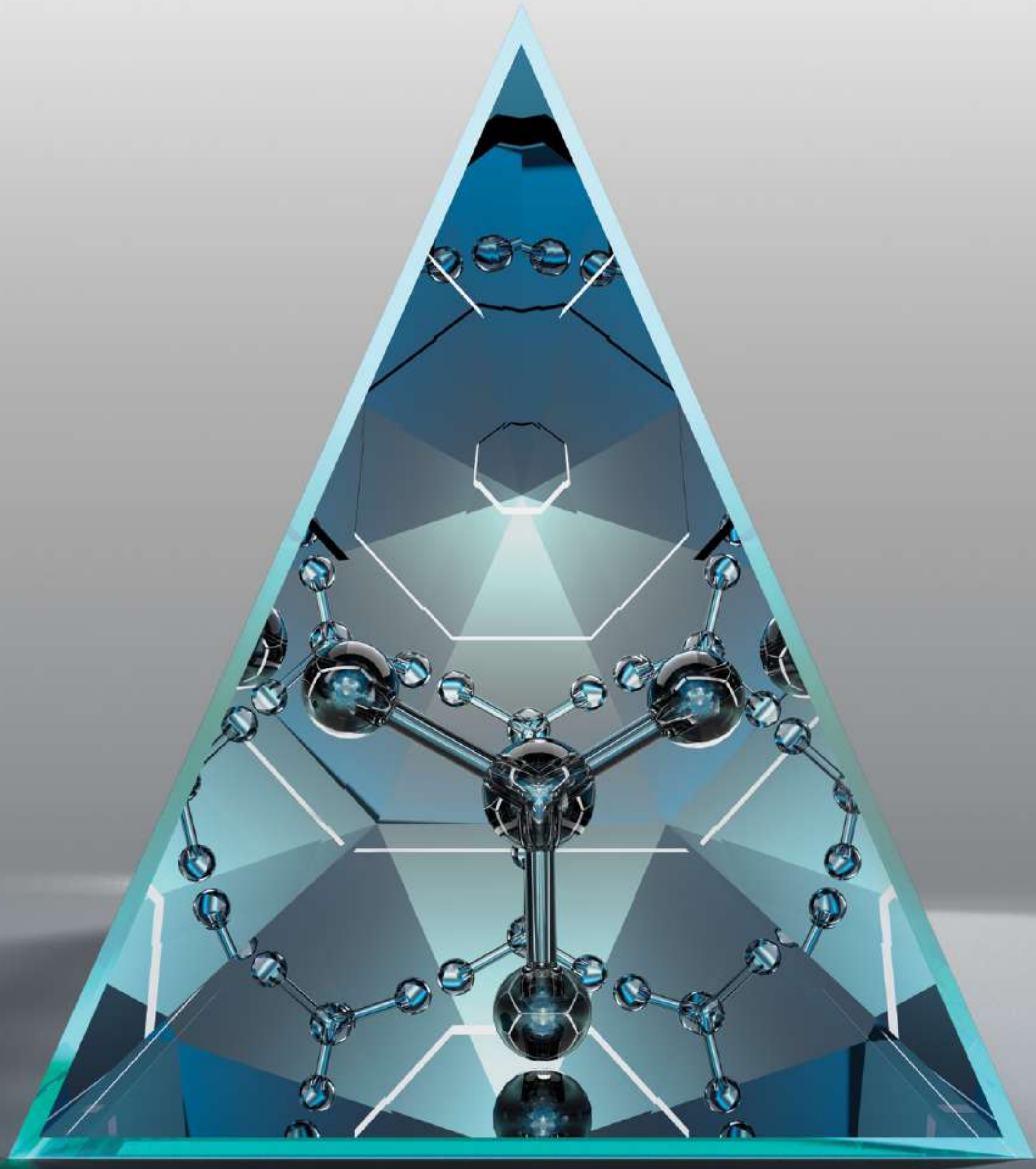
HIKAL

ANNUAL REPORT 2022



Embracing
A NEW GROWTH STORY

Embracing a New Growth Story

A kaleidoscope represents ever-changing phases and events and with a few turns of the kaleidoscope, a beautiful new pattern emerges. For us, having a kaleidoscope on the cover represents positive change and growth, where we reimagine our business and a new symmetry is revealed. We realise that in times marked with turbulence and uncertainties, change, and being nimble-footed have emerged to be the new-age business imperatives. In keeping with this thought, we have embarked on a transformation journey, by means of which, we have realigned our strategic priorities, enhanced our operational and R&T capabilities, and facilitated sustainable growth. Our transformation journey - 'Project Pinnacle' epitomises our bold aspiration to reach the top.

Leveraging technology and data, while embedding ESG principles into business operations, will remain crucial for us, in order to achieve long-term value. Hikal's promise is of delivering excellence while meaningfully contributing to the world around us. For us, our people are our most valuable asset, playing a crucial role in our transformation journey. We shall continue to create the most productive and rewarding working environment to make Hikal the most sought-after place to work, while also being the partner of choice for our customers.

Every instant a change takes place bringing about new combinations and new harmonies, and embracing that changing relationship, we forge forward. Looking back, we realise how far we have come, battling odds, and overcoming stumbling blocks. We are set for the upcoming year, and a new growth story. The times gone by have only helped us in emerging more agile, resilient, and better equipped to battle crises, and embrace as well as adapt to change.

Financial highlights

₹19,427 mn
REVENUE

~73%
EXPORT REVENUE

15.2%
ROCE

₹3,454 mn
EBITDA

17.8%
EBITDA MARGIN

₹13.0
EPS

₹1,605 mn
PAT

8.3%
PAT MARGIN

Non-financial highlights

Environment
29%
RENEWABLE ENERGY USED

Social
200,000+
BENEFICIARIES

Governance
50%
OF INDEPENDENT DIRECTORS

Index

HIKAL AT A GLANCE

Poised for Growth

Incorporated in 1988, Hikal Limited has emerged as one of the preferred partners for global companies in segments such as pharmaceuticals, crop protection, animal health, biocides, and specialty chemicals.

Project Pinnacle

In pursuit of our commitment towards transforming into a greater and fast-growing organisation, last year, we launched 'Project Pinnacle.' The aim is to bolster strategic pillars, and enter the next phase of growth to achieve our vision.

We use our manufacturing capabilities and technical expertise to develop quality active pharmaceutical ingredients, active ingredients, intermediates, and biocides for the global life sciences industry.

Our proven track record has enabled our long-term relationships with global customers. We aspire to get bigger and better. We are committed to doing business safely and responsibly. As part of our '**Project Pinnacle**,' we have commenced several initiatives which span from augmentation of customer centricity, benchmark and integrate our business with ESG principles, to enhancement of efficiency in manufacturing, supply chain and operations, to ensure we have a sustainable path to prosperity.

34+
YEARS

₹49,000 mn[1]
MARKET CAP

2,850
EMPLOYEES

₹10,680 mn
NET WORTH

[1] AS OF 31 March 2022

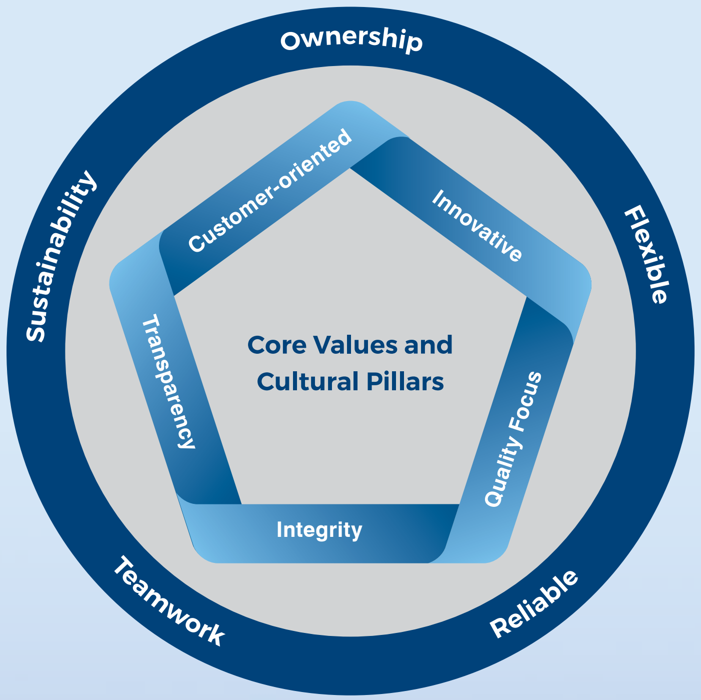
Vision

To be the leading global fine chemical company in crop protection, pharmaceutical, and specialty chemical industries.

Mission

To create value through superior, chemical products as a responsible company.

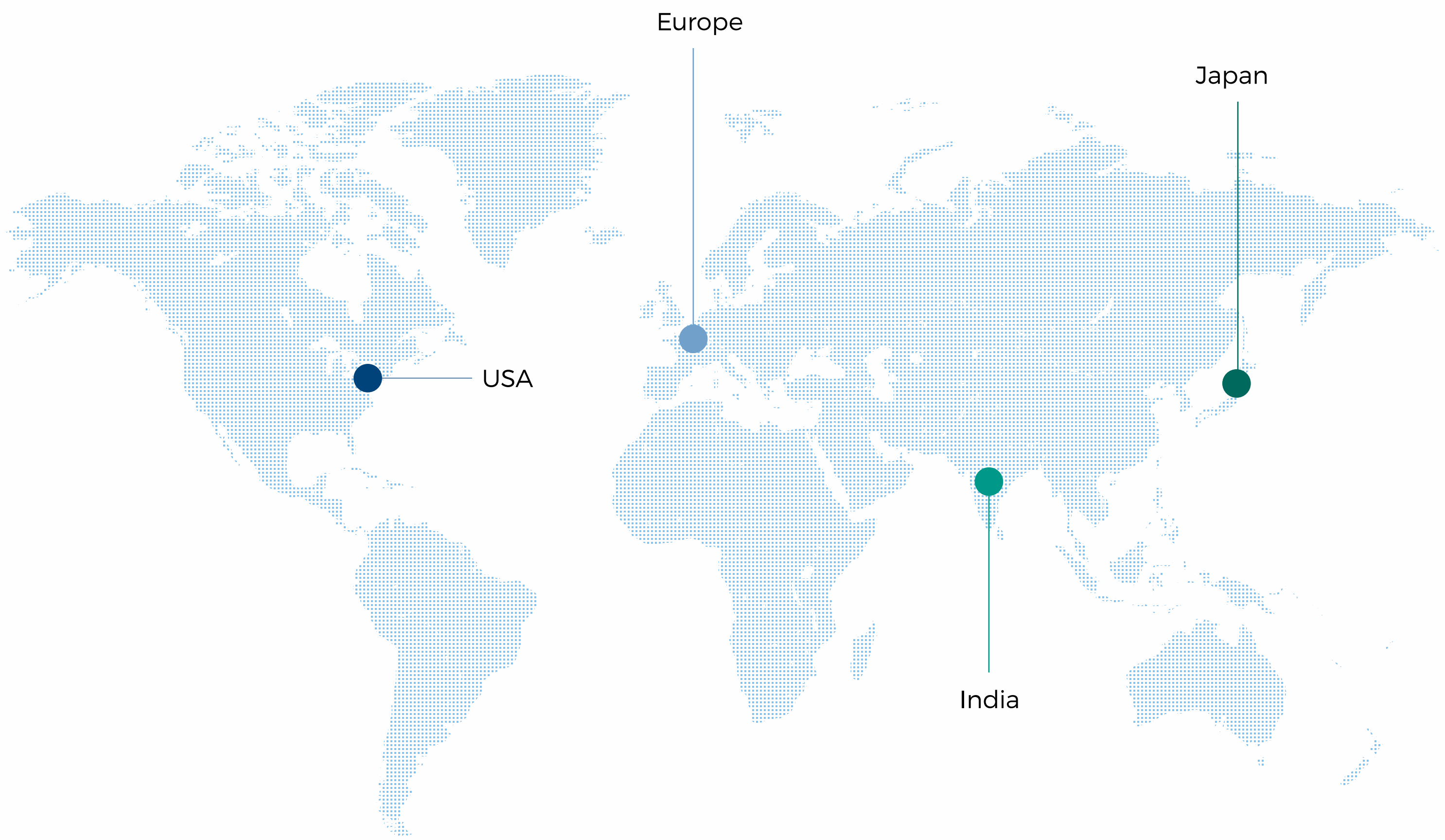
Building trust and respect of our customers and employees using science, technology, and sustainable processes in harmony with the environment.



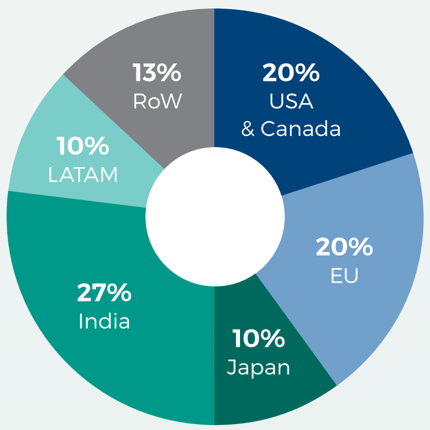
OUR PRESENCE

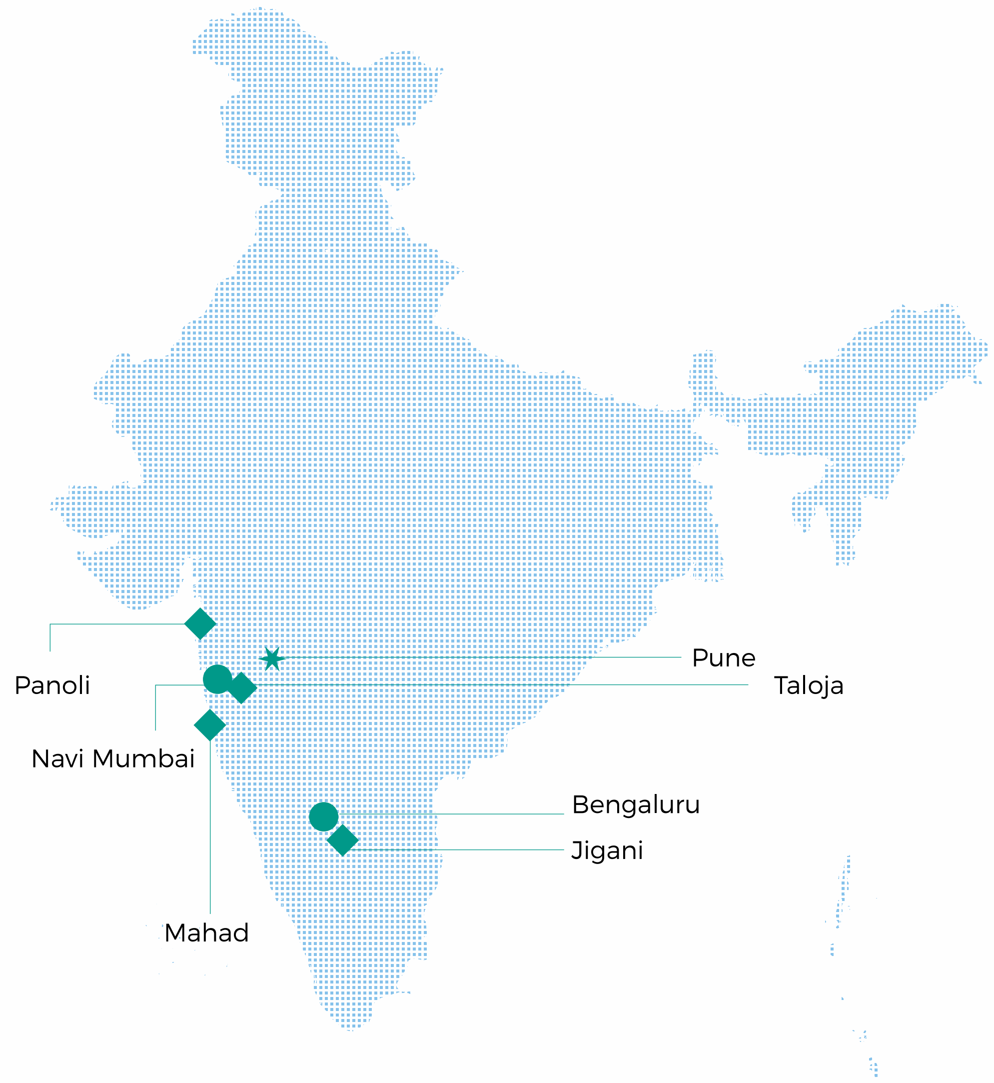
Locally Rooted, Globally Spread

We have five manufacturing facilities across three states in India. We supply our products to customers across the globe in the US, Japan, Europe, Canada, South East Asia, LATAM, India and RoW.



Distribution of Export Revenue





Corporate

Headquarters
Navi Mumbai, Maharashtra

Marketing Office
Bengaluru, Karnataka

Research & Technology Centre
Pune, Maharashtra

Manufacturing Facilities

Pharmaceutical
1. Jigani Unit 1, Karnataka
2. Jigani Unit 2, Karnataka
3. Panoli, Gujarat

Crop Protection
1. Mahad, Maharashtra
2. Taloja, Maharashtra
3. Panoli, Gujarat

OUR PRESENCE

Manufacturing Facilities

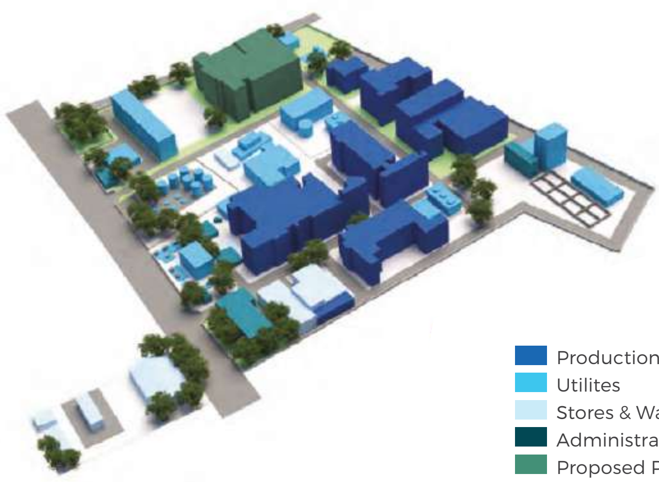
Pharmaceutical

Jigani Unit 1, Karnataka

- US FDA Approved API and Advanced Intermediates Manufacturing Site
- cGMP Multipurpose API Facilities

626 M^3
TOTAL REACTOR VOLUME

905
HUMAN CAPITAL



Jigani Unit 2, Karnataka

- Scale-up and Launch Plant
- Multipurpose and Multi-product cGMP Facility – APIs and Intermediates

93 M^3
TOTAL REACTOR VOLUME

155
HUMAN CAPITAL

Panoli, Gujarat

- US FDA Approved Site for KSMs and AIs
- Three Multi-purpose Manufacturing Facilities

693 M^3
TOTAL REACTOR VOLUME

565
HUMAN CAPITAL

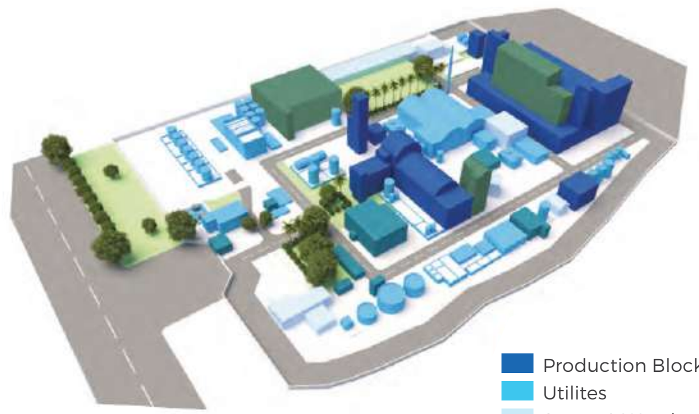
Crop Protection

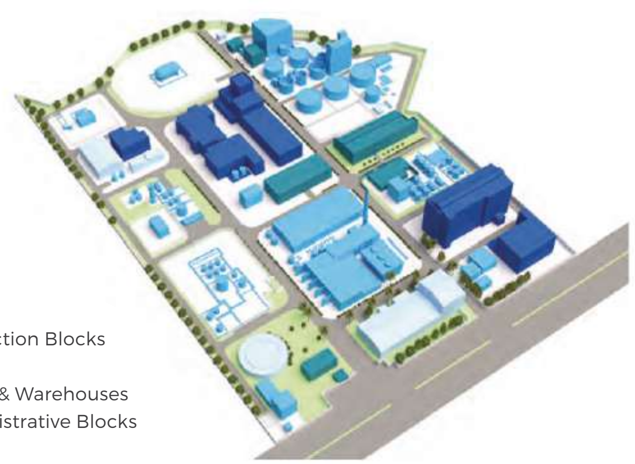
Mahad, Maharashtra

- First Manufacturing Facility of Hikal
- Specialty Chemicals, Fungicides, Herbicides, and Intermediate Manufacturing Site

531 M^3
TOTAL REACTOR VOLUME

296
HUMAN CAPITAL





Taloja, Maharashtra

- Commissioned in 1997 in Technical Collaboration with Merck
- Fungicides, Insecticides, and Intermediates Manufacturing Site

600 M^3
TOTAL REACTOR VOLUME

368
HUMAN CAPITAL

Panoli, Gujarat

- Acquired Manufacturing site from Novartis in 2000
- Specialty Chemicals, Insecticides, and Intermediates Manufacturing Site

765 M^3
TOTAL REACTOR VOLUME

94
HUMAN CAPITAL

OUR PRESENCE

Research & Technology Centre

Pune R&T at a Glance

15 SYNTHETIC LABORATORIES

4 INSTRUMENTATION LABS

1 PROCESS INTENSIFICATION LAB

1 MINI PLANT (SCALE UP & PILOT)

1 SIMULATION LAB

1 HIGH PRESSURE LAB

1 CRYSTALLIZATION LAB

1 SOLID STATE CHEMISTRY LAB

27 PHDS (INCLUDING 10 POST-DOC)

>200 POST GRADUATES

Integrated Solutions Offered

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

BUSINESS OVERVIEW

Marching Ahead with Strategy

Under the two established growth engines of pharmaceutical and crop protection as well as the emerging animal health business, Hikal offers a diversified portfolio of products and services. Maintaining diversity in our business portfolio has been a conscious decision, in order to do away with excessive dependence on a single product or service, to drive growth. This boosts our business capacities and facilitates accelerated progress.

As our Company has grown in stature, our capabilities have become more specialised. This year, we strengthened Key Account Management for our pharmaceutical and crop protection businesses. This ensures functional specialisation of our business divisions, strengthens accountability, and ensures our targets for the year are achieved.

Our Primary Business Segments

Pharmaceuticals

What We Do

A leading provider of APIs, Intermediates, Contract Manufacturing, and Contract Development.

We cater to human health and animal health pharmaceutical products.

Business Highlights 2021-22

- Launched a new anti-diabetic product
- Acquired several new generic customers
- Increased penetration in Middle East and Latin America
- Received an order for validation of an intermediate for a new potential drug
- Signed a multi-product 10-year contract for niche APIs with a global player
- Expect plant to come on stream in 2023-24

Manufactured Capital

$40 mn
CAPEX

1600 M³
CAPACITY

Human Capital

1,639
EMPLOYEES

Financial Performance 2021-22

₹11,297 mn
REVENUE

₹1,510 mn
EBIT

~57%
OF OUR COMPANY'S REVENUE AND EBITDA

Crop Protection

What We Do

A leading provider of AIs, intermediates, custom synthesis, and contract manufacturing.

We specialise in herbicides, insecticides, fungicides, biocides and specialty chemicals.

Business Highlights 2021-22

- Stellar volume growth
- Impressive EBIT growth, despite a challenging year
- Continued with our plans to introduce new fungicide products
- New plant to be commissioned by the end of 2022-23

Manufactured Capital

$ 50 mn
CAPEX

2500 M³
CAPACITY

Human Capital

769
EMPLOYEES

Financial Performance 2021-22

₹8,130 mn
REVENUE

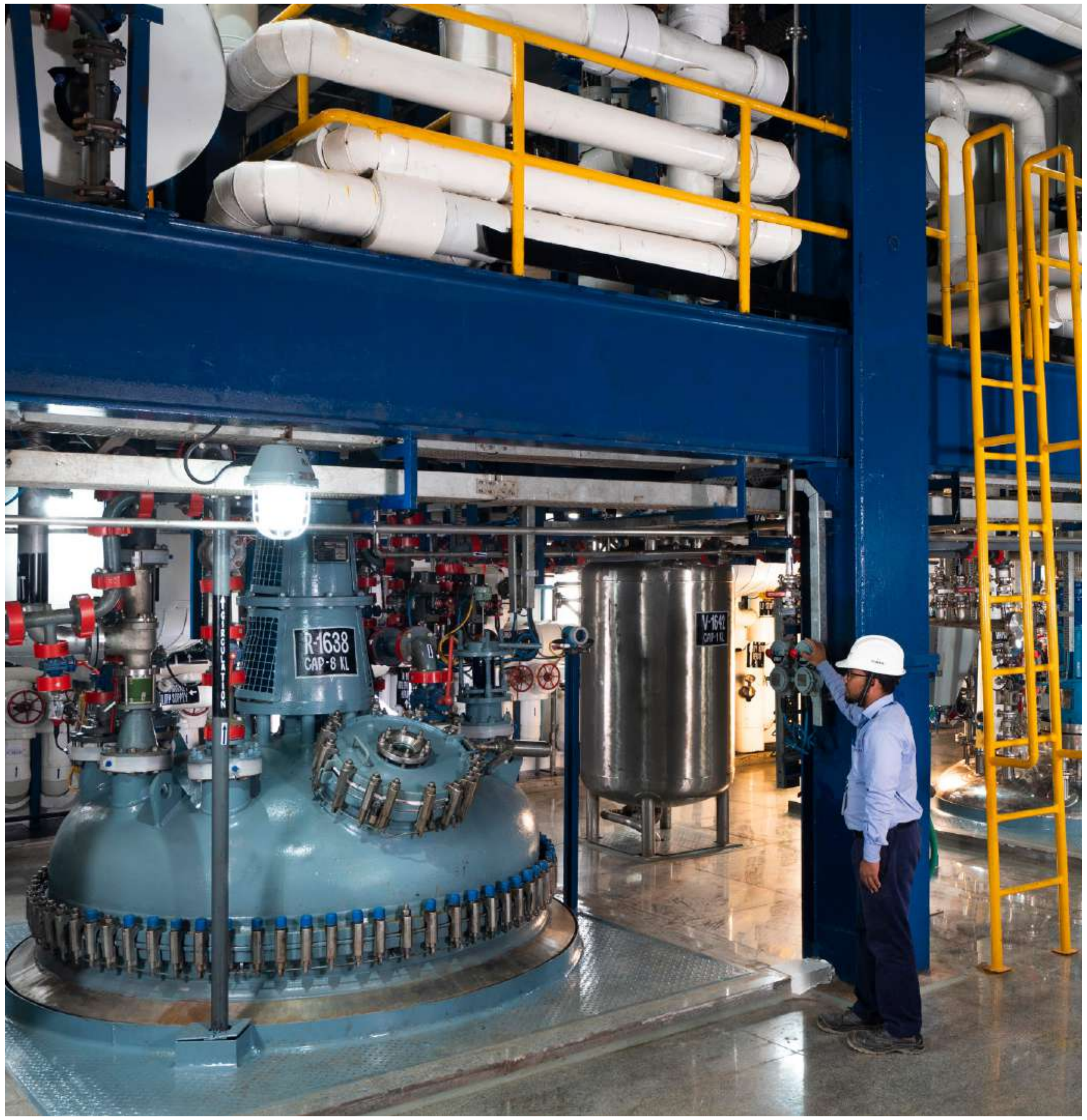
₹1,151 mn
EBIT

~43%
OF OUR COMPANY'S REVENUE AND EBITDA

BUSINESS OVERVIEW

Pharmaceuticals

We specialise in manufacturing APIs and intermediates in our pharmaceutical division. Within our pharmaceutical division, we offer human health and animal health products. We strive towards providing an expansive portfolio of products, with a variety of therapeutic applications.



We entered the human health pharmaceutical market in 2001, which has grown to become a large growth engine for us. We intend to replicate and utilise our business capabilities in human health products and make our animal health vertical into a globally competitive business vertical.

Hikal is a partner of choice in:

Human Health

- 20+ years of experience
- Covers human health APIs and intermediates
- Successful track record in independent and collaborative development
- Offers scaling-up capabilities from lab to kilo to full-scale commercialisation
- Regulatory approvals from the US FDA-cGMP, TGA-GMP, KFDA (Korea), PMDA (Japan), AFMPS (Belgium), EDQM, EPA, COFEPRIS (Mexico)
- Offers backward integration capabilities

Animal Health

- 10+ years of experience
- Covers animal health APIs and intermediates
- Provides in-house product development and contract manufacturing facilities
- Offers scaling-up capabilities from lab to kilo to full-scale commercialisation
- GMP-compliant
- Signed a multi-product 10-year contract for niche APIs with a global player
- Offers backward integration capabilities

Human Health Products: Therapeutic Categories

Anti-convulsant	Anti-emetic	Anti-histaminic	Anti-depressant	Anti-psychotic
Anti-lipemic	Hemorheologic	Anti-diabetic	Anti-thrombotic	Anti-viral
	Anti-inflammatory	Analgesic	Anti-parasitic	

Animal Health Products: Therapeutic Categories

Anti-tick	Anti-parasitic	Analgesic	Anabolic Steroids	Female Sex Hormone	NSAID

BUSINESS OVERVIEW

Crop Protection

We offer the best-in-class products for crop protection companies, using our manufacturing excellence and technical expertise. The primary product offerings include insecticides, fungicides, herbicides, biocides, and intermediates.

Our crop protection products are essential inputs in modern agriculture in India, and are used to improve agricultural productivity and food quality.

Crop protection was our first foray into manufacturing chemicals. Its distinct advantages and value enablers have helped convert the crop protection business into a strong foundation, which has bolstered our business expansion.

Crop Protection Division – Value Enablers

30+ Years of Experience
Crop protection has been our first business vertical, and with passing years, we have strengthened our experience and expertise in this segment. Over the years, we have developed a pan-Indian network of suppliers and global customers, which has further fostered business growth and expansion.

Strong Product Pipeline
Our strong emphasis on R&T has ensured that our product development pipeline always has a crop protection product in development. The presence of a strong product pipeline ensures that our growth prospects are always strong.

Multi-use Asset Base
The asset base used in crop protection is dynamic and can be used to produce specialty chemicals. Our multi-asset base gives us the benefit of flexibility which helps protect our profitability.

Crop Protection: Production Applications

Algaecide | Biocide | Fungicide | Herbicide | Insecticide | Intermediate

MESSAGE FROM THE CHAIRMAN'S DESK

Soaring Higher Against Headwinds

Jai Hiremath
Executive Chairman

Dear Shareholders,

The COVID-19 pandemic brought the world to a virtual stop, and the industry had to rapidly adjust to the changing environment. The second wave in April 2021 proved to be more devastating for India. Our organisation reacted quickly and decisively to minimise the effects of the crisis by safeguarding the health of our employees and ensuring that we adapted to the needs of our customers.

Despite the challenges, we were able to record new heights of revenue and profits in 2021-22. Our business fundamentals remain strong, and we have seen numerous inquiries for potential collaboration on account of China plus one strategy. We have embarked on a new growth story to strengthen them even further. I am pleased that our transformation initiative, Project Pinnacle, has already started yielding positive results and has redefined our strategic direction.

On 6 January 2022, an unfortunate incident occurred at Sachin GIDC, Surat. Allegations were made that the tanker involved was carrying a by-product which allegedly came from Hikal's Taloja factory. All relevant employees of Hikal have voluntarily co-operated in the ongoing investigation. Since then, there has been a judicial recognition of the non-existent role of Hikal and its employees in the entire incident, as elucidated by the Hon'ble Gujarat High Court in its order. The matter is still sub-judice and presently the Company is in a strong legal position. We are a company that has been in business for over 34 years. We have faced multiple headwinds and been through several ups and downs in our journey. However, we have always navigated these tough times without compromising our core values and ethics.

Financial Performance

Hikal team worked tirelessly to ensure that we meet the needs of our customers in a safe and efficient manner. For 2021-22, we achieved total revenues of ₹19,476 million, as compared to ₹17,254 million recorded in 2020-21, registering a 12.9% increase.

The revenue growth can be attributed to strong performance from CDMO segment, and increased penetration into several new markets.
Our business excellence initiatives are yielding results in terms of cost improvement and throughput increase which will help drive our top line and bottom line.

We recorded an EBITDA of ₹3,454 million for 2021-22, which was a growth of 5.4% over the previous year. The EBITDA margin for the current year was at 17.8%. The net profit for the year 2021-22 stood at ₹1,605 million as compared to ₹1,331 million in 2020-21, recording a growth of 20.6%.

Our Board of Directors have recommended a final dividend of ₹0.4 per share (20% of FV). Coupled with the interim dividend of ₹1.2 per share (60% of FV) that we announced earlier this year, the total dividend for 2021-22 stands at ₹1.6 per share.

In addition to growing the turnover and net profit, we have been making focused efforts to strengthen our balance sheet and to improve the return ratios of the Company. As a result, our net debt-to-equity ratio now stands at 0.59x as compared to 0.61x times at the end of the previous financial year. Our return on equity has also improved to 16.2% in 2021-22 from 15.1% in 2020-21. These numbers indicate a healthy condition of our business considering the nature of operations along with the ongoing and planned capacity expansions.

Pharmaceutical Division Performance

The Pharmaceutical division experienced a muted revenue growth of 6.6% with ₹11,297 million total revenue in 2021-22, versus ₹10,596 million in 2020-21. The EBIT of the division was at ₹1510 million at 13.4% margin in 2021-22. This muted trend was primarily due to overstocking with customers, and significant rise in input costs of raw materials, solvents, utility and freight cost.

We have added several new customers and strengthened presence in new geographies, like Latin America and Middle east. Our new product launches in the anti-diabetes segment have been witnessing increased traction from customers. We have multiple products in the development pipeline and are planning to launch four to five new products in 2022-23. On the CDMO side, we witnessed increased traction in inquiries from global innovator companies. We have converted two opportunities this year, two KSMs for new drugs with global innovator, and one intermediate opportunity with another innovator. Our future pipeline for the CDMO business remains robust and we are working on several opportunities.

Crop Protection Division Performance

The Crop Business has recorded a revenue growth of 23% year-on-year basis with ₹8,130 million total revenue in 2021-22 versus ₹6,608 million in 2020-21. The EBIT of division was at ₹1,151 million at 14.2% margin in 2021-22. The revenue growth was mainly achieved on the back of higher demand from our leading CDMO customers, new contracts with key U.S. and Japanese customers. We are also planning to complete the plant commissioning of our new multi-purpose fungicide plant in the second half of the 2022-23 which will start to generate revenues by end of 2022-23. We continue to explore new product opportunities in the business with five to six products under the development pipeline.

Animal Health

Our Animal Health business continued to witness growth on back of the existing relationship with major Animal Health companies. We have commenced process development work for several active ingredients which are part of the multiyear Animal Health project with a global innovator which we signed last year. We plan to complete the commissioning of the plant by 2022-23 which will start generating revenues by FY24. Our strategic plans are on track to eventually make the Animal Health business into a new vertical and we are confident of the prospects in this business.

Research & Technology

We invested approximately 4.6% of our sales in Research & Technology. We will continue to make substantial investments in this direction with the aim of the building new capabilities to drive the future growth. We are focusing on backward integration of raw materials and developing greener processes. Backward integration of the key raw materials is a strategic decision to reduce supplier concentration as well as geographical dependence. This year we commissioned a new Mini Plant at our R&T centre. The Mini Plant will facilitate a smooth transition from lab to commercial scale.

Supply Chain

Many global companies are realigning their supply chain by having '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, is likely to provide opportunities for us in the near term. To ensure stable availability and pricing of key raw materials, we are working on developing a strategic vendor relationship with long term contracts and de-risking supply chain from China. Besides, we are also backward integrating several key raw materials, by building capacities and capabilities internally to bring in cost optimisation to ensure lesser dependence from a particular geographic region.

Capex & Operations

Last year, we invested ₹3,032 million across the divisions. This year, we plan to invest around ₹3,500 million towards capacity addition and infrastructure upgradation to have multi-product plants which provide us the flexibility to manufacture several products simultaneously. On the capacity front, we recently completed the construction of a production block at our Panoli site. It will cater to Key Starting Materials (KSM) and intermediates and APIs, which will help meet the growing demands from our innovator manufacturing customers. We also commissioned a Mini Plant at our R&T centre in Pune. We added a new production block at our Jigani facility adding capacity to serve the growing market demand.

Business Transformation "Pinnacle"

In line with our vision, we are undergoing transformation of our business from "Good to Great", while continuing to drive profitable growth. We have also on-boarded a global consultant to help us identify the right strategic direction for choosing the suitable products, partners, technologies for the future, while bolstering our R&D and manufacturing capabilities. The initiatives under Project Pinnacle have already started seeing benefits and will help us emerge stronger, sustainable and more successful.

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 are taking stringent and proactive steps towards further strengthening our compliance policies and Standard Operating Procedures. We have appointed a reputed internal audit firm. We have also partnered with a reputed ESG firm and initiated focused third-party audits for our entire plant network to identify and gaps and areas of improvement. We have started our 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.

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 wellbeing. As a testimony of having created an organisation driven by the people & for the people, we were certified as a 'Great Place to Work' for the third consecutive year in a row and were ranked 66th amongst India's Top 100 Best Companies to Work for in 2021.

Corporate Social Responsibility

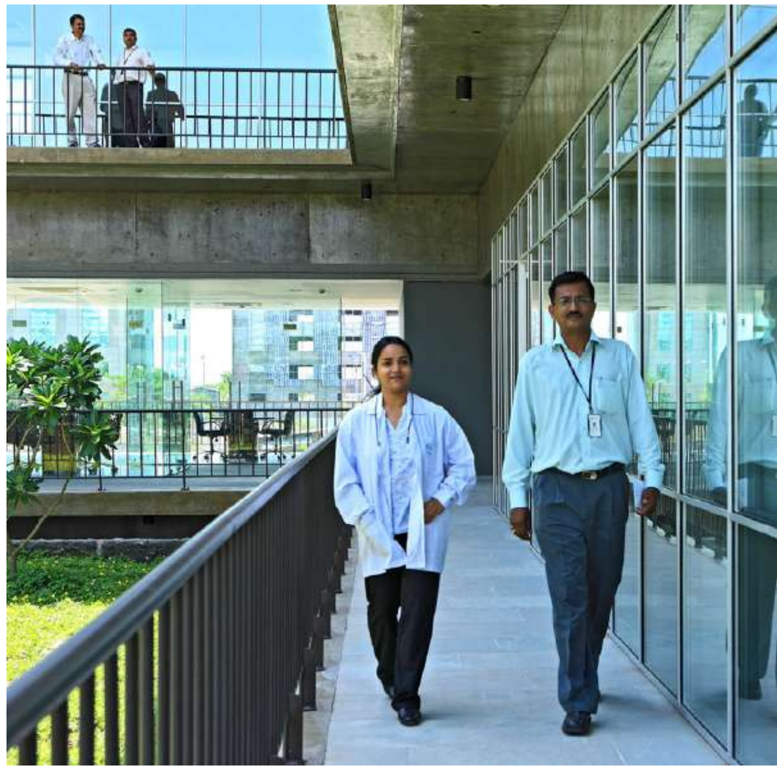
We have always believed that we hold a responsibility towards the communities in which we operate, towards fellow citizens, and towards the health and sustainability of the planet we all share. On this note, it gives me immense satisfaction to share that Hikal is continuing multiple social initiatives for community development and helping the underprivileged people. Infrastructural development is critical to improving the lives of communities and we have improved the condition of social infrastructure in the vicinity of our manufacturing plants along with undertaking meaningful projects in the area of environment & ecology protection. During the second wave of the pandemic, we made numerous contributions through our CSR programme to ensure health and well-being of the general public as well as our stakeholders, for which we were conferred with the prestigious 'Golden Peacock Award for Corporate Social Responsibility' for the year 2020.

Future Outlook

We aspire to be a sustainable company driven by technology, execution focused while remaining customer-oriented, delivering best-in-class service across all verticals. We are well positioned to capitalise on the significant opportunities in the current global shift of supply chain to India. I am confident we will scale to new heights in the upcoming year and future.

In terms of outlook for next year, we expect 2022-23 to be a year of consolidation to prepare us for future accelerated growth. We expect market headwinds to continue, but we are confident that the strong measures taken will help us navigate these turbulent situations in the short term. We are confident of the longer-term sustainable growth and profitability story, which is very much intact.

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 wish to convey my sincere thanks and appreciation to all our employees for their continued commitment and dedication to the organization during difficult times. I would like to express heartfelt gratitude to our customers, bankers, and shareholders for their unwavering support and commitment.



Warm regards,

Jai Hiremath

Executive Chairman

KEY PERFORMANCE INDICATORS

Sustained Performance Against Odds

Despite headwinds, we managed to grow our previous year's top-line through our transformation initiative, and strong business fundamentals, setting us up for growth and prosperity in the coming years.

Profit and Loss Metrics

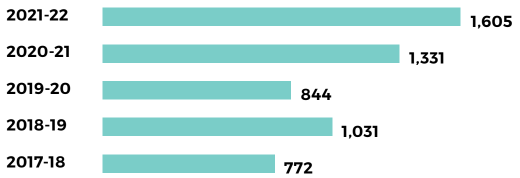
Revenue
₹19,427 mn

13% YoY | 13% CAGR

EBITDA
₹3,454 mn

5% YoY | 11% CAGR

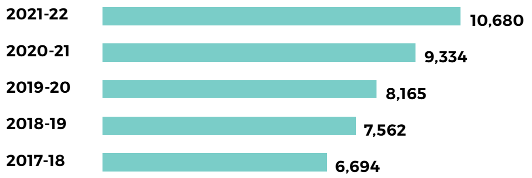
PAT
₹1,605 mn



21% YoY | 19% CAGR

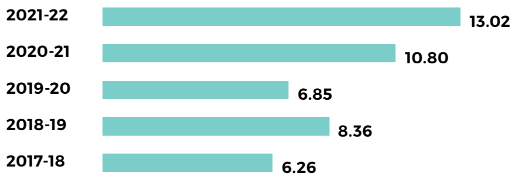
Balance Sheet Metrics

Net Worth
₹10,680 mn



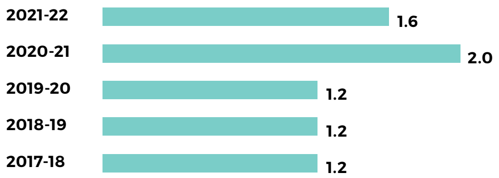
14% YoY | 12% CAGR

EPS
₹13.02



20% YoY | 18% CAGR

DPS
₹1.6



6% CAGR

ICRA Credit Rating

A+
LONG-TERM RATING

A1
SHORT-TERM RATING

Awards and Recognition

Golden Peacock Award for Corporate Social Responsibility

Great Place to Work®

66 Rank
India's Top 100 Best Companies to Work for in 2021

MANAGEMENT DISCUSSION AND ANALYSIS

Economic Review

Global Economy

The year 2021 started on a positive note with the successful rollout of the vaccination, leading to relaxations in movement across the globe resulting in economic recovery, supported further by various fiscal measures taken by the governments of various countries. However, the recovery momentum of supply chains across the world was disrupted due to the outbreak of newer variants of the virus, amping up crude and other material prices. The US Fed decided on tightening monetary policy towards the end of the year, impacting the economic outlook. After a contraction of 3.1% in 2020, the global output reported a growth of 6.1% in 2021[1].

Robust consumer spending and an increase in investment were the key drivers of global output rebound in 2021. Goods trade recovered and surpassed the pre-pandemic level. However, as the benefits of fiscal and monetary stimulants faded and significant supply chain disruptions materialised, the pace of development slowed down significantly, affecting key economies including China, the European Union, and the US. Most emerging nations and economies in transition witnessed reduced growth momentum.

After a contraction of 3.4% in 2020, owing to the widespread impact of the pandemic, the US economy rebounded faster and reported a growth of 5.7% in 2021[2]. A flurry of government spending helped put the economy back on the growth trajectory, despite the occasional hindrances created by the spread of newer variants. However, the surging inflation saw the US Fed take the rate hike route to tame it. The cumulative savings that were generated because of earlier stimulus payments, additional unemployment benefits, and extended benefit coverage have increased significantly and are anticipated to continue helping economic recovery.

[1] Source: IMF April 2022 WEO
[2] Source: IMF April 2022 WEO

The emerging and developing economies saw diverse economic performances. Countries with a strong exposure to export of goods reported significantly better recovery in economic activities, while those heavily reliant on the tourism sector had a difficult time. The rollout of vaccination was also uneven in these economies. Inflation remained strong as well, driven by higher commodity prices. The emerging and developing economies registered a growth of 6.8% in 2021[3], from a 2% degrowth in 2020.

Outlook

The growth outlook of 2022 has been severely impacted by the Ukraine-Russia war that broke out in February. Apart from the significant loss of human lives, there's been a negative impact on crude prices and commodity prices, further contributing to the rising inflation across countries. Even before the war, inflationary pressures led to the rollback of fiscal measures by several governments, including a hike in interest rates.

Indian economy

2021-22 started on a sombre note as the pace of recovery was derailed by the emergence of the Delta variant. Localised lockdowns impacted social and economic activity in the first quarter of the financial year. The accommodative stance adopted by the Reserve Bank of India helped in sustaining the recovery momentum. This, along with the nationwide-eased restriction and the restart of social as well as economic activities, led the country to report a 8.7% growth (Source: NSO, GoI).

The government has been proactive in taking measures to drive investment-led growth. The massive push towards infrastructure and the initiatives to encourage manufacturing through PLI schemes are the key drivers of growth in the country.

Outlook

Owing to strong domestic demand, India is positioned attractively despite the short-term challenges. The government's continuous focus on investing in infrastructure projects is expected to have multiplier effects on the economy.

However, the ongoing challenges in the external environment introduce downside risks to the growth projection in the near term. According to OECD, the Indian economy is expected to expand by 6.9% in 2022-23. Headline inflation, which was a cause for worry, has started to cool off with RBI's increasing interest rates. The threat of a new variant of the virus also poses a potential risk in recovery.

6.9%
GROWTH OF INDIAN ECONOMY EXPECTED BY 2022-23

[3] Source: IMF April 2022 WEO

MANAGEMENT DISCUSSION AND ANALYSIS

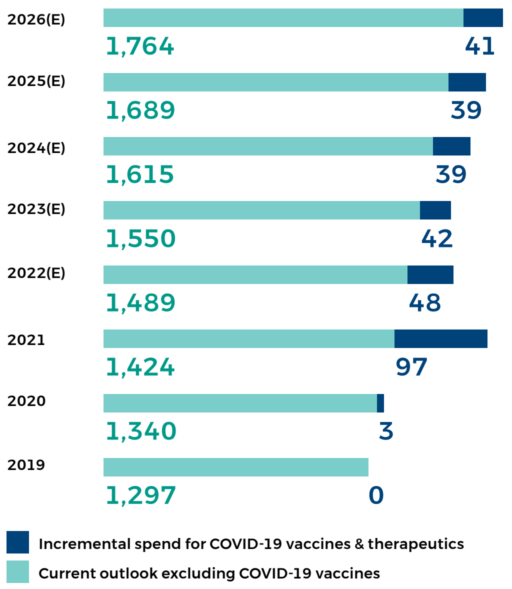
Business Review

Pharmaceutical

Global Pharmaceutical Industry

According to the IQVIA™ Institute for Human Data Science, the global spending on medicines based on invoiced prices is expected to see a 3-6% CAGR over 2021-2026, to reach $1.8 trillion by 2026, which includes spending on COVID-19 vaccines and novel therapeutics. This growth is driven by multiple factors. For example, there are 55-63 new active substances (NAS) expected to be launched every year by 2026. This is projected to add $196 billion in spending. The pandemic has added $300 billion in spending on vaccines and novel therapeutics over 2020-2026. In addition, the growth in market size in pharmerging[2] countries is expected to play an important role in the future.

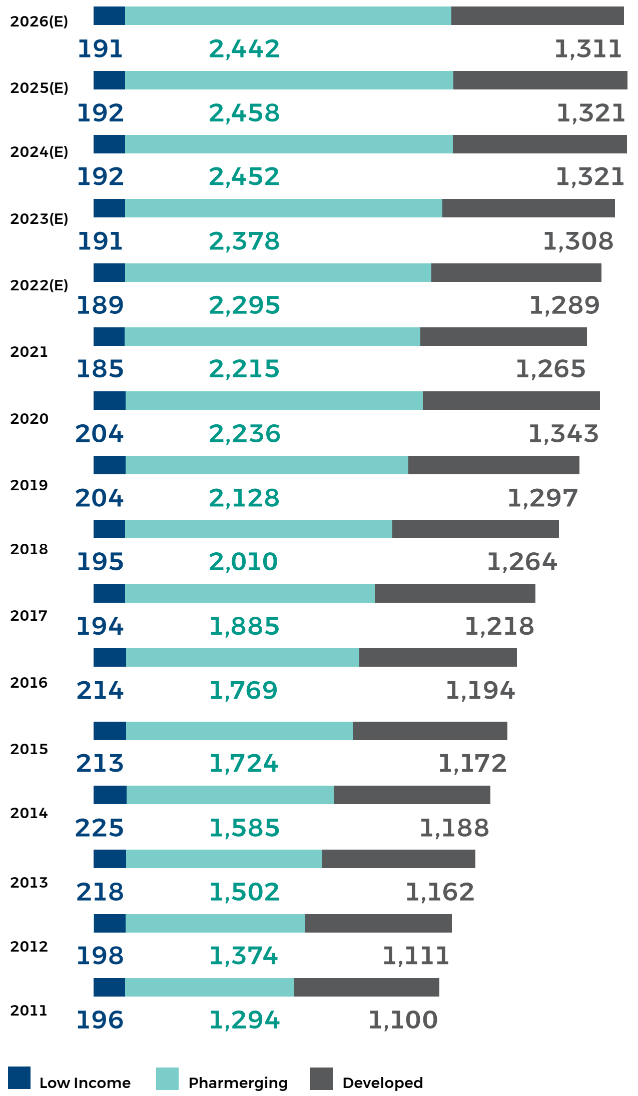
Changes in the projected global medicine spending model due to COVID-19, 2019-2026, in $bn



Source: The Global Use of Medicines 2022: Outlook to 2026, IQVIA institute for Human Data Science, 2022

[2]Pharmerging countries are defined as countries with per capita GDP below $30,000 in 2020 and forecasted 5-year aggregate pharma sales growth of more than $1 billion for at least two forecasts.

Historical and projected use of medicine by market segment, 2011-2026, Defined Daily Doses (DDD), in $bn



Source: The Global Use of Medicines 2022: Outlook to 2026, IQVIA institute for Human Data Science, 2022

Growth by Market Segment

The growth in developed countries is expected to be steady at 2-5% CAGR through to 2026, with the impact of new products offset by the expiry of patents and exclusivity losses. The US market is forecasted to grow by 0-3% CAGR over the next five years, while expenditure in European markets is expected to increase by $51 billion, with a focus on generics and biosimilars.

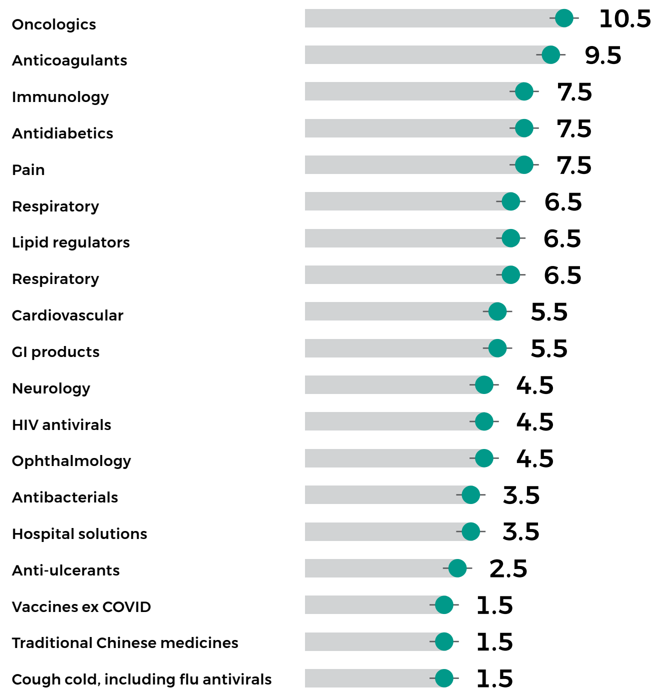
Pharmerging countries are expected to be the biggest drivers of growth with a 5-8% CAGR through to 2026, a result of the increased spending on branded products, diffusion of technology, and adoption of new treatments. China is expected to grow by $128 billion because of greater uptake and use of new original medicines.

Lower-income countries remain the smallest-projected market segment growing at 3-6% CAGR through to 2026. Access to healthcare and the development of competitive healthcare markets in these countries are expected to see an increase in long-term growth.

Growth by Therapeutic Area

Oncology and immunology remain the two leading and fastest-growing global therapy areas, forecasted to grow at 9-12% CAGR and 6-9% CAGR, respectively, through 2026. The next two fastest-growing therapies areas are anti-diabetics and neurology. Neurology is expected to grow at 3-6% CAGR to $151 billion by 2026. This is driven by the expected approval of new therapies to treat neurological disorders such as Alzheimer's, migraines, depression, and anxiety.

Top therapy areas by 2026 in terms of forecasted 5-year CAGRs, in %



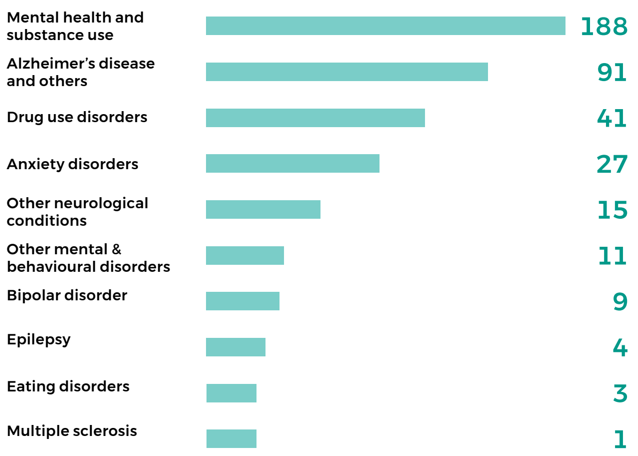
Source: The Global Use of Medicines 2022: Outlook to 2026, IQVIA institute for Human Data Science, 2022

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The burden of neurological disorders has seen a rise in the last 10 years, with Alzheimer's and migraines having the largest disease burden amongst the disorders. This is expected to increase spending on neurological therapies. In the last five years, several treatments for neurological diseases have been approved, making the market condition favourable. Similarly, the burden of disease of mental health disorders has also worsened, with depression and alcohol use disorder leading the way. In addition, recent scientific advances in genomics, biomarkers, and diagnostics, combined with the emergence of digital technologies, are expected to increase the size of market.

Change in DALYs of CNS disorders, 2010-2019, in DALY mns

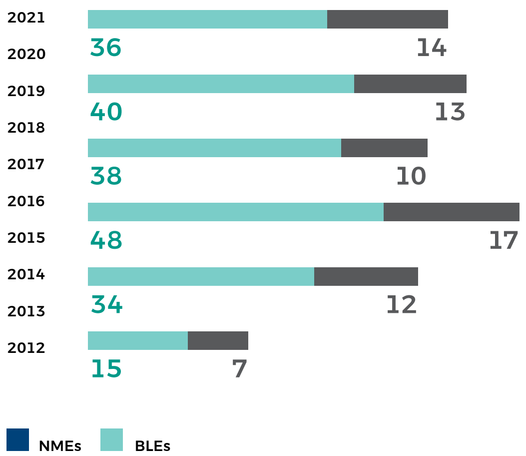


Source: based on data from the World Health Organization (WHO)

FDA Drug Approvals

The U.S. FDA's approval count in 2021 was in line with recent trends, despite the persistence of the COVID-19 pandemic. FDA's Centre for Drug Evaluation and Research (CDER) approved 50 novel therapeutics in 2021, compared to the 53 in 2020 and 5-year average of 51 drugs per year. Now midway through 2022, the FDA has approved 16 novel drugs. This is slightly lower than 2021's mid-year approval count of 25.

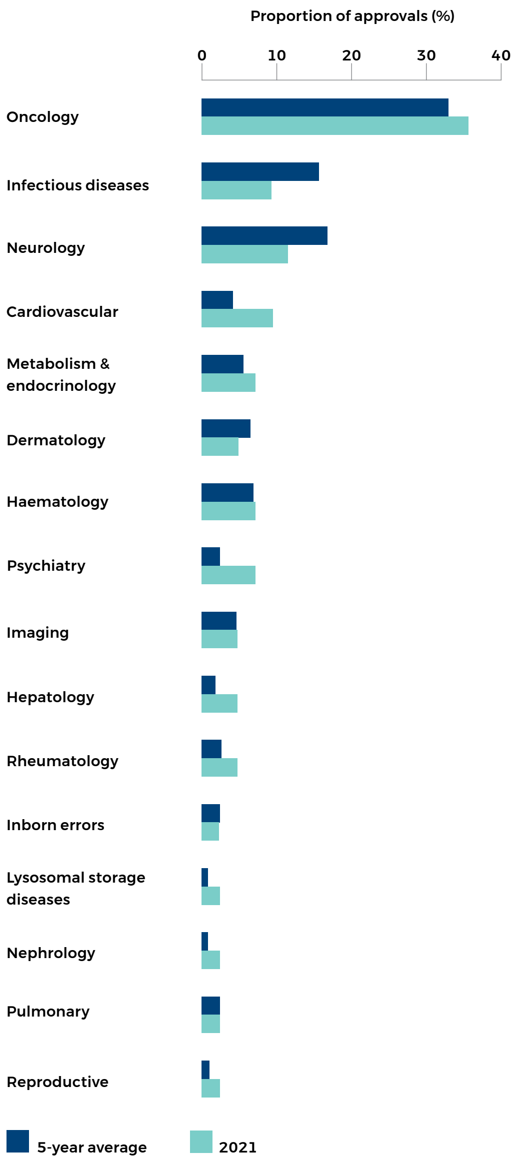
CDER's Annual Novel Drug Approval, 2012-2021



Source: CDER, FDA, 2022

The 50 novel drugs approved in 2021 were divided between 36 New Molecular Entities (NMEs) and 14 Biologics Licence Applications (BLEs). Cancer approvals still dominate, accounting for 15 of the new approvals. Neurology drugs secured the second-most approvals, with 5. Infectious diseases and cardiovascular diseases tied for third, with 4 approvals each. Out of the total drugs, 34 received priority reviews for therapies that the FDA expects to offer 'significant improvements' over the standard of care.

CDER approvals by selected therapeutic area



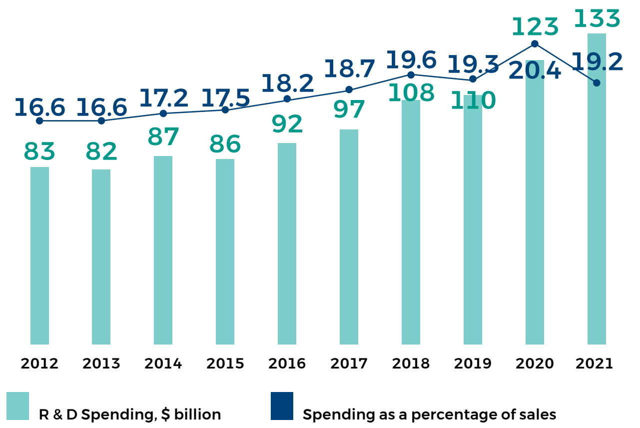
Source: Nature Reviews Drug Discovery, FDA

Pharmaceutical R&D

According to the IQVIA™ Institute for Human Data Science, the world's top 15 pharmaceutical firms invested a record $133 billion in 2021 in R&D expenditure—an increase of 44% since 2016—and maintained a level of investment close to 20% of their recorded sales. A record 84 novel active substances (NASs) were launched globally in 2021, reflecting the strength of the healthcare system to discover and develop new therapeutics.

Business Review

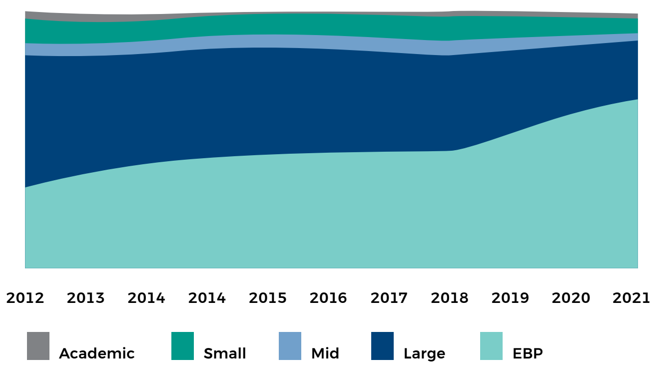
Large pharma R&D spending and spending as a percentage of sales 2012-2021, in $bn



Source: Global trends in R&D, IQVIA institute for Human Data Science, 2022

At the same time, there is an increasing involvement of emerging biopharma (EBP) companies[4], while large pharma[5] companies represent an increasingly smaller share of the R&D pipeline. The growth in R&D expenditure is one of the major factors behind the rising expenditures in the global drug discovery services market. In addition, growth in biologics and expiry of patents are expected to provide opportunities for players in the drug discovery services market.

Share of Phase I to regulatory submission pipeline by Company segment, 2012-2021



Source: Global trends in R&D, IQVIA institute of Human Data Science, 2022

[4] Emerging biopharma (EBP) companies are defined as those with less than $200 million in R&D spending and less than $500 million per year in annual revenue.

[5] Large pharma companies are those with greater than $10 billion in annual sales.

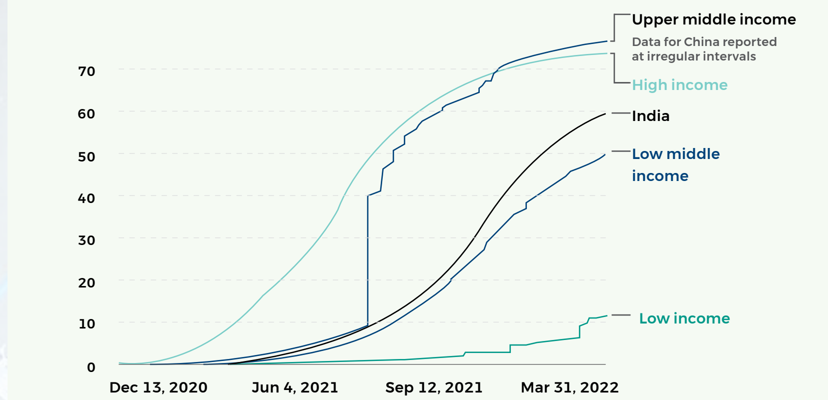
Impact of COVID-19

The persistence of the COVID-19 pandemic presented key challenges across global healthcare systems. An additional immediate impact of the pandemic was disruptions in medicine use, though it was uneven across geographies. Emerging countries observed volatility in medicine use, whilst developed countries were relatively stable. Even as the pandemic persisted, global healthcare systems proved resilient and were able to return to pre-pandemic levels. According to the Global Use of Medicines 2022, released by the IQVIA™ Institute for Human Data Science, the immediate impact of COVID-19 was a cumulative reduction in spending of $175 billion through 2026, compared to the pre-pandemic outlook.

By the end of 2021-22, around 58% and 65% of people are fully vaccinated and have received a single dose of the vaccine, respectively. With improved capacity and faster knowledge diffusion, the vaccine gap between rich and poor nations is expected to reduce over time. COVID-19 is expected to increase medical spending by $300 billion over 2022-2026 in the form of vaccines and novel therapeutics. The COVID-19 vaccine alone is projected to generate $251 billion through 2026. Annual booster shots are expected to increase COVID-19 vaccine spending even further.

Recent research indicates exposure to COVID-19 could have debilitating long-term effects. 'Long COVID' is reported to afflict 15-30% of the population, though the figures vary. COVID-19 is now understood to be a multi-organ disorder which can be acute or chronic, or both, and may vary in terms of severity. Apart from the impact on those affected by COVID-19, the pandemic has had notable health impacts on non-COVID patients as well. Notably, the pandemic is expected to have led to the rise in mental health disorders and the adoption of sedentary lifestyles.

Percentage of the total population fully vaccinated against COVID-19, by region, in %



Source: Vaccination trends to date from Ourworldindata.org Accessed 23 June 2021

Summary of expected impact of the COVID-19 pandemic on patients and therapeutics

Population level mental health:

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

Conditions:

- Lasting effects in more severe disease when diagnosed, such as cancer
- Greater rates of chronic disease
- Obesity, Type-2 diabetes, and heart disease rates increased due to reduction in activity

Impact on infectious diseases:

- Seasonal flu could result in more virulent strains in the future
- Increased interest in treating other pathogens with pandemic potential
- Vaccine hesitancy spreads to others infectious diseases

Business Review

Indian Pharmaceutical Industry

According to IBEF, the Indian Pharmaceutical industry achieved a market size of $42 billion in 2021. The Economy Survey of India 2022 estimates that the pharmaceutical industry is expected to become thrice its present size by 2030. In other words, it is expected to grow to $120 billion by 2030, at a CAGR of 14.2%[7]. The growth is driven by India's comparative advantage in cost, regulatory compliance of Indian firms and a business-friendly policy landscape. A promising sign of this anticipated growth is the rise in FDI inflows in recent years. Cumulative amount of FDI equity flows have increased by $3600 million since 2017.

Cumulative amount of FDI Equity Inflows in drugs and pharmaceuticals starting from April 2016 and ending 2021, in $mn

Source: based on various reports of DPIIT.

[7]Source: Economic survey of India 2022, GOI

International Trade

The Indian pharmaceutical industry is a significant global player. India is the 12th largest exporter of medical goods in the world. It constitutes 6.6% of the total merchandise exports in the Indian economy. North America is the biggest export destination, followed by Africa and Europe. In terms of comparative advantage, India has the highest number of United States Food and Drug Administration (USFDA)-compliant pharma plants outside of the USA[8]. In addition, India is the largest supplier of generic medicines, with a 20% share of the global supply. It is the low cost and high quality of Indian medicines that make them a preferred option worldwide.

[8]Source: FDA

India: The pharmacy of the world

The Indian pharma industry has grown 10x in last two decades:

Growth from $4.2bn in 2000 to $41.7bn in 2020

India is the 3rd largest global manufacturer of drugs

14th largest market in terms of value

India >10,500 pharmaceutical manufacturing facilities catering to demand from >150 countries in the world

India is the largest supplier of generic medicines: 20% share of the global supply of generic medicine

India has > 100 US FDA - approved pharma plants

Over 80% of ART drugs used globally to combat AIDS are supplied by Indian firms

Impact of COVID-19

Initially, COVID-19 had negative impact on the pharmaceutical industry caused by disruptions in supply chain, especially with the supply of KSMs and APIs from China. However, it created a high demand for COVID-19-related medical products such as vaccines, diagnostic kits, etc.

The Indian pharmaceutical industry played an important role in meeting the challenges of the pandemic. Domestically, the industry worked in close collaboration with the Government of India to rapidly supply the medicines needed during the second wave of the pandemic. Globally, the industry provided relief to 96 countries for vaccines.

Favourable Indian government policies

Pharma Vision 2020

Support for technology upgrades and FDIs

Pharmaceutical Parks:
Set up of bulk drug parks to manufacture APIs

Production Linked Incentive (PLI):
PLI scheme encourages Indian manufacturers to produce KSMs, DIs and APIs

Under Union Budget 2021-22, the Department of Health Research was allocated ₹26,630 milion

Active Pharmaceuticals Ingredients (API) Industry

Global Active Pharmaceutical Ingredients (API) Industry

The global API market is expected to see an increase in market size during this decade. An important expected key driver of growth is technological advancement. The integration of latest technologies such as AR/VR, artificial intelligence and additive manufacturing is expected to accelerate the R&D process, create more personalised products, and conduct testing in more innovative ways. This will enable the global pharmaceutical industry to grow over the long term. Another key driver of growth is expected to be the rising prevalence of lifestyle-related chronic diseases such as diabetes and cardiovascular diseases, as well as the rising need for pain-management drugs.

The API industry is truly a product of the 21st century, with supply chains spanning multiple countries for a single product. European firms have carved a niche as they continue to produce highly specialised and highly potent APIs. Their Asia-Pacific counterparts, on the other hand, specialise in the manufacturing of low-cost APIs.

Top pharmaceutical firms are responsible for a substantial push towards growth in the outsourcing segment. The low cost of production in countries like India and China make them ideal export partners. Outsourcing the production of APIs allows top pharmaceutical firms to save on costs and increase their profits.

Global API Market, 2021-2030, in $bn

Source: Global newswire

Growth by Segment

The API market in the US is the largest market in the world and was estimated at $71 billion in 2021. It is expected to grow to $128 billion at a CAGR of 6% by 2027. This growth is driven by chronic lifestyle diseases such as cardiovascular diseases. For example, the Center for Disease Control (CDC) in the US estimates that six out of 10 Americans suffer from some form of chronic disease in 2022. China, the world's second-largest economy, is forecast to reach a market size of $35 billion at a CAGR rate of 7.6%, which is higher than the global average. Europe is expected to grow moderately at a steady rate because of the size of the government in the healthcare sector there. The Asia-Pacific market was valued at $56 billion in 2020 and is expected to reach $105 billion by 2030 at a CAGR of 6.4%. As countries in the Asia-Pacific region prosper, their propensity for chronic lifestyle diseases and the corresponding willingness to pay for them is expected to increase, making them a lucrative market.

Active Pharmaceutical Ingredients market size, 2021-27, in $bn

Source: Polaris Market Research Analysis

In terms of therapeutic application, the cardiovascular disease segment is the largest and is expected to reach $68.8 billion in 2030 at a CAGR of 5.8%. The growth drivers are expected to be the rise in cardiovascular diseases globally and the growing desire to use APIs in manufacturing to treat it. There is scope of an increased market size for other therapeutic applications such as diabetes and age-related macular degeneration, owing to their growing prevalence globally.

The global API, based on the business mode used, can be segmented into captive and merchant. The captive API market is expected to grow to $124 billion by the end of 2022. While the global captive API market is larger, the merchant API is projected to grow with a higher CAGR of 6.2% through 2026. This can be attributed to the increased desire for firms to outsource their production process to low-cost manufacturing countries such as India and China.

Indian Active Pharmaceutical (API) Industry

According to European Pharmaceutical Review, the Indian API market recorded a value of $12 billion in 2021. It is expected to reach $20 billion through 2026 at a CAGR of 12.2%.

The country's API industry is the third largest in the world and contributes 57% of APIs to the pre-qualified list of the WHO. In addition, India is the largest provider of generic goods globally, supplying 40% of generic demand in the US and 25% of all medicines in the UK.

The Indian pharmaceutical industry has historically focused on production of finished pharma goods, resulting in a negligence towards the manufacture of KSMs and APIs in the country. This has led to an increased reliance on China, with API imports reaching as high as 85%. According to the Confederation of Indian Industry (CII), India is dependent on China for the import of important medicines such as paracetamol and metformin. This has caused a shift in the pharmaceutical industry to boost manufacturing of APIs in India and become self-reliant.

Production-linked Incentive (PLI) Scheme

The Indian pharmaceutical industry is well positioned to overcome its import dependence, by taking advantage of the recent Government policies in India. One of the more important Indian government initiatives is the Production-linked Incentive (PLI) scheme which aims to increase the production of critical KSMs, DIs and APIs. The total financial outlay of the scheme is ₹150 billion from 2020-21 to 2028-29. It is also expected to lead to incremental sales of ₹2,940 billion and exports of ₹1,960 billion between 2022-23 and 2027-28. The PLI scheme is expected to add to India's comparative advantage and reduce import dependence of KSMs, DIs and APIs of Indian firms on the Chinese market.

Hikal's Opportunity Landscape

Favourable government policies for API production, geopolitical tensions, and the emergence of India as an alternative to China for downstream API production has boosted medium-term and long-term prospects for the industry. Increase in income levels has raised the need for access and demand for cost-effective and high-quality medicines. Recent supply chain disruptions have incentivised companies to revaluate their export and import destinations. One of the ways companies are looking to de-risk is by reducing their import dependence on China owing to geopolitical tensions. The growing 'China-Plus One' sentiment across the global supply chains is an opportunity for countries like India to boost their exports of API products. The macroeconomic trends and the firm level factors indicate that Hikal is poised to experience growth in its API segment.

Business Review

Contract Development and Manufacturing Organization (CDMO) Industry

Global CDMO industry

According to Mordor Intelligence, the Global CDMO was valued at $183 billion in 2021, and is projected to reach $289 billion by 2027 at a CAGR of 7.2%. The biggest factor driving growth in the CDMO business is the increasing desire for a quick scale up and to bring products to market faster. However, with over 600 active CDMOs globally, the industry remains fragmented. The CDMO industry has few dominant players with 75%of the market controlled by small firms. Strong market competition has ensured that few firms have global reach.

Impact of COVID-19

The global CDMO industry was one of the biggest gainers during the COVID-19 pandemic. This was because the need for novel medical solutions was generated. The global initiative to develop and inoculate the world against the virus and the desire for COVID-19-related therapies brought about an increase in the outsourcing of production from global players. Pfizer, Moderna, and AstraZeneca publicly announced their large partnerships with a number of CDMOs, including Emergent BioSolutions, Catalent, and Lonza.

India

India is the world's best low-cost manufacturing centres, with the highest number of US Food and Drug Administration (USFDA)-approved manufacturing plants outside of the US. The Indian CDMO industry has been rapidly moving upstream with important players investing more capital. India is expected to become a key hub for the production of value-added products across the life-sciences value chain. The country's comparative advantage comes from having a chemistry-savvy workforce, a vibrant entrepreneurial ecosystem, and a robust infrastructure. This will also provide an impetus to the highly cost-efficient contract manufacturing setup in India.

CDMO India Growth Drivers

- **Manufacturing advancement**
- **Prevalence of chronic diseases**
- **Government policies**
- **Favourable geopolitical changes**
- **Supply chain disruption**

Hikal's Opportunity Landscape

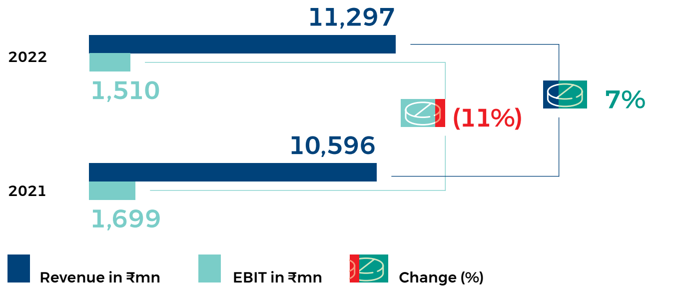
The growth in international trade and increasing reliance on outsourcing has made cost-effective destinations like India attractive for growth. Recent geopolitical tensions and the emergence of India as an alternative to China has incentivised global firms to collaborate and use the CDMO services of Indian firms. The macroeconomic trends and the firm level factors make Hikal poised to experience growth in its CDMO segment.

Hikal—Performance of Pharmaceutical Division

Our Company registered a positive volume growth despite a challenging year. We were able to grow our revenue from operations by 7% to ₹11,297 million, compared to ₹10,596 million last year. This growth was led by an impressive start to the financial year owing to a favourable product mix and our continued focus on operational efficiency. The rest of the financial year saw flat revenue growth, with figures remaining close to previous year's levels. This was partially because of slower offtake by our customers due to build-up of channel inventory as well as the higher-than-usual safety stocks during the COVID-19 pandemic. We expect to resume our normal revenue growth trajectory in the near future. This is because, during the year, we acquired several new generic customers and entered new global markets as well as key geographies in Japan and South America. In addition to this, we received an order for the validation of an intermediate for a potential drug from a global innovator Company.

Our EBIT recorded a decrease of 11% from ₹1699 million to ₹1510 million. Despite positive volume growth, our profit levels for our pharmaceutical division were weaker compared to last year. As for revenue from operations, we had an impressive start to the year. Constant external pressures on our Company during the remainder of the year led to input cost escalation of raw materials and energy thereby lower profits. From recurrent lockdowns in China to the Ukraine-Russia War, we were able to minimise the impact of rising input costs on our profit. This is a testament to HIBEX—our Company's business excellence initiative which is geared towards increasing productivity and lowering costs.

Consolidated Performance of Pharmaceutical Division



MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

API

Our generic API business registered steady growth in new APIs with positive volume growth for all our key customers across existing as well as new geographies. Our new launches in the anti-diabetic therapeutic space witnessed favourable traction from our customers. We have a healthy portfolio of new products in the development pipeline and a robust plan for their launch in the near future. This is a testament of our desire to constantly grow our legacy products and provide better, improved healthcare to the public by adding new APIs as well.

We continued to make forays into new geographies. We strengthened our presence in Japan, Latin America, Middle East, and North Africa. A part of our long-term growth strategy is to expand our customer base globally as a leading global API supplier.

Capital expenditure of $40 million was undertaken as part of our CAPEX programme that was announced two years ago. In the pharmaceutical division, we undertook capacity-building and upgradation in our R&T facilities based on the increasing inquiries this year. In addition, we also invested in new capacities at our Jigani (Bengaluru) and Panoli (Gujarat) sites to support the growing demand.

We made significant progress in manufacturing APIs at our Panoli site by commissioning a multi-product plant. This is a key part of our strategy to reduce and mitigate operation risks in the future.

We continued to focus on business excellence. Our efforts are concentrated on improving throughput and productivity and reducing costs to achieve improved operational efficiencies. With this approach, we successfully enhanced our throughput and reduced the costs of our products, which dampened the impact of rising input costs on our profitability.

Hikal aspires to be a global leader in several key APIs with a strong development pipeline and a focus on backward integration, continuous improvement in operations as well as costs. We are committed in our endeavour to provide regulatory and quality support for our global customers. Looking forward, we aim to maximise the sales of our APIs by enhancing our customers' share of wallet, entering new geographies, and increasing market share in select APIs where we have backward integration, scale, and technology as a comparative advantage. We believe our strategy will yield additional market share for our API products in the years to come.

CDMO

Hikal has developed several strategic and important partnerships with customers across the world by means of critical value-added services. This has earned us the trust of global innovator companies. Our continued focus on regulatory compliance and advanced technology capabilities continue to attract and retain global clients across the life sciences value chain.

As part of our contract development and manufacturing services, we offer several solutions across the product lifecycle, from early-stage R&T services through to pre-clinical, clinical, and commercial manufacturing. By combining advanced technology and chemical engineering solutions, we act as a 'one-stop' shop for our customers across the life sciences value chain.

Hikal witnessed good growth in the CDMO segment. This was by reason of the higher demand from our leading CDMO customers and the new contracts with key US and Japanese customers. Our CDMO business witnessed traction with a 20% increase in overall inquiries and an enhancement in win rate as well. We converted two KSMs for a new drug with a global innovator and secured an intermediate opportunity with another innovator. Our future pipeline for CDMO business remains strong with multiple visible opportunities.

To capitalise on existing market demand and future opportunities, we plan to actively add capacity and enhance our manufacturing capabilities. We have commissioned new capacities for our pharma CDMO business in our Unit-2 facility in Bengaluru for future development pipelines.

Over the years, Hikal has maintained its impeccable track record and has established strong relationships with several leading innovator companies. In the past two years, we have turned our focus on developing alternate sources of raw materials to reduce the dependence on China. More global pharmaceutical companies are looking to outsource production to companies like Hikal as they have confidence in our technical and manufacturing capabilities. Favourable geopolitical tensions and with the 'China Plus One' sentiment growing globally, India's outsourcing opportunities is seeing an increase.

We are confident in our ability to grow our CDMO business, and rapidly expand our capabilities in manufacturing as well as the handling of complex chemistries. We expect sustainable growth in our CDMO business through a healthy pipeline of new projects in early and late-stage development, a new client portfolio, and growth in the demand of existing supply to global innovator companies.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Animal Health

Global Animal Health Industry

According to GVR, the global animal health market was valued at $39.9 billion in 2021 and is expected to grow at a CAGR of 10% through 2022-30. The industry is poised to experience high growth based on a boom in demand for protein and an increase in the incidence of zoonotic and food-borne diseases globally. According to the UN, global population is projected to reach 9.7 billion by 2050, and this is expected to put pressure on food supply systems worldwide. Since 34% of all protein food comes from livestock, zoonotic and food-borne diseases and pathogen contamination risks are expected to rise and prompt companies to produce advanced vaccines and pharmaceuticals.

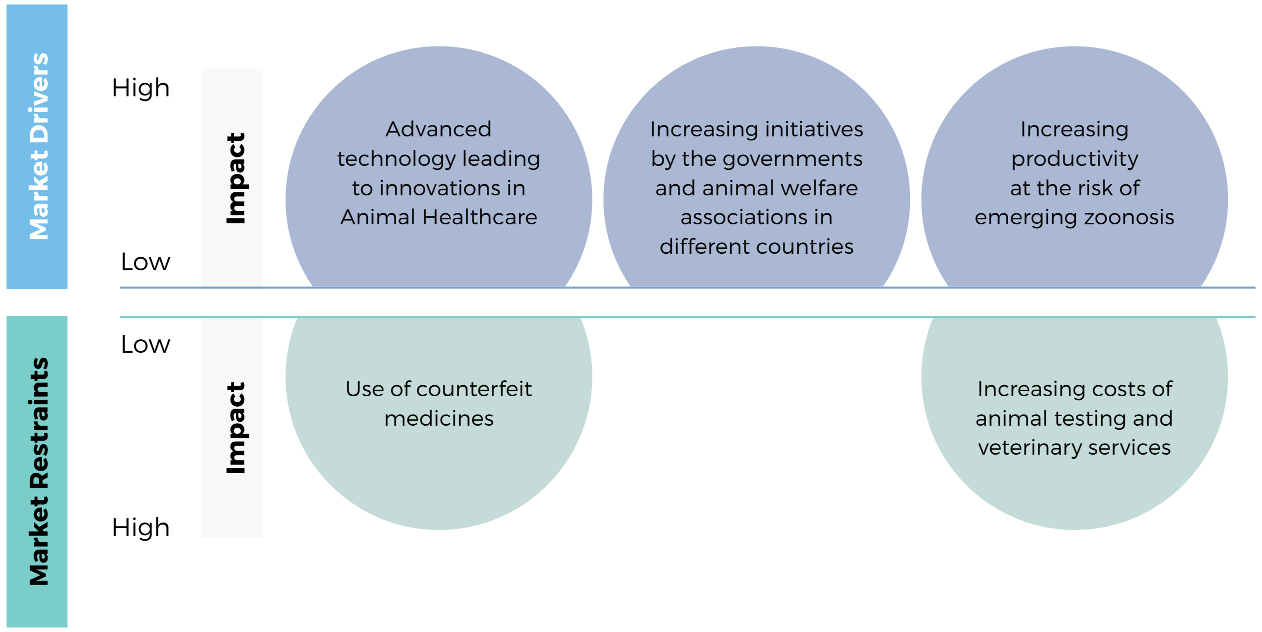
In terms of drug development and manufacturing, the animal health industry has some unique advantages over the human health industry. It is estimated that drug development for animals is 10-20 times cheaper and takes half the time compared to that for humans. All these factors make the global animal health industry well poised to be on a high growth path in the future.

Animal Health by Market Segment

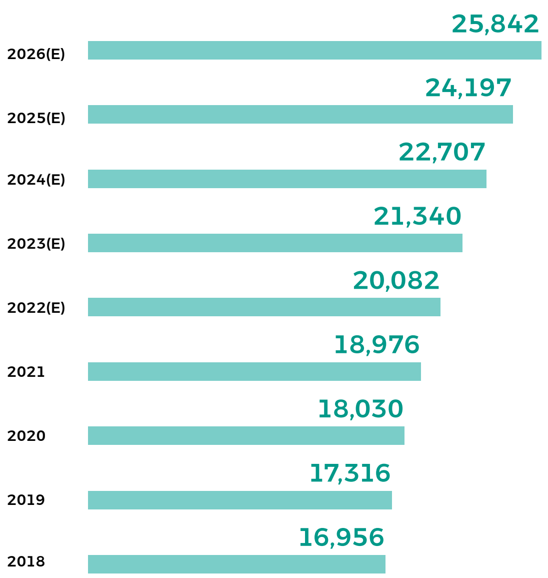
According to GVR, the animal health industry is led by the livestock segment, with over 50% of global revenue accruing to it in 2021. This is because of high concerns for food safety by local and global policymakers.

As per Mordor Intelligence, the farm animal healthcare market size was $18 billion in 2020 and is expected to grow at 6.4% rate to reach $26 billion by 2026. The growth of the global farm animal healthcare market is currently being driven by various factors, including the increased productivity, higher awareness, and technological advancements, among others.

Market dynamics of farm animal health market



Global farm animal healthcare market, 2018-2026, in $mn



6.37%
CAGR

Source: Mordor Intelligence

As per Grand View Research, the companion animal market segment is a high-growth market, accounting for $19 billion in 2020 and projected to double by 2028. The market growth can be attributed to advanced vaccines and pharmaceuticals to treat rising global prevalence of target diseases. There has been an increase in the number of companies leading to high demand for animal products and collaborative efforts to improve contamination risks with pathogen as well as food borne diseases, thereby contributing to the market growth. It is also driven by growing awareness of pet nutrition, especially in the Asia-Pacific region. Pet ownership is on the rise globally, estimated at more than a billion worldwide[21].

[21]Global Trends in the Pet Population - HealthforAnimals

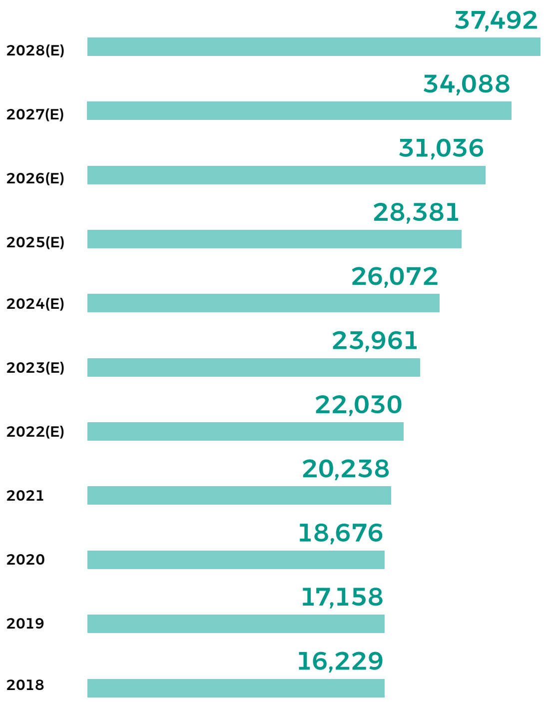
Business Review

Market dynamics of companion animal market

Drivers
- Growing companion ownership
- Increasing number of government initiatives
- Increasing prevalence of zoonotic diseases

Restrains
- Increasing in the number of counterfeit drugs
- Hight per care costs

Companion animal health market, 2018-2028, in $mn



Source: WHO, US, CDC, FDA, Investor Presentations, Primary Interviews, Grand View Research

Impact of COVID-19

Despite short-term disruptions, COVID-19 is expected to have an unforeseen beneficial impact on the animal health industry. The lockdowns increased pet ownership globally. According to PFMA, more than 2 million people adopted a pet during the lockdown in the UK. According to AMAU, similar figures were reported during the lockdown in Australia, with pet ownership rising by 8% compared to pre-pandemic levels. This is expected to increase the demand for companion pharmaceuticals and boost growth.

Indian Animal Health Industry

According to IMARC Group, the Indian animal health market was valued at ₹68 billion and is expected to grow at a CAGR of 9.5% through 2027. The reasons for growth are expected to be the rise in zoonotic diseases, a thriving veterinary pharmaceutical industry, and the emergence of a middle class. As with the global animal health industry, a rise in pet ownership is expected to drive growth in the Indian animal health industry. According to INFAH, the species share in the Indian animal health industry is dominated by livestock animals, at 55% presently, followed by 33% of poultry. Companion animals constitute 8% of the market, with the segment expected to rise exponentially in the future.

The Government of India announced the formation of a dedicated Veterinary Cell at the Central Drug Standard Control Organization (CDSCO) in 2018. The existence of a regulatory framework is a positive step towards unlocking the growth potential of the animal health industry in India.

Hikal Opportunity Landscape

The animal health industry is well positioned to follow a sustainable growth path in global markets, and especially in emerging markets, where there is a rise in population pressure and living standards. The demand potential for innovation in animal health products will fuel the development of the animal health vertical for Hikal.

Our customers realise that partnerships and collaboration play an important role in building value. We believe that Hikal can build upon its capabilities to collaborate on joint development projects and manufacturing solutions for our partners.

Hikal – Performance of Animal Health

Hikal built upon our milestone last year with the completion of our 10-year contract with a global innovator. The contract entails the development and supply of a portfolio of niche APIs over a period of 10 years. We plan to start revenue accrual post successful development and plant commercialisation from 2023-24, boosting our medium-term prospects.

Hikal holds the distinction of being the only GMP source with US VMF[26] for a drug used to treat dogs. We are also a leading manufacturer with a US DMF of a compound used to treat dogs, cats, and horses. In the intermediate space, we have developed Drug Intermediaries (DIs) which is used as a building block for a New Chemical Entity (NCE) under development. In addition, we were able to retain our key business commitments this year despite the supply chain disruptions. We are in the midst of discussions with several animal health companies to rationalise their disrupted supply chain. This should lead to additional new opportunities which can pivot this business segment to new heights.

With all these developments, Hikal has managed to enter the niche and specialised area of chemistry and technology. Our principles of transparency and trust, and commitment to deliver technologically superior products have helped us forge long-term relationships with our clients. We expect to expand and convert our existing capabilities into a significant contributor of revenues and profitability in the future.

We believe firmly that the future indicates accelerated growth for our animal health business, and our Company is well-positioned to capitalise on the opportunities at hand and the ones we will unlock.

[26] VMF stands for Veterinary Master File (VMF). It is a submission to the FDA's VCM that provides confidential detailed information about facilities, processes, or articles used in the manufacturing, processing, packaging, and storing of veterinary drugs and drug substances.

MANAGEMENT DISCUSSION AND ANALYSIS

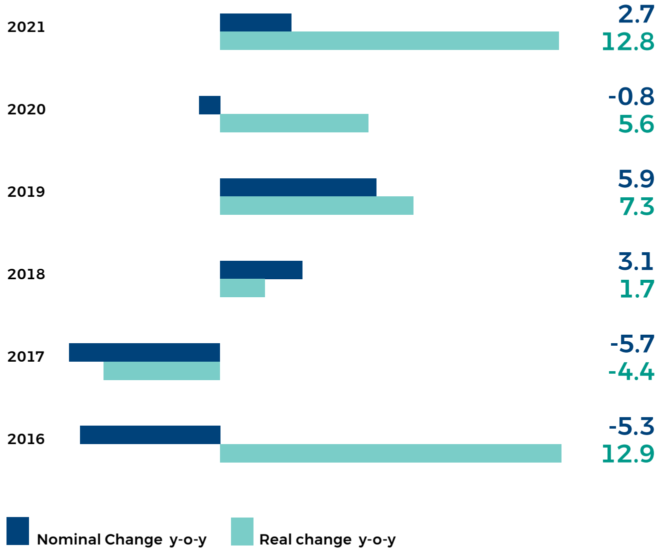
Business Review

Crop Protection

Global Crop Protection Industry

According to IHS Markit, the market size of the Global Crop Protection chemicals[27] increased with a nominal y-o-y growth of 4.7% and achieved a value of $65 billion in 2021. It is projected to reach $74.1 billion by 2025 growing at a CAGR of 2.5%. The growth is expected to be driven by the booming global population. According to the UN, global population is projected to reach 9.7 billion by 2050, where food demand will only be met by the expansion of food production[29]. About 85% of global crop output growth over the next 10 years is attributed to yield improvements resulting from more intensive input use, investments in production technology and better cultivation practices . This points towards the crop protection industry being on a high-growth path in the future.

Historical growth rates in Global Crop Protection market, 2016-2021, in %



Source: Agrochemical Market Analysis Industry Overview: 2021 Market, IHS Markit, 2022

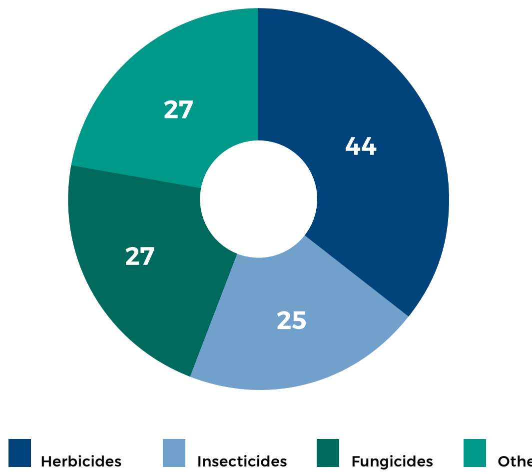
[27] This excludes sales of herbicide tolerant and insect resistant seed, as well as non-crop agrochemicals.

Growth by Segment

The Asia-Pacific region remains the largest crop protection market in the world, with 32% of the global market share. Followed by Latin America, North America, and Europe, with 25%, 21% and 17%, respectively. This is attributed to the large agricultural sector of countries in the Asia-Pacific and Latin American markets. The Asia-Pacific market reached a market size of $21 billion, growing at a y-o-y rate of 8.3%. This growth was driven by China, which benefited from favourable agro-climatic conditions for rice production. The Latin American market notably declined to a market size of $16.3 billion. An important reason behind this was the devaluation of Latin American currencies vis-à-vis USD and Euro, which reduced exports. Other important geographical markets such as North America and Europe grew favourably at a y-o-y rate of 7.3% and 7.1%.

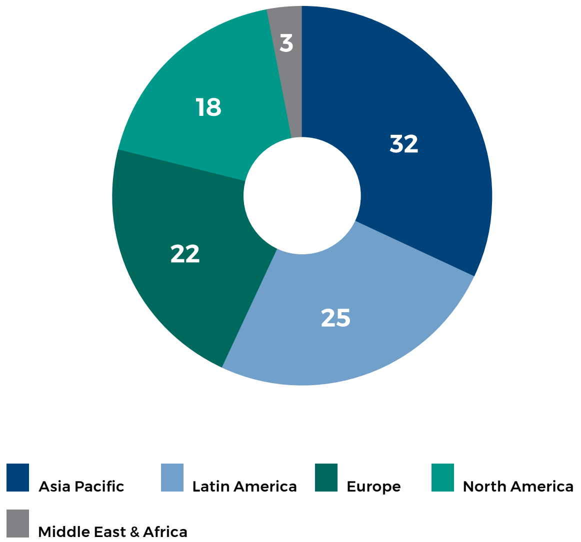
In terms of product type, the industry is dominated by herbicides, with market share at 44%. The herbicide sector was valued at $28 billion growing at y-o-y rate of 5.4%. Fungicide sales increased by y-o-y rate of 4.3% and reached $17 billion, representing a 27% share of the global crop protection market. Insecticides experienced a similar growth, rising by y-o-y rate of 4.2% to reach a market size of $16 billion.

Global Crop Protection market by product, 2021, in %



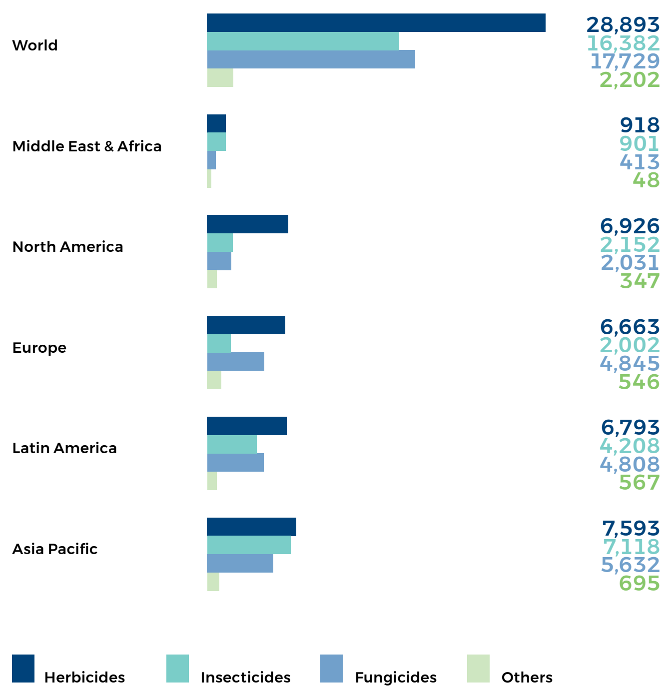
Source: IHS Markit, 2022

Global Crop Protection market by region, 2021, in %



Source: IHS Markit, 2022

Global Crop Protection market by region and product sector, 2021, in $mn



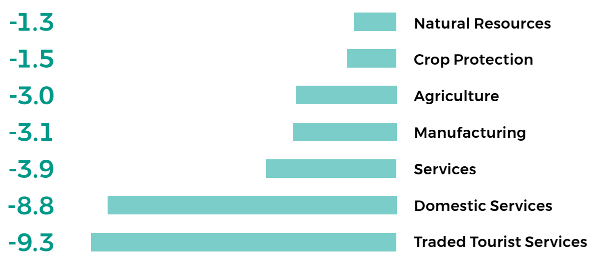
Source: Agrochemical Market Analysis Industry Overview: 2021 Market, his Markit, 2022

Business Review

Impact of COVID-19

The COVID-19 pandemic had a relatively weak impact on the industry, as agro-products were classified as essential goods, as show in the graph. Some products within the crop protection industry did get adversely impacted because of a decrease in migrant farm labour, shipment delays etc. due to the pandemic.

Estimated impact of COVID-19 on various industries, 2021



Source: working paper, world bank

Indian Crop Protection Industry

According to IHS Markit, the Indian Crop Protection Industry achieved a market size of $3 billion, growing at 7.7% y-o-y. The recent growth was driven by an improvement in domestic demand and the high prices of chemicals. Globally, India is the fourth-largest producer of agrochemicals after US, Japan, and China. Additionally, India holds a strong position in the export and import of chemicals at global level, ranking 14th in exports and 8th in imports (excluding pharmaceuticals). India's proximity to the Middle East—the world's petrochemicals feedstock—allows it to benefit from economies of scale. The Indian crop protection industry is expected to experience high growth this decade for the following reasons:

'China Plus One' Strategy

Increasing environmental regulations in China has increased regulation risk for companies operating in the region. This adds to the existing geopolitical risk that China faces. As a result, several global companies are seeking options in emerging and developing economies such as India, Vietnam, and others. Thus, this presents an immense opportunity for growth in the coming years.

Increasing Genericisation

The past few years have seen more global companies relying on off-patent chemistries where the cost of development is low. This is expected to be an important driver of growth for Indian companies that have significant manufacturing capabilities for producing generic drugs.

Shift in Consumer Habits

As societies become more affluent, there has been a shift in demanding products with higher nutrition and better quality. This makes the Indian crop protection industry well-placed to benefit in the long term.

Hikal Opportunity Landscape

Approximately 70% of the global market is dominated by generics and the rest is accounted for by proprietary products. In the generics segment, countries like China and India have a big presence. The rate of new active ingredients entering the market has significantly declined because of long product development cycles, huge investments, and strict regulations. As a result, global companies have started to outsource various stages of drug development.
With this, the global market for CDMO is expected to grow. MNCs like BASF, Bayer, and Syngenta are already outsourcing over 70% of their production to either Europe, China, or India. The increasing costs in Europe and the effect of COVID-19 have accelerated this trend with India now looked upon as a favourable destination for CDMO services. The 'China Plus One' strategy adopted by global companies makes this a lucrative opportunity for Indian companies like Hikal and it is well-positioned to grow because of it.

Hikal's Performance in Crop Protection Division

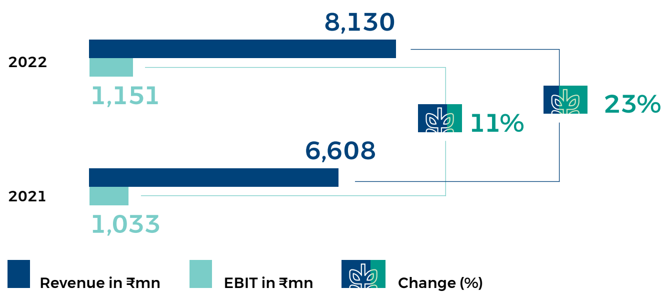
Our Company registered an impressive volume growth this year. We were able to grow our revenue from operations by 23% to ₹8,130 million, compared to ₹6,608 million last year. This is predominantly due to an increase in sales volume from our existing and new products. The revenue growth was mainly achieved on the back of higher demand from our leading CDMO customers, and new contracts with key US and Japanese customers. The end of the year, however, saw weak revenue growth caused by the external environment. The recent lockdown in China and the Ukraine-Russia war led to an escalation of input costs and shortage of raw materials. Our Company's strong fundamentals ensure that the impacts are momentary, and we should see impressive growth in the next financial year.

In line with our revenue growth, our EBIT grew by 11% to ₹1,151 million, from ₹1,033 million.
Our profit growth could not match our volume growth because of the input cost escalation towards the end of the year. We expect this to be transient since we have products in the development pipeline at any given time and we expect our in-development product to boost our profits soon. This is because product commercialisation is quicker in the crop protection division than the pharmaceutical division.

As part of our CAPEX programme, we plan to commission our new fungicide plant by the end of H2 of the current financial year. In addition, we have plans to launch an additional fungicide, which is estimated to give a combined potential of ₹4-5 billion at its peak potential.

Our experience in the crop protection industry ensures that all our customers' commitments are met, and trust is maintained with global innovator companies. Therefore, we expect our crop protection division to be extremely lucrative for all our stakeholders.

Consolidated performance of Crop Protection division



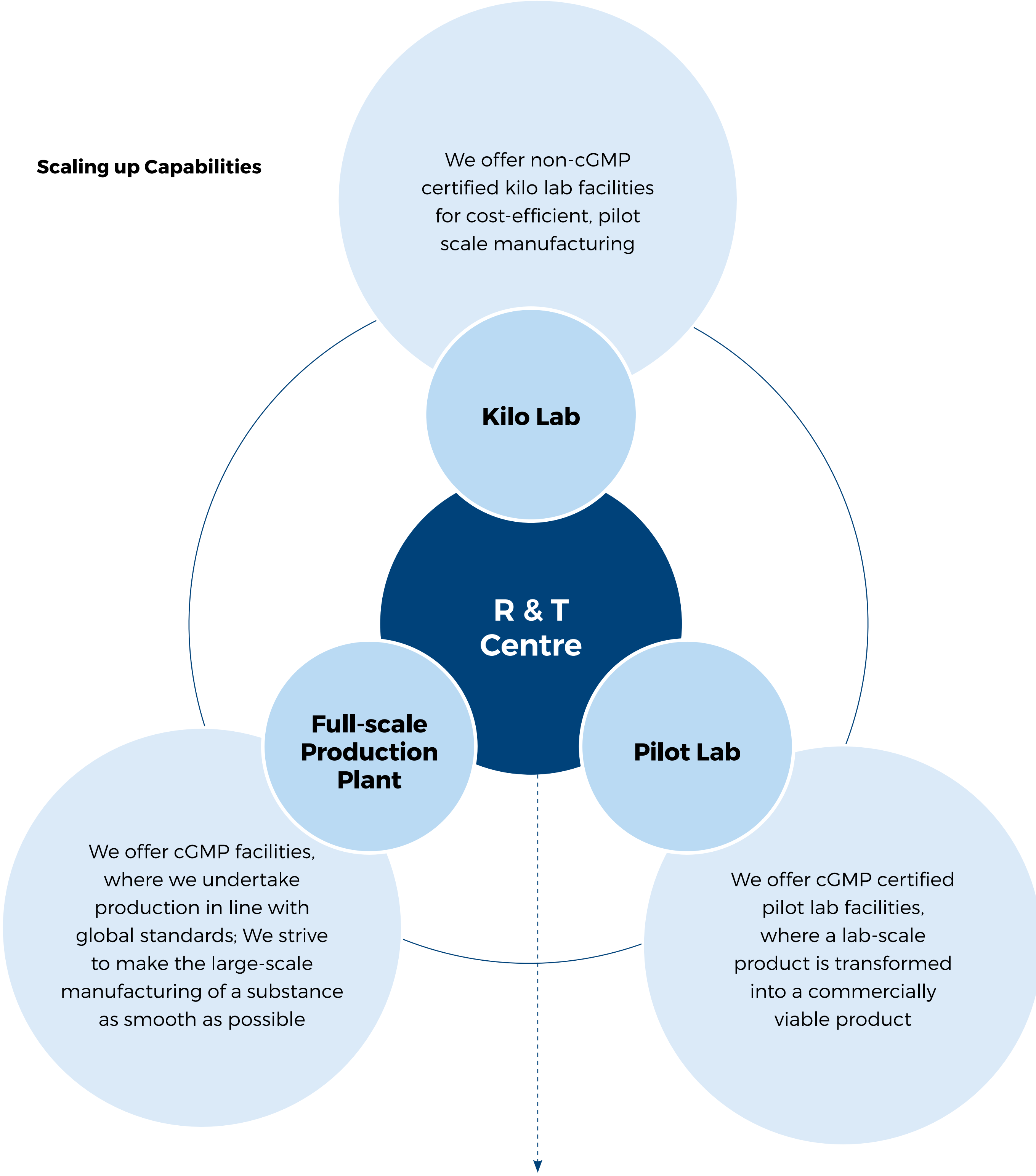
MANAGEMENT DISCUSSION AND ANALYSIS

Research and Technology

Powered by Cutting Edge Systems

Our production plants offer synchronised small-scale and large-scale solutions across a wide range of complex chemistries. We provide continuous process improvement, which enables us to render handling of complex chemistries into a standard operational procedure, which is a testament to our technological and manufacturing prowess.

Scaling up Capabilities



Our R&T centre is the technological powerhouse, providing expertise to our various scaling-up capabilities and continuous process development

Leading with Expertise

Hikal has been successful in consistently developing differentiated commercial capabilities to meet customer needs. Our cost-effective lab-to-pilot stage capabilities use sophisticated methods to demonstrate the large-scale feasibility of a new product.

Chemistries & Technical Capabilities

Differentiated Commercial Capabilities

Asymmetric Synthesis	Bromination	Macrolide Chemistry[1]	Enzymatic Reactions	Acid-Amine Coupling
Heterocyclic Chemistry	Chiral Resolution	Hydrogenation	Azidation	Cryogenic Reactions

Lab to Pilot Stage Capabilities

Flow Chemistry	Wittig Reaction	Suzuki Coupling
Carbohydrate Chemistry	Boronic Acid & Esters	

Other Key Commercial Capabilities

- Ammoxidation Continuous
- Hoffman Rearangement
- N & C - Alkylation

- Catalyst Preparation
- Halex Reactions
- Chlorination
- Crystallization

- High Vaccum Distillation
- Cyanide Chemistry
- High Temperature Reaction

- Reduction
- Friedel Crafts Reactions
- Orange-phosphorous Chemistry

- Oxidation
- Esterification
- Diazotization[2]
- Grignard Reaction

Collaboration with Global Experts for Enzyme Engineering and Biocatalysis

Note: 1. Synthetic Version 2. Sandmeyer Reaction

Some of our Key Differentiated Capabilities

Mini Plant

We have a non-GMP facility for kilo and pilot batches, where we test feasibility and demonstrate scalability. We also validate design and process considerations at a higher scale.

- 160 L reactor capacity; 250 L for workup
- Facility for cryogenic reactions up to -80^{0}C
- Fractionation @ 2-3 Torr up to 200^{0}C
- Scrubber for acidic and general vapours

Flow Chemistry

We have a state-of-the-art facility for flow chemistry, which can carry out bi-phasic reactions.

- CSTR with a capacity of 0.5-2 L
- VaporTech equipment
- Reduced effluent generation
- Capability to carry out bi-phasic reactions

Solid State Lab

Our solid-state lab strengthens processes related to a product's physical attributes for commercial use. It offers polymorph screening and optimisation, particle size engineering, crystallisation process development, and solid-state characterisation.

- Equipment available: pXRD, Mastersizer, DSC, TGA, and hot stage microscope

Bio-Catalysis

We have technical expertise in handling enzymes from lab development to manufacturing. We have a proven track record of demonstrating enzymatic process for commercial APIs.

- Examples of enzymes used in reaction – Nitrilase, Lipase, and Transaminase

MANAGEMENT DISCUSSION AND ANALYSIS

Research and Technology

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. We continue to invest in Research and Technology (R&T) to provide innovative solutions to our clients and drive our growth. We invest 3-4% of our total annual sales in R&T to develop more environmentally friendly, efficient, and cost-competitive processes.

We are investing in captive production for greater cost efficiencies. We are also expanding capacities and investing in new laboratories, lab equipment to deliver new cutting-edge products.

Filings

Our R&T team has filed two US DMFs, completed one CEP filings, six CEP amendments and six US DMF amendments for the pharma segment.

In crop protection, we concluded global registrations for six products. We plan to launch two new fungicide products in the current year at our new facility in Panoli, Gujarat.

Backward Integration

We continually focus on backward integration of key raw materials (KRM) as well as improvement in processes. Backward integration of the KRMs reduces the risk of supplier concentration as well as geographical dependence, contributing to better margins and supply sustainability. Having multiple sources of supply for critical raw materials helps ensure uninterrupted supply and business continuity for our customers.

In the past year, we have achieved backward integration of KRMs for several products. We have also developed alternate vendors for key starting material (KSM) to ensure supply availability at competitive price in the market amid supply chain disruption. These proactive efforts will support in retaining global cost leadership in our products and strengthen our product life cycle management strategy.

Development of Metal Containing API

We developed and delivered a commercial project utilizing metal containing API, which has enhanced our R&T as well as manufacturing capabilities in this complex and niche chemistry. We have successfully supplied kilo scale batch from our Jigani Unit 2, Bangalore facility.

Designing Synthetic Routes for Custom Synthesis

Customer expectations are advancing with time, having transitioned from the practice of sharing complete technology package to only providing basic information. We provide our expertise to propose the most-feasible synthetic route, as well as to develop the relevant analytical methods.

Hikal has also successfully delivered novel processes for new chemical entity (NCE) 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 continue to have a strong pipeline of projects across various phases from global innovator customers.

Scaling Up CDMO

We have expanded our Jigani Unit 2 facility as we have gained traction in the CDMO business from global innovator customers. This brings in higher flexibility for scaling up and delivering more projects for the CDMO vertical. This facility has been specifically designed with fungible manufacturing capacities and a wide range of capabilities to handle complex multi-step custom synthesis projects.

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 helps in identifying polymorphs, solvates, cocrystals and others for a given molecule. It gives us insights on scalable crystallisation and adds value to complex molecules with challenging physical properties. We have recently installed Particle size analyser (Malvern 3000) to analyse the particle size.

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

We have lab dedicated towards working exclusively on waste treatability studies. We work on processes to minimize the effluent stream and find ways to monetise the waste streams from development to commercialisation.

We aim 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

During the process development, we focus on reduction of process time cycles and minimizing the consumption of solvent by recycling the recovered solvent. Our overall aim is to minimize waste generation, thereby minimizing the impact on the environment.

Milestones Achieved in this Area

- In one of the projects, organic solvent consumption is reduced by recycling the recovered solvent in the process
- In another project, by-products were converted in to desired intermediate by using simple process which in turn reduced the hazardous organic waste to great extent
- In one of our commercial products of Crop Protection business, aqueous mother liquor was recycled in the process to reduce freshwater requirement by 30% per batch

Outlook

As a part of our R&T strategy, we will continue to deliver products recommended by our customers and business development teams, and commercialise in-house products and processes.

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 in our product competitiveness, we are improving processes and introducing better productivity measures to increase yields, decrease impurities and reduce overall costs. We are investing 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.

Through programs like 'Wealth from Waste' and other internal initiatives, we aim to develop a potential profit centre going forward.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Overview

Consolidated abridged Profit & Loss statement

(Currency : Indian Rupees in million)

Particulars	2021-22	2020-21	Change (%)
Revenue from operations (Net)	19,427	17,204	12.9
EBITDA	3,454	3,278	5.4
PBT	2,185	2,064	5.9
PAT	1,605	1,331	20.6

Revenue from Operations

Revenue from operations increased by 12.9% y-o-y to ₹19,427 million, compared to ₹17,204 million in the previous year. This was on the back of impressive performance from our crop protection division that could meet the high demand of our global CDMO customers and add contracts with global innovator companies. Our pharmaceutical division also showed a healthy performance. Despite a weak Q4 2021-22 performance, we were able to finish the year strong. The challenging external environment caused by the recurrent lockdowns in China and the onset of the Ukraine-Russia war led to a tightening of input cost.

EBITDA

Our Company recorded an EBITDA of ₹3,454 million compared to ₹3,278 million for the previous year. EBITDA grew by 5.4 % compared to the previous year. EBITDA grew slower than revenue from operations because of an increase in input costs, exacerbated by global uncertainties due to the war and the re-emergence of COVID-19 cases in China. For the same reasons, margins for EBITDA fell by 127 basis points, from 19.1 % in 2020-21 to 17.8 % in 2021-22. We were able to minimise the impact of the external environment through HIBEX—our business excellence initiative designed to increase productivity and lower costs.

PAT

PAT increased by 20.6% y-o-y to ₹1,605 million compared to ₹1,331 million for the previous year. The margins for PAT increased by 60 basis points, from 7.7% in 2020-21 to 8.3% in 2021-22. The shift to a more favourable tax regime for 2021-22 dampened the impact of lower operating margins.

Consolidated Cash Flow Statement

(Currency : Indian Rupees in million)

Particulars	As on 31 March 2022	As on 31 March 2021
Opening Cash and Cash Equivalents Cash flows from:	76	317
(a) Operating Activities	2937	2290
(b) Investing Activities	-2844	-1562
(c) Financing Activities	-55	-969
Closing Cash and Cash Equivalents	114	76

Liquidity Position

Cash generated from operating activities was ₹2,937 million compared to ₹2,290 million for the previous year. This increase in cash is on account of higher revenue as well as efficient utilisation of working capital. Investing activities resulted in a cash outflow of ₹2,844 million, compared to the ₹1,562 million for the previous year. This was used to increase capacity under our Company's CAPEX programme to realise future business opportunities. Financing activities resulted in a lower outflow of ₹55 million compared to the ₹969 million in previous year. The closing balance of cash and cash equivalents stood at ₹114 million for 2021-22.

Working Capital Position

The working capital of our Company remained essentially flat at ₹5,176 million in 2021-22 from ₹5,226 million in the previous year.

12.0%

REDUCTION IN WORKING CAPITAL

1.25

CURRENT RATIO

Debt and Equity Position

Total equity increased to ₹10,680 million from ₹9,334 million in the previous year. This reflects the increased profitability of our Company. The net debt-equity ratio decreased to 0.59 in 2021-22, compared to 0.61 in previous year, while the net debt to EBITDA ratio increased marginally to 1.81 in 2021-22, compared to 1.79 in the previous year. The interest cost was ₹312 million compared to ₹362 million for the previous year.

Profitability

Return on Equity (ROE) increased by 110 basis points to 16.2% in 2021-22, compared to 15.1% in the previous year. Return on Capital employed stood at 15.2% in 2021-22.

16.2%

RETURN ON EQUITY

15.2%

RETURN ON CAPITAL EMPLOYEED

CAPEX

In 2019-20, we announced a CAPEX programme of ₹3000 million for each of the next two years. Around 90% (₹2700 million) was utilised and added to the existing capacity. Full utilisation of the amount allotted was delayed because of the rising raw material and input costs globally.
We plan to complete the balance CAPEX this year and increase capitalisation by around ₹4000 million in 2022-23. The CAPEX is targeted towards the creation of multi-purpose product plants, which will be used across both divisions— Pharmaceutical and Crop Protection—and towards upgrading the infrastructure of existing production facilities.
We expect full-capacity utilisation of these plants in 2-3 years.

Key Financial Ratios

Key Ratios	As on 31 March 2022	As on 31 March 2021	Variance (%)
Debtor Turnover	4.17	4.13	1
Inventory Turnover	109	116	7
Interest Coverage Ratio	11.07	9.06	0.22
Current Ratio	1.25	1.34	6
Net Debt Equity Ratio	0.59	0.61	3
Operating Profit margin %	17.78	19.06	1.28
Net Profit Margin (%)	8.26	7.74	7

MANAGEMENT DISCUSSION AND ANALYSIS

Business Strategy

About Our Value Creation Approach

Being Adaptive and Proactive

Our production plants offer synchronised small-scale and large-scale solutions across a wide range of complex chemistries. We provide continuous process improvement, which enables us to render handling of complex chemistries into a standard operational procedure, a testament to our technological and manufacturing prowess.

Our long-standing growth trajectory gives us the confidence to set up ambitious performance targets. We feel that our growth potential is still untapped, and Hikal has the capabilities and business opportunities to fulfill it. In line with these targets, 'Project Pinnacle' has been envisaged and is being implemented.

Whilst our transformation initiative is at an early stage, we have seen the fruits of it already. We had an impressive start this financial year, where we achieved and exceeded our performance targets, but it tapered off towards the end of the year. Despite a challenging business environment, our performance gives us confidence that Project Pinnacle will deliver sustainable growth and profitability in the coming years.

Driving Growth Across Businesses

Human Health

Our business environment is ripe with opportunity. The human health industry, especially in the CDMO segment, is expected to be on a high growth trajectory.

The growing need for outsourcing by global pharmaceutical companies and our competitive advantage make our human health vertical well poised to be a growth engine for our Company.

Animal Health

The animal health industry is full of untapped potential, with less competition, and is expected to grow in the future.

The business environment makes expansion into animal health lucrative for us and our animal health vertical is expected to grow multi-fold in the near future.

Crop Protection

The crop protection industry is set to make recovery and bounce back.

Our product pipeline, along with a positive business environment, is expected to make our crop protection vertical a strong driver of our growth in the near future.

Strategic Pillars

Capitalising on Strengths

We, at Hikal, have charted strategic pillars, which take advantage of our growth engines, to enable value creation and achieve our growth targets. These strategic pillars are based upon maintaining our competitive advantage in the market, and expanding them.

Our Strategic Pillars

1 ESG

2 Compliance

3 Customer Centricity

4 Research and Technology

5 Manufacturing Excellence

6 Supply Chain Management

SP1: ESG

Our pillar of ESG relies upon increasing our natural capital, social and relationship capital in an efficient governance structure. This leads to alignment of our well-being with the collective good.

Read more on 66

SP2: Compliance

We, at Hikal, understand the importance of regulations and strive to ensure we do business safely and responsibly. Our compliance relies on our commitment to green chemistry and green engineering.

Competitive Advantage

Our production plants are compliant with international agencies like the USFDA, PMDA, EU and other global agencies.

How we use it:

- We use it to maintain business sustainability
- We use it to align our interests with collective well-being

Key Regulatory Approvals

Key Pharma Regulatory Approvals

World Health Organization, Pmda JAPAN, famhp, Cofepris, Australian Government Department of Health Therapeutic Goods Administration, KFDA

Integrated Management Systems across all sites

ISO 9001, ISO 45001:2018, EPA United States Environmental Protection Agency, nicerglobe, Responsible Care

SP3: Customer Centricity

Our business strategy relies on creating a unique value proposition for our customers. We strive to provide cost-effective quality products, manufacture them with excellence using our technical capabilities, improve our downstream supply considerations, and ensure we satisfy the highest ethical standards.

Competitive advantage

Our customer orientation relies on our commitment to being a reliable partner for our customers

How we use it

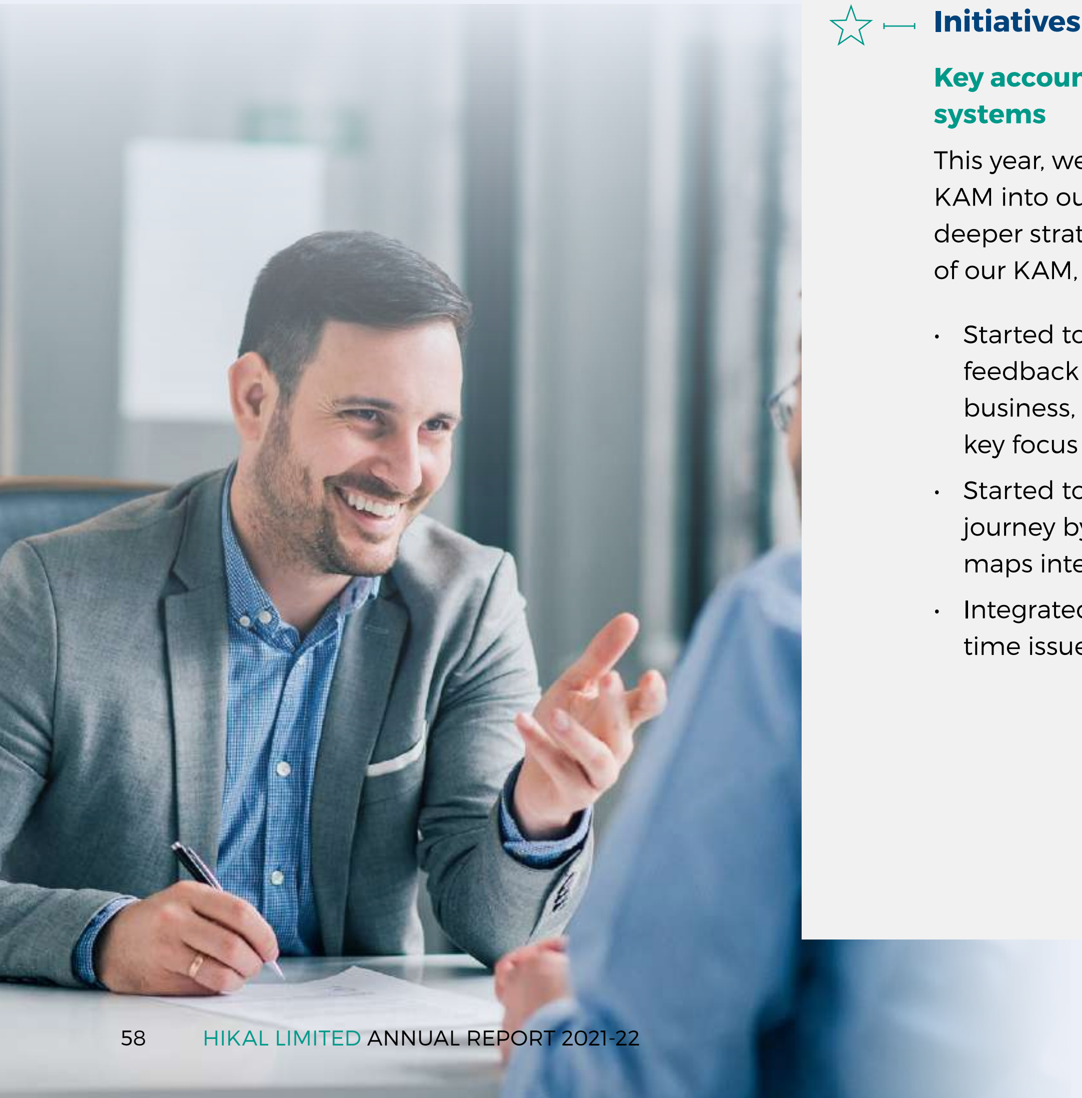
- We use it to deepen our relationships and provide better products
- We use it to maintain long-term relationships with our clients

Initiatives undertaken

Key account management (KAM) systems

This year, we have further integrated KAM into our business to develop deeper strategic relationships. As part of our KAM, we have:

- Started to integrate customer feedback and insights into our business, to make the customer a key focus point
- Started to manage our customer's journey by defining account maps internally
- Integrated a mechanism for real-time issue resolution



SP4: Research and Technology

Our aim is to harness science and technology to create world-class, sustainable products and solutions for customers, and enhance productivity of our sites and profitability of our businesses.

We are investing in captive production for greater cost efficiencies. We are also expanding capacities and investing in new laboratories, lab equipment to deliver new cutting-edge products.

Competitive advantage

Our R&T capabilities rely on our Company's culture of innovation, research, and collaboration and our research facilities

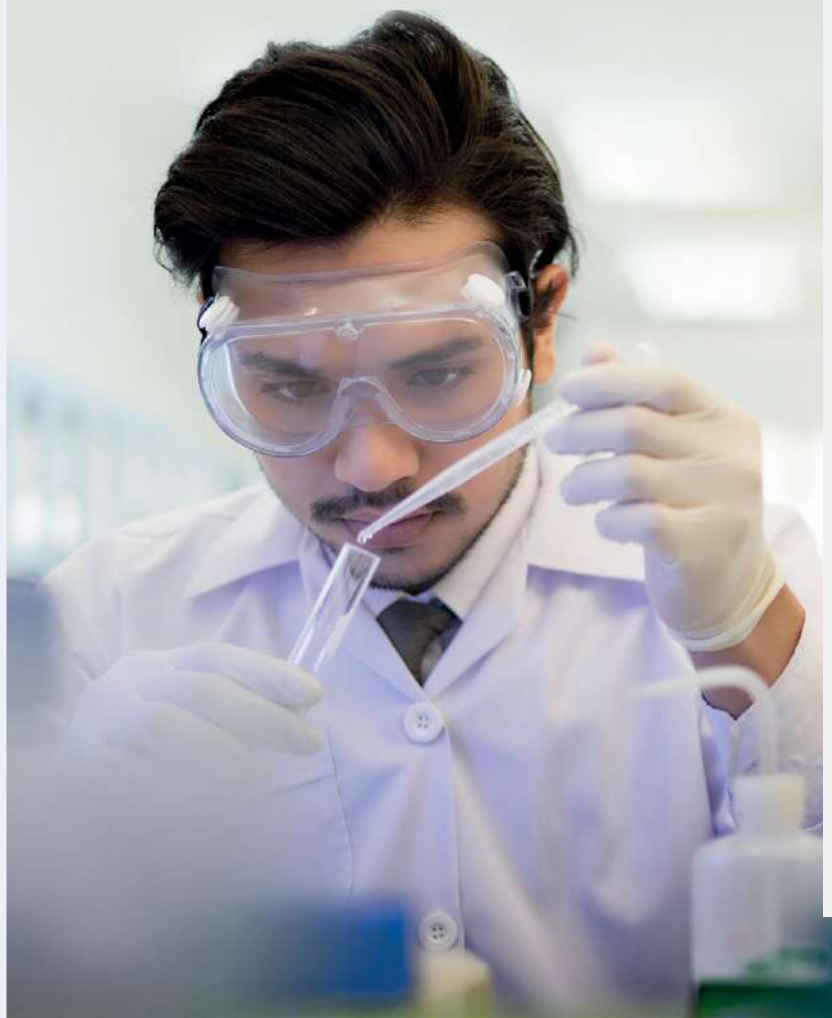
How we use it

- We use it to diversify our product portfolio, by entering niche products
- We use it to imbibe a culture of innovation

Initiatives undertaken

We enhanced our chemistries and technological capabilities by improving the manufactured capital around our intellectual capital

- 2 new synthetic laboratories at our R&T Centre, Pune
- The improvement in the capacity of synthetic laboratories gives us additional capacity to work with synthetic chemical compounds for our products as well as for our CDMO business
- Constructed a new Mini Plant at our R&T centre in Pune
- An additional Mini Plant gives us the ability to test the commercial scalability of a product faster and thus, take advantage of opportunities



SP5: Manufacturing Excellence

Our pillar of manufacturing excellence relies on capacity, capability, and compliance. We remain committed to an expansion of capacity through self-funding. This year, we undertook several initiatives to ensure our existing and future capacities are used as efficiently as possible.

Competitive advantage

Our competitive advantage of manufacturing excellence relies on our large capacity and enhanced capabilities

How we use it

- We use it to provide competitive and high-quality products
- We use it to keep our costs low and throughput high

A key initiative for enhancing our capabilities is the Hikal business excellence initiative or HIBEX, which focuses on:

- Increasing throughput
- Improvement in people's efficiency
- Improvement in solvent recovery

HIBEX is an operational excellence initiative for all of our business units, which takes into account all the business functions and goals for each department.

2000+ Tonne/Year

SCALE PRODUCTION OF KEY MOLECULES

Initiatives undertaken

Capacity

Addition of:

- A new API production block at Jigani Unit 1
- 2 APIs have been validated
- A new production block at Jigani Unit 2
- Used for production of APIs, CDMOs and intermediates

$90 million

CAPEX FOR ASSETS

4,100 M^3

CAPACITY

Capability

HIBEX:

- Lean Six Sigma Principles
  - 120 people trained and additional 200 people to be six sigma trained by next year
- Implementation of self-managed teams (SMTs) at Unit 1, Jigani site
- 20% production increment for one pharmaceutical product facilitated by automation and efficient material handling
- Achieved 20% cost improvement across 3 generic APIs

Capability

Planned Approvals

- Unit 2, Bangalore and Panoli, Gujarat for extension into API manufacturing
- Additional multipurpose plant at Panoli, Gujarat

SP6: Supply Chain Management

As evident from the disruptions that stemmed from the recent past, supply chain risk is substantial and a threat to profitability. Our strategic pillar of supply chain management relies on backward integrating, finding alternative sources and partnerships, localisation, and digitisation. During the year, we undertook some efforts to de-risk our business from supply chain shocks.

Competitive advantage

Our supply management strategy relies on our risk management framework

How we use it

- We use it to de-link and de-risk our production process and keep our supply reliable
- We use it to remain competitive during times of global business shocks

Initiatives undertaken

Backward Integration

- We have initiated backward integration for KSMs, and started multi-sourcing from diverse geographies to mitigate disruption

Localisation

- We have started to develop connections with local vendors to initiate and expand supply chains within India

Alternate Sources and Partnerships

- We have started partnerships with suppliers in India, Europe, Japan, and Korea for supply chain security
- New partners developed for domestic strategic sourcing

Digitised and Integrated Supply Chain

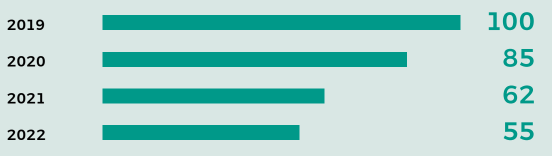
- We have started identification of weak links in our supply chain for improvement
- We have started building up inventory and building real-time network visibility

CASE STUDY

Reducing our Dependence on a Single Geography

An substantial portion of our supply chain risk arises because of concentration of our supply chain towards a single geography. Considering the global pharmaceutical industry, China supplies a substantial portion of KSMs, APIs and Intermediates to the rest of the world. As part of our supply chain initiatives, we have been able to reduce dependence on China for one of our key product by developing local vendors. This is how we aim to benchmark management of supply chain risk for rest of our products.

Share of Procurement from China for a Product (%)



MANAGEMENT DISCUSSION AND ANALYSIS

Introducing Our Capitals

Built on Robust Pillars

Our capitals are what enable us to achieve our aspirations. In line with our commitment to ushering in an era of sustainable growth, we aim to foster a long-term perspective on our business strategy, both internally and externally.

Financial Capital

It refers to the pools of funds that are available to our Company to use in the manufacturing of products. This is usually needed to finance our capital expenditure on capacity building and involves financing options, such as debt, equity, retained earnings, etc.

Manufactured Capital

It refers to the ability to increase throughput and also to the constraints that bind it. Being in a capital-intensive industry, it refers to our existing capacity for manufacturing the products we offer.

Intellectual Capital

It refers to our knowledge base, needed to handle complex chemistries and molecules for our global clients. It also refers to the capacity to innovate and foster technology-led growth in our Company.

Human Capital

It refers to the skills, capabilities, and experience our employees have. It also refers to the incentive structure our employees exist in.

Social and Relationship Capital

It refers to the social environment our Company operates in, including the institutions and the relationships within and between our stakeholders, and the ability to align us and collective well-being.

Nature Capital

It refers to the stock of nature including all renewable and non-renewable resources and processes that our Company uses, saves, and/or creates in its production process.

MANAGEMENT DISCUSSION AND ANALYSIS

Value Creation Model

Expanding Capacity, Augmenting Growth

At Hikal, we are transforming ourselves to achieve our bold vision. At its core, our business strategy is based upon harnessing Hikal's existing capital as efficiently as possible, and fostering a capital accumulation culture.

Inputs

Financial Capital

0.59
NET DEBT-EQUITY RATIO

₹10,680 million
NET WORTH

Manufactured Capital

5
PRODUCTION PLANTS

4,100 M^3
CAPACITY

Intellectual Capital

336
PERSONNEL IN R&T AND TECHNICAL SERVICES

Human Capital

2,850
EMPLOYEES

Social and Relationship Capital

₹31.6 million
CSR EXPENDITURE

Natural Capital

7,03,40,409 KWH
ENERGY CONSUMPTION

10,99,478 KL
WATER CONSUMPTION:

Our Value Creation Process

Mission

Values

Vision

Our Growth Drivers

Pharmaceuticals

Animal Health

Food Ingredients

Crop Protection

Biocides

Specialty Chemicals

Research & Technology

Creating Value for Stakeholders

Customers

Employees

Investors and Shareholders

Community

Institutions and Industry Bodies

Suppliers

Government and Regulators

Media and Analysts

Our Strategic Pillars

1 ESG

2 Compliance

3 Customer Centricity

4 Research and Technology

5 Manufacturing Excellence

6 Supply Chain Management

Outputs

Financial Capital

₹19,427 million
REVENUE

₹3,454 million
EBITDA

15.2%
ROCE

180%
MARKET CAP

2.5x
SHARE PRICE INCREASE IN 2021-22

(Increase in March 2021 to March 2022)

Manufactured Capital

~6,500 MT
MT ACTIVE INGREDIENTS SOLD IN 2021-22

~1,200 MT
MT ADVANCED INTERMEDIATES SOLD IN 2021-22

Intellectual Capital

1
MINI PLANT (SCALE UP & PILOT)

1
RESEARCH & TECHNOLOGY CENTRE

Human Capital

0
LOST TIME INJURY
(Per Million Hours)

6%
WOMEN IN WORKFORCE

10,166
TOTAL TRAINING HOURS RECEIVED

Social and Relationship Capital

200,000+
CSR BENEFICIARIES

Natural Capital

8% (84,734 KL)
WATER RECYCLED

29% (2,05,52,814 KWH)
RENEWABLE ENERGY USED

MANAGEMENT DISCUSSION AND ANALYSIS

ESG - Our approach towards sustainability

Being Responsible for Tomorrow

We believe that sustainability is key to our long-term success, and to create value for our stakeholders. Embedding ESG into our operations enables us to create a positive impact on the environment, our people, and the communities we operate in.

Environment

Energy Efficiency

Responsible use of natural resources and usage of renewable energy

Emission Management

Reducing our emissions and contributing to combatting climate change

Water Management

Water conservation, restoration of water bodies

Waste Optimisation

Safe disposal, recycling, waste recovery and reduction of waste generation at the source

Biodiversity

Preservation of biodiversity to ensure natural capital is enhanced

Social

Employee Safety

Safety of work environment for employees across value chains

Employee Engagement & Diversity

Practices, policies, and culture supporting diversity, equity, and inclusion

Fair Sourcing

Fair practices for suppliers throughout the supply chain

Community Relations

Equitable interactions with communities

Governance

Transparency and Risk Management

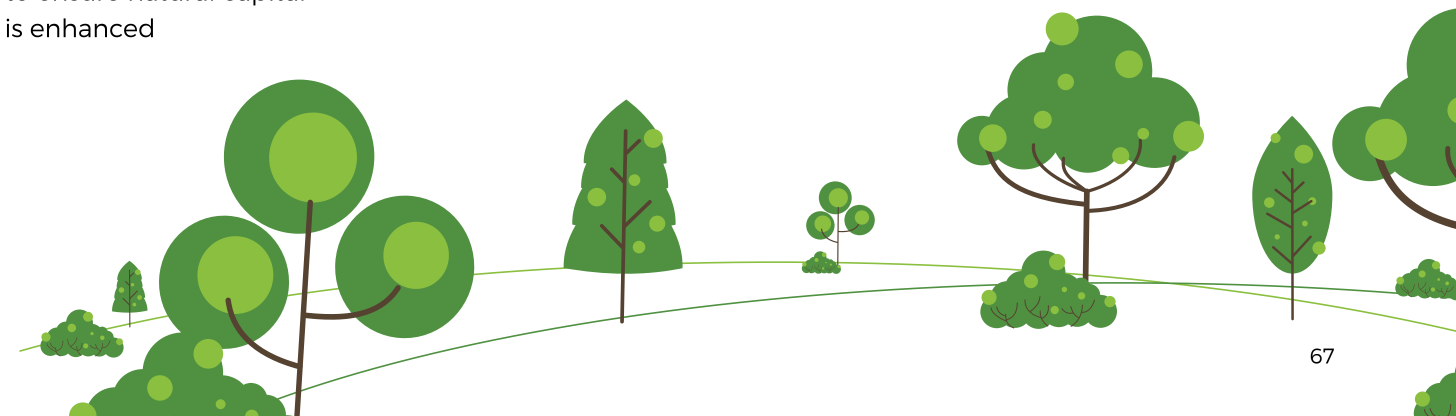
Responsible disclosure and management of risks

Quality Governance

Practices related to good governance and ethics

Corporate Governance

Governance framework and regulatory compliance



MANAGEMENT DISCUSSION AND ANALYSIS

Stakeholder Engagement

Pursuing Meaningful Dialogue
At Hikal, our stakeholders are central to all our operations. We continuously engage with our stakeholders to identify, address, and re-evaluate focus areas that have the potential for long-term value creation.

Stakeholders	How We Engage Them	Key Outcomes
Customers	• Customer meetings • Official communication channels: advertisements, publications, website, and social media • Conferences and events • Customer feedback and satisfaction survey	• Timely delivery • Wide range of high-quality products that meet customer requirements • Competitive pricing • Easy availability through large distribution network • Post-sales support
Employees	• Timely internal communications • Capability development programs • Performance appraisal • Grievance redressal mechanisms • Wellness programs	• Satisfaction and motivation • Fair wages and rewards • Improved work-life balance • Regular training and skill development • Career growth • Safe and secure work environment • Healthy workplace
Investors and Shareholders	• Analyst meets • Quarterly calls, financial reports, and presentations • Annual general meetings • Annual reports • Official communication channels: advertisements, publications, website, and social media	• Sustainable growth and returns • High standards of corporate governance and risk management
Community	• CSR partnerships • Community welfare programmes • Meetings and briefings • Training and workshops • Impact assessment surveys • Official communication channels: • Advertisements, publications, websites and social media • Complaints and grievance mechanism	• Infrastructure development • Funding for community development • Training and livelihood programmes • Contribution to the local economy
Institutions and Industry Bodies	• Conferences • Joint R&D initiatives • Internship opportunities for students	• Exchange of knowledge • Collaboration in R&D • Industry exposure for students
Suppliers	• Supplier development initiatives • Vendor assessment and review • Training workshops and seminars • Supplier audits • Official communication channels: • Advertisements, publications, website, and social media	• Timely payment • Continuity of orders • Capacity building • Transparency
Government and Regulators	• Statutory compliances filings and meetings • Official communication channels: Advertisements, publications, websites, and social media • Phone calls, emails, and meetings • Regulatory audits/inspections	• Aligning with the government to support economic development • Continued contribution to the exchequer
Media and Analysts	• Press releases, media interviews, email advisories • Website management • Social media posts and updates	• Effective communication • Accountability and transparency

MANAGEMENT DISCUSSION AND ANALYSIS

ESG → Environment

Environmental Stewardship

We understand our business operations have a significant ecological footprint. In line with this, we strive to create a positive environmental impact.

Energy

Energy is at the heart of the challenges to climate change and our business operations. The 21st century has seen governments and companies around the world take cognisance of the impact that they have on the environment through energy production. As energy prices of conventional sources of energy are expected to rise, there is an increasing need to be energy efficient and use renewable sources of energy.

We, at Hikal, are making our production plants energy-efficient and sustainable. Thus, as part of our initiatives, we have initiated measures to become energy efficient and increase our renewable energy usage.

We ensure that all new projects are thoroughly reviewed by our technology department to ensure that our plants are energy efficient. During the year, we ingrained the concept of energy efficiency at the design stage itself of our new crop protection facilities, which resulted in financial benefits of ₹44.6 million/annum, compared to a conventional design of the plant.

Use of renewable energy

Our manufacturing facilities are a major source of energy consumption and one of the primary ways our business has an impact on the environment. As part of our initiatives, we have started to integrate sustainable thinking into our operations and focus on energy consumption and efficiency. We have started to shift away from our reliance on using fossil fuels to introduce more carbon-neutral sources of energy into our operations.

At our Bengaluru plant, 75% of energy is supplied by renewable energy in 2021-22. Because of our efforts, we have achieved and increased our usage of renewable energy to 29% across our operations. We aim to enhance the contribution of renewable energy and have set a target of achieving 90%+ renewable usage across all sites in the future. This will enable us to reduce our carbon footprint and help us create a positive environmental impact.

₹23.2 million
INVESTMENT TO MAKE CROP PROTECTION BUSINESS ENERGY EFFICIENT

₹31.7 million
YEARLY SAVINGS IN CROP PROTECTION BUSINESS

₹21.3 million
INVESTMENT TO MAKE PHARMACEUTICAL BUSINESS ENERGY EFFICIENT

₹17.8 million
YEARLY SAVINGS IN PHARMACEUTICAL BUSINESS

₹0.4 million
INVESTMENT TO MAKE R&T CENTRE ENERGY EFFICIENT

₹0.48 million
YEARLY SAVINGS AT R&T CENTRE

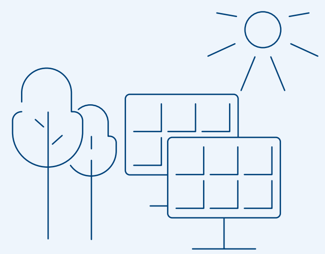
₹44.9 million
INVESTMENT TO MAKE BUSINESS OPERATIONS ENERGY EFFICIENT

2,05,52,814 KWH
RENEWABLE ENERGY USED

75%
OF THE TOTAL ELECTRICITY REQUIREMENT OF OUR BIGGEST SITE IS DERIVED FROM RENEWABLE RESOURCES

Preparing for a cleaner future

Hikal continued its journey to use clean fuel and energy in its operations at Mahad, Taloja, and Panoli plants through long-term agreements for supply of renewable power. To date, Hikal has contracted for 13.8 MW of renewable energy via hybrid or solar power across all its plants.



Emissions

We have installed appropriate systems to control the generation of emissions from boilers, diesel generators, and scrubbers at our operations. These include bag house for boiler stack and use of express feeder at all factories in the industrial area for uninterrupted power supply, thereby minimising the use of diesel generators. For scrubbers, suitable neutralising media is kept in circulation continuously through the scrubber, which is checked at frequent intervals and necessary adjustments are done to maintain concentration of neutralising media.

We have continuous air monitoring systems at Pharma units located in Bengaluru. Online Monitoring of Industrial Emission & Effluent (OCEMS) at Effluent Treatment Plant outlet measures pH, COD, BOD, TSS, Inlet Flow, and outlet flow while OCEMS installed at boiler stack emission measures PM and SOx and NOx.

At Crop Protection units, we conduct ambient air quality monitoring on monthly basis through MOEF approved agency to measure parameters such as PM, SO_2, NO_2, NH_3, Carbon monoxide etc. Ambient air monitoring is carried out on 24 hours basis at multiple locations inside factory premises.

KPIs for 2021-22

Emissions data	Jigani Unit 1	Jigani Unit 2	Panoli	Mahad	Pune	Taloja
Sulphur Oxides/ SOx (tons)	42.3	0.1	5.0	1.9	-	1.1
Nitrogen Oxides/ NOx (tons)	23.4	0.1	7.4	1.7	-	3.3
Direct & Indirect Carbon Dioxide (CO_2) (tonnes)	14,800	1,010	15,900	15,900	810	9,037
Other Greenhouse Gases (million tonnes of CO_2 equivalent)	Nil	Nil	Nil	Nil	Nil	Nil

Water

Water is an important raw material that is used across our manufacturing plants for heat transfer, cooling, steam generation, washing, and as a product ingredient. Water scarcity is an important aspect that we intend to focus on, and we aim to ensure the sustainability of water sources that exist around where we operate.

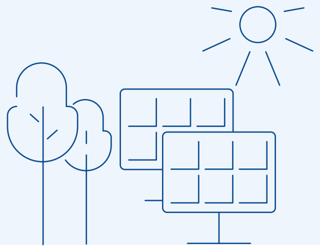
We source surface water either from river or lake by Government Industrial Development Authority. As part of our initiatives this year, we have reduced our freshwater consumption because of recycling through zero liquid discharge (ZLD) and improving steam recovery.

84,734 KL

WATER RECYCLED

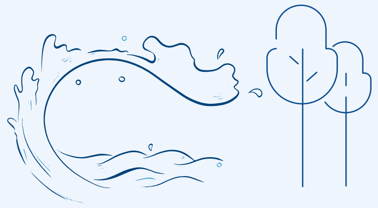
Water recycling initiatives

- Multi-Effect Evaporators and Reverse Osmosis units are installed at pharma sites to achieve zero liquid discharge
- At Crop Protection sites, process water is recycled for washing at an intermediate stage



Water conservation initiatives

- Process optimisation to reduce water consumption per batch
- Rainwater harvesting
- Minimising quantity of boiler and cooling tower blowdown by using proper water treatment regime at Mahad and Taloja
- Imparting awareness training on water conservation
- Reverse osmosis system at ETP outlet water



Water conserving jet pumps

During 2021-22, we took the initiative of deploying a fine water jet pump to clean filter press and contaminated containers and surfaces to conserve water. Treated effluent water is recycled after treatment in reverse osmosis in the utilities.

45%

FRESH WATER RECYCLED AT JIGANI UNIT 1

46%

FRESH WATER RECYCLED AT PUNE R&T CENTRE

Circular Economy and Waste

We strive towards achieving end-to-end waste optimisation by reducing the waste generated at our manufacturing facilities and establishing a state-of-the-art waste treatment facility.

During the year, we initiated an investment of ₹460 million to enhance effluent treatment capacities. Our investments are geared towards reducing waste and improving the efficiency of our production plants.

80%

OF THE TOTAL HAZARDOUS WASTE GENERATED AT OUR PANOLI SITE IS RECYCLED FOR CO-PROCESSING IN CEMENT INDUSTRY

Initiative

- Zero Liquid Discharge Facility
- Fine Bubble Diffuser System
- Enhanced Segregation of Effluents

Outcome

- Ensuring no discharge of industrial wastewater into the environment
- Improve oxygen efficiency
- Improved recycling capabilities and lower landfill impact

Wealth From Waste Program

Our 'Wealth from Waste' program is focused on the reduction of waste discharge or alternative discharge to reduce our disposal cost and the environmental impact of our production plants. As part of this program, we have started to embed circular economy into our operations by converting our waste products into useful outputs.

During the year, we made continuous investments towards:

- Use of waste as fuel: Briquette made up of crop waste like ground nut, husk, saw dust, etc. is used as boiler fuel
- Recycling of packaging

Biodiversity Conservation

Biodiversity is an important focus area for us, and we strive toward the preservation of biodiversity. The ecosystems around our operating sites clean our water, purify our air, maintain our soil, regulate the climate, recycle nutrients, and provide us with food. Our stakeholder engagement process helps us to identify and act on opportunities to preserve the ecosystems near the areas where we operate.

Afforestation Project at Navi Mumbai

Mumbai, being a large metropolitan city, has a large ecological footprint because of population pressures and the demands of urbanization. In line with this concern, we partnered with International Association for Human Values (IAHV) to develop an urban forest over 33 acres of land at Rabale, Navi Mumbai. The forest site has been designed using a scientific approach and around 14,000 plants of over 50 species have been planted and many of them have been geo-tagged.

Hikal has adopted 1 acre of land and 450 saplings planted by Hikal employees, which over the past two years have grown into lush green trees with a survival rate of over 90%. Further, four water bodies were created and drip irrigation was used to make the forest self-sufficient. A bio-diversity park and a butterfly park have also been created.

The project has now become one of the largest urban afforestation projects in India and has enabled the rejuvenation of air, soil, and water in a sustainable manner.

Contribution to WWF India towards Conservation of Keoladeo National Park Wetlands

As a reflection of our commitment to preserving biodiversity, we supported WWF for the third consecutive year to protect endangered species and landscapes. Our collaboration with WWF is based on a mutual desire to pursue ecological restoration using a multi-stakeholder approach. The project involved the conservation of Keoldeo National Park, which is a wetland of international importance and is an UNESCO world heritage site.

Environment and Ecological Protection

Yallamanaddi Lake Development Project at Jigani, Karnataka

We partnered with the International Association for Human Values (IAHV) for the development work of Yallammanadoddi lake near our Jigani plant in Bangalore. Three villages in the surrounding area are directly dependent on this lake for water. However, the accumulation of unwanted waste, weeds mud, etc made the lake unfit for use.

Our efforts and interventions along with the collaboration of villagers resulted in increasing the water capacity of the lake by four times. This has resulted in the availability of water throughout the year and increased the biodiversity around the lake area.

1,476
BENEFICIARIES IN CURRENT YEAR

30,000
BENEFICIARIES OVER THE PROPOSED LIFECYCLE OF 15 YEARS

Before

After

RCC Water Tank Construction at Mahad, Maharashtra

The Sutarkond village near our Mahad plant was facing the challenge of unavailability of clean and potable water. We supported them by constructing a cemented water tank at 22ft height with a capacity of 20,000 ltrs to fulfil the daily drinking water requirements of the entire village.

698
POPULATION IN SUTARKOND, MAHAD ACCORDING TO 2011 CENSUS

₹4.5 million
EXPENDITURE ON ENVIRONMENT AND ECOLOGICAL RESTORATION ACROSS HIKAL SITES

MANAGEMENT DISCUSSION AND ANALYSIS

ESG → Social

Driven to create an impact

We believe it is important to create a positive impact for our people and the communities in which we operate, and we are committed to creating shared value and empowering people connected to our business.

People

An important value enabler for us is our employees whose dedication and innovative capabilities drive our business. We focus on creating a culture that recognises and promotes talent and our company's values. As part of our transformation journey, we aim to instil a culture of excellence, customer centricity, and innovation. Strengthening the capabilities of our people and fostering values of ownership, empathy, and excellence form the core principles of our people management strategy.

Value Enablers for Success

Right People

We strive to have our people function as a unit with the values of teamwork, transparency, and integrity.

Right Capabilities

In a technologically driven world, we believe it is important to enable our people to develop the right skills, to take ownership, and lead initiatives.

Right Behaviour

We believe that character is the most important part of an individual. We strive to hire and retain people with the right mindset and behaviour.

Diversity and Inclusion

For us, diversity and inclusion are not hiring policies, but a more holistic way of creating a workplace that earns the trust and commitment of our employees. An inclusive and diverse workplace is an important enabler in generating new ideas and strengthening our culture of excellence. We strive to create equal opportunities for our people regardless of caste, creed, colour, religion, gender, or place of birth.

HiKAL Women's Forum

Hikal Women's Forum

A platform for all the women employees of Hikal to come together and take conscious efforts towards synergising the group's growth and development.

25%

OF WORKFORCE IN CORPORATE AND MARKETING OFFICES IS FEMALE

Tarang Campus to Corporate Program

Campus to Corporate

Under Tarang – our Campus to Corporate program, campus placements were organized virtually in the wake of the pandemic. Trainees were hired to work for the synthesis, analytical, and process engineering verticals at Pune R&T. A detailed functional orientation was planned for all the offered trainees to assimilate faster into the system. Further, we also hired process engineers, instrumentation engineers, and industrial engineers from colleges of repute for the Central Technology Team & Productivity Optimization Team.

Employee Engagement

We believe in engaging our employees throughout the year through various communication channels and employee engagement initiatives to ensure that our people are motivated to work towards our goals. This enables us and our people to function as a unit and foster a sense of unity in our organisation.

ESG → Social

How We Engage our Employees

Company-wide Events

Values Week | Hi-Q Quality Week | Safety Week

Our Initiatives

Parichay | Neev | Uday | Parigyaan | Hikal Compass

Company-wide Events

6th Values Week Celebrations

In its 6th year, the values week from July 5th to 9th, 2021 was celebrated by all Hikalites following the COVID-19 protocols. The launch of the engagement plan at each site was followed by a Long Service Award ceremony wherein 83 Hikalites were felicitated for completing 10-30 years of services. Several activities were organised throughout the week to engage the employees. As part of the culture integration initiative, Gender Sensitization at Workplace training was conducted for 600 employees.

9th Hi-Q - Quality Week Celebrations

The 9th Quality Week from 29 November to 3 December 2021 was based on the theme of 'Quality for Excellence'. The celebration included several engagements to instil quality awareness amongst the employees. Key events included a 'Just Do It' workshop to highlight the immediate improvement areas for enhancing productivity and excellence, a guest lecture on 'Human Factor Reduction', and a case study on 'Business Excellence at Hikal'. Over 1,000 Hikalites attended these events.

Safety Week

The 51st Safety Week Program from 4 -11 March 2022, under the theme 'Nurture the young generation to develop a safety culture' promoted safety awareness amongst all employees and reinforced our commitment toward the zero-accident goal. The weeklong celebrations included several safety-themed activities across sites, with a high level of energy and participation from the employees.

Our Initiatives

Parichay – Employee Referral Program

Parichay, our employee referral program, was re-launched to leverage our employee's network to identify the right talent for recruitment, enabling our employees to take ownership and contribute to our success.

Neev – Employee Orientation & Integration Program

Under Neev, we facilitate smooth and seamless employee assimilation of recruits through quarterly interactions with Site Head and Site HR Head to build awareness about organizational values and cultural pillars. Further, these interactions allow briefing new employees about our business targets and future planned activities, and how they can contribute.

Uday – Employee Engagement Program

Uday helps us strengthen our cultural pillars and values in our organisation. It promotes effective communication within our organisation to create a nimble, agile, and future-ready organisation, thereby creating value for our stakeholders. Under Uday, we have established wide-ranging systems for employee communication, performance, learning & development, succession planning, and celebrations.

Highlights of Uday

Employee Communication

Townhall Meetings

Townhall meetings at sites serve as a common platform for communicating business plans, expectations, progress, issues, and concerns, and foster a culture of discussion and ideation for a more effective organisation. During the year, we organised several town hall meetings to discuss a wide range of topics from COVID-related safety and precautions to plant-wise production targets.

CEO Connect

Closed room discussion was organised quarterly between the CEO of Hikal and employees to understand their comfort of work and solicit views, suggestions, and comments to improve the work atmosphere and performance level.

Employee Hour

Employee Hour with the Site Head and Operations Head gives our employees the opportunity to freely and safely express their views, thoughts, and suggestions on any matter about the site. In 2021-22, we conducted Employee Hour in the presence of the Management Committee for better employee engagement.

Parigyaan – Employee Recognition

Parigyaan, our rewards and recognition program, helps create a culture of recognising the accomplishments, efforts, and achievements of our on-roll employees.

Awards under Parigyaan

Spot Award	Employee of the Month Award	Long Service Award	Innovation Award	Department of the Month Award
Team of the Month Award	Lab of the Year Award	Safety Champion of the Month Award	Rising Star of the Month Award	

ESG → Social

Learning & Development

Behavioural Initiatives
- Mangalyam
- Executive Coaching
- Creating Winning Teams
- Know Yourself

Technical Initiatives
- Six Sigma Green Belt & Yellow Belt Certification
- Self-Managed Teams (SMT)
- Internal Technical Trainings
- cGMP Trainings

Behavioural Initiatives

Mangalyam
Inspired by Mangalyam, a 4,000-year-old philosophic and mythological concept, this workshop nudged participants to discover themselves through others without the need to compete or judge, build a meaningful connection with people around, and create a positive and inspiring home/work ecosystem. One of the key design principles of this workshop was learning through discussions, conversations, and role plays.

Executive Coaching
As part of developing leaders, Hikal continued to invest in its executive coaching program. A total of 11 functional leaders were inducted into the coaching journey throughout the year.

Creating Winning Teams
In December 2021, Pune R&T organised a workshop on Creating Winning Teams. The one-day workshop included variety of team-building activities and exercises, aiming to develop new synergies and renewed attitude and outlook towards work for better professional and personal effectiveness. The workshop led to a better understanding of how to improve team communication and collaboration and resolve conflicts.

Know Yourself
The Women's Forum at Panoli organised a half-day motivational session in December 2021 on 'Know Yourself', which motivated participants to develop positive habits and a stress-free attitude to achieve their goals.

Technical Initiatives

Six Sigma Green Belt & Yellow Belt Certification Program
Designed to build our capability in Business Excellence, the Six Sigma Certification Program helps participants learn the tools, principles, and methodologies of Six Sigma to drive the successful implementation of projects.

The Green Belt training was a 16-week programme with Define, Measure, Analyse, Improve, and Control (DMAIC) approach. The projects undertaken ranged from a reduction of wastages to threat analysis. In the financial year, the HIBEX team has trained around 25 participants from all BUs.

Yellow Belt training was an 8-hour programme with Lean six sigma methodology. Participants learned the application of tools and were trained to run small improvements in their day-to-day work processes. In the financial year, the HIBEX team has trained around 130 participants from all BUs.

Self-Managed Teams (SMT)
The SMT Orientation Programs were conducted for the top and middle management teams and were followed by sessions for sites. The HR team was further trained and equipped with FAQs to manage queries from the employees.

A pilot project under green field concept of SMT was conducted at the newly constructed API-9 block at Jigani Unit 1. To synchronise SMT process with various production processes at the API-9 block, a 2-day awareness session was organised followed by SMT process mapping session with senior production officials. As per the plan, SMT awareness session was also organised at Jigani Unit 2 in September 2021.

Internal Technical Trainings
Based on the development needs identified through skill gap analysis and managerial inputs, various technical trainings were conducted across sites by expert internal trainers and external facilitators.

Some of the internal technical trainings:

Genotoxic and mutagenic impurities-related aspects

Operation of emergency fire alarm system

Training on effluent treatment and treatability study

Behaviour based safety

Training patent filing and IP knowledge

Work permit system, firefighting & PPE's

Technology transfer and scale up

Practical use of different types of fire extinguishers

Cleaning validation: A practical approach by EBM

Chemical reaction hazard and powder safety

Management of contract manufacturing

Emergency plan and SCBA handling

cGMP Training
We conducted multiple cGMP trainings across all sites on topics ranging from data integrity policies and practices, regulatory requirements (DMF filing & CTD format), to material management system, etc.

Hikal Compass
Through our intranet platform 'Hikal Compass', we engage and keep our employees informed in a centralised manner to foster a sense of teamwork and commitment in our people.

Health and Safety
Health and Safety of our employees is one of our top priorities. Our facilities have ISO 45001/ISO 14001/ Responsible Care certification to ensure best standards of health and safety in our operations. Further, we have a two-pronged approach of using a digital platform and conducting several health and safety initiatives.

22,956
MANHOURS OF EHS RELATED TRAINING ACROSS HIKAL SITES

How We Ensure the Health and Safety of Our Employees

Our Platforms	Initiatives				
MySetu EHS Portal	Surakshapath	Monthly EHS Program	One Minute Safety Program	Safety Training	Ojas

MySetu EHS Portal

MySetu is an EHS enterprise integrated solution to streamline processes, promote safe behaviour, and improve reporting. Through an efficient web-based near miss and reporting system wherein employees can report an unsafe act or condition at our production sites, it promotes a proactive approach toward EHS and supports better decision-making, continuous improvement, and optimal efficiency.

Our Initiatives

Surakshapath

Surakshapath is a behavioural safety program to promote a safety culture by identifying at-risk-behaviour, ensuring immediate correction, and avoiding incidents. Surakshapath is designed to develop self-correcting behaviour, with one in ten employees trained as a 'Surakshakarmi' to prevent unsafe behaviour among other employees.

Monthly EHS Program

Our Monthly EHS program focuses on various important aspects of EHS through monthly EHS theme to enhance the knowledge and competence of our employees. This leads to a culture of health and safety and facilitates efficiency through inspections, upgradations, and audits.

One Minute Safety Program

We successfully initiated weekly safety talks at all our sites, wherein our employees share their safety-related experiences and concerns.

Safety Training

We believe in the continuous improvement in capabilities of our employees for a safe workplace. As part of our commitment, we initiated several training programs related to EHS at all our sites. During the year, we conducted the following safety training programs:

- **Production-related safety training:** External training was conducted on wide-ranging topics from protection against chemical burns to first-aid training to impart necessary knowledge to minimize harm from an accident
- **Onsite Emergency Mock Drill:** We conducted an emergency mock drill on electrocution and arc flash fire for all workmen involved in API-9 Block
- **Demo Training:** We conducted Demo training on rescue operations, firefighting, and hydrant building
- **Training on Fire Extinguishers Operations:** We conducted training programs on the proper usage of a fire-extinguisher
- **Mock Drill on Emergency Evacuation:** We conducted mocks drills routinely in emergency evacuation scenarios for developing emergency preparedness
- **Other Safety Training:** We conducted site-specific safety training initiatives to address and fill gaps in our safety systems and employee knowledge

Ojas - Employee Wellness Program

We conduct various health initiatives under Ojas – our employee wellness program. Following initiatives were implemented during the year:

- **General Measures for Employee Safety:** In response to the second wave of the pandemic, we accelerated our health and safety measures and implemented strict COVID-19 protocols
- **COVID-19 Awareness Programs:** We initiated various awareness programs for all our employees through registered medical practitioners to educate them on safety measures and advocate the importance of hygiene
- **Medical and Testing Facilities:** We organised health camps at all sites and offices to test our employees for COVID-19
- **Preventive Health Policy Measures:** We extended COVID-19 protection insurance to all our employees and also facilitated group team life insurance policies for all permanent employees
- **Vaccination Drive Across all Sites:** We made it mandatory for all employees to be vaccinated and partnered with hospitals and health authorities to set up vaccination camps for family members. We achieved 100% employee vaccination
- **Annual Health Check-up:** We have initiated annual health check-up camps at our production plants

Supply Chain

Our efforts are directed towards creating a responsible supply chain by integrating environmentally and financially viable practices into the complete supply chain life cycle.

We evaluated our suppliers across the environment, social, and governance parameters and have developed score cards to rate suppliers for environmental and statutory compliances. We conduct supplier audits and take corrective actions as needed.

During the COVID-19 pandemic, we continued to support our suppliers by continuing with our contracts, providing adequate financial support, and maintaining regular communication of plant production forecasts.

Community

We are committed to creating shared value for communities in the vicinity of our operating areas. Our CSR program, 'Srijan', is an integral part of the Company's sustainable growth and development. We partner with non-governmental organizations (NGOs) in areas like secondary education, skill development, employability and infrastructure development, healthcare, sanitation, environmental sustainability, and protection of national heritage, art, and culture.

Srijan Initiatives

Anahat
Environment and ecology protection

Medha
Education and skill development

Kaushalya
Healthcare and sanitation

Sampark
Employee contribution

Rachna
Protection of national heritage, art, and culture

Education and Skill Development (Medha)

We believe education and skill development create a huge impact by tapping the potential of people. Under our education and skill development initiatives, we focus on primary and secondary education, vocational training, and school infrastructure.

₹15.5 million
CSR EXPENDITURE ON EDUCATION AND SKILL DEVELOPMENT INITIATIVES

Initiative	Prarambh	Unnati	Buniyaad
	Initiation	Progress	Foundation

Initiation (Prarambh)

Prarambh is driven by the philosophy of facilitating primary and secondary education underprivileged children. As part of Prarambh, we undertook the following initiatives during the year:

- **Faculty Development Program at a Govt. School at Jigani** for the ninth consecutive year by sponsoring the teacher's salary
- **Educational Sponsorship:** We enabled and facilitated students from underprivileged backgrounds by sponsoring their education. During the year, Panoli team facilitated secondary education of two children by sponsoring their education expenditure and our Jigani Unit 2 sponsored the education of five children from Adarne Charitable Trust for a period of three years
- **Distribution of Notebooks at Jigani** at multiple government schools during the pandemic
- **Supported Happiness Kits and Mid-day Meals** to 3,068 government school children near our Jigani plant by collaborating with the Akshaya Patra Foundation for the second consecutive year

Progress (Unnati)

Unnati is driven by the philosophy of promoting employability through vocational training and education. As part of Unnati, we undertook the following initiatives this year:

- **Supported Specially-abled Children at Taloja** by supporting Aai Day Care Sanstha for the fifth consecutive year by providing them vocational training and schooling services

We also supported the infrastructure requirements of a new hostel cum training facility being constructed for residing children

- **Sponsored a Pentathon Athlete** by sponsoring his training camp in Egypt to help him prepare and compete for 2024 Olympics

Foundation (Buniyaad)

Buniyaad is driven by the philosophy of providing schools with the necessary infrastructure to facilitate education. As part of Buniyaad, we undertook the following initiatives this year:

- **Infrastructure Work at Ghot Camp Zilla Parishad School near Taloja** to improve facilities for 150 students and 5 teachers
- **Infrastructure Work at Sutarkond Zilla Parishad School near Mahad plant** including exterior painting of school building, toilet construction, etc.

- **Infrastructure Development Work at Five Additional Zilla Parishad Schools near Mahad by** repairing the damage caused to five schools by a recent flood and plan to improve the infrastructure of six more schools in the area
- **Support to Vidya Bharati Gujarat Pradesh towards Netaji Subhash Chandra Bose Military Academy** by supporting the NGO to help in the development of a sainik school; The beneficiaries of our support are expected to be 630 students – 35% of which will be girls
- **Support to Jan Jagrati Sevarth Sansthan towards School Development** in the development of an English medium school based on international modules. The school will provide quality education to more than 1,000 students with 25% of students bearing no cost of education under RTE, 2009

Healthcare and Sanitation (Kaushalya)

We provide essential healthcare and sanitation services to complement Government programmes.

₹2.9 million
CSR EXPENDITURE ON HEALTHCARE AND SANITATION

Our Initiatives this Year:

Menstrual Health and Awareness Program

Addressing information gaps about menstrual health can help protect women from adverse health impacts such as reproductive health infection (RTI) and increase girls' attendance in schools. In line with this, we partnered with IAHV and organised a series of Menstrual Health and Hygiene Awareness Programs (MHHAP) across all our sites. We received encouraging participation for our program and provided Menstrual Health Hygiene kits at the completion of the program to drive meaningful behavioural change.

200
RURAL WOMEN PARTICIPATED IN MHHAP ACROSS SITES

Partnership with Ummeed to Empower Children with Developmental Disabilities

We partnered with Ummeed Child Development Center to help them provide specialised care to children with developmental disabilities.
We supported Ummeed Parent Program for Autism (UPPA) for two years, which is a six- to eight-week parent training-cum-coaching program aimed at modifying the home environment to support the child's play and communication.
It also creates opportunities for the child to initiate communication with appropriate language according to the child's level.

Supported NGO to provide Critical Medical Services

We partnered with Seva Yagna Samiti for the sixth consecutive year to provide ICU/ICCU facilities to underprivileged children. This project has helped us facilitate critical medical assistance for over 70,000 patients over the last five years.

Supported Old Age Home near Jigani Unit 2

We extended our support to Ashraya old age home near our Jigani Plant where we donated various supplies (gloves, ration, sanitary items, fruits, and vegetables).

Other Initiatives

- We continued to support an underprivileged villager for the maintenance of dialysis requirements for the third consecutive year
- As a reflection of our concern for the devastation caused by recent floods in Konkan, we donated 100 grocery kits to the victims to support them in their time of crisis
- We supported a village panchayat in the cleaning of their drainage canal such that the agricultural activities and livelihoods of the villages are not disrupted
- We contributed new-born baby kits, toys, and fruit baskets to ten underprivileged children at a hospital near Jigani
- We supported an NGO which houses 20 underprivileged children where our HR team organised a special lunch, ration items, fruits, and clothes including outdoor activities

Protection of national heritage, art, and culture (Rachana)

We believe that India's national heritage, art, and culture contributes to the uniqueness of India's identity. As part of our desire to create shared value, we have undertaken several initiatives for the protection of India's heritage, art, and culture for the present and future generations.

₹2 million
CSR EXPENDITURE ON THE PROTECTION OF NATIONAL HERITAGE, ART, AND CULTURE

ESG → Social

Our Initiatives this Year:

Supported Chhatrapati Maharaj Vaastu Sangrahalaya

We extended our support to the 'Indian Metal and Decorative Arts Gallery' to help maintain the collections, their storage, as well as for the essential functions of conservation, climate control, and security of the artefacts.

Supported a Literature Festival

We sponsored a session on Martin Kemp's book 'Visions of Heaven: Dante and the Art of Divine Light' at the twelfth edition of Tata Literature Live! – The Mumbai Litfest.

Supported National Centre for the Performing Arts (NCPA)

We extended our support to the NCPA for the fifth consecutive year and enabled them to continue their activities during the pandemic.

Extended Support to Jnanapravaha Academic Institute

We extended our support to Jnanapravaha Academic Institute for the fifth consecutive year.

Jnanapravaha Academic Institute is one of India's leading independent academic institutes, and through our collaboration, they could successfully conduct online courses on Yoga and Tantra.

Supported Mehli Mehta Music Foundation (MMMF)

Hikal supported the Mehli Mehta Music Foundation in extending music education to the underprivileged children who have been facing difficulty during the pandemic.

Employee Contribution (Sampark)

Sampark extends our employee engagement programs outside our sites and enable our employees to actively contribute towards creating shared value for the underprivileged communities.

Our Initiatives this Year:

Distribution of notebooks to children near Pune

Our employees from Pune R&T team provided primary students with notebooks to help them receive a quality education.

Donation to an orphanage

Our Panoli Women's Forum team distributed chocolates and clothes to the children and shringar kit, clothes and chocolates to the women at the orphanage in 'Nari Sanrakshan Kendra'.

Supported development of police Infrastructure near Panoli

Our Panoli team volunteered to help in the construction of a new building for a police station near our Panoli site. The purpose behind this initiative is to ensure a conducive social environment and address law and order for 16 villages in the vicinity.

Organised blood donation camp at Panoli

Our Panoli site conducted a blood donation camp in association with Red Cross Blook bank, wherein 48 employees donated blood.

₹1 million

CSR EXPENDITURE ON RURAL DEVELOPMENT PROJECTS FACILITATED BY EMPLOYEE VOLUNTEERING

COVID-19 Initiatives

The second wave of the pandemic unleashed devastation in the country with lockdowns, curfews, and acute shortage of oxygen placing a huge burden on the population. We took the following initiatives to cushion the impact of COVID-19:

- Supported the CII foundation in providing 100,000 N95 masks to Mumbai traffic police
- Supported the Lokivas Samajik Sanstha and Mahad Municipal Corporation in setting up a COVID-19 health care centre at Mahad
- Provided medical equipment for COVID-19 treatment to a hospital near Taloja, and facilitated provisions for beds to our employees during the second wave
- Provided ventilator and BIPAP machine to a multi-speciality hospital in Bharuch to support COVID-19 patients
- Donated an oxygen plant to a government hospital in Porbandar, Gujarat

₹5.7 million

CSR EXPENDITURE ON COVID-19 RELIEF WORK

MANAGEMENT DISCUSSION AND ANALYSIS

ESG → Governance

Delivering Good Governance

We strive towards integrating sustainability into our operations and aim to create short-term and long-term value for our stakeholders. Aligning our value creation strategy with the expectations of stakeholders is the key principle of our governance.

Transparency and Accountability

Our Board of Directors ensures transparency, integrity, and accountability at all levels of the organisation. Our Management Committee focuses on implementing our value creation strategy whilst adhering to the creation of shared value for all our stakeholders.

Board Committees

- Audit Committee
- Stakeholder Relationship Committee
- Nomination & Remuneration Committee
- Corporate Social Responsibility Committee
- Risk Management Committee
- Share Transfer Committee

Key Board Functions

- Review the Business Strategy and Operational Plans
- Monitor and Review the Board Evaluation Framework
- Discharge Statutory or Contractual Responsibilities
- Oversee the Process for Compliance with Laws and Regulations
- Provide Oversight on Corporate Governance Practices
- Review the Risk Management Approach
- Oversee the Reliability of External Communications
- Monitor and Review Management Performance

Our Governing Policies

- Risk Management Policy
- Dividend Distribution Policy
- Whistle Blower Policy
- Archival Policy
- Policy for Determining Material Subsidiary
- Policy on the Preservation of Documents
- Policy for Determination of Materiality of any Events or Information
- CSR Policy
- Related Party Transactions Policy

MANAGEMENT DISCUSSION AND ANALYSIS

ESG → Governance

Board of Directors

Jai Hiremath

Executive Chairman

Mr. Hiremath is the Founder and Executive Chairman with over 41 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

Non-Executive Director

Mr. Kalyani is the Chairman & MD of Bharat Forge Limited, the flagship company of the $3 billion Kalyani Group.

Mr. Kalyani is B.E. (Hons) in Mechanical Engineering from the prestigious Birla Institute of Technology & Science, Pilani, and subsequently, earned an M.S. from the Massachusetts Institute of Technology, Boston, USA, in 1972. Mr. Kalyani has been conferred with the highest civilian awards from many countries, which include Padma Bhushan by the Government of India; Order of the Rising Sun, Gold and Silver Star (Japan); Cross of the Order of Merit (Germany); Commander First Class of the Royal Order of the Polar Star (Sweden); and Knight in the Order of the Legion of Honour (France).

Mr. Kalyani is a nominated member representing the Indian Industry in the Prime Minister's Science Technology and Innovation Advisory Council (PM-STIAC). He 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.

Mr. Kalyani is the Founding Chairman of Pratham Pune Education Foundation and supports various other NGOs and charitable institutes engaged in skilled development, sustainability, women empowerment, sports, and healthcare.

Sameer Hiremath

Managing Director

Mr. Hiremath oversees the day-to-day operations of the Company, which include Research & Technology, Manufacturing Operations and Sales & Marketing. He has over 27 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.

Kannan Unni

Independent, Non-Executive Director

Mr. Unni is a pioneer in crop protection with over 55 years of experience in the crop protection and animal health industry. He 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.

Mr. Unni 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

Independent, Non-Executive Director

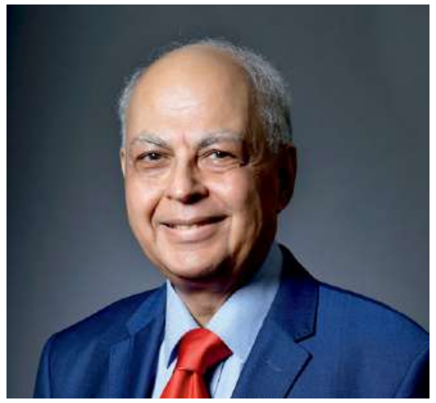
Mr. Mehta has a degree in law from Mumbai University (1963) and qualified as a solicitor in 1966. He is the Managing Partner at Malvi Ranchoddas & Co., Advocates and Solicitors, a law firm in Mumbai.
He brings extensive experience in corporate and commercial legal matters. Mr. Mehta is on the board of several listed and unlisted companies in India.

ESG → Governance

Sugandha Hiremath

Non-Executive Director

Ms. Hiremath has more than 40 years of experience in Finance. She is an active participant in the Audit Committee at Hikal. She also serves on the board of several companies.



Ranjit Shahani

Independent, Non-Executive Director

Mr. Shahani has extensive experience in the life sciences industry. He started his career with ICI in the Fibres & Specialty 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 was the Vice-Chairman & Managing Director of Novartis India for 17 years.

Mr. Shahani brings with him diverse experience to drive strategic growth plans. Over his career span, he has delivered strong and successful business outcomes within complex environments. He is the President Emeritus of Swiss Indian Chamber of Commerce (SICC), the 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

Non-Executive Director

Mr. Kalyani is a member of the management board and Deputy Managing Director of Bharat Forge Limited (BFL), the flagship company of the $3 billion Kalyani Group. He has been involved with driving the group's strategy and in the execution of its diversification over the past decade. 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 and YPO.

He holds a BE degree in Mechanical Engineering from Bucknell University, Pennsylvania, USA, and is a graduate of the OPM Program at Harvard Business School.

Shivani Sachdeva

Independent, Non-Executive Director

Ms. 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 19 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.

Ms Sachdeva 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. She 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.

She 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.

She 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).

Shrikrishna Adivarekar

Independent, Non-Executive Director

Mr. Adivarekar is a qualified Chartered Accountant (Fellow member of the ICAI) with over 19 years of experience. He has been working with M/s Kunte & Vaidya Chartered Accountants since 2000 in various capacities and is now the Managing Partner.

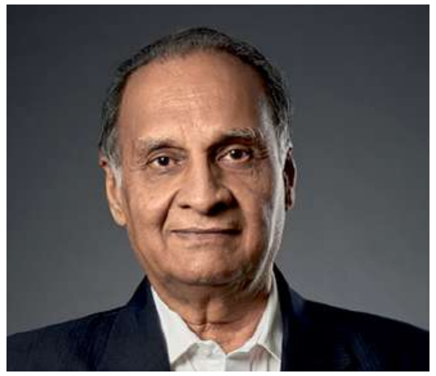
Mr. Adivarekar has experience dealing with various corporate and legal matters under Direct Tax Laws, Company Law, FEMA etc for various large corporate groups. Mr. Adivarekar serves as an Independent Director on several boards.

Mr. Adivarekar graduated in Commerce from Pune University in 2002 and qualified as a Chartered Accountant in 2003.

50 %
INDEPENDENT DIRECTORS

20 %
OF DIRECTORS ARE WOMEN

Scientific Advisory Board



Dr. Goverdhan Mehta

Dr. 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' 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. Axel Kleemann

Dr. 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 (5^{th} 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. K. Nagarajan

Dr. Nagarajan has over 59 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 is 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.

Management Committee

Jai Hiremath

Executive Chairman

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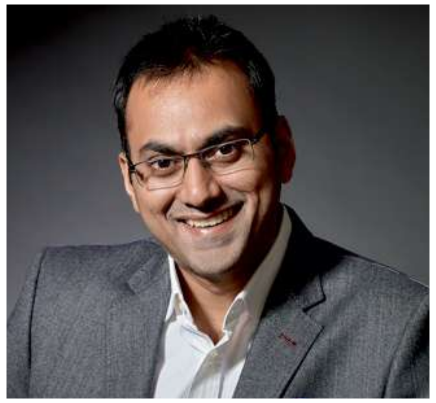


Anish Swadi

Senior President – Animal Health & Business Transformation

Mr. Swadi has 25 years of industry experience. He is leading the "Business Transformation" initiative at the company. He is also responsible for Corporate Strategy and Investor Relations. He served 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 and completed the Management Development Program from the Wharton School.

MANAGEMENT DISCUSSION AND ANALYSIS

ESG → Governance

Mr. Mehrotra has over 35 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-specialty business. At Hikal, he is responsible for strategy, sales and operations of the pharmaceutical division.

Manoj Mehrotra
President - Pharmaceuticals

Mr. Kulshrestha has over 35 years of experience in the fine chemical and agrochemical industry. He completed his B. Tech in Chemical Engineering from H.B. Technical Institute, Kanpur and Executive Management from IIM Kolkata. Mr. Kulshrestha has worked in companies such as Grasim Industries, Modipon Limited with a long stint in Jubilant Group Companies. He has experience in the B2B speciality chemicals and agrochemical industry, handling P&L and senior leadership roles. At Jubilant, Mr. Kulshrestha spent the first 8 years overseeing the technical and manufacturing aspects of the business and in his last assignment, he was the Sr. Vice President and SBU Head of the Ethanol division. He also led the Crop Protection business with the responsibility of strategy, sales, marketing, business development and operations. At Hikal, he is responsible for the P&L of the Crop Protection division.

Vimal Kulshrestha
President - Crop Protection

Mr. Jain has over 31 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 24 years. Mr. Jain has played a key role in developing and implementing financial procedures to improve and maintain the financial health of the company while keenly overseeing the overall accounting/taxation processes. He is also responsible for investment analysis and analysing the Company's financial strengths and weaknesses. Kuldeep is a qualified Chartered Accountant and Member of the Institute of Chartered Accountants of India, New Delhi.

Kuldeep Jain
Chief Financial Officer

Mr. Jha is a transformational leader with cross-industry experience of 27 years, having worked in different countries and multiple sectors like Pharma, Energy, Automotive, Metal & Mining, Packaging, Manufacturing and Services. Mr. Jha is an alumnus of TISS Mumbai and has attended different business certifications program at IMD Switzerland, University of Michigan, AOTS Japan, ISB, IIM-A. Under his leadership, the companies that he worked for were listed in several forums & won multiple business awards such as - Great Place to Work Award, Companies with Great Managers Award, Most Innovative HR Practices Award by NHRD, Best in class for cultural transformation and Best in class for Most Innovative HR practices by People Matters.

Mr. Jha has an enriching experience in talent management, culture change management, capability building, learning & OD interventions, performance management, capability building, employee relations, employee engagement & retention programs.

Ratish Jha
President - Human Resources

Corporate Information

Board of Directors
Jai Hiremath - Executive Chairman
Sameer Hiremath - Managing Director
Baba Kalyani
Prakash Mehta
Kannan Unni
Ranjit Shahani
Sugandha Hiremath
Amit Kalyani
Shivani Bhasin Sachdeva
Shrikrishna Adivarekar (22 December 2021 onwards)
Ravindra Kumar Goyal (upto 22 December 2021)

Audit Committee
Kannan Unni
Prakash Mehta
Sugandha Hiremath
Ravindra Kumar Goyal (upto 22 December 2021)
Ranjit Shahani (20 July 2022 onwards)

Chief Financial Officer
Kuldeep Jain

Company Secretary
Rajasekhar Reddy

Statutory Auditors
S R B C & Co. LLP, Chartered Accountants

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

Legal Advisor
Malvi Ranchoddas & Co.

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

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

Works
Mahad, Maharashtra
Taloja, Maharashtra
Panoli, Gujarat
Pharmaceutical Unit - 1 & 2, Jigani, Karnataka
R&D Unit at Hinjewadi Pune, Maharashtra

Registrar & Transfer Agents
Universal Capital Securities Pvt Ltd.
C-101, 247 Park, L.B.S. Marg, Vikhroli (West),
Mumbai - 400 083
Email: info@unisec.in
Website: www.unisec.in
Tel: +91-22-2820 7203/04/05
Fax: +91-22-2820 7207

Website
www.hikal.com

Email
info@hikal.com

Cautionary Statement Board

This report contains projections, estimates, etc., which are 'forward-looking statements' within the meaning of applicable securities, laws and regulations. Although the projections, estimates, etc., are based on reasonable expectations, actual results could materially differ from those expressed or implied in this report. Important factors that may have an impact on the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets, changes in government regulations/policies, tax laws and other statuses, and other identical factors. The Company assumes no responsibility to publicly modify or revise any forward-looking statements on the basis of any future events or new information.

Directors' Report

To,

The Members,

The Directors are pleased to present the 34th Annual Report with the Audited Accounts for the financial year ended 31 March 2022.

1. FINANCIAL RESULTS

₹ in Million

	2021-22	2020-21
Total Revenue	19,476	17,254
Profit before interest & depreciation	3,454	3,278
Interest	312	362
Profit before depreciation	3,142	2,916
Depreciation	957	852
Profit before taxation before exceptional item	2,185	2,064
Provision for taxation		
- Current tax	596	796
- Deferred tax	(16)	(63)
Profit after tax	1,605	1,331
Reserves and surplus	10,433	9,088
Dividend on equity share	271	148

2. COMPANY PERFORMANCE

The Company achieved total revenue of ₹ 19,476 million in FY 2021-22, against ₹ 17,254 million in the previous year, recording a growth of 12.9%. The sales of the pharmaceutical business recorded a growth by 6.6% to ₹ 11,297 million, while the sales of the Crop Protection saw a growth of 23% to ₹ 8,129 million.

The EBITDA margins stood at around 17.8%, growing in line with the turnover from ₹ 3,278 million in the previous year to ₹ 3,454 million in FY 2021-22. Absolute EBITDA also increased by ₹ 176 million (5.4%). The Profit before Tax (PBT) went up by 5.9% from ₹ 2,064 million in the previous year to ₹ 2,185 million in FY 2021-22. Profit after Tax (PAT) witnessed a growth of 20.6% from ₹ 1,331 million in the previous year to ₹ 1,605 million in FY 2021-22. The Earning per Share (EPS) also increased from ₹ 10.80 in the previous year to ₹ 13.02 in FY 2021-22.

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 1.25 for FY 2021-22, as against 1.34 in the previous year. The net Debt to Equity Ratio improved from 0.61 in the previous year to 0.59 in FY 2021-22, while the Debt Service Coverage Ratio (DSCR) strengthened from 1.29 in the previous year to 1.31 in FY 2021-22.

3. EXPORTS

Exports for the year 2021-22 were ₹ 14,141.98 million (73% of total sales) as compared to ₹ 11,822.59 million (69% of total sales) in the previous year. We diversified our customer base, which included more local customers who, in turn, re-exported our manufactured products.

4. MANAGEMENT DISCUSSION AND ANALYSIS

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

6. DIVIDEND

The Board declared an interim dividend of 60% (₹ 1.20 per share), which was paid to shareholders in March 2022, and recommended a final dividend of 20% (₹ 0.40 per share) for the year 2021-22. If approved by the shareholders, the dividend for the financial year 2021-22 shall aggregate to 80% (previous year: 100%).

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 2022, stood at ₹ 246.60 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 2022, 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, is available on the website of the Company www.hikal.com.

9. SUBSIDIARIES

The Company has two subsidiaries viz. Acoris Research Limited and Hikal LLC, USA (became a subsidiary during the year). A statement containing the salient features of the Financial Statements of Subsidiaries in the prescribed Form AOC-1, is attached as "Annexure A" to this Report. The Company will provide the Financial Statements of the subsidiaries and the related information to any member of the Company who may be interested in obtaining the same. The financial statements of the subsidiaries 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, include the Financial Statements of Subsidiaries. The Financial Statements of Subsidiaries 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.

In accordance with the provisions of Section 152 of the Companies Act, 2013, and the Company's Articles of Association, Mr. B. N. Kalyani (DIN - 00089380), Director, retires by rotation at the forthcoming Annual General Meeting (AGM), and being eligible, offers himself for re-appointment. The Board has, in its meeting held on 22 December 2021, appointed Mr. Shrikrishna K. Adivarekar (DIN-06928271) as an Additional Director of the Company, in the category of Independent Director for a term of three years with effect from 22 December 2021, subject to the approval of the members of the Company at the 34th Annual General Meeting. The Board proposes appointment of Mr. Shrikrishna K. Adivarekar as an Independent Director of the Company for a term of three years w.e.f. 22 December 2021. The Board of Directors, vide their circular resolution passed on 19 July 2022, re-appointed Mrs. Shivani Bhasin Sachdeva (DIN: 00590500) as an Independent Director of the Company for a second consecutive term of 5 years with effect from 1 August 2022, subject to the approval of the members of the Company. 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. Ravindra Kumar Goyal resigned as an Independent Director of the Company w.e.f. 22 December 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 2021-22, are mentioned in the Corporate Governance Report, which forms 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 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. The disclosure of Related Party Transactions as required under Section 134(3)(h) of the Act in Form AOC-2 is attached as "Annexure C".

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

The Maharashtra Pollution Control Board (MPCB) had, vide its order dated 15 February 2022 directed the Company to stop the manufacturing activities at its manufacturing Unit, located at Taloja MIDC, Dist. Raigad, against which the Company filed a Writ Petition before the Hon'ble Bombay High Court. Vide order dated 21 February 2022, the Hon'ble Bombay High Court set aside the MPCB order dated 15 February 2022 and directed MPCB to grant a fresh personal hearing to the Company, on 1 March 2022.

After granting the aforementioned personal hearing, the MPCB had, vide its order dated 22 April 2022 directed the Company again to stop the manufacturing activities at the Taloja Plant. The Company has again challenged the said MPCB directions and filed a Writ Petition before the Hon'ble Bombay High Court. Vide order dated 23 June 2022, the Hon'ble Bombay High Court set aside the MPCB order dated 22 April 2022 and directed MPCB to grant permission to restart the manufacturing activities at the Taloja plant of the Company. Consequently, MPCB has granted permission, vide order dated 29 June 2022, to restart the manufacturing activities at the Taloja plant of the Company.

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, other than what is mentioned above.

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 subsidiaries. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby, strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee.

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

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

18. KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of Section 203 of the Act, following were the Key Managerial Personnel of the Company as on 31 March 2022:

Mr. Jai Hiremath, Executive Chairman (WTD)

Mr. Sameer Hiremath, Managing 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. 54 to the notes to the standalone 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 2021-22, and of the profits 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 provisions 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 2022, 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 2022-23. The requisite resolution for ratification, of remuneration payable to Cost Auditors for the year 2022-23, by the shareholders has been set out in the Notice of AGM. The cost audit report for the financial year 2020-21 was filed with the Ministry of Corporate Affairs, Government of India, on 28 August 2021.

23. SECRETARIAL AUDITOR

The Board had appointed M/s. Ashish Bhatt & Associates, Practicing Company Secretaries, to conduct the Secretarial Audit for the financial year 2021-22.

The Secretarial Audit Report for the financial year ended 31 March 2022, is annexed to this report as "Annexure D". The observations/ remarks made in the secretarial audit report are self-explanatory and do not require any further elaboration.

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.

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

25. PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

Pursuant to the provisions of the 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. 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 2021-22, 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 financial year, dividend, relating to the year ended 31 March 2014, amounting to ₹ 284,276/- that had not been claimed by the shareholders, was transferred to the credit of IEPF as required under Sections 124 and 125 of the Act.

- Unclaimed dividend as on 31 March 2022

  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, 2021, 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, 4007 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 2022.

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 2850 as on 31 March 2022, including 1906 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 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 Exchange Earnings and Outgo, forming a part of the Directors' Report, is given in the enclosed "Annexure F" which forms 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 2021-22.

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
Executive Chairman
DIN: 00062203

Date: 10 August 2022
Place: Mumbai

ANNEXURE – A

FORM NO. AOC-1

Statement containing the salient features of the financial statements of subsidiaries

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 2021 to 31 March 2022)	Hikal LLC, USA (7 April 2021 to 31 March 2022)
1.	Share Capital	150.50	-
2.	Reserves	(150.68)	0.02
3.	Total Assets	-	0.02
4.	Total Liabilities	0.18	-
5.	Investments	-	-
6.	Turnover	-	-
7.	Profit/(loss) Before Tax	0.11	0.02
8.	Provision for Tax	-	-
9.	Profit/(loss) After Tax	0.11	0.02
10.	Proposed Dividend	-	-
11.	% of Shareholding	100	100

Sd/-
Jai Hiremath
Executive Chairman
DIN:00062203

Sd/-
Sameer Hiremath
Managing Director
DIN: 00062129

Sd/-
Kannan Unni
Independent Director
DIN: 00227858

Date: 10 August 2022
Place: Mumbai

Sd/-
Kuldeep Jain
Chief Financial Officer

Sd/-
Rajasekhar Reddy
Company Secretary

ANNEXURE – B

Hikal Ltd.

Remuneration Policy

PREAMBLE

The objective of the Remuneration Policy of Hikal Ltd. ('the Company') is to attract, motivate, and retain the best talent in the industry, create congenial work environment and offer appropriate remuneration packages and retirement benefits. The composition of 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 the Listing Regulations.

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 of four Independent Directors. In line with the amended provisions of listing regulations 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.

REMOVAL

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

RETIREMENT

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

Appointment of KMP & senior management and cessation of their service are subject to the approval of the NRC and the Board of Directors. Remuneration of KMP and other Senior Management Personnel is decided by the Chairman and Managing 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 Chairman and/or 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

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8 (2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/ arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1	Details of contracts or arrangements or transactions not at arm's length basis :	
(a)	Name(s) of the related party and nature of relationship	Nil
(b)	Nature of contracts/ arrangements/ transactions	
(c)	Duration of the contracts/ arrangements/ transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
(e)	Justification for entering into such contracts or arrangements or transactions	
(f)	Date(s) of approval by the Board	
(g)	Amount paid as advances, if any	
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

2	Details of material contracts or arrangement or transactions at arm's length basis :	
(a)	Name(s) of the related party and nature of relationship	Mr. Anish Swadi, relative of Directors
(b)	Nature of contracts/ arrangements/ transactions	Appointment as Senior President – Animal Health & Business Transformation (Office of Profit)
(c)	Duration of the contracts/ arrangements/ transactions	Five years commencing from 1 October 2021
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	As per the Resolution passed at Item no. 7, at the 33rd AGM held on 2 September 2021.
(e)	Date(s) of approval by the Board, if any	6 May 2021
(f)	Amount paid as advances, if any	N. A.

For and on behalf of the Board of Directors

Sd/-
Jai Hiremath
Executive Chairman
DIN: 00062203

Date: 10 August 2022
Place: Mumbai

ANNEXURE – D

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31 MARCH 2022

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2022 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 March 31, 2022 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 and Sweat Equity) Regulations, 2021; (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, 2021 (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 except to the extent as mentioned below:

1. During the financial year under review, the Company was accused by the Maharashtra Pollution Control Board (MPCB) of various violations of the Consolidated Consent and Authorisation to operate the Company's

ANNEXURE – D (Contd.)

manufacturing facility at Plot No T-21, MIDC, Taloja, Tal. Panvel, Dist. Raigad ("the said unit"). MPCB had consequently vide letter dated April 22, 2022 directed closure of the said unit, against which the Company filed a writ petition dated May 31, 2022 under Article 226 of the Constitution before Bombay High Court to set aside/ quash the closure order passed by MPCB. In view of the order dated June 23, 2022 passed by the Hon'ble Bombay High Court the MPCB vide letter dated 29.06.2022 has permitted the Company to re-start the manufacturing activities subject to the conditions mentioned in the said letter.

We further report that

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

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

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

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

1. Appointment of Mr. Jai Hiremath (DIN: 00062203) as Executive Chairman of the Company and to fix his remuneration.
2. Appointment of Mr. Sameer Hiremath (DIN: 00062129) as Managing Director of the Company and to fix his remuneration

For **Ashish Bhatt & Associates**

Sd/-
Ashish Bhatt
Practicing Company Secretary
FCS No: 4650
C.P. No. 2956
UDIN: F004650D000770855

Place: Thane
Date: 10 August 2022

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: F004650D000770855

Place: Thane
Date: 10 August 2022

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 records 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 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: F004650D000770855

Place: Thane
Date: 10 August 2022

ANNEXURE – E

THE ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline on CSR Policy of the Company:

Policy Statement:

As a socially responsible corporate member, 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 ₹ 31.68 million on CSR activities. Pursuant to the provisions of the Companies Act, 2013, the Company should have spent ₹ 32.14 million (being 2% of the average net profits of the last three financial years), during the financial year 2021-22. Excess amount spent during the previous financial years shall be used to set off against the short fall in the expenditure during the financial year 2021-22.

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	Executive Chairman	2	2
2	Mr. Sameer Hiremath	Managing Director	2	1
3	Mr. Prakash Mehta	Independent Director	2	1
4	Mrs. Sugandha Hiremath	Non-Executive Director	2	2

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 millions)	Amount required to be set-off for the financial year, if any (₹ in millions)
1	2021-22	1.07	0.46
2	2020-21	1.07	N.A.

6. Average net profit of the Company as per Section 135(5): ₹ 1607.05 million
7. (a) Two percent of average net profit of the Company as per Section 135(5): ₹ 32.14 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: ₹ 0.46 million

ANNEXURE – E (Contd.)

(d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 31.68 million

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

Amount (in ₹ million)

Total amount spent for the financial year (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
31.68	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 implem entation – Direct (Yes/ No)	Mode of implementation - Through implementing agency	
							Name	CSR registration number
1)	COVID-19	(i) & (xii)	Yes	CBD Belapur (Maharashtra)				
				Supporting the CII Foundation in providing 10000 N95 masks to the Mumbai Traffic Police	0.31	No	CII Foundation	CSR00001013
			Yes	Mahad (Maharashtra)				
				Support to Lokvikas Samajik Sanstha for setting up Covid Care Health Center along with Mahad Municipal Corporation	0.30	Yes		
				Support to the MMA Covid Care Center.	0.40	Yes		
			Yes	Panoli (Gujarat)				
				Provided Orchid multi speciality Hospital in Bharuch with 1 ventilator and 1 BIPAP machine	1.11	Yes		
				Contribution for oxygen plant at a Government Hospital, Porbandar with the help of local collector & GPCB team members.	1.95	Yes		
			Yes	Taloja (Maharashtra)				
				Provided medical equipment for COVID-19 treatment in the hospital	1.53	Yes		
				Support to Taloja police station for community health & social service during Covid time.	0.11	Yes		
2)	Disaster Relief	(xii)	No	CBD Belapur (Maharashtra)				
				Contribution of 100 grocery kits to support flood victims of Konkan and other parts of Maharashtra	0.10	Yes		
3)	Education & Skill Development	(ii)	Yes	Jigani Unit II				
				Sponsorship towards education of 5 children from Adarne Charitable Trust	0.12	No	Adarne Charitable Trust	CSR00006388
			Yes	Jigani Unit I				
				Remuneration of teachers' salary of nearby govt school	0.80	Yes		
				Support to The Akshay Patra Foundation for providing 1005 happiness kits to underprivileged children in Jigani	0.53	No	The Akshay Patra Foundation	CSR00000286
				Support to The Akshay Patra Foundation for providing mid-day meals to 2063 underprivileged children in Jigani	0.81	No	The Akshay Patra Foundation	CSR00000286
				Notebooks distribution to nearby government schools of Jigani	0.30	Yes		
			No	CBD Belapur (Maharashtra)				
				Support to Jan Jagrati Sevarth Sansthan towards school development at Rajasthan	2.50	No	Jan Jagrati Sevarth Sansthan	CSR00006903
			Yes	Mahad (Maharashtra)				
				Support to IAHV for Sutarkond zilla parishad (ZP) school infrastructure development	0.80	No	International Association for Human Values (IAHV)	CSR00000683
				Support to IAHV for improvement of Kambale Tarf ZP school infrastructure	0.75	No	International Association for Human Values (IAHV)	CSR00000683
				Support to IAHV for improvement of Kondivate ZP school infrastructure	0.26	No	International Association for Human Values (IAHV)	CSR00000683
				Support to IAHV for improvement of Nigade ZP school infrastructure	0.27	No	International Association for Human Values (IAHV)	CSR00000683
				Support to IAHV for improvement of Bhave ZP school infrastructure	0.53	No	International Association for Human Values (IAHV)	CSR00000683
				Support to IAHV for improvement of Vanikond (Chochinde Wadi) ZP School Infrastructure	0.72	No	International Association for Human Values (IAHV)	CSR00000683

ANNEXURE – E (Contd.)

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	Mode of implementation - Through implementing agency: CSR registration number
			Yes	Panoli (Gujarat)				
				Sponsorship of educational fees for Sahil Tailor and Kartik Panchal	0.15	Yes		
				Support to Vidya Bharati Gujarat Pradesh towards Netaji Subhash Chandra Bose Military Academy	2.50	No	Vidhya Bharti Gujarat Pradesh	CSR00006412
			Yes	Taloja (Maharashtra)				
				Support to IAHV towards infrastructure development of the ZP school at Ghot camp, Taloja	0.50	No	International Association for Human Values (IAHV)	CSR00000683
				Support to Aai Day Care for sponsorship of 10 children with special needs	0.40	No	Aai Day Care Sanstha	CSR00001096
				Support to Aai Day Care for installing rooftop solar system and an elevator in the residential facility for specially abled children	2.04	No	Aai Day Care Sanstha	CSR00001096
4)	Healthcare & Sanitation	(i)	Yes	Jigani Unit II (Karnataka)				
				Support extended to Ashraya Old Age Home by donating ration items, gloves, sanitary items and fruits & vegetables	0.04	Yes		
				Distribution of new born baby kits & fruit baskets to BPL families at a government hospital	0.02	Yes		
				Support extended to Matrubhoomi Organization by distributing ration items, fruits, clothes & organizing outdoor games for children	0.04	Yes		
			Yes	Jigani Unit I (Karnataka)				
				Medical treatment of a villager	0.11	Yes		
			Yes	CBD Belapur (Maharashtra)				
				Support to Ummeed for their Autism Intervention Programs for parents and caregivers [UMMEED PARENT PROGRAM ON AUTISM (UPPA)]	0.77	No	Ummeed Child Development Center	CSR00000221
			Yes	Mahad (Maharashtra)				
				Support to IAHV for Menstrual Health and Hygiene Awareness Workshop for women and adolescent girls	0.09	No	International Association for Human Values (IAHV)	CSR00000683
				Support to IAHV towards RCC tank construction at Sutarkond, Mahad	0.68	No	International Association for Human Values (IAHV)	CSR00000683
			Yes	Panoli (Gujarat)				
				Contribution to Seva Yagna Samiti towards providing emergency medical services to the underprivileged	0.80	No	Seva Yagna Samiti	CSR00004525

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	Mode of implementation - Through implementing agency: CSR registration number
			Yes	Pune (R&T)				
				Support to IAHV for Menstrual Health and Hygiene Awareness Workshop for women and adolescent girls	0.16	No	International Association for Human Values (IAHV)	CSR00000683
				Taloja (Maharashtra)				
				Support to IAHV for Menstrual Health and Hygiene Awareness Workshop for women and adolescent girls	0.05	No	International Association for Human Values (IAHV)	CSR00000683
5)	Environment & Ecology Protection	(iv)	Yes	Jigani Unit I				
				Support to IAHV for the Yallammanadoddi Lake Development Project	2.71	No	International Association for Human Values (IAHV)	CSR00000683
			No	CBD Belapur (Maharashtra)				
				Support to IAHV for the afforestation project at Tetvali, Rabale	0.40	No	International Association for Human Values (IAHV)	CSR00000683
				Contribution to WWF India towards conservation of KNP wetlands	1.00	No	World Wide Fund For Nature-India	CSR00000257
			Yes	Panoli				
				Supported the Umarwada village panchayat in cleaning of drainage canal	0.35	Yes		
6)	Promotion of Nationally Recognised Sports	(vii)	Yes	CBD Belapur (Maharashtra)				
				Support to IAHV for Mayank Chapekar for Tokyo Olympics 2021	0.26	No	International Association for Human Values (IAHV)	CSR00000683
				Support to IAHV for Mayank Chapekar for Egypt Training Camp at Cairo	0.85	No	International Association for Human Values (IAHV)	CSR00000683
			Yes	Taloja				
				Support towards sponsorship of Taloja cricket tournament in the month of Jan 2022	0.15	Yes		
7)	Protection of Art, Heritage & Culture	(v)	Yes	CBD Belapur (Maharashtra)				
				Support to the NCPA	0.50	Yes		
				Support to Jnanapravaha	0.30	Yes		
				Support to Mehli Mehta Music Foundation	0.50	Yes		
				Support to Chhatrapati Maharaj Vastu Sangrahalaya	0.40	Yes		
				Support to Tata Literature Live for The Mumbai LitFest - Martin Kemp's Session	0.30	Yes		
8)	Rural Development	(x)	Yes	Panoli				
				Support to IAHV towards police station infrastructure development project	0.85	No	International Association for Human Values (IAHV)	CSR00000683
		Total			**31.12**			

(d) Amount spent in Administrative Overheads: ₹ 5,65,015/-

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

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 31.68 Million

(g) Excess amount for set off, if any

(in ₹ million)

Sr no.	Particular	Amount
(i)	Two percent of average net profit of the Company as per Section 135(5)	32.14
(ii)	Total amount spent for the Financial Year	31.68
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(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)]	Nil

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

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 2021-22 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): The Company had made additional expenditure, during the previous financial years, which could be set-off during the financial year, against the obligation. There was a shortfall of ₹ 0.46 million for the current financial year and the excess expenditure made in the previous year was set-off to that extent.

For and on behalf of the Board of Directors

	Sd/-	Sd/-
	Sameer Hiremath	**Jai Hiremath**
Date: 10 August 2022	Managing Director	Executive Chairman
Place: Mumbai	DIN: 00062129	DIN: 00062203

ANNEXURE – F

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 2022

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 had been constituted at the corporate level in the year 2021 and Energy Conservation Policy has been revised in the financial year. 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 at Taloja:
  - Water saving initiatives in cooling tower blowdown
  - Atomization initiatives in salvage recovery, compressor, steam turbines and in process plant
  - Energy saving initiatives in air conditioners, plant premises lighting
  - VFD installation in major energy consuming pumps

  Total Investment ₹ 109.76 Lakh and Total Yearly Savings ₹ 94.4 Lakh
- The following energy saving initiatives have been implemented at Mahad:
  - Energy saving initiatives in chiller unit and motion sensor installation in factory lighting
  - Water saving initiatives in cooling tower blowdown
  - Rainwater harvesting
  - Heat recovery initiatives by condensate recovery and generation of hot water

  Total Investment ₹ 78.9 Lakh and Total Yearly Savings ₹ 171.7 Lakh
- The following energy saving initiatives have been implemented at Panoli:
  - Improvement in chiller and replacement of brine
  - Various energy saving initiatives in cooling tower pump, chiller

  Total Investment ₹ 43 Lakh and Total Yearly Savings ₹ 51.2 Lakh

Crop Protection Business (Total Investment and Savings):

Total Investment ₹ 231.66 Lakh and Total Yearly Savings ₹ 317.3 Lakh

Pharma Business

- The following energy saving initiatives have been implemented at Panoli:
  - VFD installation in major energy consuming motors
  - Waste heat recovery system installation

  Total Investment ₹ 120.48 Lakh and Total Yearly Savings ₹ 121.6 Lakh
- The following energy saving initiatives have been implemented at Jigani:
  - Energy saving initiatives in SRU and utility pump
  - VFD installation in cooling tower pump

  Total Investment ₹ 92.5 Lakh and Total Yearly Savings ₹ 56.5 Lakh

Pharma Business (Total Investment and Savings):

Total Investment ₹ 212.98 Lakh and Total Yearly Savings ₹ 178.1 Lakh

- The following energy saving initiatives are under implementation:
  - Power saving initiatives in cooling tower, brine system and utility
  - Modification in steam lines to control heat loss
  - Chemical consumption reduction and solvent recovery
  - Initiatives for effluent reduction
  - Initiatives for human exposure reduction by time cycle change and elimination of manual operation
  - Initiatives that reduce the voltage drop and cabling cost

Pune R&T

- CFL light fixtures replaced with LED lights in the entire R&T facility which has reduced power consumption of 4000 KWH equivalent to per month saving of ₹ 40000

  Total Investment ₹ 4 Lakh and Total Savings Per Annum ₹ 4.8 Lakh

ANNEXURE – F (Contd.)

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

Hikal continued its journey to use clean fuel and energy in its operations at Mahad, Taloja and Panoli plant. A long-term agreement of 25 years has been made with a supplier for energy supply of 2.8 MW hybrid power (2.80 MW Wind & 2.00 MWp Solar) which has zero carbon emission factor for the Panoli Plant.

Additionally, long term agreements of 25 years have been made with suppliers for energy supply of 8 MW solar power at Taloja Plant and 3 MW solar power at Mahad Plant.

Hikal is also in the process of identifying partners for renewable energy at its Bengaluru Plants. As on date, Hikal has contracted for 13.8 MW of renewable energy via hybrid or solar power across all its plants.

c) Capital investment on energy conservation equipment:

Crop Protection Expansion Project: ENCON initiatives incorporated in the design stage to save approx. ₹ 4.46 Cr/Annum

Energy crisis is an imminent reality and the need to provide energy-efficient plant designs have become increasingly important. At Hikal, all new projects are thoroughly reviewed by the technology department to ensure efficient energy usage with latest technology available in the market and detailed review of layout and equipment sizing etc. Hikal has invested to expand Crop Protection facilities in the current financial year, in which energy efficient concept and technology were ingrained at design stage itself which could fetch financial benefits of ₹4.46 Cr / Annum, compared to conventional design of plant.

Various design concepts included in this facility are:

- Energy intensive pumps were reviewed for its head and flow to optimize
- Use of centrifugal compressor in place of screw compressor for chilling plant
- Utilities layout was revised to optimize energy consumption of circulation pumps of cooling tower and chilling plant
- Prevention of heat loss in steam pipes by choosing right size of pipes
- New system design of HCl scrubber to produce 32% concentration

II. TECHNOLOGY ABSORPTION:

a) Efforts made towards technology absorption:

HRMS instrument at our Research and Technology (R&T) center has been extensively utilized for detection and validation of Nitrosamine impurities as per the USFDA/ EMA guidelines. It is critical as these impurities above a certain threshold limit might be carcinogenic. The activity has been completed for a few of our commercial products so far, with results confirming that these impurities are either absent or are within tolerable limits. This activity is now being carried out for our remaining products.

The new Kilo Lab at R&T is now fully functional and is being utilized to demonstrate R&T processes to facilitate seamless technology transfers to commercial plants at various locations for all our business verticals. The multipurpose facility has PLC (Programmable Logic Controllers) based data acquisition system for monitoring and control of process parameters. Capabilities in this Kilo Lab include pressure reactions, cryogenic conditions, high temperature reactions up to 250°C and fractional distillation systems. Technical detailing and scale-up effects from lab scale to plant scale of several processes have been successfully studied in the new Kilo Lab and have been transferred successfully to respective plants.

One more team has been added to the earlier two Synthetic Chemistry labs which are now dedicated for the Animal Health products. A few products are under development, and one has progressed towards process validation. A dedicated Analytical lab is also working to support the Animal Health development with improved technology like Charged Aerosol Detector (CAD) in HPLC for non-chromatophoric molecules and Electronic Signatures on chromatograms to avoid printouts and reduce paper usage, have been successfully implemented.

Solid-State lab at R&T is one of the state-of-the -Art facilities at Hikal, wherein we keep adding new specialized equipment based on the prevalent business needs. To facilitate growing customer requirement of particle size measurements for our active pharmaceutical ingredients (APIs), the lab is resourced with new equipment – Malvern 3000 and Air jet Sieve Shaker – with dedicated trained manpower to operate these on priority basis. This will ease the load on our Quality Control (QC) department for development and validation activities related to particle size distribution (PSD) and facilitate technology transfers of analytical methods from R&T to QC for faster deliveries.

Effluent treatment is a critical process for environmental sustainability. Hikal realizes this and hence has invested in an innovative technology at our Jigani Unit-1 facility. Mechanical Vapor Recompression Evaporator (MVRE) has been installed and successfully operated for concentrating High TDS (total dissolved solids) effluent, with an operating expenses that are about 40% lower than those for a traditional Multiple Effect Evaporator (MEE). The improvised technology works on electricity and does not consume additional utilities such as steam or cooling water. Automation of Solvent Management System has also been introduced at Jigani Unit-1 for systematic and smooth handling of Solvents between tank farm and individual production blocks.

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

To achieve cost leadership position across Hikal's Product Portfolio, we are continuously working to reduce cost and improve throughput of our commercial products. One of the products in our antidiabetic portfolio was commercialized after implementation of a successful cost improvement initiative. Development was completed for certain other products, which will get commercialised in the coming year. In the area of new product development, we have filed two USDMFs, one CEP filing and one EDMF. One of the DMF is for antidiabetic drug and the other has its application as an anticoagulant. For Crop Protection vertical, Global registration is done for two Crop Protection products and three process patents were filed. A dedicated team is working on identifying opportunities for reducing effluent loads for existing as well as new products.

c) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-

The Company has not imported or licensed any technology over the last three years.

d) Expenditure on R&D

₹ in million

	2021-22	2020-21
(i) Capital	275.35	36.25
(ii) Recurring	619.36	530.65
Total	**894.71**	**566.90**

(iii) Total R & D expenditure as a percentage of total turnover 4.6% in FY 21-22 and 3.3% in FY 20-21.

III. FOREIGN EXCHANGE EARNINGS & OUTGO

Total foreign exchange used and earned:

Used: ₹ 4,698.28 million (Previous year ₹ 4,623.03 million)
Earned: ₹ 14,141.98 million (Previous year ₹ 11,822.59 million)

For and on behalf of the Board of Directors

Sd/-
Jai Hiremath
Executive Chairman
DIN: 00062203

Date: 10 August 2022
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 500 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 2021 to 31 March 2022
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)	₹ 19,476,120,000
3.	Total profit after taxes (INR)	₹ 16,05,100,000
4.	Total spending on corporate social responsibility (CSR) as percentage of profit after tax (%)	1.97 %
5.	List of activities where the above mentioned item no. 4 expenditures were incurred:	Refer to Annexure E 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 subsidiaries of the Company are separate legal entities and follow BR initiatives as may be applicable to them.
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 : Executive Chairman

b) Details of the BR head

Sr. No.	Particular	Details
1.	DIN Number (if applicable)	00062203
2.	Name	Jai Hiremath
3.	Designation	Executive Chairman
4.	Telephone number	022 6277 0299
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 P 1	Sustainability P2	Employees' well-being P 3	Stakeholders' Interests P 4	Human rights P5	Environment P6	Regulatory policy P7	Equitable Development P8	Customers' Value 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

Sr. No.	Questions	Business ethics P 1	Sustainability P2	Employees' well-being P 3	Stakeholders' Interests P 4	Human rights P5	Environment P6	Regulatory policy P7	Equitable Development P8	Customers' Value P 9
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: Not Applicable

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. Executive Chairman and Managing Director 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 2021-22.

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. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The Company is engaged in mass production of its array of Products. It is more appropriate to measure resource consumption on the basis of product - wise batches manufactured, rather than individual units, as it is difficult to quantify the value of such reduction.

3. 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.

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

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

Yes, Hikal does procure goods and services from local and small producers wherever they are able to meet the quality and sustainability requirements. The Company has a comprehensive engagement model for encouraging local/small vendors. 58% of Hikal's procurement is from domestic producers and 42% 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.

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

Yes, the Company does have a mechanism to recycle the process solvents and ensures all waste is recycled at 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: 2850 (including item no. 2 & 3 mentioned below)

2. Please indicate the total number of employees hired on temporary/contractual/casual basis: 944

3. Please indicate the number of permanent women employees: 117

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

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

   a. Bhartiya Kaamgar Karmachari Mahasanghatan

   b. Hikal Chemical Worker Union

   c. New Maritime & General Kaamgar Sanghatana

   d. Jay Bhartiya General Kamgar Sanghatana

6. What percentage of your permanent employees are members of this recognized employee association? 6.8%

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	82%	81%	85%	90%	91%	93%
b) Permanent women employees	100%	100%	100%	93%	100%	100%
c) Casual/temporary/contractual employees	71%	80%	78%	60%	93%	74%
d) Employees with disabilities	-	100%	-	-	-	-

   b. Safety training:

Particulars	Panoli	Taloja	Mahad	Pune R&T	Jigani I	Jigani II
Number of Man hours	1,735	653	1,356	520	6,182	551

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 in the areas of secondary education, skill development, employability, infrastructure development, healthcare, sanitation, environmental sustainability and ecological balance. 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 2021-22.

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?

   The Company's EHS policy extends to all stakeholders of the business for their safety and environment protection. 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.

   The Company has taken various initiatives to reduce carbon footprint by adopting cleaner fuel and alternative energy sources. The Company has taken a target to reduce carbon footprint of its operations by 10% in the next 5 years. 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. The organization has prepared an Environment Impact Register for all its processes and the same is audited regularly by an internal as well as external auditor.

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. The Company has also proposed to set up a facility to fulfil its energy need from in-house energy production from agro-based fuel like briquette which would reduce carbon emission of operations significantly.

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 details are provided in the Directors' Report.

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 ₹ 31.68 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 2021-22.

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. Additionally, any customer and/ or country specific requirements as well as regulations are displayed 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 mechanism in place wherein we reach out to our customers before and after the services and the products are 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 products and services.

For and on behalf of the Board of Directors

Sd/-
Jai Hiremath
Executive Chairman
DIN: 00062203

Date: 10 August 2022
Place: Mumbai

Report on Corporate Governance

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 (ten) as on 31 March 2022, whose composition is given below:

A. Composition and Category:

Name	Category	Relationship with other Directors
Jai Hiremath Chairman 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
Amit Kalyani DIN: 00089430	Non-Executive Director	Son of B.N. Kalyani
Shivani Bhasin Sachdeva DIN: 00590500	Independent, Non-Executive Director	-
Sameer Hiremath Managing Director DIN: 00062129	Executive Director	Son of Jai Hiremath and Sugandha Hiremath
Ravindra Kumar Goyal DIN: 03050193*	Independent, Non-Executive Director	-
Shrikrishna Kiran Adivarekar DIN: 06928271**	Independent, Non-Executive Director	-

*Mr. Ravindra Kumar Goyal ceased to be a Director w.e.f. 22 December 2021

**Mr. Shrikrishna Kiran Adivarekar appointed as Independent Director of the Company w.e.f. 22 December 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	5	Yes	2	1	1
B.N. Kalyani	4	Yes	5	3	-
Prakash Mehta	5	No	7	7	4
Kannan Unni	5	Yes	1	-	-
Ranjit Shahani	5	Yes	3	2	1
Sugandha Hiremath	5	Yes	-	-	-
Amit Kalyani	3	No	7	2	-
Shivani Bhasin Sachdeva	5	Yes	3	1	-
Shrikrishna K. Adivarekar*	2	NA	4	5	2
Sameer Hiremath	4	Yes	1	-	-
Ravindra Kumar Goyal**	4	Yes	NA	NA	NA

*Mr. Shrikrishna Kiran Adivarekar appointed as Independent Director of the Company w.e.f. 22 December 2021

**Mr. Ravindra Kumar Goyal ceased to be a Director w.e.f. 22 December 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 are considered and membership includes chairmanships)

Directorship in Listed Entities other than Hikal Ltd. and the category of directorship as on 31 March 2022, is as follows:

Name of the Director	Names of Listed Entities	Category of Directorship
Jai Hiremath	Novartis India Ltd.	Non-Executive – Independent Director
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)
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
Kannan Unni	Nil	-
Ranjit Shahani	Ambuja Cements Ltd.	Non-Executive, Non-Independent Director
	JB Chemicals and Pharmaceuticals Ltd.	Non-Executive, Independent Director (Chairman)
Sugandha Hiremath	Nil	-
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
Shivani Bhasin Sachdeva	Nil	-
Shrikrishna K. Adivarekar*	Kalyani Steels Limited	Non-Executive, Independent Director
	BF Utilities Ltd.	Non-Executive, Independent Director
	Kalyani Investment Company Limited	Non-Executive, Independent Director
Sameer Hiremath	Nil	

*Mr. Shrikrishna Kiran Adivarekar appointed as Independent Director of the Company w.e.f. 22 December 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	73	BE (Mech), MS (MIT – USA)	Strategic Planning, Business Operations, Technology, Sales and Marketing, Finance Acumen, Governance and Risk Management
Prakash Mehta	80	LLB (Mumbai), Solicitor	Legal expertise, Integrity, Business Strategy
Kannan Unni	80	B.A. - Agriculture, Diploma in Marketing Management (Mumbai) IMEDE - Loussanne, Switzerland	Marketing, Business Contacts, Finance
Ranjit Shahani	72	ME (IIT, Kanpur), MBA (Jamnalal Bajaj Institute of Management Studies)	Operational efficiency, Intellectual Property expert
Sugandha Hiremath	70	B. Com	Finance, Investments
Amit Kalyani	46	Mechanical Engineering from Bucknell University, Pennsylvania, USA	Strategic Planning, Business Operations, Technology, Sales and Marketing, Finance Acumen, Governance and Risk Management.
Shivani Bhasin Sachdeva	48	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
Sameer Hiremath	48	BE (Chem), MBA & MS (I.T.) – Boston (USA)	Building High Performance Teams, IT – Digital Acumen, Projects Implementation, Strategic Planning
Ravindra Kumar Goyal*	63	Engineering Graduate from BITS Pilani & MBA	Strategy & planning, Financial Skills, Legal, Corporate Governance & Risk Management, Sales and marketing, technology and innovation, industry knowledge/ experience
Shrikrishna Kiran Adivarekar**	39	Chartered Accountant & Commerce Graduate	Industry knowledge & experience, strategy and planning, financial skills, legal and regulatory knowledge, corporate governance and risk management

*Mr. Ravindra Kumar Goyal ceased to be a Director w.e.f. 22 December 2021

**Mr. Shrikrishna Kiran Adivarekar appointed as Independent Director of the Company w.e.f. 22 December 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. Ravindra Kumar Goyal, Independent Director, resigned from the Directorship, due to personal reasons. Mr. Goyal 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 5 (Five) times during the financial year, details of which are as follows:

(1) 06 May 2021 (2) 05 August 2021 (3) 26 October 2021 (4) 22 December 2021 (5) 14 February 2022

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 31 March 2022.

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	0.50	1.42	1.92
Prakash Mehta	1.70	1.42	3.12
Kannan Unni	1.60	1.42	3.02
Ranjit Shahani	0.90	1.42	2.32
Sugandha Hiremath	1.10	1.42	2.52
Amit Kalyani	0.30	1.42	1.72
Shivani Bhasin Sachdeva	0.80	1.42	2.22
Shrikrishna Kiran Adivarekar*	0.20	0.39	0.59
Ravindra Kumar Goyal**	0.80	1.03	1.83
Total	**7.90**	**11.36**	**19.26**

*Mr. Shrikrishna Kiran Adivarekar appointed as Independent Director of the Company w.e.f. 22 December 2021

**Mr. Ravindra Kumar Goyal ceased to be a Director w.e.f. 22 December 2021

ii) Remuneration to Executive Directors:

(₹ in Million)

Name of the Director	Salary and Perquisites	Commission	Total
Jai Hiremath	53.88	22.65	76.53
Sameer Hiremath	36.00	22.65	58.65
Total	**89.88**	**45.30**	**135.18**

Shareholding of Non-Executive Directors in the Company:

Director	Number of shares held
B. N. Kalyani	22,500
Prakash Mehta	15,619
Kannan Unni	20,000
Sugandha Hiremath	9,667,500
Amit Kalyani	Nil
Ranjit Shahani	Nil
Shivani Bhasin Sachdeva	Nil
Ravindra Kumar Goyal*	Nil
Shrikrishna Kiran Adivarekar**	Nil

*Mr. Ravindra Kumar Goyal ceased to be a Director w.e.f. 22 December 2021

**Mr. Shrikrishna Kiran Adivarekar appointed as Independent Director of the Company w.e.f. 22 December 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. Ranjit Shahani, Independent Director and Mrs. Sugandha Hiremath, Non-Executive, Non-independent Director. Mr. Kannan Unni is the Chairman of the Audit Committee. Mr. Ravindra Kumar Goyal, ceased to be a member of the Audit Committee w.e.f. 22 December 2021. Mr. Ranjit Shahani was inducted as a member of the Committee w.e.f. 20 July 2022.

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) 06 May 2021 (2) 05 August 2021 (3) 26 October 2021 (4) 14 February 2022

The attendance of the Committee meetings is as under:

Name of the Director	Number of meetings attended
Kannan Unni	4
Prakash Mehta	4
Sugandha Hiremath	3
Ravindra Kumar Goyal*	3

*Mr. Ravindra Kumar Goyal ceased to be a member of the committee w.e.f. 22 December 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 1 April 2021. During the year 3 complaints were received from shareholders/investors during the quarter ended 30 September 2021, two of which were resolved during the same quarter and one was resolved in the quarter ended 31 December 2021. Thus, no complaints were outstanding as on 31 March 2022.

Meetings and Attendance

The meeting of Stakeholders' Relationship Committee during the financial year 2021-22 was held on 29 March 2022. Mr. Kannan Unni and Mr. Prakash Mehta attended the meeting.

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, Mr. Ranjit Shahani, Independent Director, Mrs. Shivani Bhasin Sachdeva, Independent Director and Mr. Jai Hiremath, Executive Chairman. Mr. Kannan Unni is the Chairman of the Nomination & Remuneration Committee. During the financial year, the Committee was reconstituted on 5 August 2021 to induct Mr. Ranjit Shahani and Mrs. Shivani Bhasin Sachdeva.

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. For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

    a. use the services of an external agencies, if required;

    b. consider candidates from a wide range of backgrounds, having due regard to diversity; and

    c. consider the time commitments of the candidates.

3. Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors.

4. Devising a policy on diversity of Board of Directors.

5. 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.

6. 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.

7. Recommend to the board, all remuneration, in whatever form, payable to senior management.

Meetings and Attendance

The Nomination & Remuneration Committee met 3 (Three) times during the financial year, the details of which are as under:

(1) 06 May 2021 (2) 26 October 2021 (3) 22 December 2021

The attendance of the Committee meetings is as under:

Name of the Director	Number of meetings attended
Kannan Unni	3
Prakash Mehta	3
B. N. Kalyani	1
Jai Hiremath	3
Ranjit Shahani*	2
Shivani Bhasin Sachdeva*	2

* inducted on 5 August 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, Executive Chairman, Mrs. Sugandha Hiremath, Non-Executive, Non-Independent Director, Mr. Sameer Hiremath, Managing Director and Mr. Prakash Mehta, Independent Director. Mr. Jai Hiremath is the Chairman of the Corporate Social Responsibility Committee.

Meetings and Attendance

The Corporate Social Responsibility (CSR) Committee met twice during the financial year, the details of which are as under:

(1) 06 May 2021 (2) 29 March 2022

The attendance of the Committee meetings is as under:

Name of the Director	Number of meetings attended
Jai Hiremath	2
Prakash Mehta	1
Sugandha Hiremath	2
Sameer Hiremath	1

E. Risk Management Committee

The Board has constituted a Risk Management Committee consisting of Mr. Jai Hiremath, Executive Chairman, Mr. Sameer Hiremath, Managing Director, Mr. Prakash Mehta, Independent Director, Mr. Kannan Unni, Independent Director, Mr. Ranjit Shahani, Independent Director and Mr. Anish Swadi, Sr. President Animal Health & Business Transformation. Mr. Jai Hiremath is the Chairman of the Risk Management Committee.

Meetings and Attendance

The Risk Management Committee met twice during the financial year, the details of which are as under:

(1) 26 October 2021 (2) 29 March 2022

The attendance of the Committee meetings is as under:

Name of the Director	Number of meetings attended
Jai Hiremath	1
Sameer Hiremath	1
Kannan Unni	2
Prakash Mehta	2
Anish Swadi*	1
Ranjit Shahani*	1

* inducted on 26 October 2021

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.

The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.

F. Share Transfer Committee

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

During the year 2021-22, the committee met once on 22 December 2021 and all the members of the committee, except Mr. Sameer Hiremath, were present in the meeting.

IV. GENERAL BODY MEETING

Financial Year	Location	Day, Date & Time	Special Resolutions Passed
2018-2019	Centrum Hall 'A', 1st Floor Centre 1, World Trade Centre, Cuffe Parade, Mumbai – 400 005	Thursday, 1 August 2019 3.30 PM	Continuation of payment of remuneration to Executive Directors who are Promoters in excess of threshold limits as per Regulation 17(6)(e) in the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018.
2019-2020	Held though video conferencing and was deemed to have been held at the Registered Office.	Tuesday, 15 September 2020 11.30 A.M.	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.
2020-2021	Held though video conferencing and was deemed to have been held at the Registered Office.	Thursday, 2 September 2021 11.30 A.M.	1. Appointment of Mr. Jai Hiremath as Executive Chairman of the Company for a period of 5(Five) years in accordance with provisions of Section 196, 197, 198 & 203 read with Schedule V to the Companies Act, 2013 and Regulation 17(6) of SEBI (Listing Obligations & disclosure Requirements) Regulations 2015. 2. Appointment of Mr. Sameer Hiremath as Managing Director of the Company for a period of 5(Five) years in accordance with provisions of Section 196, 197, 198 & 203 read with Schedule V to the Companies Act, 2013 and Regulation 17(6) of SEBI (Listing Obligations & disclosure Requirements) Regulations 2015. 3. Appointment of Mr. Ravindra Kumar Goyal as an Independent Director of the Company for a period of 3 (Three) years in accordance with provisions of Section 149, 150, 152 and 160 of Companies Act, 2013 read with Companies (Appointment and Qualifications of Directors) Rules, 2014 and Schedule IV to the Companies Act, 2013 and relevant applicable provisions of 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 through 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 2021-22.

(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. 53 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 2021-22: Nil

b. Number of complaints disposed of during the financial year 2021-22: Nil

c. Number of complaints pending as on end of the financial year 2021-22: Nil

(xiii) There were no instances of Non-compliance with any requirement of corporate governance report.

(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	*A+
Short term borrowing	ICRA	A 1	*A 1

* placed on watch with developing implications

(xvi) Loans and advances, by Company and Subsidiary, in the nature of loans to firms/companies in which directors are interested

S. No.	Name of the Entity	Amount in Mn.
1.	Acoris Research Limited	0.12

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, Business Standard and Mumbai Lakshadeep. 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, 22 September 2022
Time	: 11.30 AM
Venue	: Through VC/OAVM

(B) Financial Calendar: 01 April 2021 to 31 March 2022

(C) Tentative Financial Calendar 2022-23

1st Quarter results	on or before 14 August 2022
2nd Quarter results	on or before 14 November 2022
3rd Quarter results	on or before 14 February 2023
4th Quarter results	before end of May 2023

(D) Book Closure:

16 September 2022
to 22 September 2022

(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 for FY 2022-23 to these Exchanges.

(G) Stock Code:

Trading Symbol at:
BSE Ltd. (BSE) – 524735
P J Towers, Dalal Street, Fort, Mumbai 400001.
National Stock Exchange of India Ltd. (NSE) – HIKAL
Exchange Plaza, Bandra Kurla Complex
Bandra (East), Mumbai 400051.

Demat ISIN Number in NSDL
& CDSL– INE475B01022
CIN No. - L24200MH1988PTC048028

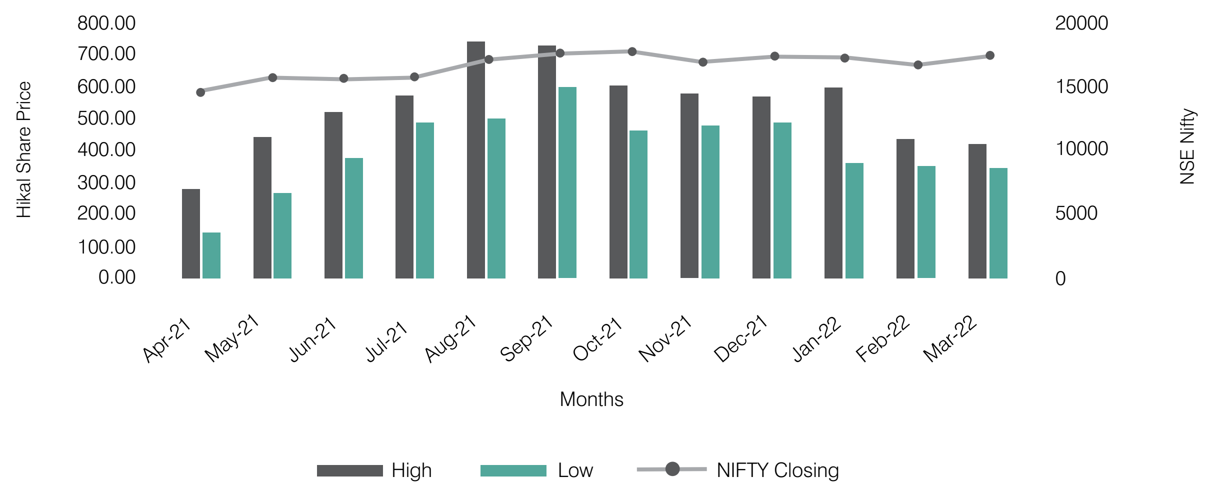
(H) Market Price Data

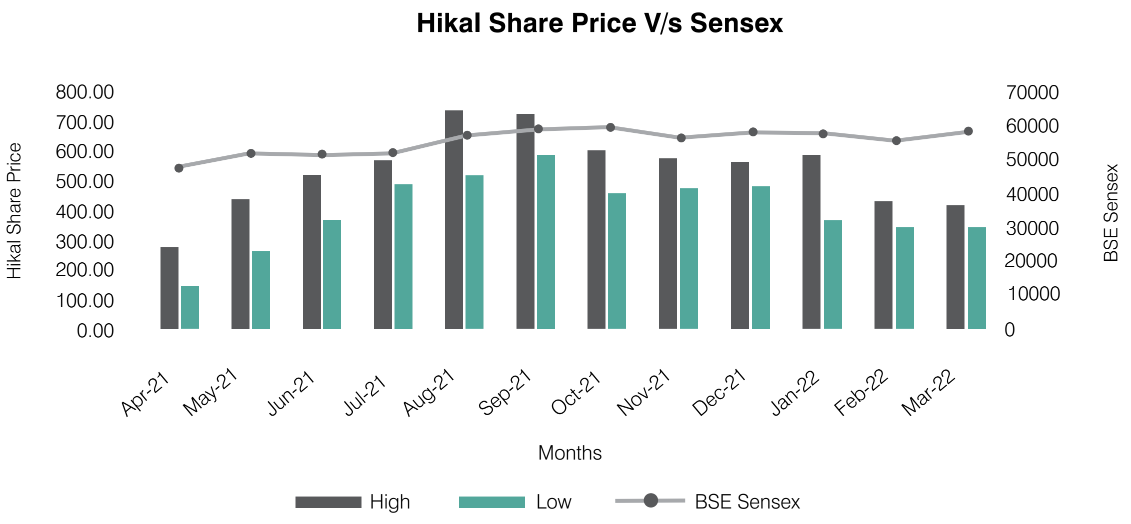
The details of high/low market price of the shares at BSE and NSE are as under:

Month	BSE			NSE			SENSEX Closing	NIFTY Closing
	High	Low	Close	High	Low	Close		
Apr-21	277.50	144.80	265.40	277.80	144.10	265.15	48782	14631
May-21	440.75	263.75	393.80	440.65	264.00	393.80	51937	15583
Jun-21	520.50	374.15	490.70	520.80	374.15	490.85	52483	15722
Jul-21	572.30	490.70	534.80	572.70	490.10	535.10	52587	15763
Aug-21	742.00	522.40	631.85	742.00	501.00	631.80	57552	17132
Sep-21	729.60	594.75	603.45	729.00	595.00	603.45	59126	17618
Oct-21	603.80	463.00	575.20	604.00	463.10	575.70	59307	17672
Nov-21	580.00	478.10	503.55	580.00	477.60	505.00	57065	16983
Dec-21	568.00	485.05	526.70	568.00	485.00	526.75	58254	17354
Jan-22	595.00	367.30	420.50	595.00	366.65	420.85	58014	17340
Feb-22	437.15	346.50	366.65	437.45	351.35	366.75	56247	16794
Mar-22	424.55	346.00	402.45	425.05	345.30	402.30	58569	17465

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

Hikal Share Price V/s 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/ Transmission System

Trading in Equity Shares of the Company is permitted only in dematerialised form, as per the notification issued by SEBI, transfer of shares of the Company, in physical mode, is 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. However, after processing the transmission requests the shares shall be transferred only in the demat mode to the beneficiaries. If the beneficiaries fail to furnish the details of their demat account their shares will be transferred to Suspense Escrow Account, after complying with the procedural formalities prescribed in this regard. The beneficiary may claim the shares after complying with the prescribed formalities.

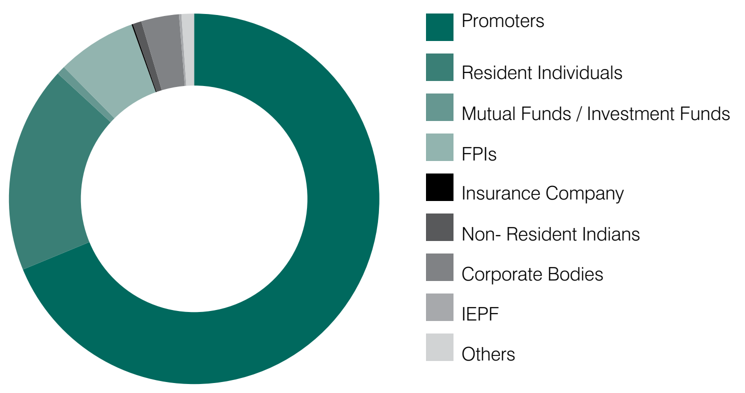
(L) Distribution of Shareholding (Equity) as on 31 March 2022

Share Holding Nominal Value of		Share Holders		Share Holdings		Share Amount	
₹	₹	Number	% To Total	Holdings	% To Total	₹	% To Total
UP TO	5,000	75,758	98.32	1,09,90,631	8.91	2,19,81,262	8.91
5,001	10,000	627	0.81	22,56,857	1.83	45,13,714	1.83
10,001	20,000	308	0.40	22,16,724	1.80	44,33,448	1.80
20,001	30,000	118	0.15	14,63,757	1.19	29,27,514	1.19
30,001	40,000	54	0.07	9,73,672	0.79	19,47,344	0.79
40,001	50,000	27	0.04	6,15,579	0.50	12,31,158	0.50
50,001	1,00,000	69	0.09	23,97,448	1.94	47,94,896	1.94
1,00,001	And Above	89	0.12	10,23,86,082	83.04	20,47,72,164	83.04
	TOTAL	**77,050**	**100.00**	**12,33,00,750**	**100.00**	**24,66,01,500**	**100.00**

(M) Shareholding pattern as on 31 March 2022 is as under:

Category of Shareholders	Number of Equity Shares	Percentage
Promoters	84,792,764	68.77
Resident Individuals	22,267,184	18.06
Mutual Funds / Investment Funds	939,949	0.76
FPIs	8,535,240	6.92
Insurance Company	150,750	0.12
Non- Resident Indians	934,824	0.76
Corporate Bodies	4,066,780	3.30
IEPF	263,847	0.21
Others	1,349,412	1.10
Total	**123,300,750**	**100.00**

Shareholding pattern as on 31 March 2022 is as under



(N) Dematerialisation of Shares

As on 31 March 2022, 99.7% (122,936,212 shares) of the total equity capital is held in dematerialized form, out of which 89.8% (110,710,724 shares) is held with NSDL and 9.9% (12,225,488 shares) is held with CDSL.

(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 31 March 2022.

(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) R & D Division at 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 6277 0299
Fax: 91 22 3097 3281
Email: secretarial@hikal.com
Website: www.hikal.com

(R) Disclosures with respect to demat suspense account/unclaimed suspense account

The Company does not have any shares in suspense account and hence disclosure regarding demat/ unclaimed suspense account is not applicable to the Company.

For and on behalf of the Board of Directors

Sd/-
Jai Hiremath
Executive Chairman
DIN: 00062203

Date: 10 August 2022
Place: Mumbai

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 28, 2022

Sub: **CEO/CFO Certificate**

(a) We have reviewed financial statements, read with the cash flow statements of Hikal Ltd. for the year ended March 31, 2022, and to the best of our knowledge and belief,

   (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, wherever applicable:

   (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
Managing Director
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, 2022.

For Hikal Ltd.

Sd/-
Sameer Hiremath
Managing Director
DIN: 00062129

Place: Mumbai
Date: 10 August 2022

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, 2022 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, 2022 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, 2021 to March 31, 2022:

      (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 the management.

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

Opinion

9. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended March 31, 2022, 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: 22101143AOTILZ5573

Place of Signature: Mumbai
Date: 10 August 2022

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2022 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 Executive Chairman	00062203
2	Mr. Sameer Hiremath Managing Director	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. Shrikrishna Kiran Adivarekar Independent, Non-Executive Additional Director	06928271
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 & Associate**

Sd/-
Ashish Bhatt
Practicing Company Secretary
FCS No: 4650
C.P. No. 2956
UDIN: F004650D000770822

Place: Thane
Date: August 10, 2022

Independent Auditor's Report

To the Members of Hikal Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Hikal Limited ("the Company"), which comprise the Balance sheet as at 31 March 2022, 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 2022, 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.

Emphasis of Matter

We draw attention to note 70 of the standalone financial statements, as regards the ongoing investigations by statutory authorities and subsequent closure of the Taloja manufacturing facility, the outcome of which is subject to inherent uncertainties. Our opinion is not modified in respect of aforesaid matter.

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 2022. 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 34 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 including report of the board of directors, but does not include the standalone financial statements and our auditor's report thereon. The Annual Report including report of the board of directors is expected to be made available to us after the date of this auditor's report.

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 identified above when it becomes available 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.

When we read the annual report including report of the board of directors, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 2022 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, 2020 ("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 2022 from being appointed as a director in terms of section 164 (2) of the Act;

   (f) The matter described in Emphasis of Matter above, in our opinion, may have an adverse effect on the functioning of the Company.

   (g) With respect to the adequacy of the internal financial controls 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;

   (h) In our opinion, the managerial remuneration for the year ended 31 March 2022 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;

   (i) 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 48 to the standalone financial statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

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

      iv. a) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 66 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

      b) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 67 to the standalone financial statements, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

      c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

      v. The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

      The interim dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with section 123 of the Act.

      As stated in note 21 to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

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

per **Vinayak Pujare**
Partner
Membership Number: 101143
UDIN: 22101143AJUVEO7502
Place of Signature: Mumbai
Date: 28 May 2022

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 Limited

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangibles assets.

(b) All Property, Plant and Equipment 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) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended 31 March 2022.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The management conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

(b) As disclosed in note 22 to the standalone financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly returns/statements filed by the Company with such banks and financial institutions are in agreement with the books of accounts of the Company.

(iii) (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantor or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.

(b) During the year the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company.

(c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company..

(d) The Company has not granted loans or advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(d) of the Order is not applicable to the Company.

(e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.

(f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) 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 neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, 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, sales-tax, service-tax, duty of customs, Goods and Services Tax, duty of excise, value added tax, income tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, service-tax, Goods and Services tax, sales-tax, duty of customs, value added tax, income tax, cess and other material statutory dues were outstanding, at the year-end, for a period of more than six months from the date they became payable.

(b) According to the records of the Company, the dues outstanding as of the balance sheet date, of income-tax, sales-tax, service-tax, duty of customs, duty of excise, value added tax, goods and services tax and cess 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)
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) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(c) Term loan was applied for the purpose for which the loan was obtained.

(d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year

(xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirements to report on clause 3(xii)(a), 3(xii)(b), 3(xii)(c), of the Order are not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards.

(xiv) (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.

(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause (xvi)(c) of the Order is not applicable to the Company

(d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year respectively.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 58 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 51 to the standalone financial statements.

(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 51 to the standalone financial statements.

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

per **Vinayak Pujare**
Partner
Membership Number: 101143
UDIN: 22101143AJUVEO7502
Place of Signature: Mumbai
Date: 28 May 2022

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

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

We have audited the internal financial controls of Hikal Limited ("the Company") as of 31 March 2022 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 2022, 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: 22101143AJUVEO7502
Place of Signature: Mumbai
Date: 28 May 2022

Standalone Balance Sheet

As at 31 March 2022

(Currency : Indian Rupees in million)

	Note	As at 31 March 2022	As at 31 March 2021
ASSETS			
Non-current assets			
Property, plant and equipment	4	8,147.48	6,459.85
Capital work-in-progress	4	2,851.83	2,453.85
Right of use assets	5	640.27	651.70
Other intangible assets	6	6.89	13.96
Intangible assets under development	6	96.01	88.54
Financial Assets			
Investments	7	6.48	6.22
Loans	8	1.69	1.82
Others	9	146.81	200.39
Income tax assets (net)	10	20.21	20.21
Other non-current assets	11	570.70	449.76
Total non-current assets		**12,488.37**	**10,346.30**
Current assets			
Current Investment	12	102.68	-
Inventories	13	3,289.79	2,666.99
Financial Assets			
Trade receivables	14	4,377.20	4,855.30
Cash and cash equivalents	15	114.41	76.37
Bank balances other than cash and cash equivalents	16	376.50	291.71
Loans	17	3.08	2.34
Others	18	174.86	2.35
Other current assets	19	1,204.27	890.94
Total current assets		**9,642.79**	**8,786.00**
Total assets		**22,131.16**	**19,132.30**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	20	246.60	246.60
Other equity			
Retained earnings		8,045.99	6,700.30
Other reserves	21	2,387.48	2,387.28
Total equity		**10,680.07**	**9,334.18**
Liabilities			
Non-current liabilities			
Financial Liabilities:			
Borrowings	22	2,866.81	2,628.86
Lease liability	23	2.23	5.79
Provisions	24	236.30	219.86
Deferred tax liabilities (net)	25	364.07	375.82
Other liabilities	26	290.02	
Total non-current liabilities		**3,759.43**	**3,230.33**
Current liabilities			
Financial liabilities:			
Borrowings	27	3,877.57	3,464.82
Lease liability	28	3.56	3.04
Trade payables	29		
- Total outstanding dues of Micro Enterprises and Small Enterprises		449.98	260.48
- Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		2,040.55	2,035.65
Other financial liabilities	30	683.84	409.56
Other current liabilities	31	481.89	122.97
Provisions	32	31.38	44.42
Income tax liabilities (net)	33	122.89	226.85
Total current liabilities		**7,691.66**	**6,567.79**
Total liabilities		**11,451.09**	**9,798.12**
Total equity and liabilities		**22,131.16**	**19,132.30**

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

For S R B C & CO LLP
Chartered Accountants
ICAI Firm's Registration No: 324982E/E300003

per Vinayak Pujare
Partner
Membership No: 101143

Place: Mumbai
Date: 28 May 2022

Jai Hiremath
Executive Chairman
DIN: 00062203

Kannan K. Unni
Director
DIN: 00227858

Kuldeep Jain
Chief Financial Officer

Sameer Hiremath
Managing Director and CEO
DIN: 00062129

Rajasekhar Reddy
Company Secretary

Place: Mumbai
Date: 28 May 2022

Standalone Statement of Profit and Loss

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

	Note	For the year ended 31 March 2022	For the year ended 31 March 2021
Income			
Revenue from operations	34	19,427.21	17,204.36
Other income	35	48.90	49.82
Total income		**19,476.11**	**17,254.18**
Expenses			
Cost of materials consumed	36	10,322.11	9,067.12
Changes in inventories of finished goods and work-in-progress	37	(358.23)	16.65
Employee benefit expenses	38	2,013.50	1,643.17
Finance costs	39	312.18	361.98
Depreciation and amortisation expense	4-6	956.69	852.45
Other expenses	40	4,044.17	3,248.54
Total expenses		**17,290.42**	**15,189.91**
Profit before tax		2,185.69	2,064.27
Tax expense			
Current tax	41	596.50	795.51
Deferred tax	42	(15.90)	(62.66)
Total tax expense		**580.60**	**732.85**
Net profit for the year		**1,605.09**	**1,331.42**
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		15.95	(19.38)
Gain / (loss) on change in fair values of investments in equity shares carried at fair value through OCI		0.27	(0.06)
(ii) Income tax relating to items that will not be reclassified to standalone statement of profit and loss		(4.16)	5.00
Other comprehensive income for the year, (net of income tax)		12.06	(14.44)
Total comprehensive income for the year		**1,617.15**	**1,316.98**
Earnings per equity share (for nominal value per equity share of ₹2)			
Basic and Diluted	43	13.02	10.80

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

For S R B C & CO LLP
Chartered Accountants
ICAI Firm's Registration No: 324982E/E300003

per Vinayak Pujare
Partner
Membership No: 101143

Place: Mumbai
Date: 28 May 2022

Jai Hiremath
Executive Chairman
DIN: 00062203

Kannan K. Unni
Director
DIN: 00227858

Kuldeep Jain
Chief Financial Officer

Sameer Hiremath
Managing Director and CEO
DIN: 00062129

Rajasekhar Reddy
Company Secretary

Place: Mumbai
Date: 28 May 2022

Standalone Statement of Changes in Equity

For the year ended 31 March 2022

(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 2020-21	-	-
Balance as at 31 March 2021	**123.30**	**246.60**
Changes in equity share capital during 2021-22	-	-
Balance as at 31 March 2022	**123.30**	**246.60**

(b) Other equity

	Reserve and Surplus							Equity investments through other comprehensive income
	Capital reserve	Capital redemption reserve	Securities premium	State subsidy	Contingency reserve	General reserve	Retained earnings	
Balance as at 1 April 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								
Dividend	-	-	-	-	-	-	(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)**
Total comprehensive income for the year ended 31 March 2021								
Profit for the year	-	-	-	-	-	-	1,605.09	-
Items of OCI for the year, net of tax								
Gain / (loss) on remeasurement of defined employee benefit plans	-	-	-	-	-	-	11.86	-
Gain / (loss) on change in fair values of investments in equity shares carried at fair value through OCI	-	-	-	-	-	-	-	0.20
Total comprehensive income	-	-	-	-	-	-	1,616.95	0.20
Transaction with owners in their capacity as owners, recorded directly in equity								
Dividends	-	-	-	-	-	-	(271.26)	-
Balance as at 31 March 2022	**0.44**	**509.82**	**64.72**	**5.50**	**30.00**	**1,779.56**	**8,045.99**	**(2.56)**

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

Place: Mumbai
Date: 28 May 2022

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

Jai Hiremath
Executive Chairman
DIN: 00062203

Sameer Hiremath
Managing Director and CEO
DIN: 00062129

Kannan K. Unni
Director
DIN: 00227858

Kuldeep Jain
Chief Financial Officer

Rajasekhar Reddy
Company Secretary

Place: Mumbai
Date: 28 May 2022

Standalone Cash Flow Statement

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

	For the year ended 31 March 2022		For the year ended 31 March 2021	
A. Cash flow from operating activities				
Profit before tax after exceptional item		2,185.69		2,064.27
Adjustments:				
Depreciation and amortisation expense	956.69		852.45	
Dividend on long-term investments	-		(0.01)	
Finance costs	312.18		361.98	
Interest income	(17.55)		(26.67)	
Gain on sale of property, plant and equipment	(0.52)		-	
Sundry balances written (back)/off	(3.56)		9.73	
Provision for doubtful debts/advances	15.27		45.29	
Change in fair value of current investment	(2.30)		-	
Provision /Written off of inventory	11.40		60.00	
Profit on sale of investment	(1.40)		(0.12)	
Unrealised foreign exchange loss/(gain)	(7.51)		(32.79)	
		1,262.70		1,269.86
Operating cash flow before working capital changes		**3,448.39**		**3,334.13**
(Increase)/Decrease in trade receivables	469.10		(1,473.23)	
(Increase)/Decrease in loans and advances and other assets	(564.68)		86.22	
Decrease in inventories	(634.20)		397.65	
Increase in trade payables	193.52		292.56	
Increase/(Decrease) in provisions and other liabilities	723.20		117.85	
		186.94		(578.95)
Cash generated from operations		**3,635.33**		**2,755.18**
Income tax paid		(698.00)		(465.00)
Net cash flows generated from operating activities (A)		**2,937.33**		**2,290.18**
B. Cash flow from investing activities				
Purchase of property, plant and equipment and intangible assets	(2,733.14)		(1,575.99)	
Proceeds from sale of property, plant and equipment	2.69		-	
Purchase of current investments	(180.38)			
Proceeds from sale of investment	81.40		0.73	
Dividend on long-term investments	-		0.01	
Interest received	16.93		27.33	
(Increase)/decrease in other bank balances (includes margin money account)	(31.21)		(14.04)	
Net cash flows (used in) investing activities (B)		**(2,843.71)**		**(1,561.96)**

Standalone Cash Flow Statement

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

	For the year ended 31 March 2022		For the year ended 31 March 2021	
C. Cash flow from financing activities				
Proceeds from long-term borrowings	1,350.00		600.00	
Repayment of long-term borrowings	(887.13)		(872.60)	
Repayments of/proceeds from short-term borrowings (net)	204.60		(56.92)	
Finance costs paid (including transaction costs)	(448.75)		(487.86)	
Payment of lease liability	(3.04)		(3.11)	
Dividend paid on equity shares	(271.26)		(148.19)	
Net cash flows (used in) financing activities (C)		**(55.58)**		**(968.68)**
Net increase/(decrease) in cash and cash equivalents (A+B+C)		**38.04**		**(240.46)**
Cash and cash equivalents at the beginning 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**
Cash and cash equivalents at the end of the year, the components being				
Cash on hand		2.37		0.84
Balances with banks				
- Current accounts		96.84		66.97
- Exchange Earners Foreign Currency accounts		7.19		0.09
- Deposits accounts (demand deposits and deposits having original maturity of 3 months or less)		8.01		8.47
		114.41		**76.37**
Net increase/(decrease) as disclosed above (A+B+C)		**38.04**		**(240.46)**

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 22

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

For S R B C & CO LLP
Chartered Accountants
ICAI Firm's Registration No: 324982E/E300003

per Vinayak Pujare
Partner
Membership No: 101143

Place: Mumbai
Date: 28 May 2022

Jai Hiremath
Executive Chairman
DIN: 00062203

Sameer Hiremath
Managing Director and CEO
DIN: 00062129

Kannan K. Unni
Director
DIN: 00227858

Kuldeep Jain
Chief Financial Officer

Rajasekhar Reddy
Company Secretary

Place: Mumbai
Date: 28 May 2022

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

1 Company Overview

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

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

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

The Company 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 2022 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on 28 May 2022.

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.

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

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 realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

3 Significant accounting policies

3.1 Revenue

Sale of goods

Revenue 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.

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

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.

Rendering of Services

Revenue from services rendered is recognised in the Statement of profit and loss as the underlying services are performed.

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.

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the 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.

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

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 the previous year is charged to the statement of profit and loss as current tax for the previous 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

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

Equipment if and only if it is probable that future economic benefits associated with them will flow to the Company and their cost can be measured reliably. Otherwise such items are classified and recognised as Inventory.

3.6 Property, plant and equipment

i Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

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

a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.

b) any directly attributable cost of bringing the asset to its location and condition necessary for it to be capable of operating in the manner intended by management.

c) the estimated costs of dismantling and removing the item and restoring the site on which it is located.

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

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

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

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 December 29, 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)

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For the year ended 31 March 2022
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Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

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.

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

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.

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

3.12 Impairment of non-financial assets

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

The recoverable amount is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of the assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods which no longer exists or may have decreased, impairment loss is reversed to the extent to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets, such reversal is not recognised.

3.13 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3.14 Earnings per share (EPS)

Basic EPS is computed using the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be anti dilutive.

3.15 Recent accounting pronouncements

Standards notified but not yet effective

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022 to amend the following Ind AS which are effective from April 01, 2022.

(i) **Onerous Contracts – Costs of Fulfilling a Contract – Amendments to Ind AS 37**

The amendments to Ind AS 37 specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs for example direct labour and materials and an allocation of other costs directly related to contract activities for example an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 April 2022.

Reference to the Conceptual Framework – Amendments to Ind AS 103

The amendments replaced the reference to the ICAI's "Framework for the Preparation and Presentation of Financial Statements under Indian Accounting Standards" with the reference to the "Conceptual Framework for Financial Reporting under Indian Accounting Standard" without significantly changing its requirements.

The amendments also added an exception to the recognition principle of Ind AS 103 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets or Appendix C, Levies, of Ind AS 37, if incurred separately.

It has also been clarified that the existing guidance in Ind AS 103 for contingent assets would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements under Indian Accounting Standards.

The amendments are effective for annual reporting periods beginning on or after 1 April 2022.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to Ind AS 16

The amendments modified paragraph 17(e) of Ind AS 16 to clarify that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

The amendments are effective for annual reporting periods beginning on or after 1 April 2022.

Ind AS 101 First-time Adoption of Indian Accounting Standards – Subsidiary as a first-time adopter.

The amendment permits a subsidiary that elects to apply the exemption in paragraph D16(a) of Ind AS 101 to measure cumulative translation differences for all foreign operations in its financial statements using the amounts reported by the parent, based on the parent's date of transition to Ind AS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also available to an associate or joint venture that uses exemption in paragraph D16(a) of Ind AS 101.

The amendments are effective for annual reporting periods beginning on or after 1 April 2022 but do not apply to the Group as it was first time adopter in an earlier year.

Ind AS 109 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities.

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The amendments are effective for annual reporting periods beginning on or after 1 April 2022. Ind AS 41 Agriculture – Taxation in fair value measurements.

The amendment removes the requirement in paragraph 22 of Ind AS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of Ind AS 41.

The amendments are effective for annual reporting periods beginning on or after 1 April 2022.

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

4. Property, Plant and Equipment

Description	Gross Block					Accumulated Depreciation				Net Block	
	As at 1 April 2021	Additions	Deductions	Adjustment of exchange difference on borrowing	As at 31 March 2022	As at 1 April 2021	Charge for the year	Deductions	As at 31 March 2022	As at 31 March 2022	As at 31 March 2021
Freehold land	582.10	-	-	-	582.10	-	-	-	-	582.10	582.10
Buildings	1,731.50	183.40	-	-	1,914.90	333.57	72.72	-	406.29	1,508.61	1,397.93
Plant and machinery	7,751.98	2,262.83	20.85	12.17	10,006.13	3,474.06	810.99	19.03	4,266.02	5,740.11	4,277.92
Electrical equipments and installations	135.87	115.59	-	-	251.46	80.87	18.31	-	99.18	152.28	55.00
Office equipments	116.54	36.51	-	-	153.05	84.45	18.22	-	102.67	50.38	32.09
Furniture and fixtures	112.04	17.32	-	-	129.36	56.97	9.19	-	66.16	63.20	55.07
Leasehold improvements	5.58	-	-	-	5.58	2.80	0.56	-	3.36	2.22	2.78
Vehicles	57.55	-	4.02	-	53.53	27.23	6.34	3.77	29.80	23.73	30.32
Ships	35.75	-	-	-	35.75	9.11	1.79	-	10.90	24.85	26.64
Total	**10,528.91**	**2,615.65**	**24.87**	**12.17**	**13,131.86**	**4,069.06**	**938.12**	**22.80**	**4,984.38**	**8,147.48**	**6,459.85**
Capital work in progress										2,851.83	2,453.85

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

4. Property, Plant and Equipment (Previous Year)

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:

a. Exchange differences (loss) of ₹12.17 million (P.Y. gain ₹18.18 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 22 and 27 for details of assets hypothecated/mortgaged as security against borrowings.

c. Refer note 55 for details of revenue expenditure capitalised.

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

a) For Capital-work-in progress, ageing schedule

Amount of Capital-Work-in-Progress as on 31-03-2022

Particulars	<1 year	1-2 years	2-3 years	More than 3 years	Total
- Projects in Process	2,542.82	224.85	47.51	36.65	2,851.83
- Projects temperorily suspended	-	-	-	-	-

Amount of Capital-Work-in-Progress as on 31-03-2021

Particulars	<1 year	1-2 years	2-3 years	More than 3 years	Total
- Projects in Process	1,422.87	888.04	142.07	0.87	2,453.85
- Projects temperorily suspended	-	-	-	-	-

b) For Capital-Work-in-Progress, whose completion is overdue as on 31-03-2022

Project Locations	To be completed in				
	<1 year	1-2 years	2-3 years	More than 3 years	Total
Crop Projects	937.62	-	-	-	937.62
Pharma Projects	832.09	-	-	-	832.09
Total	**1,769.71**	**-**	**-**	**-**	**1,769.71**

5. Right of use assets

Description	Gross Block				Accumulated Depreciation				Net Block	
	As at 1 April 2021	Additions	Deductions	As at 31 March 2022	As at 1 April 2021	Charge for the year	Deductions	As at 31 March 2022	As at 31 March 2022	As at 31 March 2021
Leasehold land	691.71	-	-	691.71	45.51	9.28	-	54.79	636.92	646.20
Buildings	11.06	-	-	11.06	5.56	2.15	-	7.71	3.35	5.50
Total	**702.77**	**-**	**-**	**702.77**	**51.07**	**11.43**	**-**	**62.50**	**640.27**	**651.70**

5. Right of use assets (Previous Year)

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**

6. Other intangible assets

Description	Gross Block				Accumulated Depreciation				Net Block	
	As at 1 April 2021	Additions	Deductions	As at 31 March 2022	As at 1 April 2021	Charge for the year	Deductions	As at 31 March 2022	As at 31 March 2022	As at 31 March 2021
Computer software	43.27	0.07	-	43.34	29.31	7.14	-	36.45	6.89	13.96
Total	**43.27**	**0.07**	**-**	**43.34**	**29.31**	**7.14**	**-**	**36.45**	**6.89**	**13.96**
Intangible assets under development									96.01	88.54

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

a) For Intangible assets under development, ageing schedule

Amount of Intangible assets under development as on 31-03-2022

Particulars	<1 year	1-2 years	2-3 years	More than 3 years	Total
	I	II	III	IV	
- Projects in Process	7.47	1.40	32.74	54.40	96.01
- Projects temperorily suspended	-	-	-	-	-

B) For Intangible assets under development, whose completion is overdue or has exceeded the cost compared to its original value as on 31-03-2022

Particulars	To be completed in				
	<1 year	1-2 years	2-3 years	More than 3 years	Total
Intangible assets under development	-	96.01	-	-	96.01

6. Other intangible assets (Previous Year)

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

7. Non-current investments

		As at 31 March 2022	As at 31 March 2021
Investments in equity instruments:			
(At fair value through other comprehensive income)			
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	4.38	4.25
	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	1.81	1.69
	16% (P.Y. 16%) equity shares of Jiangsu Chemstar Chemical Co Limited fully paid-up	0.01	0.01
	Impairment in value of investment*	(0.01)	(0.01)
B	**Quoted**		
	(At fair value through other comprehensive income)		
	2,900 (P.Y. 2,900) Equity shares of ₹10 each of Union bank of India fully paid-up	0.11	0.10
	Total non-current investments (A + B)	**6.48**	**6.22**
	Aggregate amount of quoted investments	0.11	0.10
	Aggregate market value of quoted investments	0.11	0.10
	Aggregate amount of unquoted investments	6.38	6.13
	Aggregate amount of impairment in value of investments	(0.01)	(0.01)
		6.48	**6.22**

***Note:**

The Company has written off the value of ₹26.96 Million in investment in Jiangsu Chemstar Chemical Co Limited in the previous year against provision created in earlier financial year.

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

8. Loans

	As at 31 March 2022	As at 31 March 2021
Unsecured and considered good		
To other than related parties		
Loans to employees	1.69	1.82
	1.69	**1.82**

9. Other financial assets

	As at 31 March 2022	As at 31 March 2021
Unsecured and considered good		
To other than related parties		
Deposits with remaining maturity of more than 12 months	5.55	45.10
Security deposit to related parties	71.10	71.10
Security deposit to other than related parties	70.16	84.19
	146.81	**200.39**

10. Income tax assets (net)

	As at 31 March 2022	As at 31 March 2021
Income tax assets (net)	20.21	20.21
(Net of provision of ₹559.57 million (31 March 2021 : ₹559.57 Million))		
	20.21	**20.21**

11. Other non-current assets

	As at 31 March 2022	As at 31 March 2021
Unsecured and considered good		
To other than related parties		
Prepaid expenses	5.74	8.46
VAT/ CST refund receivable	9.06	14.74
Balance with government authorities	347.88	257.04
Capital advances	208.02	169.52
	570.70	**449.76**

12. Current Investment

	As at 31 March 2022	As at 31 March 2021
Investment at fair value through Statement of Profit or Loss		
Investment in Mutual Funds (unquoted)		
Aditya Birla Sunlife Savings fund - Growth Regular Plan (No. of units 1,39,404.39 and Face value of ₹100/- Each)	61.38	-
Tata Money Market- Regular Plan - Growth (No. of units 10908.54 and Face value of ₹1,000/- Each)	41.30	-
	102.68	**-**

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

13. Inventories

	As at 31 March 2022	As at 31 March 2021
Valued at the lower of cost and net realisable value		
Raw materials (includes goods in transit of ₹273.20 Million, 31 March 2021 ₹7.52 Million)	1,632.11	1,362.26
Packing materials	11.14	10.36
Work-in-progress	660.98	583.28
Finished goods	798.52	517.99
Stores and spares	187.04	193.10
	3,289.79	**2,666.99**

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 2021: ₹118.02 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.

14. Trade receivables

	As at 31 March 2022	As at 31 March 2021
(Unsecured)		
Trade receivable considered good	4,403.51	4,822.91
Trade receivable which have significant increase in credit risk	71.37	114.80
	4,474.88	**4,937.71**
Impairment allowance (Allowance for bad and doubtful debts)		
Trade receivable considered good	(49.66)	(33.15)
Trade receivable which have significant increase in credit risk	(48.02)	(49.26)
	(97.68)	**(82.41)**
Net trade receivable	**4,377.20**	**4,855.30**

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 46.

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	As at 31 March 2022	As at 31 March 2021
Total transferred trade receivables	347.95	1,114.60
Associated borrowings [refer note 27]	347.95	1,114.60

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

Trade Receivables Ageing as on 31 March 2022

Sr. No.	Particulars	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i)	Undisputed Trade receivables – considered good	3,733.91	617.98	51.62	-	-	-	4,403.51
(ii)	Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	12.10	5.59	8.40	26.09
(iii)	Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv)	Disputed Trade Receivables considered good	-	-	-	-	-	-	-
(v)	Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	30.55	-	14.73	45.28
(vi)	Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
	Total	**3,733.91**	**617.98**	**51.62**	**42.65**	**5.59**	**23.13**	**4,474.88**

Trade Receivables Ageing as on 31 March 2021

Sr. No.	Particulars	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i)	Undisputed Trade receivables – considered good	4,466.78	399.83	10.62	-	-	-	4,877.23
(ii)	Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	6.37	1.78	7.05	15.20
(iii)	Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv)	Disputed Trade Receivables considered good	-	-	-	-	-	-	-
(v)	Disputed Trade Receivables - which have significant increase in credit risk	-	-	30.55	-	-	14.73	45.28
(vi)	Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
	Total	**4,466.78**	**399.83**	**41.17**	**6.37**	**1.78**	**21.78**	**4,937.71**

15. Cash and cash equivalents

	As at 31 March 2022	As at 31 March 2021
Bank balances in :		
- Current accounts	96.84	66.97
- Exchange earners foreign currency	7.19	0.09
- Fixed deposit account (with original maturity of 3 months or less)	8.01	8.47
Cash on hand	2.37	0.84
Cash and cash equivalents in the statement of cash flows	114.41	76.37

16. Bank balance other than cash and cash equivalents

	As at 31 March 2022	As at 31 March 2021
Other bank balances:		
Bank deposits due to mature within 12 months of the reporting date	374.02	289.31
Unpaid dividend accounts	2.48	2.40
	376.50	**291.71**

Deposits given as security

1) Margin money deposits with a carrying amount as at 31 March 2022 of ₹177.09 million (31 March 2021- ₹136.79 million) are earmarked towards non fund based facilities availed from banks

2) Bank deposits with a carrying amount as at 31 March 2022 of ₹196.93 million (31 March 2021 ₹197.62 million) are earmarked towards the Company's rupee term loans and external commercial borrowing term loan availed from banks.

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

17. Loans

	As at 31 March 2022	As at 31 March 2021
(Unsecured)		
To parties other than related parties		
Loans to employees	3.08	2.34
	3.08	**2.34**

18. Other financial assets

	As at 31 March 2022	As at 31 March 2021
(Unsecured)		
Interest accrued on fixed deposit	2.98	2.35
Unbilled revenue	96.65	-
Insurance claim receivable	75.23	-
	174.86	**2.35**

19. Other current assets

	As at 31 March 2022	As at 31 March 2021
(Unsecured)		
To parties other than related parties		
Advance to suppliers		
Considered good	200.90	100.55
Considered doubtful	20.00	20.00
Advance to suppliers	220.90	120.55
Less: Provision for doubtful advances	(20.00)	(20.00)
	200.90	**100.55**
Balance with government authorities	850.92	669.81
VAT / CST refund receivable	-	3.78
Prepaid expenses	152.45	116.80
	1,204.27	**890.94**

20. Share Capital

	As at 31 March 2022	As at 31 March 2021
Authorised share capital (Refer note a below)		
Equity	500	500
Par value per share (₹)	2	2
Number of equity shares	25,00,00,000	25,00,00,000
Preference shares	250	250
Par value per share (₹)	100	100
Number of Preference shares	25,00,000	25,00,000
Issued, subscribed and fully paid up -Equity	246.60	246.60
Par value per share (₹)	2	2
Number of equity shares	12,33,00,750	12,33,00,750

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.

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

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

Equity shares

	As at 31 March 2022		31 March 2021	
	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

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:

	As at 31 March 2022		As at 31 March 2021	
	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

e. The Shareholding of Promoters as on 31 March 2022 is as under:

Promoters Name	No. of Shares	% of Total Shares	% Change during the Year
Kalyani Investment Company Limited	3,86,67,375	31.36%	-
Shri Badrinath Investment Pvt Ltd	1,99,14,862	16.15%	-
Shri Rameshwara Investment Pvt Ltd	98,10,000	7.96%	-
Sugandha J Hiremath	96,67,500	7.84%	-
BF Investment Limited	32,73,375	2.65%	-
Jai Hiremath	13,40,625	1.09%	-
Ekdant Investment Pvt Ltd	3,93,802	0.32%	-
Sameer Hiremath	3,90,975	0.32%	-
Pallavi Anish Swadi	3,81,000	0.31%	-
Pallavi Trust	1,87,500	0.15%	-
Sameer Trust	1,87,500	0.15%	-
Sumer Trust	75,000	0.06%	-
Rhea Trust	75,000	0.06%	-
Nihal Trust	75,000	0.06%	-
Anika Trust	75,000	0.06%	-
Pooja Trust	75,000	0.06%	-
Anish Trust	75,000	0.06%	-
Karad Engineering Consultancy Pvt Ltd	63,750	0.05%	-
Decent Electronics Pvt Ltd	49,500	0.04%	-
Anish Dilip Swadi	7,500	0.01%	-
Pooja Hiremath	7,500	0.01%	-

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

The Shareholding of Promoters as on 31 March 2021 is as under:

Promoters Name	No. of Shares	% of Total Shares	% Change during the Year
Kalyani Investment Company Limited	3,86,67,375	31.36%	-
Shri Badrinath Investment Pvt Ltd	1,99,14,862	16.15%	-
Shri Rameshwara Investment Pvt Ltd	98,10,000	7.96%	-
Sugandha J Hiremath	96,67,500	7.84%	-
BF Investment Limited	32,73,375	2.65%	-
Jai Hiremath	13,40,625	1.09%	-
Ekdant Investment Pvt Ltd	3,93,802	0.32%	-
Sameer Hiremath	3,90,975	0.32%	-
Pallavi Anish Swadi	3,81,000	0.31%	-
Pallavi Trust	1,87,500	0.15%	-
Sameer Trust	1,87,500	0.15%	-
Sumer Trust	75,000	0.06%	-
Rhea Trust	75,000	0.06%	-
Nihal Trust	75,000	0.06%	-
Anika Trust	75,000	0.06%	-
Pooja Trust	75,000	0.06%	-
Anish Trust	75,000	0.06%	-
Karad Engineering Consultancy Pvt Ltd	63,750	0.05%	-
Decent Electronics Pvt Ltd	49,500	0.04%	-
Anish Dilip Swadi	7,500	0.01%	-
Pooja Hiremath	7,500	0.01%	-

21. Other equity

		Note	As at 31 March 2022	As at 31 March 2021
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	(2.56)	(2.76)
			2,387.48	**2,387.28**
A	**Notes**			
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
	Additions during the year		-	-
	Closing balance		**64.72**	**64.72**

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

		Note	As at 31 March 2022	As at 31 March 2021
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		(2.76)	(2.72)
	Additions during the year		0.20	(0.04)
	Closing balance		**(2.56)**	**(2.76)**

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.

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

C Dividends

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

	31 March 2022	31 March 2021
Final equity dividend paid for financial year 2020-21 at ₹ 1 per equity share	123.30	-
Interim equity dividend paid for financial year 2021-22 at ₹1.20 per equity share	147.96	-
Final equity dividend paid for financial year 2019-20 at ₹ 0.20 per equity share	-	24.66
Interim equity dividend paid for financial year 2019-20 at ₹ 1 per equity share	-	123.30
Total	**271.26**	**147.96**
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.		
Final equity dividend proposed for financial year 2021-22 at ₹0.40 per equity share	49.32	-
Final equity dividend proposed for financial year 2020-21 at ₹1 per equity share	-	123.30
Total	**49.32**	**123.30**

22. Borrowings

(Secured)

	As at 31 March 2022	As at 31 March 2021
Term loans from banks		
Rupee (refer note a (i), and c (i) below)	953.70	1,519.05
External commercial borrowing (refer note a (ii) and c (i) below)	260.92	524.93
Term loans from financial institutions		
Rupee (refer note a (iii) and c (ii) below)	1,651.53	523.37
Term loans from others		
Rupee (refer note c (iii) below)	-	58.39
Vehicle loans		
From banks -Rupee (refer note a (iv) and c (iv) below)	0.66	2.25
From Others -Rupee (refer note a (iv) and c (iv) below)	-	0.87
	2,866.81	**2,628.86**

(For current maturities of loans refer note 27)

a. Nature of security :

i Rupee term loan from banks 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.

ii 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.

iii Rupee term loan from financial institutions is secured by first pari passu charge on the fixed assets of the Company's plants situated at Taloja, Panoli and Bangalore, R & D centre at Pune and second pari passu charge on entire current assets both present and future.

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

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

b. Changes in Liabilities arising from Financing Activities

Particulars	As at 1 April 2021	Accural / Reclassification	Cash Flows (net)	Foreign Exchange / Adjustment	Adjustment on account of business combinations	As at 31 March 2022
Current borrowings	2,514.26	-	204.60	7.12	-	2,725.98
Non-current borrowings including current maturities of non-current borrowings	3,579.42	-	462.87	(23.89)	-	4,018.40
Lease Liabilities	8.83	-	(3.04)	-	-	5.79
Interest on borrowings (including transaction cost)	23.56	455.95	(448.75)	-	-	30.76
Total Liabilities from Financing Activities	**6,126.07**	**455.95**	**215.68**	**(16.77)**	**-**	**6,780.93**

b. Changes in Liabilities arising from Financing Activities (Previous Year)

Particulars	As at 1 April 2020	Accural / Reclassification	Cash Flows (net)	Foreign Exchange / Adjustment	Adjustment on account of business combinations	As at 31 March 2021
Current borrowings	2,575.42	-	(56.93)	(4.23)	-	2,514.26
Non-current borrowings including current maturities of non-current borrowings	3,871.77	-	(272.58)	(19.76)	-	3,579.42
Lease Liabilities	11.40	-	(2.57)	-	-	8.83
Interest on borrowings (including transaction cost)	28.38	483.04	(487.86)	-	-	23.56
Total Liabilities from Financing Activities	**6,486.97**	**483.04**	**(819.95)**	**(23.99)**	**-**	**6,126.07**

c i) Terms of repayment as on 31 March 2022 are as under:

		US $ in Million	₹ In Million	Repayment Terms	Closing interest rate as at 31.3.2022
(i)	a	-	79.14	Repayable in 4 quarterly instalments, next installment due on 30.06.2022; equated average instalments of ₹19.78 Million	8.50%
	b	-	19.82	Repayable in 4 quarterly instalments, next installment due on 30.06.2022; equated average instalments of ₹4.95 Million	7.50%
	c	-	128.03	Repayable in 4 quarterly instalments, next installment due on 30.06.2022; equated average instalments of ₹32.01 Million	7.80%
	d	-	39.55	Repayable in 4 quarterly instalments, next installment due on 30.06.2022; equated average instalments of ₹9.89 Million	7.50%
	e	-	39.59	Repayable in 4 quarterly instalments, next installment due on 30.06.2022; equated average instalments of ₹9.90 Million	7.90%
	f	-	600.23	Repayable in 17 quarterly instalments, next installment due on 05.06.2022; equated average instalments of ₹35.31 Million	8.95%
	g	-	623.18	Repayable in 20 quarterly instalments, next installment due on 06.05.2022, equated average instalments of ₹31.16 Million	7.50%
	h	7.36	551.39	Repayable in 7 quarterly instalments, next installment due on 10.06.2022; equated average instalments of US $ 1.05 Million	3M Libor + 2.60 bps
(ii)	a	-	147.59	Repayable in 4 quarterly instalments, next installment due on 30.06.2022; equated average instalments of ₹36.90 Million	7.50%
	b	-	1,727.24	Repayable in 24 quarterly instalments, next installment due on 01.09.2022; equated average instalments of ₹71.97 Million	7.65%
(iii)	a	-	59.55	Repayable in 4 quarterly instalments, next installment due on 30.06.2022; equated average instalments of ₹14.89 Million	10.00%
(iv)	a	-	2.25	Repayble monthly EMI of ₹0.132 Million	8.60%
	b	-	0.87	Repayble monthly EMI of ₹0.087 Million	8.73%

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

		US $ in Million	₹ In Million	Repayment Terms	Closing interest rate as at 31.3.2021
(i)	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 US $ 0.984 Million	3M Libor + 260 bps
(ii)	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)	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)	a	-	3.71	Repayble monthly EMI of ₹0.128 Million	8.60%
	b	-	2.05	Repayble monthly EMI of ₹0.093 Million	8.73%

23. Non current lease liability

	As at 31 March 2022	As at 31 March 2021
Lease liability	2.23	5.79
	2.23	**5.79**

24. Long -term provisions

	As at 31 March 2022	As at 31 March 2021
Provision for gratuity (Refer note 44)	132.43	122.24
Provision for compensated absences (Refer note 44)	103.87	97.62
	236.30	**219.86**

25. Deferred tax liabilities (net)

	As at 31 March 2022	As at 31 March 2021
Deferred tax liabilities (Refer note 42)	364.07	375.82
	364.07	**375.82**

26. Other non current liabilities

	As at 31 March 2022	As at 31 March 2021
Advance received from customers	290.02	-
	290.02	**-**

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

27. Short-term borrowings

Secured

	As at 31 March 2022	As at 31 March 2021
Loans repayable on demand from banks		
Working capital loan -Rupee (refer note a and b below)	2,378.03	1,141.70
Working capital loan -Foreign currency (refer note a and b below)	-	257.96
Bill discounting (Refer note a (ii))	347.95	1,114.60
Current maturities of long-term debt	1,151.59	950.56
	3,877.57	**3,464.82**

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 fixed assets both present and future situated at Company's plants at Bangalore, Taloja and Panoli.

ii Loans availed under bill discounting facility are against specific receivables, having tenure of 30 to 90 days and carrying interest ranging between 1.50% to 1.86% p.a.

b. Working capital loans are repayable on demand and carry interest ranging from 6.50% to 8.05% p.a.

28. Current lease liability

	As at 31 March 2022	As at 31 March 2021
Lease liability	3.56	3.04
	3.56	**3.04**

29. Trade payables

	As at 31 March 2022	As at 31 March 2021
Trade payables		
Total outstanding dues of Micro Enterprises and Small Enterprises (Refer note 49)	449.98	260.48
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	2,040.55	2,035.65
	2,490.53	**2,296.13**

The Company's exposure to currency and liquidity risk related to trade payable is disclosed in Note 46.

Trade Payables ageing schedule as on 31-03-2022

Particulars	Not Due	<1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Micro Enterprises and Small Enterprises	364.65	84.80	0.53	-	-	449.98
(ii) Others	1,568.52	463.73	4.94	3.13	0.23	2,040.55
(iii) Disputed dues – Micro Enterprises and Small Enterprises	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	
Total	**1,933.17**	**548.53**	**5.47**	**3.13**	**0.23**	**2,490.53**

Trade Payables ageing schedule as on 31-03-2021

Particulars	Not Due	<1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Micro Enterprises and Small Enterprises	216.55	43.90	-	-	0.03	260.48
(ii) Others	1,712.61	316.47	3.69	2.12	0.76	2,035.65
(iii) Disputed dues – Micro Enterprises and Small Enterprises	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	**1,929.16**	**360.37**	**3.69**	**2.12**	**0.79**	**2,296.13**

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

30. Other financials liabilities

	As at 31 March 2022	As at 31 March 2021
Interest accrued but not due on borrowings	30.76	23.56
Payables for capital purchases	444.18	234.47
Employee benefits payable	206.42	149.13
Unpaid dividend (Refer note no 50)	2.48	2.40
	683.84	**409.56**

31. Other current liabilities

	As at 31 March 2022	As at 31 March 2021
Advances from customers	408.24	51.81
Statutory dues payable		
- Provident fund	15.16	11.72
- Employees' state insurance	0.03	0.03
- Tax deducted at source	32.42	21.02
- Goods and Services Tax	25.49	37.86
- Employees' national pension scheme	0.17	0.15
- Profession tax	0.38	0.38
	481.89	**122.97**

32. Current provisions

	As at 31 March 2022	As at 31 March 2021
Provision for gratuity (Refer note 44)	17.96	21.41
Provision for compensated absences (Refer note 44)	13.42	23.01
	31.38	**44.42**

33. Income tax liabilities (net)

	As at 31 March 2022	As at 31 March 2021
Provision for tax	122.89	226.85
(Net of advance tax ₹589.66 million (31 March 2021 : ₹465.21 million))		
	122.89	**226.85**

34. Revenue from Operations

		For the year ended 31 March 2022	For the year ended 31 March 2021
Sale of products		19,017.70	17,009.91
Sale of services		242.60	60.61
	(A)	**19,260.30**	**17,070.52**
Other operating revenues			
Export incentive		19.27	108.39
Scrap sales		39.71	13.85
Others		107.93	11.60
	(B)	**166.91**	**133.84**
Revenue from operations	(A+B)	**19,427.21**	**17,204.36**

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

34.1: Disaggregation of revenue from contracts with customers

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

Particulars			
1 Revenue from contracts with customers			
Sale of products (Transferred at point in time)			
India		5,098.36	5,222.54
Outside India		13,919.34	11,787.37
	(A)	**19,017.70**	**17,009.91**
Sale of services			
India		19.96	-
Outside India		222.64	60.61
	(B)	**242.60**	**60.61**
2 Other operating revenues			
Export incentive		19.27	108.39
Scrap Sales		39.71	13.85
Others		107.93	11.60
	(C)	**166.91**	**133.84**
Total revenue (A + B + C)		**19,427.21**	**17,204.36**
Major product lines			
Crop protection		8,129.80	6,607.96
Pharmaceuticals		11,297.41	10,596.40
		19,427.21	**17,204.36**
Reconciliation of revenue from contract with customer			
Revenue from contracts with customer as per contract price		19,260.30	17,070.52
Adjustment made to contract price		-	-
Total Revenue from contracts with customer		**19,260.30**	**17,070.52**
Other operating revenue		166.91	133.84
Revenue from contracts with customer as per Standalone statement of profit and loss		**19,427.21**	**17,204.36**

For the opening and closing balance of receivables from contracts with customers refer note no 14.

Breakup of Contract Assets and Contract Liabilities are as under:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Trade Receivables	4,377.20	4,855.30
Contract Liabilities	698.26	51.81
Contract Assets	96.65	-

Trade Receivbales have decreased due to collection from the customers.

Contract Liabilities include advance received from customers. Contract Liabilities have increased which is in line with increase in business as evidenced by increase in turnover, also company has received advance from two customer for order out of which one is long term advance.

Contact Assets represents unbilled revenue to customers. This is as a result of contract entered during the year. The similar contract was not there in the previous year.

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

35. Other income

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Dividend received on non-current investment	-	0.01
Interest income on		
Bank deposit	14.96	17.62
Other	2.60	9.05
Foreign exchange gain (net)	23.17	12.89
Profit on sale of investment	1.40	0.12
Profit on sale of assets (net)	0.52	-
Sundry balance written back	3.56	-
Miscellaneous income	2.70	10.13
	48.90	**49.82**

36. Cost of materials consumed

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Raw material consumed		
Opening stock	1,362.26	1,814.84
Add: Purchase	10,591.96	8,614.54
Less: Closing stock	1,632.11	1,362.26
	10,322.11	**9,067.12**

37. Changes in inventories of finished goods and Work-in-progress

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Opening stock		
Finished goods	517.99	559.34
Work-in-progress	583.28	558.58
	1,101.27	**1,117.92**
Less: Closing stock		
Finished goods	798.52	517.99
Work-in-progress	660.98	583.28
	1,459.50	1,101.27
	(358.23)	**16.65**

38. Employee benefits expense

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries, wages and bonus	1,715.93	1,422.36
Contribution to provident and other funds	82.75	70.37
Gratuity expenses (Refer note 44)	30.81	23.86
Staff welfare expense	184.01	126.58
	2,013.50	**1,643.17**

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

39. Finance costs

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest on rupee term loans	135.36	161.80
Interest on foreign currency term loans	20.03	36.43
Interest on working capital loans	87.50	89.06
Interest on bills discounted	18.29	31.14
Other finance costs	2.56	16.32
Interest expenses on lease liabilities	0.74	1.02
Bank charges	31.34	26.21
Exchange difference to the extent considered as an adjustment to borrowing costs	16.36	-
	312.18	**361.98**

40. Other expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Consumption of stores and spares	368.64	282.63
Contract labour charges	209.63	176.67
Power and fuel	1,754.58	1,478.26
Advertisement	7.39	2.65
Rent (Refer note 45)	40.68	35.08
Rates and taxes	8.91	11.32
Insurance	88.07	65.26
Repairs and maintenance		
- Plant and machinery	253.80	217.86
- Buildings	52.18	27.72
- Others	156.20	146.90
Printing and stationery	22.59	15.28
Legal and professional charges		
- Legal charges	61.05	5.87
- Professional charges	263.58	141.51
Travelling and conveyance	22.90	15.44
Vehicle expenses	20.22	13.31
Postage, telephone and telegrams	7.14	6.63
Payment to auditors (Refer note 53)	6.32	5.98
Director's sitting fee/ Commission	19.20	16.89
Sales and distribution expenses	379.55	267.91
Commission on sales	20.27	30.75
Security service charges	45.23	41.69
Sundry balance written off	-	9.73
Service charges	23.21	25.80
Provision for doubtful debts/advances	15.27	45.29
Corporate Social Responsibility expenses (CSR) (Refer note 51)	31.68	26.88
Miscellaneous expenses	165.88	135.23
	4,044.17	**3,248.54**

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

41. Tax expense

(a) Amounts recognised in balance sheet

Particulars	As at 31 March 2022	As at 31 March 2021
Income tax liabilities (Net of advance tax ₹1,172.10 million (31 March 2021 : ₹465.21 million))	**122.89**	**226.85**

Particulars	As at 31 March 2022	As at 31 March 2021
Income tax assets (Net of provision of ₹559.57 million (31 March 2021 : 559.57 million))	**20.21**	**20.21**

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

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Current income tax		
Current tax	596.50	795.51
	596.50	**795.51**
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences	(15.90)	(62.66)
Deferred tax expense	**(15.90)**	**(62.66)**
Tax expense for the year	**580.60**	**732.85**

(c) Amounts recognised in other comprehensive income

	For the year ended 31 March 2022			For the year ended 31 March 2021		
	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	15.95	(4.09)	11.86	(19.38)	4.98	(14.40)
Gain / (loss) on change in fair values of investments in equity shares carried at fair value through OCI	0.27	(0.07)	0.20	(0.06)	0.02	(0.04)
	16.22	**(4.16)**	**12.06**	**(19.44)**	**5.00**	**(14.44)**

(d) Reconciliation of effective tax rate

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit before tax	2,185.69	2,064.27
Tax using the Company's domestic tax rate (Current year 25.17% and Previous year 34.94%)	550.14	721.26
Tax effect of:		
Non-deductible tax expenses	30.46	11.59
Tax expenses as per statement of profit and loss	**580.60**	**732.85**

The Company's standalone weighted average tax rates for the years ended 31 March 2022 and 31 March 2021 were 26.56% and 35.50%, respectively.

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

42. Deferred tax liabilities (net)

(a) Recognised deferred assets and liabilities

	Deferred tax assets		Deferred tax liabilities		Net deferred tax asset/(liabilities)	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Property, plant and equipment		-	(491.46)	(501.49)	(491.46)	(501.49)
Inventories	30.24	29.71	-	-	30.24	29.71
Trade receivables	25.03	20.77	-	-	25.03	20.77
Loans and advance	5.12	5.03	-	-	5.12	5.03
Investment	-	6.81	-	-	-	6.81
Provisions	68.60	66.50	-	-	68.60	66.50
Loan processing charges		-	(1.60)	(3.15)	(1.60)	(3.15)
Net Deferred tax asset / (liabilities)	**128.99**	**128.82**	**(493.06)**	**(504.64)**	**(364.07)**	**(375.82)**

(b) Movement in deferred tax balances

	Net balance 1 April 2021	Recognised in profit or loss	Recognised in OCI	31 March 2022		
				Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
Property, plant and equipment	(501.49)	10.02	-	(491.46)	-	(491.46)
Inventories	29.71	0.53	-	30.24	30.24	-
Trade receivables	20.77	4.26	-	25.03	25.03	-
Loans and advances	5.03	0.09	-	5.12	5.12	-
Investments	6.81	(6.74)	(0.07)	0.00	-	-
Provisions	66.50	6.19	(4.09)	68.60	68.60	-
Loan processing charges	(3.15)	1.55	-	(1.60)	-	(1.60)
Net deferred tax assets / (liabilities)	**(375.82)**	**15.90**	**(4.16)**	**(364.07)**	**128.99**	**(493.06)**

(c) Movement in deferred tax balances (previous year)

	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)**

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 ₹ Nil (PY ₹119.31 Million) in the books of account against income tax liabilities.

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

43. 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.

		As at 31 March 2022	As at 31 March 2021
Profit attributable to equity shareholders (basic and diluted)			
Profit for the year attributable to equity shareholders	(A)	**1,605.09**	**1,331.42**
Weighted average number of equity shares for basic and diluted earnings per share			
Number of equity shares at beginning of the year		12,33,00,750	12,33,00,750
Number of equity shares outstanding at the end of the year		**12,33,00,750**	**12,33,00,750**
Weighted average number of equity shares for the year	(B)	**12,33,00,750**	**12,33,00,750**
Basic and diluted earnings per share of face value of ₹2 each	(A) / (B)	**13.02**	**10.80**

44. 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 2022	For the year ended 31 March 2021
Employer's contribution to Provident Fund	81.48	68.29
Employer's contribution to Superannuation Fund	0.17	0.91
Employer's Contribution to Employees State Insurance	1.27	1.09
Employer's contribution to Labour Welfare Fund	0.01	0.02

(ii) Defined Benefit Plans

Gratuity:

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The Company has obtained insurance policies with the Life Insurance Corporation of India (LIC) for eligible employees at Panoli plant and makes an annual contribution to LIC for amounts notified by LIC. The Company accounts for gratuity benefits payable in future based on an independent external actuarial valuation carried out at the end of the year using the projected unit credit method. Actuarial gains and losses are recognised as Other Comprehensive Income or Loss.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's standalone financial statements as at balance sheet date:

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

A. Reconciliation of the net defined benefit (asset)/ liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit (asset) liability and its components

	As at 31 March 2022	As at 31 March 2021
Reconciliation of present value of defined benefit obligation		
Balance at the beginning of the year	162.98	135.56
Current service cost	21.41	16.58
Past service cost	-	-
Interest cost (income)	25.94	8.16
Benefits paid	(27.45)	(21.33)
Actuarial losses/ (gains) recognised in other comprehensive income	-	-
- financial assumptions	10.03	11.69
- demographic assumption	-	2.17
- experience adjustments	(27.25)	10.15
Balance at the end of the year	**165.66**	**162.98**
Reconciliation of present value of plan assets		
Balance at the beginning of the year	19.33	16.15
Transfer In / (Out) Plan Assets	0.11	-
Interest income	1.27	0.89
Remeasurements :	-	-
Return on plan assets, excluding amount included in interest (expense)/income	(1.27)	4.63
Employer contributions	-	0.01
Benefits paid	(4.17)	(2.35)
Balance at the end of the year	**15.27**	**19.33**
Net defined benefit (asset)/ liability	**150.39**	**143.65**

B. Plan assets

Plan assets comprise the following

	As at 31 March 2022	As at 31 March 2021
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%**

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

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

	For the year ended 31 March 2022	For the year ended 31 March 2021
Recognised in income statement		
Current service cost	21.41	16.58
Past service cost		-
Interest cost	9.40	7.28
Total	**30.81**	**23.86**
Recognised in Other Comprehensive Income		
Remeasurement of net defined benefit liability/(asset)	(17.22)	24.01
Return on plan assets, excluding interest income	1.27	(4.63)
Total	**(15.95)**	**19.38**

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 2022	For the year ended 31 March 2021
Expected return on plan assets	7.00%	6.55%
Discount rate	7.00%	6.55%
Salary escalation rate	6.50%	5.00%
Attrition rate	2.00%	2.00%
Mortality rate table	Indian assured lives mortality (2012-14)	

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 2022		for the year ended 31 March 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	138.69	163.79	150.89	176.93
Rate of salary increase (1% movement)	162.00	140.17	176.07	151.29
Rate of employee turnover (1% movement)	150.74	150.03	163.24	162.72

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 2022	31 March 2021
Expected employer's contribution to defined benefit plan for the next year	17.96	21.41

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 2022					
Defined benefit obligations (Gratuity)	19.22	8.19	41.15	81.83	150.39
Total	**19.22**	**8.19**	**41.15**	**81.83**	**150.39**
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**

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

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 ₹32.95 million (PY ₹43.59 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.

45. 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.

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 2020	663.13
Additions	-
Depreciation expense	(11.43)
As at 31 March 2021	651.70
Additions	-
Depreciation expense	(11.43)
As at 31 March 2022	640.27

The aggregate depreciation expense on ROU assets is included under depreciation and amortization 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 2022	As at 31 March 2021
As at 1 April	8.83	11.40
Additions	-	-
Accretion of interest	0.74	1.02
Payments	(3.78)	(3.59)
As at 31 March	5.79	8.83
Current	3.56	3.04
Non current	2.23	5.79

For Rental expense recorded for short-term leases, refer note 40

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 March 31, 2022 and March 31, 2021 on an undiscounted basis are as follows:

	Year ended 31 March 2022	Year ended 31 March 2021
Payable within one year	3.96	3.77
Payable between one year and five years	2.37	6.34
Payable after more than five years	-	-

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

46. 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 2022	Carrying amount			Fair value			
	FVTOCI	FVPTL	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Investment	6.38	102.68	109.06	0.11	102.68	6.27	109.06
	6.38	**102.68**	**109.06**	**0.11**	**102.68**	**6.27**	**109.06**

31 March 2021	Carrying amount			Fair value			
	FVTOCI	FVPTL	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**

B. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

i. Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The carrying amount of following financial assets represents the maximum credit exposure:

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

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The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

At 31 March 2022, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows.

	Carrying amount	
	As at 31 March 2022	As at 31 March 2021
India	1,494.43	1,879.98
Other regions	2,980.45	3,057.73
	4,474.88	**4,937.71**

Impairment

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables:

	As at 31 March 2022		
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Not due	3,733.91	0.39%	14.74
Past due 0-90 days	553.87	2.30%	12.73
Past due 91-180 days	64.11	11.00%	7.05
Past due 181-365 days	51.62	29.34%	15.14
Past due366-730 days	42.65	45.25%	19.30
Past due731-1096 days	5.59	100.00%	5.59
More than 1096 days	23.13	99.98%	23.13
	4,474.88		**97.68**

	As at 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 due366-730 days	6.37	55.09%	3.51
Past due731-1096 days	1.78	100.00%	1.78
More than 1096 days	21.78	100.00%	21.78
	4,937.71		**82.41**

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 2021	82.41
Additional provision	15.27
Impairment loss recognised / (reversal)	-
Balance as at 31 March 2022	**97.68**

Cash and cash equivalents

The Company held cash and cash equivalents (including bank deposits) of ₹496.46 million at 31 March 2022 (31 March 2021: ₹413.18 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.

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(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 2022	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	2,869.03	2,869.03	-	2,391.28	477.75
Borrowings and lease liabilities - current	3,881.13	3,881.13	3,881.13	-	-
Other financial liabilities - current	683.84	683.84	683.84	-	-
Trade payables	2,490.53	2,490.53	2,490.53	-	-
	9,924.53	**9,924.53**	**7,055.50**	**2,391.28**	**477.75**

31 March 2021	Carrying amount	Total	Contractual cash flows		
			Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Borrowings - Non current	2,708.36	2,708.36	-	2,399.37	308.99
Borrowings - current	3,467.86	2,517.30	2,517.30	-	-
Other financial liabilities - current	409.56	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**

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.

Exposure to currency risk

The major currency profile of financial assets and financial liabilities as at 31 March 2022 and 31 March 2021 are as below:

	As At 31 March 2022				
	USD	EUR	GBP	JPY	CHF
Financial assets	2,463.14	618.56	-	-	-
Financial liabilities	1,524.27	32.26	-	-	-
Net Exposure	**938.87**	**586.30**	**-**	**-**	**-**

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

	As At 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)**

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 2022				
USD (3% movement)	28.17	(28.17)	21.08	(21.08)
EUR (3% movement)	17.59	(17.59)	13.16	(13.16)
	45.76	**(45.76)**	**34.24**	**(34.24)**

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)**

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:

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

	Nominal amount	
	As at 31 March 2022	As at 31 March 2021
Fixed-rate instruments		
Financial assets	392.36	347.04
Financial liabilities	(2,725.98)	(2,514.26)
	(2,333.62)	**(2,167.22)**
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	(4,018.40)	(3,579.42)
	(4,018.40)	**(3,579.42)**

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.

47. Capital Management

As at 31 March 2022, 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.

	As at 31 March 2022	As at 31 March 2021
Non-current borrowings	2,866.81	2,628.86
Current borrowings	3,877.57	3,464.82
Gross debt	**6,744.38**	**6,093.68**
Less - Cash and cash equivalents	114.41	76.37
Less - Other bank deposits	382.05	336.81
Adjusted net debt (A)	**6,247.92**	**5,680.50**
Total equity (B)	10,680.08	9,334.18
Adjusted net debt to equity ratio	0.59	0.61
Total capital (A)+(B)	16,928.00	15,014.68
Gearing ratio *	37%	38%

*The Company's ideal gearing ratio is 35% to 40%.

48. Contingent liabilities and commitments (to the extent not provided for)

	As at 31 March 2022	As at 31 March 2021
A. Contingent liabilities		
Direct and Indirect taxes*		
Income Taxes	241.34	241.34
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.

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

	As at 31 March 2022	As at 31 March 2021
B. Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances, tangible assets	1,187.31	1,160.46

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.

49. Dues to micro and small suppliers

Particulars	As at 31 March 2022	As at 31 March 2021
1. The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	449.98	260.48
- 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	-	-

50. Dues relating to Investor Education and Protection fund

During the year the Company has transferred ₹0.28 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

51. 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: ₹32.14 million (31 March 2021: ₹25.81 million)

The areas of CSR activities and contributions made thereto are as follows:

Amount spent during the year on	For the year ended 31 March 2022	For the year ended 31 March 2021
Protection of national heritage	0.70	-
Promotion of education	11.72	6.37
Disaster Relief	0.10	0.43
Environmental sustainability	6.64	-
Rural Devlopment Project	0.99	-
Training to stimulate rural sports, nationally recognized sports, Paralympic sports and Olympic sports	1.12	-
Promoting preventive health care and sanitation and making available safe water	4.81	1.35
COVID-19	5.60	18.73
Total	**31.68**	**26.88**

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

The Company does not carry any provisions for corporate social responsibility expenses for the current year and the previous year.

Amount of Expenditure incurred on Corporate Social Responsibility

Particulars	31 March 2022	31 March 2021
(a) amount required to be spent by the company during the year	32.14	25.81
(b) amount of expenditure incurred	31.68	26.88
(c) Excess / (shortfall) at the end of the year	-0.46	1.07
(d) total of previous years shortfall	-	-
(e) reason for shortfall	Excess Spent in FY. 2020-2021	-
(f) nature of CSR activities	As per above table	As per above table
(g) details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	Nil	Nil
(h) where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately	Nil	Nil

52. Research and development expenditure :

A unit of the Company has been recognized by DSIR as in-house Research and Development unit.

Amount in respect to	For the year ended 31 March 2022	For the year ended 31 March 2021
Capital expenditure	275.35	36.25
Revenue expenditure	619.36	530.65
	894.71	**566.90**

53. Payment to Auditors' (excluding goods and services tax)

Amount in respect to	For the year ended 31 March 2022	For the year ended 31 March 2021
- Audit fees	3.40	3.40
- Limited review of quarterly results	2.40	2.50
- Certification and other matters	0.50	0.08
- Out-of-pocket expenses	0.02	-
Total	**6.32**	**5.98**

54. Disclosure under Section 186 of the Companies Act, 2013

a) Details of investment made during the year ended 31 March 2022 as per section 186 (4) of the Act:

Name of entity	As at 31 March 2021	Sale	Change due to fair valuation	As at 31 March 2022	Maximum amount outstanding during the year
Bharuch Eco Aqua. Infrastructure Limited	4.25	-	0.13	4.38	4.38
Panoli Enviro Technology Limited	0.08	-	-	0.08	0.08
Jiangsu Chemstar Chemical Co Limited	-	-	-	-	-
Bank of Baroda	-	-	-	-	-
Union Bank of India	0.10	-	0.01	0.11	0.11
Acoris Research Limited	0.10	-	-	0.10	0.10
MMA CETP Co-operative society Limited	1.69	-	0.12	1.81	1.81

Also refer note no 7 for investments.

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

55. 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.

Amount in respect to	For the year ended 31 March 2022	For the year ended 31 March 2021
Finance costs	146.34	131.73
Employee benefit expenses	42.74	-
Other expenses	4.89	-
Total	**193.97**	**131.73**

56. 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	

Segment wise classification:-

A i) Primary segment reporting (by business segment)

The Company's business segments based on product lines are as under:

- **Pharmaceuticals**

Segment produces/trades in Active Pharmaceutical Ingredients

- **Crop Protection**

Segment produces/trades in pesticides and herbicides

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

ii) Segment revenues, results and other information

Particulars	Crop Protection	Pharmaceuticales	Total of Reportable Segment
External sales	**8,129.80**	**11,297.41**	**19,427.21**
	6,607.96	*10,596.40*	*17,204.36*
Other income	**-**	**-**	**-**
	-	-	-
Segment revenue	**8,129.80**	**11,297.41**	**19,427.21**
	6,607.96	*10,596.40*	*17,204.36*
Segment results	**1,151.35**	**1,510.21**	**2,661.57**
	1,032.72	*1,698.76*	*2,731.48*
Segment assets	**8,545.61**	**11,893.72**	**20,439.33**
	6,560.65	*11,314.48*	*17,875.13*
Segment liabilities	**1,993.40**	**1,752.85**	**3,746.26**
	1,161.84	*1,744.83*	*2,906.67*
Capital expenditure (included in segment assets)	**1,519.55**	**1,341.71**	**2,861.26**
	536.32	*924.66*	*1,460.98*
Depreciation/Amortisation	**310.23**	**616.27**	**926.50**
	307.65	*514.64*	*822.29*

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	**19,427.21**	**2,661.57**	**20,439.33**	**3,746.26**	**2,861.26**	**926.50**
	17,204.36	*2,731.48*	*17,875.13*	*2,906.67*	*1,460.98*	*822.29*
Corporate / Unallocated segment	**-**	**163.70**	**1,691.83**	**7,704.83**	**171.02**	**30.19**
	-	*305.23*	*1,257.17*	*6,891.45*	*99.13*	*30.16*
Finance cost	**-**	**312.18**	**-**	**-**	**-**	**-**
	-	*361.98*	-	-	-	-
Exceptional item	**-**	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-	-
Taxes	**-**	**580.60**	**-**	**-**	**-**	**-**
	-	*732.85*	-	-	-	-
As per financial statement	**19,427.21**	**1,605.09**	**22,131.16**	**11,451.09**	**3,032.28**	**956.69**
	17,204.36	*1,331.42*	*19,132.30*	*9,798.12*	*1,560.11*	*852.45*

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	5,285.23	3,130.43	4,592.52	2,218.33	4,200.70	19,427.21
	5,381.77	2,063.36	3,764.54	5,466.55	528.14	17,204.36
Total assets	22,131.16	-	-	-	-	22,131.16
	19,132.30	-	-	-	-	19,132.30
Capital expenditure	3,032.28	-	-	-	-	3,032.28
	1,560.11	-	-	-	-	1,560.11

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

There is a customer which account for revenue of ₹2,258.14 Million (Pr Yr. ₹1,762.16 Million) in Crop protection segment and a customer which account for revenue of Nil (Pr Yr ₹ Nil) 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

57. 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 2022	31 March 2021
Acoris Research Limited ("ARL")	Subsidiary	India	100%	100%
Hikal LLC (w.e.f. 7 April 2021)	Subsidiary	USA	100%	NA

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 (Executive Chairman)
	Sameer Hiremath (Managing Director and Chief Executive Officer)
	Sham Wahalekar (Chief Financial Officer) (Upto 4 November 2020)
	Kuldeep Jain (Chief Financial Officer) (w.e.f. 5 November 2020)
	Rajasekhar Reddy (Company Secretary) (w.e.f. 4 August 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")
	BF Investment Limited
	Sumer Trust
	Rhea Trust
	Nihal Trust
	Anika Trust
	Pooja Trust
	Anish Trust
	Pallavi Trust
	Sameer Trust
d) Relatives of Key Management Personnel	Anish Swadi
	Pallavi Swadi
	Pooja Hiremath

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

Relationship	Name of the related party
e) Non-executive directors	Baba Kalyani
	Amit Kalyani
	Sugandha Hiremath
	Kannan K. Unni
	Prakash Mehta
	Shivakumar Kheny (Upto 4 February 2021)
	Ranjit Shahani
	Shivani Bhasin Sachdeva
	Ravindra Kumar Goyal (Upto 22 December 2021)
	Shrikrishna K. Adivarekar (w.e.f. 22 December 2021)

ii) Details of transactions with related parties and balances outstanding

Particulars	Transaction value		Balances outstanding	
	Year ended 31 March 2022	Year ended 31 March 2021	31 March 2022	31 March 2021
Remuneration				
Jai Hiremath	53.88	41.43	-	-
Sameer Hiremath	36.00	24.53	-	-
Anish Swadi	20.84*	18.10		
Sham Wahalekar	0.00	9.50	-	-
Kuldeep Jain	12.50	3.78		
Rajasekhar Reddy	8.26	4.46		
Commission paid				
Jai Hiremath	22.65	21.00	22.65	21.00
Sameer Hiremath	22.65	21.00	22.65	21.00
Sitting fees				
Sugandha Hiremath	1.10	0.90	-	-
Baba Kalyani	0.50	0.40	-	-
Amit Kalyani	0.30	0.40	-	-
Kannan K. Unni	1.60	1.40	-	-
Prakash Mehta	1.70	1.40	-	-
Shivakumar Kheny	-	0.90	-	-
Shrikrishna Adivarekar	0.20	-	-	-
Ranjit Shahani	0.90	0.50	-	-
Shivani Bhasin Sachdeva	0.80	0.50	-	-
Ravindra Kumar Goyal	0.80	0.10	-	-
Commission to Non-executive directors				
Sugandha Hiremath	1.42	1.30	1.42	1.30
Baba Kalyani	1.42	1.30	1.42	1.30
Amit Kalyani	1.42	1.30	1.42	1.30
Kannan K. Unni	1.42	1.30	1.42	1.30
Prakash Mehta	1.42	1.30	1.42	1.30
Shrikrishna K. Adivarekar	0.39	-	0.39	-
Ranjit Shahani	1.42	1.30	1.42	1.30
Shivani Bhasin Sachdeva	1.42	1.30	1.42	1.30
Ravindra Kumar Goyal	1.03	1.30	1.03	1.30
Dividend paid				
SBIPL	43.81	23.90	-	-
SRIPL	21.58	11.77	-	-

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

Particulars	Transaction value		Balances outstanding	
	Year ended 31 March 2022	Year ended 31 March 2021	31 March 2022	31 March 2021
DEPL	0.11	0.06	-	-
EIPL	0.87	0.47	-	-
KECPL	0.14	0.08	-	-
KICL	85.07	46.40	-	-
Sugandha Hiremath	21.27	11.60	-	-
Jai Hiremath	2.95	1.61	-	-
Sameer Hiremath	0.86	0.47	-	-
Anish Swadi	0.02	0.01	-	-
Sham Wahalekar	-	0.02	-	-
Pallavi Swadi	0.84	0.46	-	-
Pooja Hiremath	0.02	0.01	-	-
BF Investment Limited	7.20	3.93	-	-
Sumer Trust	0.17	0.09	-	-
Rhea Trust	0.17	0.09	-	-
Nihal Trust	0.17	0.09	-	-
Anika Trust	0.17	0.09	-	-
Pooja Trust	0.17	0.09	-	-
Anish Trust	0.17	0.09	-	-
Pallavi Trust	0.41	0.23	-	-
Sameer Trust	0.41	0.23	-	-
Kuldeep Jain	-	0.00	-	-
Baba Kalyani	0.05	0.03	-	-
Kannan K. Unni	0.04	0.02	-	-
Prakash Mehta	0.03	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
Sales Promotion Expenses				
Hikal LLC	22.38	-	-	-
Reimbursement of Expenses				
Acoris Research Limited	0.10	0.01	0.12	0.01

* excludes variable pay upto ₹ 23.50 million which is subject to performance of the company.

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.

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

58. Key Ratios

Sr. No.	Particulars	Numerator	Denominator	31 March 2022	31 March 2021	Variance (in %)
1	Current Ratio	Current Assets	Current Liabilities	1.25	1.34	6%
2	Debt-Equity Ratio	Total Borrowing	Equity	0.63	0.65	3%
3	Debt Service Coverage Ratio	EBIT	Total Debt Service	1.31	1.29	2%
4	Return on Equity Ratio	Comprehensive Income	Average Shareholder's Equity	16.16%	15.05%	7%
5	Inventory Turnover Ratio	Cost of goods sold	Avg. Inventory	109	116	7%
6	Trade Receivables Turnover Ratio	Net Credit Sales	Average Accounts Receivable	4.17	4.13	1%
7	Trade Payables Turnover Ratio	Total Purchases	Average Accounts Payable	82	91	10%
8	Net Working Capital Turnover Ratio	Net Annual Sales	Working Capital	3.30	3.00	10%
9	Net Profit Ratio	Net Profit after Tax	Net Sales	8.26%	7.74%	7%
10	Return on Capital Employed	Operating Profit	Average Capital Employed	15.21%	16.15%	6%
11	Return on Investment	Income generated from Invested funds	Average Investment Funds	4.11%	5.58%	26%

59. Contribution to Provident Fund as per Supreme Court Judgment

There are numerous interpretative issues relating to the Supreme Court (SC) judgment dated 28th February, 2019 on Provident Fund (PF) on the inclusion of allowances for the purpose of PF contribution as well as its applicability of effective date. The impact is not expected to be material as per the assessment made by the company.

60. 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.

61. The Code on Social Security, 2020

The Code on Social Security, 2020 ('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.

62. The Company does not have any Benami property, where any proceedings have been initiated or pending against the company for holding any Benami property.

63. The Company does not have any transactions with Companies struck off.

64. The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

65. The Company has not traded or invested in Crypto currency or Virtual currency during the financial year.

66. The Company has not advanced or loaned or invested funds to any other person / entities, including foreign entities (intermediaries) with the understanding that the intermediary shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding party (ultimate beneficiaries) or

(ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

Notes to the Standalone Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

67. The Company has not received funds from any other person / entities, including foreign entities (Funding party) with the understanding (whether recorded in writing or otherwise) that the company shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding party (ultimate beneficiaries) or

(ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

68. The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)

69. During the month of July 2022, due to heavy rains at Mahad, Maharashtra led to flooding which caused the operations at the Company's Mahad Unit to remain shut for a period of 27 days. This has consequentially impacted the results for the year ended on 31 March 2022. The Company has filed an insurance claim, which is under assessment.

70. In connection with the alleged improper disposal of by-products by the Company in January 2022, statutory authorities are conducting relevant investigations, which are ongoing. Further, subsequent to the year-end, the Company was directed to stop manufacturing activities at its Taloja plant on grounds of not adhering to conditions stipulated in the relevant Consent to Operate. Based on the advice of external legal counsel, the Company believes it has a good case on merits in these matters, and the Company is taking necessary steps, including legal measures, to defend itself and restart manufacturing activities at the Taloja plant.

71. 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

Place: Mumbai
Date: 28 May 2022

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

Jai Hiremath
Executive Chairman
DIN: 00062203

Sameer Hiremath
Managing Director and CEO
DIN: 00062129

Kannan K. Unni
Director
DIN: 00227858

Kuldeep Jain
Chief Financial Officer

Rajasekhar Reddy
Company Secretary

Place: Mumbai
Date: 28 May 2022

Independent Auditor's Report

To the Members of Hikal Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Hikal Limited (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") comprising of the consolidated Balance sheet as at 31 March 2022, 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 2022, 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.

Emphasis of Matter

We draw attention to note 67 of the consolidated financial statements, as regards the ongoing investigations by statutory authorities and subsequent closure of the Taloja manufacturing facility, the outcome of which is subject to inherent uncertainties. Our opinion is not modified in respect of aforesaid matter.

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 2022. 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 34 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 consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 2022 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

(a) We did not audit the financial statements and other financial information, in respect of one subsidiary, whose financial statements include total assets of Rs. NIL as at 31 March 2022, and total revenues of Rs. NIL and net cash outflows of Rs. 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.

(b) The accompanying consolidated financial statements include unaudited financial statements and other unaudited financial information in respect of one subsidiary whose financial statements and other financial information reflect total assets of Rs 0.19 million as at 31 March 2022, and total revenues of Rs 22.38 million and net cash inflows of Rs 0.19 million for the year ended on that date. These unaudited financial statements and other unaudited financial information have been furnished to us by the management. Our opinion, in so far as it relates amounts and disclosures included in respect of these 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 such unaudited financial statement and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

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 reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of a Subsidiary, incorporated in India, as noted in the 'Other Matter' paragraph we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxi) of the Order.

2. 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 2022 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) The matter described in Emphasis of Matter above, in our opinion, may have an adverse effect on the functioning of the Group.

   (g) With respect to the adequacy of the internal financial controls 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 2" to this report;

   (h) 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 2022 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;

   (i) 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 53 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 31 March 2022;

      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 2022.

      iv. a) The respective managements of the Holding Company and its subsidiary which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of a subsidiary that, to the best of its knowledge and belief, as disclosed in the note 63 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or such subsidiary to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or such subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The respective managements of the Holding Company and its subsidiary which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary that, to the best of its knowledge and belief, as disclosed in the note 64 to the consolidated financial statements, no funds have been received by the respective Holding Company or such subsidiary from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of a subsidiary which is company incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

v) The final dividend paid by the Holding Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

The interim dividend declared and paid by the Holding Company during the year and until the date of this audit report is in accordance with section 123 of the Act.

As stated in note 21 to the consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

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

per Vinayak Pujare
Partner
Membership Number: 101143
UDIN: 22101143AJUVIJ9511

Place of Signature: Mumbai
Date: 28 May 2022

Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

Re: Hikal Limited ('the Company')

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that there are no qualifications or adverse remarks by the auditor in the Companies (Auditors Report) Order (CARO) reports of the company included in the consolidated financial statements. Accordingly, the requirement to report on clause 3(xxi) of the Order is not applicable to the Holding Company.

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

per Vinayak Pujare
Partner
Membership Number: 101143
UDIN: 22101143AJUVIJ9511

Place of Signature: Mumbai
Date: 28 May 2022

Annexure 2 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 Limited (hereinafter referred to as the "Holding Company") as of and for the year ended 31 March 2022, we have audited the internal financial controls of Hikal Limited (hereinafter referred to as the "Holding Company") and its subsidiary company, which is company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and 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 2022, 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: 22101143AJUVIJ9511

Place of Signature: Mumbai
Date: 28 May 2022

Consolidated Balance Sheet

As at 31 March 2022

(Currency: Indian Rupees in million)

	Note	As at 31 March 2022	As at 31 March 2021
ASSETS			
Non-current assets			
Property, plant and equipment	4	8,147.48	6,459.85
Capital work-in-progress	4	2,851.83	2,453.85
Right of use assets	5	640.27	651.70
Other intangible assets	6	6.89	13.96
Intangible assets under development	6	96.01	88.54
Financial Assets			
Investments	7	6.38	6.12
Loans	8	1.69	1.82
Others	9	146.81	200.39
Income tax assets (net)	10	20.21	20.21
Other non-current assets	11	570.70	449.76
Total non-current assets		**12,488.27**	**10,346.20**
Current assets			
Current Investment	12	102.68	-
Inventories	13	3,289.79	2,666.99
Financial Assets			
Trade receivables	14	4,377.20	4,855.30
Cash and cash equivalents	15	114.41	76.37
Bank balances other than cash and cash equivalents	16	376.50	291.71
Loans	17	3.08	2.34
Others	18	174.86	2.35
Other current assets	19	1,204.27	890.94
Total current assets		**9,642.79**	**8,786.00**
Total assets		**22,131.06**	**19,132.20**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	20	246.60	246.60
Other equity			
Retained earnings		7,729.20	6,383.61
Other reserves	21	2,704.01	2,703.81
Total equity		**10,679.81**	**9,334.02**
Liabilities			
Non-current liabilities			
Financial Liabilities:			
Borrowings	22	2,866.81	2,628.86
Lease liability	23	2.23	5.79
Provisions	24	236.30	219.86
Deferred tax liabilities (net)	25	364.07	375.82
Other liabilities	26	290.02	
Total non-current liabilities		**3,759.43**	**3,230.33**
Current liabilities			
Financial liabilities:			
Borrowings	27	3,877.57	3,464.82
Lease liability	28	3.56	3.04
Trade payables	29		
Total outstanding dues of Micro Enterprises and Small Enterprises		449.98	260.48
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		2,040.71	2,035.71
Other financial liabilities	30	683.84	409.56
Other current liabilities	31	481.89	122.97
Provisions	32	31.38	44.42
Income tax liabilities (net)	33	122.89	226.85
Total current liabilities		**7,691.83**	**6,567.85**
Total liabilities		**11,451.25**	**9,798.18**
Total equity and liabilities		**22,131.06**	**19,132.20**

Significant accounting policies 1-3

Accompanying notes form an integral part of the Consolidated Financial statements

As per our report of even date

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

For S R B C & CO LLP
Chartered Accountants
ICAI Firm's Registration No: 324982E/E300003

Jai Hiremath
Executive Chairman
DIN: 00062203

Sameer Hiremath
Managing Director and CEO
DIN: 00062129

per Vinayak Pujare
Partner
Membership No: 101143

Kannan K. Unni
Director
DIN: 00227858

Kuldeep Jain
Chief Financial Officer

Rajasekhar Reddy
Company Secretary

Place: Mumbai
Date: 28 May 2022

Place: Mumbai
Date: 28 May 2022

Consolidated Statement of Profit and Loss

For the year ended 31 March 2022

(Currency: Indian Rupees in million)

	Note	For the year ended 31 March 2022	For the year ended 31 March 2021
Income			
Revenue from operations	34	19,427.21	17,204.36
Other income	35	48.90	49.82
Total income		**19,476.11**	**17,254.18**
Expenses			
Cost of materials consumed	36	10,322.11	9,067.12
Changes in inventories of finished goods and work-in-progress	37	(358.23)	16.65
Employee benefit expenses	38	2,033.81	1,643.17
Finance costs	39	312.18	361.98
Depreciation and amortisation expense	4-6	956.69	852.45
Other expenses	40	4,023.96	3,248.56
Total expenses		**17,290.52**	**15,189.93**
Profit before tax		**2,185.59**	**2,064.25**
Tax expense			
Current tax	41	596.50	795.51
Deferred tax	42	(15.90)	(62.66)
Total tax expense		**580.60**	**732.85**
Profit for the year (Attributable to Equity holders of the parent)		**1,604.99**	**1,331.40**
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		15.95	(19.38)
Gain / (loss) on change in fair values of investments in equity shares carried at fair value through OCI		0.27	(0.06)
(ii) Income tax relating to items that will not be reclassified to consolidated statement of profit and loss		(4.16)	5.00
Other comprehensive income for the year, (net of income tax)		**12.06**	**(14.44)**
Total comprehensive income for the year (Attributable to Equity holders of the parent)		**1,617.05**	**1,316.96**
Earnings per equity share (for nominal value per equity share of ₹ 2)			
Basic and Diluted	43	13.02	10.80

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

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

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Kuldeep Jain
Chief Financial Officer

Rajasekhar Reddy
Company Secretary

Place: Mumbai
Date: 28 May 2022

Place: Mumbai
Date: 28 May 2022

Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

(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 2020-21	-	-
Balance as at 31 March 2021	**123.30**	**246.60**
Changes in equity share capital during 2021-22	-	-
Balance as at 31 March 2022	**123.30**	**246.60**

(b) Other equity

	Reserve and Surplus							Equity investments through other comprehensive income
	Capital reserve	Capital redemption reserve	Securities premium	State subsidy	Contingency reserve	General reserve	Retained earnings	
Balance as at 1 April 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 equity holders in their capacity as owners, recorded directly in equity								
Dividend	-	-	-	-	-	-	(147.96)	-
Dividend distribution tax	-	-	-	-	-	-	-	-
Other adjustments								
Lease impact as per Ind AS 116	-	-	-	-	-	-	-	-
Balance as at 31 March 2021	**0.44**	**509.82**	**381.23**	**5.50**	**30.00**	**1,779.58**	**6,383.61**	**(2.76)**
Total comprehensive income for the year ended 31 March 2022								
Profit for the year	-	-	-	-	-	-	1,604.99	-
Items of OCI for the year, net of tax								
Gain / (loss) on remeasurement of defined employee benefit plans	-	-	-	-	-	-	11.86	-
Gain / (loss) on change in fair values of investments in equity shares carried at fair value through OCI	-	-	-	-	-	-	-	0.20
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**1,616.85**	**0.20**
Transaction with owners in their capacity as owners, recorded directly in equity								
Dividends	-	-	-	-	-	-	(271.26)	-
Balance as at 31 March 2022	**0.44**	**509.82**	**381.23**	**5.50**	**30.00**	**1,779.58**	**7,729.20**	**(2.56)**

As per our report of even date

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

For S R B C & CO LLP
Chartered Accountants
ICAI Firm's Registration No: 324982E/E300003

per Vinayak Pujare
Partner
Membership No: 101143

Place: Mumbai
Date: 28 May 2022

Jai Hiremath
Executive Chairman
DIN: 00062203

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Kannan K. Unni
Director
DIN: 00227858

Kuldeep Jain
Chief Financial Officer

Rajasekhar Reddy
Company Secretary

Place: Mumbai
Date: 28 May 2022

Consolidated Cash Flow Statement

For the year ended 31 March 2022

(Currency: Indian Rupees in million)

	For the year ended 31 March 2022		For the year ended 31 March 2021	
A. Cash flow from operating activities				
Profit before tax		**2,185.59**		**2,064.25**
Adjustments:				
Depreciation and amortisation	956.69		852.45	
Dividend on long-term investments	(0.00)		(0.01)	
Finance costs	312.18		361.98	
Interest income	(17.55)		(26.67)	
Gain on sale of property, plant and equipment	(0.52)		-	
Sundry balances written (back)/off	(3.56)		9.73	
Provision for doubtful debts/advances	15.27		45.29	
Change in fair value of current investment	(2.30)		-	
Provision/write off of inventory	11.40		60.00	
Profit on sale of investment	(1.40)		(0.12)	
Unrealised foreign exchange (gain)/ loss	(7.51)		(32.79)	
		1,262.70		1,269.86
Operating cash flow before working capital changes		**3,448.29**		**3,334.11**
(Increase) in trade receivables	469.10		(1,473.23)	
(Increase) in loans and advances and other assets	(564.68)		86.22	
(Increase) in inventories	(634.20)		397.65	
(Decrease)/increase trade payables	193.62		292.58	
Increase in provisions and other liabilities	723.20		117.85	
		187.04		(578.93)
Cash generated from operations		**3,635.33**		**2,755.18**
Income tax paid		(698.00)		(465.00)
Net cash flows generated from operating activities (A)		**2,937.33**		**2,290.18**
B. Cash flow from investing activities				
Purchase of property, plant and equipment and intangible assets	(2,733.14)		(1,575.99)	
Proceeds from sale of property, plant and equipment	2.69		-	
Purchase of current investments	(180.38)		-	
Proceeds from sale of investment	81.40		0.73	
Dividend on long-term investments	0.00		0.01	
Interest received	16.93		27.33	
(Increase)/decrease in other bank balances (includes margin money account)	(31.21)		(14.04)	
Net cash flows (used in) investing activities (B)		**(2,843.71)**		**(1,561.96)**
C. Cash flow from financing activities				
Proceeds from long-term borrowings	1,350.00		600.00	
Repayment of long-term borrowings	(887.13)		(872.60)	
Repayments of/proceeds from short-term borrowings (net)	204.60		(56.92)	
Finance costs paid (including transaction costs)	(448.75)		(487.86)	
Payment of lease liability	(3.04)		(3.11)	
Dividend paid on equity shares	(271.26)		(148.19)	
Net cash flows (used in) financing activities (C)		**(55.58)**		**(968.68)**

Consolidated Cash Flow Statement

For the year ended 31 March 2022

(Currency: Indian Rupees in million)

	For the year ended 31 March 2022		For the year ended 31 March 2021
Net increase/(decrease) in cash and cash equivalents (A+B+C)		38.04	**(240.46)**
Cash and cash equivalents at the beginning 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**
Cash and cash equivalents at the end of the year, the components being			
Cash on hand		2.37	0.84
Balances with banks			
- Current accounts		96.84	66.97
- Exchange Earners Foreign Currency accounts		7.19	0.09
- Deposits accounts (demand deposits and deposits having original maturity of 3 months or less)		8.01	8.47
		114.41	**76.36**
Net increase/(decrease) as disclosed above		**38.04**	**(240.46)**

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 22

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

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

For S R B C & CO LLP
Chartered Accountants
ICAI Firm's Registration No: 324982E/E300003

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Kannan K. Unni
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DIN: 00227858

Kuldeep Jain
Chief Financial Officer

Rajasekhar Reddy
Company Secretary

Place: Mumbai
Date: 28 May 2022

Place: Mumbai
Date: 28 May 2022

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

1 Group Overview

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

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

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

The Holding Company alongwith its subsidiary is referred to as the "Group"

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

2 Basis of preparation

2.1 Statement of compliance

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

The consolidated financial statements for the year ended 31 March 2022 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on 28 May 2022.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

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 realization in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

3 Significant accounting policies

3.1 Basis of Consolidation

i. Subsidiary

Subsidiary is entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of 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 2022	31 March 2021
Acoris Research Limited	Subsidiary	India	100%	100%
Hikal LLC (w.e.f. 07th April 2021)	Subsidiary	USA	100%	NA

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.

Rendering of Services

Revenue from services rendered is recognised in the Statement of profit and loss as the underlying services are performed.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

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

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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.

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

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

ii. Subsequent expenditure

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

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.

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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

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(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.

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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.

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3.16 Recent accounting pronouncements

Standards notified but not yet effective

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2022 dated 23 March 2022 to amend the following Ind AS which are effective from 1 April 2022.

(i) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to Ind AS 37

The amendments to Ind AS 37 specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs for example direct labour and materials and an allocation of other costs directly related to contract activities for example an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 April 2022.

Reference to the Conceptual Framework – Amendments to Ind AS 103

The amendments replaced the reference to the ICAI's "Framework for the Preparation and Presentation of Financial Statements under Indian Accounting Standards" with the reference to the "Conceptual Framework for Financial Reporting under Indian Accounting Standard" without significantly changing its requirements.

The amendments also added an exception to the recognition principle of Ind AS 103 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets or Appendix C, Levies, of Ind AS 37, if incurred separately.

It has also been clarified that the existing guidance in Ind AS 103 for contingent assets would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements under Indian Accounting Standards.

The amendments are effective for annual reporting periods beginning on or after 1 April 2022.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to Ind AS 16

The amendments modified paragraph 17(e) of Ind AS 16 to clarify that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

The amendments are effective for annual reporting periods beginning on or after 1 April 2022.

Ind AS 101 First-time Adoption of Indian Accounting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply the exemption in paragraph D16(a) of Ind AS 101 to measure cumulative translation differences for all foreign operations in its financial statements using the amounts reported by the parent, based on the parent's date of transition to Ind AS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also available to an associate or joint venture that uses exemption in paragraph D16(a) of Ind AS 101.

The amendments are effective for annual reporting periods beginning on or after 1 April 2022 but do not apply to the Group as it was first time adopter in an earlier year.

Ind AS 109 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The amendments are effective for annual reporting periods beginning on or after 1 April 2022. Ind AS 41 Agriculture – Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of Ind AS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of Ind AS 41.

The amendments are effective for annual reporting periods beginning on or after 1 April 2022.

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4. Property, Plant and Equipment

Description	Gross Block					Accumulated Depreciation				Net Block	
	As at 1 April 2021	Additions	Deductions	Adjustment of exchange difference on borrowing	As at 31 March 2022	As at 1 April 2021	Charge for the year	Deductions	As at 31 March 2022	As at 31 March 2022	As at 31 March 2021
Freehold land	582.10	-	-	-	582.10	-	-	-	-	582.10	582.10
Buildings	1,731.50	183.40	-	-	1,914.90	333.57	72.72	-	406.29	1,508.61	1,397.93
Plant and machinery	7,751.98	2,262.83	20.85	12.17	10,006.13	3,474.06	810.99	19.03	4,266.02	5,740.11	4,277.92
Electrical equipments and installations	135.87	115.59	-	-	251.46	80.87	18.31	-	99.18	152.28	54.99
Office equipments	116.54	36.51	-	-	153.05	84.45	18.22	-	102.67	50.38	32.09
Furniture and fixtures	112.04	17.32	-	-	129.36	56.97	9.19	-	66.16	63.20	55.07
Leasehold improvements	5.58	-	-	-	5.58	2.80	0.56	-	3.36	2.22	2.78
Vehicles	57.55	0.00	4.02	-	53.53	27.23	6.34	3.77	29.80	23.73	30.32
Ships	35.75	-	-	-	35.75	9.11	1.79	-	10.90	24.85	26.64
Total	**10,528.91**	**2,615.65**	**24.87**	**12.17**	**13,131.86**	**4,069.06**	**938.12**	**22.80**	**4,984.38**	**8,147.48**	**6,459.85**
Capital work in progress										2,851.83	2,453.85

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4. Property, plant and equipment (Previous year)

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	54.99	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:

a. Exchange differences (loss) of ₹ 12.17 million (P.Y. gain ₹ 18.18 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 22 and 27 for details of assets hypothecated/mortgaged as security against borrowings.

c. Refer note 50 for details of revenue expenditure capitalised.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

a) For Capital-work-in progress, ageing schedule

Amount of Capital-Work-in-Progress for a period 31-03-2022

Particulars	<1 year	1-2 years	2-3 years	More than 3 years	Total
- Projects in Process	2,542.84	224.85	47.51	36.63	2,851.83
- Projects temperorily suspended	-	-	-	-	-

Amount of Capital-Work-in-Progress for a period of 31-03-2021

Particulars	<1 year	1-2 years	2-3 years	More than 3 years	Total
- Projects in Process	1,422.86	888.04	142.07	0.88	2,453.85
- Projects temperorily suspended	-	-	-	-	-

b) For Capital WIP, whose completion is overdue or has exceeded the cost compared to its original value as on 31-03-2022

Project Locations	To be completed in				
	<1 year	1-2 years	2-3 years	More than 3 years	Total
Crop Projects	937.62	-	-	-	937.62
Pharma Projects	832.09	-	-	-	832.09
Total	**1,769.71**	**-**	**-**	**-**	**1,769.71**

5. Right of use assets

Description	Gross Block				Accumulated Depreciation				Net Block	
	As at 1 April 2021	Additions	Deductions	As at 31 March 2022	As at 1 April 2021	Charge for the year	Deductions	As at 31 March 2022	As at 31 March 2022	As at 31 March 2021
Leasehold land*	691.71	-	-	691.71	45.51	9.28	-	54.79	636.92	646.20
Buildings	11.06	-	-	11.06	5.56	2.15	-	7.71	3.35	5.50
Total	**702.77**	**-**	**-**	**702.77**	**51.07**	**11.43**	**-**	**62.50**	**640.27**	**651.70**

5. Right of use assets (previous year)

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**

6. Other intangible assets

Description	Gross Block				Accumulated Depreciation				Net Block	
	As at 1 April 2021	Additions	Deductions	As at 31 March 2022	As at 1 April 2021	Charge for the year	Deductions	As at 31 March 2022	As at 31 March 2022	As at 31 March 2021
Computer software	43.27	0.07	-	43.34	29.31	7.14	-	36.45	6.89	13.96
Total	**43.27**	**0.07**	**-**	**43.34**	**29.31**	**7.14**	**-**	**36.45**	**6.89**	**13.96**
Intangible assets under development									96.01	88.54

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

a) For Intangible assets under development, ageing schedule

Amount of Intangible assets under development as on 31-03-2022

Particulars	<1 year	1-2 years	2-3 years	More than 3 years	Total
	I	II	III	IV	
- Projects in Process	7.47	1.40	32.74	54.40	96.01
- Projects temperorily suspended	-	-	-	-	-

B) For Intangible assets under development, whose completion is overdue or has exceeded the cost compared to its original value as on 31-03-2022

Particulars	To be completed in				Total
	<1 year	1-2 years	2-3 years	More than 3 years	
Intangible assets under development	-	96.01	-	-	96.01

6. Other Intangible assets (previous year)

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

7. Non-current investments

	As at 31 March 2022	As at 31 March 2021
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	4.38	4.25
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	1.81	1.69
16% (P.Y. 16%) equity shares of Jiangsu Chemstar Chemical Co Limited fully paid-up	0.01	0.01
Impairment in value of investment*	(0.01)	(0.01)
B Quoted		
(At fair value through other comprehensive income)		
2,900 (P.Y. 2,900) Equity shares of ₹ 10 each of Union bank of India fully paid-up	0.11	0.10
Total non-current investments (A + B)	**6.38**	**6.12**
Aggregate amount of quoted investments	0.11	0.10
Aggregate market value of quoted investments	0.11	0.10
Aggregate amount of unquoted investments	6.28	6.03
Aggregate amount of impairment in value of investments	(0.01)	(0.01)
	6.38	**6.12**

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

8. Loans

	As at 31 March 2022	As at 31 March 2021
Unsecured and considered good		
To other than related parties		
Loans to employees	1.69	1.82
	1.69	**1.82**

9. Other financial assets

	As at 31 March 2022	As at 31 March 2021
Unsecured and considered good		
To other than related parties		
Deposits with remaining maturity of more than 12 months	5.55	45.10
Security deposit to related parties	71.10	71.10
Security deposit to other than related parties	70.16	84.19
	146.81	**200.39**

10. Non-current tax assets (net)

	As at 31 March 2022	As at 31 March 2021
Non-current tax assets (net)	20.21	20.21
(Net of provision of ₹ 559.57 million (31 March 2021: ₹ 559.57 Million))		
	20.21	**20.21**

11. Other non-current assets

	As at 31 March 2022	As at 31 March 2021
Unsecured and considered good		
To other than related parties		
Prepaid expenses	5.74	8.46
VAT/ CST refund receivable	9.06	14.74
Balance with government authorities	347.88	257.04
Capital advances	208.02	169.52
	570.70	**449.76**

12. Current Investment

	As at 31 March 2022	As at 31 March 2021
Investment at fair value through Statement of Profit or Loss		
Investment in Mutual Funds (unquoted)		
Investment in Aditya Birla Sunlife Savings fund (No. of units 139,404.39 and Face value of ₹ 100/- Each)	61.38	-
Investment in Tata Money Market fund collection (No. of units 10,908.54 (Purchased 16,210.59 and sold 5,302.05 units) Face value of ₹ 1000/- Each)	41.30	-
	102.68	**-**

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

13. Inventories

	As at 31 March 2022	As at 31 March 2021
Valued at the lower of cost and net realisable value		
Raw materials (includes goods in transit of ₹ 273.20 Million, 31 March 2021 ₹ 7.52 Million)	1,632.11	1,362.26
Packing materials	11.14	10.36
Work-in-progress	660.98	583.28
Finished goods	798.52	517.99
Stores and spares	187.04	193.10
	3,289.79	**2,666.99**

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 2021: ₹ 118.02 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.

14. Trade receivables

	As at 31 March 2022	As at 31 March 2021
(Unsecured)		
Trade receivable considered good	4,403.51	4,822.91
Trade receivable which have significant increase in credit risk	71.37	114.80
	4,474.88	**4,937.71**
Impairment allowance (Allowance for bad and doubtful debts)		
Trade receivable considered good	(49.66)	(33.15)
Trade receivable which have significant increase in credit risk	(48.02)	(49.26)
	(97.68)	**(82.41)**
Net trade receivable	**4,377.20**	**4,855.30**

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	As at 31 March 2022	As at 31 March 2021
Total transferred trade receivables	347.95	1,114.60
Associated borrowings [refer note 27]	347.95	1,114.60

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

Trade Receivables Ageing as on 31st March 2022

Sr. No.	Particulars	Not Due	Less than 6 months	6 months - 1 year	1-2 years "	2-3 years	More than 3 years	Total
(i)	Undisputed Trade receivables – considered good	3,733.91	617.98	51.62	-	-	-	4,403.51
(ii)	Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	12.10	5.59	8.40	26.09
(iii)	Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv)	Disputed Trade Receivables considered good	-	-	-	-	-	-	-
(v)	Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	30.55	-	14.73	45.28
(vi)	Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
	Total	**3,733.91**	**617.98**	**51.62**	**42.65**	**5.59**	**23.13**	**4,474.88**

Trade Receivables Ageing as on 31st March 2021

Sr. No.	Particulars	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i)	Undisputed Trade receivables – considered good	4,466.78	399.83	10.62	-	-	-	4,877.23
(ii)	Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	6.37	1.78	7.05	15.20
(iii)	Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv)	Disputed Trade Receivables considered good	-	-	-	-	-	-	-
(v)	Disputed Trade Receivables - which have significant increase in credit risk	-	-	30.55	-	-	14.73	45.28
(vi)	Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
	Total	**4,466.78**	**399.83**	**41.17**	**6.37**	**1.78**	**21.78**	**4,937.71**

15. Cash and cash equivalents

	As at 31 March 2022	As at 31 March 2021
Bank balances in:		
- Current accounts	96.84	66.97
- Exchange earners foreign currency	7.19	0.09
- Fixed deposit account (with original maturity of 3 months or less)	8.01	8.47
Cash on hand	2.37	0.84
Cash and cash equivalents in the statement of cash flows	**114.41**	**76.37**

16. Bank balance other than cash and cash equivalents

	As at 31 March 2022	As at 31 March 2021
Other bank balances:		
Bank deposits due to mature within 12 months of the reporting date	374.02	289.31
Unpaid dividend accounts	2.48	2.40
	376.50	**291.71**

Deposits given as security

1) Margin money deposits with a carrying amount as at 31 March 2022 of ₹ 177.09 million (31 March 2021- ₹ 136.79 million) are earmarked towards non fund based facilities availed from banks

2) Bank deposits with a carrying amount as at 31 March 2022 of ₹ 196.93 million (31 March 2021 ₹ 197.62 million) are earmarked towards the Company's rupee term loans and external commercial borrowing term loan availed from banks.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

17. Loans

	As at 31 March 2022	As at 31 March 2021
(Unsecured)		
To parties other than related parties		
Loans to employees	3.08	2.34
	3.08	**2.34**

18. Other financial assets

	As at 31 March 2022	As at 31 March 2021
(Unsecured)		
Interest accrued on fixed deposit	2.98	2.35
Unbilled revenue	96.65	-
Insurance claim receivable	75.23	-
	174.86	**2.35**

19. Other current assets

	As at 31 March 2022	As at 31 March 2021
(Unsecured)		
To parties other than related parties		
Advance to suppliers		
Considered good	200.90	100.55
Considered doubtful	20.00	20.00
Advance to suppliers	**220.90**	**120.55**
Less: Provision for doubtful advances	(20.00)	(20.00)
	200.90	**100.55**
Balance with government authorities	850.92	669.81
VAT / CST refund receivable	-	3.78
Prepaid expenses	152.45	116.80
	1,204.27	**890.94**

20. Other current assets

	As at 31 March 2022	As at 31 March 2021
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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

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

	As at 31 March 2022		31 March 2021	
	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**

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:

	As at 31 March 2022		As at 31 March 2021	
	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

e. The Shareholding of Promoters as on 31 March 2022 is as under:

Promoters Name	No. of Shares	% of Total Shares	% Change during the Year
Kalyani Investment Company Limited	38,667,375	31.36%	-
Shri Badrinath Investment Pvt Ltd	19,914,862	16.15%	-
Shri Rameshwara Investment Pvt Ltd	9,810,000	7.96%	-
Sugandha J Hiremath	9,667,500	7.84%	-
BF Investment Limited	3,273,375	2.65%	-
Jai Hiremath	1,340,625	1.09%	-
Ekdant Investment Pvt Ltd	393,802	0.32%	-
Sameer Hiremath	390,975	0.32%	-
Pallavi Anish Swadi	381,000	0.31%	-
Pallavi Trust	187,500	0.15%	-
Sameer Trust	187,500	0.15%	-
Sumer Trust	75,000	0.06%	-
Rhea Trust	75,000	0.06%	-
Nihal Trust	75,000	0.06%	-
Anika Trust	75,000	0.06%	-

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

Promoters Name	No. of Shares	% of Total Shares	% Change during the Year
Pooja Trust	75,000	0.06%	-
Anish Trust	75,000	0.06%	-
Karad Engineering Consultancy Pvt Ltd	63,750	0.05%	-
Decent Electronics Pvt Ltd	49,500	0.04%	-
Anish Dilip Swadi	7,500	0.01%	
Pooja Hiremath	7,500	0.01%	

The Shareholding of Promoters as on 31 March 2021 is as under:

Promoters Name	No. of Shares	% of Total Shares	% Change during the Year
Kalyani Investment Company Limited	38,667,375	31.36%	-
Shri Badrinath Investment Pvt Ltd	19,914,862	16.15%	-
Shri Rameshwara Investment Pvt Ltd	9,810,000	7.96%	-
Sugandha J Hiremath	9,667,500	7.84%	-
BF Investment Limited	3,273,375	2.65%	-
Jai Hiremath	1,340,625	1.09%	-
Ekdant Investment Pvt Ltd	393,802	0.32%	-
Sameer Hiremath	390,975	0.32%	-
Pallavi Anish Swadi	381,000	0.31%	-
Pallavi Trust	187,500	0.15%	-
Sameer Trust	187,500	0.15%	-
Sumer Trust	75,000	0.06%	-
Rhea Trust	75,000	0.06%	-
Nihal Trust	75,000	0.06%	-
Anika Trust	75,000	0.06%	-
Pooja Trust	75,000	0.06%	-
Anish Trust	75,000	0.06%	-
Karad Engineering Consultancy Pvt Ltd	63,750	0.05%	-
Decent Electronics Pvt Ltd	49,500	0.04%	-
Anish Dilip Swadi	7,500	0.01%	-
Pooja Hiremath	7,500	0.01%	-

21. Other equity

		Note	As at 31 March 2022	As at 31 March 2021
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	(2.56)	(2.76)
			2,704.01	**2,703.81**
A	**Notes**			
i	**Capital reserve**			
	Opening balance		0.44	0.44
	Additions during the year		-	-
	Closing balance		**0.44**	**0.44**

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

		Note	As at 31 March 2022	As at 31 March 2021
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		(2.76)	(2.72)
	Additions during the year		0.20	(0.04)
	Closing balance		**(2.56)**	**(2.76)**

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

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)

	As at 31 March 2022	As at 31 March 2021
Final equity dividend paid for financial year 2020-21 at ₹ 1 per equity share	123.30	-
Interim equity dividend paid for financial year 2021-22 at ₹ 1.20 per equity share	147.96	-
Final equity dividend paid for financial year 2019-20 at ₹ 0.20 per equity share	-	24.66
Interim equity dividend paid for financial year 2019-20 at ₹ 1 per equity share	-	123.30
Total	**271.26**	**147.96**
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.		
Final equity dividend proposed for financial year 2021-22 at ₹ 0.40 per equity share	49.32	-
Final equity dividend proposed for financial year 2020-21 at ₹ 1 per equity share	-	123.30
Total	**49.32**	**123.30**

22. Borrowings

(Secured)

	As at 31 March 2022	As at 31 March 2021
Term loans from banks		
Rupee (refer note a(i), a(ii) and c(i) below)	953.70	1,519.05
External commercial borrowing (refer note a(iii) and c(i) below)	260.92	524.93
Term loans from financial institutions		
Rupee (refer note a(iv), a(v) and c(ii) below)	1,651.53	523.37
Term loans from others		
Rupee (refer note a(vi) and c(iii) below)	-	58.39
Vehicle loans		
From banks -Rupee (refer note a(vii) and c(iv) below)	0.66	2.25
From Others -Rupee (refer note a(vii) and c(iv) below)	-	0.87
	2,866.81	**2,628.86**

(For current maturities of loans refer note 27)

a. Nature of security:

i Rupee term loan from banks 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.

ii 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.

iii Rupee term loan from financial institutions is secured by first pari passu charge on the fixed assets of the Company's plants situated at Taloja, Panoli and Bangalore, R & D centre at Pune and second pari passu charge on entire current assets both present and future.

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

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For the year ended 31 March 2022

(Currency : Indian Rupees in million)

b. Changes in Liabilities arising from Financing Activities

Particulars	As at 1 April 2021	Accural / Reclassification	Cash Flows (net)	Foreign Exchange / Adjustment	Adjustment on account of business combinations	As at 31 March 2022
Current borrowings	2,514.26	-	204.60	7.12	-	2,725.98
Non-current borrowings including current maturities of non-current borrowings	3,579.42	-	462.87	(23.89)	-	4,018.40
Lease Liabilities	8.83	-	(3.04)	-	-	5.79
Interest on borrowings	23.56	-	7.20	-	-	30.76
Total Liabilities from Financing Activities	**6,126.07**	**-**	**671.63**	**(16.77)**	**-**	**6,780.93**

b Changes in Liabilities arising from Financing Activities (previous year)

Particulars	As at 1 April 2020	Accural / Reclassification	Cash Flows (net)	Foreign Exchange / Adjustment	Adjustment on account of business combinations	As at 31 March 2021
Current borrowings	2,575.42	-	(56.93)	(4.23)	-	2,514.26
Non-current borrowings including current maturities of non-current borrowings	3,871.77	-	(272.58)	(19.76)	-	3,579.42
Lease Liabilities	11.40	-	(2.57)	-	-	8.83
Interest on borrowings (including transaction cost)	28.38	483.04	(487.86)	-	-	23.56
Total Liabilities from Financing Activities	**6,486.97**	**483.04**	**(819.95)**	**(23.99)**	**-**	**6,126.07**

c i) Terms of repayment as on 31 March 2022 are as under:

		US $ in Million	₹ In Million	Repayment Terms	Closing interest rate as at 31.3.2022
(i)	a	-	79.14	Repayable in 4 quarterly instalments, next installment due on 30.06.2022; equated average instalments of ₹ 19.78 Million	8.50%
	b	-	19.82	Repayable in 4 quarterly instalments, next installment due on 30.06.2022; equated average instalments of ₹ 4.95 Million	7.50%
	c	-	128.03	Repayable in 4 quarterly instalments, next installment due on 30.06.2022; equated average instalments of ₹ 32.01 Million	7.80%
	d	-	39.55	Repayable in 4 quarterly instalments, next installment due on 30.06.2022; equated average instalments of ₹ 9.89 Million	7.50%
	e	-	39.59	Repayable in 4 quarterly instalments, next installment due on 30.06.2022; equated average instalments of ₹ 9.90 Million	7.90%
	f	-	600.23	Repayable in 17 quarterly instalments, next installment due on 05.06.2022; equated average instalments of ₹ 35.31 Million	8.95%
	g	-	623.18	Repayable in 20 quarterly instalments, next installment due on 06.05.2022, equated average instalments of ₹ 31.16 Million	7.50%
	h	7.36	551.39	Repayable in 7 quarterly instalments, next installment due on 10.06.2022; equated average instalments of US $ 1.05 Million	3M Libor + 2.60 bps
(ii)	a	-	147.59	Repayable in 4 quarterly instalments, next installment due on 30.06.2022; equated average instalments of ₹ 36.90 Million	7.50%
	b	-	1,727.24	Repayable in 24 quarterly instalments, next installment due on 01.09.2022; equated average instalments of ₹ 71.97 Million	7.65%
(iii)	a	-	59.55	Repayable in 4 quarterly instalments, next installment due on 30.06.2022; equated average instalments of ₹ 14.89 Million	10.00%
(iv)	a	-	2.25	Repayble monthly EMI of ₹ 0.132 Million	8.60%
	b	-	0.87	Repayble monthly EMI of ₹ 0.087 Million	8.73%

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For the year ended 31 March 2022

(Currency : Indian Rupees in million)

ii) Terms of repayment as on 31 March 2021 are as under:

		US $ in Million	₹ In Million	Repayment Terms	Closing interest rate as at 31.3.2021
(i)	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 US $ 0.984 Million	3M Libor + 260 bps
(ii)	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)	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)	a	-	3.71	Repayble monthly EMI of ₹ 0.128 Million	8.60%
	b	-	2.05	Repayble monthly EMI of ₹ 0.093 Million	8.73%

23. Non current lease liability

	As at 31 March 2022	As at 31 March 2021
Lease liability	2.23	5.79
	2.23	**5.79**

24. Long -term provisions

	As at 31 March 2022	As at 31 March 2021
Provision for gratuity (Refer note 44)	132.43	122.24
Provision for compensated absences (Refer note 44)	103.87	97.62
	236.30	**219.86**

25. Deferred tax liabilities (net)

	As at 31 March 2022	As at 31 March 2021
Deferred tax liabilities (Refer note 42)	364.07	375.82
	364.07	**375.82**

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

26. Other non current liabilities

	As at 31 March 2022	As at 31 March 2021
Advance received from customers	290.02	-
	290.02	**-**

27. Short-term borrowings

Secured

	As at 31 March 2022	As at 31 March 2021
Secured		
Loans repayable on demand from banks		
Working capital loan -Rupee (refer note a and b below)	2,378.03	1,141.70
Working capital loan -Foreign currency (refer note a and b below)	-	257.96
Bill discounting (Refer note a (ii))	347.95	1,114.60
Current maturities of long-term debt	1,151.59	950.56
	3,877.57	**3,464.82**

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 fixed assets both present and future situated at Company's plants at Bangalore, Taloja and Panoli.

ii Loans availed under bill discounting facility are against specific receivables, having tenure of 30 to 90 days and carrying interest ranging between 1.50% to 1.86% p.a.

b. Working capital loans are repayable on demand and carry interest ranging from 6.50% to 8.05% p.a.

28. Current lease liability

	As at 31 March 2022	As at 31 March 2021
Lease liability	3.56	3.04
	3.56	**3.04**

29. Trade payables

	As at 31 March 2022	As at 31 March 2021
Trade payables		
Total outstanding dues of Micro Enterprises and Small Enterprises (Refer note 49)	449.98	260.48
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	2,040.71	2,035.71
	2,490.69	**2,296.19**

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

Trade Payables ageing schedule as on 31-03-2022

Particulars	Not Due	<1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	364.65	84.80	0.53	-	-	449.98
(ii) Others	1,568.68	463.73	4.94	3.13	0.23	2,040.71
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	**1,933.33**	**548.53**	**5.47**	**3.13**	**0.22**	**2,490.69**

Trade Payables ageing schedule as on 31-03-2021

Particulars	Not Due	<1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	213.13	47.33	-	0.01	0.03	260.48
(ii) Others	1,097.89	887.51	26.35	18.33	5.64	2,035.71
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	**1,131.02**	**934.83**	**26.35**	**18.33**	**5.66**	**2,296.19**

30. Other financials liabilities

	As at 31 March 2022	As at 31 March 2021
Interest accrued but not due on borrowings	30.76	23.56
Payables for capital purchases	444.18	234.47
Employee benefits payable	206.42	149.13
Unpaid dividend (Refer note no 50)	2.48	2.40
	683.84	**409.56**

31. Other current liabilities

	As at 31 March 2022	As at 31 March 2021
Advances from customers	408.24	51.81
Statutory dues payable		
- Provident fund	15.16	11.72
- Employees' state insurance	0.03	0.03
- Tax deducted at source	32.42	21.02
- Goods and Services Tax	25.49	37.86
- Employees' national pension scheme	0.17	0.15
- Profession tax	0.38	0.38
	481.89	**122.97**

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

32. Current provisions

	As at 31 March 2022	As at 31 March 2021
Provision for gratuity (Refer note 44)	17.96	21.41
Provision for compensated absences (Refer note 44)	13.42	23.01
	31.38	**44.42**

33. Income tax liabilities (net)

	As at 31 March 2022	As at 31 March 2021
Provision for tax	122.89	226.85
(Net of advance tax ₹ 589.66 million (31 March 2021: ₹ 465.21 million))		
	122.89	**226.85**

34. Revenue from Operations

		As at 31 March 2022	As at 31 March 2021
Sale of products		19,017.70	17,009.91
Sale of services		242.60	60.61
	(A)	**19,260.30**	**17,070.52**
Other operating revenues			
Export incentive		19.27	108.39
Scrap sales		39.71	13.85
Others		107.93	11.60
	(B)	**166.91**	**133.84**
Revenue from operations	**(A+B)**	**19,427.21**	**17,204.36**

34.1: Disaggregation of revenue from contracts with customers

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

Particulars			As at 31 March 2022	As at 31 March 2021
1	**Revenue from contracts with customers**			
	Sale of products (Transferred at point in time)			
	India		5,098.36	5,222.54
	Outside India		13,919.34	11,787.37
		(A)	**19,017.70**	**17,009.91**
	Sale of services			
	India		19.96	-
	Outside India		222.64	60.61
		(B)	**242.60**	**60.61**
2	**Other operating revenues**			
	Export incentive		19.27	108.39
	Scrap Sales		39.71	13.85
	Others		107.93	11.60
		(C)	**166.91**	**133.84**
	Total revenue (A + B + C)		**19,427.21**	**17,204.36**

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

Particulars	As at 31 March 2022	As at 31 March 2021
Major product lines		
Crop protection	8,129.80	6,607.96
Pharmaceuticals	11,297.41	10,596.40
	19,427.21	**17,204.36**
Reconciliation of revenue from contract with customer		
Revenue from contracts with customer as per contract price	19,260.30	17,070.52
Adjustment made to contract price	-	-
Total Revenue from contracts with customer	**19,260.30**	**17,070.52**
Other operating revenue	166.91	133.84
Revenue from contracts with customer as per consolidated statement of profit and loss	**19,427.21**	**17,204.36**

For the opening and closing balance of receivables from contracts with customers refer note no 14.

Breakup of Contract Assets and Contract Liabilities are as under:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Trade Receivables	4,377.20	4,855.30
Contract Liabilities	698.26	51.81
Contract Assets	96.65	-

Trade Receivbales have decreased due to collection from the customers.

Contract Liabilities include advance received from customers. Contract Liabilities have increased which is in line with increase in business as evidenced by increase in turnover, also company has received advance from two customer for order out of which one is long term advance.

Contact Assets represents unbilled revenue to customers. This is as a result of contract entered during the year. The similar contract was not there in the previous year.

35. Other income

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Dividend received on non-current investment	0.00	0.01
Interest income on		
Bank deposit	14.96	17.62
Other	2.60	9.05
Foreign exchange gain (net)	23.17	12.89
Profit on sale of investment	1.40	0.12
Profit on sale of assets (net)	0.52	-
Sundry balance written back	3.56	-
Miscellaneous income	2.69	10.13
	48.90	**49.82**

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

36. Cost of materials consumed

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Raw material consumed		
Opening stock	1,362.26	1,814.84
Add: Purchase	10,591.96	8,614.54
Less: Closing stock	1,632.11	1,362.26
	10,322.11	**9,067.12**

37. Changes in inventories of finished goods and Work-in-progress

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Opening stock		
Finished goods	517.99	559.34
Work-in-progress	583.28	558.58
	1,101.27	**1,117.92**
Less: Closing stock		
Finished goods	798.52	517.99
Work-in-progress	660.98	583.28
	1,459.50	**1,101.27**
	(358.23)	**16.65**

38. Employee benefits expense

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries and wages	1,736.24	1,422.36
Contribution to provident and other funds	82.75	70.37
Gratuity expenses (Refer note 44)	30.81	23.86
Staff welfare expense	184.01	126.58
	2,033.81	**1,643.17**

39. Finance costs

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest on rupee term loans	135.36	161.80
Interest on foreign currency term loans	20.03	36.43
Interest on working capital loans	87.50	89.06
Interest on bills discounted	18.29	31.14
Other finance costs	2.56	16.32
Interest expenses on lease liabilities	0.74	1.02
Bank charges	31.34	26.21
Exchange difference to the extent considered as an adjustment to borrowing costs	16.36	-
	312.18	**361.98**

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

40. Other expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Consumption of stores and spares	368.64	282.63
Contract labour charges	209.63	176.67
Power and fuel	1,754.58	1,478.26
Advertisement	7.39	2.65
Rent (Refer note 45)	40.68	35.08
Rates and taxes	8.91	11.32
Insurance	88.07	65.26
Repairs and maintenance		
- Plant and machinery	253.80	217.86
- Buildings	52.18	27.72
- Others	156.20	146.90
Printing and stationery	22.59	15.28
Legal and professional charges		
- Legal charges	61.05	5.87
- Professional charges	263.58	141.51
Travelling and conveyance	22.90	15.44
Vehicle expenses	20.22	13.31
Postage, telephone and telegrams	7.14	6.63
Payment to auditors (Refer note 49)	6.32	5.99
Director's sitting fee/ Commission	19.20	16.89
Sales and distribution expenses	359.23	267.91
Commission on sales	20.27	30.75
Security service charges	45.23	41.69
Sundry balance written off	-	9.73
Service charges	23.21	25.80
Provision for doubtful debts/advances	15.27	45.29
Corporate Social Responsibility expenses (CSR) (Refer note 48)	31.68	26.88
Miscellaneous expenses	165.98	135.24
	4,023.96	**3,248.56**

41. Tax expense

(a) Amounts recognised in balance sheet

Particulars	As at 31 March 2022	As at 31 March 2021
Income tax liabilities (Net of advance tax ₹ 1,172.10 million (31 March 2021: ₹ 465.21 million))	**122.89**	**226.85**

Particulars	As at 31 March 2022	As at 31 March 2021
Income tax assets (Net of provision of ₹ 559.57 million (31 March 2021: ₹ 559.57 million))	**20.21**	**20.21**

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.

Notes to the Consolidated Financial Statements

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(Currency : Indian Rupees in million)

(b) Amounts recognised in statement of profit and loss

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Current income tax		
Current tax	596.50	795.51
	596.50	**795.51**
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences	(15.90)	(62.66)
Deferred tax expense	**(15.90)**	**(62.66)**
Tax expense for the year	**580.60**	**732.84**

(c) Amounts recognised in other comprehensive income

	For the year ended 31 March 2022			For the year ended 31 March 2021		
	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	15.95	(4.09)	11.87	(19.38)	4.98	(14.40)
Gain / (loss) on change in fair values of investments in equity shares carried at fair value through OCI	0.27	(0.07)	0.20	(0.06)	0.02	(0.04)
	16.22	**(4.16)**	**12.07**	**(19.44)**	**5.00**	**(14.44)**

(d) Reconciliation of effective tax rate

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit before tax	2,185.59	2,064.27
Tax using the Company's domestic tax rate (Current year 25.17% and Previous year 34.94%)	550.11	721.26
Tax effect of:		
Non-deductible tax expenses	30.49	11.59
Tax expenses as per statement of profit and loss	**580.60**	**732.85**

The Group's consolidated weighted average tax rates for the years ended 31 March 2022 and 31 March 2021 were 26.56% and 35.50%, respectively.

42. Deferred tax liabilities (net)

(a) Recognised deferred assets and liabilities

	Deferred tax assets		Deferred tax liabilities		Net deferred tax asset/(liabilities)	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Property, plant and equipment		-	(491.46)	(501.49)	(491.46)	(501.49)
Inventories	30.24	29.71	-	-	30.24	29.71
Trade receivables	25.03	20.77	-	-	25.03	20.77
Loans and advance	5.12	5.03	-	-	5.12	5.03
Investment	-	6.81	-	-	-	6.81
Provisions	68.60	66.50	-	-	68.60	66.50
Loan processing charges		-	(1.60)	(3.15)	(1.60)	(3.15)
Net Deferred tax asset / (liabilities)	**128.99**	**128.82**	**(493.06)**	**(504.64)**	**(364.07)**	**(375.82)**

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(Currency : Indian Rupees in million)

(b) Movement in deferred tax balances

	Net balance 1 April 2021	Recognised in profit or loss	Recognised in OCI	31 March 2022 Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
Property, plant and equipment	(501.49)	10.02	-	(491.46)	-	(491.46)
Inventories	29.71	0.53	-	30.24	30.24	-
Trade receivables	20.77	4.26	-	25.03	25.03	-
Loans and advances	5.03	0.09	-	5.12	5.12	-
Investments	6.81	(6.74)	(0.07)	0.00	-	-
Provisions	66.50	6.19	(4.09)	68.60	68.60	-
Loan processing charges	(3.15)	1.55	-	(1.60)	-	(1.60)
Net deferred tax assets / (liabilities)	**(375.82)**	**15.90**	**(4.16)**	**(364.07)**	**128.99**	**(493.06)**

(c) Movement in deferred tax balances (previous year)

	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)**

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 ₹ Nil (PY ₹ 119.31 Million) in the books of account against income tax liabilities.

43 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.

		As at 31 March 2022	As at 31 March 2021
Consolidated profit attributable to equity shareholders (basic and diluted)			
Consolidated profit for the year attributable to equity shareholders	(A)	1,604.99	1,331.40
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)	**13.02**	**10.80**

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44. Employee benefits

(i) Defined Contribution Plans

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 2022	For the year ended 31 March 2021
Employer's contribution to Providend Fund	81.48	68.29
Employer's contribution to Superannuation Fund	0.17	0.91
Employer's Contribution to Employees State Insurance	1.27	1.09
Employer's Contribution to Labour Welfare Fund	0.01	0.02

(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 2022	As at 31 March 2021
Reconciliation of present value of defined benefit obligation		
Balance at the beginning of the year	162.98	135.56
Current service cost	21.41	16.58
Past service cost	-	-
Interest cost (income)	25.94	8.16
Benefits paid	(27.45)	(21.33)
Actuarial losses/ (gains) recognised in other comprehensive income	-	-
- financial assumptions	10.03	11.69
- demographic assumption	-	2.17
- experience adjustments	(27.25)	10.15
Balance at the end of the year	**165.66**	**162.98**

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	As at 31 March 2022	As at 31 March 2021
Reconciliation of present value of plan assets		
Balance at the beginning of the year	19.33	16.15
Transfer In / (Out) Plan Assets	0.11	-
Interest income	1.27	0.89
Return on plan assets, excluding amount included in interest (expense)/income	(1.27)	4.63
Employer contributions	-	0.01
Benefits paid	(4.17)	(2.35)
Balance at the end of the year	**15.27**	**19.33**
Net defined benefit (asset)/ liability	**150.39**	**143.65**

B. Plan assets

Plan assets comprise the following

	As at 31 March 2022	As at 31 March 2021
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 2022	For the year ended 31 March 2021
Recognised in income statement		
Current service cost	21.41	16.58
Past service cost		-
Interest cost	9.40	7.28
Total	**30.81**	**23.86**
Recognised in Other Comprehensive Income		
Remeasurement of net defined benefit liability/(asset)	(17.22)	24.01
Return on plan assets, excluding interest income	1.27	(4.63)
Total	**(15.95)**	**19.38**

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 2022	For the year ended 31 March 2021
Expected return on plan assets	7.00%	6.55%
Discount rate	7.00%	6.55%
Salary escalation rate	6.50%	5.00%
Attrition rate	2.00%	2.00%
Mortality rate table	Indian assured lives mortality (2012-14)	

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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 2022		for the year ended 31 March 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	138.69	163.79	150.89	176.93
Rate of salary increase (1% movement)	162.00	140.17	176.07	151.29
Rate of employee turnover (1% movement)	150.74	150.03	163.24	162.72

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 2022	31 March 2021
Expected employer's contribution to defined benefit plan for the next year	17.96	21.41

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 2022					
Defined benefit obligations (Gratuity)	19.22	8.19	41.15	81.83	150.39
Total	**19.22**	**8.19**	**41.15**	**81.83**	**150.39**
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**

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 ₹ 32.95 million (PY ₹ 43.59 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.

45. 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:

	Buildings
As at 1 April 2020	663.13
Additions	-
Depreciation expense	(11.43)
As at 31 March 2021	651.70
Additions	-
Depreciation expense	**(11.43)**
As at 31 March 2022	640.27

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The aggregate depreciation expense on ROU assets is included under depreciation and amortization 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 2022	As at 31 March 2021
As at 1 April	8.83	11.40
Additions	-	-
Accretion of interest	0.74	1.02
Payments	(3.78)	(3.59)
Deletion	-	-
As at 31 March	5.79	8.83
Current	3.56	3.04
Non current	2.23	5.79

For Rental expense recorded for short-term leases, refer note 40

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 2022 and 31 March 2021 on an undiscounted basis are as follows:

	Year ended 31 March 2022	Year ended 31 March 2021
Payable within one year	3.96	3.77
Payable between one year and five years	2.37	6.34
Payable after more than five years	-	-

46. 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 2022	Carrying amount			Fair value			
	FVTOCI	FVPTL	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Investment	6.38	102.68	109.06	0.11	102.68	6.27	109.06
	6.38	**102.68**	**109.06**	**0.11**	**102.68**	**6.27**	**109.06**

31 March 2021	Carrying amount			Fair value			
	FVTOCI	FVPTL	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**

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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 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.

At 31 March 2022, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows.

	Carrying amount	
	As at 31 March 2022	As at 31 March 2021
India	1,494.43	1,879.98
Other regions	2,980.45	3,057.73
	4,474.88	**4,937.71**

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Impairment

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables:

	As at 31 March 2022		
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Not due	3,733.91	0.39%	14.74
Past due 0-90 days	553.87	2.30%	12.73
Past due 91-180 days	64.11	11.00%	7.05
Past due 181-365 days	51.62	29.34%	15.14
Past due 366-730 days	42.65	45.25%	19.30
Past due731-1096 days	5.59	100.00%	5.59
More than 1096 days	23.13	99.98%	23.13
	4,474.88		**97.68**

	As at 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 due366-730 days	6.37	55.09%	3.51
Past due731-1096 days	1.78	100.00%	1.78
More than 1096 days	21.78	100.00%	21.78
	4,937.71		**82.41**

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 2021	**82.41**
Additional provision	15.27
Impairment loss recognised / (reversal)	-
Balance as at 31 March 2022	**97.68**

Cash and cash equivalents

The Group held cash and cash equivalents (including bank deposits) of ₹ 496.46 million at 31 March 2022 (31 March 2021: ₹ 413.18 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.

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.

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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 2022	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	2,869.03	2,869.03	-	2,391.28	477.75
Borrowings and lease liabilities - current	3,881.13	3,881.13	3,881.13	-	-
Other financial liabilities - current	683.84	683.84	683.84	-	-
Trade payables	2,490.69	2,490.69	2,490.69	-	-
	9,924.69	**9,924.69**	**7,055.66**	**2,391.28**	**477.75**

31 March 2021	Carrying amount	Total	Contractual cash flows		
			Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Borrowings- non current	2,708.36	2,708.36	-	2,399.37	308.99
Borrowings- 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**

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.

Exposure to currency risk

The major currency profile of financial assets and financial liabilities as at 31 March 2022 and 31 March 2021 are as below:

	As At 31 March 2022				
	USD	EUR	GBP	JPY	CHF
Financial assets	2,463.14	618.56	-	-	-
Financial liabilities	1,524.27	32.26	-	-	-
Net Exposure	**938.87**	**586.30**	**-**	**-**	**-**

	As At 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)**

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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 2022				
USD (3% movement)	28.17	(28.17)	21.08	(21.08)
EUR (3% movement)	17.59	(17.59)	13.16	(13.16)
	45.76	**(45.76)**	**34.24**	**(34.24)**

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)**

v. Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

Group's interest rate risk arises from borrowings. Borrowings issued at fixed and variable rates exposes to fair value interest rate risk. The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

	Nominal amount	
	As at 31 March 2022	As at 31 March 2021
Fixed-rate instruments		
Financial assets	392.36	347.04
Financial liabilities	(2,725.98)	(2,514.26)
	(2,333.62)	**(2,167.22)**
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	(4,018.40)	(3,579.42)
	(4,018.40)	**(3,579.42)**

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.

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47. Capital Management

As at 31 March 2022, 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.

	As at 31 March 2022	As at 31 March 2021
Non-current borrowings	2,866.81	2,628.86
Current borrowings	3,877.57	3,464.82
Gross debt	**6,744.38**	**6,093.68**
Less - Cash and cash equivalents	114.41	76.37
Less - Other bank deposits	382.05	336.81
Adjusted net debt(A)	**6,247.92**	**5,680.50**
Total equity (B)	10,680.08	9,334.18
Adjusted net debt to equity ratio	0.59	0.61
Total capital (A)+(B)	16,928.00	15,014.68
Gearing ratio *	37%	38%

*The Group's ideal gearing ratio is 35% to 40%.

48. 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: ₹ 32.14 million (31 March 2021: ₹ 25.81 million)

The areas of CSR activities and contributions made thereto are as follows:

Amount spent during the year on	For the year ended 31 March 2022	For the year ended 31 March 2021
Protection of national heritage	0.70	-
Promotion of education	11.72	6.37
Disaster Relief	0.10	0.43
Environmental sustainability	6.64	-
Rural Devlopment Project	0.99	-
Training to stimulate rural sports, nationally recognized sports, Paralympic sports and Olympic sports	1.12	-
Promoting preventive health care and sanitation and making available safe water	4.81	1.35
COVID-19	5.60	18.73
Total	**31.68**	**26.88**

The Group does not carry any provisions for corporate social responsibility expenses for the current year and the previous year.

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Amount of Expenditure incurred on Corporate Social Responsibility

Particulars	31 March 2022	31 March 2021
(a) amount required to be spent by the company during the year	32.14	25.81
(b) amount of expenditure incurred	31.68	26.88
(c) Excess / (shortfall) at the end of the year	-0.46	1.07
(d) total of previous years shortfall	-	-
(e) reason for shortfall	Excess Spent in FY. 2020-2021	0
(f) nature of CSR activities	As per above table	As per above table
(g) details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	Nil	Nil
(h) where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately	Nil	Nil

49. Payment to Auditors' (excluding Goods and Services tax)

	For the year ended 31 March 2022	For the year ended 31 March 2021
- Audit fees	3.40	3.41
- Limited review of quarterly results	2.40	2.50
- Certification and other matters	0.50	0.08
- Out-of-pocket expenses	0.02	-
Total	**6.32**	**5.99**

50. 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 2022	For the year ended 31 March 2021
Finance costs	146.34	131.73
Employee benefit expenses	42.74	-
Other expenses	4.89	-
Total	**193.97**	**131.73**

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51. 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	

Segment wise classification:-

A 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	Pharmaceuticales	Total of Reportable Segment
External sales	**8,129.80**	**11,297.41**	**19,427.21**
	6,607.96	*10,596.40*	*17,204.36*
Other income	**-**	**-**	**-**
	-	*-*	*-*
Segment revenue	**8,129.80**	**11,297.41**	**19,427.21**
	6,607.96	*10,596.40*	*17,204.36*
Segment results	**1,151.35**	**1,510.21**	**2,661.57**
	1,032.72	*1,698.76*	*2,731.48*
Segment assets	**8,545.61**	**11,893.72**	**20,439.33**
	6,560.65	*11,314.48*	*17,875.13*
Segment liabilities	**1,993.40**	**1,752.85**	**3,746.26**
	1,161.84	*1,744.83*	*2,906.67*
Capital expenditure (included in segment assets)	**1,519.55**	**1,341.71**	**2,861.26**
	536.32	*924.66*	*1,460.98*
Depreciation/Amortisation	**310.23**	**616.27**	**926.50**
	307.65	*514.64*	*822.29*

Figures in italics pertain to previous year

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

(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	**19,427.21**	**2,661.57**	**20,439.33**	**3,746.26**	**2,861.26**	**926.50**
	17,204.36	*2,731.48*	*17,875.13*	*2,906.67*	*1,460.98*	*822.29*
Corporate / Unallocated segment	**-**	**163.80**	**1,691.73**	**7,704.99**	**171.02**	**30.19**
	-	*305.25*	*1,257.07*	*6,891.51*	*99.13*	*30.16*
Finance cost	**-**	**312.18**	**-**	**-**	**-**	**-**
	-	*361.98*	-	-	-	-
Exceptional item	**-**	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-	-
Taxes	**-**	**580.60**	**-**	**-**	**-**	**-**
	-	*732.85*	-	-	-	-
As per financial statement	**19,427.21**	**1,604.99**	**22,131.06**	**11,451.25**	**3,032.28**	**956.69**
	17,204.36	*1,331.40*	*19,132.20*	*9,798.18*	*1,560.11*	*852.45*

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	**5,285.23**	**3,130.43**	**4,592.52**	**2,218.33**	**4,200.70**	**19,427.21**
	5,381.73	*2,063.36*	*3,764.54*	*5,466.55*	*528.18*	*17,204.36*
Total assets	**22,131.06**	**-**	**-**	**-**	**-**	**22,131.06**
	19,132.20	-	-	-	-	*19,132.20*
Capital expenditure	**3,032.28**	**-**	**-**	**-**	**-**	**3,032.28**
	1,560.11	-	-	-	-	*1,560.11*

There is a customer which account for revenue of ₹ 2,258.14 Million (Pr Yr. ₹ 1,762.16 Million) in Crop protection segment and a customer which account for revenue of Nil (Pr Yr ₹ Nil) 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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

52. 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 (Executive Chairman)
	Sameer Hiremath (Managing Director and CEO)
	Sham Wahalekar (CFO) (Upto 4th November 2020)
	Kuldeep Jain (CFO) (w.e.f. 5th November 2020)
	Rajasekhar Reddy (CS) (w.e.f. 4 August 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")
	BF Investment Limited
	Sumer Trust
	Rhea Trust
	Nihal Trust
	Anika Trust
	Pooja Trust
	Anish Trust
	Pallavi Trust
	Sameer Trust
d) Relatives of Key Management Personnel	Anish Swadi
	Pallavi Swadi
	Pooja Hiremath
d) Non-executive directors	Baba Kalyani
	Amit Kalyani
	Sugandha Hiremath
	Kannan K. Unni
	Prakash Mehta
	Shivakumar Kheny (Upto 4 February 2021)
	Ranjit Shahani
	Shivani Bhasin Sachdeva
	Ravindra Kumar Goyal (Upto 22 December 2021)
	Shrikrishna K. Adivarekar (w.e.f. 22 December 2021)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

ii) Details of transactions with related parties and balances outstanding

Particulars	Transaction value		Balances outstanding	
	Year ended 31 March 2022	Year ended 31 March 2021	31 March 2022	31 March 2021
Remuneration				
Jai Hiremath	53.88	41.43	-	-
Sameer Hiremath	36.00	24.53	-	-
Anish Swadi	20.84*	18.10	-	-
Sham Wahalekar	-	9.50	-	-
Kuldeep Jain	12.50	3.78	-	-
Rajasekhar Reddy	8.26	4.46	-	-
Commission paid				
Jai Hiremath	22.65	21.00	22.65	21.00
Sameer Hiremath	22.65	21.00	22.65	21.00
Sitting fees				
Sugandha Hiremath	1.10	0.90	-	-
Baba Kalyani	0.50	0.40	-	-
Amit Kalyani	0.30	0.40	-	-
Kannan K. Unni	1.60	1.40	-	-
Prakash Mehta	1.70	1.40	-	-
Shivakumar Kheny	-	0.90	-	-
Shrikrishna Adivarekar	0.20	-	-	-
Ranjit Shahani	0.90	0.50	-	-
Shivani Bhasin Sachdeva	0.80	0.50	-	-
Ravindra Kumar Goyal	0.80	0.10	-	-
Commission to Non-executive directors				
Sugandha Hiremath	1.42	1.30	1.42	1.30
Baba Kalyani	1.42	1.30	1.42	1.30
Amit Kalyani	1.42	1.30	1.42	1.30
Kannan K. Unni	1.42	1.30	1.42	1.30
Prakash Mehta	1.42	1.30	1.42	1.30
Shrikrishna Adivarekar	0.39	-	0.39	-
Ranjit Shahani	1.42	1.30	1.42	1.30
Shivani Bhasin Sachdeva	1.42	1.30	1.42	1.30
Ravindra Kumar Goyal	1.03	1.30	1.03	1.30
Dividend paid				
SBIPL	43.81	23.90	-	-
SRIPL	21.58	11.77	-	-
DEPL	0.11	0.06	-	-
EIPL	0.87	0.47	-	-
KECPL	0.14	0.08	-	-
KICL	85.07	46.40	-	-
Sugandha Hiremath	21.27	11.60	-	-
Jai Hiremath	2.95	1.61	-	-
Sameer Hiremath	0.86	0.47	-	-
Anish Swadi	0.02	-		
Sham Wahalekar	-	0.02	-	-
Pallavi Swadi	0.84	0.46	-	-
Pooja Hiremath	0.02	0.01	-	-
BF Investment Limited	7.20	3.93	-	-

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

Particulars	Transaction value		Balances outstanding	
	Year ended 31 March 2022	Year ended 31 March 2021	31 March 2022	31 March 2021
Sumer Trust	0.17	0.09	-	-
Rhea Trust	0.17	0.09	-	-
Nihal Trust	0.17	0.09	-	-
Anika Trust	0.17	0.09	-	-
Pooja Trust	0.17	0.09	-	-
Anish Trust	0.17	0.09	-	-
Pallavi Trust	0.41	0.23	-	-
Sameer Trust	0.41	0.23	-	-
Kuldeep Jain	-	0.00	-	-
Baba Saheb Kalyani	0.05	0.03	-	-
Kannan K. Unni	0.04	0.02	-	-
Prakash Mehta	0.03	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

* excludes variable pay upto ₹ 23.50 million which is subject to performance of the company.

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. Contingent liabilities and commitments (to the extent not provided for)

	As at 31 March 2022	As at 31 March 2021
A. Contingent liabilities		
Direct and Indirect taxes*		
Income Taxes	241.34	241.34
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 2022	As at 31 March 2021
B. Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances, tangible assets	1,187.31	1160.46

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

54. Key Ratios

Sr. No.	Particulars	Numerator	Denominator	31 March 2022	31 March 2021	Variance (in %)
1	Current Ratio	Current Assets	Current Liabilities	1.25	1.34	6%
2	Debt-Equity Ratio	Total Borrowings	Equity	0.63	0.65	3%
3	Debt Service Coverage Ratio	EBIT	Total Debt Service	1.31	1.29	2%
4	Return on Equity Ratio	Comprehensive Income	Average Shareholder's Equity	16.16%	15.05%	7%
5	Inventory Turnover Ratio	Cost of goods sold	Avg. Inventory	109	116	7%
6	Trade Receivables Turnover Ratio	Net Credit Sales	Average Accounts Receivable	4.17	4.13	1%
7	Trade Payables Turnover Ratio	Total Purchases	Average Accounts Payable	82	91	10%
8	Net Working Capital Turnover Ratio	Net Annual Sales	Working Capital	3.30	3.00	10%
9	Net Profit Ratio	Net Profit after Tax	Net Sales	8.26%	7.74%	7%
10	Return on Capital Employed	Operating Profit	Average Capital Employed	15.21%	16.15%	6%
11	Return on Investment	Income generated from Invested funds	Average Investment Funds	4.11%	5.58%	26%

55. Contribution to Provident Fund as per Supreme Court Judgment

There are numerous interpretative issues relating to the Supreme Court (SC) judgment dated 28th February, 2019 on Provident Fund (PF) on the inclusion of allowances for the purpose of PF contribution as well as its applicability of effective date. The impact is not expected to be material as per the assessment made by the Holding Company.

56. 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.

57. 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.

58 Dues relating to Investor Education and Protection fund

During the year the Company has transferred ₹ 0.28 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

59. The Group does not have any Benami property, where any proceedings have been initiated or pending against the company for holding any Benami property.

60. The Group does not have any transactions with Companies struck off.

61. The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

62. The Group has not traded or invested in Crypto currency or Virtual currency during the financial year.

63. The Group has not advanced or loaned or invested funds to any other person / entities, including foreign entities (intermediaries) with the understanding that the intermediary shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding party (ultimate beneficiaries) or

(ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

(Currency : Indian Rupees in million)

64. The Group has not received funds to any other person / entities, including foreign entities (Funding party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding party (ultimate beneficiaries) or

(ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

65. The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)

66. During the month of July 2022, due to heavy rains at Mahad, Maharashtra led to flooding which caused the operations at the Holding Company's Mahad Unit to remain shut for a period of 27 days. This has consequentially impacted the results for the year ended on 31 March 2022. The Holding Company has filed an insurance claim, which is under assessment.

67. In connection with the alleged improper disposal of by-products by the Company in January 2022, statutory authorities are conducting relevant investigations, which are ongoing. Further, subsequent to the year-end, the Holding Company was directed to stop manufacturing activities at its Taloja plant on grounds of not adhering to conditions stipulated in the relevant Consent to Operate. Based on the advice of external legal counsel, the Holding Company believes it has a good case on merits in these matters, and the Holding Company is taking necessary steps, including legal measures, to defend itself and restart manufacturing activities at the Taloja plant.

68. 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

For S R B C & CO LLP
Chartered Accountants
ICAI Firm's Registration No: 324982E/E300003

per Vinayak Pujare
Partner
Membership No: 101143

Place: Mumbai
Date: 28 May 2022

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

Jai Hiremath
Executive Chairman
DIN: 00062203

Sameer Hiremath
Managing Director and CEO
DIN: 00062129

Kannan K. Unni
Director
DIN: 00227858

Kuldeep Jain
Chief Financial Officer

Rajasekhar Reddy
Company Secretary

Place: Mumbai
Date: 28 May 2022

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