HIKAL

ANNUAL REPORT 2021

BOLD ASPIRATIONS

BOLD ASPIRATIONS

The merging of the conical flasks on the cover represents a "PINNACLE" or peak. This image captures our goal of driving sustainable and profitable growth to reach the top. We aim to achieve this "Bold Aspiration" through a company-wide business transformation.

We realise achieving the pinnacle of success is like climbing the world's highest peaks, with remarkable similarities in skills and attitudes shared by mountain climbers. Success for Hikal is not arriving at the summit of a mountain as a destination, it is continuous upward progress of sustainable change towards the pinnacle of achievement.

Hikal is *changing...*

CHAIRMAN'S MESSAGE

Dear Shareholders,

While 2020-21 will go down in history as one of the most challenging years, it also brought out the perseverance of our colleagues and resilience of our business model. The health, social and economic consequences of the global pandemic affected everyone.
We reacted quickly and decisively to minimise the effects of the crisis by safeguarding the health of our employees and ensuring that we could adapt to the needs of our customers.

Financial Performance

Despite the adversities faced during the year, the Hikal team worked tirelessly to ensure that we met the needs of our customers in a safe and efficient manner. For the full year 2020-21, we achieved total revenues of ₹ 17,204 million for 2020-21, as compared to ₹ 15,073 million recorded in 2019-20, registering a 14.1% increase. The growth in revenues can be attributed to the increased volume growth in established products, strong performance from the CDMO products and successful penetration into several new markets. These coupled with the business excellence initiatives that enabled us to increase productivity from the existing production facilities contributed to the improvement in performance. These strong results reflect the continued positive momentum of the Pharmaceuticals and the Crop Protection businesses.

We recorded an EBITDA of ₹ 3,229 million for FY 2020-21, which was 18.2% more than that in the previous year. The EBITDA margins for the current year was at 18.8%, an increase of 70 bps over the previous year. The net profit for the year 2020-21 stood at ₹ 1,332 million as compared to ₹ 844 million in 2019-20, recording a significant growth of 57.7%.

Based on the strong financial performance for the year, the Board of Directors have recommended a final dividend of ₹ 1 per share equivalent to 50% of face value along with an interim dividend of ₹ 1 per share which was declared in February 2021. This makes the total dividend of ₹ 2 per share equivalent to 100% of face value.

The strong financial performance also translated into a significant improvement in our returns ratios, with Return on Capital Employed (RoCE) at 16.1% (360 bps improvement) and Return on Equity (RoE) at 15.2% (450 bps improvement), respectively for the year.

We have been able to consistently generate strong cash flow from our operations and have brought down our borrowing costs. We have generated a net cash flow from operations of close to ₹ 1,800 million during the year, a majority of which has been used towards capex and debt repayment. Our Net Debt / Equity Ratio is at 0.6x as of March 31st, 2021, as compared to 0.7x a year ago.

Pharmaceutical Division Performance

The Pharmaceutical division recorded a growth of 19.5% in revenues from ₹ 8,869 million in 2019-20 to ₹ 10,596 million in 2020-21, on the back of increased volumes of key products including existing API Generics and CDMO products. Our cost optimisation and capacity improvement programmes have also enabled us to meet the increased demand from the market, while maintaining and in some cases increasing margins. Through our new product filings, we are also generating strong customer interest in various regulated markets. In addition, the healthy pipeline of new products, supported by the new capacities will enable us to continue supporting both, the domestic as well as the global markets in the near future.

Crop Protection Division Performance

We had a challenging start to the first half of 2020-21 in our Crop Protection business due to the lockdown and deferment of orders by several of our customers. Despite the slower start to the year, the Crop Protection business recorded a revenue growth of 6.5% reaching ₹ 6,608 million. Healthy volume growth of our existing products and commercialisation of a new product from our newly built facility in Panoli propelled the division's performance in the second half of the year. We have a healthy pipeline of new products from existing and new customers. We are confident of continuing the growth trajectory of the Crop Protection division where we see significant opportunities ahead.

Animal Health

I am very pleased to announce a significant milestone we achieved in our Animal Health business where we signed a 10-year contract for the development and supply of a portfolio of niche APIs with a leading global multinational customer. This was an incredible achievement as we concluded the agreement during the pandemic where everything was done virtually including the negotiations, audits and signing of the contract. This is a true testament to the level of trust and confidence we have achieved with our customers. We will be setting up a new flexible animal health manufacturing facility at our Panoli site which will cater to these products as well as to the future portfolio of products that is currently under development. Our strategic plans are on track to eventually make the Animal Health business into a new vertical and we are confident on the prospects of this business.

Research & Technology

We invested 3.3% of our sales in Research & Technology. We believe continuous technological innovation and constant optimisation of our development as well as production processes are critical for our business to succeed. We will continue to make substantial investments in research and technology with the goal of remaining at the front of innovation. We are focusing on backward integration of raw materials and improvement in processes. Backward integration of the key raw materials is a strategic decision to reduce supplier concentration as well as geographical dependence. This year we built new development laboratories, added new technologies such as process simulations which help to develop simplified processes reducing time to market and ensuring competitive supply to our customers. We are working closely with our customers on second and third generation processes to ensure their products are more competitive in the long term.

Based on the new additions in technology and people, we feel a new beginning for Hikal has started that will open up new and attractive perspectives for our global customers.

Capex & Operations

We are in the midst of a large capital expenditure program to cater to the significant growth opportunities in both our businesses. Last year, we undertook a combined capex programme of ₹ 3,000 million across the divisions, some of which was unfortunately delayed due to the pandemic, with only ₹ 1,576 million being spent in the current fiscal. We additionally plan to invest around ₹ 2,500 million this year towards capacity addition and infrastructure upgradation to have multi-product plants that provide us the flexibility to manufacture several products simultaneously. We are also making significant investments towards upgrading our technology with the implementation of the Industry 4.0, automation of processes, digitalising components and using analytics to bring in cloud connectivity for real time data. Going forward, as we see additional opportunities, we will increase our Capex.

On the capacity front, we recently concluded the construction of a production block at the development and a launch plant (Unit 2) in Bengaluru. It will cater to the production of Key Starting Materials (KSM), intermediates and APIs, which will help meet the growing demands from our innovator manufacturing customers. A simulation plant at Pune was successfully commissioned in the current fiscal. This will enable us to provide a more robust demonstration to minimise any kind of failure when scaling up happens at the actual facility, by arresting all the issues within this demonstration facility itself.

Our Hikal Business Excellence “HIBEX” programme, is a stepping stone in our transformation journey. It is a structured programme, which will enable us to take our businesses to the next level - ensuring that all business processes are more robust, efficient and transparent. This is a programme that does not limit itself to improving efficiencies, but also helps attaining the goals set and strategies developed through a systematic approach.

Supply Chain

With the supply chains having been crippled world over owing to the pandemic and the environmental challenges emanating in China, there is a demand for a ‘China-Plus-One Strategy’ to create an alternative to China. We believe that India is likely to be a big beneficiary of this shift. The policy-support from the Indian Government through schemes like Performance Linked Incentive (PLI) Scheme, under Aatmanirbhar Bharat, it is likely to provide opportunities for us in the near term. Besides, we are also backward integrating several key raw materials, by building capacities and capabilities internally to bring in cost optimisation and to ensure lesser dependence from a particular geographic region.

Business Transformation “Pinnacle”

In line with our vision, we have set a bold aspiration of driving profitable growth and transforming our business to go from ‘Good to Great’. We have branded this program as “Pinnacle” which highlights our bold aspirations of reaching the top of our industry. The current market dynamics provide a great opportunity for Hikal to double down on existing capabilities and invest in select future opportunities with long-term growth prospects. As part of our transformation journey, we have already engaged a leading global consultant firm to work along with us, which will enable us to pivot our growth in a sustainable manner. The journey forward will entail accelerating growth in our existing pharma and crop protection business, as well as investing in our emerging business verticals such as animal health and biocides.

ESG

We are committed to doing business in a responsible, safe and efficient manner and becoming a sustainable company for long-term success. We have taken several initiatives to ensure clean energy, reduction of carbon footprint, reduction of waste generation across all our sites. We have started the journey to integrate our business with our ESG strategy to better understand the needs of all our stakeholders, colleagues, partners and communities in which we operate. We are creating an ESG strategic framework with dedicated people which will institutionalise the ESG efforts across the company.

People

Human Capital is the cornerstone of our organisation. At Hikal, our people galvanised and supported the operations through a period of unprecedented external uncertainty and personal challenges. We transformed digitally and revived our operations swiftly by putting employee safety, holistic wellness and critical business processes at the centre of people management. We undertook several initiatives to help our people cope with the 'New normal' to ensure their physical and mental well-being. As a testimony of having created an organisation driven by people for the people, we were certified as a 'Great Place to Work' for the second consecutive year in a row.

CSR during the Pandemic

While this year we experienced unprecedented levels of uncertainty, we have together shown the resolve and resilience to meet unforeseen challenges. Our manufacturing facilities kept operating throughout the pandemic in 2020 as they were categorised as "essential".
We developed and manufactured in a record time, Favipiravir API and its intermediates prescribed to fight COVID-19. We made numerous contributions through our CSR programme and partnered with NGOs as well as Government agencies, to ensure health and well-being of general public along with our stakeholders. Owing to our efforts during the pandemic, we were bestowed with the "Best COVID-19 Response" award under the CSR Leadership Awards, at the 10th edition of the World CSR Day Congress in February this year.

Future Outlook

Going forward, we aspire to be a company driven by technology, execution focused while remaining customer-oriented, delivering best-in-class services across all verticals. We are already undertaking initiatives to create Hikal as a technology powerhouse, having the best-in-class platforms for our customers.

Our corporate strategy aims to create long-term value and we will deliver sustainable growth over the next few years. We have significant tailwinds and opportunities in both our businesses. We are gaining more traction on the ground, increasing our share of wallet with existing and new customers.

While managing the unprecedented uncertainties in our operating environment, we are working to redefine as well as harmonise our business and structure through our transformative "Pinnacle" program. We have the confidence to manage new challenges that the future has in store for us.

On a concluding note, I would like to extend my appreciation to all our stakeholders for supporting us and standing by our side this year. I would like to express special appreciation to our employees who in a difficult personal and professional environment have supported one another and the Company by showing extraordinary commitment and solidarity. Their resolve, determination and fortitude has allowed us to grow during a year of unprecedented disruption and doubt.

Warm regards,

Jai Hiremath

Chairman and Managing Director

COMPANY OVERVIEW

Mission

To create value through superior, chemical products and operate as a responsible company. Building trust and respect of our customers, shareholders and employees using science, technology and sustainable processes in harmony with the environment.

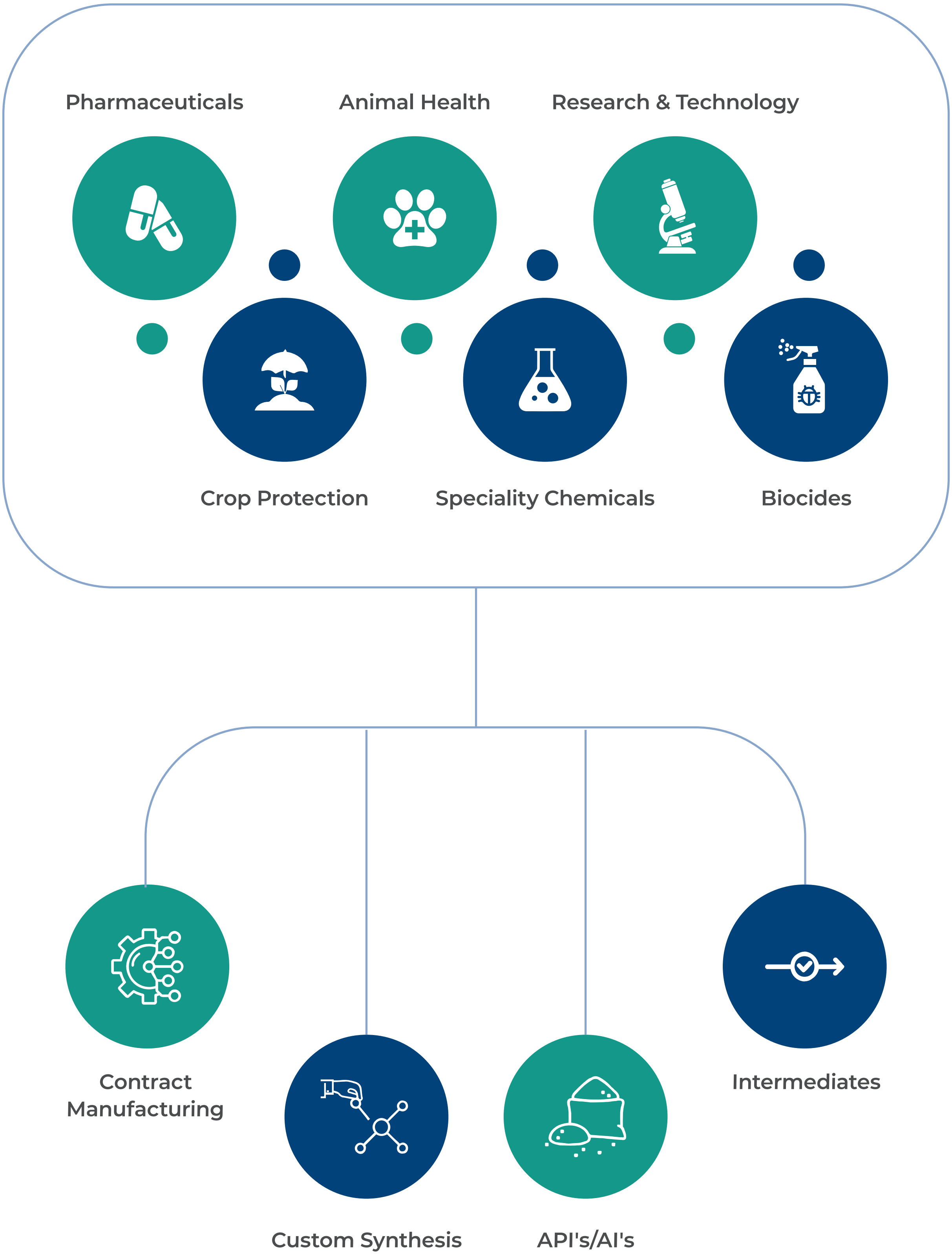
Vision

To be the leading global fine chemical company to the Pharmaceutical, Crop Protection and Speciality Chemical Industries.

Core Values & Culture Pillars

Who We Are

Hikal is the partner of choice



Services Spanning Across the Product Lifecycle

Route Scouting

Small Scale Synthesis

- Library synthesis
- Synthesis of materials (~1g to 0.5 kg)

Process Research - Early Stage Development

- Route selection (Reaction screening / evaluation)
- Preliminary process development & scale-up (100g – ~5kg)

Kilo Quantities - Late Stage Development

- Process definition, Technical scale-up (few to ten kg or more)
- Process characterisation
- API's/AI's and intermediates manufacture (10 kg or more)

Scale-up and Piloting

- Small volume (10 Kg to 3 MT)

Launch Plant

- Volume upto 50 MT

Commercial Manufacturing

- Continuous focus on process and cost improvisation

Hikal at a Glance

6
Manufacturing Sites including Development & Launch Plant

22
Production Blocks

1
Integrated R&T Centre

1
Mini Plant (Scale Up and Pilot)

2,308
Total Employees

247
Personnel in R&T

$50 mn
Capex For New Assets

37
Commercialised Products

66
Registered Products Worldwide

6,500 MT
Active Ingredients Sold in FY 2020-21

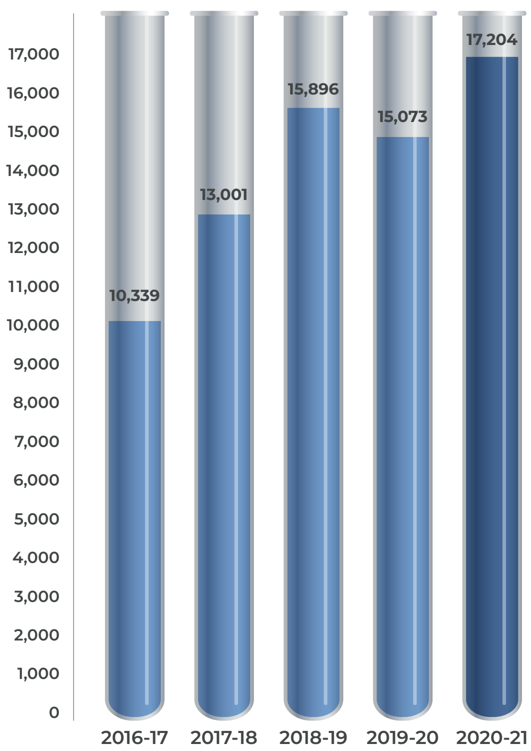
1,200 MT
Advanced Intermediates Sold in FY 2020-21

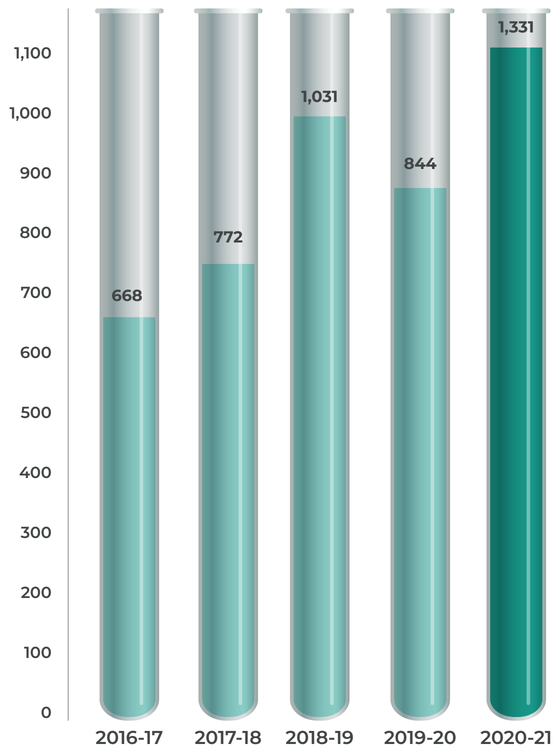
3,800 m^3
Capacity (Including Ongoing Expansion)

Performance at a Glance

Sameer Hiremath

Joint Managing Director & CEO

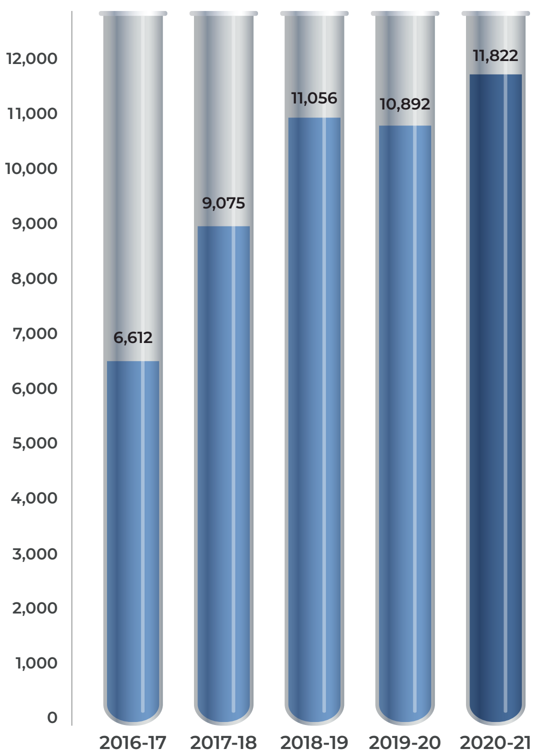




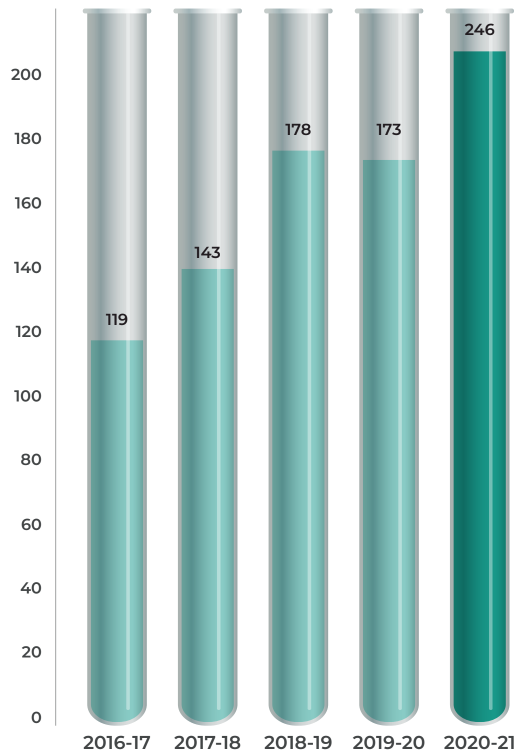
Financial Highlights	₹ in Million		
	31 March 2021	31 March 2020	Growth (%)
Turnover	17,204	15,073	14.1
Operating profit (PBIDT)	3,229 (18.8%)	2,732 (18.1%)	18.2
Finance costs	362	524	
Gross profit	2,867	2,208	29.9
Depreciation and amortisation expenses	852	825	
Profit after tax (PAT)	1,331	844	57.7
Paid-up equity share capital	247	247	
Earnings per share on face value of ₹ 2/- (EPS)	10.80	6.85	
Cash earnings per share on face value of ₹ 2/- (EPS)	17.71	13.54	
Dividend per share (in ₹)	2.00	1.20	
Payout (Including tax)*	247	173	

*Including tax upto 31 March 2020

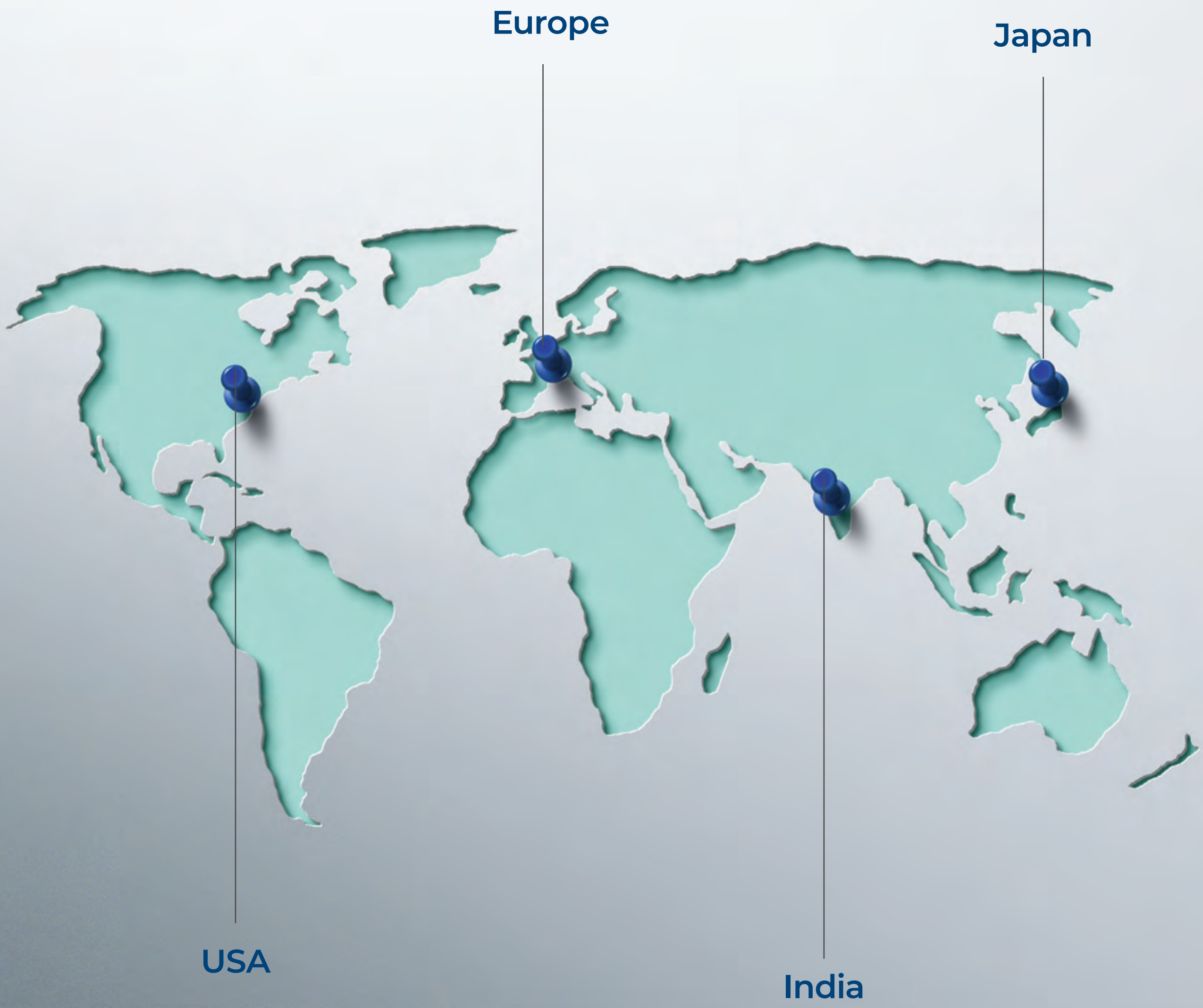
EXPORTS (₹ in Million)

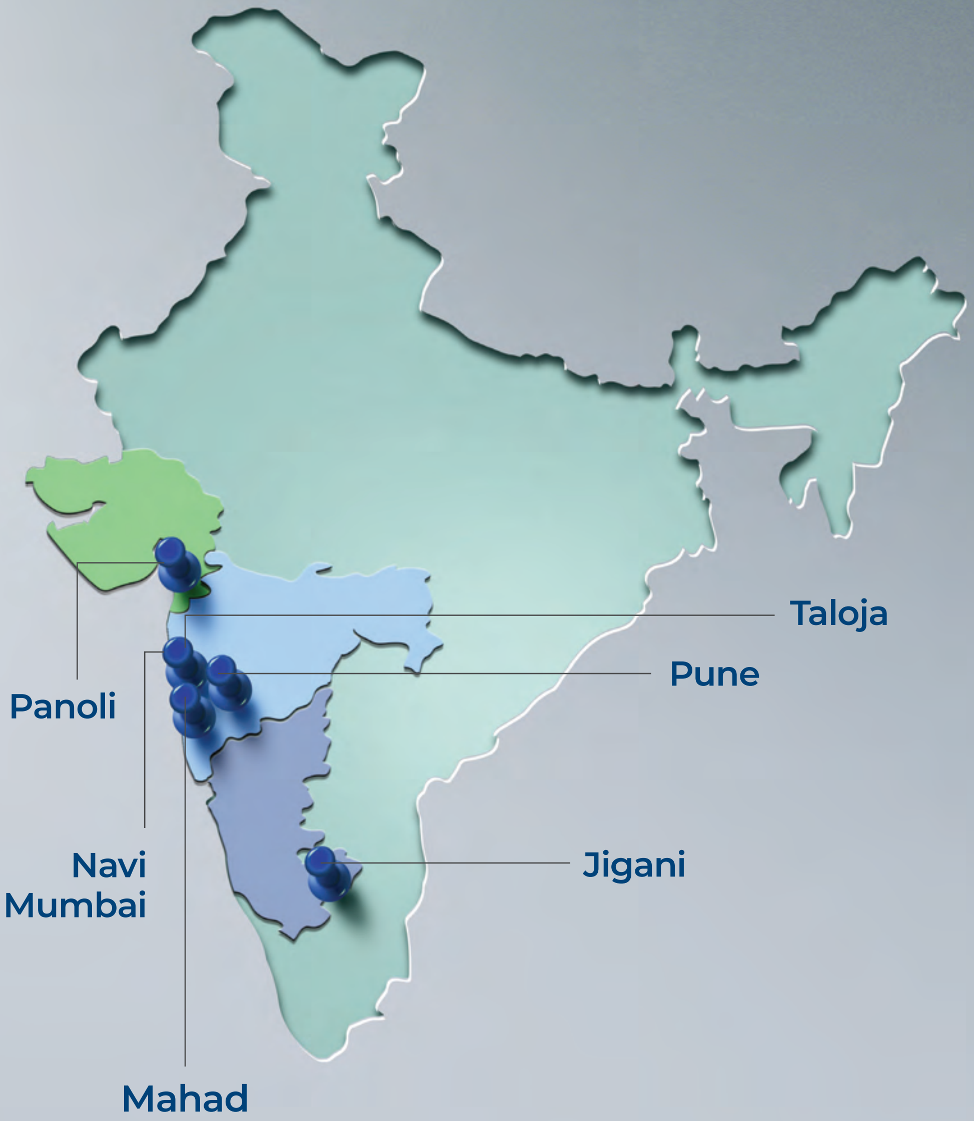


DIVIDEND (₹ in Million)



Global Presence





Corporate Headquarters

Navi Mumbai, Maharashtra

Research & Technology Centre

Pune, Maharashtra

Manufacturing Facilities

Pharmaceutical

1 Jigani Unit I, Karnataka
2 Jigani Unit II, Karnataka
3 Panoli, Gujarat

Crop Protection

1 Mahad, Maharashtra
2 Taloja, Maharashtra
3 Panoli, Gujarat

Manufacturing Facilities - Pharma

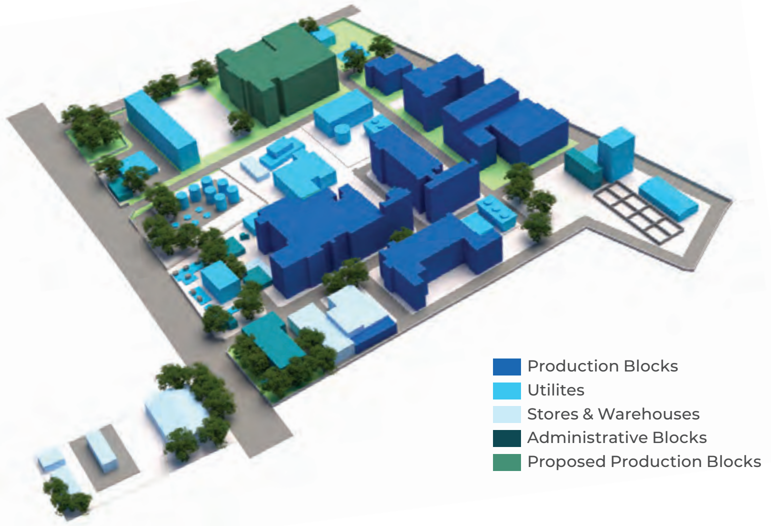
Jigani Unit I, Karnataka

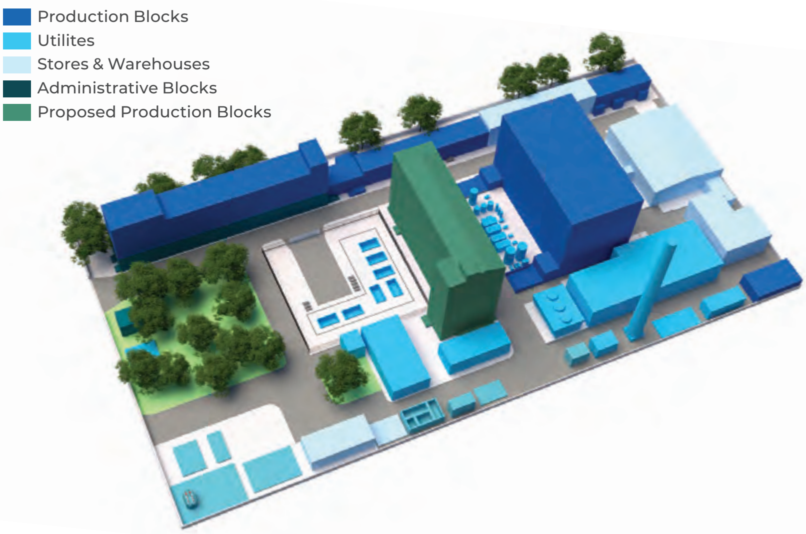
US FDA Approved API and Advanced Intermediates Manufacturing Site

cGMP Multipurpose API Facilities

Spread Over : 74,832 m²

Human Capital : 802





Jigani Unit II, Karnataka

Scale-up and Launch Plant

Multipurpose and Multi-product Facility – APIs & Intermediates

Spread Over : 8,058 m²

Human Capital : 91

Panoli, Gujarat

US FDA Approved Site for Key Starting Materials and Advanced Intermediates

Three Multipurpose Manufacturing Facilities

New cGMP Animal Health Plant under Construction

Spread Over : 84,629 m²

Human Capital : 391

Manufacturing Facilities – Crop Protection & Speciality Chemicals

Mahad, Maharashtra

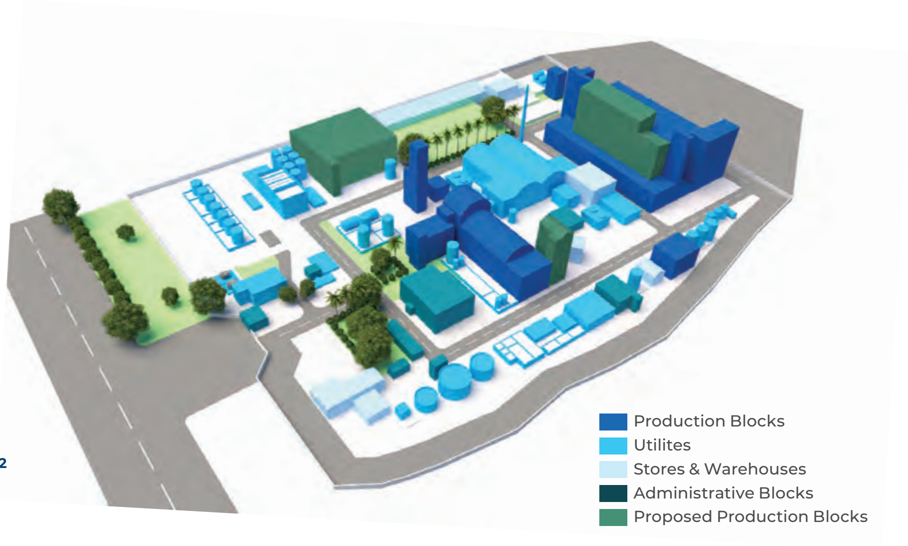
Speciality Chemicals, Fungicides, Herbicides and Intermediates Manufacturing Site

Three Production Plants with Complete Segregation

Spread Over : 27,000 m²

New Expansion : 35,000 m²

Human Capital : 265



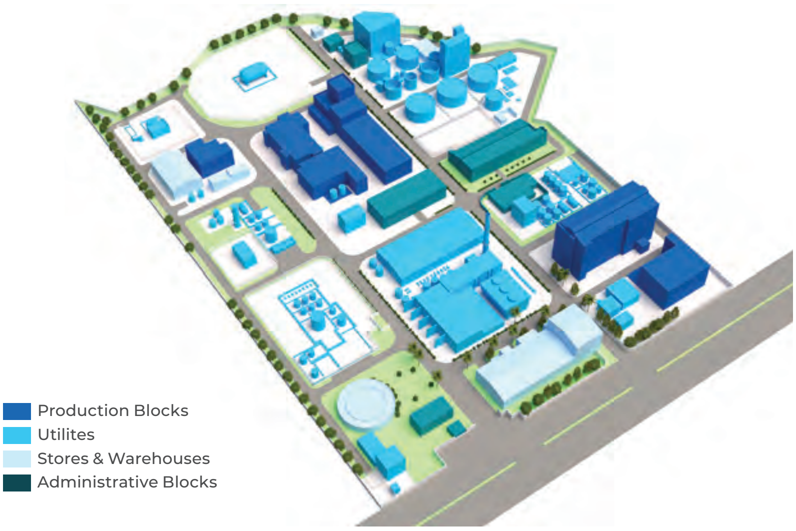
Taloja, Maharashtra

Fungicides, Insecticides and Intermediates Manufacturing Site

Multipurpose Pilot & Launch Plant

Spread Over : 60,000 m²

Human Capital : 346



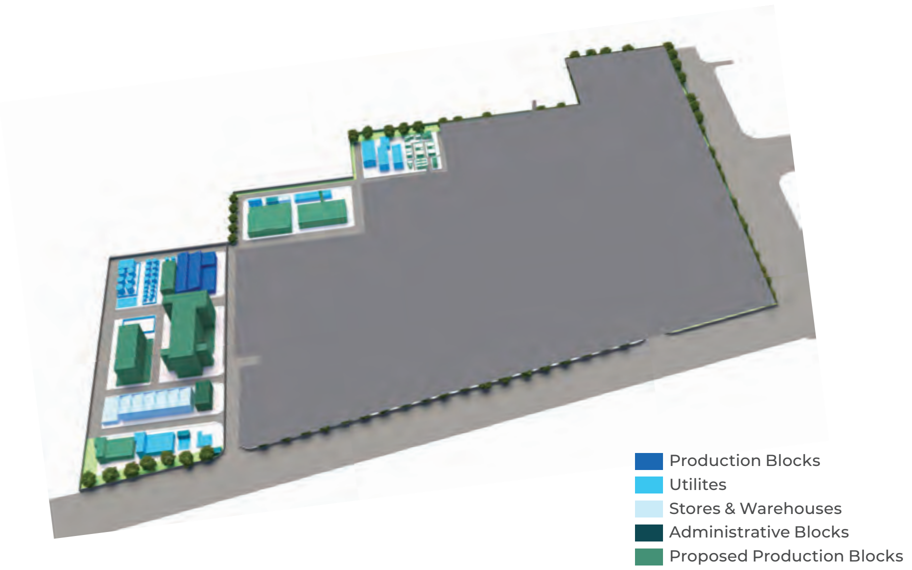
Panoli, Gujarat

Speciality Chemicals, Insecticides and Intermediates Manufacturing Site

New Multipurpose Plant under construction

Spread Over : 36,726 m²

Human Capital : 60



Research & Technology Centre - Pune

14	3	1	1
Synthetic Laboratories	Instrumentation Labs	Process Intensification Lab	Mini Plant (Scale Up and Pilot)

1	1	1
High Pressure Lab	Crystallisation Lab	Solid State Chemistry Lab

Integrated Solutions

- Route Scouting
- Process Development
- Analytical Method Development
- Technology Development
- Process Engineering
- Scale-up Support
- Small Scale Synthesis

Reaction Capabilities

Reaction	Lab	Kilo Lab	Pilot	Commercial
Ammoxidation Continuous	●	—	—	●
Asymmetric Synthesis	●	—	—	●
Azidation	●	—	—	●
Boronic Acids and Esters	●	—	●	
Bromination	●	—	—	●
Carbon Disulfide Reaction	●	—	—	●
Catalyst Preparation	●	—	—	●
Chiral Resolution	●	—	—	●
Cryogenic Reaction	●	—	—	●
Grignard Reaction	●	—	—	●
Crystallization, High Vacuum Distillation	●	—	—	●
Cyanide Chemistry	●	—	—	●
Elevated Reaction Temp	●	—	—	●
Friedel Crafts Reaction	●	—	—	●
Enzymatic Reaction	●	—	—	●
Halex Reaction	●	—	—	●
Heterocyclic Chemistry (Thiazoles & Triazoles)	●	—	—	●
Hoffmann Rearrangement	●	—	—	●
Hydrogenation (Pd/C, Raney Ni)	●	—	—	●
Isonitrile Synthesis	●	—	—	●
Macrolide Chemistry	●	—	—	●
Organophosphorous Chemistry	●	—	—	●
Oxidation	●	—	—	●
Photo Halogenation	●	—	●	
Suzuki Coupling	●	—	●	
Diazotization - Sandmeyer Reaction	●	—	—	●
Chlorination Chemistry	●	—	—	●
Buckwald Hartwig Reaction	●	●		
Flow Chemistry	●	●		

US FDA Approval

Pharmaceuticals – Jigani Unit I, Karnataka

- Aug 2019 - EIR Received
- Previous inspections in Nov 2016, Apr 2014, Aug 2011, Mar 2008 & Mar 2004

Pharmaceuticals - Panoli, Gujarat

- Sep 2019 - Zero 483s (EIR Received)
- Previous inspection in Sep 2012

Other Regulatory Approvals

Integrated Management Systems across all Sites

All our Units are Audited by our Customers (Global Pharmaceutical & Crop Protection Chemical Companies)

Growth Drivers

Foundation laid for two growth engines of Pharmaceuticals and Crop Protection

Blocks Built

- Advanced Technology
- State-of-the-art Research & Scale-up Facilities
- Flexible Manufacturing Capabilities
- Robust Regulatory Track Record
- Sustainable Customer Relationships

Strategic Drivers

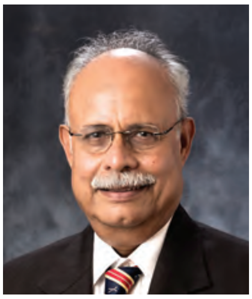
- Expansion of Product Portfolio
- Entering New Geographies
- Expanding Customer Base
- Addition of New Capacities & Capabilities
- Business Excellence

BOARD OF DIRECTORS

Jai Hiremath is the Founder and Chairman of Hikal and has over 40 years of experience in the fine chemicals and pharmaceuticals industry. Mr. Hiremath developed Hikal into one of the leading global development and manufacturing companies. A Chartered Accountant from the Institute of Chartered Accountants in England and Wales, he is a 2002 alumnus of Harvard University, USA. His contribution to the industry has been recognised across global forums. In 2005, he was presented the Chemtech Business Leader of the Year Award (Chemicals). Mr. Hiremath was the former President of the Indian Chemical Council (ICC), as well as the Chairman of the Chemicals Committee of the Federation of Indian Chambers of Commerce and Industry (FICCI). He served as a board member of the Drug, Chemical and Associated Technologies Association (DCAT) headquartered in New Jersey, USA. He is a board member of Novartis India Ltd and a member of CII's Pharma Committee.

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

Sameer Hiremath is the Joint Managing Director and the CEO of Hikal. He oversees the day-to-day operations of the Company, which includes Research & Technology, Manufacturing Operations to Sales & Marketing. He has over 25 years of experience in technical plant operations, business development and strategy. He has held several key positions at Hikal, including that of an Executive Director. He holds a degree in Chemical Engineering and an MBA and MS degree in Information Technology from Boston University, USA. Sameer was conferred the 'Business Leader of the Year' award by the World Federation of Marketing Professionals and World Federation of Human Resources Professionals in 2019 and the 'CEO of the Year' award by The World Leadership Congress & Awards in 2021. He is also a member of YPO.



Kannan Unni is one of the pioneers in crop protection with over 54 years of experience in the crop protection and animal health industry. Mr. Unni worked in multiple capacities in Hoechst, AgrEvo, Aventis Crop Science and Bayer Crop Science Group. He was the Chairman and Managing Director of Bilag Industries, a 100% Bayer Crop Science-owned company. Mr. Unni has technical and commercial experience in the agricultural and animal health businesses, having worked in a variety of roles. He is the Chairman Emeritus of CropLife India. He is a graduate in Agriculture and holds a degree in Business Administration from Jamnalal Bajaj Institute of Management, Bombay and a Diploma in Marketing from IMEDE, Switzerland.

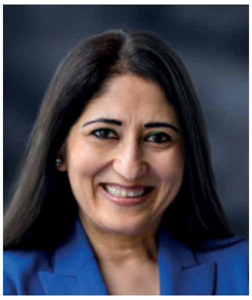
Prakash Mehta has obtained a degree in law from Mumbai University in 1963 and has qualified as a solicitor in 1966. He has been appointed a Notary by the Government of India. He is the Managing Partner at Malvi Ranchoddas & Co., Advocates, Solicitors and Notary, a law firm in Mumbai. He brings extensive experience in corporate and commercial legal matters. Mr. Mehta is on the board of several listed and unlisted companies in India. He is a member of the Managing Committee of The Bombay Incorporated Law Society.

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

Sugandha Hiremath has more than 39 years of experience in the financial industry. She is an active participant in the Audit Committee at Hikal. She also serves as an Independent Director on the board of several companies.

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

Amit Kalyani is a member of the management board and Deputy Managing Director of Bharat Forge Limited (BFL), the flagship company of the USD 3 billion Kalyani Group. It operates in speciality steel, hi-tech metallurgical manufacturing, automotive components and infrastructure, along with speciality chemicals sectors. He has been involved with driving the group's strategy and in the execution of its diversification over the past decade. He is also responsible for finance and M&A. His key focus is on nurturing talent and developing new skills within the organisation, driving growth in new areas and products in the EV space. Mr. Kalyani has been a part of many committees of the Government of India on manufacturing, education, skill development and bilateral relations. He serves as an Independent Director on the board of Schaeffler India Ltd, and he is also a member at USIBC & YPO. He holds a BE degree in Mechanical Engineering from Bucknell University, Pennsylvania, USA, and is a graduate from the OPM Program at Harvard Business School.



Shivani Bhasin Sachdeva is the Founder & CEO of India Alternatives, a reputable mid-market private equity fund focused on investing behind transformational themes in India. She has over 18 years of global private equity experience in the US and in India at top private equity funds, including GE Equity, Lightyear Capital and IDFC Private Equity.
Shivani has been an active member on the boards of all her portfolio companies, where she has been instrumental in guiding management teams and shaping strategy. Shivani has previously served on the boards of HealthCare Global and Gokaldas Intimatewear, and currently serves on the boards of Brinton Pharmaceuticals and Seclore Technology. She is also an Independent Director at Emaar India. Shivani has received several accolades and recognition for being one of the top women leaders in finance in India, including winning an award for the Top 25 Women Leaders in Finance category by Association of International Wealth Management of India as part of India's Top 100 Women in Finance campaign. She is a frequent speaker on private equity at domestic and international conferences, including Super Return Europe and Singapore and the Indian Venture Capital Association. Shivani received an MBA from the Wharton School, University of Pennsylvania, and a B.A. in Economics from Mount Holyoke College (Phi-Beta-Kappa, Magna Cum Laude, Sarah Williston Scholar).

Ravindra Kumar Goyal is currently the Managing Director of Kalyani Steels Ltd., Pune, the Chairman of Saarloha Advanced Materials Pvt. Ltd. and the Director of Kalyani Investment Company Ltd., Pune. With an overall experience of more than 39 years, he joined the Kalyani Group 10 years back and is responsible for the steel business of the group.
Mr. Goyal has also served as the Director, Strategy & Corporate Affairs at Jindal Stainless Ltd. Under Mr. Goyal's leadership, Kalyani Steels Ltd. has emerged as the leading profitable engineering steel company in India. He has been instrumental in garnering several prestigious awards for Kalyani Steels in the recent years. He has been awarded and honored by various bodies such as EEPC, CONCOR, ECGC, CEO India Forum, Construction World (CW) Magazine etc. He is a Member of the Advisory Board of Centre of Excellence in Steel at IIT Bombay, a Member of CII and FICCI Steel Committee. Mr. Goyal is an MBA and an Engineering Graduate from BITS, Pilani.

MANAGEMENT COMMITTEE

Jai Hiremath is the Founder and Chairman of Hikal and has over 40 years of experience in the fine chemicals and pharmaceuticals industry. Mr. Hiremath developed Hikal into one of the leading global development and manufacturing companies. A Chartered Accountant from the Institute of Chartered Accountants in England and Wales, he is a 2002 alumnus of Harvard University, USA. His contribution to the industry has been recognised across global forums. In 2005, he was presented the Chemtech Business Leader of the Year Award (Chemicals). Mr. Hiremath is the past President of the Indian Chemical Council (ICC), and the former Chairman of the Chemicals Committee of the Federation of Indian Chambers of Commerce and Industry (FICCI). He served as a board member of the Drug, Chemical and Associated Technologies Association (DCAT) headquartered in New Jersey, USA. He is the present board member of Novartis India Ltd and a member of CII's Pharma Committee.

Sameer Hiremath is the Joint Managing Director and the CEO of Hikal. He oversees the day-to-day operations of the Company, which includes Research & Technology, Manufacturing Operations to Sales & Marketing. He has over 25 years of experience in technical plant operations, business development and strategy. He has held several key positions at Hikal, including that of an Executive Director. He holds a degree in Chemical Engineering and an MBA and MS degree in Information Technology from Boston University, USA. Sameer was conferred the 'Business Leader of the Year' award by the World Federation of Marketing Professionals and World Federation of Human Resources Professionals in 2019 and the 'CEO of the Year' award by The World Leadership Congress & Awards in 2021. He is also a member of YPO.

Anish Swadi, is the President, Strategy and Business Development. He has 24 years of industry experience. He is leading the "Business Transformation" initiative at the company. 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. Mr. Swadi holds a bachelor's degree in International Business and Finance from Ithaca College, New York, USA.

Manoj Mehrotra, is the President, Pharmaceuticals Business. He has over 34 years of experience in the fine chemicals and pharmaceuticals industry. He has a B.Tech (Hons) in chemical engineering from IIT-Kharagpur and an MBA from XLRI, Jamshedpur. In his last assignment at Dr. Reddy's Laboratories, he was the global head of the Custom Pharmaceutical Services (CPS) business. Earlier, Mr. Mehrotra worked in companies such as Thermax and SRF Limited. At SRF, his last role was strategising and growing the fluoro-speciality business. At Hikal, he is responsible for strategy, sales and operations of the pharmaceutical division.

Kumar Inamdar, is the President, Crop Protection Business. He has over 31 years of experience in sales, marketing, procurement and general administration in the fine chemicals, agrochemicals and the medical device industry. He completed his B.E. in Chemical Engineering from Gujarat University and MBA from Pune University. He has worked with several companies, including Tata Limited, Lupin and Bilag Industries. At Bilag, he started as a Purchase Manager responsible for procurement and advanced to the role of General Manager for commercial activities with the responsibility of sales and marketing. He was the Managing Director of Bilag from 2007 to 2012. At Hikal, Mr. Inamdar is responsible for the strategy, sales and operations of the Crop Protection division.

Kumaar Priyaranjan, is the President, Human Capital & CSR. He has over 30 years of experience as a human resource professional. He has worked at Indian Hotels Ltd., Transport Corporation of India Ltd, the RPG Group and Dr. Reddy's Laboratories Ltd. He holds a Bachelor of Science degree from Patna University. Mr. Priyaranjan received his Post-Graduate Diploma in Personnel Management and Industrial Relations from S.P. College of Communication and Management from the University of Delhi. He completed the Strategic Human Resources Management program from Ross School of Management from the University of Michigan, USA. Mr. Priyaranjan brings with him a wealth of experience having worked in senior positions across several industries in India and has handled many overseas assignments. He is also an executive coach certified by Gallup, USA. He was felicitated with 'Dr. Tarita Shankar Award' for excellence in the HR sector in 2019 and was recognised as one of the '101 Most Impactful CSR Leaders - Global Listing', by the World CSR Congress, 2019. He was also honoured as the 'CHRO of the Year' twice in 2019 and 2021.

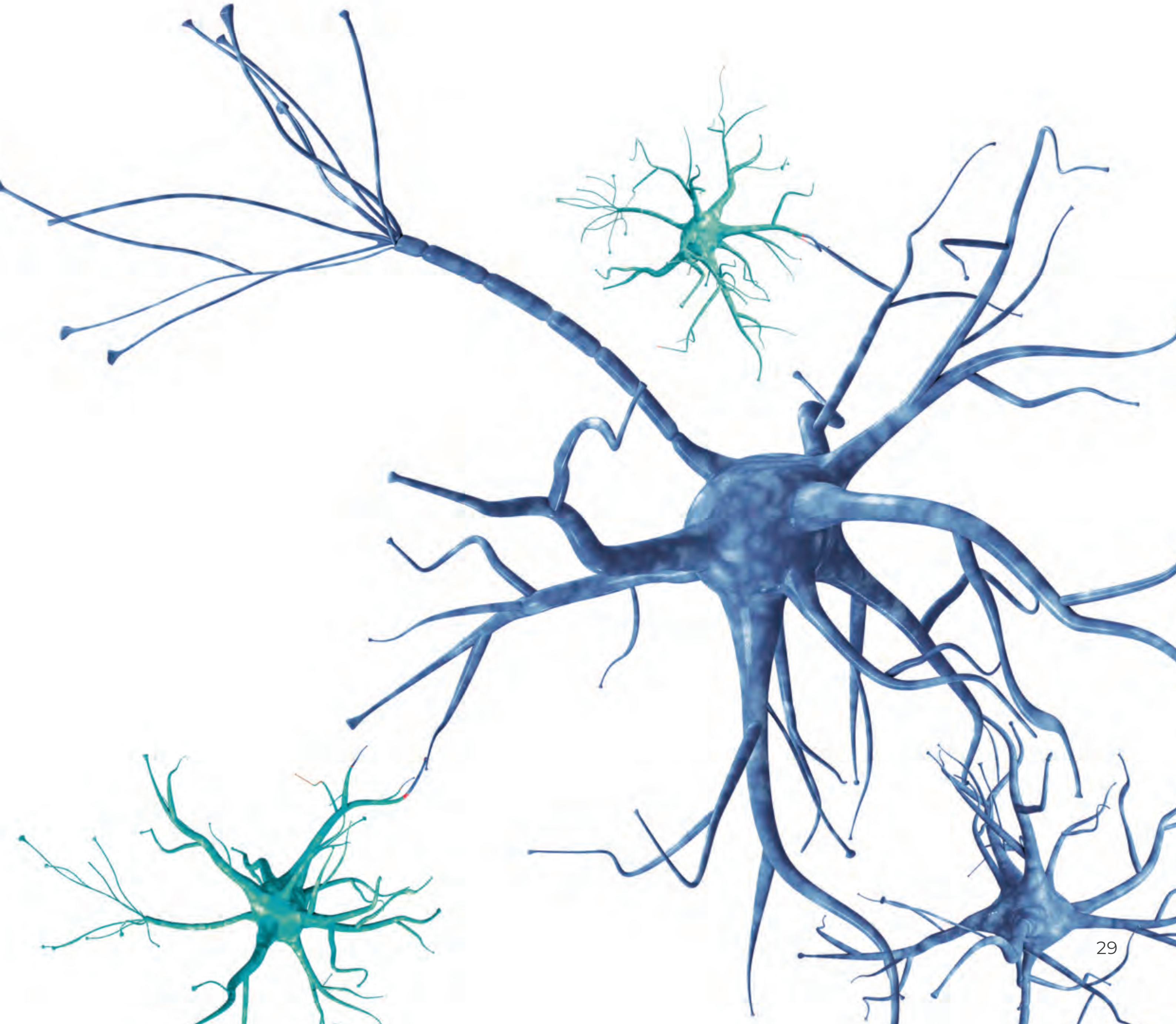
Kuldeep Jain, is the Chief Finance Officer. He has over 30 years of experience in financial operations and strategic planning and brings a wealth of experience in accounting, financial planning, analysis, taxation and audits. He has been with Hikal for the past 23 years. Mr. Jain has been responsible for the planning, implementation and management of all the financial activities of the Company, including business planning, budgeting, forecasting, investment analysis and analysing the Company's financial strengths and weaknesses. He has partnered across the business and led various projects such as ERP implementation, GST transformation, new MIS and costing systems and digital finance initiatives. Kuldeep is a qualified Chartered Accountant and Member of the Institute of Chartered Accountants of India, New Delhi.

SCIENTIFIC ADVISORY BOARD

Dr. Axel Kleemann has in-depth knowledge and experience in research and development, production, engineering and drug safety. He was the Director of Corporate Organic Research of Degussa AG (now Evonik Industries) for over 10 years. He was appointed as a member on the management board of Asta Medica AG with the responsibility of research and development, production, engineering and drug safety till 2000. Besides being a board member in various organisations and scientific societies in Germany, Dr. Kleemann was the Chairman of the Board of Directors of Protagen AG from 2001 to 2017. He was also a member of advisory boards of several biotech and fine chemical companies. He is the co-author of the standard reference book, Pharmaceutical Substances (5th edition and online version), as well as a member of the editorial board of Ullmann's Encyclopedia of Industrial Chemistry. He is an Honorary Professor of Chemistry at the Johann Wolfgang Goethe University in Frankfurt. He holds a Ph.D. degree in Chemistry from Johann Wolfgang Goethe University in Frankfurt am Main.

Dr. Goverdhan Mehta is a globally recognised organic chemist. He is currently University Distinguished Professor and Dr. Kallam Anji Reddy Chair at the School of Chemistry, University of Hyderabad. He holds a Ph.D. in Organic Chemistry from Pune University and has conducted his post-doctoral research at the Michigan State and the Ohio State universities in the USA. Dr. Mehta has been a CSIR Bhatnagar Fellow, National Research Professor as well as the Director of the Indian Institute of Science, Bangalore, and Vice Chancellor of the University of Hyderabad. He has mentored over a hundred doctoral and post-doctoral students and published nearly 550 research papers. He has over 50 prestigious awards and honours to his credit, nationally and internationally. He has been conferred D.Sc. by over a dozen universities in India and overseas. He was awarded the civilian honour, Padma Shri, in 2000 by the President of India and Chevalier de la Légion d'Honneur in 2004 by the President of France. Dr. Mehta was conferred the 'Order of Merit-Commander's Cross' (Bundesverdienstkreuz) by the President of the Federal Republic of Germany in 2016. He is a Fellow of the Royal Society and several Academies and Societies around the world. He is a former President of the Indian National Science Academy and the International Council for Science (ICSU). Mr. Mehta has been a member of the Scientific Advisory Committee to the Prime Minister of India.

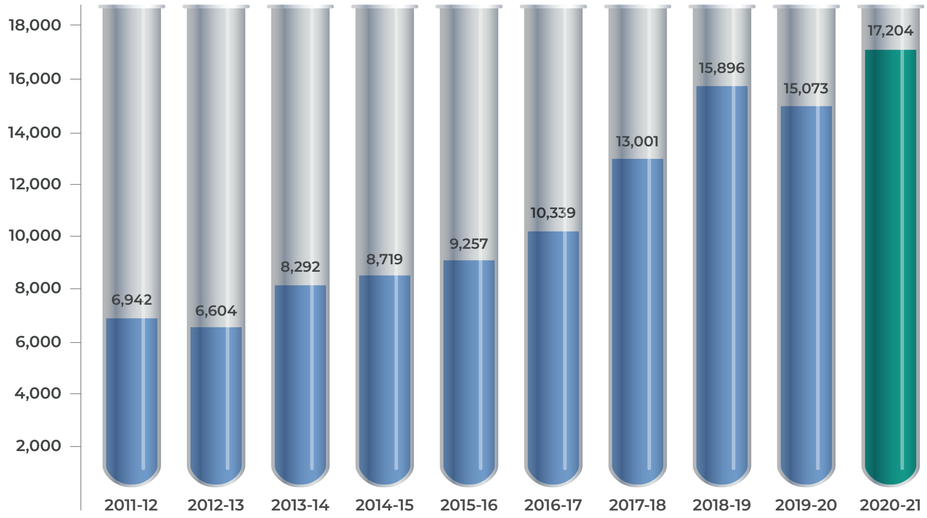
Dr. K. Nagarajan has over 58 years of experience as a Research Chemist. He was the Head of Medicinal Chemistry at Ciba-Geigy Research Centre and Director, Searle R&D Centre, both in Mumbai. He is a recipient of the Bhatnagar Prize in Chemistry and LifeTime Research Award from the Chemical Research Society of India. He spearheads the scientific research initiatives at Hikal. He has been associated with several national research institutions such as the CSIR Central Drug Research Institute, scientific agencies such as the Department of Biotechnology and projects of the Ministry of Earth Sciences. Dr. Nagarajan obtained his B.Sc (Hons) in Chemistry from Loyola College, Madras, and Ph.D from the University of Madras. He is a post-doctoral fellow from Wayne State University, Detroit, California Institute of Technology, Pasadena, and Zurich University, Zurich.



SUSTAINABLE GROWTH

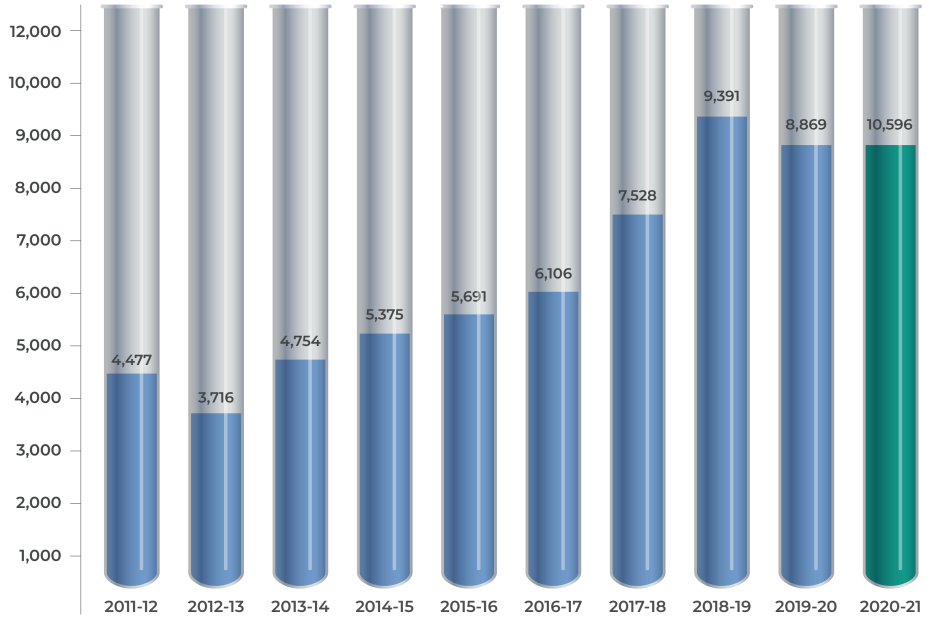
HIKAL TURNOVER

(₹ Millions)



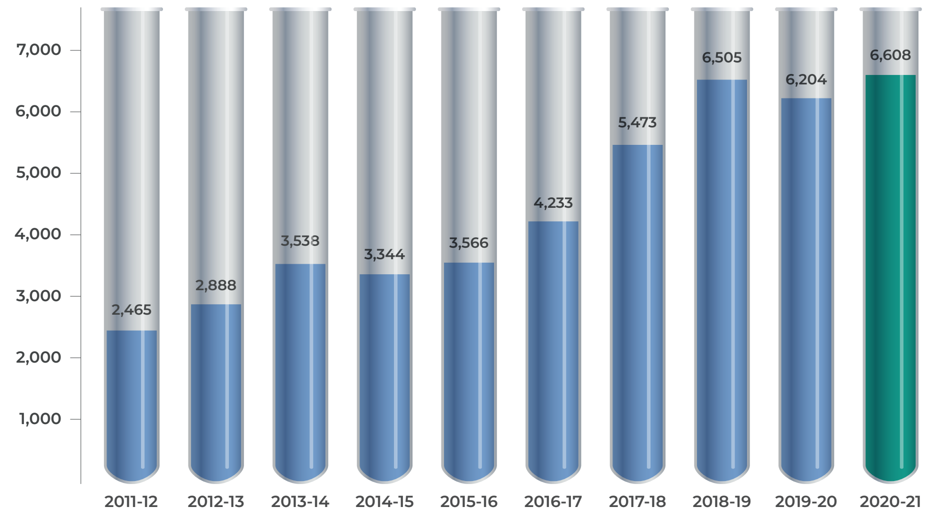
PHARMACEUTICALS TURNOVER

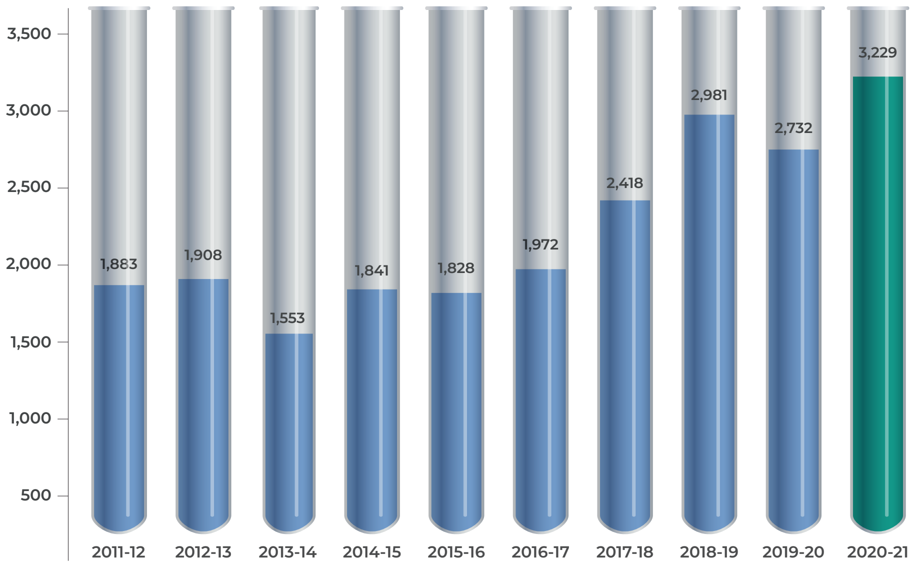
(₹ Millions)



CROP PROTECTION TURNOVER

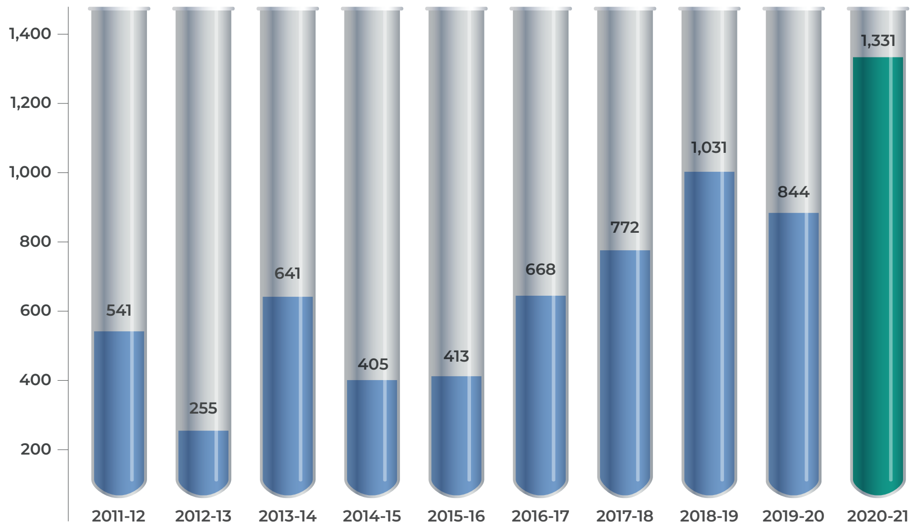
(₹ Millions)





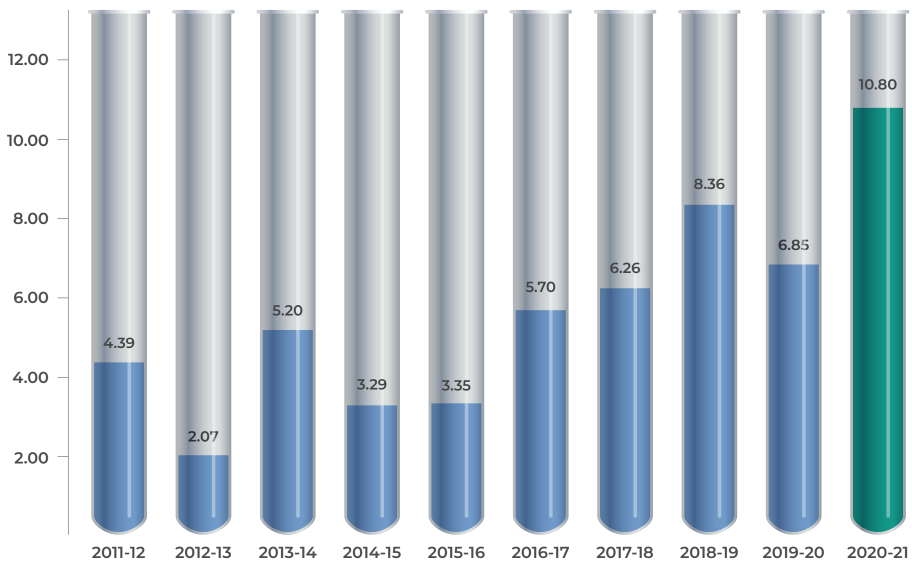
EBITDA

(₹ Millions)



PAT

(₹ Millions)

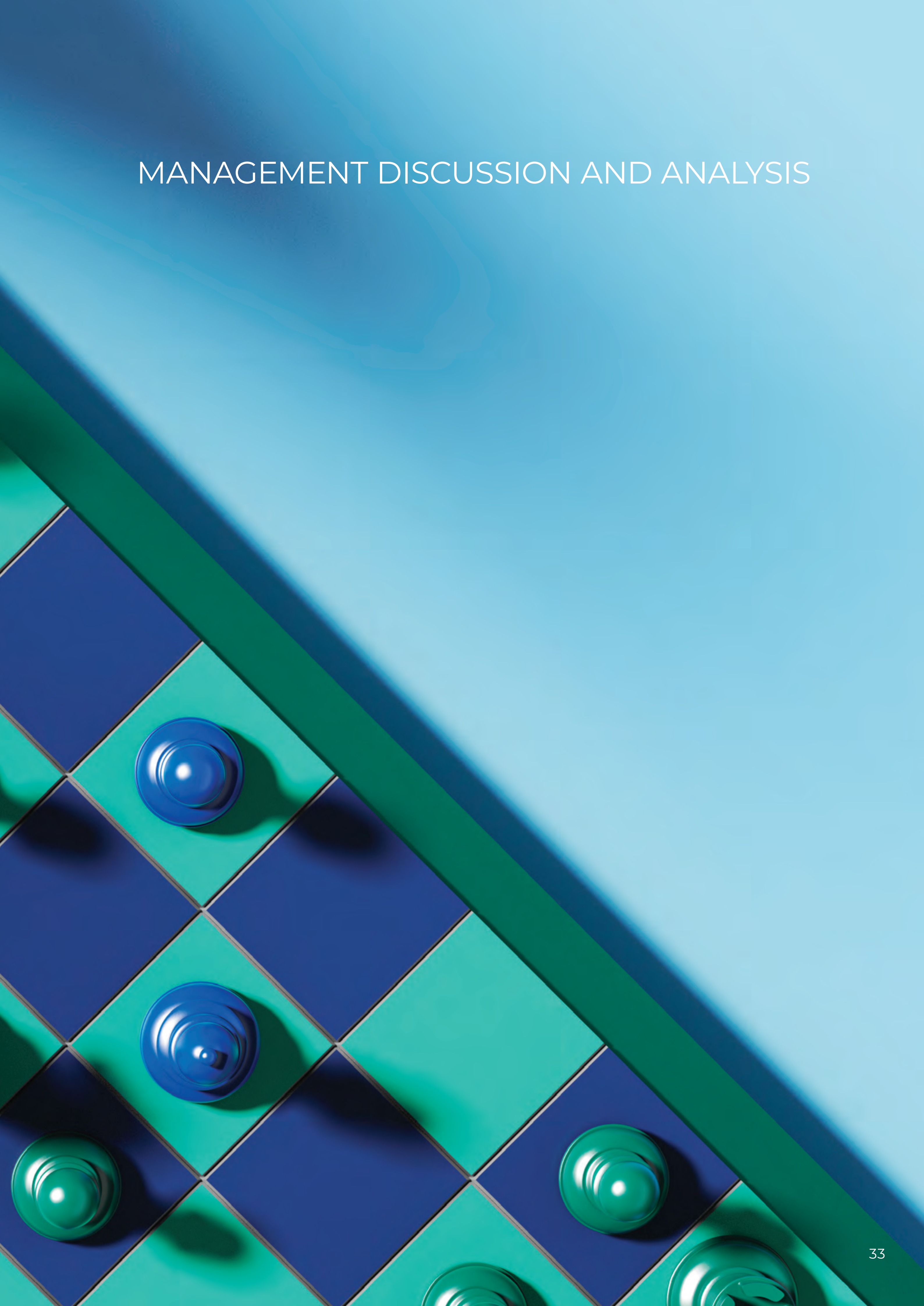


EPS*

(₹ Per Share)

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

MANAGEMENT DISCUSSION AND ANALYSIS



PINNACLE
BOLD ASPIRATIONS

Business Transformation

In a little over three decades, Hikal has successfully established a strong foothold in multiple businesses – Pharmaceutical, Crop Protection, Animal Health, Food Ingredients and Speciality Chemicals. With continued emphasis on Research and Technology, Sustainability and People; we have consistently innovated and achieved a significant stronghold with our global customers. Our distinctive advantage in price, quality and sustainable supply has enabled us in becoming the primary supplier for key molecules across multiple geographies.

Our passion for quality and relentless drive to provide sustainable solutions to our customers has earned us the coveted reputation of being the leader in Safety, Health and Environment. The company's impeccable track record in regulatory compliance is well recognised by the industry. This provides Hikal an edge in securing new and marquee customers on a global scale. We are committed to drive value for our shareholders with a continued focus on sustainable cash flows via deep long-term partnerships with our customers. This requires razor sharp focus on Quality, Delivery, Innovation, EHS and People as we build our brand globally.

In line with this vision, we have set a **Bold Aspiration** of driving profitable growth and transforming our business to go from 'Good to Great'. The current market dynamics provide a great opportunity for Hikal to double down on existing capabilities and invest in select future opportunities with long-term growth prospects.

Increased momentum on outsourcing and supply chain diversification (China-plus-one strategy) are opening new avenues for end suppliers. India is uniquely positioned to capture most of this diversification away from China with the outsourcing market expected to grow at 10% CAGR over next five years (up from 6% in 2017-2020). A rapidly evolving competitive landscape is paving the way for industry consolidation. Hikal is uniquely positioned to capture this tide with its unique and diverse product offering, asset quality and delivery track record.

The journey forward will entail accelerating growth in our existing pharma and crop protection business, as well as investing in our emerging business verticals such as animal health and biocides. To achieve the next phase of growth, we have a set upon a 2-year transformation journey encompassing all aspects of our core businesses: Pharma, Crop Protection and Animal Health. As part of the "Pinnacle Program", Hikal plans to realign its strategic priorities and strengthen operational and R&D capabilities to achieve multi-fold growth in revenues and profitability. The management is committed to driving this transformation with the right partnerships and the team has already started on this journey with key initiatives being kicked off in the Pharma business in June 2021. In addition to organic growth, Hikal has the balance sheet strength and appetite to follow through on its ambition via inorganic opportunities in strategic areas to develop a strong and global footprint.

Along with our scale aspiration, we also endeavor to become a cost leader in our key products. We continue to focus on operational excellence and will launch several initiatives in the near future to further enhance manufacturing excellence. The program also covers a complete X-ray of multiple areas of business such as manufacturing, R&D, people, overheads, and others to identify consistent and sustainable cost saving potential. We are also leveraging technology to integrate automation in our facilities to improve our safety standards and target higher quality and efficiency.

Pinnacle 5-year Vision

Topline and EBITDA Growth

Leading global chemical player
and a preferred partner promoting sustainable growth
through innovation, world-class quality
and safety and highest ethical standards

GROWTH PILLARS

Sustained Cost Optimisation to Fund the Growth

- Operational Efficiency

Core Business Full Potential

- Pharma
- Crop Protection

New Opportunities

- Animal Health
- Biocides

KEY STRATEGIC SHIFTS

Differentiated Position

- Best-in-cost position in key products
- Best-in-class (Technology, Innovation, capabilities)
- EHS 2.0

Diversified Product Portfolio

- New product launches
- Entry into niche/complex molecules

Strategic Partnerships

- Deeper customer engagement
- Investments in tech

Inorganic Growth

- Access to customers in key geographies
- Technology capabilities

People and Culture

- Customer centric
- Values of ownership, empathy and commercial excellence

We are implementing a wide range of initiatives across five key levers to reach the "Pinnacle"

Future Financial Targets

Market leading growth over next 5 years

EBITDA expansion driven by topline and margin improvement

Differentiated Position

We continue to pursue a best-in-cost and best-in-class position on technology, innovation & key capabilities. Our innovation efforts are pivoted on customer value addition, where we critically examine customer demands for potential collaboration opportunities. As we continue on this journey of cost and process improvement, we remain committed in our endeavor to develop cost effective products through sustainable processes.

Sustainability has been a key priority for Hikal and we have always strived to have best-in-class EHS standards. As part of the transformation, we are reinventing our EHS strategy to EHS 2.0, which will broaden the scope to include all critically relevant ESG parameters. As a part of the shift, we will focus on 10 immediate priority areas. Waste management, conservation measures enunciate our commitment towards a clean environment. Our company policies place employee and community health and safety at its core and this has been further strengthened in these uncertain times. Our management recognises importance of a governance structure and envisages the highest level of transparency, accountability and integrity in its dealings with all the stakeholders.

Diversified Product Portfolio

We believe our next level of growth will originate from new launches backed by our strong R&T team. Our R&T team is the core driver for our future growth. Our focus is to continue investing in R&T to develop differentiated as well as an innovative speciality product portfolio. We will also evaluate opportunities in more niche/complex molecules as well as new product types (peptides etc.) which will add to growth in both topline as well as bottom-line. With a robust future product portfolio in alignment with our customer product roadmap, we will bolster our ability to reach scale with our key customers.

Deeper Strategic Customer Partnerships

We continue to receive positive and encouraging feedback from our current customers across quality, supply reliability and compliance. We intend to deepen our engagement by working closely with our key customers to align ourselves with their strategy and develop innovative solutions for the future. We are committed to proactively boosting our engagement and making the right level of investments in tandem with our customers in our endeavor to be viewed as not just a supplier but a key strategic partner.

Inorganic Growth Opportunities

Our company has historically relied on organic opportunities to fuel growth. The last 12-18 months have seen a strong deal flow, across both the pharmaceutical and crop protection sectors. We look forward to tapping new M&A opportunities to broaden our capabilities and gain immediate access to new customers and technologies in key geographies.

Strengthen Culture of Ownership and Invest in People

Delivering on this 360-degree transformation will need a culture of excellence, customer centricity and innovation. Investing in our people will remain our top priority. As a part of this transformation journey, we will focus on further strengthening our capabilities through necessary training and hiring and live our values of ownership, empathy and business excellence.

While the COVID-19 pandemic has led to greater uncertainty all around us, we are confident that our redefined strategic roadmap coupled with our core strengths, resilience and power of execution, will help us navigate this uncertainty and remain focused on our transformation journey. We are excited about the future potential of our business and are ready to capitalise on the opportunities.

HIKAL Business Excellence (HIBEX) is an internal programme to take our business to greater heights driven by our team to make processes more robust, efficient, and transparent. It is an operational excellence initiative for all business units across the company. Operational excellence when implemented across all the business functions becomes business excellence. HIBEX is a stepping stone towards transformation.

The objective of this programme is identifying and collectively implementing improvements and higher efficiencies across all the verticals of the organisation. The programme does not limit itself to just improving efficiencies but also helps attaining the goals set and strategies developed for each division through a systematic and measurable approach. It takes into account all business functions right from marketing manufacturing, supply chain, finance, research and development to customer feedback.

The programme is designed in such a way that every critical aspect of business is captured.

Building Excellence

MARKETING

Through new business development, product identification for future growth, customer acquisition & retention and increasing share of customer's wallet

R&T

Through high-speed development of processes that are cost and EHS compliant, and through successful scale-up and transfers of these processes

SUPPLY CHAIN

Ensure availability of raw materials and engineering items at optimum costs, to deliver value engineering and to efficiently manage the outsourcing requirements

MANUFACTURING

This encompasses throughput and variable cost improvements, capex optimisation, Quality & EHS excellence and wealth from waste initiatives to finally deliver quality services and products to our clients

HIBEX encapsulates people excellence, finance excellence and IT excellence as the primary drivers of the program. It's a continuous chain driving sustainability and delivering value across the business cycle. We are targeting each vertical and working towards improving throughput and efficiencies.

We have listed below some of the key initiatives that were implemented during the year:

Driving Capabilities

Hikal believes only people can bring in transformation. The programme thus aligns our people in this direction and trains them to raise the bar by identifying weaknesses and improving competencies. We constantly conduct sessions to improve capabilities based on the principles of Lean and Six Sigma. We have introduced capability programmes starting from White Belt, Yellow Belt, Green Belt and Black Belt.

In one of initial sessions, we identified 45 senior executives to impart the green belt training. Green belt training is a 16-week programme with Define, Measure, Analyse, Improve and Control (DMAIC) approach. A team is trained using the combination tools of Lean and Six Sigma over each phase of the programme. Three activities - learning, applying and review - run parallelly. The tools range from being as simple as reduction of wastages to as complex as threat analysis, design of experiments, cost saving, EHS among several others.

Participants apply the tools in the projects and trainers routinely review them for accuracy over short-term (16 Weeks) and long-term (1 year) period. All the methodology which we have adopted drives the people capability from top to bottom. The implementation of the project is a bottom – up approach.

Cost and Capacity Improvement

We have worked on profitability improvement through 5/20 approach, which means 5% in variable cost reduction and 20% improvement in throughput.

By applying Lean and Six Sigma tools and techniques, we increased production by ~50% for one of our key pharmaceutical products. There is a massive demand for this product and incremental production has resulted in huge savings for the organisation.

Similarly, in the crop segment, there is ~30% improvement in throughput for one of our key products with minor investment. With improved productivity we could deliver more products based on the value stream mapping under this segment.

Efficiency/Productivity Enhancement

We are focusing on two key parameters - enhancing asset utilisation and rationalising manpower. Various steps have been taken to reduce the non-value-adding hours and increasing productivity. The HR department works in sync with the HIBEX team to understand the skill matrix or factors impacting the productivity of every employee. This helps in analysing issues, if any, and in resolving internal or external hurdles.

Through Lean QC lab assessment, we were able to enhance the efficiency of our people by 30-40% in one of our units in just one-and-a-half years. In one such case, approximately 100 employees analysed 50,000+ samples but post HIBEX the same set of people are now examining close to 80,000 samples resulting in significant savings in terms of cost and resulting in greater productivity.

R&T Excellence

For Research and Technology (R&T), we have adopted Design of Experiments (DOE).
DOE enhances productivity, speed of development and more importantly pinpoints the factors that could adversely affect the processes. The result of DOE is a robust process and up-cycle time.

Engineering Excellence

Through engineering excellence, we have seen savings in energy, water and reduction in breakdowns of equipment through preventive maintenance. We have been focusing on boiler efficiencies which directly relates to improving energy conservation and costs.
After implementing these tools, we have seen positive results in the efficiency of the boilers, resulting in reduction in maintenance and improvement in turnaround times of the products.

The business excellence initiatives have enabled us to create a solid platform and deliver results as we step into a larger business transformation. Going ahead, we aim to increase the number of people under the HIBEX umbrella and drive capability building across the organisation.

We will improve throughput of key products, reduce costs, secure our supply chain, ensure efficient working capital management, and build-in competencies and capabilities to aid our future growth.

PHARMACEUTICALS

World Pharmaceutical Market Review

Impact of COVID-19 Pandemic in 2020 and Future Forecast

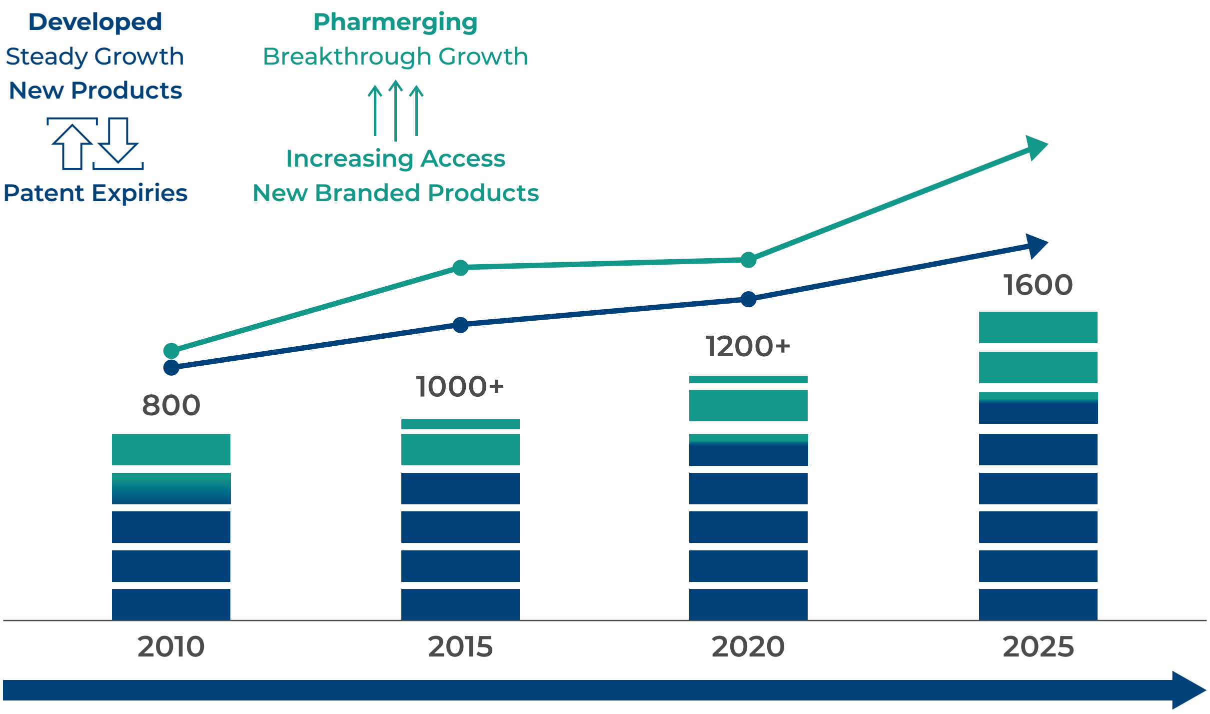
The COVID-19 pandemic has been the most impactful global health crisis in decades and its direct and indirect impacts are critical to understanding the global use of medicines.

While the pandemic has been extremely disruptive, other aspects of healthcare have continued and the immediate shocks in early 2020 have given way to patterns of adaptation and adjustment around the world. The success of countries around the world in implementing a global vaccination program unprecedented in speed or scope will be key to the outlook for all medicine use through 2025 and beyond.

The global pharmaceuticals market is expected to grow from $1,22 trillion in 2020 to $1,25 trillion in 2021 with a growth of 1.8%. The growth is mainly due to the companies rearranging their operations and recovering from the COVID-19 impact, which had earlier led to restrictive containment measures involving social distancing, remote working, and the closure of commercial activities that resulted in operational challenges.

The COVID-19 impact in developed markets varies but a return to steady low single digit growth is projected after 2021. The global medicine market — using invoice price levels — is expected to grow at 3–6% compound annual growth rate (CAGR) through 2025, reaching about $1.6 trillion in total market size in 2025 excluding spending on COVID-19 vaccines. The total cumulative spending on COVID-19 vaccines through 2025 is projected to be $157 billion, largely focused on the initial wave of vaccinations to be completed by 2022.

Global Medicine Market Size and Growth 2010-2025, (US $bn)

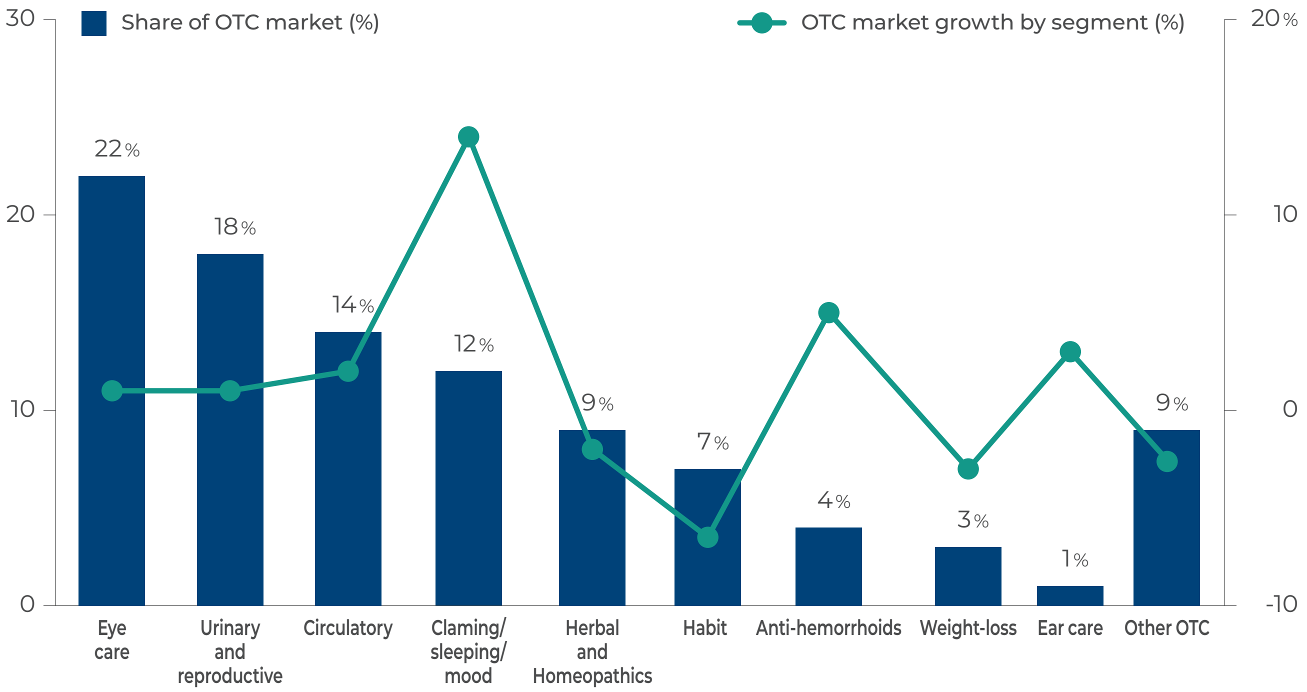


Source: IQVIA Market Prognosis, Sep 2020; IQVIA Institute, March 2021

Growth in developed economies continues at relatively steady rates with positive impact of new products offset by patent expiries. In emerging countries, access-expansion driven growth is being augmented in some markets with greater use of newer original branded products. In developed countries, the adoption of new treatments, offset by patent lifecycles and competition from generics and biosimilars are expected to continue as the main factors influencing medicine spending as well as growth. In emerging countries, dramatic increase in healthcare access was the largest driver of changes in the use of medicines historically but the trend is slowing and will result in volume declines across many markets.

Medicine use was disrupted in 2020, with varying timing and impact in developed and emerging countries. Short-term stockpiling of chronic therapies occurred early in the pandemic, and over-the-counter medicine use was also affected, including a 14.3% increase in calming/sleeping/mood drugs.

Global Over-the-Counter Medicine Spending and Growth by Segment in 2020



Source: IQVIA Market Global Insights, Sep 2020

The economic impact of quarantines and shutdowns has not been consistently correlated across countries with changes in use of medicines and while medicine use recovered by the end of 2020 there was about +/- 10% variability in specific countries. A range of changes in the use of medicines will be prompted by COVID-19, with demand for new vaccines and therapeutics as well as shifts in demand for existing therapies and changes in patient behaviours.

As countries around the world emerge from the pandemic, several complex factors will influence medicine use, including treatments for COVID-19 patients as well as impacts on the wider population. Vaccines have been developed with unprecedented speed and numbers, with 11 approved and in use globally, and all administered for the first time less than a year after being initially developed. These vaccines are expected to be given to billions of people over the next several years.

There will also be significant long-term consequences for non-COVID patients, particularly those whose diagnoses or treatments were disrupted by the societal and personal responses to the pandemic. These could include greater rates of chronic lifestyle diseases and mental health, as well as missed screenings to detect early cancers or other diseases. The patterns of seasonal influenza and the common cold have notably been disrupted as billions of people wore masks and socially distanced which, while desirable, may have long-term and unexpected impacts.

Summary of Expected Impacts of the COVID-19 Pandemic on Patients and Therapeutics

COVID-related co-morbidities for infection survivors

- Neurological, psychiatric, cardiovascular, respiratory and other issues, some with extended durations and potential to be misdiagnosed
- Multi-system inflammatory syndrome for pediatric patients

Vaccines for COVID-19

- Initial wave of vaccination across countries expected to continue through 2022
- Subsequent rounds of vaccination may be required if immunity is ephemeral or if vaccines are not effective on viral variants

Therapeutics for COVID-19

- Antivirals
- Antibody treatments
- Treatments for varying severity of disease

Repurposing existing therapeutics

- Asthma drugs
- Antibody treatments originally for other diseases

Population level mental health

- Depression/anxiety, stress disorders
- Substance abuse/dependency

Disrupted or delayed diagnoses of conditions

- Interruption of typical healthcare seeking behaviors due to quarantines / shutdowns could have lasting effects or result in more severe disease when diagnosed, especially cancer

Greater rates of chronic disease

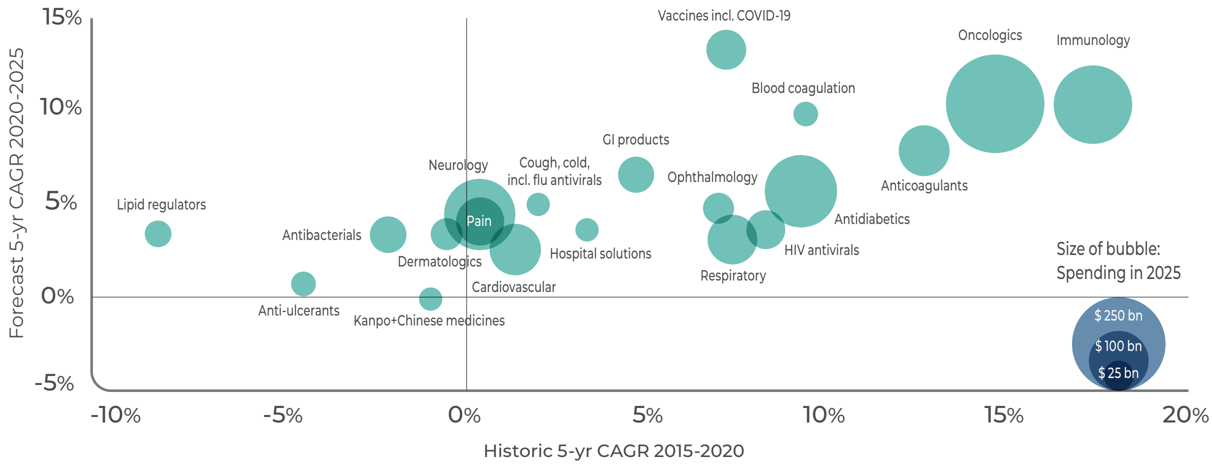
- Obesity, type 2 diabetes, heart disease rates increase due to sustained reduction in activity

Impact on infectious diseases

- Seasonal flu season largely absent in 2020, could result in more virulent strains in future seasons
- Excessive hand sanitiser use could result in antimicrobial resistance or alcohol resistant microbes
- Increased interest in better treating/preventing other pathogens with pandemic potential such as Influenza A (H7N9), RNA viruses (Paramyxoviruses, pneumoviruses, and picornaviruses), pathogens that utilise Anopheles and Aedes mosquitoes

While COVID-19 has garnered the most attention in the past year, many patients with other diseases will need to work around social disruptions to receive care. Major advances are expected to continue, especially in oncology, immunology, and neurology. Most therapy areas are forecast to grow more slowly over the next 5 years, apart from vaccines.

Global Historic and Forecast Spending Growth for Top 20 Therapy Areas

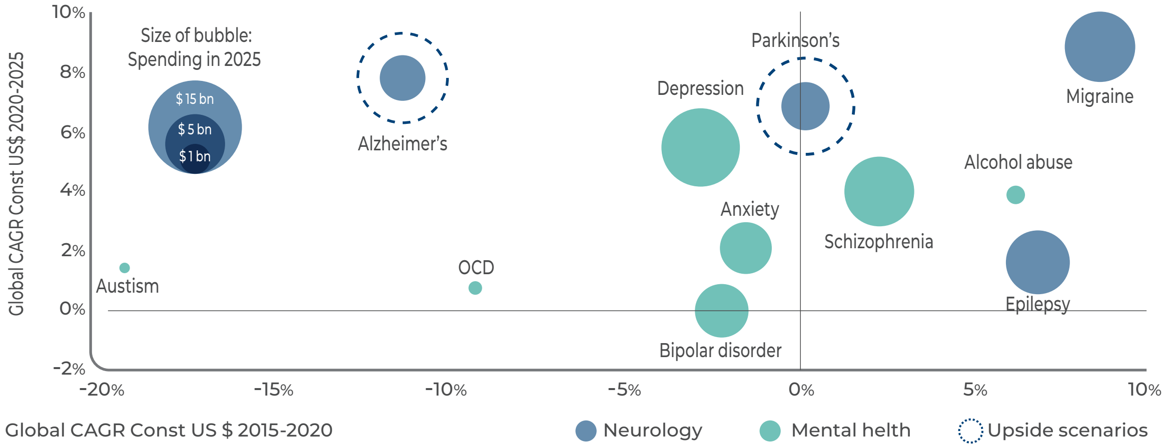


Source: IQVIA Institute. Feb 2021; Bubble Size represents forecast in 2025; COVID-19 Vaccine estimates based on estimates of periodic booster shots; Neurology includes Nervous system disorders such as epilepsy, Parkinson's, Alzheimer's, other neurological disorders and mental health. Neurology estimate based on risk adjusted potential for Alzheimer's approval and uptake.

The two leading global therapy areas — oncology and immunology — are forecast to grow 9–12% CAGR through 2025. The fastest growing category over the next five years will be vaccines, including COVID-19 vaccines, at 12–15%, which likely understates the spending impact of these new vaccines as spending will have moderated by 2025.

Neurology is expected to grow at 3–6% to more than $140 billion by 2025 but includes much higher growth subsegments, as a range of rare neurological diseases have had new treatments approved or continuing in research as well as the potential that large population diseases like Alzheimer's or Parkinson's disease could see new treatments.

Leading CNS Disorders and Their Global Market Growth Dynamics



Source: IQVIA A New Dawn: At the Cusp of the CNS Decade, Jan 2021, https://www.iqvia.com/libray/white-papers/a-new-dawn-at-the-cusp-of-the-cns-decade, Accessed Jan 2021

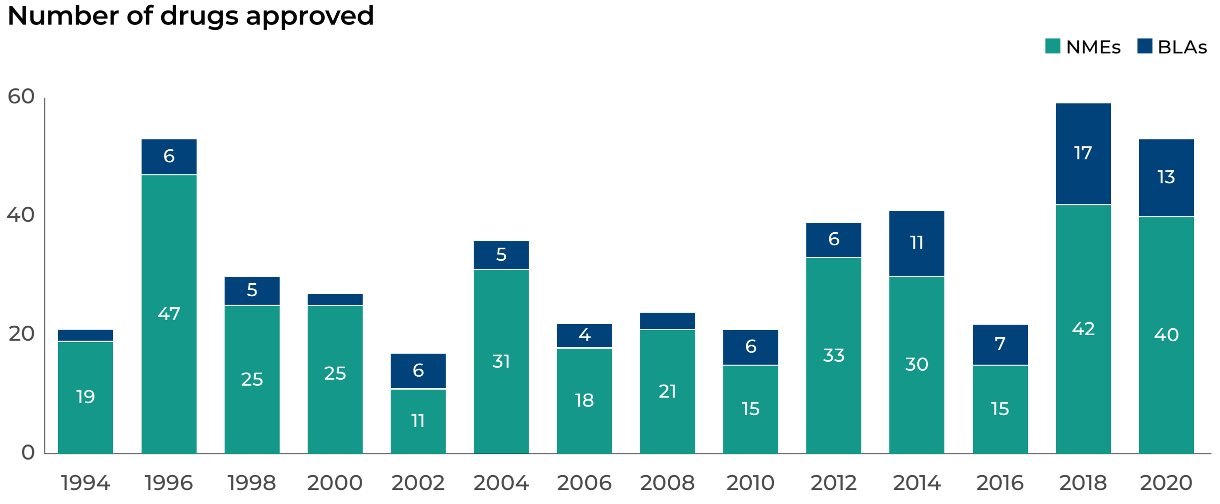
In the last five years, a new wave of rare disease neurological treatments, including dozens with orphan designations have been approved. Highly prevalent conditions such as migraine, depression and anxiety have also seen a range of new treatments, and more are expected. Recent scientific advances in genomics, biomarkers, diagnostics, and imaging techniques and/or regenerative medicine, combined with the emergence of disruptive digital technologies, are changing the fundamentals of CNS innovation.

FDA Drug Approvals

Despite the disruptions caused by COVID-19, the FDA's Center for Drug Evaluation and Research (CDER) approved 53 novel therapeutics in 2020. This is the second highest total ever, falling just short of 2018's all-time high of 59, and tying with the 1996 approval cohort.

Novel FDA Approvals Since 1993

Annual Numbers of New Molecular Entities (NMEs) and Biologics License Applications (BLAs) Approved by the FDA's Center for Drug Evaluation and Research (CDER)

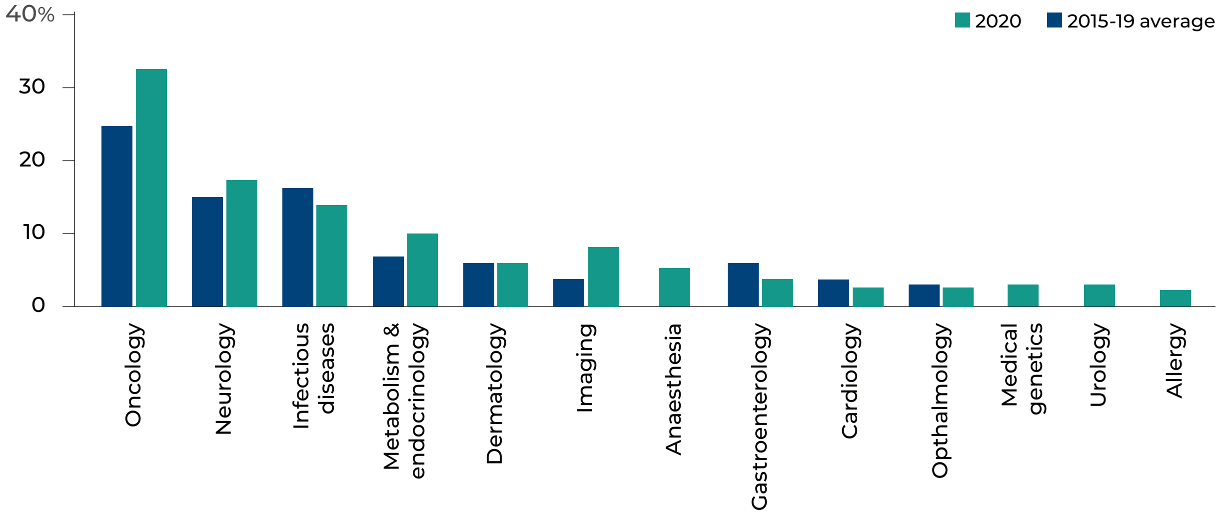


Source – Nature Reviews Drug Discovery; U.S. Food and Drug Administration (FDA)

The 53 new drugs of 2020 are divided between 13 Biologics and 40 New Chemical Entities. Continuing the trend of recent years, cancer products dominated the approval list. Industry's focus on cancer was even more notable than usual in 2020. Neurology products made up the second biggest therapeutic area, with 8 (15%) approvals. Infectious diseases came in third, with 6 (11%) approvals.

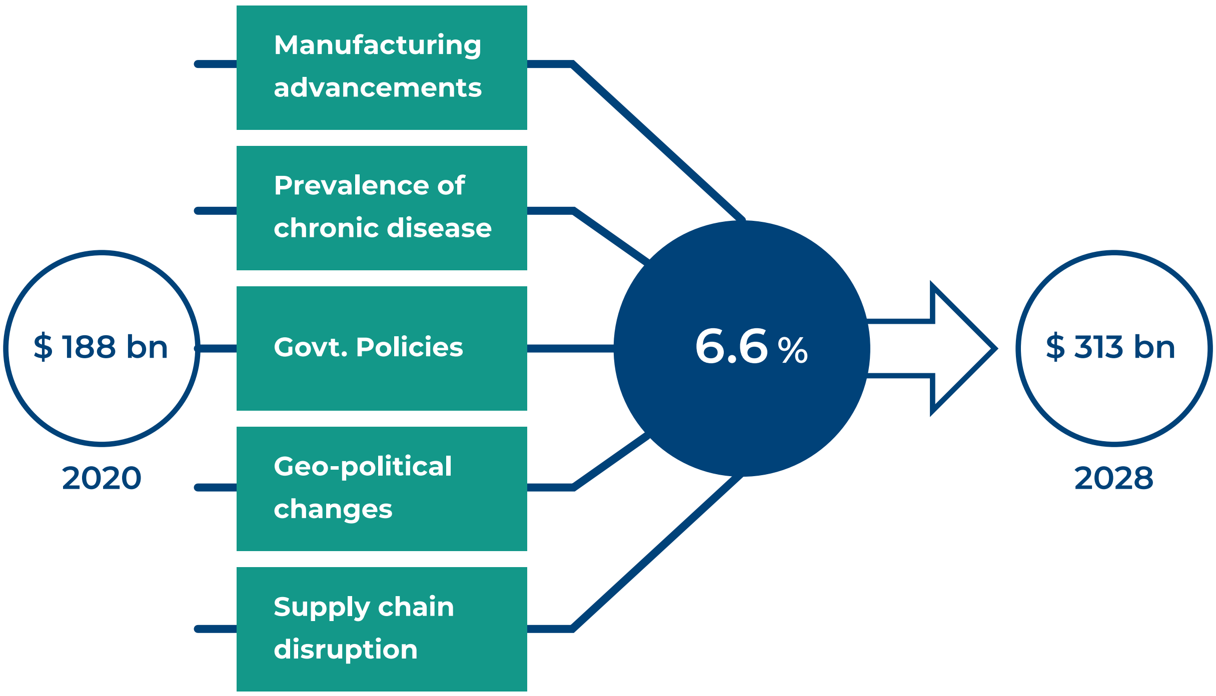
CDER Approvals by Selected Therapeutic Areas

Proportion of approvals (%)



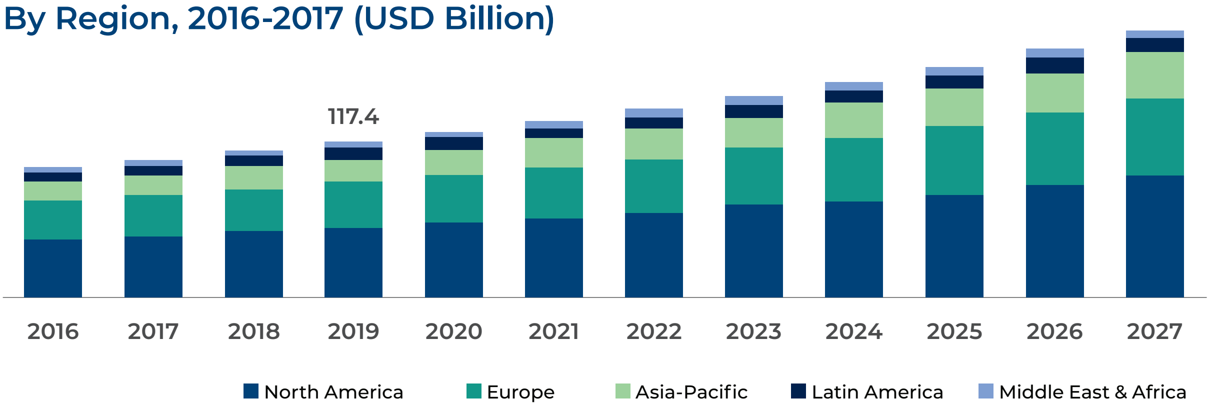
Source: Nature Reviews Drug Discovery; US FDA (CDER)

API Market Growth and Drivers



The global active pharmaceutical ingredients market size was valued at USD 187.76 billion in 2020 and is expected to expand at a compound annual growth rate (CAGR) of 6.6% from 2021 to 2028. The growth can be attributed to the advancements in active pharmaceutical ingredient (API) manufacturing and the rising prevalence of chronic diseases, such as cardiovascular diseases and cancer. Favourable government policies for API production, along with changes in geopolitical situations, are boosting the market growth. The API market is undergoing immense changes due to supply chain disruption by COVID-19. Countries such as India are being preferred over China for the export of API owing to geopolitical situations and the demand to reduce dependence on China for API products. Furthermore, government of India formulated plans and is granting incentives to promote the production of API. API market has traditionally been dominated by drugs, such as anti-infectives and diabetes, cardiovascular, analgesics, and pain management drugs. However, as per the R&D trends, the demand is shifting toward the development of complex APIs used in novel formulations, targeting niche therapeutic areas.

Active Pharmaceutical Ingredient Market Size, By Region, 2016-2017 (USD Billion)



Source: Polaris Market Research Analysis

The captive API segment accounted for the largest revenue share of 59.87% in 2020. It is anticipated to grow at a significant rate in the upcoming years owing to the easy availability of raw materials and extensive investments by major players to develop high-end manufacturing facilities.

Major companies are looking to leverage their production capabilities in Asian countries for providing APIs to other drugmakers.

Top biopharmaceutical players are responsible for substantial growth in the outsourcing segment. Furthermore, the lower cost of manufacturing in countries, such as India and China, makes them a popular choice for players looking to outsource their API production. Outsourcing of manufacturing to developing countries is a cost-effective measure that allows these companies to gain higher profits, thus accelerating segment growth.

Innovative APIs held the largest share of 65.03% in 2020. This growth is attributed to increasing R&D initiatives for novel drug development and favourable government regulations. Owing to extensive research in this field, many innovative products are now in pipeline and are expected to be launched over the forecast period. New entrants in this segment are expected to drive the market.

Patent expiry of branded molecules is a key factor that can be attributed to the lucrative growth of generic API drugs. The generic drug market is anticipated to exhibit a high growth rate in countries, such as Brazil and India, owing to high unmet clinical needs and acceptance of OTC drugs.

The cardiovascular diseases segment accounted for the largest revenue share of 21.3% in 2020. This is attributed to the increasing prevalence of target diseases worldwide. High prevalence and increasing awareness about cardiovascular diseases are anticipated to drive the segment over the forecast period, thus driving APIs demand for cardiology drugs.

Oncology is expected to be the fastest-growing application segment with a CAGR of 8.9% over the forecast period. Factors such as changing lifestyles and the growing prevalence of cancer are driving the market.

A rise in hormone-dependent aging problems is also expected to drive the market.

Other diseases such as diabetic retinopathy and macular degeneration are also growing in prevalence, impelling the demand for highly efficient and cost-effective medications.
Diabetic retinopathy is expected to impact over 190 million people by 2030. This is expected to boost demand for both generic medications and APIs.

The synthetic API segment accounted for the largest revenue share of 72.89% in 2020. This is attributed to the higher availability of raw materials and easier protocols for the synthesis of these molecules. Many synthetic molecules are also expected to go off-patent in the coming years, which is anticipated to boost growth.

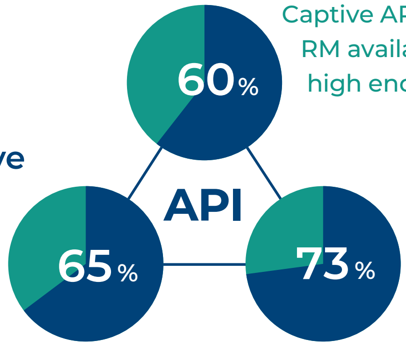
API Market Segments

Captive

Captive API growth driven by easier RM availability & investments in high end manufacturing

Innovative

Favorable government regulations & new entrants to drive growth in innovative APIs



Synthetic

Synthetic API growth driven by easing protocols & easier RM availability

North America accounted for the largest revenue share of 39.5% in 2020 and is expected to maintain its lead over the forecast period. This is attributed to the rising epidemiology of cancer, along with other lifestyle-induced diseases, thus encouraging the R&D activities, thereby boosting the market growth.

Asia Pacific is anticipated to exhibit the fastest CAGR of 7.8% during the forecast period. The presence of economies such as China and India that the world relies on to produce APIs at a lower cost is an advantage for the region. Increasing healthcare expenditure in the region is anticipated to fuel the market growth.

Europe is expected to witness significant growth over the forecast period. An increase in research funding and the local presence of key market players in this region is expected to drive the market. The market for active pharmaceutical ingredients operates with high complexity. Blockbuster drugs patent expiration, increasing outsourcing activities due to high manufacturing costs, and stringent regulations on the production of APIs are expected to maintain the competitive rivalry at a high level over the forecast period.

Many key players are undergoing legal scrutiny because of non-adherence to standards. The presence of prominent players in this market space significantly diminishes the opportunities for a new entry as it is difficult to match the high capital requirements.

India Growth Story

Largest provider of generic drugs globally

50%	40%	25%
of global vaccine demand	of generic demand in US	of all medicine in UK

Domestic market expected to grow 3X in the next decade

2021	Currently estimated at **US $42 billion**
2024	likely to reach **US $ 65 billion**
2030	Expand to reach **~ US $ 120-130 billion**

India's drugs and pharmaceuticals exports estimated at US$ 17.57 billion in FY21

Indian biotechnology industry valued at US$ 64 billion in 2019 is expected to reach US$ 150 billion by 2025

USD 951 m — **Cumulative outlay of PLI scheme** to promote self reliance and minimise import dependency

Projected to become one of the **top 10 countries** in terms of medicine spending

India is the largest provider of generic drugs globally. Indian pharmaceutical sector supplies over 50% of global demand for various vaccines, 40% of generic demand in the US and 25% of all medicine in the UK. Globally, India ranks 3rd in terms of pharmaceutical production by volume and 14th by value.

According to the Indian Economic Survey 2021, the domestic market is expected to grow 3x in the next decade. India's domestic pharmaceutical market is estimated at US$ 42 billion in 2021 and likely to reach US$ 65 billion by 2024, and further expand to reach ~US$ 120-130 billion by 2030. The Indian biotechnology industry was valued at US$ 64 billion in 2019 and is expected to reach US$ 150 billion by 2025. India's drugs and pharmaceuticals exports stood at US$ 17.57 billion in FY21 (From December 2020 to April 2021).

Advantage India

Cost Efficiency

- Low cost of production and R&D boosts efficiency of Indian pharma companies, leading to competitive exports
- Indian pharma export reached US$ 16.28 billion in FY 20

Economic Drivers

- High economic growth along with increasing penetration of health insurance to push expenditure on healthcare and medicine in India

Policy Support

- In February 2021, the government approved a production-linked incentive (PLI) scheme for the pharmaceuticals sector from FY 21 to FY 29
- The scheme is expected to attract investment of ₹ 15,000 core (US $ 2.07 billion) into the sector

Increasing Investments

- The foreign direct investment (FDI) inflows in the Indian drugs and pharmaceuticals sector stood at US $ 17.75 billion between April 2000 and December 2020

Note: Top 10 companies as per research by HDFC Securities, R&D - Research & Development

Source – IBEF, Consolidated FDI Policy, Press Information Bureau (PIB), Media Reports, Pharmaceuticals Export Promotion Council, AIOCD-AWACS, IQVIA

To achieve self-reliance and minimise import dependency in the country's essential bulk drugs, the Department of Pharmaceuticals initiated a PLI scheme to promote domestic manufacturing by setting up greenfield plants with minimum domestic value addition in four separate 'Target Segments' with a cumulative outlay of Rs. 6,940 crore (US$ 951.27 million) from FY21 to FY30.

Medicine spending in India is projected to grow 9-12% over the next five years, leading India to become one of the top 10 countries in terms of medicine spending. Going forward, better growth in domestic sales would also depend on the ability of companies to align their product portfolio towards chronic therapies for diseases such as cardiovascular, anti-diabetes, anti-depressants and anti-cancers, which are on the rise.

The Indian Government has taken many steps to reduce costs and bring down healthcare expenses. Speedy introduction of generic drugs into the market has remained in focus and is expected to benefit the Indian pharmaceutical companies. In addition, the thrust on rural health programmes, lifesaving drugs and preventive vaccines also indicates well for the pharmaceutical companies.

CDMO Market Growth and Drivers

The Global Pharmaceutical CDMO Market was valued USD 160.12 billion in 2020, and it is expected to reach USD 236.61 billion by 2026, registering a CAGR of 6.5%, during the forecast period (2021-2026). The CMO/CDMO service sector is uniquely positioned to address some of the challenges that drug developers are facing amid the COVID-19 pandemic. This pandemic has impacted multiple aspects of the pharma and biopharma industry, from drug development, clinical trials, supplies, manufacturing, to supply chain logistics. However, the drug shortages due to COVID-19 are limited, and they are expected to remain so for short-term, due to stockpiles of pharmaceuticals, APIs globally.

CDMO Growth Drivers

Regulatory requirements

Growing need for state-of-the-art processes & production technologies for regulatory compliance

Emergence of low cost CRO markets

APAC fastest growing market given cost advantage

Rising prevalence of chronic/lifestyle diseases

Growing incidence of lifestyle diseases coupled with ease of patient recruitment and availability of clinical trial expertise in APAC

Increased investments by pharma companies

Growing investment by several pharma and biopharma companies supporting growth in the APAC CRO market

The biggest factor driving the growth of CMOs in the pharmaceutical industry is the growing need for state-of-the-art processes and production technologies, which have proven highly effective in meeting regulatory requirements. R&D sections of several pharmaceutical companies, especially operating at small scales, were condensed after the emergence of CRO players. As more CROs have started to offer research services with valuable cost, they won the competition with in-house pharmaceutical R&D departments. CROs also follow several strategies to stay ahead of top pharmaceutical players.

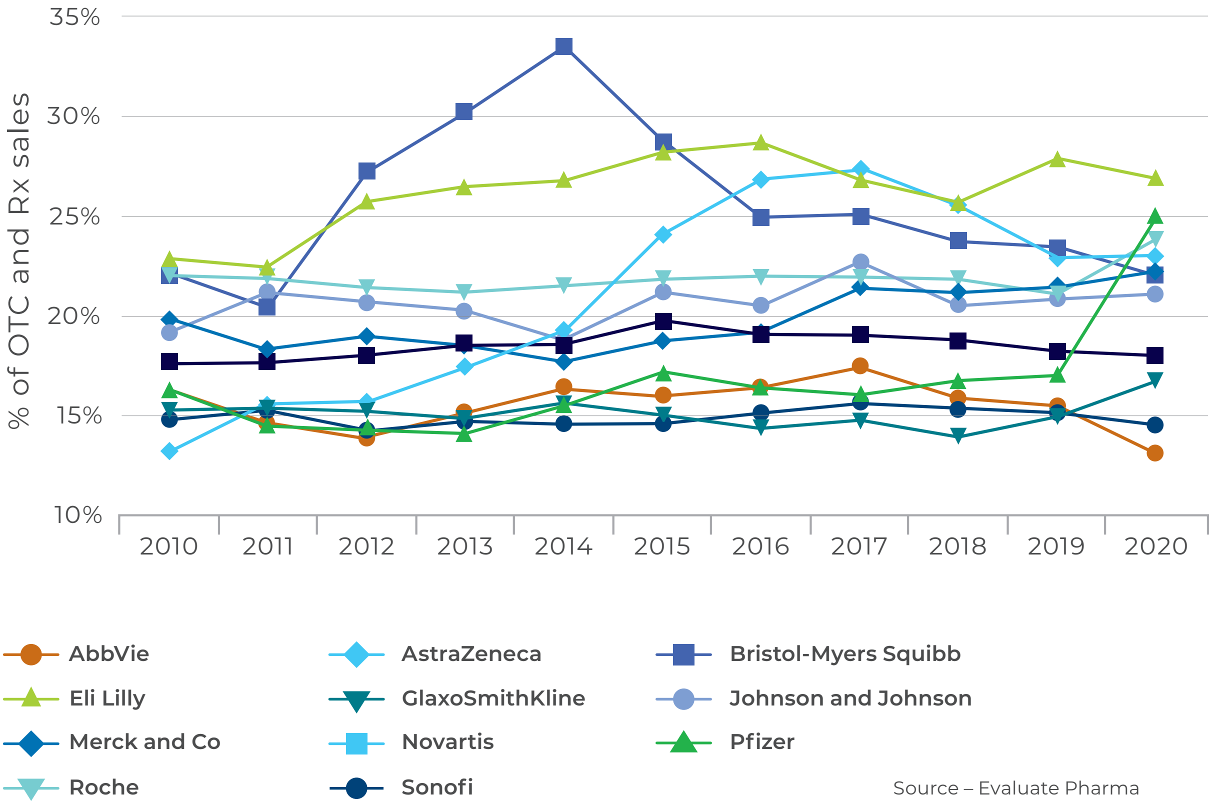
Over the forecast period, Asia Pacific is expected to witness the highest growth in the CRO market, owing to the lower cost offered by the region, as compared to the United States and other developed economies. Additionally, growing incidences of chronic and lifestyle diseases, such as diabetes and heart disease, coupled with ease of patient recruitment and availability of expertise for clinical trials, are few driving factors boosting growth in the region. With the increasing privatisation of clinical trials, there has been an increase in the outsourcing of research processes in developing regions like China and India. Growing investments by several pharmaceutical and biopharmaceutical drug manufacturing companies are also supporting the growth of the CRO market in the region.

The CDMO Market is consolidated in nature. The need for continued research and development related expense pushes forward for the extension of business opportunities. In the pharmaceutical industry, medicine is continuously tested and are most profitable during the patent period; the emergence of competitive solution can hamper the rate of return. Such factors push for continued innovation and fast track the introduction time to market.

Pharmaceutical R&D Growth

Research and development spending by the world's 11 big pharma companies jumped 11% to $86.3 bn in 2020, the largest annual rise for at least a decade, as huge efforts to find treatments for COVID-19 pushed expenditure to new heights. While the pandemic certainly was a driver for substantial R&D spending in the industry in 2020, a significant expense for many companies last year was licensing fees and other acquisition costs.

R&D Spend as a % of OTC and Rx Sales



Source – Evaluate Pharma

Growth in R&D expenditure, fuelled by the need for numerous preclinical and clinical services during the drug discovery and development process, is one of the major factors propelling the drug discovery services market, globally. The global drug discovery services market size is projected to reach USD 21.4 billion by 2025 from USD 11.1 billion in 2020, at a CAGR of 14.0% during the forecast period. Initiatives for research on rare diseases and orphan drugs as well as focus on drug discovery are driving the growth of the global drug discovery services industry. Growth in biologics, patent expiries and emerging economies are expected to provide a wide range of growth opportunities for players in the market.

Besides the strong R&D growth by Big Pharma and their need for outsourcing, there is a general trend towards increasing outsourcing to India. Historically, China has been a preferred destination for outsourcing but there is an increasing trend towards de risking from China and looking towards India in the post COVID-19 World.

Hikal's Performance in API Generic Business

This year, Hikal's generic API business registered a strong growth with a positive volume growth for all our key customers across existing and new geographies. The first quarter in the year was subdued due to disruptions on account of COVID-19 pandemic and subsequent lockdowns. However, the next three quarters saw a robust growth across all key products, and we ended the year on a positive trajectory.

We continued to make forays into new geographies and several new customers were added in Japan, Korea, Latin America, Russia and the Middle East. As part of our long-term strategy, we are expanding our customer base across the world as a leading global API supplier.

The capex incurred in FY 19-20 in debottlenecking our plants yielded good results and we were successful in ramping up production and sales of existing as well as new products. We also made progress towards making APIs at Panoli site. At present, the Panoli site is approved by the US FDA and other regulatory agencies for manufacturing advanced intermediates and key starting materials. However, we have now created a separate production block along with supporting infrastructure to get the site approved for production of APIs as well. This API facility will be commissioned in FY 2021-22. The objectives are to increase our API production capacity and to offer an alternative site to our customers as part of our de-risking strategy.

We are also investing as part of our capex program to add on new multipurpose facilities for our new product portfolio at our Bengaluru site. This is a multi-product flexible facility which will be used to launch and scale up new products as part of our R&T development program. We expect part of this facility to be operational towards the end of next financial year.

As part of our fight against COVID-19, we successfully developed and scaled up in record time the drug Favipiravir. Favipiravir has been widely prescribed for people infected with Coronavirus and we supplied quantities to various customers. We also filed a DMF for the product so that future supplies can be made both locally and globally.

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

Being committed to sustainability, we have taken up several initiatives to protect the environment in which we operate. We continue to make substantial capital investments to upgrade the ETP (Effluent Treatment Plant) infrastructure and equip it with the best-in-class technologies to reduce our carbon footprint and waste. Moreover, initiatives like utilising power from renewable sources such as solar, wind energy and usage of biomass are helping us in our endeavour to reduce carbon footprint and cost.

Hikal aspires to be a global leader in several key APIs with a strong product development pipeline and a focus on continuous improvement in operations and costs. We also remain committed to providing regulatory and quality support to our global customers. Going forward, we aim to maximise the sales and outreach of our legacy generic products through cost leadership and capture a large market share in select APIs where we have full backward integration, scale and technology as a differentiator. This year we filed three Drug Master Files (DMFs) which included both 'already generic' and 'to be generic' products. Several updates were also made for cost reduction of our key APIs which will yield additional market share in the years to come.

Hikal's Performance in the Contract Development and Manufacturing Organisation (CDMO) Business

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

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

Hikal's CDMO business grew moderately in FY 20-21 due to an inventory correction by a few leading customers. To augment the future growth of the CDMO business, Hikal is actively engaging with several small, medium and large innovator companies to develop a pipeline of products for them. These are currently under various stages of evaluation and development. We have also strengthened our presence in the US market by setting up a liaison office along with the addition of a seasoned Business Development professional. This should add new inquiries to the pipeline and allow us to service our customers more effectively.

To cater to the current market demands and capitalise on future opportunities, Hikal is aggressively creating capacity for growth in the CDMO business. A new manufacturing block was added in our Development and Launch plant (Jigani Unit-2) at Bengaluru which enable us to increase capacity as well as deliver higher value and margin products. Hikal also provided process development and manufacturing services for high value complex intermediates in clinical trials to leading innovator companies. The high level of customer satisfaction has led to repeat orders showcasing our technical strength and execution skills on these complex projects.

We have successfully delivered intermediates of complex molecule to a Japanese innovator company and a significant order is under execution in 2021-22. Several new customers and products were added in the CDMO pipeline which will add to revenue and profitability in the coming years.

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

Global pharmaceutical companies are increasingly focused on early-stage research, clinical development and marketing of their products. They outsource production to companies like Hikal where they have confidence in our ability to reduce the complexity of the supply chain. With 'China-plus-one' sentiment growing globally, India is receiving an increased share of global outsourcing initiatives. We take on the responsibility of development, quality, compliance, logistics and supply of the final product. This type of strategic outsourcing reduces their investments in manufacturing assets and improves the total return on capital. In effect we reduce the risk of our customers so that the much-needed medicines can reach the patients across the world.

We are confident of our growth in the CDMO business and are focusing on expanding our capabilities in continuous manufacturing, flow chemistry and some other new technologies. Creating the aforesaid technology differentiation is helping Hikal better engage with virtual, medium, and large-sized pharmaceutical companies exploring new geographies. We are also focusing on seamless project execution as a tool to differentiate ourselves from the competition. We expect sustainable growth in the CDMO business through a healthy pipeline of new projects in their early and late-stage development, the addition of new clients and growth in the volume of existing products being supplied to global innovator companies.

Future Outlook

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

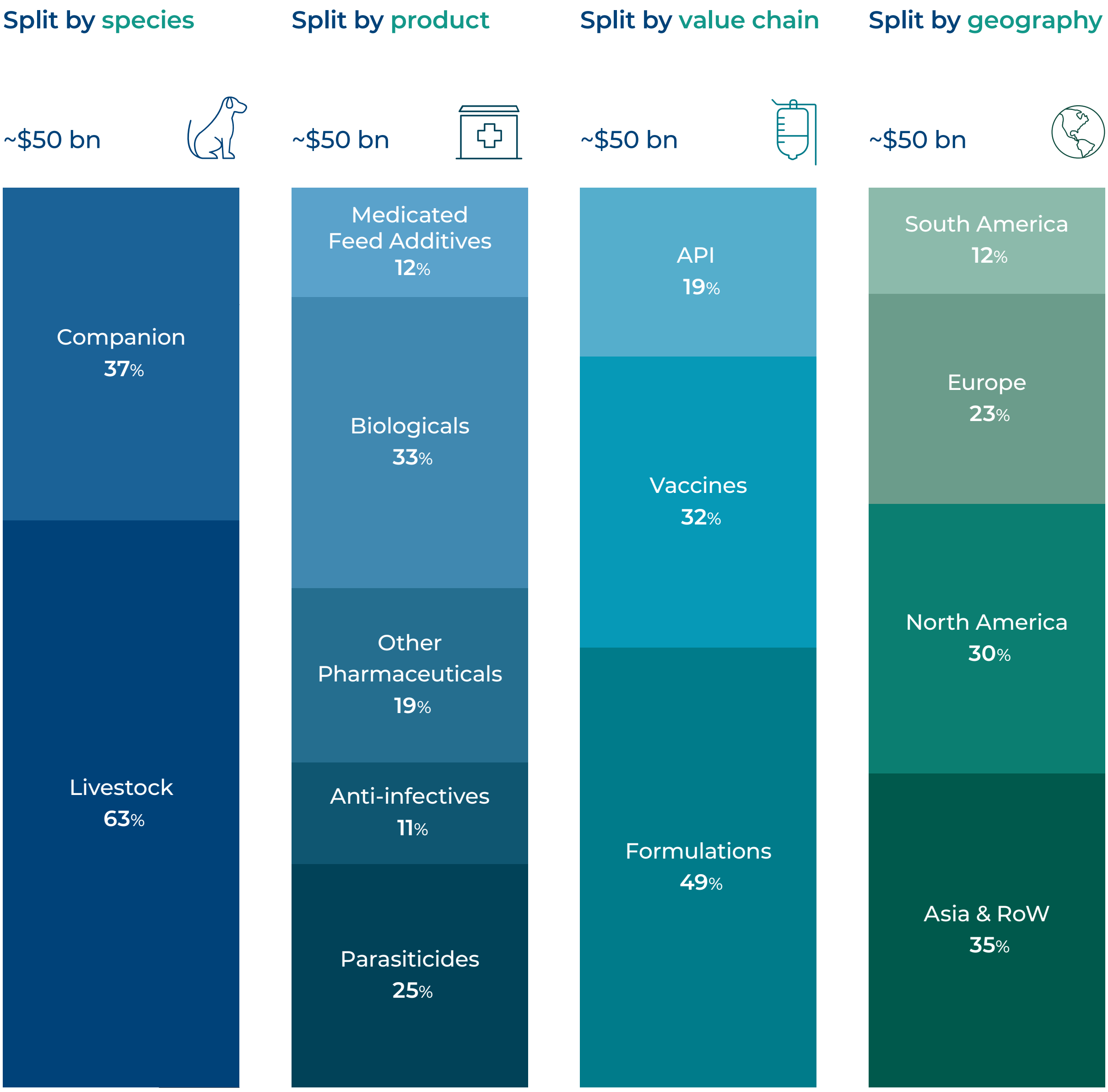
Overall, we are confident of the prospects of our pharmaceutical division. This year, our focus is on increased cost awareness through business excellence as we are investing significantly in building new capacity. Innovation and technology combined with our new capacity coming onstream, makes us extremely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

ANIMAL HEALTH

The global animal health market size was valued at USD 50.89 billion in 2020 and is expected to grow at a compound annual growth rate (CAGR) of 8.8% over the next 7 to 8 years. A huge increase in global consumption of protein food, as well as an increase in the incidence of zoonotic and food-borne diseases, is driving the market. Companies have been spurred to develop new vaccines and pharmaceuticals, as a result of the exponential increase in disease prevalence.

Market Segmentation of Animal Health

Animal Pharma Market: ~$50 bn animal pharma market can be segmented by species, product, drug substance & geography; APIs have ~20% of market share



Source: Research reports by Credit Suisse and Bain & Co.

Furthermore, the overall demand is expected to be influenced by the increasing number of government measures to support animal health products. Increased production of animal-based food items would result in dramatic price reductions, allowing for quick access to nutritious food. Technological advances in veterinary healthcare are also driving the industry, and this is expected to provide potential growth opportunities.

As a company we have in-depth experience and a long track record of successful development and commercial supply of human health and crop protection active ingredients. Animal health is a natural extension of our current product and technology offerings. As can be seen from the chart below, there are significant similarities between the human health and animal health businesses that give Hikal an edge, as we continue our focus on growing this vertical.

Regulation

Human Health

- **Very stringent regulatory oversight,** detailed guidelines in place

  Only 1 in 10 drugs in clinical trial stage get approval each year

- **Approval for clinical trials** after significant regulatory hurdles

Animal Health

- Historically lagged & **now becoming stringent**
  - E.g.: New 'Veterinary Medicines Regulation' to be adopted by EU starting in 2022
  - Drugs for food-producing animals need to prove that API and its metabolites are not harmful for humans; max. residue limit for new APIs can be challenging
- **Much easier to do clinical trials-** experimental drugs can evaluated quickly

R&D

Human Health

- **High drug development cost and time,** avg. cost is **$2-3 bn** & time **>10 years**
- Drugs & vaccine developed for highly specific applications restricted to 'Single Species'

Animal Health

- Relatively lower development cost- **$50 - 100 mn** & takes **3-7 years** to develop
  - Higher cost for new API; much lower if sourced from human
  - Easier to furnish proof of concept for safety and efficacy
  - **Development phase cost <$50 mn** for studies after proof of concept for regulatory purposes
- Drugs developed for **multiple species** also, thereby increasing complexity
  - Multi species vaccines rarely seen (exception such FMD in swine and cattle)
  - Drugs often multi species but still need independent regulatory procedures (e.g.: pain medication for cats, dogs, swine, cattle, etc. with different indications and dosages

Source: Grand View Research; BIS Research; EU website; Various Company Websites, Secondary Research

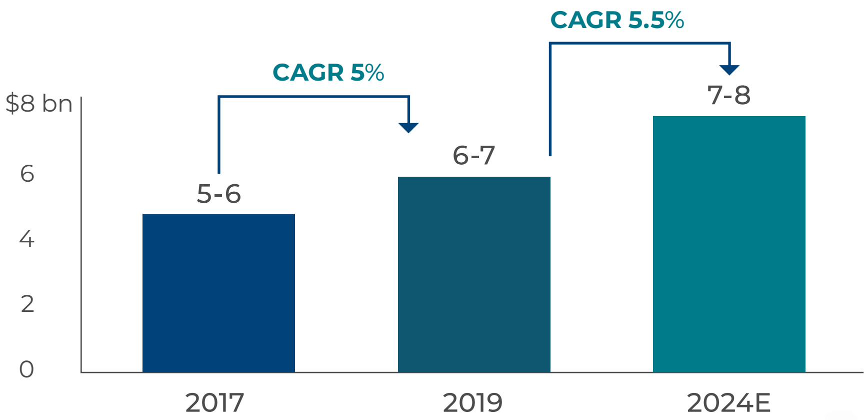
Opportunity

The animal health industry, which focuses on companion and livestock, is on a very strong growth path globally and particularly in the emerging markets where population growth as well as improving living standards are on the rise. The demand for products and innovation will fuel the growth of the animal health vertical for Hikal.

Our customers realise that external partnerships play a key role in building their business successfully and gaining more market penetration. It is not possible to realise innovations on a broad scale and in new areas through internal efforts alone. In addition to our customer's internal research and development programmes, we are looking at joint development routes and commercial manufacturing solutions for our partners.

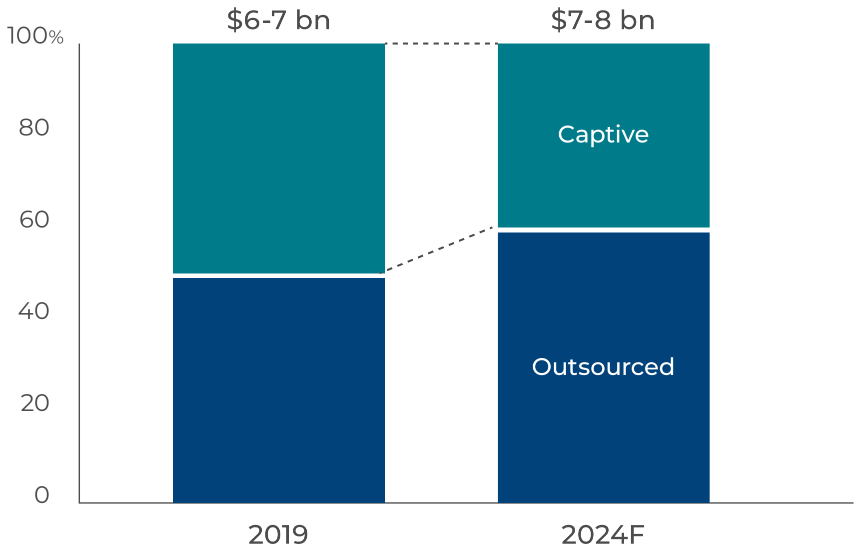
Market for Animal Health API is growing rapidly as can been seen below: Animal pharma API market is expected to grow at 5-6% to reach $7-8 bn in 2024, innovation in the space still limited

Global animal health API consumption excl. vaccines ($bn)



API outsourcing to increase from ~50% currently to ~60% in 2024

Global animal health API consumption, excl. vaccines ($bn)



Note: Global animal health API market size excludes vaccines

Source: GVR, Persistence Market Report, Market Participant Interviews, Secondary Research

Business Overview

This year we achieved a significant milestone in the animal health business by signing a long-term contract with an innovator animal health company. This contract entails the development and supply of a portfolio of niche API's over a period of 10 years. The development will start in the next financial year and commercial supplies will commence post successful development and plant commercialisation estimated to be in FY 2023'24. We have formalised a plan to make a standalone multi-API production block at our Panoli site. This will be a dedicated animal health block with capabilities to make multiple API's which is fungible with the flexibility to add more reactor volume to cater to additional products and volumes demand with incremental investment.

With this deal, the company has entered a niche area of chemistry and technology. The high level of transparency, capability, technological ability, and trust helped us win this business and we expect to add more products on to the portfolio with our customer over the years to come.
This breakthrough has cemented our plans of growing the animal health vertical into a significant contributor of revenues and profitability in the future years.

Hikal's portfolio include both contract manufactured animal health actives, intermediates, and own active ingredient products.

Contract Manufacturing

Our exclusive contract with a leading US Innovator company for a quinolone coccidiostat was stable in terms of volume in 2020-21. We are also supplying a key intermediate to the same customer for one of their top selling brands. We expect our share of wallet with this customer and product to grow over the next few years through our portfolio and capability expansion. We are in the process of talking to several large multinational companies on rationalising their supply chain for their animal health portfolios. We expect to add more products in the pipeline of contract manufacturing in the near future.

Own Products

Hikal holds the distinction of being the only GMP source with US VMF for a drug used to treat inflammatory dermatoses and otitis externa in dogs. We are also a leading manufacturer with US DMF of a morphinan-type synthetic agonist–antagonist opioid analgesic used for Dogs, Cats and Horses.

In intermediates space, we have developed an entire portfolio of compounds needed to synthesise several APIs in the isoxazoline group (anti tick). Several of them are made on a multi metric ton level. These are key ingredients needed to manufacture the final API's of our customers. One of these intermediates is used as a building block for an NCE (new chemical entity) molecule currently under development.

Way Forward

We continue to establish relationships with global animal health companies in the world and we are positive about the prospects of this business. Currently, we are in various stages of discussion with several global animal health companies to offer holistic and encompassed solutions to their challenges. There are multiple opportunities in the pipeline from several new and existing customers who are looking to consolidate their existing supply chain with a reliable and trusted company such as Hikal.

CROP PROTECTION

The Global Agrochemical Market in 2020

The global agrochemical market, alternatively known as the crop protection market witnessed a modest growth in the year 2020 over 2019, after recording a slight degrowth in 2019 over 2018. The conventional crop protection market (which excludes sales of seeds, as well as non-crop agrochemicals) is estimated to have reached a size of $62,036 million for 2020, growing by around 2.7% over the previous year. However, the overall market grew by 12.9%, when weighed in real terms (excluding the impact of inflation and currency fluctuations).

USD 62,036 million

Global market size of Conventional Crop Protection business

Conventional Crop Protection Market 2015-2020

	2015	2016	2017	2018	2019	2020
World Crop Protection market (USD Million)	59,120	55,777	57,497	60,875	60,402	62,036
Nominal change on previous year (%)	(5.3)	(5.7)	+3.1	+5.9	(0.8)	+2.7
Real change on previous year (%)	+12.9	(4.4)	+1.7	+7.3	+5.6	+12.9

*Restated figures Source: IHS Markit

The above table refers to the value of the market for chemical crop protection products, based on the sales of agrochemical products for crop use, including forestry and plantation crops. However, it excludes agrochemical sales used in non-crop situations. If we consider the figures for non-crops as well, the overall market grew by 2.5% during 2020, to touch USD 69,886 million.

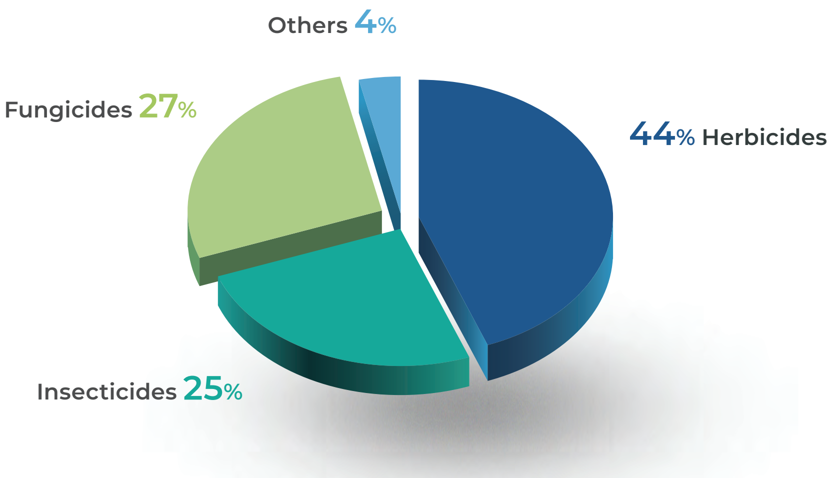
The outbreak of the novel COVID-19 pandemic in early 2020, had a major impact on the global economy, impacting both, the lives and livelihoods. However, it would be fair to say that agricultural inputs were relatively sheltered from the adverse effects of the pandemic, given its essential nature in food production that would help keep up the global food supply chains alive. With the agricultural input manufacturing and supply largely remaining excluded from lockdown restrictions, there still were some hurdles faced by the industry. These included reduced availability of migrant farm labour and subsequent soaring unemployment rates, income losses, rising food costs, issues surrounding shipment delays, reduced vegetable production in North America and so on. These factors hampered developed and developing countries alike.

There were other factors as well that had a detrimental impact on the performance, ranging from unfavourable weather, pest infestations and some currency headwinds.

Crop Protection Market Distribution

The conventional crop protection market is primarily divided into 4 main segments, namely, Herbicides (44%), Insecticides (25%), Fungicides (27%), with others adding up to the balance. The Crop protection chemicals play an important role in safeguarding crop against weeds, pests, diseases, thereby ensuring more productive outputs.

Conventional Crop Protection Market 2020 (Total = USD 62,036 million)



Source: IHS Markit

The herbicide market is seasonal, and yet comprises 44.2% of the overall crop protection market. The value of herbicide sector witnessed an increase of 2.9% touching an estimated size of USD 27,407 million. The growth of the segment can be attributed to the increased global acreage of soybean and maize as well as improved monsoon conditions in India and Southeast Asia. Markets like Australia, which were plagued by drought, reducing acreages of key crops and weed in 2019-20 season, had a much favourable year, owing to favourable weather conditions during the 2020-21 season.

Moving to the Americas, the year was largely outlined, shifting the demand away from glyphosate tolerance seeking restrictive usage of the molecule and adoption of more expensive herbicide technologies.

USD 27,407 million

Estimated size of the herbicide market in 2020

The insecticides market is facing significant regulatory pressure, with the European market being impacted by some product approvals withdrawn in February 2020 and the earlier ban of certain neonicotinoids. The year 2020 for the insecticide sector was highlighted by expanding pest pressure in the Middle East, Africa and Asia. These particularly owing to severe locust infestations and expanding fall armyworm pressure. From the Indian standpoint, the Indian Ministry of Agriculture published an order seeking to ban the import and usage of a particular class of insecticides. In spite of so many challenges surrounding the sector, the market grew by 3.1% to touch USD 15,681 million in 2020, representing a 25.3% share of the crop protection market. The growth was primarily led by the demand from the major product categories.

USD 15,681 million

Estimated insecticides sales in 2020

Insecticides and the fungicides market have seen growing adoption of biopesticides, with the leading players striking multiple deals, since the beginning of 2020. The fungicide sales witnessed an increase of 2.4% over the previous year to reach USD 16,804 million, which has a share of 27.1% of the global crop protection market. The dry weather in Europe and Australia, currency headwinds in LATAM contributed to the adverse growth, however, it was offset by favourable lower prices of generics, strong monsoon conditions in the Indo-Chinese region and expanded areas of most key crops.

USD 16,804 million

Fungicide sales in 2020

The 'Others' category makes up for the remaining 3.5% of the global agrochemical crop sales. It fell by 0.6% in 2020, to touch USD 2,144 million. It is a fairly diverse segment and is made up of plant growth regulators, fumigants and pheromones. Largely fruits & vegetables, cereals and cotton are of utmost importance in this diversified segment.

USD 2,144 million

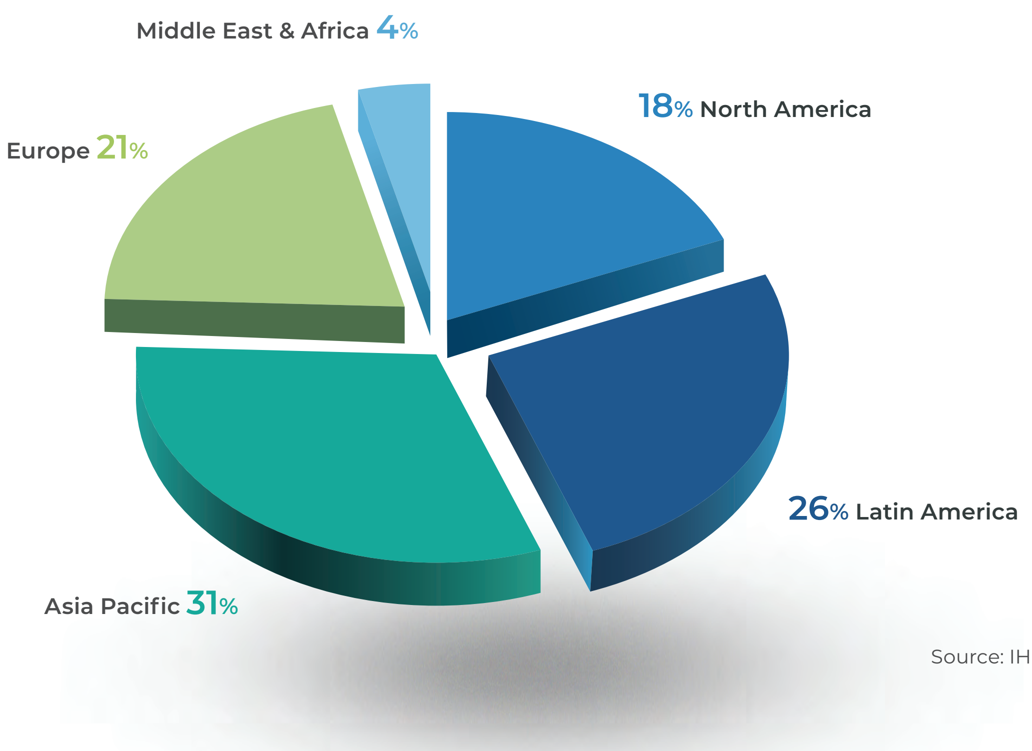
Sales of the 'Others' segment

Performance of the Global Crop Protection Market by Sector

Period	Herbicides	Insecticides	Fungicides	Others	Total CCP
2020/2019 (%)	+ 2.9	+ 3.1	+ 2.4	- 0.6	+ 2.7
2020/2015 (% p.a.)	+ 1.1	+ 1.2	+ 0.4	+ 2.2	+ 1.0
2020/2010 (% p.a.)	+ 2.1	+ 2.1	+ 3.1	+ 3.6	+ 2.4

Source: IHS Markit   CCP: Conventional Crop Protection Market

Crop Protection Market by Region 2020



Source: IHS Markit

In terms of the Crop Protection market by value, the Asia Pacific region is the clear leader, constituting to about 31% of the global crop market. Having risen in 2020 by 3.8% over 2019, it has an estimated size of USD 19,241 million.

The Latin American market continued its steady growth in 2020, rising by 2.1% over 2019 to reach an estimated size of USD 16,058 million, translating into 25.9% of the global market.
The European market is estimated to have risen by 1.6% in 2020 touching an estimated USD 12,778 million. The same now constitutes to about 20.6% of the overall market.

The North American market rebounded by 3.3% in 2020, over 2019, after having clocked a below par 2019. It now constitutes to 18.6% of the global market, with a size of USD 11,526 million in 2020.

The Middle East and the African market, remains the smallest market, making up for only 3.9% of the global market. It grew to USD 2,433 in 2020, recording a 1.6% growth over the previous year.

Global Crop Protection Market by Region and Product Sector 2020 (USD million)

Region	Herbicides	Insecticides	Fungicides	Others	Total CCP
Asia Pacific	6,947	6,553	5,085	657	19,241
Latin America	6,625	4,125	4,743	565	16,058
Europe	6,113	1,791	4,364	509	12,778
North America	6,727	2,285	2,151	363	11,526
Middle East & Africa	995	926	462	50	2,433
World	27,407	15,681	16,804	2,144	62,036

Source: IHS Markit

Key Factors Affecting the Crop Protection Market in the Next Couple of Decades

With rising urbanisation levels, and more number of people migrating and living in the cities, the amount of farmable land is witnessing a drop. The best possible way forward would entail increasing the productivity of the crops on the existing available land. The crop protection chemicals are expected to help maximise agricultural yield by eliminating pests or diseases that hamper yields. Using these shall invariably result in yielding more production per acre and thereby also lower the need to convert natural areas into farm lands. Hence, agrochemicals are expected to play a significant role going forward.

Some of the key factors that are expected to drive global growth in the next 20 years are:

Geopolitics

The political climate between any two major economies, could have a repercussion on global trade and has the ability to change pattern of global agriculture.

Technological Development

Robust Intellectual Property Rights (IPR) regimes being adopted by various nations for agricultural technology, will help foster confidence and stimulate investment in R&D, providing access to newer technologies. Technologies like remote sensing, data-based analytics, satellite imaging, artificial Intelligence (AI), Internet of Things (IoT) are likely to make farming an insight driven occupation and help them with mitigation solutions. The technological infusion is expected to revolutionise the global agriculture landscape, to make the sector highly sustainable and scalable – thereby improving overall efficiency from farm to fork.

Investment in Agricultural Infrastructure

Setting up of agriculture specific infrastructure by the respective countries, has the potential to make the sector modern and commercial. It will enable an increase in farm yield, reduce farmer risks and even farm wastages while improving market connectivity and in turn enhancing farmers' incomes in the long run.

Export Competitiveness

In addition to the infrastructural support, countries will be expected to enhance their respective export competitiveness by resolving the pending non-tariff and tariff barriers, thereby facilitating cross-border trade.

Loss of Older Products

The increasing adoption of alternative chemistries, shifting demand away from glyphosate tolerance and growing number of countries phasing out or restricting usage of the molecule; ban on chlorpyrifos and the earlier ban on the neonicotinoids in the EU, are also likely to have a bearing on the trend of the market going ahead.

Continued Growth of Generics

The share of the market attributed to off-patent products is likely to increase from a medium-term horizon, even as the rate of innovation slows down. However, from the long-term standpoint, with increasing pest resistance, loss of older chemistries, trends towards lower use rate actives with improved environmental / toxicological properties and novel modes of action is likely to lead to modest gains in proprietary market share.

Impact of COVID-19

The COVID-19 pandemic has affected multitude of industries across the globe. The impact on agrochemicals has probably remained amongst the least, however a significant one, on both the production and supply fronts. Distribution bottlenecks accompanied by short-term shortage of migrant labourers impacted the production. As a result, the production also decreased to an extent, resulting into reduced demand for agrochemicals during the pandemic. This had a domino effect on the food supply chain as well, which was highly strained owing to initial restrictions on movement of goods and people across, as well as within borders. Excessive protectionism being prevalent in many countries at the beginning of the pandemic, gradually eased out during the year. The same has brought in a reasonable market stability towards the end of the year, with some disruptions still prevalent, which have continued to keep afloat the concerns about global food security.

Future Market Outlook

Factors such as continuous advancements in modern agriculture have showcased a shift in farming practices. The advent of an era which witnessed globalisation, liberalisation, and privatisation, brought manufacturing and services under the fold of urbanisation for livelihood and consumption. As a result of this shift, there was an immense need to divert more land towards commercial and residential activities, thereby leading to a reduction in area under agriculture and related practices. With this, the trend has propelled the demand for more agrochemicals which will enable production of more food, using less land.

With newer technologies, newer product molecules aiding higher output growth, it is also supporting the cause of resolving global food security issues, thereby contributing to the United Nation's Sustainable Development Goal 2 viz. Zero Hunger. The under-penetrated countries having low per hectare consumption of crop protection products with an enhanced awareness along with the quest for using the best farming practices are all likely to bode well for the sector going ahead. Continuous efforts are being undertaken around product innovation that will help improve productivity to produce more from less and are likely to drive the consumption of agrochemicals and with that, the need for a safer and more effective usage of these products. Therefore, it is becoming increasingly important for the companies to invest in science and practices that promote sage and sensible usage of agrochemicals.

Hikal Crop Protection

The financial year 2020-21, continued to be defined by the impact of the pandemic. With lockdowns and severe restrictions in movements, the first quarter of 2020-21 was a challenging one. Owing to an uncertain environment and mass labour exodus continuing into the second quarter of 2020-21 as well, several of our orders in H1 of 2020-21 were deferred by our customers. We witnessed a real turnaround in the second half of the year, with the deferred orders of H1 of 2020-21 being executed in this period. We also had new capacities come on stream through the capex incurred over the last 18 months which led to higher revenues. Our resilience enabled us to come back strongly to touch revenues of Rs. 6,608 million from the division in 2020-21, clocking a growth of 6.5% over the previous year.

Operations

During the year, we worked tirelessly to bring our operations back on track after a challenging first half of the year. We ensured all the measures as prescribed by the government were abided by, including social distancing norms as well as the sanitisation protocols. However, with strong exodus of migrant workers, there was a subsequent impact on contract labour, which in turn, impacted our manufacturing, maintenance and capex project work thereby slowing down the production activities.

Raw Material Procurement

COVID-19 disrupted the supply chains world over. Besides, force majeures being declared by some major corporations, unavailability of basic raw materials led to an upsurge in the raw material prices throughout the year. China was amongst the first few economies to resume operations, after the pandemic set in. Witnessing a strong demand build up, while the supply side was hampered, there was an increase in the raw material prices.

At Hikal, since we currently procure about 30-35% of our raw materials from China, the increase in prices of raw materials had a negative effect on our bottom-line. Sensing the disruptions and with China's stronghold in the market, giving it the pricing power, we had already started implementing our de-risking strategy few years ago, by seeking alternate sources of raw materials. Some of the technologies and capabilities we developed in-house to create fully backward integrated manufacturing processes in key products, will help us become more self-sufficient and less dependent on any specific suppliers or geographies, in the long run.

Customer Relationships

Customers are one of the most important stakeholders for any business. At Hikal, we take pride in the fact that several of our customer relationships are more than two decades old.

We are fully committed to help our customers reduce the costs of products through initiatives such as alternative raw material sourcing, increase in recoveries, increase in yields and reduction of overall manufacturing costs. Through on-going collaborations to improve processes, we share the benefits with them. This does not only build more confidence towards us in the minds of the customers, but also helps in strengthening our relationships with them further and create business sustenance.

CAPEX

We have a robust capex plan in place that is aimed at increasing capacities for some existing and several new products in various stages of the pipeline. We have been also investing towards increasing throughput, and debottlenecking of our existing manufacturing capacities. This will enable us to upscale yield and increase productivity. All the efforts and investments that have been carried out over the last couple of years, have started yielding results in the form of new enquiries coming in and volumes of existing products going up.

We believe that sustainability is imperative towards business sustenance. Hence, we have also carried out significant investments towards ensuring sustainable business operations.
Our investments in creating zero liquid discharge facilities shall help achieve this objective. Discussions are also ongoing for acquisition of more land parcels at the sites where we would like to expand. All these investments shall not only help us set up more facilities and capacities, but also facilitate production of more complex products at the same time utilising a shared and common infrastructure. This in turn will help us cater the growth opportunities and even target new launches in the long run.

Products

The sales of a Fungicide product, one of our oldest crop protection products, maintained a stable performance during the year. We have witnessed a gradual increase in production year on year. While broadly, it is used in seed treatment for fruits and vegetables to control fungal diseases, it is also used for post harvest applications. And, with limited players in this space, coupled with a continuous strong demand, it is likely to bode well for Hikal in the long run.

During the year, we developed and commercialised a fungicide for a Japanese customer, who was in desperate need of the product as a result of a severe supply chain situation. We developed the product for the customer in two and half months, while establishing full scale commercial production in three months' time. The product has recorded positive sales volume for the year and is expected to grow in the coming years.

Our Biocides and Speciality chemicals business continues to contribute to around 20% of our Crop Protection vertical, which is in line with our strategic objective of further diversification.
These chemicals are generally performance chemicals that involve value addition to the formulated finished products and hence have long gestation periods. These undergo multiple trails and are highly regulated for registrations. These products have a wide spectrum usage which potentially leads to larger volumes. We foresee a strong potential to grow this diversified business within the crop protection segment.

We commercialised one new molecule in the segment last year and have a pipeline of products at various stages of development. With the growing 'China-plus-one' sentiment, various customers across the globe are looking at de-risking their supply base and it bodes well for our company in terms of future potential.

Our CDMO portfolio constitutes over 70% of the Crop division's sales turnover. The CDMO business grew in both volume and value this year. We have a strong pipeline of new products and opportunities in both actives and advanced intermediates. We have successfully launched 2 new CDMO products – one for a Japanese customer and one for a UK based customer. We are expanding our asset base and creating flexible manufacturing capacities to cater to the new enquiries which are flowing in.

We are developing a niche portfolio of proprietary products with differentiated technology. Through a rigorous selection process, we identify products that are high in value and have a healthy margin potential. These products are for both global and domestic supply where we see a significant opportunity. We have developed two molecules which are in advanced stages of registration, with global launches. Our objective broadly entails, creating products that have complex chemistry and technology and full backward integration so that the entire supply chain is under our control.

Continuing to expand our own product portfolio, we registered a new fungicide in markets like Australia and Paraguay and are now aiming to get the product registered in India as well. We are registering these products in various countries with our partners. In addition, there is another product at a late development stage which has a significantly large business potential. We are in the process of engaging in some long-term agreement discussions with several partners, having already filed for registrations in multiple countries.

New Product Development

In line with our growth charter and the various strategic initiatives being undertaken at the organisational level, we have always believed that the next level of growth will come from development and scaling of new products as they move from the lab to the production plants. Our R&T team is spearheading this approach as several new products are being added to the pipeline, with each product being capable of significantly contributing to the topline as well as the bottom line.

Strategies for the Future

As an organisation, we have witnessed a strategic shift in the past few years. In line with this, there have been significant changes in our thought process. As a Company, we started as a CDMO, however in the recent past we have diversified our product offerings and are now creating a mix of specialised products and solutions. We are not restricting ourselves to only products used in the crop protection fields. Our smoother transition into the Animal Health business, many may not know, is an extension of our crop protection business. For instance, there are some common chemicals which kill pests under crop protection, and the same chemicals are used in animal health products as well to kill the ticks on the animal's bodies.

In line with the diversification approach, we have even started our journey into speciality chemicals like biocides, with an aim to create a separate vertical in the future, once the business reaches a significant scale.

In terms of the regional reach, we are focusing on the expansion of our Japanese business to drive the CDMO vertical, while developing other geographic areas. On the operational front, we are undertaking lots of efforts to bring operational efficiencies, lowering our carbon footprint, energy conservation, and overall ramping up long-term sustainability initiatives to create value for us as well as for all our stakeholders.

To increase our throughput, we are also training our employees through our business excellence initiative – HIBEX, promoting excellence across all business functions. We are also moving towards zero accident policy for creating a safe and a conducive environment.

Outlook

Going forward, the crop protection division is likely to continue its growth charter, with the momentum it has gathered in the past two quarters. Our growth is likely to be on the back of new product launches, increased throughput, new capacities coming on stream, cost rationalisation and efficiency improvement measures undertaken in the past couple of years. These coupled with a healthy product pipeline, a resilient & diversified business model in place, puts us in good position to benefit from the Chinese supply side disturbances, now coming to the fore. India stands to benefit immensely, on account of the lower cost advantages, improved manufacturing, research, and technological capabilities. The country is further expected to capture higher market share of the Crop Protection products owing to its emergence as a global supply chain preference. This will further drive business prospects and opportunities for Hikal.

We will continue seeking more opportunities in the regulated as well as semi-regulated markets, especially for our own product portfolio, while our speciality chemicals portfolio drives the next level of growth. We will continue to leverage our brand, diverse product portfolio, expertise, distribution network, manufacturing and R&T capabilities, to cater to a larger set of partners worldwide. We also aim to work along with the right collaborators, bringing in more value to our products and thereby, significantly adding to the bottom line of the Company.

We are on track to deliver sustainable growth with a lot of capex coming on-stream, new large-volume products getting launched and a faster ramp up, despite the cyclical nature of the business. The weather conditions, distributor inventory, supply side flows and confidence of the customers are also going to help drive the course of our business.

Being a Responsible Care Certified Company brings along a lot of responsibilities towards maintaining high environmental standards. It is our endeavour to continue doing so, while maintaining the highest quality standards besides achieving business excellence.

RESEARCH AND TECHNOLOGY

At Hikal, we innovate and create solutions to complex chemistry problems, using skill, technology, scientific research and experience. We have consistently invested in Research and Technology (R&T) by adding advanced technologies and expanding our process capabilities to provide cutting-edge innovative solutions to our clients. Our aim is to harness science and technology to create world-class as well as sustainable products and solutions for all our internal as well as external customers. This enhances productivity of our sites and profitability of our businesses. Our expertise in process development, technology transfers and manufacturing drives our growth, and gives us a competitive edge.

Innovation is one of Hikal's core values and our R&T centre fuels the drive for innovation across the organisation. Every year, we invest 3-4% of our total annual sales in R&T to develop more efficient, cost-competitive and environmentally friendly processes.

We are continually focusing on backward integration of raw materials and improvement in processes. Backward integration of the key raw materials is a strategic decision to reduce supplier concentration as well as geographical dependence. It will help us develop new alternatives and reliable raw material sources to ensure supply chain security in both our businesses. Having multiple sources of supply will ensure uninterrupted raw material supply and business continuity for our customers. We are investing in captive production, which will lead to greater cost efficiencies. We are also expanding capacities and investing in new laboratories, lab equipment and mini plants to ensure the scale up of our pipeline products is efficient and delivery is on time, every time.

Hikal has established itself as a technology driven and reliable supplier of active ingredients as well as advanced intermediates across the pharmaceutical and crop protection industries. The next big area of interest for us is the animal health business. Having experience in the crop protection as well as human health API, the animal health API is a natural extension of it. One of the biggest highlights of the year gone by was that we signed a large, long-term contract with an innovator animal health company. Hikal will engage in end-to-end work, right from product development to commercial production. Two dedicated labs have been set up for this division, and additional scientists have been hired. With the expansion of our product offerings, we would have more than 250 scientists at our R&T centre in FY22.

Key Highlights of the Year

Filings

With respect to regulatory filings in the pharma segment, our R&T team has filed three US DMFs, completed two CEP filings, five CEP amendments and three US DMF amendments. The filing of the COVID-19 drug Favipiravir remains the biggest takeaway of the year. We developed the API in a record time, which is a testimony to our efforts to provide high-quality medicines globally. We have also filed a DMF for the product.

Under crop protection, we concluded global registrations for four products and commercialisation has been completed for three of them. Further, we continued the process development and cost optimisation work for two new fungicide products that we plan to commercialise over the next few years.

Macrolide Chemistry

By delivering a project and synthesising a complex KSM in-house, we extended our development capabilities with macrolide chemistry. This enabled Hikal to venture into this niche complex chemistry. We have also filed patent for a process using this chemistry.

Backward Integration

We have achieved backward integration of key raw materials in several products. We developed the technology to produce key raw materials for which we were dependent on a single geography or where we had faced quality issues from the suppliers in the recent past. This has added more security and stability to our supply chain. It will help us ensure cost leadership position for our products globally and will play in well with our strategy of proactive life cycle management.

Organophosphorus Chemistry

We developed and delivered a commercial project utilising organophosphorus chemistry, which again has extended our R&T as well as manufacturing capabilities in this complex & niche chemistry. We have filed a key patent for a process using this chemistry.

Boronic Acids Chemistry

Boronic acids and boronic esters are used widely in organic chemistry as chemical building blocks. The compound that we prepare in boronic acids are advanced intermediates that find application in numerous APIs and in other AIs. After delivering the project with boron chemistry, we are geared up to receive a commercial order from our customer for higher volumes.

Designing Synthetic Routes for Custom Synthesis

Customer inquiries are evolving with time. Earlier, many clients used to share a complete technology package with information on how to synthesise the required molecule, the procedures and analytical methods. However, increasing number of customers now only provide some very basic information such as the CAS number or the molecular structure. They bank on our expertise to propose the most-feasible synthetic route, as well as to develop the relevant analytical methods. With new chemical entity (NCE) molecules, Hikal has successfully delivered novel processes of such molecules in timely manner, by designing the routes of synthesis, screening these in the lab and finalising on the best route from an economic as well as sustainability perspective. We have a strong pipeline of projects across various phases from global innovator customers that we hope to commercialise in the years to come.

Addition of a Mini Plant for More Efficient Simulations and Scale-up

We will commission a new mini plant this year at our R&T location in Pune. The purpose is to demonstrate the process prior to scaling up the product in our commercial plants. This was earlier carried out in our labs. The reaction vessels in the mini plant are a replica of the main plant with similar geometry but much smaller in size.

The plant also houses a simulation plant, with similar reactors and software to simulate the processes from a safety, efficiency and efficacy perspective. The mini plant will safeguard us against major failures and help identify issues before any molecule is scaled. It will further simplify technology and knowledge transfer from R&T to our commercial sites. This will promote first time right scale up and production, lower lead times and better utilisation of our capacities.

Scaling Up CDMO

We are adding more reactors at our Unit-2 development and launch plant at Jigani. This will boost capacity, bring in more flexibility for scaling up; and deliver more projects for the CDMO vertical. This asset has been specifically designed keeping our CDMO innovator customers in mind with flexible manufacturing capacities and a wide range of capabilities to handle complex multi-step custom synthesis projects.

Study and Validation of Nitrosamine Impurities

We have also invested in High Resolution Mass Spec (HRMS) instrument this year. It is critical instrument for the study and validation of Nitrosamine impurities. These impurities are formed during the development and manufacturing of certain APIs under certain conditions; and lately have been a cause of concern globally. The study and validation are crucial in the API process development. The study and validation were outsourced prior to bringing this capability in-house. With this investment, we expect to further speed up the development of our new filings.

Solid State Lab

The process safety lab - solid state lab - is an intellectual asset of Hikal. It helps in generating safety data that enable us to identify process hazards. Additionally, the lab plays a huge role in identifying polymorphs, solvates, cocrystals and others for a given molecule. It gives us insights on scalable crystallisations and adds value to complex molecules with challenging physical properties. The solid-state lab has been a strong support in US DMF filings as well as for CEP amendments. It has strengthened our processes related to products' physical attributes for commercial use and those under development across both our business verticals.

Wealth from Waste

To generate value from the waste and to strengthen our efforts in green chemistry, we set up a lab at our facilities, which will work exclusively on waste treatability studies. We have a group of dedicated scientists that are continuously working to monetise the waste streams from development to commercialisation. This team studies the waste streams coming from the processes, characterises them and suggests the best path forward towards its treatment or recovery, which can then get implemented at our manufacturing facilities.

In one of the cases under crop protection, our R&T team successfully converted a di-bromo impurity into the final desired product. The di-bromo impurity in the final product was ~20% and physically removing the impurity was causing a significant reduction in overall yield of the final product. Our R&T team chemically converted the impurity into the desired product, serving dual purpose of improving throughput and reducing waste. Our wealth-from-waste programme helped us achieve the milestone.

In some of our products, we were able to convert the by-products generated through the manufacturing processes into raw materials or co-products, which could either be used for captive consumption or sold separately. These initiatives are driving cost efficiencies and leading to enhanced yields while contributing positively to our sustainability initiatives.

Process Improvement

Our focus on green chemistry has significantly reduced process times, minimised consumption of solvents and energy, helped in recycle and reduce waste, thereby minimising the impact on the environment.

Milestones Achieved in this Area in the Last One Year

- In one of the projects in CDMO, where we successfully replaced the organic solvents with water and arrived at the same results accurately; This helped us save cost while taking a greener approach
- In another CDMO project, we reduced the time taken for a particular reaction from almost 60 hours to 12 hours, thereby significantly improving the efficiency of the process leading to an increase in throughput and a reduction in cost
- In one of our commercial products in CDMO, we successfully reduced a three-stage process to two stages; The cycle time was reduced to half and the overall reagents required were drastically lowered; Eliminating a stage of synthesis is a huge achievement considering it enhances productivity and minimises the waste; This process will soon get implemented on a much larger scale

Apart from these, we have taken other initiatives under our business excellence program highlighted under the section 'HIBEX'.

Outlook

As we embark on the journey of transformation and delve deeper into business excellence, we aspire to emerge even stronger. Keeping sustainability at the forefront of everything that we do, we will make R&T the facilitator and the business development team our guide to deliver high-quality products & services to our customers globally.

Product Strategy

Evolve traditional products further and identify products that help us leapfrog over competition

Carbon Footprint Reduction

Newer, greener technologies to reduce carbon footprint

Technology Outlook

Invest in technology to improve processes, enhance yields, decrease impurities and reduce overall costs

Supply Chain Resilience

Continue efforts towards backward integrating commodity products

Long-term Projects

Convert contract development projects into exclusive long-term manufacturing opportunities

Waste Management

Prevention of waste generation through the application of green chemistry princeples

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

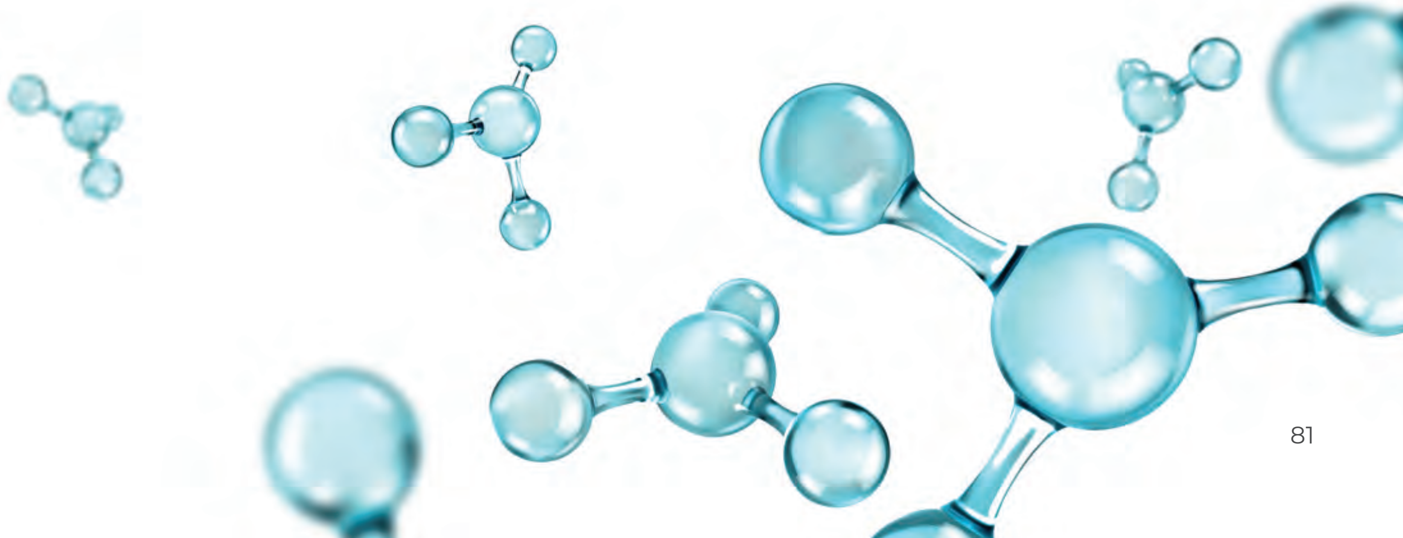
On the active ingredients front for both our Pharmaceuticals and Crop Protection businesses, we understand that we will need to identify and develop new products as early as possible to give us the early mover advantage which will, in turn, give us access to more customers and bring in higher margins. We have already developed a competitive portfolio across both our divisions. As part of the philosophy to either evolve legacy products further or identify products that would help us leapfrog over our competition, we anticipate our R&T spend in the range of 3-4% of sales in the near term, which may gradually increase in the future. This will create and build a strong pipeline of products as well as differentiated technologies.

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

On the raw material front, we will continue our efforts towards backward integrating the key raw materials needed for our legacy as well as new products under development to reduce dependencies on other countries.

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

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



FINANCIAL PERFORMANCE

Revenues

Hikal achieved a good operating result in a demanding environment overcast by the COVID-19 pandemic. Hikal recorded a total revenue of ₹ 17,204 million as compared to ₹ 15,073 million in 2019-20 – a growth of 14.1%. The Pharmaceutical division recorded a growth of 19.5% in revenues from ₹ 8,869 million in 2019-20 to ₹ 10,596 million in 2020-21, whereas the revenue from the Crop protection division recorded a growth of 6.5% from ₹ 6,204 million in 2019-20 to ₹ 6,608 million in 2020-21.

The growth in the revenues in 2020-21 was driven by robust volume growth in key established products and by strong performance in newly commercialised CDMO as well as own products across both divisions. In addition, we also successfully captured various new markets for our products across both our businesses. Our business excellence initiatives to increase the throughput of our existing production facilities enabled us to achieve part of this growth in volumes.

Despite a challenging FY 2019-20, Hikal has delivered a robust revenue CAGR (Compounded Annual Growth Rate) of 13% for both Pharmaceutical and Crop Protection businesses, and also at the overall company level.

Cost Rationalisation

This year the company has undertaken various business excellence initiatives under the brand name “HIBEX” to ensure cost rationalisation and productivity throughput improvement. This has resulted into higher output from existing facilities, thereby increased economies of scale, resulting in higher margins at contribution as well as EBITDA levels. The ongoing initiatives of business excellence will add additional benefits on cost and throughput in the coming years.

EBITDA and EBIT

The Company recorded an EBITDA of ₹ 3,229 million for the current year, compared to ₹ 2,731 million recorded in the previous year, registering a decent growth of 18.2%. Over the years, we have seen a consistent growth in our EBITDA with the 5-year CAGR being 14.7%.

Our EBITDA margin for the current year was 18.8% as against 18.1 % last year – an increase of 70 bps. The initiatives on cost rationalisation aided by a favourable product mix and increased volumes resulted in the improvement in margins.

The Pharmaceutical division recorded an EBIT of ₹ 1,699 million in 2020-21, from the ₹ 1,275 million recorded in the corresponding period in the previous year. The Crop Protection division recorded an EBIT of ₹ 1,033 million in 2020-21, in comparison to ₹ 997 million recorded in 2019-20.
The corresponding EBIT margins for the Pharmaceutical and Crop Protection segments stood at 16.0% and 15.6%, respectively.

Net Profit

The reported Net Profit for the year stood at ₹ 1,332 million during 2020-21 as compared to ₹ 844 million recorded in the previous financial year which is a healthy growth of 57.7%. The net profit for the company has delivered a robust CAGR of 26.4% over the last 5 years.

Working Capital, Debt Reduction and Interest Cost

The net working capital stood at ₹ 5,226 million (109 days) as against ₹ 4,517 million (108 days) last year. This minor increase was due to higher revenues in second half of the year. More efforts are being put in to further optimise our working capital.

The company continued its efforts towards reducing the debt to an optimal level. We improved our net debt/ equity ratio from 0.7x last year to 0.6x this year. The net debt/ EBITDA ratio also improved significantly from 2.1x last year to 1.8x this year. We will continue our efforts to bring and maintain our debt at optimal levels for our business.

The interest cost was ₹ 362 million as against ₹ 524 million last year. This is primarily achieved due to better utilisation of working capital facilities, overall reduction in debt levels and reduction in interest rates.

Improving Returns

After a dip in the year 2019-20, we have seen a significant improvement in our return ratios – Return on Capital Employed (ROCE) and Return on Equity (ROE) in the year 2020-21. The Company generated a higher ROCE of 16.1% for the year as compared to 12.5% in the previous year. The ROE also showed an improvement and was at 15.2% for the year as compared to 10.7% in the previous year. We expect our return ratios to consistently improve year or year.

Ratios

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements), (Amendment), Regulations, 2018, none of the key financial ratios i.e. Debtors Turnover, Inventory Turnover, Current Ratio, Debt Equity, Operating Profit Margin, Net Profit Margin exceed the threshold of 25% or more as compared to the immediately preceding financial year.

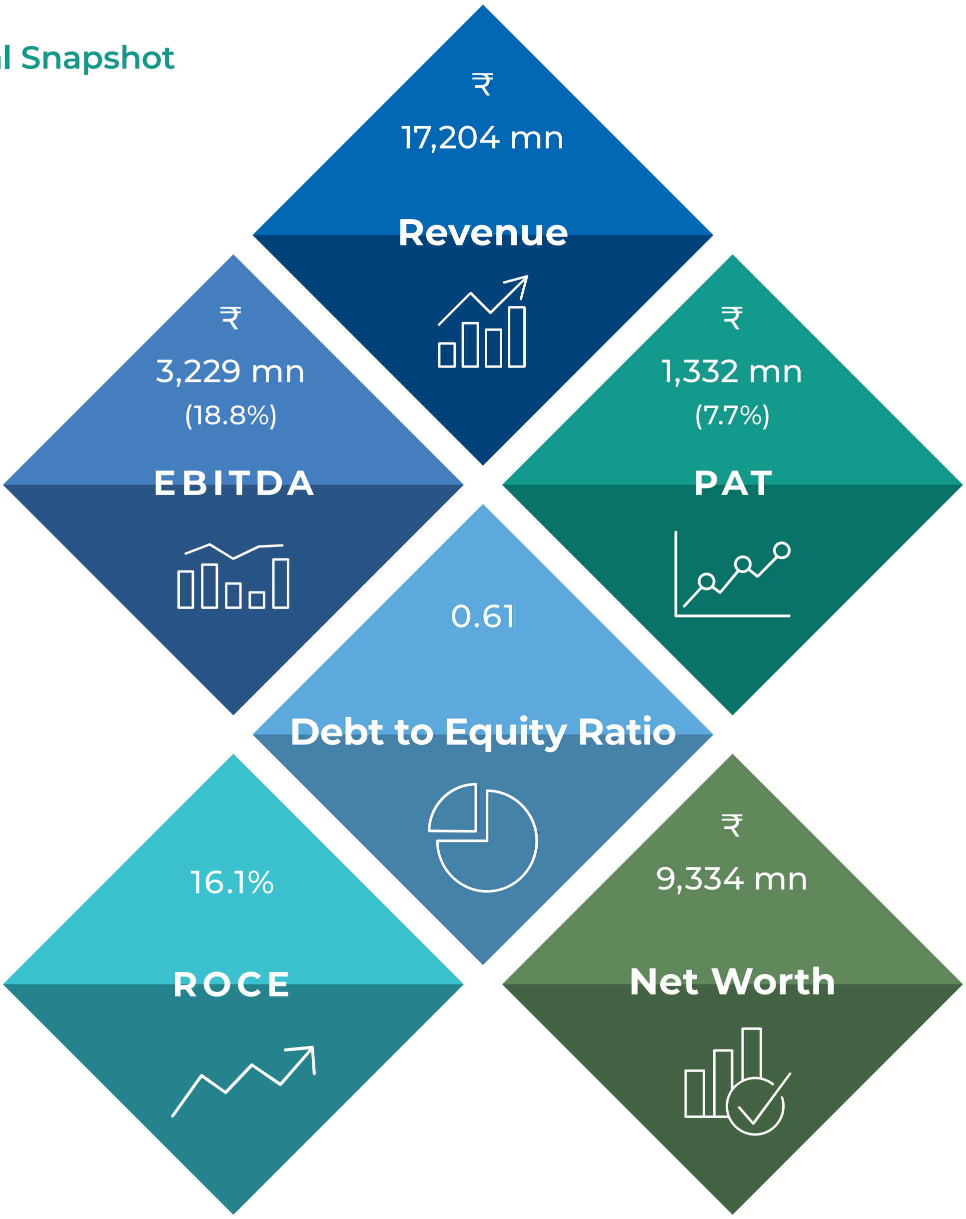
	Unit	2021	2020	Variance	Reason if Variance is More Than 25%
Debtors Turnover	Months	3.43	2.75	25%	Higher sales in H2
Inventory Turnover	Months	1.89	2.52	-25%	Better inventory management
Interest Coverage Ratio	Times	6.70	3.41	96%	Higher profits and lower interest costs
Current Ratio	Times	1.34	1.30	3%	Marginally improved
Debt to Equity Ratio	Times	0.61	0.71	-14%	Higher equity and lower debts
Operating Profit Margin (%)	%	19.1%	18.4%	4%	Improved margin profile
Net Profit Margin (%) or Sector-specific Equivalent Ratios, as Applicable	%	7.7%	5.6%	38%	Improved margin profile and cost rationalisation
Net Worth	Million	9,334	8,165	14%	Corresponding to profits for the year

Capex

Last year the company had undertaken the combined capex programme of ₹ 3,000 million across both the divisions, which got delayed due to the pandemic and only ₹ 1,576 million was spent. The company plans to complete the balance capex plan this year and additionally plan to invest around ₹ 2,500 million towards capacity addition and upgradation of infrastructure across facilities.
The capex is targeted towards multi-product plants across both divisions providing us with the flexibility to manufacture several products concurrently. This makes us confident of improving our ROCE going forward. We expect the new capacity addition, post the current programme to be fully utilised within 1-3 years post commissioning. The current capex programme would have a blended asset turnover of approximately 1.5 times, once completed and ramped up successfully.

Out of above capex plan approximately 15% will be spent on strengthening/ expansion of our infrastructure and technology.

Financial Snapshot




global
sourcing

ENVIRONMENT, SOCIAL & GOVERNANCE

We are committed to doing business in a responsible, safe and efficient manner as becoming an integrated sustainable Company is key to our long-term success. At Hikal, we believe we are successful when our products, solutions and technologies add value to the stakeholders, environment, economy and society at large. We deliver long-term value to our stakeholders by embedding Environmental, Social and Governance (ESG) into the core of our business strategy and operations. Our people are our greatest strength and are vital to our success.
We aim to ensure our employees grow and develop professionally at a sustainable pace. We provide them a safe, nurturing and empowering workplace to ensure their well-being.

We have started our journey to integrate our business with our ESG Strategy in order to better understand the needs of our stakeholders, colleagues, partners and communities in which we operate. We are creating an ESG strategic framework with dedicated people which will institutionalise the ESG efforts across the Company.

Environment

Energy Conservation

Hikal is committed to conserve energy and increase the proportion of energy sourced from renewable resources.
To enable this, ENCON (Energy Conservation) committee has been constituted for ideation, implementation and tracking of these initiatives at all sites across Hikal.

Environment Protection

At Hikal, we strive to conserve valuable natural resources such as water and air as well as work towards continuously reducing our carbon footprint to minimise the impact on the environment.

Waste Optimisation

We have established responsible practices for reducing waste generation at the source along with safe and secure waste recycle, treatment and disposal. We have also started 'Wealth from Waste' initiatives to turn by-products into co-products.

Social

Health and Safety

High standards of health and safety considerations are a basis for how we do our work. We are committed to protecting our employees as well as promoting their health and well-being.

COVID-19 Response

We have numerous programs focused on strengthening the awareness and precautions to make employee health & safety more robust. We have also been supporting the community as well as various government agencies and playing a crucial role in the fight against ongoing COVID-19 pandemic as a manufacturer of Favipiravir.

Employees

We believe people are the biggest assets of our Company and are critical to drive growth, efficiency, and productivity. We have been recognised as a Best Employer brand, both by national as well as international bodies and associations, attracting and retaining the right talent.

Corporate Social Responsibility

Our CSR program, 'Srijan', is an integral part of the Company's sustainable growth and development. Being a responsible corporate, our CSR initiatives are implemented keeping in mind human rights, community, environment, and the society. These initiatives have been recognised by various national CSR forums.

Customers

Customers are the focal point of our Company. Being 'Customer Oriented' is one of the core values imbibed in all our employees.

Governance

Corporate Governance

Hikal's Board of Directors views corporate governance in a detailed manner with main objective being creation of and adherence to a corporate culture of sustainability, transparency, and integrity.

Risk Management

We have a robust business risk management framework in place that enables regular and active monitoring of business activities for identification, assessment, and mitigation of potential internal or external risks.

Responsible Sourcing

Hikal has a responsible supply chain policy aimed at sustainable sourcing of raw materials.

Quality Governance

We operate a Quality Management System with clearly defined procedures, that meets or exceeds customer requirements as well as international standards such as ISO and regulations.

Sustainability

Sustainability is one of the culture pillars for Hikal and our organisation has laid the foundation for inclusive and sustainable growth since its inception. We are committed to building long-lasting relationships based on trust and respect, with our customers, investors and employees, whilst using chemistry, technology, and sustainable processes in harmony with the environment.

We were the first Indian life sciences custom manufacturing Company to receive the Responsible Care® certification governed by the International Council of Chemical Associations (ICCA) in 2012 and have been recertified till 2022.

We are reducing our energy consumption and carbon footprint, while focusing on further increasing the usage of renewable energy resources. We have also worked on multiple community investment projects across the locations wherein we operate.

Environment

Sustainability is a key pillar to the culture we have pledged to embrace. In part, this means striving to create a positive environmental impact through reduction of our carbon footprint, conservation of energy and valuable natural resources such as water and air, as well as an effective management of waste.

We are a signatory of Responsible Care® and ISO 14001. Our comprehensive environmental, health and safety (EHS) policy ensures that the interests of all constituents are safeguarded.

Our R&T division drives sustainable growth by implementing solvent recovery processes, photo oxidation, and conventional biological treatment for effluents.

- **Energy Conservation**

  Energy consumed for manufacturing is one of the major contributors to our climate-relevant emissions. We therefore have implemented a systematic approach towards energy conservation program.
  - Increased use of renewable sources of energy
  - Optimisation of operations related to generation, distribution, and usage of utilities
  - Increased recovery of energy and resources, wherever possible
  - Tracking and monitoring the use of energy across all sites

  The committee has so far identified various projects with potential of delivering numerous environmental benefits as well as significant annual savings. Some of these key projects include:
  - Increasing the use of hybrid solar power
  - Improvement in the process of steam generation
  - Replacement of steam jet ejectors with dry vacuum pumps
  - Installation of auto valve (Delta T Control) at Heat Exchanger utility supply line
  - Installation of variable frequency drives (VFDs) and motion sensor technology
  - Improved efficiency in manufacturing processes

- ## Environment Protection

I. Water

Water is used for a variety of purposes across manufacturing for heat transfer, cooling, steam generation, washing, and as a product ingredient.

Various water conservation initiatives are being undertaken during the year such as,

- Improved steam condensate recovery and recycle
- Improved efficiencies in manufacturing processes
- Reduced water consumption for cleaning of carboys, to name a few

Additionally, we continued to oversee the maintenance of Konasandra Lake, located near our Jigani plant, which was rejuvenated by Hikal in FY19 under one of our CSR initiatives. This project has made a significant environmental impact which is evident from the betterment of flora and fauna in and around the lake. We continue our activities around the lake, such as tree plantation and periodical maintenance of trees.

Before rejuvenation

After rejuvenation

II. Air

The air quality at all our manufacturing facilities is managed through stringent process controls and technologies. Further, with our environmental goals in place, we are actively switching to alternate energy sources such as solar and wind, as well as cleaner fuels such as natural gas and briquettes – agro based fuels which are carbon neutral and are more environment-friendly as compared to the traditional fuels used in the manufacturing industry.

III. Carbon Footprint

We have put a significant effort to reduce our overall carbon footprint by implementing various initiatives. We continuously monitor the data of our direct carbon emissions (use of fuel) as well as the indirect carbon emission (use of electricity) across our sites and have taken several steps to effectively reduce both.

At many of our sites, we have replaced fossil fuels with briquettes and have planned to install briquette boiler at the remaining sites as well. We also actively monitor and manage the carbon footprint in transportation.

- ## Waste Optimisation

Hikal offers solutions across the life sciences value chain with manufacturing facilities in India. Manufacturing facilities generate hazardous and non-hazardous wastes, which are processed and sent to approved waste disposal sites for incineration or to cement industry to use as co-fuel or else to secured landfills as per the permitted conditions.

Hikal focuses on end-to-end optimisation of waste – from reduction of waste at source, to state-of-the-art waste treatment facilities as well as safe and secure recycle, reuse and disposal of waste across its facilities.

I. Emissions & Effluent

Greenhouse gas (GHG) emissions are main contributors to global warming, thus affecting the climate globally. Our objective is to continuously monitor, control and reduce such emissions.

II. Effluent

Effluent treatability studies are carried out for all new products to ensure selection of right technology for treatment of generated effluent. In the year 2020-21, we invested ₹ 150 mn CAPEX for enhancing our effluent treatment capabilities across sites.

III. Wealth from Waste

We also have a "wealth from waste" program which focuses on reduction of waste discharge or alternative discharge, in turn reducing disposal cost and environmental footprint.

Diverse initiatives are being undertaken with significant potential for recurring savings, some of which are:

- Reduction of waste and recycle of packaging material
- Yield improvement through recovery of products from waste streams
- Turning by-products into co-products
- Incinerable waste reduction

Social

We believe that people are the foundation of our Company, and that is why we focus on making a significant social impact in everything that we do. We provide our employees with safe workplaces, care for their well-being and encourage their involvement in creating a positive working environment. We also offer many opportunities for our employees to improve their skills and grow in their careers.

We aspire to be a good corporate citizen by supporting projects for education, environment, and health. We engage in a wide range of initiatives to deliver benefits to the communities in which our employees and their families reside.

- **Health and Safety**

  High standards of health and safety considerations are a basis for how we do our work. We are a signatory of OHSAS 18001 and have a robust Health & Safety Policy in place.

  We undertake numerous programs to motivate safe practices within our Company such as:

Surakshapath
The behaviour-based safety program is branded as Surakshapath, to promote a culture of safety as well as identify at-risk-behaviour of people and correct the same on the spot to avoid any incident at workplace; One employee per 10 employees have been identified as SURAKSHAKARMI; Surakshakarmis have been trained for intervening in unsafe behaviour of another employee

Monthly EHS Theme Program
This program focuses on various important aspects of EHS; Every month EHS theme is selected for organising program to enhance knowledge and competence of employee; enhance facilities efficiency through inspection/upgradation/audit

One Minute for Safety
This program is designed to improve knowledge about safety and enhance the safety culture; Every week employees assemble at a common place to discuss about some incident for learning

Learning From Incident
A mail is sent to all the employees educating them about the past incident and learning a lesson from such incident

MySetu EHS Portal
Online near miss and incident reporting system; any employee can report an unsafe act or a condition

Employee Wellness Program
Ojas, categorically focuses on strengthening the awareness and precautions to make employee health & safety more robust

- ## COVID-19 Response

We all witnessed unprecedented challenge of COVID-19. Hikal facilities kept operating throughout the pandemic in 2020 as they were defined "essential".

Hikal is playing an important role in the fight against ongoing COVID-19 pandemic as a manufacturer of Favipiravir Active Pharmaceutical Ingredient (API) and its intermediates.

Internally a task force was created at every site to measure the effectiveness of the safety measures and protocols. They monitor and conduct periodic audits, which facilitates reinforcement of the precautionary measures.

I. Ojas: Employee Wellness Program

Since the FY 2020-21 was impacted by COVID-19, hence all our programs focused on strengthening the awareness and precautions to make employee health & safety more robust.

Preventive Measures for Employee Safety

- Regular sanitisation & fumigation, thermal scanning at all our site entry and bus boarding points, social distancing, steam inhalation facility within the sites, periodic SPO_2 measurement, double masking, among others
- Immunity boosters approved by the Ministry of Ayush, steam inhalers, masks and hand sanitisers were given to all the employees
- RT-PCR testing for all the employees at regular intervals and contact tracing of positive cases
- Affected employees and their primary contacts are being advised to refrain from reporting to work till they fully recover

COVID-19 Awareness Programs

- A detailed 'Post Lockdown Guidelines Manual' and creative posters were launched as well as circulated to all employees
- Awareness sessions were organised for all the employees through registered medical practitioners
- In order to manage stress and exhaustion during the lockdown, pranayama and meditation sessions were organised for the employees along with their family members
- COVID-19 behaviour awareness sessions are conducted periodically through plant paging system

Strengthening Internal & External Medical Facility for Employees

- Internal capability at the Occupational Health Center (OHC) was made robust
- Oxygen cylinders, oxygen concentrators, medications, etc were arranged in the OHC as a preventive measure
- Isolation room was also set up in the OHC as an additional precautionary measure
- Alliances were made with local COVID-19 care centres and hospitals across all sites for providing emergency care and treatment when required by an employee

Measures for COVID-19 Process Control & Audit

- A task force created at every site to ensure effectiveness of the safety measures and protocols
- Task force is responsible for daily monitoring and also conducts periodic audits which facilitates reinforcement of the precautionary measures

Preventive Health Policy Measures

- Under the existing Group Mediclaim Coverage - Group Personal Accident Policy, Hikal engaged with the Insurance Company to extend the COVID-19 protection insurance to all employees
- Hikal has partnered with an Insurance Company to facilitate the Group Term Life Insurance Policy for all the permanent Hikal employees; the policy covers the entire medical cost which, shall be borne by the insurance agency

Vaccination Drive across Sites

- It is mandatory for everyone working at Hikal to get vaccinated at the earliest
- In the FY 2020-21, the Company facilitated the same for employees in 45+ category through partner hospitals and health authorities

II. Society Initiatives

- As mentioned in the previous year, Hikal contributed ₹ 1 crore to the PM Cares Fund and every employee contributed a day's salary to the three states' CM's Relief Fund, wherein the Company added significantly to make the contribution sizable.
- Hikal donated 750 PPE kits to organisations such as IAHV and CII foundation. Workers of Thane Municipal Corporation (TMC), Navi Mumbai Municipal Corporation (NMMC) and Nashik Municipal Corporation used them.
- Hikal donated 600 masks to Chatrapati Shivaji Maharaj Vastu Sangrahalaya (CSMVS), Mehli Mehta Music Foundation (MMMF), National Centre for the Performing Arts (NCPA) and St. Judes Childcare Center, Mumbai.
- Relief work undertaken by Hikal sites:

- Hikal Pune distributed grocery kit containing 750kg rice, 500kg wheat and 100kg tur dal to Hinjewadi police station for migrants. A total of 500 N-95 masks and sanitisers were also distributed to the police officials.

- Hikal Jigani distributed ration kits in the nearby villages through Rajapura Veerashyva Mata, Anekal Tq., Additional Drugs Controller office and Customs office.
- Hikal Panoli donated 12,500kg wheat to Umarwada, Panoli and Sanjali villages and 2,100 litres of sanitising liquid to sanitise the local area in the villages. Donation was also made to the Panoli Industries Association Welfare Fund.

- Hikal Taloja organised a relief camp in which grocery kit was distributed to 500 migrant labourers in Ghot as well as Tondre villages and also to 200 contract workers. Grocery kits were also distributed to the MIDC police station.
- Hikal CBD Belapur distributed grocery kits containing wheat flour, pulses, rice and vegetables to about 100 daily wage workers living in the slums of CBD Belapur.

- Hikal Mahad donated 4,000kg of rice, 2,000kg of pulses and 1,000 litres of cooking oil to the underprivileged villagers of Mahad through the local MLA. A total of 130 ration kits were also distributed to underprivileged families at Ladvali village, a village near Raigad fort area, and also separately through Deshmukh Kamble Gram Panchayat. Hikal Mahad also contributed towards the development of a 200-bedded COVID-19 centre in Mahad MIDC in collaboration with Mahad Manufacturers' Association (MMA) and other industries. MMA is the first industrial association to create such a facility in Maharashtra and became a role model for other industrial clusters.

- **Employees**

I. Employer Branding Awards & Certifications

The year 2020-21 witnessed Hikal being recognised as a Best Employer brand, both by the national as well as international bodies and associations.

- **Certified as a Great Place to Work**

  Hikal was certified as a "Great Place to Work" by the Great Place to Work® (GPW) Institute, for the 2nd consecutive year in a row. We excelled on the 5 dimensions that are a hallmark of a High-Trust, High-Performance Culture™ – Credibility, Respect, Fairness, Pride and Camaraderie.

- **Ranked at No. 32 amongst India's Best Companies to Work For 2020**

  Hikal earned 32nd rank amongst the top 50 'India's Best Companies to Work for 2020' for inspiring trust amongst employees, instilling pride in every Hikalite and for creating an environment within the workplace promoting camaraderie. Additionally, Hikal was also recognised as one of the Best Workplaces in Biotechnology and Pharmaceuticals Industry, 2020.

- ## Dun & Bradstreet - India's Top 500 Companies 2020

  Hikal featured in Dun & Bradstreet - India's Top 500 Companies 2020. In this publication, companies are ranked based on their total income, net profit, net worth, as well as presenting a comparison of financial parameters within their respective sectors.

- ## National Best Employer Brands 2020

  Hikal was conferred with the 'National Best Employer Brands 2020' Award by the 29^{th} Edition of World HRD Congress in February 2021. This recognition came to Hikal for the 3^{rd} consecutive year in a row. Some of the key criteria assessed were - Translating as well as combining vision and action with HR strategy, building & collaborating with line to mesh HR strategy with business and cultivating competencies for the future to enable building the organisation to be future-ready.

- ## CEO of the Year Award

  Our Joint Manging Director & CEO, Sameer Hiremath was conferred with the 'CEO of the Year' Award in the 19^{th} Global Edition of the Business Leader of the year organised by the "The World Leadership Congress & Awards" in February 2021. The award recognised leaders who stood tall in these unprecedented times of the pandemic & performed outstanding in their business besides giving back to the society.

- ## CHRO of the Year Award

  Our President - Human Capital & CSR, Kumaar Priyaranjan was felicitated with the 'CHRO of the Year' Award at the Global HR Excellence Awards organised by the 29^{th} Edition of World HRD Congress in February 2021. The award assessed the CHRO's impact on their organisation and community, the extent to which the CHRO helped drive workforce initiatives, measurable excellence in employee engagement and retention, and any professional risk taken by the CHRO in pursuit of these aims.

II. Engagement

During the year 2020-21, we undertook numerous employee engagement programs such as,

- ### Values Week & Hikal Heroes Felicitation Ceremony

Hikal entered the 5^{th} year of values week celebrations in 2020. COVID-19 crisis and the lockdown did not dampen the enthusiasm of Hikalites as we celebrated this week virtually between July 6^{th} to 10^{th}, 2020.

The week's Engagement Plan was launched at every Site by the senior leadership team. Long Service Award Ceremony was organised using the Zoom platform wherein 73 employees were felicitated.

The week concluded with felicitation of 'Hikal Heroes' on July 10^{th}, 2020. Hikal Heroes did set an example by putting the needs of our Company first and exhibiting selfless service to continue our operations during the COVID-19 pandemic. 32 Hikal Heroes were felicitated for their unwavering commitment by our Joint Managing Director & CEO in a Zoom meeting which was also attended by their family members.

• Hi-Q - Quality Week

The 8th Quality Week was celebrated across Hikal between November 23rd to 27th, 2020 with the theme 'Quality for Sustainability'. The week was inaugurated via a Zoom webinar with an address from the Joint Managing Director & CEO, who highlighted the synergy between Business Excellence, Quality and EHS, each of which is essential for achieving a long-term sustainability for any business.

Hi-Q QUALITY WEEK

Interventions throughout the week were planned keeping social distancing in mind. 'Creative Café' was organised which facilitated brainstorming session with nominated employees on identified problem statements for the site. Presentations were also organised on topics like - 'Synergies between Quality and EHS for Sustainability', 'Lean Daily Management (LDM) & Poka-Yoke' and 'Case Study on Business Excellence at Hikal'.

• Safety Week

We celebrated 50th Safety Week Program from March 4th to 11th, 2020 under the theme 'Learning from disaster and preparing for safer future'. Safety Week celebration program started with an inaugural address from the Joint Managing Director & CEO, who urged all Hikalites to commit to create a 'Safety First' environment at Hikal which will ensure excellence in manufacturing, quality, environment, health and safety performance.

Activities were organised throughout the week and all the employees were encouraged to wholeheartedly participate and own the safety initiatives which were rolled out in the year such as Behaviour Based Safety Program (BBS), Process Safety Management (PSM), Learning from Incidents and One Minute Safety Program.

• Uday

Under Uday, Hikal's Employee Engagement Program, we have established systems for performance development, career development, succession planning and employee development fully in line with future business aspirations.

Uday
Employee Engagement Program

After the pandemic, we quickly pivoted from a purely classroom-based model to a completely online mode of learning. New content was developed, more internal trainers were identified, and we launched formal training calendars. While there was a focus on technical training programs, there were also behavioral skills programs rolled out. Even our flagship programs – APEX (Achieving Personal Excellence) and Lakshya (Catalyst for Change) moved into an online learning mode.

Towards the end of the year, we re-started classroom programs on a limited scale by maintaining all social distancing protocols. Our next step is to embrace the power of e-Learning and reap benefits therein.

FY 2020-21	
No. of Internal Training Programs	120+
No. of Internal Trainers	23
No. of External Seminars	78
No. of Participants across Training Programs	4454+

While strengthening the front line of training, we have also focussed on strengthening the science & philosophy behind creating valuable training programs.
We created a **Competency Dictionary** for Hikal with different levels of proficiency being identified. We have also created the **Skill Matrix** for all employees at Hikal. This can now tell us, which employee at what level requires which type of skills to get the job done to the best of their capacity. We are now in the process of conducting formal training programs for developing Internal Trainers and creating training calendars according to inputs from the Skill Matrix exercise.

Further to facilitate succession planning, **Critical Talent** have been identified through a structured critical talent identification process. The organisation has planned to invest time in understanding the motivation, career aspirations and development needs of the identified talents. Based on the **Individual Development Plan** charted out for each critical talent, we will facilitate formal training & exposure through lateral movements, job rotation, added responsibilities including special projects assignments etc. The third cohort of **Executive Coaching** also commenced this year with 6 leaders being coached by a proficient faculty.

Further to improve productivity, the concept of **Self-Managed Team (SMT)** was introduced at Hikal. An SMT is a group of employees that is responsible and accountable for all or most aspects of producing a product or delivering a service. The first set of SMT Orientation Programs with the Top & Middle Management teams across Hikal was organised which was then followed up with site-wise sessions. The Site HR Heads are now rolling out smaller and simpler orientation sessions across sites to all employees, to sow the seeds of SMTs in their minds.

III. emPower

After the successful implementation of Oracle - HCM (FUSION) cloud-based HCM system – emPower in FY'19, Hikal entered the second phase of implementation in FY 2020-21 with the learning module & recruitment module, known as ORC (Oracle Recruiting Cloud) which went online in January 2021, thereby building a simple yet robust relationship between the candidate and the recruiter by simplifying the talent acquisition process.

IV. Parigyaan

Our Rewards and Recognition policy, Parigyaan, creates a culture of recognising accomplishments, extraordinary efforts, and achievements of all employees. Apart from the regular awards such as Spot Award, Employee of the Month, Team & Department of the Month Award, some new awards were added this year such as 'Safety Champion of the Month' and 'Rising Star of the Month'. Some awards were launched specifically in Pune R&T to facilitate out-of-the-box thinking such as 'Innovation Award' and 'Lab of the Year Award'.

V. Diversity

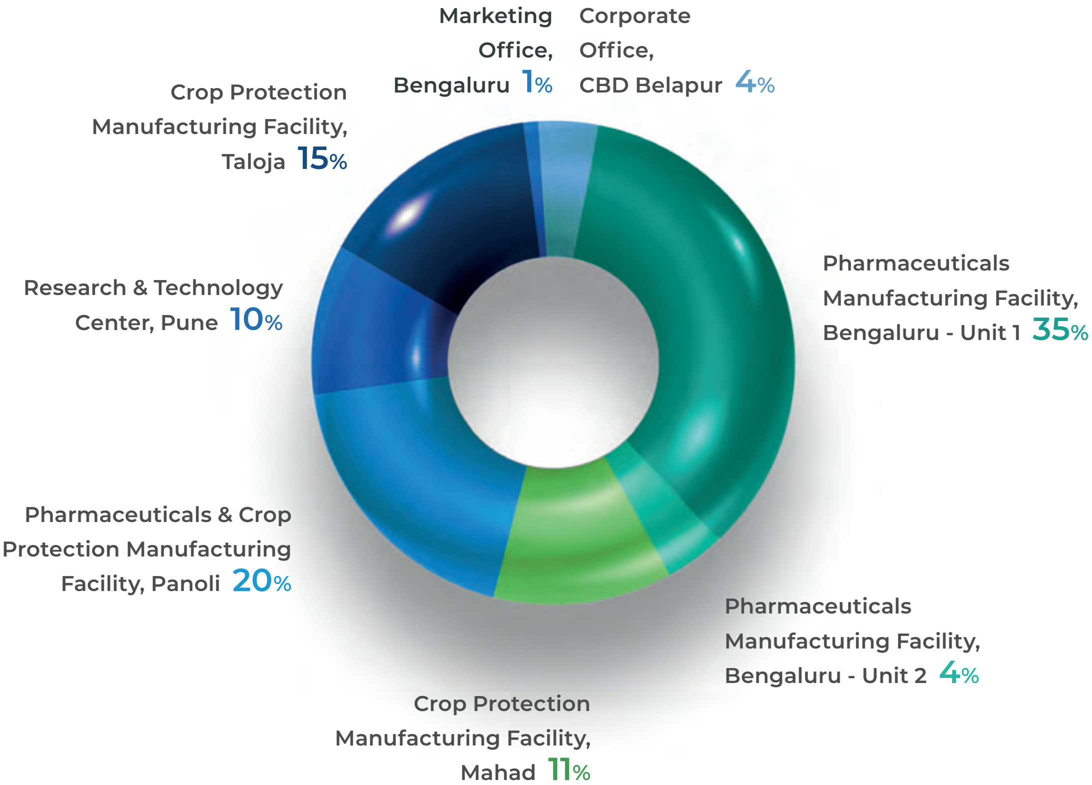
Hikal focusses on meritorious hiring with all-inclusive approach. Specific sites take efforts to hire keeping in mind gender diversity besides increasing diversity in other areas. The panel of experts and hiring manager evaluates the candidature vis a vis role. Candidates are encouraged to present their skills and experience in a fair manner via verbal & board presentation. The culture fitment forms a base for the go- or no-go decision based on partnership with psychometric assessment consultants. Hikal has practice of keeping values intact in all business transactions and they are non-negotiable. Constituting all such processes integrates into an ideal hiring suite.

HIKAL Women's Forum

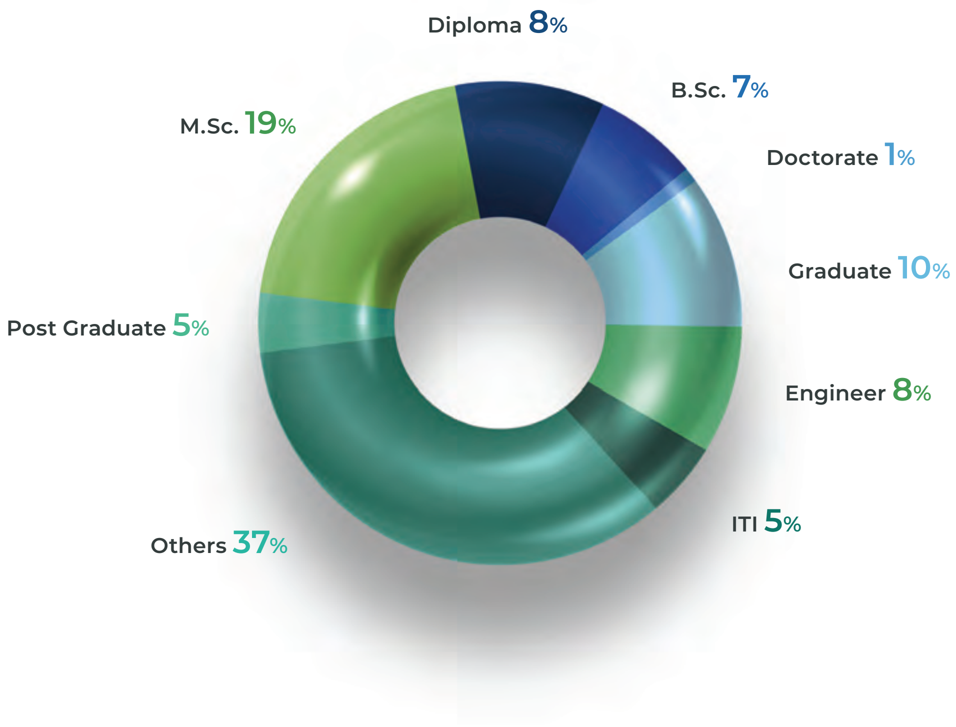
Hikal Women's Forum is a platform for all the women employees of Hikal to come together and take conscious efforts towards synergising the group's growth and development. International Women's Day was celebrated across all sites on March 8th, 2021. The commemoration started with our respected Chairman & MD addressing everyone followed by addresses from our eminent woman Board Member and our Joint Managing Director & CEO. They unveiled the Women's Day celebrations' theme '#ChoosetoChallenge', the global theme for 2021. A formal 'Internal Complaints Committee (ICC)' at Hikal was launched on this day. For the special occasion, we had invited Hikal's external member of the ICC as our guest speaker. She highlighted the importance of gender diversity and also enlisted various virtues required by both the genders to excel in their lives. The addresses were followed by site specific celebrations.

Total Workforce (as on 31 March 2021) – 2,308

Location



Qualifications



Corporate Social Responsibility (CSR)

Hikal is committed to the well-being of communities and takes active steps in promoting their welfare. Our CSR program, 'Srijan', is an integral part of the Company's sustainable growth and development. Being a responsible corporate, our CSR initiatives are implemented keeping in mind human rights, community, environment, and the society.

Over the past few years, we have implemented various projects in areas of secondary education, skill development, employability, infrastructure development, healthcare, sanitation, environmental sustainability, and ecological balance. We also have focused initiatives to protect and build awareness of our rich heritage and culture.

The ongoing COVID-19 pandemic has devastated economies and it is impacting lives, occupations, and well-being of people at large. In these unprecedented times, Hikal has implemented several initiatives through direct involvement, along with partner NGO, as well as through Government and Government agencies, to ensure good health and wellness of our people along with the communities that we closely work with.

Hikal's CSR initiatives were recognised in 'The Economic Times CSR Compendium', which was e-launched nationwide in June 2020. Our consolidated efforts during the pandemic got rewarded, as Hikal was felicitated in the 'Best COVID-19 Response' category. It was a part of the CSR Leadership Awards by the 10th Edition of the World CSR Day Congress & Awards in February 2021. We adapted to the changing environment promptly and we shall continue to look for avenues to support the underprivileged as well as those in utmost need in these trying times.

Key highlights of the CSR programs implemented in FY 2020-21:

I. ANAHAT (Environment and Ecology Protection)

- As elaborated in environmental section, activities such as tree plantation and maintenance of planted trees are periodically being undertaken of Konasandra Lake, located near our Jigani plant, which was rejuvenated by Hikal in FY19.

- Hikal partnered with International Association of Human Values (IAHV) towards 'The Afforestation Project' at Tetvali, Rabale, for the third consecutive year. A total of 450 saplings planted by Hikal employees over the past two years have grown into lush green trees. Maintenance is being looked after by IAHV and the survival rate of the planted trees is nearly 90%. To ensure that maximum plants survive, IAHV team created four water bodies and also carried out drip irrigation thereby making the forest self-sufficient.

II. MEDHA (Education & Skill Development)

i. Prarambh (Initiation)

- Hikal partnered with The Akshay Patra Foundation for the second consecutive year to provide 'Happiness Box' to 1,006 children in Jigani, Bengaluru, and to 1,500 children of Government schools in Thane. The Happiness Box contained an Immunity and Education Kit to fulfil the basic needs of nutrition, hygiene and education for the underprivileged children amid the pandemic when they had no access to online learning and hygienic meals.

- Hikal extended support to the Government schools in the villages near Jigani plant for the eighth consecutive year benefitting 215 students. Around 100 Tabs were distributed to underprivileged children of Government High School, Tubagere village Doddaballapura, by the Jigani team. The syllabus for standard 10th was uploaded in the Tabs, which will benefit the children, as schools are still closed.

- Hikal provided one-year grant to support 45 children of Rukmabai Balikashram in Nandurbar by taking care of their education, recreation, healthcare, annual program, computer literacy program and mental health program. Rukamabai Balikashram is a Children Home for tribal girls in the Akkalkuwa Taluka of Nandurbar district.

- Hikal also adopted two underprivileged children at Panoli and enabled them to attain secondary level of education by sponsoring their education fees, stationery and transportation expenses.

ii. Unnati (Progress)

- To encourage athletes in sports, Hikal, along with IAHV, have been extending support to Mayank Vaibhav Chaphekar for two years now. Hikal's financial aid has supported his expenses for training as well as diet to enable him to prepare and participate in the next Olympic game.

- For the fourth consecutive year, Hikal continued to sponsor the 10 special children of Aai Day Care Sanstha in Pen, Raigad district, to support their special education, vocational training, physiotherapy and speech therapy needs. In the previous year, Hikal also adopted the first floor of the residential facility, which is being constructed by the sanstha. The outside plaster and painting work have been completed, along with terrace flooring and internal painting of the floors. The facility should soon be ready for opening.

iii. Buniyaad (Foundation)

- Pune R&T in 2019, along with IAHV, started the infrastructure development of Dattawadi Nere Zilla Parishad School. A total of 258 students from underprivileged background studying in 1^{st} to 4^{th} standard are the main beneficiaries of this project. The following work have been completed at the school which was instrumental in lowering the school dropout rate:

  - New sanitation facilities, drainage facilities for new toilets
  - Water pump/water storage facilities, water proofing of kitchen
  - Provision of hand wash
  - Flooring tiles in classrooms
  - A stage, including ramps and steps
  - Shahabad flooring for ground
  - Water proofing and painting of the existing RCC slab building
  - Safety grills for the ladies toilet

- Hikal, along with IAHV, initiated infrastructure development of Zilla Parishad School at Umarwada Village, Panoli, this year. A total of 250 children of the primary school (1st to 8th standard) and 70 children of 9th & 10th standard were direct beneficieries of the project. The following project activities were completed at the school this year:

  - Construction of separate toilet block (with roof of metal sheets) for boys and girls, including three urinals, two Indian toilets and one wash basin in each
  - Construction of a septic tank of 5,000 litres
  - Installation of PVC water tank of 1,000 litres with water RO plant and cooler
  - Furnishing the floor tiles in the porch area

- Hikal, in association with IAHV, undertook the development of Ghot Camp Government School near Taloja, Maharashtra. A total of 124 students from poor financial backgrounds and belonging to the Scheduled Castes category, were the direct beneficiaries of this project. The following work have been completed at the school this year:

  - Window slide fittings
  - Electric fittings in the entire school
  - Six tables, six blackboards and 12 fans donated
  - Creation of parapet wall of 3ft
  - Terrace flooring
  - Grill work for safety
  - Reconstruction of staircases

III. KAUSHALYA (Healthcare and Sanitation)

- This is the fifth year of Hikal's relationship with Seva Yagna Samiti (SYS), a Bharuch-based NGO, which provides people from underprivileged backgrounds with an access to ICU/ICCU facilities, proper diagnosis on time, medicines and hospitalisation in critical conditions. Patients and caregivers are given free food and medicines. The project has facilitated medical assistance for over 60,000 patients in the past five years.

- Hikal distributed medical aid items such as wheel commodes, gloves, suction machine and dry ration for a month to Ashraya old-age home, located in Chandapura in a rented property, wherein 10 women and 14 men of age group 75 to 92 years reside.

- Hikal has been supporting a villager at Jigani for medical treatment for over two years now. The patient suffers from chronic kidney disease - stage V - and requires to continue maintenance hemodialysis twice per week till he receives a deceased donor transplant.

- The Haematology Cancer Consortium (HCC) has been established to improve care and outcomes of all haematological malignancies in India through a multi-centric collaborative approach. To support the HCC in achieving its objective, Hikal extended financial assistance to the organisation this year.

- Mahad employees participated in a Blood Donation Camp organised by Mahad Manufacturers' Association (MMA) on 13th July 2020. The MMA and The Janakalyan Blood Bank highly appreciated Hikal's participation.

IV. RACHANA (Preservation of Art, Heritage and Culture)

- Recognising the impact COVID-19 has had on tourism, Hikal once again decided to adopt the 'Indian Metal and Decorative Arts Gallery', established by Hikal in 2016 at the Chhatrapati Shivaji Maharaj Vastu Sangrahalaya for two years. Hikal's financial support will be used for the maintenance of the collections, their storage, as well as for the essential functions of conservation, climate control, and security of the artefacts.

- Hikal sponsored the 'Living with Leonardo' episodes, which were screened at The Eleventh Edition of Tata Literature Live! The Mumbai Litfest organised between 16th and 23rd November 2020. Hikal also supported another session on 'The Commonwealth of Cricket' - the launch of the new book on cricket by Ramchandra Guha, followed by a conversation between the author and journalist Rajdeep Sardesai.

- Support was extended to National Centre for the Performing Arts (NCPA) for the fourth consecutive year. This year was indeed challenging for NCPA with theatres being closed. Hikal's support helped them consolidate their digital efforts in promotion of art and culture.

V. SAMPARK (Employee Contribution)

- On 18th February 2021, Mahad Manufacturers' Association (MMA) with support from industry employees, initiated a clean-up of plastic waste in the entire MIDC area under the "Plastic Solid Waste Sanitation Awareness Campaign". Hikal Mahad was a major contributor with 25 employees volunteering for the campaign and they played a vital role in cleaning plastic waste.

- **Customers**

Our mission includes building the trust and respect of our customers and that is why 'Customer Oriented' is one of the core values of the Company.

We focus on being 'Partner of Choice' to our customers, and have in place a global customer support team, constituted with whole time members to attend to customers' needs on technical and product specific requirements on a day-to-day basis with agreed timelines for responses.

We also have a procedure as part of our Quality Management System to conduct customer satisfaction surveys on an annual frequency.

We are conscious of our customer's requirements and understand our responsibility to all forms of life, who are touched by our products. Hence, our core value also includes 'Quality Focus', uniting everyone to deliver with high quality standards and in a responsible manner.

Governance

- **Corporate Governance**

Corporate governance is an ethically driven business process that is committed to values aimed at enhancing an organisation's wealth generating capacity. This is ensured by conducting business with a firm commitment to values, while at the same time, meeting stakeholders' expectations.

At Hikal, it is imperative that business is conducted in a fair and transparent manner. The corporate governance framework ensures effective engagement with various stakeholders and helps the Company evolve with changing times. It oversees business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising of regulators, employees, customers, lenders, vendors, investors, and the society at large.

The guiding principles and practices are summarised through the Company's Code of Conduct for Board of Directors and Senior Management, Policies and Charters of various Committees of the Board and Company's Disclosure Policies. These Policies seek to focus on enhancement of long-term shareholder value without compromising on Ethical Standards and Corporate Social Responsibilities.

Board Committees:

I. Audit Committee – They provide oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient, and credible, recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity, approval of payment to statutory auditors for any other services rendered by the statutory auditors, reviewing with the management the annual financial statements and auditor's report thereon before submission to the board for approval.

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

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

IV. Corporate Social Responsibility Committee –
They provide oversight to the CSR activities of Hikal.

V. Risk Management Committee –
They are accountable to formulate a detailed risk management policy which shall include:

- A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee
- Measures for risk mitigation including systems and processes for internal control of identified risks
- Business continuity plan

To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company; To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems; To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity; To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken; The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

VI. Share Transfer Committee – The Share Transfer Committee meets as and when necessary to consider the transfer request if there are any.

Further details on Corporate Governance can be found in the Corporate Governance section of our Annual Report.

• Risk Management

Risk-taking is an inherent trait of any enterprise and crucial for growth or creation of value in a Company. At the same time, it is critical that the risks are properly managed and controlled, so that the Company can achieve its corporate objectives effectively and efficiently. Hence, a well-defined risk management framework is integral to any business.

We have a robust business risk management framework in place that enables regular and active monitoring of business activities for identification, assessment, and mitigation of potential internal or external risks. As an organisation, we promote transparency and high levels of integrity in all our activities, which by itself significantly mitigates risk.

The Company has identified the business risks, and the business heads, who are termed as 'risk owners', to assess, monitor and manage these risks on an ongoing basis. The risk owners assess the identified risks and continually identify any new risks that can affect the business. Different risks such as technological, operational, maintenance of quality, reputation, competition, environmental, foreign exchange, financial, human resource, and legal compliance, among others, are assessed on a continuous basis.

The Risk Management Committee and Audit Committee review and submit to the Board of Directors their findings in the form of risk register at regular intervals. At the Board meetings, the members have a detailed discussion to assess each risk and the measures that are in place to lower them to acceptable limits.

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

• Responsible Sourcing

Hikal has a responsible supply chain policy aimed at sustainable sourcing of raw materials. We have a detailed supplier evaluation and qualification process. On-site audits/visits are made by our internal team as well as external consultants, wherever applicable, to review the practices followed at suppliers' site towards this objective.

Further, Hikal also procures goods and services from local and small producers wherever they are able to meet the quality and sustainability requirements. The Company has a comprehensive engagement model for encouraging local/small vendors. About 50% of Hikal's procurement is from domestic producers and the remaining 50% is from global partners.

Hikal continuously makes efforts to increase the procuring of goods and services from small domestic producers. The Company has invested as well as imparted knowledge and skill in some of its partners to develop them into being long-term sustainable suppliers.

- **Quality Governance**

  'Quality Focus' is an integral part of our core values, which the Company looks to inculcate in all its employees. We operate a Quality Management System with clearly defined procedures, that meets or exceeds customer requirements as well as international standards such as ISO and regulations.

  The evolving regulatory landscape coupled with greater scrutiny by regulatory authorities has been a key challenge for the industry. Over the past years, our plants have acquired USFDA, PMDA, EU GMP, TGA approvals and have adopted ICH Q7 and ISO 9001 quality standards.

  As, quality continues to be a collective responsibility of all functions across Hikal, hence, 'Hi-Q' – Quality week, is celebrated across organisation to educate and create awareness amongst employees.

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

SUPPLY CHAIN MANAGEMENT

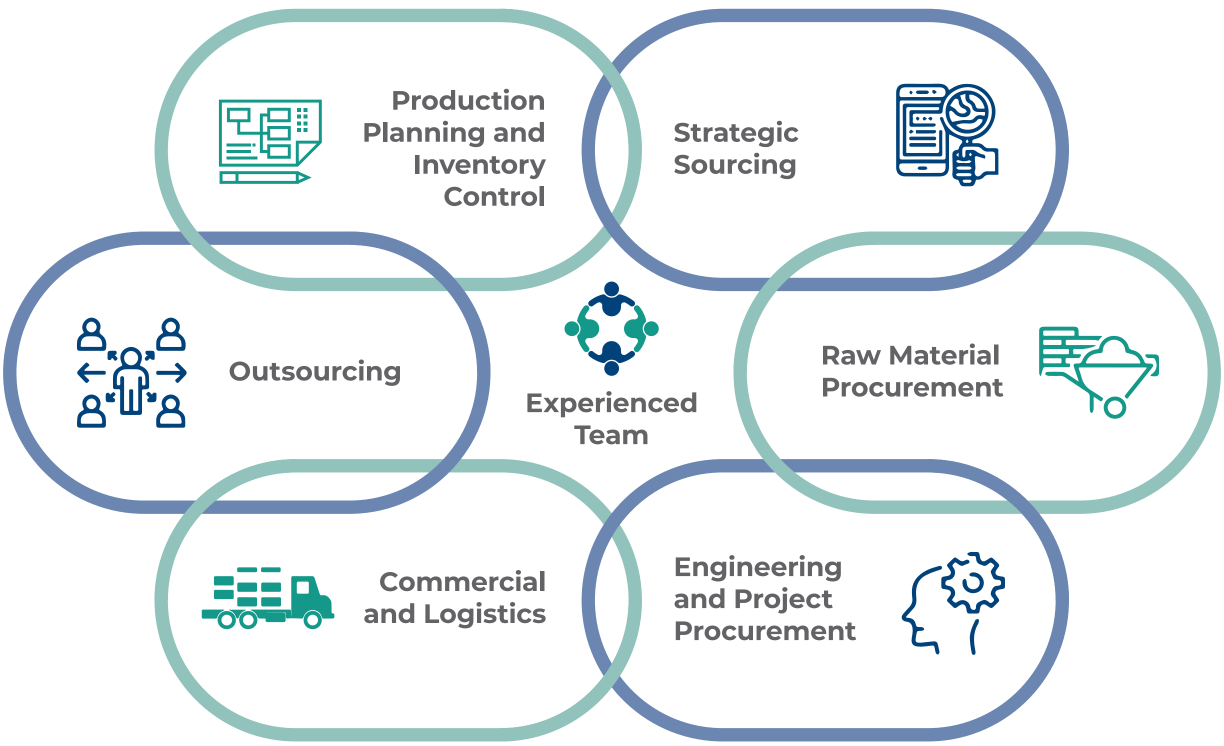
Global supply chain challenges have been a major cause of concern for the industry throughout 2020. The challenges are still very much prevalent, even as the world moves ahead in the era of the new normal. This pandemic caused a major global socio-economic impact and led to disruption in almost all facets of the industry.

Manufacturers are feeling the heat as China has been the leading supplier of key raw materials to most of the industries. However, during the COVID-19 pandemic, there has been an erosion of confidence in China across the world. This sentiment led to the 'China-Plus-One Strategy' in many sectors primarily chemicals. To enhance supply chain resilience, several industries are diversifying manufacturing activities and sourcing raw materials from countries other than China.

We at Hikal are meticulously working across our supply chain to minimise disruptions caused through the pandemic. Our objective is to ensure scale, uninterrupted supply of raw materials and finished products, along with security and quality. As a pre-emptive measure, Hikal had over the past several years, initiated efforts to backward integrate the Key Starting Materials (KSMs) of the primary Active Pharmaceutical Ingredients (APIs) and and Active Ingredients (AIs) and collaborate with local manufacturers to reduce our dependence on China. With a vision to be the global cost leader, backward integration is the key and we have embarked on the journey to achieve that goal. Hikal has taken proactive steps to develop both indigenous and non-China region-based suppliers. We are also partnering with European suppliers in certain specific areas for supply chain security.

Integrated Supply Chain to ensure Security of Supply

End to end planning from procurement to dispatch logistics for both inbound and outbound shipments



To make the supply chain management robust across both divisions, Hikal undertook several initiatives which include:

- Focussed and continued efforts on ensuring multiple supplier base for critical raw materials
- Developed in-house processes using our own technology to manufacture critical raw materials for some of our major products
- Building adequate inventory levels at our end and engaging key suppliers to build inventory levels at their end
- Executing quarterly, bi-annual or annual contracts with suppliers to ensure uninterrupted material supply
- Close internal coordination and periodic monitoring of supply schedules with suppliers to maintain supply continuity
- Due to COVID-19 we have put in place certain supply protocols and communicated them to our suppliers to enable them with timely compliance for maintaining supply continuity
- Implementation of data analytics and software for production planning and third-party vendor management

Supply Chain Capabilities and Initiatives

Agile Network Structure

- Creating a flexible ecosystem of supplier and partners - ability
- To rapidly introduce new products and derisk existing products Alternative manufacturing sites through ownership and partnership

Digitise with Technology

- Reverse auctions through implementation of latest software
- Collaboratives tools enabling info-sharing and higher cybersecurity

Connected Visibility

- Real-time network via IoT
- Predictive analytics - Industry 4.0

Empowered Organisation

- Decentralised decision making
- Problem solving culture

Outlook

The economic turmoil caused by the pandemic has exposed many vulnerabilities in supply chains and raised doubts about globalisation. At Hikal we have used this crisis to take a fresh look at our supply networks, and taken steps to understand their vulnerabilities, and actions to improve their robustness. While globalisation will continue to thrive, we are finding ways to make our businesses work better and give our customers a clear advantage. We are strengthening our position as a partner of choice for chemical companies for which a reliable and trusted supply chain is critical and at the forefront of their concerns.

Our insight towards diversifying raw material suppliers while leveraging the capabilities in different parts of the world has reduced the risks from future disruptions that are certain to occur. With scalability, flexibility, reliability and quality, we have set the ball in motion to capture the significant future opportunities that lie ahead.

DIGITISATION THE WAY FORWARD

At the core of transformation lies technology. We are in the era of exponential change where emerging technologies are bringing a paradigm shift in the realm of the life sciences industry. As part of our strategy to be at the forefront in technology we have been implementing Industry 4.0 in a phased manner across all our sites. Implementation of Industrial Internet of Things (IIoT) will help us reach new heights and productivity and efficiency.

We are integrating digital infrastructure across our manufacturing sites. This will enable real-time monitoring, ensuring safety, optimum utilisation of assets and improve quality control. We are building highly flexible and automated plants using industry 4.0 principles and leveraging the sophisticated technology to enhance productivity at existing plants.

IIoT also provides support to product development activities through data accessibility that helps us understand the nature of the composites and further helps us in developing renewable and sustainable products. We are embracing automation, digitalisation, and analytics to enhance efficiency and improve productivity.

We have undertaken several initiatives to strengthen our Information Technology platform:

Data Analytics

IoT enables to link the operating environment with the digital world. It helps in collecting and collating data from machines and equipment, which in turn gives us an understanding of the manufacturing problems in advance and derive solutions for the same.

In order to acquaint the key operating personnel involved we conducted onsite in-factory training for our shop floor staff to provide hands-on training in technology and make the best use of it. Moreover, data is of prime importance. The first step in Internet of Things (IoT) is data generation from plants, utilities, ETPs and across all auxiliary operations. Data generation requires high level of instrumentation, integration and categorisation of the same. The shop floors are equipped with high-speed fibre optic network. We have also installed Edge Layer, a high-end software, to assimilate and categorise the data collected. This application helps in real-time visualisation of all the key parameters and metrics, along with exception handling (identifying any anomaly immediately). This helps in generating alerts and arresting failures leading to prevention of any undue accidents.

Going ahead we are embarking on the next phase of digitisation through cloud layer. Cutting-edge IT applications and accessing real time data anytime anywhere will require robust cloud solutions. This will aid in taking timely decisions, result in better operating performances and add to the profitability of the Company. Overall, this layer will enable to:

- **Ascertaining Asset Performance**
- **Continuous Monitoring**
- **Predictive Analytics**
- **Machine Learning**
- **Process Analytics**

Further to the above a greater emphasis is also laid on the IT applications and at Hikal we are augmenting our IT applications and infrastructure landscape to come up with seamless solutions. We harness the power of technology to deliver integrated solutions with efficiency.

Security

Hikal uses AVAMAR as a solution that backs up the data across all locations on a cloud server. The backed-up data is completely encrypted and secured from any malware. The Business continuity is addressed by means of cross location data backup.

Hikal uses Palo-Alto, the next Generation Firewall as gateway security solution. This solution uses cloud-based Wildfire technology that automatically protects networks from new and customised malware across applications, including malware hidden within SSL-encrypted traffic.

Hikal uses FireEye as End point security solution. The solution uses threat intelligence and sandboxing technology to identify and protect against any potential attack. The cross-function products at gateway and end point ensures visibility of multiple threat databases and hence better control of malware threats.

Hikal uses secured VPN based access to users who are travelling or working from home. This ensures data encryption and defined access control on granular level to prevent data leakage from Hikal servers. Other security measures taken such as system access based on 2 factor authentication, Forcepoint web proxy to enforce central IT policy compliance, OS hardening ensures that the data security is not compromised.

Going forward, we will continue investing in digital automation and electronic documentation. We believe technology is the key enabler for better scalability, stability as well as security, and lead to transformation. We will continue to leverage technology and data analytics to boost efficiency and strengthen our proposition as a partner of choice.

CORPORATE INFORMATION

Board of Directors

Jai Hiremath - Chairman & Managing Director
Sameer Hiremath - Joint Managing Director & CEO
Baba Kalyani
Prakash Mehta
Shivakumar Kheny (upto Feb 4, 2021)
Kannan Unni
Ranjit Shahani
Sugandha Hiremath
Amit Kalyani
Shivani Bhasin Sachdeva
Ravindra Kumar Goyal (Feb 4, 2021 onwards)

Audit Committee

Kannan Unni
Prakash Mehta
Sugandha Hiremath
Shivakumar Kheny (upto Feb 4, 2021)
Ravindra Kumar Goyal (Feb 4, 2021 onwards)

Company Secretary

Rajasekhar Reddy

Statutory Auditors

S R B C & Co. LLP
Chartered Accountants

Bankers & Financial Institutions

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

Legal Advisor

Malvi Ranchoddas & Co.

Registered Office/Corporate Office

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

Administrative Office

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

Works

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

Registrars & Transfer Agents

Universal Capital Securities Pvt. Ltd.
C-101, 247 Park, L.B.S. Marg, Vikhroli (West),
Mumbai - 400083.
Email: info@unisec.in
Website: www.unisec.in

Tel: 022 - 2820 7203/04/05
Fax: 022 - 2820 7207

Website

www.hikal.com

Email

info@hikal.com

FINANCIAL REPORT

To,

The Members,

The Directors are pleased to present the 33rd Annual Report with the Audited Accounts for the financial year ended 31 March 2021.

1. FINANCIAL RESULTS

₹ in million

	2020-21	2019-20
Turnover	**17,254**	15,110
Profit before interest & depreciation	**3,278**	2,769
Interest	**362**	524
Profit before depreciation	**2,916**	2,245
Depreciation	**852**	825
Profit before taxation before exceptional item	**2,064**	1,420
Exceptional item	**-**	154
Profit before taxation after exceptional item	**2,064**	1,266
Provision for taxation		
- Current tax	**796**	347
- Deferred tax liability/(assets)	**(63)**	75
Profit after tax	**1,331**	844
Reserves and surplus	**9,088**	7,919
Dividend on equity share	**148**	197
Tax on dividend	**-**	41

2. COMPANY PERFORMANCE

The Company achieved revenue of ₹ 17,254 million in FY 2020-21, 14.19% higher than that of ₹ 15,110 million in the previous year. The sales of the pharmaceutical business recorded a growth by 19.48% to ₹ 10,596 million, while the sales of the Crop Protection saw a growth by 6.51% to ₹ 6,608 million.

The EBIDTA margins stood at around 19%, growing in line with the turnover from ₹ 2,769 million in the previous year to ₹ 3,278 million in FY 2020-21. Absolute EBITDA also increased by 18% amounting to ₹ 509 million. The Profit before Tax (PBT) went up by 63% from ₹ 1,266 million in the previous year to ₹ 2,064 million in FY 2020-21. Profit after Tax (PAT) witnessed a growth of 58% from ₹ 844 million in the previous year to ₹ 1,331 million in FY 2020-21. The Earning per Share (EPS) also increased from ₹ 6.85 in the previous year to ₹ 10.80 in FY 2020-21.

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

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

The Current Ratio of the Company is at a healthy 1.17 for FY 2020-21, as against 1.14 in the previous year. The Debt to Equity Ratio improved from 0.71 in the previous year to 0.61 in FY 2020-21, while the Debt Service Coverage Ratio (DSCR) strengthened from 1.61 in the previous year to 1.94 in FY 2020-21.

ICRA reaffirmed the Long-Term Rating of the Company during the FY 2020-21 as "A" with a positive outlook, while the Short-Term Rating was also reaffirmed as A1. The rating reflects the comfortable liquidity position and the overall strong financial health of the Company.

3. EXPORTS

Exports for the year 2020-21 were ₹ 11,822.62 million (69% of total sales) as compared to ₹ 11,089 million (74% of total sales) in the previous year. We diversified our customer base, which included more local customers who, in turn, re-exported our manufactured products.

4. MANAGEMENT DISCUSSION AND ANALYSIS

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

5. BUSINESS RESPONSIBILITY REPORT

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

6. DIVIDEND

The Board declared an interim dividend of 50% (previous year: 50%), which was paid to shareholders in March 2021, and recommended a final dividend of 50% (previous year: 10%) for the year 2020-21. If approved by the shareholders, the dividend for the financial year 2020-21 shall aggregate to 100% (previous year: 60%).

7. SHARE CAPITAL

There has been no change in the Company's paid-up share capital during the current financial year. The paid-up equity share capital as on 31 March 2021, stood at ₹ 246.6 million. During the year under review, the Company did not issue shares with differential voting rights nor granted any stock options or sweat equity. As on 31 March 2021, none of the Company's Directors held instruments convertible into equity shares of the Company.

8. ANNUAL RETURN

The Annual Return of the Company, as required under Section 92 of the Companies Act, 2013, read with the Rules framed thereunder, in the prescribed Form MGT-7, will be uploaded on the website of the Company www.hikal.com.

9. SUBSIDIARY ACCOUNTS

The Company has one subsidiary viz. Acoris Research Limited. A statement containing the salient features of the Financial Statements of the Subsidiary in the prescribed Form AOC-1, attached as **"Annexure A"** to this Report. The Company will provide the Financial Statements of the Subsidiary and the related information to any member of the Company who may be interested in obtaining the same. The financial statements of the subsidiary will also be available for inspection in electronic mode. Members who wish to inspect the same are requested to write to the Company by sending an email to secretarial_agm@hikal.com. The Consolidated Financial Statements of the Company, forming part of this Annual Report, includes the Financial Statements of the Subsidiary. The Financial Statements of Subsidiary are also hosted on the website of the Company www.hikal.com.

10. DIRECTORS

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

The Board at its meeting held on 6 May 2021, proposed the appointment of Mr. Jai Hiremath as the Executive Chairman and Mr. Sameer Hiremath as the Managing Director of the Company, along with their remuneration, effective from 1 October 2021, for the approval of the members of the Company, at the ensuing Annual General Meeting.

In accordance with the provisions of Section 152 of the Companies Act, 2013, and the Company's Articles of Association, Mrs. Sugandha Hiremath (DIN - 00062031), Director, retires by rotation at the forthcoming Annual General Meeting (AGM), and being eligible, offers herself for re-appointment. The Board has, in its meeting held on 4 February 2021, appointed Mr. Ravindra Kumar Goyal (DIN- 03050193) as an Additional Director of the Company, in the category of Independent Director for a term of three years with effect from

4 February 2021, subject to the approval of the members of the Company at the 33rd Annual General Meeting. The Board proposes appointment of Mr. Ravindra Kumar Goyal as an Independent Director of the Company for a term of three years w.e.f. 4 February 2021. In the opinion of the Board, the Independent Director appointed during the year possesses the integrity, expertise and experience (including proficiency) required to contribute to the quality and better governance of the Board processes.

During the financial year, Mr. Shivakumar Kheny resigned as an Independent Director of the Company w.e.f. 4 February 2021, due to personal reasons. The Board places on record its appreciation for his invaluable contribution and guidance during his tenure as an Independent Director.

Details of the number of Board meetings, held during 2020-21, are mentioned in the Corporate Governance Report, which forms a part of this Annual Report.

11. BOARD EVALUATION

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

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

12. WHISTLE-BLOWER POLICY

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

13. REMUNERATION AND NOMINATION POLICY

The Company has a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel, and Senior Management of the Company. The Remuneration and Nomination Policy of the Company is attached as **"Annexure B"** to this Report. This policy also lays down criteria for selection and appointment of Board members. The details of this policy are explained in the Corporate Governance Report and uploaded on the Company's website www.hikal.com.

14. RELATED PARTY TRANSACTIONS

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

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

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

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

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

16. RISK MANAGEMENT

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

The Company has identified the business risks, and the business heads, who are termed as risk owners, to assess, monitor and manage these risks on an ongoing basis. The risk owners assess the identified risks and continually identify any new risks that can affect the business. Different risks such as technological, operational, maintenance of quality, reputational, competition, environmental, foreign exchange, financial, human resource, and legal compliances, among others, are assessed on a continuous basis. The Risk

Management Committee and Audit Committee review and submit to the Board of Directors their findings in the form of risk register at regular intervals. At the Board meetings, the members have a detailed discussion to assess each risk and the measures that are in place to lower them to acceptable limits.

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

17. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

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

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

18. KEY MANAGERIAL PERSONNEL

During the financial year Mr. Sham Wahalekar retired from the position of Company Secretary and Compliance Officer of the Company w.e.f. 5 August 2020, and from the position of the Chief Financial Officer of the Company w.e.f. 5 November 2020. Mr. Rajasekhar Reddy was appointed as the Company Secretary and Compliance Officer of the Company w.e.f. 5 August 2020, and Mr. Kuldeep Jain was appointed as the Chief Financial Officer of the Company w.e.f. 5 November 2020.

Pursuant to the provisions of Section 203 of the Act, following were the Key Managerial Personnel of the Company as on 31 March 2021:

Mr. Jai Hiremath, Chairman & Managing Director

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

Mr. Kuldeep Jain, Chief Financial Officer

Mr. Rajasekhar Reddy, Company Secretary

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

The details under Section 186 of the Companies Act, 2013, are given in the Note No. 52 to the notes to the financial statements.

20. DIRECTOR'S RESPONSIBILITY STATEMENT

Your Directors state that:

(i) In the preparation of the annual accounts, the applicable accounting standards read with requirements set out under Schedule III to the Companies Act, 2013, (the Act), were followed and there are no material departures from the same;

(ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31 March 2021, and of the profit of the Company for that year;

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

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

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

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

21. AUDITOR

At the 31st Annual General Meeting held on 1 August 2019, S R B C & CO LLP, Chartered Accountants, Mumbai, (FRN: 324982E/E300003), were appointed as the Statutory Auditors of the Company to hold office from the conclusion of 31st Annual General Meeting of the Company till the conclusion of the 36th Annual General Meeting to be held in the year 2024.

The Auditor's report prepared by S R B C & CO. LLP, to the members on the accounts of the Company for the year ended 31 March 2021, does not contain any qualifications, adverse or disclaimer remarks. No fraud has been reported by the Auditors to the Audit Committee or the Board.

22. COST AUDITOR

The Company has re-appointed M/s. V. J. Talati & Co., as the Cost Auditor to carry out the audit of cost accounts for the financial year 2021-22. The requisite resolution for ratification, of remuneration payable to Cost Auditors for the year 2021-22, by the shareholders has been set out in the Notice of AGM. The cost audit report for the financial year 2019-20 was filed with the Ministry of Corporate Affairs, Government of India, on 31 August 2020.

23. SECRETARIAL AUDITOR

The Board has appointed M/s. Ashish Bhatt & Associates, Practicing Company Secretaries, to conduct the Secretarial Audit for the financial year 2020-21.

The Secretarial Audit Report for the financial year ended 31 March 2021, is annexed to this report as **"Annexure C"**. The Secretarial Audit Report does not contain any qualifications, reservations, or adverse remarks.

24. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

Policy Statement:

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

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

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

Implementation of the CSR Program:

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

The Company will also undertake other need-based initiatives in compliance with Schedule VII of the Act. During the year, the Company has spent ₹26.88 million on CSR activities. Pursuant to the provisions of the Companies Act, 2013, the Company should have spent ₹ 25.81 million (being 2% of the average net profits of the last three financial years), during the financial year 2020-21.

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

25. PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

Pursuant to the provisions of the Prevention of Sexual Harassment of Women at Workplace (prevention, prohibition and redressal) Act, 2013, ("POSH Act"), the Company adopted a 'Policy on Appropriate Social Conduct at Workplace'. The policy is applicable for all employees of the organisation, which includes corporate office and manufacturing units, among others. The policy is applicable to non-employees as well, i.e. business associates, vendors, and trainees, among others.

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

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

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

- Transfer of Unclaimed Dividend to IEPF

  During the year under review, dividend amounting to ₹ 154,375/- that had not been claimed by the shareholders for the year ended 31 March, 2013, was transferred to the credit of IEPF as required under Sections 124 and 125 of the Act.

- Unclaimed dividend as on March 31, 2021

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

  Pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 31 March, 2020, on the website of the Company www.hikal.com. The same are also available on the website of the IEPF Authority www.iepf.gov.in.

- Transfer of Equity Shares

  As required under Section 124 of the Act, during the financial year 14381 Equity Shares, in respect of which dividend has not been claimed by the members for seven consecutive years or more, were transferred by the Company to the IEPF Authority. Details of such shares transferred have been uploaded on the website of the Company www.hikal.com. The same are also available on the website of the IEPF Authority www.iepf.gov.in.

27. SAFETY AND ENVIRONMENT

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

28. DEPOSITS

The Company did not accept any deposits and as such there were no overdue deposits outstanding as on 31 March 2021.

29. EMPLOYEES

The Company considers its human capital as an invaluable asset. The Company continued to have cordial relationships with all its employees. Management and employee development programs and exercises were conducted at all sites. Employees had various team building exercises and were sponsored for various external seminars and other developmental programs to enhance their skill sets. The total workforce of the Company stood at 2,308 as on 31 March 2021, including 1,528 permanent employees.

The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms a part of this Report. Further, the Report and the financial statements are being sent to the members, excluding the aforesaid statement. In terms of Section 136 of the Companies Act, 2013, the said statement is open for inspection. Any member interested in obtaining such particulars may write to the Company Secretary at secretarial_agm@hikal.com.

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

In accordance with the requirements of Section 134(3)(m) of the Companies Act, 2013, read with rule 8(3) of the Companies (Accounts) Rules, 2014, a statement showing particulars with respect to Conservation of Energy, Technology Absorption and Foreign Earnings and Outgo, forming a part of the Directors' Report, is given in the enclosed **"Annexure E"** which forms a part of this Report.

31. CORPORATE GOVERNANCE

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

32. SECRETARIAL STANDARDS

The Company has complied with the applicable Secretarial Standards, issued by the Institute of Company Secretaries of India, during the Financial Year 2020-21.

33. ACKNOWLEDGEMENTS

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

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

34. CAUTIONARY STATEMENT

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

For and on behalf of the Board of Directors

Sd/-
Jai Hiremath
Chairman & Managing Director
DIN: 00062203

Date: 6 May 2021
Place: Mumbai

"ANNEXURE – A"

AOC-1

Statement containing the salient features of the financial statements of subsidiary

Form AOC-1-pursuant to the first provision to sub section (3) of Section 129 of the Companies Act, 2013 read with rule 5 of the Companies (Accounts) Rules, 2014

Financial Highlights

(₹ in millions)

Sr. No	Particular	Acoris Research Limited (1 April 2020 to 31 March 2021)
1.	Share Capital	150.50
2.	Reserves	(150.57)
3.	Total Assets	-
4.	Total Liabilities	0.07
5.	Investments	-
6.	Turnover	-
7.	Profit/(loss) Before Tax	(0.02)
8.	Provision for Tax	-
9.	Profit/(loss) After Tax	(0.02)
10.	Proposed Dividend	-
11.	% of Shareholding	100

Sd/-
Jai Hiremath
Chairman & Managing Director
DIN:00062203

Sd/-
Sameer Hiremath
Joint Managing Director & CEO
DIN: 00062129

Sd/-
Kannan Unni
Independent Director
DIN: 00227858

Date: 6 May 2021
Place: Mumbai

Sd/-
Kuldeep Jain
Chief Financial Officer

Sd/-
Rajasekhar Reddy
Company Secretary

"ANNEXURE – B"

Hikal Ltd.

Remuneration and Nomination Policy

PREAMBLE

The objective of the Remuneration Policy of Hikal Ltd. ('the Company') is to attract, motivate, and retain the best talent in the industry, create congenial work environment and offer appropriate remuneration packages and retirement benefits. The Nomination and Remuneration Committee, and this Policy, are in compliance with Section 178 of the Companies Act, 2013, read along with the applicable rules thereto and Clause 49 under the Listing Agreement.

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

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

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

OBJECTIVES

1. To advise the Board in relation to appointment, removal of Directors, Key Managerial Personnel and Senior Management and their remuneration structure keeping in view integrity, qualifications, expertise and experience of the person. NRC will have discretion/authority to make decision on these aspects and recommend to Board of Directors;

2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board;

3. To devise a policy on Board diversity, develop a succession plan for the Board and to regularly review the plan;

4. To decide the criteria for determining qualifications, positive attributes, and independence of a Director.

While designing remuneration packages, industry practices and cost of living are also taken into consideration.

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

DIRECTORS

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

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

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

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

REMUNERATION

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

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

The Whole-Time Directors are entitled to customary non-monetary benefits such as company cars, furnished accommodation, healthcare benefits, leave travel, and communication facilities, among others. The severance payments are governed by the prevalent provisions of Companies Act.

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

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

OTHER EMPLOYEES

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

DISCLOSURE OF INFORMATION

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

DISSEMINATION

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

"ANNEXURE – C"

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31 MARCH 2021

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31 March 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2021 according to the provisions of:

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

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

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

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

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

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

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not applicable to the Company during audit period)

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during audit period)

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

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

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

  (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (Not applicable to the Company during audit period)

(vi) **We further report that,** having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the laws i.e. as stated in the Annexure I attached herewith, applicable specifically to the Company.

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

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

(ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We further report that,

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

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

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

We further report that during the audit period, the Company has not passed any special/ordinary resolutions, which are having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For **Ashish Bhatt & Associates**

Sd/-
Ashish Bhatt
Practicing Company Secretary
FCS No: 4650
C. P. No. 2956
UDIN: F004650C000250225

Place: Thane
Date: 6 May 2021

Note: This report is to be read with our letter of even date which is annexed as Annexure II and forms an integral part of this report.

Annexure I
List of applicable laws to the Company

Under the Major Group and Head

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

For **Ashish Bhatt & Associates**

Sd/-
Ashish Bhatt
Practicing Company Secretary
FCS No: 4650
C. P. No. 2956
UDIN: F004650C000250225

Place: Thane
Date: 6 May 2021

Annexure II

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

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards, is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Ashish Bhatt & Associates**

Sd/-
Ashish Bhatt
Practicing Company Secretary
FCS No: 4650
C. P. No. 2956
UDIN: F004650C000250225

Place: Thane
Date: 6 May 2021

“ANNEXURE - D”

THE ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline on CSR Policy of the Company:

   As mentioned at Sr. No. 24 of the Directors’ Report.

2. The composition of the CSR Committee:

Sr. No.	Name of the Director	Designation/Nature of directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Jai Hiremath	Chairman & Managing Director	1	1
2	Mr. Sameer Hiremath	Joint Managing Director & CEO	1	1
3	Mr. Prakash Mehta	Independent Director	1	1
4	Mrs. Sugandha Hiremath	Non-Executive Director	1	1

3. Web-link where composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company - www.hikal.com.

4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable - Not applicable.

5. Details of the amount available for set - off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014, and amount required for set off for the financial year, if any

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (₹ in million)	Amount required to be set-off for the financial year, if any (₹ in million)
1.	**2020-21**	**1.03***	**N.A.**
2.	2019-20	0.00	N.A.

*excess amount carried forward from the financial year 2019-20.

6. Average net profit of the Company as per Section 135(5): ₹ 1290.61 million

7. (a) Two percent of average net profit of the Company as per Section 135(5): ₹ 25.81 million

   (b) Surplus arising out of the CSR projects or programs or activities of the previous financial years: Nil

   (c) Amount required to be set off for the financial year, if any: Nil

   (d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 25.81 million

8. (a) CSR amount spent or unspent for the financial year:

Total amount spent for the financial year (in ₹ million)	Amount Unspent (in ₹ million)				
	Total amount transferred to unspent CSR account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
26.88	Not applicable		Not applicable		

(b) Details of CSR amount spent against ongoing projects for the financial year: [details required for multi-year projects (not exceeding 3 years) for which the budget is allocated this year]: Nil

Sr. no.	Name of the project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Project duration (in years)	Amount allocated for the project (in ₹)	Amount spent in the current financial year (in ₹)	Amount transferred to unspent CSR account for the project as per Section 135(6) (in ₹)	Mode of Implementation - direct (Yes/No)	Mode of Implementation - through Implementing agency	
				State	District						Name	CSR Registration number
Not Applicable												

(c) Details of CSR amount spent, against other than ongoing projects, for the financial year:

Sr. No.	Name of the project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project	Amount spent for the project (in ₹ million)	Mode of implementation - Direct (Yes/ No)	Mode of implementation - Through implementing agency	
							Name	CSR registration number
1	Healthcare	(i)	Yes	Jigani Unit II (Karnataka)				
				Distribution of Medical Aid Items to Ashraya Old Age Home Care	0.05	Yes		
				Jigani Unit I (Karnataka)				
				Medical treatment of a villager	0.12	Yes		
				CBD Belapur (Maharashtra)				
				Contribution to Hematology Cancer Consortium	0.50	Yes		
				Panoli (Gujarat)				
				Contribution to Seva Yagna Samiti towards providing emergency medical services to under privileged	0.80	No	Seva Yagna Samiti	CSR00004525
2	COVID-19	(i) & (xii)	Yes	Jigani Unit I (Karnataka)				
				Expenses towards distribution of grocery kits in nearby villages	0.14	Yes		
				Expenses towards distribution of grocery kits and sanitiser bottles in nearby villages	0.02	Yes		
				Company contribution to CMRF	1.49	Yes		
				Donation of immunity boost medicine to police officials of Jigani	0.05	Yes		
			Yes	CBD Belapur (Maharashtra)				
				Supported IAHV with 500 PPEs which will be used by TMC and NMMC healthcare workers	0.65	No	International Association for Human Values (IAHV)	CSR00000683
				Contribution to PM Cares Fund	10.00	Yes		
				Company Contribution to CMRF	0.74	Yes		
				Donation of ration kits to 100 affected families in CBD Belapur	0.06	No	International Association for Human Values (IAHV)	CSR00000683

Sr. No.	Name of the project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project	Amount spent for the project (in ₹ million)	Mode of implementation - Direct (Yes/ No)	Mode of implementation - Through implementing agency	
							Name	CSR registration number
				500 PLV masks for CSMVS, NCPA, MMMF	0.06	Yes		
				200 PLV masks to St. Judes Childcare Center	0.04	Yes		
				Support to Vyakti Vikas Kendra in training 100 MSMEs in a holistic well-being program	0.18	Yes		
				Support to the CII foundation for 250 PPE kits for Nashik Municipal Corporation	0.12	No	CII Foundation	CSR00001013
			Yes	Mahad (Maharashtra)				
				Donation of 4,000 kg of rice, 2,000 kg of pulses and 1,000 litres of cooking oil to the underprivileged villagers of Mahad	0.43	Yes		
				Donation of 130 ration kits to underprivileged families at Ladvali village, village near Raigad fort area and also separately through Deshmukh Kamble Gram Panchayat	0.09	Yes		
				Contribution to MMA towards a COVID-19 centre	1.25	Yes		
			Yes	Panoli (Gujarat)				
				Donation of 12,500 kgs of wheat to three villages of Umarwada, Panoli & Sanjali	0.30	Yes		
				Donation to Panoli Industries Association Welfare Fund	0.20	Yes		
				Sanitiser bottles	0.01	Yes		
				Company Contribution to CMRF	2.15	Yes		
			Yes	Taloja (Maharashtra)				
				Donation of grocery kit to 500 migrant labourers in Ghot and Tondre villages and also to 200 contract workers	0.42	Yes		
				Donation of grocery kit to Taloja MIDC police station	0.24	Yes		
3	Education & Skill Development	(ii)	Yes	Jigani Unit I (Karnataka)				
				Remuneration of teachers' salary of nearby Government school	0.72	Yes		
				Happiness Kits to 455 children through Akshay Patra Foundation	0.55	No	The Akshay Patra Foundation	CSR00000286
				Donation of 100 tabs to a nearby Government school	0.35	Yes		
			Yes	CBD Belapur (Maharashtra)				
				Happiness kits to 1,500 children of Government & Government-aided schools of Thane	0.82	No	The Akshay Patra Foundation	CSR00000286

Sr. No.	Name of the project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project	Amount spent for the project (in ₹ million)	Mode of implementation - Direct (Yes/ No)	Mode of implementation - Through implementing agency	
							Name	CSR registration number
				Support to 45 children of Rukmabai Balikashram in Nandurbar	0.62	No	Rural Foundation	CSR00002761
			Yes	Panoli (Gujarat)				
				Sponsorship of educational fees for Sahil Tailor and Kartik Panchal	0.06	Yes		
			Yes	Taloja (Maharashtra)				
				Sponsorship of 10 children with special needs of Aai Day Care Sanstha	0.40	No	Aai Day Care Sanstha	CSR00001096
4	Environment & Ecology Protection	(iv)	Yes	Jigani Unit I (Karnataka)				
				Maintenance activities for Konasandra lake	0.04	Yes		
			Yes	CBD Belapur (Maharashtra)				
				Afforestation project at Tetvali, Rabale	0.37	No	International Association for Human Values (IAHV)	CSR00000683
5	Promotion of Nationally Recognised Sports	(vii)	Yes	Support to Mr. Mayank Chapekar for Tokyo Olympics 2021	1.04	No	International Association for Human Values (IAHV)	CSR00000683
6	Rachana	(v)	Yes	CBD Belapur (Maharashtra)				
				Support to AHA for The Eleventh Edition of Tata Literature Live! The Mumbai Litfest	0.30	Yes		
				Support to Chhatrapati Maharaj Vastu Sangrahalaya	1.00	Yes		
				Support to the NCPA	0.50	Yes		
Total					**26.88**			

(d) Amount spent in Administrative Overheads: ₹ 94,302/- (included in the amount mentioned in 8 (c) above)

(e) Amount spent on Impact Assessment, if applicable: Nil

(f) Amount spent for the Financial Year (8b+8c+8d+8e): ₹ 26.88 Million

(g) Excess amount for set off if any

Sr no.	Particular	Amount (in ₹ million)
(i)	Two percent of average net profit of the Company as per Section 135(5)	25.81
(ii)	Total amount spent for the financial year	26.88
(iii)	Excess amount spent for the financial year [(ii)-(i)]	1.07
(iv)	Surplus arising out of the CSR projects or programs or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	1.07

9. (a) Details of unspent CSR amount for the preceding three financial years: Nil

Sr. No.	Preceding financial year	Amount transferred to unspent CSR account under Section 135 (6) (in ₹)	Amount spent in the reporting financial year (in ₹)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
Not applicable							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

Sr. No.	Project ID	Name of the project	Financial year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting financial year (in ₹)	Cumulative amount spent at the end of reporting financial year (in ₹)	Status of the project - completed/ ongoing
Not applicable								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: No capital asset was created/ acquired during the year 2020-21 through CSR expenditure.

11. Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per Section 135(5): Not applicable.

For and on behalf of the Board of Directors

Sd/-
Jai Hiremath
Chairman & Managing Director
DIN: 00062203

Date: 6 May 2021
Place: Mumbai

"ANNEXURE - E"

Information as per Section 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014, Forming Part of Directors' Report for the Year Ended 31 March 2021

I. CONSERVATION OF ENERGY:

a) Steps taken for conservation of energy:

Hikal has been following a systematic approach towards energy conservation program. EnCon (Energy Conservation) Committee has been constituted at corporate level. The EnCon Committee drives the initiatives for conservation of energy and natural resources across the Company for achieving long-term sustainability. The EnCon committee meets every month and has implemented the following initiatives for energy conservation:

Crop Protection Business

- The following energy saving initiatives have been implemented:
  - Reduction in cooling tower blow-down water
  - Stoppage of pressurised air wastage
  - Increase in brine chiller energy efficiency
  - Installation of steam turbine to generate energy from high pressure steam
  - Installation of energy saver in air conditioner
  - Installation of motion sensor for lights and tubes
  - Installation of activity sensor in the plant
  - Economizer installation in boiler
  - ERP-Micro turbine for energy saving in utility of capacity 105 KW
- The following energy saving initiatives are under implementation:
  - Boiler burner replacement to improve efficiency
  - Compressed air pressure reduction to save energy
  - Air compressor with PID control VFD
  - CT pumps VFD installation of cooling towers
  - Soil seal vacuum pump installation in place of steam ejectors
  - Zero air loss moisture drain traps
  - Refrigeration plant online condenser cleaning
- The following energy saving initiatives are at a planning stage and shall be executed in the next few months:
  - Rooftop solar system for energy generation
  - Efficient pump for cooling tower of MCA plant
  - Cooling tower fan control and automation as per cooling load to save energy
  - Replacement of compressor for higher efficient screw compressor
  - Motor replacement from IE-3 to IE-4 for high power-rated motors
  - Boiler pump replacement with efficient pump

Pharma Business

- The following energy saving initiatives have been implemented:
  - VFD installation in major energy consuming pumps
  - Fuel efficiency meter installation in boiler
  - Condensate heat recovery increased from 29% to 60%
  - Dry vacuum pump installation in place of steam ejectors
  - LED provision in all light fixtures

- Motion sensor installation
- Efficient use of cooling tower
- Air conditioner optimisation unit installation
- Installation of bypass line for cooling tower fan with temperature control

- The following energy saving initiatives are under implementation:
  - Cooling tower water supply pressure system installation
  - Cooling tower return water temperature control system installation
  - Air compressor VFD installation
  - High efficiency motor replacement from IE1 to IE3 and 4
  - Installation of VFD for ETP reactors
- The following energy saving initiatives are at a planning stage and shall be executed in the next few months:
  - Hybrid power purchase for renewable energy
  - VFD installation in compressors
  - Back pressure turbine to generate energy from steam
  - Rooftop solar system for energy generation
  - Installation of dry vacuum pump in place of steam ejectors
  - Installation of efficient gear box to save energy
  - Installation of condensing economizer at boiler stack
  - Installation of VFD in chillers
  - Installation of delta valves at heat exchanger of utility

Pune R&T

- Streetlights of 250 W HPMV lamps replaced with 70 W LED lights
- CFL light fixtures of 72 W replaced with 36 W LED lights in four labs and in the utility area
- VFD installed for one AHU and one exhaust blower which reduced their power consumption by 30%
- Periodic chemical treatment of the water in the cooling tower water and cleaning of condensers of chilled water plants to maintain the minimum energy consumption

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

Hikal has already started using renewable source of power such as solar & wind and Cogeneration plants at its Bengaluru site. The process has been initiated to implement the same at Panoli and Taloja unit.

c) Capital investment on energy conservation equipment:

- ₹ 120.2 lakhs invested in energy saving projects till now
- ₹ 432.1 lakhs worth projects are in implementation stage for energy saving

II. TECHNOLOGY ABSORPTION:

a) Efforts made towards technology absorption:

We have continued to develop products with innovative and greener processes so that we are able to compete effectively in the competitive marketplace. The utilisation of lab scale plug flow reactor and membrane-based separation system is being done on a routine basis to evaluate processes for continuous manufacturing. A pilot scale fixed bed reactor is installed at R&T for carrying out gas phase reactions up to 450°C. We continued to follow the concept of Quality by Design (QbD) to augment our understanding of process and product, with the help of risk assessments, identifying Critical Quality Attributes (CQA) & Critical Process Parameters (CPP). One of the tools of QbD, namely DoE (Design of Experiments) is getting widely used in R&T during the development of robust processes.

Understanding the importance and criticality for Nitrosamines, Hikal has purchased the HRMS instrument for detection and validation of these impurities. Nitrosamine assessment is being done for every new product, and accordingly the processes are developed to control the same. Apart from continuing to support our customers by developing innovative processes and technologies for complex starting materials, advanced intermediates, and AIs, we also demonstrated the expertise of manufacturing of the key starting materials in-house. This has helped us to become more self-reliant and quick availability of starting materials helps us to further facilitate on-time deliveries of the product. Our in-depth knowledge in chemistry helps us support innovative companies in various stages of their product development from pre-clinical trials to commercial launch.

Post development of robust and scalable processes at R&T, the process is transferred to kilo lab, pilot facilities for demonstration and commercial trials. A new mini plant is under commissioning for further optimising the scale-up of processes. Capabilities in the mini plant include pressure reactions, cryogenic conditions, high temperature reactions up to 250°C and fractional distillation systems. The mini plant will have instrumentation and PLC-based data acquisition system for monitoring and control of process parameters.

Dedicated scientists are hired who work on effluent treatability studies. This ensures that apart from working on robust processes for the new products, the R&T also addresses the issues arising out of the effluent, thereby proactively rendering the processes greener. We remain committed to convert our contract development projects into exclusive long-term manufacturing opportunities in both Pharma and Crop Protection business divisions. Alongside, we have also identified several new molecules for taking them through various stages of lifecycle, resulting in commercialisation. Two of the Synthetic Chemistry labs have now been dedicated for the Animal Health products. The development of these is just being initiated in these labs and we look forward to taking this ahead.

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

The continuous manufacturing laboratory has been utilised to screen several new products for conversion to flow processes and are under evaluation at the pilot scale. This will help to improve inherent safety of the process at higher scale and ensure quality by design.

A new state of the art mini plant is under commissioning at the R&T site. The plant includes a simulation lab for replicating plant equipment and conditions and carrying out comprehensive study of processes. This will facilitate rigorous scale-up and process engineering study of new products, thereby assuring first-time-right approach at plant scale. The plant will also be used to provide seeding quantities of new products to customers for development trials.

In the area of new product development, we have filed three USDMFs, completed two CEP filings, five CEP Amendments and three USDMF Amendments. Two of the DMFs were for antidiabetic drugs, while the third one is for a drug effective against novel coronavirus. Global registration is done for four of the Crop products. Commercialisation was completed successfully for three of the Crop products. And a few other new products were piloted at our manufacturing facilities, and development was completed for certain other products, which will get commercialised next year.

We are focusing and putting continual efforts in ensuring that we have a multiple supplier base for the critical raw materials. As a part of our de-risking efforts alternate vendor development goals have been defined on both long- and short-term basis and the same are being periodically reviewed.

c) Details regarding imported technology (imported during last three years, reckoned from the beginning of the financial year): We have not imported or licensed any technology over the last three years.

₹ in million

(d) Expenditure on R&D	**2020-21**	**2019-20**
i) Capital	**36.25**	38.59
ii) Recurring	**530.65**	482.51
Total	**566.90**	**521.00**

iii) Total R&D expenditure as a percentage of total turnover 3.30% in FY 20-21 and 3.46% in FY 19-20.

III. FOREIGN EXCHANGE EARNINGS & OUTGO

Total foreign exchange used and earned:

Used: ₹ 4,623.03 million (Previous year ₹ 4,476 million)

Earned: ₹ 11,822.62 million (Previous year ₹ 10,892 million)

For and on behalf of the Board of Directors

Sd/-
Jai Hiremath
Chairman & Managing Director
DIN: 00062203

Date: 6 May 2021
Place: Mumbai

Business Responsibility Report

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

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

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

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate identity number (CIN) of the Company	L24200MH1988PTC048028
2.	Name of the Company	Hikal Limited
3.	Registered address	717/718, Maker Chambers V Nariman Point, Mumbai 400 021
4.	Website	www.hikal.com
5.	E-mail id	secretarial@hikal.com
6.	Financial year reported	1 April, 2020 to 31 March, 2021
7.	Sector(s) that the Company is engaged in	Pharmaceuticals: 21001 Agrochemicals: 20211
8.	List three key products/services that the Company manufactures/provides	Gabapentin, Thiabendazole and Diuron Contract Development and Custom Manufacturing of Intermediates, API's & AI's
9.	Total number of locations where business activities are undertaken by the Company	
	a) Number of international locations	1. Overseas office in Japan 2. Overseas office in USA 3. Representation in Europe
	b) Number of national locations	Five (5) manufacturing facilities and One (1) Research & Technology (R&T) facility Regd. office at Mumbai, corporate office at Navi Mumbai and marketing office at Bengaluru
10.	Markets served by the Company: Local/state/national/ international	Major markets cover many countries across the globe along with sale in domestic market

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up capital (INR)	₹ 246,601,500
2.	Total turnover (INR)	₹ 17,254 Million
3.	Total profit after taxes (INR)	₹ 1,331 Million
4.	Total spending on corporate social responsibility (CSR) as percentage of profit after tax (%)	2.03%
5.	List of activities where the above mentioned item no. 4 expenditures were incurred:	Refer to Annexure D to the Directors' Report given in the Annual Report

SECTION C: OTHER DETAILS

1.	Does the Company have any subsidiary company/ companies?	Yes
2.	Do the subsidiary company/companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(ies)	The Company has one subsidiary and during the year 2020-21, there were no operations carried out by the same.
3.	Do any other entity/entities (e.g. suppliers and distributors, among others), that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? (Less than 30%, 30-60%, more than 60%)	The Company expects all business partners to adhere to the Company's business principles.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for Business Responsibility

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

DIN Number : 00062203

Name : Jai Hiremath

Designation : Chairman and Managing Director

b) Details of the BR head

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

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

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

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

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

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

Principle 5: Businesses should respect and promote human rights

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

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

Principle 8: Businesses should support inclusive growth and equitable development

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

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

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

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

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

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

3. **Governance related to BR**

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

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

The Company started publishing Business Responsibility Report in its Annual Report since the financial year 2019-20.

Hikal's Corporate Social Responsibility (CSR) Committee is responsible for formulating, implementing and monitoring the CSR Policy of the Company under the guidance of the Board. Chairman & Managing Director and Joint Managing Director & CEO are a part of this Committee. The Committee meets at least once a year to review progress on various CSR initiatives. The CSR Committee also approves Annual CSR Report as per the provisions of the Companies Act, 2013. CSR Report is a part of the Directors' Report.

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

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

The company does not have a separate Sustainability Report currently.

SECTION E: PRINCIPLE-WISE PERFORMANCE

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

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

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

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

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

   We did not receive any complaints from stakeholders during the financial year 2020-21.

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

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

   All products manufactured at Hikal are inherently safe and contribute to sustainability in accordance to the prevailing best practices. At the product development stage, environmental footprint and safety efficacy of the product is evaluated in detail. Adequate efforts are put to ensure minimum environment footprint during its manufacturing and throughout its lifecycle.

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

      At Hikal, safety of the employees and all the stakeholders is of utmost priority. Strict environment management systems have been incorporated and the company operated within the strict guidelines to ensure protection of the environment.

   b) Safe handling to reduce exposure of chemicals to environment:

      At Hikal, chemicals are stored and handled in accordance with appropriate safety measures and local and global regulatory compliances which minimises the exposure of chemicals during storage and handling.

   c) Reduction of carbon footprint:

      Significant efforts are taken for reduction in carbon footprint from development to manufacturing. The Company has started using alternative hybrid power – Solar and Wind Energy, which has very less carbon footprint compared to conventional power from coal-based power plant. The Company has also constituted an Energy Conservation (EnCon) committee at the corporate level for reducing and optimizing the use of energy in manufacturing operations. Further, the Company has initiated a “Wealth from Waste” program which focuses on reduction of waste which indirectly reduces the carbon footprint of our manufacturing activities.

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

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

   Yes, Hikal has a responsible supply-chain policy aimed at sustainable sourcing of raw materials. The Company has a detailed supplier evaluation and qualification process. On-site audits/visits are made by the internal team and external consultants, where applicable, to review the practices followed at suppliers’ site towards this objective.

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

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

   Yes, Hikal does procure goods and services from local and small producers wherever they are able to meet the quality and sustainability requirements. The Company has a comprehensive engagement model for encouraging local/small vendors. 50% of Hikal’s procurement is from domestic producers and 50% from international producers.

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

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

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

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

1. Please indicate the total number of employees: 2,308 (including item no. 2 & 3 mentioned below)

2. Please indicate the total number of employees hired on temporary/contractual/casual basis: 780

3. Please indicate the number of permanent women employees: 80

4. Please indicate the number of permanent employees with disabilities: 02

5. Does the Company have an employee association that is recognised by management?

   a. Bhartiya Kaamgar Karmachari Mahasanghatan

   b. Hikal Chemical Worker Union

   c. New Maritime & General Kaamgar Sanghatana

   d. Jay Bhartiya General Kamgar Sanghatana

   e. Hikal Employee Association

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

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

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

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

a. Skill upgradation training:

Particulars	Panoli	Taloja	Mahad	Pune R&T	Jigani I	Jigani II
a) Permanent employees	79%	78%	84%	89%	91%	92%
b) Permanent women employees	100%	100%	100%	90%	100%	100%
c) Casual/temporary/contractual employees	68%	78%	77%	59%	81%	73%
d) Employees with disabilities	--	100%	100%	--	--	--

b. Safety training:

Particulars	Panoli	Taloja	Mahad	Pune R&T	Jigani I	Jigani II
Number of Man hours	1,069	1,816	6,075	1,353	5,855	984

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

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

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

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

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

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

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

Principle 5: Businesses should respect and promote human rights.

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

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

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

   We did not receive any stakeholder complaints pertaining to this principle, during the financial year 2020-21.

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

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

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

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

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

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

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

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

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

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

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

   The company has also signed long-term contract for renewable energy for our manufacturing plants at Taloja and Mahad. Efforts are being made to cover other manufacturing sites as well.

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

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

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

   The Company has not received any show cause/legal notices from CPCB/SPCB during the financial year.

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

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

   a) Confederation of Indian Industry (CII)

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

   c) Indian Merchant Chambers (IMC)

   d) National Safety Council

   e) Indian Chemical Council

   f) Pesticides Manufacturers & Formulators Association of India (PMFAI)

   g) Crop Care Federation of India (CCFI)

   h) Agro Chem Federation of India (ACFI)

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

among others)

Yes. Governance, Policy Reform, Sustainable Business Principles.

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

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

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

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

   All the programs/projects undertaken by Hikal are through our in-house team and external NGO's. A specific team within our HR department has been constituted for formulation, implementation and review of CSR activities. These activities are monitored by CSR Committee of the Company.

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

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

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

   Total expenditure incurred on community development initiatives during the financial year was ₹ 26.88 million. The programs undertaken are as per the CSR Policy enumerated in the CSR Report annexed to the Directors' Report.

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

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

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

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

   No significant complaints are pending as on the end of Financial Year 2020-21.

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

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

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

   No.

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

   Yes, we have a structured mechanism in which we reach out to customers post the service and the product provided. The customer feedback is taken and evaluated periodically. We are in constant touch with our customers to ensure that we address their concerns if any and use their feedback to consistently improve the level and quality of service.

Report on Corporate Governance: 2021

I. OUR CORPORATE GOVERNANCE PHILOSOPHY

Corporate governance is an ethically driven business process that is committed to values aimed at enhancing an organisation's wealth generating capacity. This is ensured by conducting business with a firm commitment to values, while at the same time, meeting stakeholders' expectations.

At Hikal, it is imperative that business is conducted in a fair and transparent manner. The corporate governance framework ensures effective engagement with various stakeholders and helps the Company evolve with changing times. It oversees business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, customers, lenders, vendors, investors and the society at large. The guiding principles and practices are summarised in this Corporate Governance Report. These are articulated through the Company's Code of Conduct for Board of Directors and Senior Management, Policies and Charters of various Committees of the Board and Company's Disclosure Policies. These Policies seek to focus on enhancement of long-term shareholder value without compromising on Ethical Standards and Corporate Social Responsibilities.

II. BOARD OF DIRECTORS

The strength of the Board of Directors is 10 as on 31 March 2021, whose composition is given below:

A. Composition and Category:

Name	Category	Relationship with other Directors
Jai Hiremath Chairman & Managing Director DIN: 00062203	Executive Director	Spouse of Sugandha Hiremath and father of Sameer Hiremath
B.N. Kalyani DIN: 00089380	Non-Executive Director	Father of Amit Kalyani and brother of Sugandha Hiremath
Prakash Mehta DIN: 00001366	Independent, Non-Executive Director	-
Kannan Unni DIN: 00227858	Independent, Non-Executive Director	-
Ranjit Shahani DIN: 00103845	Independent, Non-Executive Director	-
Sugandha Hiremath DIN: 00062031	Non-Executive Director	Spouse of Jai Hiremath, mother of Sameer Hiremath and sister of B.N. Kalyani
Shivakumar Kheny DIN: 01487360*	Independent, Non-Executive Director	-
Amit Kalyani DIN: 00089430	Non-Executive Director	Son of B.N. Kalyani
Shivani Bhasin Sachdeva DIN: 00590500	Independent, Non-Executive Director	-
Sameer Hiremath Joint Managing Director & CEO DIN: 00062129	Executive Director	Son of Jai Hiremath and Sugandha Hiremath
Ravindra Kumar Goyal DIN: 03050193**	Independent, Non-Executive Director	-

*Mr. Shivakumar Kheny resigned as Director w.e.f. February 4, 2021

**Mr. Ravindra Kumar Goyal appointed as Independent Director of the Company w.e.f. February 4, 2021

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

Name	Attendance		Directorships#	Committee Membership##	Committee Chairmanship##
	Board Meeting	Last AGM			
Jai Hiremath	4	Yes	2	1	1
Sameer Hiremath	4	Yes	1	-	-
Sugandha Hiremath	4	Yes	-	-	-
B.N. Kalyani	2	Yes	5	3	-
Amit Kalyani	4	Yes	7	2	-
Kannan Unni	4	Yes	1	-	-
Prakash Mehta	4	Yes	6	7	4
Shivakumar Kheny*	4	No	NA	NA	NA
Ranjit Shahani	4	Yes	2	2	1
Shivani Bhasin Sachdeva	4	Yes	3	1	-
Ravindra Kumar Goyal**	1	NA	3	3	-

*Mr. Shivakumar Kheny resigned as Director w.e.f. February 4, 2021

**Mr. Ravindra Kumar Goyal appointed as Independent Director of the Company w.e.f. February 4, 2021

#The Directorships held by Directors as mentioned above, do not include Directorships in Foreign Companies, Companies registered under Section 8 of the Companies Act, 2013, and Private Limited Companies

Includes membership/chairmanship other than Hikal (only Audit Committee and Stakeholders' Relationship Committee is considered and membership includes chairmanships)

Directorship in listed entities other than Hikal Ltd. and the category of directorship as on March 31, 2021, is as follows:

Name of the Director	Names of Listed Entities	Category of Directorship
Jai Hiremath	Novartis India Ltd.	Non-Executive – Independent Director
Sameer Hiremath	Nil	-
Sugandha Hiremath	Nil	-
B.N. Kalyani	Bharat Forge Ltd.	Executive Director (CMD)
	Kalyani Steels Ltd.	Non-Executive, Non-Independent Director (Chairman)
	Automotive Axles Ltd.	Non-Executive, Non-Independent Director (Chairman)
	BF Utilities Ltd.	Non-Executive, Non-Independent Director (Chairman)
Amit Kalyani	Bharat Forge Ltd.	Executive Director
	Kalyani Steels Ltd.	Non-Executive, Non-Independent Director
	BF Utilities Ltd.	Non-Executive, Non-Independent Director
	BF Investment Ltd.	Non-Executive, Non-Independent Director (Chairman)
	Kalyani Investment Company Ltd.	Non-Executive, Non-Independent Director (Chairman)
	Schaeffler India Limited	Non-Executive, Independent Director
Kannan Unni	Nil	-

Name of the Director	Names of Listed Entities	Category of Directorship
Prakash Mehta	Mukand Ltd.	Non-Executive, Independent Director
	Bharat Bijlee Ltd.	Non-Executive, Independent Director (Chairman)
	Mukand Engineers Ltd.	Non-Executive, Independent Director
	Advani Hotel & Resorts (India) Ltd.	Non-Executive, Independent Director
	Oriental Aromatics Ltd.	Non-Executive, Independent Director
Ranjit Shahani	Ambuja Cements Ltd.	Non-Executive, Non-Independent Director
	JB Chemicals & Pharmaceuticals Ltd.	Non-Executive, Independent Director (Chairman)
Shivani Bhasin Sachdeva	Nil	-
Ravindra Kumar Goyal*	Kalyani Steels Limited	Executive-Director
	Kalyani Investment Company Limited	Non-Executive, Independent Director

*Mr. Ravindra Kumar Goyal appointed as Independent Director of the Company w.e.f. February 4, 2021

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

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

Name	Age	Qualifications	Skills, Expertise, Competencies
Jai Hiremath	73	Chartered Accountant England and Wales, Owner President Management Program, Harvard University, USA	Financial Acumen, Strategic Expertise, Knowledge of Industry especially in which Company Operates, Vision
B.N. Kalyani	72	BE (Mech), MS (MIT – USA)	Strategic Planning, Business Operations, Technology, Sales and Marketing, Finance Acumen, Governance and Risk Management
Prakash Mehta	79	LLB (Mumbai), Solicitor	Legal expertise, Integrity, Business Strategy
Kannan Unni	79	B.A. - Agriculture, Diploma in Marketing Management (Mumbai) IMEDE - Loussanne, Switzerland	Marketing, Business Contacts, Finance
Ranjit Shahani	71	ME (IIT, Kanpur), MBA (Jamnalal Bajaj Institute of Management Studies)	Operational efficiency, Intellectual Property expert
Sugandha Hiremath	69	B.Com	Finance, Investments
Shivakumar Kheny*	73	BE (Mech)	Vast Industry Experience, Projects, Investments
Amit Kalyani	45	Mechanical Engineering from Bucknell University, Pennsylvania, USA	Strategic Planning, Business Operations, Technology, Sales and Marketing, Finance Acumen, Governance and Risk Management.
Shivani Bhasin Sachdeva	47	MBA from the Wharton School, University of Pennsylvania, B.A. in Economics from Mount Holyoke College (Phi-Beta-Kappa, Magna Cum Laude, Sarah Williston Scholar)	Business, Finance & Investments

Name	Age	Qualifications	Skills, Expertise, Competencies
Sameer Hiremath	47	BE (Chem), MBA & MS (I.T.) - Boston (USA)	Building High Performance Teams, IT – Digital Acumen, Projects Implementation, Strategic Planning
Ravindra Kumar Goyal**	62	Engineering Graduate from BITS Pilani and MBA	Strategy & Planning, Financial Skills, Legal, Corporate Governance & Risk Management

*Mr. Shivakumar Kheny resigned as Director w.e.f. February 4, 2021

**Mr. Ravindra Kumar Goyal appointed as Independent Director of the Company w.e.f. February 4, 2021

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

During the financial year Mr. Shivakumar Kheny, Independent Director, resigned from the Directorship, due to personal reasons. Mr. Kheny provided a confirmation that there were no material reasons other than those mentioned in his letter of resignation.

B. Succession Plan:

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

C. Details of Board of Directors Meetings Held During the Year:

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

(1) June 18, 2020 (2) August 04, 2020 (3) November 04, 2020 (4) February 04, 2021

The maximum interval between any two meetings held during the financial year did not exceed 120 days, as prescribed under the Companies Act, 2013.

D. Remuneration of Directors:

Remuneration to Directors for the year ended March 31, 2021.

i) Remuneration to Non-Executive Directors:

The Non-Executive Directors are paid sitting fees for each meeting of the Board and Committees thereof attended by them. They also receive commission on net profits of the Company as determined by the Board of Directors on an annual basis within the overall limit approved by shareholders of the Company.

Director	Sitting Fees (Amt in Million)	Commission on net profits (Amt in Million)	Total (Amt in Million)
B.N. Kalyani	0.40	1.30	1.70
Prakash Mehta	1.40	1.30	2.70
Shivakumar Kheny*	0.90	-	0.90
Kannan Unni	1.40	1.30	2.70
Sugandha Hiremath	0.90	1.30	2.20
Amit Kalyani	0.40	1.30	1.70
Ranjit Shahani	0.50	1.30	1.80
Shivani Bhasin Sachdeva	0.50	1.30	1.80
Ravindra Kumar Goyal**	0.10	1.30	1.40
Total	**6.50**	**10.40**	**16.90**

*Mr. Shivakumar Kheny resigned as Director w.e.f. February 4, 2021

**Mr. Ravindra Kumar Goyal appointed as Independent Director of the Company w.e.f. February 4, 2021

ii) Remuneration to Executive Directors:

(₹ in million)

Name of the Director	Salary and Perquisites	Commission	Total
Jai Hiremath	41.43	21.00	62.43
Sameer Hiremath	24.53	21.00	45.53
Total	**65.96**	**42.00**	**107.96**

Shareholding of Non-Executive Directors in the Company:

Director	Number of shares held
B.N. Kalyani	22,500
Prakash Mehta	14,775
Shivakumar Kheny*	51,135
Kannan Unni	20,000
Sugandha Hiremath	9,667,500
Amit Kalyani	Nil
Ranjit Shahani	Nil
Shivani Bhasin Sachdeva	Nil
Ravindra Kumar Goyal**	Nil

*Mr. Shivakumar Kheny resigned as Director w.e.f. February 4, 2021

**Mr. Ravindra Kumar Goyal appointed as Independent Director of the Company w.e.f. February 4, 2021

The details of familiarisation programs of Independent Directors are uploaded on the Company's website www.hikal.com

III. COMMITTEES OF THE BOARD

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

A. Audit Committee

Composition

The Committee consists of Mr. Kannan Unni, Independent Director, Mr. Prakash Mehta, Independent Director, Mr. Ravindra Kumar Goyal, Independent Director (w.e.f. February 4, 2021) and Mrs. Sugandha Hiremath, Non-Executive, Non-independent Director. Mr. Kannan Unni is the Chairman of the Audit Committee. Mr. Shivakumar Kheny, ceased to be a member of the Audit Committee w.e.f. February 4, 2021.

The terms of reference of the Committee are as follows:

1. Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
    a) Matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013
    b) Changes, if any, in accounting policies and practices and reasons for the same
    c) Major accounting entries involving estimates based on the exercise of judgment by management
    d) Significant adjustments made in the financial statements arising out of audit findings
    e) Compliance with listing and other legal requirements relating to financial statements

f) Disclosure of any related party transactions

g) Modified opinion(s) in the draft audit report

5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.

6. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter.

7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.

8. Approval or any subsequent modification of transactions of the listed entity with related parties.

9. Scrutiny of inter-corporate loans and investments.

10. Valuation of undertakings or assets of the listed entity, wherever it is necessary.

11. Evaluation of internal financial controls and risk management systems.

12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.

13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

14. Discussion with internal auditors of any significant findings and follow up there on.

15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

18. To review the functioning of the whistle blower mechanism.

19. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate.

20. Carrying out any other function as is mentioned in the terms of reference of the audit committee.

21. Reviewing the utilisation of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.

22. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

Meetings and Attendance

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

(1) June 18, 2020 (2) August 04, 2020 (3) November 04, 2020 (4) February 04, 2021

The attendance of the Committee meetings is as under:

Name of the Director	Number of meetings attended
Kannan Unni	4
Prakash Mehta	4
Shivakumar Kheny*	4
Sugandha Hiremath	4
Ravindra Kumar Goyal**	NA

*Mr. Shivakumar Kheny resigned as Director w.e.f. February 4, 2021

**Mr. Ravindra Kumar Goyal appointed as Independent Director of the Company w.e.f. February 4, 2021

B. Stakeholders' Relationship Committee

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

The terms of reference of the Committee are as follows:

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

The Committee looks into redressing of shareholders/investors' complaints. No complaint was outstanding as on April 1, 2020. During the year 1 complaint was received from shareholders/investors during the quarter ended March 31, 2021, and the same was resolved during the same quarter. Thus, no complaints were outstanding as on March 31, 2021.

Meetings and Attendance

The meeting of Stakeholders' Relationship Committee during the financial year 2020-21 was held on February 4, 2021.

The attendance of the Committee meeting is as under:

Name of the Director	Number of meetings attended
Kannan Unni	1
Prakash Mehta	1
Sugandha Hiremath	1

Compliance Officer

The Board has designated Mr. Rajasekhar Reddy, Company Secretary & Compliance Officer, of the Company as the Compliance Officer.

C. Nomination and Remuneration Committee

The Committee consists of Mr. Kannan Unni, Independent Director, Mr. B.N. Kalyani, Non-Executive, Non-Independent Director, Mr. Prakash Mehta, Independent Director and Mr. Jai Hiremath, Chairman & Managing Director. Mr. Kannan Unni is the Chairman of the Nomination & Remuneration Committee. During the financial year, the Committee was reconstituted on February 4, 2021 to induct Mr. Jai Hiremath.

The terms of reference of the Committee are as follows:

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

Meetings and Attendance

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

(1) June 18, 2020 (2) August 04, 2020 (3) November 04, 2020 (4) February 04, 2021

The attendance of the Committee meetings is as under:

Name of the Director	Number of meetings attended
Kannan Unni	4
Prakash Mehta	4
B. N. Kalyani	2
Jai Hiremath*	NA

* inducted on February 4, 2021

Nomination and Remuneration Policy and performance evaluation criteria for Independent Directors:

The Nomination and Remuneration Policy of the Company is uploaded on the website of the Company www.hikal.com.

The Board of Directors has approved the following criteria for performance evaluation of Independent Directors:

1. Director's background, knowledge and skills are relevant to the Board and business of the Company.
2. Whether the Director devotes sufficient time for Board matters and actively participates in the matters that are being discussed at the meetings.
3. Whether the Director is available for any discussions/inputs outside of Board/Committee meetings.
4. Whether the Director helps in bringing an independent judgment to bear on the deliberations especially on strategy, risk management and performance of the Company.
5. Whether the Director works towards safeguarding the interest of all stakeholders in the Company.
6. Whether the Director brings quality and value in Board discussions.

D. Corporate Social Responsibility (CSR) Committee

The Committee consists of Mr. Jai Hiremath, Chairman & Managing Director, Mrs. Sugandha Hiremath, Non-Executive, Non-Independent Director, Mr. Sameer Hiremath, Joint Managing Director & CEO and

Mr. Prakash Mehta, Independent Director. Mr. Jai Hiremath is the Chairman of the Corporate Social Responsibility Committee.

During the year 2020-21, the committee met once on February 4, 2021 and all the members of the committee were present in the meeting.

E. Risk Management Committee

The Board has constituted a Risk Management Committee consisting of Mr. Jai Hiremath, Chairman & Managing Director, Mr. Sameer Hiremath, Joint Managing Director & CEO, Mr. Kannan Unni, Independent Director and Mr. Prakash Mehta, Independent Director. Mr. Jai Hiremath is the Chairman of the Risk Management Committee.

The terms of reference of the Committee are as follows:

1. To formulate a detailed risk management policy which shall include:
    a) A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
    b) Measures for risk mitigation, including systems and processes for internal control of identified risks.
    c) Business continuity plan.
2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
5. To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;
6. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

F. Share Transfer Committee

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

During the year 2020-21, the committee met once on February 4, 2021 and all the members of the committee were present in the meeting.

IV. GENERAL BODY MEETING

Financial Year	Location	Day, Date & Time	Special Resolutions Passed
2017-2018	Centrum Hall 'A', 1 Floor Centre 1, World Trade Centre Mumbai – 400 005	Wednesday, August 8, 2018 3.30 PM	Resolution under Section 197 of the Companies Act, 2013, passed for payment of remuneration by way of commission on net profits to the non-executive Directors of the Company, for a period of consecutive five years commencing from April 1, 2018.
2018-2019	Centrum Hall 'A', 1 Floor Centre 1, World Trade Centre Mumbai – 400 005	Thursday, August 1, 2019 3.30 PM	Continuation of payment of remuneration to Executive Directors who are Promoters in excess of threshold limits as per Regulation 17(6)(e) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018.

Financial Year	Location	Day, Date & Time	Special Resolutions Passed
2019-2020	Held through video conferencing and was deemed to have been held at the Registered Office.	Tuesday, September 15, 2020 11.30 AM	Reappointment of Mr. Ranjit Shahani (DIN: 00103845) for a second term of 5 years in accordance with provisions of Section 149, 150, 152 of Companies Act, 2013, read with Schedule IV to the Act and Regulation 16(1)(b) & Regulation 17(1A) of the SEBI(Listing Obligations & disclosure Requirements) Regulations, 2015.

Postal Ballot

There were no resolutions passed through Postal Ballot during the financial year. Further, as on the date of this report the Company does not propose to pass any Resolutions via Postal Ballot.

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 related parties are periodically placed before the Audit Committee.

(ii) During the financial year 2019-20, the Company has paid penalty as per the details mentioned below. No other 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.

Name of Stock Exchange	Regulatory Provision	Amount paid	Particulars
BSE Limited	Regulation 34 of SEBI (LODR) Regulations, 2015	₹ 33,040/- (including GST)	Annual Report for the Financial Year 2018-19
National Stock Exchange of India Limited	Regulation 34 of SEBI (LODR) Regulations, 2015	₹ 33,040/- (including GST)	Annual Report for the Financial Year 2018-19

(iii) 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.

(iv) The Company has duly complied with all the mandatory Corporate Governance requirements. The Company has also complied with non-mandatory requirements as specified in Part E of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of moving to the regime of financial statements with unmodified opinion and the Internal auditors reporting directly to the Audit Committee.

(v) Material Subsidiaries:

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

(vi) The Company has in place a Policy on dealing with Related Party Transactions and on Materiality of Related Party Transactions, which has been posted on the website of the Company www.hikal.com.

(vii) The Company's operational activities involve purchase and sale of active ingredients, whose prices are exposed to the risk of fluctuations over short periods of time. Commodity price risk exposure is evaluated and managed through procurement and other related operating policies. The international trade is primarily in USD and Euro which are major convertible currencies, and to that extent the exposure to forex exchange risk exists. However, the Company exports and imports in same currencies and there is a natural hedge for these currencies and the Company enters into forward contracts for open positions wherever deemed necessary.

(viii) There was no Preferential Allotment or Qualified Institutions Placement during the financial year as specified under Regulation 32 (7A).

(ix) A Certificate from M/s Ashish Bhatt & Associates, Practicing Company Secretaries, certifying that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of Companies by SEBI / Ministry of Corporate Affairs or any such Statutory Authority, is enclosed to this Report.

(x) There were no instances of non-acceptance of recommendations of the audit committee by the Board of Directors during the financial year 2020-21.

(xi) Details of fees for all services paid by the Company, to the Statutory Auditor and all entities in the network firm/ network entity of which the Statutory Auditor is a part, are mentioned in Note No. 51 on Payments to Auditors in the standalone financial statements.

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

a. Number of complaints filed during the financial year 2020-21: Nil

b. Number of complaints disposed of during the financial year 2020-21: Nil

c. Number of complaints pending as on end of the financial year 2020-21: Nil

(xiii) There were no instances of Non-compliance with any requirement of corporate governance report serial no (xiv) under this, as under:

(xiv) The Company has in place a Dividend Distribution Policy, which has been posted on the website of the Company www.hikal.com.

(xv) Credit Rating:

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

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, Business Standard, Sakal and Maharashtra Times. The results are simultaneously posted on the website of the Company www.hikal.com.

The press releases and the presentations made to the institutional investors or the analysts are also posted on the website of the Company www.hikal.com.

VII. GENERAL SHAREHOLDERS INFORMATION

(A) Annual General Meeting

Day and Date	:	Thursday, September 2, 2021
Time	:	11.30 AM
Venue	:	Through VC/OAVM
(B) Financial Calendar	**:**	April 01, 2020 to March 31, 2021
(C) Tentative Financial Calendar 2021-22	:	
1st Quarter results	:	on or before August 14, 2021
2nd Quarter results	:	on or before November 14, 2021
3rd Quarter results	:	on or before February 14, 2022
4th Quarter results	:	before end of May, 2022

(D) Book Closure : August 27, 2021 to September 2, 2021 (both days inclusive)

(E) Dividend Payment Date : Dividend will be paid within 30 days from the date of declaration.

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

(G) Stock Code : Trading Symbol at:
BSE Ltd. (BSE) – 524735
P J Towers, Dalal Street
Fort, Mumbai 400 001.

National Stock Exchange of India Ltd. (NSE) – HIKAL
Exchange Plaza, Bandra Kurla Complex
Bandra (East), Mumbai 400 051.

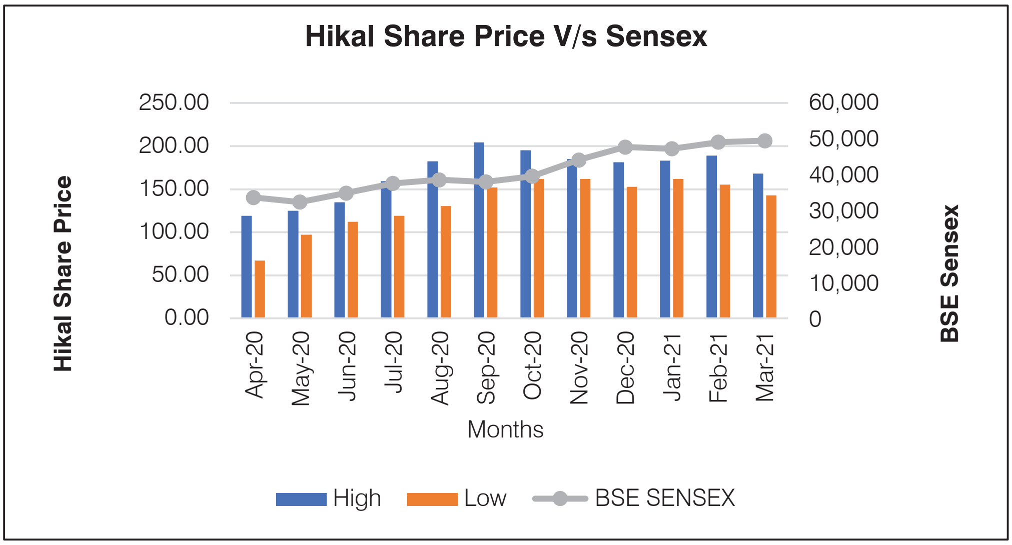
Demat ISIN Number in NSDL & CDSL - INE475B01022
CIN - L24200MH1988PTC048028

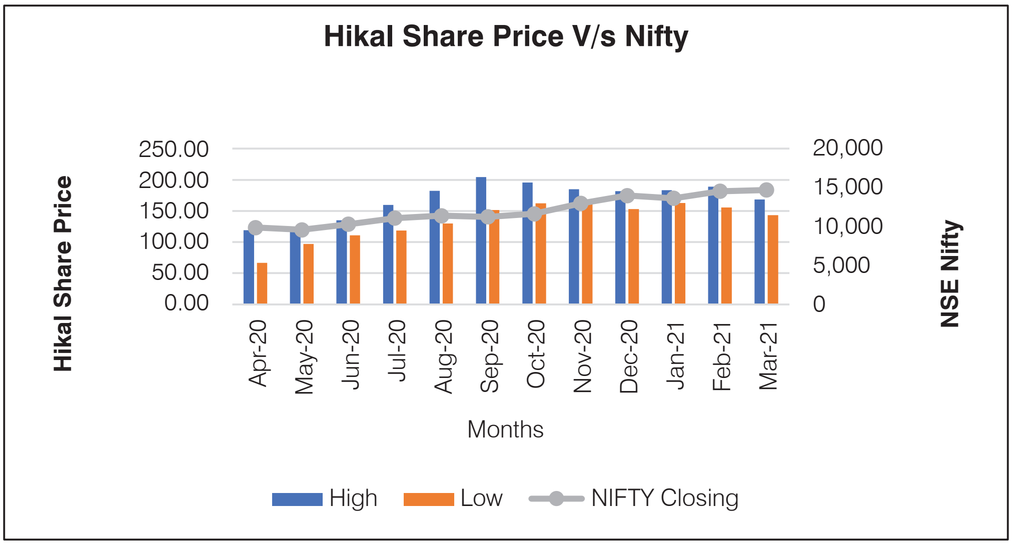
(H) Market Price Data

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

Month	BSE			NSE			SENSEX	NIFTY
	High	Low	Close	High	Low	Close	Closing	Closing
April 2020	119.00	67.10	112.25	119.00	66.60	112.20	33718	9860
May 2020	125.00	97.15	116.35	124.00	97.10	116.50	32424	9580
June 2020	134.90	112.00	125.00	135.00	111.00	125.15	34916	10302
July 2020	159.45	119.00	155.75	159.60	118.75	155.60	37607	11073
August 2020	182.40	130.40	162.60	182.45	130.00	162.55	38628	11387
September 2020	204.40	152.00	191.00	204.55	151.45	190.85	38068	11247
October 2020	195.30	161.80	163.70	195.50	162.00	163.65	39614	11642
November 2020	184.80	162.00	171.90	184.90	161.15	171.90	44150	12969
December 2020	181.40	152.75	164.75	181.60	153.00	165.00	47751	13982
January 2021	183.20	162.00	170.85	183.25	162.95	170.35	47286	13635
February 2021	189.00	155.50	158.95	189.00	155.45	159.05	49100	14529
March 2021	168.30	142.85	143.50	168.35	143.00	143.55	49509	14691

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





(J) Share Transfer Agents

Universal Capital Securities Pvt. Ltd.
C-101, 247 Park, 1st Floor, LBS Road,
Gandhi Nagar, Vikhroli (West),
Mumbai – 400 083
Phone : 022- 28207203 /04/05 Fax : 022- 28207207
Email: info@unisec.in
Website: www.unisec.in

(K) Share Transfer System

Trading in Equity Shares of the Company is permitted only in dematerialised form, as per the notification issued by SEBI and transfer of shares of the Company, in physical mode, are not permitted by law. Shares sent for transmissions in physical form, are processed by our Registrars and Share Transfer Agents within the permitted timelines, if the documents are found to be in order.

(L) Distribution of Shareholding (Equity) as on March 31, 2021

Share Holding Nominal Value of		Share Holders		Share Holdings		Share Amount	
₹	₹	Number	% To Total	Holdings	% To Total	₹	% To Total
UP TO	5,000	52,418	96.91	1,28,57,257	10.43	2,57,14,514	10.43
5,001	10,000	853	1.58	31,32,144	2.54	62,64,288	2.54
10,001	20,000	419	0.77	30,92,922	2.51	61,85,844	2.51
20,001	30,000	130	0.24	16,32,743	1.32	32,65,486	1.32
30,001	40,000	77	0.14	13,73,089	1.11	27,46,178	1.11
40,001	50,000	36	0.07	8,17,290	0.66	16,34,580	0.66
50,001	100,000	64	0.12	22,53,971	1.83	45,07,942	1.83
100,001	And Above	91	0.17	9,81,41,334	79.60	19,62,82,668	79.60
TOTAL		**54,088**	**100.00**	**12,33,00,750**	**100.00**	**24,66,01,500**	**100.00**

(M) Shareholding pattern as on 31 March, 2021 is as under:

Category of Shareholders	Number of Equity Shares	Percentage
Promoters	84,792,764	68.77
Resident Individuals	24,669,236	20.01
Mutual Funds / Investment Funds	552,635	0.45
FPIs	7,283,872	5.91
Alternate Investment Funds	25,000	0.02
Insurance Company	150,750	0.12
Foreign National	182,325	0.15
Non- Resident Indians	1,227,168	1.00
Corporate Bodies	1,947,772	1.58
IEPF	261,340	0.21
Others	2,207,888	1.79
Total	**123,300,750**	**100.00**

(N) Dematerialisation of Shares

As on March 31, 2021, 99.69% (122,921,570 shares) of the total equity capital is held in dematerialised form, out of which 89.96% (110,917,747 shares) is held with NSDL and 9.73 % (12,003,823 shares) is held with CSDL.

(O) Outstanding global depository receipts, etc.

The Company has not issued any global depository receipts or American depository receipts or warrants or any other convertible instruments and therefore no such instruments are outstanding as on March 31, 2021.

(P) Plant Locations:

a) MIDC, Taloja, Dist. Raigad, Maharashtra

b) MIDC, Mahad, Dist. Raigad, Maharashtra

c) GIDC, Panoli, Dist. Bharuch, Gujarat

d) KIADB, Jigani, Bengaluru, Karnataka

e) Hinjewadi, Pune, Maharashtra

(Q) Investor Correspondence

i. Universal Capital Securities Pvt. Ltd

C-101, 247 Park, 1st Floor, LBS Road,
Gandhi Nagar, Vikhroli (West),
Mumbai – 400 083
Phone : 022- 28207203 /04/05 Fax : 022- 28207207
Email: info@unisec.in
Website: www.unisec.in

ii. Investors Relation Centre

Mr. Rajasekhar Reddy – Company Secretary & Compliance Officer
603-A, Great Eastern Chambers, 6th Floor,
Sector 11, CBD Belapur, Navi Mumbai - 400 614
Tel: 91 22 3097 3100
Fax: 91 22 3097 3281
Email: secretarial@hikal.com
Website: www.hikal.com

(R) Disclosures with respect to demat suspense account/unclaimed suspense account

Company does not have any shares in suspense account and hence disclosure regarding demat/ unclaimed suspense account is not applicable to the Company.

CEO/CFO CERTIFICATION ISSUED PURSUANT TO THE PROVISIONS OF REGULATION 17(8) READ WITH PART B OF SCHEDULE II OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

The Board of Directors, May 06, 2021

Sub: CEO/CFO Certificate

We have reviewed financial statements, read with the cash flow statements of Hikal Ltd. for the year ended March 31, 2021, and to the best of our knowledge and belief, we state that:

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

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

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

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

(d) We have indicated to the Auditors and the Audit Committee of the Company:

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

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

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

For **Hikal Ltd.**

Sd/-
Sameer Hiremath
Joint Managing Director & CEO
DIN: 00062129

Sd/-
Kuldeep Jain
Chief Financial Officer

DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT

To the Members,

Hikal Ltd.

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

As required under Regulation 17 read with Schedule V (D) of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, I hereby declare that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the year ended March 31, 2021.

For **Hikal Ltd.**

Sd/-
Sameer Hiremath
Joint Managing Director & CEO
DIN: 00062129

Mumbai
May 06, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE AS PER PROVISIONS OF CHAPTER IV OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, AS AMENDED

The Members of Hikal Limited,

1. The Corporate Governance Report prepared by Hikal Limited (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) and (t) of sub – regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') for the year ended March 31, 2021 as required by the Company for annual submission to the Stock exchange.

Management's Responsibility

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

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

Auditor's Responsibility

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

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

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

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

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

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

    iii. Obtained and read the Register of Directors as on March 31, 2021, and verified that at least one Independent woman Director was on the Board of Directors throughout the year;

    iv. Obtained and read the minutes of the following committee meetings / other meetings held April 1, 2020 to March 31, 2021:

        (a) Board of Directors;

        (b) Audit Committee;

        (c) Annual General Meeting (AGM);

        (d) Nomination and Remuneration Committee;

        (e) Stakeholders Relationship Committee;

        (f) Risk Management Committee.

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

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

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

viii. Performed necessary inquiries with the management and also obtained necessary specific representations from management, including that the Company is in the process of submitting the secretarial compliance report to stock exchanges and the due date for submission of the same is June 30, 2021 as per SEBI circular no. SEBI/HO/CFD/CMD1/P/CIR/2021/556 dated April 29, 2021.

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

Opinion

9. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended March 31, 2021, referred to in paragraph 4 above.

Other matters and Restriction on Use

10. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

11. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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

Sd/-
per Vinayak Pujare
Partner
Membership Number: 101143
UDIN: 21101143AAAABF2564

Place of Signature: Mumbai
Date: 06 May 2021

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Hikal Limited having CIN L24200MH1988PTC048028 and having registered office at 717/718 Maker Chambers V, Nariman Point, Mumbai 400 021, Maharashtra (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications including Directors Identification Number (DIN) status at the portal www.mca.gov.in as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

Sr. No	Name of Director	DIN
1	Mr. Jai Hiremath (Chairman & Managing Director)	00062203
2	Mr. Sameer Hiremath (Joint Managing Director & CEO)	00062129
3	Mrs. Sugandha Hiremath (Non-Executive Director)	00062031
4	Mr. Baba Kalyani (Non-Executive Director)	00089380
5	Mr. Amit Kalyani (Non-Executive Director)	00089430
6	Mr. Kannan Unni (Independent, Non-Executive Director)	00227858
7	Mr. Prakash Mehta (Independent, Non-Executive Director)	00001366
8	Mr. Ravindra Kumar Goyal (Independent, Non-Executive Director)	03050193
9	Mrs. Shivani Bhasin Sachdeva (Independent, Non-Executive Director)	00590500
10	Mr. Ranjit Shahani (Independent, Non-Executive Director)	00103845

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

For **Ashish Bhatt & Associates**

Sd/-
Ashish Bhatt
Practicing Company Secretary
FCS No: 4650
C.P. No. 2956
UDIN : F004650C000250269

Place: Thane
Date: May 6, 2021

Independent Auditor's Report

To the Members of Hikal Ltd

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Hikal Ltd ("the Company"), which comprise the Balance sheet as at 31 March 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended 31 March 2021. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

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

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

Other Information

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

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

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

Responsibilities of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended 31 March 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

   (e) On the basis of the written representations received from the directors taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion, the managerial remuneration for the year ended 31 March 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

      (i) The Company has disclosed the impact of pending litigations on its financial position in note 46 to the standalone financial statements;

      (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

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

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

per Vinayak Pujare
Partner
Membership Number: 101143
UDIN: 21101143AAAABD7304

Place of Signature: Mumbai
Date: 06 May 2021

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

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

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

(c) According to the information and explanations given by the management and audit procedures performed by us, the title deeds of immovable properties included in property, plant and equipment and right to use assets are held in the name of the Company

(ii) The management conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification

(iii) According to the information and explanations given to us and audit procedures performed by us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) (b) and (c) of the Order are not applicable to the Company and hence not commented upon

(iv) In our opinion and according to the information and explanation given to us, the Company has not granted any loans, or provided any guarantees or security to the parties covered under Section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act in respect of the investments made

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

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

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

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

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

Name of the statute	Nature of the dues	Amount Unpaid* (₹ in Million)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax	108.48	FY 2006-07 and FY 2009-10	Income Tax Appellate Tribunal
The Income Tax Act, 1961	Income Tax	436.57	FY 2013-14, FY 2016-17 and FY 2017-18	Commissioner of Income Tax (Appeals)

Name of the statute	Nature of the dues	Amount Unpaid* (₹ in Million)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Excise Duty	34.13	July 2007 to December 2011	Customs, Excise and Service Tax Appellate Tribunal, Bangalore

* Net of amount paid under protest

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

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

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

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

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

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

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

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

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

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

per Vinayak Pujare
Partner
Membership Number: 101143
UDIN: 21101143AAAABD7304

Place of Signature: Mumbai
Date: 06 May 2021

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

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

We have audited the internal financial controls of Hikal Ltd ("the Company") as of 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls with Reference to these Standalone Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to these Standalone Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to these standalone financial statements and such internal financial controls with reference to these standalone financial statements were operating effectively as at 31 March 2021, based on the internal control criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

per Vinayak Pujare
Partner
Membership Number: 101143
UDIN: 21101143AAAABD7304

Place of Signature: Mumbai
Date: 06 May 2021

Financial Statements

Standalone Balance Sheet

as at 31 March 2021

(Currency : Indian Rupees in million)

	Note	As at 31 March 2021	As at 31 March 2020
ASSETS			
Non-current assets			
Property, plant and equipment	4	6,459.85	6,667.68
Capital work-in-progress	4	2,453.85	1,521.03
Right of use assets	5	651.70	663.13
Other intangible assets	6	13.96	21.39
Intangible assets under development	6	88.54	87.14
Financial Assets			
Investments	7	6.22	6.90
Loans	8	157.11	151.72
Others	9	45.10	3.85
Income tax assets (net)	10	20.21	24.70
Other non-current assets	11	449.76	784.76
Total non-current assets		10,346.30	9,932.30
Current assets			
Inventories	12	2,666.99	3,124.64
Financial Assets			
Trade receivables	13	4,855.30	3,404.39
Cash and cash equivalents	14	76.37	316.83
Bank balance other than cash and cash equivalents	15	291.71	318.91
Loans	16	2.34	3.56
Others	17	2.35	3.02
Other current assets	18	890.94	576.28
Total current assets		8,786.00	7,747.63
Total assets		19,132.30	17,679.93
EQUITY AND LIABILITIES			
Equity			
Equity share capital	19	246.60	246.60
Other equity			
Retained earnings		6,700.30	5,531.24
Other reserves	20	2,387.28	2,387.32
Total equity		9,334.18	8,165.16
Liabilities			
Non-current liabilities			
Financial Liabilities:			
Borrowings	21	2,628.86	3,033.99
Lease liability	22	5.79	9.14
Provisions	23	219.86	184.29
Deferred tax liabilities (net)	24	375.82	324.18
Total non-current liabilities		3,230.33	3,551.60
Current liabilities			
Financial liabilities:			
Borrowings	25	2,514.26	2,575.42
Lease liability	26	3.04	2.26
Trade payables	27		
- Total outstanding dues of Micro Enterprises and Small Enterprises		260.48	233.54
- Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		2,035.65	1,778.03
Other financial liabilities	28	1,360.12	1,267.46
Other current liabilities	29	122.97	63.04
Provisions	30	44.42	38.38
Income tax liabilities (net)	31	226.85	5.04
Total current liabilities		6,567.79	5,963.17
Total liabilities		9,798.12	9,514.77
Total equity and liabilities		19,132.30	17,679.93
Significant accounting policies	1-3		

Accompanying notes form an integral part of standalone financial statements

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

per Vinayak Pujare
Partner
Membership No: 101143

Mumbai
6 May 2021

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

Jai Hiremath
Chairman and Managing Director
DIN: 00062203

Sameer Hiremath
Joint Managing Director and CEO
DIN: 00062129

Kannan K. Unni
Director
DIN: 00227858

Kuldeep Jain
Chief Financial Officer

Rajasekhar Reddy
Company Secretary

Mumbai
6 May 2021

Standalone Statement of Profit and Loss

For the year ended 31 March 2021
(Currency : Indian Rupees in million)

	Note	For the year ended 31 March 2021	For the year ended 31 March 2020
INCOME			
Revenue from operations	32	17,204.36	15,072.63
Other income	33	49.82	37.02
Total income		17,254.18	15,109.65
EXPENSES			
Cost of materials consumed	34	9,067.12	7,819.03
Changes in inventories of finished goods and work-in-progress	35	16.65	(55.81)
Employee benefits expenses	36	1,643.17	1,565.67
Finance costs	37	361.98	524.18
Depreciation and amortisation expense	4-6	852.45	824.62
Other expenses	38	3,248.54	3,012.15
Total expenses		15,189.91	13,689.84
Profit before tax and before exceptional item		2,064.27	1,419.81
Exceptional item	58	-	154.02
Profit before tax and after exceptional item		2,064.27	1,265.79
Tax expense			
Current tax	39	795.51	347.02
Deferred tax	40	(62.66)	74.41
Total tax expense		732.85	421.43
Net Profit for the year		1,331.42	844.36
Other comprehensive income (OCI)			
(i) Items that will not be reclassified to Standalone statement of profit and loss			
- Gain / (loss) on remeasurement of defined employee benefit plans		(19.38)	1.39
- Gain / (loss) on change in fair values of investments in equity shares carried at fair value through OCI		(0.06)	(3.44)
(ii) Income tax relating to items that will not be reclassified to standalone statement of profit and loss		5.00	0.72
Other comprehensive income for the year, (net of income tax)		(14.44)	(1.33)
Total comprehensive income for the year		1,316.98	843.03
Earnings per equity share (for nominal value per equity share of ₹ 2)			
Basic and Diluted	41	10.80	6.85
Significant accounting policies	1-3		

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

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

per Vinayak Pujare
Partner
Membership No: 101143

Mumbai
6 May 2021

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

Jai Hiremath
Chairman and Managing Director
DIN: 00062203

Sameer Hiremath
Joint Managing Director and CEO
DIN: 00062129

Kannan K. Unni
Director
DIN: 00227858

Kuldeep Jain
Chief Financial Officer

Rajasekhar Reddy
Company Secretary

Mumbai
6 May 2021

Standalone Statement of Changes in Equity

For the year ended 31 March 2021
(Currency : Indian Rupees in million)

(a) Equity share capital	No. of shares	Value
Balance as at 1 April 2019	**123.30**	246.60
Changes in equity share capital during 2019-20	-	-
Balance as at 31 March 2020	**123.30**	246.60
Changes in equity share capital during 2020-21	-	-
Balance as at 31 March 2021	**123.30**	246.60

(b) Other equity

	Reserve and Surplus							
	Capital reserve	Capital redemption reserve	Securities premium	State subsidy	Contingency reserve	General reserve	Retained earnings	Equity investments through other comprehensive income
Balance as at 1 April 2019	0.44	509.82	64.72	5.50	30.00	1,779.56	4,926.08	(0.48)
Total comprehensive income for the year ended 31 March 2020								
Profit for the year	-	-	-	-	-	-	844.36	-
Items of OCI for the year, net of tax								
Gain / (loss) on remeasurement of defined employee benefit plans	-	-	-	-	-	-	0.91	-
Gain / (loss) on change in fair values of investments in equity shares carried at fair value through OCI	-	-	-	-	-	-	-	(2.24)
Total comprehensive income	-	-	-	-	-	-	**845.27**	(2.24)
Transaction with owners in their capacity as owners, recorded directly in equity								
Dividend	-	-	-	-	-	-	(197.28)	-
Dividend distribution tax	-	-	-	-	-	-	(40.55)	-
Other adjustments								
Lease impact as per Ind AS 116	-	-	-	-	-	-	(2.28)	-
Balance as at 31 March 2020	**0.44**	**509.82**	**64.72**	**5.50**	**30.00**	**1,779.56**	**5,531.24**	**(2.72)**
Total comprehensive income for the year ended 31 March 2021								
Profit for the year	-	-	-	-	-	-	1,331.42	-
Items of OCI for the year, net of tax								
Gain / (loss) on remeasurement of defined employee benefit plans	-	-	-	-	-	-	(14.40)	-
Gain / (loss) on change in fair values of investments in equity shares carried at fair value through OCI	-	-	-	-	-	-	-	(0.04)
Total comprehensive income	-	-	-	-	-	-	**1,317.02**	(0.04)
Transaction with owners in their capacity as owners, recorded directly in equity								
Dividends	-	-	-	-	-	-	(147.96)	-
Balance as at 31 March 2021	**0.44**	**509.82**	**64.72**	**5.50**	**30.00**	**1,779.56**	**6,700.30**	**(2.76)**

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

per Vinayak Pujare
Partner
Membership No: 101143

Mumbai
6 May 2021

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

Jai Hiremath
Chairman and Managing Director
DIN: 00062203

Sameer Hiremath
Joint Managing Director and CEO
DIN: 00062129

Kannan K. Unni
Director
DIN: 00227858

Kuldeep Jain
Chief Financial Officer

Rajasekhar Reddy
Company Secretary

Mumbai
6 May 2021

Notes to the Standalone financial statements

For the year ended 31 March 2021
(Currency : Indian Rupees in million)

1 Company Overview

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

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

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

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

2 Basis of preparation

2.1 Statement of compliance

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

The standalone financial statements for the year ended 31 March 2021 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on 6 May 2021.

2.2 Functional and presentation currency

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

2.3 Basis of measurement

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

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

2.4 Use of estimates and judgments

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

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

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

a. Property, plant and equipment

Useful lives of tangible assets are based on the estimates made by the management. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

b. Recognition and measurement of defined benefit obligations

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

c. Impairment allowance of trade receivables (allowance for bad and doubtful debts)

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

d. Allowances for inventories

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

e. Recognition of deferred tax assets

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

2.5 Measurement of fair values

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

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

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

2.6 Current / non-current classification

An entity shall classify an asset as current when-

(a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;

(b) it holds the asset primarily for the purpose of trading;

(c) it expects to realise the asset within twelve months after the reporting period; or

(d) the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify a liability as current when-

(a) it expects to settle the liability in its normal operating cycle;

(b) it holds the liability primarily for the purpose of trading;

(c) the liability is due to be settled within twelve months after the reporting period; or

(d) it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

Operating cycle

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

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

3 Significant accounting policies

3.1 Revenue

Sale of goods

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

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

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

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

Export entitlements

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

Interest Income

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

Dividend Income

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

3.2 Foreign currency

Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary asstes and liabilities that are measured based on historical cost in a foreign currency are not translated. Foreign currency exchange differences are generally recognised in the statement of profit and loss.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous Financial Statements are recognised in the Standalone Statement of Profit and Loss in the period in which they arise. When a gain or loss on a non-monetary item is recognised in Other Comprehensive Income, any exchange component of that gain or loss is recognised in Other Comprehensive Income. Conversely, when a gain or loss on a non-monetary item is recognised in Standalone Statement of Profit and Loss, any exchange component of that gain or loss is recognised in Standalone Statement of Profit and Loss.

3.3 Employee benefits

Short-term employee benefits

Short-term employee benefits obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the amount of obligation can be estimated reliably.

Post employment employee benefits

i. Defined contribution plans

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

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

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

ii Defined benefit plans

A defined benefit plan is a post-employee benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined liability (asset) after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to gratuity benefit scheme are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Gratuity

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

Other long-term employee benefits

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

3.4 Income tax

Income tax expense comprises current and deferred tax. It is recognised in the standalone statement of profit and loss or items recognised directly in equity or in other comprehensive income.

i. Current tax

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

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

a) has a legally enforceable right to set off the recognised amounts; and

b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

ii Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable Company.

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

3.5 Inventories

a Measurement of Inventory

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

b Cost of Inventories

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

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

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

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

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

c Net realisable value

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

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

Estimates of net realisable value of finished goods and stock-in-trade are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when a decline in the price of materials indicates that the cost of the finished products exceeds net realisable value, the materials are written down to net realisable value.

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

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

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

3.6 Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

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

a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.

b) any directly attributable cost of bringing the asset to its location and condition necessary for it to be capable of operating in the manner intended by management.

c) the estimated costs of dismantling and removing the item and restoring the site on which it is located.

(Currency : Indian Rupees in million)

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

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted and depreciated for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in the statement of profit and loss.

ii. Subsequent expenditure

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

iii. Depreciation

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

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

The residual value and the useful life of an asset is reviewed at least at each financial year-end. Depreciation is calculated using the straight-line method on cost of items of property, plant and equipment less their estimated residual values over the estimated useful lives prescribed under Schedule II of the Act.

In case of Ships, based on internal assessment and technical evaluation carried out, management believes that the useful life is 30 years, which is higher and different from the useful life of 20 years as prescribed under Part C of Schedule II of the Act.

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

Tangible Assets	Life defined	Useful life as per Schedule II
Buildings	30-60	30-60
Plant and equipment	10-13	10-20
Furniture and fixtures	10	10
Electrical installation	10	10
Vehicles	8	10
Office equipment	5	5
Computers	3	3
Ships	30	20

Leasehold improvements amortised over the primary period of lease.

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

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

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

3.7 Borrowing costs

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

The Company has opted option available in Para D13AA of Ind AS 101 to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP i.e. capitalisation foreign exchange difference 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).

3.8 Intangible assets

i. Recognition and measurement

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

Development expenditure is capitalised as part of the cost of the research and development, only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

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

ii. Subsequent expenditure

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

iii. Amortisation

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

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

- Computer Software 5 years

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

3.9 Financial instruments

a. Financial assets

i. Recognition and initial measurement

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).Trade receivables and debt instruments issued are initially recognised when they are originated. All other financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

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

ii. Classification

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

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

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

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment- by- investment basis.

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

Financial assets: Business model assessment

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

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

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

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

iii Subsequent measurement and gains and losses

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

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

Equity investments at FVOCI
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity instrument measured at FVOCI not reported separately from other changes in fair value.

iv. Derecognition
The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

v Impairment of financial assets

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

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

Trade receivables – see Note 13

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

b. Financial liabilities

i. Recognition and initial measurement

All financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

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

ii Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in the statement of profit and loss.

iii. Derecognition

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the statement of profit and loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

c. Derivative financial instruments

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each reporting period. Any changes therein are generally recognised in the profit and loss account.

d. Investment in subsidiaries

Investment in subsidiaries is carried at cost in the standalone financial statements.

3.10 Provisions and contingent liabilities

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but will probably not, require an outflow of resources. When there is a possible obligation of a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

3.11 Leases

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

Company as a lessee

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

i Right-of-use Assets

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

Leasehold Land	90 to 99 years
Buildings	9 years

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

ii Lease Liabilities

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

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

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

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

3.12 Impairment of non-financial assets

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

The recoverable amount is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of the assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods which no longer exists or may have decreased, impairment loss is reversed to the extent to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets, such reversal is not recognised.

3.13 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3.14 Earnings per share (EPS)

Basic EPS is computed using the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be anti dilutive.

(Currency : Indian Rupees in million)

4 Property, plant and equipment

Description	Gross Block					Accumulated Depreciation				Net Block	
	As at 1 April 2020	Additions	Deductions	Adjustment of exchange difference on borrowing	As at 31 March 2021	As at 1 April 2020	Charge for the year	Deductions	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
Freehold land	581.94	**0.16**	-	-	**582.10**	-	-	-	-	**582.10**	581.94
Buildings	1,694.60	**36.90**	-	-	**1,731.50**	262.58	**70.99**	-	**333.57**	**1,397.93**	1,432.02
Plant and machinery	7,201.75	**568.41**	-	**(18.18)**	**7,751.98**	2,759.68	**714.38**	-	**3,474.06**	**4,277.92**	4,442.07
Electrical equipments and installations	121.63	**14.24**	-	-	**135.87**	72.15	**8.72**	-	**80.87**	**55.00**	49.48
Office equipments	99.19	**17.35**	-	-	**116.54**	63.56	**20.89**	-	**84.45**	**32.09**	35.63
Furniture and fixtures	106.64	**5.40**	-	-	**112.04**	47.70	**9.27**	-	**56.97**	**55.07**	58.94
Leasehold improvements	5.58	-	-	-	**5.58**	2.24	**0.56**	-	**2.80**	**2.78**	3.34
Vehicles	56.07	**1.48**	-	-	**57.55**	20.24	**6.99**	-	**27.23**	**30.32**	35.83
Ships	35.75	-	-	-	**35.75**	7.32	**1.79**	-	**9.11**	**26.64**	28.43
Total	9,903.15	**643.94**	-	**(18.18)**	**10,528.91**	3,235.47	**833.59**	-	**4,069.06**	**6,459.85**	6,667.68
Capital work in progress										**2,453.85**	1,521.03

Notes to the Standalone financial statements *(Continued)*

As at 31 March 2021
(Currency : Indian Rupees in million)

4 Property, plant and equipment (Previous year)

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

Notes:

a. Exchange differences (gain) of ₹ 18.18 million (P.Y. loss ₹ 68.24 million) has been included in the additions to fixed assets post the exercise of option in terms of Para 46A of AS11 (pursuant to notification dated 29 December 2011 issued by the Ministry of Corporate Affairs.)

b. Refer note 21 and 25 for details of assets hypothecated/mortgaged as security against borrowings.

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

Notes to the Standalone financial statements *(Continued)*

As at 31 March 2021

(Currency : Indian Rupees in million)

5 Right of use assets

Description	Gross Block				Accumulated Depreciation				Net Block	
	As at 1 April 2020	Additions	Deductions	As at 31 March 2021	As at 1 April 2020	Charge for the year	Deductions	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
Leasehold land	691.71	-	-	691.71	36.23	9.28	-	45.51	646.20	655.48
Buildings	11.06	-	-	11.06	3.41	2.15	-	5.56	5.50	7.65
Total	**702.77**	**-**	**-**	**702.77**	**39.64**	**11.43**	**-**	**51.07**	**651.70**	**663.13**

5 Right of use assets (Previous year)

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

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

6 Other intangible assets

Description	Gross Block				Accumulated Depreciation				Net Block	
	As at 1 April 2020	Additions	Deductions	As at 31 March 2021	As at 1 April 2020	Charge for the year	Deductions	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
Computer software	43.27	-	-	43.27	21.88	7.43	-	29.31	13.96	21.39
Total	**43.27**	**-**	**-**	**43.27**	**21.88**	**7.43**	**-**	**29.31**	**13.96**	**21.39**
Intangible assets under development									88.54	87.14

6 Other intangible assets (Previous year)

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

Notes to the Standalone financial statements *(Continued)*

As at 31 March 2021

(Currency : Indian Rupees in million)

	31 March 2021	31 March 2020
7 Non-current investments		
Investments in equity instruments :		
A Unquoted		
i. Subsidiary company (at cost)		
"Acoris Research Limited 15,050,080 Equity Shares of face value ₹ 10 each fully paid up (PY: 15,050,080 Equity Shares of face value ₹ 10 each fully paid up)"	**0.10**	0.10
ii. Other investment		
(At fair value through other comprehensive income)		
223,164 (P.Y. 223,164) Equity shares of ₹ 10 each of Bharuch Eco Aqua. Infrastructure Limited fully paid-up	**4.25**	4.39
30,000 (P.Y. 30,000) Equity shares of ₹ 10 each of Panoli Enviro Technology Limited fully paid-up	**0.08**	0.08
14,494 (P.Y. 14,494) Equity shares of ₹ 100 each MMA CETP Co-operative Society Limited fully paid-up	**1.69**	1.71
16% (P.Y. 16%) equity shares of Jiangsu Chemstar Chemical Co Limited fully paid-up	**0.01**	26.97
Impairment in value of investment*	**(0.01)**	(26.97)
B *Quoted*		
(At fair value through other comprehensive income)		
Nil (P.Y. 10,000) Equity shares of ₹ 10 each of Bank of Baroda fully paid-up	**-**	0.54
2,900 (P.Y. 2,900) Equity shares of ₹ 10 each of Union bank of India fully paid-up	**0.10**	0.08
Total non-current investments (A + B)	**6.22**	6.90
Aggregate amount of quoted investments	**0.10**	0.62
Aggregate market value of quoted investments	**0.10**	0.62
Aggregate amount of unquoted investments	**6.13**	33.25
Aggregate amount of impairment in value of investments	**(0.01)**	(26.97)
	6.22	6.90

Note:

The Company has written of the value of ₹ 26.96 Million in investment in Jiangsu Chemstar Chemical Co Limited in the current year against provision created in earlier financial year.

(Currency : Indian Rupees in million)

		31 March 2021	31 March 2020
8	**Loans**		
	Unsecured and considered good		
	To other than related parties		
	Loans to employees	**1.82**	2.25
	Security deposit to related parties	**71.10**	71.10
	Security deposit to other than related parties	**84.19**	78.37
		157.11	151.72
9	**Other financial assets**		
	Unsecured and considered good		
	To other than related parties		
	Deposits with remaining maturity of more than 12 months	**45.10**	3.85
		45.10	3.85
10	**Income tax assets (net)**		
	Income tax assets (net) (Net of provision of ₹ 559.57 million (31 March 2020 : 550 Million))	**20.21**	24.70
		20.21	24.70
11	**Other non-current assets**		
	Unsecured and considered good		
	To other than related parties		
	Prepaid expenses	**8.46**	27.70
	VAT/ CST refund receivable	**14.74**	30.52
	Balances with government authorities	**257.04**	646.52
	Capital advances	**169.52**	80.02
		449.76	784.76
12	**Inventories**		
	Valued at the lower of cost and net realisable value		
	Raw materials (includes goods in transit of ₹ 7.52 Million, 31 March 2020 ₹ 39.04 Million)	**1,362.26**	1,814.84
	Packing materials	**10.36**	9.38
	Work-in-progress	**583.28**	558.58
	Finished goods	**517.99**	559.34
	Stores and spares	**193.10**	182.50
		2,666.99	3,124.64

Inventories which comprise raw materials, packing materials, work-in-progress and finished goods are carried at the lower of cost and net realisable value. (See detailed accounting policy in Note 3.5)

The write-down of inventories to net realisable value as at year end amounted to ₹ 118.02 million (31 March 2020: ₹ 58.01 million). The write down of inventories are included in cost of materials consumed or changes in inventories of finished goods and work-in-progress in the statement of profit and loss.

(Currency : Indian Rupees in million)

		31 March 2021	31 March 2020
13	**Trade receivables**		
	(Unsecured)		
	Trade receivable considered good	**4,822.91**	3,428.78
	Trade receivable which have significant increase in credit risk	**114.80**	22.73
		4,937.71	3,451.51
	Impairment allowance (Allowance for bad and doubtful debts)		
	Trade receivable considered good	**(33.15)**	(24.39)
	Trade receivable which have significant increase in credit risk	**(49.26)**	(22.73)
		(82.41)	(47.12)
	Net trade receivable	**4,855.30**	3,404.39

The loss allowance on trade receivables has been computed on the basis of Ind AS 109, Financial Instruments, which requires such allowance to be made even for trade receivables considered good on the basis that credit risk exists even though it may be very low.

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

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

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

The relevant carrying amounts are as follows:

Particulars	31 March 2021	31 March 2020
Total transferred trade receivables	**1,114.60**	824.84
Associated borrowings [refer note 25]	**1,114.60**	824.84

		31 March 2021	31 March 2020
14	**Cash and cash equivalents**		
	Bank balances in :		
	- Current accounts	**66.97**	304.56
	- Exchange earners foreign currency	**0.09**	1.86
	- Fixed deposit account (with original maturity of 3 months or less)	**8.47**	8.04
	Cash on hand	**0.84**	2.37
	Cash and cash equivalents in the statement of cash flows	**76.37**	316.83
15	**Bank balance other than cash and cash equivalents**		
	Other bank balances:		
	Bank deposits due to mature within 12 months of the reporting date	**289.31**	316.74
	Unpaid dividend accounts	**2.40**	2.17
		291.71	318.91

Deposits given as security

1) Margin money deposits with a carrying amount as at 31 March 2021 ₹ 136.79 million (31 March 2020 ₹ 135.32 million) are subject to first charge to secure the Company's working capital loans.

2) Bank deposits with a carrying amount as at 31 March 2021 ₹ 197.62 million (31 March 2020 ₹ 193.22 million) are subject to exclusive first charge to secure the Company's rupee term loans and external commercial borrowing term loan from one bank.

		31 March 2021	31 March 2020
16	**Loans**		
	(Unsecured)		
	To parties other than related parties		
	Loans to employees	**2.34**	3.56
		2.34	3.56
17	**Other financial assets**		
	Interest accrued on fixed deposit	**2.35**	3.02
		2.35	3.02
18	**Other current assets**		
	(Unsecured)		
	To parties other than related parties		
	Advance to suppliers		
	Considered good	**100.55**	115.86
	Considered doubtful	**20.00**	10.00
	Advance to suppliers	**120.55**	125.86
	Less: Provision for doubtful advances	**(20.00)**	(10.00)
		100.55	115.86
	Balance with government authorities	**669.81**	358.50
	VAT / CST refund receivable	**3.78**	25.50
	Prepaid expenses	**116.80**	76.42
		890.94	576.28
19	**Share Capital**		
	Authorised share capital (Refer note a below)		
	Equity	**500**	500
	Par value per share (₹)	**2**	2
	Number of equity shares	**250,000,000**	250,000,000
	Preference shares	**250**	250
	Par value per share (₹)	**100**	100
	Number of Preference shares	**2,500,000**	2,500,000
	Issued, subscribed and fully paid up -Equity	**246.60**	246.60
	Par value per share (₹)	**2**	2
	Number of equity shares	**123,300,750**	123,300,750

a. The Board of Directors of the Company at its meeting held on 9 May 2018, approved a proposal to issue bonus shares in the ratio of one equity share of ₹ 2 each for every two equity share of ₹ 2 each held by the shareholders of the Company as on the record date i.e 25 June 2018 , which was approved by the shareholders by means of an ordinary resolution in the extra ordinary general meeting held on 11 June 2018. The Company allotted 41,100,250 equity shares as fully paid up bonus shares by capitalisation of securities premium amounting to ₹ 82.20 million.

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

Equity shares

	31 March 2021		31 March 2020	
	No. millions	**₹ in millions**	**No. millions**	**₹ in millions**
At the beginning of the year	**123.30**	**246.60**	123.30	246.60
At the end of the year	**123.30**	**246.60**	123.30	246.60

(Currency : Indian Rupees in million)

c. Terms/rights attached to equity shares

The Company has only single class of equity shares having a par value of ₹ 2 (P.Y. ₹ 2) per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

d. Details of shareholders holding more than 5% of shares:

	31 March 2021		31 March 2020	
	No of Shares	%	No of Shares	%
Equity shares of ₹ 2 (P.Y. ₹ 2) each fully paid				
Kalyani Investment Company Limited	**38.67**	**31.36**	38.67	31.36
Shri Badrinath Investment Private Limited	**19.91**	**16.15**	19.91	16.15
Shri Rameshwara Investment Private Limited	**9.81**	**7.96**	9.81	7.96
Sugandha J Hiremath	**9.67**	**7.84**	9.67	7.84

20 Other equity

	Note	31 March 2021	31 March 2020
Capital reserve	i	**0.44**	0.44
Capital redemption reserve	ii	**509.82**	509.82
Securities premium account	iii	**64.72**	64.72
State subsidy	iv	**5.50**	5.50
Contingency reserve	v	**30.00**	30.00
General reserve	vi	**1,779.56**	1,779.56
Equity instruments through other comprehensive income	vii	**(2.76)**	(2.72)
		2,387.28	2,387.32

A Notes

		31 March 2021	31 March 2020
i	**Capital reserve**		
	Opening balance	**0.44**	0.44
	Additions during the year	**-**	-
	Closing balance	**0.44**	0.44
ii	**Capital redemption reserve**		
	Opening balance	**509.82**	509.82
	Additions during the year	**-**	-
	Closing balance	**509.82**	509.82
iii	**Securities premium**		
	Opening balance	**64.72**	64.72
	Issue of bonus shares (Refer note 17 b)	**-**	-
	Closing balance	**64.72**	64.72
iv	**State subsidy**		
	Opening balance	**5.50**	5.50
	Additions during the year	**-**	-
	Closing balance	**5.50**	5.50
v	**Contingency reserve**		
	Opening balance	**30.00**	30.00
	Additions during the year	**-**	-
	Closing balance	**30.00**	30.00
vi	**General reserve**		
	Opening balance	**1779.56**	1779.56
	Additions during the year	**-**	-
	Closing balance	**1779.56**	1779.56
vii	**Equity instruments through other comprehensive income**		
	Opening balance	**(2.72)**	(0.48)
	Additions during the year	**(0.04)**	(2.24)
	Closing balance	**(2.76)**	(2.72)

B Nature and purpose of reserves

i. Capital reserve

Capital reserve is created on merger/amalgamation.

ii. Capital redemption reserve

Capital redemption reserve represents redemption of redeemable cumulative preference shares in earlier years.

iii. Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act 2013 ('the Act').

iv. State subsidy

State subsidy is created on receipt of government grants for setting up the factories in backward areas.

v. Contingency reserve

Contingency reserve is created by transferring funds from retained earnings to meet future contingencies.

vi. General reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

vii. Equity instruments through other comprehensive income

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

C Dividends

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

	31 March 2021	31 March 2020
Final equity dividend paid for financial year 2019-20 at ₹ 0.20 per equity share	24.66	-
Interim equity dividend paid for financial year 2020-21 at ₹ 1 per equity share	123.30	-
Final equity dividend paid for financial year 2018-19 at ₹ 0.60 per equity share	-	73.98
Interim equity dividend paid for financial year 2019-20 at ₹ 1 per equity share	-	123.30
Dividend distribution tax on the equity dividend paid above	-	40.55
Total	147.96	237.83

(Currency : Indian Rupees in million)

After the reporting dates the following dividends were proposed by the directors subject to the approval at the annual general meeting. These dividends and tax thereon have not been recognised as liabilities in the year to which they pertains to and is recorded in the year in which they have been approved in the Annual General Meeting.

	31 March 2021	31 March 2020
Final equity dividend proposed for financial year 2020-21 at ₹ 1 per equity share	123.30	-
Final equity dividend proposed for financial year 2019-20 at ₹ 0.20 per equity share	-	24.66
Total	123.30	24.66

21 Borrowings

(Secured)

	31 March 2021	31 March 2020
Term loans from banks		
Rupee (refer note a (i), a (ii) and b (i) below)	1,519.05	1,808.47
External commercial borrowing (refer note a (iii) and b (i) below)	524.93	806.45
Term loans from financial institutions		
Rupee (refer note a (iv), a (v) and b (ii) below)	523.37	294.72
Term loans from others		
Rupee (refer note a (vi) and b (iii) below)	58.39	118.68
Vehicle loans		
From banks -Rupee (refer note a (vii) and b (iv) below)	2.25	3.71
From Others -Rupee (refer note a (vii) and b (iv) below)	0.87	1.96
	2,628.86	3,033.99

(For current maturities of loans refer note 28)

a. Nature of security :

i Rupee term loan from banks of ₹ 300.63 million is secured by first pari passu charge on the fixed assets of the Company's plants situated at Taloja, Panoli, Bangalore, R & D centre at Pune and office at CBD Belapur (Navi Mumbai) and second pari passu charge on entire current assets both present and future.

ii Rupee term loan from banks of ₹ 1,218.42 million is secured by first pari passu charge on the fixed assets of the Company's plants situated at Taloja, Panoli, Bangalore, R & D centre at Pune and second pari passu charge on entire current assets both present and future.

iii External Commercial borrowing from bank is secured by first pari passu charge on the fixed assets of the Company's plants situated at Taloja, Panoli and Bangalore, R & D centre at Pune and office at CBD Belapur (Navi Mumbai) and second pari passu charge on entire current assets both present and future.

iv Rupee term loan from financial institutions of ₹ 140.47 million is secured by first pari passu charge on the fixed assets of the Company's plants situated at Taloja, Panoli and Bangalore, R & D centre at Pune and office at CBD Belapur (Navi Mumbai) and second pari passu charge on entire current assets both present and future.

v Rupee term loan from financial institutions of ₹ 382.89 million is secured by first pari passu charge on the fixed assets of the Company's plants situated at Taloja, Panoli and Bangalore, R & D centre at Pune and second pari passu charge on entire current assets both present and future.

vi Rupee term loan from others is secured by first pari passu charge on the fixed assets of the Company's plants situated at Taloja, Panoli, Bangalore, R & D centre at Pune and office at CBD Belapur (Navi Mumbai) and second pari passu charge on entire current assets both present and future.

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

Debt reconciliation statement in accordance with IND AS 7

	31 March 2021	31 March 2020
Opening balance		-
Long term borrowings	**3,033.99**	3,590.42
Short term borrowings	**2,575.42**	3,018.83
Lease liability	**11.40**	13.63
Movements		
Long term borrowings	**405.13**	556.43
Short term borrowings	**61.16**	443.41
Lease liability	**2.57**	2.23
Closing balance		
Long term borrowings	**2,628.86**	3,033.99
Short term borrowings	**2,514.26**	2,575.42
Lease liability	**8.83**	11.40

b. i) Terms of repayment as on 31 March 2021 are as under :

(i)	USD in million	₹ In million	Repayment Terms	Closing interest rate as at 31.3.2021
a	-	158.44	Repayable in 8 quarterly instalments, next installment due on 30.06.2021; equated average instalments of ₹ 19.805 million	10.05%
b	-	39.45	Repayable in 8 quarterly instalments, next installment due on 30.06.2021 ; equated average instalments of ₹ 4.931 million	9.45%
c	-	255.55	Repayable in 8 quarterly instalments, next installment due on 30.06.2021; equated average instalments of ₹ 31.944 million	9.35%
d	-	78.63	Repayable in 8 quarterly instalments, next installment due on 30.06.2021; equated average instalments of ₹ 9.829 million	9.75%
e	-	78.55	Repayable in 8 quarterly instalments, next installment due on 30.06.2021; equated average instalments of ₹ 9.819 million	9.75%
f	-	679.59	Repayable in 21 quarterly instalments, next installment due on 05.06.2021; equated average instalments of ₹ 32.361 million	9.10%
g	-	696.34	Repayable in 24 quarterly instalments, next installment due on 06.05.2021; equated average instalments of ₹ 33.159 million	8.40%
h	11.04	795.45	Repayable in 11 quarterly instalments, next installment due on 10.06.2021; equated average instalments of USD 0.984 million	3M Libor + 260 bps

(ii)	USD in million	₹ In million	Repayment Terms	Closing interest rate as at 31.3.2021
a	-	290.47	Repayable in 8 quarterly instalments, next installment due on 30.06.2021; equated average instalments of ₹ 36.309 million	7.00%
b	-	382.89	Repayable in 24 quarterly instalments, next installment due on 11.09.2022; equated average instalments of ₹ 15.954 million	8.85%

(iii)	USD in million	₹ In million	Repayment Terms	Closing interest rate as at 31.3.2021
a	-	118.39	Repayable in 8 quarterly instalments, next installment due on 30.06.2021; equated average instalments of ₹ 14.799 million	10.00%

(iv)	USD in million	₹ In million	Repayment Terms	Closing interest rate as at 31.3.2021
a	-	3.71	Repayble monthly EMI of ₹ 0.128 million	8.60%
b	-	2.05	Repayble monthly EMI of ₹ 0.093 million	8.73%

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

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

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

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

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

		31 March 2021	31 March 2020
22	**Non current lease liability**		
	Lease liability	**5.79**	9.14
		5.79	9.14
23	**Long -term provisions**		
	Provision for gratuity (Refer note 42)	**122.24**	102.83
	Provision for compensated absences (Refer note 42)	**97.62**	81.46
		219.86	184.29
24	**Deferred tax liabilities (net)**		
	Deferred tax liabilities (Refer note 40)	**375.82**	443.49
	Mat credit entitlement	**-**	(119.31)
		375.82	324.18
25	**Short-term borrowings**		
	Secured		
	Loans repayable on demand from banks		
	Working capital loan -Rupee (refer note a and b below)	**1,141.70**	1,650.58
	Working capital loan -Foreign currency (refer note a and b below)	**257.96**	-
	Bill discounting (Refer note a (ii))	**1,114.60**	824.84
	(Unsecured)		
	Loans repayable on demand from banks		
	Working capital loan - Rupee	**-**	100.00
		2,514.26	2,575.42

a. Nature of security and terms of repayment for secured borrowings :

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

ii Loans availed under bill discounting facility are secured against specific receivables, have tenure of 30 to 90 days and carry interest ranging between 1.50% to 9.5% p.a.

b. Working capital loans are repayable on demand and carry interest ranging from 1.50% to 10.00% p.a.

(Currency : Indian Rupees in million)

		31 March 2021	31 March 2020
26	**Current lease liability**		
	Lease liability	**3.04**	2.26
		3.04	2.26
27	**Trade payables**		
	Total outstanding dues of Micro Enterprises and Small Enterprises (Refer note 44)	**260.48**	233.54
	Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	**2,035.65**	1,778.03
		2,296.13	2,011.57

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

		31 March 2021	31 March 2020
28	**Other financials liabilities**		
	Current maturities of long-term debt	**950.56**	837.78
	Interest accrued but not due on borrowings	**23.56**	28.38
	Payables for capital purchases	**234.47**	270.43
	Employee benefits payable	**149.13**	128.70
	Unpaid dividend (Refer note no 48)	**2.40**	2.17
		1,360.12	1,267.46
29	**Other current liabilities**		
	Advances from customers	**51.81**	6.82
	Statutory dues payable		
	-Provident fund	**11.72**	10.92
	-Employees' state insurance	**0.03**	0.14
	-Tax deducted at source	**21.02**	15.24
	-Goods and Services Tax	**37.86**	29.37
	-Employees' national pension scheme	**0.15**	0.22
	-Profession tax	**0.38**	0.33
		122.97	63.04
30	**Current provisions**		
	Provision for gratuity (Refer note 42)	**21.41**	16.58
	Provision for compensated absences (Refer note 42)	**23.01**	21.80
		44.42	38.38
31	**Income tax liabilities (net)**		
	Provision for tax (Net of advance tax ₹ 465.21 million (31 March 2020 : ₹ 564.53 million))	**226.85**	5.04
		226.85	5.04

(Currency : Indian Rupees in million)

		For the year ended 31 March 2021	For the year ended 31 March 2020
32 Revenue from Operations			
Sale of products		17,009.91	14,572.69
Sale of services		60.61	48.62
	(A)	17,070.52	14,621.31
Other operating revenues			
Export incentive		108.39	233.36
Compensation received from customer		-	197.88
Scrap sales		13.85	20.08
Others		11.60	-
	(B)	133.84	451.32
Revenue from operations	(A+B)	17,204.36	15,072.63

32.1 Disaggregation of revenue from contracts with customers

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

		For the year ended 31 March 2021	For the year ended 31 March 2020
Particulars			
1 Revenue from contracts with customers			
Sale of products (Transferred at point in time)			
Manufacturing			
India		5,222.54	3,730.10
Outside India		11,787.37	10,842.59
	(A)	17,009.91	14,572.69
Sale of services			
India		-	-
Outside India		60.61	48.62
	(B)	60.61	48.62
2 Other operating revenues			
Export incentive		108.39	233.36
Compensation received from customer		-	197.88
Scrap Sales		13.85	20.08
Others		11.60	-
	(C)	133.84	451.32
	Total revenue (A + B + C)	17,204.36	15,072.63
Major product lines			
Crop protection		6,607.96	6,203.92
Pharmaceuticals		10,596.40	8,868.71
		17,204.36	15,072.63

(Currency : Indian Rupees in million)

	31 March 2021	31 March 2020
Reconciliation of revenue from contracts with customers		
Revenue from contracts with customer as per contract price	17,070.52	14,621.31
Adjustment made to contract price	-	-
Total Revenue from contracts with customers	17,070.52	14,621.31
Other operating revenue	133.84	451.32
Revenue from contracts with customer as per Standalone statement of profit and loss	17,204.36	15,072.63

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

Government of India vide press release dated 31 December 2020 introduced the benefit of the Scheme for Remission of Duties and Taxes on Exported Products (RoDTEP) to all export goods with effect from 01 January 2021. With the introduction of the RoDTEP scheme, the benefit of MEIS scheme stood withdrawn wef 01 January 2021. Considering that the rates of RoDTEP are yet to be notified, the Company has not accrued income relating to benefits of RoDTEP scheme for the period 01 January 2021 to 31 March 2021.

33 Other income

	31 March 2021	31 March 2020
Dividend received on non-current investment	0.01	-
Interest income on		
Bank deposit	17.62	21.05
Other	9.05	4.19
Foreign exchange gain (net)	12.89	11.08
Profit on sale of investment	0.12	-
Miscellaneous income	10.13	0.70
	49.82	37.02

34 Cost of materials consumed

	31 March 2021	31 March 2020
Raw material consumed		
Opening stock	1,814.84	2,364.95
Add: Purchase	8,614.54	7,268.92
Less: Closing stock	1,362.26	1,814.84
	9,067.12	7,819.03

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

	31 March 2021	31 March 2020
Opening stock		
Finished goods	559.34	526.27
Work-in-progress	558.58	535.84
	1,117.92	1,062.11
Less: Closing stock		
Finished goods	517.99	559.34
Work-in-progress	583.28	558.58
	1,101.27	1,117.92
	16.65	(55.81)

Notes to the Standalone financial statements *(Continued)*

For the year ended 31 March 2021
(Currency : Indian Rupees in million)

		31 March 2021	31 March 2020
36	**Employee benefits expense**		
	Salaries, wages and bonus	**1,422.36**	1,352.91
	Contribution to provident and other funds	**70.37**	67.18
	Gratuity expenses (Refer note 42)	**23.86**	20.28
	Staff welfare expense	**126.58**	125.30
		1,643.17	1,565.67
37	**Finance costs**		
	Interest on rupee term loans	**161.80**	200.35
	Interest on foreign currency term loans	**36.43**	59.53
	Interest on working capital loans	**89.06**	146.35
	Interest on bills discounted	**31.14**	54.07
	Other finance costs	**16.32**	0.60
	Interest expenses on lease liabilities	**1.02**	1.26
	Bank charges	**26.21**	31.11
	Exchange difference to the extent considered as an adjustment to borrowing costs	**-**	30.91
		361.98	524.18
38	**Other expenses**		
	Consumption of stores and spares	**282.63**	252.28
	Contract labour charges	**176.67**	151.39
	Power and fuel	**1,478.26**	1,299.88
	Advertisement	**2.65**	3.99
	Rent (Refer note 43)	**35.08**	34.06
	Rates and taxes	**11.32**	13.15
	Insurance	**65.26**	70.32
	Repairs and maintenance		
	- Plant and machinery	**217.86**	283.21
	- Buildings	**27.72**	33.35
	- Others	**146.90**	137.55
	Printing and stationery	**15.28**	16.63
	Legal and professional charges		
	- Legal charges	**5.87**	2.68
	- Professional charges	**141.51**	121.06
	Travelling and conveyance	**15.44**	62.44
	Vehicle expenses	**13.31**	18.91
	Postage, telephone and telegrams	**6.63**	10.16
	Payment to auditors (Refer note 51)	**5.98**	6.06
	Director's sitting fee/ Commission	**16.89**	12.30
	Sales and distribution expenses	**267.91**	168.15
	Commission on sales	**30.75**	13.43
	Security service charges	**41.69**	36.36
	Sundry balance written off	**9.73**	2.25
	Service charges	**25.80**	45.28
	Loss on sale of assets (net)	**-**	1.33
	Provision for doubtful debts/advances	**45.29**	21.20
	Corporate Social Responsibility expenses (CSR) (Refer note 49)	**26.88**	22.73
	Miscellaneous expenses	**135.23**	172.00
		3,248.54	3,012.15

(Currency : Indian Rupees in million)

39 Tax expense

	31 March 2021	31 March 2020
(a) Amounts recognised in balance sheet		
Income tax liabilities (Net of advance tax ₹ 465.21 million (31 March 2020 : ₹ 564.53 million))	**226.85**	5.04
Income tax assets (Net of provision of ₹ 559.57 million (31 March 2020 : ₹ 550 million))	**20.21**	24.70

Note: The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off income tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

(b) Amounts recognised in statement of profit and loss

	For the year ended 31 March 2021	For the year ended 31 March 2020
Current income tax		
Current year	**795.51**	347.02
	795.51	347.02
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences	**(62.66)**	74.41
Deferred tax expense	**(62.66)**	74.41
Tax expense for the year	**732.85**	421.43

(c) Amounts recognised in other comprehensive income

	For the year ended 31 March 2021			For the year ended 31 March 2020		
	Before tax	Tax expense / (benefit)	Net of tax	Before tax	Tax expense / (benefit)	Net of tax
Items that will not be reclassified in the standalone statement of profit and loss						
Gain / (loss) on remeasurement of defined employee benefit plans	**(19.38)**	**4.98**	**(14.40)**	1.39	(0.48)	0.91
Gain / (loss) on change in fair values of investments in equity shares carried at fair value through OCI	**(0.06)**	**0.02**	**(0.04)**	(3.44)	1.20	(2.24)
	(19.44)	**5.00**	**(14.44)**	(2.05)	0.72	(1.33)

(d) Reconciliation of effective tax rate

	31 March 2021	31 March 2020
Profit before tax	**2,064.27**	1,265.79
Tax using the Company's domestic tax rate (Current year 34.94% and Previous year 34.94%)	**721.26**	442.27
Tax effect of:		
Non-deductible tax expenses	**11.59**	49.16
Incremental deduction allowed for research and development costs	**-**	(70.00)
Tax expenses as per statement of profit and loss	**732.85**	421.43

The Company's standalone weighted average tax rates for the years ended 31 March 2021 and 31 March 2020 were 35.50% and 33.29%, respectively.

(Currency : Indian Rupees in million)

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

40 Deferred tax liabilities (net)

a) Recognised deferred tax assets and liabilities

	Deferred tax assets		Deferred tax liabilities		Net deferred tax asset/(liabilities)	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Property, plant and equipment	-	-	(501.49)	(533.71)	(501.49)	(533.71)
Inventories	29.71	20.27	-	-	29.71	20.27
Trade receivables	20.77	11.86	-	-	20.77	11.86
Loans and advance	5.03	3.49	-	-	5.03	3.49
Investment	6.81	6.79	-	-	6.81	6.79
Provisions	66.50	53.16	-	-	66.50	53.16
Loan processing charges	-	-	(3.15)	(5.35)	(3.15)	(5.35)
Net Deferred tax asset / (liabilities)	**128.82**	**95.57**	**(504.64)**	**(539.06)**	**(375.82)**	**(443.49)**

b) Movement in deferred tax balances

	Net balance 1 April 2020	Recognised in profit or loss	Recognised in OCI	31 March 2021		
				Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
Property, plant and equipment	(533.71)	32.21	-	(501.49)	-	(501.49)
Inventories	20.27	9.44	-	29.71	29.71	-
Trade receivables	11.86	8.91	-	20.77	20.77	-
Loans and advances	3.49	1.54	-	5.03	5.03	-
Investments	6.79	-	0.02	6.81	6.81	-
Provisions	53.16	8.36	4.98	66.50	66.50	-
Loan processing charges	(5.35)	2.20	-	(3.15)	-	(3.15)
Net deferred tax assets / (liabilities)	**(443.49)**	**62.66**	**5.00**	**(375.82)**	**128.82**	**(504.64)**

c) Movement in deferred tax balances (previous year)

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

(Currency : Indian Rupees in million)

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off income tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income and the period over which deferred income tax assets will be recovered.

The Company has utilised MAT credit of ₹ 119.31 Million (Pr Yr ₹ 122.11 Million) in the books of account against income tax liabilities.

41 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year, after considering adjustment for the effects of all dilutive potential equity shares.

		For the year ended 31 March 2021	For the year ended 31 March 2020
Profit attributable to equity shareholders (basic and diluted)			
Profit for the year attributable to equity shareholders	**(A)**	**1,331.42**	844.36
Weighted average number of equity shares for basic and diluted earnings per share			
Number of equity shares at beginning of the year		**123,300,750**	123,300,750
Number of equity shares outstanding at the end of the year		**123,300,750**	123,300,750
Weighted average number of equity shares for the year	**(B)**	**123,300,750**	123,300,750
Basic and diluted earnings per share of face value of ₹ 2 each	**(A)/(B)**	**10.80**	6.85

(Currency : Indian Rupees in million)

42 Employee benefits

(i) Defined Contribution Plans

The Company makes contributions towards superannuation fund and other retirement benefits to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

Contribution to defined contribution plans are charged off for the year as under :

Particulars	For the year ended 31 March 2021	'For the year ended 31 March 2020
Employer's contribution to Provident Fund	68.29	65.31
Employer's contribution to Superannuation Fund	0.91	0.37
Employer’s Contribution to Employees State Insurance	1.09	1.87
Employer's contribution to Labour Welfare Fund	0.02	0.06

(ii) Defined Benefit Plans

Gratuity:

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The Company has obtained insurance policies with the Life Insurance Corporation of India (LIC) for eligible employees at Panoli plant and makes an annual contribution to LIC for amounts notified by LIC. The Company accounts for gratuity benefits payable in future based on an independent external actuarial valuation carried out at the end of the year using the projected unit credit method. Actuarial gains and losses are recognised as Other Comprehensive Income or Loss.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company’s standalone financial statements as at balance sheet date:

A. Reconciliation of the net defined benefit (asset)/ liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit (asset) liability and its components

	31 March 2021	31 March 2020
Reconciliation of present value of defined benefit obligation		
Balance at the beginning of the year	135.56	122.64
Current service cost	16.58	13.34
Past service cost	-	-
Interest cost (income)	8.16	8.41
Benefits paid	(21.33)	(7.38)
Actuarial losses/ (gains) recognised in other comprehensive income	-	-
- financial assumptions	11.69	(0.69)
- demographic assumption	2.17	(0.07)
- experience adjustments	10.15	(0.69)
Balance at the end of the year	162.98	135.56

(Currency : Indian Rupees in million)

	31 March 2021	31 March 2020
Reconciliation of present value of plan assets		
Balance at the beginning of the year	**16.15**	22.10
Interest income	**0.89**	1.47
Remeasurements :	-	-
Return on plan assets, excluding amount included in interest (expense)/income	**4.63**	(0.07)
Employer contributions	**0.01**	0.03
Benefits paid	**(2.35)**	(7.38)
Balance at the end of the year	**19.33**	16.15
Net defined benefit (asset)/ liability	**143.65**	119.41

B. Plan assets

Plan assets comprise the following

	31 March 2021	31 March 2020
Investment		
Policy of insurance	**100%**	100%
Bank Special Deposit	**0%**	0%
Investment in other securities	**0%**	0%
Corporate Bonds	**0%**	0%
State Government Bonds	**0%**	0%
	100%	100%

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

	31 March 2021	31 March 2020
Recognised in income statement		
Current service cost	**16.58**	13.34
Past service cost	**-**	-
Interest cost	**7.28**	6.94
Total	**23.86**	20.28
Recognised in Other Comprehensive Income		
Remeasurement of net defined benefit liability/(asset)	**24.01**	(1.46)
Return on plan assets, excluding interest income	**(4.63)**	0.07
Total	**19.38**	(1.39)

D. Defined benefit obligations

i. Actuarial assumptions

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

	31 March 2021	31 March 2020
Expected return on plan assets	**6.55%**	7.60%
Discount rate	**6.55%**	6.55%
Salary escalation rate	**5.00%**	4.00%
Attrition rate	**2.00%**	1.00%
Mortality rate table	**Indian assured lives mortality (2006-08)**	

(Currency : Indian Rupees in million)

ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	31 March 2021		31 March 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	150.89	176.93	125.32	147.40
Rate of salary increase (1% movement)	176.07	151.29	146.84	125.45
Rate of employee turnover (1% movement)	163.24	162.72	135.77	135.34

The above sensitivity analyses have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the reporting date. In practice, generally it does not occur. When we change one variable, it affects to others. In calculating the sensitivity, project unit credit method at the end of the reporting period has been applied.

	31 March 2021	31 March 2020
Expected employer's contribution to defined benefit plan for the next year	21.41	16.58

Maturity profile of the defined benefit obligation

Particulars	Up to 1 year	Between 1-2 years	Between 2-5 years	6 to 10 years	Total
31 March 2021					
Defined benefit obligations (Gratuity)	24.41	9.20	43.40	66.45	143.46
Total	24.41	9.20	43.40	66.45	143.46
31 March 2020					
Defined benefit obligations (Gratuity)	21.86	7.07	29.82	60.12	118.87
Total	**21.86**	**7.07**	**29.82**	**60.12**	**118.87**

Other long term employee benefit plans

Compensated absences:

The obligation for leave encashment is recognised in the same manner as gratuity. The Company's liability on account of compensated absences is not funded and hence the disclosures relating to the planned assets are not applicable. Amount of ₹ 43.59 million (previous year ₹ 21.61 million) towards compensated absences is recognised as an expense and included in "Employee benefits expense" in the Statement of profit and loss during the year.

43 Leases:

The Company has a lease contract for building used in its operations. The Lease term is 9 years. The Company's obligations under its lease is secured by the lessor's title to the leased asset.

The Company also has certain leases of machinery/premises with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(Currency : Indian Rupees in million)

Set out below is the carrying amount of right-of-use assets recognised and the movements during the period:

Particulars	Buildings
As at 1 April 2019	11.06
Opening balance reclassified on account of adoption of Ind AS 116 (Refer Note 5)	664.76
Depreciation expense	(12.69)
As at 31 March 2020	663.13
Additions	-
Depreciation expense	(11.43)
As at 31 March 2021	**651.70**

The aggregate depreciation expense on ROU assets is included under depreciation and amortisation expense in the Statement of Profit and Loss.

Set out below is the carrying amount of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	As at 31 March 2021	**As at 31 March 2020**
As at 1 April	**11.40**	14.46
Additions	**-**	-
Accretion of interest	**1.02**	1.26
Payments	**(3.59)**	(3.49)
Deletion	**-**	(0.83)
As at 31 March	**8.83**	11.40
Current	**3.04**	2.26
Non current	**5.79**	9.14

For Rental expense recorded for short-term leases, refer note 38

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

The details of the contractual maturities of lease liabilities as at 31 March 2021 and 31 March 2020 on an undiscounted basis are as follows:

	Year ended 31 March 2021	**Year ended 31 March 2020**
Payable within one year	**3.77**	3.59
Payable between one year and five years	**6.34**	10.11
Payable after more than five years	**-**	-

(Currency : Indian Rupees in million)

44 Financial instruments – Fair values and risk management

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. There are no financial assets or financial liabilities not measured at fair value, whose carrying amount is not a reasonable approximation of fair value.

31 March 2021	Carrying amount			Fair value			
	FVTOCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Investment	**6.12**	**-**	**6.12**	**0.10**	**-**	**6.02**	**6.12**
	6.12	**-**	**6.12**	**0.10**	**-**	**6.02**	**6.12**

31 March 2020	Carrying amount			Fair value			
	FVTOCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Investment	6.80	-	6.80	0.62	-	6.18	6.80
	6.80	**-**	**6.80**	**0.62**	**-**	6.18	**6.80**

B. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

i. Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The carrying amount of following financial assets represents the maximum credit exposure:

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

(Currency : Indian Rupees in million)

At 31 March 2021, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows.

	Carrying amount	
	31 March 2021	**31 March 2020**
India	**1,879.98**	1,262.65
Other regions	**2,975.32**	2,141.74
	4,855.30	3,404.39

Impairment

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables:

	31 March 2021		
	Carrying Amount	**Weighted Average Loss Rate**	**Loss Allowance**
Not due	**4,466.78**	**0.51%**	**22.97**
Past due 0-90 days	**356.13**	**2.86%**	**10.18**
Past due 91-180 days	**43.70**	**18.79%**	**8.21**
Past due 181-365 days	**41.17**	**33.97%**	**13.98**
Past due 366-730 days	**6.37**	**55.09%**	**3.51**
Past due 731-1096 days	**1.78**	**100.00%**	**1.78**
More than 1096 days	**21.78**	**100.00%**	**21.78**
	4,937.71		**82.41**

	31 March 2020		
	Carrying Amount	**Weighted Average Loss Rate**	**Loss Allowance**
Not due	3,046.21	0.09%	2.65
Past due 0-90 days	316.34	1.76%	5.57
Past due 91-180 days	43.59	12.04%	5.25
Past due 181-365 days	15.81	39.78%	6.29
Past due 366-730 days	6.82	67.71%	4.62
Past due 731-1096 days	2.82	100.00%	2.82
More than 1096 days	19.92	100.00%	19.92
	3,451.51		47.12

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows.

Particulars	**Amount**
Balance as at 31 March 2020	**47.12**
Additional provision	35.29
Impairment loss recognised / (reversal)	-
Balance as at 31 March 2021	**82.41**

Cash and cash equivalents

The Company held cash and cash equivalents (including bank deposits) of ₹ 413.18 million at 31 March 2021 (31 March 2020: ₹ 639.59 million). The cash and cash equivalents (including bank deposits) are held with banks with good credit ratings and financial institution counterparties with good market standing.

Other than trade and other receivables, the Company has no other significant financial assets that are past due but not impaired.

(Currency : Indian Rupees in million)

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments.

31 March 2021	Carrying amount	Total	Contractual cash flows		
			Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Borrowings and lease liabilities - Non current	2,708.36	2,708.36	-	2,399.37	308.99
Borrowings and lease liabilities - current	2,517.30	2,517.30	2,517.30	-	-
Other financial liabilities - current	1,360.12	1,360.12	1,360.12	-	-
Trade payables	2,296.13	2,296.13	2,296.13	-	-
	8,881.91	8,881.91	6,173.55	2,399.37	308.99

31 March 2020	Carrying amount	Total	Contractual cash flows		
			Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Borrowings - Non current	3,101.18	3,101.18	-	2,716.18	385.00
Borrowings - current	2,577.68	2,577.68	2,577.68	-	-
Other financial liabilities - current	1,267.46	1,267.46	1,267.46	-	-
Trade payables	2,011.57	2,011.57	2,011.57	-	-
	8,957.88	**8,957.88**	**5,856.71**	**2,716.18**	**385.00**

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity.

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. We are exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of our investments. Thus, our exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

Currency risk

The Company is exposed to currency risk on account of its operating and financing activities. The functional currency of the Company is Indian Rupee.

(Currency : Indian Rupees in million)

Exposure to currency risk

The major currency profile of financial assets and financial liabilities as at 31 March 2021 and 31 March 2020 are as below:

	31 March 2021				
	USD	EUR	GBP	JPY	CHF
Financial assets	2,268.00	732.83	-	25.20	-
Financial liabilities	2,293.27	708.84	0.46	-	1.80
Net Exposure	**(25.27)**	**23.99**	**(0.46)**	**25.20**	**(1.80)**

	31 March 2020				
	USD	EUR	GBP	JPY	CHF
Financial assets	1,515.21	658.09	-	-	-
Financial liabilities	2,035.85	436.47	0.42	-	-
Net Exposure	**(520.64)**	**221.62**	**(0.42)**	**-**	**-**

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against USD, Euros and GBP at 31 March would have affected the measurement of financial instruments denominated in these currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect in INR	Profit or loss		Equity net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2021				
USD (3% movement)	(0.76)	0.76	(0.49)	0.49
EUR (3% movement)	0.72	(0.72)	0.47	(0.47)
GBP (3% movement)	(0.01)	0.01	(0.01)	0.01
JPY (3% movement)	0.76	(0.76)	0.49	(0.49)
CHF (3% movement)	(0.05)	0.05	(0.04)	0.04
	0.65	(0.65)	0.42	(0.42)

Effect in INR	Profit or loss		Equity net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2020				
USD (3% movement)	(15.62)	15.62	(10.16)	10.16
EUR (3% movement)	6.65	(6.65)	4.32	(4.32)
CHF (3% movement)	(0.01)	0.01	(0.01)	0.01
	(8.98)	**8.98**	**(5.85)**	**5.85**

v. Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

Company's interest rate risk arises from borrowings. Borrowings issued at fixed and variable rates exposes to fair value interest rate risk. The interest rate profile of the Company’s interest-bearing financial instruments as reported to the management of the Company is as follows:

(Currency : Indian Rupees in million)

	Nominal amount	
	31 March 2021	31 March 2020
Fixed-rate instruments		
Financial assets	347.04	334.44
Financial liabilities	(2,514.26)	(2,575.42)
	(2,167.22)	(2,240.98)
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	(3,579.42)	(3,871.77)
	(3,579.42)	(3,871.77)

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through statement of profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

45 Capital Management

As at 31 March 2021, the Company has only one class of equity shares. In order to maintain or achieve an optimal capital structure, the Company allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.

For the purpose of the Company's capital management, capital includes issued capital and other equity reserves. The primary objective of the Company's capital management is to safeguard its ability to continue as going concern and to maintain and optimal capital structure so as to maximise shareholders value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt and adjusted net debt to equity ratio. For this purpose, adjusted net debt is defined as total debt less cash and bank balances.

	31 March 2021	31 March 2020
Non-current borrowings	2,628.86	3,033.99
Current borrowings	2,514.26	2,575.42
Current maturity of long term debt	950.56	837.78
Gross debt	6,093.68	6,447.19
Less - Cash and cash equivalents	76.37	316.83
Less - Other bank deposits	336.81	322.76
Adjusted net debt (A)	5,680.50	5,807.60
Total equity (B)	9,334.18	8,165.16
Adjusted net debt to equity ratio	0.61	0.71
Total capital (A)+(B)	15,014.68	13,972.76
Gearing ratio *	38%	42%

*The Company's ideal gearing ratio is 30% to 50%.

(Currency : Indian Rupees in million)

46 Contingent liabilities and commitments *(to the extent not provided for)*

	31 March 2021	31 March 2020
A. Contingent liabilities		
Direct and Indirect taxes*		
Income Taxes	241.34	236.39
Excise Duty**	40.13	40.13
Value Added Tax (VAT)***	11.20	11.20
Cental Sales Tax (CST)	2.82	2.82

"* Above does not includes interest and penalty, if any
** In addition to above penalty of ₹ 40.02 million was levied.
*** In addition to above for certain matters, penalty and interest of ₹ 17.40 million was levied during the assessment.

	31 March 2021	31 March 2020
B. Commitments*		
Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances, tangible assets	1,160.46	827.04

In addition, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liability, where applicable in its financial statements. The Company's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect of the Company's results of operations or financial condition.

47 Dues to micro and small suppliers

Particulars	As at 31 March 2021	As at 31 March 2020
1. The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	260.48	233.54
- Interest on the above	-	-
2. The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006	-	-
3. The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	-
4. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
5. The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
6. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	-	-

(Currency : Indian Rupees in million)

48 Dues relating to Investor Education and Protection fund

During the year the Company has transferred ₹ 0.15 Million to Investor Education and Protection fund. There are no other dues which need to be credited as at the year end to the Investor Education and Protection fund

49 Corporate social responsibility

As per Section 135 of the Act, a CSR committee has been formed by the Company. The funds are utilised during the year on the activities which are specified in Schedule VII of the Act. The utilisation is done by way of direct and indirect contribution towards various activities.

Gross amount required to be spent by the Company during the year: ₹ 25.81 million (31 March 2020: ₹ 21.70 million)

The areas of CSR activities and contributions made thereto are as follows:

	31 March 2021	31 March 2020
Amount spent during the year on ;		
Protection of national heritage	-	4.00
Promotion of education	6.37	9.19
Disaster Relief	0.43	-
Environmental sustainability	-	3.10
Promoting preventive health care and sanitation and making available safe water	1.35	1.00
COVID-19	18.73	5.40
Others	-	0.04
Total	**26.88**	**22.73**

The Company does not carry any provisions for corporate social responsibility expenses for the current year and the previous year.

50 Research and development expenditure

A unit of the Company has been recognized by DSIR as in-house Research and Development unit.

	For the year ended 31 March 2021	For the year ended 31 March 2020
Amount in respect to		
Capital expenditure	36.25	38.59
Revenue expenditure	530.65	482.41
	566.90	**521.00**

F.Y. 2019-20 has the last year for claming R & D benefits u/s 35 2 (AB) of the Income tax Act, 1961.

51 Payment to Auditors' (excluding goods and services tax)

	For the year ended 31 March 2021	For the year ended 31 March 2020
- Audit fees	3.40	3.40
- Limited review of quarterly results	2.50	2.50
- Certification and other matters	0.08	0.03
- Out-of-pocket expenses	-	0.13
Total	**5.98**	**6.06**

(Currency : Indian Rupees in million)

52 Disclosure under Section 186 of the Companies Act, 2013

a) Details of investment made during the year ended 31 March 2021 as per section 186 (4) of the Act:

Name of entity	31 March 2020	Sale	Change due to fair valuation	As at 31 March 2021	Maximum amount outstanding during the year
Bharuch Eco Aqua. Infrastructure Limited	4.39	-	(0.14)	**4.25**	4.39
Panoli Enviro Technology Limited	0.08	-	-	**0.08**	0.08
Jiangsu Chemstar Chemical Co Limited	-	-	-	**-**	-
Bank of Baroda	0.54	(0.54)	-	**-**	0.54
Union Bank of India	0.08	-	0.02	**0.10**	0.08
Acoris Research Limited	0.10	-	-	**0.10**	0.10
MMA CETP Co-operative society Limited	1.71	-	(0.02)	**1.69**	1.71

Also refer note no 7 for investments.

53 Capitalisation of expenditure

During the year, the Company has capitalised the following expenses of revenue nature to the cost of property, plant and equipment (tangible fixed assets)/capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company.

	Year ended 31 March 2021	Year ended 31 March 2020
Finance costs	**131.73**	100.41
Other expenses	**-**	2.00
Total	**131.73**	**102.41**

54 Segment information

For management purposes, the Company is organised into business units based on its products and services and has two reportable segments, as follows:

Pharmaceuticals: Segment produces in Active Pharmaceutical Ingredients

Crop protection: Segment manufactures in pesticides, herbicides.

The Chief Operating Decision Maker ("CODM") evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by operating segments. The CODM reviews revenue and profit as the performance indicator for all of the operating segments and review the total assets and liabilities of an operating segment.

Based on above, following are reportable segments as per Ind AS 108

Primary Segment (Operating Segment): Based on product lines of Company	Secondary Segment (Geographical Segment) Based on geographical area of operation
Pharmaceuticals	India and Outside India
Crop Protection	

Notes to the Standalone financial statements *(Continued)*

For the year ended 31 March 2021

(Currency : Indian Rupees in million)

A Segment wise classification :-

i) Primary segment reporting (by business segment)

The Company's business segments based on product lines are as under :

- Pharmaceuticals

Segment produces/trades in Active Pharmaceutical Ingredients

- Crop Protection

Segment produces/trades in pesticides and herbicides

ii) Segment revenues, results and other information

Particulars	Crop Protection	Pharmaceuticales	Total of Reportable Segment
External sales	**6,607.96**	**10,596.40**	**17,204.36**
	6,203.92	*8,868.71*	*15,072.63*
Other income	**-**	**-**	**-**
	-	-	-
Segment revenue	**6,607.96**	**10,596.40**	**17,204.36**
	6,203.92	*8,868.71*	*15,072.63*
Segment results	**1,032.72**	**1,698.76**	**2,731.48**
	996.46	*1,275.28*	*2,271.74*
Segment assets	**6,560.65**	**11,314.48**	**17,875.13**
	5,695.84	*10,493.09*	*16,188.93*
Segment liabilities	**1,161.84**	**1,744.83**	**2,906.67**
	1,449.02	*1,937.89*	*3,386.91*
Capital expenditure (included in segment assets)	**536.32**	**924.66**	**1,460.98**
	733.40	*1,007.84*	*1,741.24*
Depreciation/Amortisation	**307.65**	**514.64**	**822.29**
	322.12	*475.67*	*797.79*

Figures in italics pertain to previous year

iii) Reconciliation of reportable segments with the financial statements

	Revenues	Results / Net Profits	Assets	Liabilities	Capital Expenditure	Depreciation/ Amortisation
Total of reportable segments	**17,204.36**	**2,731.48**	**17,875.13**	**2,906.67**	**1,460.98**	**822.29**
	15,072.63	*2,271.74*	*16,188.93*	*3,386.91*	*1,741.24*	*797.79*
Corporate / Unallocated segment	**-**	**305.22**	**1,257.17**	**6,891.45**	**99.13**	**30.16**
	-	*327.75*	*1,491.00*	*6,127.86*	*126.08*	*26.83*
Finance cost	**-**	**361.98**	**-**	**-**	**-**	**-**
	-	*524.18*	-	-	-	-
Exceptional item	**-**	**-**	**-**	**-**	**-**	**-**
	-	*154.02*	-	-	-	-
Taxes	**-**	**732.85**	**-**	**-**	**-**	**-**
	-	*421.43*	-	-	-	-
As per financial statement	**17,204.36**	**1,331.42**	**19,132.30**	**9,798.12**	**1,560.11**	**852.45**
	15,072.63	*844.36*	*17,679.93*	*9,514.77*	*1,867.32*	*824.62*

Figures in italics pertain to previous year.

(Currency : Indian Rupees in million)

B Secondary segment reporting (by geographical segment)

Particulars	India	USA and Canada	Europe	South East Asia	Others	Total
Revenue	**5,381.77**	**2,063.36**	**3,764.54**	**5,466.55**	**528.14**	**17,204.36**
	3,983.54	*2,101.20*	*4,402.92*	*4,386.24*	*198.73*	*15,072.63*
Total assets	**19,132.30**	**-**	**-**	**-**	**-**	**19,132.30**
	17,679.93	-	-	-	-	*17,679.93*
Capital expenditure	**1,560.11**	**-**	**-**	**-**	**-**	**1,560.11**
	1,867.32	-	-	-	-	*1,867.32*

There is a customer which account for revenue of ₹ 1,762.16 million (Pr Yr. ₹ 1,513.52 million) in Crop protection segment and a customer which account for revenue of Nil (Pr Yr ₹ 1,826.27 million) in Pharmaceuticals segment, other than these there are no transactions with single external customer which amounts to 10% or more of the Company's revenue.

Figures in italics pertain to previous year

55 Related party disclosures

The note provides the information about the Company's structure including the details of the subsidiaries and the holding company. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

i) List of Related parties

Subsidiaries

Name of the related party	Relationship	Country of incorporation	Ownership interest 31 March 2021	Ownership interest 31 March 2020
Acoris Research Limited ("ARL")	Subsidiary	India	**100%**	100%

Other related parties

Relationship	Name of the related party
a) Company/ enterprises exercising significant influence through voting power ('significant shareholder')	Kalyani Investment Company Limited ("KICL")
b) Key Management Personnel (KMP)	Jai Hiremath (Chairman and Managing Director) Sameer Hiremath (Joint Managing Director and CEO) Sham Wahalekar (CFO) (Upto 4 November 2020) Kuldeep Jain (CFO) (w.e.f. 5 November 2020)
c) Enterprises owned or controlled or significantly influenced by key management personnel or their relatives	Decent Electronics Private Limited ("DEPL") Marigold Investments Private Limited ("MIPL") Iris Investments Private Limited ("IIPL") Karad Engineering Consultancy Private Limited ("KECPL") Ekdant Investments Private Limited ("EIPL") Shri Rameswara Investment Private Limited ("SRIPL") Shri Badrinath Investment Private Limited ("SBIPL") Rushabh Capital Services Private Limited ("RCSPL")

d) Non-executive directors	Baba Kalyani Amit Kalyani Sugandha Hiremath Kannan K. Unni Prakash Mehta Shivkumar Kheny (Upto 4 February 2021) Wolfang Welter (Upto 30 September 2019) Ranjeet Shahani Mrs Shivani Bhasin Sachdeva (w.e.f. 1 August 2019) Ravindra Kumar Goyal (w.e.f. 4 February 2021)

ii) Details of transactions with related parties and balances outstanding

Particulars	Transaction value		Balances outstanding	
	Year ended 31 March 2021	Year ended 31 March 2020	31 March 2021	31 March 2020
Remuneration				
Jai Hiremath	41.43	35.76	-	-
Sameer Hiremath	24.53	21.77	-	-
Sham Wahalekar	9.50	13.30	-	-
Kuldeep Jain	3.78	-	-	-
Commission paid				
Jai Hiremath	21.00	13.23	21.00	13.23
Sameer Hiremath	21.00	13.23	21.00	13.23
Sitting fees				
Sugandha Hiremath	0.90	1.00	-	-
Baba Kalyani	0.40	0.30	-	-
Amit Kalyani	0.40	0.20	-	-
Kannan K. Unni	1.40	1.20	-	-
Prakash Mehta	1.40	1.30	-	-
Shivkumar Kheny	0.90	0.90	-	-
Wolfang Welter	-	0.20	-	-
Ranjeet Shahani	0.50	0.50	-	-
Shivani Bhasin Sachdeva	0.50	0.20	-	-
Ravindra Kumar Goyal	0.10	-	-	-
Commission to Non-executive directors				
Sugandha Hiremath	1.30	0.82	1.30	0.82
Baba Kalyani	1.30	0.82	1.30	0.82
Amit Kalyani	1.30	0.82	1.30	0.82
Kannan K. Unni	1.30	0.82	1.30	0.82
Prakash Mehta	1.30	0.82	1.30	0.82
Shivkumar Kheny	-	0.82	-	0.82
Ranjeet Shahani	1.30	0.82	1.30	0.82
Shivani Bhasin Sachdeva	1.30	0.82	1.30	0.82
Ravindra Kumar Goyal	1.30	-	1.30	-
Dividend paid				
SBIPL	23.90	31.86	-	-
SRIPL	11.77	15.70	-	-
DEPL	0.06	0.08	-	-
EIPL	0.47	0.63	-	-
KECPL	0.08	0.10	-	-
KICL	46.40	61.87	-	-
Sugandha Hiremath	11.60	15.47	-	-
Jai Hiremath	1.61	2.15	-	-
Sameer Hiremath	0.47	0.63	-	-
Sham Wahalekar	0.02	0.02	-	-

For the year ended 31 March 2021
(Currency : Indian Rupees in million)

Particulars	Transaction value		Balances outstanding	
	Year ended 31 March 2021	Year ended 31 March 2020	31 March 2021	31 March 2020
Lease rent paid				
RCSPL	1.08	1.08	-	-
Sugandha Hiremath	2.40	2.40	-	-
Jai Hiremath	0.30	0.30	-	-
Security Deposit				
RCSPL	-	-	1.10	1.10
Sugandha Hiremath	-	-	50.00	50.00
Jai Hiremath	-	-	20.00	20.00

Terms and conditions of transactions with related parties

All related party transactions entered during the year were in ordinary course of business and are on arms length basis. Outstanding balances at year end are unsecured and interest free and settlement occures in cash.

56 Contribution to Provident Fund as per Supreme Court Judgment

There are numerous interpretative issues relating to the Supreme Court (SC) judgment dated 28 February 2019 on Provident Fund (PF) on the inclusion of allowances for the purpose of PF contribution as well as its applicability of effective date. The impact is not expected to be material as per the assessment made by the company.

57 COVID-19 Assessment

The Company has considered the impact of COVID-19 pandemic on its business operations and financial results based on its review of current indicators of future economic conditions. However, the impact assessment of this pandemic is a continuing process given the uncertainties associated with its nature and duration, and accordingly, the Company will continue to monitor any material changes to future economic conditions.

58 Exceptional Item

Exceptional item comprises customs duty ₹ 133.93 million on past imports of raw materials at an Export Oriented Unit of the Company and interest of ₹ 20.09 million thereon, paid during the year ended on 31 March 2020 on directions of the Customs authority pursuant to Notification no. 59/2017-Customs dated June 30 2017 issued by the Department of Revenue.

59 The Code on Social Security, 2020

The Code on Social Security, 200 (‘the Code’) has been notified in the Official Gazette on September 29, 2020. The effective date from which the changes are applicable is yet to be notified and the rules are yet to be framed. Impact, if any, of the change will be assessed and accounted in the period in which the said Code becomes effective and the rules framed thereunder are published.

60 Other information

The figures for the previous year have been regrouped wherever necessary to conform to the current year's presentation.

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

per Vinayak Pujare
Partner
Membership No: 101143

Mumbai
6 May 2021

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

Jai Hiremath
Chairman and Managing Director
DIN: 00062203

Sameer Hiremath
Joint Managing Director and CEO
DIN: 00062129

Kannan K. Unni
Director
DIN: 00227858

Kuldeep Jain
Chief Financial Officer

Rajasekhar Reddy
Company Secretary

Mumbai
6 May 2021

Standalone Cash Flow Statement

For the year ended 31 March 2021
(Currency : Indian Rupees in million)

		For the year ended 31 March 2021		For the year ended 31 March 2020	
A.	**Cash flow from operating activities**				
	Profit before tax after exceptional item		**2,064.27**		1,419.81
	Adjustments:				
	Depreciation and amortisation	**852.45**		824.62	
	Dividend on long-term investments	**(0.01)**		-	
	Finance costs	**361.98**		524.18	
	Interest income	**(26.67)**		(25.24)	
	Loss on sale of property, plant and equipment	**-**		1.33	
	Sundry balances written off	**9.73**		2.25	
	Provision for doubtful debts/advances	**45.29**		21.20	
	Provision for inventory	**60.00**		11.76	
	Profit on sale of investment	**(0.12)**		-	
	Unrealised foreign exchange loss/gain	**(32.79)**		1.60	
			1,269.86		1,361.70
	Operating cash flow before working capital changes		**3,334.13**		2,781.51
	(Increase)/Decrease in trade receivables	**(1,473.23)**		139.87	
	(Increase)/Decrease in loans and advances and other assets	**86.22**		(145.53)	
	Decrease in inventories	**397.65**		505.91	
	Increase in trade payables	**292.56**		372.58	
	Increase/(Decrease) in provisions and other liabilities	**117.85**		(407.96)	
			(578.95)		464.87
	Cash generated from operations		**2,755.18**		3,246.38
	Income tax paid		**(465.00)**		(243.06)
	Net cash flows generated from operating activities before exceptional item		**2,290.18**		3,003.32
	Exceptional item		**-**		(154.02)
	Net cash flows generated from operating (A) activities		**2,290.18**		2,849.30
B.	**Cash flow from investing activities**				
	Purchase of property, plant and equipment and intangible assets	**(1,575.99)**		(1,580.32)	
	Proceeds from sale of property, plant and equipment	**-**		0.36	
	Proceeds from sale of investment	**0.73**		-	
	Dividend on long-term investments	**0.01**		-	
	Interest received	**27.33**		25.18	
	(Increase)/decrease in other bank balances (includes margin money account)	**(14.04)**		(83.19)	
	Net cash flows (used in) investing activities (B)		**(1,561.96)**		(1,637.97)
C.	**Cash flow from financing activities**				
	Proceeds from long-term borrowings	**600.00**		800.00	
	Repayment of long-term borrowings	**(872.60)**		(600.80)	
	Repayments of/proceeds from short-term borrowings (net)	**(56.92)**		(449.35)	
	Finance costs paid	**(487.86)**		(520.66)	
	Payment of lease liability	**(3.11)**		-	
	Dividend paid on equity shares (including dividend distribution tax)	**(148.19)**		(237.83)	
	Net cash flows (used in) financing activities (C)		**(968.68)**		(1,008.64)
	Net increase/(decrease) in cash and cash equivalents (A+B+C)		**(240.46)**		202.69

Standalone Cash Flow Statement *(Continued)*

For the year ended 31 March 2021

(Currency : Indian Rupees in million)

	31 March 2021	31 March 2020
Cash and cash equivalents at the beginning of the year, the components being		
Cash on hand	**2.37**	1.27
Balances with banks		
- Current accounts	**304.56**	39.58
- Exchange Earners Foreign Currency accounts	**1.86**	0.04
- Deposits accounts (demand deposits and deposits having original maturity of 3 months or less)	**8.04**	73.25
	316.83	114.14
Cash and cash equivalents at the end of the year, the components being		
Cash on hand	**0.84**	2.37
Balances with banks		
- Current accounts	**66.97**	304.56
- Exchange Earners Foreign Currency accounts	**0.09**	1.86
- Deposits accounts (demand deposits and deposits having original maturity of 3 months or less)	**8.47**	8.04
	76.37	316.83
Net increase/(decrease) as disclosed above (A+B+C)	**(240.46)**	202.69

Notes to the cash flow statement

1 The above cash flow statement has been prepared under the 'Indirect Method' set out in Accounting Standard (IND AS) 7, 'Cash Flow Statements'.

2 For changes in liability arising from financing activity refer note 21

	Note
Significant accounting policies	1-3

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

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

per Vinayak Pujare
Partner
Membership No: 101143

Mumbai
6 May 2021

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

Jai Hiremath
Chairman and Managing Director
DIN: 00062203

Sameer Hiremath
Joint Managing Director and CEO
DIN: 00062129

Kannan K. Unni
Director
DIN: 00227858

Kuldeep Jain
Chief Financial Officer

Rajasekhar Reddy
Company Secretary

Mumbai
6 May 2021

Independent Auditor's Report

To the Members of Hikal Ltd

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Hikal Ltd (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") comprising of the consolidated Balance sheet as at 31 March 2021, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditor on separate financial statements and on the other financial information of the subsidiary, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31 March 2021, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended 31 March 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matter described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of audit procedures performed by us and by other auditor of component not audited by us, as reported by him in his audit report furnished to us by the management, including those procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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

Other Information

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

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of Management for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors for the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended 31 March 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements and other financial information, in respect of one subsidiary, whose financial statements include total assets of ₹ NIL as at 31 March 2021, and total revenues of ₹ NIL and net cash outflows of ₹ NIL for the year ended on that date. These financial statements and other financial information have been audited by other auditor, which financial statements, other financial information and auditor's report have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of such other auditor.

Our opinion above 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 report of the other auditor and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and the other financial information of subsidiary, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditor whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

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

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated 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 Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor who is appointed under Section 139 of the Act, of its subsidiary Company, none of the directors of the Group's Company, incorporated in India, is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company and its subsidiary Company, incorporated in India, refer to our separate Report in "Annexure 1" to this report;

(g) In our opinion and based on the consideration of report of other statutory auditor of the subsidiary, incorporated in India, the managerial remuneration for the year ended 31 March 2021 has been paid / provided by the Holding Company and its subsidiary incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements as also the other financial information of the subsidiary, as noted in the 'Other matter' paragraph:

    i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, in its consolidated financial statements – Refer 46 to the consolidated financial statements;

    ii. The Group, did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2021;

    iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary, incorporated in India during the year ended 31 March 2021.

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

per Vinayak Pujare
Partner
Membership Number: 101143
UDIN: 2110143AAAABE6202

Place of Signature: Mumbai
Date: 6 May 2021

Annexure 1 to the Independent Auditor's Report of even date on the consolidated financial statements of Hikal Limited

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

In conjunction with our audit of the consolidated financial statements of Hikal Ltd (hereinafter referred to as the "Holding Company") as of and for the year ended 31 March 2021, we have audited the internal financial controls of Hikal Ltd (hereinafter referred to as the "Holding Company") and its subsidiary Company, which is Company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and a Subsidiary Company, which is companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to these consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to these consolidated financial statements.

Meaning of Internal Financial Controls with reference to these Consolidated Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to these Consolidated Financial Statements

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

Opinion

In our opinion, the Holding Company and its subsidiary Company, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to these consolidated financial statements and such internal financial controls with reference to these consolidated financial statements were operating effectively as at 31 March 2021, based on the internal control criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to these consolidated financial statements of the Holding Company, insofar as it relates to this one subsidiary Company, which is the Company incorporated in India, is based on the corresponding report of the auditor of such subsidiary incorporated in India.

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

per Vinayak Pujare
Partner
Membership Number: 101143
UDIN: 2110143AAAABE6202

Place of Signature: Mumbai
Date: 6 May 2021

Consolidated Balance Sheet

as at 31 March 2021
(Currency : Indian Rupees in million)

	Note	31 March 2021	31 March 2020
ASSETS			
Non-current assets			
Property, plant and equipment	4	6,459.85	6,667.68
Capital work-in-progress	4	2,453.85	1,521.03
Right of use assets	5	651.70	663.13
Other intangible assets	6	13.96	21.39
Intangible assets under development	6	88.54	87.14
Financial Assets			
Investments	7	6.12	6.80
Loans	8	157.11	151.72
Others	9	45.10	3.85
Income tax assets (net)	10	20.21	24.70
Other non-current assets	11	449.76	784.76
Total non-current assets		10,346.20	9,932.20
Current assets			
Inventories	12	2,666.99	3,124.64
Financial Assets			
Trade receivables	13	4,855.30	3,404.39
Cash and cash equivalents	14	76.37	316.83
Bank balance other than cash and cash equivalents	15	291.71	318.91
Loans	16	2.34	3.56
Others	17	2.35	3.02
Other current assets	18	890.94	576.28
Total current assets		8,786.00	7,747.63
Total assets		19,132.20	17,679.83
EQUITY AND LIABILITIES			
Equity			
Equity share capital	19	246.60	246.60
Other equity			
Retained earnings		6,383.61	5,214.57
Other reserves	20	2,703.81	2,703.85
Total equity		9,334.02	8,165.02
Liabilities			
Non-current liabilities			
Financial Liabilities:			
Borrowings	21	2,628.86	3,033.99
Lease liability	22	5.79	9.14
Provisions	23	219.86	184.29
Deferred tax liabilities (net)	24	375.82	324.18
Total non-current liabilities		3,230.33	3,551.60
Current liabilities			
Financial liabilities:			
Borrowings	25	2,514.26	2,575.42
Lease liability	26	3.04	2.26
Trade payables	27		
Total outstanding dues of Micro Enterprises and Small Enterprises		260.48	233.54
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		2,035.71	1,778.07
Other financial liabilities	28	1,360.12	1,267.46
Other current liabilities	29	122.97	63.04
Provisions	30	44.42	38.38
Current tax liabilities (net)	31	226.85	5.04
Total current liabilities		6,567.85	5,963.21
Total liabilities		9,798.18	9,514.81
Total equity and liabilities		19,132.20	17,679.83
Significant accounting policies	1-3		

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

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

per Vinayak Pujare
Partner
Membership No: 101143

Mumbai
6 May 2021

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

Jai Hiremath
Chairman and Managing Director
DIN: 00062203

Sameer Hiremath
Joint Managing Director and CEO
DIN: 00062129

Kannan K. Unni
Director
DIN: 00227858

Kuldeep Jain
Chief Financial Officer

Rajasekhar Reddy
Company Secretary

Mumbai
6 May 2021

Consolidated Statement of Profit and Loss

for the year ended 31 March 2021
(Currency : Indian Rupees in million)

	Note	31 March 2021	31 March 2020
INCOME			
Revenue from operations	32	17,204.36	15,072.63
Other income	33	49.82	37.02
Total income		17,254.18	15,109.65
EXPENSES			
Cost of materials consumed	34	9,067.12	7,819.03
Changes in inventories of finished goods and work-in-progress	35	16.65	(55.81)
Employee benefits expense	36	1,643.17	1,565.67
Finance costs	37	361.98	524.18
Depreciation and amortisation expenses	4-6	852.45	824.62
Other expenses	38	3,248.56	3,012.16
Total expenses		15,189.93	13,689.85
Profit before tax and before exceptional item		2,064.25	1,419.80
Exceptional item	55	-	154.02
Profit before tax and after exceptional item		2,064.25	1,265.78
Tax expense			
Current tax	39	795.51	347.02
Deferred tax	40	(62.66)	74.41
Total tax expense		732.85	421.43
Profit for the year (Attributable to Equity holders of the parent)		1,331.40	844.35
Other comprehensive income (OCI)			
(i) Items that will not be reclassified to consolidated statement of profit and loss			
Gain / (loss) on remeasurement of defined employee benefit plans		(19.38)	1.39
Gain / (loss) on change in fair values of investments in equity shares carried at fair value through OCI		(0.06)	(3.44)
(ii) Income tax relating to items that will not be reclassified to consolidated statement of profit and loss		5.00	0.72
Other comprehensive income for the year, (net of income tax)		(14.44)	(1.33)
Total comprehensive income for the year (Attributable to Equity holders of the parent)		1,316.96	843.02
Earnings per equity share (for nominal value per equity share of ₹ 2)			
Basic and Diluted	41	10.80	6.85
Significant accounting policies	1-3		

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

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

per Vinayak Pujare
Partner
Membership No: 101143

Mumbai
6 May 2021

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

Jai Hiremath
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Director
DIN: 00227858

Kuldeep Jain
Chief Financial Officer

Rajasekhar Reddy
Company Secretary

Mumbai
6 May 2021

Consolidated Statement of Changes in Equity

for the year ended 31 March 2021
(Currency : Indian Rupees in million)

(a) Equity share capital	No. of shares	Value
Balance as at 1 April 2020	123.30	246.60
Changes in equity share capital during 2019-20	-	-
Balance as at 31 March 2020	123.30	246.60
Changes in equity share capital during 2020-21	-	-
Balance as at 31 March 2021	123.30	246.60

(b) Other equity

	Reserve and Surplus							
	Capital reserve	Capital redemption reserve	Securities premium	State subsidy	Contingency reserve	General reserve	Retained earnings	Equity investments through other comprehensive income
Balance as at 31 March 2019	0.44	509.82	381.23	5.50	30.00	1,779.58	4,609.42	(0.48)
Total comprehensive income for the year ended 31 March 2020								
Profit for the year	-	-	-	-	-	-	844.35	-
Items of OCI for the year, net of tax								
Gain / (loss) on remeasurement of defined employee benefit plans	-	-	-	-	-	-	0.91	-
Gain / (loss) on change in fair values of investments in equity shares carried at fair value through OCI	-	-	-	-	-	-	-	(2.24)
Total comprehensive income	-	-	-	-	-	-	**845.26**	(2.24)
Transaction with equity holders in their capacity as owners, recorded directly in equity								
Dividend	-	-	-	-	-	-	(197.28)	-
Dividend distribution tax	-	-	-	-	-	-	(40.55)	-
Other adjustments								
Lease impact as per Ind AS 116	-	-	-	-	-	-	2.28	-
Balance as at 31 March 2020	**0.44**	**509.82**	**381.23**	**5.50**	**30.00**	**1,779.58**	**5,214.57**	**(2.72)**
Total comprehensive income for the year ended 31 March 2021								
Profit for the year	-	-	-	-	-	-	1,331.40	-
Items of OCI for the year, net of tax								
Gain / (loss) on remeasurement of defined employee benefit plans	-	-	-	-	-	-	(14.40)	-
Gain / (loss) on change in fair values of investments in equity shares carried at fair value through OCI	-	-	-	-	-	-	-	(0.04)
Total comprehensive income	-	-	-	-	-	-	**1,317.00**	(0.04)
Transaction with owners in their capacity as owners, recorded directly in equity								
Dividends	-	-	-	-	-	-	(147.96)	-
Balance as at 31 March 2021	**0.44**	**509.82**	**381.23**	**5.50**	**30.00**	**1,779.58**	**6,383.61**	**(2.76)**

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

per Vinayak Pujare
Partner
Membership No: 101143

Mumbai
6 May 2021

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

Jai Hiremath
Chairman and Managing Director
DIN: 00062203

Sameer Hiremath
Joint Managing Director and CEO
DIN: 00062129

Kannan K. Unni
Director
DIN: 00227858

Kuldeep Jain
Chief Financial Officer

Rajasekhar Reddy
Company Secretary

Mumbai
6 May 2021

Notes to the Consolidated financial statements

for the year ended 31 March 2021

(Currency : Indian Rupees in million)

1 Group Overview

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

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

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

The Holding Company alongwith its subsidiary is referred to as the "Group"

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

2 Basis of preparation

2.1 Statement of compliance

The accompanying consolidated financial statements have been prepared in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 notified under section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act. The consolidated financial statements for the year ended 31 March 2021 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on 6 May 2021.

2.2 Functional and presentation currency

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

2.3 Basis of measurement

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

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

2.4 Use of estimates and judgments

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

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

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

a. Property, plant and equipment

Useful lives of tangible assets are based on the the estimates made by the management. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

b. Recognition and measurement of defined benefit obligations

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

c. Impairment allowance of trade receivables (allowance for bad and doubtful debts)

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

d. Allowances for inventories

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

e. Recognition of deferred tax assets

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

2.5 Measurement of fair values

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

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

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

2.6 Current / non-current classification

An entity shall classify an asset as current when-

(a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;

(b) it holds the asset primarily for the purpose of trading;

(c) it expects to realise the asset within twelve months after the reporting period; or

(d) the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify a liability as current when-

(a) it expects to settle the liability in its normal operating cycle;

(b) it holds the liability primarily for the purpose of trading;

(c) the liability is due to be settled within twelve months after the reporting period; or

(d) it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

Operating cycle

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

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

3 Significant accounting policies

3.1 Basis of Consolidation

i. Subsidiary

Subsidiary is entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

ii. Consolidation Procedure

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in reparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the holding company, i.e., year ended on 31 March.

The procedure followed is as follows:

Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent with those of its subsidiary. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

Offset (eliminate) the carrying amount of the Holding Company's investment in each subsidiary and the Parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The list of company, controlled directly or indirectly by the Holding Company which are included in the consolidated financial statements is as under:

Name	Relationship	Country of incorporation	Ownership Interest	
			31 March 2021	31 March 2020
Acoris Research Limited	Subsidiary	India	100%	100%

3.2 Revenue

Sale of goods

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

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

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

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

Export entitlements

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

Interest Income

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

Dividend Income

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

3.3 Foreign currency

Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary asstes and liabilities that are measured based on historical cost in a foreign currency are not translated. Foreign currency exchange differences are generally recognised in the statement of profit and loss.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous Financial Statements are recognised in the consolidated Statement of Profit and Loss in the period in which they arise. When a gain or loss on a non-monetary item is recognised in Other Comprehensive Income, any exchange component of that gain or loss is recognised in Other Comprehensive Income. Conversely, when a gain or loss on a non-monetary item is recognised in consolidated Statement of Profit and Loss, any exchange component of that gain or loss is recognised in consolidated Statement of Profit and Loss.

3.4 Employee benefits

Short-term employee benefits

Short-term employee benefits obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the amount of obligation can be estimated reliably.

Post employment employee benefits

i. Defined contribution plans

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

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

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

ii Defined benefit plans

A defined benefit plan is a post-employee benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined liability (asset) after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to gratuity benefit scheme are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Gratuity

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

Other long-term employee benefits

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

3.5 Income tax

Income tax expense comprises current and deferred tax. It is recognised in the consolidated statement of profit and loss or items recognised directly in equity or in other comprehensive income.

i. Current tax

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

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

a) has a legally enforceable right to set off the recognised amounts; and

b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

ii Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable Group.

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

3.6 Inventories

a Measurement of Inventory

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

b Cost of Inventories

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

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

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

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

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

c Net realisable value

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

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

Estimates of net realisable value of finished goods and stock-in-trade are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when a decline in the price of materials indicates that the cost of the finished products exceeds net realisable value, the materials are written down to net realisable value.

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

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

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

3.7 Property, plant and equipment

i Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

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

a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.

b) any directly attributable cost of bringing the asset to its location and condition necessary for it to be capable of operating in the manner intended by management.

c) the estimated costs of dismantling and removing the item and restoring the site on which it is located.

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

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

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

(Currency : Indian Rupees in million)

ii. Subsequent expenditure

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

iii. Depreciation

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

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

The residual value and the useful life of an asset is reviewed at least at each financial year-end. Depreciation is calculated using the straight-line method on cost of items of property, plant and equipment less their estimated residual values over the estimated useful lives prescribed under Schedule II of the Act.

In case of Ships, based on internal assessment and technical evaluation carried out, management believes that the useful life is 30 years, which is higher and different from the useful life of 20 years as prescribed under Part C of Schedule II of the Act.

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

Tangible Assets	Life defined	Useful life as per Schedule II
Buildings	30-60	30-60
Plant and equipment	9-15	10-20
Furniture and fixtures	10	10
Electrical installation	10	10
Vehicles	8	10
Office equipment	5	5
Computers	3	3
Ships	30	20

Leasehold improvements amortised over the primary period of lease.

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

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

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

3.8 Borrowing costs

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

The Group has opted option available in Para D13AA of Ind AS 101 to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP i.e. capitalisation foreign exchange difference 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).

3.9 Intangible assets

i. Recognition and measurement

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

Development expenditure is capitalised as part of the cost of the research and development, only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

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

ii. Subsequent expenditure

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

iii. Amortisation

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

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

- Computer Software 5 years

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

3.10 Financial instruments

a. Financial assets

i. Recognition and initial measurement

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

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

ii. Classification

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

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

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

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment- by- investment basis.

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

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

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

– the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

iii Subsequent measurement and gains and losses

Financial assets at FVTPL

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

Financial assets at amortised cost

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

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity instrument measured at FVOCI not reported separately from other changes in fair value.

iv. Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

v. Impairment of financial assets

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

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

Trade receivables and contract assets – see Note 13

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

b. Financial liabilities

i. Recognition and initial measurement

All financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

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

ii Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in the statement of profit and loss.

iii. Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the statement of profit and loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

c. Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each reporting period. Any changes therein are generally recognised in the profit and loss account.

3.11 Provisions and contingent liabilities

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but will probably not, require an outflow of resources. When there is a possible obligation of a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

3.12 Leases

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

Group as a lessee

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

i Right-of-use Assets (ROU Assets)

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

Leasehold Land	90 to 99 years
Buildings	9 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 3.13 Impairment of non-financial assets.

ii Lease Liabilities

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

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

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

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

3.13 Impairment of non-financial assets

The Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

The recoverable amount is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of the assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods which no longer exists or may have decreased, impairment loss is reversed to the extent to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets, such reversal is not recognised.

3.14 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

3.15 Earnings per share (EPS)

Basic EPS is computed using the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be antidilutive.

Notes to the Consolidated financial statements *(Continued)*

As at 31 March 2021
(Currency : Indian Rupees in million)

Description	Gross Block					Accumulated Depreciation				Net Block	
	As at 1 April 2020	Additions	Deductions	Adjustment of exchange difference on borrowing	As at 31 March 2021	As at 1 April 2020	Charge for the year	Deductions	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
Freehold land	581.94	**0.16**	-	-	**582.10**	-	-	-	-	**582.10**	581.94
Buildings	1,694.60	**36.90**	-	-	**1,731.50**	262.58	70.99	-	**333.57**	**1,397.93**	1,432.02
Plant and machinery	7,201.75	**568.41**	-	**(18.18)**	**7,751.98**	2,759.68	714.38	-	**3,474.06**	**4,277.92**	4,442.07
Electrical equipments and installations	121.63	**14.24**	-	-	**135.87**	72.15	8.72	-	**80.87**	**55.00**	49.48
Office equipments	99.19	**17.35**	-	-	**116.54**	63.56	20.89	-	**84.45**	**32.09**	35.63
Furniture and fixtures	106.64	**5.40**	-	-	**112.04**	47.70	9.27	-	**56.97**	**55.07**	58.94
Leasehold improvements	5.58	-	-	-	**5.58**	2.24	0.56	-	**2.80**	**2.78**	3.34
Vehicles	56.07	**1.48**	-	-	**57.55**	20.24	6.99	-	**27.23**	**30.32**	35.83
Ships	35.75	-	-	-	**35.75**	7.32	1.79	-	**9.11**	**26.64**	28.43
Total	9,903.15	**643.94**	-	**(18.18)**	**10,528.91**	3,235.47	833.59	-	**4,069.06**	**6,459.85**	6,667.68
Capital work in progress										**2,453.85**	1,521.03

Notes to the Consolidated financial statements *(Continued)*

As at 31 March 2021
(Currency : Indian Rupees in million)

4 Property, plant and equipment (previous year)

Description	Gross Block						Accumulated Depreciation					Net Block	
	As at 1 April 2019	Additions	Reclassified on account of adoption of Ind AS 116	Deductions	Adjustment of exchange difference on borrowing	As at 31 March 2020	As at 1 April 2019	Charge for the year	Reclassified on account of adoption of Ind AS 116	Deductions	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
Freehold land	579.18	2.76	-	-	-	581.94	-	-	-	-	-	581.94	579.18
Leasehold land	691.71	-	691.71	-	-	-	26.95	-	26.95	-	-	-	664.76
Buildings	1,623.47	71.13	-	-	-	1,694.60	189.69	72.89	-	-	262.58	1,432.02	1,433.78
Plant and machinery	6,293.43	842.55	-	2.47	68.24	7,201.75	2,080.64	679.82	-	0.78	2,759.68	4,442.07	4,212.79
Electrical equipments and installations	116.16	5.47	-	-	-	121.63	61.70	10.45	-	-	72.15	49.48	54.46
Office equipments	78.69	20.50	-	-	-	99.19	41.47	22.09	-	-	63.56	35.63	37.22
Furniture and fixtures	85.83	20.81	-	-	-	106.64	38.81	8.89	-	-	47.70	58.94	47.02
Leasehold Improvements	5.58	-	-	-	-	5.58	1.68	0.56	-	-	2.24	3.34	3.90
Vehicles	53.35	2.72	-	-	-	56.07	13.54	6.70	-	-	20.24	35.83	39.81
Ships	35.75	-	-	-	-	35.75	5.53	1.79	-	-	7.32	28.43	30.22
Total	9,563.15	965.94	691.71	2.47	68.24	9,903.15	2,460.01	803.19	26.95	0.78	3,235.46	6,667.68	7,103.14
Capital work in progress												1,521.03	730.86

Notes:

a. Exchange differences (gain) of ₹ 18.18 million (P.Y. loss ₹ 68.24 million) has been included in the additions to fixed assets post the exercise of option in terms of Para 46A of AS11 (pursuant to notification dated 29 December 2011 issued by the Ministry of Corporate Affairs.)

b. Refer note 21 and 25 for details of assets hypothecated/mortgaged as security against borrowings.

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

Notes to the Consolidated financial statements *(Continued)*

As at 31 March 2021

(Currency : Indian Rupees in million)

5 Right of use assets

Description	Gross Block				Accumulated Depreciation				Net Block	
	As at 1 April 2020	Additions	Deductions	As at 31 March 2021	As at 1 April 2020	Charge for the year	Deductions	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
Leasehold land*	691.71	-	-	691.71	36.23	9.28	-	45.51	646.20	655.48
Buildings	11.06	-	-	11.06	3.41	2.15	-	5.56	5.50	7.65
Total	**702.77**	**-**	**-**	**702.77**	**39.64**	**11.43**	**-**	**51.07**	**651.70**	**663.13**

5 Right of use assets (Previous year)

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

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

6 Other intangible assets

Description	Gross Block				Accumulated Depreciation				Net Block	
	As at 1 April 2020	Additions	Deductions	As at 31 March 2021	As at 1 April 2020	Charge for the year	Deductions	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
Computer software	43.27	-	-	43.27	21.88	7.43	-	29.31	13.96	21.39
Total	**43.27**	**-**	**-**	**43.27**	**21.88**	**7.43**	**-**	**29.31**	**13.96**	**21.39**
Intangible assets under development									88.54	87.14

6 Other intangible assets (Previous year)

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

Notes to the Consolidated financial statements *(Continued)*

As at 31 March 2021
(Currency : Indian Rupees in million)

	31 March 2021	31 March 2020
7 Non-current investments		
Investments in equity instruments:		
(At fair value through other comprehensive income)		
A Unquoted		
i Other investment		
223,164 (P.Y. 223,164) Equity shares of ₹ 10 each of Bharuch Eco Aqua.Infrastructure Limited fully paid-up	**4.25**	4.39
30,000 (P.Y. 30,000) Equity shares of ₹ 10 each of Panoli Enviro Technology Limited fully paid-up	**0.08**	0.08
14,494 (P.Y. 14,494) Equity shares of ₹ 100 each MMA CETP Co-operative Society Limited fully paid-up	**1.69**	1.71
16% (P.Y. 16%) equity shares of Jiangsu Chemstar Chemical Co Limited fully paid-up	**0.01**	26.97
Impairment in value of investment*	**(0.01)**	(26.97)
B Quoted		
Nil (P.Y. 10,000) Equity shares of ₹ 10 each of Bank of Baroda fully paid-up	**-**	0.54
2,900 (P.Y. 2,900) Equity shares of ₹ 10 each of Union bank of India fully paid-up	**0.10**	0.08
Total non-current investments (A + B)	**6.12**	**6.80**
Aggregate amount of quoted investments	**0.10**	0.62
Aggregate market value of quoted investments	**0.10**	0.62
Aggregate amount of unquoted investments	**6.03**	33.15
Aggregate amount of impairment in value of investments	**(0.01)**	(26.97)
	6.12	6.80

*** Note:**
The Holding Company has written of the value of ₹ 26.96 Million in investment in Jiangsu Chemstar Chemical Co Limited in the current year against provision created in earlier financial year.

As at 31 March 2021
(Currency : Indian Rupees in million)

		31 March 2021	31 March 2020
8	**Loans**		
	Unsecured and considered good		
	To other than related parties		
	Loans to employee	**1.82**	2.25
	Security deposit to related parties	**71.10**	71.10
	Security deposit to other than related parties	**84.19**	78.37
		157.11	151.72
9	**Other financial assets**		
	Unsecured and considered good		
	To other than related parties		
	Deposits with remaining maturity of more than 12 months	**45.10**	3.85
		45.10	3.85
10	**Non-current tax assets (net)**		
	Non-current tax assets (net) (Net of provision of ₹ 559.57 million (31 March 2020 : 550 Million))	**20.21**	24.70
		20.21	24.70
11	**Other non-current assets**		
	Unsecured and considered good		
	To other than related parties		
	Prepaid expenses	**8.46**	27.70
	VAT/ CST refund receivable	**14.74**	30.52
	Balances with government authorities	**257.04**	646.52
	Capital advances	**169.52**	80.02
		449.76	784.76
12	**Inventories**		
	Valued at the lower of cost and net realisable value		
	Raw materials (includes goods in transit of ₹ 7.52 Million, 31 March 2020 ₹ 39.04 Million)	**1,362.26**	1,814.84
	Packing materials	**10.36**	9.38
	Work-in-progress	**583.28**	558.58
	Finished goods	**517.99**	559.34
	Stores and spares	**193.10**	182.50
		2,666.99	3,124.64

Inventories which comprise raw materials, packing materials, work-in-progress and finished goods are carried at the lower of cost and net realisable value. (See detailed accounting policy in Note 3.6)

The write-down of inventories to net realisable value as at year end amounted to ₹ 118.02 million (31 March 2020: ₹ 58.01 million). The write down of inventories are included in cost of materials consumed or changes in inventories of finished goods and work-in-progress in the statement of profit and loss.

(Currency : Indian Rupees in million)

		31 March 2021	31 March 2020
13	**Trade receivables**		
	(Unsecured)		
	Trade receivable considered good	**4,822.91**	3,428.78
	Trade receivable which have significant increase in credit risk	**114.80**	22.73
		4,937.71	3,451.51
	Impairment allowance		
	(Allowance for bad and doubtful debts)		
	Trade receivable considered good	**(33.15)**	(24.39)
	Trade receivable which have significant increase in credit risk	**(49.26)**	(22.73)
		(82.41)	(47.12)
	Net trade receivable	**4,855.30**	3,404.39

The loss allowance on trade receivables has been computed on the basis of Ind AS 109, Financial Instruments, which requires such allowance to be made even for trade receivables considered good on the basis that credit risk exists even though it may be very low.

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

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

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

The relevant carrying amounts are as follows:

Particulars	31 March 2021	31 March 2020
Total transferred trade receivables	**1,114.60**	824.84
Associated borrowings [refer note 25]	**1,114.60**	824.84

		31 March 2021	31 March 2020
14	**Cash and cash equivalents**		
	Bank balances in :		
	- Current accounts	**66.97**	304.56
	- Exchange earners foreign currency	**0.09**	1.86
	- Fixed deposit account (with original maturity of 3 months or less)	**8.47**	8.04
	Cash on hand	**0.84**	2.37
	Cash and cash equivalents in the statement of cash flows	**76.37**	316.83
15	**Bank balance other than cash and cash equivalents**		
	Other bank balances:		
	Bank deposits due to mature within 12 months of the reporting date	**289.31**	316.74
	Unpaid dividend accounts	**2.40**	2.17
		291.71	318.91

Deposits given as security

1) Margin money deposits with a carrying amount as at 31 March 2021 ₹ 136.79 million (31 March 2020 ₹ 135.32 million) are subject to first charge to secure the Group's working capital loans.

2) Bank deposits with a carrying amount as at 31 March 2021 ₹ 197.62 million (31 March 2020 ₹ 193.22 million) are subject to exclusive first charge to secure the Group's rupee term loans and external commercial borrowing term loan from one bank.

Notes to the Consolidated financial statements *(Continued)*

As at 31 March 2021
(Currency : Indian Rupees in million)

		31 March 2021	31 March 2020
16	**Loans**		
	(Unsecured)		
	To parties other than related parties		
	Loans to employees	**2.34**	3.56
		2.34	3.56
17	**Other financial assets**		
	Interest accrued on fixed deposit	**2.35**	3.02
		2.35	3.02
18	**Other current assets**		
	(Unsecured)		
	To parties other than related parties		
	Advance to suppliers		
	Considered good	**100.55**	115.86
	Considered doubtful	**20.00**	10.00
	Advance to suppliers	**120.55**	125.86
	Less: Provision for doubtful advances	**(20.00)**	(10.00)
		100.55	115.86
	Balance with government authorities	**669.81**	358.50
	VAT / CST refund receivable	**3.78**	25.50
	Prepaid expenses	**116.80**	76.42
		890.94	576.28
19	**Share Capital**		
	Authorised share capital (Refer note a below)		
	Equity	**500**	500
	Par value per share (₹)	**2**	2
	Number of equity shares	**250,000,000**	250,000,000
	Preference shares	**250**	250
	Par value per share (₹)	**100**	100
	Number of Preference shares	**2,500,000**	2,500,000
	Issued, subscribed and fully paid up -Equity	**246.60**	246.60
	Par value per share (₹)	**2**	2
	Number of equity shares	**123,300,750**	123,300,750

a. The Board of Directors of the Holding Company at its meeting held on 9 May 2018, approved a proposal to issue bonus shares in the ratio of one equity share of ₹ 2 each for every two equity share of ₹ 2 each held by the shareholders of the Holding Company as on the record date i.e 25 June 2018, which was approved by the shareholders by means of an ordinary resolution in the extra ordinary general meeting held on 11 June 2018. The Holding Company allotted 41,100,250 equity shares as fully paid up bonus shares by capitalisation of securities premium amounting to ₹ 82.20 million.

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

Equity shares

	31 March 2021		31 March 2020	
	No. millions	**₹ in millions**	**No. millions**	**₹ in millions**
At the beginning of the year	**123.30**	**246.60**	123.30	246.60
Bonus shares	**-**	**-**	-	-
At the end of the year	**123.30**	**246.60**	123.30	246.60

(Currency : Indian Rupees in million)

c. Terms/rights attached to equity shares

The Holding Company has only single class of equity shares having a par value of ₹ 2 (P.Y. ₹ 2) per share. Each holder of equity shares is entitled to one vote per share. The Holding Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors of holding Company is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

d. Details of shareholders holding more than 5% of shares:

	31 March 2021		31 March 2020	
	No of Shares	%	No of Shares	%
Equity shares of ₹ 2 (P.Y. ₹ 2) each fully paid				
Kalyani Investment Company Limited	**38.67**	**31.36**	38.67	31.36
Shri Badrinath Investment Private Limited	**19.91**	**16.15**	19.91	16.15
Shri Rameshwara Investment Private Limited	**9.81**	**7.96**	9.81	7.96
Sugandha J Hiremath	**9.67**	**7.84**	9.67	7.84

20 Other equity

	Note	31 March 2021	31 March 2020
Capital reserve	i	**0.44**	0.44
Capital redemption reserve	ii	**509.82**	509.82
Securities premium	iii	**381.23**	381.23
State subsidy	iv	**5.50**	5.50
Contingency reserve	v	**30.00**	30.00
General reserve	vi	**1,779.58**	1,779.58
Equity instruments through other comprehensive income	vii	**(2.76)**	(2.72)
		2,703.81	2,703.85

A Notes

	31 March 2021	31 March 2020
i Capital reserve		
Opening balance	**0.44**	0.44
Additions during the year	**-**	-
Closing balance	**0.44**	0.44
ii Capital redemption reserve		
Opening balance	**509.82**	509.82
Additions during the year	**-**	-
Closing balance	**509.82**	509.82
iii Securities premium		
Opening balance	**381.23**	381.23
Additions during the year	**-**	-
Closing balance	**381.23**	381.23
iv State subsidy		
Opening balance	**5.50**	5.50
Additions during the year	**-**	-
Closing balance	**5.50**	5.50
v Contingency reserve		
Opening balance	**30.00**	30.00
Additions during the year	**-**	-
Closing balance	**30.00**	30.00
vi General reserve		
Opening balance	**1779.58**	1779.58
Additions during the year	**-**	-
Closing balance	**1779.58**	1779.58
vii Equity instruments through other comprehensive income		
Opening balance	**(2.72)**	(0.48)
Additions during the year	**(0.04)**	(2.24)
Closing balance	**(2.76)**	(2.72)

B Nature and purpose of reserves

i. Capital reserve

Capital reserve is created on merger/amalgamation.

ii. Capital redemption reserve

Capital redemption reserve represents redemption of redeemable cumulative preference shares in earlier years.

iii. Securities premium account

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Act.

iv. State subsidy

State subsidy is created on receipt of government grants for setting up the factories in backward areas.

v. Contingency reserve

Contingency reserve is created by transferring funds from retained earnings to meet future contingencies.

vi. General reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

vii. Equity instruments through other comprehensive income

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

C Dividends

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

	31 March 2021	31 March 2020
Final equity dividend paid for financial year 2019-20 at ₹ 0.20 per equity share	**24.66**	-
Interim equity dividend paid for financial year 2020-21 at ₹ 1 per equity share	**123.30**	-
Final equity dividend paid for financial year 2018-19 at ₹ 0.60 per equity share	**-**	73.98
Interim equity dividend paid for financial year 2019-20 at ₹ 1 per equity share	**-**	123.30
Dividend distribution tax on the equity dividend paid above	**-**	40.55
Total	**147.96**	237.83

(Currency : Indian Rupees in million)

After the reporting dates the following dividends were proposed by the directors subject to the approval at the annual general meeting. These dividends and tax therenon have not been recognised as liabilities in the year to which they pertains to and is recorded in the year in which they have been approved in the Annual General Meeting.

	31 March 2021	31 March 2020
Final equity dividend proposed for financial year 2020-21 at ₹ 1 per equity share	**123.30**	-
Final equity dividend proposed for financial year 2019-20 at ₹ 0.20 per equity share	**-**	24.66
Total	**123.30**	24.66

21 Borrowings

(Secured)

	31 March 2021	31 March 2020
Term loans from banks		
Rupee (refer note a (i), a (ii) and b (i) below)	**1,519.05**	1,808.47
External commercial borrowing (refer note a (iii) and b (i) below)	**524.93**	806.45
Term loans from financial institutions		
Rupee (refer note a (iv), a (v) and b (ii) below)	**523.37**	294.72
Term loans from others		
Rupee (refer note a (vi) and b (iii) below)	**58.39**	118.68
Vehicle loans		
From banks -Rupee (refer note a (vii) and b (iv) below)	**2.25**	3.71
From Others -Rupee (refer note a (vii) and b (iv) below)	**0.87**	1.96
	2,628.86	3,033.99

(For current maturities of loans refer note 28)

a. Nature of security :

i Rupee term loan from banks of ₹ 300.63 million is secured by first pari passu charge on the fixed assets of the Holding Company's plants situated at Taloja, Panoli, Bangalore, R & D centre at Pune and office at CBD Belapur (Navi Mumbai) and second pari passu charge on entire current assets both present and future.

ii Rupee term loan from banks of ₹ 1218.42 million is secured by first pari passu charge on the fixed assets of the Holding Company's plants situated at Taloja, Panoli, Bangalore, R & D centre at Pune and second pari passu charge on entire current assets both present and future.

iii External Commercial borrowing from bank is secured by first pari passu charge on the fixed assets of the Holding Company's plants situated at Taloja, Panoli and Bangalore, R & D centre at Pune and office at CBD Belapur (Navi Mumbai) and second pari passu charge on entire current assets both present and future.

iv Rupee term loan from financial institutions of ₹ 140.47 million is secured by first pari passu charge on the fixed assets of the Holding Company's plants situated at Taloja, Panoli and Bangalore, R & D centre at Pune and office at CBD Belapur (Navi Mumbai) and second pari passu charge on entire current assets both present and future.

v Rupee term loan from financial institutions of ₹ 382.89 million is secured by first pari passu charge on the fixed assets of the Holding Company's plants situated at Taloja, Panoli and Bangalore, R & D centre at Pune and second pari passu charge on entire current assets both present and future.

vi Rupee term loan from others is secured by first pari passu charge on the fixed assets of the Holding Company's plants situated at Taloja, Panoli, Bangalore, R & D centre at Pune and office at CBD Belapur (Navi Mumbai) and second pari passu charge on entire current assets both present and future.

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

Debt reconciliation statement in accordance with IND AS 7

	31 March 2021	31 March 2020
Opening balance		
Long term borrowings	**3,033.99**	3,590.42
Short term borrowings	**2,575.42**	3,018.83
Lease liability	**11.40**	13.63
Movements		
Long term borrowings	**405.13**	556.43
Short term borrowings	**61.16**	443.41
Lease liability	**2.57**	2.23
Closing balance		
Long term borrowings	**2,628.86**	3,033.99
Short term borrowings	**2,514.26**	2,575.42
Lease liability	**8.83**	11.40

b. i) Terms of repayment as on 31 March 2021 are as under :

(i)	USD In million	₹ In million	Repayment Terms	Closing interest rate as at 31.3.2021
a	-	158.44	Repayable in 8 quarterly instalments, next installment due on 30.06.2021; equated average instalments of ₹ 19.805 million	10.05%
b	-	39.45	Repayable in 8 quarterly instalments, next installment due on 30.06.2021 ; equated average instalments of ₹ 4.931 million	9.45%
c	-	255.55	Repayable in 8 quarterly instalments, next installment due on 30.06.2021; equated average instalments of ₹ 31.944 million	9.35%
d	-	78.63	Repayable in 8 quarterly instalments, next installment due on 30.06.2021; equated average instalments of ₹ 9.829 million	9.75%
e	-	78.55	Repayable in 8 quarterly instalments, next installment due on 30.06.2021; equated average instalments of ₹ 9.819 million	9.75%
f	-	679.59	Repayable in 21 quarterly instalments, next installment due on 05.06.2021; equated average instalments of ₹ 32.361 million	9.10%
g	-	696.34	Repayable in 24 quarterly instalments, next installment due on 06.05.2021; equated average instalments of ₹ 33.159 million	8.40%
h	10.82	795.45	Repayable in 11 quarterly instalments, next installment due on 10.06.2021; equated average instalments of USD 0.984 million	3M Libor + 260 bps

(ii)	USD In million	₹ In million	Repayment Terms	Closing interest rate as at 31.3.2021
a	-	290.47	Repayable in 8 quarterly instalments, next installment due on 30.06.2021; equated average instalments of ₹ 36.309 million	7.00%
b	-	382.89	Repayable in 24 quarterly instalments, next installment due on 11.09.2022; equated average instalments of ₹ 15.954 million	8.85%

(iii)	USD In million	₹ In million	Repayment Terms	Closing interest rate as at 31.3.2021
a	-	118.39	Repayable in 8 quarterly instalments, next installment due on 30.06.2021; equated average instalments of ₹ 14.799 million	10.00%

(iv)	USD In million	₹ In million	Repayment Terms	Closing interest rate as at 31.3.2021
a	-	3.71	Repayble monthly EMI of ₹ 0.128 million	8.60%
b	-	2.05	Repayble monthly EMI of ₹ 0.093 million	8.73%

ii) Terms of repayment as on 31 March 2020 are as under :

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

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

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

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

		31 March 2021	31 March 2020
22	**Lease liability**		
	Lease liability	**5.79**	9.14
		5.79	9.14
23	**Long -term provisions**		
	Provision for gratuity (Refer note 42)	**122.24**	102.83
	Provision for compensated absences (Refer note 42)	**97.62**	81.46
		219.86	184.29
24	**Deferred tax liabilities (net)**		
	Deferred tax liabilities (Refer note 40)	**375.82**	443.49
	Mat credit entitlement	**-**	(119.31)
		375.82	324.18
25	**Short-term borrowings**		
	(Secured)		
	Loans repayable on demand from banks		
	Working capital loan -Rupee (refer note a and b below)	**1,141.70**	1,650.58
	Working capital loan -Foreign currency (refer note a and b below)	**257.96**	-
	Bill discounting (Refer note a (ii))	**1,114.60**	824.84
	(Unsecured)		
	Loans repayable on demand from banks		
	Working capital loan - Rupee	**-**	100.00
		2,514.26	2,575.42

a. Nature of security and terms of repayment for secured borrowings :

i Working capital loans from all banks are secured by first pari passu charge on all current assets of the Holding Company and second pari passu charge on all fixed assets both present and future of the Holding Company, situated at Holding Company's plants at Bangalore, Taloja and Panoli.

ii Loans availed under bill discounting facility are secured against specific receivables, have tenure of 30 to 90 days and carry interest ranging between 1.50% to 9.5% p.a.

b. Working capital loans are repayable on demand and carry interest ranging from 1.50% to 10.00% p.a.

(Currency : Indian Rupees in million)

		31 March 2021	31 March 2020
26	**Current lease liability**		
	Lease liability	**3.04**	2.26
		3.04	2.26
27	**Trade payables**		
	Total outstanding dues of Micro Enterprises and Small Enterprises	**260.48**	233.54
	Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	**2,035.71**	1,778.07
		2,296.19	2,011.61

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

		31 March 2021	31 March 2020
28	**Other financials liabilities**		
	Current maturities of long-term debt	**950.56**	837.78
	Interest accrued but not due on borrowings	**23.56**	28.38
	Payables for capital purchases	**234.47**	270.43
	Employee benefits payable	**149.13**	128.70
	Unpaid dividend	**2.40**	2.17
		1,360.12	1,267.46
29	**Other current liabilities**		
	Advances from customers	**51.81**	6.82
	Statutory dues payable		
	- Provident fund	**11.72**	10.92
	- Employees' state insurance	**0.03**	0.14
	- Tax deducted at source	**21.02**	15.24
	- Goods and Services Tax	**37.86**	29.37
	- Employees' national pension scheme	**0.15**	0.22
	- Profession tax	**0.38**	0.33
		122.97	63.04
30	**Current provisions**		
	Provision for gratuity (Refer note 42)	**21.41**	16.58
	Provision for compensated absences (Refer note 42)	**23.01**	21.80
		44.42	38.38
31	**Income tax liabilities (net)**		
	Provision for tax (Net of advance tax ₹ 465.21 million (31 March 2020 : ₹ 564.53 million))	**226.85**	5.04
		226.85	5.04

(Currency : Indian Rupees in million)

		For the year ended 31 March 2021	For the year ended 31 March 2020
32 Revenue from operations			
Sale of products		**17,009.91**	14,572.69
Sale of services		**60.61**	48.62
	(A)	**17,070.52**	14,621.31
Other operating revenues			
Export incentive		**108.39**	233.36
Compensation received from customer		**-**	197.88
Scrap sales		**13.85**	20.08
Others		**11.60**	-
	(B)	**133.84**	451.32
Revenue from operations	**(A+B)**	**17,204.36**	15,072.63

32.1 Disaggregation of revenue from contracts with customers

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

Particulars			
1 Revenue from contract with customers			
Sale of products (Transferred at point in time)			
India		**5,222.54**	3,730.10
Outside India		**11,787.37**	10,842.59
	(A)	**17,009.91**	14,572.69
Sale of services			
India		**-**	-
Outside India		**60.61**	48.62
	(B)	**60.61**	48.62
2 Other operating revenues			
Export incentive		**108.39**	233.36
Compensation received from customer		**-**	197.88
Scrap Sales		**13.85**	20.08
Others		**11.60**	
	(C)	**133.84**	451.32
Total revenue (A + B + C)		**17,204.36**	15,072.63
Major product lines			
Crop protection		**6,607.96**	6,203.92
Pharmaceuticals		**10,596.40**	8,868.71
		17,204.36	15,072.63

Reconciliation of revenue from contracts with customers		
Revenue from contracts with customers as per contract price	**17,070.52**	14,621.31
Adjustment made to contract price	**-**	-
Total Revenue from contracts with customers	**17,070.52**	14,621.31
Other operating revenue	**133.84**	451.32
Revenue from contracts with customers as per consolidated statement of profit and loss	**17,204.36**	15,072.63

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

(Currency : Indian Rupees in million)

Government of India vide press release dated December 31, 2020 introduced the benefit of the Scheme for Remission of Duties and Taxes on ExportedProducts (RoDTEP) to all export goods with effect from January 01, 2021. With the introduction of the RoDTEP scheme, the benefit of MEIS scheme stood withdrawn wef January 01, 2021. Considering that the rates of RoDTEP are yet to be notified, the Group has not accrued income relating to benefits of RoDTEP scheme for the period January 01, 2021 to March 31, 2021.

		For the year ended 31 March 2021	For the year ended 31 March 2020
33	**Other income**		
	Dividend received on non-current investment	**0.01**	-
	Interest income on		
	Bank deposit	**17.62**	21.05
	Other	**9.05**	4.19
	Foreign exchange gain (net)	**12.89**	11.08
	Profit on sale of investment	**0.12**	-
	Miscellaneous income	**10.13**	0.70
		49.82	37.02
34	**Cost of materials consumed**		
	Raw material consumed		
	Opening stock	**1,814.84**	2,364.95
	Add: Purchase	**8,614.54**	7,268.92
	Less: Closing stock	**1,362.26**	1,814.84
		9,067.12	7,819.03
35	**Changes in inventories of finished goods and Work-in-progress**		
	Opening stock		
	Finished goods	**559.34**	526.27
	Work-in-progress	**558.58**	535.84
		1,117.92	1,062.11
	Less: Closing stock		
	Finished goods	**517.99**	559.34
	Work-in-progress	**583.28**	558.58
		1,101.27	1,117.92
		16.65	(55.81)

(Currency : Indian Rupees in million)

		For the year ended 31 March 2021	For the year ended 31 March 2020
36	**Employee benefits expense**		
	Salaries and wages	1,422.36	1,352.91
	Contribution to provident and other funds	70.37	67.18
	Gratuity expenses (Refer note 42)	23.86	20.28
	Staff welfare expense	126.58	125.30
		1,643.17	1,565.67
37	**Finance costs**		
	Interest on rupee term loans	161.80	200.35
	Interest on foreign currency term loans	36.43	59.53
	Interest on working capital loans	89.06	146.35
	Interest on bills discounted	31.14	54.07
	Other finance costs	16.32	0.60
	Interest expenses on lease liabilities	1.02	1.26
	Bank charges	26.21	31.11
	Exchange difference to the extent considered as an adjustment to borrowing costs	-	30.91
		361.98	524.18
38	**Other expenses**		
	Consumption of stores and spares	282.63	252.28
	Contract labour charges	176.67	151.39
	Power and fuel	1,478.26	1,299.88
	Advertisement	2.65	3.99
	Rent (Refer note 43)	35.08	34.06
	Rates and taxes	11.32	13.15
	Insurance	65.26	70.32
	Repairs and maintenance		
	- Plant and machinery	217.86	283.21
	- Buildings	27.72	33.35
	- Others	146.90	137.55
	Printing and stationery	15.28	16.63
	Legal and professional charges		
	- Legal charges	5.87	2.68
	- Professional charges	141.51	121.06
	Travelling and conveyance	15.44	62.44
	Vehicle expenses	13.31	18.91
	Postage, telephone and telegrams	6.63	10.16
	Payment to auditors (Refer note 48)	5.99	6.07
	Director's sitting fee/ Commission	16.89	12.30
	Sales and distribution expenses	267.91	168.15
	Commission on sales	30.75	13.43
	Security service charges	41.69	36.36
	Sundry balance written off	9.73	2.25
	Service charges	25.80	45.28
	Loss on sale of assets (net)	-	1.33
	Provision for doubtful debts/advances	45.29	21.20
	Corporate Social Responsibility expenses (CSR) (Refer note 47)	26.88	22.73
	Miscellaneous expenses	135.24	172.00
		3,248.56	3,012.16

(Currency : Indian Rupees in million)

39 Tax expense

	As at 31 March 2021	As at 31 March 2020
(a) Amounts recognised in balance sheet		
Income tax liabilities (Net of advance tax ₹ 465.21 million (31 March 2020 : ₹ 564.53 million))	226.85	5.04
Income tax assets (Net of provision of ₹ 559.57 million (31 March 2020 : ₹ 550 million))	20.21	24.70

Note: The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off income tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

(b) Amounts recognised in statement of profit and loss

	For the year ended 31 March 2021	For the year ended 31 March 2020
Current income tax		
Current tax	795.51	347.02
	795.51	347.02
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences	(62.66)	74.41
Deferred tax expense	(62.66)	74.41
Tax expense for the year	732.84	421.43

(c) Amounts recognised in other comprehensive income

	For the year ended 31 March 2021			For the year ended 31 March 2020		
	Before tax	Tax (expense) / benefit	Net of tax	Before tax	Tax (expense) / benefit	Net of tax
Items that will not be reclassified to statement of profit and loss						
Gain / (loss) on remeasurement of defined employee benefit plans	(19.38)	4.98	(14.40)	1.39	(0.48)	0.91
Gain / (loss) on change in fair values of investments in equity shares carried at fair value through OCI	(0.06)	0.02	(0.04)	(3.44)	1.20	(2.24)
	(19.44)	5.00	(14.44)	(2.05)	0.72	(1.33)

(d) Reconciliation of effective tax rate

	For the year ended 31 March 2021	For the year ended 31 March 2020
Profit before tax	2,064.27	1,265.79
Tax using the Group's domestic tax rate (Current year 34.94% and Previous year 34.94%)	721.26	442.26
Tax effect of:		
Non-deductible tax expenses	11.59	49.16
Tax expenses as per statement of profit and loss	732.85	421.42

The Group's consolidated weighted average tax rates for the years ended 31 March 2021 and 31 March 2020 were 35.50% and 33.29%, respectively.

(Currency : Indian Rupees in million)

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

40 Deferred tax assets and liabilities

a) Recognised deferred tax assets and liabilities

	Deferred tax assets		Deferred tax liabilities		Net deferred tax asset/(liabilities)	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Property, plant and equipment	-	-	(501.49)	(533.71)	(501.49)	(533.71)
Inventories	29.71	20.27	-	-	29.71	20.27
Trade receivables	20.77	11.86	-	-	20.77	11.86
Loans and advances	5.03	3.49	-	-	5.03	3.49
Investments	6.81	6.79	-	-	6.81	6.79
Provisions	66.50	53.16	-	-	66.50	53.16
Loan processing charges	-	-	(3.15)	(5.35)	(3.15)	(5.35)
Net Deferred tax asset / (liabilities)	**128.82**	**95.57**	**(504.64)**	**(539.06)**	**(375.82)**	**(443.49)**

b) Movement in deferred tax balances

	Net balance 1 April 2020	Recognised in statement of profit or loss	Recognised in OCI	31 March 2021		
				Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
Property, plant and equipment	(533.71)	32.21	-	(501.49)	-	(501.49)
Inventory	20.27	9.44	-	29.71	29.71	-
Trade receivables	11.86	8.91	-	20.77	20.77	-
Loans and advance	3.49	1.54	-	5.03	5.03	-
Investment	6.79	-	0.02	6.81	6.81	-
Provisions	53.16	8.36	4.98	66.50	66.50	-
Loan processing charges	(5.35)	2.20	-	(3.15)	-	(3.15)
Net deferred tax assets / (liabilities)	**(443.49)**	**62.66**	**5.00**	**(375.82)**	**128.82**	**(504.64)**

c) Movement in deferred tax balances (previous year)

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

(Currency : Indian Rupees in million)

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off income tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income and the period over which deferred income tax assets will be recovered.

The Group has utilised MAT credit of ₹ 119.31 million (Pr Yr ₹ 122.11 million) in the books of account against income tax liabilities.

41 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit attributable to equity shareholders of the Holding Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity shareholders of the Holding Company by the weighted average number of equity shares outstanding during the year, after considering adjustment for the effects of all dilutive potential equity shares.

		For the year ended 31 March 2021	For the year ended 31 March 2020
Consolidated profit attributable to equity shareholders (basic and diluted)			
Consolidated profit for the year attributable to equity shareholders	**(A)**	**1,331.42**	844.36
Weighted average number of equity shares for basic and diluted earnings per share			
Number of equity shares at beginning of the year		**123,300,750**	123,300,750
Number of equity shares outstanding at the end of the year		**123,300,750**	123,300,750
Weighted average number of equity shares for the year	**(B)**	**123,300,750**	123,300,750
Basic and diluted earnings per share of face value of ₹ 2 each	**(A)/(B)**	**10.80**	6.85

(Currency : Indian Rupees in million)

42 Employee benefits

(i) Defined Contribution Plans

The Group makes contributions towards superannuation fund and other retirement benefits to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Group is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

Contribution to defined contribution plans are charged off for the year as under :

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Employer's contribution to Providend Fund	**68.29**	65.31
Employer's contribution to Superannuation Fund	**0.91**	0.37
Employer's Contribution to Employees State Insurance	**1.09**	1.87
Employer's Contribution to Labour Welfare Fund	**0.02**	0.06

(ii) Defined Benefit Plans

Gratuity:

The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The holding Company has obtained insurance policies with the Life Insurance Corporation of India (LIC) for eligible employees at Panoli plant and makes an annual contribution to LIC for amounts notified by LIC. The Group accounts for gratuity benefits payable in future based on an independent external actuarial valuation carried out at the end of the year using the projected unit credit method. Actuarial gains and losses are recognised as Other Comprehensive Income or Loss.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Group's consolidated financial statements as at balance sheet date:

A. Reconciliation of the net defined benefit (asset) / liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit (asset) liability and its components

	As at 31 March 2021	As at 31 March 2020
Reconciliation of present value of defined benefit obligation		
Balance at the beginning of the year	**135.56**	122.64
Current service cost	**16.58**	13.34
Past service cost	**-**	-
Interest cost (income)	**8.16**	8.41
Benefits paid	**(21.33)**	(7.38)
Actuarial losses/ (gains) recognised in other comprehensive income		
- financial assumptions	**11.69**	(0.69)
- demographic assumption	**2.17**	(0.07)
- experience adjustments	**10.15**	(0.69)
Balance at the end of the year	**162.98**	135.56

(Currency : Indian Rupees in million)

	As at 31 March 2021	As at 31 March 2020
Reconciliation of present value of plan assets		
Balance at the beginning of the year	**16.15**	22.10
Interest income	**0.89**	1.47
Remeasurements :	-	-
Return on plan assets, excluding amount included in interest (expense)/income	**4.63**	(0.07)
Employer contributions	**0.01**	0.03
Benefits paid	**(2.35)**	(7.38)
Balance at the end of the year	**19.33**	16.15
Net defined benefit (asset)/ liability	**143.65**	119.41

B. Plan assets

Plan assets comprise the following

Investment		
Policy of insurance	**100%**	100%
Bank Special Deposit	**0%**	0%
Investment in other securities	**0%**	0%
Corporate Bonds	**0%**	0%
State Government Bonds	**0%**	0%
	100%	100%

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

		For the year ended 31 March 2021	For the year ended 31 March 2020
Recognised in income statement			
Current service cost		**16.58**	13.34
Past service cost		**-**	-
Interest cost		**7.28**	6.94
	Total	**23.86**	20.28
Recognised in Other Comprehensive Income			
Remeasurement of net defined benefit liability/(asset)		**24.01**	(1.46)
Return on plan assets, excluding interest income		**(4.63)**	0.07
	Total	**19.38**	(1.39)

D. Defined benefit obligations

i. Actuarial assumptions

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

	For the year ended 31 March 2021	For the year ended 31 March 2020
Discount rate	**6.55%**	6.55%
Salary escalation rate	**5.00%**	4.00%
Attrition rate	**2.00%**	1.00%
Mortality rate table	**Indian assured lives mortality (2006-08)**	

(Currency : Indian Rupees in million)

ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	For the year ended 31 March 2021		For the year ended 31 March 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	150.89	176.93	125.32	147.40
Rate of salary increase (1% movement)	176.07	151.29	146.84	125.45
Rate of employee turnover (1% movement)	163.24	162.72	135.77	135.34

The above sensitivity analyses have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the reporting date. In practice, generally it does not occur. When we change one variable, it affects to others. In calculating the sensitivity, project unit credit method at the end of the reporting period has been applied.

	31 March 2021	31 March 2020
Expected employer's contribution to defined benefit plan for the next year	21.41	16.58

Maturity profile of the defined benefit obligation

Particulars	Up to 1 year	Between 1-2 years	Between 2-5 years	6 to 10 years	Total
For the year ended 31 March 2021					
Defined benefit obligations (Gratuity)	24.41	9.20	43.40	66.45	143.46
Total	**24.41**	**9.20**	**43.40**	**66.45**	**143.46**
For the year ended 31 March 2020					
Defined benefit obligations (Gratuity)	21.86	7.07	29.82	60.12	118.87
Total	**21.86**	**7.07**	**29.82**	**60.12**	**118.87**

Other long term employee benefit plans

Compensated absences:

The obligation for leave encashment is recognised in the same manner as gratuity. The Group's liability on account of compensated absences is not funded and hence the disclosures relating to the planned assets are not applicable. Amount of ₹ 43.59 million (previous year ₹ 21.61 million) towards compensated absences is recognised as an expense and included in "Employee benefits expense" in the Statement of profit and loss during the year.

(Currency : Indian Rupees in million)

43 Leases:

The Group has a lease contract for building used in its operations. The Lease term is 9 years. The Group's obligations under its lease is secured by the lessor's title to the leased asset.

The Group also has certain leases of machinery/premises with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below is the carrying amount of right-of-use assets recognised and the movements during the period:

Particulars	**Buildings**
As at 1 April 2019	11.06
Opening balance reclassified on account of adoption of Ind AS 116 (Refer Note 5)	664.76
Depreciation expense	(12.69)
As at 31 March 2020	663.13
Additions	-
Depreciation expense	(11.43)
As at 31 March 2021	651.70

The aggregate depreciation expense on ROU assets is included under depreciation and amortisation expense in the Statement of Profit and Loss.

Set out below is the carrying amount of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	As at 31 March 2021	**As at 31 March 2020**
As at 1 April	**11.40**	14.46
Additions	**-**	-
Accretion of interest	**1.02**	1.26
Payments	**(3.59)**	(3.49)
Deletion	**-**	(0.83)
As at 31 March	**8.83**	11.40
Current	**3.04**	2.26
Non current	**5.79**	9.14

For Rental expense recorded for short-term leases, refer note 38

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

The details of the contractual maturities of lease liabilities as at 31 March 2021 and 31 March 2020 on an undiscounted basis are as follows:

	Year ended 31 March 2021	**Year ended 31 March 2020**
Payable within one year	**3.77**	3.59
Payable between one year and five years	**6.34**	10.11
Payable after more than five years	**-**	-

(Currency : Indian Rupees in million)

44 Financial instruments – Fair values and risk management

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. There are no financial assets or financial liabilities not measured at fair value, whose carrying amount is not a reasonable approximation of fair value.

31 March 2021	Carrying amount			Fair value			
	FVTOCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Investment	6.12	-	6.12	0.10	-	6.02	6.12
	6.12	-	6.12	0.10	-	6.02	6.12

31 March 2020	Carrying amount			Fair value			
	FVTOCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Investment	6.80	-	6.80	0.62	-	6.18	6.80
	6.80	**-**	**6.80**	**0.62**	**-**	**6.18**	**6.80**

B. Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

i. Risk management framework

The Holding Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

ii. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The carrying amount of following financial assets represents the maximum credit exposure:

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

(Currency : Indian Rupees in million)

At 31 March 2021, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows.

	Carrying amount	
	31 March 2021	**31 March 2020**
India	**1,879.98**	1,262.65
Other regions	**2,975.32**	2,141.74
	4,855.30	3,404.39

Impairment

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables :

	31 March 2021		
	Carrying Amount	**Weighted Average Loss Rate**	**Loss Allowance**
Not due	**4,466.78**	**0.51%**	**22.97**
Past due 0-90 days	**356.13**	**2.86%**	**10.18**
Past due 91-180 days	**43.70**	**18.79%**	**8.21**
Past due 181-365 days	**41.17**	**33.97%**	**13.98**
Past due 366-730 days	**6.37**	**55.09%**	**3.51**
Past due 731-1096 days	**1.78**	**100.00%**	**1.78**
More than 1096 days	**21.78**	**100.00%**	**21.78**
	4,937.71		**82.41**

	31 March 2020		
	Carrying Amount	**Weighted Average Loss Rate**	**Loss Allowance**
Not due	3,046.21	0.09%	2.65
Past due 0-90 days	316.34	1.76%	5.57
Past due 91-180 days	43.59	12.04%	5.25
Past due 181-365 days	15.81	39.78%	6.29
Past due 366-730 days	6.82	67.71%	4.62
Past due 731-1096 days	2.82	100.00%	2.82
More than 1096 days	19.92	100.00%	19.92
	3,451.51		47.12

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows.

Particulars	**Amount**
Balance as at 31 March 2020	**47.12**
Additional provision	35.29
Impairment loss recognised / (reversal)	-
Balance as at 31 March 2021	**82.41**

Cash and cash equivalents

The Group held cash and cash equivalents (including bank deposits) of ₹ 413.18 million at 31 March 2021 (31 March 2020: ₹ 639.59 million). The cash and cash equivalents (including bank deposits) are held with banks with good credit ratings and financial institution counterparties with good market standing.

Other than trade and other receivables, the Group has no other significant financial assets that are past due but not impaired.

(Currency : Indian Rupees in million)

iii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments.

31 March 2021	Carrying amount	Total	Contractual cash flows		
			Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Borrowings and lease liabilities - Non current	2,708.36	2,708.36	-	2,399.37	308.99
Borrowings and lease liabilities - current	2,517.30	2,517.30	2,517.30	-	-
Other financial liabilities - current	1,360.12	1,360.12	1,360.12	-	-
Trade payables	2,296.19	2,296.19	2,296.19	-	-
	8,881.97	8,881.97	6,173.61	2,399.37	308.99

31 March 2020	Carrying amount	Total	Contractual cash flows		
			Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Borrowings- non current	3,101.18	3,101.18	-	2,716.18	385.00
Borrowings- current	2,577.68	2,577.68	2,577.68	-	-
Other financial liabilities - current	1,267.46	1,267.46	1,267.46	-	-
Trade payables	2,011.61	2,011.61	2,011.61	-	-
	8,957.93	**8,957.93**	**5,856.75**	**2,716.18**	**385.00**

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity.

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments.Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. We are exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of our investments. Thus, our exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

Currency risk

The Group is exposed to currency risk on account of its operating and financing activities. The functional currency of the Group is Indian Rupee.

(Currency : Indian Rupees in million)

Exposure to currency risk

The major currency profile of financial assets and financial liabilities as at 31 March 2021 and 31 March 2020 are as below:

	31 March 2021				
	USD	EUR	GBP	JPY	CHF
Financial assets	2,268.00	732.83	-	25.20	-
Financial liabilities	2,293.27	708.84	0.46	-	1.80
Net Exposure	(25.27)	23.99	(0.46)	25.20	(1.80)

	31 March 2020			
	USD	EUR	GBP	JPY
Financial assets	1,515.21	658.09	-	-
Financial liabilities	2,035.85	436.47	0.42	-
Net Exposure	**(520.64)**	**221.62**	**(0.42)**	**-**

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against USD, Euros and GBP at 31 March would have affected the measurement of financial instruments denominated in these currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect in INR	**Profit or loss**		**Equity net of tax**	
	Strengthening	**Weakening**	**Strengthening**	**Weakening**
31 March 2021				
USD (3% movement)	(0.76)	0.76	(0.49)	0.49
EUR (3% movement)	0.72	(0.72)	0.47	(0.47)
GBP (3% movement)	(0.01)	0.01	(0.01)	0.01
JPY (3% movement)	0.76	(0.76)	0.49	(0.49)
CHF (3% movement)	(0.05)	0.05	(0.04)	0.04
	0.65	(0.65)	0.42	(0.42)

Effect in INR	**Profit or loss**		**Equity net of tax**	
	Strengthening	**Weakening**	**Strengthening**	**Weakening**
31 March 2020				
USD (3% movement)	(15.62)	15.62	(10.16)	10.16
EUR (3% movement)	6.65	(6.65)	4.32	(4.32)
CHF (3% movement)	(0.01)	0.01	(0.01)	0.01
	(8.98)	**8.98**	**(5.85)**	**5.85**

v. **Interest rate risk**

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

(Currency : Indian Rupees in million)

Exposure to interest rate risk

Group's interest rate risk arises from borrowings. Borrowings issued at fixed and variable rates exposes to fair value interest rate risk. The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

	Nominal amount	
	31 March 2021	**31 March 2020**
Fixed-rate instruments		
Financial assets	**347.04**	334.44
Financial liabilities	**(2,514.26)**	(2,575.42)
	(2,167.22)	**(2,240.98)**
Variable-rate instruments		
Financial assets	**-**	-
Financial liabilities	**(3,579.42)**	(3,871.77)
	(3,579.42)	**(3,871.77)**

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through statement of profit and loss. Therefore, a change in interest rates at the reporting date would not affect statement of profit and loss.

45 Capital management

As at 31 March 2021, the Group has only one class of equity shares. In order to maintain or achieve an optimal capital structure, the Group allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.

For the purpose of the Group's capital management, capital includes issued capital and other equity reserves. The primary objective of the Group's capital management is to safeguard its ability to continue as going concern and to maintain and optimal capital structure so as to maximise shareholders value. The Group manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt and adjusted net debt to equity ratio. For this purpose, adjusted net debt is defined as total debt less cash and bank balances.

	31 March 2021	**31 March 2020**
Non-current borrowings	**2,628.86**	3,033.99
Current borrowings	**2,514.26**	2,575.42
Current maturity of long term debt	**950.56**	837.78
Gross debt	**6,093.68**	**6,447.19**
Less - Cash and cash equivalents	**76.37**	316.83
Less - Other bank deposits	**336.81**	322.76
Adjusted net debt (A)	**5,680.50**	**5,807.60**
Total equity (B)	**9,334.18**	8,165.16
Adjusted net debt to equity ratio	**0.61**	0.71
Total capital (A)+(B)	**15,014.68**	13,972.76
Gearing ratio *	**38%**	42%

*The Group's ideal gearing ratio is 30% to 50%.

(Currency : Indian Rupees in million)

46 Contingent liabilities and commitments *(to the extent not provided for)*

	As at 31 March 2021	As at 31 March 2020
A. Contingent liabilities		
Direct and Indirect taxes*		
Income Taxes	**241.34**	236.39
Excise Duty**	**40.13**	40.13
Value Added Tax (VAT)***	**11.20**	11.20
Cental Sales Tax (CST)	**2.82**	2.82

* Above does not includes interest and penalty, if any

** In addition to above penalty of ₹ 40.02 million was levied.

*** In addition to above for certain matters, penalty and interest of ₹ 17.40 million was levied during the assessment."

	As at 31 March 2021	As at 31 March 2020
B. Commitments*		
Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances, tangible assets	**1,160.46**	827.04

In addition, the Group is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liability, where applicable in its financial statements. The Group's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect of the Group's results of operations or financial condition.

47 Corporate social responsibility

As per Section 135 of the Act, a CSR committee has been formed by the Group. The funds are utilised during the year on the activities which are specified in Schedule VII of the Act. The utilisation is done by way of direct and indirect contribution towards various activities.

Gross amount required to be spent by the Group during the year: ₹ 25.81 million (31 March 2020: ₹ 21.70 million)

The areas of CSR activities and contributions made thereto are as follows:

	For the year ended 31 March 2021	For the year ended 31 March 2020
Amount spent during the year on ;		
Protection of national heritage	**-**	4.00
Promotion of education	**6.37**	9.19
Disaster Relief	**0.43**	-
Environmental sustainability	**-**	3.10
Promoting preventive health care and sanitation and making available safe water	**1.35**	1.00
COVID-19	**18.73**	5.40
Others	**-**	0.04
Total	**26.88**	**22.73**

The Group does not carry any provisions for corporate social responsibility expenses for the current year and the previous year.

48 Payment to auditors' (excluding Goods and Services tax)

	31 March 2021	31 March 2020
- Audit fees	**3.41**	3.40
- Limited review of quarterly results	**2.50**	2.50
- Certification and other matters	**0.08**	0.03
- Out-of-pocket expenses	**-**	0.13
Total	**5.99**	**6.06**

(Currency : Indian Rupees in million)

49 Capitalisation of expenditure

During the year, the Group has capitalised the following expenses of revenue nature to the cost of property, plant and equipment (tangible fixed assets)/capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Group.

	For the year ended 31 March 2021	For the year ended 31 March 2020
Finance costs	131.73	100.41
Other expenses	-	2.00
Total	**131.73**	**102.41**

50 Segment information

For management purposes, the Group is organised into business units based on its products and services and has two reportable segments, as follows:

Pharmaceuticals: Segment produces in Active Pharmaceutical Ingredients

Crop protection: Segment manufactures in pesticides, herbicides.

The Chief Operating Decision Maker ("CODM") evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by operating segments. The CODM reviews revenue and profit as the performance indicator for all of the operating segments, and review the total assets and liabilities of an operating segment.

Based on above, following are reportable segments as per Ind AS 108

Primary Segment (Operating Segment): Based on product lines of Group	Secondary Segment (Geographical Segment) Based on geographical area of operation
Pharmaceuticals	India and Outside India
Crop Protection	

A Segment wise classification :-

i) Primary segment reporting (by business segment)

The Group's business segments based on product lines are as under :

- Pharmaceuticals

Segment produces/trades in Active Pharmaceutical Ingredients

- Crop Protection

Segment produces/trades in pesticides and herbicides

ii) Segment revenues, results and other information

Particulars	Crop Protection	Pharmaceuticals	Total of Reportable Segment
External sales	**6,607.96**	**10,596.40**	**17,204.36**
	6,203.92	*8,868.71*	*15,072.63*
Other income	**-**	**-**	**-**
	-	-	-
Segment revenue	**6,607.96**	**10,596.40**	**17,204.36**
	6,203.92	*8,868.71*	*15,072.63*
Segment results	**1,032.72**	**1,698.76**	**2,731.48**
	996.46	*1,275.28*	*2,271.74*
Segment assets	**6,560.65**	**11,314.48**	**17,875.13**
	5,695.84	*10,493.09*	*16,188.93*
Segment liabilities	**1,161.84**	**1,744.83**	**2,906.67**
	1,449.02	*1,937.89*	*3,386.91*
Capital expenditure (included in segment assets)	**536.32**	**924.66**	**1,460.98**
	733.40	*1,007.84*	*1,741.24*
Depreciation/Amortisation	**307.65**	**514.64**	**822.29**
	322.12	*475.67*	*797.79*

Figures in italics pertain to previous year

(Currency : Indian Rupees in million)

iii) Reconciliation of reportable segments with the financial statements

	Revenues	Results / Net Profits	Assets	Liabilities	Capital Expenditure	Depreciation/ Amortisation
Total of reportable segments	**17,204.36**	**2,731.48**	**17,875.13**	**2,906.67**	**1,460.98**	**822.29**
	15,072.63	*2,271.74*	*16,188.93*	*3,386.91*	*1,741.24*	*797.79*
Corporate / Unallocated segment	-	**305.25**	**1,257.07**	**6,891.51**	**99.13**	**30.16**
	-	*327.76*	*1,491.90*	*6,127.90*	*126.08*	*26.83*
Finance cost	-	**361.98**	-	-	-	-
	-	*524.18*	-	-	-	-
Exceptional item	-	-	-	-	-	-
	-	*154.02*	-	-	-	-
Taxes	-	**732.85**	-	-	-	-
	-	*421.43*	-	-	-	-
As per financial statement	**17,204.36**	**1,331.40**	**19,132.20**	**9,798.18**	**1,560.11**	**852.45**
	15,072.63	*844.35*	*17,679.83*	*9,514.81*	*1,867.32*	*824.62*

Figures in italics pertain to previous year.

B Secondary segment reporting (by geographical segment)

Particulars	India	USA and Canada	Europe	South East Asia	Others	Total
Revenue	**5,381.73**	**2,063.36**	**3,764.54**	**5,466.55**	**528.18**	**17,204.36**
	3,983.54	*2,101.20*	*4,402.92*	*4,386.24*	*198.73*	*15,072.64*
Total assets	**19,132.20**	-	-	-	-	**19,132.20**
	17,679.83	-	-	-	-	*17,679.83*
Capital expenditure	**1,560.11**	-	-	-	-	**1,560.11**
	1,867.32	-	-	-	-	*1,867.32*

There is a customer which account for revenue of ₹ 1,762.16 million (Pr Yr. ₹ 1,513.52 million) in Crop protection segment and a customer which account for revenue of Nil (Pr Yr ₹ 1,826.27 million) in Pharmaceuticals segment, other than these there are no transactions with single external customer which amounts to 10% or more of the Group's revenue.

Figures in italics pertain to previous year

51 Related party disclosures

The note provides the information about the Group's structure. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

i) List of Related parties

Relationship	Name of the related party
a) Company/ enterprises exercising significant influence through voting power ('significant shareholder')	Kalyani Investment Company Limited ("KICL")
b) Key Management Personnel (KMP)	Jai Hiremath (Chairman and Managing Director) Sameer Hiremath (Joint Managing Director and CEO) Sham Wahalekar (CFO) (Upto 4 November 2020) Kuldeep Jain (CFO) (w.e.f. 5 November 2020)
c) Enterprises owned or controlled or significantly influenced by key management personnel or their relatives	Decent Electronics Private Limited ("DEPL") Marigold Investments Private Limited ("MIPL") Iris Investments Private Limited ("IIPL") Karad Engineering Consultancy Private Limited ("KECPL") Ekdant Investments Private Limited ("EIPL") Shri Rameswara Investment Private Limited ("SRIPL") Shri Badrinath Investment Private Limited ("SBIPL") Rushabh Capital Services Private Limited ("RCSPL")
d) Non-executive directors	Baba Kalyani Amit Kalyani Sugandha Hiremath Kannan K. Unni Prakash Mehta Shivkumar Kheny (Upto 4 February 2021) Wolfang Welter (Upto 30 September 2019) Ranjit Shahani Mrs Shivani Bhasin Sachdeva (w.e.f.1 August 2019) Ravindra Kumar Goyal (w.e.f.4 February 2021)

(Currency : Indian Rupees in million)

ii) Details of transactions with related parties

Particulars	Transaction value		Balances outstanding	
	Year ended 31 March 2021	Year ended 31 March 2020	**31 March 2021**	31 March 2020
Remuneration				
Jai Hiremath	**41.43**	35.76	**-**	-
Sameer Hiremath	**24.53**	21.77	**-**	-
Sham Wahalekar	**9.50**	13.30	**-**	-
Kuldeep Jain	**3.78**	-	**-**	-
Commission paid				
Jai Hiremath	**21.00**	13.23	**21.00**	13.23
Sameer Hiremath	**21.00**	13.23	**21.00**	13.23
Sitting fees				
Sugandha Hiremath	**0.90**	1.00	**-**	-
Baba Kalyani	**0.40**	0.30	**-**	-
Amit Kalyani	**0.40**	0.20	**-**	-
Kannan K. Unni	**1.40**	1.20	**-**	-
Prakash Mehta	**1.40**	1.30	**-**	-
Shivkumar Kheny	**0.90**	0.90	**-**	-
Wolfang Welter	**-**	0.20	**-**	-
Ranjeet Shahani	**0.50**	0.50	**-**	-
Shivani Bhasin Sachdeva	**0.50**	0.20	**-**	-
Ravindra Kumar Goyal	**0.10**	-	**-**	-
Commission to Non-executive directors				
Sugandha Hiremath	**1.30**	0.82	**1.30**	0.82
Baba Kalyani	**1.30**	0.82	**1.30**	0.82
Amit Kalyani	**1.30**	0.82	**1.30**	0.82
Kannan K. Unni	**1.30**	0.82	**1.30**	0.82
Prakash Mehta	**1.30**	0.82	**1.30**	0.82
Shivkumar Kheny	**-**	0.82	**-**	0.82
Ranjeet Shahani	**1.30**	0.82	**1.30**	0.82
Shivani Bhasin Sachdeva	**1.30**	0.82	**1.30**	0.82
Ravindra Kumar Goyal	**1.30**	-	**1.30**	-
Dividend paid				
SBIPL	**23.90**	31.86	**-**	-
SRIPL	**11.77**	15.70	**-**	-
DEPL	**0.06**	0.08	**-**	-
EIPL	**0.47**	0.63	**-**	-
KECPL	**0.08**	0.10	**-**	-
KICL	**46.40**	61.87	**-**	-
Sugandha Hiremath	**11.60**	15.47	**-**	-
Jai Hiremath	**1.61**	2.15	**-**	-
Sameer Hiremath	**0.47**	0.63	**-**	-
Sham Wahalekar	**0.02**	0.02	**-**	-
Lease rent paid				
RCSPL	**1.08**	1.08	**-**	-
Sugandha Hiremath	**2.40**	2.40	**-**	-
Jai Hiremath	**0.30**	0.30	**-**	-
Security Deposit				
RCSPL	**-**	-	**1.10**	1.10
Sugandha Hiremath	**-**	-	**50.00**	50.00
Jai Hiremath	**-**	-	**20.00**	20.00

Terms and conditions of transactions with related parties

All related party transactions entered during the year were in ordinary course of business and are on arms length basis. Outstanding balances at year end are unsecured and interest free and settlement occures in cash.

53 Contribution to provident fund as per Supreme Court judgment

There are numerous interpretative issues relating to the Supreme Court (SC) judgment dated 28 February 2019 on Provident Fund (PF) on the inclusion of allowances for the purpose of PF contribution as well as its applicability of effective date. The impact is not expected to be material as per the assessment made by the Holding Company.

54 COVID-19 assessment

The Group has considered the impact of COVID-19 pandemic on its business operations and financial results based on its review of current indicators of future economic conditions. However, the impact assessment of this pandemic is a continuing process given the uncertainties associated with its nature and duration, and accordingly, the Group will continue to monitor any material changes to future economic conditions.

55 Exceptional item

Exceptional item comprises customs duty ₹ 133.93 million on past imports of raw materials at an Export Oriented Unit of the Holding Company and interest of ₹ 20.09 million thereon, paid during the year ended on 31 March 2020 on directions of the Customs authority pursuant to Notification no. 59/2017-Customs dated 30 June 2017 issued by the Department of Revenue.

56 The Code on Social Security, 2020

The Code on Social Security, 2020 ('the Code') has been notified in the Official Gazette on 29 September 2020. The effective date from which the changes are applicable is yet to be notified and the rules are yet to be framed. Impact, if any, of the change will be assessed and accounted in the period in which the said Code becomes effective and the rules framed thereunder are published.

57 Other information

The figures for the previous periods have been regrouped wherever necessary to conform to the current year's presentation.

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

per Vinayak Pujare
Partner
Membership No: 101143

Mumbai
6 May 2021

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

Jai Hiremath
Chairman and Managing Director
DIN: 00062203

Sameer Hiremath
Joint Managing Director and CEO
DIN: 00062129

Kannan K. Unni
Director
DIN: 00227858

Kuldeep Jain
Chief Financial Officer

Rajasekhar Reddy
Company Secretary

Mumbai
6 May 2021

Consolidated Cash Flow Statement

for the year ended 31 March 2021
(Currency : Indian Rupees in million)

		31 March 2021		31 March 2020	
A.	**Cash flow from operating activities**				
	Profit before tax before exceptional item		2,064.25		1,419.80
	Adjustments:				
	Depreciation and amortisation	852.45		824.62	
	Dividend on long-term investments	(0.01)		-	
	Finance costs	361.98		524.18	
	Interest income	(26.67)		(25.24)	
	Loss on sale of property, plant and equipment	-		1.33	
	Sundry balances written off	9.73		2.25	
	Provision for doubtful debts/advances	45.29		21.20	
	Provision for inventory	60.00		11.76	
	Profit on sale of investment	(0.12)		-	
	Unrealised foreign exchange (gain)/ loss	(32.79)		1.60	
			1,269.86		1,361.70
	Operating cash flow before working capital changes		3,334.11		2,781.50
	(Increase)/decrease in trade receivables	(1,473.23)		139.87	
	(Increase)/decrease in loans and advances and other assets	86.22		(145.53)	
	(Increase)/decrease in inventories	397.65		505.91	
	(Decrease)/increase trade payables	292.58		372.59	
	Increase/decrease in provisions and other liabilities	117.85		(407.96)	
			(578.93)		464.88
	Cash generated from operations		2,755.18		3,246.38
	Income tax paid		(465.00)		(243.06)
	Net cash flows generated from operating activities before exceptional item		2,290.18		3,003.32
	Exceptional item		-		(154.02)
	Net cash flows generated from operating activities (A)		2,290.18		2,849.30
B.	**Cash flow from investing activities**				
	Purchase of property, plant and equipment and intangible assets	(1,575.99)		(1,580.32)	
	Proceeds from sale of property, plant and equipment	-		0.36	
	Proceeds from sale of investment	0.73		-	
	Dividend on long-term investments	0.01		-	
	Interest received	27.33		25.18	
	(Increase)/decrease in other bank balances (includes margin money account)	(14.04)		(83.19)	
	Net cash flows (used in) investing activities (B)		(1,561.96)		(1,637.97)
C.	**Cash flow from financing activities**				
	Proceeds from long-term borrowings	600.00		800.00	
	Repayment of long-term borrowings	(872.60)		(600.80)	
	Repayments of/proceeds from short-term borrowings (net)	(56.92)		(449.35)	
	Finance costs paid	(487.86)		(520.66)	
	Payment of lease liability	(3.11)		-	
	Dividend paid on equity shares (including dividend distribution tax)	(148.19)		(237.83)	
	Net cash flows (used in) financing activities (C)		(968.68)		(1,008.64)
	Net increase/(decrease) in cash and cash equivalents (A+B+C)		(240.46)		202.69

Consolidated Cash Flow Statement *(Continued)*

for the year ended 31 March 2021
(Currency : Indian Rupees in million)

	31 March 2021	31 March 2020
Cash and cash equivalents at the beginning of the year, the components being		
Cash on hand	**2.37**	1.27
Balances with banks		
- Current accounts	**304.56**	39.58
- Exchange Earners Foreign Currency accounts	**1.86**	0.04
- Deposits accounts (demand deposits and deposits having original maturity of 3 months or less)	**8.04**	73.25
	316.83	114.14
Cash and cash equivalents at the end of the year, the components being		
Cash on hand	**0.84**	2.37
Balances with banks		
- Current accounts	**66.97**	304.56
- Exchange Earners Foreign Currency accounts	**0.09**	1.86
- Deposits accounts (demand deposits and deposits having original maturity of 3 months or less)	**8.47**	8.04
	76.37	316.83
Net increase/(decrease) as disclosed above	**(240.46)**	202.69

Notes to the cash flow statement

1 The above cash flow statement has been prepared under the 'Indirect Method' set out in Accounting Standard (IND AS) 7, 'Cash Flow Statements'.

2 For changes in liability arising from financing activity refer note 21

	Note
Significant accounting policies	1-3

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

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

per Vinayak Pujare
Partner
Membership No: 101143

Mumbai
6 May 2021

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

Jai Hiremath
Chairman and Managing Director
DIN: 00062203

Sameer Hiremath
Joint Managing Director and CEO
DIN: 00062129

Kannan K. Unni
Director
DIN: 00227858

Kuldeep Jain
Chief Financial Officer

Rajasekhar Reddy
Company Secretary

Mumbai
6 May 2021

NOTES

NOTES

Hikal Limited

Great Eastern Chambers
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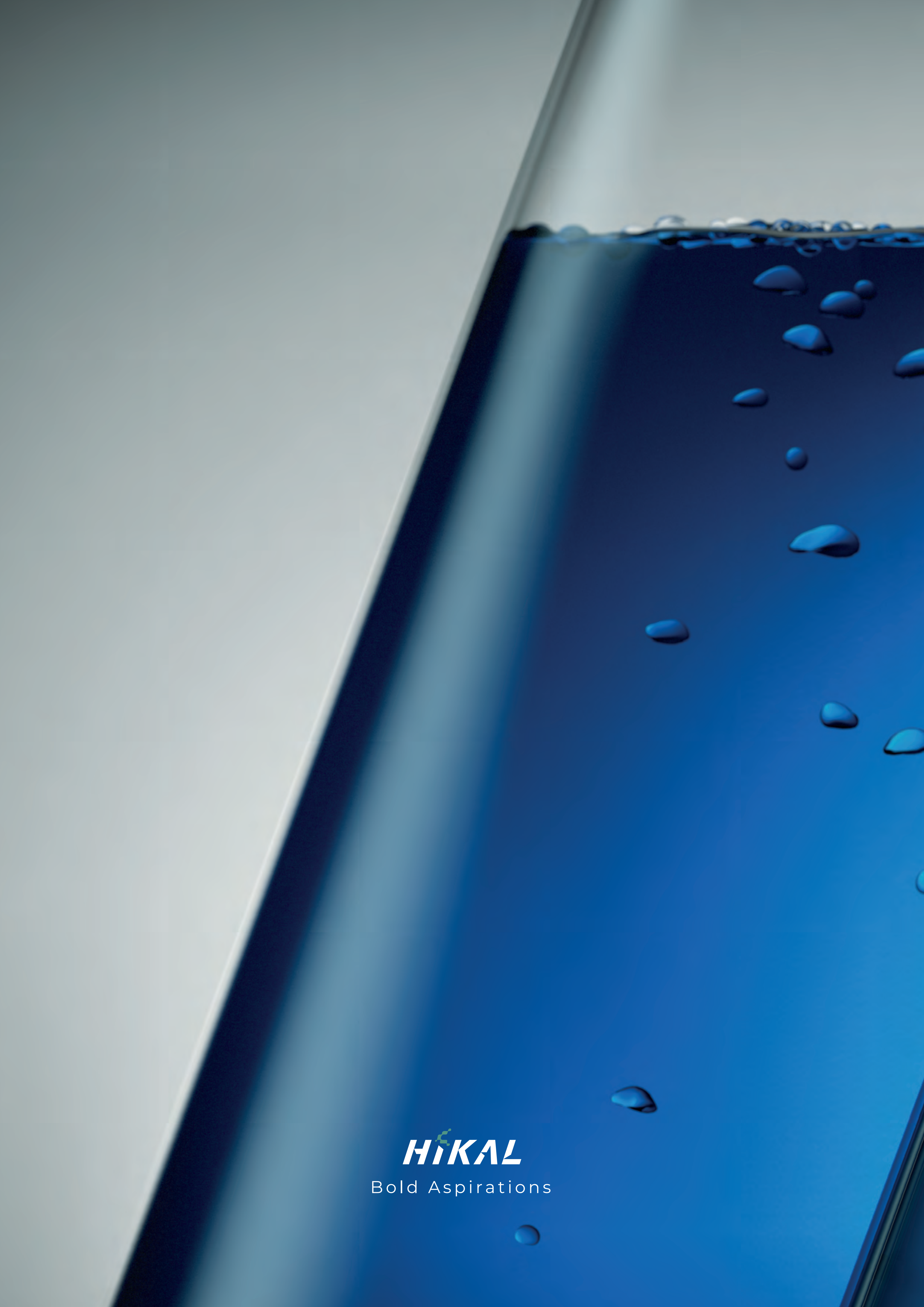
HiKAL
Bold Aspirations