August 21, 2018

Dept. of Corporate Services
BSE Ltd.
P J Towers,
Dalal Street,
Mumbai – 400 001.

BSE Scrip Code : 524735

Listing Department
National Stock Exchange of India Ltd.
Exchange Plaza, Bandra Kurla Complex
Bandra (East)
Mumbai 400051.

NSE Symbol : HIKAL

Subject: Submission of the Annual Report for the Financial Year 2017-18 under Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir,

This is to inform you that the 30th Annual General Meeting of the Company was held on Wednesday, August 8, 2018 at 3.30 pm at Centrum Hall A, 1st Floor, World Trade Centre 1, Cuffe Parade, Mumbai 400005.

As required under Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Annual Report for the Financial Year 2017-18 was duly approved and adopted by the Members as per the provisions of the Companies Act, 2013 and the said Annual Report is enclosed herewith for your information and records.

The Annual Report contains the Audit Report with unmodified / unqualified opinion on both the Standalone as well as Consolidated Accounts.

Please take the above intimation on your records.

Thanking you,

Yours faithfully,
For Hikal Ltd.

Sham Wahalekar
Sr. Vice President Finance &
Company Secretary

Encl: As above.

Hikal Ltd.

Admin. Office: Great Eastern Chambers, 6th Floor, Sector 11, CBD Belapur, Navi Mumbai - 400 614, India. Tel. +91-22-3097 3100, Fax : +91-22-3097 3281

Regd. Office: 717/718, Maker Chambers - V, 7th Floor, Nariman Point, Mumbai - 400 021, India. Tel. +91-22-6630 1801 / 2283 4587 Fax : +91-22-2283 3913

www.hikal.com info@hikal.com **CIN:** L24200MH1988PTC048028

CELEBRATING

YEARS OF CHEMISTRY

ANNUAL REPORT 2018

On July 9th, 2018 we celebrate 30 years of Hikal. This is a significant milestone for our company. These 30 years of growth are not something we accomplished alone. A heartfelt thank you to all our past and present business partners as Hikal celebrates this milestone anniversary. Reflecting back, I remember not only the factories we have built, the products we developed but also fondly remember the people we have worked with. Hikal has been fortunate with many enduring relationships and partners, most of whom are still with us today. I'm very proud of the talent we have developed who have been a tremendous asset in providing our clients and partners with consistency, reliability and quality. Looking back, we have accomplished a lot together, looking ahead our future is bright, and I am confident we can and will certainly achieve a lot more.

Jai Hiremath

Founder and Chairman

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CHAIRMAN'S MESSAGE

Dear Shareholders,

2017-18 has been our best year at Hikal, a year that yielded us with record revenues and profits. Our sales grew by 26% to ₹ 13,001 million and our net profit grew by 9% to ₹ 772 million. The growth was achieved in spite of the several challenges we faced during the year, particularly in the disruption of supplies and the cost increases in raw materials originating from China.

Based on our future outlook and expected strong cashflows, the Board has recommended one bonus share for every two equity shares.

The Board has recommended a total dividend of 60%- 35% interim and a final dividend of 25% on the expanded capital after bonus issue (maintained at 60% as the previous year). In the past three years, the number of shareholders has almost tripled to about 19,000, which has increased the liquidity for our shares in the market.

Our crop protection division grew by 29% from ₹ 4,233 million to ₹ 5,473 million. This is due to the growth in sales of our existing products and owing to the introduction of our new products. We successfully commissioned a new project for a leading innovator company and this business is expected to grow. Our R&D has developed new crop protection products to be introduced in the coming years. Our biocide business showed significant growth and new products are in the pipeline.

Our pharmaceutical division grew by 23% from ₹ 6,106 million to ₹ 7,528 million, via a growth in sales of our existing products and the introduction of new products. We filed 3 DMF's and 2 CEP's.

We have been able to maintain our EBITDA margin at 19%, in spite of significant raw material cost increases, through operational excellence. Our Debt Equity Ratio has further improved to 0.91 as compared to 0.95 last year. We have brought down the overall cost of our borrowings and are targeting to reduce this further, as we are expecting an improvement in our current credit rating of "A-".

We have a strong focus on compliance, quality and integrity, and an excellent track record on quality audits from the regulatory authorities of various countries and leading multinational companies. We have maintained high standards of safety and environment control.

We continue to place great emphasis on our Research and Technology (R&T) and have invested 3.4% of our sales. We have expanded our R&T capabilities and manpower, and have added new technologies to our tool box. Furthermore, we have filed a number of patents during the year. Our change of business model - from being a CDMO to selling our own products which we developed in our R&T, is yielding results.

We are making significant capital expenditure in the coming year to meet the growing demand for our existing products as well as our new products. We will finance this from internal accruals and partly from bank borrowings.

I am proud to inform you that this year we complete 30 years of operations, which is a significant milestone for any organisation. Hikal has shown sustained growth in both our businesses: crop protection and pharmaceuticals over the years (See page 18-19).

I am pleased to announce that Ranjit Shahani, former Vice Chairman of Novartis India, has joined our board as an Additional Director. His vast experience will be very beneficial to our operations. Professor Axel Kleemann who served on our board for several years has decided to retire however, he will continue to be a valued member of our Scientific Advisory Board.

The outlook for the business looks promising and we are expecting to grow in a sustained manner in the coming years.

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

We look forward to a successful 2018-19.

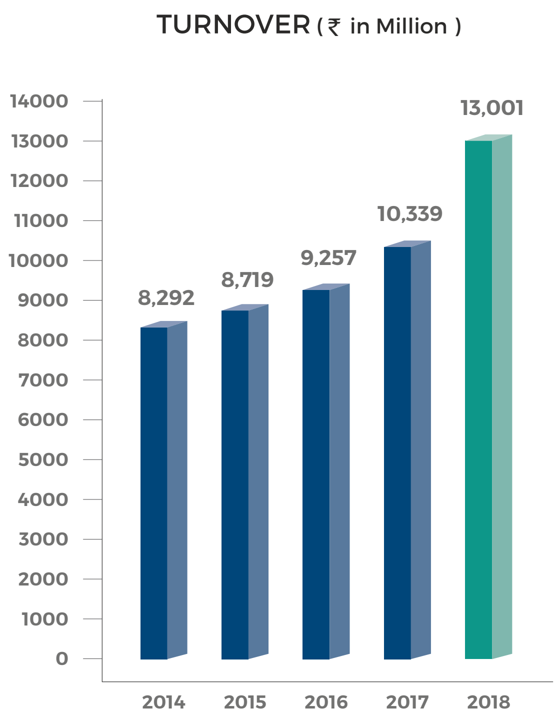
Jai Hiremath

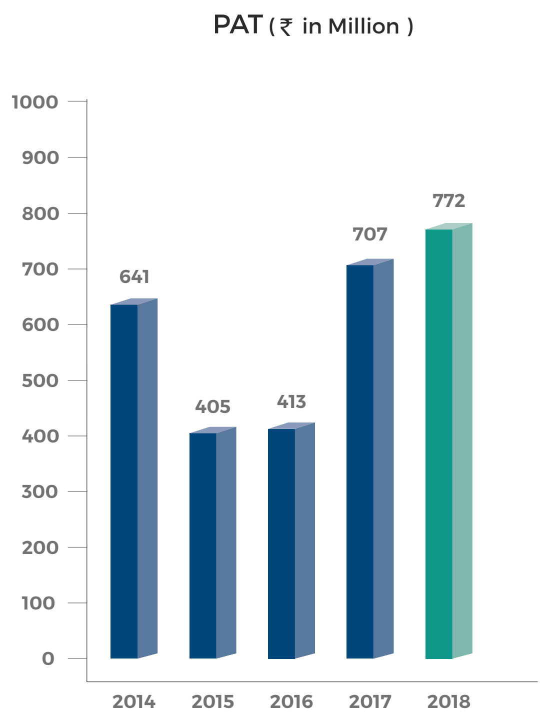
Chairman and Managing Director

Responsible Care®

PERFORMANCE at a GLANCE

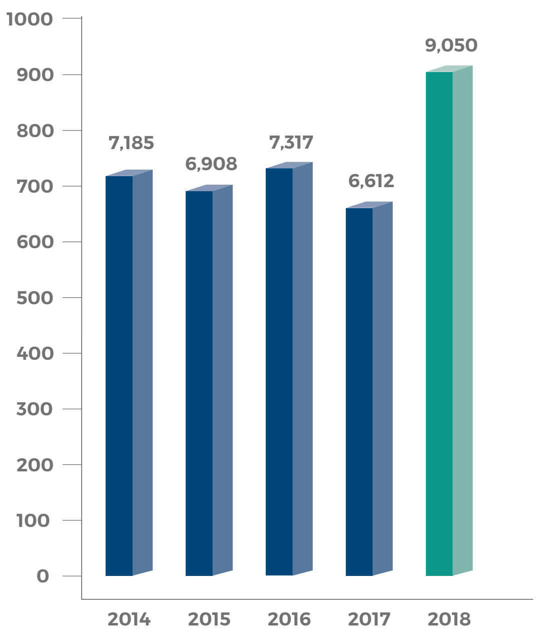
Sameer Hiremath
Joint Managing Director & CEO



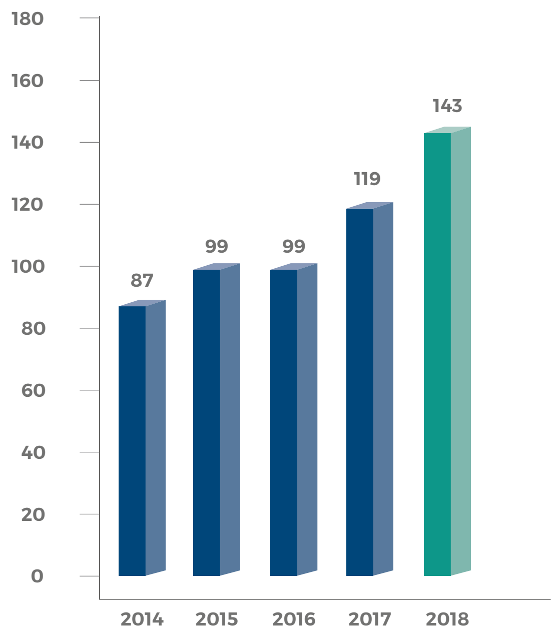


Financial Highlights	₹ in Million		Growth
	March 31, 2018	March 31, 2017	%
Turnover	13,001	10,339	25.74
Operating profit (PBIDT)	2,463	2,006	22.78
Finance costs	491	483	-
Gross Profit	1,972	1,523	29.48
Depreciation and amortisation expense	856	693	-
Profit after tax	772	707	9.19
Paid-up equity share capital	164	164	-
Earnings per share on face value of Rs.2/- (EPS)	9.40	8.55	-
Cash Earnings per share on face value of Rs.2/- (EPS)	19.81	16.98	-
Dividend per share (in Rs)	1.20	1.20	-
Payout (Including tax)	143	119	-

EXPORTS (₹ in Million)



DIVIDEND (₹ in Million)



BOARD of DIRECTORS

Jai Hiremath, Founder and Chairman at Hikal, has over 37 years of experience in the fine chemicals and pharmaceuticals industry. Mr. Hiremath developed Hikal into one of the leading global development and manufacturing companies in its sector. A Chartered Accountant from the Institute of Chartered Accountants in England and Wales, he is a 2004 alumnus of Harvard University, USA. In 2005, he was presented the Chemtech Business Leader of the Year Award (Chemicals). In ancillary appointments, he also served as the past President of the Indian Chemical Council (ICC), and the former Chairman of the Chemicals Committee of the Federation of Indian Chambers of Commerce and Industry (FICCI). He recently retired from the Drug, Chemical and Associated Technologies Association (DCAT) headquartered in New Jersey, USA. He is a board member of Novartis India Ltd and of the National Safety Council (NSC) of India.

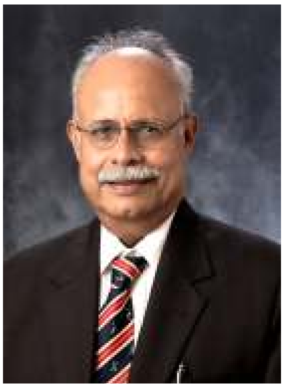
Baba Kalyani is the Chairman and Managing Director of Bharat Forge Limited, the flagship company of the US$ 2.5 billion Kalyani Group. Mr. Kalyani is a mechanical engineer from the Birla Institute of Technology & Science, Pilani, Rajasthan. He did his MS at the Massachusetts Institute of Technology, USA. He was awarded the Padma Bhushan by the Government of India, and the Chevalier de l'Ordre National de la Légion d'Honneur (Knight of the National Order of the Legion of Honor) by the French government for his contributions toward enhancing relations between India and France. Mr. Kalyani is also a member of the Indo-German Chamber of Commerce, Chairman of the Indo-Japan Chamber of Commerce and Industry, and a member of the Advisory Committee of Robert Bosch GmbH, Germany.

Sameer Hiremath is the Joint Managing Director and the CEO of Hikal Ltd. He oversees the day-to-day operations of the company which includes Research & Technology, Manufacturing Operations and Sales & Marketing. He has over 21 years of experience in technical plant operations, business development and corporate strategy. He has held several key positions at Hikal, including that of Executive Director. He holds a degree in Chemical Engineering from Pune University and an MBA and MS in Information Technology from Boston University, USA.

Jai Hiremath

Baba Kalyani

Sameer Hiremath



Kannan Unni

Prakash Mehta

Shivkumar Kheny

Sugandha Hiremath

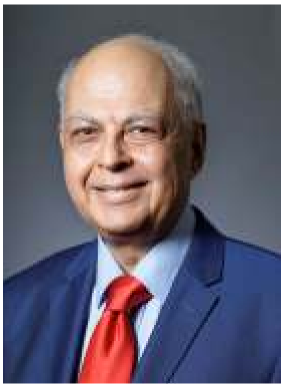
Kannan Unni is one of the pioneers in crop protection in India with over 51 years of experience in the crop protection and animal health industry. Mr. Unni worked in multiple capacities in Hoechst, AgrEvo, Aventis Crop Science and Bayer Crop Science Group. He was the Chairman and Managing Director of Bilag Industries, a 100% Bayer CropScience-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 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 is the Managing Partner of Malvi Ranchoddas & Co., Advocates & Solicitors, a leading law firm in Mumbai. He brings to the board his extensive experience in corporate and commercial legal matters. Mr. Mehta is on the board of several listed and unlisted companies in India and is a member of the Managing Committee of The Bombay Incorporated Law Society. He holds a degree in law from Mumbai University.

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

Sugandha Hiremath has more than 36 years of experience in the financial industry. She is an active participant in the Audit Committee at Hikal and also serves as an independent director on the board of several companies.

Dr. Wolfgang Welter



Ranjit Shahani

Amit Kalyani

Dr. Wolfgang Welter has over 39 years of experience in the crop protection and fine chemicals industries. Prior to retirement, Dr. Welter was a board member responsible for industrial operations and quality, health, safety, environment at Bayer CropScience AG for six years. He has in-depth experience in manufacturing operations at Aventis CropScience in France.

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

Amit Kalyani is a member of the management board and Executive Director of Bharat Forge Limited (BFL), flagship company of the US$ 2.5 billion Kalyani Group, a global technology-driven leader in metal forming. He is a key member of the company's strategic planning and global business development initiatives. He holds a Bachelor's Degree in Mechanical Engineering from Bucknell University, Pennsylvania, USA. He is also a graduate of the Owner/President Management Program at Harvard Business School.

CROP

PROTECTION

MANAGEMENT COMMITTEE

Jai Hiremath, founder and Chairman at Hikal, has over 37 years of experience in the fine chemicals and pharmaceuticals industry. Mr. Hiremath has steered Hikal into becoming one of the leading global development and manufacturing companies in the life sciences industry. A Chartered Accountant from the Institute of Chartered Accountants in England and Wales, he is a 2004 alumnus of Harvard University, USA. In 2005, he was presented the Chemtech Business Leader of the Year Award (Chemicals). In ancillary appointments, he also served as the past President of the Indian Chemical Council (ICC), and the former Chairman of the Chemicals Committee of the Federation of Indian Chambers of Commerce and Industry (FICCI). He recently retired from the Drug, Chemical and Associated Technologies Association (DCAT) headquartered in New Jersey, USA. He is a board member of Novartis India Ltd and of the National Safety Council (NSC) of India.

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Sham V. Wahalekar (Senior Vice President – Finance, & Company Secretary) has over 41 years of experience in finance and secretarial functions at Hikal. He has completed his M. Com. (Hons,) and holds a degree in Law. He is also a member of the Institute of Company Secretaries of India. He has extensive working knowledge of financial management and

Jai Hiremath

Sameer Hiremath

Sham Wahalekar

Manoj Mehrotra

Kumar Inamdar

Dr. Sudhir Nambiar

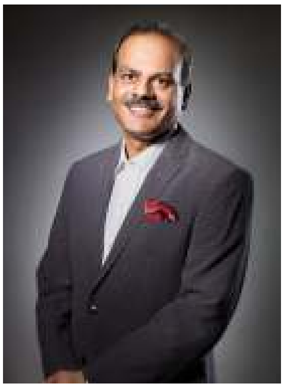
corporate law. He is responsible for finance, legal compliance and the corporate secretarial functions at Hikal.

Manoj Mehrotra (President – Pharmaceuticals Business) has over 31 years of experience in the fine chemicals and pharmaceuticals industry. He did his B.Tech (Hons) in Chemical Engineering from IIT Kharagpur and MBA from XLRI, Jamshedpur. In his last assignment at Dr. Reddy's Laboratories, he was the global head of the Custom Pharmaceutical Services (CPS) business. Earlier, Mr. Mehrotra worked in companies such as Thermax and SRF Limited. In SRF, his last role was strategizing and growing the fluoro-specialty business. He is responsible for strategy, sales and operations of the Pharmaceutical division at Hikal.

Kumar Inamdar (President – Crop Protection Business) has over 28 years of experience in sales, marketing, procurement and general administration in the fine chemicals, agrochemicals and the medical device industry. He completed his BE in Chemical Engineering from Gujarat University and MBA from Pune University. He has worked in several companies including Tata Limited, Lupin and Bilag Industries. At Bilag, he started as a Purchase Manager responsible for procurement and advanced to the role of General Manager for commercial activities with the responsibility of sales and marketing. He was the Managing Director of Bilag from 2007 to 2012. At Hikal, Mr. Inamdar is responsible for the strategy, sales and operations of the Crop Protection division and also oversees the procurement function for the company.

Dr. Sudhir Nambiar (President – Research & Technology) has over 27 years of experience in the area of process research, development of APIs, lifecycle management of molecules, process safety, regulatory and technology across several industries. He is a Ph.D. in Synthetic Organic Chemistry from the University of Louisville, Kentucky and he did his post-doctorate from the University of Montreal. He has completed the Senior Leadership Program from Harvard Business School. In his last assignment at Dr. Reddy's Laboratories, he was the Senior VP & Global Head of API – R&D. Prior to Dr. Reddy's Laboratories, he was the Managing Director of AstraZeneca India Pvt. Ltd. where he was responsible for the day-to-day operations of the company as well as being accountable for research, business services, governance and administration. At Hikal, Dr. Nambiar is responsible for the Research and Technology initiatives with a focus on driving innovation through chemistry.

Anish Swadi



Kumaar Priyaranjan

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

Kumaar Priyaranjan (Senior Vice President – Human Resources) has over 27 years of experience as a human resources professional. He has worked at Indian Hotels Ltd, Transport Corporation of India Ltd, the RPG Group and Dr. Reddy's Laboratories. He holds a Bachelor of Science degree from Patna University. He received his Post-Graduate Diploma in Personnel Management and Industrial Relations from S.P. College of Communication and Management, University of Delhi and completed the Strategic Human Resources Management program from the Ross School of Management, University of Michigan, USA. Mr. Priyaranjan brings with him a wealth of experience having worked in senior positions across several industries in India and overseas assignments. He is also an executive coach certified by Gallup, USA. He is responsible for human capital at Hikal.

RESEARCH

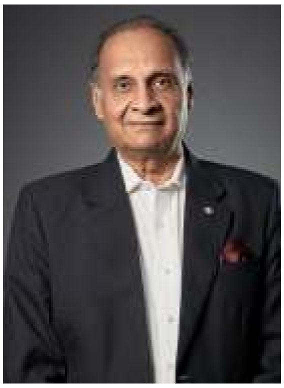
Research and Technology is the core of our company's sustainable growth strategy

TECHNOLOGY

SCIENTIFIC ADVISORY BOARD

Dr. Axel Kleeman

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

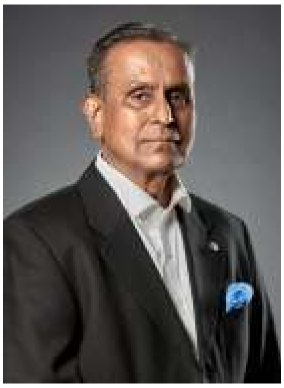


Dr. Goverdhan Mehta

Dr. Goverdhan Mehta is a globally recognized organic chemist. He is currently a National Research Professor, Eli Lilly Chair, School of Chemistry at the University of Hyderabad. He holds a Ph.D. in Organic Chemistry from Pune University and has conducted his post-doctoral research at the Michigan State and the Ohio State universities in the USA. He has been a CSIR Bhatnagar Fellow 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 500 research papers. He has over 50 prestigious awards and honours to his credit, nationally and internationally. He has been conferred D.Sc. by over a dozen universities in India and overseas. He was awarded the civilian honour, Padma Shri, in 2000 by the President of India and Chevalier de la Légion d'Honneur in 2004 by the President of France. Dr. Mehta was conferred the 'Order of Merit-Commander's Cross' (Bundesverdienstkreuz) by the President of the Federal Republic of Germany in 2016.

He is a Fellow of the Royal Society and several Acadamies and Societies around the world. He is a former President of the Indian National Science Academy and the International Council for Science (ICSU) and a member of the Scientific Advisory Committee to the Prime Minister of India.

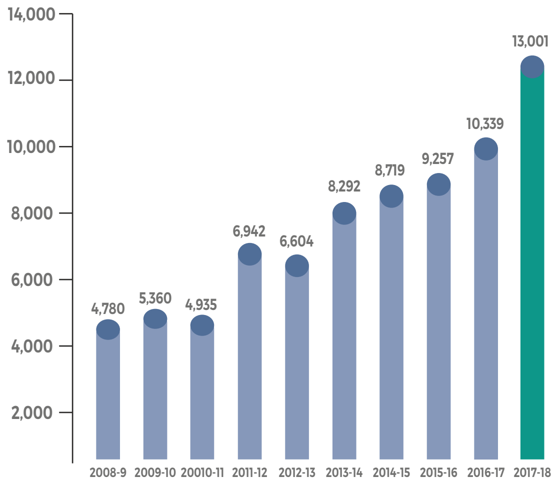
Dr. K. Nagarajan has over 50 years of experience as a chemistry professional. He has held various positions as Head, Medicinal Chemistry, Ciba Research Center Director, R&D of Searle India, among others. He is a recipient of the Bhatnagar Prize in Chemistry and Lifetime Research Award from the Chemical Research Society of India. He spearheads the scientific research initiatives at Hikal. He is associated with several national research institutions such as the Central Drug Research Institute, scientific agencies such as the Department of Biotechnology and projects of the Ministry of Earth Sciences. Dr. Nagarajan obtained his B.Sc. (Hons.) in Chemistry from Loyola College, Chennai and Ph.D. from the University of Madras. He is a post-doctoral Fellow from Wayne State University, California Institute of Technology, Pasadena, and Zurich University, Switzerland.



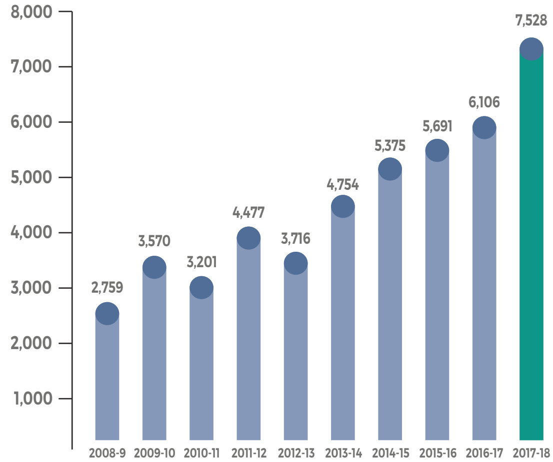
Dr. K. Nagarajan

SUSTAINABLE GROWTH

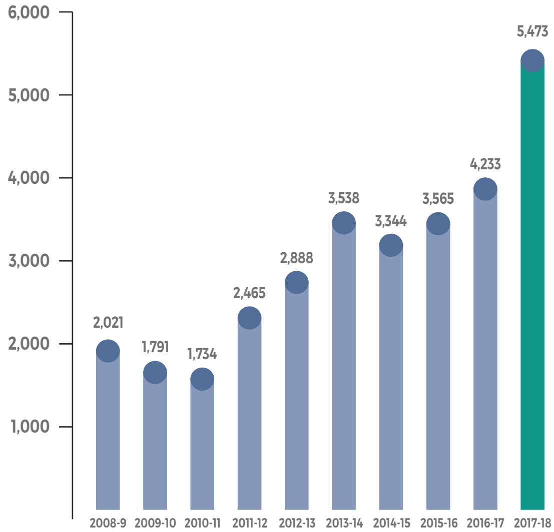
HIKAL REVENUE
(Sales ₹ Million.)

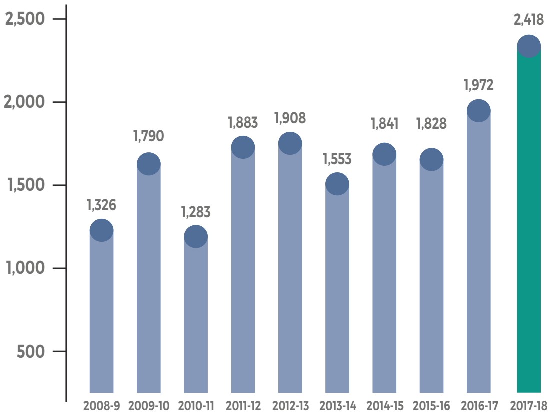


PHARMACEUTICALS REVENUE
(Sales ₹ Million)

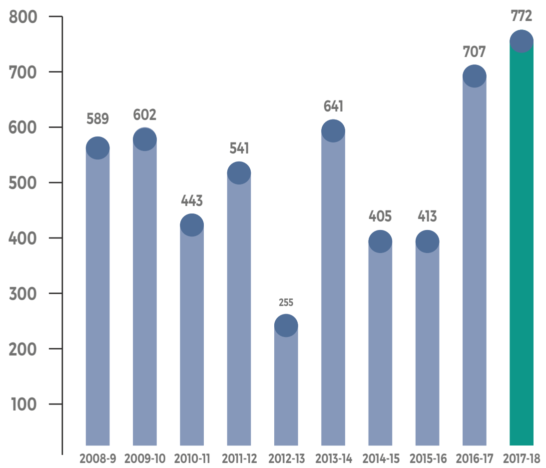


CROP PROTECTION REVENUE
(Sales ₹ Million)

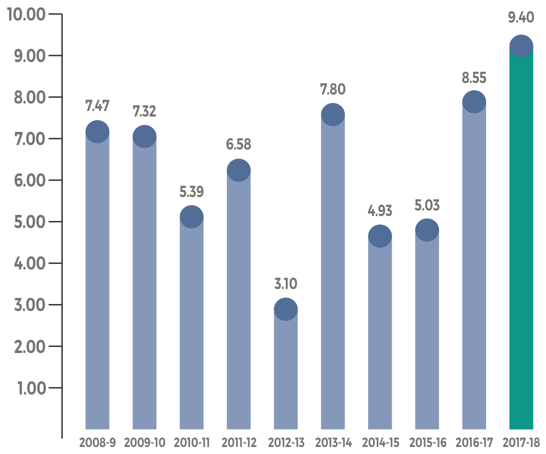




EBITDA
(₹ Million.)



PAT
(₹ Million)



EPS
(₹ per share)

Pharmaceuticals:

An Industry Overview

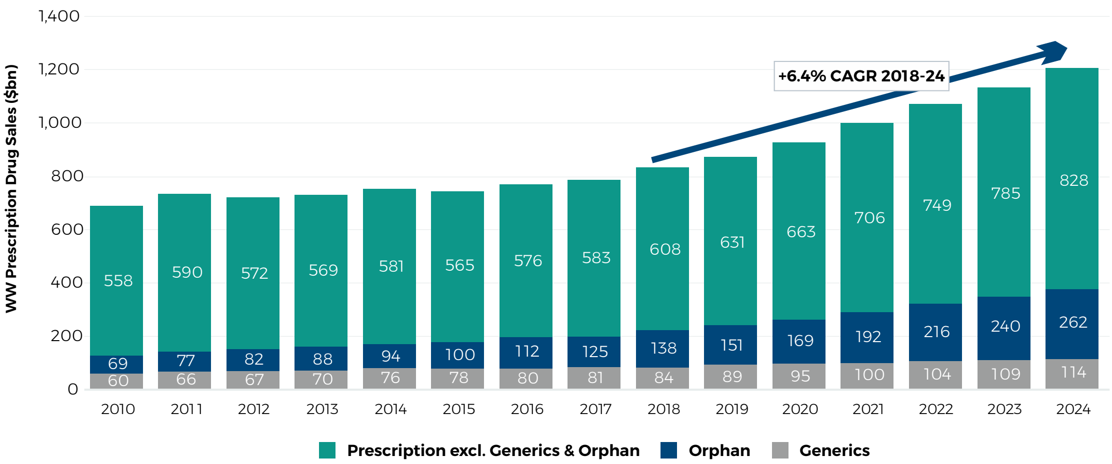
The global pharmaceutical sector is at a crossroads. The marketplace is heavily disrupted, characterized by the shifting payer attitudes and patient empowerment. Several undercurrents are shaping the industry. The first shift is the balance of power across the healthcare value chain as governments and insurers take the centre-stage, pressuring pharma companies to reduce prices and demonstrate greater value from their therapies. The second shift is emerging from treatments linked to prevention, diagnostics and cure which is the direct result of innovation. The growth resulting from these shifts will be driven by ground-breaking new therapies, advances in technology and the consumerization of health through increased access to data by patients.

The Global Pharma Industry which was poised for a healthy growth rate in 2017, only grew at a marginal 1.2% as compared to 2016. The worldwide prescription drug market grew from $814 bn in 2016 to $825 bn in 2017 due to the depreciation of the US dollar against most other currencies, especially Asian countries, as the US is the largest outlet for foreign medicines with a world market share of 39%. This was supported by political uncertainty and several government initiatives linked to tightening costs over drug prices, especially of the older drugs.[1]

While prescription drug sales for 2011 through 2017 grew at a CAGR of only +1.2%, 2018 through 2024 is expected to show a growth of 6.4% CAGR. The growth will be driven by the launch of novel therapies addressing unmet needs, coupled with an increasing access to medicines globally. Sales losses from genericization and biosimilar competition could potentially put the brakes on the forecasted growth.[2]

Worldwide Total Prescription Drug Sales (2010-2024) [2]

Source: Evaluate, May 2018



1 Report by Hardman and Co. Life Sciences Research

2 Evaluate Pharma World Preview 2018

Prescription drug sales are expected to reach $1.2 trillion in 2024 due to novel therapies addressing key unmet needs as well as increasing access to medicines globally. We believe this is a huge opportunity for our company to capitalise on with our product portfolio presently under development.

Worldwide Prescription Drug Sales 2018-24 in figures[2]

+6.4% CAGR* 2018-24

Drivers		Brakes	
55	New FDA approvals in 2017, rebounding from 27 in 2016	Will payer pressure put a halt on drug budget growth?	+6.4% CAGR 2018-24
$124bn	Additional sales in 2024 from orphan drugs	Sales at risk between 2018 and 2024 due to patent expires	$251bn
+12%	2017-2024 CAGR for oncology	Average R&D spend per NME since 2007, suggeting more efficiency needed in R&D	$3.9bn
$5bn	Additional sales in 2024 from advanced therapies	R&D as a proportion of prescription sales in 2024, down from 20.9% in 2017 with a possible reduction in innovation	16.9%

* Compound Annual Growth Rate

Highlights for 2017[1]

* The US market which has been an important contributor to growth, grew 1.8% from $319bn in 2016 to $325bn in 2017 and currently represents 39% of the global market

* Companies are continuing to invest heavily in their futures (building in-house technology or acquiring technology-driven companies) although the cost of bringing an asset to market reached record levels in 2017

* Within the overall global prescription market, drugs classified as biopharmaceuticals (ca.130 + vaccines) reported sales of $197bn in 2017 and now represent 24% of the entire market

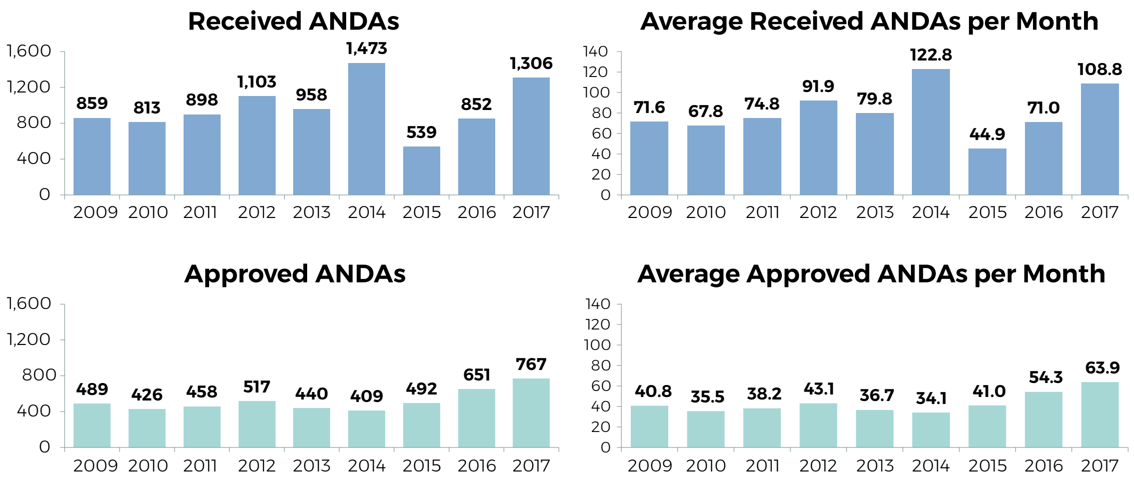
* In 2017, drugs derived from mAb were the fastest-growing sub-segment of the Rx market with growth of 16.6% to ca.$99.5bn, representing 12% of the entire market

* 2017 was a record year for the FDA approval of New Molecular Entities (NMEs), with 46 approvals, up 109% and beating the previous record of 45 set in 2015. 34 of them (74%) were traditional small molecules and 12 (26%) were novel biopharmaceuticals.

1 Report by Hardman and Co. Life Sciences Research
2 Evaluate Pharma World Preview 2018

2017 was a record year for ANDA Approvals [3]

FDA Fiscal Year Basis



2018 Outlook for the API Industry [4]

2018 is expected to be a transformative year for the API industry. Over the last two decades, China has become the central, global source of APIs and intermediates to the global pharmaceutical industry. This is beginning to change. The prices of APIs and intermediates have increased and are on an upward trend. Supply chain security and sustainability can and are no longer being taken for granted by all manufacturers.

While the industry has been focused primarily on low-cost sourcing solutions, the absence of assured supply is something companies need to start preparing for as interrupted supply will lead to a loss of market share that companies will find difficult to regain.

2018 will also witness the impact of two landmark regulations — new regulations on elemental impurities, and continued enforcement of ICH Q11 guidelines. The elemental impurity regulation focusses on the contamination of metals in products and this is often a direct result of the state of the equipment used by a factory. The ability to comply will require manufacturing companies to invest capital wherever necessary. The ICH Q11 guideline, on the other hand, mandates manufacturers to have a far wider control of their manufacturing processes, and in some cases that of their starting material suppliers, more than what was required in the previous years. Together, these two regulations are going to put additional pressure on suppliers to comply with the growing expectations of the regulators which will result in increased costs.

In order to create a manufacturing supply chain for APIs and key intermediates that reduces dependence on China, companies will have to focus on streamlining costs, creating surplus capacity, intellectual property protection, good history of GMP inspection compliance (ICH Q7 Compliance), obtaining regulatory affairs specialists, infrastructure at the manufacturing sites to ensure environmental, health and safety compliance and identifying skilled project managers to oversee projects for timely execution. Taking into account all the proposed changes, at Hikal, we follow a risk-based approach and have undertaken measures to ensure that we are prepared for the future.

3 IQVIA Global Generic & Biosimilars Trends and Insights
4 2017 DCAT Value Insights

2018 Global Industry Outlook [5]

Despite political uncertainties regarding general healthcare, the U.S. is likely to record the largest growth in terms of value, while the so-called emerging markets will require about two-thirds of the entire drug volume.

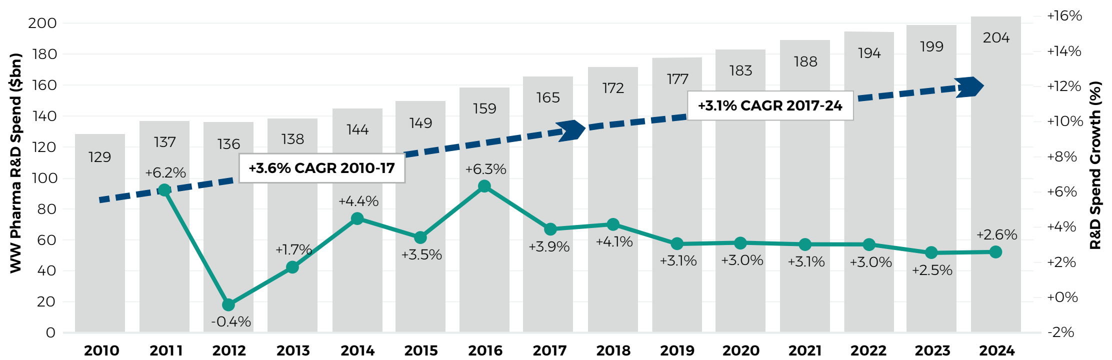
The reasons are obvious: the global population is expected to increase by 1.24 percent per year until 2030 and to age at the same time. Increasing urbanization and a growing middle class are making drugs available and affordable for more people and leading to a higher demand for medication.

Pharmaceutical Drugs Growth - On the heels of a slow recovery, global prescription drug sales are forecasted to grow at an impressive annual compound rate of 6.5 percent in the next five years. Worldwide sales are expected to be US$1.06 trillion in 2022. The industry will continue to look to emerging markets for growth, albeit not as aggressively as in the past. Among the top 20 pharmaceutical markets in the world, eight are emerging countries supported by an increasing middle class.

R&D [2] **-** Worldwide pharmaceutical and biotech R&D is forecasted to grow at 3.1% CAGR to 2024, slightly lower than the 3.6% CAGR from 2010 to 2017. This reduction signals expectations that either companies will be improving R&D efficiencies or less revenue will be directed towards replenishing pipelines. Significant innovation is coming from small niche companies focused on discovering new drugs. Less than a quarter of drugs discovered are brought to market by the big pharmaceutical companies.

Worldwide Total Pharmaceutical R&D Spend in 2010-2024 [2]

Source: Evaluate, May 2018



Orphan drugs on Rise - The orphan drug market is expected to almost double in the next five years, reaching US$209 billion in 2022. According to the US Food & Drug Administration (FDA), 75 orphan drugs were approved in the United States in 2017, compared to a total of 27 in 2016 and 56 in 2015.

Biologics and biosimilars - Biologics are predicted to comprise more than a quarter of the pharmaceutical market by 2020. The Asia-Pacific region has more biosimilars in development than anywhere else in the world, led by China. China has the potential to become the frontier market for biosimilar drugs. The growth of biosimilars could push the industry into an innovative phase by increasing the use of biologics.

2 Evaluate Pharma World Preview 2018

5 2018 Global Life Sciences outlook by Deloitte

Therapeutics Focus Trends - Oncology leads therapy areas in sales and is likely to account for 17.5 percent of prescription drug and OTC sales by 2022, more than the next three highest therapy areas combined. In addition to oncology, the largest CAGR growth in the top 15 therapy categories will come from immunosuppressants, dermatologicals, and anti-coagulants.

M&A Investment Trends - 2017 saw a further decline in deal value from 2016, resulting from global economic and political uncertainty. However, 2018 is likely to see an uptick in deal volume as well as value, and an increase in mega deals as the passage of tax reform in the US, the progress of the Brexit negotiations, and the maturation of policy with respect to outbound deal-making from China clears up some of the uncertainty that was constraining M&A in 2017.

Embracing Exponential Changes in Technology - We are in an era of exponential change – a fourth industrial revolution. Emerging technologies are creating a transformative opportunity for life sciences. Demographic and economic changes, increased patient expectations and the growth of personalized medicine are disrupting health care worldwide. AI and cognitive technologies, automation, and computing power are advancing at an accelerating rate. Continuous manufacturing technology and Robotic Process Automation (RPA) are shortening production times and increasing process efficiencies.

Challenges for the Global Pharmaceutical Industry [6]

The huge shift of the population to urban areas and the increased accessibility of people to healthcare services has opened doors to a wider target market for the pharmaceutical industry players. These emerging markets are becoming increasingly important for pharma companies. However, to be successful in the market, it becomes essential for companies in the pharmaceutical industry to shift from a marketing and sales-focused model to an access-driven commercial model. Additionally, with the governments of several countries making healthcare a priority in their policies, the future looks bright for pharma companies. But on the flipside, the market conditions and several other factors might not entirely be in favor of pharma companies. There are several challenges lying ahead for pharmaceutical industry players, which they need to combat before heading on the road to success:

*** Healthcare Policy Reforms**

The US is the top player in the global pharmaceutical market. However, the changing healthcare reforms are affecting the pharmaceutical industry players in a big way. The Patient Protection and Affordable Care Act (PPACA), which is also known as Obamacare, is expected to undergo some significant reforms under the new government. Though healthcare policy reforms are on the top of the priority list for the new presidential administration, we are yet to see how these policies are going to affect the pharmaceutical industry in the longer run.

*** Impact of New Technologies on Pharma**

Players in the pharmaceutical industry are still unsure about how new digital technologies are going to impact drug development and commercialization. Several industrial experts feel that emerging technologies such as AI and 3D Printing will cause radical changes in the business models, operations, workforce, and cybersecurity. The adoption of these technologies would also have additional benefits such as the ability to establish a digital supply chain in reducing manufacturing costs.

*** Increased Focus on 'Patient-Centric' Healthcare**

One of the most popular trends in the healthcare industry in recent times is the shift towards a patient-centric care model. Bringing the spotlight to the quality of care given to patients and making them active participants in the treatment process has put immense pressure on the pharmaceutical industry players. Furthermore, increasing regulatory measures are forcing pharma companies to deliver the best quality of services to prevent any regulatory actions.

*** Slower Growth Rate in Emerging Markets**

Companies in the pharmaceutical industry have been reaping significant benefits from the emerging markets, but their recent economic slowdown has had a negative impact on the profit potential. The reduction in the GDP of these low-income countries with high pharmaceutical growth prospects has triggered a corresponding reduction in volume growth. Unless these emerging markets pick up on their economic growth, the development of pharma companies in these markets will prove to be difficult.

Indian Pharma Market Scenario [7]

The Indian pharmaceutical sector is estimated to account for 3.1 – 3.6 percent of the global pharmaceutical industry in value terms and 10 percent in volume terms. It is expected to grow to US$100 billion by 2025. The market is expected to grow to US$ 55 billion by 2020, thereby emerging as the sixth largest pharmaceutical market globally by absolute size.

The Indian pharmaceuticals market witnessed a growth of 7.4% with the market increasing from US$ 27.57 billion in FY16 to US$ 29.6 billion in FY17.

Indian companies received 304 Abbreviated New Drug Application (ANDA) approvals from the US Food and Drug Administration (USFDA) in 2017.

Investments

The Union Cabinet has given its nod for the amendment of the existing Foreign Direct Investment (FDI) policy in the pharmaceutical sector in order to allow FDI for upto 100 per cent under the automatic route for manufacturing of medical devices subject to certain conditions.

The drugs and pharmaceuticals sector attracted cumulative FDI inflows worth US$ 15.59 billion between April 2000 and December 2017, according to data released by the Department of Industrial Policy and Promotion (DIPP).

7 Indian Pharmaceutical Industry Report 2017 by India Brand Equity Foundation

Government Initiatives

Some of the initiatives taken by the government to promote the pharmaceutical sector in India are as follows:

* In March 2018, the Drug Controller General of India (DCGI) announced its plans to start a single-window facility to provide consent, approvals and other information. The move is aimed at giving a push to the Make in India initiative.

* The Government of India is planning to set up an electronic platform to regulate online pharmacies under a new policy, in order to stop any misuse due to easy availability.

* The Government of India unveiled 'Pharma Vision 2020' aimed at making India a global leader in end-to-end drug manufacture. Approval time for new facilities has been reduced to boost investments.

* The government introduced mechanisms such as the Drug Price Control Order and the National Pharmaceutical Pricing Authority to deal with the issue of affordability and availability of medicines.

The Road Ahead

The Indian pharmaceutical market size is expected to grow to US$ 100 billion by 2025, driven by increasing consumer spending, rapid urbanization, and rising healthcare insurance among others. Going forward, better growth in domestic sales would also depend on the ability of companies to align their product portfolio towards chronic therapies for diseases such as cardiovascular ailments and with anti-diabetes, anti-depressants and anti-cancers that are on the rise.

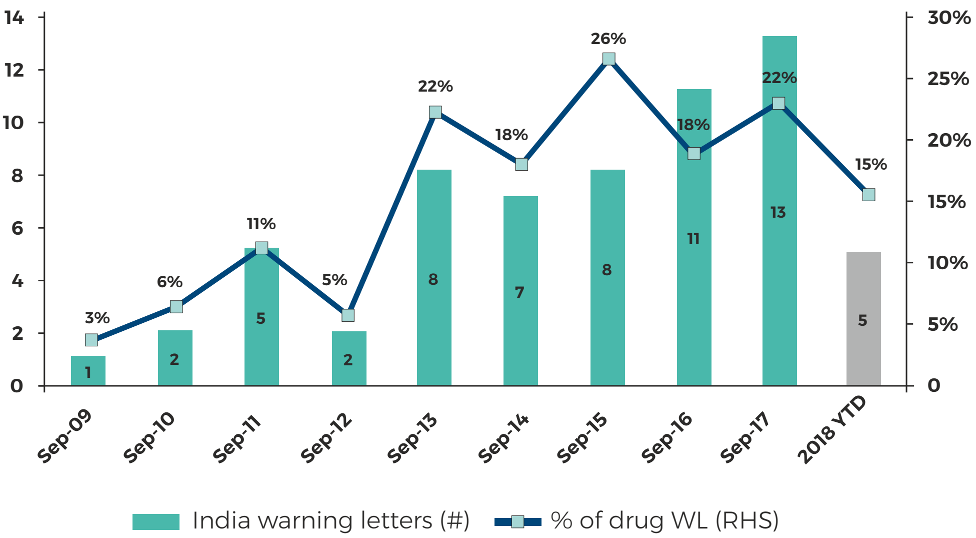
The Indian Government has taken many steps to reduce costs and bring down healthcare expenses. Speedy introduction of generic drugs into the market has remained in focus and is expected to benefit the Indian pharmaceutical companies. In addition, the thrust on rural health programmes, lifesaving drugs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

Hikal is gaining traction by selling products in the domestic market to local formulators and as part of our strategy we are expanding our presence by targeting local manufactures who are looking for quality products to sell in the market.

Compliance[8]

Data integrity and noncompliance was a focus area in the pharmaceuticals industry from 2014 through 2017. The drug regulator of the world's largest pharma market in the world, the US Food and Drug Administration (FDA) believes that its "increased oversight" in markets outside the home country in recent years has allowed it to effectively identify violations, take action and address issues, ultimately leading to a safer drug supply chain.

8 Goldman Sachs - India Health Care Generic Pharmaceuticals 2018



The US FDA has made significant progress in its oversight of drugs manufactured in India, including "increased risk-based inspection" of pharmaceutical manufacturing facilities to evaluate compliance with good manufacturing practice requirements. Interestingly, non-compliances are not only limited to India and China. While the situation seemed grave for certain Indian and Chinese manufacturers last year, things have vastly improved with most Indian companies having invested in remediation with US FDA consultants to get their operations compliant. This can be seen from the above table which highlights the fall in Warning Letters (WL) to Indian facilities after a tough 2017.

Hikal Continues to Maintain its Strong Regulatory Track Record

Safety and compliance are key principles of Hikal's operational strength. Ensuring compliance to current regulatory standards and guidelines is critical for Hikal and our customers. Our culture of building quality into all that we do is continuously reinforced at all our sites and across all levels in the organization which enables us to capitalise on new opportunities in the near future.

We continue to invest significantly in resources, training and infrastructure to ensure that we meet all the global regulatory requirements. Furthermore, we work on a continuous basis with leading global regulatory consultants to ensure that the latest standards of compliance are being met with.

Operational Performance
Contract Development and Manufacturing Organization (CDMO) Business
Market Data [9]

The global pharmaceutical contract manufacturing market was valued at US$ 92.3 billion in 2017. This market is expected to reach US$ 146.4 billion by 2023, at a CAGR of 8.08%. Owing to the growing demand for generic medicines and biologics, capital-intensive nature of the business and complex manufacturing requirements, many pharmaceutical companies have identified the potential profitability in contracting with a CDMO for both clinical and commercial stage manufacturing.

9 Pharmaceutical Contract Manufacturing 2018 - Business Wire

The biggest factor driving the growth of CDMOs in the pharmaceutical industry is the growing need for state-of-the-art processes and production technologies, which have proven highly effective in meeting regulatory requirements. With the demand for pharmaceuticals continuing to rise and pressure from governments to keep costs as low as possible, contract development and manufacturing organisations (CDMOs) are becoming a popular alternative to investing in internal capabilities and capacity. CDMOs constitute a critical resource for pharmaceutical companies to overcome their current challenges, drive down costs, reduce timelines and deliver the necessary expertise to bring new drugs in to the market. Tasks outsourced to pharmaceutical companies cover the entire value chain of the drug life-cycle from drug development and pre-clinical and clinical trials to commercial manufacturing.

Hikal CDMO Business Overview:

Hikal has developed collaborations with clients across the globe by building strategic partnerships through value addition to their pharmaceutical products and project requirements. Hikal's focus on regulatory compliance, reliability, flexibility and value added technical capabilities have helped the company attract and retain new clients across the value chain.

As part of our contract development and manufacturing services, we offer early-stage R&D services such as synthesis, scale-up, API development, stability studies and method development all the way through manufacturing services, ranging from preclinical R&D material for clinical trial purposes and commercial production, Phases I through IV. We augment these services by combining technology and chemical engineering to provide our customers with the entire gamut of our capabilities along the value chain.

The contract development business was up by 14% in terms of value growth as the volumes for several of these projects increased, supported by the strong growth in the pipeline of projects under development and semi-commercialisation.

Our investment in a structured robust proprietary project management system - DAKSH, the strengthening of a pre-sales team to identify new opportunities and enhancing the business development team with dedicated personnel for the US, Europe and Japan have helped us to achieve our growth targets this year.

We have identified several new opportunities for custom development and manufacturing of intermediates and Active Pharmaceutical Ingredients (APIs) which are in different stages of development at our R&T Centre. We have added several new biotech and virtual companies as clients for the development of early stage molecules. Our organisation actively pursues opportunities for clinical molecules in different stages of early phase development as well as product life-cycle management from innovator companies.

We have provided process development and manufacturing services for high value complex intermediates in clinical trials for leading innovator companies. A high level of customer satisfaction has led to repeat orders showcasing our technical strength and execution skills on these complex projects. We have also delivered advanced intermediates for NCE's which are in phase 3 of clinical trials.

We developed a process and delivered an intermediate to a US-based biotechnology product development company going as food additive for a global FMCG conglomerate. We expect a repeat order of higher quantity in FY 18-19.

We delivered another intermediate to a leading US company for one of their APIs under development. Next year we expect a repeat order of two intermediates going into a new generation API to be launched in Japan. Additionally, business for the supply of a versatile chiral intermediate going into high-value Prostaglandin API is also expected. We will supply an intermediate going into Phase 1 of the oncology product used for treatment of breast cancer and investigated for different types of cancer developed by a biotech company. As part of our revolving and robust pipeline, we have been contracted by a US company for process development services for a food ingredient.

Our long-term contract manufacturing agreement with a leading European innovator to exclusively manufacture molecules grew significantly in terms of volume and, based on the forecast provided by the client, is expected to grow further in the next year as well. One of these molecules is an anti-epilepsy drug that is widely used to control seizures and the other one is a nootropic drug used for memory enhancement.

We also contract manufacture two large volume molecules, a neuropathic pain reliever and an anti-cholesterol molecule exclusively for a leading US-based innovator company. These products have stringent technical specification requirements. They are for life-cycle extension and the volumes for both these molecules increased this year. The trend is expected to continue in the next year as well.

Hikal is poised to have sustainable growth in the CDMO business through a healthy pipeline of new projects in their early and late stage development, the addition of new clients and growth in the volume of existing products being supplied to global innovator companies.

Capacity Expansion

We believe that significant investment in adding new manufacturing capacities historically has resulted in ‘economies of scale’ and has helped us in consistently gaining market share for our key products. The company plans to strengthen this further with additional investments both in capacity and infrastructure to cater to our customer’s future needs.

This year we invested to increase the capacity for one of our large products to cater to the increasing demand across the globe. The product itself is growing at a significant rate globally. This will give us a significant boost in revenues for FY 18-19. We also invested in further modifications of existing blocks to de-bottleneck and streamline existing capacities.

We also initiated investment at our intermediate facility (Panoli) and have drawn up plans to convert this facility into an API plant that would cater to both the generic API, and our contract development and manufacturing business.

We also invested further in R&D with a separate solid-state chemistry lab that would help resolve issues related to physical properties of an API and deliver the product quickly with the right quality. This had been a bottleneck in the past, however with the lab currently in operation, the benefits are already being realised.

Our Development and Launch Plant in Bengaluru is also the beneficiary of a significant investment. Additional reactors have been added and modifications have been made to cater to the increased demand of pipeline products coming from the R&T Centre for our innovator clients. Eventually, we expect the US FDA to audit this facility which would become the centre for all small molecule supply to global innovators. These supplies would be intended for clinical as well as commercial quantities depending on the volumes.

For FY 18-19, we expect to further add new multipurpose manufacturing plants. Based on demand of our existing molecules and the new pipeline that is under development, we will need to add on capacity.

Hikal Generic API business

Market Data – API Industry[10]

The API market (Captive + Merchant) was valued at US$ 152 billion in 2017 and is projected to reach US$ 219 billion by 2023, at a CAGR of 6.4%. Although, the industry grew at a healthy rate, it was a tough year for the industry as the prices of raw materials and intermediates moved up substantially. Stable supplies of key raw materials could not be guaranteed as the Chinese Government clamped down on factories which failed to comply with environmental norms.

Although India submitted more than 50 percent of the drug master files (DMFs) for APIs to the US Food and Drug Administration (US FDA), many of the APIs and key starting materials (building blocks) were sourced from China. In addition, concerns over GMP compliance continue to emerge out of India and China. While the number of non-compliances for API manufacturing were relatively low in 2017, we expect the US FDA to overcome its staffing challenges this year and increase its inspections in Asia.

Shift from China

Although dependency on China could clearly see the implication in shortage of supply and API prices going up, year 2017 also saw several formulators and API manufacturers looking for alternatives in India, Europe and the US for advanced intermediates and the APIs. We expect this to be an opportunity for Hikal as a reliable and compliant company.

Hikal Performance

For FY 17-18, our generic API business registered a sales increase of high single digits on a year-to-year basis. This was lower than our budgeted sales as some of the key commercial APIs did not pick

10 www.infinityresearch.com - Pharma API Business

up in terms of volumes due to pricing pressures in the final market and availability of raw materials from China. Despite higher prices of raw materials, we could increase our total volumes.

During the second half of the year, availability of certain key raw materials and advanced intermediates from China became a major challenge for us which impacted margins. However, we managed to pass on a majority of the price increases to our customers and tried to make up the remaining with process improvements and manufacturing efficiencies. The availability of raw materials and continued pressure on prices is expected to continue. We have already instituted a risk mitigation plan by developing and partnering with multiple vendors locally in India and or making the raw materials in-house through backward integration. We are also taking preliminary measures to increase our capacities, streamlining the supply chain, improving processes and reducing utility costs to maintain our profitability going forward.

We have had several successful audits from our innovator and generic customers, both on quality and environment, health and safety this financial year with no major observations. We believe that our exemplary track record with the global regulatory authorities is likely to have a positive impact on the business prospects of the pharmaceutical division. We have significantly invested in both the sites to ensure that we comply with all the global regulatory standards as part of our commitment to quality.

For generic drug companies, we supply several APIs for multiple therapeutic indications and work well in advance of drug patent expiration to provide non-infringing processes and support in the filing of Drug Master Files or Certificates of European Pharmacopoeia. This year we filed 3 Drug Master Files (DMFs) which included both 'already generic' and 'to be generic' products.

Our three-pronged strategy for API development (already generic, to be generic and future generic) will help generate revenues in the short-term, as well as build a pipeline from a long-term perspective. We continue to work on newer technologies and develop innovative processes that will differentiate us from other API suppliers. Going forth we will file DMFs with novel processes having identified 6-8 new products for generic development. Furthermore we intend to file 5-6 DMFs to develop a healthy pipeline of commercial APIs every year. The products selected will be a combination of client requirements and niche molecules where we have a definitive technology edge, to gain market share backed by our expertise in advanced chemistry and backward integration.

We have invested significantly in the generic API business both in terms of personnel and manufacturing capabilities. We have strengthened our R&D infrastructure by starting a solid-state chemistry laboratory that will help us serve our customers better in terms of getting the right polymorphs and particle sizes of APIs. We are also looking to commercialize some of the niche technologies such as flow chemistry and the-already-commercialised biocatalysis technology.

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

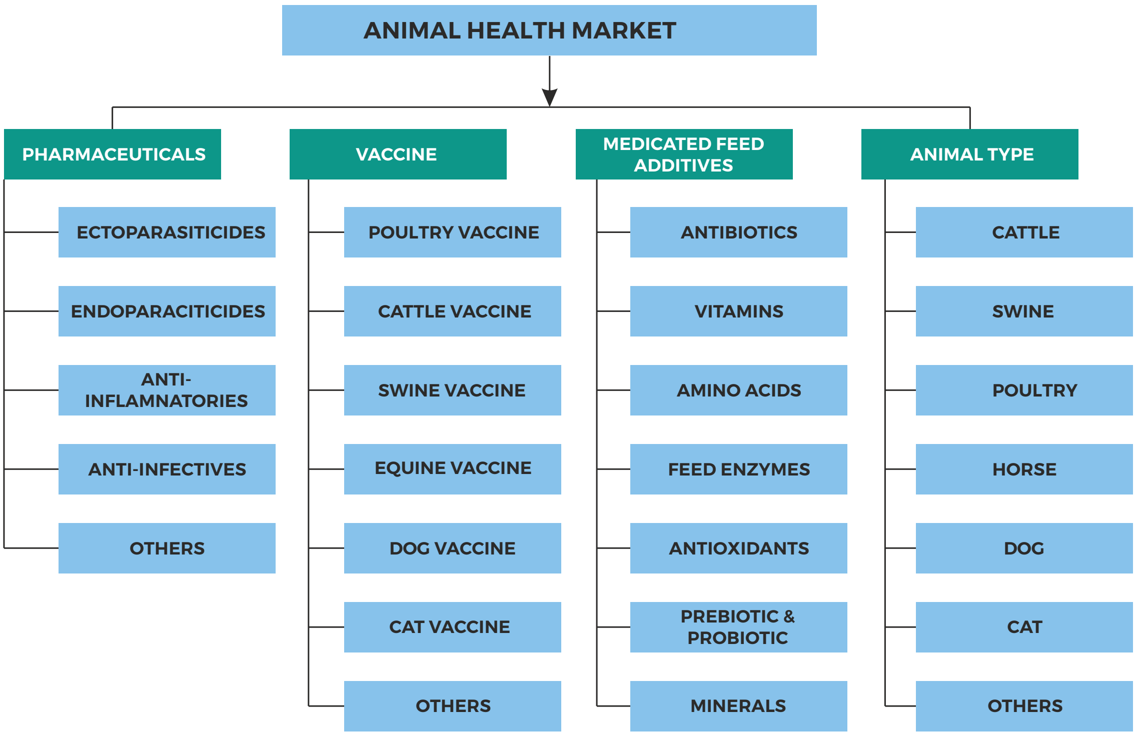
We are in the process of expanding our Panoli facility for API manufacturing. This will help de-risk our Bengaluru plant for manufacturing APIs. Our strategy of a two-site production base will enable us to cater to increased volumes and offer a wider range of products.

Animal Health

Market Overview[11]

The global animal health market was valued at US$ 32 billion in 2016 and is expected to reach US$ 53 billion by 2025 expanding at a CAGR of 5.6% from 2017 to 2025.

The animal health market is broadly divided into the below segments:



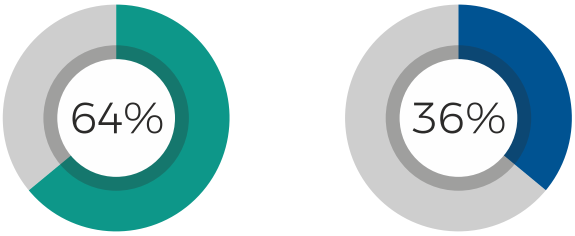
Animal Health Market, by Animal Type[12]

Up-surging demand for animal protein due to increasing consumption of meat is a major growth-rendering factor for the farm animal market size. With the objective to scale up production of healthy animals, the use of various animal healthcare products such as drugs, biologicals and medicated feed additives has been increasing considerably. Along with the ever-growing population, the demand for animal meat will certainly rise in the years to come, resulting in market growth.

11 Vetnosis Research

12 Health for Animals, Global Animal Medicines Association

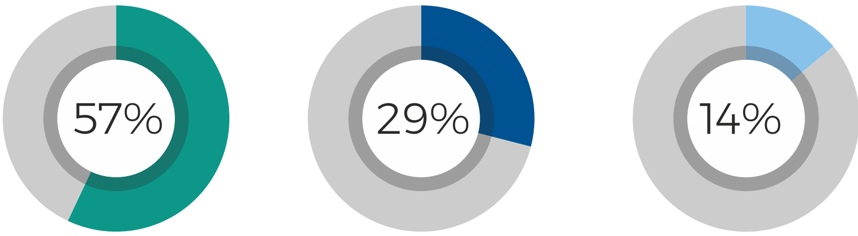
Species Sales Split



Food Animal   Companion Animal/Other

The companion animal healthcare market is positioned to expand rapidly over the coming years. Globally, pet adoption rates are soaring as people opt increasingly for animal companionship. With rising disposable incomes of pet owners, spending on pet healthcare should increase more than ever before.

Product Group Sales Split



Food Animal   Biologicals   Medicinal Feed Additives

Animal Health Market, by Region

The European animal healthcare market accounted for more than 25% of the industry revenue in 2016. The regional industry participants are significantly spending on R&D activities to develop better animal healthcare solutions. The UK was amongst the leading regional animal healthcare markets in 2016. Restriction on the use of antimicrobials should hamper the industry growth over the forecast period.

Extensive animal husbandry practices fuel Indian market growth. The country is a home to more than 10% of the global livestock population and ranks among the largest producers of cattle, chicken and fish. Rising awareness about animal health should boost demand for animal healthcare products. Many industry players are venturing into this market with an objective to explore and exploit lucrative growth opportunities.

The Chinese market is projected to grow at over 10% CAGR over the next few years. Favourable government initiatives regarding pet keeping, increasing disease awareness among pet owners and advances in new product development should drive regional industry growth.

Feed additives is the largest product segment. Pharmaceuticals are anticipated to register the fastest growth in the product types. Overall growth in the animal health sector is expected to be driven by the following factors:

* Rising prevalence of animal diseases and their spread to human beings

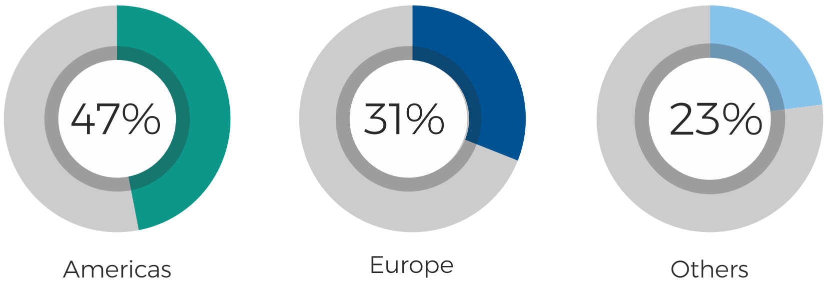
* Growing demand for a protein-rich diet has resulted into commercial farming of milch and meat

* Increasing trend of adoption of companion animals causing a rise in the number of veterinary diseases

* Animal immunization made compulsory by the regulatory authorities

North America held the largest market in the geographical segment

Regional Sales Split



Hikal Performance

As a company, we have put in significant efforts in growing our animal health business. As part of our future strategy, we plan to treat this business as a separate unit as it requires a dedicated and focused effort. We have been able to establish a healthy business relationship with four of the top eight global animal health companies in the world and we are in active discussions with the remaining.

Under an exclusive manufacturing contract with a leading US-based veterinary drug innovator, we manufacture a non-antibiotic veterinary drug API that is used to prevent coccidiosis, a disease that threatens newly arrived cattle that often have a compromised immune system. We had invested significantly last year to expand capacity for this product. This year the volumes increased substantially, and we expect them to remain stable during FY 18-19.

We have also developed two APIs in this segment. One of them has a dual application and is also used as a human health product. Additionaly we have also filed a US DMF this year and realised revenues for sales of the product in this financial year. For the second product, we will be submitting our first US Vet Master File (VMF) in FY 18-19. We have developed several advanced intermediates for some of the new generation ectoparasitic (Anti-Tick) APIs and are already seeing interest from several customers globally and expect to commercialise these products in the near future.

Strategy and Future Outlook

Despite a challenging market, where prices for products globally and especially in the US were down, increasing price pressures and regulatory hurdles, we believe we can maintain our course of sustainable growth in the coming years and have already charted our strategy to take the organization to the next level of growth.

We believe the product pipeline for the API business is strong and the focus in the areas of Central Nervous System and the Anti Diabetic portfolio will pay rewards in the future. In order to be successful in the CDMO business, close cooperation and communication between our customers and us is critical. On-time delivery, meeting all parameters of quality and compliance, is imperative. This year, we saw the success of our robust project management system which enabled our customers to keep abreast the developments in their respective projects on a real time basis.

Overall, we are confident of the prospects of our pharmaceutical division in the years to come. We see both areas, of contract development and manufacturing and the generic portfolio, growing in terms of volume and value. We have seen a shift in the trend of enquiries for early-stage molecules from large and midsize innovator companies. Growth in funding for early stage companies with their pipelines of early phase candidates is crucial as nothing in drug development happens without APIs, and small-molecule compounds still make up the majority of drug candidates. There has been more willingness of global biopharma companies to outsource more of their small-molecule API requirements. We have increased the penetration of customers on the generic side who are looking for security of supply due to concerns about compliance with some of their API suppliers. We have increased our technology toolbox and, combined with our new capacity coming onstream, we are extremely well-positioned to capitalise on the opportunities in the near term.

Future Areas of Focus:

* Apart from increasing sales, we plan to register sustainable growth by keeping a close look at Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA), and Return on Capital Employed (ROCE) which will improve through the introduction of newer niche molecules

* We will continue to invest in increasing capacity and throughput to improve the market share for old products as well as cater to requirements of the new portfolio of products being developed

* Environment, Health, Safety and compliance remain a key priority for ongoing operations

* We will continue to invest in human resources as skilled manpower remains a key factor in our growth

* Our target is to file 4-6 new DMFs in FY 18-19 for our generic API portfolio

* Pre-formulation and formulation development as part of Research & Technology is being evaluated as a long-term strategy to add value to our customers.

* Newer technologies on the process side such as flow reactors, recently commercialised enzymatic processes to improve productivity and throughput are being implemented for the new product portfolio.

Crop Protection

The Global Agrochemical Market in 2017

The Global Agrochemical Market in 2017 for both crop and non-crop grew by 0.5% to US$ 61 billion at the ex-manufacturer level. 2017 saw a major bout of industry restructuring which is reshaping the landscape for the crop protection and the seed industry. Two of the three major deals involving the six largest crop protection companies were completed. Those three were: Dow's merger with DuPont, ChemChina's acquisition of Syngenta, and Bayer's proposed acquisition of Monsanto. The divestments resulting from the deals meant that other players were not directly involved in these deals. These were BASF, FMC, Nufarm and Amvac.

Global Agrochemical Market Value ($m.) [1]

Sales ($m.)	Crop Protection	Non-Crop	Total Agrochemical
2012	52,617	6,520	59,137
2013	56,430	6,512	62,942
2014	59,930	6,615	66,545
2015	55,379	6,882	62,261
2016	53,582	7,106	60,688
2017P	53,695	7,331	61,006

The Global Crop Protection Market

In crop protection, a key driver of market growth for 2017 was the increased price of glyphosate and other products emerging from China. The crackdown on production in the country due to environmental reasons and the financial pressures experienced by the increasing number of Chinese companies was a key factor of the price inflation.

On the negative side, crop prices remained low, impacting farmer incomes, while product inventories in some markets, notably Brazil, remained high. Global chemical-based crop protection sales inched up by 0.2% to US$ 53.6 billion at the distributor level in 2017. The market in real terms declined by 3% after removing inflation and currency fluctuations.

Global Agrochemical Market ($ million) [1]

Market segments	2016*	% Change	2017**
Crop protection	53,582	+0.2	53,695
Non-crop pesticides	7,106	+2.9	7,311
Total agrochemicals	**60,688**	**+0.5**	**61,006**

* includes 2015-16 southern hemisphere season; ** includes 2016-17 southern hemisphere season.

1 Phillips McDougall: Agri Futura – March 2018

Major factors affecting market performance in 2017:

- High distributor inventory in many markets
- Improving glyphosate prices
- US dollar remained strong against most major currencies
- Weak crop commodity prices
- Return of more favourable conditions following the El Niño weather event
- Return of normal monsoon benefitted water availability across many parts of Asia
- High adoption of new trait technologies, particularly Intacta soybeans in Brazil

Global Region Wise Sales[1]

Crop protection sales in the NAFTA region, Asia and the rest of the world are estimated to have increased, while Latin America and Europe experienced declines.

Latin America as a whole and the world's largest market, Brazil, is estimated to have declined significantly. This decrease can be attributed to: reduced pest and disease pressure, the rise in adoption of genetically modified insect-resistant products which impacted the insecticides market, and the high levels of inventory coupled with the financial and political turmoil.

The market in Argentina is assessed to have grown slightly, with volume growth surpassing the price decline. However, there is an overhang of product stocks at the dealer level, which is keeping the lid on prices despite the increase in the price of active ingredients originating from China. The Latin American market fell in nominal terms by 4.1%, and by 8.3% in real terms.

The NAFTA region is estimated to have grown marginally. In the US, cotton performed strongly with planted areas up by around 19%, boosting demand for insecticides and herbicides. The Canadian market is estimated to have performed strongly with large crop areas and favourable rainfall levels. The regional market was up by 3.3% and by 0.9% in real terms.

The performance in European countries was lower owing to adverse weather conditions, coupled with low pest and disease pressure. The decline was somewhat offset by Russia where the agricultural economy continued to boom despite sanctions imposed by the EU. The regional market fell by 2%, falling 4.2% in real terms.

Markets in Asia generally performed well. Business in India grew significantly, benefiting from a return to favourable monsoon conditions following a dry period driven by the El Niño weather event and strong growth in pulse crops.

1 Phillips McDougall: Agri Futura – March 2018

The markets of South-East Asia are also estimated to have performed well. An import ban on rice and maize in Indonesia boosted domestic crop prices, while Thai product prices increased due to a shortage of supply from China. The Japanese market is estimated to have grown by 2%.

In China, overall volumes were down, but with variations among sectors: insecticides decreased, fungicides and seed treatments were flat, while herbicides and plant growth regulators experienced growth. However, domestic prices increased in value terms and so the market still has potential to have grown by upto 4%.

In contrast, the Australian market is estimated to have declined significantly. It suffered from adverse weather, which discouraged farmers to invest. In addition, the Vietnamese market is also estimated to have experienced a fall last year, impacted by a late season, low pest pressure and high product inventories. The entire Asian and Australian market rose by 3.1%, 0.9% in real terms.

Sales for the rest of the world rose in nominal terms by 2.5%.

Crop protection product sales by region ($ million)

Region	2016*	% Change	2017**
Asia	17,921	+3.11	16,306
Latin America	13,243	-4.1	12,700
Europe	11,849	-2.0	11,612
NAFTA	10,455	+3.3	10,800
Rest of the World	2,335	-2.5	2,277
Total (World)	**53,803**	**+0.2**	**53,695**

* calculated from 2017 growth/decline figure; ** excluding Mexico. Source: Phillips McDougall.

Future Market Outlook[1]

The crop protection market in 2018 is forecast to grow by 3% with much of the growth dependent on what happens to product prices. If the prices of products coming out of China remain high as they have this past year, the value of the market will increase. If on the other hand, the continued poor state of the global farm economy encourages growers to use more generic products, this will dampen any increases in prices.

Another positive factor to look forward to will be the growth of recently launched products as well as revenues to be achieved from new active ingredient introductions during the year. There is potential for up to nine new active ingredients to be introduced this year, including four insecticides, three fungicides, a nematicide and a herbicide. Any new active ingredient launch in the coming months is likely to drive overall growth.

1 Phillips McDougall: Agri Futura – March 2018

In addition, early forecasts suggest that planted areas of all key crops are to rise in 2018 with soybean acreage predicted to increase most, up by 2.7% to a level approaching 129 million. This in turn, should it be achieved, can be expected to boost agrochemical usage.

Crop prices remained relatively low in 2017 and are not expected to increase in the short term. Certain forecasts suggest that the total area for the major crops will have grown slightly during the year, and with the generally good harvest estimates for the 2017 season, crop stocks can be expected to maintain historically high levels, exerting continued downward pressure on crop prices. The latest USDA figures on crop inventory levels shows them remaining high and increasing in the case of wheat, soybeans, rice and cotton. Overall, 2018 is expected to be a better year.

Hikal Crop Protection

Hikal's crop protection division achieved substantial growth of 29.3% in FY 17-18. We ended the year with revenues of ₹ 5,473 million as compared to ₹ 4,233 million in the previous year. Our growth was achieved even though the global conventional crop protection market decreased in real value terms. Our strong performance can be attributed to the successful commercialization of new products in our crop protection portfolio and our continued diversification into the biocides and specialty chemicals market.

This year we succeeded in significantly growing our top line as well as bottom line in the crop protection division despite a subdued global market. The division sales come from contract manufacturing for global innovators which make up approximately three quarters of our revenue and our niche products which account for the remaining quarter, both of which have grown this year. We had a significant increase in the growth of our existing product volumes and higher margins on our new launches.

Our key focus areas are herbicides, fungicides, and insecticides. These are the three main drivers of the crop protection market globally. Our strategy is to target each segment through our dual-pronged model:

- Contract development and manufacturing

- Own products

Sales of Thiabendazole, one of our legacy crop protection products showed stable growth this year. The product is extremely versatile and used in both crop protection to control mould and other fungal diseases in fruits and vegetables, as well as an anti-parasitic to control roundworms. It is also used in the materials protection industry to prevent fungal growth. We expect sales of Thiabendazole to grow marginally in the near future.

One of our biggest success stories in FY 17-18 came from our Mahad site which has gone through an incredible transformation over the past several years. This year, we successfully commissioned a new state-of-the-art plant to manufacture an advanced intermediate for a key herbicide for one of our global innovator customers. We executed the full scale commercial manufacture of this complex and large-volume on-patent product to fulfil the customer's demand in the first year of commercialization. Our customer who is impressed with the on-time delivery, quality and successful scale up of this product, has increased the forecasted volume demand for the coming year and has also awarded us the exclusive supply contract for making the precursor of this product. This is an example of how we have utilised our project management, technology, engineering and chemistry skills to create value for our customers by being an integral part of their supply chain. This will add sustained revenues and profits to the crop protection business in the future.

An on-patent fungicide that is used to prevent late blight and downy mildew on Vine, Potato, fruit and vegetables saw a significant increase in volumes last year. This was mainly due to increased demand from the global innovator for whom we manufacture this product exclusively. The increase in demand was partially due to the destocking activity of the customer in the previous two years which has led to depleted stock levels at our customers end. In addition, multiple new registrations across various geographies and introduction of new combination products which use this fungicide has led to the increased forecast for the next year.

We also manufacture a broad-spectrum fungicide for a leading Japanese innovator company. This fungicide has preventative, systemic, and curative properties for foliar and soil-borne diseases in almonds, peaches, plums, apricots, other fruits and vegetables, golf courses, professional sports fields and lawns. Sales of this key product took a significant hit this year, mainly due to unavailability of key raw materials due to a volatile supply chain situation involving Chinese suppliers. With the improved and positive change in raw material availability, we expect to grow the volumes significantly this year to fulfil both last year's pending orders as well as the fresh orders which may even increase substantially beyond the estimates provided by the customer. We are in discussions with our customer with whom we have a long-term relationship about increasing the portfolio of products that we are going to develop in the near future. Late-stage discussions are on for several new products, which when commercialised, will result in higher turnover and profitability.

A fungicide that is used for control of Oomycete disease, for late blight control in potatoes, tomatoes and for downy mildew in vegetables saw a substantial increase in volume last year. We exclusively manufacture this product under contract for a leading European innovator. Based on the projections given by the them, we expect a significant increase in volume again this year.

The volume for an intermediate that is used in the manufacturing of many fungicides increased multi-fold last year as many clients turned to us due to the irregularity in Chinese supplies as the volatility in the Chinese Chemical industry intensified due to stringent environmental crackdowns. The volumes are expected to remain stable this year.

On the herbicide front, we started manufacturing two on-patent products for a Japanese innovator company several years ago. These products are used predominantly for controlling broad-leaved weeds in water-seeded rice and for seed treatment in cotton crop. The volume of one of these products increased multi-fold last year due to successful commercialization and scale-up at our end and we expect to achieve a similar growth rate this year.

The volume requirements of a niche fungicide that we manufacture for our Japanese innovator client remained stable. This special product is a selective new compound with new modes of action for protection from fungal diseases, especially in rice crops. This year we could not meet the demand of our customer due to capacity constraints. We have debottlenecked our plants and will supply the backlogged quantities in addition to the next years requirements in FY 18-19.

We manufacture a small-volume, niche plant growth regulator for a leading Japanese company. This product increases coloration of fruits as well as enhances fruit quality by increasing the Citric acid content. Last year, the volume remained constant as it were in previous years. In FY 15-16, we commercialized a similar niche product, an insecticide, for a leading Japanese innovator company. Since the client was in the process of developing the market for this innovative product, we did not have any volume demand for it in the last two years. However as expected, the demand has now resumed and is on track for the next year. The successful development and scale-up of such niche products augurs well for our R&T capabilities. Though low on volumes, these products have significantly high profit margins and help diversify our crop protection product portfolio.

As part of our redefined strategy in the crop protection division, we have entered into the biocides and specialty chemicals businesses in order to diversify into new and allied business areas. We have hired a leading global consultant to assist us in identifying opportunities in this segment which is allied to our current business as we have significant opportunities in diversifying our base business from a customer and product perspective.

A broad-spectrum residual herbicide and algaecide that is used in agriculture for pre-emergent and post-emergent control of broadleaf and grass weeds is also used to control weeds and algae in and around water bodies and is a component of marine anti-fouling paints. The demand for this versatile product which has grown multi-fold in the last couple of years is expected to remain at these high levels. We have expanded and debottlenecked our capacity to meet the increasing market requirements. However due to unavailability of raw material supplies from China, we were not able to meet the demand of all our customers. We are working to develop additional sources for the key raw material in order to deleverage the supply chain risk. We expect this molecule to continue its growth in FY 18-19.

Last year, we successfully commercialized a new insecticide which belongs to a new neonicotinoid class. This product is used to control wide range of insects on rape, maize, fruits and vegetables, and pome fruit and also as a wood preservative to control termites, wood boring beetles and other insects. We expect the volume of this product to increase substantially this year due to the ban on some of the competitor products in the European Union. One more neonicotinoid, that has applications in soil, foliar and seed treatment, is in our development pipeline and we expect to launch it commercially next year.

New Product Development:

Our R&T centre in Pune is at the heart of developing and scaling up new products for our future growth in our crop protection, biocides and specialty chemicals product portfolios. We have several new products in the pipeline, each of which has potential to provide us with significant growth in the years to come. This portfolio is a mix of products for our customers in contract manufacturing and our own development.

We are developing a versatile product that is used as a microbiocides as well as a fungicide. It has a wide range of applications as a preservative in varnishes, adhesives, inks, laundry detergents, stain removers, fabric softeners, leather processing solutions, fluid preservation and in emulsion paints. We expect to scale up and further commercialise this product in the near future.

We are working on developing a commercially viable process for a complex crop protection product which has recently gone off-patent. This product is used to control a wide range of diseases by pests on soybean, cereals, fruits and vegetables. One more key product in our pipeline is used to control a wide range of pests on cereals, rape and soybean. Both these products involve complex chemistry and technology. We are expecting to complete the complex process development in the next financial year which will enable us to launch them both in the near future.

On the specialty chemicals front, we are working on the development of two products with wide usage in the chemical industry. These products have a wide range of applications including that of an antiseptic disinfectant. We expect to commercialize both these products in the near future.

Future Outlook

This year, our crop protection division showed significant revenue growth despite a lacklustre global market. Market trends for 2018 remain positive. Much will again depend on weather conditions, distributor inventory and farmer confidence in the face of continuing lower crop prices. It is estimated that global market growth in volume terms will be 3% in 2018 however huge uncertainty looms with regard to the availability of raw materials from China.

In FY 17-18 we continued to add several new products to our portfolio and continued our strategy of diversification. We forayed into new markets and further developed inroads in biocides and specialty chemicals. By focusing on selected products and customers, we have been able to expand our niche portfolio of products. These steps will continue to add to our future revenue growth and profitability.

The development of new products and markets is ongoing and well-established. The complexity of our product portfolios will add value to our customers as we provide them with a secure supply chain. Some of the new products being developed are client-specific while the rest are a part of our own portfolio. We expect these developments and our focused efforts to deliver positive results for our crop protection division.

Our initiative to create data for the registration of our own product portfolio in several countries is on track. We believe that this will add value to our clients by making it easier for them to register products in global markets and will remove regulatory obstacles to ensure unhindered growth of our products in new markets. This is part of our strategy to increase the value of services and products to our clients in existing and newer geographies.

We see a lot of new market opportunities and are optimistic about the future demand for our existing product base as well as for new products in the pipeline. As per our business diversification strategy, we have already commercialized a few new products where we have a specific technology and scale advantage.

The growing product portfolio has resulted in a significant amount of capital expenditure. In FY 17-18, we invested substantially in our Mahad site to set up a new automated plant and its supporting infrastructure. That investment has borne fruits. Based on our growth projections, we foresee investment in capital expenditure for setting up new production streams, for debottlenecking the existing production streams and for providing the necessary support in terms of infrastructure and Environment, Health and Safety (EHS) facilities.

As a Responsible Care® certified company, we continue to maintain the highest environmental standards while improving our safety record year-on-year. Furthermore, we invest significantly in quality management infrastructure to ensure the highest quality standards. Waste reduction, energy conservation, and better utilization of raw materials and capacity are also our operational excellence objectives that we target to achieve every year.

Research And Technology

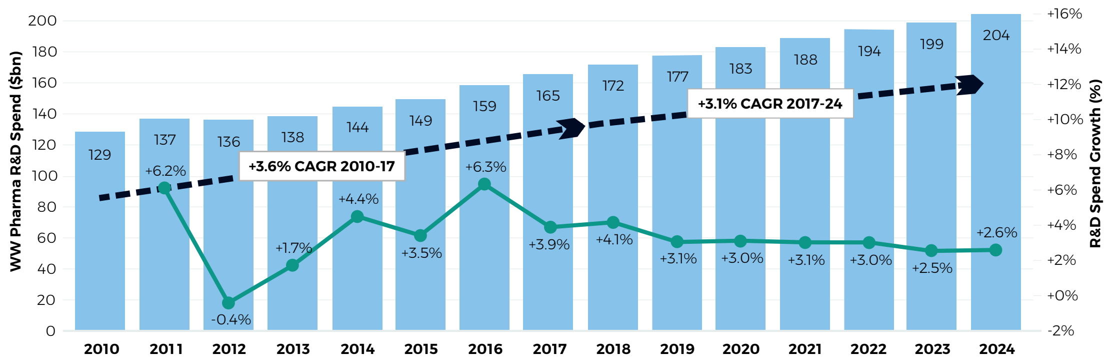
At Hikal, we believe that a robust Research and Technology (R&T) set-up is vital for our organization to differentiate ourselves from the competition. Our business model supports global companies across their value chain: from pre-launch to launch to post-launch lifecycle management, which relies on technology and processes developed by our scientists.

R&D Pharmaceuticals:

Worldwide pharmaceutical R&D spends totalled US$165 billion in 2017, representing an increase of 3.9% over the previous year. Going forward, R&D spend is forecasted to grow at a CAGR of 3.1% to 2024. This is lower than the CAGR of 3.6% between 2010 and 2017. Similarly, the average annual proportion of forecasted R&D spend to pharmaceutical revenue is expected to be 18.9%, lower than the 19.5% observed between 2010 and 2017. This reduction signals expectations that companies will either be proportionally improving R&D efficiencies or that less revenue will be directed towards replenishing pipelines.

Worldwide Total Pharmaceutical R&D Spend in 2010-2024 [1]

Source: Evaluate, May 2018



The worldwide spend of R&D is expected to go up on a year-on-year basis over the next 5 years, giving us an increased opportunity to capitalise on it as seen in the table below.

Worldwide R&D Spend by Pharma & Biotech Companies (2010-2024) [1]

Source: Evaluate, May 2018

	WW Prescription Sales ($bn)														
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Pharma R&D Spend	128.6	136.5	136.0	138.3	144.4	149.4	158.9	165.1	171.9	177.2	182.6	188.3	193.9	198.8	203.9
Growth per Year		**+6.2%**	**-0.4%**	**+1.7%**	**+4.4%**	**+3.5%**	**+6.3%**	**+3.9%**	**+4.1%**	**+3.1%**	**+3.0%**	**+3.1%**	**+3.0%**	**+2.5%**	**+2.6%**
WW Prescription Sales	687	733	720	727	751	743	769	789	830	872	926	997	1,070	1,134	1,204
R&D as % of WW Prescription Sales	**18.7%**	**18.6%**	**18.9%**	**19.0%**	**19.2%**	**20.1%**	**20.7%**	**20.9%**	**20.7%**	**20.3%**	**19.7%**	**18.9%**	**18.1%**	**17.5%**	**16.9%**
Generics	60	66	67	70	76	78	80	81	84	89	95	100	104	109	114
Prescription excl. Generics	627	667	653	657	675	666	688	708	746	782	832	898	965	1,025	1,090
R&D as % of Prescription excl. Generics	**20.5%**	**20.5%**	**20.8%**	**21.0%**	**21.4%**	**22.4%**	**23.1%**	**23.3%**	**23.0%**	**22.6%**	**22.0%**	**21.0%**	**20.1%**	**19.4%**	**18.7%**

1 Evaluate Pharma World Preview 2018

R & D Crop Protection:

In the recent past there have been a number of major factors that have affected R&D into the conventional chemical crop protection products. This has been due to a variety of factors, from an increasingly harsh regulatory environment, to the increasing costs of bringing a new product to market. It can take 10 years and cost over US$ 250 million to turn an interesting molecule into a product that farmers can use (from discovery to first sales); on average around 25%, and as much as 40%, of the cost is on researching non-target (including mammalian) toxicology, environmental fate and impacts.

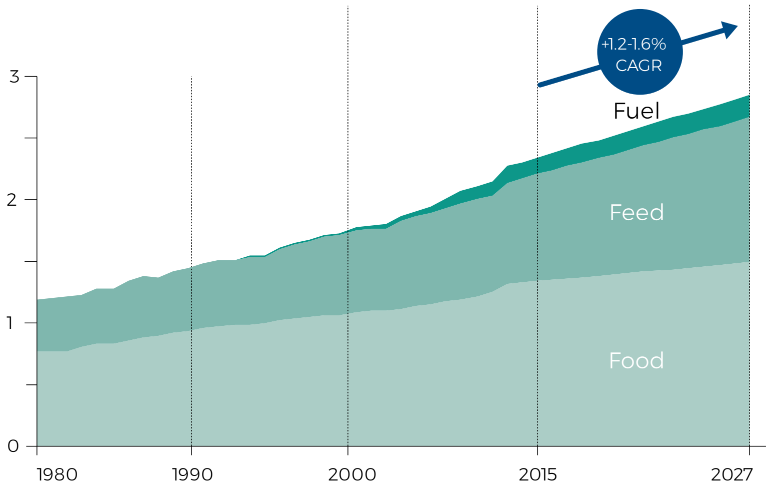
It is clear from the below chart that population growth and greater economic prosperity will drive this demand. Agricultural production will need to increase substantially with limited natural resources. In order to meet this need, it is very clear the rate at which new molecules are being developed and launched is too slow.

Population growth and greater economic prosperity in emerging markets will drive future demand for food and feed production

Population is growing: by 2050, global population will grow to greater than nine billion, more than two billion additional people compared to today

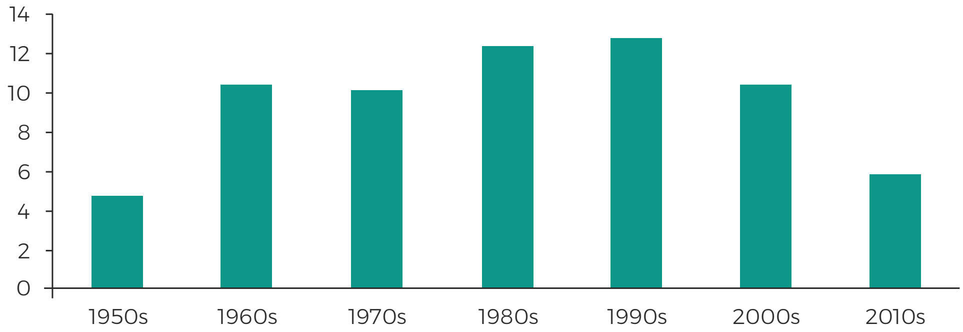
Diets are changing: demand for meat and dairy is growing, especially in emerging markets

Global demand of major grains*
bn tones, CAGR (% per annum) [2]



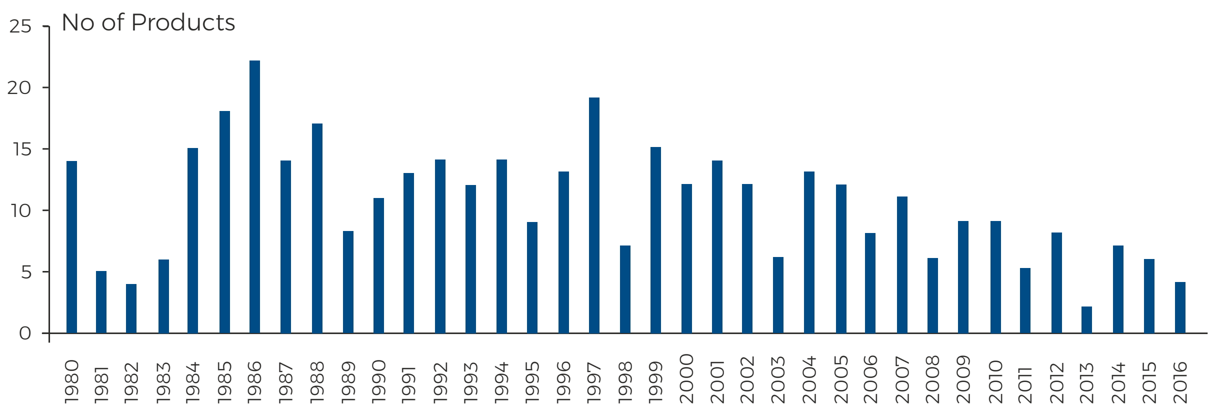
* Com, soyabean, wheat and rice
Source: USDA; FAPRI; Syngenta analysis

Average Rate of New Product Introduction in crop protection [3]

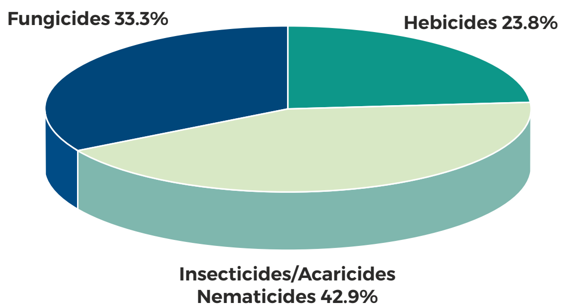


The above chart and analysis of R&D driven companies in the industry show that of the 42 products currently in development, 10 are herbicides, 18 are insecticides, acaricides or nematicides, and 14 are fungicides.

From 1980 – 2016, 394 new active ingredients have been introduced onto the global market for conventional chemical crop protection products at an average rate of 10.6 products per year. The graph below shows the number of products introduced each year. In 2017, 23 new products were launched by global innovators showing a marked improvement in R&D efforts. [3]



The below chart shows the products in R&D by sector for 2017 [4]



Total = 42 products

3 Agreworld 2017 Annual Review
4 Agreworld 2017 November Review

Research & Technology – Operational Performance

Our R&T centre at Pune focuses on:

- Pharmaceuticals (contract manufacturing)
- Pharmaceutical generics development
- Animal healthcare molecules
- Crop protection, speciality chemicals, and biocides

Our strategy to reduce the dependence on contract development and develop a robust pipeline of our own products is moving in the right direction. We are building a pipeline of Phase II and Phase III projects where our scientists identify safe, effective, and economical manufacturing processes using in-house developed advanced technology. We have several projects under evaluation in various stages of lifecycle in the pharmaceuticals division.

As part of our proprietary generics portfolio in the pharmaceuticals division, we filed three US drug master files (DMFs) (Butorphanol, Apixaban & Celecoxib) and 4 certificates of suitability (CEPs) for Europe (Pregabalin, Olmesartan, Celecoxib and Quetiapine). Cost Improvement Projects for many existing Commercial Products was also a strong theme in R&T with second generation processes being developed for several products. This ensures that our company continue to be competitive for several years even after the drugs become generic. [1]

The diabetes epidemic seems to be spreading at an alarming rate amongst the global populace specially in emerging countries.

•At Hikal, we are focusing on developing the Anti-Diabetic Range of Products which holds significant market potential as can be seen from the chart below:

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In extension of our resolve to develop generic anti-diabetics to beat the growing diabetes epidemic, we have decided to develop a relatively new class of drugs: gliflozins, that has been shown to be more effective than the Gliptins with certain types of patients. This is in addition to two other

Top 5 Anti-Diabetic Products Worldwide in 2024 [1]

Source: Evaluate, May 2018

Rank	Product	Generic Name	Company	Pharma Class	WW Sales ($m) 2017	WW Sales ($m) 2024	CAGR 2017-24	WW Market Share 2017	WW Market Share 2024	Current Status
1.	Trulicity	dulaglutide	**Eli Lilly**	Glucagon-like peptide (GLP) 1 agonist	2,030	**4,622**	+12.5%	4.4%	7.8%	Marketed
2.	Ozempic	semaglutide	**Novo Nordisk**	Glucagon-like peptide (GLP) 1 agonist	-	**4,411**	n/a	n/a	7.4%	Marketed
3.	Jardiance	empagliflozin	**Boehringer Ingelheim**	Sodium glucose co-transporter (SGLT) 2 inhibitor	1,139	**3,510**	+17.4%	2.5%	5.9%	Marketed
4.	Tresiba	insulin degludec	**Novo Nordisk**	Insulin analogue	1,113	**3,387**	+17.2%	2.4%	5.7%	Marketed
5.	NovoRapid	insulin aspart	**Novo Nordisk**	Insulin analogue	3,043	**2,561**	-2.4%	6.6%	4.3%	Marketed

anti-diabetic molecules - Vildaglipitin and Sitaglipitin - that are already a part of the Hikal portfolio.

Our R&T facility in Pune and our Development and Launch Plant (DLP) in Jigani, Bengaluru delivered several contract development and manufacturing projects successfully by ensuring on-time delivery of products. These products consisted of key intermediates for our clients from the US, Europe and Japan. In continuation of our efforts to develop our DLP further, we have filed a DMF from this site and expect the US FDA to audit it in the near future giving us another flexible asset to capitalise on.

On the animal healthcare front, we have successfully validated a process for manufacturing an opioid analgesic, another very niche high value complex product.

As part of our initiative to improve the cost of goods, we have successfully established a proof of concept for continuous manufacturing of one of our leading Active Pharmaceutical Ingredients (APIs) this year. The validation of this concept and manufacturing on a commercial scale are expected to be established next year. When successfully implemented, this batch-to-continuous shift will benefit us in terms of efficiency of the production process, resulting in significant cost reduction which would be a big boost in the fiercely competitive API industry.

In the pharmaceuticals business, our current focus is on introducing better productivity measures and ensuring optimal utilization of all our labs and equipment. We are investing significantly in new technology areas like batch-to-continuous transformation and enzyme-based bio catalysis. R&T infrastructure capabilities such as solid-state lab and particle engineering have been completed this year and are on-stream. DAKSH, our proprietary product management initiative, is providing us better visibility and ease of tracking of projects.

In the crop protection business, our R&T team was at the forefront of the successful development and commercialization of several new products. They contributed significantly in process optimization, yield improvements and scale-up from lab to commercial scale of these products. We are also working on many new products. Some of these products are on-patent products from innovator companies from Europe and Japan for our contract development and manufacturing

1 Evaluate Pharma World Preview 2018

business, while others are our proprietary products. These products include herbicides, fungicides, biocides as well as specialty chemicals. Intense process intensification is underway to optimise the processes based on which large volume manufacturing plants would be setup in the medium term.

A laboratory process was developed for a major biocide with significant market potential. This will be scaled up in the pilot plant in the short to medium term.

We are positive that our diversified initiatives in terms of proprietary and contract manufacturing products combined with the R&T consolidation at Pune will deliver significant growth in the near future. We have built reasonable scale and expertise along with agile R&T groups that can deliver sustainable solutions.

We strive to develop new products with cost-effective and sustainable chemistry. Technology Absorption Teams for both the businesses are effectively operating and take on the responsibility to ensure the smooth transfer of process during the scale-up from lab to commercial level. We have enabled access to knowledge and innovation through our Scientific Advisory Board which has several globally renowned scientists.

We continue to invest in developing new catalysts, often working with global leaders in order to substitute existing catalysts that are used on commercial scale as well as to accelerate reactions of new products. Unlike the batch processes, the reactions under study involve gas-solid catalysis and are often continuous.

Cost Improvement projects on existing plant processes are being implemented to reduce raw material consumption thereby maintaining margins.

In line with meeting the increasingly stringent compliance requirement of the pollution-control authorities, it has been decided to start a group in R&T that will focus on the development of effective and innovative processes which will reduce generated effluents of our products.

On a macro level, China is moving away from manufacturing the low-end and cheaper products that take a significant toll on its environment. This has created severe shortages of basic raw materials, raising costs and impacting the production of some of our major APIs and AIs. Our R&T has decided to develop processes of many key starting materials and is in the process of developing alternate vendors other than China to secure supplies. To meet these challenges along with the increasing regulatory challenges, our R&T has been increasing its resources (personnel & equipment) in a structured manner.

Research &Technology at Hikal is committed to providing innovative and sustainable chemistry solutions for the industry. We believe that the efforts of our R&T team will create significant growth opportunities for both our crop protection and pharmaceutical divisions going forward.

Information Technology

There is a lot of talk about regarding the potential of digitisation in the chemical industry, just as there is about the pervasiveness of digital across society in general. We believe that digital will have a significant impact on many areas of the chemical industry, with the potential to change value chains, lead to higher productivity with more innovation and create new channels to the market. At Hikal, we believe that enabling automation across all levels in the organisation will give us not only an edge over our competitors, but would also de-risk our business when seen as part of our disaster management plan to ensure continuity of business.

We have implemented several IT projects in FY 17-18, some of which are listed below:

Data Security and Business Availability

- Business critical systems and data have been created to be Disaster Recovery (DR) ready
- Centralized OS Patch management and monitoring enabled to control Operating System vulnerabilities across all sites
- End user data security implemented using encryption tools

Digitalization of all Historical Data

We have created an index-based document storage by scanning all old business documents and transferred these old physical copies in safe custody. This will enable us access to the documents on need basis and will save us on storage and security.

ERP Upgrade

Our ERP systems add tremendous value to the company's core business functionality. Our ERP is an important business application that coordinates the resources, information and activities required for our core business processes.

Our original Oracle ERP (11i) was implemented in 2005 to manage the business-critical functions such as Finance, Procurement, Order Management, Enterprise Asset Management and Process Manufacturing. However, as our business has grown multi fold through the years, the old system was not meeting the current and future business needs.

We completed the implementation of the new Oracle R-12 system this year which has addressed several challenges:

- GST Compliances – New Tax System
- Streamlining processes across business verticals and introducing best practices through automating key business functions
- Improvement planning and supply chain efficiencies to optimize inventory and increase visibility of stock across plants
- Getting faster and accurate MIS, timely compliance to statutory norms and reporting, group level consolidation

We believe the new system is a strategic tool which will enable us to reduce costs, improve business processes and will help us establish a healthier risk management which is key to real-time information and decision making.

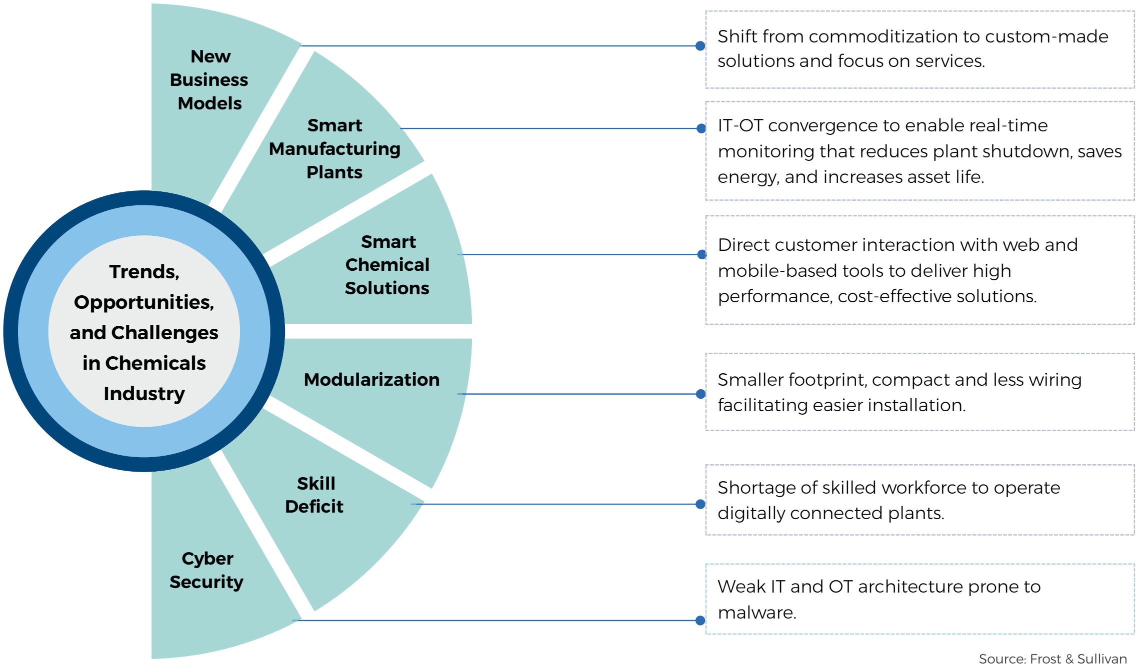
New Hikal Website

In line with our new corporate identity, we have launched our new website to give it a more contemporary look and feel, showcasing our advanced scientific and technical capabilities along with our experience.

Future Strategy

The landscape of chemical manufacturing is changing globally. Greater emphasis is laid on leveraging sophisticated technology to improve productivity of existing plants. As part of our strategy to be a leader in technology, we are evaluating the concept of Industrial Internet of Things (IIoT) also known as Industry 4.0.

Transition towards Digital Chemical Plants [1]



Source: Frost & Sullivan

The implementation of Industrial Internet of Things (IIoT) in chemical manufacturing is expected to enable the chemical industry to reach new heights. Through the digital infrastructure, manufacturers such as us will have access to real-time monitoring that helps achieve safety, minimizes product variations and promotes optimal utilization of plant assets. Additionally, IIoT supports product development activities through data accessibility that helps understand the nature of chemical composites and materials to develop sustainable and renewable products.

Technology is changing our industry at a rapid pace. We at Hikal are well into the evaluation process of IIoT as we plan to implement several projects in the near future.

1 Frost & Sullivan IIoT Report

Human Capital

Human Resource Management at Hikal plays a strategic role in managing people, processes, and fostering a high-performance work culture in a conducive work environment. Our HR strategy, "Shashwat" has been developed and is fully-aligned with the long-term business goals of both the pharmaceutical and crop protection division. HR at Hikal includes recruiting people, training them, holding performance appraisals, motivating employees as well as workplace communication, workplace safety and driving bottom line performance.

"Shashwat" is the long-term HR Strategy which sets a direction for the complete Human Resources Team and the related stakeholders to align the HR Vision to the Company's strategy, business requirements, goals and mission. The HR Team across all Hikal sites strives towards the accomplishment of business goals and objectives. Every people-process or HR initiative is tested on one basic premise – "Would it help the business or not?"

Strategy

To achieve our growth plans, we must have capable people and leaders who are competent and agile. As a company that has grown sustainably in the last few years, we have reached a significant scale in terms of revenue and also in terms of people. Over 1,900 employees work at Hikal across several sites and two business divisions. With this comes several challenges, the main one being how we may ensure that the culture and values of our organisation remain our secure foundation. The aim of our strategy is to support the growth of the business.

As our customers' demands are growing, our people must be trained thoroughly to respond effectively. Part of the key to this success is having strong leaders. This year we invested in several leadership initiatives, one being "Lakshya" a training program that we will further integrate across all our sites. To be a market leader, we are utilising technology to identify and map the competencies of all our employees. This will allow us to garner better operational efficiencies and better the use of resources across the company.

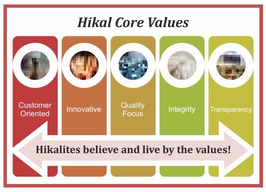
We understand that people come with different backgrounds, perspectives, beliefs, abilities, and bring their diversities to the work place. It is universally accepted understanding today that people play an overwhelmingly integral role in building and shaping a business organization's success. At Hikal, we understand that satisfaction, motivation and performance share an intrinsic link among themselves that triggers the individual's abilities to accomplish the desired outcome and contribute to a higher level of success. We are working collectively to establish these characteristics in our organisation.

Key initiatives during the last year have been illustrated below, which played an important role in engaging people effectively.

Values Week

Hikalites across all locations once again came together to celebrate Values Week for the second consecutive year between June 19th and 23rd 2017, to reinforce the Core Values and Culture Pillars of the organization.

Core Values	Culture Pillars
Customer Oriented	Ownership
Innovative	Flexible
Quality Focus	Reliable
Integrity	Team Work
Transparency	Sustainability



Hikal's Values Week was inaugurated with an address by our Joint MD & CEO. While reiterating the Motto, Vision, Mission, Core Values and Culture Pillars of the organization, the importance of adhering to them at all times while working at Hikal was reinforced. Emphasis was laid on taking ownership, being reliable and practicing team work.

Quality Week

Hikal celebrated its fifth Quality Week from November 27th to December 1st, 2017 with the theme of 'Quality is everyone's responsibility'. The week-long celebrations began with an inaugural address by the Joint MD & CEO. Through various real time examples, it was highlighted that as an organization, we have to be quality conscious at all times and must strive to achieve the organization's objectives.

Hi-Q QUALITY WEEK

Safety Week

Hikal celebrated the 47th National Safety Week across all our sites from March 4th to 10th, 2018. The theme for 2018 was set by the National Safety Council as 'Reinforce Positive Behaviour at Work Place to Achieve Safety and Health Goals'. Revolving around the same, various activities were planned throughout the week. Our development and launch plant in Jigani, Bengaluru was conferred with the State Level Safety Award for adopting 'Best Safe Practices in the year 2017'.

Daksh: Project Management

DAKSH has become an integral part of life at Hikal.

Last year, the focus was laid on mapping all projects as per DAKSH and monitoring complete processes, their effectiveness and facilitating decision making to hasten deliveries.

Through DAKSH, allocation of resources by Product Managers (PM's) for each task in all projects helped the management foresee the resource bottlenecks and take proactive measures to counter such scenarios.

DAKSH is now seamlessly integrated with all the culture pillars of Hikal. It has significantly helped our customers take decisions faster and has reduced our response time to customers.

New Corporate Identity

Our constant effort to ascertain quality applies to everything that we do: right from our systems and processes, to the tone, look and feel of our communications. Hikal's new identity was launched in July 2017 and was implemented across the company in a phased manner. We launched the Hikal Brand Expression Guidelines in the month of January 2018. These standards have been developed for use as a resource by anyone responsible for the creation or implementation of new communication material.

Uday: Employee Engagement Program

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

Considerable time & effort has been invested in technical, managerial and leadership development programs across our plants to enhance the competency level of the employees under the capability building arm of Uday. The trainings ranged from inhouse safety trainings, product and process training, cross functional skills transfer to behavioural safety trainings. Training programs were also conducted for carrying out transportation of hazardous cargo in association with specialized bodies like ICC.

Special emphasis was laid this year on leadership development across all levels and achieving personal grooming and excellence by virtue of the following programs with a top-down philosophy:

1) APEX (Achieving Personal Excellence) Residential Workshops were conducted right from the senior management to middle management level which helped create more awareness about

one's inner self, ensuring better focus of control thereby helping manage one's self and others in the team. The employees who have attended the APEX workshops have already started putting the learnings into practice and have hugely benefited from this unique program.

2) The Hikal Ambassador's Program was a 2-day comprehensive workshop encompassing areas such as business communications and conversational skill, body language and postures, power dressing for success, fine dining and table etiquette, personal grooming, email and telephone etiquette amongst many other offerings. The program thoroughly covered business etiquettes across geographies and cultures; all participants were exposed to various business scenarios and the ways to deal with the same through case studies and actual participation in business meals and role-playing in business meeting scenarios.

3) Lakshya was a 2-day residential training program rolled out for all employees in leadership roles across corporate and business units. The program is unique as it brought valuable insights from traditional Indian literature which made the participants relate to the concepts and facilitated improved interpersonal relationships making working together easy. Lakshya is a mythology-based leadership development program uniquely designed for Hikal. It is based on a basic premise that "transformational change in business can happen by changing behaviour of individuals" and that "every individual is a catalyst for change". Therefore, the tag line for the program was also "Catalyst for Change".

These unique training programs have helped align all employees on a common platform and have motivated the leader within each one of us. Our constant focus on capability building and updating the competency levels of employees have led to the improved and enhanced levels of performance and commitment.

Campus to Corporate

We believe in developing a robust talent pool across levels. In order to ensure that the best talent joins the organization from premier institutes, campus placements were conducted at institutes such as the Institute of Chemical Technology (ICT), the Indian Institute of Technology (IIT) Bombay and Maharashtra Institute of Technology (MIT) among other leading universities across the country.

We take an active role in supporting aspiring engineers by regularly participating in regional on-campus events. We are always on the lookout for engineering talent to augment our team of chemical specialists. As a part of Hikal's campus relationship program, we have been consistently sponsoring IIT Bombay's "AZeotropy annual Chemical Engineering Symposium."

Hikal Mahad organized an industrial visit for the final year engineering students of MIT Pune. The purpose of the visit was to familiarize the students with application of theoretical concepts to industrial processes, and advanced research and manufacturing facilities. The students learnt about the various initiatives at Hikal and were inspired to work with us in the future.

Employee Communication

CEO Connect

CEO Connect is an informal and open platform for people to interact with the Joint MD and CEO. It has helped people express their views and suggestions to the CEO directly. People expressed their happiness at interacting with our leadership. Also, they talked about the inspiring address and appreciated the time spent talking about business goals, strategies and plans.

Town Hall Meeting and Site Management Committee

Townhall Meetings are organized at the sites for sharing what went well and what could have been done better during the month, business performance, expectations and felicitating employees under Parigyaan. It is a forum within which the Site Head discusses about the site's performance for the month and the plan of action for achieving next month's target. Information is also shared about the activities which were not productive in that month, challenges faced, alternate solution identified, and the support required from cross-functional teams.

Employee Hour

Employee Hour at manufacturing sites were organized with the Operations Head where suggestions were invited from the employees for increasing productivity and motivation levels in the organisation.

Management Committee (MC) Interaction at Sites

The Management Committee interaction meeting was held at different sites during the year. In these meetings, our Chairman & MD shared his thoughts on the culture and values of our Company and the need to be aligned together to achieve our common business goals.

Parigyaan

Our Rewards and Recognition policy, Parigyaan, creates a culture of recognizing accomplishments, extraordinary efforts and the achievements of all employees. Various awards such as Spot Awards, Spark Awards, Employee of the Month have been implemented under this policy. All awardees are felicitated by the Senior Management in Town Hall Meetings and Site Management Committee meetings and special achievers are invited to make a presentation in front of the Management Committee.

During the year, 374 people were given awards under categories mentioned above. People are known to value it and look forward to these recognitions.

The Prestigious Chairman's Excellence Award was instituted to recognize Individual and Team Excellence at work.

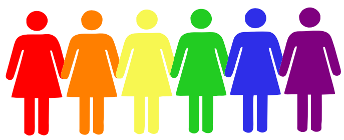
1. Team Excellence Award, given to the teams whose performance had led to a positive impact on the business and operational efficiency

2. Individual Excellence Award, given in recognition of the outstanding contribution made by the individual to process improvement and productivity enhancement leading to transformational results

3. Best Manufacturing Site Award, given in recognition of the exemplary performance of the Site

As the name suggests, the awardees were felicitated by our Chairman & MD and our Joint MD & CEO in a grand ceremony organized by the company. Four teams with a total of 53 employees were felicitated with Team Excellence Award and 4 employees were felicitated with Individual Excellence Award. It has certainly motivated all the employees and pushed the performance level higher.

Hikal Women's Forum



We have created a Women's Forum which meets every month to discuss various topics in their area of interest. International Women's Day was celebrated with great enthusiasm across all Hikal sites on March 8th, 2018. The Chairman and Managing Director addressed the entire organization about his vision for the women at Hikal. He unveiled the theme for the day which was in line with the Global Campaign of #PressforProgress. We were also delighted to have Dr. Anita Shantaram – Head, Ethics and Governance at a leading IT enabled Legal support and service company, with us on that day. She delivered an inspiring talk on gender parity and women's rights and shared some of her personal experiences.

Ojas: Employee Wellness Program

Ojas Employee Wellness Program

We take conscious efforts towards looking after the health of our employees through our Employee Wellness Program, Ojas, under which we have conducted around 20 health programs covering key lifestyle and chronic diseases. These have included industrial health and hygiene workshops, life management & mind power trainings, yoga and de-addiction sessions, diabetes, hypertension, heart disease, stroke awareness and screening programs, cancer prevention workshops, first-aid training, program on diet and nutrition and swine flu awareness. These sessions were conducted with the help of experts and specialists in their respective fields.

Corporate Social Responsibility - Srijan

Corporate Social Responsibility (CSR) enables us to make impactful contributions to all those that we consider our stakeholders. These include our customers, the environment, and society at large. It was with this sentiment that Srijan was conceived. The word Srijan means 'creating something new - an action or process of bringing something into existence'. Srijan is not just our distinctive CSR program, it is an extension of our business – a working example of how we operate in an ethical and sustainable way in all situations.

Anahat
Initiatives directed towards environment and ecology protection

Rachana
Initiatives towards protecting and preserving our country's rich art, culture & heritage for future generations

Medha
Initiatives towards education related infrastructure development, and skill development through vocational training

Kaushalya
Initiatives towards enhancing living conditions through health protection and awareness

Sampark
Employees engagement through volunteerism to contribute to the positive developments of society and have a continual connect with people

It is a program that encompasses a careful consideration of human rights, the community, and of the environment.

Over the past few years, we have been organizing several CSR programs to make a difference in the lives of the less fortunate. We have identified less privileged sections of society including children, women & senior citizens and have placed a special focus on the environment and sustainability. In line with our CSR policy and long-term strategic plan, we adhere to a two-pronged approach for project implementation:

1) Structured program based on societal needs – All of our CSR programs are preceded by an exhaustive need assessment exercise. This is jointly undertaken by our partner Non-Governmental Organisations (NGO's), on-site human resource teams and local site management committees.

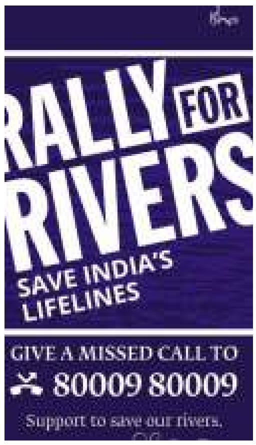
2) Alliance with established and leading NGO's - For conducting various programs across all Hikal sites, we have entered into a partnership with leading NGO's. Several activities are also conducted directly by our HR with the direct support of our employees.

In FY 2017-18, we ran several programs that went on to create strategic and positive impact in all spheres. Some of the programs listed below were implemented at all our sites that year.

Anahat for environment & ecology protection

- Anahat, which means 'unhurt, unstruck and unbeaten' was specifically aimed at creating a measurable change in the conservation of our ecology. Under the banner of Anahat, we provided infrastructural support to WWF India by helping them procure 25 Digital Cameras for the State Forest Department. The cameras served as a useful tool for forest guards to immediately document crime scenes, signs of illegal activities and wildlife evidence. This contribution aided in the accurate and efficient monitoring of wildlife and documentation.

- We, at Hikal, extended our support to the Isha Yoga Initiative, #RallyForRivers which was spearheaded by Sadhguru. This campaign aimed to consolidate public support in the rejuvenation of India's rivers by recommending a minimum of one kilometre tree cover across the banks of our rivers. We screened the #RallyForRivers awareness video at all townhall meetings held on Hikal Sites and urged all our employees to come forward and make a positive contribution.



- We completed the development of a community park named Vishranti, at the Nangalwadi Ganpati Ghat Ground near our Mahad site. The park was built in collaboration with an international NGO, the International Association for Human Values (IAHV). The park has been ergonomically designed with a jogging track and comfortable benches for residents to take a seat and enjoy some quiet time in the midst of nature. A boundary wall was constructed around the park and play equipment such as slides were installed for the sake of the children. Several trees were planted in this park by the Hikal Mahad employees to commemorate World Environment Day on June 5th, 2017.

Medha for education and skill development

Medha, which means 'intelligence or merit' consisted of the following initiatives.

- **Prarambh, a word that means 'initiation' concerned itself with our contributions in the field of primary & secondary education**

    - Every year we extend financial support to the government schools in the Konasandra, Devasandra, Nosenoor, Giddenahalli and Muthrayaswamy Doddi villages near our Jigani, Bengaluru plant. We sponsor the salary of the school teachers for the entire year, undertake a faculty development program, and provide books and school uniforms to about 215 students. This is the fifth consecutive year in which this annual activity has been undertaken. Our contribution has not only been able to raise the standards of education in these government schools but has also directly improved the academic performance of these children leading to more parents willing to admit their children here.

    - We continue to support underprivileged children belonging to different schools in Panoli, Gujarat. Over the years, we have funded the provision of school uniforms, tuition fees, stationery, textbooks, and transportation costs to select children and have helped them attain a secondary level of education. The recipients have been selected on the basis of their academic performance, the economic conditions of their families, and a noticeable motivation in the students themselves to persevere in their education.

    - In keeping with one of our longstanding traditions, this year we organized 'Praveshotsav' at the Nana Borasara School in Panoli to welcome the students into the new academic year. Our representatives distributed notebooks, school bags and stationery to students from the 1st to 5th standards.

- **Unnati for employability through vocational training and education**

  - Unnati means 'elevation or improvement'. In a pursuit to elevate the quality of music education, especially among the less privileged, we partnered with the National Centre for the Performing Arts (NCPA). We helped them step up their education and outreach initiatives by facilitating a higher level of engagement with students from less fortunate backgrounds. Financial aid granted under the Unnati banner, will help the NCPA consolidate its education and outreach program through faculty development and the purchase of professional-level musical instruments, including a Cello. The Symphony Orchestra of India (SOI), belonging to the NCPA, is already collaborating with NGO's to augment their outreach efforts. This programme will initially focus on conducting smaller workshops that will aim at identifying young, gifted artists who may eventually be absorbed in the NCPA's Special Music Training Programme. The musical programmes of SOI reaches thousands of people every year, and its aim is to cultivate an appreciation for classical music, whilst nurturing young performers, patrons, and audience members.

  - We continue to support the Mehli Mehta Music Foundation (MMMF) in Mumbai in their efforts to extend music education to underprivileged children. Our support has assisted the Foundation in reaching out to 768 full-scholarship students from low income municipal schools. The Foundation has partnered with the Aseema Charitable Trust, Muktangan and St. Stephen's High School. A group of 30 Aseema students are also involved in the MMMF's choral music project through which all these students will gain an opportunity to perform at the NCPA event alongside students from across the city. Eighteen students from the St. Stephen's School are in an instrument program and will further be involved in the Foundation's choral music project. The students benefit greatly from these programs resulting in improved confidence, ability to focus, listen, and most of all appreciate music and culture.

o Our annual support to the 'Aai Day Care Sanstha' in Pen, Raigad District, helped them streamline their training capabilities and nurture children with special needs by training them in various art forms. Forty-nine students are now a part of the vocational training centre and are learning to be self-reliant and productive. This year the Sanstha's special students made nearly 9,000 'Rakhis'. The beautiful creations of these wonderful children were quickly bought out by almost all the primary and high schools located at Pen. These special students are also trained in making 'Earthen mice' and 'Modaks' for the Ganpati festival. This year, the children made 500 large mice, 11,000 small mice, 1,000 mice of different varieties and 2,000 modaks. Paper bags made from 600 kgs of paper and 8,500 cloth bags were also crafted by these special children. In addition to this, they were also trained to make 850 office files and 3,800 candles of different varieties. In the Diwali month of October 2017, these children put their best foot forward and made a range of earthen lamps and floating candles. We, at Hikal, bought these from the Sanstha and gifted every employee with this special memento during the festival of lights at our Taloja site. We also support the Sanstha in their engagement activities such as the Annual Sports Day and distribute trophies and medals to the champions.

- **Buniyaad for augmenting infrastructural needs in the society**

o The Hikal Rural Primary School Development Project for the Zilla Parishad School at Sutarkond in Mahad stands completed. This project under our initiative titled Buniyaad, a word meaning 'foundation,' was carried out in collaboration with the International Association for Human Values (IAHV). A brand new two-storied building with 6 spacious classrooms has now become the pride of Sutarkond. This school, which was once written off by the residents of Sutarkond due to its dilapidated condition, is now standing tall as the pride of the community. The new wing has enabled the school to provide classes till the 10th standard when it was previously limited to the 7th standard only. There has been a decrease in the dropout rate and a 15% increase in the number of admissions this year. Students have shown a keen interest in e-learning, which has resulted in improvement of their academic performance by 45%. Safe drinking water facilities have curtailed the spread of water-borne diseases and, in turn, absenteeism. We continue to support the school and soon plan to make a formal handover to the local authorities.

o We undertook the development of the Ghot Camp Government School this year and decided to complete the task in three phases. Phase 1 activities included interior & exterior painting of the building and fixing structural defects. Phase 2 & 3 will be implemented in the next financial year.

Kaushalya for enhancing living conditions through health protection and awareness

- Under the banner of Kaushalya, a word that means 'well-being', we completed construction of Household Sanitation Latrines (HSL) in the Umarwada village near Panoli in Gujarat. This project was executed in collaboration with the Shroffs Foundation Trust (SFT), a Vadodara-based NGO. Under this project, 165 HSL units were created and handed over to the villagers in a bid to end open defecation in the village. The Sarpanch along with other Gram Panchayat members have taken the responsibility of overseeing the day-to-day maintenance of the HSL units which will now cater to the sanitation needs of more than 650 villagers.

- We also completed the toilet construction project which was executed in alliance with IAHV in the villages of the Anekal Taluk near our Jigani plant. The handover of 71 toilets has been done to the Sarpanch and the beneficiaries have promised to use and maintain the same. This project has solved the problem of open defecation for about 297 villagers including about 150 women.

- We have also collaborated with the Seva Yagna Samiti, a Bharuch-based NGO, to provide emergency hospitalization services for the underprivileged in and around Panoli. This collaboration project has enabled the poor, falling into categories such as farm labour, street vendors, widows and orphans, to have timely access to emergency services and medication in critical conditions. We are happy to report that, during the period between April 2017 and March 2018, our association with Seva Yagna Samiti has facilitated in the medical assistance of 4,600 patients. An additional 4,267 patients have been provided with medical allied services. During the same period, emergency hospitalization services have been provided to 206 patients and meals were provided to 113,961 beneficiaries.

- With an aim towards promoting the practice of good dental hygiene, we organized a Dental Check-up Camp on September 18th, 2017 at the Haraggade Government School near the Jigani plant. About 245 students of the school were evaluated by qualified dentists from Sri Sai Dental Care and were made aware of the importance of maintaining good oral hygiene. All the students were given prescriptions from the dentist along with suggestions for treatment, made on a case to case basis. Information was shared about nearby hospitals providing free treatment. Later, a kit containing toothpaste & tooth brushes were distributed to all the students after completing their check-up. This dental camp went on for one full day, gave the students sufficient information about dental hygiene and educated them about their current dental status.

- We organized an Eye Check-up Camp on December 18th, 2017 for the students and staff of Konasandra, Devasandra and Noosenoor Government Schools near the Jigani plant. The eye check-up facility was organized at the Noosenoor Government School. Students and faculty from all the three schools were invited for this camp and eye consultation was provided by qualified Ophthalmologists from Agarwal Hospital for a total of 145 participants.

- We organized Blood Donation Camps across our sites to promote this good practice of blood donation. At Jigani, this camp was organized to commemorate the Kannada Rajyotsava Day on November 17th, 2017. The camp was organized in collaboration with Sparsh Hospitals wherein a total of 75 employees participated. On the occasion of Quality Week, we joined with Janakalyan Blood Bank, in organizing a Blood Donation Camp on November 28th, 2017. Around 50 employees donated blood on this occasion. The list includes some of the employees who donated blood for the first time. The camp conducted at Hikal Taloja on February 9th, 2018, was conducted in association with the MGM Hospital, Panvel and saw 30 Hikalites volunteering to cumulatively donate 11,100 ml of blood.

Rachana for protecting and preserving our country's rich art, culture & heritage for future generations

- Under the banner of Rachana, a word that stands for 'creation', a number of initiatives were carried out. We, at Hikal, extended support to the Deccan Heritage Foundation India (DHFI), a charitable organization with its headquarters in Mumbai. The DHFI is planning to promote educational programs with the Government of Telangana on the Kakatiya monuments of Telangana. These educational programs will help both students and adults interested in learning about their heritage and also prepare the younger generation for a better understanding of their culture.

- With the aim of facilitating Art Education, we supported Jnanapravaha Mumbai to fund their faculty development program for their Yoga and Tantra Art and Heritage Diploma Course. Jnanapravaha aims to provide a neutral yet stimulating space for the global exchange of creative Indian thought. The course is focused on the increasing popularity of yoga today and its globalized and modernized practices.

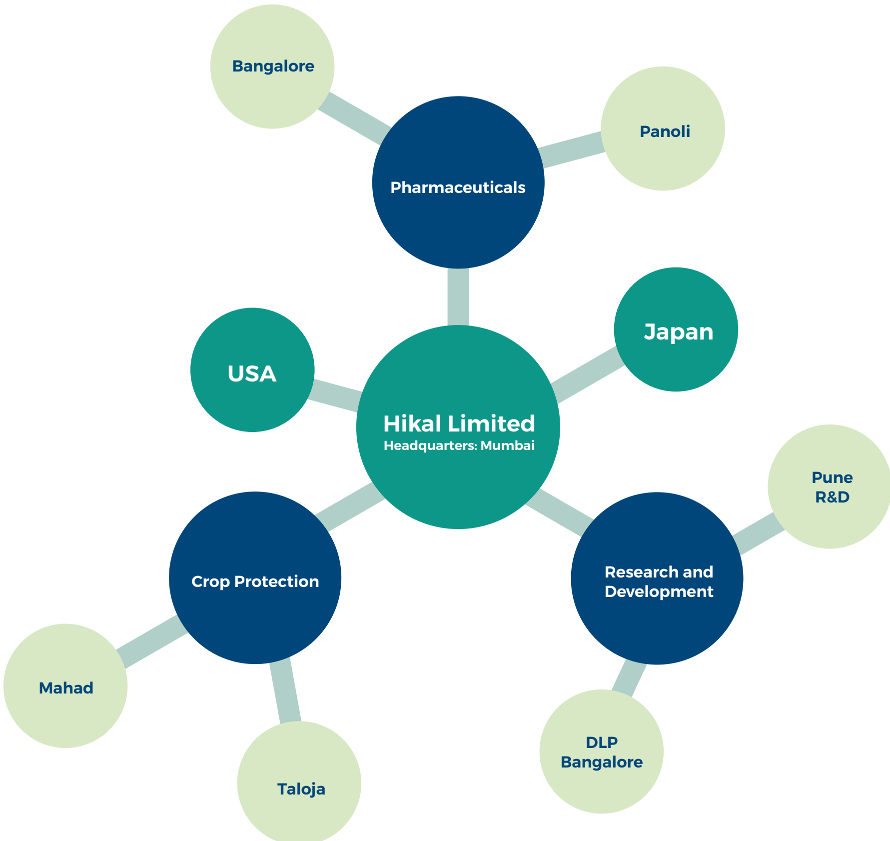
- We supported the March 2018 issue edited by Naman Ahuja and Latika Gupta for Marg, a Mumbai-based not-for-profit publisher whose mission is to promote interest in Indian art and culture. It strives to light up 'many dark corners' in India's cultural landscape and to spark debate on all aspects of art and culture among academics, critics, cultural connoisseurs and readers.

Sampark: Establishing a connect of employees with society

- Under the banner of Sampark, which strives 'to contact and connect', the employees of Jigani took 24 children of the Adarane Charitable Trust Orphanage and 40 children of the Govt. Higher Primary School, Konasandra to visit the Banerghatta National Park on August 16th, 2017 and January 31st, 2018, respectively.

- Employees from the Jigani plant celebrated India's 69th Republic Day on January 26th, 2018 with the children of Dyavasandra Government School where they participated in the cultural program organized by the students.

- Several women employees from Taloja visited the old age home at Ghot Camp which provides shelter to about 48 senior citizens. They spent quality time with the residents in order to make the day special.


Bangalore
Panoli
Pharmaceuticals
Japan
USA
Hikal Limited
Headquarters: Mumbai
Pune
R&D
Crop Protection
Research and
Development
Mahad
Taloja
DLP
Bangalore

CORPORATE INFORMATION

Board of Directors

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

Audit Committee

Kannan Unni
Prakash Mehta
Sugandha Hiremath
Shivkumar Kheny

Company Secretary

Sham Wahalekar

Auditors

B S R & Co. LLP
Chartered Accountants

Bankers & Financial Institutions

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

Legal Advisor

Malvi Ranchoddas & Co.

Registered Office / Corporate Office

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

Administrative Office

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

Works

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

Registrars & Transfer Agents

Universal Capital Securities Pvt. Ltd.
21, Shakil Niwas, Mahakali Caves Road,
Opp. Satya Sai Baba Mandir,
Andheri (East), Mumbai - 400 093.
Tel: 022 - 2807 7203/04/05,
Fax: 022 - 2807 7207

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info@hikal.com

FINANCIAL REPORT

To

The Members,

The Directors are pleased to present the 30th Annual Report with the Audited Accounts for the financial year ended 31 March, 2018.

₹ in Millions

1. FINANCIAL RESULTS

	2017-18	2016-17
Turnover	13,001	10,339
Profit before interest and depreciation	2,462	2,006
Interest	491	482
Profit before depreciation	1,971	1,524
Depreciation	856	691
Profit before taxation	1,115	833
Provision for taxation		
- Current tax	447	217
- Deferred tax liability/(assets)	(104)	(91)
Profit after tax	772	707
Reserves and surplus	6,529	5,885
Dividend on equity share	107	132
Tax on dividend	22	27
Transfer to general reserve	-	100

2. COMPANY PERFORMANCE

Last year we crossed a milestone of ₹ 10,000 million in revenues, This year Hikal made a quantum jump in revenues to cross ₹13,000 million, an all-time high. As we look forward to celebrating 30 years of Hikal this year, we are working towards maintaining the growth momentum.

Hikal saw its revenue increase from ₹ 10,339 million in previous financial year to ₹ 13,001 million (a growth of 25.7%). The sales of the Pharmaceutical business grew by 23.3% to ₹ 7,528 million and that of our Crop Protection business grew by 29.3% to ₹ 5473 million (Details of business performance provided in the MDA).

Introduction of new products, addition of new customers and increased market demand for existing products contributed to this growth. The EBITDA (₹ 2,462 million) also showed a growth of 22.7% over previous financial year which was achieved through manufacturing efficiencies and scale on the operating side.

Our gross profit margins, however, faced downward pressures due to an unprecedented and unexpected price increase of several key raw materials imported from China due to shutdowns of factories on environmental concerns faced by our suppliers. We have tried to make up the margin with productivity improvements. We expect the raw material situation to stabilise in the near future, however as part of risk diversification plan we are actively involved in alternate vendor development for some of our key raw materials.

This impact of the raw material rise is reflected in the margin. The EBITDA margin was 18.9% (last FY: 19.4%). In spite of this our PBT has increased from ₹ 833 million to ₹ 1,115 million, an increase of 33.9%. Our PAT increased from ₹ 707 million to ₹ 772 million, an increase of 9.19%. PAT margins were negatively impacted due to reduction in R&D tax benefits and withdrawal of investment allowance. This resulted in our effective tax rate increasing from 15.1% in the previous financial year to 30.7% in this year. Despite this increase in tax expenses, our EPS has increased from ₹ 8.55 to ₹ 9.40.

Based on our improved credit rating (ICRA A- from the earlier rating of BBB+) and healthy cash flows generated, we managed to save significantly on the total cost of our finances. We expect our credit rating to further improve this year which should provide us additional benefits on the cost of our borrowings.

We have made considerable capital investments in both our businesses, Pharmaceutical and Crop Protection as well and in Research and Technology. In line with our long-term strategy, we are investing in adding more production capacity for existing as well as new products that are in the pipeline and we expect this trend of Capital expenditure to continue for the next couple of years.

Over the last one year, we have further improved our debt to equity ratio from 0.95 to 0.91 and our interest coverage ratio from 2.75 to 3.27 and our efforts to improve them further are on track.

3. **EXPORTS**

Exports for the year are ₹ 9,115 million (70% of total sales) as compared to ₹ 6,612 million (65% of total sales) in the previous year. We have diversified our customer base which includes more local customers who in turn re-export our manufactured products.

4. **MANAGEMENT DISCUSSION AND ANALYSIS**

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

5. **BONUS ISSUE**

Based on the healthy cash flows of the company and the positive prospects for growth in the near future, the directors have recommended the issuing one bonus share for every two equity shares held. The Bonus issue is subject to approval of the share holders in the ensuing Extra Ordinary General Meeting of the company.

6. **DIVIDEND**

The Board declared an interim dividend of 35% which was paid to shareholders in February 2018 (previous year: 30%), and recommended a final dividend of 25% on expanded capital, post bonus issue, thus making total dividend for the year 2017-18 60% (previous year: 60%) .

7. **SHARE CAPITAL**

The paid-up equity share capital as at 31 March 2018 stood at ₹ 164.4 million. During the year under review, the Company has not issued shares with differential voting rights nor granted any stock options or sweat equity. As on 31 March 2018 none of the Directors of the Company hold instruments convertible into equity shares of the Company.

8. **EXTRACT OF ANNUAL RETURN**

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

9. **SUBSIDIARY ACCOUNTS**

In terms of the approval granted by the Government of India, Ministry of Company Affairs under Section 129 (3) of the Companies Act, 2013, copies of the balance sheet, profit and loss account, directors' report and the report of the auditors of the subsidiary company Acoris Research Limited, have not been attached with the balance sheet of the Company. The Company will make available these documents / details upon request made by any shareholder of the Company interested in obtaining the documents / details, and they can also be inspected at the registered office of the Company as well as of the subsidiary. Pursuant to the approval, a statement of the summarized financials of the subsidiary is attached along with the consolidated financial statements. Pursuant to Accounting Standards (Ind AS) – 110 issued by the Institute of Chartered Accountants of India, the consolidated financial statements presented by the Company includes the financial information of its subsidiary.

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, Mrs. Sugandha Hiremath, Director retires by rotation at the forthcoming Annual General Meeting, and being eligible, offers herself for re-appointment.

Mr. Ranjit Shahani was appointed as Additional Director (Independent) of the Company on 8 February 2018.

Prof. Dr. Axel Kleemann resigned from the Board of Directors w.e.f. 5 May 2018. The Board places on record the valuable advice and guidance given by Dr. Kleemann during his tenure.

Details of the number of Board meetings held during 2017-18 form part of the Corporate Governance Report.

11. **BOARD EVALUATION**

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

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

12. WHISTLE BLOWER POLICY

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

13. NOMINATION AND REMUNERATION POLICY

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, key managerial personnel and senior management of the Company. The Nomination and Remuneration Policy of the Company is attached as "Annexure – F" to this report. This policy also lays down criteria for selection and appointment of Board members. The details of this policy are explained in the Corporate Governance Report and also put up on the website of the Company (www.hikal.com).

14. RELATED PARTY TRANSACTIONS

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

All related party transactions are placed before the Audit Committee as also the Board for approval.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website http://www.hikal.com/investors/pdf/Related%20Party%20Policy.pdf

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

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

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

16. RISK MANAGEMENT

The Company has a robust business risk management framework in place to identify and evaluate all business risks. The Company recognizes that risk management is a crucial aspect of the management of the Company, 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, 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, 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 organization.

17. INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal financial 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**

The Company has appointed the following persons as key managerial personnel.

Mr. Jai Hiremath, Chairman & Managing Director

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

Mr. Sham Wahalekar, Chief Financial Officer & Company Secretary

19. **PARTICULARS OF LOANS, GUARANTEES & INVESTMENTS BY THE COMPANY**

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

20. **DIRECTOR'S RESPONSIBILITY STATEMENT**

Your Directors state that:

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

(ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31 March 2018 and of the profit of the Company for that year;

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

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

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

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

21. **AUDITOR**

M/s. B S R & Co. LLP, Chartered Accountants have been appointed for a term of five years commencing 2014-15 to 2018-19. Members are requested to ratify their appointment for the year 2018-19.

The Auditor's report to the members on the accounts of the Company for the year ended 31 March, 2018 does not contain any qualifications, adverse or disclaimer remarks.

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 2018-19. The cost audit report for the financial year 2016-17 was filed with the Ministry of Corporate Affairs, Government of India, on 8 September, 2017.

23. **SECRETARIAL AUDITOR**

The Board had appointed M/s. Ashish Bhatt & Associates, Practicing Company Secretaries, to conduct a secretarial audit for the financial year 2017-18.

The secretarial audit report for the financial year ended 31 March 2018 is annexed herewith as “Annexure - B” to this Report. The secretarial audit report does not contain any qualifications, reservations or adverse remarks

24. **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

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

Policy Statement:

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

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

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

Implementation of the CSR Program

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

   The Company will also undertake other need-based initiatives in compliance with Schedule VII of the Act. During the year, the Company has spent ₹ 12.02 million on CSR activities. Pursuant to the provisions of the Companies Act, 2013, the Company should have spent ₹ 11.98 million (being 2% of the average net profits of the last three financial years), during the financial year 2017-18.

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

25. SAFETY & 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.

26. PUBLIC DEPOSITS

The Company has not accepted any deposits and as such there are no overdue deposits outstanding as on 31 March 2018.

27. EMPLOYEES

The Company considers its human capital as an invaluable asset. The Company continued to have cordial relationships with all its employees. Management and employee development programs and exercises were conducted at all sites. Employees had various team building exercises and were sponsored for various external seminars and other developmental programs to enhance their skill sets. The total workforce of the Company stood at 1,405 as on 31 March 2018.

As required by the provisions of Section 197 (12) of the Companies Act, 2013, read with Rule 5 (1) of the Companies (Appointment and Remuneration of Management Personnel) Rules, 2014, as amended, from time to time, is enclosed herewith as "Annexure – D".

The statement containing particulars of employees as required under Section 197 (12) of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms 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 by the members at the registered office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. Any member interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company.

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

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

29. CORPORATE GOVERNANCE

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

30. 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.

31. CAUTIONARY STATEMENT

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

For and on behalf of the Board of Directors

Jai Hiremath
Chairman & Managing Director
DIN:00062203

Date : 9 May 2018
Place : Mumbai

“Annexure A”
FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on Financial Year ended on 31 March 2018

(Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014)

I. REGISTRATION & OTHER DETAILS

1.	CIN	L24200MH1988PTC048028
2.	Registration Date	8 July 1988
3.	Name of the Company	HIKAL LIMITED
4.	Category/Sub-category of the Company	Public Company / Limited by Shares.
5.	Address of the Registered Office & contact details	717/718, Maker Chambers V, Nariman Point, Mumbai 400 021 – Tel: 91 22 6630 1801 / 2283 4587 Fax: 91 22 2283 3913 Website: www.hikal.com
6.	Whether listed Company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any	Universal Capital Securities Pvt. Ltd. 21, Shakil Niwas, Opp. Satya Sai Baba Temple, Mahakali Caves Road, Andheri (East), Mumbai - 400093 Tel: 91 22 2820 7203 / 04/ 05 Fax: 91 22 2820 7207 Website: www.unisec.in, E-mail: info@unisec.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products / services	NIC Code of the products/services	% of total turnover of the Company
1	Pharmaceuticals	210.2100.21001	57.90
2	Agrochemicals	202.2021.20211	42.10
	Total		100.00

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Acoris Research Ltd. 603A Great Eastern Chambers Sector 11, Navi Mumbai 400614	U72100MH2000 PLC127909	Subsidiary	100%	Section 2(87)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

I) CATEGORY - WISE SHARE HOLDING

Category of Shareholder	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A) Promoter and Promoter Group									
1 Indian									
(a) Individuals/ Hindu Undivided Family	7,863,400	-	7,863,400	9.57	7,863,400	-	7,863,400	9.57	-
(b) Central /State Govt(s)	-	-	-	-	-	-	-	-	-
(c) Bodies Corporate	48,115,110	-	48,115,110	58.53	48,115,110	-	48,115,110	58.53	-
(d) Banks / FI	-	-	-	-	-	-	-	-	-
(e) Any Others(Specify)	-	-	-	-	-	-	-	-	-
(e-i) Trusts	550,000	-	550,000	0.67	550,000	-	550,000	0.67	-
Sub Total(A)(1)	**56,528,510**	**-**	**56,528,510**	**68.77**	**56,528,510**	**-**	**56,528,510**	**68.77**	**-**
2 Foreign									
(a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
(b) Other Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corporate	-	-	-	-	-	-	-	-	-
(d) Institutions	-	-	-	-	-	-	-	-	-
(e) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(f) Any Others(Specify)	-	-	-	-	-	-	-	-	-
Sub Total(A)(2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter **(A)= (A)(1)+(A)(2)**	**56,528,510**	**-**	**56,528,510**	**68.77**	**56,528,510**	**-**	**56,528,510**	**68.77**	**-**
(B) Public shareholding									
1 Institutions									
(a) Mutual Funds/UTI	7,298,450	-	7,298,450	8.88	3,502,253	-	3,502,253	4.26	-4.62
(b) Financial Institutions/Banks	22,286	-	22,286	0.03	59,857	-	59,857	0.07	0.04
(c) Central / State Govt (s)	-	-	-	-	-	-	-	-	-
(d) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e) Foreign Institutional Investors	2,707,382	-	2,707,382	3.29	3,351,739	-	3,351,739	4.08	0.78
(f) Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(g) Qualified Foreign Investors	-	-	-	-	-	-	-	-	-
(h) Insurance Companies	-	100,500	100,500	0.12	-	100,500	100,500	0.12	-
(i) Other (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1)	**10,028,118**	**100,500**	**10,128,618**	**12.32**	**6,913,849**	**100,500**	**7,014,349**	**8.53**	**-3.79**
2 Non-institutions									
(a) Bodies Corporate	784,675	24,250	808,925	0.98	1,834,792	-	1,834,792	2.23	1.25
(b) Individuals									
(i) Individual shareholders holding nominal share capital up to ₹1 lakh	5,453,733	464,060	5,917,793	7.20	8,246,879	317,310	8,564,189	10.42	3.22
(ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh.	985,083	-	985,083	1.20	1,277,140	-	1,277,140	1.55	0.36
(c) Others (specify)									
(i) Clearing Members	343,116	-	343,116	0.42	670,875	-	670,875	0.82	0.40
(ii) Trusts	1,100	-	1,100	-	4,555	-	4,555	0.01	0.01
(iii) NRI / OCBs	229,731	-	229,731	0.28	437,825	-	437,825	0.53	0.25
(iv) Foreign Nationals	121,550	-	121,550	0.15	121,550	-	121,550	0.15	-
(v) Foreign Corporate Body	6,766,731	-	6,766,731	8.23	4,826,318	-	4,826,318	5.87	-2.36
(vi) LLP / Partnership Firm	85,860	-	85,860	0.10	25,931	-	25,931	0.03	-0.07
(vii) NBFC	3,993	-	3,993	-	17,900	-	17,900	0.02	0.02
(viii) HUF	279,490	-	279,490	0.34	740,861	-	740,861	0.90	0.56
(ix) IEPF Authority	-	-	-	-	135,705	-	135,705	0.17	0.17
Sub-Total (B)(2)	**15,055,062**	**488,310**	**15,543,372**	**18.91**	**18,340,331**	**317,310**	**18,657,641**	**22.70**	**3.79**
(B) Total Public Shareholding (B)=(B)(1)+(B)(2)	25,083,180	588,810	25,671,990	31.23	25,254,180	417,810	25,671,990	31.23	-
TOTAL (A)+(B)	**81,611,690**	**588,810**	**82,200,500**	**100.00**	**81,782,690**	**417,810**	**82,200,500**	**100.00**	**-**
(C) Shares held by Custodians for GDRs & ADRs	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A)+(B)+(C)	**81,611,690**	**588,810**	**82,200,500**	**100.00**	**81,782,690**	**417,810**	**82,200,500**	**100.00**	**-**

(ii) SHAREHOLDING OF PROMOTERS

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged /encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged /encumbered to total shares	
1	Anish Dilip Swadi	5,000	0.01	-	5,000	0.01	-	-
2	Jai V Hiremath	893,750	1.09	-	893,750	1.09	-	-
3	Pallavi J Hiremath	254,000	0.31	-	254,000	0.31	-	-
4	Pooja Hiremath	5,000	0.01	-	5,000	0.01	-	-
5	Sameer Hiremath	260,650	0.32	-	260,650	0.32	-	-
6	Sugandha Jai Hiremath	6,445,000	7.84	-	6,445,000	7.84	-	-
7	BF Investment Limited	2,182,250	2.65	-	2,182,250	2.65	-	-
8	Decent Electronics Pvt Ltd	33,000	0.04	-	33,000	0.04	-	-
9	Ekdant Investment Pvt Ltd	262,535	0.32	-	262,535	0.32	-	-
10	Kalyani Investment Company Limited	25,778,250	31.36	-	25,778,250	31.36	-	-
11	Karad Engineering Consultancy Pvt Ltd	42,500	0.05	-	42,500	0.05	-	-
12	Shri Badrinath Investment Pvt Ltd	13,276,575	16.15	-	13,276,575	16.15	-	-
13	Shri Rameshwara Investment Pvt Ltd	6,540,000	7.96	-	6,540,000	7.96	-	-
14	Sumer Trust	50,000	0.06	-	50,000	0.06	-	-
15	Rhea Trust	50,000	0.06	-	50,000	0.06	-	-
16	Nihal Trust	50,000	0.06	-	50,000	0.06	-	-
17	Anika Trust	50,000	0.06	-	50,000	0.06	-	-
18	Pooja Trust	50,000	0.06	-	50,000	0.06	-	-
19	Anish Trust	50,000	0.06	-	50,000	0.06	-	-
20	Pallavi Trust	125,000	0.15	-	125,000	0.15	-	-
21	Sameer Trust	125,000	0.15	-	125,000	0.15	-	-
	TOTAL	**56,528,510**	**68.77**	**-**	**56,528,510**	**68.77**	**-**	**-**

(iii) CHANGE IN PROMOTERS' SHAREHOLDING (please specify, if there is no change)

Sl. No.	Name of the Promoter	Shareholding at the beginning of the year		Date wise Increase / Decrease in Share holding during the year			Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	Date	Resons	No. of shares	No. of shares	% of total shares of the Company
1.	Anish Dilip Swadi	5,000	0.01	1 April 2017	-	-	5,000	0.01
				31 March 2018	-	-	5,000	0.01
2.	Jai V Hiremath	893,750	1.09	1 April 2017	-	-	893,750	1.09
				31 March 2018	-	-	893,750	1.09
3.	Pallavi J Hiremath	254,000	0.31	1 April 2017	-	-	254,000	0.31
				31 March 2018	-	-	254,000	0.31
4.	Pooja Hiremath	5,000	0.01	1 April 2017	-	-	5,000	0.01
				31 March 2018	-	-	5,000	0.01
5.	Sameer Hiremath	260,650	0.32	1 April 2017	-	-	260,650	0.32
				31 March 2018	-	-	260,650	0.32
6.	Sugandha Jai Hiremath	6,445,000	7.84	1 April 2017	-	-	6,445,000	7.84
				31 March 2018	-	-	6,445,000	7.84
7.	BF Investment Limited	2,182,250	2.65	1 April 2017	-	-	2,182,250	2.65
				31 March 2018	-	-	2,182,250	2.65
8.	Decent Electronics Pvt Ltd	33,000	0.04	1 April 2017	-	-	33,000	0.04
				31 March 2018	-	-	33,000	0.04
9.	Ekdant Investment Pvt Ltd	262,535	0.32	1 April 2017	-	-	262,535	0.32
				31 March 2018	-	-	262,535	0.32
10.	Kalyani Investment Company Limited	25,778,250	31.36	1 April 2017	-	-	25,778,250	31.36
				31 March 2018	-	-	25,778,250	31.36
11.	Karad Engineering Consultancy Pvt Ltd	42,500	0.05	1 April 2017	-	-	42,500	0.05
				31 March 2018	-	-	42,500	0.05
12.	Shri Badrinath Investment Pvt Ltd	13,276,575	16.15	1 April 2017	-	-	13,276,575	16.15
				31 March 2018	-	-	13,276,575	16.15
13.	Shri Rameshwara Investment Pvt Ltd	6,540,000	7.96	1 April 2017	-	-	6,540,000	7.96
				31 March 2018	-	-	6,540,000	7.96
14.	Sumer Trust	50,000	0.06	1 April 2017	-	-	50,000	0.06
				31 March 2018	-	-	50,000	0.06
15.	Rhea Trust	50,000	0.06	1 April 2017	-	-	50,000	0.06
				31 March 2018	-	-	50,000	0.06
16.	Nihal Trust	50,000	0.06	1 April 2017	-	-	50,000	0.06
				31 March 2018	-	-	50,000	0.06
17.	Anika Trust	50,000	0.06	1 April 2017	-	-	50,000	0.06
				31 March 2018	-	-	50,000	0.06
18.	Pooja Trust	50,000	0.06	1 April 2017	-	-	50,000	0.06
				31 March 2018	-	-	50,000	0.06
19.	Anish Trust	50,000	0.06	1 April 2017	-	-	50,000	0.06
				31 March 2018	-	-	50,000	0.06
20.	Pallavi Trust	125,000	0.15	1 April 2017	-	-	125,000	0.15
				31 March 2018	-	-	125,000	0.15
21.	Sameer Trust	125,000	0.15	1 April 2017	-	-	125,000	0.15
				31 March 2018	-	-	125,000	0.15

(iv) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Name of the shareholder	Shareholding at the beginning of the year		Date wise Increase / Decrease in Share holding during the year			Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	Date	Resons	No. of shares	No. of shares	% of total shares of the company
1	INTERNATIONAL FINANCE CORPORATION	6,766,731	8.23	14-Apr-2017	Sale	(5,360)	6,761,371	8.23
				05-May-2017	Sale	(45,029)	6,716,342	8.17
				12-May-2017	Sale	(26,492)	6,689,850	8.14
				19-May-2017	Sale	(4,155)	6,685,695	8.13
				28-Jul-2017	Sale	(4,560)	6,681,135	8.13
				04-Aug-2017	Sale	(86,246)	6,594,889	8.02
				15-Sep-2017	Sale	(234,027)	6,360,862	7.74
				22-Sep-2017	Sale	(553,122)	5,807,740	7.07
				30-Sep-2017	Sale	(7,291)	5,800,449	7.06
				13-Oct-2017	Sale	(526,983)	5,273,466	6.42
				20-Oct-2017	Sale	(178,466)	5,095,000	6.20
				27-Oct-2017	Sale	(212,702)	4,882,298	5.94
				03-Nov-2017	Sale	(39,546)	4,842,752	5.89
				10-Nov-2017	Sale	(16,434)	4,826,318	5.87
				31-Mar-2018	-	-	4,826,318	5.87
2	RELIANCE CAPITAL TRUSTEE COMPANY LIMITED A/C RELIANCE GROWTH FUND	4,847,270	5.90	26-May-2017	Purchase	25,000	4,872,270	5.93
				11-Aug-2017	Purchase	15,000	4,887,270	5.95
				18-Aug-2017	Purchase	10,000	4,897,270	5.96
				08-Sep-2017	Purchase	50,000	4,947,270	6.02
				27-Oct-2017	Sale	(58,000)	4,889,270	5.95
				03-Nov-2017	Sale	(363,387)	4,525,883	5.51
				10-Nov-2017	Sale	(100,000)	4,425,883	5.38
				24-Nov-2017	Sale	(45,108)	4,380,775	5.33
				01-Dec-2017	Sale	(72,660)	4,308,115	5.24
				08-Dec-2017	Sale	(800)	4,307,315	5.24
				15-Dec-2017	Sale	(1,600)	4,305,715	5.24
				22-Dec-2017	Sale	(72,860)	4,232,855	5.15
				30-Dec-2017	Sale	(18,799)	4,214,056	5.13
				05-Jan-2018	Sale	(185,366)	4,028,690	4.90
				12-Jan-2018	Sale	(28,773)	3,999,917	4.87
				09-Feb-2018	Sale	(100,318)	3,899,599	4.74
				16-Feb-2018	Sale	(50,000)	3,849,599	4.68
				09-Mar-2018	Sale	(425,000)	3,424,599	4.17
				16-Mar-2018	Sale	(1,245,645)	2,178,954	2.65
				23-Mar-2018	Sale	(393,763)	1,785,191	2.17
				31-Mar-2018	Sale	(320,892)	1,464,299	1.78
				31-Mar-2018	-	-	1,464,299	1.78
3	GOVERNMENT PENSION FUND GLOBAL	1,235,250	1.50	07-Apr-2017	Sale	(50,250)	1,185,000	1.44
				21-Apr-2017	Sale	(85,000)	1,100,000	1.34
				01-Dec-2017	Purchase	162,000	1,262,000	1.54
				15-Dec-2017	Purchase	38,000	1,300,000	1.58
				31-Mar-2018	-	-	1,300,000	1.58
4	CANARA ROBECO MUTUAL FUND A/C CANARA ROBECO EMERGING EQUITIES	1,010,377	1.23	28-Jul-2017	Purchase	27,577	1,037,954	1.26
				12-Jan-2018	Purchase	100,000	1,137,954	1.38
				31-Mar-2018	-	-	1,137,954	1.38
5	IDFC STERLING EQUITY FUND	1,017,417	1.24	07-Apr-2017	Sale	(25,707)	991,710	1.21
				14-Apr-2017	Sale	(1,419)	990,291	1.20
				28-Apr-2017	Sale	(30,291)	960,000	1.17
				05-May-2017	Sale	(45,439)	914,561	1.11
				12-May-2017	Sale	(2,788)	911,773	1.11
				22-Sep-2017	Sale	(11,773)	900,000	1.09
				31-Mar-2018	-	-	900,000	1.09

(iv) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS
(other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Name of the shareholder	Shareholding at the beginning of the year		Date wise Increase / Decrease in Share holding during the year			Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	Date	Resons	No. of shares	No. of shares	% of total shares of the company
6	DANSKE INVEST SICAV-SIF-EMERGING AND FRONTIER MARTKET SMID II	-	-	07-Apr-2017	Purchase	170,300	170,300	0.21
				21-Apr-2017	Sale	(15,000)	155,300	0.19
				05-May-2017	Purchase	175,500	330,800	0.40
				02-Jun-2017	Purchase	188,900	519,700	0.63
				30-Sep-2017	Sale	(5,197)	514,503	0.63
				15-Dec-2017	Sale	(25,000)	489,503	0.60
				31-Mar-2018	-	-	489,503	0.60
7	HIRZEL CAPITAL MASTER FUND L.P.	-	-	21-Apr-2017	Purchase	70,000	70,000	0.09
				28-Apr-2017	Purchase	34,557	104,557	0.13
				05-May-2017	Purchase	10,643	115,200	0.14
				19-May-2017	Purchase	50,000	165,200	0.20
				26-May-2017	Purchase	51,701	216,901	0.26
				02-Jun-2017	Purchase	4,979	221,880	0.27
				09-Jun-2017	Purchase	6,100	227,980	0.28
				16-Jun-2017	Purchase	100,000	327,980	0.40
				30-Jun-2017	Purchase	19,000	346,980	0.42
				31-Mar-2018	Purchase	50,000	396,980	0.48
				31-Mar-2018	-	-	396,980	0.48
8	INTEGRATED MASTER SECURITIES PVT. LTD.	10,100	0.01	07-Apr-2017	Purchase	400	10,500	0.01
				02-Jun-2017	Sale	(500)	10,000	0.01
				14-Jul-2017	Sale	(9,800)	200	-
				18-Aug-2017	Purchase	20	220	-
				22-Sep-2017	Purchase	166	386	-
				30-Sep-2017	Sale	(220)	166	-
				06-Oct-2017	Sale	(66)	100	-
				03-Nov-2017	Purchase	100	200	-
				10-Nov-2017	Purchase	372	572	-
				17-Nov-2017	Purchase	100	672	-
				24-Nov-2017	Sale	(100)	572	-
				01-Dec-2017	Sale	(72)	500	-
				30-Dec-2017	Purchase	18	518	-
				12-Jan-2018	Sale	(18)	500	-
				23-Mar-2018	Purchase	390,100	390,600	0.48
				31-Mar-2018	Sale	(100)	390,500	0.48
				31-Mar-2018	-	-	390,500	0.48
9	GAURISHANKAR NEELKANTH KALYANI	283,500	0.34	01-Apr-2017	-	-	283,500	0.34
				31-Mar-2018	-	-	283,500	0.34
10	DEUTSCHE BANK A.G.	-	-	07-Apr-2017	Purchase	13,871	13,871	0.02
				28-Apr-2017	Sale	(3,871)	10,000	0.01
				05-May-2017	Purchase	2,473	12,473	0.02
				19-May-2017	Sale	(948)	11,525	0.01
				07-Jul-2017	Sale	(6,326)	5,199	0.01
				27-Oct-2017	Purchase	27,801	33,000	0.04
				24-Nov-2017	Sale	(20,202)	12,798	0.02
				01-Dec-2017	Sale	(12,103)	695	-
				22-Dec-2017	Purchase	28,655	29,350	0.04
				05-Jan-2018	Purchase	156,016	185,366	0.23
				09-Feb-2018	Sale	(85,048)	100,318	0.12
				16-Mar-2018	Purchase	595,457	695,775	0.85
				23-Mar-2018	Sale	(624,729)	71,046	0.09
				31-Mar-2018	Purchase	193,230	264,276	0.32
				31-Mar-2018	-	-	264,276	0.32

(v) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Sl. No.	Name of the shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Babasaeb Neelkanth Kalyani	15,000	0.02	15,000	0.02
2	Shivkumar Kheny	30,750	0.04	30,750	0.04
3	Kandankote Kannan Unni	10,000	0.01	10,000	0.01
4	Prakash Mehta	9,850	0.01	9,850	0.01
5	Amit Babasaheb Kalyani	Nil	-	Nil	-
6	Sameer Hiremath	260,650	0.32	260,650	0.32
7	Sugandha Hiremath	6,445,000	7.84	6,445,000	7.84
8	Jai Hiremath	893,750	1.09	893,750	1.09
9	Dr. Wolfgang Welter	Nil	-	Nil	-
10	Dr. Axel Kleemann	Nil	-	Nil	-
11	Sham Wahalekar	9,000	0.01	9,000	0.01
12	Ranjit Shahani	Nil	-	Nil	-

V. INDEBTEDNESS

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

₹ in Million

	Secured Loans excluding Deposits	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year			
i. Principal Amount	5,978.13	-	5,978.13
ii. Interest due but not paid	-	-	-
iii. Interest accrued but not due	24.02	-	24.02
Total (i+ii+iii)	6,002.15	-	6,002.15
Change in Indebtedness during the financial year (net Change)	367.37	-	367.37
Indebtedness at the end of the Financial year			
i. Principal Amount	6,350.92	-	6,350.92
ii. Interest due but not paid	-	-	-
iii. Interest accrued but not due	18.60	-	18.60
Total (i+ii+iii)	6,369.52	-	6,369.52

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

₹ in Million

Sr. No.	Particulars of Remuneration	Name of MD / WTD / Manager		Total Amount
		Jai Hiremath Chairman & Managing Director	Sameer Hiremath Joint Managing Director & CEO	
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	27.40	16.75	44.15
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	2.95	0.39	3.34
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of Profit	11.38	11.38	22.76
	- others, specify	1%	1%	2%
5.	Others, please specify	-	-	-
	Total (A)	**41.73**	**28.52**	**70.25**
	Ceiling as per the Act @ 10% of profit calculated under Section 198 of the Companies Act, 2013			116.24

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of Directors								Total Amount
		Baba Kalyani NED	Amit Kalyani NED	Sugandha Hiremath NED	K K Unni NEID	Prakash Mehta NEID	S M Kheny NEID	Wolfgang Welter NEID	Axel Kleemann NEID	
1	Independent Directors									
	(a) Fee for attending board / Committee meetings	-	-	-	1.20	1.30	0.90	0.40	0.30	4.10
	(b) Commission	-	-	-	-	-	-	-	-	-
	(c) Others, please specify	-	-	-	-	-	-	-	-	-
	Total (1)	-	-	-	1.20	1.30	0.90	0.40	0.30	4.10
2	Other Non-Executive Directors									
	(a) Fee for attending board / Committee meetings	0.10	0.10	1.00	-	-	-	-	-	1.20
	(b) Commission	-	-	-	-	-	-	-	-	-
	(c) Others, please specify	-	-	-	-	-	-	-	-	-
	Total (2)	0.10	0.10	1.00	-	-	-	-	-	1.20
TOTAL (B) = (1 + 2)		**0.10**	**0.10**	**1.00**	**1.20**	**1.30**	**0.90**	**0.40**	**0.30**	**5.30**
Total Managerial Remuneration		-	-	-	-	-	-	-	-	**75.55**
Ceiling as per the Act @ 1% of profit calculated under Section 198 of the Companies Act, 2013										**11.62**

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

C. Remuneration to key managerial personnel other than md/manager/wtd

Sr. No.	Particulars of Remuneration	Name of the KMP Sham Wahalekar, Company Secretary & CFO
1	Gross Salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	10.26
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.35
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission	
	- as % of Profit	-
	- others, specify	-
5	Others, please specify	-
	Total	**10.61**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty			Not Applicable		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			Not Applicable		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			Not Applicable		
Punishment					
Compounding					

"Annexure - B"

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31 MARCH 2018

[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 31 March 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board- processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2018 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, 2009; (Not applicable to the Company during audit period);
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during audit period)
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008(Not applicable to the Company during audit period);
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during audit period); and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during audit period);

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

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015;

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

We further report that:

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

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

We further report that :

there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

We further report that:

during the audit period the Company has passed the following special/ordinary resolutions which are having major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations and Guidelines, Standards, etc.

1. Re-appointment of Shri Jai Hiremath as Chairman and Managing Director.
2. Re-appointment of Shri Sameer Hiremath Joint Managing Director and CEO.

For Ashish Bhatt & Associates

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

Place: Thane
Date: 9 May 2018

Annexure I

List of applicable laws to the Company

Under the Major Group and Head

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

For Ashish Bhatt & Associates

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

Place: Thane
Date : 9 May 2018

"Annexure - C"

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

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:
   As mentioned at Sr. No.24 of the Directors' Report.
2. The composition of the CSR Committee:
   Mr. Jai Hiremath, Chairman & Managing Director, Mr. Sameer Hiremath, Joint Managing Director & CEO, Mr. Prakash Mehta, Non-Executive Independent Director and Mrs. Sugandha Hiremath, Non-Executive Director. Mr. Jai Hiremath is the Chairman of the Company's CSR Committee.
3. Average net profit of the Company for last three financial years:
   ₹ 598.80 million
4. Prescribed CSR Expenditure (two percent of the amount as mentioned in item 3 above):
   ₹11.98 million
5. Details of CSR spent during the financial year:
   a) Total amount to be spent for the financial year: ₹11.98 million
   b) Amount un-spent, if any: NIL
   c) Manner in which the amount was spent during financial year, is detailed below :

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR Project or Activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs (1) Direct Expenditure on projects or programs (2) Overheads	Cumulative Expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1.	Promoting vocational skills	Education	Local Area, Mumbai	4.500 million	0.456 million	2.956 million	Direct
2.	Promoting vocational skills	Education	Local Area, Mumbai	5.700 million	5.700 million	5.700 million	Direct
3.	Education	Education	Local Area, Mumbai	Nil	0.025 million	0.025 million	Direct
4.	Ensuring Environment & Ecological Balance	Ensuring Environment Ecological Balance	PAN India	0.523 million	0.523 million	0.523 million	Direct
5.	Preserving art, culture & heritage	Education	Local Area, Mumbai	0.425 million	0.425 million	0.425 million	Direct
6.	Preserving national heritage	Preservation of national heritage	Local Area, Mumbai	0.100 million	0.100 million	0.100 million	Direct
7.	Preserving art & culture	Education	Local Area, Mumbai	0.550 million	0.550 million	0.550 million	Direct
8.	Education	Education	Mahad, Maharashtra	0.100 million	0.096 million	0.096 million	Direct
9	Ensuring Environment & Ecological Balance	Ensuring Environment Ecological Balance	Mahad, Maharashtra	0.500 million	0.700 million	0.700 million	Indirect
10.	Promoting preventive health care & sanitation	Promoting preventive health care &sanitation	Panoli, Gujarat	1.500 million	1.604 million	1.604 million	Indirect

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR Project or Activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs (1) Direct Expenditure on projects or programs (2) Overheads	Cumulative Expenditure upto the reporting period	Amount spent: Direct or through implementing agency
11.	Providing Medical Facility / Aid	Providing Medical Facility / Aid	Panoli, Gujarat	0.500 million	0.800 million	0.800 million	Indirect
12.	Providing Educational Infrastructure	Education	Panoli, Gujarat	Nil	0.069 million	0.069 million	Direct
13.	Education	Education	Taloja, Maharashtra	Nil	0.293 million	0.293 million	Direct
14.	Providing Educational Infrastructure	Education	Taloja, Maharashtra	Nil	0.035 million	0.035 million	Direct
15.	Promoting Education	Education	Jigani, Karnataka	0.544 million	0.544 million	0.544 million	Direct
16.	Promoting preventive health care and sanitation & making available safe drinking water	Promoting preventive health care & sanitation	Jigani, Karnataka	Nil	0.075 million	0.075 million	Direct
17.	Promoting preventive health care & sanitation	Promoting preventive health care & sanitation	Jigani, Karnataka	Nil	0.018 million	0.018 million	Direct
18.	Education	Education	Jigani, Karnataka	Nil	0.009 million	0.009 million	Direct
	TOTAL			**14.942 million**	**12.022 million**	**14.522 million**	

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, reasons for not spending the amount in its Board Report: Not Applicable
7. A responsibility statement of the Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company:

   The implementation and monitoring of the CSR Policy, is in compliance with the CSR objectives and policy of the Company.

Jai Hiremath
Chairman & Managing Director and
Chairman of CSR Committee
DIN: 00062203

Mumbai
9 May 2018

"Annexure - D"

A) Remuneration to Directors and Key Managerial Personnel

I. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during FY2017-18, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for FY2017-18 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sr. No.	Name of Director / KMP and designation	Remuneration ₹ in million	% increase in remuneration FY 2017-18	Ratio of remuneration of each Director to Median remuneration of Employees
1	Jai Hiremath Chairman & Managing Director	41.73	7.33	90.72:1
2	Sameer Hiremath Joint Managing Director & CEO	28.52	12.68	62:1
3	Sugandha Hiremath Non-Executive Director	1.00	NA	2.17:1
4	B. N. Kalyani Non-Executive Director	0.10	NA	0.22:1
5	Amit Kalyani Non-Executive Director	0.10	NA	0.22:1
6	Kannan Unni Independent Director	1.20	NA	2.60:1
7	Prakash Mehta Independent Director	1.30	NA	2.12:1
8	Shivkumar Kheny Independent Director	0.90	NA	1.96:1
9	Wolfgang Welter Independent Director	0.04	NA	0.09:1
10	Axel Kleemann Independent Director	0.03	NA	0.07:1
11	Sham Wahalekar CFO & Company Secretary	10.61	5.78	23.07:1

ii. The median remuneration of employees of the Company during FY2017-18 was ₹ 4,59,832/-;

iii. In the financial year, there was an increase of 7% in the median remuneration of employees;

iv. There were 1,405 permanent employees on the rolls of the Company as on 31 March 2018;

v. Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. FY 2017-18 was 7%. As regards managerial remuneration, details of remuneration paid to whole time directors are given in a tabular format earlier in this Report. Percentage increase of managerial remuneration in the last financial year i.e. FY 2017-18 was 9.44%.

vi. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for directors, key managerial personnel and other employees.

B) None of the whole time directors received any commission nor any remuneration from any of the Company's subsidiaries.

"Annexure - E"

INFORMATION AS PER SECTION 134 (3) (m) READ WITH RULE 8 (3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018.

I. CONSERVATION OF ENERGY

Energy conservation has always been an essential part of Hikal's operating philosophy. We proactively and aggressively take several energy conservation initiatives that help us reduce our operating costs as well as our carbon footprint. The implementation and continuous monitoring of the financial and environmental benefits achieved through such initiatives is hugely encouraged at all our sites. Here are some of the energy conservation activities we have undertaken at some of our key sites:

a) **Steps taken for conservation of energy:**

- Replacement of conventional lights with LED lights in offices and MCC rooms
- Installation of motion sensors in MCC rooms to optimize electricity consumption
- Replacement of conventional pumps with energy efficient pumps in the power-intensive utility sections
- Harmonics Control, Power Factor improvement & Maximum Demand Control to improve power quality and to reduce equipment failures
- Optimization of boiler feed water circulation
- Reduction in the boiler fuel consumption through installation of Oxygen analyzers
- Water and fuel conservation through increased recovery and reuse of condensate water, flash steam and reactor jacket water
- Rain water harvesting
- Optimization of usage of compressed air and nitrogen

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

- Usage of solar power at Jigani through procurement from open access grids
- Work has started at many other sites to start using solar power

c) **Capital investment on energy conservation equipment:**

- Installation of interlock system with compressor to achieve energy saving by auto shut-off of the primary pump when temperature is achieved in the chiller plant
- Improvement in efficiency of Chilled Brine system by replacement of plate heat exchangers
- Installation of energy efficient, low loss transformer of 2MVA capacity to reduce load losses
- Replacement of conventional gear boxes with planetary gear boxes
- Replacement of conventional pumps in utilities with energy efficient pump

II. TECHNOLOGY ABSORPTION

A) Efforts made towards technology absorption:

Generic API Development

As part of our product portfolio expansion strategy, we need to continuously develop and launch products with novel processes such as greener alternatives which offer cost advantages. This year, at R&T, more emphasis was given to the development of robust processes to reduce failure during plant manufacturing. To strengthen this domain, a separate process engineering group is being established at R&T to support processes right from the development stage, which would facilitate and ensure infallible process. Moreover, TAT team shall be strengthened by including analytical personnel to support seamless analytical method transfers. This year we plan to file 5 DMFs as a part of our pharmaceutical portfolio.

This R&T vertical has been strategized to support external customers to work on the process development of complex regulatory starting materials, advanced intermediates and the APIs that are in the various stages of development (preclinical to phase III). We are currently working with companies in North America, Europe and Japan for projects in phase II and phase III clinical trials.

We work with an aim to develop innovative processes/ technologies for the customers employing the cutting-edge chemistry available in the literature. Once the laboratory process technologies have been established, further scale-up is undertaken in Hikal's state-of- the- art.

Thereafter the process is demonstrated to technology absorption team (TAT) from the pilot plant, wherein the team witnesses the process being executed at R&T and provide the necessary inputs for further modifications/ fine-tuning. The process then gets finalized in the lab and is transferred to the TAT team for the execution of batches in the pilot plants thereby demonstrating the robust, scalable process. Relevant process safety studies too are conducted in the R&T prior to the transfer of the process, thereby ensuring the safety of the process on scale. For the process safety studies, state-of-the-art instruments are used.

While intellectual property in contract development is retained by the customer, this does not reduce the potential of such projects to become exclusive long-term manufacturing opportunities for our pharma and crop protection manufacturing divisions. Several new molecules at various stages of development have been worked on in R&T We expect to take these molecules through the various stages of the lifecycle, ending in commercialization.

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

The company has benefited tremendously through innovation at R&D. Several improvements have been made to existing processes of commercial products reducing the use of solvents and energy, thereby saving cost. These processes are far more efficient than what the company was utilizing earlier. These initiatives save cost, increase capacity utilization and are beneficial to the environment. In order to de-risk imports of raw materials, we have also developed local sources to manufacture several early stage raw materials in line with the "Make in India" initiative. We have established proof of concept for two continuous manufacturing processes for existing products which will have a positive impact on cost and capacity utilization once implemented.

C) Details regarding imported technology (imported during last three years, reckoned from the beginning of the financial year):

We have not imported or licensed any technology over the last three years.

₹ in Million

D) Expenditure on R & D	2017-18	2016-17
i) Capital	56.38	20.50
ii) Recurring	392.14	344.25
Total	448.52	364.75
iii) Total R&D expenditure as a percentage of total turnover	3.45%	3.61%

III. FOREIGN EXCHANGE EARNINGS & OUTGO

Total foreign exchange used and earned:

Used : ₹ 4,721 million (Previous year ₹ 3,304 million)

Earned : ₹ 9,115 million (Previous year ₹ 6,612 million)

For and on behalf of the Board of Directors

Jai Hiremath
Chairman & Managing Director
DIN:00062203

Date : 9 May 2018
Place : Mumbai

"Annexure – F"

Hikal Ltd.

Nomination and Remuneration Policy

Preamble

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

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

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

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

Objectives

1. To advise the Board in relation to appointment, removal of Directors, Key Managerial Personnel and Senior Management and their remuneration structure keeping in view integrity, qualifications, expertise and experience of the person. NRC will have discretion /authority to make decision on these aspects and recommend to Board of Directors;
2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board;
3. To devise a policy on Board diversity, develop a succession plan for the Board and to regularly review the plan;
4. To decide the criteria for determining qualifications, positive attributes and independence of a director.

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

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

Directors

As per the Policy followed by the Company since inception the non-executive directors are paid remuneration in the form of sitting fees for attending Board and Committee meetings as fixed by the Board of Directors from time to time subject to statutory provisions. The terms of appointment, 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 etc.

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 of salary, perquisites and performance based commission on profits of the Company /reward apart from retirement benefits like P. F., Superannuation, Gratuity, etc as per Rules of the Company.

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, health care benefits, leave travel, communication facilities, etc. 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 I 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 & Managing Director (CMD) and the President & Joint Managing Director, broadly based on the Remuneration Policy in respect of Whole Time Directors. Total remuneration comprises of:

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, leave travel, etc.
3. Retirement benefits - contribution to PF, other retirement benefits, gratuity, etc as per Company Rules.
4. Motivation/Reward - A performance appraisal is carried out annually and promotions/ increments/ rewards/variable pay are decided by CMD and /or President & Joint Managing Director based on the appraisal and recommendation as applicable.
5. Severance payments - In accordance with terms of employment, and applicable statutory requirements, if any.

Other employees

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

Disclosure of information

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

Dissemination

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

Report on Corporate Governance : 2018

The Company has complied with the provisions of Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 relating to the Corporate Governance. The Company has constituted various committees and discloses various information to the public through its Annual Reports, web-site, press releases, etc.

I. OUR CORPORATE GOVERNANCE PHILOSOPHY

Hikal's philosophy of corporate governance envisages the highest level of transparency, accountability and equity in all its dealings with shareholders, employees, Government and lenders. It continues to focus on good corporate governance, in line with emerging local and global standards. It understands and respects its fiduciary role in the corporate world. We ensure fairness for every stakeholder i.e. our investors, customers, vendors, employees, communities where we operate through accountability and transparency. The Company's guiding principles are focused to achieve the highest standards of corporate governance. Our corporate governance report for fiscal 2018 forms part of this Annual Report.

II. BOARD OF DIRECTORS

The strength of the Board of Directors is 11 as on 31 March 2018, whose composition is given below:

A Composition and category :

JAI HIREMATH Chairman & Managing Director DIN:00062203	Executive Director
SAMEER HIREMATH Joint Managing Director & CEO DIN:00062129	Executive Director
SUGANDHA HIREMATH DIN:00062031	Non-Executive Director
BABA KALYANI DIN:00089380	Non-Executive Director
AMIT KALYANI DIN:00089430	Non-Executive Director
KANNAN UNNI DIN:00227858	Independent, Non-Executive Director
PRAKASH MEHTA DIN:00001366	Independent, Non-Executive Director
SHIVKUMAR KHENY DIN:01487360	Independent, Non-Executive Director
WOLFGANG WELTER DIN:00580197	Independent, Non-Executive Director
AXEL KLEEMANN# DIN:02977521	Independent, Non-Executive Director
RANJIT SHAHANI* DIN: 00103845	Independent, Non-Executive Director

Mr. Ranjit Shahani is appointed as Additional Director (Independent) w.e.f. 8 February 2018.

 # Mr. Axel Kleemann resigned/ retired as Director w.e.f. 5 May 2018.

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

Mr. Amit Kalyani is son of Mr. Baba Kalyani

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

Name of Director	Attendance		Directorships (excluding Directorship in Private Companies)*	Committee Memberships##	Committee Chairmanships
	Board Meeting	Last AGM			
JAI HIREMATH	4	Yes	2	1	1
SAMEER HIREMATH	4	Yes	1	-	-
SUGANDHA HIREMATH	4	Yes	-	2	-
BABA KALYANI	1	No	6	3	-
AMIT KALYANI	1	No	6	1	-
KANNAN UNNI	4	Yes	3	3	3
PRAKASH MEHTA	4	Yes	5	8	3
SHIVKUMAR KHENY	4	Yes	7	3	1
WOLFGANG WELTER	3	No	-	-	-
AXEL KLEEMANN	2	No	-	-	-
RANJIT SHAHANI	-	NA	-	-	-

* excludes directorship in own Company and foreign Companies

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

B Board Procedure:

Board members are given appropriate documents and information in advance of each Board and Committee meeting. To enable the Board to discharge its responsibilities effectively, the Chairman & Managing Director reviews Company's overall performance.

C Succession Plan:

The Nomination and Remuneration Committee works with the Board on the leadership succession plan and prepares contingency plans for succession in case of any exigencies.

D Details of Board of Directors Meetings held during the year:

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

(1) 10 May 2017 (2) 10 August 2017 (3) 1 November 2017 (4) 8 February 2018.

The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013.

E Nomination and Remuneration Policy:

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

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

Remuneration to Directors for the year ended 31 March 2018.

i) Remuneration to Non-Executive Directors

The Non-executive Directors are paid sitting fees of ₹100,000/- (Rupees One Lakh only) for each meeting of the Board and Committees thereof except Share Transfer Committee meeting attended by them.

Director	Sitting Fees (₹ in million)
Baba Kalyani	0.10
Prakash Mehta	1.30
Shivkumar Kheny	0.90
Kannan Unni	1.20
Sugandha Hiremath	1.00
Axel Kleemann	0.30
Wolfgang Welter	0.40
Amit Kalyani	0.10

ii) Remuneration to Executive Directors ₹ in millon

Name of the Director	Salary & Perquisites	Commission	Total
Jai Hiremath	30.35	11.38	41.73
Sameer Hiremath	17.14	11.38	28.52

Shareholding of Non-Executive Directors in the Company:

Name of the Director	Number of shares held
Baba Kalyani	15,000
Prakash Mehta	9,850
Shivkumar Kheny	30,750
Kannan Unni	10,000
Sugandha Hiremath	6,445,000
Axel Kleemann	Nil
Wolfgang Welter	Nil
Amit Kalyani	Nil

The details of programs for familiarization of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are uploaded on the Company's website at the link; *http://www.hikal.com/investors/corporate_governance.htm/Familiarisation-Programme-for-Independent-Director*

III. COMMITTEES OF THE BOARD

Currently, the Board has six committees, Audit Committee, Share Transfer Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Risk Management Committee.

A. Audit Committee

Composition

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

The terms of reference of the Audit Committee include :

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

The Audit Committee invites such executives, as it considers appropriate, representatives of the Statutory Auditors and representatives of the Internal Auditors/Cost Auditors to be present at its meetings. The Company Secretary acts as the Secretary to the Audit Committee.

Meetings and Attendance

The Audit Committee met 4 (four) times during the financial year, the details of which are as under :

1) 10 May 2017 (2) 10 August 2017 (3) 1 November 2017 (4) 8 February 2018.

The attendance of the Committee meetings are as under:

Name of the Director	Number of meetings attended
Kannan Unni	4
Prakash Mehta	4
Shivkumar Kheny	4
Sugandha Hiremath	4

B. Share Transfer Committee

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

The share transfer committee met 7 (seven) times during the financial year, the details of which are as under:

(1) 4 April 2017 (2) 19 June 2017 (3) 15 November 2017 (4) 30 November 2017
(5) 11 December 2017 (6) 15 December 2017 (7) 7 March 2018

The attendance of the Committee meetings are as under:

Name of the Director	Number of meetings attended
Sugandha Hiremath	7
Jai Hiremath	7
Sameer Hiremath	5

C. Stakeholders Relationship Committee

The Committee consists of Mr. Kannan Unni, Independent Non-Executive Director, Mr. Prakash Mehta, Independent Non-Executive Director and Mrs. Sugandha Hiremath, Non-Executive Director. Mr. Kannan Unni is the Chairman of the Stakeholders Relationship Committee.

The Committee looks into redressing of shareholders/investors' complaints. No complaint was outstanding as on 1 April 2017. During the year 3 complaints were received from shareholders / investors and the same were resolved. Thus, no complaints were outstanding as on 31 March 2018.

The Stakeholder Relationship Committee Meeting was held on 8 February 2018.

The attendance of the Committee meeting is as under:

Name of the Director	Number of meetings attended
Kannan Unni	1
Prakash Mehta	1
Sugandha Hiremath	1

Compliance Officer

The Board has designated Mr. Sham Wahalekar, Sr. Vice President Finance & Company Secretary as the Compliance Officer.

D. **Nomination and Remuneration Committee**

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

During the year 2017–18, 2 (two) meetings were held on 1 November 2017 and 8 February 2018. Mr. K K Unni and Mr. Prakash Mehta attended both the meetings.

E. **Corporate Social Responsibility Committee**

The Committee consists of Mr. Jai Hiremath, Chairman & Managing Director, Mrs. Sugandha Hiremath, Non-Executive Director, Mr. Sameer Hiremath, Joint Managing Director & CEO and Mr. Prakash Mehta, Independent Non-Executive Director. Mr. Jai Hiremath is the Chairman of the Corporate Social Responsibility Committee. The Corporate Social Responsibility Committee consists of 4(four) members. The said CSR committee will considers, reviews, and amends the CSR policy/initiatives. The Committee is responsible for preparation of detailed plan on CSR activities including expenditure, type of activities & recommend the same to the Board of Directors and monitoring the mechanism for CSR activities.

During the year 2017–18, 1 meeting was held on 8 February 2018.

The attendance of the Committee meeting is as under:

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

F. **Risk Management Committee**

The Committee consists of Mr. Jai Hiremath, Chairman & Managing Director, Mr. Sameer Hiremath, Joint Managing Director & CEO, Mr. Kannan Unni, Independent Non-Executive Director, and Mr. Prakash Mehta, Independent Non-Executive Director. Mr. Jai Hiremath is the Chairman of the Risk Management Committee. The terms of reference of Risk Management Committee includes periodically reviewing the risk management and minimization procedure vis a vis the company. No meeting took place during the year 2017–18. Requirement of Risk Management Committee as per the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are not applicable to the Company. However, the risk management & minimization procedures are periodically reviewed at the Audit Committee and Board Meetings.

IV. GENERAL BODY MEETING

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

Financial Year	Location	Day, Date & Time	Special Resolutions Passed
2014-2015	Centrum Hall 'A', 1st Floor, Centre 1, World Trade Centre, Mumbai – 400 005.	Wednesday, 12 August 2015 11.00 AM	Resolution under Section 14 of the Companies Act, 2013 passed to alter Articles of Association by insertion of new Article No. 183 in respect of appointment of an individual as Chairman & Managing Director at the same time.
2015-2016	Centrum Hall 'A', 1st Floor, Centre 1, World Trade Centre, Mumbai – 400 005.	Wednesday, 10 August 2016 3:30 PM	No Special Resolution was passed at the meeting.
2016-2017	Centrum Hall 'A', 1st Floor, Centre 1, World Trade Centre, Mumbai – 400 005.	Thursday, 10 August 2017 3.30 PM	No Special Resolution was passed at the meeting.

Postal Ballot

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

1. The Company issued postal ballot notice dated 1 November 2017 to obtain the consent from the Shareholders by way of Special Resolutions through postal ballot/e-voting for :

Resolution (1): To re-appoint Mr. Jai Hiremath as Chairman & Managing Director of the Company for the period from 1 April 2018 to 30 September 2022,

Resolution (2): To re-appoint Mr. Shivkumar Kheny as Independent Director of the Company for the period from 5 May 2018 to 30 September 2022 and

Resolution (3): To re-appoint Dr. Wolfgang Welter as Independent Director of the Company for the period from 5 May 2018 to 30 September 2019.

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

After due scrutiny of all the postal ballot forms / e-voting received upto the close of the working hours on 20 February 2018 (being the last date fixed for receipt of duly filled postal ballot forms) the Scrutinizer submitted his final report on Thursday, 22 February 2018. The date of declaration of the results of postal ballot / e-voting i.e. 22 February 2018 has been taken as the date of passing of the Resolutions.

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

		Resolution 1	Resolution 2	Resolution 3
A	Number of Valid Postal Ballots forms received and e-voting by shareholders	81	81	81
B	Votes in favour of the Resolution	50,320,496	50,498,590	51,638,606
C	Votes against the Resolution	1,318,223	1,140,129	113
D	Number of invalid Postal Ballot Forms received	NIL	NIL	NIL

The votes cast assenting to all the above mentioned Special Resolutions are 100% of the total votes polled and consequently the Resolutions as mentioned in the Notice of Postal Ballot dated 1 November 2017 were passed by the shareholders by overwhelming majority.

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

V. DISCLOSURES

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

(ii) No penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any Statutory Authority on any matter related to capital markets during the last three years.

(iii) In the preparation of financial statements, the Company has followed the Accounting Standards notified under Section 133 of the Companies Act, 2013 to the extent applicable.

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

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

(vi) The Company has complied with non-mandatory requirement of Regulation 34 read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pertaining to Corporate Governance, in respect of formation of remuneration Committee / Risk Management Committee.

VI. MEANS OF COMMUNICATION

The Board Meeting Notice are published in Free Press Journal and Navashakti and the quarterly, half yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board. These are published in leading Financial/Non-financial newspapers viz: in Economic Times and Maharashtra Times.

These results and shareholding pattern of the Company at the end of each quarter are simultaneously posted on the web site of the Company at www.hikal.com. The Annual Report has detailed Chapter about Management Discussion and Analysis Report.

In line with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company has created a separate e-mail address viz. secretarial@hikal.com to receive complaints and grievances of the investors.

VII. GENERAL SHAREHOLDERS INFORMATION

(A) Annual General Meeting

Day & Date	:	Wednesday, 8 August 2018
Time	:	3.30 P. M.
Venue	:	Centrum Hall 'A', 1st Floor, Center 1, World Trade Centre, Cuffe Parade Mumbai – 400 005.

(B) Financial Calendar : 1 April to 31 March

(C) Tentative Financial Calendar 2018-19 :

1st Quarter results	on or before 14 August 2018
2nd Quarter results	on or before 14 November 2018
3rd Quarter results	on or before 14 February 2019
4th Quarter results	before end of May 2019

(D) Book Closure : 2 August 2018 to 8 August 2018 (both days inclusive)

(E) Dividend Payment Date : Dividend will be paid within 30 days from the date of declaration.

(F) Listing of Shares & Other Securities : The Shares are listed on the Stock Exchanges at BSE Limited, Mumbai, and National Stock Exchange of India Limited, Mumbai.

The Company has paid the listing fees to these Exchanges.

(G) Stock Code : Trading Symbol at :

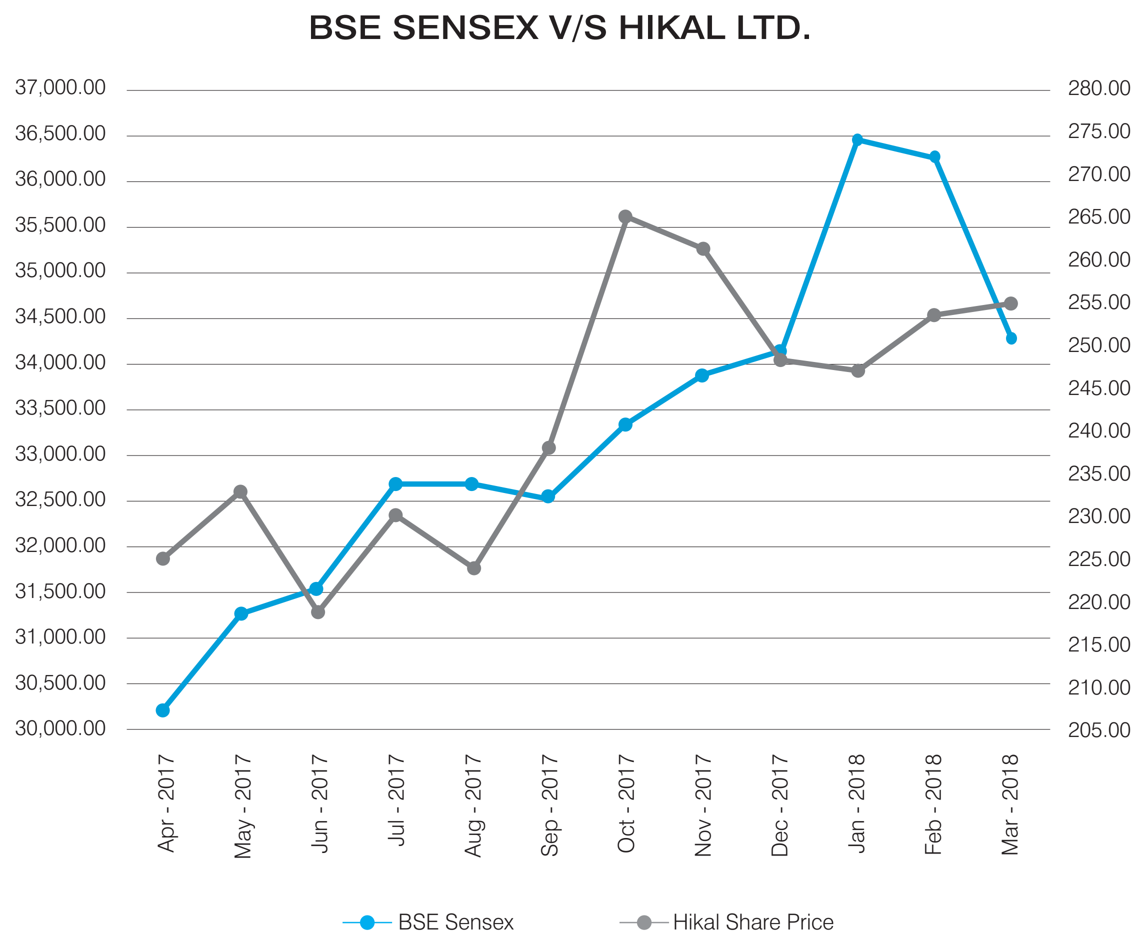
BSE Ltd. - Security ID: Hikal, Security Code - 524735,
P J Towers, Dalal Street, Fort, Mumbai 400001.
National Stock Exchange of India Ltd. (NSE) – HIKAL
Exchange Plaza, Bandra Kurla Complex Bandra (East), Mumbai 400051.
Demat ISIN Number in NSDL & CDSL – INE475B01022
CIN No. - L24200MH1988PTC048028

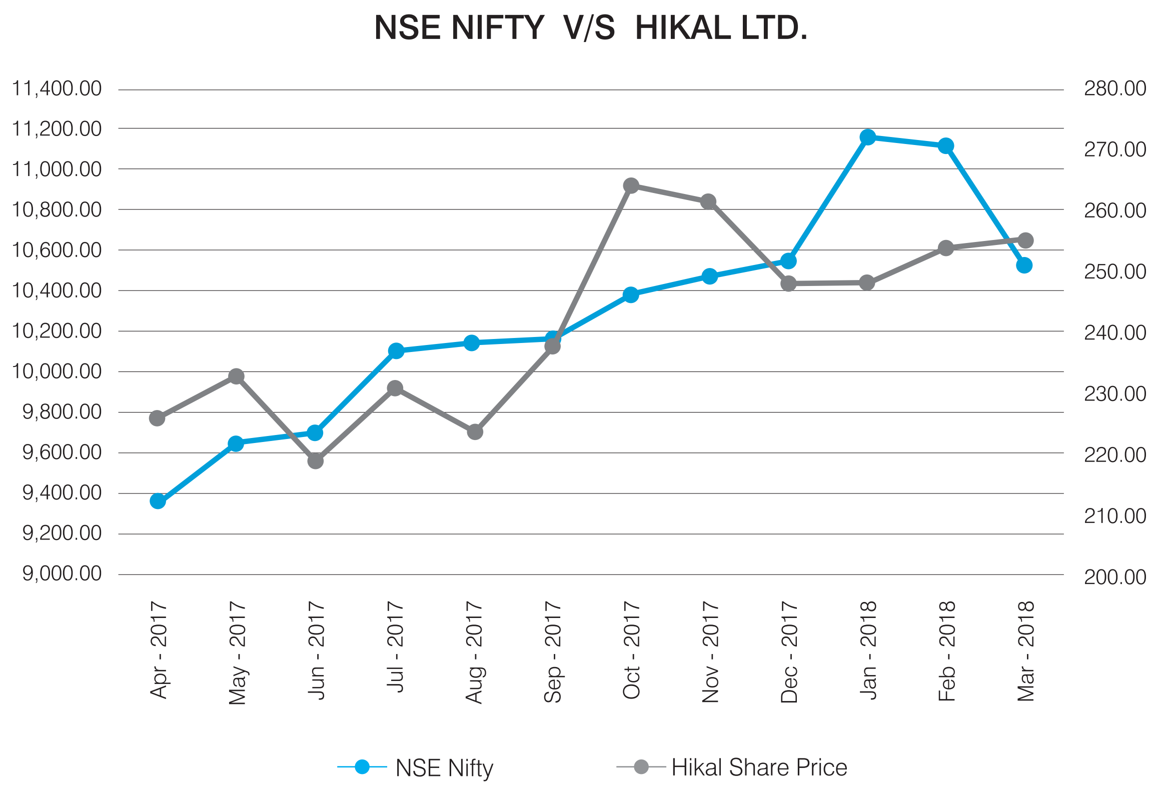
(H) Market Price Data

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

Month	BSE			NSE		
	High(₹)	Low(₹)	Close(₹)	High(₹)	Low(₹)	Close(₹)
April 2017	224.80	208.05	210.50	225.70	205.40	211.75
May 2017	233.00	201.00	207.00	232.65	200.05	206.80
June 2017	218.65	200.00	201.60	218.90	199.25	201.55
July 2017	229.80	200.00	222.80	230.80	200.60	222.95
August 2017	223.95	196.20	206.05	223.75	195.00	209.35
September 2017	237.90	203.00	211.80	237.70	202.20	212.00
October 2017	264.90	208.80	253.20	264.00	206.20	252.95
November 2017	261.35	230.40	237.35	261.20	229.80	236.70
December 2017	248.20	225.00	234.60	248.10	224.10	234.70
January 2018	247.00	217.20	219.10	248.00	217.05	219.05
February 2018	253.50	195.00	251.00	254.00	199.45	251.30
March 2018	254.80	202.15	205.45	254.95	201.55	205.75

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





(J) Share Transfer Agents

Universal Capital Securities Pvt. Ltd.
21, Shakil Niwas, Mahakali Caves Road
Opp. Satya Sai Baba Temple, Andheri (East),
Mumbai – 400 093
Phone : 022- 28207203 /04/05 Fax : 022- 28207207
Email: info@unisec.in

(K) Share Transfer System

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

(L) Distribution of Shareholding (Equity) as on 31March 2018.

Share holding Range Nominal Value of		Share holders		Share holdings		Share Amount	
From	To	Number	% To Total	Holdings	% To Total	₹	% To Total
UP TO	5,000	18,039	95.94	5,194,471	6.32	10,388,942	6.32
5,001	10,000	363	1.93	1,339,558	1.63	2,679,116	1.63
10,001	20,000	204	1.09	1,537,308	1.87	3,074,616	1.87
20,001	30,000	58	0.31	725,654	0.88	1,451,308	0.88
30,001	40,000	23	0.12	408,789	0.50	817,578	0.50
40,001	50,000	25	0.13	581,057	0.71	1,162,114	0.71
50,001	100,000	34	0.18	1,290,060	1.57	2,580,120	1.57
100,001	And Above	56	0.30	71,123,603	86.52	142,247,206	86.52
Total		**18,802**	**100.00**	**82,200,500**	**100.00**	**164,401,000**	**100.00**

(M) Shareholding pattern as on 31 March 2018 is as under:

Category of Shareholders	No. of Equity Shares	Percentage
Promoters	56,528,510	68.77
Resident Individuals	9,841,329	11.97
Mutual Funds / UTI	3,502,253	4.26
FIIs	3,351,739	4.08
Insurance Company	100,500	0.12
Foreign National	121,550	0.15
Non Resident Indians	437,825	0.53
Corporate Bodies	1,834,792	2.23
Foreign Corporate Bodies	4,826,318	5.87
Others	1,655,684	2.02

(N) Dematerialisation of Shares

93.56% (81,782,690 shares) of total equity capital is held in dematerialised form with NSDL and 5.93% (417,810 shares) of total equity capital is held in dematerialised form with CSDL as on 31 March 2018.

(O) Plant Locations

(a) MIDC, Taloja, Dist. Raigad, Maharashtra
(b) MIDC, Mahad, Dist. Raigad, Maharashtra
(c) GIDC, Panoli, Dist. Bharuch, Gujarat
(d) KIADB, Jigani, Bangalore, Karnataka
(e) Hinjewadi, Pune, Maharashtra

(P) Investor Correspondence

(i) Universal Capital Securities Pvt. Ltd.
21, Shakil Niwas, Mahakali Caves Road
Opp. Satya Sai Baba Temple, Andheri (East),
Mumbai – 400 093
Phone : 022- 28207203 /04/05 Fax : 022- 28207207
Email: info@unisec.in

(ii) **Investors Relations Center**
Mr. Sham Wahalekar – Sr. V. P. Finance & Company Secretary
603-A, Great Eastern Chambers, 6th Floor,
Sector 11, CBD Belapur, Navi Mumbai - 400 614.
Tel: 91 22 3097 3100
Fax: 91 22 3097 3281
Email: secretarial@hikal.com
Website: www.hikal.com

CEO/CFO Certification issued pursuant to the provisions of Regulation 17(8) read with Part B of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Board of Directors, 9 May 2018
Hikal Ltd.

Sub: **CEO/CFO Certificate**

We have reviewed the financial statements, read with the cash flow statements of Hikal Ltd. for the year ended 31 March 2018 and that to the best of our knowledge and belief, we state that:

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

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

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

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

(d) We have indicated to the Auditors and the Audit Committee of the Company:

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

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

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

For Hikal Ltd.

Jai Hiremath
Chairman & Managing Director
DIN:00062203

Sham Wahalekar
Company Secretary & CFO

DECLARATION

To The Members,

Hikal Ltd.

Sub: Declaration under Regulation 17 read with Schedule V (D) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As required under Regulation 17 read with Schedule V (D) of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, I hereby declare that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the year ended 31 March 2018.

For Hikal Ltd.

Jai Hiremath
Chairman & Managing Director
DIN:00062203

Mumbai,
9 May 2018

Independent Auditors' Certificate on Compliance with the Corporate Governance requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

To the Members of

Hikal Limited

1. This certificate is issued in accordance with the terms of our agreement dated 5 October 2017.
2. This report contains details of compliance of conditions of corporate governance by Hikal Limited ('the Company') for the year ended 31 March 2018 as stipulated in regulations 17-27, clause (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') pursuant to the Listing Agreement of the Company with Stock exchanges.

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

3. The compliance with the terms and conditions contained in the corporate governance is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents.

Auditors' Responsibility

4. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31 March 2018.
6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
7. 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.

Opinion

8. In our opinion, and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.
9. We state that such compliance 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.

Restriction on use

10. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it 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 for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022
Vijay Bhatt
Partner
Membership No: 036647

Place: Mumbai
Date: 9 May 2018

Independent Auditors' Report

To the members of Hikal Limited

Report on the Audit of the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Hikal Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2018, the standalone Statement of profit and loss (including other comprehensive income), the standalone Statement of changes in equity and the standalone Statement of cash flows for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements").

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs, profit (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

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

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

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

We are responsible to 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 entity's ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditors' report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of auditors' report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Independent Auditors' Report (Continued)

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the 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 statement of affairs of the Company as at 31 March 2018, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Report on other legal and regulatory requirements

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

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 standalone balance sheet, the standalone Statement of profit and loss (including other comprehensive income), the standalone cash flow statements and the standalone Statement of changes in equity dealt with by this report are in agreement with the books of account;

(d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act;

(e) on the basis of the written representations received from the directors as on 31 March 2018 taken on record by the board of directors, none of the directors are disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) with respect to the adequacy of the internal financial controls with reference to standalone Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and

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

i. the Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 40 to the standalone Ind AS financial statements;

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

iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2018; and

iv. the disclosure in the standalone Ind AS financial statements regarding holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However, amounts as appearing in the audited standalone Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

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

Vijay Bhatt
Partner
Membership No: 036647

Mumbai
9 May 2018

Annexure A to the Independent Auditors' Report - 31 March 2018

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31 March 2018, we report the following:

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

(b) The Company has a regular programme of physical verification of its property, plant and equipment, which includes freehold and leasehold land, by which the property, plant and equipment are verified by the management in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the policy, the Company has physically verified property, plant and equipment during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than leasehold land) as disclosed in Note 4 and Note 5 to the standalone Ind AS financial statements, are held in the name of the Company. In respect of leasehold lands, we have verified the lease agreements duly registered with the appropriate authorities as disclosed in Note 4 to the standalone Ind AS financial statements.

(ii) The inventory, except for goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. In respect of stocks lying with third parties at the year-end, written confirmations have been obtained. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in books of account.

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

(iv) In our opinion and according to the information and explanation given to us, the Company has not granted any loans, or provided any guarantees or security to the parties covered under Section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act in respect of the investments made.

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

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

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

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Profession tax, Income-tax, Duty of customs, Duty of excise, Sales-tax, Service tax, Goods and Services tax and, Value added tax, Cess and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

Annexure to Auditors' Report (Continued)

(b) According to the information and explanations given to us, there are no dues of Sales tax, Service tax, Duty of customs, Goods and Service tax and Value added tax as at 31 March 2018, which have not been deposited with the appropriate authorities on account of any dispute, except as stated below:

Name of the Act	Nature of the dues	Amount Demanded (₹)	Amount not deposited under disputes	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income-tax	15,292,537	15,292,537	2006-07	Deputy Commissioner of Income-Tax
Income Tax Act, 1961	Income-tax	108,810,783	92,691,237	2009-10	Commissioner of Income-Tax (appeals)
Central Excise Act, 1944	Excise duty	40,126,609	34,126,609	July-2007 to December 2011	Customs, Excise and Service Tax Appellate Tribunal, Bangalore

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues financial institutions or bank during the year. The Company does not have any loan or borrowing from government or dues to debenture holders during the year.

(ix) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by applicable Ind AS.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.

(xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the Order is not applicable to the Company.

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

Vijay Bhatt
Partner
Membership No: 036647

Mumbai
09 May 2018

Annexure B to the Independent Auditors' Report - 31 March 2018

(Referred to in our report of even date)

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

We have audited the internal financial controls over financial reporting of Hikal Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the 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 over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 auditors' judgement, including the assessment of the risks of material misstatement of the standalone Ind AS 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 system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

Vijay Bhatt
Partner
Membership No: 036647

Mumbai
9 May 2018

Standalone Balance Sheet

As at 31 March, 2018

(Currency: Indian rupees in million)

	Note	31 March 2018	31 March 2017	1 April 2016
ASSETS				
Non-current assets				
Property, plant and equipment	4	6,301.22	6,676.09	6,225.68
Capital work-in-progress	4	1,155.14	619.40	661.25
Other Intangible assets	5	34.72	7.17	6.14
Intangible assets under development	5	23.65	8.19	-
Financial Assets				
Investments	6	26.11	36.26	36.29
Others	7	5.21	40.68	12.56
Deferred tax assets (net)	8	4.59	102.19	8.58
Other non-current assets	9	966.98	539.36	687.68
Total non-current assets		8,517.62	8,029.34	7,638.18
Current assets				
Inventories	10	3,030.53	2,635.81	2,911.13
Financial Assets:				
Trade receivables	11	2,873.73	2,564.70	2,140.90
Cash and cash equivalents	12	58.22	19.25	42.90
Bank balance other than cash and cash equivalents	13	214.02	145.40	148.65
Loans	14	3.58	3.09	2.41
Other current assets	15	719.48	397.16	332.51
Total current assets		6,899.56	5,765.41	5,578.50
Total assets		15,417.18	13,794.75	13,216.68
EQUITY AND LIABILITIES				
Equity				
Equity share capital	16	164.40	164.40	164.40
Other equity				
Retained earnings		4,057.31	3,413.27	2,968.67
Other reserves	17	2,472.24	2,472.24	2,417.24
Total Equity		6,693.95	6,049.91	5,550.31
Liabilities				
Non-current Liabilities				
Financial Liabilities:				
Borrowings	18	2,966.31	3,201.52	2,877.37
Provisions	19	156.47	142.97	102.23
Total non-current liabilities		3,122.78	3,344.49	2,979.60
Current Liabilities				
Financial Liabilities:				
Borrowings	20	2,771.62	2,302.35	2,761.95
Trade payables	21			
- Payables to Micro and Small Enterprises		61.24	47.15	40.24
- Payables to others		1,584.22	1,257.16	1,238.24
Other financial liabilities	22	874.28	726.03	513.43
Other current liabilities	23	265.09	33.31	106.91
Provisions	24	35.13	11.92	22.97
Current tax liabilities (net)	25	8.87	22.43	3.03
Total current liabilities		5,600.45	4,400.35	4,686.77
Total Equity and Liabilities		15,417.18	13,794.75	13,216.68
Significant accounting policies	1-3			
The notes referred to above form an integral part of the standalone financial statements	4-52			

As per our report of even date attached

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

Vijay Bhatt
Partner
Membership No: 036647

Mumbai
9 May 2018

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

Jai Hiremath
Chairman & Managing Director- DIN: 00062203

Kannan K. Unni
Director- DIN: 00227858

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

Mumbai
9 May 2018

Standalone Statement of Profit and Loss

for the year ended 31 March 2018

(Currency: Indian rupees in million)

	Note	31 March 2018	31 March 2017
Income			
Revenue from operations	26	13,000.87	10,339.60
Other income	27	44.63	34.35
Total income		13,045.50	10,373.95
Expenses			
Cost of materials consumed	28	7,153.16	4,948.27
Changes in inventories of finished goods and work-in-progress	29	(163.44)	145.51
Excise duty		39.95	200.24
Employee benefits expense	30	1,280.58	1,166.93
Finance costs	31	491.17	482.74
Depreciation and amortization expense	4-5	855.93	691.41
Other expenses	32	2,273.21	1,906.64
Total expenses		11,930.56	9,541.74
Profit before tax		1,114.94	832.21
Income tax expense:			
Current tax (including MAT for the previous year)			
- for current year		446.97	197.16
- for earlier years		-	19.78
Deferred tax (including MAT credit entitlement for previous year)		(104.30)	(91.45)
Total tax expense		342.67	125.49
Profit for the year		772.27	706.72
Other comprehensive income			
(i) Items that will not be reclassified to profit or (loss) Remeasurements of defined benefit liability (asset)		0.82	(5.86)
Equity investments through other comprehensive income			
- net change in fair value		(0.16)	0.01
(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.28)	2.02
Other comprehensive income for the year, net of income tax		0.38	(3.83)
Total comprehensive income for the year		772.65	702.89
Earnings per equity share			
Basic and Diluted	33	9.40	8.55
Significant accounting policies	1-3		
The notes referred to above form an integral part of standalone financial statements	4-52		

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Vijay Bhatt

Partner

Membership No: 036647

Mumbai

9 May 2018

For and on behalf of the Board of Directors of Hikal Limited

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Director- DIN: 00227858

Sham Wahalekar

Chief Financial Officer & Company Secretary- CS Membership No: 8745

Mumbai

9 May 2018

Standalone statement of changes in equity

For the year ended 31 March 2018

(Currency: Indian rupees in million)

		31 March 2018	31 March 2017
(a)	Equity share capital		
	Opening balance as at	164.40	164.40
	Changes in equity share capital during the year	-	-
	Closing balance as at	164.40	164.40

(b) Other equity

	Capital reserve	Capital redemption reserve	Securities premium account	State subsidy	Contingency reserve	General reserve	Retained earnings
Balance at 1 April 2016	0.44	509.82	146.92	5.50	30.00	1,724.56	2,968.67
Total comprehensive income for the year ended 31 March 2017							
Profit for the year							706.72
Items of OCI for the year, net of tax							
Remeasurements of defined benefit liability							(3.84)
Equity investments through other comprehensive income - net change in fair value							0.01
Total comprehensive income							702.89
Transaction with owners in their capacity as owners, recorded directly in equity							
Dividends							(131.52)
Dividend distribution tax							(26.77)
Transfer from/to retained earnings						100.00	(100.00)
Adjustment on account of downward revaluation of land						(45.00)	-
Balance at 31 March 2017	**0.44**	**509.82**	**146.92**	**5.50**	**30.00**	**1,779.56**	**3,413.27**
Total comprehensive income for the year ended 31 March 2018							
Profit for the year							772.27
Items of OCI for the year, net of tax							
Remeasurements of defined benefit liability							0.54
Equity investments through other comprehensive income - net change in fair value							(0.16)
Total comprehensive income							772.65
Transaction with owners in their capacity as owners, recorded directly in equity							
Dividends							(106.86)
Dividend Distribution Tax							(21.75)
Balance at 31 March 2018	**0.44**	**509.82**	**146.92**	**5.50**	**30.00**	**1,779.56**	**4,057.31**

As per our report of even date attached

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

Vijay Bhatt
Partner
Membership No: 036647

Mumbai
9 May 2018

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

Jai Hiremath
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Director- DIN: 00227858

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

Mumbai
9 May 2018

1 Company Overview

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

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

The Company 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) (Ammendment) Rules, 2016 notified under section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The Company's standalone financial statements up to and for the year ended 31 March 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006 notified under the section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, read with Companies (Accounting Standards) amendments rules, 2016 applicable with effect from 1 April 2016 and other generally accepted accounting principles (Previous GAAP) in India and other relevant provisions of the Act.

As these are the Company's first standalone financial statements prepared in accordance with Ind AS, Ind AS 101, First-time adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 52.

The standalone financial statements for the year ended 31 March 2018 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on 9 May 2018.

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 (including derivative instruments) 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 judgements

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

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2018 are as follows:

a. Property, plant and equipment

Determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalised. Useful lives of tangible assets are based on the life prescribed in Schedule II of the Act. 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.

Notes to the standalone financial statements (Continued)

For the year ended 31 March 2018

(Currency: Indian rupees in million)

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. Recognition of deferred tax assets

Deferred tax assets are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilised business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilised.

2.5 Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values, which includes overseeing all significant fair value measurements, including Level 3 fair values by the management. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2.6 Current / non-current classification

An entity shall classify an asset as current when-

(a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;

(b) it holds the asset primarily for the purpose of trading;

(c) it expects to realise the asset within twelve months after the reporting period; or

(d) the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify all other assets as non-current.

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 liabilities as non-current.

Operating cycle

An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

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

3. Significant accounting policies

Revenue

3.1 Sale of goods

Revenue from the sale of goods includes excise duty and is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, volume rebates, Sales tax / VAT, GST, Octroi, freight and insurance. Revenue is recognised when significant risks and rewards of ownership in the goods are transferred to the buyer, collectability of the resulting receivable is reasonably assured, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of 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 profit or loss.

3.3 Employee benefits

Short-term employee benefits

Short-term employee benefits obligations are measured on an undiscounted basis and are expensed as the related service is provided. These benefits include bonus and compensated absences such as paid annual leave and sickness leave. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the amount of obligation can be estimated reliably.

Post employment employee benefits

i Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions to Provident fund, Employee State Insurance and Labour Welfare Fund and are recognised as an employee benefit expense in the statement of profit and loss on an accrual basis. Contribution to Superannuation Fund, a defined contribution scheme, administered by Life Insurance Corporation of India, based on a specified percentage of eligible employees' salary.

ii Defined benefit plans

A defined benefit plan is a post-employee benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined liability (asset) after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to gratuity benefit scheme are recognised in profit or loss.

Notes to the standalone financial statements (Continued)

For the year ended 31 March 2018

(Currency: Indian rupees in million)

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 Recognition of dividend income, interest income or expense

Interest income or expense is recognised using the effective interest rate method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

Dividend income is recognised in the statement of profit or loss on the date on which the Company's right to receive the payment is established.

3.5 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or 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 curent tax liabilities are offset only if, the Company:

a) has a legally enforceable right to set off the recognised amounts; and

b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

ii Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable Company.

3.6 Inventories

Inventories which comprise raw materials, packing materials, work-in-progress and finished goods are carried at the lower of cost and net realisable value. The cost of inventories is based on weighted average formula and includes expenditure incurred in acquiring the inventories, costs of production or conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of fixed production overheads based normal operating capacity of production facilities. 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.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value. The comparison of cost and net realisable value is made on an item-by-item basis.

3.7 Property, plant and equipment

i Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property, plant and equipment comprises:

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

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

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

Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in the statement of profit and loss. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted and depreciated for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in the statement of profit and loss.

ii Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the 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 Group provides depreciation on the straight-line method. The Group believes that straight line method reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Group. Based on internal technical evaluation, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc: the management believes useful lives of the assets are appropriate. The depreciation method is reviewed at least at each financial year-end and, if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate in accordance with Ind AS 8 -Accounting Policies, Changes in Accounting Estimates and Errors

The residual value and the useful life of an asset is reviewed at least at each financial year-end. Depreciation is calculated using the straight-line method on cost of items of property, plant and equipment less their estimated residual values over the estimated useful lives prescribed under Schedule II of the Act, except for certain assets in ‘Plant and Machinery’, where based on internal assessment and technical evaluation carried out, management believes that the useful life is 20 years, which is higher and different from the useful life of 15 years as prescribed under Part C of Schedule II of the Act.

Notes to the standalone financial statements (Continued)

For the year ended 31 March 2018
(Currency: Indian rupees in million)

The estimated useful lives of items of property, plant and equipment are as follows:

Tangible Assets	Life defined	Useful life a s 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	10	10
Office equipment	5	5
Computers	3	3
Ships	30	20

Leasehold land is amortised over the duration of the lease.

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 and similar amount is transferred from revaluation reserve to general reserve.

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

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

iv Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment. (refer note 4)

3.8 Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of that asset till the date it is ready for its intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

3.9 Intangible assets

i Recognition and measurement

Expenditure on research activities is recognised in the statement of profit and loss as incurred.

Development expenditure is capitalised as part of the cost of the research and development, only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the 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 profit or 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.

iv Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

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 Company becomes a party to the contractual provisions of the instrument.

A financial asset is initially measured at fair value. In the case of financial assets which are recognised at fair value through profit and loss (FVTPL), the transaction costs are recognised in the statement of profit and loss. In other cases, the transaction costs are attributed to the acquisition value of the financial asset.

ii Classification

On initial recognition, a financial asset is classified as measured at

- amortised cost; or
- fair value through profit or loss (FVTPL); or
- fair value through other comprehensive income (FVOCI)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment- by- investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

Notes to the standalone financial statements (Continued)

For the year ended 31 March 2018

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– 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 profit or 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 profit or 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 to profit or loss.

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.

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 profit or 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 profit or loss.

iv Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

c Derivative financial instruments

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each reporting period. Any changes therein are generally recognised in the profit and loss account.

d Investment in subsidiaries

Investment in subsidiaries is carried at cost in the standalone financial statements.

3.11 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 disclosure is made.

3.12 Leases

i Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

ii Assets held under lease

Leases of property, plant and equipment that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to the similar owned asset.

Assets held under leases that do not transfer to the Company substantially all risks and rewards of ownership are classified as operating leases and are not recognised in the Company's statement of financial position.

3.13 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 recoveable 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 Comapny 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.

Notes to the standalone financial statements

For the year ended 31 March 2018
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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 Company's cash management.

3.15 Earnings per share (EPS)

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

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

3.16 Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective subsequent years as mentioned below:

Ind AS 115 – Revenue from Contracts with Customers (applicable for annual periods beginning on or after April 1, 2018)

Ind AS 21 – The effect of changes in Foreign Exchange rates (applicable for annual periods beginning on or after April 1, 2018)

Ind AS 116 – Leases (applicable for annual periods beginning on or after April 1, 2019)

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 – Revenue, Ind AS 11 – Construction Contracts when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

(Currency: Indian rupees in million)

4 Property, plant and equipment

Description	Gross block					Accumulated Depreciation				Net block	
	As at 1 April 2017	Additions	Deductions	Adjustments of exchange difference on borrowings	As at 31 March 2018	As at 1 April 2017	Charge for the year	Deductions	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
Freehold land	579.18	-	-	-	579.18	-	-	-	-	579.18	579.18
Leasehold land	657.59	34.12	-	-	691.71	8.75	8.92	-	17.67	674.04	648.84
Buildings	1,372.27	131.62	-	-	1,503.89	60.51	62.59	-	123.10	1,380.79	1,311.76
Plant and machinery	4,493.27	269.39	-	(1.58)	4,761.08	568.70	724.46	-	1,293.16	3,467.92	3,924.57
Electrical equipments and installations	81.76	12.06	-	-	93.82	22.75	20.17	-	42.92	50.90	59.01
Office equipments	36.01	18.62	-	-	54.63	6.61	16.07	-	22.68	31.95	29.40
Furniture and fixtures	47.00	11.42	-	-	73.89	11.63	15.97	-	27.60	46.29	50.85
Leasehold Improvements	5.51	0.03	-	-	5.54	0.14	0.98	-	1.12	4.42	5.37
Vehicles	41.87	2.29	-	-	44.16	8.70	1.74	-	10.44	31.47	33.17
Ships	35.75	-	-	-	35.75	1.80	1.94	-	3.74	32.01	33.95
Total	7,365.68	479.55	-	(1.58)	7,843.65	689.59	852.84	-	1,542.43	6,301.22	6,676.09
Capital work in progress										1,155.14	619.40

As at 31 March 2018

(Currency: Indian rupees in million)

4 Property, plant and equipment (Previous year)

Description	Gross block						Accumulated Depreciation				Net block	
	As at 1 April 2016	Additions	Deductions	Adjustments of revaluation on land	Adjustments of exchange difference on borrowings	As at 31 March 2017	As at 1 April 2016	Charge for the year	Deductions	As at 31 March 2017	As at 31 March 2017	As at 31 March 2016
Freehold land	787.38	-	163.20	45.00	-	579.18	-	-	-	-	579.18	787.38
Leasehold land	643.47	14.12	-	-	-	657.59	-	8.75	-	8.75	648.84	643.47
Buildings	1,260.50	126.90	15.13	-	-	1,372.27	-	60.51	-	60.51	1,311.76	1,260.50
Plant and machinery	3,350.76	1,183.21	10.13	-	(30.57)	4,493.27	-	568.70	-	568.70	3,924.57	3,350.76
Electrical equipments and installations	63.96	18.12	0.32	-	-	81.76	-	22.75	-	22.75	59.01	63.96
Office equipments	15.43	24.09	3.51	-	-	36.01	-	6.61	-	6.61	29.40	15.43
Furniture and fixtures	37.35	25.26	0.14	-	-	62.47	-	11.63	-	11.63	50.84	37.35
Leasehold Improvements	5.51	-	-	-	-	5.51	-	0.14	-	0.14	5.37	5.51
Vehicles	25.56	16.30	-	-	-	41.87	-	8.70	-	8.70	33.17	25.57
Ships	35.75	-	-	-	-	35.75	-	1.80	-	1.80	33.95	35.75
Total	**6,225.68**	**1,408.00**	**192.43**	**45.00**	**(30.57)**	**7,365.68**	**-**	**689.59**	**-**	**689.59**	**6,676.09**	6,225.68
Capital work in progress											**619.40**	661.25

Note:

a. The Company has availed the deemed cost exemption in relation to the property, plant and equipment on the date of transition i.e. 1 April 2016 and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer note below for the gross block value and the accumulated depreciation on 1 April 2016 under the previous GAAP

Description	Freehold land	Leasehold land	Buildings	Plant and machinery	Electrical equipments and installations	Office equipments	Furniture and fixtures	Leasehold Improvements	Vehicles	Ships
Gross Block	787.38	715.81	1,775.07	7,557.18	254.73	137.47	124.16	5.56	49.42	51.56
Accumulated Depreciaton	-	72.34	514.57	4,206.42	190.77	122.04	86.81	0.05	23.85	15.81
Net Block	**787.38**	**643.47**	**1,260.50**	**3,350.76**	**63.96**	**15.43**	**37.35**	**5.51**	**25.57**	**35.75**

b. Exchange differences of ₹ 1.58 million (P.Y. ₹ 30.57 million) has been included in the additions to fixed assets post the exercise of option in terms of Para 46A of AS11 (pursuant to notification dated 29 December 2011 issued by the Ministry of Corporate Affairs.)

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

Particulars	As at 31 March 2018	As at 31 March 2017
Gross block	**23.23**	23.23
Accumulated depreciation	**6.40**	3.20
Net block	**16.83**	20.03
Depreciation charge for the year	**3.20**	3.20

For the year ended 31 March 2018

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Note 5

Other intangible assets

Description	Gross block				Accumulated Amortisation				Net block	
	As at April 01, 2017	Additions	Deductions	As at 31 March 2018	As at 1 April 2017	Change for the year	Deductions	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
Computer software	8.99	30.64	-	39.63	1.82	3.09	-	4.91	34.72	7.17
Total	8.99	30.64	-	39.63	1.82	3.09	-	4.91	34.72	7.17
Intangible assets under development									23.65	8.19

Other intangible assets (Previous year)

Description	Gross block				Accumulated Amortisation				Net block	
	As at April 01, 2016	Additions	Deductions	As at 31 March 2017	As at 1 April 2016	Change for the year	Deductions	As at 31 March 2017	As at 31 March 2017	As at 31 March 2016
Computer software	6.14	2.85	-	8.99	-	1.82	-	1.82	7.17	6.14
Total	6.14	2.85	-	8.99	-	1.82	-	1.82	7.17	6.14
Intangible assets under development									8.19	-

Notes:

a. The Company has availed the deemed cost exemption in relation to the other intangible assets on the date of transition i.e. 1 April 2016 and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer note below for the gross block value and the accumulated depreciation on 1 April 2016 under the previous GAAP

Description	Computer software
Gross Block	13.16
Accumulated Depreciation	7.02
Net Block	**6.14**

		31 March 2018	31 March 2017	1 April 2016
6	**Non-Current Investments**			
	Investments in equity instruments:			
A	**Unquoted**			
i)	Subsidiary company			
	Acoris Research Limited 15,050,080 Equity Shares of face value ₹ 10 each (PY: 15,050,080 Equity Shares of face value ₹10 each)	0.10	0.10	0.10
ii)	Other Investments			
	223,164 (P.Y. 223,164) Equity shares of ₹ 10 each of Bharuch Eco Aqua. Infrastructure Limited fully paid-up	6.67	6.67	6.67
	30,000 (P.Y. 30,000) Equity shares of ₹ 10 each of Panoli Enviro Technilogy Limited fully paid-up	0.70	0.70	0.70
	14,494 (P.Y. 14,494) Equity shares of ₹ 100 each MMA CETP Co-operative Society Limited fully paid-up	1.45	1.45	1.45
	16% (P.Y. 16%) equity shares of Jiangsu Chemstar Chemical Co Limited fully paid-up	15.47	25.47	25.47
B	**Quoted**			
	10,000 (P.Y. 10,000) Equity shares of ₹ 10 each of Bank of Baroda fully paid-up	1.44	1.49	1.52
	2,900 (P.Y. 2,900) Equity shares of ₹ 10 each of Union bank of India fully paid-up	0.28	0.38	0.38
	Total non-current investments (A + B)	26.11	36.26	36.29
	Aggregate amount of quoted investments	1.72	1.87	1.90
	Aggregate market value of quoted investments	1.72	1.87	1.90
	Aggregate amount of unquoted investments	34.39	34.39	34.39
	Aggregate amount of impairment in value of investments	(10.00)	-	-
		26.11	36.26	36.29

Note: Investment in Hikal International BV (100% Subsidiary of the Company) of 7200 equity shares of Euro 10 each fully paid-up has been fully written-off in earlier years.

Notes to the standalone financial statements (Continued)

For the year ended 31 March 2018
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		31 March 2018	31 March 2017	1 April 2016
7	**Other financial assets**			
	Unsecured and considered good			
	To related parties			
	Loan to subsidiary - Hikal International BV	-	-	10.63
	To other than related parties			
	Loans to employee	3.27	2.46	1.93
	Deposits with original maturity of more than 12 months	1.94	38.22	-
		5.21	40.68	12.56
8	**Deferred tax assets (net)**			
	Mat credit entitlement	369.89	572.07	487.94
	Deferred tax liabilities (Refer Note 35)	(365.30)	(469.88)	(479.36)
		4.59	102.19	8.58
9	**Other non-current assets**			
	Unsecured and considered good			
	To other than related parties			
	Security deposit	70.00	70.04	59.82
	Prepaid expenses	14.47	21.25	5.39
	VAT/ CST refund receivable	40.28	142.48	217.10
	Balance with government authorities	667.89	165.62	228.12
	Capital advances	104.34	69.97	107.25
		896.98	469.36	617.68
	To related parties			
	Security deposits - given to Director	70.00	70.00	70.00
		70.00	70.00	70.00
	Total	966.98	539.36	687.68
10	**Inventories**			
	Valued at the lower of cost and net realisable value			
	Raw materials (includes goods in transit of ₹ 0.93 million, 31 March 2017 ₹ 99.57 million, 1 April 2016 ₹ 113.23 million)	1,939.74	1,762.59	1,870.59
	Packing materials	14.68	16.15	13.93
	Work-in-progress	522.14	395.90	460.17
	Finished goods	390.14	352.94	434.18
	Stores and spares	163.83	108.23	132.26
		3,030.53	2,635.81	2,911.13

Inventories which comprise raw materials, packing materials, work-in-progress and finished goods are carried at the lower of cost and net realisable value. (See detailed accounting policy in Note 3.6)

The write-down of inventories to net realisable value during the year amounted to ₹ 41.25 million (31 March 2017: ₹ 31.25 million; 1 April 2016: ₹ 28.75 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.

		31 March 2018	31 March 2017	1 April 2016
11	**Trade receivables**			
	(Unsecured)			
	Considered good	2,894.84	2,596.65	2,153.78
	Considered doubtful	23.25	21.41	77.21
		2,918.09	2,618.06	2,230.99
	Loss allowance			
	Considered good	(21.11)	(31.95)	(12.87)
	Doubtful	(23.25)	(21.41)	(77.21)
		(44.36)	(53.36)	(90.09)
	Net trade receivable	2,873.73	2,564.70	2,140.90

(Currency: Indian rupees in million)

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.

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 38.

		31 March 2018	31 March 2017	1 April 2016
12	**Cash and cash equivalents**			
	Bank balances in			
	- Current account	39.74	17.91	35.47
	- Exchange earners foreign currency	0.04	0.09	1.79
	- Fixed deposit account (with original maturity of 3 months or less)	17.46	-	4.20
	Cash on hand	0.98	1.25	1.44
	Cash and cash equivalents in the statement of cash flows	58.22	19.25	42.90
13	**Bank balance other than cash and cash equivalents**			
	Other bank balances:			
	Bank deposits due to mature within 12 months of the reporting date	211.65	143.07	146.67
	Unpaid dividend accounts	2.37	2.33	1.98
		214.02	145.40	148.65

Deposits given as security

1) Margin money deposits with a carrying amount as at 31 March 2018 ₹ 96.20 million (As at 31 March 2017 ₹ 77.66 million) (As at 1 April 2016 ₹ 80.37 million) are subject to first charge to secure the Company's working capital loans.

2) Bank deposits with a carrying amount as at 31 March 2018 ₹ 134.84 million (As at 31 March 2017 ₹ 103.63 million) (As at 1 April 2016 ₹ 67.65 million) are subject to exclusive first charge to secure the Company's rupee term loans and external commercial borrowing term loan from one bank.

		31 March 2018	31 March 2017	1 April 2016
14	**Loans**			
	(Unsecured)			
	To parties other than related parties			
	Loans to employees	3.58	3.09	2.41
		3.58	3.09	2.41
15	**Other current assets**			
	(Unsecured)			
	To parties other than related parties			
	Advance to suppliers			
	Considered good	125.15	44.81	73.21
	Considered doubtful	10.00	5.00	24.41
	Advance to suppliers	135.15	49.81	97.62
	Less: Provision for doubtful advances	(10.00)	(5.00)	(24.41)
		125.15	44.81	73.21
	Balance with government authorities	448.04	245.04	169.09
	Advance to employees	1.31	-	-
	VAT / CST refund receivable	97.44	68.42	52.41
	Prepaid expenses	39.80	34.42	35.09
	Interest accrued on fixed deposit	7.74	4.47	2.71
		719.48	397.16	332.51

Notes to the standalone financial statements (Continued)

For the year ended 31 March 2018
(Currency: Indian rupees in million)

		31 March 2018	31 March 2017	1 April 2016
16	**Share Capital**			
	Authorised share capital			
	Equity	**250**	250	250
	Par value per share (₹)	**2**	2	2
	Number of equity shares	**125,000,000**	125,000,000	125,000,000
	Preference shares	**500**	500	500
	Par value per share (₹)	**100**	100	100
	Number of Preference shares	**5,000,000**	5,000,000	5,000,000
	Issued, subscribed and fully paid up -Equity	**164.40**	164.40	164.40
	Par value per share (₹)	**2**	2	2
	Number of Equity shares	**82,200,500**	82,200,500	82,200,500

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

Equity shares

	31 March 2018		31 March 2017	
	No.millions	₹ in millions	No.millions	₹ in millions
At the beginning and at the end of the year	**82.20**	**164.40**	82.20	164.40

b. 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.

c Details of shareholders holding more than 5% of shares:

	31 March 2018		31 March 2017	
	No of Shares	%	No of Shares	%
Equity shares of ₹ 2 (P.Y. ₹ 2) each fully paid				
Kalyani Investment Company Limited	**25.78**	**31.36**	25.78	31.36
Shri Badrinath Investment Private. Limited	**13.28**	**16.15**	13.28	16.15
Shri Rameshwara Investment Private Limited	**6.54**	**7.96**	6.54	7.96
Sugandha J Hiremath	**6.45**	**7.84**	6.45	7.84
International Finance Corporation	**4.80**	**5.84**	6.76	8.23
Reliance Capital Trustee Company Limited	**1.46**	**1.75**	4.84	5.90

		Note	31 March 2018	31 March 2017	1 April 2016
17	**Other equity**				
	Capital reserve	i	**0.44**	0.44	0.44
	Capital redemption reserve	ii	**509.82**	509.82	509.82
	Securities premium account	iii	**146.92**	146.92	146.92
	State subsidy	iv	**5.50**	5.50	5.50
	Contingency reserve	v	**30.00**	30.00	30.00
	General reserve	vi	**1,779.56**	1,779.56	1,724.56
			2,472.24	2,472.24	2,417.24

(Currency: Indian rupees in million)

		31 March 2018	31 March 2017	1 April 2016
A	**Notes**			
i	**Capital reserve**			
	Opening balance	0.44	0.44	0.44
	Additions during the year	-	-	-
	Closing balance	0.44	0.44	0.44
ii	**Capital redemption reserve**			
	Opening balance	509.82	509.82	509.82
	Additions during the year	-	-	-
	Closing balance	509.82	509.82	509.82
iii	**Securities premium account**			
	Opening balance	146.90	146.90	146.90
	Additions during the year	-	-	-
	Closing balance	146.90	146.90	146.90
iv	**State subsidy**			
	Opening balance	5.50	5.50	5.50
	Additions during the year	-	-	-
	Closing balance	5.50	5.50	5.50
v	**Contingency reserve**			
	Opening balance	30.00	30.00	30.00
	Additions during the year	-	-	-
	Closing balance	30.00	30.00	30.00
vi	**General reserve**			
	Opening balance	1779.56	1724.56	1724.56
	Transferred from retained earnings	-	100	-
	Adjustment on account of downward revaluation of land	-	45	-
	Closing balance	1779.56	1779.56	1724.56

B **Nature and purpose of reserves**

i. Capital reserve

Capital reserve is created on merger/amalgamation.

ii. Capital redemption reserve

Capital redemption reserve represents redemption of redeemable cumulative preference shares in earlier years.

iii. Securities premium account

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Act.

iv. State subsidy

State subsidy is created on receipt of government grants for setting up the factories in backward areas.

v. Contingency reserve

Contingency reserve is created by transferring funds from retained earnings to meet future contingencies.

vi. General reserve

General Reserve is a free reserve which is created by transferring funds from retained earnings to meet future obligations or purposes. The revaluation reserve as on 1 April 2016 has been transferred to general reserve.

Notes to the standalone financial statements (Continued)

For the year ended 31 March 2018

(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 2018	31 March 2017
Interim equity dividend paid for financial year 2015-16 at ₹ 0.50 per equity share	-	41.10
Final equity dividend paid for financial year 2015-16 at ₹ 0.50 per equity share	-	41.10
Interim equity dividend paid for financial year 2016-17 at ₹ 0.60 per equity share	-	49.32
Final equity dividend paid for financial year 2016-17 at ₹ 0.60 per equity share	49.32	-
Interim equity dividend paid for financial year 2017-18 at ₹ 0.70 per equity share	57.54	-
Dividend distribution tax on the equity dividend paid above	21.75	26.77
Total	128.61	158.29

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 whcih they have been approved by the Annual General Meeting. Dividends would attract dividend distribution tax when declared or paid:

	31 March 2018	31 March 2017
Final equity dividend proposed for financial year 2017-18 at ₹ 0.50 per equity share	41.10	-
Dividend distribution tax on the equity dividend proposed above	8.37	-
Total	49.47	-

18 Borrowings

	31 March 2018	31 March 2017	1 April 2016
Term loans from banks			
Rupee (refer note a (i) and b (i) below)	1,172.25	1,269.66	1,232.79
External commercial borrowing (refer note a (ii) and b (i) below)	1,002.68	732.31	192.79
Term loans from financial institutions			
Rupee (refer note a (iii) and b (ii) below)	558.01	660.82	620.27
External commercial borrowings (refer note a (iv) and b (ii) below)	-	262.19	534.82
Term loans from others			
Rupee (refer note a (v) and b (iii) below)	228.13	266.33	290.12
Vehicle loans			
From banks -Rupee (refer note a (vi) and b (iv) below)	0.50	1.29	2.73
From Others -Rupee (refer note a (vi) and b (iv) below)	4.74	8.92	3.85
	2,966.31	3,201.52	2,877.37

a Nature of security and terms of repayment for secured borrowings :

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 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.

ii External Commercial borrowing from one bank is secured by first pari passu charge on the fixed assets of the Company's plants situated at Taloja, Panoli and Bangalore 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 office at CBD Belapur (Navi Mumbai) and second pari passu charge on entire current assets both present and future.

iv External Commercial borrowing 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 and second pari passu charge on entire current assets both present and future.

v Rupee term loan from others is secured by first pari passu charge on the fixed assets of the Company's plants situated at Taloja, Panoli, Bangalore, R & D centre at Pune and office at CBD Belapur (Navi Mumbai) and second pari passu charge on entire current assets both present and future.

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

b. i) Terms of repayment as on 31 March 2018 are as under :

(i)	US $ in Million	₹ In Million	Repayment Terms	Interest Rate p.a.
a	-	359.17	Repayble quarterly - 20 instalments of ₹ 18.00 Mio starting from 30.06.2018	10.65%
b	-	89.01	Repayble quarterly - 20 instalments of ₹ 4.50 Mio starting from 30.06.2018	10.60%
c	-	574.23	Repayble quarterly - 20 instalments of ₹ 29.25 Mio starting from 30.06.2018	10.75%
d	-	177.21	Repayble quarterly - 20 instalments of ₹ 9.00 Mio starting from 30.06.2018	10.90%
e	-	176.92	Repayble quarterly - 20 instalments of ₹ 9.00 Mio starting from 30.06.2018	11.20%
f	15.41	1,002.58	Repayble quarterly - 18 instalments of US $ 0.890 Mio each starting 10.07.2019	3M Libor + 395 bps

(ii)	US $ in Million	₹ In Million	Repayment Terms	Interest Rate p.a.
a	-	661.45	Repayble quarterly - 20 instalments of ₹ 33.75 Mio starting from 30.06.2018	10.20%
b	2.01	130.53	Repayable half yearly - 2 instalments of US $ 1 Mio each starting from 15.07.2018	6M Libor + 300 bps
c	2.01	130.44	Repayable half yearly - 2 instalments of US $ 1 Mio each starting from 15.07.2018	6M Libor + 320 bps

(iii)	US $ in Million	₹ In Million	Repayment Terms	Interest Rate p.a.
	-	267.01	Repayble quarterly - 20 instalments of ₹ 13.50 Mio starting from 30.06.2018	10.45%

(iv)	US $ in Million	₹ In Million	Repayment Terms	Interest Rate p.a.
a	-	0.26	Repayble monthly EMI of ₹ 0.025 Mio	10.49%
b	-	0.30	Repayble monthly EMI of ₹ 0.150 Mio	9.87%
c	-	0.19	Repayble monthly EMI of ₹ 0.039 Mio	10.25%
d	-	0.52	Repayble monthly EMI of ₹ 0.070 Mio	10.74%
e	-	0.97	Repayble monthly EMI of ₹ 0.047 Mio	10.26%
f	-	0.07	Repayble monthly EMI of ₹ 0.066 Mio	10.26%
g	-	7.91	Repayble monthly EMI of ₹ 0.315 Mio	9.24%

Notes to the standalone financial statements (Continued)

For the year ended 31 March 2018
(Currency: Indian rupees in million)

b. ii) Terms of repayment as on 31 March 2017 are as under :

(i)	US $ in Million	₹ In Million	Repayment Terms	Interest Rate p.a.
a	-	327.71	Repayable quarterly - 24 instalments of ₹ 14.03 Mio starting from 30 Jun 2017	11.15%
b	-	96.78	Repayable quarterly - 24 instalments of ₹ 4.08 Mio starting from 30 Jun 2017	11.20%
c	-	623.91	Repayable quarterly - 24 instalments of ₹ 26.54 Mio starting from 30 Jun 2017	11.40%
d	-	169.03	Repayable quarterly - 24 instalments of ₹ 7.22 Mio starting from 30 Jun 2017	11.50%
e	-	175.67	Repayable quarterly - 24 instalments of ₹ 7.47 Mio starting from 30 Jun 2017	11.70%
f	11.29	732.24	Repayable quarterly - 18 instalments of US $ 0.667 Mio each starting 25 May 2019	3M Libor + 395 bps

(ii)	US $ in Million	₹ In Million	Repayment Terms	Interest Rate p.a.
a	-	720.74	Repayable quarterly - 24 instalments of ₹ 30.63 Mio starting from 30 Jun 2017	11.15%
b	4.02	261.06	Repayable half yearly - 4 instalments of US $ 1 Mio each starting from 15 Jul 2017	6M Libor + 300 bps
c	4.01	260.57	Repayable half yearly - 4 instalments of US $ 1 Mio each starting from 15 Jul 2017	6M Libor + 320 bps

(iii)	US $ in Million	₹ In Million	Repayment Terms	Interest Rate p.a.
	-	290.31	Repayable quarterly - 24 instalments of ₹ 12.25 Mio starting from 30 Jun 2018	11.15%

(iv)	US $ in Million	₹ In Million	Repayment Terms	Interest Rate p.a.
a	-	0.52	Repayable monthly EMI of ₹ 0.025 Mio	10.49%
b	-	1.98	Repayable monthly EMI of ₹ 0.150 Mio	9.87%
c	-	0.62	Repayable monthly EMI of ₹ 0.039 Mio	10.25%
d	-	1.26	Repayable monthly EMI of ₹ 0.070 Mio	10.74%
e	-	1.41	Repayable monthly EMI of ₹ 0.047 Mio	10.26%
f	-	0.81	Repayable monthly EMI of ₹ 0.066 Mio	10.26%
g	-	10.81	Repayable monthly EMI of ₹ 0.315 Mio	9.24%

For the year ended 31 March 2018

(Currency: Indian rupees in million)

		31 March 2018	31 March 2017	1 April 2016
19	**Long -term provisions**			
	Term loans from banks			
	Provision for gratuity (Refer Notes 36)	78.58	72.63	52.74
	Provision for compensated absences	77.89	70.34	49.49
		156.47	142.97	102.23
20	**Short-term borrowings**			
	Secured			
	Loans repayable on demand from banks			
	Working capital loan -Rupee (refer note a and b below)	790.77	649.69	735.16
	Working capital loan -Foreign currency (refer note a and b below)	657.51	644.48	984.20
	Bill discounting (Refer note a iv)	1,323.34	1,008.18	1,042.59
		2,771.62	2,302.35	2,761.95

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

i Working capital loans from IDBI Bank Limited of ₹ 350 Million are secured by an exclusive charge on fixed assets of the Company's plant situated at Mahad.

ii Working capital loans from Standard Chartered Bank of ₹ 200 Million are secured by a first pari passu charge on office premises of the Company at CBD Belapur (Navi Mumbai).

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

iv Loans availed under bill discounting facility are secured against specific receivables, have tenure of 30 to 90 days and carry interest ranging between 1.5% to 10.50%

b. Working capital loans are repayable on demand and carry interest ranging from 1.5% to 13.30 % p.a.

		31 March 2018	31 March 2017	1 April 2016
21	**Trade payables**			
	Trade payables			
	Payables to Micro and Small Enterprises (Refer Note 41)	61.24	47.15	40.24
	Payables to others	1,584.22	1,257.16	1,238.24
		1,645.46	1,304.31	1,278.48

The Company's exposure to currency and liquidity risk related to trade payable is disclosed in Note 38

		31 March 2018	31 March 2017	1 April 2016
22	**Other financials liabilities**			
	Current maturities of long-term debt	612.99	474.59	363.56
	Current maturities of finance lease obligations	-	-	0.42
	Interest accrued but not due on borrowings	18.60	24.02	25.43
	Payables for capital purchases	130.25	126.92	39.19
	Employee benefits payable	112.44	100.50	84.83
		874.28	726.03	513.43
23	**Other current liabilities**			
	Unpaid dividend	2.37	2.33	1.98
	Advances from customers	182.47	7.08	80.22
	Statutory dues payable			
	-Provident fund	4.01	7.67	3.31
	-Employees' state insurance	0.16	0.13	0.02
	-Tax deducted at source	16.44	12.20	19.54
	-GST /Value added tax	59.37	3.65	1.61
	-Profession tax	0.27	0.25	0.23
		265.09	33.31	106.91
24	**Short -term provisions**			
	Provision for gratuity (Refer note 36)	12.26	3.34	7.41
	Provision for compensated absences	22.87	8.58	15.56
		35.13	11.92	22.97
25	**Current tax liabilities (net)**			
	Provision for tax	8.87	22.43	3.03
	[Net of advance tax ₹ 561.23 million (31 March 2017 : ₹ 302.50 million and 1 April 2016 : ₹ 230 million)]			
		8.87	22.43	3.03

Notes to the standalone financial statements (Continued)

For the year ended 31 March 2018
(Currency: Indian rupees in million)

		31 March 2018	31 March 2017
26	**Revenue from Operations**		
	Sale of products(including excise duty)	12,802.42	10,196.67
	Sale of services	20.91	6.42
	Other operating revenues		
	Export incentive	161.72	123.92
	Scrap sales	15.82	12.59
	Revenue from operations	13,000.87	10,339.60
27	**Other income**		
	Dividend received on non current investment	0.01	0.01
	Interest income on		
	Bank deposit	13.48	12.44
	Other	16.98	12.69
	Provision for doubtful debts written back	9.00	-
	Miscellaneous income	5.16	9.21
		44.63	34.35
28	**Cost of materials consumed**		
	Raw material consumed	1,762.59	1,870.59
	Add: Purchase	7,330.31	4,840.27
	Less: Closing stock	1,939.74	1,762.59
		7,153.16	4,948.27
29	**Changes in inventories of finished goods and Work-in-progress**		
	Opening stock		
	Finished goods	352.94	434.18
	Work-in-progress	395.90	460.17
		748.84	894.35
	Less: Closing stock		
	Finished goods	390.14	352.94
	Work-in-progress	522.14	395.90
		912.28	748.84
		(163.44)	145.50
30	**Employee benefits expense**		
	Salaries and wages	1,108.70	1,012.47
	Contribution to provident and other funds	51.37	46.96
	Grautity expenses (Refer Note 36)	22.01	14.40
	Staff welfare expense	98.50	93.10
		1,280.58	1,166.93
31	**Finance costs**		
	Interest on rupee term loans	306.13	306.07
	Interest on foreign currency term loans	4.61	9.23
	Interest on working capital loans	78.84	112.00
	Interest on bills discounted	54.98	42.39
	Other interest	11.83	9.52
	Bank charges	27.84	3.53
	Exchange difference to the extent considered as an adjustment to borrowing costs	6.94	-
		491.17	482.74

(Currency: Indian rupees in million)

		31 March 2018	31 March 2017
32	**Other expenses**		
	Consumption of stores and spares	198.44	167.75
	Processing charges	14.29	15.03
	Power and fuel	1,084.05	856.29
	Advertisement	1.61	0.64
	Rent (Refer note 37)	18.17	21.40
	Rates and taxes	8.96	10.49
	Insurance	16.11	20.51
	Repairs and maintenance		
	- Plant and machinery	146.29	106.03
	- Buildings	31.45	22.41
	- Others	114.35	72.91
	Printing and stationery	21.01	14.75
	Legal and professional charges		
	- Legal charges	2.68	3.86
	- Professional charges	80.28	94.31
	Travelling and conveyance	52.19	60.78
	Vehicle expenses	16.13	13.24
	Postage, telephone and telegrams	10.25	12.64
	Payment to auditors (Refer note 47)	7.03	6.06
	Director's sitting fee	5.30	3.75
	Sales and distribution expenses	199.97	155.85
	Commission on sales	7.48	10.50
	Security service charges	29.96	29.64
	Sundry balance written off	15.01	25.56
	Service charges	31.36	29.46
	Excise duty on closing stock	(0.73)	(5.05)
	Loss on sale of assets (net)	-	23.87
	Foreign exchange loss (net)	27.39	7.73
	Provision for doubtful debts/advances	5.00	33.63
	Provision for diminution in value of investment	10.00	-
	Corporate Social Responsibility expenses (CSR)(Refer Note 45)	12.02	13.96
	Miscellaneous expenses	107.16	78.64
		2,273.21	1,906.64

Notes to the standalone financial statements (Continued)

For the year ended 31 March 2018
(Currency: Indian rupees in million)

33 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year, after considering adjustment for the effects of all dilutive potential equity shares.

		31 March 2018	31 March 2017
Profit attributable to equity shareholders (basic and diluted)			
Profit for the year attributable to equity shareholders	(A)	772.65	702.89
Weighted average number of equity shares for basic and diluted earnings per share Number of equity shares at beginning of the year		82,200,500	82,200,500
Equity shares issued during the year		-	-
Number of equity shares outstanding at the end of the year		82,200,500	82,200,500
Weighted average number of equity shares for the year	(B)	82,200,500	82,200,500
Basic and diluted earnings per share of face value of ₹ 2 each	(A)/(B)	9.40	8.55

(Currency: Indian rupees in million)

34 Tax expense

	31 March 2018	31 March 2017	1 April 2016
(a) Amounts recognised in balance sheet			
Current tax liabilities [net of advance tax ₹ 561.23 million (31 March 2017 : ₹ 302.50 million and 1 April 2016 : ₹ 230 million)]	8.87	22.43	3.03

Note: The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

(b) Amounts recognised in statement of profit and loss

	For the year ended 31 March 2018	For the year ended 31 March 2017
Current income tax		
Current year	446.97	197.16
Earlier years	-	19.78
	446.97	216.94
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences (including MAT Credit entitlement)	(104.30)	(91.45)
Deferred tax expense	(104.30)	(91.45)
Tax expense for the year	342.67	125.49

(c) Amounts recognised in other comprehensive income

	For the year ended 31 March 2018			For the year ended 31 March 2017		
	Before tax	Tax (expense) / benefit	Net of tax	Before tax	Tax (expense) / benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit plans	0.82	(0.28)	0.54	(5.86)	2.02	(3.84)
Fair value of investment	(0.16)	-	(0.16)	0.01	-	0.01
	0.66	(0.28)	0.38	(5.85)	2.02	(3.83)

(d) Reconciliation of effective tax rate

	31 March 2018	31 March 2017
Profit before tax	1,114.94	832.21
Tax using the Company's domestic tax rate (Current year 34.61% and Previous year 34.61%)	385.88	288.03
Tax effect of:		
Non-deductible tax expenses	2.89	25.52
Tax-exempt income	-	-
Incremental deduction allowed for research and development costs	(46.10)	(86.90)
Incremental deduction allowed for investment allowance	-	(36.60)
Tax pertaining to prior years	-	19.78
Mat credit entitlement	-	(84.34)
	342.67	125.49

The Company's standalone weighted average tax rates for the years ended 31 March 2018 and 2017 were 30.73% and 15.08%, respectively.

Notes to the standalone financial statements (Continued)

For the year ended 31 March 2018

(Currency: Indian rupees in million)

35 Deferred tax liabilities (net)

a) Recognised deferred assets and liabilities

	Deferred tax assets		Deferred tax liabilities		Net deferred tax asset/(liabilities)	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Property, plant and equipment	-	-	454.31	536.08	(454.31)	(536.08)
Inventories	14.28	10.82	-	-	14.28	10.82
Trade receivables	15.35	18.46	-	-	15.35	18.46
Loans and advances	3.46	1.73	-	-	3.46	1.73
Investments	3.46	-	-	-	3.46	-
Provisions	66.31	53.61	-	-	66.31	53.61
Loan processing charges	-	-	13.85	18.42	(13.85)	(18.42)
Net Deferred tax asset/(liabilities)	102.86	84.62	468.16	554.50	(365.30)	(469.88)

b) Movement in deferred tax balances

				31 March 2018		
	Net balance 1 April 2017	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
Property, plant and equipment	(536.08)	81.77	-	(454.31)	-	(454.31)
Inventories	10.82	3.46	-	14.28	14.28	-
Trade receivables	18.46	(3.11)	-	15.35	15.35	-
Loans and advances	1.73	1.73	-	3.46	3.46	-
Investments	-	3.46	-	3.46	3.46	-
Provisions	53.61	12.42	0.28	66.31	66.31	-
Loan processing charges	(18.42)	4.57	-	(13.85)	-	(13.85)
Net Deferred tax asset/(liabilities)	(469.88)	104.30	0.28	(365.30)	102.86	(468.16)

c) Movement in deferred tax balances (previous year)

				31 March 2017		
	Net balance 1 April 2017	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
Property, plant and equipment	(557.06)	20.98	-	(536.08)	-	(536.08)
Inventories	9.95	0.87	-	10.82	10.82	-
Trade receivables	31.17	(12.71)	-	18.46	18.46	-
Loans and advances	8.45	(6.72)	-	1.73	1.73	-
Provisions	43.33	8.26	2.02	53.61	53.61	-
Loan processing charges	(15.20)	(3.22)	-	(18.42)	-	(18.42)
Net Deferred tax asset/(liabilities)	(479.36)	7.46	2.02	(469.88)	84.62	(554.50)

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

36 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, recognised are charged off for the year as under :

Particulars	31 March 2018	31 March 2017
Employer's contribution to Providend Fund	48.23	44.50
Employer's contribution to Superannuation Fund	1.20	1.33
Employer's Contribution to ESIC	1.90	1.09
Employer's Contribution to Labour Welfare Fund	0.04	0.04

(Currency: Indian rupees in million)

ii Defined Benefit Plans

Gratuity:

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The Company has obtained insurance policies with the Life Insurance Corporation of India (LIC) for eligible employees at Panoli plant and makes an annual contribution to LIC for amounts notified by LIC. The Company accounts for gratuity benefits payable in future based on an independent external actuarial valuation carried out at the end of the year using the projected unit credit method. Actuarial gains and losses are recognised as Other Comprehensive Income or Loss.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's standalone financial statements as at balance sheet date:

A Reconciliation of the net defined benefit asset/(liability)

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit asset/(liability) and its components

Reconciliation of present value of defined benefit obligation	31 March 2018	31 March 2017	1 April 2016
Balance at the beginning of the year	90.66	74.30	66.46
Current service cost	10.42	9.69	10.71
Past service cost	5.89	-	-
Interest cost (income)	6.80	5.77	5.32
Benefits paid	(5.59)	(4.43)	(13.41)
Actuarial losses/ (gains) recognised in other comprehensive income			
- financial assumptions	(0.91)	4.19	-
- experience adjustments	0.14	1.14	5.22
Balance at the end of the year	107.41	90.66	74.30
Reconciliation of present value of plan assets			
Balance at the beginning of the year	14.69	14.15	14.12
Interest income	1.10	1.06	1.60
Remeasurements	-	-	-
Return on plan assets, excluding amount included in interest (expense)/income	0.05	(0.52)	-
Employer contributions	2.56	4.42	1.94
Benefits paid	(1.84)	(4.42)	(3.51)
Balance at the end of the year	16.57	14.69	14.15
Net defined benefit (asset)/ liability	90.84	75.97	60.15

B Plan assets

Investment	31 March 2018	31 March 2017	1 April 2016
Policy of insurance	100%	100%	100%
Bank Special Deposit	0%	0%	0%
Investment in other securities	0%	0%	0%
Corporate Bonds	0%	0%	0%
State Government Bonds	0%	0%	0%

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

	31 March 2018	31 March 2017
Recognised in income statement		
Current service cost	10.42	9.69
Past service cost	5.89	-
Interest cost	5.70	4.71
Expected return on plan assets	-	-
Total	22.01	14.40
Recognised in Other Comprehensive Income		
Remeasurement of net defined benefit liability/(asset)	(0.77)	5.33
Return on plan assets, excluding interest income	(0.05)	0.52
Total	(0.82)	5.85

Notes to the standalone financial statements (Continued)

For the year ended 31 March 2018
(Currency: Indian rupees in million)

D. Defined benefit obligations

i Actuarial assumptions

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

	31 March 2018	31 March 2017	1 April 2016
Expected return on plan assets			
Discount rate	7.60%	7.50%	7.50%
Salary escalation rate	5.00%	5.00%	5.00%
Attrition rate	1.00%	1.00%	1.00%
Mortality rate table	Indian assured lives mortality (2006-08)		

ii Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	31 March 2018		31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	99.03	117.11	83.06	99.47
Rate of salary increase (1% movement)	116.74	99.16	97.45	83.78
Rate of employee turnover (1% movement)	107.60	107.22	90.83	90.47

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.

Maturity profile of the defined benefit obligation

Particulars	Up to 1 year	1-2 years	2-5 years	6 -10 years	Total
31 March 2018					
Defined benefit obligations (Gratuity)	11.72	6.52	18.92	53.68	90.84
Total	**11.72**	**6.52**	**18.92**	**53.68**	**90.84**
31 March 2017					
Defined benefit obligations (Gratuity)	17.60	4.42	18.18	41.77	75.97
Total	**17.60**	**4.42**	**18.18**	**41.77**	**75.97**

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 ₹ 42.47 million (previous year ₹ 41.89 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.

37 Operating leases

Leases as lessee

The Company has taken printers, copiers and office and residential premises under cancellable and non-cancellable operating lease arrangements. Lease rentals debited to the statement of profit and loss aggregate ₹ 3.11 million (PY ₹ 5.18 million) for non-cancellable lease and ₹ 15.06 million (PY ₹16.22 million) for cancellable lease

i Future minimum lease payments

The future minimum lease payments to be made under non-cancellable operating leases are as follows:

	31 March 2018	31 March 2017
Payable within one year	3.26	3.75
Payable between one year and five years	13.06	14.06
Payable after more than five years	-	2.27
	16.32	20.08

ii Amount recognised in profit or loss

	Year ended 31 March 2018	Year ended 31 March 2017
Lease expense - minimum lease payments	18.17	21.40

(Currency: Indian rupees in million)

38 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. It does not include fair value information for financial assets and financial liabilities not measured at fair value, if the carrying amount is a reasonable approximation of fair value.

31 March 2018	Carrying amount			Fair value			
	FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Cash and cash equivalents	-	58.22	58.22	-	-	-	-
Other bank balances	-	214.02	214.02	-	-	-	-
Loans - current	-	3.58	3.58	-	-	-	-
Trade receivables	-	2,873.73	2,873.73	-	-	-	-
	-	3,149.55	3,149.55	-	-	-	-
Financial liabilities							
Borrowing - non current	-	2,966.31	2,966.31	-	2,966.31	-	2,966.31
Borrowing - current	-	2,771.62	2,771.62	-	-	-	-
Trade payables	-	1,645.46	1,645.26	-	-	-	-
Other financial liabilities - current		874.28	874.28	-	874.28	-	874.28
		8,257.67	8,257.67	-	3840.59	-	3840.59

31 March 2017	Carrying amount			Fair value			
	FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Cash and cash equivalents	-	19.25	19.25	-	-	-	-
Other bank balances	-	145.40	145.40	-	-	-	-
Loans - current	-	3.09	3.09	-	-	-	-
Trade receivables	-	2,564.70	2,564.70	-	-	-	-
	-	2,732.44	2,732.44	-	-	-	-
Financial liabilities							
Borrowing - non current	-	3,201.52	3,201.52	-	3,201.52	-	3,201.52
Borrowing - current	-	2,302.35	2,302.35	-	-	-	-
Trade payables	-	1,304.31	1,304.31	-	-	-	-
Other financial liabilities - current		726.03	726.03	-	726.03	-	726.03
	-	7,534.21	7,534.21	-	3927.55	-	3927.55

1 April 2016	Carrying amount			Fair value			
	FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Cash and cash equivalents	-	42.90	42.90	-	-	-	-
Other bank balances	-	148.65	148.65	-	-	-	-
Loans - current	-	2.41	2.41	-	-	-	-
Trade receivables	-	2,140.90	2,140.90	-	-	-	-
Other financial assets - current	-	2.41	2.41	-	-	-	-
	-	2,337.27	2,337.27	-	-	-	-
Financial liabilities							
Borrowing - non current	-	2,877.37	2,877.37	-	2,877.37	-	2,877.37
Borrowing - current	-	2,761.95	2,761.95	-	-	-	-
Trade payables	-	1,278.48	1,278.48	-	-	-	-
Other financial liabilities - current	-	513.43	513.43	-	513.43	-	513.43
	-	7,431.23	7,431.23	-	3390.80	-	3390.80

Notes to the standalone financial statements (Continued)

For the year ended 31 March 2018

(Currency: Indian rupees in million)

B. Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

		Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Forward contracts for foreign exchange contracts	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currency.		
Non current financial assets and liabilities measured at amortised cost	Discounted cash flows: The valuation model considers the present value of expected receipt/payment discounted using appropriate		

C. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

i. Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The carrying amount of following financial assets represents the maximum credit exposure:

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

At 31 March 2018, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows.

	Carrying amount	
	31 March 2018	31 March 2017
India	791.48	896.19
Other regions	2082.25	1,668.51
	2,873.73	2564.70

At 31 March 2018, the Company's most significant customer, accounted for ₹ 1,760.32 million (31 March 2017: ₹ 1,839.29 million) of the trade and other receivables carrying amount.

(Currency: Indian rupees in million)

Impairment

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables.

31 March 2018	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Not due	2,790.94	0.49%	6.83
Past due 0-90 days	38.76	1.55%	1.33
Past due 91-180 days	41.71	30.52%	12.73
Past due 181-365 days	14.36	39.62%	5.69
Past due 366-730 days	14.03	44.76%	6.28
Past due 731-1096 days	15.41	55.94%	8.62
More than 1096 days	2.88	100.00%	2.88
	2,918.09		**44.36**

31 March 2017	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Not due	2,330.86	0.56%	13.13
Past due 0-90 days	234.84	4.86%	11.41
Past due 91-180 days	19.82	37.41%	7.41
Past due 181-365 days	3.19	42.30%	1.35
Past due 366-730 days	15.02	46.47%	6.98
Past due 731-1096 days	11.17	88.88%	9.93
More than 1096 days	3.15	100.00%	3.15
	2,618.05		**53.36**

1 April 2016	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Not due	1,993.61	0.34%	6.79
Past due 0-90 days	102.90	2.77%	2.85
Past due 91-180 days	19.33	16.71%	3.23
Past due 181-365 days	32.23	32.36%	10.43
Past due 366-730 days	30.20	52.88%	15.97
Past due 731-1096 days	13.94	86.37%	12.04
More than 1096 days	38.77	100.00%	38.77
	2,230.98		**90.08**

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 2016	90.08
Impairment loss recognised / (reversal)	(36.72)
Balance as at 31 March 2017	53.36
Impairment loss recognised / (reversal)	(9.00)
Balance as at 31 March 2018	**44.36**

Cash and cash equivalents

The Company held cash and cash equivalents of ₹ 58.22 million at 31 March 2018 (31 March 2017: ₹ 19.25 million). The cash and cash equivalents are held with banks with good credit ratings and financial institution counterparties with good market standing.

Other than trade and other receivables, the Company has no other financial assets that are past due but not impaired.

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.

Notes to the standalone financial statements (Continued)

For the year ended 31 March 2018
(Currency: Indian rupees in million)

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.

Contractual cash flows

31 March 2018	Carrying amount	Total	Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Borrowings-Non current	2,966.31	2,966.31	-	2,737.33	228.98
Borrowings-Current	2,771.62	2,771.62	2,771.62	-	-
Other financial liabilities - current	874.28	874.28	874.28	-	-
Trade payables	1,645.46	1,645.46	1,645.46	-	
	8,257.67	**8,257.67**	**5291.36**	**2,737.33**	**228.98**
Derivative Financial Liabilities					
Forward Exchange Contracts					
- Outflow	-	-	-	-	-
- Inflow	-	-	-	-	-

			Contractual cash flows		
31 March 2017	Carrying amount	Total	Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Borrowings-Non current	3,201.35	3,201.35	-	2,370.07	831.28
Borrowings-Current	2,302.35	2,302.35	2,302.35	-	-
Other financial liabilities - current	726.03	726.03	726.03	-	-
Trade payables	1,304.31	1,304.31	1,304.31	-	-
	7,534.04	**7,534.04**	**4,332.69**	**2,370.07**	**831.28**
Derivative Financial Liabilities					
Forward Exchange Contracts					
- Outflow	-	-	-	-	-
- Inflow	-	-	-	-	-

			Contractual cash flows		
31 March 2016	Carrying amount	Total	Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Borrowings-Non current	2,877.37	2,877.37	-	1,829.26	1,048.11
Borrowings-Current	2,761.95	2,761.95	2,761.95	-	-
Other financial liabilities - current	513.43	513.43	513.43	-	-
Trade payables	1,278.48	1,278.48	1,278.48	-	-
	7,431.23	**7,431.23**	**4,553.86**	**1,829.26**	**1,048.11**
Derivative Financial Liabilities					
Forward Exchange Contracts					
- Outflow	-	-	-	-	-
- Inflow	-	-	-	-	

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity.

(Currency: Indian rupees in million)

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. The Company uses forward exchange contracts to hedge its currency risk.

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at 31 March 2018 and 31 March 2017 are as below:

31 March 2018	USD	EUR	GBP	Other
Financial assets	1,413.10	518.76	12.11	-
Financial liabilities	3,189.87	626.68	5.45	-
Net Exposure	**(1,776.77)**	**(107.92)**	**6.66**	**-**
31 March 2017	**USD**	**EUR**	**GBP**	**Other**
Financial assets	1,401.21	326.34	-	-
Financial liabilities	2,973.39	275.78	-	0.02
Net Exposure	**(1,572.18)**	**50.56**	**-**	**(0.02)**
31 March 2016	**USD**	**EUR**	**GBP**	**Other**
Financial assets	939.16	578.37	93.91	-
Financial liabilities	2,980.88	612.93	72.54	0.01
Net Exposure	**(2,041.72)**	**(34.56)**	**21.37**	**(0.01)**

Others includes AED and JPY

The forward contract booked during the year the includes future revenue transaction exposure.

The foreign exchange forward contracts outstanding as 31 March 2018 is Nil. (As on 31 March 2017 Nil).

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars, Euros and Singapore dollars at 31 March would have affected the measurement of financial instruments denominated in US dollars 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.

	Profit or loss	
Effect in INR	Strengthening	Weakening
31 March 2018		
USD (3% movement)	53.30	(53.30)
EUR (3% movement)	3.24	(3.24)
GBP (3% movement)	(0.20)	0.20
	56.34	(56.34)

	Profit or loss	
Effect in INR	Strengthening	Weakening
31 March 2017		
USD (3% movement)	61.25	(61.25)
EUR (3% movement)	1.04	(1.04)
GBP (3% movement)	(0.64)	0.64
	61.65	(61.65)

Notes to the standalone financial statements (Continued)

For the year ended 31 March 2018
(Currency: Indian rupees in million)

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

Since the Company does not have any significant financial assets or financial liabilities bearing floating interest rates, a change in interest rates at the reporting date would not have any significant or material impact on the standalone financial statements of the Company.

	Nominal amount		
	31 March 2018	31 March 2017	31 March 2016
Fixed-rate instruments			
Financial assets	237.90	186.84	155.21
Financial liabilities	(5,087.37)	(4,724.31)	(5,010.25)
	(4,849.47)	(4,537.47)	(4,855.04)
Variable-rate instruments			
Financial assets	-	-	-
Financial liabilities	(1263.55)	(1253.82)	(993.05)
	(1263.55)	(1253.82)	(993.05)

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 profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

The Company does not have any financial assets or financial liabilities bearing floating interest rates. Therefore a change in interest rates at the reporting date would not affect profit or loss.

39 Capital Management

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 safequard 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.

As at 31 March 2018, the Company has only one class of equity shares and debt of ₹ 6,350.20 million. Consequent to such capital structure, there are no externally imposed capital requirements. 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.

The Company monitors capital using adjusted net debt to equity ratio. For this purpose, adjusted net debt is defined as total debt less cash and bank balances.

	31 March 2018	31 March 2017	1 April 2016
Non-current borrowings	2,966.31	3,201.29	2,877.37
Current borrowings	2,771.62	2,302.25	2,761.95
Current maturity of long term debt	612.99	474.59	363.98
Gross debt	6,350.92	5,978.13	6,003.30
Less - Cash and cash equivalents	58.22	19.25	42.90
Less - Other bank deposits	213.59	181.29	146.67
Adjusted net debt	6,079.11	5,777.59	5,813.73
Total equity	6,693.95	6,049.91	5,550.31
Adjusted net debt to equity ratio	0.91	0.95	1.05

(Currency: Indian rupees in million)

40 Contingent liabilities and commitments (to the extent not provided for)

	31 March 2018	31 March 2017
A. Contingent liabilities		
Direct and Indirect taxes		
Income Taxes	124.10	124.10
Excise Duty	40.13	40.13
B. Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances,	172.93	314.82

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.

41 Dues to micro and small suppliers

Particulars	31 March 2018	31 March 2017
1. The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	61.24	47.15
- 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	-	-

42 Details of Specified Bank Notes (SBN)

Schedule III of the Companies Act, 2013 was amended by Ministry of Corporate Affairs vide Notification G.S.R. 308(E) dated 30 March 2017. The said amendment requires the Company to disclose the details of Specified Bank Notes held and transacted during the period from 8 November 2016 to 30 December 2016. Details of Specified Bank Notes held and transacted during the period from 8 November 2016 to 30 December 2016 are as follows:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	1.16	2.04	3.2
Add : Withdrawal from bank accounts	-	3.95	3.95
Add : Receipts from permitted transactions	-	0.32	0.32
Less : Permitted payments	-	4.5	4.5
Less : Paid for non-permitted transactions#	0.28	-	0.28
Less : Deposited in bank accounts	0.88	0.62	1.5
Closing cash in hand as on 30 December 2016	-	1.19	1.19

#These transactions pertain to payments made to the transporters for transport of goods in the ordinary course of business.

Notes to the standalone financial statements (Continued)

For the year ended 31 March 2018

(Currency: Indian rupees in million)

43 Sale of Research and Development (R&D) land and building situated at Bangalore

During the previous year, the Company has sold land and building at Bangalore R&D unit at a value of ₹ 170 million. The difference between the selling price of land and the carrying value of land as on the date of sale is ₹ 0.56 million which has been adjusted against the loss on sale of Property, Plant and Equipment in Note 4.

As a consequence of the aforesaid sale, other property, plant and equipment aggregating ₹ 25.77 million situated at Bangalore R&D unit has been written-off during the previous year. The balance assets (in the form of stores and spares etc.) in the balance sheet pertaining to Bangalore R&D unit aggregating ₹ 35.79 million have also been charged to the Statement of Profit and Loss in the previous year.

44 Due relating to Investor Education and Protection fund

There are no dues which need to be credited as at the year end to the Investor Education and Protection fund

45 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: ₹ 11.98 million (previous year: ₹13.07 million)The areas of CSR activities and contributions made thereto are as follows:

Amount spent during the year on ;	31 March 2018	31 March 2017
Protection of national heritage	0.78	3.50
Promotion of education	1.08	5.39
Promotion of vocational skill	6.45	1.00
Rural development	-	1.94
Environmental sustainability	1.22	0.11
Promoting preventive health care and sanitation and making available safe water	1.70	0.98
Others	0.79	1.04
Total	12.02	13.96

The Company does not carry any provisions for corporate social responsibility expenses for the current year and the previous year.

46 Research and development expenditure :

A unit of the Company has been recognized by DSIR as in-house Research and Development unit. The Company claims 150% (P.Y 200%) exemption under Sec 35(2AB) of Income Tax Act 1961 for expenditure incurred on in-house R&D activities.

Amount in respect to	31 March 2018	31 March 2017
Capital expenditure	8.18	17.75
Revenue expenditure	392.14	344.25
	400.32	362.00

47 Payment to Auditors' (excluding goods and service tax)

	31 March 2018	31 March 2017
- Audit fees	3.55	3.55
- Limited review of quarterly results	2.50	2.25
- Certification and other matters	0.63	0.28
- Out-of-pocket expenses	0.35	0.35
Total	7.03	6.43

(Currency: Indian rupees in million)

48 Disclosure under Section 186 of the Companies Act, 2013

a) The details of loan under Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 are as follows:

Name of entity / parties	As at 31 Mar 17	Loan given during the year	Written off during the year	As at 31 Mar 18
Hikal International B.V. (100% subsidiary)	-	-	-	-
	(12.54) *	-	(12.54) #	-

Note

Purpose of utilisation of above loan — Working capital

Loan repayment terms — Repayable on demand

Rate of interest — 8%

#During previous year, the Company has sold 7,200 equity shares of Euro 10 each fully paid up of Hikal International BV (100% Subsidiary of the Company) for Euro 1 (equivalent Indian ₹ 72). The said investment was fully written-off in earlier years. Consequent to sale of the investment in Hikal International BV, the Company has written-off the inter-corporate loans given to the said entity aggregating ₹ 12.54 million during the previous year.

b) Details of investment made during the year ended 31 March 2018 as per section 186 (4) of the Act:

Name of entity	31 Mar 17	Investment made during the year	Change due to fair valuation	31 Mar 18
Bharuch Eco Aqua. Infrastructure Limited	6.67	-	-	6.67
Panoli Enviro Technology Limited	0.70	-	-	0.70
Jiangsu Chemstar Chemical Co Limited	25.47	-	(10.00)	15.47
Bank of Baroda	1.49	-	(0.05)	1.44
Union Bank of India	0.38	-	(0.10)	0.28
Acoris Research Limited	0.10	-	-	0.10

49 Capitalisation of expenditure

During the year, the Company has capitalised the following expenses of revenue nature to the cost of property, plant and equipment (tangible fixed assets)/capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company.

	Year ended 31 Mar 2018	Year ended 31 Mar 2017
Salaries, wages and bonus	22.53	20.13
Finance costs	15.44	31.12
Other expenses	-	7.43
Total	37.97	58.68

50 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, etc.

The Chief Operating Decision Maker ("CODM") evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by operating segments. The CODM reviews revenue and gross profit as the performance indicator for all of the operating segments, and does not 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 Crop Protection	India and Outside India

Notes to the standalone financial statements (Continued)

For the year ended 31 March 2018

(Currency: Indian rupees in million)

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 in Active Pharmaceutical Ingredients-

Crop Protection : Segment produces in pesticides and herbicides, etc.

ii) Segment revenues, results and other information

Particulars	Crop Protection	Pharmaceutical	Total of Reportable Segment
External sales (Gross of excise duty)	**5,472.80**	**7,528.07**	**13,000.87**
	4,233.10	*6,106.50*	*10,339.60*
Other income	-	-	-
	-	-	-
Segment revenue	**5,472.80**	**7,528.07**	**13,000.87**
	4,233.10	*6,106.50*	*10,339.60*
Segment results	**865.20**	**985.50**	**1,850.70**
	745.20	*777.30*	*1,522.50*
Segment assets	**5,304.10**	**9,214.40**	**14,518.50**
	4,299.10	*8,695.60*	*12,994.70*
Segment liabilities	**1,838.70**	**1,686.10**	**3,524.80**
	949.70	*1,665.00*	*2,614.70*
Capital expenditure (included in segment assets)	**380.31**	**795.57**	**1,175.88**
	445.69	*872.53*	*1,318.22*
Depreciation/Amortisation	**272.10**	**566.06**	**838.16**
	153.50	*522.60*	*676.10*

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	**13,000.87**	**1,850.70**	**14,518.50**	**3,524.80**	**1,175.88**	**838.16**
	10,339.60	*1,522.50*	*12,994.70*	*2,614.70*	*1,318.22*	*676.10*
Corporate / Unallocated segment	-	**244.59**	**898.68**	**5,198.43**	**97.14**	**17.77**
	-	*207.49*	*800.05*	*5,130.14*	*28.37*	*15.31*
Finance cost	-	**491.17**	-	-	-	-
	-	*482.74*	-	-	-	-
Taxes	-	**342.67**	-	-	-	-
	-	*125.49*	-	-	-	-
As per financial statement	**13,000.87**	**772.27**	**15,417.18**	**8,723.23**	**1,273.01**	**855.93**
	10,339.60	*706.72*	*13,794.75*	*7,744.84*	*1,346.59*	*691.41*

Figures in italics pertain to previous year

B Secondary segment reporting (by geographical segment)

Particulars	India	USA and Canada	Europe	South East Asia	Others	Total
Revenue	**3,926.35**	**2,115.46**	**3,767.46**	**2,926.93**	**264.67**	**13,000.87**
	3,727.16	*802.19*	*2,848.74*	*2,792.50*	*169.01*	*10,339.60*
Total assets	**15,417.18**	-	-	-	-	**15,417.18**
	13,794.75	-	-	-	-	*13,794.75*
Capital expenditure	**1,273.01**	-	-	-	-	**1,273.01**
	1,346.59					*1,346.59*

There is no transactions with single external customer which amounts to 10% or more of the Company's revenue.

Figures in italics pertain to previous year

(Currency: Indian rupees in million)

51 Related party disclosures

The note provides the information about the Companys 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

Subsidiaries

Name of the related party	Relationship	Country of incorporation	Ownership interest 31 March 2018	31 March 2017	1 April 2016
Hikal International B.V. Netherland ("HIBV") (Upto 11 December 2016)Subsidiary	Netherland	-	-	100%	
Acoris Research Limited ("ARL")	Subsidiary	India	**100%**	100%	100%

Other related parties

Relationship	Name of the related party
a) Company/ enterprises exercising significant influence through voting power ('significant shareholder')	Kalyani Investment Company Limited ("KICL")
b) Key Management Personnel (KMP) Executive Directors	Jai Hiremath (Chairman and Managing Director) Sameer Hiremath (President and Joint Managing Director)
c) Enterprises owned or controlled or significantly influenced by key management personnel or their relatives	Decent Electronics Private Limited ("DEPL") Marigold Investments Private Limited ("MIPL") Iris Investments Private Limited ("IIPL") Karad Engineering Consultancy Private Limited ("KECPL") Ekdant Investments Private Limited ("EIPL") Shri Rameswara Investment Private Limited ("SRIPL") Shri Badrinath Investment Private Limited ("SBIPL") Rushabh Capital Services Private Limited ("RCSPL")
d) Relatives of Key Management Personnel	Sugandha Hiremath
e) Non-executive directors	Baba Kalyani Amit Kalyani K.K. Unni Prakash Mehta S. M. Kheny Wolfang Welter Axel Kleemann Ranjit Shahani

Notes to the standalone financial statements (Continued)

For the year ended 31 March 2018

(Currency: Indian rupees in million)

ii) Details of transactions with related parties

Particulars	Transaction value		Balances outstanding		
	Year ended 31 March 2018	Year ended 31 March 2017	31 March 2018	31 March 2017	1 April 2016
Loans and advances					
HIBV	-	-	-	-	10.63
Remuneration					
Jai Hiremath	30.35	29.88	-	-	-
Sameer Hiremath	17.14	16.31	-	-	-
Commission paid					
Jai Hiremath	11.38	9.00	11.38	9.00	5.50
Sameer Hiremath	11.38	9.00	11.38	9.00	5.50
Sitting fees					
Sugandha Hiremath	1.00	0.80	-	-	-
Baba Kalyani	0.10	0.15	-	-	-
Amit Kalyani	0.10	0.10	-	-	-
K.K. Unni	1.20	0.80	-	-	-
Prakash Mehta	1.30	0.70	-	-	-
S. M. Kheny	0.90	0.70	-	-	-
Wolfang Welter	0.40	0.25	-	-	-
Axel Kleemann	0.30	0.25	-	-	-
Dividend paid					
SBIPL	17.26	7.97	-	-	-
SRIPL	8.50	3.92	-	-	-
DEPL	0.04	0.02	-	-	-
EIPL	0.34	0.16	-	-	-
KECPL	0.06	0.03	-	-	-
KICL	33.51	15.47	-	-	-
Sugandha Hiremath	8.37	3.87	-	-	-
Jai Hiremath	1.16	0.54	-	-	-
Sameer Hiremath	0.34	0.16	-	-	-
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	1.10
Sugandha Hiremath	-	-	50.00	50.00	50.00

52 Explanation of transition to Ind AS

For the purposes of reporting as set out in Note 1, we have transitioned our basis of accounting from Indian generally accepted accounting principles ("IGAAP") to Ind AS. The accounting policies set out in note 3 have been applied in preparing the standalone financial statements for the year ended 31 March 2017, the comparative information presented in these standalone financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 1 April 2016 (the "transition date").

In preparing our opening Ind AS balance sheet, we have adjusted amounts reported in standalone financial statements prepared in accordance with IGAAP. An explanation of how the transition from IGAAP to Ind AS has affected our financial performance, cash flows and financial position is set out in the following tables and the notes that accompany the tables. On transition, we did not revise estimates previously made under IGAAP except where required by Ind AS.

Optional exemptions availed and mandatory exceptions

In preparing these standalone financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

A. Optional exemptions availed

1 Property plant and equipment and intangible assets

As per Ind AS 101 an entity may elect to:

(i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date

(ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:

* fair value;

* or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

(iii) use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition. As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets.

2 Investment in subsidiaries:

The Company has elected to adopt the carrying value under previous GAAP as on the date of transition in its standalone financial statements.

B. Mandatory exceptions

1 Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error.

However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the standalone financial statements that were not required under the previous GAAP are listed below

Fair valuation of financial instruments carried at FVTPL.

Impairment of financial assets based on the expected credit loss model.

Determination of the discounted value for financial instruments carried at amortised cost.

Notes to the standalone financial statements (Continued)

For the year ended 31 March 2018

(Currency: Indian rupees in million)

2 **Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable. Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

Reconciliation of net profit as reported under previous Generally Accepted Accounting principles ("Previous GAAP") and as per IND AS is given as follows.

	Particulars	Net Profit Year ended 31 March 2017
	Net profit as per previous GAAP	667.94
	Ind AS adjustments	
1	Amortisation of upfront fees on borrowings	15.60
2	Trade receivables provision based on expected credit loss model	(18.60)
3	Deferred tax on Ind AS adjustments	37.95
4	Actuarial gain/(loss) on defined benefit plans reclassified to OCI net of tax	3.83
	Net profit as per Ind AS	**706.72**

Reconciliation of equity as reported under previous Generally Accepted Accounting principles ("Previous GAAP") and as per IND AS is given as follows.

	Particulars	As on 31 March 2017
	Equity as per previous GAAP	6,212.56
	Ind AS adjustments	
1	Amortisation of upfront fees on borrowings	16.60
2	Trade receivables provision based on expected credit loss model	(43.40)
3	Deferred tax on Ind AS adjustments	(140.85)
4	Fair valuation of investment	5.00
	Equity as per Ind AS	**6,049.91**

Notes to reconciliation

Upfront fees on borrowings:

Under Indian GAAP, transaction costs incurred in connection with interest bearing loans and borrowings are amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

Trade receivables:

Under Indian GAAP, the Company has created provision for impairment of receivables consists only in respect of specific amount for incurred losses. Under Ind-AS, impairment allowance has been determined based on Expected Loss model (ECL).

Deferred tax assets (net):

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind-AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind-AS 12 approach has resulted in recognition of deferred tax on new temprorary differences which was not required under Indian GAAP.

Fair valuation of investment:

Under previous GAAP, the Company accounted for current investments were carried at lower of cost or market value. Under Ind-AS, these investments are required to measured at fair value at the end of each reporting and resulting fair value changes are to recognised in Other comprehensive income.

Actuarial gain and loss:

Under Ind AS, all actuarial gains and losses are recognised in other comprehensive income. Under previous GAAP the Company recognised actuarial gains and losses in profit or loss. However, this has no impact on the total comprehensive income and total equity as on 1 April 2016 or as on 31 March 2017.

(Currency: Indian rupees in million)

Reconciliation of equity as reported under previous Generally Accepted Accounting principles ("Previous GAAP") and as per IND AS is given as follows.

Particulars	As on 1 April 2016
Equity as per previous GAAP	5,648.98
Ind AS adjustments	
1. Amortisation of upfront fees on borrowings	1.02
2. Trade receivables provision based on expected credit loss model	(24.73)
3 Deferred tax on Ind AS adjustments	(178.89)
4. Fair valuation of investment	5.00
5 Proposed dividend	98.93
Equity as per Ind AS	5,550.31

Notes to reconciliation

Upfront fees on borrowings:

Under Indian GAAP, transaction costs incurred in connection with interest bearing loans and borrowings are amortised upfront and charged to profit or loss for the period. Under Ind-AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

Trade receivables:

Under Indian GAAP, the company has created provision for impairment of receivables consists only in respect of specific amount for incurred losses. Under Ind-AS, impairment allowance has been determined based on Expected Loss model (ECL).

Proposed dividend:

Under Indian GAAP, proposed dividends are recognised as a liability in the period to which they relate, irrespective of when they are declared. Under Ind-AS, a proposed dividend is recognised as a liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid. In the case of the company, the declaration of dividend occurs after period end. Therefore, the liability of recorded for this dividend has been derecognised against retained earnings.

Deferred tax assets (net):

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind-AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind-AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

Fair valuation of investment:

Under previous GAAP, the Company accounted for current investments were carried at lower of cost or market value. Under Ind-AS, these investments are required to measured at fair value at the end of each reporting and resulting fair value changes are to recognised in Other comprehensive income.

As per our report of even date attached

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

Vijay Bhatt
Partner
Membership No: 036647

Mumbai
9 May 2018

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

Jai Hiremath
Chairman & Managing Director- DIN: 00062203

Kannan K. Unni
Director- DIN: 00227858

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

Mumbai
9 May 2018

Standalone cash flow statement

For the year ended 31 March 2018

(Currency: Indian rupees in million)

			31 March 2018		31 March 2017	
A	**Cash flow from operating activities**					
	Profit before tax			1,114.94		832.21
	Adjustments –					
	Depreciation and amortisation		855.93		691.41	
	Dividend on long-term investments		(0.01)		(0.01)	
	Finance costs		491.17		482.75	
	Interest Income		(30.46)		(25.13)	
	Loss on sale of property, plant and equipment		-		23.87	
	Sundry balances written off		15.01		25.56	
	Provision for doubtful debts and advances		5.00		33.63	
	Provision for dimunition in value of investment		10.00		-	
	Provision for doubtful debts written back		(9.00)		-	
	Unrealised foreign exchange (gain)/loss		65.88		7.17	
				1,403.52		1,239.25
	Operating cash flow before working capital changes			2,518.46		2,071.46
	Decrease/(Increase) in trade receivables		(295.21)		(534.68)	
	Decrease/(Increase) in loans and advances and other assets		(716.53)		13.21	
	Decrease/(increase) in inventories		(394.72)		275.32	
	(Decrease)/increase trade payables		265.91		40.81	
	Increase/(decrease) in provisions and other liabilities		268.96		(33.89)	
				(871.59)		(239.23)
	Cash generated from operation			1,646.87		1,832.23
	Income tax paid			(258.73)		(197.32)
	Net cash flow generated from operating activities	**(A)**		1,388.14		1,634.91
B	**Cash Flow From Investing Activities**					
	Purchase of property, plant and equipment		(1,059.81)		(1,221.05)	
	Proceeds from sale of property, plant and equipment		-		168.54	
	Dividend on long-term investments		0.01		0.01	
	Interest received		27.18		23.38	
	Sales of investment in subsidiary*		-		-	
	(Increase)/decrease in other bank balances (includes margin money account)		(68.61)		3.25	
	Net cash flow/(used in) investing activities	**(B)**		(1,101.23)		(1,025.87)
C	**Cash Flow From Financing Activities**					
	Proceeds from long term borrowings		389.97		874.27	
	Repayment of long term borrowings		(475.04)		(405.69)	
	Repayments of/proceeds from short-term borrowings (net)		462.33		(411.68)	
	Principal payment under finance leases		-		0.42	
	Finance costs paid		(496.59)		(530.87)	
	Dividend paid on equity shares (including dividend distribution tax)		(128.61)		(158.30)	
	Net cash flow (used in) financing activities (C)			(247.94)		(632.69)
	Net Increase/(decrease) in cash and cash equivalents (A+B+C)			38.97		(23.65)

*Amount less than ₹0.01 million

Standalone cash flow statement (Continued)

For the year ended 31March 2018

(Currency: Indian rupees in million)

	31 March 2018	31 March 2017
Cash and cash equivalents at the beginning of the year the components being		
Cash on hand	1.25	1.44
Balances with banks		
- Current accounts	17.91	35.47
- Exchange Earners Foreign Currency accounts	0.09	1.79
- Deposits accounts (demand deposits and deposits having original maturity of 3 months or less)	-	4.20
	19.25	42.90
Cash and cash equivalents at the end of the year the components being		
Cash on hand	0.98	1.25
Balances with banks		
- Current accounts	39.74	17.91
- Exchange Earners Foreign Currency accounts	0.04	0.09
- Deposits accounts (demand deposits and deposits having original maturity of 3 months or less)	17.46	-
	58.22	19.25
Net increase/(decrease) as disclosed above	38.97	(23.65)

Debt reconciliation statement in accordance with Ind AS 7

	31 March 2018	31 March 2017
Opening balance		
Long term borrowings	3,676.11	3,241.35
Short term borrowings	2,302.35	2,761.95
Movements		
Long term borrowings	(96.81)	434.76
Short term borrowings	469.27	(459.60)
Closing balance		
Long term borrowings	3,579.30	3,676.11
Short term borrowings	2,771.62	2,302.35

Notes to the cash flow statement

The above cash flow statement has been prepared under the 'Indirect Method' set out in Accounting Standard (Ind AS) 7, 'Cash Flow Statements'.

As per our report of even date attached

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

Vijay Bhatt
Partner
Membership No: 036647

Mumbai
9 May 2018

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

Jai Hiremath
Chairman & Managing Director- DIN: 00062203

Kannan K. Unni
Director- DIN: 00227858

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

Mumbai
9 May 2018

Statement containing the salient features of the financial statements of subsidiaries

Form AOC-1- pursuant to 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

(₹ Million except % of shareholding)

	Particulars	Acoris Research Limited (1 Apr 2017 to 31 Mar 2018)
a)	Share Capital	150.50
b)	Reserves	(150.52)
c)	Total Assets	-
d)	Total Liabilities	0.02
e)	Investment	-
f)	Turnover	-
g)	Profit/(loss) before taxation	(0.01)
h)	Provision for taxation	-
I)	Profit/(loss) after Taxation	(0.01)
j)	% of shareholding	100

Independent Auditors' Report

To the Members of Hikal Limited

Report on the audit of the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Hikal Limited (hereinafter referred to as 'the Holding Company') and its subsidiary Acoris Research Limited (the Holding Company and its subsidiary together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2018, the consolidated Statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated statement of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated 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.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

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

We are also responsible to 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 Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditors' report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of auditors' report. However, future events or conditions may cause Group to cease to continue as a going concern.

Independent Auditors' Report (Continued)

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiary, the aforesaid consolidated Ind AS financial statements give the information required by the 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 at 31 March 2018, and their consolidated profit (including other comprehensive income), consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

Other matters

We have not audited the financial statements of Acoris Research Limited a subsidiary of the Holding Company, included in the consolidated Ind AS financial statements, which constitute total assets of ₹ Nil as at 31 March 2018; as well as total revenue of ₹ Nil for the year ended 31 March 2018, total loss after tax of ₹ 0.01 million for the year ended 31 March 2018, total comprehensive income of ₹ 0.01 million for the year ended 31 March 2018 and net cash flows of Nil for the year ended 31 March 2018, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditors whose report has been furnished to us for the purpose of the consolidation, and our opinion on the consolidated Ind AS financial statements, in Subsidiary, and our report in terms of Section 143 (3) of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on other legal and regulatory requirements

1 As required by Section 143 (3) of the Act, based on our audit and on the consideration of report of other auditors on separate Ind AS financial statements and other financial information of subsidiary, as noted in the 'Other matter' paragraph, we report, to the extent applicable, that:

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

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

(c) The consolidated balance sheet, the consolidated Statement of profit and loss (including other comprehensive income), the consolidated Statement of changes in equity and the consolidated Statement of cash flows dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) in our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act;

(e) on the basis of the written representations received from the directors of the Holding Company as on 31 March 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group Companies incorporated in India is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) with respect to adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”;

(g) with respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Company (Audit and Auditors) Rules, 2014, 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 auditors on separate financial statements as also the other financial information of the subsidiary, as noted in the 'Other Matter' paragraph:

i. the consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 40 to the consolidated Ind AS financial statements;

ii. the Holding Company and its subsidiary 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 Holding Company during the year ended 31 March 2018; and

iv. the disclosures in the consolidated Ind AS financial statements regarding holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited consolidated financial statements for the period ended 31 March 2017 have been disclosed.

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

Vijay Bhatt
Partner
Membership No: : 036647

Mumbai
9 May 2018

Annexure A to the Independent Auditors' Report – 31 March 2018

(Referred to in our report of even date)

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting of Hikal Limited ("the Holding Company") and its subsidiary company incorporated in India (the Holding Company and its subsidiary company incorporated in India together referred to as the "Group"), as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of Holding Company and subsidiary company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('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 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 Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the 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 over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 auditors in terms of their reports referred in to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting 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 authorizations 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.

Annexure to Auditors' Report (Continued)

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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 Group has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Holding Company and its subsidiary company incorporated in India, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Other matters

Our aforesaid report under clause (i) of sub-section 3 of Section 143 of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to Acoris Research Limited subsidiary company incorporated in India, is based solely on the report of the auditors of the aforementioned subsidiary company.

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

Vijay Bhatt
Partner
Membership No: : 036647

Mumbai
9 May 2018

Consolidated Balance Sheet

As at 31 March 2018

(Currency: Indian rupees in million)

	Note	31 March 2018	31 March 2017	1 April 2016
ASSETS				
Non-current assets				
Property, plant and equipment	4	6,301.22	6,676.09	6,225.68
Capital work-in-progress	4	1,155.14	619.40	661.25
Other intangible assets	5	34.72	7.17	6.14
Intangible assets under development	5	23.65	8.19	-
Financial Assets				
Investments	6	26.01	36.16	36.19
Others	7	5.21	40.68	1.93
Deferred tax assets (net)	8	4.59	102.19	8.58
Other non-current assets	9	966.98	539.36	687.68
Total non-current assets		8,517.52	8,029.24	7,627.45
Current assets				
Inventories	10	3,030.53	2,635.81	2,911.13
Financial Assets				
Trade receivables	11	2,873.73	2,564.70	2,140.90
Cash and cash equivalents	12	58.22	19.25	43.09
Bank balances other than Cash and cash equivalents	13	214.02	145.40	148.65
Loans	14	3.58	3.09	2.41
Other current assets	15	719.48	397.16	332.51
Total current assets		6,899.56	5,765.41	5,578.69
Total assets		15,417.08	13,794.65	13,206.14
EQUITY AND LIABILITIES				
Equity				
Equity share capital	16	164.40	164.40	164.40
Other equity				
Retained earnings		3,740.68	3,096.64	1,995.78
Other reserves	17	2,788.77	2,788.77	3,379.56
Total Equity		6,693.85	6,049.81	5,539.74
Liabilities				
Non-current Liabilities				
Financial Liabilities:				
Borrowings	18	2,966.31	3,201.52	2,877.37
Provisions	19	156.47	142.97	102.23
Total non-current liabilities		3,122.78	3,344.49	2,979.60
Current Liabilities				
Financial Liabilities:				
Borrowings	20	2,771.62	2,302.35	2,761.97
Trade payables	21			
-Payable to micro and small enterprises		61.24	47.15	40.24
-Payable to others		1,584.22	1,257.16	1,238.25
Other financial liabilities	22	874.28	726.03	513.43
Other current liabilities	23	265.09	33.31	106.91
Provisions	24	35.13	11.92	22.97
Current tax liabilities (net)	25	8.87	22.43	3.03
Total current liabilities		5,600.45	4,400.35	4,686.80
Total Equity and Liabilities		15,417.08	13,794.65	13,206.14
Significant accounting policies	1-3			
The notes referred to above form an integral part of the consolidated financial statements	4-48			

As per our report of even date attached

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

Vijay Bhatt
Partner
Membership No: 036647

Mumbai
9 May 2018

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

Jai Hiremath
Chairman & Managing Director- DIN: 00062203

Kannan K. Unni
Director- DIN: 00227858

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

Mumbai
9 May 2018

Consolidated statement of profit and loss

For the year ended 31 March 2018

(Currency: Indian rupees in million)

	Note	31 March 2018	31 March 2017
Income			
Revenue from operations	26	13,000.87	10,339.60
Other income	27	44.63	34.35
Total income		13,045.50	10,373.95
Expenses			
Cost of materials consumed	28	7,153.16	4,948.27
Changes in inventories of finished goods and work-in-progress	29	(163.44)	145.51
Excise duty		39.95	200.24
Employee benefits expense	30	1,280.58	1,166.93
Finance costs	31	491.17	482.74
Depreciation and amortization expense	4-5	855.93	691.41
Other expenses	32	2,273.21	1,894.10
Total expenses		11,930.56	9,529.20
Profit before tax and exceptional item		1,114.94	844.75
Exceptional Item		-	42.10
Profit before tax		1,114.94	802.65
Tax expense:			
Current tax (including MAT for the previous year)			
- for current year		446.97	197.16
- for earlier years		-	19.78
Deferred tax (including MAT credit entitlement for previous year)		(104.30)	(91.45)
Total tax expense		342.67	125.49
Profit for the period		772.27	677.16
Other comprehensive income			
(i) Items that will not be reclassified to profit or (loss)			
Remeasurement of defined benefit liability (asset)		0.82	(5.86)
Equity investments through other comprehensive income - net change in fair value		(0.16)	0.01
(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.28)	2.02
Other comprehensive income for the year, net of income tax		0.38	(3.83)
Total comprehensive income for the year		772.65	673.33
Earnings per equity share			
Basic and Diluted	33	9.40	8.19
Significant accounting policies	1-3		
The notes referred to above form an integral part of consolidated financial statements	4-48		

As per our report of even date attached

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

Vijay Bhatt
Partner
Membership No: 036647

Mumbai
9 May 2018

For and on behalf of the Board of Directors of Hikal Limited
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Director- DIN: 00227858

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

Mumbai
9 May 2018

Consolidated statement of changes in equity

For the year ended 31 March 2018

(Currency: Indian rupees in million)

		31 March 2018	31 March 2017
(a)	Equity share capital		
	Opening balance as at	164.40	164.40
	Changes in equity share capital during the year	-	-
	Closing balance as at	164.40	164.40
(b)	Other equity		
	Reserves and surplus attributable to equity shareholders of the group.		

	Capital reserve	Capital redemption reserve	Securities premium account	State subsidy	Contingency reserve	General reserve	Foreign Currency translation reserve	Retained earnings
Balance at 1 April 2016	0.44	509.82	1131.99	5.50	30.00	1,729.45	(27.64)	1995.78
Total comprehensive income for the year ended 31 March 2017								
Profit for the year								677.16
Items of OCI for the year, net of tax								
Remeasurements of defined benefit liability								(3.84)
Equity investments through other comprehensive income - net change in fair value								0.01
Total comprehensive income								673.33
Transaction with owners in their capacity as owners, recorded directly in equity								
Dividends								(131.52)
Dividend distribution tax								(26.77)
Adjustment on account of downward revaluation of land						(45.00)		-
Adjustment on sale of subsidiary			(668.56)			(4.87)	27.64	659.05
Transfer from/to retained earnings						100.00		(100.00)
Balance at 31 March 2017	0.44	509.82	463.43	5.50	30.00	1,779.58	-	3,096.64
Total comprehensive income for the year ended 31 March 2018								
Profit for the year								772.27
Items of OCI for the year, net of tax								
Remeasurements of defined benefit liability								0.54
Equity investments through other comprehensive income - net change in fair value								(0.16)
Total comprehensive income								772.65
Dividends								(106.86)
Dividend Distribution Tax								(21.75)
Balance at 31 March 2018	**0.44**	**509.82**	**463.43**	**5.50**	**30.00**	**1,779.58**	**-**	**3740.68**

As per our report of even date attached

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

Vijay Bhatt
Partner
Membership No: 036647

Mumbai
9 May 2018

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

Jai Hiremath
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Director- DIN: 00227858

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

Mumbai
9 May 2018

1. Company overview

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

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

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

The Company alongwith its subsidiaries 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 Group's 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) (Ammendment) Rules, 2016 notified under section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The Group's consolidated financial statements up to and for the year ended 31 March 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006 notified under the section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 read with Companies (Accounting Standards) amendments rules, 2016 applicable with effect from 1 April 2016 and other generally accepted accounting priciples (Previous GAAP) in India and other relevant provisions of the Act.

As these are the Group's first consolidated financial statements prepared in accordance with Ind AS, Ind AS 101, First-time adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Group is provided in Note 48.

The consolidated financial statements for the year ended 31 March 2018 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on 9 May 2018.

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 (including derivative instruments) 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 judgements

The preparation of the consolidated financial statements in accordance with Ind AS requires use of judgements, 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.

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2018 are as follows:

a. Property, plant and equipment

Determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalised. Useful lives of tangible assets are based on the life prescribed in Schedule II of the Act. 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.

Summary of significant accounting policies (Continued)

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. Recognition of deferred tax assets

Deferred tax assets are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilised business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilised.

2.5 Measurement of fair values

The Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values, which includes overseeing all significant fair value meaasurements, 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 all other assets as non-current.

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 liabilities as non-current.

(Currency: Indian rupees in million)

Summary of significant accounting policies (Continued)

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. Subsidiaries

Subsidiaries are entities 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 parent 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 subsidiaries. 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 Parent'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 Company 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 subsidiaries 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 companies, controlled directly or indirectly by the Company and associate of the Company which are included in the consolidated financial statements are as under:

Name	Relationship	Country of incorporation	Ownership interest 31 March 2018	31 March 2017	1 April 2016
Acoris Research Limited	Subsidiary	India	100%	100%	100%
Hikal International B.V.	Subsidiary	Netherland	-	-	100%

Notes to consolidated financial statements (Continued)

For the year ended 31 March 2018

(Currency: Indian rupees in million)

Summary of significant accounting policies (Continued)

3.2 Revenue

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, volume rebates, Sales tax / VAT, GST, Octroi, freight and insurance. Revenue is recognised when significant risks and rewards of ownership in the goods are transferred to the buyer, collectability of the resulting receivable is reasonably assured, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of 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 assets and liabilities that are measured based on historical cost in a foreign currency are not translated. Foreign currency exchange differences are generally recognised in profit or loss.

3.4 Employee benefits

Short-term employee benefits

Short-term employee benefits obligations are measured on an undiscounted basis and are expensed as the related service is provided. These benefits include bonus and compensated absences such as paid annual leave and sickness leave.

A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the amount of obligation can be estimated reliably.

Post employment employee benefits

i Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

The Group makes specified monthly contributions to Provident fund, Employee State Insurance and Labour Welfare Fund and are recognised as an employee benefit expense in the statement of profit and loss on an accrual basis.

Contribution to Superannuation Fund, a defined contribution scheme, administered by Life Insurance Corporation of India, based on a specified percentage of eligible employees' salary.

ii Defined benefit plans

A defined benefit plan is a post-employee benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Summary of significant accounting policies (Continued)

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined liability (asset) after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to gratuity benefit scheme are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Gratuity

The Group has an obligation towards gratuity, a defined benefit scheme covering eligible employees. The Group accounts for gratuity benefits payable in future based on an independent actuarial valuation method as stated above. Gratuity for staff at Panoli plant is funded through group gratuity insurance scheme of the Life Insurance Corporation of India ('LIC')

Other long-term employee benefits

"The Group's net obligation in respect of compensated absences such as paid annual leave, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method, as at the date of the Balance Sheet. Actuarial gains or losses comprising of experience adjustments and the effects of changes in actuarial assumptions are immediately recognised in the statement of profit and loss.

3.5 Recognition of dividend income, interest income or expense

Interest income or expense is recognised using the effective interest rate method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or

- the amortised cost of the financial liability.

Dividend income is recognised in the statement of profit or loss on the date on which the Group's right to receive the payment is established.

3.6 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or 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 curent 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:

Notes to consolidated financial statements (Continued)

For the year ended 31 March 2018

(Currency: Indian rupees in million)

Summary of significant accounting policies (Continued)

- 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.

3.7 Inventories

Inventories which comprise raw materials, packing materials, work-in-progress and finished goods are carried at the lower of cost and net realisable value. The cost of inventories is based on weighted average formula and includes expenditure incurred in acquiring the inventories, costs of production or conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of fixed production overheads based normal operating capacity of production facilities.

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.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

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

3.8 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.

(Currency: Indian rupees in million)

Summary of significant accounting policies (Continued)

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, except for certain assets in 'Plant and Machinery', where based on internal assessment and technical evaluation carried out, management believes that the useful life is 20 years, which is higher and different from the useful life of 15 years as prescribed under Part C of Schedule II of the Act.

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	10	10
Office equipment	5	5
Computers	3	3-6
Ships	30	20

Leasehold land is amortised over the duration of the lease.

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 atthe 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 and similar amount is transferred from revaluation reserve to general reserve.

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

Notes to consolidated financial statements (Continued)

For the year ended 31 March 2018

(Currency: Indian rupees in million)

Summary of significant accounting policies (Continued)

iv. Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment. (refer note 4)

3.9 Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of that asset till the date it is ready for its intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

3.10 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 profit or 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.

iv. Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

3.11 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.

Summary of significant accounting policies (Continued)

ii. Classification

On initial recognition, a financial asset is classified as measured at

- amortised cost; or

- fair value through profit or loss (FVTPL); or

- fair value through other comprehensive income (FVOCI)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

– the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment- by- investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and informationis 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.

Notes to consolidated financial statements (Continued)

For the year ended 31 March 2018
(Currency: Indian rupees in million)

Summary of significant accounting policies (Continued)

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 profit or 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 profit or 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 to profit or loss.

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 transactionin 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.

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 profit or 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 profit or loss.

Summary of significant accounting policies (Continued)

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.

3.12 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 disclosure is made.

3.13 Leases

i. Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

ii. Assets held under lease

Leases of property, plant and equipment that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to the similar owned asset..

Assets held under leases that do not transfer to the Group substantially all risks and rewards of ownership are classified as operating leases and are not recognised in the Group's statement of financial position.

3.14 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 recoveable 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 Comapny 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.

Notes to consolidated financial statements (Continued)

For the year ended 31 March 2018

(Currency: Indian rupees in million)

Summary of significant accounting policies (Continued)

3.15 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.

3.16 Earnings per share (EPS)

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

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

3.17 Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective subsequent years as mentioned below:

Ind AS 115 – Revenue from Contracts with Customers (applicable for annual periods beginning on or after April 1, 2018)

Ind AS 21 – The effect of changes in Foreign Exchange rates (applicable for annual periods beginning on or after April 1, 2018)

Ind AS 116 – Leases (applicable for annual periods beginning on or after April 1, 2019)

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 – Revenue, Ind AS 11 – Construction Contracts when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

(Currency: Indian rupees in million)

4 Property, plant and equipment

Description	Gross block					Accumulated Depreciation				Net block	
	As at 1 April 2017	Additions	Deductions	Adjustments of exchange difference on borrowings	As at 31 March 2018	As at 1 April 2017	Charge for the year	Deductions	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
Freehold land	579.18	-	-	-	579.18	-	-	-	-	579.18	579.18
Leasehold land	657.59	34.12	-	-	691.71	8.75	8.92	-	17.67	674.04	648.84
Buildings	1,372.27	131.62	-	-	1,503.89	60.51	62.59	-	123.10	1,380.70	1,311.76
Plant and machinery	4,493.27	269.39	-	(1.58)	4,761.08	568.70	724.46	-	1,293.16	3,467.92	3,924.57
Electrical equipments and installations	81.76	12.06	-	-	93.82	22.75	20.17	-	42.92	50.90	59.01
Office equipments	36.01	18.62	-	-	54.63	6.61	16.07	-	22.68	31.95	29.40
Furniture and fixtures	62.47	11.42	-	-	73.89	11.63	15.97	-	27.60	46.29	50.84
Leasehold Improvements	5.51	0.03	-	-	5.54	0.14	0.98	-	1.12	4.42	5.37
Vehicles	41.87	2.29	-	-	44.16	8.70	1.74	-	10.44	33.72	33.17
Ships	35.75	-	-	-	35.75	1.80	1.94	-	3.74	32.01	33.95
Total	7,365.68	479.55	-	(1.58)	7,843.65	689.59	852.84	-	1,542.43	6,301.22	6,676.09
Capital work in progress										1,155.14	619.40

As at 31 March 2018

(Currency: Indian rupees in million)

4 Property, plant and equipment (Previous year)

Description	Gross block						Accumulated Depreciation				Net block	
	As at 01 April 2016	Additions	Deductions	Adjustments of revaluation on land	Adjustments of exchange difference on borrowings	As at 31 March 2017	As at 1 April 2016	Charge for the year	Deductions	As at 31 March 2017	As at 31 March 2017	As at 31 March 2016
Freehold land	787.38	-	163.20	45.00	-	579.18	-	-	-	-	579.18	787.38
Leasehold land	643.47	14.12	-	-	-	657.59	-	8.75	-	8.75	648.84	643.47
Buildings	1,260.50	126.90	15.13	-	-	1,372.27	-	60.51	-	60.51	1,311.76	1,260.50
Plant and machinery	3,350.76	1,183.21	10.13	-	(30.57)	4,493.27	-	568.70	-	568.70	3,924.57	3,350.76
Electrical equipments and installations	63.96	18.12	0.32	-	-	81.76	-	22.75	-	22.75	59.01	63.96
Office equipments	15.43	24.09	3.51	-	-	36.01	-	6.61	-	6.61	29.40	15.43
Furniture and fixtures	37.35	25.26	0.14	-	-	62.47	-	11.63	-	11.63	50.84	37.35
Leasehold Improvements	5.51	-	-	-	-	5.51	-	0.14	-	0.14	5.37	5.51
Vehicles	25.57	16.30	-	-	-	41.87	-	8.70	-	8.70	33.17	25.57
Ships	35.75	-	-	-	-	35.75	-	1.80	-	1.80	33.95	35.75
Total	6,225.68	1,408.00	192.43	45.00	(30.57)	7,365.68	-	689.59	-	689.59	6,676.09	6,225.68
Capital work in progress											619.40	661.25

Note:

a. The Group has availed the deemed cost exemption in relation to the property, plant and equipment on the date of transition i.e. 1 April 2016 and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer note below for the gross block value and the accumulated depreciation on 1 April 2016 under the previous GAAP

Description	Freehold land	Leasehold land	Buildings	Plant and machinery	Electrical equipments and installations	Office equipments	Furniture and fixtures	Leasehold Improvements	Vehicles	Ships
Gross Block	787.38	715.81	1,775.07	7,557.18	254.73	137.47	124.16	5.56	49.42	51.56
Accumulated Depreciaton	-	72.34	514.57	4,206.42	190.77	122.04	86.81	0.05	23.85	15.81
Net Block	**787.38**	**643.47**	**1,260.50**	**3,350.76**	**63.96**	**15.43**	**37.35**	**5.51**	**25.57**	**35.75**

b. Exchange differences (Gain) ₹ 1.15 million (Gain) ₹ 30.57 million has been included in the additions to fixed assets post the exercise of option in terms of Para 46A of AS11 (pursuant to notification dated 29 December 2011 issued by the Ministry of Corporate Affairs.)

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

Particulars	As at 31 March 2018	As at 31 March 2017
Gross block	23.23	23.23
Accumulated depreciation	6.40	3.20
Net block	16.83	20.03
Depreciation charge for the year	3.20	3.20

(Currency: Indian rupees in million)

Note 5

Other intangible assets

Description	Gross block				Accumulated Amortisation				Net block	
	As at April 01, 2017	Additions	Deductions	As at 31 March 2018	As at 1 April 2017	Change for the year	Deductions	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
Computer software	8.99	30.64	-	39.63	1.82	3.09	-	4.91	34.72	7.17
Total	8.99	30.64	-	39.63	1.82	3.09	-	4.91	34.72	7.17
Intangible assets under development									23.65	8.19

Other intangible assets (Previous year)

Description	Gross block				Accumulated/ Amortisation				Net block	
	As at April 01, 2016	Additions	Deductions	As at 31 March 2017	As at 1 April 2016	Change for the year	Deductions	As at 31 March 2017	As at 31 March 2017	As at 31 March 2016
Computer software	6.14	2.85	-	8.99	-	1.82	-	1.82	7.17	6.14
Total	6.14	2.85	-	8.99	-	1.82	-	1.82	7.17	6.14
Intangible assets under development									8.19	-

Notes:

a. The Group has availed the deemed cost exemption in relation to the other intangible assets on the date of transition i.e. 1 April 2016 and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer note below for the gross block value and the accumulated depreciation on 1 April 2016 under the previous GAAP

Description	Computer software
Gross Block	13.16
Accumulated Depreciation	7.02
Net Block	**6.14**

		31 March 2018	31 March 2017	1 April 2016
6	**Non-current Investments**			
	Investments in equity instruments:			
A	**Unquoted**			
	223,164 (P.Y. 223,164) Equity shares of ₹ 10 each of Bharuch Eco Aqua. Infrastructure Limited fully paid-up	6.67	6.67	6.67
	30,000 (P.Y. 30,000) Equity shares of ₹ 10 each of Panoli Enviro Technology Limited fully paid-up	0.70	0.70	0.70
	14,494 (P.Y. 14,494) Equity shares of ₹ 100 each MMA CETP Co-operative Society Limited fully paid-up	1.45	1.45	1.45
	16% (P.Y. 16%) equity shares of Jiangsu Chemstar Chemical Co Limited fully paid-up	15.47	25.47	25.47
B	**Quoted**			
	10,000 (P.Y. 10,000) Equity shares of ₹ 10 each of Bank of Baroda fully paid-up	1.44	1.49	1.52
	2,900 (P.Y. 2,900) Equity shares of ₹ 10 each of Union bank of India fully paid-up	0.28	0.38	0.38
	Total non-current investments (A + B)	26.01	36.16	36.19
	Aggregate amount of quoted investments	1.72	1.87	1.90
	Aggregate market value of quoted investments	1.72	1.87	1.90
	Aggregate amount of unquoted investments	34.29	34.29	34.39
	Aggregate amount of impairment in value of investments	(10.00)	-	-
		26.01	36.26	36.19

Notes to consolidated financial statements (Continued)

For the year ended 31 March 2018

(Currency: Indian rupees in million)

		31 March 2018	31 March 2017	1 April 2016
7	**Other financial assets**			
	Unsecured and considered good			
	To other than related parties			
	Loans to employee	3.27	2.46	1.93
	Deposits with original maturity of more than 12 months	1.94	38.22	-
		5.21	40.68	1.93
8	**Deferred tax assets (net)**			
	Mat credit entitlement	369.89	572.07	487.94
	Deferred tax liabilities (Refer Note 35)	(365.30)	(469.88)	(479.36)
		4.59	102.19	8.58
9	**Other non-current assets**			
	Unsecured and considered good			
	To other than related parties			
	Security deposit	70.00	70.04	59.82
	Prepaid expenses	14.47	21.25	5.39
	VAT/ CST refund receivable	40.28	142.48	217.10
	Balance with government authorities	667.89	165.62	228.12
	Capital advances	104.34	69.97	107.25
		896.98	469.36	617.68
	To related parties			
	Security deposits - given to Director	70.00	70.00	70.00
		70.00	70.00	70.00
	Total	966.98	539.36	687.68
10	**Inventories**			
	Valued at the lower of cost and net realisable value			
	Raw materials (includes goods in transit of ₹ 0.93 million, 31 March 2017 ₹ 99.57 million, 1 April 2016 ₹ 113.23 million)	1,939.74	1,762.59	1,870.59
	Packing materials	14.68	16.15	13.93
	Work-in-progress	522.14	395.90	460.17
	Finished goods	390.14	352.94	434.18
	Stores and spares	163.83	108.23	132.26
		3,030.53	2,635.81	2,911.13

Inventories which comprise raw materials, packing materials, work-in-progress and finished goods are carried at the lower of cost and net realisable value. (See detailed accounting policy in Note 3.6)

The write-down of inventories to net realisable value during the year amounted to ₹ 41.25 million (31 March 2017: ₹ 31.25 million; 1 April 2016: ₹ 28.75 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.

		31 March 2018	31 March 2017	1 April 2016
11	**Trade receivables**			
	(Unsecured)			
	Considered good	2,894.84	2,596.65	2,153.78
	Considered doubtful	23.25	21.41	77.21
		2,918.09	2,618.06	2,230.99
	Loss allowance			
	Considered good	(21.11)	(31.95)	(12.88)
	Doubtful	(23.25)	(21.41)	(77.21)
		(44.36)	(53.36)	(90.09)
	Net trade receivable	2,873.73	2,564.70	2,140.90

(Currency: Indian rupees in million)

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.

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 38.

		31 March 2018	31 March 2017	1 April 2016
12	**Cash and cash equivalents**			
	Banks balances in :			
	Current account	39.74	17.91	35.66
	Exchange earners foreign currency	0.04	0.09	1.79
	Fixed deposit account (with original maturity of 3 months or less)	17.46	1.25	4.20
	Cash on hand	0.98	-	1.44
	Cash and cash equivalents in the statement of cash flows	58.22	19.25	43.09
13	**Bank balance other than cash and cash equivalents**			
	Other bank balances:			
	Bank deposits due to mature within 12 months of the reporting date	211.65	143.07	146.67
	Unpaid dividend accounts	2.37	2.33	1.98
		214.02	145.40	148.65

Deposits given as security

1) Margin money deposits with a carrying amount as at 31 March 2018 ₹ 96.20 million (As at 31 March 2017 ₹ 77.66 million) (As at 1 April 2016 ₹ 80.37 million) are subject to first charge to secure the Company's working capital loans.
2) Bank deposits with a carrying amount as at 31 March 2018 ₹ 134.84 million (As at 31 March 2017 ₹ 103.63 million) (As at 1 April 2016 ₹ 67.65 million) are subject to exclusive first charge to secure the Company's rupee term loans and external commercial borrowing term loan from one bank.

		31 March 2018	31 March 2017	1 April 2016
14	**Loans**			
	(Unsecured)			
	To parties other than related parties			
	Loans to employee	3.58	3.09	2.41
15	**Other current assets**			
	(Unsecured)			
	To parties other than related parties			
	Advance to suppliers			
	Considered good	125.15	44.81	73.21
	Considered doubtful	10.00	5.00	24.41
	Advance to suppliers	135.15	49.81	97.62
	Less: Provision for doubtful advances	(10.00)	(5.00)	(24.41)
		125.15	44.81	73.21
	Balance with government authorities	448.04	245.04	169.09
	Advance to employees	1.31	-	-
	VAT / CST refund receivable	97.44	68.42	52.41
	Prepaid expenses	39.80	34.42	35.09
	Interest accrued on fixed deposit	7.74	4.47	2.71
		719.48	397.16	332.51

Notes to consolidated financial statements (Continued)

For the year ended 31 March 2018
(Currency: Indian rupees in million)

		31 March 2018	31 March 2017	1 April 2016
16	**Share Capital**			
	Authorised share capital			
	Equity	250	250	250
	Par value per share (Rs.)	2	2	2
	Number of equity shares	125,000,000	125,000,000	125,000,000
	Preference shares	500	500	500
	Par value per share (Rs.)	100	100	100
	Number of Preference shares	5,000,000	5,000,000	5,000,000
	Issued, subscribed and fully paid up -Equity	164.40	164.40	164.40
	Par value per share (Rs.)	2	2	2
	Number of Equity shares	82,200,500	82,200,500	82,200,500

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

Equity shares

	31 March 2018		31 March 2017	
	No.million	₹ in million	No.million	₹ in million
At the beginning at the end of the year	82.20	164.40	82.20	164.40

b. 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.

c Details of shareholders holding more than 5% of shares:

	31 March 2018		31 March 2017	
	No of Shares	%	No of Shares	%
Equity shares of ₹ 2 (P.Y. ₹ 2) each fully paid				
Kalyani Investment Company Limited	25.78	31.36	25.78	31.36
Shri Badrinath Investment Private. Limited	13.28	16.15	13.28	16.15
Shri Rameshwara Investment Private Limited	6.54	7.96	6.54	7.96
Sugandha J Hiremath	6.45	7.84	6.45	7.84
International Finance Corporation	4.80	5.84	6.76	8.23
Reliance Capital Trustee Company Limited	1.46	1.75	4.84	5.90

		Note	31 March 2018	31 March 2017	1 April 2016
17	**Other equity**				
	Capital reserve	i	0.44	0.44	0.44
	Capital redemption reserve	ii	509.82	509.82	509.82
	Securities premium account	iii	463.43	463.43	1,131.99
	State subsidy	iv	5.50	5.50	5.50
	Contingency reserve	v	30.00	30.00	30.00
	General reserve	vi	1,779.58	1,779.58	1,729.45
	Foreign currency translation reserve	vii	-	-	(27.64)
			2,788.77	2,788.77	3,379.56

(Currency: Indian rupees in million)

Notes		31 March 2018	31 March 2017	1 April 2016
i	**Capital reserve**			
	Opening balance	**0.44**	0.44	0.44
	Additions during the year	**-**	-	-
	Closing balance	**0.44**	0.44	0.44
ii	**Capital redemption reserve**			
	Opening balance	**509.82**	509.82	509.82
	Additions during the year	**-**	-	-
	Closing balance	**509.82**	509.82	509.82
iii	**Securities premium account**			
	Opening balance	**463.43**	1,131.99	1,131.99
	Adjustment on sale of subsidiary	**-**	668.56	-
	Closing balance	**463.43**	463.43	1,131.99
iv	**State subsidy**			
	Opening balance	**5.50**	5.50	5.50
	Additions during the year	**-**	-	-
	Closing balance	**5.50**	5.50	5.50
v	**Contingency reserve**			
	Opening balance	**30.00**	30.00	30.00
	Additions during the year	-	4.87	-
	Closing balance	**1779.58**	1,779.58	1729.45
vi	**General reserve**			
	Opening balance	**1779.58**	1729.45	1729.45
	Adjustment on sale of subsidiary	**-**	4.87	-
	Transfer from retained earnings	**-**	100	-
	Reversal on sale of land	**-**	45	-
	Closing balance	**1779.58**	1779.58	1729.45
vii	**Foreign currency transalation reserve**			
	Opening balance	**-**	(27.64)	(27.64)
	Additions during the year	**-**	-	-)
	Adjustment on sale of subsidiary	**-**	27.64	
	Closing balance	**-**	-	(27.64)

Nature and purpose of reserves

i. Capital reserve

Capital reserve is created on merger/amalgamation.

ii. Capital redemption reserve

Capital redemption reserve represents redemption of redeemable cumulative preference shares in earlier years.

iii. Securities premium account

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Act.

iv. State subsidy

State subsidy is created on receipt of government grants for setting up the factories in backward areas.

v. Contingency reserve

Contingency reserve is created by transferring funds from retained earnings to meet future contingencies.

vi. General reserve

General Reserve is a free reserve which is created by transferring funds from retained earnings to meet future obligations or purposes. The revaluation reserve as on 1 April 2016 has been transferred to general reserve.

vii. Foreign currency transalation reserve

Foreign currency translation reserve comprises of all exchange differences arising from translation of financial statements of foreign operations.

Notes to consolidated financial statements (Continued)

For the year ended 31 March 2018
(Currency: Indian rupees in million)

Dividends

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

	31 March 2018	31 March 2017
Interim equity dividend paid for financial year 2015-16 at ₹ 0.50 per equity share	-	41.10
Final equity dividend paid for financial year 2015-16 at ₹ 0.50 per equity share	-	41.10
Interim equity dividend paid for financial year 2016-17 at ₹ 0.60 per equity share	-	49.32
Final equity dividend paid for financial year 2016-17 at ₹ 0.60 per equity share	49.32	-
Interim equity dividend paid for financial year 2017-18 at ₹ 0.70 per equity share	57.54	-
Dividend distribution tax on the equity dividend	21.75	26.77
Total	128.61	158.29

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 whcih they have been approved by the Annual General Meeting. Dividends would attract dividend distribution tax when declared or paid:

Final equity dividend proposed for financial year 2017-18 at ₹ 0.50 per equity share	41.10	-
Dividend distribution tax on the equity dividend proposed above	8.37	-
Total	49.47	-

		31 March 2018	31 March 2017	1 April 2016
18	**Borrowings**			
	Term loans from banks			
	Rupee (refer note a (i) and b (i) below)	1,172.25	1,269.66	1,232.79
	External commercial borrowing (refer note a (ii) and b (i) below)	1,002.68	732.31	192.79
	Term loans from financial institutions			
	Rupee (refer note a (iii) and b (ii) below)	558.01	660.82	620.27
	External commercial borrowings (refer note a (iv) and b (ii) below)	-	262.19	534.82
	Term loans from others			
	Rupee (refer note a (v) and b (iii) below)	228.13	266.33	290.12
	Vehicle loans			
	From banks -Rupee (refer note a (vi) and b (iv) below)	0.50	1.29	2.73
	From Others -Rupee (refer note a (vi) and b (iv) below)	4.74	8.92	3.85
		2,966.31	3,201.52	2,877.37

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 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.

ii External Commercial borrowing from one bank is secured by first pari passu charge on the fixed assets of the Company's plants situated at Taloja, Panoli and Bangalore 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 office at CBD Belapur (Navi Mumbai) and second pari passu charge on entire current assets both present and future.

iv External Commercial borrowing 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 and second pari passu charge on entire current assets both present and future.

v Rupee term loan from others is secured by first pari passu charge on the fixed assets of the Company's plants situated at Taloja, Panoli, Bangalore, R & D centre at Pune and office at CBD Belapur (Navi Mumbai) and second pari passu charge on entire current assets both present and future.

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

b. i) Terms of repayment as on 31 March 2018 are as under :

(i)	US $ in Million	₹ In Million	Repayment Terms	Interest Rate p.a.
a	-	359.79	Repayble quarterly - 20 instalments of ₹ 18.00 Mio starting from 30.06.2018	10.65%
b	-	89.01	Repayble quarterly - 20 instalments of ₹ 4.50 Mio starting from 30.06.2018	10.60%
c	-	574.23	Repayble quarterly - 20 instalments of ₹ 29.25 Mio starting from 30.06.2018	10.75%
d	-	177.21	Repayble quarterly - 20 instalments of ₹ 9.00 Mio starting from 30.06.2018	10.90%
e	-	176.92	Repayble quarterly - 20 instalments of ₹ 9.00 Mio starting from 30.06.2018	11.20%
f	15.41	1,002.58	Repayble quarterly - 18 instalments of US $ 0.890 Mio each starting 10.07.2019	3M Libor + 395 bps

(ii)	US $ in Million	₹ In Million	Repayment Terms	Interest Rate p.a.
a	-	661.45	Repayble quarterly - 20 instalments of ₹ 33.75 Mio starting from 30.06.2018	10.20%
b	2.01	130.53	Repayable half yearly - 2 instalments of US $ 1 Mio each starting from 15.07.2018	6M Libor + 300 bps
c	2.01	130.44	Repayable half yearly - 2 instalments of US $ 1 Mio each starting from 15.07.2018	6M Libor + 320 bps

(iii)	US $ in Million	₹ In Million	Repayment Terms	Interest Rate p.a.
	-	267.01	Repayble quarterly - 20 instalments of ₹ 13.50 Mio starting from 30.06.2018	10.45%

(iv)	US $ in Million	₹ In Million	Repayment Terms	Interest Rate p.a.
a	-	0.26	Repayble monthly EMI of ₹ 0.025 Mio	10.49%
b	-	0.30	Repayble monthly EMI of ₹ 0.150 Mio	9.87%
c	-	0.19	Repayble monthly EMI of ₹ 0.039 Mio	10.25%
d	-	0.52	Repayble monthly EMI of ₹ 0.070 Mio	10.74%
e	-	0.97	Repayble monthly EMI of ₹ 0.047 Mio	10.26%
f	-	0.07	Repayble monthly EMI of ₹ 0.066 Mio	10.26%
g	-	7.91	Repayble monthly EMI of ₹ 0.315 Mio	9.24%

Notes to consolidated financial statements (Continued)

For the year ended 31 March 2018

(Currency: Indian rupees in million)

b. ii) Terms of repayment as on 31 March 2017 are as under :

(i)	US $ in Million	₹ In Million	Repayment Terms	Interest Rate p.a.
a	-	327.71	Repayable quarterly - 24 instalments of ₹ 14.03 Mio starting from 30 Jun 2017	11.15%
b	-	96.78	Repayable quarterly - 24 instalments of ₹ 4.08 Mio starting from 30 Jun 2017	11.20%
c	-	623.91	Repayable quarterly - 24 instalments of ₹ 26.54 Mio starting from 30 Jun 2017	11.40%
d	-	169.03	Repayable quarterly - 24 instalments of ₹ 7.22 Mio starting from 30 Jun 2017	11.50%
e	-	175.67	Repayable quarterly - 24 instalments of ₹ 7.47 Mio starting from 30 Jun 2017	11.70%
f	11.29	732.24	Repayable quarterly - 18 instalments of US $ 0.667 Mio each starting 25 May 2019	3M Libor + 395 bps
(ii)	**US $ in Million**	**₹ In Million**	**Repayment Terms**	**Interest Rate p.a.**
a	-	720.74	Repayable quarterly - 24 instalments of ₹ 30.63 Mio starting from 30 Jun 2017	11.15%
b	4.02	261.06	Repayable half yearly - 4 instalments of US $ 1 Mio each starting from 15 Jul 2017	6M Libor + 300 bps
c	4.01	260.57	Repayable half yearly - 4 instalments of US $ 1 Mio each starting from 15 Jul 2017	6M Libor + 320 bps
(iii)	**US $ in Million**	**₹ In Million**	**Repayment Terms**	**Interest Rate p.a.**
	-	290.31	Repayable quarterly - 24 instalments of ₹ 12.25 Mio starting from 30 Jun 2018	11.15%
(iv)	**US $ in Million**	**₹ In Million**	**Repayment Terms**	**Interest Rate p.a.**
a	-	0.52	Repayable monthly EMI of ₹ 0.025 Mio	10.49%
b	-	1.98	Repayable monthly EMI of ₹ 0.150 Mio	9.87%
c	-	0.62	Repayable monthly EMI of ₹ 0.039 Mio	10.25%
d	-	1.26	Repayable monthly EMI of ₹ 0.070 Mio	10.74%
e	-	1.41	Repayable monthly EMI of ₹ 0.047 Mio	10.26%
f	-	0.81	Repayable monthly EMI of ₹ 0.066 Mio	10.26%
g	-	10.81	Repayable monthly EMI of ₹ 0.315 Mio	9.24%

For the year ended 31 March 2018

(Currency: Indian rupees in million)

		31 March 2018	31 March 2017	1 April 2016
19	**Long -term provisions**			
	Term loans from banks			
	Provision for gratuity (Refer Notes 36)	78.58	72.63	52.74
	Provision for compensated absences (Refer Notes 36)	77.89	70.34	49.49
		156.47	142.97	102.23
20	**Short-term borrowings**			
	Secured			
	Loans repayable on demand from banks			
	Working capital loan -Rupee (refer note a and b below)	790.77	649.69	735.16
	Working capital loan -Foreign currency (refer note a and b below)	657.51	644.48	984.22
	Bill discounting (Refer note a iv)	1,323.34	1,008.18	1,042.59
		2,771.62	2,302.35	2,761.97

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

i Working capital loans from IDBI Bank Limited of ₹ 350 Million are secured by an exclusive charge on fixed assets of the Company's plant situated at Mahad.

ii Working capital loans from Standard Chartered Bank of ₹ 200 Million are secured by a first pari passu charge on office premises of the Company at CBD Belapur (Navi Mumbai).

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

iv Loans availed under bill discounting facility are secured against specific receivables, have tenure of 30 to 90 days and carry interest ranging between 1.5% to 10.50%

b. **Working capital loans are repayable on demand and carry interest ranging from 1.5% to 13.3 % p.a.**

		31 March 2018	31 March 2017	1 April 2016
21	**Trade payables**			
	Trade payables			
	Payables to Micro and Small Enterprises (Refer Note 41)	61.24	47.15	40.24
	Payables to others	1,584.22	1,257.16	1,238.25
		1,645.46	1,304.31	1,278.49

The Company's exposure to currency and liquidity risk related to trade payable is disclosed in Note 38

		31 March 2018	31 March 2017	1 April 2016
22	**Other financials liabilities**			
	Current maturities of long-term debt	612.99	474.59	363.56
	Current maturities of finance lease obligations	-	-	0.42
	Interest accrued but not due on borrowings	18.60	24.02	25.43
	Payables for capital purchases	130.25	126.92	39.19
	Employee benefits payable	112.44	100.50	84.83
		874.28	726.03	513.43
23	**Other current liabilities**			
	Unpaid dividend	2.37	2.33	1.98
	Advances from customers	182.47	7.08	80.22
	Statutory dues payable			
	-Provident fund	4.01	7.67	3.31
	-Employees' state insurance	0.16	0.13	0.02
	-Tax deducted at source	16.44	12.20	19.54
	-GST /Value added tax	59.37	3.65	1.61
	-Profession tax	0.27	0.25	0.23
		265.09	33.31	106.91

Notes to consolidated financial statements (Continued)

For the year ended 31 March 2018

(Currency: Indian rupees in million)

		31 March 2018	31 March 2017	1 April 2016
24	**Short -term provisions**			
	Provision for gratuity (Refer note 36)	12.26	3.34	7.41
	Provision for compensated absences (Refer note 36)	22.87	8.58	15.56
		35.13	11.92	22.97
25	**Current tax liabilities (net)**			
	Provision for tax (Refer note 34)	8.87	22.43	3.03
	[Net of advance tax ₹ 561.23 million (31 March 2017 : ₹302.50 million and 1 April 2016 : ₹ 230 million)]			
		8.87	22.43	3.03

		31 March 2018	31 March 2017
26	**Revenue from Operations**		
	Sale of products (including excise duty)	12,802.42	10,196.67
	Sale of services	20.91	6.42
	Other operating revenues		
	Export incentive	161.72	123.92
	Scrap sales	15.82	12.59
	Revenue from operations	13,000.87	10,339.60
27	**Other income**		
	Dividend received on non current investment	0.01	0.01
	Interest income on		
	Bank deposit	13.48	12.44
	Other	16.98	12.69
	Provision for doubtful debts written back	9.00	-
	Miscellaneous income	5.16	9.21
		44.63	34.35
28	**Cost of materials consumed**		
	Raw material opening stock	1,762.59	1,870.59
	Add: Purchase	7,330.31	4,840.27
	Less: Closing stock	1,939.74	1,762.59
		7,153.16	4,948.27
29	**Changes in inventories of finished goods and Work-in-progress**		
	Opening stock		
	Finished goods	352.94	434.18
	Work-in-progress	395.90	460.17
		748.84	894.35
	Less: Closing stock		
	Finished goods	390.14	352.94-
	Work-in-progress	522.14	395.90
		912.28	748.84
		(163.44)	145.50
30	**Employee benefits expense**		
	Salaries and wages	1,108.70	1,012.47
	Contribution to provident and other funds	51.37	46.96
	Grautity expenses (Refer Note 36)	22.01	14.40
	Staff welfare expense	98.50	93.10
		1,280.58	1,166.93

For the year ended 31 March 2018
(Currency: Indian rupees in million)

		31 March 2018	31 March 2017
31	**Finance costs**		
	Interest on rupee term loans	306.13	306.07
	Interest on foreign currency term loans	4.61	9.23
	Interest on working capital loans	78.84	112.00
	Interest on bills discounted	54.98	42.39
	Other interest	11.83	9.52
	Bank charges	27.84	3.53
	Exchange difference to the extent considered as an adjustment to borrowing costs	6.94	-
		491.17	482.74
32	**Other expenses**		
	Consumption of stores and spares	198.44	167.75
	Processing charges	14.29	15.03
	Power and fuel	1,084.05	856.29
	Advertisement	1.61	0.64
	Rent (Refer note 37)	18.17	21.40
	Rates and taxes	8.96	10.49
	Insurance	16.11	20.51
	Repairs and maintenance		
	- Plant and machinery	146.29	106.03
	- Buildings	31.45	22.41
	- Others	114.35	72.91
	Printing and stationery	21.01	14.75
	Legal and professional charges		
	- Legal charges	2.68	3.86
	- Professional charges	80.28	94.31
	Travelling and conveyance	52.19	60.78
	Vehicle expenses	16.13	13.24
	Postage, telephone and telegrams	10.25	12.64
	Payment to auditors (Refer note 44)	7.03	6.06
	Director's sitting fees	5.30	3.75
	Sales and distribution expenses	199.97	155.85
	Commission on sales	7.48	10.50
	Security service charges	29.96	29.64
	Sundry balance written off	15.01	13.02
	Service charges	31.36	29.46
	Excise duty on closing stock	(0.73)	(5.05)
	Loss on sale of assets (net)	-	23.87
	Foreign exchange loss (net)	27.39	7.73
	Provision for doubtful debts/advances	5.00	33.63
	Provision for diminution in value of investment	10.00	-
	Corporate Social Responsibility expenses (CSR)(Refer Note 43)	12.02	13.96
	Miscellaneous expenses	107.16	78.64
		2,273.21	1,894.10

Notes to consolidated financial statements (Continued)

For the year ended 31 March 2018

(Currency: Indian rupees in million)

33 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year, after considering adjustment for the effects of all dilutive potential equity shares.

		31 March 2018	31 March 2017
Profit attributable to equity shareholders (basic and diluted)			
Profit for the year attributable to equity shareholders	(A)	772.65	702.89
Weighted average number of equity shares for basic and diluted earnings per share Number of equity shares at beginning of the year		82,200,500	82,200,500
Equity shares issued during the year		-	-
Number of equity shares outstanding at the end of the year		82,200,500	82,200,500
Weighted average number of equity shares for the year	(B)	82,200,500	82,200,500
Basic and diluted earnings per share of face value of ₹ 2 each	(A)/(B)	9.40	8.19

(Currency: Indian rupees in million)

	31 March 2018	31 March 2017	1 April 2016
34 Tax expense			
(a) Amounts recognised in balance sheet			
Current tax liabilities (net of advance tax ₹ 561.23 million (31 March 2017 : ₹302.50 million and 1 April 2016 : ₹ 230 million))	8.87	22.43	3.03

Note: The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

(b) Amounts recognised in statement of profit and loss

	For the year ended 31 March 2018	For the year ended 31 March 2017
Current income tax		
Current year	446.97	197.16
Earlier years	-	19.78
	446.97	216.94
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences (including MAT Credit entitlement)	(104.30)	(91.45)
Deferred tax expense	(104.30)	(91.45)
Tax expense for the year	342.67	125.49

(c) Amounts recognised in other comprehensive income

	For the year ended 31 March 2018			For the year ended 31 March 2017		
	Before tax	Tax (expense) / benefit	Net of tax	Before tax	Tax (expense) / benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit plans	0.82	(0.33)	0.49	(5.86)	2.02	(3.84)
Fair value of investment	(0.16)	0.05	(0.11)	0.01	-	0.01
	0.66	(0.28)	0.38	(5.85)	2.02	(3.83)

(d) Reconciliation of effective tax rate

	31 March 2018	31 March 2017
Profit before tax	1,114.94	832.21
Tax using the Company's domestic tax rate (Current year 34.61% and Previous year 34.61%)	385.88	288.02
Tax effect of:		
Non-deductible tax expenses	2.89	25.52
Tax-exempt income	-	-
Incremental deduction allowed for research and development costs	(46.10)	(86.90)
Incremental deduction allowed for investment allowance	-	(36.60)
Tax pertaining to prior years	-	19.78
Mat credit entitlement	-	(84.34)
	342.67	125.49

The Group's consolidated weighted average tax rates for the years ended 31 March 2018 and 2017 were 30.73% and 15.63%, respectively.

Notes to consolidated financial statements (Continued)

For the year ended 31 March 2018

(Currency: Indian rupees in million)

35 Deferred tax liabilities (net)

a) Recognised deferred assets and liabilities

	Deferred tax assets		Deferred tax liabilities		Net deferred tax asset/(liabilities)	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Property, plant and equipment	-	-	454.31	536.08	(454.31)	(536.08)
Inventories	14.28	10.82	-	-	14.28	10.82
Trade receivables	15.35	18.46	-	-	15.35	18.46
Loans and advances	3.46	1.73	-	-	3.46	1.73
Investments	3.46	-	-	-	3.46	-
Provisions	66.31	53.61	-	-	66.31	53.61
Loan processing charges	-	-	13.85	18.42	(13.85)	(18.42)
Net Deferred tax asset / (liabilities)	102.86	84.62	468.16	554.50	(365.30)	(469.88)

b) Movement in deferred tax balances

31 March 2018

	Net balance 1 April 2017	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
Property, plant and equipment	(536.08)	81.77	-	(454.31)	-	(454.31)
Inventories	10.82	3.46	-	14.28	14.28	-
Trade receivables	18.46	(3.11)	-	15.35	15.35	-
Loans and advances	1.73	1.73	-	3.46	3.46	-
Investments	-	3.46	-	3.46	3.46	-
Provisions	53.61	12.42	0.28	66.31	66.31	-
Loan processing charges	(18.42)	4.57	-	(13.85)	-	(13.85)
Net Deferred tax asset / (liabilities)	(469.88)	104.30	0.28	(365.30)	102.86	(468.16)

c) Movement in deferred tax balances (previous year)

31 March 2017

	Net balance 1 April 2016	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
Property, plant and equipment	(557.06)	20.98	-	(536.08)	-	(536.08)
Inventories	9.95	0.87	-	10.82	10.82	-
Trade receivables	31.17	(12.71)	-	18.46	18.46	-
Loans and advances	8.45	(6.72)	-	1.73	1.73	-
Investments	-	-	-	-	-	-
Provisions	43.33	8.26	2.02	53.61	53.61	-
Loan processing charges	(15.20)	(3.22)	-	(18.42)	-	(18.42)
Net Deferred tax asset / (liabilities)	(479.36)	7.46	2.02	(469.88)	84.62	(554.50)

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

36 Employee benefits

i Defined Contribution Plans

The Group makes contributions towards superannuation fund and other retirement benefits to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Groupis required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits. Contribution to defined contribution plans are charged off for the year as under :

Particulars	31 March 2018	31 March 2017
Employer's contribution to Providend Fund	48.23	44.50
Employer's contribution to Superannuation Fund	1.20	1.33
Employer’s Contribution to ESIC	1.90	1.09
Employer's Contribution to Labour Welfare Fund	0.04	0.04

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 Group 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.

(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

Reconciliation of present value of defined benefit obligation

	31 March 2018	31 March 2017	1 April 2016
Balance at the beginning of the year	90.66	74.30	66.46
Current service cost	10.42	9.69	10.71
Past service cost	5.89	-	-
Interest cost (income)	6.80	5.77	5.32
Benefits paid	(5.59)	(4.43)	(13.41)
Actuarial losses/ (gains) recognised in other comprehensive income			
- financial assumptions	(0.91)	4.19	-
- experience adjustments	0.14	1.14	5.22
Balance at the end of the year	107.41	90.66	74.30
Reconciliation of present value of plan assets			
Balance at the beginning of the year	14.69	14.15	14.12
Interest income	1.10	1.06	1.60
Remeasurements	-	-	-
Return on plan assets, excluding amount included in interest (expense)/income	0.05	(0.52)	-
Employer contributions	2.56	4.42	1.94
Benefits paid	(1.84)	(4.42)	(3.51)
Balance at the end of the year	16.57	14.69	14.15
Net defined benefit (asset)/ liability	90.84	75.97	60.15

B Plan assets

	31 March 2018	31 March 2017	1 April 2016
Investment			
Policy of insurance	100%	100%	100%
Bank Special Deposit	0%	0%	0%
Investment in other securities	0%	0%	0%
Corporate Bonds	0%	0%	0%
State Government Bonds	0%	0%	0%
	100%	100%	100%

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

	31 March 2018	31 March 2017
Recognised in income statement		
Current service cost	10.42	9.69
Past service cost	5.89	-
Interest cost	5.70	4.71
Expected return on plan assets	-	-
Total	22.01	14.40
Recognised in Other Comprehensive Income		
Remeasurement of net defined benefit liability/(asset)	(0.77)	5.33
Return on plan assets, excluding interest income	(0.05)	0.52
Total	(0.82)	5.85

Notes to consolidated financial statements (Continued)

For the year ended 31 March 2018

(Currency: Indian rupees in million)

D. Defined benefit obligations

i Actuarial assumptions

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

	31 March 2018	31 March 2017	1 April 2016
Expected return on plan assets			
Discount rate	7.60%	7.50%	7.50%
Salary escalation rate	5.00%	5.00%	5.00%
Attrition rate	1.00%	1.00%	1.00%
Mortality rate table	Indian assured lives mortality (2006-08)		

ii Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	31 March 2018		31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	99.03	117.11	83.06	99.47
Rate of salary increase (1% movement)	116.74	99.16	97.45	83.78
Rate of employee turnover (1% movement)	107.60	107.22	90.83	90.47

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.

Maturity profile of the defined benefit obligation

Particulars	Up to 1 year	1-2 years	2-5 years	6 -10 years	Total
31 March 2018					
Defined benefit obligations (Gratuity)	11.72	6.52	18.92	53.68	90.84
Total	**11.72**	**6.52**	**18.92**	**53.68**	**90.84**
31 March 2017					
Defined benefit obligations (Gratuity)	11.60	4.42	18.18	41.77	75.97
Total	**11.60**	**4.42**	**18.18**	**41.77**	**75.97**

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 ₹ 42.47 million PY ₹ 41.89 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.

37 Operating leases

Leases as lessee

The Group has taken printers, copiers and office and residential premises under cancellable and non-cancellable operating lease arrangements. Lease rentals debited to the statement of profit and loss aggregate ₹ 3.11 million (PY ₹ 5.18 million) for non-cancellable lease and ₹ 15.06 million (PY ₹ 16.22 million) for cancellable lease

i Future minimum lease payments

The future minimum lease payments to be made under non-cancellable operating leases are as follows:

	31 March 2018	31 March 2017
Payable within one year	3.26	3.75
Payable between one year and five years	13.06	14.06
Payable after more than five years	-	2.27
	16.32	20.08

ii Amount recognised in profit or loss

	Year ended 31 March 2018	Year ended 31 March 2017
Lease expense - minimum lease payments	18.17	21.40

(Currency: Indian rupees in million)

38 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. It does not include fair value information for financial assets and financial liabilities not measured at fair value, if the carrying amount is a reasonable approximation of fair value.

31 March 2018		Carrying amount			Fair value		
	FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Cash and cash equivalents	-	58.22	58.22	-	-	-	-
Other bank balances	-	214.02	214.02	-	-	-	-
Loans - current	-	3.58	3.58	-	-	-	-
Trade receivables	-	2,873.73	2,873.73	-	-	-	-
	-	3,149.55	3,149.55	-	-	-	-
Financial liabilities							
Borrowing - non current	-	2,966.31	2,966.31	-	2,966.31	-	2,966.31
Borrowing - current	-	2,771.62	2,771.62	-	-	-	-
Trade payables	-	1,645.26	1,645.26	-	-	-	-
Other financial liabilities - current		874.28	874.28	-	874.28	-	874.28
		8,257.47	8,257.47	-	3,840.59	-	3,840.59

31 March 2017		Carrying amount			Fair value		
	FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Cash and cash equivalents	-	19.25	19.25	-	-	-	-
Other bank balances	-	145.40	145.40	-	-	-	-
Loans - current	-	3.09	3.09	-	-	-	-
Trade receivables	-	2,564.70	2,564.70	-	-	-	-
	-	2,732.44	2,732.44	-	-	-	-
Financial liabilities							
Borrowing - non current	-	3,201.52	3,201.52	-	3,201.52	-	3,201.52
Borrowing - current	-	2,302.35	2,302.35	-	-	-	-
Trade payables	-	1,304.31	1,304.31	-	-	-	-
Other financial liabilities - current		726.03	726.03	-	726.03	-	726.03
	-	7,534.21	7,534.21	-	3,927.55	-	3,927.55

1 April 2016		Carrying amount			Fair value		
	FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Cash and cash equivalents	-	42.90	42.90	-	-	-	-
Other bank balances	-	148.65	148.65	-	-	-	-
Trade receivables	-	2,140.90	2,140.90	-	-	-	-
Other financial assets - current	-	2.41	2.41	-	-	-	-
	-	2,337.27	2,337.27	-	-	-	-
Financial liabilities							
Borrowing - non current	-	2,877.37	2,877.37	-	2,877.37	-	2,877.37
Borrowing - current	-	2,761.95	2,761.95	-	-	-	-
Trade payables	-	1,278.48	1,278.48	-	-	-	-
Other financial liabilities - current	-	513.43	513.43	-	513.43	-	513.43
	-	7,431.23	7,431.23	-	3,390.80	-	3,390.80

Notes to consolidated financial statements (Continued)

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(Currency: Indian rupees in million)

B. Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Forward contracts for foreign exchange contracts	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currency.	Not applicable	Not applicable
Non current financial assets and liabilities measured at amortised cost	Discounted cash flows: The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates.	Not applicable	Not applicable

C. 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 Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group's 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's, 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's 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's establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

At 31 March 2018, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows.

	Carrying amount	
	31 March 2018	31 March 2017
India	791.48	896.19
Other regions	2,082.25	1,668.51
	2,873.73	2,564.70

At 31 March 2018, the Group's most significant customer, accounted ₹ 1,760.32 million (31 March 2017: ₹ 1,839.29 million) of the trade and other receivables carrying amount.

(Currency: Indian rupees in million)

Impairment

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables :.

31 March 2018	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Not due	2,790.94	0.49%	6.83
Past due 0-90 days	38.76	1.55%	1.33
Past due 91-180 days	41.71	30.52%	12.73
Past due 181-365 days	14.36	39.62%	5.69
Past due 366-730 days	14.03	44.76%	6.28
Past due 731-1096 days	15.41	55.94%	8.62
More than 1096 days	2.88	100.00%	2.88
	2,918.09		**44.36**

31 March 2017	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Not due	2,330.86	0.56%	13.13
Past due 0-90 days	234.84	4.86%	11.41
Past due 91-180 days	19.82	37.41%	7.41
Past due 181-365 days	3.19	42.30%	1.35
Past due 366-730 days	15.02	46.47%	6.98
Past due 731-1096 days	11.17	88.88%	9.93
More than 1096 days	3.15	100.00%	3.15
	2,646.05		**53.36**

1 April 2016	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Not due	1,993.61	0.34%	6.79
Past due 0-90 days	102.90	2.77%	2.85
Past due 91-180 days	19.33	16.71%	3.23
Past due 181-365 days	32.23	32.36%	10.43
Past due 366-730 days	30.20	52.88%	15.97
Past due 731-1096 days	13.94	86.37%	12.04
More than 1096 days	38.77	100.00%	38.77
	2,230.98		**90.08**

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 2016	**90.08**
Impairment loss recognised / (reversal)	(36.72)
Balance as at 31 March 2017	**53.36**
Impairment loss recognised / (reversal)	(9.00)
Balance as at 31 March 2018	**44.36**

Cash and cash equivalents

The Group held cash and cash equivalents of ₹ 58.22 million at 31 March 2018 (31 March 2017: ₹ 19.25 million). The cash and cash equivalents are held with banks with good credit ratings and financial institution counterparties with good market standing.

Other than trade and other receivables, the Group has no other financial assets that are past due but not impaired.

iii. Liquidity risk

Liquidity risk is the risk that the Group's 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.

Notes to consolidated financial statements (Continued)

For the year ended 31 March 2018
(Currency: Indian rupees in million)

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.

Contractual cash flows

31 March 2018	Carrying amount	Total	Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Borrowings-Non current	2,966.31	2,966.31	-	2,737.33	228.98
Borrowings-Current	2,771.62	2,771.62	2,771.62	-	-
Other financial liabilities - current	874.28	874.28	874.28	-	-
Trade payables	1,645.46	1,645.46	1,645.46	-	
	8,257.67	**8,257.67**	**5,291.36**	**2,737.33**	**228.98**
Derivative Financial Liabilities					
Forward Exchange Contracts					
- Outflow	-	-	-	-	-
- Inflow	-	-	-	-	-

			Contractual cash flows		
31 March 2017	Carrying amount	Total	Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Borrowings-Non current	3,201.35	3,201.35	-	2,370.07	831.28
Borrowings-Current	2,302.35	2,302.35	2,302.35	-	-
Other financial liabilities - current	726.03	726.03	726.03	-	-
Trade payables	1,304.31	1,304.31	1,304.31	-	-
	7,534.04	**7,534.04**	**4,332.69**	**2,370.07**	**831.28**
Derivative Financial Liabilities					
Forward Exchange Contracts					
- Outflow	-	-	-	-	-
- Inflow	-	-	-	-	-

			Contractual cash flows		
31 March 2016	Carrying amount	Total	Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Borrowings-Non current	2,877.37	2,877.37	-	1,829.26	1,048.11
Borrowings-Current	2,761.95	2,761.95	2,761.95	-	-
Other financial liabilities - current	513.43	513.43	513.43	-	-
Trade payables	1,278.48	1,278.48	1,278.48	-	-
	7,431.23	**7,431.23**	**4,553.86**	**1,829.26**	**1,048.11**
Derivative Financial Liabilities					
Forward Exchange Contracts					
- Outflow	-	-	-	-	-
- Inflow	-	-	-	-	

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity.

(Currency: Indian rupees in million)

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. The Company uses forward exchange contracts to hedge its currency risk.

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at 31 March 2018 and 31 March 2017 are as below:

31 March 2018	USD	EUR	GBP	Other
Financial assets	1,413.10	518.76	12.11	-
Financial liabilities	3,189.87	626.68	5.45	-
Net Exposure	**(1,776.65)**	**(107.92)**	**6.66**	**-**
31 March 2017	**USD**	**EUR**	**GBP**	**Other**
Financial assets	1,401.21	326.34	-	-
Financial liabilities	2,973.39	275.78	-	0.02
Net Exposure	**(1,572.18)**	**50.56**	**-**	**(0.02)**
31 March 2016	**USD**	**EUR**	**GBP**	**Other**
Financial assets	939.16	578.37	93.91	-
Financial liabilities	2,980.88	612.93	72.54	0.01
Net Exposure	**(2,041.72)**	**(34.56)**	**21.37**	**(0.01)**

Others includes AED and JPY

The forward contract booked during the year the includes future revenue transaction exposure.

The foreign exchange forward contracts outstanding as 31 March 2018 is Nil. (As on 31 March 2017 Nil).

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars, Euros and Singapore dollars at 31 March would have affected the measurement of financial instruments denominated in US dollars 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.

	Profit or loss	
Effect in INR	Strengthening	Weakening
31 March 2018		
USD (3% movement)	53.30	(53.30)
EUR (3% movement)	3.24	(3.24)
GBP (3% movement)	(0.20)	0.20
	56.34	(56.34)

	Profit or loss	
Effect in INR	Strengthening	Weakening
31 March 2017		
USD (3% movement)	61.25	(61.25)
EUR (3% movement)	1.04	(1.04)
GBP (3% movement)	(0.64)	0.64
	61.65	(61.65)

Notes to consolidated financial statements (Continued)

For the year ended 31 March 2018

(Currency: Indian rupees in million)

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

Since the Company does not have any significant financial assets or financial liabilities bearing floating interest rates, a change in interest rates at the reporting date would not have any significant or material impact on the standalone financial statements of the Company.

Nominal amount

	31 March 2018	31 March 2017	31 March 2016
Fixed-rate instruments			
Financial assets	237.90	186.84	155.21
Financial liabilities	(5,087.37)	(4,724.31)	(5,010.25)
	(4,849.47)	(4,537.47)	(4,855.04)
Variable-rate instruments			
Financial assets	-	-	-
Financial liabilities	(1,263.55)	(1,253.82)	(993.05)
	(1,263.55)	(1,253.82)	(993.05)

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 profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

The Company does not have any financial assets or financial liabilities bearing floating interest rates. Therefore a change in interest rates at the reporting date would not affect profit or loss.

(Currency: Indian rupees in million)

39 Capital Management

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 safequard its ability to continue as going concern and to maintain and optimal capital structure so as to maximise shareholders value. The Group's manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

As at 31 March 2018, the Group'shas only one class of equity shares and debt of ₹ 6,350.20 million. Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Group's allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.

The Group'smonitors capital using adjusted net debt to equity ratio. For this purpose, adjusted net debt is defined as total debt less cash and bank balances.

	31 March 2018	31 March 2017	1 April 2016
Non-current borrowings	2,966.31	3,201.29	2,877.37
Current borrowings	2,771.62	2,302.25	2,761.97
Current maturity of long term debt	612.99	474.59	513.43
Gross debt	6,350.92	5,978.13	6,152.77
Less - Cash and cash equivalents	58.22	19.25	43.09
Less - Other bank deposits	213.59	181.29	146.67
Adjusted net debt	6,079.11	5,777.59	5,963.01
Total equity	6,693.85	6,049.91	5,539.74
Adjusted net debt to equity ratio	0.91	0.96	1.08

40 Contingent liabilities and commitments (to the extent not provided for)

	31 March 2018	31 March 2017
A. Contingent liabilities		
Direct and Indirect taxes		
Income Taxes	124.10	124.10
Excise Duty	40.13	40.13
B. Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances,	172.93	314.82

In addition, the Group's is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Group's 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 Company's results of operations or financial condition.

41 Details of Specified Bank Notes (SBN)

Schedule III of the Companies Act, 2013 was amended by Ministry of Corporate Affairs vide Notification G.S.R. 308(E) dated 30 March 2017. The said amendment requires the Company to disclose the details of Specified Bank Notes held and transacted during the period from 8 November 2016 to 30 December 2016. Details of Specified Bank Notes held and transacted during the period from 8 November 2016 to 30 December 2016 are as follows:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	1.16	2.04	3.20
Add : Withdrawal from bank accounts	-	3.95	3.95
Add : Receipts from permitted transactions	-	0.32	0.32
Less : Permitted payments	-	4.50	4.50
Less : Paid for non-permitted transactions#	0.28	-	0.28
Less : Deposited in bank accounts	0.88	0.62	1.50
Closing cash in hand as on 30 December 2016	-	1.19	1.19

#These transactions pertain to payments made to the transporters for transport of goods in the ordinary course of business.

Notes to consolidated financial statements (Continued)

For the year ended 31 March 2018

(Currency: Indian rupees in million)

42 Sale of Research and Development (R&D) land and building situated at Bangalore

During the previous year, the Holding Group's has sold land and building at Bangalore R&D unit at a value of ₹ 170 million. The difference between the selling price of land and the carrying value of land as on the date of sale is ₹ 0.56 million which has been adjusted against the loss on sale of Property, Plant and Equipment in Note 4.

As a consequence of the aforesaid sale, other property, plant and equipment aggregating ₹ 25.77 million situated at Bangalore R&D unit has been written-off during the previous year. The balance assets (in the form of stores and spares etc.) in the balance sheet pertaining to Bangalore R&D unit aggregating ₹ 35.79 million have also been charged to the Statement of Profit and Loss in the previous year.

43 Corporate social responsibility

As per Section 135 of the Act, a CSR committee has been formed by the Group's. 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's during the year: ₹ 11.98 million (previous year: ₹13.07 million)The areas of CSR activities and contributions made thereto are as follows:

Amount spent during the year on ;	31 March 2018	31 March 2017
Protection of national heritage	0.78	3.50
Promotion of education	1.08	5.39
Promotion of vocational skill	6.45	1.00
Rural development	-	1.94
Environmental sustainability	1.22	0.11
Promoting preventive health care and sanitation and making available safe water	1.70	0.98
Others	0.79	1.04
Total	12.02	13.96

The Company does not carry any provisions for corporate social responsibility expenses for the current year and the previous year.

44 Payment to Auditors' (excluding Goods and Services tax)

	31 March 2018	31 March 2017
- Audit fees	3.55	3.55
- Limited review of quarterly results	2.50	2.25
- Certification and other matters	0.63	0.28
- Out-of-pocket expenses	0.35	0.35
Total	7.03	6.43

45 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

	31 March 2018	31 March 2017
Salaries, wages and bonus	22.53	20.13
Finance costs	15.44	31.12
Other expenses	-	7.43
Total	37.97	58.68

(Currency: Indian rupees in million)

46 Segment information

For management purposes, the Group's is organised into business units based on its products and services and has two reportable segments, as follows:

Pharmaceuticals: Segment produces in Active Pharmaceutical Ingredients

Crop protection: Segment manufactures in pesticides, herbicides.

The Chief Operating Decision Maker ("CODM") evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by operating segments. The CODM reviews revenue and gross profit as the performance indicator for all of the operating segments, and does not 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's	Secondary Segment (Geographical Segment): Based on geographical area of operation
Pharmaceuticals Crop Protection	India and Outside India

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 in Active Pharmaceutical Ingredients-

Crop Protection : Segment produces in pesticides and herbicides

ii) Segment revenues, results and other information

Particulars	Crop Protection	Pharmaceuticales	Total of Reportable Segment
External sales (Gross of excise duty)	5,472.80	7,528.07	13,000.87
	4,233.10	*6,106.50*	*10,339.60*
Other income	-	-	-
	-	-	-
Segment revenue	5,472.80	7,528.07	13,000.87
	4,233.10	*6,106.50*	*10,339.60*
Segment results	865.20	985.50	1,850.70
	745.20	*777.30*	*1,522.50*
Segment assets	5,304.10	9,214.40	14,518.50
	4,299.10	*8,695.60*	*12,994.70*
Segment liabilities	1,838.70	1,686.10	3,524.80
	949.70	*1,665.00*	*2,614.70*
Capital expenditure (included in segment assets)	380.31	795.57	1,175.88
	445.69	*872.53*	*1,318.22*
Depreciation/Amortisation	272.10	566.06	838.16
	153.50	*522.60*	*676.10*

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	13,000.87	1,850.71	14,518.50	3,524.80	1,175.88	838.16
	10,339.60	*1,522.50*	*12,994.70*	*2,614.70*	*1,318.22*	*676.10*
Corporate / Unallocated segment	-	244.59	898.68	5,198.43	97.14	17.77
	-	*207.49*	*800.05*	*5,130.14*	*28.37*	*15.31*
Finance cost	-	491.17	-	-	-	-
	-	*482.74*	-	-	-	-
Taxes	-	342.67	-	-	-	-
	-	*125.49*	-	-	-	-
As per financial statement	13,000.87	772.27	15,417.18	8,723.23	1,273.01	855.93
	10,339.60	*706.72*	*13,794.75*	*7,744.84*	*1,346.59*	*691.41*

Figures in italics pertain to previous year

Notes to consolidated financial statements (Continued)

For the year ended 31 March 2018

(Currency: Indian rupees in million)

B Secondary segment reporting (by geographical segment)

Particulars	India	USA and Canada	Europe	South East Asia	Others	Total
Revenue	3,926.35	2,115.46	3,767.46	2,926.93	264.67	13,000.87
	3,727.16	*802.19*	*2,848.74*	*2,792.50*	*169.01*	*10,339.60*
Total assets	15,417.08	-	-	-	-	15,417.08
	13,794.65	-	-	-	-	*13,794.65*
Capital expenditure	1,273.01	-	-	-	-	1,273.01
	1,346.59					*1,346.59*

There is no transactions with single external customer which amounts to 10% or more of the Company's revenue.

Figures in italics pertain to previous year

47 Related party disclosures

The note provides the information about the Companys 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) Executive Directors	Jai Hiremath (Chairman and Managing Director) Sameer Hiremath (President and Joint Managing Director)
c) Enterprises owned or controlled or significantly influenced by key management personnel or their relatives"	Decent Electronics Private Limited ("DEPL") Marigold Investments Private Limited ("MIPL") Iris Investments Private Limited ("IIPL") Karad Engineering Consultancy Private Limited ("KECPL") Ekdant Investments Private Limited ("EIPL") Shri Rameswara Investment Private Limited ("SRIPL") Shri Badrinath Investment Private Limited ("SBIPL") Rushabh Capital Services Private Limited ("RCSPL")
d) Relatives of Key Management Personnel	Sugandha Hiremath
e) Non-executive directors	Baba Kalyani Amit Kalyani K.K. Unni Prakash Mehta S. M. Kheny Wolfang Welter Axel Kleemann Ranjit Shahani

(Currency: Indian rupees in million)

ii) Details of transactions with related parties

Particulars	Transaction value		Balances outstanding		
	Year ended 31 March 2018	Year ended 31 March 2017	31 March 2018	31 March 2017	1 April 2016
Remuneration					
Jai Hiremath	30.35	29.88	-	-	-
Sameer Hiremath	17.14	16.31	-	-	-
Commission paid					
Jai Hiremath	11.38	9.00	11.38	9.00	5.50
Sameer Hiremath	11.38	9.00	11.38	9.00	5.50
Sitting fees					
Sugandha Hiremath	1.00	0.80	-	-	-
Baba Kalyani	0.10	0.15	-	-	-
Amit Kalyani	0.10	0.10	-	-	-
K.K. Unni	1.20	0.80	-	-	-
Prakash Mehta	1.30	0.70	-	-	-
S. M. Kheny	0.90	0.70	-	-	-
Wolfang Welter	0.40	0.25	-	-	-
Axel Kleemann	0.30	0.25	-	-	-
Dividend paid					
SBIPL	17.26	7.97	-	-	-
SRIPL	8.50	3.92	-	-	-
DEPL	0.04	0.02	-	-	-
EIPL	0.34	0.16	-	-	-
KECPL	0.06	0.03	-	-	-
KICL	33.51	15.47	-	-	-
Sugandha Hiremath	8.37	3.87	-	-	-
Jai Hiremath	1.16	0.54	-	-	-
Sameer Hiremath	0.34	0.16	-	-	-
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	1.10
Sugandha Hiremath	-	-	50.00	50.00	50.00
Jai Hiremath	-	-	20.00	20.00	20.00

Notes to consolidated financial statements (Continued)

For the year ended 31 March 2018

(Currency: Indian rupees in million)

48 Explanation of transition to Ind AS

For the purposes of reporting as set out in Note 1, we have transitioned our basis of accounting from Indian generally accepted accounting principles ("IGAAP") to Ind AS. The accounting policies set out in note 3 have been applied in preparing the standalone financial statements for the year ended 31 March 2017, the comparative information presented in these standalone financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 1 April 2016 (the "transition date").

In preparing our opening Ind AS balance sheet, we have adjusted amounts reported in standalone financial statements prepared in accordance with IGAAP. An explanation of how the transition from IGAAP to Ind AS has affected our financial performance, cash flows and financial position is set out in the following tables and the notes that accompany the tables. On transition, we did not revise estimates previously made under IGAAP except where required by Ind AS.

Optional exemptions availed and mandatory exceptions

In preparing these standalone financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

A. Optional exemptions availed

1 Property plant and equipment and intangible assets

As per Ind AS 101 an entity may elect to:

(i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date

(ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:

* fair value;

* or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

(iii) use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Group's has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets.

B. Mandatory exceptions

1 Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error.

However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Group's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the standalone financial statements that were not required under the previous GAAP are listed below

Fair valuation of financial instruments carried at FVTPL.

Impairment of financial assets based on the expected credit loss model.

Determination of the discounted value for financial instruments carried at amortised cost.

(Currency: Indian rupees in million)

2 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable. Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

Accordingly, the Group has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

Reconciliation of net profit as reported under previous Generally Accepted Accounting principles ("Previous GAAP") and as per IND AS is given as follows.

	Particulars	Net Profit Year ended 31 March 2017
	Net profit as per previous GAAP	667.94
	Ind AS adjustments	
1	Amortisation of upfront fees on borrowings	15.60
2	Trade receivables provision based on expected credit loss model	(18.60)
3	Deferred tax on Ind AS adjustments	37.95
4	Actuarial gain/(loss) on defined benefit plans reclassified to OCI net of tax	3.83
	Net profit as per Ind AS	**706.72**

Reconciliation of equity as reported under previous Generally Accepted Accounting principles ("Previous GAAP") and as per IND AS is given as follows.

	Particulars	As on 31 March 2017
	Equity as per previous GAAP	6212.56
	Ind AS adjustments	
1	Amortisation of upfront fees on borrowings	16.60
2	Trade receivables provision based on expected credit loss model	(43.40)
3	Deferred tax on Ind AS adjustments	(140.85)
4	Fair valuation of investment	5.00
	Equity as per Ind AS	**6,049.91**

Notes to reconciliation

Upfront fees on borrowings:

Under Indian GAAP, transaction costs incurred in connection with interest bearing loans and borrowings are amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

Trade receivables:

Under Indian GAAP, the Group's has created provision for impairment of receivables consists only in respect of specific amount for incurred losses. Under Ind-AS, impairment allowance has been determined based on Expected Loss model (ECL).

Deferred tax assets (net):

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind-AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind-AS 12 approach has resulted in recognition of deferred tax on new temprorary differences which was not required under Indian GAAP.

Fair valueation of investment:

Under previous GAAP, the Group accounted for current investments were carried at lower of cost or market value. Under Ind-AS, these investments are required to measured at fair value at the end of each reporting and resulting fair value changes are to recognised in Other comprehensive income.

Notes to consolidated financial statements (Continued)

For the year ended 31 March 2018
(Currency: Indian rupees in million)

Actuarial gain and loss:

Under Ind AS, all actuarial gains and losses are recognised in other comprehensive income. Under previous GAAP the Company recognised actuarial gains and losses in profit or loss. However, this has no impact on the total comprehensive income and total equity as on 1 April 2016 or as on 31 March 2017.

Reconciliation of equity as reported under previous Generally Accepted Accounting principles ("Previous GAAP") and as per IND AS is given as follows.

Particulars	As on 1 April 2016
Equity as per previous GAAP	5,648.98
Ind AS adjustments	
1. Amortisation of upfront fees on borrowings	1.02
2. Trade receivables provision based on expected credit loss model	(24.73)
3 Deferred tax on Ind AS adjustments	(178.89)
4. Fair valuation of investment	5.00
5 Proposed dividend	98.93
Equity as per Ind AS	**5,550.31**

Notes to reconciliation

Upfront fees on borrowings:

Under Indian GAAP, transaction costs incurred in connection with interest bearing loans and borrowings are amortised upfront and charged to profit or loss for the period. Under Ind-AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

Trade receivables:

Under Indian GAAP, the Group's has created provision for impairment of receivables consists only in respect of specific amount for incurred losses. Under Ind-AS, impairment allowance has been determined based on Expected Loss model (ECL).

Proposed dividend:

Under Indian GAAP, proposed dividends are recognised as a liability in the period to which they relate, irrespective of when they are declared. Under Ind-AS, a proposed dividend is recognised as a liability in the period in which it is declared by the Group's (usually when approved by shareholders in a general meeting) or paid. In the case of the company, the declaration of dividend occurs after period end. Therefore, the liability of recorded for this dividend has been derecognised against retained earnings.

Deferred tax assets (net):

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind-AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind-AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

Fair valuation of investment:

Under previous GAAP, the Group accounted for current investments were carried at lower of cost or market value. Under Ind-AS, these investments are required to measured at fair value at the end of each reporting and resulting fair value changes are to recognised in Other comprehensive income.

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

Vijay Bhatt
Partner
Membership No: 036647

Mumbai
9 May 2018

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

Jai Hiremath
Chairman & Managing Director- DIN: 00062203

Kannan K. Unni
Director- DIN: 00227858

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

Mumbai
9 May 2018

Consolidated Cash flow statement

For the year ended 31 March 2018

(Currency: Indian rupees in million)

			31 March 2018		31 March 2017	
A	**Cash flow from operating activities**					
	Profit before tax			1,114.94		802.65
	Adjustments –					
	Depreciation and amortisation		855.93		691.41	
	Dividend on long-term investments		(0.01)		(0.01)	
	Finance costs		491.17		482.74	
	Interest Income		(30.46)		(25.13)	
	Loss on sale of property, plant and equipment		-		23.87	
	Sundry balances written off		15.01		13.02	
	Provision for doubtful debts and advances		5.00		33.63	
	Provision for diminution in value of investment		10.00		-	
	Provision for doubtful debts written back		(9.00)		-	
	Unrealised foreign exchange (gain)/loss		65.88		7.17	
	Exceptional item on de-consolidation of subsidiary		-		42.14	
				1,403.52		1,268.84
	Operating cash flow before working capital changes			2,518.46		2,071.49
	Decrease/(Increase) in trade receivables		(295.21)		(534.68)	
	Decrease/(Increase) in loans and advances and other assets		(716.53)		13.83	
	Decrease/(increase) in inventories		(394.72)		275.32	
	(Decrease)/increase trade payables		265.91		40.81	
	Increase/(decrease) in provisions and other liabilities		268.96		(34.61)	
				(871.59)		(239.33)
	Cash generated from operation			1,646.87		1,832.16
	Income tax paid			(258.73)		(197.32)
	Net cash flow generated from operating activities	**(A)**		1,388.14		1,634.84
B	**Cash Flow From Investing Activities**					
	Purchase of property, plant and equipment		(1,059.81)		(1,221.05)	
	Proceeds from sale of property, plant and equipment		-		168.54	
	Dividend on long-term investments		0.01		0.01	
	Interest received		27.18		23.37	
	(Increase)/decrease in other bank balances (includes margin money account)		(68.61)		7.45	
	Net cash flow/(used in) investing activities	**(B)**		(1,101.23)		(1,021.68)
C	**Cash Flow From Financing Activities**					
	Proceeds from long term borrowings		389.97		874.27	
	Repayment of long term borrowings		(475.04)		(405.69)	
	Repayments of/proceeds from short-term borrowings (net)		462.33		(411.68)	
	Principal payment under finance leases		-		0.42	
	Finance costs paid		(496.59)		(530.98)	
	Dividend paid on equity shares (including dividend distribution tax)		(128.61)		(158.30)	
	Net cash flow (used in) financing activities (C)			(247.94)		(632.80)
	Net Increase/(decrease) in cash and cash equivalents (A+B+C)			38.97		(19.64)

Consolidated Cash flow statement (Continued)

For the year ended 31March 2018

(Currency: Indian rupees in million)

	31 March 2018	31 March 2017
Cash and cash equivalents at the beginning of the year the components being		
Cash on hand	-	1.44
Balances with banks		
- Current accounts	17.91	35.66
- Exchange Earners Foreign Currency accounts	0.09	1.79
- Deposits accounts (demand deposits and deposits having original maturity of 3 months or less)	1.25	-
	19.25	38.89
Cash and cash equivalents at the end of the year the components being		
Cash on hand	0.98	-
Balances with banks		
- Current accounts	39.74	17.91
- Exchange Earners Foreign Currency accounts	0.04	0.09
- Deposits accounts (demand deposits and deposits having original maturity of 3 months or less)	17.46	1.25-
	58.22	19.25
Net increase/(decrease) as disclosed above	38.97	(19.64)

Debt reconciliation statement in accordance with Ind AS 7

	31 March 2018	31 March 2017
Opening balance		
Long term borrowings	3,676.11	3,241.35
Short term borrowings	2,302.35	2,761.95
Movements		
Long term borrowings	(96.81)	434.76
Short term borrowings	469.27	(459.62)
Closing balance		
Long term borrowings	3,579.30	3,676.11
Short term borrowings	2,771.62	2,302.35

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.

*Amount less than ₹ 0.01 million

As per our report of even date attached

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

Vijay Bhatt
Partner
Membership No: 036647

Mumbai
9 May 2018

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

Jai Hiremath
Chairman & Managing Director- DIN: 00062203

Kannan K. Unni
Director- DIN: 00227858

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

Mumbai
9 May 2018

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HIKAL

A CATALYST FOR CHANGE

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Sector 11, CBD-Belapur, Navi Mumbai - 400 614, India.
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