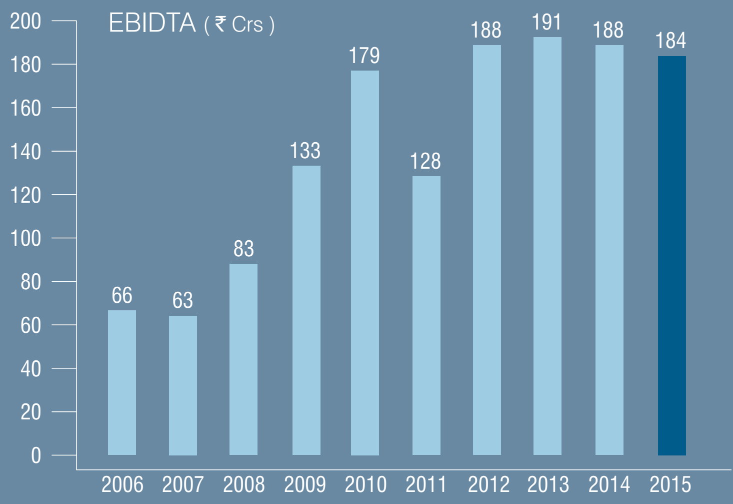
The Hikal Development & Launch Plant (DLP) was made operational this year. Spread over an area of 8,100 square meters, it is used to support the R&D development of new products for human health, animal health and new chemical entities.

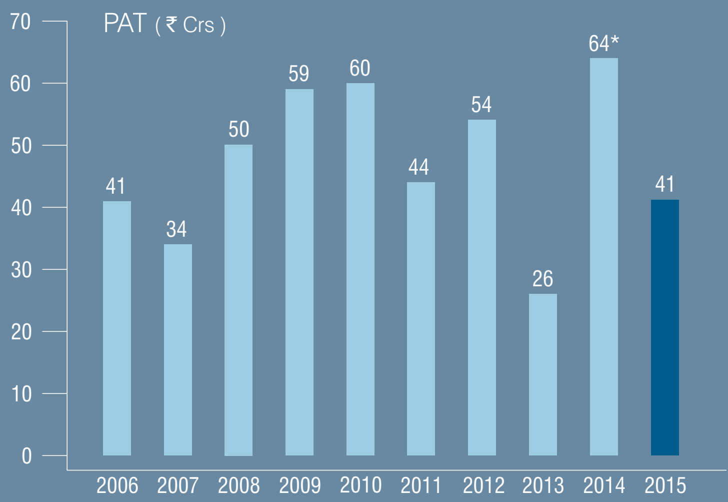
sustainable growth



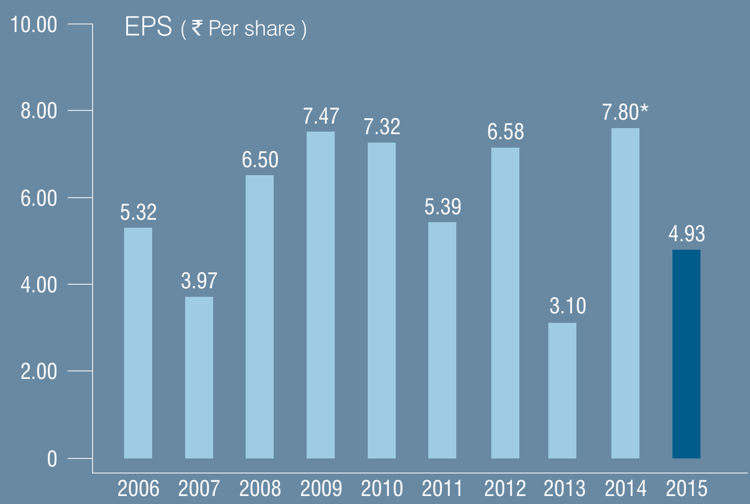








* FY2013-14 PAT of ₹ 64 Crs includes exceptional income of ₹ 22 Crs net of taxes.
Adjusted PAT for FY2013-14 stood at ₹ 42 Crs



* FY2013-14 EPS of ₹ 7.80 includes exceptional income of ₹ 2.65 per share net of taxes.
Adjusted EPS for FY2013-14 stood at ₹ 5.14 per share

financials

Directors' Report

To

The Members,

The Directors are pleased to present the 27th Annual Report with the Audited Accounts for the financial year ended March 31, 2015.

1. FINANCIAL RESULTS

₹ in Millions

	2014-15	2013-14
Turnover	8,719	8,292
Operating profit before interest	1.841	1,883
Interest	600	680
Profit before depreciation	1,241	1,203
Depreciation	642	550
Exceptional Income	-	331
Profit before taxation	599	983
Provision for taxation		
- Current tax	218	208
- Less MAT tax credit	-	(105)
- Deferred tax liability/(assets)	(24)	239
Profit after tax	405	641
Reserves and surplus	5,170	4,895
Dividend on equity share	82	74
Tax on dividend	17	13
Transfer to general reserve	50	100

COMPANY'S PERFORMANCE

Hikal's total revenue grew to ₹ 8,719 million, a 5% increase over the last year. The growth was driven by a 13% increase in the pharmaceutical division with higher offtake of our key products. We expect growth in the pharmaceutical division to continue in the future.

The pharmaceutical division registered a 28% increase in volume year on year. However, fierce competition in our product segments led to price erosion of some of our key products which offset the volume gain we experienced. Pricing for some of our key products is expected to stabilize in the coming year which will help arrest the drop in margins. We will de-risk some of the portfolio with the introduction of new products this year.

In the crop protection division, there was erosion in volume as well as value primarily caused by inventory cuts by our major clients. Volume was down by 6% as compared to the previous year. Sales were down by 5%, which partially offset the gain in the pharmaceutical division. The agricultural industry is experiencing a downturn after having several years of high single digit growth. We expect impact to reverse itself in the second half of the current financial year. We are working towards diversifying our product portfolio and customer base which would ease the effects of the global downturn. Our EBITDA margin was down by 2% to ₹1,841 million due to lower pricing for increased volumes as well as increased pricing competition. In this challenging market, we still operate at a healthy EBITDA margin of 21%. We introduced several cost rationalization initiatives in the current year. Cost savings from our co-generation plant, purchasing power at discounted tariffs and process improvements will protect our margins going forward. We have instituted strict working capital norms which will help free up cash reserves and reduce our overall working capital costs.

Depreciation was higher at ₹642 million from ₹ 550 million last year due to capitalization of additional assets in the pharmaceutical and R&D divisions. Significant investments were made to debottleneck and increase capacities of some of our manufacturing plants.

During the year, gross fixed assets increased by ₹ 640 million due to an increase in capital assets (buildings, plants and equipment) in the pharmaceutical division and R&D. We invested a significant amount of money to set up our new development and launch plant and a co-generation plant at Jigani, Bangalore. We also invested in several de-bottlenecking initiatives across our sites.

Our financing cost was lower at ₹ 600 million vs. ₹ 680 million last year due to a reduction in the outstanding long term debt. Our total debt outstanding as on March 31, 2015 was ₹5,471 million, slightly up from ₹ 5,458 million on March 31, 2014. Our debt/equity ratio has improved to 0.81 vs. 0.93 last year. We expect to further improve our financial leverage with repayments scheduled this year. We are actively working on strengthening our balance sheet.

The tax expense decreased from ₹ 342 million to ₹ 193 million this year due to tax on exceptional income last year (one time sale of ESOP shares as per SEBI rules).

Our operational net profit after tax was down by 4% YOY at ₹ 405 million.

Hikal has undertaken several measures to ensure sustainability in the short as well as long term. We filed two DMFs for which products are expected to be commercialized during the year. We plan to file five to six DMFs every year for products that have significant commercial potential. It will increase our product portfolio and reduce our dependence on several legacy products. It will also help us phase out saturated products with declining margins. In crop protection, we aspire to grow our proprietary products to safeguard our division from volatile demand for some of our key contract manufactured molecules.

This year we refined our business strategy. We strengthened our business development teams for crop protection as well as the pharmaceutical divisions. Our primary objective is to develop a robust and diversified product pipeline mix of commercialized products. We recruited talent for R&D and set up new labs in allied but new business areas such as steroids. We debottlenecked our scale up facilities last year with the addition of a development and launch plant in Jigani which will enable a larger throughput of products from development into commercialization.

In a challenging environment, we increased our revenues and achieved a healthy EBITDA margin of 21%. We are well positioned to reap the benefits of our capital investments and benefit from our product pipeline. The Board of Directors has recommended a dividend of 50% as against 45% last year.

2. EXPORTS

Exports for the year is ₹6,890 millions (79%of total sales) as compared to ₹7,056 millions (85% of total sales) in the previous year. We have diversified our customers base which include more local customers who in turn re-export our manufactured products.

3. MANAGEMENT DISCUSSION AND ANALYSIS

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

4. DIVIDEND

The Board had recommended an interim dividend of 25% (previous year:20%) and a final dividend of 50% including the interim dividend for the year (previous year:45%). During the year your Company has transferred ₹50 Million to General Reserve.

5. SHARE CAPITAL

The paid up Equity Share Capital as at March 31, 2015 stood at ₹16.44 crores. During the year under review, the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity. As on March 31, 2015, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

The Board of Directors in their meeting held on December 17, 2014 approved the sub -division of each fully paid equity share of the face value of INR 10/- into 5 (five) equity shares of face value of INR 2/- each fully paid up and the consequent amendment to the clause V of the memorandum of association & clause 3 of the articles of association of the company. Shareholders' approval by way of special resolution was obtained through postal ballot the result of which was declared on February 16, 2015.

6. EXTRACT OF ANNUAL RETURN

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

7. SUBSIDIARY ACCOUNTS

In terms of the approval granted by the Government of India, Ministry of Company Affairs under Section 129(3) of the Companies Act, 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

During the year under review, the Company appointed Mr. Shivkumar Kheny, Dr. Wolfgang Welter and Dr. Axel Kleemann as Independent Directors of the Company with effect from May 5, 2015 for a period of three consecutive years.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

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

During the year under review, Dr. Peter Pollak retired as a Director of the Company with effect from September 12, 2014. The Board places on record its appreciation for the services rendered by Dr. Peter Pollak during his tenure as a Director.

Details of number of Board meeting held during 2014-15 forms part of Corporate Governance Report.

9. BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, a structured questionnaire was prepared after taking into consideration the various aspects of the Board's functioning like composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance.

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

10. WHISTLE BLOWER POLICY

The Company has a whistle blower policy to report genuine concerns or grievances. The Whistle Blower policy has been posted on the website of the Company (www.hikal.com).

11. REMUNERATION AND NOMINATION POLICY

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. This policy also lays down criteria for selection and appointment of Board Members. The details of this policy is explained in the Corporate Governance Report.

12. RELATED PARTY TRANSACTIONS

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

All Related Party Transactions are placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee is obtained on a quarterly basis for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all related party transaction is placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis

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

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

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

There are no significant and material orders passed by the Regulators/Courts that would impact the going concern status of the Company and its future operations.

14. RISK MANAGEMENT

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

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

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

15. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same. The Company has a robust Management Information System, which is an integral part of the control mechanism.

16. KEY MANAGERIAL PERSONNEL

During the year, the Company appointed/ designated the following persons as Key Managerial Personnel.

Mr. Jai Hiremath, Chairman & Managing Director

Mr. Sameer Hiremath, President & Joint Managing Director (Whole Time Director)

Mr. Sham Wahalekar, Chief Financial Officer & Company Secretary

17. PARTICULARS OF LOANS, GUARANTEES & INVESTMENTS BY THE COMPANY

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

18. DIRECTOR'S RESPONSIBILITY STATEMENT

Your Directors state that:

(i) In the preparation of the annual accounts, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;

(ii) The Directors have selected such accounting policies and applied them consistently and made 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, 2015 and of the profit of the company for that year;

(iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

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

(v) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

(vi) The Directors have devised a proper system to ensure compliance with the provision of all applicable laws and that such systems are adequate and are operating effectively.

19. AUDITOR

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

20. COST AUDITOR

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 2015-16. The Cost Audit report for the financial year 2013-14 was filed with Ministry of Corporate Affairs, Government of India on September 24, 2014.

21. SECRETARIAL AUDITOR

The Board has appointed Ms. Ashish Bhatt & Associates, Practising Company Secretaries, to conduct Secretarial Audit for the financial year 2014-15.

The Secretarial Audit Report for the financial year ended March 31, 2015 is annexed herewith marked as Annexure B to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

22. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Corporate Social Responsibility Committee (CSR Committee) has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR Policy may be accessed on the Company's website at the below link:

http://www.hikal.com/investors/pdf/Corporate_Social_Responsibility.pdf

Policy Statement

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

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

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

Implementation of the CSR Program

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

The Company would also undertake other need based initiatives in compliance with Schedule VII to the Act. During the year, the Company has spent ₹0.87 Million on CSR activities. Pursuant to the provisions of the Companies Act 2013, the Company should have spent ₹12.8 Million (being 2% of the average net profits of last three financial years), during the financial year 2014-15. Your Company has taken progressive steps to formulate a policy, identified the activities and is confident of spending the stipulated amount on selected programs in near future along with the shortfall in CSR expenditure for this financial year.

The Annual Report on CSR activities is annexed herewith marked as Annexure A.

23. SAFETY &ENVIRONMENT

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

24. PUBLIC DEPOSITS

The company has not accepted any deposits and as such there are no overdue deposits outstanding as on March 31, 2015.

25. 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 1164 as on March 31, 2015.

As required by the provisions of the section 197 (12) of the Companies Act, 2013, read with Companies (Appointment and Remuneration of Management Personnel) Rules, 2014, as amended, the names and other particulars of the employees form part of the Directors' Report. However, as per the provisions of the Sec. 136 of the Companies Act, 2013, 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.

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

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

27. **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 49 of the Listing Agreements are annexed to this Report.

28. **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.

29. **CAUTIONARY STATEMENT**

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

For and on behalf of the Board of Directors

Date: May 5, 2015 | **Jai Hiremath**

Place: Mumbai | **Chairman & Managing Director**

ANNEXURE A

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

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.: as mentioned at Sr. No.22 of the Directors' Report.
2. The Composition of the CSR Committee. : Mr. Jai Hiremath - Chairman and Managing Director, Mr. Sameer Hiremath - President and Joint Managing Director, Mr. Prakash Mehta-Independent Non-Executive Director
3. Average net profit of the company for last three financial years : ₹ 640 Million
4. Prescribed CSR Expenditure (two per cent. Of the amount as in item 3 above) : ₹ 12.80 Million
5. Details of CSR spent during the financial year.

(a) Total amount spent for the financial year; ₹0.87 Million

(b) Amount unspent , if any; ₹11.93 Million

(c) Manner in which the amount spent during the financial year is detailed below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local Area or other (2)Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub Heads: (1) Direct Expenditure on projects or programs (2) Overhaeds:	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1	Education	Education	Local Area Banglore, Karnataka	0.10 Millon	0.87 Million Direct	0.87 Million	0.87 Million Direct
	Total			0.10 Millon	0.87 Million	0.87 Million	0.87 Million

*Give details of implementing agency:

6. In case the company has failed to spend the two per cent. of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report. : mentioned at Sr. No.22 of the Directors' Report
7. The Chairman of the CSR committee has given a responsibility statement that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

Chairman & Managing Director

Mumbai

5th May 2015

ANNEXURE B

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2015

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

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2015 according to the provisions of:

(I) The Companies Act, 2013 (the Act) and the Rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the Company during audit period);

  (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not applicable to the Company during audit period);

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008(Not applicable to the Company during audit period);

  (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

  (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during audit period); and

  (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during audit period);

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

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

(I) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with the Stock Exchange(s);

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

I further report that

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

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

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

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

Approval of borrowing limits under section 180(1)(c) of the Companies Act, 2013

To sell, lease or dispose of whole or substantially the whole of the undertaking under section 180(1)(a) of the Companies Act, 2013

Approval of Sub-division of Equity Shares under Section 61 and consequential amendments to Memorandum and

Articles of Association under Section 13 and 14 of Companies Act, 2013.

Annexure I

List of applicable laws to the Company and its Plant situated at:

Registered Office	:	717/718, Maker Chambers V, Nariman Point, Mumbai- 400021
Taloja Plant	:	T-21, MIDC, Taloja, District Raigad, 410208, Maharashtra
Panoli Plant	:	629/630, GIDC, Panoli-394116 Dist. Bharuch, Gujarat
Bangalore Plant	:	82/A,KIADB, Jigani, Anekal Taluka, Bangalore-562106 Karnataka
Administrative Office	:	Grate Eastern Chambers, 6th floor, Sector 11, C.B.D. Belapur, Navi Mumbai 400614
Mahad Plant	:	A-18, MIDC, Mahad, Dist. Raigad-402301, Maharashtra
Pune R & D	:	3A, International Biotech Park, Hunjewadi, Pune- 411057 Maharashtra
Bangalore R & D	:	32/1, Kalena Agrahara, Bannerghatta, Bangalore-560076 Karnataka

Under the Major Group and Head

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

For **Ashish Bhatt & Associates**

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

Place: Thane
Date: 5th May, 2015

ANNEXURE C

INFORMATION AS PER SECTION 134(3)(m) READ WITH RULE 8 (3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2015.

I. CONSERVATION OF ENERGY

Energy conservation initiatives at different locations

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

Jigani

- Reduction of power consumption by eliminating the usage of the reciprocating compressor & initiating the VAM machine by using the steam from the co-generation plant
- Replacement of CFL street lamps with LED lamps
- Installation of BAC comber system on the cooling tower & improvement in efficiency of heat exchangers leading to energy savings
- Provision for more effective insulation against conventional insulation for hot oil lines to avoid heat loss in distribution
- Delta to star mode conversion module installation in utility equipment's motor to reduce energy consumption during under load conditions

Panoli

- Halogen lights replaced by LED flood lights leading to lesser power consumption
- Steam consumption reduction in crop protection plant by re-use of the steam
- Split AC replaced By Fan coil units at various plants reducing power requirement
- Use of smaller horse power motors to reduce power consumption in conventional dryers

Taloja

- Replacement of existing compressors for process air and brine with newer energy efficient screw compressors
- Replacement of conventional gear boxes of reactors by planetary gear boxes leading to significant savings in power
- Condensate recovery from plants started, leading to water conservation

FORM A

A. Power & fuel consumption

		2014-15	2013-14
1. Electricity			
Purchased			
Unit (KWH in thousands)		61,527	61,934
Total amount (₹ in Mio)		438.76	416.42
Rate / KWH (₹)		7.13	6.72
2. Furnace oil			
Quantity (K. Ltrs.)		6,434	9,284
Total Cost (₹. In Mio)		261.74	403.43
Average rate / Ltrs. (₹)		40.68	43.45
3. Briquette			
Quantity (Kg. Thousand.)		18,790	8,651
Total Cost (₹ in Mio)		112.95	47.28
Rate /. Kg. (₹)		6.01	5.47
4. Others			
LSHS / LDO / GAS / HSD			
Quantity (K. Ltrs.)		1,915	1,869
Total Cost (₹. in Mio)		76.50	73.15
Rate /. Ltrs. (₹)		39.95	39.15
B. Consumption per unit of Production			
Product Unit			
(Intermediate for dyes, pesticides and pharmaceuticals)			
Electricity	KWH	9.89	10.87
Furnace oil	Ltrs.	1.03	1.63
Briquette	Kgs.	3.02	1.52
LSHS / LDO /GAS	Ltrs.	0.31	0.33

II. RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

Generic API development

As part of our product portfolio expansion strategy, we need to continuously develop and launch products with novel processes which could provide greener alternative along with cost advantages. Last year we filed two patents which have gone into national phase in seven countries. During the year, we validated two processes for a single product including a novel and "green" enzymatic route.

Contract Manufacturing projects for Pharmaceutical division

A key target of our R&D effort is to support contract manufacturing opportunities for originator companies either for new molecules in development or as life cycle extensions of existing APIs in the human as well as the animal health sectors. We are currently working with companies in North America, Europe and Japan for projects in phase II and phase III clinical trials. We have also has secured a contract manufacturing opportunity from a global generics manufacturer to manufacture certain key regulatory starting materials as well niche APIs.

Contract Manufacturing projects for the Crop Protection division

Several contract manufacturing opportunities for originator companies in Europe, and Japan have been evaluated at the pilot plant scale this year. These range from technical transfer of existing commercial products to the development of new products in late stage development. We anticipate that Hikal will be the launch partner for the manufacture of several of these novel products in the coming years.

Contract Development for external customers

This area has been strategized to support external customers in pharmaceutical, animal health and crop protection to work on the process development of 'difficult-to-synthesize' regulatory starting materials and intermediates that are in the advanced stages of development. Once laboratory process technologies have been established, further development and scale up is undertaken in Hikal's state of the art kilo labs and pilot plants. While Intellectual Property in contract development is retained by the customer, this does not reduce the potential of such projects to become exclusive long term manufacturing opportunities for our pharma and crop protection manufacturing divisions.

Future plans

R&D is now working closely with the marketing group in the pharmaceutical division and during the current year the target will be to file six Drug Master Files. These will be for products coming off-patent in the generic market after having explored their volume, growth potential and fit with Hikal's manufacturing expertise.

R&D is supporting the marketing group to expand company's animal health portfolio with the development niche APIs for several major animal health companies. In this regard R&D is scaling up its facilities to handle highly potent compounds such as steroids.

The crop protection division now has a strong pipeline of contract manufacturing opportunities, but in order to sustain long term growth, Hikal is now evaluating the manufacture of certain niche proprietary products in the agrochemical sector.

₹ in Million

		2014-15	2013-14
c.	**Expenditure on R & D**		
i)	Capital	**7.86**	11.07
ii)	Recurring	**336.78**	299.60
Total		**344.64**	310.67
iii)	Total R&D expenditure as a percentage of total turnover	**3.95%**	3.75%

III. FOREIGN EXCHANGE EARNINGS & OUTGO

Total foreign exchange used and earned:

Used : ₹**2,689** Millions (Previous year ₹2,536 Millions)

Earned : ₹**6,890** Millions (Previous year ₹7,057 Millions)

ANNEXURE D

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on Financial Year ended on 31.03.2015
(Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management & Administration) Rules, 2014)

I. REGISTRATION & OTHER DETAILS

1.	CIN	L24200MH1988PTC048028
2.	Registration Date	8th July 1988
3.	Name of the Company	HIKAL LIMITED
4.	Category/Sub-category of the Company	Company Limited by shares / Indian Non-Government Company
5.	Address of the Registered Office & contact details	717/718, Maker Chambers V, Nariman Point, Mumbai 400 021 – Tel: 91 22 39267100
6.	Whether listed Company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any	Universal Capital Securities Pvt. Ltd. 21, ShakilNIwas, Opp. Satyasaibaba Temple, Mahakali Caves Road, Andheri (East), Mumbai - 400093

II. PRINCIPAL BUSINESS ACTIVITES OF THE COMPANY

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

Sr. No.	Name and Description of main products / services	NIC Code of the products/services	% of total turnover of the Company
1	Pharmaceuticals	210.2100.21001	61.65
2	Agrochemicals	202.2021.20211	38.35
Total			100.00

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	**Hikal International BV** Laan van Kronenburg 8 1183 AS Amstelveen, P. O. Box 7827, 1008 AA, Amsterdam, The Netherlands	NA	Subsidiary	100%	Section 2(87)
2	**Acoris Research Ltd.** 603A Great Eastern Chambers Sector 11, Navi Mumbai 400614	U72100MH2000 PLC127909	Subsidiary	100%	Section 2(87)

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

i) Category - wise Share Holding

Category code	Category of Shareholder	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	Promoters									
1	Indian									
(a)	Individuals/ Hindu Undivided Family	1572680	0	1572680	9.57	7863400	0	7863400	9.57	0.00
(b)	Central Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Bodies Corporate	9623022	0	9623022	58.53	48115110	0	48115110	58.53	0.00
(e)	Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Any Others(Specify)	0	0	0	00.0	0	0	0	0.00	0.00
(e-i)	Trusts	120000	0	120000	0.73	550000	0	550000	0.67	-0.06
(e-ii)										
	Sub Total(A)(1)	**11315702**	**0**	**11315702**	**68.83**	**56528510**	**0**	**56528510**	**68.77**	**-0.06**
2	Foreign									
a	NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b	Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d	Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e	Any Others(Specify)	0	0	0	0.00	0	0	0	0.00	0.00
e-i										
e-ii										
	Sub Total(A)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0.00**	**0.00**
	Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	**11315702**	**0**	**11315702**	**68.83**	**56528510**	**0**	**56528510**	**68.77**	**-0.06**
(B)	Public shareholding									
1	Institutions									
(a)	Mutual Funds	1656469	0	1656469	10.08	7931465	0	7931465	9.65	-0.43
(b)	Banks / FI	5033	0	5033	0.03	19500	0	19500	0.02	-0.01
(c)	Central Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Insurance Companies	0	20100	20100	0.12	0	100500	100500	0.12	0.00
(g)	FIIs	614315	0	614315	3.74	3877340	0	3877340	4.72	0.98
(h)	Foreign Venture Capital Funds	0	0	0.00	0.00	0	0	0.00	0.00	0.00
(i)	Any Other (specify)									
(i-ii)										
(i-ii)										
	Sub-Total (B)(1)	**2275817**	**20100**	**2295917**	**13.97**	**11828305**	**100500**	**11928805**	**14.51**	**0.55**
B 2	Non-institutions									
(a)	Bodies Corporate									
(i)	Indian	144845	4850	149695	0.91	703427	24250	727677	0.89	-0.03
(ii)	Overseas	0	0.00	0	0.00	0	0	0.00	0.00	0.00
(b)	Individuals	0	0.00	0	0.00	0	0	0.00	0.00	0.00
(i)	Individual shareholders holding nominal share capital up to Rs 1 lakh	915542	104925	1020467	6.21	4504788	512590	5017378	6.10	-0.10
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	187040	0	187040	1.14	725430	0	725430	0.88	-0.26
(c)	Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
(I)	Clearing Members	9629	0	9629	0.06	63315	0	63315	0.08	0.02
(ii)	Trusts	0	0.00	0	0.00	0	0	0.00	0.00	0.00
(iii)	NRI / OCBs	77340	0	77340	0.47	287835	0	287835	0.35	-0.12
(iv)	Foreign Nationals	24310	0	24310	0.15	121550	0	121550	0.15	0.00
(v)	Foreign Corporate Body	1360000	0	1360000	8.27	6800000	0	6800000	8.27	0.00
	Sub-Total (B)(2)	**2718706**	**109775**	**2828481**	**17.20**	**13206345**	**536840**	**13743185**	**16.72**	**-0.49**
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	4994523	129875	5124398	31.17	25034650	637340	25671990	31.23	0.06
	TOTAL (A)+(B)	**16310225**	**129875**	**16440100**	**100.00**	**81563160**	**637340**	**82200500**	**100.00**	**0.00**
(C)	Shares held by Custodians for GDRs & ADRs								0.00	0.00
	GRAND TOTAL (A)+(B)+(C)	**16310225**	**129875**	**16440100**	**100.00**	**81563160**	**637340**	**82200500**	**100.00**	**0.00**

(ii) Shareholding of promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of shares	**% of total shares of the company**	**% of shares pledged /encumbered to total shares**	**No. of shares**	**% of total shares of the company**	**% of shares pledged /encumbered to total shares**	**% of change in shareholding during the year**
1	Anish Dilip Swadi	1000	0.01	0	5000	0.01	0	0.00
2	Jai Hiremath	177500	1.08	0	893750	1.09	0	0.01
3	Pallavi Hiremath	50800	0.31	0	254000	0.31	0	0.00
4	Pooja Hiremath	1000	0.01	0	5000	0.01	0	0.00
5	Sameer J Hiremath	52130	0.32	0	260650	0.32	0	0.00
6	Sugandha Hiremath	1289000	7.84	0	6445000	7.84	0	0.00
7	Vijaya Hiremath	1250	0.01	0	0	0.00	0	-0.01
8	BF Investment Limited	436450	2.65	0	2182250	2.65	0	0.00
9	Decent Electronics Pvt Ltd	6600	0.04	0	33000	0.04	0	0.00
10	Ekdant Investment Pvt Ltd	52507	0.32	0	262535	0.32	0	0.00
11	Kalyani Investment Company Limited	5155650	31.36	0	25778250	31.36	0	0.00
12	Karad Engineering Consulting Pvt Ltd	8500	0.05	0	42500	0.05	0	0.00
13	Shri Badrinath Investment Pvt Ltd	2655315	16.15	0	13276575	16.15	0	0.00
14	Shri Rameshwara Investment Pvt Ltd	1308000	7.96	0	6540000	7.96	0	0.00
15	Gayatri Trust	5000	0.03	0	0	0.00	0	-0.03
16	Ishaan Trust	5000	0.03	0	0	0.00	0	-0.03
17	Pallavi Trust	25000	0.15	0	125000	0.15	0	0.00
18	Sameer Trust	25000	0.15	0	125000	0.15	0	0.00
19	Sumer Trust	10000	0.06	0	50000	0.06	0	0.00
20	Rhea Trust	10000	0.06	0	50000	0.06	0	0.00
21	Nihal Trust	10000	0.06	0	50000	0.06	0	0.00
22	Anika Trust	10000	0.06	0	50000	0.06	0	0.00
23	Anish Trust	10000	0.06	0	50000	0.06	0	0.00
24	Pooja Trust	10000	0.06	0	50000	0.06	0	0.00
	Total	**11315702**	**68.83**	**0**	**56528510**	**68.77**	**0**	**-0.06**

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

Sl. No.	Name of the shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat/equity etc				
	Date Reason				
1.	SAMEER HIREMATH				
	At the beginning of the year	52,130	0.32		
	3/3/2015 Sub-division	2,60,650	0.32		
	At the End of the year (or on the date of separation, if separated during the year	2,60,650	0.32		
2	SUGANDHA JAI HIREMATH				
	At the beginning of the year	12,89,000	7.84		
	3/3/2015-Sub-division	64,45,000	7.84		
	At the End of the year (or on the date of separation, if separated during the year	64,45,000	7.84		
3	SHRI BADRINATH INVESTMENT PVT. LTD.				
	At the beginning of the year	26,55,315	16.15		
	3/3/2015-Sub-division	1,32,76,575	16.15		
	At the End of the year (or on the date of separation, if separated during the year	1,32,76,575	16.15		
4	JAI V HIREMATH				
	At the beginning of the year	1,77,500	1.08		
	1/23/2015-Transfer	1,250	0.01	1,78,750	1.09
	3/3/2015- Sub-division	8,93,750	1.09		
	At the End of the year (or on the date of separation, if separated during the year	8,93,750	1.09		
5	SHRI RAMESHWAR INVESTMENT PVT. LTD.				
	At the beginning of the year	13,08,000	7.96		
	3/3/2015- Sub-division	65,40,000	7.96		
	At the End of the year (or on the date of separation, if separated during the year	65,40,000	7.96		
6	PALLAVI J HIREMATH				
	At the beginning of the year	50,800	0.31		
	3/3/2015-Sub-division	2,54,000	0.31		
	At the End of the year (or on the date of separation, if separated during the year	2,54,000	0.31		
7	DECENT ELECTRONIC PVT. LTD.				
	At the beginning of the year	6,600	0.04		
	3/3/2015-Sub-division	33,000	0.04		
	At the End of the year (or on the date of separation, if separated during the year	33,000	0.04		

(iii) Change in Promoters' Shareholding (Continued)

8	KARAD ENGINEERING CONSULTANCY PVT LTD		
	At the beginning of the year	8,500	0.05
	3/3/2015-Sub-division	42,500	0.05
	At the End of the year (or on the date of separation, if separated during the year	42,500	0.05
9	EKDANT INVESTMENT PVT. LTD.		
	At the beginning of the year	52,507	0.32
	3/3/2015-Sub-division	2,62,535	0.32
	At the End of the year (or on the date of separation, if separated during the year	2,62,535	0.32
10	POOJA HIREMATH		
	At the beginning of the year	1,000	0.01
	3/3/2015-Sub-division	5,000	0.01
	At the End of the year (or on the date of separation, if separated during the year	5,000	0.01
11	PALLAVI TRUST		
	At the beginning of the year	25,000	0.15
	3/3/2015-Sub-division	1,25,000	0.15
	At the End of the year (or on the date of separation, if separated during the year	1,25,000	0.15
12	SAMEER TRUST		
	At the beginning of the year	25,000	0.15
	3/3/2015-Sub-division	1,25,000	0.15
	At the End of the year (or on the date of separation, if separated during the year	1,25,000	0.15
13	GAYATRI TRUST		
	At the beginning of the year	5,000	0.03
	5/23/2014-Transfer	-5,000	0.03
	At the End of the year (or on the date of separation, if separated during the year	0	0.00
14	ISHAAN TRUST		
	At the beginning of the year	5,000	0.03
	5/23/2014-Transfer	-5,000	0.03
	At the End of the year (or on the date of separation, if separated during the year	0	0.00
15	SUMER TRUST		
	At the beginning of the year	10,000	0.06
	3/3/2015-Sub-division	50,000	0.06
	At the End of the year (or on the date of separation, if separated during the year	50,000	0.06
16	RHEA TRUST		
	At the beginning of the year	10,000	0.06
	3/3/2015-Sub-division	50,000	0.06
	At the End of the year (or on the date of separation, if separated during the year	50,000	0.06

(iii) Change in Promoters' Shareholding (Continued)

17	NIHAL TRUST		
	At the beginning of the year	10,000	0.06
	3/3/2015-Sub-division	50,000	0.06
	At the End of the year (or on the date of separation, if separated during the year	50,000	0.06
18	ANIKA TRUST		
	At the beginning of the year	10,000	0.06
	3/3/2015-Sub-division	50,000	0.06
	At the End of the year (or on the date of separation, if separated during the year	50,000	0.06
19	ANISH TRUST		
	At the beginning of the year	10,000	0.06
	3/3/2015-Sub-division	50,000	0.06
	At the End of the year (or on the date of separation, if separated during the year	50,000	0.06
20	POOJA TRUST		
	At the beginning of the year	10,000	0.06
	3/3/2015-Sub-division	50,000	0.06
	At the End of the year (or on the date of separation, if separated during the year	50,000	0.06
21	ANISH DILIP SWADI		
	At the beginning of the year	1,000	0.01
	3/3/2015-Sub-division	5,000	0.01
	At the End of the year (or on the date of separation, if separated during the year	5,000	0.01
22	KALYANI INVESTMENT COMPANY LIMITED		
	At the beginning of the year	51,55,650	31.36
	3/3/2015-Sub-division	2,57,78,250	31.36
	At the End of the year (or on the date of separation, if separated during the year	2,57,78,250	31.36
23	BF INVESTMENT LIMITED		
	At the beginning of the year	4,36,450	2.65
	3/3/2015-Sub-division	21,82,250	2.65
	At the End of the year (or on the date of separation, if separated during the year	21,82,250	2.65
24	VIJAYA HIREMATH		
	At the beginning of the year	1,250	0.01
	1/23/2015-Transfer	-1,250	0.00
	At the End of the year (or on the date of separation, if separated during the year	0	0.00

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

Sl. No.	Name of the shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**International Finance Corporation**				
	At the beginning of the year	13,60,000	8.27		
	At the End of the year (or on the date of separation, if separated during the year	68,00,000	8.27		
2	**Reliance Capital Trustee Company Limited A/c Reliance Growth Fund**				
	At the beginning of the year	11,21,176	6.82		
	At the End of the year (or on the date of separation, if separated during the year	65,75,250	8.00		
3	**Government Pension Fund Global**				
	At the beginning of the year	3,15,000	1.92		
	At the End of the year (or on the date of separation, if separated during the year	15,75,000	1.92		
4	**Danske Invest Management Company S A**				
	A/c Danske Invest SICAV-SIF-Emerging and Frontier Markets SMID				
	At the beginning of the year	2,71,337	1.65		
	At the End of the year (or on the date of separation, if separated during the year	21,49,435	2.61		
5	**SBI Magnum Multiplier Plus Scheme 1993**				
	At the beginning of the year	2,58,293	1.57		
	At the End of the year (or on the date of separation, if separated during the year	0	0.00		
6	**SBI Magnum Balanced Fund**				
	At the beginning of the year	1,50,000	0.91		
	At the End of the year (or on the date of separation, if separated during the year	9,10,730	1.11		
7	**SBI Pharma Fund**				
	At the beginning of the year	1,00,000	0.61		
	At the End of the year (or on the date of separation, if separated during the year	2,66,385	0.32		
8	**Gaurishankar Neelkanth Kalyani**				
	At the beginning of the year	56,700	0.34		
	At the End of the year (or on the date of separation, if separated during the year	2,83,500	0.34		
9	**Ajaya Jain**				
	At the beginning of the year	36,000	0.22		
	At the End of the year (or on the date of separation, if separated during the year	0	0.00		
10	**SRL Impex Pvt. Ltd.**				
	At the beginning of the year	35,000	0.21		
	At the End of the year (or on the date of separation, if separated during the year	1,75,000	0.21		

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Name of the Directors / KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat/equity etc				
	Date Reason				
1	**BABASAHEB NEELKANTH KALYANI**				
	At the beginning of the year	3,000	0.02		
	3/3/2015-Subdivision	15,000	0.02	15,000	0.02
	At the End of the year	15,000	0.02		
2	**SHIVKUMAR KHENY**				
	At the beginning of the year	6,350	0.04		
	7/25/2014-Transfer	-200	0.00	6150	0.04
	3/3/2015-Subdivision	30,750	0.04	30,750	0.04
	At the end of the year	30,750	0.04		
3	**KANDANKOTE KANNAN UNNI**				
	At the beginning of the year	5,000	0.03		
	7/18/2014-Transfer	-3,000	-0.02	2,000	0.01
	3/3/2015-Subdivision	10,000	0.01	10,000	0.01
	At the end of the year	10,000	0.01		
4	**PRAKASH VASANTLAL MEHTA**				
	At the beginning of the year	1,970	0.01		
	3/3/2015-Subdivision	9,850	0.01	9,850	0.01
	At the end of the year	9,850	0.01		
5	**AMIT BABASAHEB KALYANI**				
	At the beginning of the year	0	0.00		
	At the end of the year	0	0.00		
6	**SAMEER JAI HIREMATH**				
	President & Joint Managing Director				
	At the beginning of the year	52,130	0.32		
	3/3/2015-Subdivision	2,60,650	0.32	2,60,650	0.32
	At the end of the year	2,60,650	0.32		
7	**SUGANDHA JAI HIREMATH**				
	At the beginning of the year	12,89,000	7.84		
	3/3/2015-Subdivision	64,45,000	7.84	64,45,000	7.84
	At the end of the year	64,45,000	7.84		
8	**JAI VISHWANATH HIREMATH**				
	Chairman & Managing Director				
	At the beginning of the year	1,77,500	1.08		
	1/24/2015-Transfer	1,250	0.01	1,78,750	1.09
	3/3/2015-Subdivision	8,93,750	1.09	8,93,750	1.09
	At the end of the year	8,93,750	1.09		
9	**DR WOLFGANG WELTER**				
	At the beginning of the year	0	0.00		
	At the end of the year	0	0.00		
10	**PROF DR AXEL KLEEMANN**				
	At the beginning of the year	0	0.00		
	At the end of the year	0	0.00		
11	**SHAM VINAYAK WAHALEKAR**				
	Company Secretary & CFO				
	At the beginning of the year	1,900	0.01		
	9/19/2014-Transfer	-100	0.00	1,800	0.01
	3/3/2015-Subdivision	9,000	0.01	9,000	0.01
	At the end of the year	9,000	0.01		

(V) Indebtedness

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

(₹ in Million)

Particulars	Secured loans	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year			
i) Principal amount	5,284.28	174.11	5,458.39
ii) Interest accrued and due	-	-	-
iii) Interest accrued but not due	17.71	-	17.71
Total	5,301.99	174.11	5,476.10
Change in indebtedness during the financial year			
Addition/reduction(net change)	(30.91)	40.89	9.98
Indebtedness at the end of the financial year			
i) Principal amount	5,256.40	215.00	5,471.40
ii) Interest accrued and due	-	-	-
iii) Interest accrued but not due	14.68	-	14.68
Total	5,271.08	215.00	5,486.08

(VI) Remuneration of Directors and key managerial personnel

A) Remuneration to Chairman & Managing Director and President & Joint Managing Director.

(₹ in Million)

Sr No	Particulars of Remuneration	Name of CMD/JMD		Total
		Jai Hiremath	Sameer Hiremath	
1	Gross Salary			
a)	Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	18.91	12.03	30.94
b)	Value of perquisites u/s 17(2) of the Income tax Act, 1961	5.29	1.16	6.45
c)	Profit in lieu of salary u/s 17(3) of the Income tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	6.35	6.35	12.70
	- As % of profit	1%	1%	2%
	- Others, specify			
5.	Others	-	-	-
	Total	30.55	19.54	50.09

B) Remuneration to Other directors

Sr. No	Particulars of Remuneration	Amount (₹ in Million)
	Fees for attending board/committee meetings	
	- Baba Kalyani	0.02
	- Prakash Mehta	0.43
	- Shivkumar Kheny	0.30
	- Kannan Unni	0.43
	- Sugandha Hiremath	0.43
	- Axel Kleemann	0.15
	- Wolfgang Welter	0.22
	- Amit Kalyani	0.10

C) Remuneration to Key Managerial Personnel other than Directors (CS & CFO) (₹ in Million)

Sr No	Particulars of Remuneration	Key Managerial Personnel (CS & CFO)
1.	Gross Salary	
	a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	8.5
	b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-
	c) Profit in lieu of salary u/s 17(3) of the Income tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission - As % of profit - Others, specify	-
5.	Others	-
	Total	8.5

(VII) Penalties/Punishments/Compounding of Offences

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/ Compounding fees imposed	Authority (RD/NCLT/ Court)	Appeal made if any (give details)
A) Company					
Penalty			-	-	---
Punishment			-	-	---
Compounding			-	-	---
B) Directors					
Penalty			-	-	---
Punishment			-	-	---
Compounding					
C) Other officer in default					
Penalty			-	-	---
Punishment			-	-	---
Compounding			-	-	---

For and on behalf of the Board of Directors

Date: May 5, 2015
Place: Mumbai

Jai Hiremath
Chairman & Managing Director

Report on Corporate Governance : 2015

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 11, 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
WOLFGANG WELTER	Independent, Non-Executive Director
AXEL KLEEMANN**	Independent, Non-Executive Director
PETER POLLAK***	Independent, Non-Executive Director
AMIT KALYANI	Non-Executive Director
SAMEER HIREMATH	President and Joint Managing Director

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

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

Name of Director	Attendance		Directorships (excluding Directorship in Private Companies)*	Committee Memberships#	Committee Chairmanships
	Board Meeting	Last AGM			
JAI HIREMATH	5	Yes	2	1	1
BABA KALYANI	1	No	12	4	2
PRAKASH MEHTA	4	Yes	7	8	-
SHIVKUMAR KHENY	3	Yes	7	4	1
KANNAN UNNI	4	Yes	4	4	2
SUGANDHA HIREMATH	5	Yes	-	2	-
PETER POLLAK***	0	No	-	-	-
WOLFGANG WELTER	4	No	-	-	-
AMIT KALYANI	2	No	11	3	-
SAMEER HIREMATH	5	Yes	1	-	-
AXEL KLEEMANN**	2	No	-	-	-

**excludes directorship in own Company*
*** Appointed w.e.f. 6th May, 2014*
**** Resigned w.e.f. 12th September, 2014*
 # 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 (5) Meetings of the Board of Directors were held during the year ended March 31, 2015.

These were held on : 1) May 6, 2014 (2) August 7, 2014 (3) November 5, 2014 (4) December 17, 2014 (5) January 29,2015.

D **Nomination and Remuneration Policy :**

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

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

Remuneration to Directors for the year ended March 31, 2015.

i) Remuneration to Non-Executive Directors

The Non-executive Directors are paid sitting fees of ₹50,000/- (Rupees Fifty Thousand) for each meeting of the Board, Audit Committee, Stakeholders' Relationship Committee, and Remuneration Committee meetings attended by them:

Director	Sitting Fees (₹)
Baba Kalyani	15,000/-
Prakash Mehta	4,30,000/-
Shivkumar Kheny	3,00,000/-
Kannan Unni	4,30,000/-
Sugandha Hiremath	4,30,000/-
Peter Pollak	Nil/-
Axel Kleemann	1,50,000/-
Wolfgang Welter	2,15,000/-
Amit Kalyani	1,00,000/-

ii) Remuneration to Executive Directors

₹ in Millions

Name of the Director	Salary & Perquisites	Commission	Total
Jai Hiremath	24.20	6.35	30.55
Sameer Hiremath	13.18	6.35	19.53

Shareholding of Non Executive Directors in the Company:

Name of the Director	Number of shares held
Baba Kalyani	15,000
Prakash Mehta	9,850
Shivkumar Kheny	30,750
Kannan Unni	10,000
Sugandha Hiremath	64,45,000
Amit Kalyani	Nil
Wolfgang Welter	Nil
Axel Kleemann	Nil
Peter Pollak	Nil

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company,nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company at the link:http://www.hikal.com/investors/corporate_governance.htm/ Familiarisation-Programme-for-Independent-Director

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 2014-15, the Audit Committee met 4 times viz; on May 6, 2014, August 7, 2014, November 5, 2014, and January 29, 2015.

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 2014-2015, 2 meetings were held.

C. Stakeholders' Relationship Committee

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

The Committee looks into redressing of shareholders/investors' complaints. During the year 2 complaints were received from shareholders / investors and one was resolved. One complaint was outstanding as on 31st March, 2015.During the year the name of the committee was changed from Shareholders' & Investors' Grievance Committee to Stakeholders' Relationship Committee.

During the year 2014 –2015, 1 meeting was held.

Compliance Officer

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

D. Nomination and 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 Nomination and Remuneration Committee includes remuneration for fixation and revision of remuneration packages of Chairman & Managing Director and President and Joint Managing Director to the Board for approval and review. During the year the name of the committee was changed from Remuneration Committee to Nomination and Remuneration Committee.

No meeting took place during the year 2014 – 15.

E. Corporate Social Responsibility Committee

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

One meeting took place during the year 2014 – 15.

F. **Risk Management Committee**

The Committee consists of Mr. Jai Hiremath - Chairman and Managing Director, Mr. Sameer Hiremath - President and Joint Managing Director Mr. Kannan Unni - Independent Non- Executive Director, and Mr. Prakash Mehta - Independent Non-Executive Director. The terms of reference of Risk Management Committee includes periodically reviewing the risk management and minimization procedure vis a vis the company. No meeting took place during the year 2014 – 15.

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
24th	Thursday	August 23, 2012	11 :00 AM	Centrum Hall 'A', 1st Floor Centre 1, World Trade Center Mumbai – 400 005
25th	Thursday	August 22, 2013	11 :00 AM	Centrum Hall 'A', 1st Floor Centre 1, World Trade Centre MUMBAI – 400 005
26th	Tuesday	August 26, 2014	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 the provisions of Sections 198, 269, 309, 310 and 311 read with the amended provisions of Schedule XIII of the Companies Act, 1956 were passed in respect of reappointment and remuneration of Chairman & Managing Director & President and Joint Managing Director. The Resolution was passed with the requisite majority at the 25th Annual General Meeting of the company held on August 22, 2013.

2. Resolution under the provisions of Section 180 (1)(a) & 180 (1)(c) and any other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment there of for the time being in force) in respect of authorisation given in favour of Board of Directors for borrowing/creation of mortgages/ charges/ hypothecation in favour of lenders upto an amount not exceeding ₹7500 Million.

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

1. Company sought consent from the Shareholders by way of Special Resolution through postal ballot/e-voting for appointment of Mr. Anish Swadi, as Head Business Development & Strategy at a remuneration as mentioned in the notice, pursuant to the provisions of section 188 and other applicable provisions, if any, of the Companies Act 2013.

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

   After due scrutiny of all the postal ballot forms / e-voting received upto the close of the working hours on June 25, 2014 (being the last date fixed for receipt of duly filled postal ballot forms) the Scrutinizer submitted his final report on Friday, June 27, 2014. The date of declaration of the results of postal ballot / e-voting i.e. June 27, 2014 has been taken as the date of passing of the Resolution.

   Mr. Prakash Mehta, Director announced the following results of the Postal Ballot/ e-voting.

A	Number of Valid Postal Ballots forms received	52
B	Votes in favour of the Resolution	1,16,44,498
C	Votes against the Resolution	39,477
D	Number of invalid Postal Ballot Forms received	0

   The votes cast assenting to the Special Resolution were 99.66 % of the total votes polled and consequently the Resolution as mentioned in the Notice of Postal Ballot dated May 6, 2014 was passed by the shareholders by overwhelming majority.

2. The Company issued postal ballot notice dated December 17, 2014, to obtain the consent from the Shareholders by way of Special Resolutions through postal ballot/e-voting for :

Resolution

(1) : sub-division of the existing equity share of face value of INR 10/- (Rupees Ten only) each of the Company into 5 (five) equity shares of face value of INR ₹2/- (Rupees Two only) each,

(2) : amendment of Clause V of the Memorandum of Association and

(3) : amendment of article 3 of the Articles of Associations of the Company, under the provisions of section 61(1) (d), 13 and 14 respectively and other applicable provisions, if any, of the Companies Act 2013.

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

After due scrutiny of all the postal ballot forms / e-voting received upto the close of the working hours on February 11, 2015 (being the last date fixed for receipt of duly filled postal ballot forms) the Scrutinizer submitted his final report on Monday, February 16, 2015. The date of declaration of the results of postal ballot / e-voting i.e. February 16, 2015 has been taken as the date of passing of the Resolution.

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

		Resolution 1	Resolution 2	Resolution 3
A	Number of Valid Postal Ballots forms received & e-voting by shareholders	94	94	94
B	Votes in favour of the Resolution	1,45,72,105	1,45,72,085	1,45,72,085
C	Votes against the Resolution	Nil	20	20
D	Number of invalid Postal Ballot Forms received	1	1	1

The votes cast assenting to all the above mentioned Special Resolutions are 100 % of the total votes polled and consequently the Resolution as mentioned in the Notice of Postal Ballot dated December 17, 2014 were passed by the shareholders by overwhelming majority.

As a result of sub-division each equity share of face value of INR 10/- (Rupees Ten only) each of the Company into 5 (five) equity shares of face value of INR 2/- (Rupees Two only) each, the paid up equity shares have increased from 1,64,40,100 to 8,22,00,500.

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 133 of the Companies Act, 2013 to the extent applicable.

(iv) The Company has laid down the Risk Management Policy defining risk profiles involving Strategic, Technological, Operational, Financial, Organisational, Legal and Regulatory risks within well defined framework. The Board periodically reviews the business related risks.

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

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

Day & Date	:	Wednesday, August 12, 2015
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 06, 2015 to August 12, 2015 (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 :

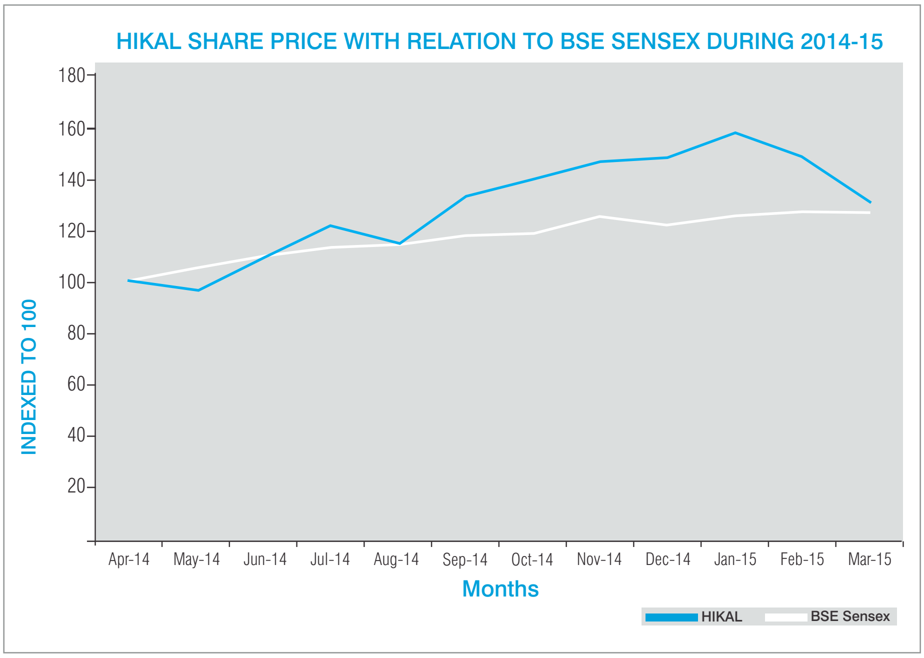
Stock Exchange, Mumbai	524735
National Stock Exchange	HIKAL
Demat ISIN Number in NSDL & CDSL	INE 475 B 01022
CIN No.	L24200MH1988PTC048028

(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(₹)
2014	April	536	466
	May	544	427
	June	656	442
	July	656	570
	August	637	509
	September	780	561
	October	735	672
	November	784	685
	December	782	699
2015	January	835	755
	February*	783	142
	March	147	117

* Nominal value of equity shares were sub divided from Rs.10/- each to Rs.2/- each w.e.f. 16th February, 2015



(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- 28207203 /04/05 Fax : 022- 28207207

(H) Share Transfer System

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

(I) Distribution of Shareholding (Equity) as on March 31, 2015.

Shareholding Range(s)		No. of Shareholders		Equity Shares held	
From	To	Number	Percentage	Number	Percentage
1	5,000	6104	93.937	28,34,828	3.449
5,001	10,000	194	2.986	7,23,281	0.880
10,001	20,000	81	1.247	6,07,624	0.739
20,001	30,000	37	0.569	4,74,915	0.578
30,001	40,000	10	0.154	1,83,460	0.223
40,001	50,000	15	0.231	3,49,679	0.425
50,001	1,00,000	28	0.431	10,77,543	1.311
1,00,001	& above	29	0.446	7,59,49,170	92.395
Total		**6,498**	**100.00**	**8,22,00,500**	**100.000**

(J) Shareholding pattern as on March 31, 2015 is as under :

Category of Shareholders	No. of Equity Shares	Percentage
Promoters	5,65,28,510	68.77
Resident Individuals	58,06,123	7.06
Mutual Funds / UTI	79,50,965	9.67
FIIs	38,77,340	4.72
Insurance Company	1,00,500	0.12
Foreign National	1,21,550	0.15
Non Resident Indians	2,87,835	0.35
Corporate Bodies	7,27,677	0.89
Foreign Corporate Bodies	68,00,000	8.27
Total	**8,22,00,500**	**100.00**

(K) Dematerialisation of Shares

89.48% (73555225 shares) of total equity capital is held in dematerialized form with NSDL and 9.74% (8007935 shares) of total equity capital is held in dematerialized form with CSDL as on March 31, 2015.

(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- 28207203/04/05,
Fax: 022-28207207

(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
Email: secretarial@hikal.com
website: www.hikal.com

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

The Board of Directors, May 5, 2015
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, 2015 and that to the best of our knowledge and belief, we state that:

(a) (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

(ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors and the Audit Committee

(i) significant changes in internal control over financial reporting during the year;

(ii) significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements and

(iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For Hikal Ltd.

Jai Hiremath
Chairman & Managing Director

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, 2015.

For Hikal Ltd.

Jai Hiremath
Chairman & Managing Director

Mumbai,

May 5, 2015

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 2015, 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 & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Aniruddha Godbole
Partner
Membership No:105149

Mumbai,
May 5, 2015

PHARMACEUTICALS

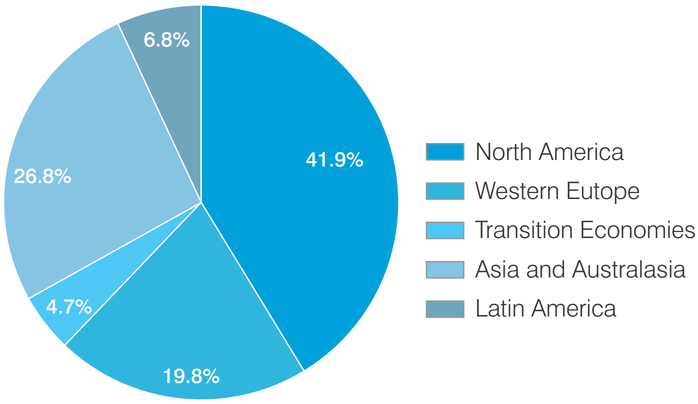
I. Industry overview

In 2014-15, the global pharmaceutical industry registered revenues of US$1.23 trillion, up from US$1.15 trillion in 2013-14 and US$1.13 trillion in 2012-13. Oncology was the top contributor among therapeutic areas (more than US$ 90 billion).

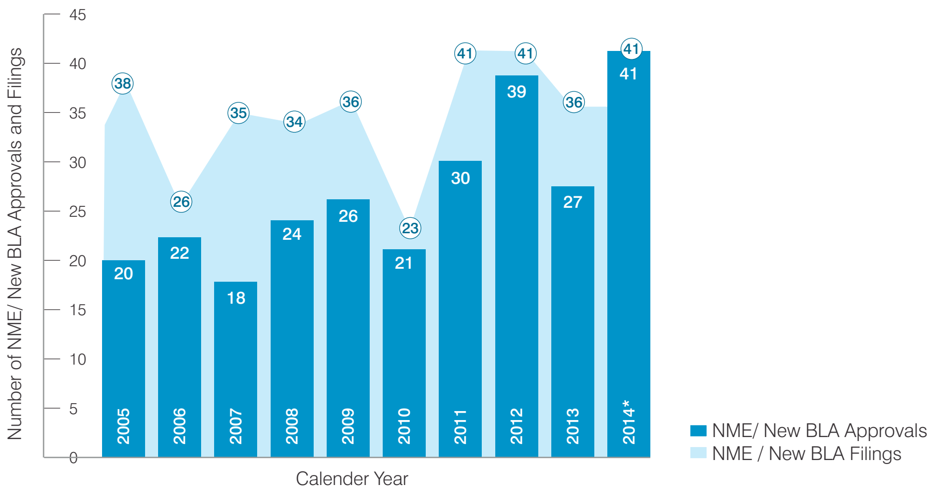
The North America region accounted for the largest share of the estimated 2014 global pharma market (Figure 1) at 41.9%, followed by Asia/Australia at 26.8%, Western Europe at 19.8 %, Latin America, and other transition economies.

We saw a distinct shift in the market share across the globe, with the US and Europe share of global spending declining and high growth emerging markets (pharmerging) including China, India, Brazil, Russia and Mexico contributing 28% of total spending in 2014, up from only 12% in 2005.

Figure 1:Region wise split of estimated global pharma market in 2014



The FDA approved 41 novel new drugs in 2014, more than any other year during this period. From 2005 through 2013, FDA averaged 25 novel new drug approvals per year.



While the trends are encouraging, global pharmaceutical companies are affected by blockbuster drug patent expirations, increased competition from generics manufacturers, and government and healthcare industry efforts to regulate costs in terms of price controls, pro-generics policies, and patent challenges.

Some breakthrough branded specialty drugs (e.g., for cancer treatment and Hepatitis C treatment) still warrant premium prices. However, manufacturers are facing growing pressure by governments and healthcare authorities to justify pricing of drugs.

It was a challenging year for the generic business since several plants in India were inspected and manufacturers were banned for non-regulatory compliance. Data integrity was a focus area with pharmaceutical companies receiving notices for plant shutdowns, leading to significant financial losses.

IMS Data 2014

On a regional basis, healthcare spending in North America is expected to increase, at an average of 4.9% during 2015-2018. Growth is being driven, in part, by increasing consumer access to healthcare in the United States through the 2010 Patient Protection and Affordable Care Act (ACA). Growth in healthcare spending in West Europe is expected to be sluggish, at 2.4% annually, as countries recover from the eurozone crisis. Across Latin America, healthcare spending is projected to increase an average of 4.6% annually over 2015-2018. Several governments seek to improve public healthcare systems despite budget constraints. In Asia and Australasia, public healthcare programs combined with discretionary consumer income is expected to boost healthcare spending at an average of 8.1% in 2015-2018. Robust growth is expected in the Middle East and Africa, which could grow at an annual average of 8.7% over 2015-2018 — due to population growth and efforts to increase healthcare access.

Overall, the global market is expected to grow and emerging markets are likely to drive growth. Hikal is well positioned to grow given its robust presence in the US and the European Union.

II. Operational Performance

Hikal's pharmaceuticals division grew by 13% to ₹ 5,375 million compared to ₹ 4,754 million in the previous year. The growth was driven by an increased offtake in volume of contract manufactured active ingredients as well as higher sales of products in our generic portfolio. Although pricing pressure and a weak euro affected our sales towards the end of the financial year, Hikal increased its sales with new client agreements and a wider geographical footprint. Market penetration of our key APIs improved and sales of old APIs revived with better capacity utilization.

Custom Development and Manufacturing Business

The business registered robust growth of 35% year-on-year due to increased volumes of existing products as well as new development projects from key innovator clients. Hikal has an impeccable quality and regulatory track record which helps us attract and retain clients. Our past performance will help us increase our profit margins since cost alone will not be the sole reason to outsource for life science companies.

Hikal increased its global footprint by appointing dedicated personnel for different regions and undertaking marketing restructuring effort to serve our customers better. We identified several opportunities for custom development and manufacturing of intermediates and APIs. These initiatives are in various stages of development and semi-commercialization.

We actively pursued opportunities for clinical molecules in Phase II and III as well as lifecycle extension projects for innovator companies. It enabled us to provide a compelling value proposition as products reach patent expiration.

Several mid-size and biotech clients for early stage molecules have been added for custom development projects. Projects are in various stages of clinical trials where some clinical development quantities have been supplied by Hikal. While the process of a new molecule approval is time-consuming and unpredictable, we continue to diversify with more products in the pipeline for new clients.

Our long-term contract manufacturing agreement with a European innovator client to exclusively manufacture molecules commercially gained momentum last year. The molecules are performing well in the market and volumes have increased substantially. These products are expected to grow in the future according to the positive indications received from our client.

The specialized product that we manufacture for a US specialty food ingredient client is performing well in the market. Several approvals are expected in 2015-16 for new clients using the products manufactured at our facilities.

In addition to our kilo lab facility at Pune and Bangalore, Hikal has commissioned a new development and launch plant for our new products in the R&D pipeline. The GMP plant was made operational in September 2014 and we have been able to seed new opportunities and new projects. Our future plans include expanding and converting the plant into a full scale API manufacturing facility for niche high value smaller volume products. We are also building a project management team to execute projects smoothly and service our clients better.

Generic APIs

During the year, our generic API business registered a marginal growth of 2%. It was due to pricing pressure on some of our key products. Despite lower prices, our volume growth was approximately 200 tons as compared to last year. While pricing pressure is expected to continue, we plan to mitigate risks with cost rationalization in the areas of raw materials, lower inventories, streamlining the supply chain, improving processes and reducing utility costs.

Hikal has devised a strategy to become a formidable generic API supplier. We identify products early in the pipeline for clients, use technology and innovative chemistry for a cost advantage in molecules that go off patent in the next 3-5 years and explore products for the long term.

Hikal filed two Drug Master Files (DMFs) for products including Pregabalin with a novel enzymatic route. Our approach has given us a superior cost position and will help differentiate us from other API suppliers. Although the product is expected to go off-patent in December 2018, we are exploring early launch opportunities in certain markets where the product is already off-patent.

Hikal will file DMFs with novel processes having identified 8-10 new products for generic development. We will file 5-6 DMFs to develop a healthy pipeline of commercial API's every year. The products selected will be a combination of client requirements and niche molecules where we have a definitive technology capability to gain market share backed by our expertise in advanced chemistry and backward integration.

Hikal has invested significantly in the generic API business both in terms of personnel and manufacturing capabilities. We have strengthened our R&D infrastructure by hiring experienced scientists and chemists at our Pune facility and commissioning four new chemical synthesis labs to accelerate our pipeline development work.

Several projects were completed for debottlenecking capacity in two of our API blocks at Jigani, Bangalore. The capacity can be further debottlenecked when our client's requirements increase. The capacity was expanded for key starting raw materials being manufactured at Panoli, our advanced intermediate plant.

Several cost rationalization initiatives were undertaken at our pharmaceutical manufacturing plants. We have undertaken process innovation for our legacy lifecycle extension products that are facing pricing pressure while we continue to consolidate our market share.

As part of our sustainability initiatives, we commissioned a large bio-mass boiler and co-generation plant at our Bangalore facility. We are increasingly using renewable energy to substantially reduce overheads and mitigate the risk of interrupted power supplies.

We are evaluating the expansion of our Panoli facility for API manufacturing. It will help de-risk our Bangalore plant for manufacturing final APIs. Our strategy of a two-site production base will enable us to cater to increased volumes and offer a wider range of products.

III. Regulatory and Compliance Issues

Several regulatory issues faced by Indian drug makers in the US and Europe have been identified as being part of data documentation and maintenance. Data integrity issues such as inappropriate manufacturing practices and overlooking results while testing medicines resulted in several Indian companies getting heavily penalized.

The US FDA initiated action against several big generic pharmaceutical companies. In cases where the issue was not resolved satisfactorily by the company, it resulted in a ban on drugs exported from the plant. The United States is the largest market for domestic generic pharmaceutical companies, contributing in most cases between 25-55% of revenues for some of the larger companies.

Several domestic companies under scrutiny by the US FDA have been identified as having data integrity issues. The US FDA notices and import alerts issued will be a huge setback to these companies affecting their revenues and reputation.

The US FDA has a rigorous process and stringent checks and balances to maintain quality standards at drug manufacturing facilities for approval. The focus areas include drug labeling, marketing, manufacturing and product quality, compliance, security and integrity related to current Good Manufacturing Practices of active pharmaceutical ingredients (raw materials) and finished formulations.

Hikal perceives these developments both as risks as well as opportunities. We strive to maintain global standards to ensure that there are no data integrity issues and adhere to the best practices in quality and manufacturing.

We adopt a 'zero tolerance' approach to non-compliance across the organization. We continuously train our employees about compliance and the risks of non-compliance. We have an open channel of communication with our team members to voice opinions and concerns directly to senior management without repercussions. We have a mechanism to ensure that all policies and procedures are being followed at all levels across the organization.

IV. Hikal Strategy and Future Outlook

Hikal will focus on both the generic API and custom manufacturing businesses. We are positioning our company as a leading provider of contract development and commercial manufacturing services as well as a reliable supplier of generic APIs.

We offer a wide range of services focused on drug products and APIs backed by advanced technologies. We offer end-to-end solutions to a broad spectrum of companies ranging from large pharmaceutical and biotech companies to specialty pharmaceutical companies, generics and emerging pharmaceutical companies. We partner with clients for the long-term to give them a competitive advantage.

Hikal as part of our diversification strategy are pursuing allied niche opportunities in steroids and oncology. We have invested in setting up labs and are in the process of evaluating commercial manufacturing opportunities in steroids. We believe our diversification strategy along with our healthy product pipeline will continue the growth and profitability path for the pharmaceutical division.

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[6] *2014, Phillips McDougall – AgriService, Industry Overview*

CROP PROTECTION 2014-15

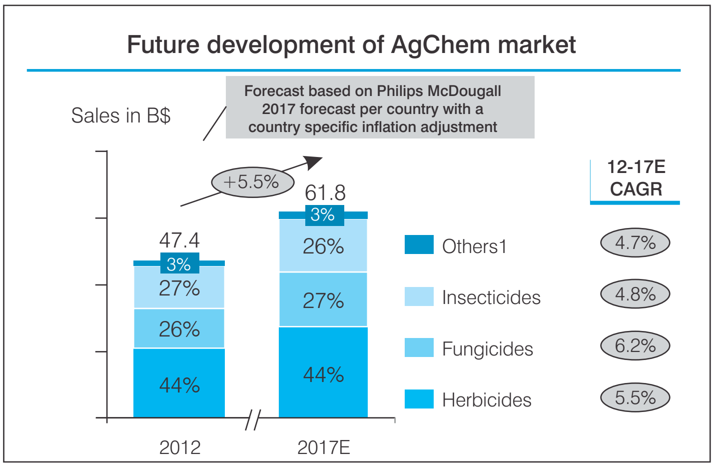
The global crop protection market grew by 4.5% to US$56 billion in 2014. [1]Growth in the crop protection sector is directly linked to support for agriculture, crop commodity and farm income. The annual performance is a story of two halves: one half had rising prices and robust demand while the other half experienced a steep decline.

	2009	2010	2011	2012	2013	2014
World Crop Protection market ($m.)	40,147	41,291	46,539	49,549	54,208	56,655
Nominal change on previous year (%)	-7.0	+2.8	+12.7	+6.5	+9.4	+4.5
Real change on previous year (%)	-1.5	+0.2	+7.1	+8.9	+9.9	+5.4

In 2014, the growth was muted by currency fluctuations. However, there was volume growth in emerging markets. Prices for a majority of products were lower combined with lower offtake of products.

The global crop protection chemicals market is segmented into regions and further subdivided into key countries. In terms of regions, the market is segmented into North America, Europe, Asia-Pacific, Latin America, and the rest of the world. Asia-Pacific and North America are the top two markets for crop protection chemicals, accounting for nearly 50% of the total market share. Asia-Pacific is the fastest-growing region in terms of revenue.

The market is also segmented by herbicides, fungicides and insecticides. Growth is projected around 4.5%–5.5% on an annual basis. Hikal caters to all these product categories. The crop protection chemicals market is driven by limited availability of arable land, high profit margins, modern farming practices, techniques and technology. Several leading companies are investing in the development and manufacturing of crop protection chemicals. Global companies are providing a wide range of crop protection offerings in response to growing demand.



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The world experienced unpredictable weather with dryness in South and West US, including Mexico, delay in the corn and soybean planting season; dry weather in early 2014 in Brazil; mild winter but moderate summer in Russia and Ukraine, and a deficient monsoon in India and South Asia.

Bayer registered growth of 6.9% followed by BASF with 4.2% and Syngenta with 4.0% compared with the previous year.

Key factors affecting the global crop protection market performance in 2014 [3]

- Crop prices were trending upwards in the first half of the year, but then weakened
- Rice production process was affected by destocking in Thailand
- Decline in glyphosate prices
- Unpredictable weather
- Ukraine crisis reduced agrochemical sales in the country and neighboring areas
- Brazilian market affected by lower crop processing combined with high inflation
- Wet, cool summer affected market growth in central regions
- Dry weather in South America

[1] *Phillips McDougall Industry Overview 2014*
[2] *BCG Analysis*
[3] *Phillips McDougall Industry Overview 2014*

II. Crop Protection Operations

Hikal's crop protection division had a muted year. Our revenues were affected by a significant decline in volumes in the second half from our multinational clients. We ended the year with revenues of ₹ 3,342 million, 6% lower as compared with the previous year.

Our clients who indicated a larger offtake in the beginning of the year, changed their forecasts as the global crop protection market slowed down. Our clients slashed their inventories, which reduced our sales revenues.

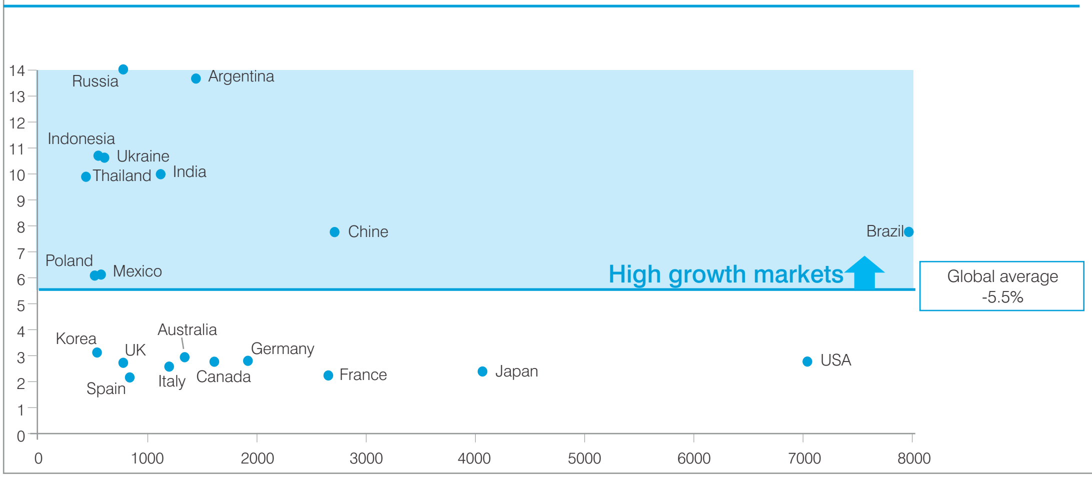
Sales of Thiabendazole grew in terms of volume and increased revenues of the division. The product is extremely versatile and used in both crop protection to control mold and other fungal diseases in fruits and vegetables as well as an anti-parasitic to control roundworms. It is also used in the materials protection industry to prevent fungal growth. We expect sales of Thiabendazole to continue to grow in the near future.

Sales of a fungicide that we manufacture exclusively for an innovator client declined due to inventory cuts. It is used to protect grapes, potatoes, tobacco and vegetables. We expect volume to pick up and grow further in the future.

Sales of the on-patent herbicide that we exclusively manufacture under contract for a global innovator client declined in volume terms. While the product is doing well in the market, destocking of inventory and slower growth has affected revenues of this product. We do not expect it to be a long-term phenomenon and believe that volume will grow in the near term.

Our division is focused on contract development and manufacturing for global multinational companies. Almost 90% of our sales revenues are generated from this business. We have refined our strategy: In addition to targeting existing clients for additional molecules in their portfolio, we are focusing on commercializing new molecules to provide them to several clients in existing and new markets. Our clients have traditionally been large innovators in western countries. We plan to de-risk our client and product profile by introducing new molecules in markets where we have limited reach such as emerging markets. It will help us increase our footprint and gain higher revenue realization. The chart below highlights how emerging markets are projected to register robust growth. We have had limited access in these markets and with our growing product portfolio, will enable us to capture additional revenues and profitability.

Expected market growth1 (*12-17 CAGR, %)



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We plan to strike a balance between contract manufacturing and selling our own products developed by our R&D. Several of these products were manufactured by us in the past, but for a variety of reasons, we discontinued selling them. Demand for these products remains buoyant and as part of our interim strategy, we have started to manufacture and capitalize on opportunities to sell products such as Quinalphos, Diuron and 3,5DCA. Hikal in the near future plans to register its own products in the export market and focus on growth in turnover and profitability. Another area of focus is our operational excellence initiatives where we are working on waste reduction, energy conservation and better utilization of raw materials and capacity.

We successfully completed the validation trials of an intermediate for an innovator client's product. We successfully completed the manufacture of pilot plant batches and have submitted the results. It is a large volume on-patent product which will require dedicated facilities to address the size and complexity of the molecule. We supplied commercial quantities of an on-patent product to a leading Japanese company. The fungicide is scheduled for field trials next year and if successful, the product will be launched in Japan and henceforth supplied globally.

[4] *BCG Analysis 2014*

Another fungicide for a Japanese company was commercialized. Hikal supplied several metric tons and met the specifications and quality parameters of the client. We expect the on-patent fungicide to become a regular product for the company that will increase in volume over time.

A niche small volume insecticide was commercialized and supplied to an innovator client. Product volumes are stable yet small, and having completed the commercial scale project successfully, we expect it to increase the revenues of our business.

Several projects have reached the development phase and pilot plant level. The clients include Japanese, European and mid-size specialty chemical companies. The products range from advanced intermediates to final actives including herbicides, fungicides and insecticides and small niche products. We expect the pipeline of projects to yield additional revenues and profitability in the years to come.

In the past, Hikal has invested significantly in environment, health, safety and quality. Being a 'Responsible Care' certified company, Hikal continues to maintain the highest environmental standards while improving our safety record. Our focus on stringent quality management operations has resulted in zero customer complaints on quality during the year.

III. Future Outlook

While the crop protection division registered a decline in revenues, we are positive about the future business outlook. The global phenomenon of a growing population results in a higher demand for food. Demand is cyclical in this business with a few years of high growth followed by several years of lower growth. Our new under development product pipeline, both client-specific and proprietary is on track and scheduled to be commercialized by our R&D. This will diversify our business, add revenues and increase profitability in the years to come.

RESEARCH & DEVELOPMENT

In a competitive environment, companies will differentiate themselves through innovation driven by research and development (R&D).

Strategy

Hikal has realigned its strategy to strike a balance between the contract development, manufacturing business, and internal product development for both divisions. Our R&D will develop innovative, cost-effective, safe and sustainable processes for launching products in the crop protection and pharmaceutical businesses. We will focus on delivering value to clients, while continuously boosting productivity and profitability.

We believe there is no guarantee that our research and development efforts will result in commercially successful products. However, we can mitigate risks by innovating through technology and building a robust pipeline of products.

Our R&D activities shape the products that we manufacture and sell in the marketplace. We invest in R&D to enhance our competitiveness and drive growth. Our crop protection research focuses on herbicides, fungicides and insecticides. Our pharmaceutical research focuses on the central nervous system-related diseases and diabetes, while we pursue new opportunities in other therapeutic areas such as steroids.

Our R&D strategy is focused on:

- Consistency - decision making to meet objectives
- Coherence - clear communication about goals of each division
- Alignment - alignment of goals with the business strategy of each division
- Delivery - supply of products and projects on time and within budget

We are confident that our revamped R&D will achieve the goals of our businesses. We believe that the success of products manufactured at Hikal will be a combination of several factors, with robust support from the R&D team.

R&D Consolidation

We consolidated our R&D activities at our facility in the International Biotech Park, Pune. We completed the process of transferring R&D personnel from our Bangalore facility to Pune. The consolidation of our scientific personnel and operations at a single location is yielding results in terms of a more robust development portfolio and increased cost savings.

Hikal has invested in R&D infrastructure and intellectual capital this past year. We added four chemical synthesis laboratories including a steroid and high potency laboratory to expand our chemistry portfolio. We recruited an experienced senior leader to manage our generic and custom manufacturing development for the pharmaceutical business. In addition, we recruited several leaders to spearhead our generic API development. We invested in analytical equipment to comply with the latest regulatory standards which will also help reduce bottlenecks. These steps will boost productivity of our R&D division leading to higher revenue and profitability of our crop protection and pharmaceutical divisions.

Our R&D center at Pune focuses on:

- Crop protection and speciality chemicals
- Animal health
- Pharmaceuticals (contract &custom manufacturing)
- Generics development

Operations

Our focus has shifted from pure contract development to generating our own product portfolio for our crop protection and pharmaceutical divisions. We are building a pipeline of early development Phase II and Phase III projects where scientists identify safe, effective and economical manufacturing processes using advanced technology as a differentiator.

While there is no guarantee that a potential molecule will receive marketing approval, the chances of success are higher for commercial manufacturing when the molecule is at a later stage. We have several sensitive projects under evaluation in various stages of the lifecycle in the pharmaceutical division.

We have several early stage projects in our crop protection business. A majority of these projects are from innovator clients in Japan and Europe. These molecules are on patent and in these situations we often do not know the target indication or the candidate molecule. In the past, several projects have passed the development phase and reached semi-commercial trials. We expect a 10%-15% success rate of molecules going into commercial production. During the year, we commercialized an insecticide for an innovator company. While volumes are small, this niche product is also used in the veterinary market. We completed process development for an on-patent herbicide for another innovator client. The commercial process optimization is underway and will be completed by the end of the year. We expect that our client will commercialize this product in the years to come.

We are steadily developing our animal health portfolio. We completed the development of a topical parasitic used for dogs and cats under contract from a mid-sized European company. The lab validation batches are underway and will be followed by plant validation at the end of the year. We expect the product to be commercialized in 2016-17. It is a small volume, high priced product. Process development of another veterinary medication to kill external parasites for pets was completed for the same client. We expect this small volume product to go commercial in 2016-17.

We completed the process development and first pilot plant campaign for a regulatory starting material used in oral flea and tick treatment for dogs. The next commercial campaign is expected in 2016. As part of our new R&D initiative and risk diversification strategy, we are working on steroid development. Two products used on livestock to increase muscle growth and appetite and a synthetic opioid analgesic used in cats and dogs are in late stage development. We have already secured a client for these products.

On the human health front, we are progressing well. We validated an API product using enzymatic technology developed by our R&D, and we will soon start commercial manufacturing. The novel process offers a significant cost advantage to our clients.

We plan to file six drug master files (DMFs) during the forthcoming financial year. Some of the products under various stages of development are Sitagliptin, Dabigatran, Lacosamide, Olmesartan and Darunavir. These blockbuster products are coming off patent shortly. We have approached potential clients for these products and have received a positive response from several of them.

We generate revenue for R&D through our contract development projects. However, these projects are limited to select customers and projects with commercial manufacturing viability. We started commercial operations at a new development and launch plant for small and medium sized products in Bangalore. This plant will increase the delivery of semi-commercial and commercial quantities being developed at the R&D facility in Pune. It will also serve as a launch facility for products catering to the animal health industry.

We have a healthy contract development pipeline. We completed the first pilot plant campaign for an intermediate of a non-regulatory starting material used for an oncology product under development. The second pilot plant trials are under discussion with the same biotech company. Our partnership with a leading global biotech company has yielded positive results. Apart from working on several projects, the process development and two pilot plant trials for a regulatory starting material used in the treatment of ventricular systolic heart failure has been completed. The product should receive regulatory approval and is estimated to reach the market in 2017. Process development has been completed for an intermediate in Phase III trials for a Japanese innovator company used for treatment of chronic constipation. We estimate that commercial manufacturing will begin in 2016. We have been successful with several mid-to-late stage development projects that are under regulatory review. The potential for manufacturing these molecules at various stages is high. We are in touch with our clients to monitor developments for each of these products. We are confident that some of these products will progress into commercial manufacturing opportunities for us.

Our diversified initiatives combined with the R&D consolidation will spur future growth. Our primary R&D goal is to develop innovative new processes that offer significant benefits to our customers. We have built reasonable scale and expertise along with agile R&D groups that can deliver complete sustainable solutions.

Strategy

Our R&D division focuses on the development of cost-effective and sustainable processes for new products as well as optimization of technology for existing products.

It is imperative for us to develop and utilize best available technology. We will focus on the integration of our supply chain for some of our major products to improve the economics of manufacturing and de-risk the supply chain. We are evaluating the application of continuous and micro reactor technology for some key intermediates and starting materials.

Our R&D is focused on long-term manufacturing opportunities and our strategy will be to strike a balance between contract development projects of our clients and proprietary molecules developed internally for our respective divisions. We believe these opportunities will lead to significant growth in the future.

RISKS

Risk mitigation is a key factor contributing to the long-term success of our business. We are in constant touch with our stakeholders to evaluate and manage dynamic events across our supply chain. We identify risks early and take steps to prevent them. We are focused on creating shareholder value, safeguarding the interests of the company while adhering to the principles of quality, safety and sustainability.

At an operational level, the day-to-day management of risk rests with each business division. Risks are classified into different categories for better management and control. We assign a responsibility to each business division to manage risks, depending on the magnitude of consequences and impact on the organization.

Hikal identifies risks and takes measures to mitigate them:

Regulatory Risk

In today's regulatory environment, non-compliance risk is a major concern for the company. Issues raised by the US FDA and other global regulatory authorities can have a detrimental impact on revenue and profitability. We ensure that the company has regulatory and statutory approvals for conducting business so that operations are not adversely affected. Any change in the law or regulation made by the government or regulatory authorities can substantially increase the cost of operations and reduce profitability. We continue to monitor the legal and regulatory framework on an ongoing basis.

Customer and Product Focus

Our crop protection and pharmaceuticals businesses are based on long-term contracts with clients. A muted forecast by clients will certainly affect revenues. Based on our experience of such risks, we have expanded our client base and diversified our product portfolio across regions to mitigate this risk.

Production and Quality Risk

Hikal upholds global quality and regulatory standards in manufacturing and development. We maintain consistent product quality across manufacturing processes and comply with Good Manufacturing Practices (GMP). We have dedicated personnel to drive initiatives for adhering to and improving quality standards on an ongoing basis.

Environment, Health and Safety and Sustainability

Hikal focuses on protecting the interests of the environment, safeguarding the health and safety of employees and ensuring the sustainability of the business in line with company objectives, policies, and laws and regulations. Our dedicated team at each plant continuously monitors performance to ensure adherence to global regulations.

Intellectual Property

Hikal believes that protecting the intellectual property rights of our clients is integral to our business. We take adequate measures using technology and undertake training to ensure that employees respect intellectual property.

Crisis and Continuity of Business

Our crisis management efforts focus on our ability to recover and sustain critical operations following a disruption, or to respond to a crisis in a timely manner. Hikal has teams across divisions to assess any crisis and handle it in an efficient manner. Our teams share information and responsibility to ensure continuity management.

Supply Chain Continuity

A majority of the key raw materials used in our manufacturing operations are available from more than one source. If one of these suppliers is unable to provide the materials or product, Hikal has sufficient inventory until an alternative source is identified. However, in the event of an extended supply failure, we may experience an interruption until we identify new sources or, in some cases, implement alternative processes. We continuously monitor our supply chain to ensure that there is minimum downtime for our production facilities so that the requirements of our clients are met.

HUMAN CAPITAL

Hikal's journey has been shaped by the dedication of our employees at our plants and our corporate office. Our human capital has contributed to the growth of Hikal over the years.

In 2014, we implemented a new Human Resource Management System that transparently assesses and tracks the performance of our employees. It also provides a defined career path for our professionals. Significantly, the system enables employees to view their progress against the key result areas set forth at the beginning of each year.

Hikal recruited several new employees from senior managers to trainees from the Indian Institutes of Technology, National Institute of Technology and the Indian School of Business. The mix of experience and youth will encourage creativity and innovation at the workplace.

Hikal has technical, managerial and leadership development programs across our plants to enhance the competency levels of employees. We are continuously training our team members in best practices and ensuring that compliance across all fields is being adhered to at all times.

Enhancing Professional Competencies

Training and development is a continuous process to enhance the calibre of our employees. In 2014-15, our renewed focus resulted in increased number of training hours per employee.

During the year, the key development programs organized were:

- Soft skills training
- Effective communication
- Safety and fire fighting
- Team work games and exercises
- cGMP (questions and answers)
- Health awareness

Performance Management Systems

Hikal developed a performance appraisal system to recognize and reward high performing employees after a review process by the Performance Appraisal Review Committee. Succession planning is a pre-requisite for business continuity. It is undertaken through systematic review of employees so that high performing employees are rewarded appropriately and grow with the organization.

Hikal offers a work environment that encourages collaboration, fosters creativity and provides an adequate work-life balance.

Employee Engagement Activities

Hikal commenced an initiative called 'Employee Hour' to provide employees with a platform for one-on-one conversations with their managers on a personal as well as professional basis. It has instilled a sense of security among employees and reduced attrition rates at plants and at the corporate office. Events such as sports day, women's day and family day are organized to enhance inter-personal relationships among employees and create a sense of togetherness.

Industrial Relations

A majority of our plant workers have completed 10 years of service. It bears testimony to the dedication, trust and confidence of these workers in the organization.

The vital contribution of our workers has been recognized. They are encouraged to upgrade their skills. Many workers are pursuing higher education so that it offers new opportunities and shapes their career path.

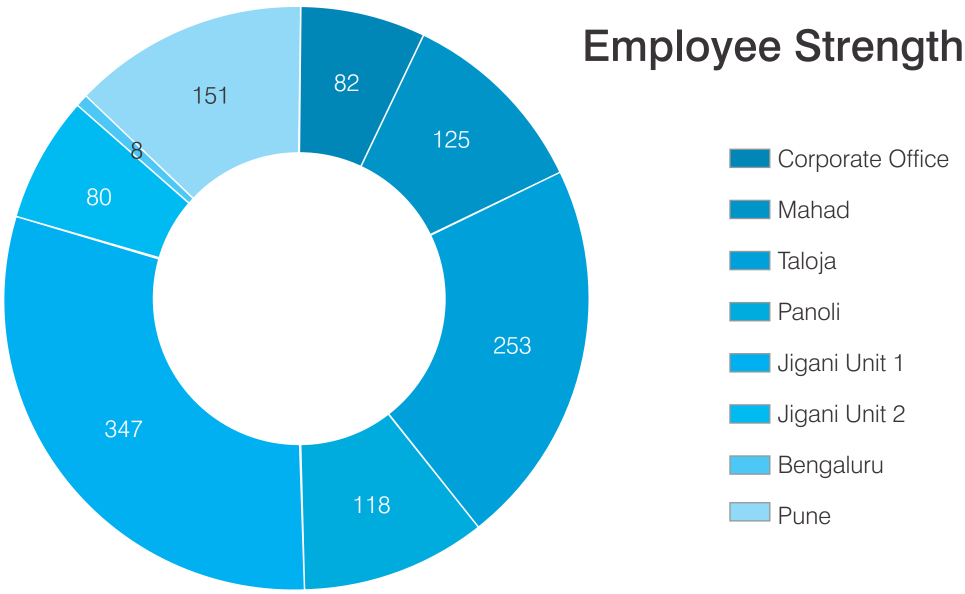
Several technicians are represented on employee welfare committees. They also participate in environment, health, safety, quality programs and suggestion schemes.

Welfare Measures

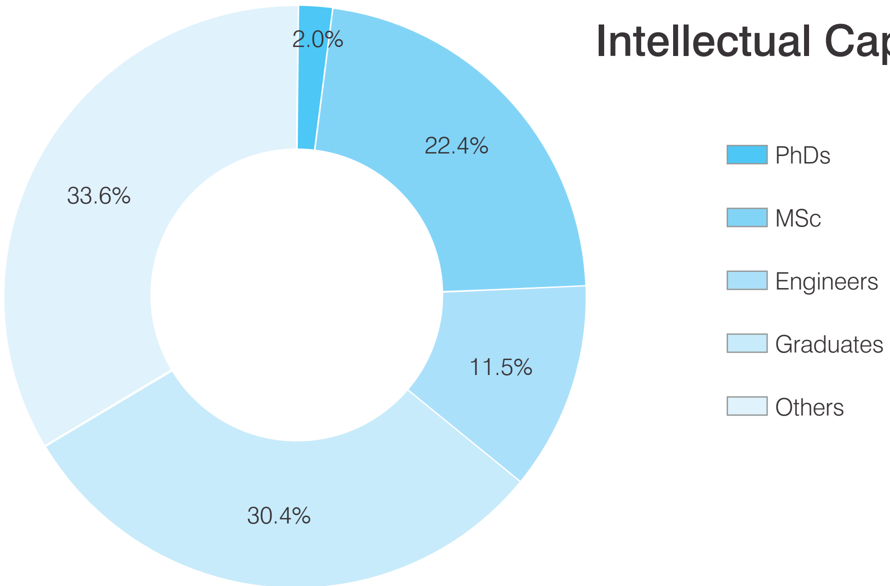
Hikal has initiated several welfare measures for employees:

- Medical insurance coverage and personal accident policy
- Food subsidy, free transport and allowances for medicines and education
- Loans on relaxed terms for children's education, medical emergencies and housing

Employee Strength



Intellectual Capital



Independent Auditors' Report

To the members of Hikal Limited

Report on the standalone financial statements

We have audited the accompanying standalone financial statements of Hikal Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2015 and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's responsibility for the standalone financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 judgment, 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015 and it's profit and its cash flows for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 3 and 4 of the said Order.
2. As required by Section 143(3) of the Act, we report that:
   (a) we have sought and obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
   (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this report are in agreement with the books of account;
   (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
   (e) on the basis of written representations received from the directors as on 31 March 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015, from being appointed as a director in terms of Section 164(2) of the Act; and

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

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 26 to the financial statements;

ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 10 to the financial statements; and

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Aniruddha Godbole
Partner
Membership No: 105149

Mumbai
5 May 2015

Annexure to Independent Auditors' Report - 31 March 2015

(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, which comprises of freehold and leasehold land, by which all fixed assets are is 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 in respect of assets verified during the year.

ii. (a) The inventory, except for goods-in transit and stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained.

(b) The procedures for 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 the physical stocks and the book records were not material and these have been dealt with in the books of account.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraphs 3(iii) (a) and (b) of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories and fixed assets are for the Company's specialised requirements and, similarly, sale of certain goods and services are for the buyers' specialised requirements and suitable alternative sources are not available to obtain comparable quotations, 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 for sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.

v. In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.

vi. 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 148 (1) of the Companies Act, 2013 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.

vii. (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted/ accrued in the books of account in respect of Provident fund, Employees' State Insurance, Sales tax/ Value added tax, Wealth tax, Duty of customs, Duty of excise, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted/ accrued in the books of account in respect of Income Tax, Service tax and Professional tax have generally been regularly deposited during the year by the Company with the appropriate authorities, though there has been a slight delay in a few cases.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income Tax, Sales tax/ Value added tax, Wealth tax, Service tax, Duty of customs, Duty of excise, Cess, Professional tax and other material statutory dues were in arrears as at 31 March 2015 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 Wealth tax, Service tax, Sales tax / Value added tax and Duty of customs which have not been deposited with the appropriate authorities on account of any dispute.

According to the information and explanations given to us, the following dues of Income-tax and Duty of excise have not been deposited by the Company on account of disputes:

Name of the statute	Nature of the dues	Demand (₹)	Amount not deposited on A/c of demand (₹)	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Income-tax	1,966,691	1,966,691	2001-02	Deputy Commissioner of Income-tax
Income tax Act, 1961	Income-tax	3,768,299	3,768,299	2002-03	Deputy Commissioner of Income-tax
Income tax Act, 1961	Income-tax	5,674,485	5,674,485	2003-04	Deputy Commissioner of Income-tax
Income tax Act, 1961	Income-tax	15,292,537	15,292,537	2006-07	Deputy Commissioner of Income-tax
Income tax Act, 1961	Income-tax	3,046,111	3,046,111	2007-08	Deputy Commissioner of Income-tax
Income tax Act, 1961	Income-tax	5,465,280	5,465,280	2009-10	Commissioner of Income-tax (appeals)
Income tax Act, 1961	Income-tax	1,805,620	1,805,620	20010-11	Commissioner of Income-tax (appeals)
Central Excise Act, 1932	Excise duty	40,126,609	34,126,609	July-2007 to Dec-11	Customs, Excise and Service Tax Appellate Tribunal, Bangalore

(c) The Company has transferred amounts required to be transferred to the Investor Education and Protection Fund within the prescribed time in accordance with the relevant provisions of the Companies Act, 1956.

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

ix) 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.

(x) 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.

(xi) 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.

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

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

Aniruddha Godbole
Partner
Membership No: 105149

Mumbai
5 May 2015

Balance Sheet

As at 31 March, 2015

(Currency: Indian rupees in million)

	Note	31 March, 2015		31 March 2014
Equity And Liabilities				
Shareholders' Funds				
Share capital	3	164.40		164.40
Reserves & surplus	4	5,170.34		4,894.65
			5,334.74	5,059.05
Non-current Liabilities				
Long-term borrowings	5	2,014.43		2,548.22
Deferred tax liabilities (net)	34	285.11		324.90
Long-term provisions	6	117.12		109.20
			2,416.66	2,982.32
Current Liabilities				
Short-term borrowings	7	2,310.11		2,155.48
Trade payables	8	1,371.25		1,310.85
Other current liabilities	9	1,315.19		1,001.91
Short-term provisions	10	181.31		197.90
			5,177.86	4,666.14
TOTAL			12,929.26	12,707.51
Assets				
Non-current Assets				
Fixed Assets				
Tangible assets	11	6,393.52		6,441.41
Intangible assets	11	-		-
Capital work-in-progress	11	616.61		611.67
			7,010.13	7,053.08
Non-current investments	12	31.27		31.27
Long-term loans and advances	13	879.41	910.68	677.19
			7,920.81	7,761.54
Current Assets				
Inventories	14	3,139.54		3,112.93
Trade receivables	15	1,279.71		887.37
Cash and bank balances	16	136.92		276.88
Short-term loans and advances	17	409.16		657.39
Other current assets	18	43.12		11.40
			5,008.45	4,945.97
TOTAL			12,929.26	12,707.51
Significant Accounting Policies	2			
The notes referred to above form an integral past of the financial statements	3-45			

As per our report of even date attached

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

Aniruddha Godbole
Partner
Membership No: 105149

Mumbai
5 May 2015

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

Jai Hiremath
Chairman & Managing Director- DIN: 00062203

Kannan K. Unni
Director- DIN: 00227858

Sham Wahalekar
Chief Financial Officer & Company Secretary- Membership No: 8745

Mumbai
5 May 2015

Statement of Profit and Loss
for the year ended 31 March 2015
(Currency: Indian rupees in million)

	Note	31 March, 2015	31 March 2014
Income			
Revenue from Operations			
Sales of Products (gross)	19	8,601.99	8,326.93
Less: Excise duty		56.75	53.69
Sales of Products (net)		8,545.24	8,273.24
Sales of Services		46.82	4.56
Other operating revenue		126.46	14.31
		8,718.52	8,292.11
Other Income	20	15.77	340.55
Total Revenue (I)		8,734.29	8,632.66
Expenses			
Cost of materials consumed	21	4,318.86	3,878.10
Changes in inventories of finished goods and work-in-progress	22	(48.68)	(119.84)
Employee benefit expense	23	892.04	790.19
Finance costs	24	600.47	680.04
Depreciation and amortization expense	11	641.78	557.92
Less: Transfer from revaluation reserve		-	(7.69)
Net depreciation and amortization expense		641.78	550.23
Other expenses	25	1,731.26	1,870.86
Total Expenses (II)		8,135,73	7,649.58
Profit Before Tax (I-II)		598.56	983.08
Tax Expense			
- Current tax		217.57	208.15
- Less: MAT credit entitlement		-	(104.53)
- Deferred tax (credit)/charge		(24.10)	238.65
Total tax expense		193.47	342.27
Profit for the year		405.09	640.81
Basic and diluted earnings per share ₹	32	4.93	7.80
(Face value per share ₹ 2/-)			
Significant accounting policies	2		
The notes referred to above form an integral part of the financial statements	3-45		

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Aniruddha Godbole
Partner
Membership No: 105149

Mumbai
5 May 2015

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

Jai Hiremath
Chairman & Managing Director- DIN: 00062203

Kannan K. Unni
Director- DIN: 00227858

Sham Wahalekar
Chief Financial Officer & Company Secretary- Membership No: 8745

Mumbai
5 May 2015

Notes to the Financial Statements

For the year ended 31 March 2015

(Currency: Indian rupees in million)

1 **Company Overview**

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.

2 **Significant Accounting Policies**

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

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

The accompanying financial statements have been prepared in compliance with Accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 which continue to apply under Section 133 of the Companies Act, 2013 ('the Act') (to the extent notified), read with Rule 7 of the Companies (Accounts) Rules, 2014, and other generally accepted accounting principles (GAAP) in India, to the extent applicable, under the historical cost convention, on the accrual basis of accounting and other relevant provision of the Act..

b. **Use of estimates**

The preparation of financial statements in conformity with GAAP in India requires management to make estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements 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 recognised prospectively in the current and future periods.

c. **Current / Non-current classification**

The Schedule III to the Act requires all assets and liabilities to be classified as either current or non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

(a) it is expected to be realised in, or is intended for sale or consumption in, the entity's normal operating cycle;

(b) it is held primarily for the purpose of being traded;

(c) it is expected to be realised within twelve months after the balance sheet date;

(d) it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

(a) it is expected to be settled in, the entity's normal operating cycle;

(b) it is held primarily for the purpose of being traded;

(c) it is due to be settled within twelve months after the balance sheet date; or

(d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

All other liabilities are classified as non-current.

Operating cycle

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 above which are in accordance with the revised Schedule III to the Act.

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

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

Tangible assets

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 capitalised. Other pre-operative expenses for major projects are also capitalised, where appropriate.

Tangible fixed assets under construction are disclosed as capital work-in-progress. Advances paid for acquisition of fixed assets are disclosed under long term loans and advances.

Intangible assets

Intangible assets that are acquired by the Company are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss. Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

Depreciation and amortisation

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

Pursuant to the Act, being effective from 1 April 2014, the Company has revised the depreciation rates on fixed assets as per the useful life specified in Part 'C' of Schedule II of the Act. Consequently, depreciation charge for the period from 1 April 2014 to 31 March 2015 is higher by ` 43.50 Millions due to change in the estimated useful life of certain assets wherein the opening carrying value as at 1 April 2014 is depreciated over the remaining useful life. Written down value of the assets with balance useful life Nil of ` 46.16 Million and corresponding deferred tax impact of ` 15.69 million has been adjusted to the in retained earnings as per the option exercised by the Company.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, wherein the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc :

Plant and Machinery – Useful life of plant and machinery in factories are 9 to 13 years. Leasehold land is amortised over the duration of the lease.

Till the previous year ended 31 March 2014, depreciation on fixed assets was provided on straight line method in the manner and rates prescribed in Schedule XIV to the Companies Act, 1956.

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. Upto previous year ended on 31 March 2014, the additional charge of depreciation on account of revaluation was withdrawn from revaluation reserve and credited to the statement of profit and loss. During the current financial year, additional charge of depreciation on account of revaluation is debited to the statement of profit and loss and similar amount is withdrawn from revaluation reserve and credited to general reserve.

Until 31 March 2012, in respect of accounting period commencing on or after 07 December 2006 and ended on or before 31 March 2011, further extended to period ending on or before 31 March 2012 and subsequently extended till period ended on or before 31 March 2020, consequent to the insertion of paragraph 46 of AS-11 'The Effects of Changes in Foreign Exchange Rates', notified under the Companies (Accounting Standards) Rules, 2006, (as more fully explained in note 2.i), the cost of depreciable capital assets includes foreign exchange differences arising on translation of long term foreign currency monetary items as at the balance sheet date in so far as they relate to the acquisition of such assets.

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

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

Notes to the Financial Statements

For the year ended 31 March 2015

(Currency: Indian rupees in million)

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 recognised in the statement of profit and loss or against revaluation surplus, where applicable. If at the balance sheet date there is an indication that previously assessed impairment loss no longer exists the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to maximum of depreciated historical cost.

f. **Investments**

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long- term investments. However, part of long-term investments which is expected to be realised within 12 months after the reporting date is also presented under 'current assets' as "current portion of long-term investment" in consonance with the current/ non-current classification scheme of Schedule III to the Act. Long-term investments (including current portion thereof) are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment.

Current investments are carried at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments. Any reduction in the carrying amount and any reversals of such reductions are charged or credited to the statement of profit and loss.

g. **Inventories**

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

The Comparison of cost and net realisable value is made on an item by item basis.

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

h. **Revenue recognition**

Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer, which coincides with the 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 recognised based on date of bill of lading.

Excise duty collected on sales is separately reduced from turnover.

Interest income is recognised on time proportion basis.

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

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.

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 amortised over the balance period of such long term foreign currency liabilities or 31 March 2020, whichever is earlier.

j. Employee benefits

a) Short term employee benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the year.

b) Post employment benefits:

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The company makes specified monthly contributions towards Provident Fund and Employees State Insurance Corporation ('ESIC'). The Company's contribution is recognised as an expense in the statement of profit and loss during the period in which employee renders the related service.

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.

Defined benefit plans

The Company provides for gratuity, a defined benefit plan covering eligible employees. Liabilities with regard to the gratuity benefits payable, 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 staff at Panoli plant is funded through group gratuity insurance scheme of the Life Insurance Corporation of India ('LIC').

Other long term employee benefits

Compensated absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date as determined by an independent actuary based on projected unit credit method. The discount rates used for determining the present value of the obligation under other long term employment benefits plan, are based on the market yields on Government securities as at the balance sheet date.

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 capitalised 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 recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Notes to the Financial Statements

For the year ended 31 March 2015
(Currency: Indian rupees in million)

l. **Taxation**

Income Tax expense comprises current income tax (i.e. amount of tax for the year determined in accordance with income tax laws) and deferred tax charge or credit (reflecting the tax effect of timing difference between accounting income and taxable income for the year.

The deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however; where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

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 recognised 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.

m. **Research and Development**

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

n. **Export incentives**

Export incentives principally comprises of Duty Drawback, Focus Market Scheme, Focus Product Scheme, Excise Duty rebate and other export incentive schemes. The benefits under these incentive schemes are available based on the guidelines formulated for respective schemes by the government authorities. These incentives are recognised as revenue on accrual basis to the extent it is probable that realisation 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.

Provision reviews at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent liabilities are disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of amount of the obligation cannot be made. Contingent Liabilities are not recognised but are disclosed in the notes.

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 calculated 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/deposit with a original 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.

		31 March, 2015	31 March 2014
3	**Share Capital**		
	Authorised		
	125,000,000 Equity Shares of ₹ 2/- each (P. Y. : 25,000,000 Equity Shares of ₹ 10/- each) (Refer Note a below)	250.00	250.00
	5,000,000 Cumulative Redeemable Preference Shares of ₹ 100/- each (P. Y. : 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		
	82,200,500 Equity Shares of ₹ 2/- each fully paid-up (P. Y.: 16,440,100 equity Shares of ₹ 10/- each fully paid up)	164.40	164.40
	(Refer Note a below)	164.40	164.40

a The Company has altered the Memorandum and Articles of Association by passing Special resolution of the shareholders through postal ballot / e-voting on 16 February 2015 and subdivided its 16,440,100 equity shares of ₹ 10 each into 82,200,500 equity shares of ₹ 2 each. The number of Equity shares of the Authorised, Issued and subscribed and paid-up capital has been sub-divided accordingly.

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

Equity shares	31 March 2015		31March 2014	
	No. millions	₹ in millions	No. millions	₹ in. millions
At the beginning of the year	16.44	164.40	16.44	164.40
Increase in number of equity shares on account of sub-division	65.76	-	-	-
Outstanding at the end of the year	82.20	164.40	16.44	164.40
(Refer Note a above)				

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

The Company has only one class of equity shares having a par value of ₹ 2 (P.Y. ₹ 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 2015, the amount of per share dividend recognised as distributions to equity shareholders is ₹ 1 on a face value of ₹ 2 (P.Y. ₹ 4.50 on a face value of ₹ 10).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Notes to the Financial Statements

As at 31 March 2015

(Currency: Indian rupees in million)

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

	31 March 2015		31 March 2014	
	No. million	% holding in the Class	No. million	% holding in the Class
Equity shares of ₹ 2 (P.Y. ₹ 10) each fully paid				
Kalyani Investment Company Ltd.	25.78	31.36	5.16	31.36
Shri Badrinath Investment Pvt. Ltd.	13.28	16.15	2.65	16.15
International Finance Corporation	6.80	8.27	1.36	8.27
Reliance Capital Trustee Co Ltd	6.58	8.00	1.12	6.82
Shri Rameshwara Investment Pvt. Ltd.	6.54	7.96	1.31	7.96
Sugandha J Hiremath	6.54	7.84	1.29	7.84

	31 March 2015	31 March 2014
4 Reserves and surplus		
Capital Reserve		
At the commencement and at the end of the year	0.44	0.44
Capital redemption reserve		
At the commencement and at the end of the year	509.82	509.82
Securities premium account		
At the commencement and at the end of the year	146.92	146.92
Revaluation reserve on Land		
At the commencement and at the end of the year	1,070.97	1,078.66
Less: Amount transferred to the statement of Profit and Loss as reduction from depreciation	-	7.69
Less: Amount transferred to general reserve	7.69	-
	1,063.28	1,070.97
State subsidy		
At the commencement and at the end of the year	5.50	5.50
Contingency reserve		
At the commencement and at the end of the year	30.00	30.00
General reserve		
At the commencement of the year	553.62	453.62
Add: Amount transferred from revaluation reserve	7.69	-
Add: Amount transferred from surplus	50.00	100.00
	611.31	553.62
Surplus in the statement of profit and loss		
At the commencement of the year	2,577.38	2123.12
Profit for the year	405.09	640.81
Appropriations		
Less: Impact of depreciation pursuant to adoption of useful lives as per Schdule II of the Companies Act, 2013 (refer note 2(d) and note 11)	46.16	-
Add: Deferred tax on above	15.69	-
Less: Interim dividend on equity shares (amount per share ₹0.50 on face value of ₹2) (P.Y. ₹2 on face value of ₹10).	41.10	32.88
Less: Proposed Final dividend on equity shares (amount per share ₹0.50 on face value of ₹2) (P.Y. ₹2.50 on face value of ₹10).	41.10	41.10
Less : Tax on interim and proposed equity dividend	16.73	12.57
Less : Transfer to general reserve	50.00	100.00
Total appropriations	179.40	186.55
Net surplus in statement of profit and loss	2,803.07	2,577.38
Total reserves and surplus	5,170.34	4,894.65

(Currency: Indian rupees in million)

5 Long-term Borrowings

Secured		
Term loans from banks		
Rupee (refer note a (i to iii) and b (i) below)	1,056.42	991.58
External commercial borrowing (refer note a (i to iii) and b (i) below)	52.17	244.69
Term loans from financial institutions		
Rupee (refer note a (vi) and b (ii) below)	100.00	283.33
External commercial borrowing (refer note a (v) and b (ii) below)	751.20	962.52
Term loans from others		
Rupee (refer note a (vi) and b (ii) below)	45.56	42.50
Vehicle loans		
From banks -Rupee (refer note a (vii) and b (iii) below)	2.24	2.46
From Others -Rupee (refer note a (vii) and b (iii) below)	6.42	8.73
Finance lease obligations		
(Refer note b (iii) below and note 31)	0.42	9.75
	2,014.43	2,545.56
Unsecured		
Deferred sales tax liability	-	2.66
(Repayable yearly in five equal instalments starting after ten years from the year of accrual)		
	-	2.66
Total	2,014.43	2,548.22

a. Nature of Security :

i. Term loan from three banks is secured by first pari passu charge on the fixed assets of the Company's plants situated at Taloja, Panoli, Bangalore and R & D Centre at Bangalore and second pari passu charge on entire current assets both present & future.

ii Term loan from one bank is secured by first pari passu charge by way of equitable mortgage on the immovable fixed assets together with buildings and other structures standing thereon including any plant, machinery and fixtures & fittings lying therein located at Company's plants at Panoli, Bangalore,Taloja and R & D Centre at Banglore both present and future.

iii Term loan from one bank is secured by first and exclusive charge by way of mortgage on immovable properties of the Company being land and building situated at Plot no 3A, phase 2, International Biothech Park, Hinjewadi, Pune.

iv Rupee term loan from a financial institution is secured by fixed assets of the Company and shall rank as a first charge over its R & D Unit situated at Bangalore and first pari passu charge on the fixed assets of the Company's plants situated at Bangalore, Panoli and Taloja and second pari passu charge on the current assets of the Company.

v External commercial borrowing from a financial institution is secured by first charge on the fixed assets of the Company's plants situated at Taloja, Bangalore and Panoli and insurance proceeds (pertaining to the said movable fixed assets and current assets) ranking pari passu with the existing term loan lenders and second pari passu charge with the existing term loan lenders on all current assets of the Company.

vi Term loan from a financial corporation is secured by first and exclusive charge on the office premises of the Company at Nariman Point, Mumbai.

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

Notes to the Financial Statements

As at 31 March 2015

(Currency: Indian rupees in million)

b. Terms of repayment are as under :

(i)		US $ in Millions	₹ In Millions	Repayment Terms	Interest Rate p.a.
	a		66.67	Repayable quarterly - 2 installments of ₹ 33.33 Mio starting from 20 May 2015	13.25%
	b		225.00	Repayable quarterly - 9 installments of ₹ 25.00 Mio starting from 11 Apr 2015	12.05%
	c		159.90	Repayable monthly - 36 installments of ₹ 4.44 Mio starting from 21 Apr 2015	13.75%
	d		78.28	Repayable monthly - 36 installments of ₹ 2.17 Mio starting from 29 Apr 2015	13.40%
	e		540.00	Repayable quarterly - 16 installments of ₹ 33.75 Mio starting from 25 Jun 2015	12.50%
	f		150.00	Repayable quarterly - 20 installments of ₹ 7.50 Mio starting from 25 Jun 2015	12.25%
	g		230.02	Repayable quarterly - 18 installments of ₹ 12.78 Mio starting from 05 Jun 2015	12.40%
	h	4.00	250.40	Repayable quarterly - 6 installments of US $ 0.67 Mio each starting 14 Apr 2015	Libor + 300 bps
(ii)	a		108.33	Repayable quarterly - 2 installments of ₹ 54.17 Mio starting from 30 Apr 2015	12.80%
	b		200.00	Repayable quarterly - 8 installments of ₹ 25.00 Mio starting from 20 Jun 2015	LTMLR Plus 275 bps
	c		37.78	Repayable monthly - 8 installments of ₹ 4.72 Mio starting from 01 May 2015	14.00%
	d		90.00	Repayable monthly - 17 installments of ₹ 5.29 Mio starting from 01 Aug 2015	13.00%
	e	8.00	500.80	Repayable half yearly - 8 installments of US $ 1 Mio each starting from 15 Jul 2015	Libor + 300 bps
	f	8.00	500.80	Repayable half yearly - 8 installments of US $ 1 Mio each starting from 15 Jul 2015	Libor + 320 bps
(iii)	a		1.49	Repayable monthly EMI of ₹ 0.155 Mio	9.61%
	b		0.97	Repayable monthly EMI of ₹ 0.025 Mio	10.49%
	c		4.88	Repayable monthly EMI of ₹ 0.150 Mio	9.87%
	d		1.35	Repayable monthly EMI of ₹ 0.039 Mio	10.25%
	e		2.51	Repayable monthly EMI of ₹ 0.069 Mio	10.74%
	f		2.09	Repayable monthly EMI of ₹ 0.066 Mio	10.26%
	g		0.13	Repayable quarterly EMI of ₹ 0.131 Mio	12.75%
	h		0.16	Repayable quarterly EMI of ₹ 0.054 Mio	10.00%
	i		7.75	Repayable monthly EMI of ₹ 1.070 Mio	14.00%
	j		1.98	Repayable quarterly EMI of ₹ . 0.395 Mio	14.00%

(Currency: Indian rupees in million)

		31 March 2015	31 March 2014
6	**Long Term Provisions**		
	Provision for employee benefits		
	Provision for gratuity (refer note 40)	47.31	40.89
	Provision for compensated absenses (refer note 40)	69.81	68.31
		117.12	109.20
7	**Short Term Borrowings**		
	Secured		
	Loans repayable on demand from banks		
	Working capital loan -Rupee (refer note a and b below)	210.91	819.55
	Working capital loan -Foreign currency (refer note a and b below)	1884.20	1164.48
		2095.11	1,984.03
	Unsecured		
	Loans repayable on demand		
	Inter corporate deposits		
	- From related parties (refer note c below & note 30)	-	36.45
	- From others (refer note c below)	215.00	135.00
		215.00	171.45
		2,310.11	2,155.48

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

i Working capital loan from IDBI Bank Limited of ` 350 Million are secured by first pari passu charge on entire current assets both present & future and exclusive charge on fixed assets of the Company's plant situated at Mahad.

II Working capital loan from Standard Chartered Bank are secured by first pari passu charge on entire current assets both present & future and exclusive charge on office premises of the Company at CBD Belapur (Navi Mumbai).

iii Working capital loans from Other banks are secured by first charge on all current assets of the Company and second pari passu charge on all fixed assets both present and future of the Company situated at R&D Unit at Banglore and Company's plants situated at Bangalore, Taloja and Panoli.

b. Working capital loans are repayable on demand and carry interest ranging from 5% to 14.50 % p.a.

c. Inter corporate deposits repayable on demand and carries interest @ 12.5 % to 18 % p.a

Notes to the Financial Statements

As at 31 March 2015

(Currency: Indian rupees in million)

8	**Trade Payables**		
	- Dues to Micro and Small Enterprises (refer note 33)	42.20	11.22
	- Due to Others	1,329.05	1,299.63
		1,371.25	1,310.85
9	**Other Current Liabilites**		
	Current maturities of long-term borrowings	1137.53	737.24
	Current maturities of finance lease obligations	9.34	17.46
	Interest accrued but not due on borrowings	14.68	17.71
	Other payables		
	Payables for capital purchases	71.86	35.62
	Advances from customers	18.76	137.64
	Unpaid dividend	1.84	-
	Statutory dues payable		
	- Provident fund	3.20	2.94
	- Employees' state insurance	0.12	0.07
	- Tax deducted at Source	11.87	8.03
	- Sales tax /Value added tax	2.42	0.39
	- Profession tax	0.24	0.20
	Employee benefits expenses	43.33	44.61
		1,315.19	1,001.91
10	**Short Term Provisions**		
	Provision for employee benefits		
	Provision for gratuity	6.65	6.00
	Provision for Compensated absenses	23.27	22.77
		29.92	28.77
	Other provisions		
	Proposed equity dividend	82.20	41.10
	Provision for tax on proposed equity dividend	16.73	6.98
	Provision for mark to market loss on derivative contract	42.50	121.05
	Provision for tax (net of advance tax of ₹122 million, [P.Y. ₹ Nil])	9.96	-
		151.39	169.13
		181.31	197.90

Notes to Financial Statements

As at 31 March 2015

(Currency: Indian rupees in million)

11 Fixed Assets

Description	Gross block					Depreciation/amortisation				Net block
	As at 01 April 2014	Additions	Deductions/ Adjustments	Adjustments of exchange difference on borrowings	As at 31 March 2015	As at 31 March 2014	For the year	Deductions/ Adjustments	Upto 31 March 2015	As at 31 March 2015
Tangible assets										
Freehold land	787.38	-	-	-	787.38	-	-	-	-	787.38
Leasehold land	715.81	-	-	-	715.81	54.86	8.74	-	63.60	652.21
Buildings	1,623.92	98.22	-	-	1,722.14	398.74	56.47	-	455.21	1,266.93
Plant and machinery	6,613.87	462.41	-	64.92	7,141.20	3,130.37	520.85	-	3,651.22	3,489.98
Electrical equipments & installations	251.22	0.65	-	-	251.87	115.14	32.74	18.88	166.76	85.11
Office equipment	117.52	8.04	-	-	125.56	91.36	3.93	21.13	116.42	9.14
Furniture and fixtures	112.37	1.03	-	-	113.40	55.96	13.31	5.61	74.88	38.52
Vehicles	41.23	4.80	-	-	46.03	14.83	3.94	0.56	19.33	26.70
Ships	51.56	-	-	-	51.56	12.21	1.80	-	14.01	37.55
	10,314.88	575.15	-	64.92	10,954.95	3,873.47	641.78	46.18	4,561,43	6,393.52
Intangible assets										
Computer software	5.49	-	-	-	5.49	5.49	-	-	5.49	-
	10,320.37	575.15	-	64.92	10,960.44	3,878.96	641.78	46.18	4,566.92	6,393.52
Capital work-in-progress										616.61
Total										7,010.13

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 31 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 million on account of revaluation has been charged to the statement of profit and loss and a similar amount has been transferred from the revaluation reserve to general reserve. (Previous year ₹ 7.69 million was charged to statement of profit and loss and a similar amount was transferred from the revaluation reserve and credited to the statement of profit and loss.)

b. Pursuant to the Companies Act, 2013 being effective from 1 April 2014, the Company has revised the depreciation rates on fixed assets as per the useful life specified in Part "C" of Schedule II of the Act. Written down value of the assets with balance useful life 'Nil' of ₹ 46.16 Million has been adjusted to the balance in surplus (profit & loss balance) as per the option exercised by the Company. Consequently, depreciation charge for the year is higher by 43.5 million due to change in the estimated useful life of certain assets wherein the opening carrying value as at 1 April 2014 is depreciated over the remaining useful life.

c. Exchange differences of ₹. 64.92 million (P.Y. ₹ 142.35 million) has been included in the additions to fixed assets post the exercise of option in terms of Para 46A of AS11 (pursuant to notification dated 29 December 2011 issued by the Ministry of Corporate Affairs.)

d. Plant and machinery includes assets taken on finance lease as under

Particulars	Gross Block	Depreciation charge for the year	Accumulated depreciation	Net block
31 March 2015	30.97	3.20	4.54	26.43

Notes to Financial Statements

As at 31 March 2015

(Currency: Indian rupees in million)

11 Fixed Assets (Continued)

Description	Gross block					Depreciation/amortisation				Net block
	As at 01 April 2013	Additions	Deductions/ Adjustments	Adjustments of exchange difference on borrowings	As at 31 March 2014	As at 31 March 2013	For the year	Deductions/ Adjustments	Upto 31 March 2014	As at 31 March 2014
Tangible assets										
Freehold land	787.38	-	-	-	787.38	-	-	-	-	787.38
Leasehold land	715.81	-	-	-	715.81	46.10	8.76	-	54.86	660.95
Buildings	1,591.78	32.14	-	-	1,623.92	346.54	52.19	-	398.74	1,225.18
Plant and machinery	6270.45	201.07	-	142.35	6,613.87	2,659.31	471.06	-	3,130.37	3,483.50
Electrical installation	250.71	0.51	-	-	251.22	105.61	9.53	-	115.14	136.08
Office equipment	116.80	0.72	-	-	117.52	85.86	5.50	-	91.36	26.16
Furniture and fixtures	111.66	0.71	-	-	112.37	49.25	6.71	-	55.96	56.41
Vehicles	30.55	17.70	7.02	-	41.23	16.02	2.39	3.58	14.83	26.40
Ships	51.56	-	-	-	51.56	10.43	1.78	-	12.21	39.35
	9,926.70	252.85	7.02	142.35	10,314.88	3,319.13	557.92	3.58	3,873.47	6,441.41
Intangible assets										
Computer software	5.49	-	-	-	5.49	5.49	-	-	5.49	-
	9,932.19	252.85	7.02	142.35	10,320.37	3,324.62	557.92	3.58	3,878.96	6,441.41
Capital work-in-progress										611.67
Total										7,053.08

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 31 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 (P.Y. ₹ 7.69 million) on account of revaluation has been charged to the statement of profit and loss and a similar amount was transferred from the revaluation reserve and credited to the statement of profit and loss.

b) Exchange differences of ₹ 142.35 million (P.Y. ₹ 171.45 million) has been included in the additions to fixed assets post the exercise of option in terms of Para 46A of AS11 (pursuant to notification dated 29 December 2011 issued by the Ministry of Corporate Affairs.)

c) Plant and machinery includes assets taken on finance lease as under

Particulars	Gross Block	Depreciation charge for the year	Accumulated depreciation	Net block
31 March 2014	30.97	1.34	1.34	29.63

(Currency: Indian rupees in million)

	31 March 2015	31 March 2014
12 Non current investments		
Trade Investments (valued at cost, unless otherwise stated)		
Unquoted Equity Investments		
223,164 (P.Y.: 223,164) Equity Shares of Bharuch Eco Aqua. Infrastructure Ltd. of ₹10/- each, fully paid up.	2.23	2.23
30,000 (P.Y.: 30,000) Equity Shares of Panoli Enviro Technology Ltd. of ₹10/- each, fully paid up.	0.30	0.30
14,494 (P.Y.:14,494) Equity Shares of MMA CETP Co-operative Society Limited of ₹100/- each, fully paid up	1.45	1.45
16% (P.Y.:16%) Equity Shares of Jiangsu Chemstar Chemical Co Limited fully paid up	26.97	26.97
	30.95	30.95
Other Investments (valued at cost, unless otherwise stated)		
Quoted Equity Investments		
10,000 (P.Y.: 2,000) Equity Shares of Bank of Baroda of ₹ 2/- (P.Y. ₹ 10) each fully paid up.	0.17	0.17
2,900 (P.Y.: 2,900) Equity Shares of Union Bank of India ₹ 10/- each fully paid up.	0.05	0.05
	0.22	0.22
Unquoted equity investments		
In subsidiary companies		
15,050,080 (P.Y.:15,050,080) Equity Shares of Acoris Research Limited of ₹ 10/- each, fully paid up.	0.10	0.10
	0.32	0.32
	31.27	31.27

Note:

Investment in Hikal International BV (100% Subsidiary of the Company) of 7,200 equity shares of Euro10 each fully paid up has been fully written-off in earlier years.

Investment details

	31 March 2015	31 March 2014
Equity shares of Bharuch Eco Aqua.Infrastructure Limited		
Units	223.164	223.164
Value	2.23	2.23
Equity shares of Panoli Enviro Technology Limited		
Units	30,000	30,000
Value	0.30	0.30
Equity shares of MMA CETP Co-operative Society Limited		
Units	14.494	14,494
Value	1.45	1.45
Equity shares of Jiangsu Chemstar Chemical Co Limited		
Units	16%	16%
Value	26.97	26.97
Equity shares of Bank of Baroda		
Units	10,000	2,000
Value	0.17	0.17
Equity shares of Union Bank of India		
Units	2,900	2,900
Value	0.05	0.05
Equity shares of Acoris Research Limited		
Units	15,050,080	15,050,080
Value	0.10	0.10

Notes to the Financial Statements

As at 31 March 2015

(Currency: Indian rupees in million)

		31 March 2015	31 March 2014
	Aggregate book value of quoted investments	0.22	0.22
	Aggregate market value of quoted investments	2.09	1.84
	Aggregate book value of unquoted investments	31.05	31.05
13	**Long term loans and advances**		
	Unsecured and considered good		
	To parties other than related parties		
	Capital advances	43.12	111.41
	Security deposits	57.73	53.14
		100.85	164.55
	Other loans and advances		
	MAT credit entitlement	408.26	452.22
	VAT receivable	149.01	-
	Balances with customs, excise, etc	159.38	-
	Prepaid expenses	1.03	-
	Loans to employees	1.81	2.47
		719.49	454.69
	To related parties		
	Security deposits given to Directors	50.00	50.00
	Loan and advances to Hikal International BV	9.07	7.95
		879.41	677.19
14	**Inventories**		
	(Valued at lower of cost and net realisable value)		
	Raw materials [includes goods in transit of ₹ 172.28 million (P.Y.: ₹ 218.02 millions)]	1,930.34	1,951.07
	Packing materials	10.01	10.03
	Work-in-progress	579.31	529.72
	Finished goods	479.92	480.83
	Stores, spares and consumables	139.96	141.28
		3,139.54	3,112.93
15	**Trade Receivables**		
	(Unsecured)		
	Outstanding for a period exceeding six months from the date they are due for payment		
	Considered good	30.92	70.46
	Considered doubtful	52.86	22.36
	Less : Provision for doubtful receivables	52.86	22.36
	(A)	30.92	70.46
	'Other receivables		
	Considered good	1,248.79	816.91
	(B)	1,248.79	816.91
	Total (A+B)	1,279.71	887.37

Note:

Trade receivables are presented net of bills discounted [disclosed under contingent liabilities (refer note 26)] which are secured against underlying receivables carrying interest rate ranging from 2.5 % p.a. to 14 % p.a. with a maturity of 30 days to 90 days.

Notes to the Financial Statements

As at 31 March 2015

(Currency: Indian rupees in million)

		31 March 2015	31 March 2014
16	**Cash and Bank balances**		
	Cash and cash equivalents		
	Cash on hand	1.63	1.61
	Balance with banks:		
	in current accounts	48.64	134.74
	- In exchange earners foreign currency	8.46	21.21
	- Deposits having original maturity upto three months	3.42	-
		62.15	157.56
	Other bank balances		
	Deposits with original maturity for more than 3 months but less than 12 months (refer note a below)	72.93	119.32
	Earmarked balances with banks-unpaid dividend	1.84	-
		74.77	119.32
		136.92	276.88
	Details of bank deposits		
	Deposits having original maturity upto 3 months included under Cash and cash equivalents	3.42	-
	Deposits with original maturity for more than 3 months but less than 12 months included under other Bank balance	72.93	119.32
		76.35	119.32

a. Margin money deposits given as security

Margin money deposits with a carrying amount of ₹ 71.16 million (P.Y. ₹ 69.32 millions) are subject to first charge to secure the Company's working capital loans.

		31 March 2015	31 March 2014
17	**Short term loans and advances**		
	Unsecured		
	To parties other than related parties		
	Advance to suppliers		
	Considered good	60.25	37.04
	Considered doubtful	24.41	22.91
		84.66	59.95
	Less: Provision for doubtful advances	24.41	22.91
		60.25	37.04
	Balances with customs, excise, etc	99.64	196.79
	Prepaid expenses	35.15	39.10
	VAT /CST receivable	145.85	283.09
	MAT credit entitlement	65.00	99.00
	Loans to employees	3.27	2.37
		409.16	657.39
18	**Other Current Assets**		
	Interest accrued on fixed deposits	13.17	11.40
	Others	29.95	-
		43.12	11.40

Notes to the Financial Statements

For the year ended 31 March 2015
(Currency: Indian rupees in million)

		31 March 2015	31 March 2014
19	**Revenue from operations**		
	Sale of products (gross)		
	Finished goods	8,601.99	8,326.93
	Less: Excise duty	56.75	53.69
	Sale of products (Net)	8,545.24	8,273.24
	Sale of services	46.82	4.56
	Other operating revenue		
	Export incentives	113.37	1.28
	Scrap sales	13.09	13.03
	Revenue from operations	8,718.52	8,292.11
20	**Other Income**		
	Interest income on		
	Bank deposits	7.68	5.15
	Others	4.29	4,59
	Dividend on long term investments*	0.00	0.10
	Miscellaneous income	3.80	0.15
	Receipts from revocation of trust (Refer note 27)	-	330.56
		15.77	340.55
	** Amount less than ₹ 10 thousand*		
21	**Cost of Materials Consumed**		
	Raw materials at the beginning of the year	1,951.07	1,549.49
	Add : Purchases during the year	4,298.13	4,279.68
		6,249.20	5,829.17
	Less : Closing stock at the end of the year	1,930.34	1,951.07
		4,318.86	3,878.10
22	**Changes in inventories of finished goods and work-in-progress**		
	(Increase) in stocks		
	Inventories at the end of the year		
	Work-in-progress	579.31	529.72
	Finished goods	479.92	480.83
	Total A	1,059.23	1,010.55
	Inventories at the beginning of the year		
	Work-in-progress	529.72	583.55
	Finished goods	480.83	307.16
	Total B	1,010.55	890.71
	(Increase) in stocks (B-A)	(48.68)	(119.84)
23	**Employee benefit expense**		
	Salaries, wages and bonus	780.71	684.88
	Contribution to provident and other funds	36.58	33.48
	Gratuity expenses	16.63	12.34
	Staff welfare expenses	74.48	72.07
		908.40	802.77
	Less Transferred to capital work in progress	(16.36)	(12.58)
		892.04	790.19

(Currency: Indian rupees in million)

		31 March 2015	31 March 2014
24	**Finance cost**		
	Interest on rupee term loan	237.97	211.50
	Interest on foreign currency term loan	31.92	47.16
	Interest on working capital loans	126.31	170.55
	Interest on bills discounted	55.17	50.96
	Other interest	53.42	65.41
	Bank charges	62.40	35.69
	Exchange difference to the extent considered as an adjustment to borrowing costs	46.10	132.06
		613.29	713.33
	Less: Transferred to capital work in progress	(12.82)	(33.29)
		600.47	680.04
25	**Other expenses**		
	Consumption of stores and spares	134.94	113.40
	Processing charges	1.13	1.04
	Power & fuel	938.54	970.86
	Advertisement	1.05	1.34
	Rent	18.18	13.00
	Rates and taxes	7.71	10.68
	Insurance	16.77	16.59
	Repairs and maintenance		
	- Plant & machinery	69.61	65.84
	- Buildings	14.76	18.72
	- Others	49.33	33.45
	Printing and stationery	12.00	13.10
	Legal and professional charges		
	- Legal charges	2.45	4.31
	- Professional charges	81.74	73.28
	Traveling and conveyance	45.54	39.55
	Vehicle expenses	11.75	9.83
	Postage, telephone and telegrams	12.45	10.32
	Payment to auditors (Refer note 38)	5.49	4.97
	Director's sitting fee	2.07	0.56
	Sales and distribution expenses	171.26	143.91
	Commission on sales	5.14	5.09
	Security service charges	21.24	18.00
	Sundry balance written off	3.44	56.17
	Service Charge	22.73	26.43
	Excise duty on closing stock	1.20	2.12
	Loss on sale of assets (net)	-	1.68
	Foreign exchange loss (net)	15.45	59.83
	Provision for mark to market loss on derivative contacts	-	120.10
	Provision for doubtful debts	30.50	5.00
	Corporate social responsibility expenses (CSR) (Refer note 42)	0.87	0.29
	Miscellaneous expenses	56.70	45.36
		1,754.04	1,884.82
	Less: Transferred to capital work in progress	(22.78)	(13.96)
		1,731.26	1,870.86

Notes to the Financial Statements

For the year ended 31 March 2015
(Currency: Indian rupees in million)

		31 March 2015	31 March 2014
26	**Contingent liabilities**		
	Bills discounted with banks	694.65	1,124.23
	Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	92.87	72.30
	Disputed demands by Excise Authorities	40.13	-
	Disputed demands by Income Tax Authorities	37.02	37.02
	Bank guarantee issued	49.40	48.90

27 During the previous year ended 31 March 2014, the Company at its extra ordinary general meeting held on May 17, 2013 decided to cancel / rescind the ESOP Scheme. Consequently, ₹ 330.56 million in the trust was received by the Company and accounted as other income in previous year.

28 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 capitalised by the Company.

	31 March 2015	31 March 2014
Salaries, wages and bonus	16.36	12.58
Finance Cost	12.82	33.29
Other expenses	22.78	13.96
Total	51.96	59.83

29 Segment reporting

The Company's financial reporting is organised 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 trade receivables, 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 trade payables and other liabilities.

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

(Currency: Indian rupees in million)

Primary segment information

Particulars	Crop Protection	Pharmaceuticals	Total
Revenue (external revenue)	3,343.51	5,375.01	8,718.52
	3,537.80	*4,754.31*	*8,292.11*
Segment result	500.32	947.01	1,447.33
	634.10	*1,119.20*	*1,753.30*
Interest expenses			600.46
			680.04
Other unallocable expenditure			248.31
(net of unallocable income)			*90.18*
Profit before tax			598.56
			983.08
Segment assets	3,373.28	8.488.62	11,861.90
	3,324.99	*8,029.37*	*11,354.36*
Unallocated corporate assets			1,067.36
			1,353.15
Total assets			12,929.26
			12.707.51
Segment liabilities	476.23	1,083.98	1,560.21
	666.30	*931.12*	*1,597.42*
Unallocated corporate liabilities			6,034.31
			6,051.05
Total liabilities			7,594.52
			7,648.47
Capital expenditure for the year	106.03	534.26	640.29
	123.90	*331.48*	*455.38*
Unallocated capital expenditure			4.72
			66.09
Depreciation for the year	144.69	484.38	629.07
	134.50	*407.79*	*542.29*
Unallocated depreciation			12.71
			7.94

Secondary segment information

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.

Particulars	Revenue	Assets employed	Capital expenditure
India	1,828.47	12,929.26	645.01
	1,235.21	*12,707.51*	*521.47*
USA and Canada	1,567.05	-	-
	1,122.21	-	-
Europe	2,904.39	-	-
	3,100.13	-	-
South East Asia	2,272.81	-	-
	2,466.50	-	-
Others	145.80	-	-
	368.06	-	-
Total	8,718.52	12,929.26	645.01
	8,292.11	*12,707.51*	*521.47*

30 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 ("MIPL")

Iris Investments Private Limited ("IIPL")

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")

(Currency: Indian rupees in million)

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
Remuneration				
- Jai Hiremath		**24.20**		
		19.23		
- Sameer Hiremath		**13.18**		
		11.11		
Commission Paid				
- Jai Hiremath		**6.35**		
		10.10		
- Sameer Hiremath		**6.35**		
		10.10		
Sitting fees				
- Sugandha Hiremath			**0.43**	
			0.14	
Interest Paid				
- BIPL				**0.22**
				3.42
- KECPL				**0.07**
				0.59
- DEPL				**0.10**
				0.79
- EIPL				**0.02**
				0.25
- RIPL				**0.08**
				0.86
- RCSPL				**0.10**
				0.79
Dividend paid				
- BIPL				**13.28**
				11.95
- RIPL				**6.54**
				2.95
- DEPL				**0.03**
				0.03
- EIPL				**0.26**
				0.24
- KECPL				**0.04**
				0.04
- Sugandha Hiremath			**6.45**	
			5.80	
- Jai Hiremath		**1.19**		
		0.80		
- Sameer Hiremath		**0.26**		
		0.23		

Notes to the Financial Statements

For the year ended 31 March 2015

(Currency: Indian rupees in million)

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
Lease rent paid				
- Sugandha Hiremath			2.40	
			2.40	
- RIPL				0.84
				0.84
- RCSPL				1.08
				1.08
Inter corporate deposits received				
- RIPL				-
				1.80
Inter corporate deposits repaid				
- BIPL				15.20
				19.30
- RIPL				4.80
				9.50
- EIPL				1.40
				1.50
- KECPL				4.10
				-
- DEPL				5.45
				-
- RCSPL				5.50
				-
Loans/Advances granted/taken				
- HIBV	1.12			
	1.45			
Outstanding balance debit/(credit)				
Long term loans and advances				
- HIBV	9.07			
	7.95			
Commission payable				
- Jai Hiremath		(6.35)		
		(10.10)		
- Sameer Hiremath		(6.35)		
		(10.10)		
Short term borrowings				
- BIPL				-
				(15.20)
- KECPL				-
				(4.10)
- DEPL				-
				(5.45)
- EIPL				-
				(1.40)
- RIPL				-
				(4.80)
- RCSPL				-
				(5.50)

(Refer note 13 for security deposit given)

31 Leases

a) Operating Leases

The Company has taken printers, copiers and office and residential premises under cancellable and non-cancellable operating lease arrangements. Lease rentals debited to the statement of profit and loss aggregates to ₹ 3.45 million (P.Y. 2.03 million) for non-cancellable lease and ₹ 14.73 million (P.Y. 10.97 million) for cancellable lease.

The additional disclosures in respect of non-cancellable leases are given below:

	31 March 2015	31 March 2014
Operating Leases		
Future minimum lease payments in respect of non-cancellable leases:		
- not later than one year	3.57	2.49
- later than one year but not later than five years	2.95	2.47
- later than five years	-	-

b) Finance Leases

Certain items of plant and machinery 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 :	31 March 2015	31 March 2014	31 March 2015	31 March 2014
Payable within 1 year	9.84	17.65	9.34	17.46
Payable between 1-5 years	0.44	7.77	0.42	9.75
Payable later than 5 years	-	-	-	-

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

	Non Current portion		Current portion	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
a) Total minimum lease payments	0.44	7.77	9.84	17.65
b) Future interest included in (a) above	0.02	0.31	0.50	2.23
c) Present value of future minimum lease payments {a-b}	0.42	7.46	9.34	15.42

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

32 Earnings Per Share

(Rupees in millions, except per share data)

	31 March 2015	31 March 2014
Basic and diluted earnings per share		
Profit after taxation	405.09	640.81
Numerator used for calculating earnings per share	405.09	640.81
Calculation of weighted average number of equity shares		
Number of equity shares outstanding at the beginning of the year	16,440,100	16,440,100
Increase in number of equity shares on account of Sub-division*	65,760,400	65,760,400
Number of equity shares outstanding at the end of the year	82,200,500	82,200,500
Weighted average number of equity shares outstanding during the year (based on date of issue of shares)	82,200,500	82,200,500
Basic and diluted earnings per share (₹)	4.93	7.80
Nominal value per shares (₹)	2.00	2.00

*The Company has subdivided its 16,440,100 equity shares of ₹ 10 each into 82,200,500 equity shares of ₹ 2 each on 16 February, 2015. The disclosure of number of shares in the particulars of Shareholding and the disclosure of Earnings per share (in compliance with AS-20) for the current and previous period has been arrived at after giving effect to the above sub-division.

Notes to the Financial Statements

For the year ended 31 March 2015
(Currency: Indian rupees in million)

33 Details of dues to Micro and Small supplies

Particulars	31 March 2015	31 March 2014
Principal amount remaining unpaid to any supplier as at the year end	42.20	11.22
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	-	-

34 Deferred tax liability (net)

	31 March 2015	31 March 2014
Deferred tax assets:		
Provision for employee benefits	49.98	46.90
Provision for doubtful trade receivables and advances	26.27	15.39
Provision for inventory obsolescence	9.78	9.78
Total deferred tax assets	86.02	72.06
Deferred tax liabilities:		
Excess of depreciation on fixed assets under income tax law over depreciation provided in accounts	365.43	396.96
Excess of allowance for lease rental under income tax law over depreciation and interest charged on the leased assets in accounts	5.70	-
Total deferred tax liabilities	371.13	396.96
Deferred tax liability (net)	285.11	324.90

35 Derivative Instruments

The Group uses derivative and forward contracts to hedge its risks associated with foreign currency fluctuations. Such transactions are governed by the strategy approved by the Board of Directors which provides principles on the use of these instruments consistent with the Company's Risk Management Policy. The Group does not use these contracts for trading or speculative purposes. The Group has marked to market the forward contracts outstanding as at 31 March 2015 which has resulted in a net gain to the Group. The Group has not recognised the resulted gain of ₹10.27 Million, on prudent basis which is notional in nature. The mark to market loss on Currency/interest swap contracts a3ggregating ₹ Nil (P.Y. 120.10 million) has been recognized in the statement of profit and loss.

The foreign currency exposures hedged as at the year end are as under:

Category	No. of contracts	Amount in foreign currency (Millions)	Equivalent amount in Rupees (Millions)	Purpose
Currency/ interest swaps	2	USD 2.40	150.02	Hedging of term loan/interest
	2	USD 7.19	432.16	

(Currency: Indian rupees in million)

	31 March 2015			31 March 2014		
	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	7.5	492.20	USD	-	-

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

	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	2.15	134.29	USD	4.55	273.12
	EUR	3.02	203.88	EUR	1.52	125.87
	JPY	0.02	0.01	JPY	6.59	3.99
	GBP	-	-	GBP	0.23	22.47
b. Amount payable in foreign currency on account of following:						
(i) Import of goods & Services	USD	9.38	587.16	USD	7.78	467.93
	EUR	1.09	73.64	EUR	0.73	60.64
	GBP	-	-	GBP	0.10	10.12
(ii) Loan payables	USD	20.00	1,252.00	USD	25.67	1,542.82
(iii) Working capital loan from bank	USD	19.82	1,240.84	USD	16.67	1,001.80
	EUR	9.53	643.36	EUR	0.52	42.63
	GBP	-	-	GBP	1.20	120.05
c. Other Advances	USD	0.65	40.64	USD	0.24	14.32
	EUR	0.07	4.54	EUR	0.03	2.22
d. Bank balance	USD	0.02	1.57	USD	0.35	21.21
	EUR	0.10	6.89	EUR	-	-

36 Loans and advances in the nature of loans given to subsidiary as per clause 32 of the listing agreement

- Hikal International B.V ₹ 9.07 millions (P.Y.: ₹ 7.95 millions) [Maximum amount outstanding during the year ₹ 9.07 millions (P.Y.: ₹ 7.95 millions)]

37 Research and Development	31 March 2015	31 March 2014
Revenue expenditure on research and development (including depreciation) included under the relevant heads in the statement of profit and loss	336.78	299.60
Capital expenditure	7.86	11.07

38 Payment to Auditor's'	31 March 2015	31 March 2014
- Audit fees	3.30	3.00
- Limited review of quarterly results	1.95	1.50
- Certification and other matters	0.08	0.32
- Out-of-pocket expenses	0.16	0.15
Total	5.49	4.97

Notes to the Financial Statements

For the year ended 31 March 2015
(Currency: Indian rupees in million)

39 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

40 Disclosure relating to Employee Benefits - As per revised AS – 15

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 payments 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 a 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 an 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 functions is recent Mortality Table.

		2014-15		2013-14	
A.	**Expenses recognized in the statement of profit & loss for the year ended 31 March**	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	1. Interest cost	4.80	7.29	4.07	5.81
	2. Current service cost	8.40	12.69	5.62	11.21
	3. Expected return on planned assets	-	-	-	-
	4. Net actuarial (gain) / loss on obligations	3.43	(15.04)	2.65	(11.49)
	Total expenses recognized in statement of profit and loss	16.63	35.01	12.34	28.51
B.	**Net asset / (liability) recognized in the balance sheet**				
	1. Present value of the obligation as on April 1	66.46	91.08	59.99	91.08
	2. Fair value of planned assets as on March 31	(12.50)	-	(13.10)	-
	Liability recognized in the balance sheet	53.96	93.08	46.89	91.08
C.	**Change in plan assets**				
	1. Fair value of the plan as on April 1	13.10	-	14.53	-
	2. Actual return of plan assets	Nil	-	Nil	-
	3. Employer's contribution	Nil	-	Nil	-
	4. Benefit paid	0.59	-	1.43	-
	5. Plan assets as at March 31	12.51	-	13.10	-
D.	**Change in present value of obligation**				
	1. Present value of obligation as on April 1	59.99	91.08	50.93	72.57
	2. Interest cost	4.80	7.29	4.07	5.81
	3. Current services cost	8.40	12.69	5.62	11.21
	4. Benefits paid	10.16	(33.01)	3.28	(9.99)
	5. Net actuarial (gain) / loss on obligations	3.43	15.03	2.65	11.49
	Present value of obligation as per actuarial valuation as at March 31	66.46	93.08	59.99	91.08

(Currency: Indian rupees in million)

.	2014-15		2013-14	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
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	N.A	N.A.	9.25% p.a.	N.A
b. Un-funded	N.A	N.A	N.A	N.A
4. Mortality rate	Indian Assured Lives Mortality(2006-08)ultimate		LIC (1994-96)ultimate	

F. Experience adjustment	2015	2014	2013	2012	2011
1. Defined benefit obligation	66.46	59.99	50.93	41.66	41.68
2. Plan assets (including bank balance)	12.50	13.10	14.53	13.30	12.08
3. Surplus/(Deficit)	53.96	46.89	36.40	28.36	29.60
4. Experience adjustments of obligation	3.43	2.65	2.98	6.24	14.03
5. Experience adjustment on plan assets	NA	NA	0.17	0.14	0.14

Contribution to provident and other funds

On account of defined contribution plans the Company's contribution to Provident Fund and Superannuation Fund aggregating ₹33.58 million (P.Y.: ₹ 33.48 million) has been recognized in the statement of profit and loss under the head emplayee benefits (Refer note 23)

41 Additional information

a) Raw material consumption

	31 March 2015 Amount	31 March 2014 Amount
Cyclohexane Diacetic Acid	844.61	829.61
SMPGM	563.16	595.45
Iso Propyl Alcohol (IPA)	45.22	46.99
Liquid Bromine	145.61	154.52
Acetone	138.33	158.88
Iso-Butyl Chloro Valeriate	62.29	79.84
Caustic Soda Lye	129.92	128.50
Ethyl 2-Bromobutyrate	316.11	282.52
Ethyl Propionate	58.78	85.63
Others	2,014.83	1,516.16
	4,318.86	3,878.10

b) Indigenous and imported consumption

	Amount	%	Amount	%
Raw materials				
Indigenous	1,798.90	42.09	1,656.04	42.70
Imported	2,519.46	57.91	2,222.06	57.30
	4,318.86	100.00	3,878.10	100.00
Stores and spares				
Indigenous	121.74	90.22	91.00	80.25
Imported	13.20	9.78	22.40	19.75
	134.94	100.00	113.40	100.00

Notes to the Financial Statements

For the year ended 31 March 2015
(Currency: Indian rupees in million)

c) Stocks and Turnover

Class of Goods	Work-in-progress		Finished Goods		Turnover
	Opening stock	Closing stock	Opening stock	Closing stock	
Crop protection products	**221.70**	**130.72**	**88.53**	**298.86**	**3,268.19**
	194.26	*221.70*	*101.42*	*88.53*	*3,512.09*
Bulk drugs	**308.02**	**448.59**	**392.30**	**181.05**	**5,198.76**
	389.29	*308.02*	*205.64*	*392.30*	*4,688.62*
Others	-	-	**0.03**	-	**204.75**
	-	-	*0.03*	*0.03*	*86.85*
Goods for resale in crop	-	-	-	-	-
protection products	-	-	*0.07*	-	-
Income from	-	-	-	-	**46.82**
services rendered	-	-	-	-	*4.56*
Total	**529.72**	**579.31**	**480.83**	**479.92**	**8,718.52**
	583.55	*529.72*	*307.16*	*480.83*	*8,292.12*

		31 March 2015	31 March 2014
d)	**CIF value of imports**		
	Raw materials	**2,439.21**	2,302.35
	Capital goods	**33.45**	13.71
	Stores and spares	**13.20**	22.40
e)	**Earnings in foreign exchange**		
	FOB value of exports	**6,890.04**	7,056.90
f)	**Expenditure in foreign currency**		
	Interest	**120.90**	127.66
	Professional charges	**16.90**	17.34
	Commission	**4.91**	4.91
	Traveling expenses	**12.48**	12.67
	Others	**47.64**	35.11
g)	**Remittance in foreign currency on account of dividends**		
	Period to which it relates	**2012-13 & 2013-14**	2012-13 &2013-14
	Number of Non Resident Shareholders	**1**	1
	Number of equity shares held on which dividend is due	**24,310**	24,310
	Amount remitted	**0.07**	0.11

42. As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Company. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation and rural development projects

43. The previous year's figures have been reclassified to conform to this year's classification. details of which are as follows.

Particulars	**Note Number**	**Amount as per previous year financials**	Adjustment	Revised amount for previous year
Other expenses	**25**	**1,691.61**	179.25	1,870.86

44. The previous year's financial statements were audited by a firm of Chartered Accountants other than M/s B S R & Co. LLP.

45. Information with regard to other matters, as required by Schedule III to the Act is either nil or not applicable to the Company for the year.

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Aniruddha Godbole
Partner
Membership No: 105149

Mumbai
5 May 2015

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

Jai Hiremath
Chairman & Managing Director- DIN: 00062203

Kannan K. Unni
Director- DIN: 00227858

Sham Wahalekar
Chief Financial Officer & Company Secretary- Membership No: 8745

Mumbai
5 May 2015

Cash Flow Statement

For the year ended 31 March 2015

(Currency: Indian rupees in million)

	Particulars	31 March 2015		31 March 2014	
A	Cash Flow From Operating Activities				
	Profit before tax		598.56		983.08
	Adjustments –				
	Depreciation and amortisation	641.78		550.23	
	Amortisation of miscellaneous expenses	-		0.21	
	Receipts from revocation of trust	-		(330.56)	
	Provision for Mark to market loss on interest rate swaps	-		120.10	
	Realisation / settlement of deriatives	(3.25)		59.15	
	Dividend on long-term investments*	-		(0.10)	
	Interest expense	600.47		680.04	
	Interest Income	(11.97)		(9.74)	
	Sundry balances written off	3.44		56.17	
	Provision for doubtful advances	-		5.00	
	Provision for doubtful debts	30.50		5.00	
	Unrealised exchange (gain)/loss	6.92		(13.58)	
	(Profit) /loss on sale of fixed assets (net)	-		1.68	
			1,267.89		1,123.60
	Operating profit before working capital changes		1,866.45		2,106.68
	Adjustment for increase/decrease in:				
	Increase in trade receivables	(435.08)		(81.63)	
	(Increase) in loans and advances and other assets	(130.14)		(240.73)	
	Increase in inventories	(26.61)		(542.60)	
	Increase in trade payables	62.28		198.46	
	Increase/(decrease) in provisions and other liabilities	(183.51)		306.86	
			(713.06)		(359.64)
	Cash generated from operating activities		1,153.39		1,747.04
	Income tax paid		(130.65)		(201.15)
	Net Cash Flows Generated From Operating Activities		1,022.74		1,545.89
B	Cash Flow From Investing Activities				
	Purchase of fixed assets (Includes increase in capital work in progress)	(485.46)		(514.19)	
	Sale of fixed assets	-		1.76	
	Dividend on long-term investments*	-		0.10	
	Interest received	10.19		4.40	
	Decrease/(increase) in other bank balances (includes margin money account)	46.39		(51.24)	
	Loans given to subsidiaries	(1.12)		(1.45)	
	Receipts from revocation of trust	-		330.56	
	Net Cash Flow (used in) Investing Activities		(429.98)		(230.06)

Amount less than ₹10,000

Cash Flow Statement

For the year ended 31 March 2015
(Currency: Indian rupees in million)

		Year Ended March 31, 2015		Year Ended March 31, 2014	
C	**Cash Flow From Financing Activities**				
	Proceeds from long term borrowings	590.00		700.00	
	Repayment of long term borrowings	(766.55)		(1,795.34)	
	Proceeds from short term borrowings (net)	154.18		693.36	
	Principal payment under finance leases	(17.46)		(4.57)	
	Realisation / Settlement of deriatives	3.25		(59.15)	
	Interest paid	(603.50)		(691.98)	
	Dividend and dividend tax paid	(48.09)		(86.56)	
	Net Cash Flow (used in) Financing Activities		(688.17)		(1,244.24)
	Net (decrease)/increase in Cash and Cash Equivalents		(95.41)		(71.59)
	Cash and cash equivalents at the beginning of the year		157.56		85.97
	Cash and cash equivalents at the end of the year		62.15		157.56

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', prescribed in the Companies (Accounting Standard) Rules, 2006, which continue to apply under Section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014.
2. Cash and cash equivalents represent :

	Year Ended March 31, 2015	Year Ended March 31, 2014
Cash	1.63	1.61
With Banks		
- Current accounts	48.64	134.74
- Exchange Earns Foreign Currency	8.46	21.21
- Deposits having original maturity upto three months	3.42	-
Total cash and cash equivalents	62.15	157.56

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Aniruddha Godbole
Partner
Membership No: 105149

Mumbai
5 May 2015

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

Jai Hiremath
Chairman & Managing Director- DIN: 00062203

Kannan K. Unni
Director- DIN: 00227858

Sham Wahalekar
Chief Financial Officer & Company Secretary- Membership No: 8745

Mumbai
5 May 2015

(Currency: Indian rupees in million)

Statement containing the salient features of the financial statements of subsideries

Pursuant to first provisio to sub section (3) of section 129 of the Companies Act, 2013 read with rule 5 of the Companies (Accounts) rules, 2014

(₹ Million except % of shareholding)

	Particulars	Hikal International BV	Acoris Research Limited
a)	Share Capital	4.86	150.50
b)	Reserves	(14.60)	(150.51)
c)	Total Assets	0.10	-
d)	Total Liabilities	0.10	(0.04)
e)	Investment	-	-
f)	Turnover	-	-
g)	Profit/(loss) before taxation	(0.93)	(0.12)
h)	Provision for taxation	-	-
I)	Profit/(loss) after Taxation	(0.93)	(0.12)
j)	% of shareholding	100	100

Independent Auditors' Report

To Member of Hikal Limited

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Hikal Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated balance Sheet as at 31 March 2015 and the consolidated statement of profit and loss and the consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "the consolidated financial statements").

Management's responsibility for the consolidated financial statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the CompaniesAct,2013(hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (particularly Accounting Standard 21 - Consolidated Financial Statements).The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under sub section (10) of Section 143 of the Act. 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 the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, 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 financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate en the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of the ir reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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, of the consolidated state of affairs of the Group as at 31 March 2015 and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other matters

(a) We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets of Rs 0.10 million as at 31 March 2015, total revenues of Rs. Nil and net cash in flows amounting to Rs 0.14 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11)of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company, and Acoris Research Limited, subsidiary company incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable. As per the Independent auditors' report of Acoris Research Limited, the Order is not applicable to Acoris Research Limited.
2. As required by sub-section (3) of Section143 of the Act, we report, to the extent applicable, that:

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

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

(c) the consolidated balance sheet, the consolidated statement of profit and loss and the consolidated cash flow statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

(d) in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) on the basis of the written representations received from the directors of the Holding Company as on 31 March 2015 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary company, incorporated in India, none of the directors of the Group companies, incorporated in India, are disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and

(f) with respect to the other matters to be included in the auditor's report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

I. the Group has disclosed the impact of pending litigations on its financial position in its consolidated financial statements – Refer Note 26 to the consolidated financial statements.

ii. the Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 10to the consolidated financial statements; and

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 128032W/W-100022

Aniruddha Godbole
Partner
Membership No: 105149

Mumbai
5 May 2015

Independent Auditors' Report

To the Board of Directors of Hikal Limited

Hikal Limited

Annexure to the Independent Auditors' Report - 31 March 2015

As stated in paragraph 1 of our report on 'Other Legal and Regulatory requirements' in our Independent Auditors' Report of even date, the following statement is based on the comments in our Independent Auditors' Report of the Holding Company.

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

(b) The Holding Company has a regular programme of physical verification of its fixed assets, which comprises of freehold and leasehold land, by which all fixed assets are is 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 Holding Company and the nature of its assets. In accordance with the above programme, the Holding Company has verified fixed assets during the year and we are informed that no material discrepancies were noticed on such verification, which have been adjusted.

(ii) (a) The inventory, except for goods-in transit and stocks lying with third parties, has been physically verified by the Holding Company's management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained.

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

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

(iii) According to the information and explanations given to us, the Holding Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraphs 3(iii) (a) and (b) of the Order are not applicable to the Holding Company.

(iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories and fixed assets are for the Holding Company's specialised requirements and similarly, sale of certain goods and services are for the buyers' specialised requirements and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Holding Company and the nature of its business with regard to purchase of inventories and fixed assets and for sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.

(v) In our opinion, and according to the information and explanations given to us, the Holding Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3 (v) of the Order is not applicable to the Holding Company.

(vi) We have broadly reviewed the books of account maintained by the Holding Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148 (1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of records of the Holding Company, amounts deducted/ accrued in the books of account in respect of Provident fund, Employees' State Insurance, Sales tax/ Value added tax, Wealth tax, Duty of customs, Duty of excise, Cess and other material statutory dues have been regularly deposited during the year by the Holding Company with the appropriate authorities. According to the information and explanations given to us and on the basis of our examination of records of the Holding Company, amounts deducted/ accrued in the books of account in respect of Income Tax, Service tax and Professional tax have generally been regularly deposited during the year by the Holding Company with the appropriate authorities, though there have been slight delay in a few cases.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income Tax, Sales tax/ Value added tax, Wealth tax, Service tax, Duty of customs, Duty of excise, Cess, Professional tax and other material statutory dues were in arrears as at 31 March 2015 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 Wealth tax, Service tax, Sales tax / Value added tax and Duty of customs which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanations given to us, the following dues of Income-tax and Duty of excise have not been deposited by the Holding Company on account of disputes:

Name of the statute	Nature of the dues	Demand (₹)	Amount not deposited on A/c of demand (₹)	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Income-tax	1,966,691	1,966,691	2001-02	Deputy Commissioner of Income-tax
Income tax Act, 1961	Income-tax	3,768,299	3,768,299	2002-03	Deputy Commissioner of Income-tax
Income tax Act, 1961	Income-tax	5,674,485	5,674,485	2003-04	Deputy Commissioner of Income-tax
Income tax Act, 1961	Income-tax	15,292,537	15,292,537	2006-07	Deputy Commissioner of Income-tax
Income tax Act, 1961	Income-tax	3,046,111	3,046,111	2007-08	Deputy Commissioner of Income-tax
Income tax Act, 1961	Income-tax	5,465,280	5,465,280	2009-10	Commissioner of Income-tax (appeals)
Income tax Act, 1961	Income-tax	1,805,620	1,805,620	20010-11	Commissioner of Income-tax (appeals)
Central Excise Act, 1932	Excise duty	40,126,609	34,126,609	July-2007 to Dec-11	Customs, Excise and Service Tax Appellate Tribunal, Bangalore

c) The Holding Company has transferred amounts required to be transferred to the Investor Education and Protection Fund within the prescribed time in accordance with the relevant provisions of the Companies Act, 1956.

(viii) The Holding Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.

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

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

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

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

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 128032W/W-100022

Aniruddha Godbole
Partner
Membership No: 105149

Mumbai
5 May 2015

Consolidated Balance Sheet

As at 31 March 2015

(Currency: Indian rupees in million)

	Note	31 March 2015		31 March 2014
EQUITY AND LIABILITIES				
Shareholders' Funds				
Share capital	3	164.40		164.40
Reserves & surplus	4	5,160.42		4,882.68
			5,324.82	5,047.08
Non-current Liabilities				
Long-term borrowings	5	2,014.43		2,548.22
Deferred tax liabilities (net)	35	285.11		324.90
Long-term provisions	6	117.12		109.20
			2,416.66	2,982.32
Current Liabilities				
Short-term borrowings	7	2,310.11		2,155.48
Trade payables	8	1,372.11		1,311.92
Other current liabilities	9	1,315.19		1,001.92
Short- term provisions	10	181.31		60.44
			5,178.72	4,667.22
TOTAL			12,920.20	12.696.62
ASSETS				
Non-current Assets				
Fixed Assets				
(i) Tangible assets	11	6,393.52		6,438.50
(ii) Intangible assets	11	-		-
(Iii) Capital work-in-progress	11	616.61		611.67
			7,010.13	7,050.17
Non-current investments	12	31.17		31.17
Long-term loans and advances	13	870.34	901.51	669.34
			7,911.64	7,750.68
Current Assets				
Inventories	14	3,139.54		3,112.93
Trade receivables	15	1,279.71		887.37
Cash and bank balances	16	137.03		276.84
Short-term loans and advances	17	409.16		657.40
Other current assets	18	43.12		11.40
			5,008.56	4,945.94
TOTAL			12,920.20	12,696.62
Significant accounting policies	2			
The notes referred to above form an integral part of the consolidated financial statements	3-38			

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Aniruddha Godbole
Partner
Membership No: 105149

Mumbai
5 May 2015

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

Jai Hiremath
Chairman & Managing Director- DIN: 00062203

Kannan K. Unni
Director- DIN: 00227858

Sham Wahalekar
Chief Financial Officer & Company Secretary- Membership No: 8745

Mumbai
5 May 2015

Consolidated Statement of Profit and Loss

For the year ended 31 March 2015
(Currency: Indian rupees in million)

	Note	31 March 2015	31 March 2014
INCOME			
Sale of products (gross)	19	8,601.99	8,326.93
Less: Excise duty		56.75	53.69
Sale of products (net)		8545.24	8273.24
Sale of services		46.82	4.56
Other operating revenue		126.46	14.31
Other income	20	15.77	340.55
Total Revenue (I)		8,734.29	8,632.66
Expenses			
Cost of materials consumed	21	4,318.86	3,878.10
Changes in inventories of finished goods and work-in-progress	22	(48.68)	(119.84)
Employee benefit expense	23	892.04	790.19
Finance cost	24	600.47	680.13
Other expense	25	1,732.18	1,872.46
Depreciation and amortisation expenses	11	641.90	558.05
Less: Transfer from Revaluation Reserve		-	(7.69)
		641.90	550.36
Total Expenses (II)		8,136.77	7,651.40
Profit Before Tax (I-II)		597.52	981.26
Tax expenses			
- Current tax		217.57	208.15
- Less: MAT credit entitlement		-	(104.53)
- Deferred tax (credit)/charge		(24.10)	238.65
Total tax expenses		193.47	342.27
Profit After Tax		404.05	638.99
Basic and diluted earnings per share ₹ (Face value per share ₹2/-)	32	4.92	7.77
Significant accounting policies	2		
The notes referred to above form an integral part of the consolidated financial statements	3-38		

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For B S R & Co. LLP
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Mumbai
5 May 2015

Notes to Consolidated Financial Statements

For the year ended 31 March 2015

(Currency: Indian rupees in million)

1 Company Overview

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 (India)**: A 100% subsidiary of the company.

b) **Hikal International BV (Netherlands)**: A 100% subsidiary of the company engaged in trading activities.

2 Significant Accounting Policies

The accounting policies set out below have been applied consistently to the periods presented in these consolidated financial statements.

a) Principles of consolidation

The consolidated financial statements relate to Hikal Limited ('the Company') and all of its subsidiary companies and companies controlled, that is, companies over which the Company exercises control / joint control over ownership and voting power (herein after collectively referred to as 'the Group'). The consolidated financial statements have been prepared on the following basis:

a. The financial statements of the Company together with audited / unaudited financials statements of its subsidiaries, associates and jointly controlled entities as described in note 30 have been considered for the purpose of consolidation. The consolidated financial statements of the Company and its subsidiaries are 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 intra-group transactions and resultant unrealised profits or losses in accordance with the accounting principles generally accepted in India ('Indian GAAP') and comply with the Accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 which continue to apply under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Account) Rules, 2014 and other relevant provisions of the Companies Act, 2013 ('the Act'), to the extent applicable. The financial statements are presented in Indian rupees rounded off to the nearest million.

b. In translating the financial statements of a non-integral operation for incorporation in the consolidated financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral operation are translated at the closing exchange rate; income and expense items of the the non-integral operation are translated using the average exchange rates prevailing during the reporting period. All resulting exchange differences are accumulated in foreign currency translation reserve until the disposal of the net investment.

c. On the disposal/closure of a non-integral operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or expense in the same period in which gain/loss on disposal of the operation is recognised.

d. Investments in subsidiaries are eliminated and differences between the costs of investment over the net assets on the date of the investment in subsidiaries are recognised as goodwill or capital reserve, as the case may be.

e. The excess of cost to the Company of its investments in subsidiaries over its share of the equity of the subsidiaries at the date on which the investment in subsidiaries are made, is recognised as "Goodwill on Consolidation" being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of the investment of the Company, it is recognised as "Capital Reserve" and shown under the head "Reserves and surplus" in the consolidated financial statements. Impact of currency translation on such "Goodwill" and "Capital Reserve" is adjusted in the respective carrying amounts. Goodwill on consolidation is not amortised but is tested for impairment on each balance sheet date and impairment losses are recognised, where applicable

f. As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's standalone financial statements

g. The financial statements of the entities used for the purpose of consolidation are drawn upto the same reporting date as that of the parent Company, i.e. 31 March 2015.

h. Investments other than in subsidiaries, associates and joint ventures are accounted as per the Accounting Standard (AS) - 13 "Accounting for Investments"

b) **Basis of preparation of consolidated financial statements**

These consolidated financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ('Indian GAAP') and comply with the Accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 which continue to apply under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Account) Rules, 2014 and other relevant provisions of the Companies Act, 2013 ('the Act'), to the extent applicable read with General Circular 39/2014 dated 14 October 2014 issued by the Ministry of Corporate Affairs. The consolidated financial statements are presented in India rupees rounded off to the nearest lakhs.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities

c) **Use of estimates**

The preparation of the consolidated financial statements in conformity with Generally Accepted Accounting Principles in India requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the consolidated financial statements. Management believes that the estimates made in the preparation of the consolidated financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

Current / Non-current classification

The Schedule III to the Act requires all assets and liabilities to be classified as either current or non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

(a) it is expected to be realised in, or is intended for sale or consumption in, the entity's normal operating cycle;

(b) it is held primarily for the purpose of being traded;

(c) it is expected to be realised within twelve months after the balance sheet date; or

(d) it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

(a) it is expected to be settled in, the entity's normal operating cycle;

(b) it is held primarily for the purpose of being traded;

(c) it is due to be settled within twelve months after the balance sheet date; or

(d) the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

All other liabilities are classified as non-current.

Operating cycle

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out above which are in accordance with the revised Schedule III to the Act.

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

d) **Fixed assets and capital work-in-progress**

Tangible assets

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 capitalised. Other pre-operative expenses for major projects are also capitalised, where appropriate.

Tangible fixed assets under construction are disclosed as capital work-in-progress. Advances paid for acquisition of fixed assets are disclosed under long term loans and advances.

Intangible assets

Intangible assets that are acquired by the Group are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss. Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

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

Pursuant to the Act, being effective from 1 April 2014, the Group has revised the depreciation rates on fixed assets as per the useful life specified in Part 'C' of Schedule II of the Act. Consequently, depreciation charge for the period from 1 April 2014 to 31 March 2015 is higher by ₹ 43.50 Millions due to change in the estimated useful life of certain assets wherein the opening carrying value as at 1 April 2014 is depreciated over the remaining useful life. Written down value of the assets with balance useful life Nil of ₹ 46.16 Million and corresponding deferred tax impact of ₹15.69 million has been adjusted to the in retained earnings as per the option exercised by the Company.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, wherein the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc :

Plant and Machinery – Useful life of plant and machinery in factories are 9 to 13 years. Leasehold land is amortised over the duration of the lease.

Till the previous year ended 31 March 2014, depreciation on fixed assets was provided on straight line method in the manner and rates prescribed in Schedule XIV to the Companies Act, 1956.

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

The additional depreciation charge on account of revaluation of fixed assets is spread over the balance useful life of the revalued assets. Upto previous year ended on 31 March 2014, the additional charge of depreciation on account of revaluation was withdrawn from revaluation reserve and credited to the statement of profit and loss. During the current financial year, additional charge of depreciation on account of revaluation is debited to the statement of profit and loss and similar amount is withdrawn from revaluation reserve and credited to general reserve.

Until 31 March 2012, in respect of accounting period commencing on or after 07 December 2006 and ended on or before 31 March 2011, further extended to period ending on or before 31 March 2012 and subsequently extended till period ended on or before 31 March 2020, consequent to the insertion of paragraph 46 of AS-11 'The Effects of Changes in Foreign Exchange Rates', notified under the Companies (Accounting Standards) Rules, 2006, (as more fully explained in note 2.i), the cost of depreciable capital assets includes foreign exchange differences arising on translation of long term foreign currency monetary items as at the balance sheet date in so far as they relate to the acquisition of such assets.

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

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

e) Impairment of assets

In accordance with AS 28 'Impairment of Assets', the carrying amounts of the Group'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 recognised in the consolidated statement of profit and loss or against revaluation surplus, where applicable. If at the consolidated balance sheet date there is an indication that previously assessed impairment loss no longer exists the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to maximum of depreciated historical cost.

f) Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long- term investments. However, part of long-term investments which is expected to be realised within 12 months after the reporting date is also presented under 'current assets' as "current portion of long-term investment" in consonance with the current/ non-current classification scheme of Schedule III to the Act. Long-term investments (including current portion thereof) are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment.

Current investments are carried at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments. Any reduction in the carrying amount and any reversals of such reductions are charged or credited to the consolidated statement of profit and loss.

g) Inventories

Raw material, packing material, stores, spares and consumables are valued at lower of cost and net realisable value. Work-in-progress and finished goods are valued at lower of cost and net realisable value. Cost is ascertained on weighted average method and in case of work-in-progress 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 recognised on transfer of all significant risks and rewards of ownership to the buyer, which coincides with despatch 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 recognised based on date of bill of lading.

Excise duty collected on sales is separately reduced from turnover.

Interest income is recognised on time proportion basis.

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

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 Group'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 Group 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 amortised over the balance period of such long term foreign currency liabilities or March 31, 2020 whichever is earlier.

j) Employee benefits

i) **Short term employee benefits:**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the year.

ii) **Post employment benefits:**

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The company makes specified monthly contributions towards Provident Fund and Employees State Insurance Corporation ('ESIC'). The Company's contribution is recognised as an expense in the consolidated statement of profit and loss during the period in which employee renders the related service.

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.

Defined benefit plans

The Company provides for gratuity, a defined benefit plan covering eligible employees. Liabilities with regard to the gratuity benefits payable, 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 consolidated statement of profit and loss.

Gratuity for staff at Panoli plant is funded through group gratuity insurance scheme of the Life Insurance Corporation of India ('LIC').

iii) **Other long-term employee benefits:**

Compensated absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date as determined by an independent actuary based on projected unit credit method. The discount rates used for determining the present value of the obligation under other long term employment benefits plan, are based on the market yields on Government securities as at the balance sheet date.

k) Leases

Leases under which the Group 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 consolidated statement of profit and loss on a straight-line basis over the lease term.

l) Taxation

Income Tax expense comprises current income tax (i.e. amount of tax for the year determined in accordance with income tax laws) and deferred tax charge or credit (reflecting the tax effect of timing difference between accounting income and taxable income for the year.

The deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however; where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay tax during the specified period in accordance with applicable tax rates and tax laws. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognised 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 consolidated statement of profit and loss and shown as MAT Credit Entitlement. The Group 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.

m) Research and development

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

n) Export incentives

Export incentives principally comprises of Duty Drawback, Focus Market Scheme, Focus Product Scheme, Excise Duty rebate and other export incentive schemes. The benefits under these incentive schemes are available based on the guidelines formulated for respective schemes by the government authorities. These incentives are recognised as revenue on accrual basis to the extent it is probable that realisation is certain.

o) Provisions and contingencies

The Group 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.

Provision reviews at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to sett;e the obligation, the provision is reversed.

Contingent liabilities are disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Group or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of amount of the obligation cannot be made. Contingent Liabilities are not recognised but are disclosed in the notes.

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 calculated 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 consolidated 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 Consolidated Financial Statements

As at March 31, 2015

(Currency: Indian rupees in million)

		31 March 2015	31 March 2014
3	**Share capital**		
	Authorised		
	125,000,000 Equity Shares of ₹ 2/- each (P. Y.: 25,000,000 equity shares of ₹ 10/- each) (Refer Note a below)	250.00	250.00
	5,000,000 Cumulative Redeemable Preference Shares of ₹ 100/- each (P. Y.: 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		
	82,200,500 Equity Shares of ₹2/- each fully paid-up (P. Y.:16,440,100 equity Shares of ₹ 10/- each fully paid up) (Refer Note a below)	164.40	164.40
		164.40	164.40

a. The Company has altered the Memorandum and Articles of Association by passing Special resolution of the shareholders through postal ballot / e-voting on 16 February 2015 and subdivided its 16,440,100 equity shares of ₹ 10 each into 82,200,500 equity shares of ₹ 2 each. The number of Equity shares of the Authorised, Issued and subscribed and paid-up capital has been sub-divided accordingly.

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

Equity shares	31 March 2015		31 March 2014	
	No. million	₹ in million	No. million	₹ in. million
At the beginning of the year	16.44	164.40	16.44	164.40
Increase in number of equity shares on account of sub division	65.76	-	-	-
Outstanding at the end of the year (Refer note a above)	82.20	164.40	16.44	164.40

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

The Company has only one class of equity shares having a par value of ₹ 2 (P.Y. ₹ 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 2015, the amount of per share dividend recognised as distributions to equity shareholders is ₹ 1 on a face value of ₹ 2 (P.Y. ₹ 4.50 on a face value of ₹ 10).

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.

(Currency: Indian rupees in million)

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

	31 March 2015		31 March 2014	
	No. million	% holding in the Class	No. million	% holding in the Class
Equity shares of ₹ 2/-(P. Y. ₹ 10/-) each fully paid				
Kalyani Investment Company Ltd.	25.78	31.36	5.16	31.36
Shri Badrinath Investment Pvt. Ltd.	13.28	16.15	2.65	16.15
International Finance Corporation	6.80	8.27	1.36	8.27
Reliance Capital Trustee Co Ltd	6.58	8.00	1.12	6.82
Shri Rameshwara Investment Pvt. Ltd.	6.54	7.96	1.31	7.96
Sugandha J Hiremath	6.45	7.84	1.29	7.84

	31 March 2015	31 March 2014
4 Reserve and surplus		
Capital Reserve		
At the commencement and at the end of the year	0.44	0.44
Capital redemption reserve		
At the commencement and at the end of the year	509.82	509.82
Securities premium account		
At the commencement and at the end of the year	1,131.99	1,131.99
Revaluation reserve on land		
At the commencement of the year	1,070.97	1,078.66
Less: Amount transferred to the statement of Profit and Loss as reduction from depreciation	-	7,69
Less: Amount transferred to general reserve	7.69	-
	1063.28	1070.97
State subsidy		
At the commencement and at the end of the year	5.50	5.50
Contingency reserve		
At the commencement and at the end of the year	30.00	30.00
General reserve		
At the commencement of the year	558.48	458.48
Add: Amount transferred from revaluation reserve	7.69	-
Add : Transfer from surplus in the statement of profit and loss	50.00	100.00
	616.17	558.48.
Foreign currency translation reserve		
At the commencement of the year	(30.65)	(30.28)
For the year	3.09	0.37
	(27.56)	(30.65)
Surplus in statement of Profit and loss (Profit and loss balance)		
At the commencement of the year	1,606.13	1,153.69
Profit for the year	404.05	638.99
Appropriations		
Less: Impact of depreciation pursuant to adoption of useful lives as per Schedule II of the Companies Act, 2013 (refer note 2(d) and note 11)	46.16	-
Add: Deferred tax on above	15.69	-
Less: Proposed final dividend on equity shares (amount per share ₹ 0.50 on face value of ₹ 2 (P.Y. ₹ 2.50 on face value of ₹ 10)	41.10	32.88
Less: Proposed final dividend on equity shares (amount per share ₹ 0.50 on face value of ₹ 2 (P.Y. ₹ 2.50 on face value of ₹ 10)	41.10	41.10
Less : Tax on interim and proposed equity dividend	16.73	12.57
Less : Transfer to general reserve	50.00	100.00
Total appropriations	179.40	186.55
Net surplus in consolidated statement of profit and loss	1,830.78	1,606.13
Total reserves and surplus	5,160.42	4,882.68

Notes to Consolidated Financial Statements

As at March 31, 2015
(Currency: Indian rupees in million)

		31 March 2015	31 March 2014
5	**Long-term Borrowings**		
	Secured		
	Term loans from banks		
	Rupee (refer note a (i to iii) and b (i) below)	1,056.42	991.58
	External commercial borrowing (refer note a (i to iii) and b (i) below)	52.17	244.69
	Term loans from financial institutions		
	Rupee (refer note a (iv) and b (ii) below)	100.00	283.33
	External commercial borrowing (refer note a (v) and b (ii) below)	751.20	962.52
	Term loans from others		
	Rupee (refer note a (vi) and b (ii) below)	45.56	42.50
	Vehicle loans		
	From banks -Rupee (refer note a (vii) and b (iii) below)	2.24	2.46
	From Others -Rupee (refer note a (vii) and b (iii) below)	6.42	8.73
	Finance lease obligations	0.42	9.75
	(refer note b(iii) below and note 31)		
		2,014.43	2,545.56
	Unsecured		
	Deferred sales tax liability	-	2.66
	(Repayable yearly in five equal instalments starting after ten years from the year of accrual)	-	2.66
		2,014.43	2,548.22

a. **Nature of Security :**

i. Term loan from three banks is secured by first pari passu charge on the fixed assets of the Company's plants situated at Taloja, Panoli, Bangalore and R & D Centre at Bangalore and second pari passu charge on entire current assets both present & future.

ii Term loan from one bank is secured by first pari passu charge by way of equitable mortgage on the immovable fixed assets together with buildings and other structures standing thereon including any plant, machinery and fixtures & fittings lying therein located at Company's plants at Panoli, Bangalore,Taloja and R & D Centre at Banglore both present and future.

iii Term loan from one bank is secured by first and exclusive charge by way of mortgage on immovable properties of the Company being land and building situated at Plot no 3A, phase 2, International Biothech Park, Hinjewadi, Pune.

iv Rupee term loan from a financial institution is secured by fixed assets of the Company and shall rank as a first charge over its R & D Unit situated at Bangalore and first pari passu charge on the fixed assets of the Company's plants situated at Bangalore, Panoli and Taloja and second pari passu charge on the current assets of the Company.

v External commercial borrowing from a financial institution is secured by first charge on the fixed assets of the Company's plants situated at Taloja, Bangalore and Panoli and insurance proceeds (pertaining to the said movable fixed assets and current assets) ranking pari passu with the existing term loan lenders and second pari passu charge with the existing term loan lenders on all current assets of the Company.

vi Term loan from a financial corporation is secured by first and exclusive charge on the office premises of the Company at Nariman Point, Mumbai.

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

b. Terms of repayment are as under :

		US $ in Million	₹ in Million	Repayment Terms	Interest Rate p.a.
i)	a	-	66.67	Repayable quarterly - 2 installments of ₹ 33.33 Mio starting from 20 May 2015	13.25%
	b	-	225.00	Repayable quarterly - 9 installments of ₹. 25.00 Mio starting from 11 Apr 2015	12.05%
	c	-	159.90	Repayable monthly - 36 installments of ₹ 4.44 Mio starting from 21 Apr 2015	13.75%
	d	-	78.28	Repayable monthly - 36 installments of ₹. 2.17 Mio starting from 29 Apr 2015	13.40%
	e	-	540.00	Repayable quarterly - 16 installments of ₹ 33.75 Mio starting from 25 Jun 2015	12.50%
	f	-	150.00	Repayable quarterly - 20 installments of ₹ 7.50 Mio starting from 25 Jun 2015	12.25%
	g	-	230.02	Repayable quarterly - 18 installments of ₹ 12.78 Mio starting from 05 Jun 2015	12.40%
	h	4.00	250.40	Repayable quarterly - 6 installments of US $ 0.67 Mio each starting 14 Apr 2015	Libor + 300 bps
(ii)	a	-	108.33	Repayable quarterly - 2 installments of ₹ 54.17 Mio starting from 30 Apr 2015	12.80%
	b	-	200.00	Repayable quarterly - 8 installments of ₹ 25.00 Mio starting from 20 Jun 2015	LTMLR Plus 275 bps
	c	-	37.78	Repayable monthly - 8 installments of ₹. 4.72 Mio starting from 01 May 2015	14.00%
	d	-	90.00	Repayable monthly - 17 installments of ₹ 5.29 Mio starting from 01 Aug 2015	13.00%
	e	8.00	500.80	Repayable half yearly - 8 installments of US $ 1 Mio each starting from 15 Jul 2015	Libor + 300 bps
	f	8.00	500.80	Repayable half yearly - 8 installments of US $ 1 Mio each starting from 15 Jul 2015	Libor + 320 bps
(iii)	a	-	1.49	Repayable monthly EMI of Rs. 0.155 Mio	9.61%
	b	-	0.97	Repayable monthly EMI of Rs. 0.025 Mio	10.49%
	c	-	4.88	Repayable monthly EMI of Rs. 0.150 Mio	9.87%
	d	-	1.35	Repayable monthly EMI of Rs. 0.039 Mio	10.25%
	e	-	2.51	Repayable monthly EMI of Rs. 0.069 Mio	10.74%
	f	-	2.09	Repayable monthly EMI of Rs. 0.066 Mio	10.26%
	g	-	0.13	Repayable quarterly EMI of Rs. 0.131 Mio	12.75%
	h	-	0.16	Repayable quarterly EMI of Rs. 0.054 Mio	10.00%
	I	-	7.75	Repayable monthly EMI of Rs. 1.070 Mio	14.00%
	j	-	1.98	Repayable quarterly EMI of Rs. 0.395 Mio	14.00%

		31 March 2015	31 March 2014
6	**Long Term Provisions**		
	Provision for employee benefits		
	Provision for gratuity (refer note 35)	47.31	40.89
	Provision for compensated absenses (refer note 35)	69.81	68.31
		117.12	109.20
7	**Short Term Borrowings**		
	Secured		
	Loans repayable on demand		
	Working capital loan rupee (refer note a & b below)	210.91	819.55
	Working capital loan -Foreign currency (refer note a and b below)	1,884.20	1,164.48
		2095.11	1,984.03

Notes to Consolidated Financial Statements

As at March 31, 2015

(Currency: Indian rupees in million)

	31 March 2015	31 March 2014
Unsecured		
Loans repayable on demand		
Inter Corporate Deposits		
- From related parties -(refer note c below & note 30)	-	30.95
- From others (refer note c below)	215.00	140.50
	215.00	171.45
	2,310.11	2,155.48

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

i Working capital loan from IDBI Bank Limited of Rs 350 Million are secured by first pari passu charge on entire current assets both present & future and exclusive charge on fixed assets of the Company's plant situated at Mahad.

ii Working capital loan from Standard Chartered Bank are secured by first pari passu charge on entire current assets both present & future and exclusive charge on office premises of the Company at CBD Belapur (Navi Mumbai).

iii Working capital loans from Other banks are secured by first charge on all current assets of the Company and second pari passu charge on all fixed assets both present and future, situated at R&D Unit at Banglore and Company's plants situated at Bangalore, Taloja and Panoli.

b. Working capital loans are repayable on demand and carry interest ranging from 5% to 14.50 % p.a.

c. Inter corporate deposits repayable on demand and carries interest @ 12.5 % to 18 % p.a

		31 March 2015	31 March 2014
8	**Trade Payables**		
	- Dues to Micro and Small Enterprises	42.20	11.22
	- Due to Others	1,329.91	1,300.70
		1,372.11	1,311.92
9	**Other current liabilities**		
	Current maturities of long-term borrowings	1,137.53	737.24
	Current maturities of finance lease obligations	9.34	17.46
	Interest accrued but not due on borrowings	14.68	17.71
	Other payables		
	Payables for capital purchases	71.86	35.62
	Advances from customers	18.76	137.64
	Unpaid Dividend	1.84	-
	Statutory dues		
	- Provident fund	3.20	2.94
	- Employees' state insurance	0.12	0.07
	- Tax deducted at source	11.87	8.03
	- Sales tax /Value added tax	2.42	0.39
	- Profession tax	0.24	0.21
	Employee benefits expenses	43.33	44.61
		1,315.19	1,001.92
10	**Short Term Provisions**		
	Provision for employee benefits		
	Provision for gratuity	6.65	6.00
	Provision for Compensated absenses	23.27	22.77
		29.92	28.77
	Other provisions		
	Proposed equity dividend	82.20	41.10
	Provision for tax on proposed equity dividend	16.73	6.98
	Provision for mark to market loss on derivative contract	42.50	121.05
	Provision for tax (net of advance tax of ₹122 Million)	9.96	-
		151.39	169.13
		181.31	197.90

Notes to Consolidated Financial Statements

As at 31 March 2015

(Currency: Indian rupees in million)

11 Fixed Assets

Description	Gross block					Depreciation/amortisation				Net block
	As at 01 April 2014	Additions	Deductions/ Adjustments	Adjustments of exchange difference on borrowings	As at 31 March 2015	As at 31 March 2014	For the year	Deductions/ Adjustments	Upto 31 March 2015	As at 31 March 2015
Tangible assets										
Freehold land	787.38	-	-	-	787.38	-	-	-	-	787.38
Leasehold land	715.81	-	-	-	715.81	54.86	8.74	-	63.60	652.21
Buildings	1,623.92	98.22	-	-	1,722.14	398.73	56.47	-	455.21	1,266.93
Plant and machinery	6,610.65	465.33	-	64.92	7,141.20	3,130.36	520.85	-	3,651.22	3,489.98
Electrical installations	251.21	0.66	-	-	251.87	115.14	32.74	18.88	166.76	85.11
Office equipment	118.22	8.13	-	-	126.35	92.03	4.05	21.13	117.21	9.14
Furniture and fixtures	112.37	1.03	-	-	113.40	55.96	13.31	5.61	74.88	38.52
Vehicles	41.23	4.80	-	-	46.03	14.56	3.94	0.83	19.33	26.70
Ships	51.56	-	-	-	51.56	12.21	1.80	-	14.01	37.55
	10,312.35	578.47	-	64.92	10,955.74	3,873.85	641.90	46.45	4,562.22	6,393.52
Intangible assets										
Computer software	5.48	-	(0.01)	-	5.49	5.48	-	(0.01)	5.49	-
	10,317.83	578.47	(0.01)	64.92	10,961.23	3,879.33	641.90	46.44	4,567.71	6,393.52
Capital work-in-progress										616.61
Total										7,010.13

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 31 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 million on account of revaluation has been charged to the statement of profit and loss and a similar amount has been transferred from the revaluation reserve to general reserve. (Previous year ₹7.69 million was charged to statement of profit and loss and a similar amount was transferred from the revaluation reserve and credited to the statement of profit and loss.)

b) Pursuant to the Companies Act, 2013 being effective from 1 April 2014, the Company has revised the depreciation rates on fixed assets as per the useful life specified in Part "C" of Schedule II of the Act. Written down value of the assets with balance useful life 'Nil' of ₹46.16 Million has been adjusted to the balance in surplus (profit and loss balance) as per the option exercised by the Company. Consequently, depreciation charge for the year is higher by 43.5 million due to change in the estimated useful life of certain assets wherein the opening carrying value as at 1 April 2014 is depreciated over the remaining useful life.

c) Exchange differences of ₹64.92 million (P.Y. ₹142.35 million) has been included in the additions to fixed assets post the exercise of option in terms of Para 46A of AS11 (pursuant to notification dated 29 December 2011 issued by the Ministry of Corporate Affairs.)

d) Plant and machinery includes assets taken on finance lease as under

Particulars	Gross Block	Depreciation charge for the year	Accumulated depreciation	Net block
31 March 2015	30.97	3.20	4.54	26.43

Notes to Consolidated Financial Statements

As at 31 March 2015

(Currency: Indian rupees in million)

11 Fixed assets (continued)

Description	Gross block					Depreciation/amortisation				Net block
	As at 01 April 2013	Additions	Deductions/ Adjustments	Adjustments of exchange difference on borrowings	As at 31 March 2014	As at 31 March 2013	For the year	Deductions/ Adjustments	Upto 31 March 2014	As at 31 March 2014
Tangible assets										
Freehold land	787.38	-	-	-	787.38	-	-	-	-	787.38
Leasehold land	715.81	-	-	-	715.81	46.10	8.76	-	54.86	660.95
Buildings	1,591.78	32.14	-	-	1,623.92	346.54	52.19	-	398.73	1,225.19
Plant and machinery	6267.23	201.07	-	142.35	6,610.65	2,659.30	471.06	-	3,130.36	3,480.29
Electrical installation	250.70	0.51	-	-	251.21	105.61	9.53	-	115.14	136.07
Office equipment	117.50	0.72	-	-	118.22	86.40	5.63	-	92.03	26.19
Furniture and fixtures	111.66	0.71	-	-	112.37	49.25	6.71	-	55.96	56.41
Vehicles	30.55	17.70	7.02	-	41.23	15.75	2.39	3.58	14.56	26.67
Ships	51.56	-	-	-	51.56	10.43	1.78	-	12.21	39.35
	9,924.17	252.85	7.02	142.35	10,312.35	3,319.38	558.05	3.58	3,873.85	6,438.50
Intangible assets										
Computer software	5.48	-	-	-	5.48	5.48	-	-	5.48	-
	9,929.65	252.85	7.02	142.35	10,317.83	3,324.86	558.05	3.58	3,879.33	6,438.50
Capital work-in-progress										611.67
Total										7,050.17

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 31 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 (P.Y. ₹ 7.69 million) on account of revaluation has been charged to the statement of profit and loss and a similar amount was transferred from the revaluation reserve and credited to the statement of profit and loss.

b) Exchange differences of ₹ 142.35 million (P.Y. ₹ 171.45 million) has been included in the additions to fixed assets post the exercise of option in terms of Para 46A of AS11 (pursuant to notification dated 29 December 2011 issued by the Ministry of Corporate Affairs.)

c) Plant and machinery includes assets taken on finance lease as under

Particulars	Gross Block	Depreciation charge for the year	Accumulated depreciation	Net block
31 March 2014	30.97	1.34	1.34	29.63

(Currency: Indian rupees in million)

		31 March 2015	31 March 2014
12	**Non Current Investments**		
	Trade Investments (valued at cost, unless otherwise stated)		
	Unquoted Equity Investments		
	P.Y. 223,164 (P.Y.: 223,164) Equity Shares of Bharuch Eco Aqua. Infrastructure Ltd. of ₹10/- each, fully paid up.	2.23	2.23
	P.Y. 30,000 (P.Y.: 30,000) Equity Shares of Panoli Enviro Technology Ltd. of ₹10/- each, fully paid up.	0.30	0.30
	P.Y. 14,494 (P.Y.: 14,494) Equity Shares of MMA CETP Co-operative Society Limited of ₹100/- each, fully paid up	1.45	1.45
	P.Y. 16% (P.Y.: 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		
	P.Y. 10,000 (P.Y.: 2,000) Equity Shares of Bank of Baroda of ₹2/- (P.Y. ₹10/-)each fully paid up.	0.17	0.17
	P.Y. 2,900 (P.Y.: 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

	31 March 2015	31 March 2014
Investment Details		
Equity shares of Bharuch Eco Aqua.Infrastructure Limited		
Units	223.164	223.164
Value	2.23	2.23
Equity shares of Panoli Enviro Technology Limited		
Units	30,000	30,000
Value	0.30	0.30
Equity shares of MMA CETP Co-operative Society Limited		
Units	14.494	14,494
Value	1.45	1.45
Equity shares of Jiangsu Chemstar Chemical Co Limited		
Units	16%	16%
Value	26.97	26.97
Equity shares of Bank of Baroda		
Units	10,000	2,000
Value	0.17	0.17
Equity shares of Union Bank of India		
Units	2,900	2,900
Value	0.05	0.05
Aggregate book value of quoted investments	0.22	0.22
Aggregate market value of quoted investments	2.09	1.84
Aggregate book value of unquoted investments	30.95	30.95

Notes to Consolidated Financial Statements

As at 31 March 2015

(Currency: Indian rupees in million)

		31 March 2015	31 March 2014
13	**Long Term Loans And Advances**		
	(Unsecured and considered good)		
	To parties other than related parties		
	Capital advances	43.12	111.41
	Security deposits	57.73	53.14
		100.85	164.55
	Other loans and advances		
	MAT credit entitlement	408.26	452.22
	VAT receivable	149.01	-
	Balances with customs, excise, etc	159.38	-
	Prepaid expenses	1.03	-
	Loans to employees	1.87	2.57
		719.49	454.79
	To related parties		
	security deposits given to director	50.00	50.00
		870.34	669.34
14	**Inventories**		
	(Valued at lower of cost and net realisable value)		
	Raw materials [includes goods in transit of ₹ 172.28 millions] (P. Y.: ₹ 218.02 millions)	1,930.34	1,951.07
	Packing materials	10.01	10.03
	Work-in-progress	579.31	529.72
	Finished goods	479.92	480.83
	Stores, spares and consumables	139.96	141.28
		3,139.54	3,112.93
15	**Trade Receivables**		
	(Unsecured)		
	Outstanding for a period exceeding six months from the date they are due for payment		
	Considered good	30.92	70.46
	Considered doubtful	52.86	22.36
	Less : Provision for doubtful receivables	52.86	22.36
	(A)	30.92	70.46
	Other receivables		
	Considered good	1,248.79	816.91
	(B)	1,248.79	816.91
	Total (A + B)	1,279.71	887.37

Note -

Trade receivables are presented net of bills discounted [disclosed under contingent liabilities (refer note 26)] which are secured against underlying receivables carrying interest rate ranging from 2.5 % p.a. to 14 % p.a. with a maturity of 30 days to 90 days.

(Currency: Indian rupees in million)

		31 March 2015	31 March 2014
16	**Cash and Bank Balances**		
	Cash and cash equivalents		
	Cash on hand	1.63	1.61
	Balances with banks:		
	- In current accounts	48.75	134.70
	- In Exchange Earners Foriegn Currency	8.46	21.21
	- Deposits having original maturity upto three months	3.42	-
		62.26	157.52
	Other bank balances		
	Deposits with original maturity for more than 3 months but less than 12 months (refer note a below)	72.93	119.32
	Earmarked balances with banks-Unpaid Dividend	1.84	-
		74.77	119.32
		137.03	276.84
	Details of bank deposits		
	Deposits having original maturity upto three months included under Cash and cash equivalents	3.42	-
	Deposits with original maturity for more than 3 months but less than 12 months included under other bank balances.	72.93	119.32
		76.35	119.32

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

Margin money deposits with a carrying amount of ₹ 71.16 millions (P.Y. ₹ 69.32 millions) are subject to first charge to secure the Company's working capital loans.

		31 March 2015	31 March 2014
17	**Short Term Loans And Advances**		
	(Unsecured)		
	To parties other than related parties		
	Advance to suppliers		
	Considered good	60.25	37.04
	Considered doubtful	24.41	22.91
		84.66	59.95
	Less: Provision for doubtful advances	24.41	22.91
		60.25	37.04
	Other loans and advances		
	Balances with customs, excise, etc	99.64	196.79
	Prepaid expenses	35.15	39.10
	VAT receivable	145.85	283.09
	MAT credit entitlement	65.00	99.00
	Loans to employees	3.27	2.38
		409.16	657.40
18	**Other Current Assets**		
	Interest accrued on fixed deposits	13.17	11.40
	Others	29.95	-
		43.12	11.40

Notes to Consolidated Financial Statements

For the year ended 31 March 2015

(Currency: Indian rupees in million)

		31 March 2015	31 March 2014
19	**Revenue from operations**		
	Sales of products (Gross)		
	Finished goods	8601.99	8326.93
	Less: Excise duty	56.75	53.69
	Sales of products (Net)	8,545.24	8,273.24
	Sale of Services	46.82	4.56
	Other operating revenue		
	Export incentives	113.37	1.28
	Scrap sales	13.09	13.03
	Revenue from operations	8,718.52	8,292.11
20	**Other income**		
	Interest income on		
	Bank deposits	7.68	5.15
	Others	4.29	4.59
	Dividend on long term investments*	-	0.10
	Miscellaneous income	3.80	0.15
	Receipts from revocation of trust (Refer note 27)	-	330.56
		15.77	340.55
	**Amount less than ₹10,000/-*		
21	**Cost of materials consumed**		
	Raw materials at the beginning of the year	1,951.07	1,541.74
	Add : Purchases during the year	4,298.13	4,287.43
		6,249.20	5,829.17
	Less : Closing stock at the end of the year	1,930.34	1,951.07
		4,318.86	3,878.10
22	**Changes in inventories of finished goods and work-in-progress**		
	(Increase) in stocks		
	Inventories at the end of the year		
	Work-in-progress	579.31	529.72
	Finished goods	479.92	480.83
	Total A	1,059.23	1,010.55
	Inventories at the beginning of the year		
	Work-in-progress	529.72	583.55
	Finished goods	480.83	307.16
	Total B	1010.55	890.71
	(Increase) in stocks (B-A)	(48.68)	(119.84)
23	**Employee benefit expense**		
	Salaries, wages and bonus	780.71	684.88
	Contribution to provident and other funds	36.58	33.48
	Gratuity expenses	16.63	12.34
	Staff welfare expenses	74.48	72.07
		908.40	802.77
	Less : Transfer to capital work in progress	(16.36)	(12.58)
		892.04	790.19

(Currency: Indian rupees in million)

		31 March 2015	31 March 2014
24	**Finance cost**		
	Interest on rupee term loan	237.97	211.50
	Interest on foreign currency term loan	31.92	47.16
	Interest on working capital loans	126.31	170.55
	Interest on bills discounted	55.17	50.96
	Other interest	53.42	65.50
	Bank charges	62.40	35.69
	Exchange difference to the extent considered as an adjustment to borrowing costs	46.10	132.06
		613.29	713.42
	Less: Transferred to capital work in progress	(12.82)	(33.29)
		600.47	680.13
25	**Other expenses**		
	Consumption of stores and spares	134.94	113.40
	Processing charges	1.13	1.04
	Power & fuel	938.54	970.86
	Advertisement	1.05	1.34
	Rent	18.18	13.00
	Rates and taxes	7.71	10.68
	Insurance	16.77	16.59
	Repairs and maintenance		
	- Plant & machinery	69.61	65.84
	- Buildings	14.76	18.72
	- Others	49.33	33.45
	Printing and stationery	12.00	13.10
	Legal and professional charges		
	- Legal charges	2.45	4.31
	- Professional charges	82.66	74.88
	Traveling and conveyance	45.54	39.55
	Vehicle expenses	11.75	9.83
	Postage, telephone and telegrams	12.45	10.32
	Payment to Auditors'	5.49	4.97
	Director's sitting fee	2.07	0.56
	Sales and distribution expenses	171.26	143.91
	Commission on sales	5.14	5.09
	Security service charges	21.24	18.00
	Sundry balance written off	3.44	56.17
	Service Charge	22.73	26.43
	Excise duty on closing stock	1.20	2.12
	Loss on sale of assets (net)	-	1.68
	Foreign exchange loss (net)	15.45	59.84
	Provision for Market to Market losson deriative Contracts	-	120.10
	Provision for doubtful debts	30.50	5.00
	Corporate social responsibility expenses (CSR)	0.87	0.29
	Miscellaneous expenses	56.70	45.35
		1,754.96	1,886.42
	Less: Transferred to capital work in progress	(22.78)	(13.96)
		1,732.18	1,872.46

Notes to Consolidated Financial Statements

For the year ended 31 March 2015

(Currency: Indian rupees in million)

		31 March 2015	31 March 2014
26	**Contingent liabilities**		
	Bills discounted with banks	694,65	1,124.23
	Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	92.87	72.30
	Disputed demands by Excise Authorities	40.13	-
	Disputed demands by Income Tax Authorities	37.02	37.02
	Bank guarantee issued	49.40	48.90

27 During the previous year ended 31 March 2014,the Company at its extra ordinary general meeting held on 17 May 2013 decided to cancel / rescind the ESOP Scheme. Consequently, ₹ 330.56 million in the trust was received by the Company and accounted as other income. This has ensured compliance of the SEBI circular no CIR/CFD/DIL/3/2013 dated 17 January 2013.

28 Capitalisation 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.

	31 March 2015	31 March 2014
Salaries, wages and bonus	16.36	12.58
Finance Cost	12.82	33.29
Others expenses	22.78	13.96
Total	51.96	59.83

29 Segment reporting

The group financial reporting is organized into two major operating divisions' viz. crop protection and pharmaceuticals. These divisions are the basis on which the group 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 trade receivables, 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 trade payables and other liabilities.

The group operating divisions are managed from India. The principal geographical areas in which the group 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 group as a whole.

Notes to Consolidated Financial Statements

For the year ended 31 March 2015

(Currency: Indian rupees in million)

Primary segment information

Particulars	Crop Protection	Pharmaceuticals Indian operation	Pharmaceuticals Overseas operation	Total
Revenue (external revenue)	3,343.51	5,375.01	-	8,718.52
	3,537.80	*4,754.31*	-	*8,292.11*
Segment result	500.32	947.01	(0.90)	1,446.43
	634.10	*1,119.10*	*(1.70)*	*1751.50*
Interest expenses				600.46
				680.13
Other unallocable expenditure (net of unallocable income)				248.46
				(90.10)
Profit before tax				597.51
				981.27
Segment assets	3,373.28	8.488.62	0.10	11,862.77
	3,324.99	*8,029.37*	*0.04*	*11.354.32*
Unallocated corporate assets				1,057.43
				1,342.30
Total assets				12,920.20
				12.696.62
Segment liabilities	476.23	1,083.98	0.87	1,561.08
	666.30	*931.12*	*0.04*	*1,597.46*
Unallocated corporate liabilities				6,050.00
				6,052.16
Total liabilities				7,611.08
				7,649.54
Capital expenditure for the year	106.03	534.26		640.29
	123.90	*331.48*		*455.38*
Unallocated capital expenditure				4.72
				66.09
Depreciation for the year	144.69	484.38	-	629.19
	134.50	*407.79*	-	*542.30*
Unallocated depreciation				12.83
				7.95

Secondary segment information

	Sales revenue	Assets employed	Capital expenditure
India	1,828,47	12,920.10	645.01
	1,235.21	*12,696.66*	*521.47*
USA and Canada	1,567.05	-	-
	1,122.21	-	-
Europe	2,904.39	0.10	-
	3,100.13	*(0.40)*	-
South East Asia	2,272.81	-	-
	2,466.50	-	-
Others	145.79	-	-
	368.06	-	-
Total	8,718.52	12,920.20	645.01
	8,292.11	*12,696.62*	*521.47*

Notes to Consolidated Financial Statements

As at March 31, 2015

(Currency: Indian rupees in million)

30 Related party disclosures

List of related parties

Parties where control exists:

Key Management Personnel

Jai Hiremath	Chairman & Managing Director
Sameer Hiremath	President & Joint Managing Director
TMF Netherlands BV	Managing Director of Hikal International BV

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 ("MIPL")

Iris Investments Private Limited ("IIPL")

Karad Engineering Consultancy Private Limited ("KECPL")

Ekdant Investments Private Limited ("EIPL")

Rameshwar Investment Private Limited ("RIPL")

Badrinath Investment Private Limited ("BIPL")

Rushabh Capital Services Private Limited ("RCSPL")

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	**24.20**	**-**	**-**
	19.23	-	-
- Sameer Hiremath	**13.18**	**-**	**-**
	11.11		
Commission Paid			
- Jai Hiremath	**6.35**	**-**	**-**
	10.10	-	-
- Sameer Hiremath	**6.35**	**-**	**-**
	10.10	-	-
Sitting fees			
- Sugandha Hiremath	-	**0.43**	**-**
		0.14	-
Interest Paid			
- BIPL	-	-	**0.22**
			3.42
- KECPL	-	-	**0.07**
			0.59
- DEPL	-	-	**0.10**
			0.79
- EIPL	-	-	**0.02**
			0.25
- RIPL	-	-	**0.08**
			0.86
- RCSPL	-	-	**0.10**
			0.79
Management and administration fees			
- TMF Netherlands BV	**0.93**	**-**	
	1.46	-	

(Currency: Indian rupees in million)

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
Dividend paid			
BIPL	-	-	13.28
			11.95
- RIPL	-	-	6.54
			5.89
- DEPL	-	-	0.03
			0.03
- EIPL	-	-	0.26
			0.24
- KECPL	-	-	0.04
			0.04
- Sugandha Hiremath	-	6.45	-
		5.80	
- Jai Hiremath	1.19	-	-
	0.80		
- Sameer Hiremath	0.26	-	-
	0.23		
Lease rent paid			
- Sugandha Hiremath	-	2.40	-
		2.40	
- RIPL	-	-	0.84
			0.84
- RCSPL	-	-	1.08
			1.08
Inter corporate deposits received			
- RIPL	-	-	-
			1.80
Inter corporate deposits repaid			
- BIPL	-	-	15.20
			19.30
- RIPL	-	-	4.80
			9.50
- EIPL	-	-	1.40
			1.50
- KECPL	-	-	4.10
			-
- DEPL	-	-	5.45
			-
RCSPL	-	-	5.50
			-
Outstanding balance debit/(credit)			
Commission payable			
- Jai Hiremath	(6.35)		
	(10.10)		
- Sameer Hiremath	(6.35)		
	(10.10)		
Short term borrowings			
- BIPL			-
			(15.20)
- KECPL			-
			(4.10)
- DEPL			-
			(5.45)
- EIPL			-
			(1.40)
- RIPL			-
			(4.80)
- RCSPL			-
			(5.50)

31 Leases

Operating Leases

The group has taken printers, copiers and office and residential premises under cancellable and non-cancellable operating lease arrangements. Lease rentals debited to the statement of profit and loss aggregates to ₹ 3.45 million (P.Y. 2.03 million) for non-cancellable lease and ₹14.73 million (P.Y. 10.97 million) for cancellable lease

	31 March 2015	31 March 2014
i) Operating Leases		
Future minimum lease payments in respect of non-cancellable leases:		
- not later than one year	3.57	2.49
- later than one year but not later than five years	2.95	2.47
- later than five years	-	-

ii) Finance Leases

Certain items of plant and machinery 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 :	31 March 2015	31 March 2014	31 March 2015	31 March 2014
Payable within 1 year	9.84	17.65	9.34	17.46
Payable between 1-5 years	0.44	7.77	0.42	9.75
Payable later than 5 years	-	-	-	-

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

	Non Current portion		Current portion	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
a) Total minimum lease payments	0.44	7.77	9.84	17.65
b) Future interest included in (a) above	0.02	0.31	0.50	2.23
c) Present value of future minimum lease payments {a-b}	0.42	7.46	9.34	15.42

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

32 Earnings per share

(Rupees in millions, except per share data)

	31 March 2015	31 March 2014
Basic and diluted earnings per share		
Consolidated net Profit after taxation	404.05	638.99
Numerator used for calculating basic and diluted earnings per share	404.05	638.99
Calculation of weighted average number of equity shares		
Number of equity shares outstanding at the beginning of the year	16,440,100	16,440,100
Increase in number of equity shares on account of Sub-division*	65,760,400	65,760,400
Number of equity shares outstanding at the end of the year	82,200,500	82,500,500
Weighted average number of equity shares outstanding during the year (based on date of issue of shares)	82,200,500	82,500,500
Basic and diluted earnings per share (₹)	4.92	7.77
Nominal value per shares (₹)	2	2

*The Company has subdivided its 16,440,100 equity shares of ₹ 10 each into 82,200,500 equity shares of ₹ 2 each on 16 February, 2015. The disclosure of number of shares in the particulars of Shareholding and the disclosure of Earnings per share (in compliance with AS-20) for the current and previous period has been arrived at after giving effect to the above sub-division.

33 Deferred Tax Liability(net)

	31 March 2015	31 March 2014
Deferred tax assets:		
Provision for employee benefits	49.98	46.90
Provision for doubtful trade receivables and advances	26.27	15.39
Provision for inventory obsolescence	9.78	9.78
Total deferred tax assets	86.02	72.06
Deferred tax liabilities:		
Excess of depreciation on fixed assets under income tax law over depreciation provided in accounts	365.43	396.96
Excess of allowance for lease rental under income tax law over depreciation and interest charged on the leased assets in accounts	5.70	-
Total deferred tax liabilities	371.13	396.96
Deferred tax liability (net)	285.11	324.90

34 Disclosure in relation to Derivative Instruments

The group uses derivative and forward contracts to hedge its risks associated with foreign currency fluctuations. Such transactions are governed by the strategy approved by the Board of Directors which provides principles on the use of these instruments consistent with the Company's Risk Management Policy. The group does not use these contracts for trading or speculative purposes. The group has marked to market the forward contracts outstanding as at 31 March 2015 which has resulted in a net gain to the group. The group has not recognised the resulted gain of ₹10.27 Million, on prudent basis which is notional in nature. The mark to market loss on interest swap contract aggregating ₹Nil (P.Y. 120.10 million) has been recognized in the statement of profit and loss.

Category	No. of contracts	Amount in foreign currency (Million)	Equivalent amount in Rupees (Million)	Purpose
Currency / Interest swap	2	USD 2.40	150.02	Hedging of term loan/ interest
	2	USD 7.19	432.16	Hedging of term loan/ interest

The foreign currency exposures hedged as at the year end are as under:

	31 March 2015			31 March 2014		
	Foreign Currency		₹million	Foreign Currency		₹million
	Curr.	Amt.	Amt.	Curr.	Amt.	Amt.
a. Amount receivable in foreign currency on account of following :						
-Export of goods	USD	7.5	492.20	USD	-	-

Notes to Consolidated Financial Statements

For the year ended 31 March 2015
(Currency: Indian rupees in million)

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

	31 March 2015			31 March 2014		
	Foreign Currency		₹million	Foreign Currency		₹million
	Curr.	Amt.	Amt.	Curr.	Amt.	Amt.
a Amount receivable in foreign currency on account of following :						
-Export of goods	USD	2.15	134.29	USD	4.55	273.12
	EUR	3.02	203.88	EUR	1.52	125.87
	JPY	0.02	0.01	JPY	6.59	3.99
	GBP	-	-	GBP	0.23	22.47
b. Amount payable in foreign currency on account of following:						
(i) Import of goods & Services	USD	9.38	587.16	USD	7.78	467.93
	EUR	1.09	73.64	EUR	0.73	60.64
	GBP	-	-	GBP	0.10	10.12
(ii) Loan payables	USD	20.00	1,252.00	USD	25.67	1,542.82
(iii) Working capital loan from bank	USD	19.82	1,240.84	USD	16.67	1,001.80
	EUR	9.53	643.36	EUR	0.52	42.63
	GBP	-	-	GBP	1.20	120.05
c. Other Advances	USD	0.65	40.64	USD	0.24	14.32
	EUR	0.07	4.54	EUR	0.03	2.22
d. Bank balance	USD	0.02	1.57	USD	0.35	21.21
	EUR	0.10	6.89	EUR	-	-

35 Disclosure relating to Employee Benefits - As per revised AS – 15

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 payments 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 a 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 an 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 functions is recent Mortality Table.

(Currency: Indian rupees in million)

		2014-15		2013-14	
A.	**Expenses recognized in the statement of profit & loss for the year ended 31 March**	**Gratuity**	**Leave Encashment**	Gratuity	Leave Encashment
	1. Interest cost	4.80	7.29	4.07	5.81
	2. Current service cost	8.40	12.69	5.62	11.21
	3. Expected return on planned assets	-	-	-	-
	4. Net actuarial (gain) / loss on obligations	3.43	(15.04)	2.65	(11.49)
	Total expenses recognized in statement of profit and loss	16.63	35.01	12.34	28.51
B.	**Net asset / (liability) recognized in the balance sheet**				
	1. Present value of the obligation as on April 1	66.46	91.08	59.99	91.08
	2. Fair value of planned assets as on March 31	(12.50)	-	(13.10)	-
	Lliability recognized in the balance sheet	53.96	93.08	46.89	91.08
C.	**Change in plan assets**				
	1. Fair value of the plan as on April 1	13.10	-	14.53	-
	2. Actual return of plan assets	Nil	-	Nil	-
	3. Employer's contribution	Nil	-	Nil	-
	4. Benefit paid	0.59	-	1.43	-
	5. Plan assets as at March 31	12.51	-	13.10	-
D.	**Change in present value of obligation**				
	1. Present value of obligation as on April 1	59.99	91.08	50.93	72.57
	2. Interest cost	4.80	7.29	4.07	5.81
	3. Current services cost	8.40	12.69	5.62	11.21
	4. Benefits paid	10.16	(33.01)	3.28	(9.99)
	5. Net actuarial (gain) / loss on obligations	3.43	15.03	2.65	11.49
	Present value of obligation as per actuarial valuation as at March 31	66.46	93.08	59.99	91.08
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	N.A	N.A.	9.25% p.a.	N.A
	b. Un-funded	N.A	N.A	N.A	N.A
	4. Mortality rate	Indian Assured Lives Mortality(2006-08)ultimate		LIC (1994-96)ultimate	

		2015	2014	2013	2012	2011
F.	**Experience adjustment**	**2015**	**2014**	**2013**	**2012**	**2011**
	1. Defined benefit obligation	66.46	59.99	50.93	41.66	41.68
	2. Plan assets (including bank balance)	12.50	13.10	14.53	13.30	12.08
	3. Surplus/(Deficit)	53.96	46.89	36.40	28.36	29.60
	4. Experience adjustments of obligation	3.43	2.65	2.98	6.24	14.03
	5. Experience adjustment on plan assets	NA	NA	0.17	0.14	0.14

Contribution to provident and other funds

On account of defined contribution plans the Group's contribution to Provident Fund and Superannuation Fund aggregating ₹ 36.58 millions (P.Y. ₹ 33.48 millions) has been recognized in the statement of profit and loss under the head employee benefits (Refer note 23)

Notes to Consolidated Financial Statements

For the year ended 31 March 2015
(Currency: Indian rupees in million)

36 The previous year's figures have been reclassified to conform to this year's classification. details of which are as follows.

Particulars	**Note Number**	**Amount as per previous year financials**	Adjustment	Revised amount for previous year
Other expenses	**25**	**1,693.21**	179.25	1,872.46

37 The previous year's financial statements were audited by a firm of Chartered Accountants other than M/s B S R & Co. LLP.

38 Information with regard to other matters, as required by schedule III to the Act is either nil or not applicable to the Company for the year.

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Aniruddha Godbole
Partner
Membership No: 105149

Mumbai
5 May 2015

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

Jai Hiremath
Chairman & Managing Director- DIN: 00062203

Kannan K. Unni
Director- DIN: 00227858

Sham Wahalekar
Chief Financial Officer & Company Secretary- Membership No: 8745

Mumbai
5 May 2015

Consolidated Cash Flow Statement

For the year ended 31 March 2015

(Currency: Indian rupees in million)

	Particulars	31 March 2015		31 March 2014	
A	**Cash flow from operating activities:**				
	Profit before taxation		597.52		981.26
	Adjustments :				
	Depreciation/amortisation	641.90		550.36	
	Amortisation of miscellaneous expenditure	-		0.21	
	Receipts from revocation of trust	-		(330.56)	
	Provision for Mark to market loss on interest rate swaps	-		120.10	
	Reasation/ settlement of deriatives	(3.25)		59.15	
	Dividend on long-term investments*	-		(0.10)	
	Interest expense	600.47		680.13	
	Interest Income	(11.97)		(9.74)	
	Sundry balances written off	3.44		56.17	
	Provision for doubtful advances	-		5.00	
	Provision for doubtful debts	30.50		5.00	
	Unrealised exchange (gain)/loss	6.92		(13.58)	
	(Profit)/loss on sale of fixed assets (net)	-		1.68	
	Foreign currency translation reserve-for the year	0.16		(0.21)	
			1,268.17		1,123.61
	Operating profit before working capital changes		1,865.69		2,104.87
	Adjustment for increase/decrease in:				
	Increase in trade receivables	(435.08)		(81.63)	
	(Increase)/decrease in loans and advances and other assets	(130.15)		(240.73)	
	(Increase) in inventories	(26.61)		(542.60)	
	Increase in trade payables	62.09		198.46	
	Increase/(decrease) provisions and other liabilities	(183.50)		306.90	
			(713.25)		(359.60)
	Cash generated from operating activities		1,152.44		1,745.27
	Income tax paid		(130.65)		(201.15)
	Net Cash Flow From Operating Activities		1,021.79		1,544.12
B	**Cash Flow From Investing Activities:**				
	Purchase of fixed assets (includes increase in capital work in progress)	(485.46)		(514.19)	
	Proceeds from sale of fixed assets	-		1.76	
	Dividend on long-term investments*	-		0.10	
	Interest received	10.19		4.40	
	Increase in investments in fixed deposits (margin money account)	46.39		(51.24)	
	Receipt from revocation of trust	-		330.56	
	Net Cash Used In Investing Activities		(428.88)		(228.61)

**Amount less than ₹10,000*

Consolidated Cash Flow Statement

For the year ended 31 March 2015
(Currency: Indian rupees in million)

		31 March 2015		31 March 2014	
C	**Cash Flow From Financing Activities**				
	Proceeds from long term borrowings	590.00		700.00	
	Repayment of long term borrowings	(766.55)		(1,795.34)	
	Proceeds from short term borrowings (net)	154.18		693.36	
	Principal payment under finance leases	(17.46)		(4.57)	
	Reasation/ settlement of deriatives	3.25		(59.15)	
	Dividend and dividend tax paid	(48.09)		(86.57)	
	Interest paid	(603.50)		(692.06)	
	Net Cash Flow Used in Financing Activities		(688.17)		(1,244.33)
	Net Increase (decrease) in Cash and Cash Equivalents		(95.26)		71.18
	Cash and cash equivalents at the being of the year		157.52		86.34
	Cash and cash equivalents at the end of year		62.26		157.52

Notes to the Cash Flow Statement

1. The above Consolidated Cash Flow Statement has been prepared under the 'Indirect Method' set out in Accounting Standard 3, 'Cash Flow Statements', prescribed in the Companies (Accounting Standard) Rules, 2006, which continue to apply under Section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014.
2. Cash and cash equivalents represent :

	31 March 2015	31 March 2014
Cash	1.63	1.61
With Banks		
- Current accounts	48.75	155.91
- In Exchange Earners Foreign Currency	8.46	-
- Deposits having original maturity upto three months	3.42	-
Total cash and cash equivalents	62.26	157.52

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Aniruddha Godbole
Partner
Membership No: 105149

Mumbai
5 May 2015

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

Jai Hiremath
Chairman & Managing Director- DIN: 00062203

Kannan K. Unni
Director- DIN: 00227858

Sham Wahalekar
Chief Financial Officer & Company Secretary- Membership No: 8745

Mumbai
5 May 2015

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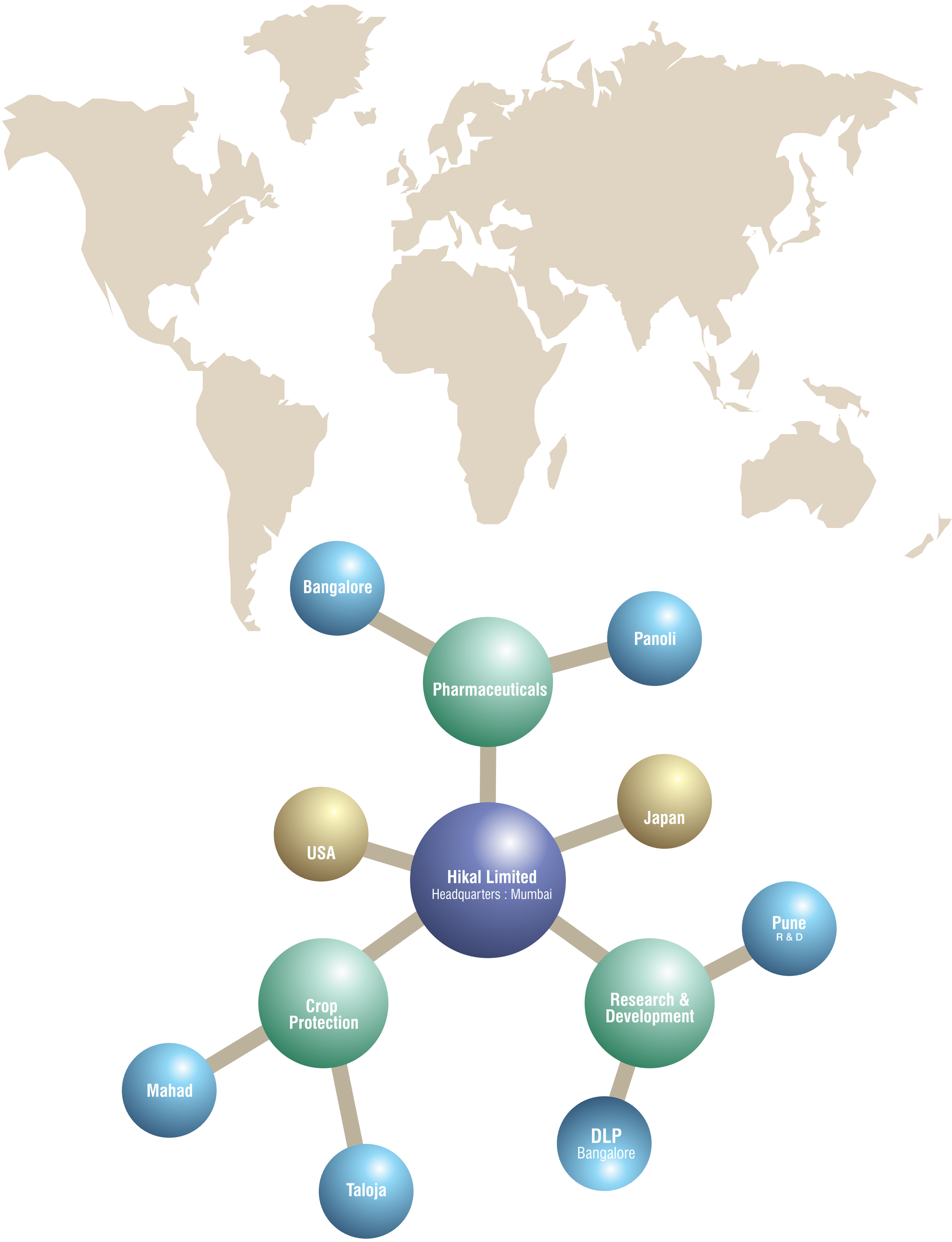
corporate information


Bangalore
Panoli
Pharmaceuticals
Japan
USA
Hikal Limited
Headquarters : Mumbai
Pune
R & D
Crop
Protection
Research &
Development
Mahad
DLP
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. Axel Kleemann
Amit Kalyani
Wolfgang Welter
Sugandha Hiremath

Audit Committee

Kannan Unni
Prakash Mehta
Sugandha Hiremath
Shivkumar Kheny

Company Secretary

Sham Wahalekar

Auditors

B S R & Co. LLP
Chartered Accountants

Bankers & Financial Institutions

Axis Bank Ltd.
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
Standard Chartered Bank
Union Bank of India
Yes Bank Ltd.
Aditya Birla Finance 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 Jigani, Karnataka
DLP (Unit II) Jigani, Karnataka
R&D Unit at Bannerghatta, Bengaluru, Karnataka
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