



September 1, 2023

BSE Ltd.
P J Towers,
Dalal Street,
Mumbai – 400 001.

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

BSE Scrip Code : 524735

NSE Symbol : HIKAL

Dear Sir/ Madam,

Subject: Notice of the 35th Annual General Meeting (AGM) and Annual Report for Financial Year 2022-23

Pursuant to Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Notice convening the 35th AGM of the Company and the Annual Report for the financial year 2022-23.

The 35th AGM is scheduled to be held on Tuesday, September 26, 2023, at 11.30 a.m. through Video Conferencing/ Other Audio-Visual Means (VC/OAVM) in compliance with the provisions of the Companies Act, 2013 and the circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India.

The Notice of the AGM along with the Annual Report can also be accessed on the website of the Company at www.hikal.com.

This is for your information and record.

Thanking you,

Yours Sincerely,
for **HIKAL LIMITED**,

Rajasekhar Reddy
Company Secretary and Compliance Officer

Encl: As above

Hikal Ltd.

Admin. Office: Great Eastern Chambers, 6th Floor, Sector 11, CBD Belapur, Navi Mumbai - 400 614, India. Tel. + 91–22–6277 0299, + 91–22–6866 0300

Regd. Office: 717, Maker Chambers - 5, Nariman Point, Mumbai - 400 021, India. Tel. +91-22 6277 0477. Fax: + 91-22 6277 0500

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

The background features a large, abstract graphic composed of overlapping circles. A large teal circle is the central focus, overlapping a larger blue circle on the left. Several smaller, thin white circles are scattered throughout the composition. The overall aesthetic is clean and modern, with a focus on geometric shapes and a cool color palette.

*CREATING VALUE THROUGH
SUSTAINABILITY*

TABLE OF CONTENTS

Message from the Chairman	4
Corporate Overview	
At a Glance	10
Where We Operate	12
What We Do	14
Research & Technology	18
Performance Highlights	20
Awards and Recognition	21
Introducing our Capitals	22
How We Create Value	24
Management Discussion and Analysis	
Economic Review	27
Industry and Business Review	29
Financial Review	46
Strategic Review	48
Risk Management Human Resources	54
Internal Controls and their Adequacy Organisational Threats	55



Guided by our vision, we have made substantial progress on the Environment, Social, and Governance (ESG) front by establishing a sustainability roadmap. This not only bolsters our standing but also positions us as a more robust and enduring organisation committed to sustainability.

Jai Hiremath
Executive Chairman



Scan the QR Code to view the report online

ESG at Hikal

Stakeholder Universe of Hikal	58
Materiality Assessment	60



Statutory Reports

Directors' Report	102
Report on Corporate Governance: 2023	119
Business Responsibility and Sustainability Report FY 2022-23	137

Financial Statements

Standalone	175
Consolidated	244

Visit <https://www.hikal.com> to know more about us



2022-23 Highlights

FINANCIAL

₹20,230 mn
Revenue

13%
EBITDA Margin

₹6.36
EPS

₹127 mn
Free Cash Flow

19%
Dividend
Payout Ratio

0.61x
Net Debt
to Equity

ESG

ENVIRONMENT

7%
Reduction in water
intensity per ₹ of turnover

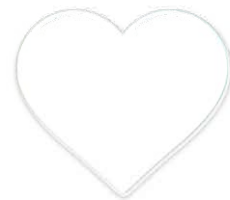


Multiple
Power purchase
agreements (PPAs)
signed to procure
renewable energy

SOCIAL

2,16,500
Beneficiaries

Zero
Fatalities



GOVERNANCE

20%
Women Directors

100%
Employees* trained on
any of the principles of
the BRSR



*Other than BoD and KMPs



CREATING VALUE THROUGH SUSTAINABILITY



About the Cover

The way molecular bonds lay the groundwork for complex structures; sustainable practices serve as the foundation for our resilience, success and positive impact. This concept is reflected on the cover of this year's Annual Report, where blue symbolises Hikal, and green represents our commitment to sustainability. The overlapping bond signifies the symbiotic relationship between Hikal and Sustainability - wherein lies the potential for growth.

For over three decades, our commitment has been to drive growth through scale, efficiency, and quality. This year, we strengthened our commitment to sustainability, going above and beyond to extend the value we create beyond our products. Embracing sustainability aligns our Company's operations with environmental responsibilities and yields significant benefits in multiple aspects.

We firmly believe that sustainability and growth are intertwined. With sustainability as our north star, we have made significant investments in technology to ensure clean energy, reduce our carbon footprint, conserve natural

resources, and minimise waste generation across all our sites. This, in turn, enhances our reputation and fosters stronger relationships with stakeholders, including colleagues, partners, and the communities in which we operate.

Our sustainability roadmap focuses on reducing our carbon footprint across the entire value chain. Prioritising sustainability leads to cost savings through optimised use of resources and energy efficiency. Furthermore, by adopting a 'molecular thinking' approach, we aspire to become the preferred partner for our global customers – passionate, future-ready, and committed to sustainability.



Overcoming. Thriving. Succeeding.

Guided by our vision, we have made substantial progress on the Environment, Social, and Governance (ESG) front by establishing a sustainability roadmap. This strengthens our position and positions us as a more resilient and sustainable organisation.

Jai Hiremath
Executive Chairman



Dear Shareholders,

The financial year 2022-23 posed significant challenges for both of our businesses, due to the significant increase in raw material prices and supply chain disruptions. The commitment and collective efforts of all Hikal team members who have worked tirelessly to ensure a sequential recovery each quarter. Their dedication and coordination have been vital in navigating the hurdles we faced.

Guided by our vision, we have made substantial progress on the Environment, Social, and Governance (ESG) front by establishing a sustainability roadmap. This strengthens our position and positions us as a more resilient and sustainable organisation.

Financial Performance

We achieved total revenues of ₹20,284 million in 2022-23, compared to ₹19,476 million in the previous year, demonstrating our ability to navigate complex market dynamics while delivering value to our customers.

Our ongoing commitment to maximise shareholder value remained steadfast as we achieved an EBITDA of ₹2,625 million and a net profit of ₹784 million in 2022-23. The reduction in margins is mainly on account of higher raw material prices.

The Board of Directors has recommended a final dividend of ₹0.6 per share, bringing the total dividend for 2022-23 to ₹1.2 per share (60%) including the interim dividend announced earlier this year.

Pharmaceutical Division

In the Pharmaceutical Division, our revenues stood at ₹11,152 million against the previous year's revenues of ₹11,297 million. The EBIT for the division stood at ₹650 million, achieving a 6% margin. While our profitability faced challenges stemming from significant raw material input prices, we implemented cost reduction measures through our business excellence initiatives. These proactive efforts have helped us partially absorb the impact and stabilise our profit margins. Furthermore, we successfully expanded our customer base and consolidated our presence in new regions such as the Middle East and Latin America. Most notably, our new product launches in anti-diabetic therapeutics have generated significant interest and acceptance among global customers.

Looking ahead, our primary focus will be maximising active pharmaceutical ingredient (API) sales by increasing our share of customers' wallets. To achieve this, we will explore new markets and actively work towards expanding our market share in specific APIs.

With respect to our Contract Development and Manufacturing Organisation (CDMO) business, we anticipate normalisation of demand in the second half of 2023-2024. I am pleased to share that despite the severe de-stocking by our customers in the generic market, we experienced increased traction among our existing innovator customers allowing us to expand our share of the CDMO business. Our robust pipeline of projects in the CDMO space continues to grow, and we remain committed to fostering strong partnerships and capitalising on emerging opportunities in the CDMO industry.

I am pleased to announce that our API facility in Panoli, Gujarat, successfully faced a US FDA audit in 2022-23. The audit yielded exceptional results, and we received a compliance status of 'No Action Indicated' (NAI), commonly known as 'Zero 483' observations from the US FDA. These developments further strengthen our position in the industry and demonstrate our commitment to adhering to strict quality standards and regulatory requirements.

Crop Protection Division

The Crop Protection division achieved a 12% annual revenue growth with ₹9,079 million in total revenues for 2022-23 compared to ₹8,130 million recorded in the previous year. The EBIT of the division was at ₹1,033 million, representing a margin of 11%. The revenue growth is primarily attributable to higher demand from existing and new customers. We commercialised two new advanced intermediates for a global innovator company.

We are focusing on capitalising on new opportunities, strengthening our position among global innovator companies, and enhancing operational efficiencies through strategic vendor development and supply chain optimisation. These measures ensure a reliable supply of essential raw materials and contribute to stable pricing. By implementing these initiatives, we are fortifying our operations, streamlining costs, and reinforcing our ability to meet customer demands efficiently and consistently.

Our ongoing transformation journey, Project Pinnacle, has gained momentum, driving advancements in our product portfolio and geographical expansion.

Animal Health

Our Animal Health business has demonstrated consistent growth, and we are making significant progress in developing multiple APIs under a long-term agreement with a global innovator Animal Health company.

Over the next few years, we will supply validation batches of the under-development products to our esteemed customers. Additionally, we actively discuss with customers worldwide, offering them manufacturing and process improvements to meet their current and future requirements.

We aim to be a partner of choice in providing innovative solutions in the industry.

Business Transformation – Project Pinnacle

Our ongoing transformation journey, Project Pinnacle, has gained momentum, driving advancements in our product portfolio and geographical expansion.

I am delighted to report that the efforts invested in Project Pinnacle are already yielding positive results, laying the foundation for long-term value creation.

We remain focused on creating shared value for all stakeholders, prioritising customer needs, employee well-being, and developing a robust and diversified supply chain. Our sustainability efforts include implementing renewable energy projects, strengthening compliance policies, and embracing sustainable waste management practices.

Research and Technology

During the year, we have spent 3-4% of our sales on research and technology (R&T) investments, emphasising our commitment to ensuring future growth. These substantial investments aim to build new capabilities to drive our business forward.

Our current focus lies in the backward integration of raw materials and developing greener processes. Backward integration of critical raw materials is a strategic decision to help reduce supplier concentration and geographical dependence, ensuring a more stable supply chain.

During the year, our R&T team filed three US Drug Master Files (DMFs), five CEP amendments, and ten US DMF amendments for the pharma segment.

Furthermore, we have successfully concluded global registrations for three products in the Crop Protection segment, solidifying our presence in key markets. In line with our plans, we are excited to announce the upcoming launch of two new fungicide products this year. These products will be manufactured at our state-of-the-art facility in Panoli, Gujarat.

Creating Shared Value

We believe in empowering our stakeholders to create an environment where everyone can thrive and contribute to shared goals by fostering shared ownership and purpose. We prioritise the needs of our customers, a commitment that not only drives us to provide innovative chemical solutions today but also fuels our aspiration to meet the evolving needs of tomorrow.

Similarly, employee well-being is the bedrock of our organisation. We undertook various initiatives throughout the year to support our employees. We have also been conferred with the prestigious Great Managers Award and have been recognised as 'Companies with Great Managers'. This is a testament to the efforts that we continuously put in to foster a culture of productivity and continued excellence.

Lastly, our ongoing efforts to develop alternative suppliers and reduce dependence on a single geography or vendor are progressing as planned. This strategic initiative aims to position us as the

Recognising the significance of infrastructural development in enhancing the quality of life for communities, we have made substantial improvements to the social infrastructure surrounding our manufacturing plants.

preferred partner for our global customers by ensuring a robust and diversified supply chain. These endeavours reinforce our commitment towards being a forward-thinking organisation and meeting the evolving needs of our customers.

Responsible Growth – ESG Goals

We are committed to conducting our business responsibly, safely, and efficiently to become a sustainable company for long-term success. In pursuit of this goal, we have implemented several initiatives across all our sites.

We are actively implementing renewable energy projects as part of our sustainability strategy. Our efforts have yielded fruitful results as we have successfully signed long-term Power Purchase Agreements (PPAs) with two prominent solar power developers. These agreements secure 9.5 MW and 3.2 MW of solar energy for our Taloja and Mahad units. Furthermore, we have agreed to procure 4.8 MW of renewable energy from a hybrid project encompassing wind and solar technologies for our Panoli unit and 7 MW for our Jigani unit. Additionally, we are actively working towards reducing waste generation throughout our operations, embracing sustainable waste management practices.

We are proactively strengthening our compliance policies and Standard Operating Procedures (SOPs). To ensure the highest level of compliance, we have engaged a reputable internal audit firm. Furthermore, we have partnered with a distinguished ESG firm and initiated third-party audits across our entire plant network. These audits identify gaps in our processes and provide valuable guidance for improvement.

As a testament to our commitment to sustainability, we embarked on our first materiality assessment in 2022-23. This assessment served as a crucial step in gaining a deeper understanding of the needs and expectations of all our stakeholders, including our colleagues, partners, and the communities in which we operate. By aligning our actions with their expectations, we aim to create a positive and lasting impact.

Way Forward

I am proud of what we have achieved in an uncertain economic landscape. We have expanded our business while staying true to our core values and culture pillars.

We anticipate a deceleration in the first half of the upcoming financial year, due to the global growth slowdown and mounting pricing pressure. Nonetheless, we remain focused on operational excellence and capital efficiency as we strive to reduce costs and enhance our margins, enabling us to stay competitive within this demanding global landscape. We are well positioned for sustainable growth in the medium to long term, driven by our focus on innovation, commitment to sustainability, global presence, and a robust financial foundation.

On a concluding note, I thank all our stakeholders for supporting and standing with us this year. I wish to convey my sincere thanks and appreciation to team Hikal for their continued commitment and dedication towards the organisation during difficult times. Lastly, I would like to express heartfelt gratitude to our customers, bankers, and shareholders for their unwavering support and commitment.

Warm Regards,



Jai Hiremath
Executive Chairman



CORPORATE OVERVIEW

The Hikal Way connects our people through a shared mission, long-term vision, and strong values. It has empowered us to create impactful solutions, build enduring relationships, and drive meaningful outcomes.

INSIDE THIS SECTION

At a Glance	10
Where We Operate	12
What We Do	14
Research & Technology	18
Performance Highlights	20
Awards and Recognition	21
Introducing our Capitals	22
How We Create Value	24

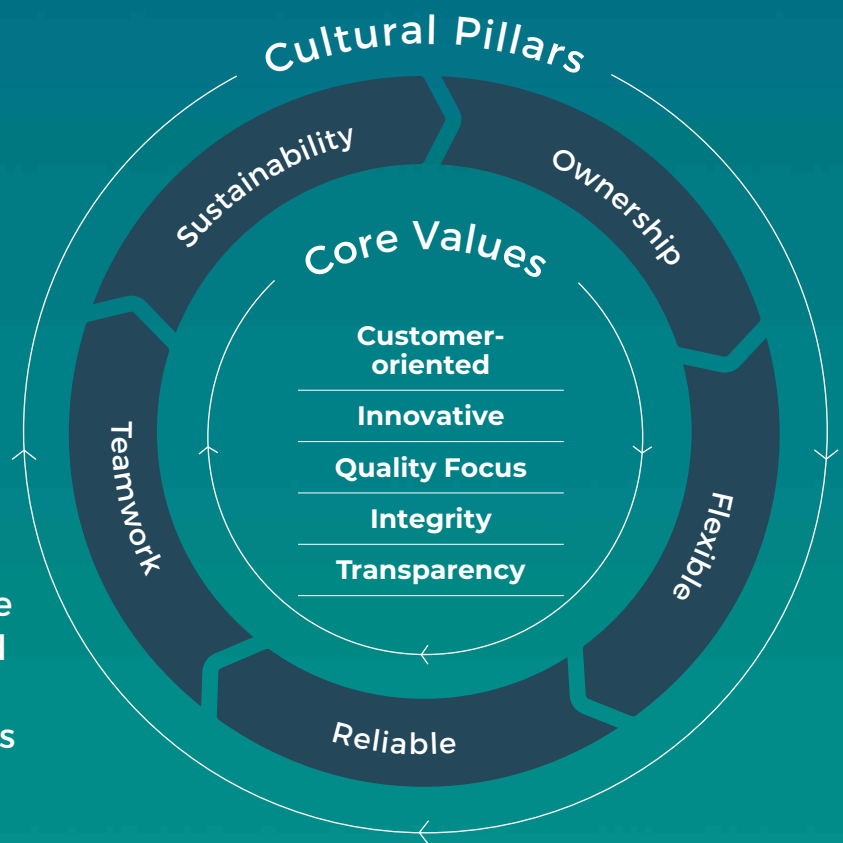


VISION

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

MISSION

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



Net Worth
₹11,335 mn

Years
35+

Employees
3,211

Trusted Partner for Growth

We create and deliver sustainable solutions for global innovator companies across the life sciences value chain. Our expertise lies in providing **'just the right chemistry'** to empower our partners to thrive and make a positive impact worldwide.

OUR BUSINESSES

With two well-established growth engines in pharmaceuticals and crop protection, as well as an emerging animal health business, we have a comprehensive portfolio of products and services to cater to the evolving needs of our customers.






PHARMACEUTICAL DIVISION

What We Do

As a prominent provider of APIs, intermediates, contract manufacturing, and contract development services, we contribute to the well-being of both humans and animals through our diverse range of offerings.

What We Offer

-  Contract Manufacturing
-  APIs
-  Intermediaries



CROP PROTECTION DIVISION

What We Do

We combine research and technology, manufacturing capabilities, and intellectual capital to deliver world-class crop protection offerings such as insecticides, fungicides, herbicides, biocides, and intermediates.

What We Offer

-  Contract Manufacturing
-  Active Ingredients
-  Intermediaries

PROJECT PINNACLE

Pinnacle, our business transformation initiative, built upon six pillars, elucidates our commitment to value creation for all stakeholders. It is rooted in our pursuit of maintaining our competitive edge in the market and fuelling our next phase of growth.



Project Pinnacle

Plan to create value for our stakeholders

- Leadership in ESG
- Regulatory Compliance
- Manufacturing Excellence
- Research and Technology
- Customer Centricity
- Supply Chain Management

ESG

In our pursuit of green chemistry, we are committed to conducting our business with utmost safety, responsibility, and efficiency. In 2022-23, we advanced our ESG agenda, thereby forging a path toward a greener future.



Environment

With environmental sustainability gaining momentum as a goal and a guiding principle, the need for change is more pressing than ever.

Page 68



Social

Our operations are guided by a deep understanding of the importance of stakeholders and creating a mutually beneficial environment.

Page 76



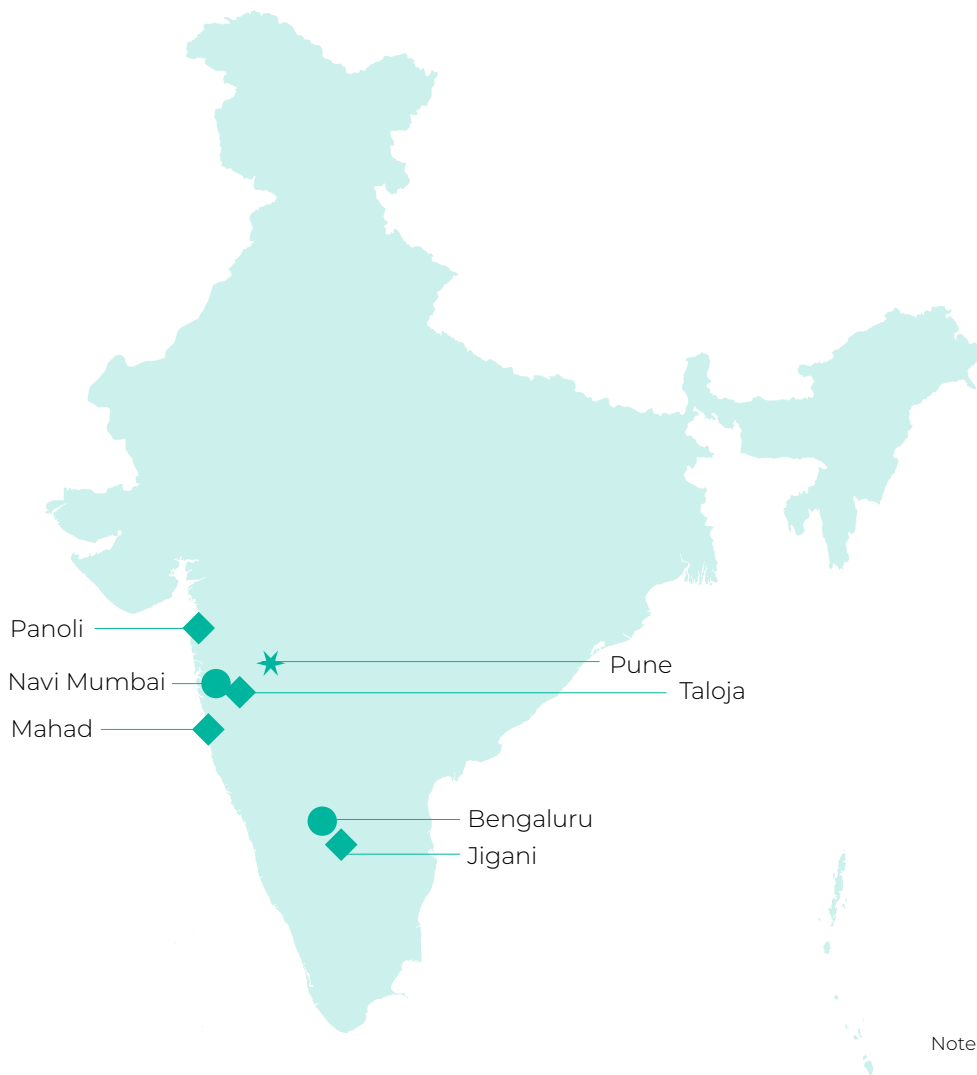
Governance

Governance serves as the bedrock of our operations, guaranteeing transparency and enabling us to maximise long-term value for our stakeholders.

Page 88

Our Indian Network

Our five manufacturing facilities span across three strategic locations in India: Gujarat, Maharashtra and Karnataka.



Note: Map not to scale.

- **Corporate**
Headquarters
 Navi Mumbai, Maharashtra

Marketing Office
 Bengaluru, Karnataka

- ★ **Research & Technology Centre**
 Pune, Maharashtra

- ◆ **Manufacturing Facilities**
Pharmaceutical
 1. Jigani Unit 1, Karnataka
 2. Jigani Unit 2, Karnataka
 3. Panoli, Gujarat
- Crop Protection**
 1. Mahad, Maharashtra
 2. Taloja, Maharashtra
 3. Panoli, Gujarat

MANUFACTURING CAPABILITIES

Our state-of-the-art facilities are equipped with cutting-edge capabilities that adhere to both national and international standards.

Pharmaceutical Division



Jigani Unit 1, Karnataka

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

626 M³

TOTAL REACTOR VOLUME

940

HUMAN CAPITAL



Jigani Unit 2, Karnataka

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

93 M³

TOTAL REACTOR VOLUME

193

HUMAN CAPITAL



Panoli, Gujarat

- US FDA Approved Site for KSMs and APIs.
- Four Multipurpose facilities.

759 M³

TOTAL REACTOR VOLUME

531

HUMAN CAPITAL

Crop Protection Division



Mahad, Maharashtra

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

531 M³

TOTAL REACTOR VOLUME

362

HUMAN CAPITAL



Taloja, Maharashtra

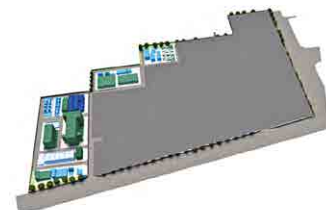
- Commissioned in 1997 in Technical Collaboration with Merck.
- Fungicides, Insecticides, and Intermediates Manufacturing Site.

600 M³

TOTAL REACTOR VOLUME

362

HUMAN CAPITAL



Panoli, Gujarat

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

765 M³

TOTAL REACTOR VOLUME

273

HUMAN CAPITAL



Pharmaceutical Division

At the core of our pharmaceutical division lies a deep specialisation in custom manufacturing APIs and intermediates. With our expertise, dedication, and cutting-edge capabilities, we empower our partners to bring life-changing treatments and advancements to patients worldwide.



MANUFACTURED CAPITAL

\$18 mn
Capex

1,600 M³
Capacity



HUMAN CAPITAL

1,664
Employees

246
Personnel in R&T
and technical services



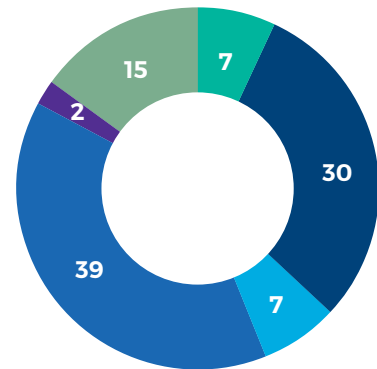
FINANCIAL HIGHLIGHTS

₹ 11,152 mn
Revenue

₹650 mn
EBIT

Export Revenue

(%)



■ USA and Canada
 ■ EU
■ Japan
 ■ India
 ■ Latin America
■ Rest of the World

BUSINESS HIGHLIGHTS IN 2022-23

- Achieved No Action Indicated (NAI) status in a US FDA audit of our API facility in Panoli conducted in May 2023.
- Added new customers in Latin America and the Middle East.
- Robust pipeline of 8-10 products under development.
- New product launches in the antidiabetic therapeutic area gained significant traction among global customers.
- Received orders from global innovator companies for our CDMO business.
- Made significant progress on our multi-year Animal Health project with a leading global innovator on developing product portfolio.
- Our dedicated Animal Health facility to become operational by the middle of 2023-24.

ANIMAL HEALTH

Our extensive networks and strong connections with global innovators position us as the partner of choice in this field, driven by our remarkable capabilities in handling complex chemistries. By offering end-to-end support in process development and complex molecule synthesis, we have established ourselves on a solid and comparable footing.



THE HIKAL ADVANTAGE



Track Record of Excellence

We have a successful track record in independent and collaborative development with global innovator companies. This is backed by our domain expertise in custom synthesis, contract research and in-house product development facilities.



Strong R&D Capabilities

We have technical capabilities that span the entire life sciences value chain. Additionally, we offer scaling-up capabilities from lab to kilo to full-scale commercialisation, which is supported by a high-potency product development lab at the R&T centre in Pune.



Commitment to Meeting Global Standards

We have obtained regulatory approvals from renowned institutions such as the US FDA (cGMP), TGA-GMP, KFDA (Korea), PMDA (Japan), AFMPS (Belgium), EDQM, EPA, and COFEPRIS (Mexico). Additionally, our animal health facilities are GMP-compliant.



Human Health Products: Therapeutic Categories

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



Animal Health Products: Therapeutic Categories

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



Crop Protection Division

Our expertise lies in delivering cost-effective solutions that meet the unique needs of the agricultural industry. By partnering with us, our customers gain access to our rich experience and capabilities, ensuring the availability of essential inputs of modern agriculture in the world.



MANUFACTURED CAPITAL

\$20 mn
Capex

2,500 M³
Capacity



HUMAN CAPITAL

997
Employees

65
Personnel in R&T and technical services



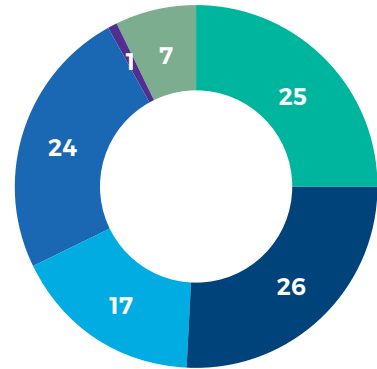
FINANCIAL HIGHLIGHTS

₹9,079 mn
Revenue

₹1,033 mn
EBIT

Export Revenue

(%)



■ USA and Canada
 ■ EU
■ Japan
 ■ India
 ■ Latin America
■ Rest of the World

BUSINESS HIGHLIGHTS IN 2022-23

- Received new enquires from existing as well as new customers in the CDMO business.
- Multi-purpose crop protection facility in Panoli is expected to be commissioned soon.
- Diversified our supplier base and implemented backward integration.
- 5-6 products are in the development phase.

Crop protection served as our pioneering venture into the realm of chemical manufacturing. The success and resilience of our crop protection business has played a pivotal role in driving our continued growth and diversification, allowing us to explore new avenues and seize emerging opportunities.



THE HIKAL ADVANTAGE



Strong Product Pipeline

Our commitment to research and technology (R&T) has been instrumental in maintaining a robust product development pipeline. By placing a strong emphasis on providing integrated solutions, we remain poised for sustained growth and success, fortified by our ability to meet the changing needs of our customers.



Customer Focus

At Hikal, we prioritise the needs of our customers above all else. By combining our advanced manufacturing capabilities and technical expertise, we consistently deliver comprehensive solutions that exceed their expectations. Our commitment to providing holistic solutions empowers us to build long-term partnerships based on mutual success and satisfaction.



Multi-use Asset Base

Leveraging our multi-asset base, we enjoy the advantage of flexibility, which serves as a safeguard for our profitability. This strategic advantage allows us to adapt to changing market conditions, optimise resource allocation, and capitalise on emerging opportunities.



Crop Protection: Production Applications

Algaecide

Biocide

Fungicide

Herbicide

Insecticide

Intermediate



Embracing New Technologies

Pune R&T at a Glance

16

SYNTHETIC LABORATORIES

4

INSTRUMENTATION LABS

1

PROCESS INTENSIFICATION LAB

1

KILO LAB

1

SIMULATION LAB

1

HIGH PRESSURE LAB

1

PROCESS SAFETY LAB

1

SOLID STATE CHEMISTRY LAB

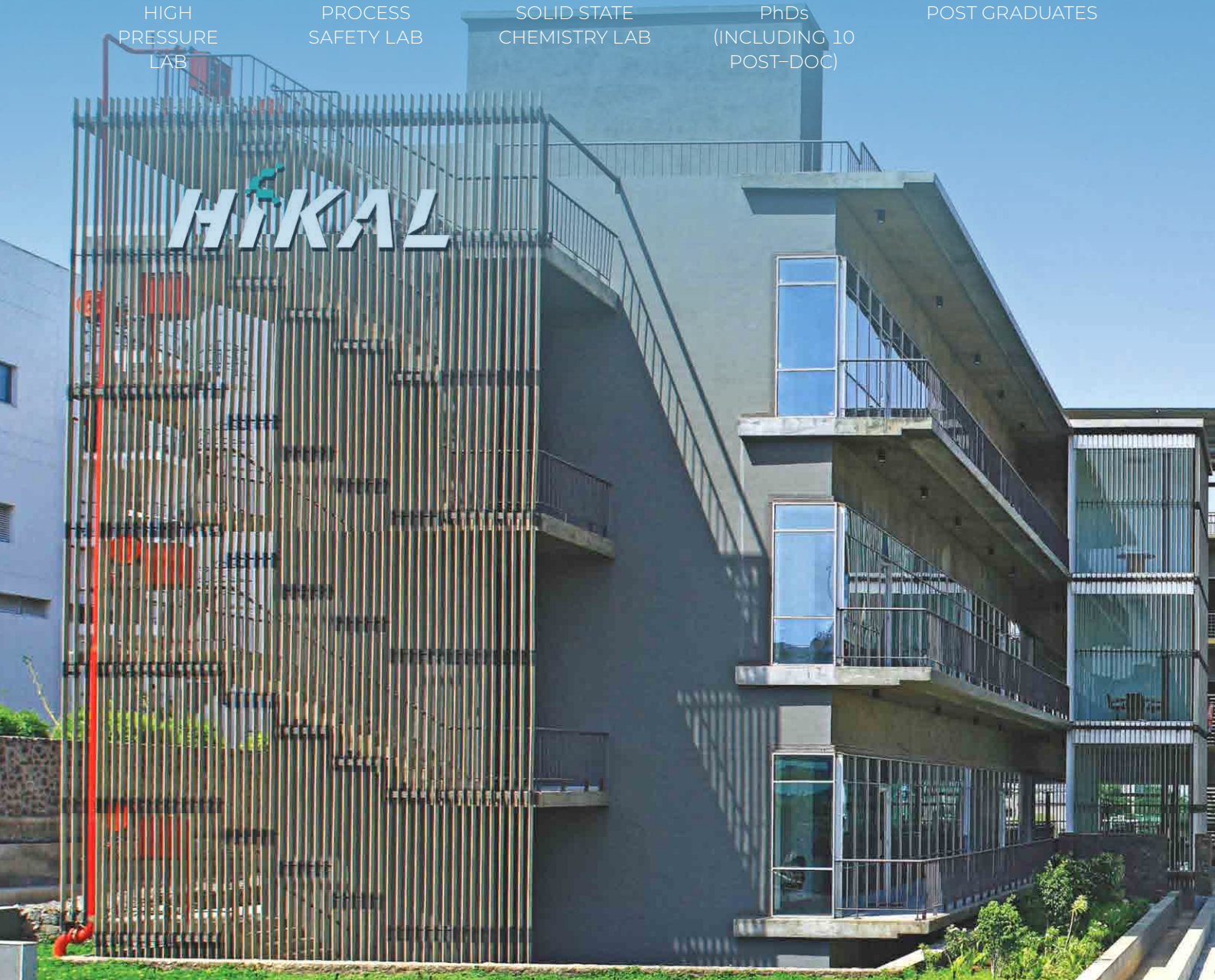
26

PhDs (INCLUDING 10 POST-DOC)

>300

POST GRADUATES

HIKAL



We innovate and create solutions to complex chemistry problems for global innovator and custom-generic companies, using scientific research, skill, technology, experience and best-in-class infrastructure.

Solutions Offered



Route Scouting



Process Development



Analytical Method Development



Technology Development



Small Scale Synthesis



Scale-up Support



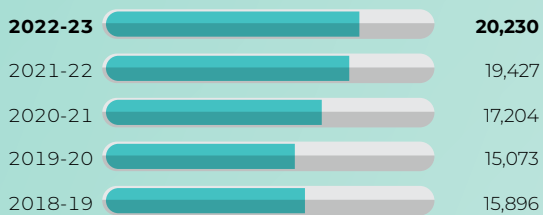
Process Engineering



Tracking our Progress

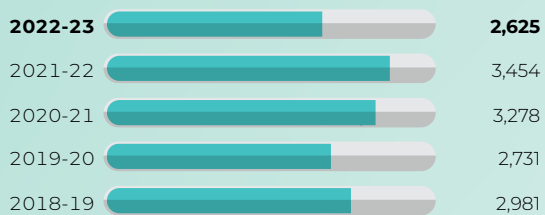
Revenue

(in ₹ mn)



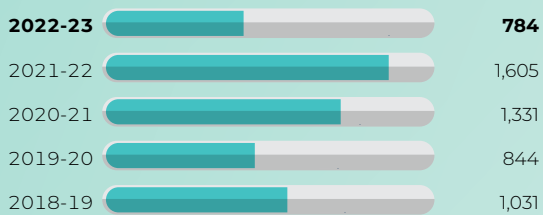
EBITDA

(in ₹ mn)



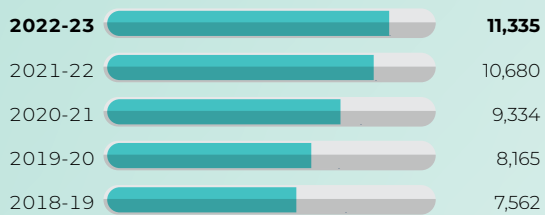
PAT

(in ₹ mn)



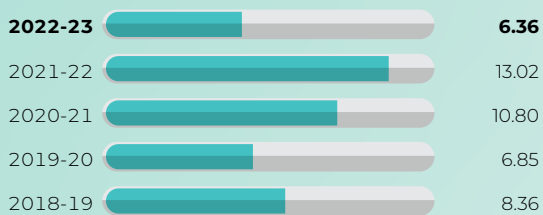
Net Worth

(in ₹ mn)



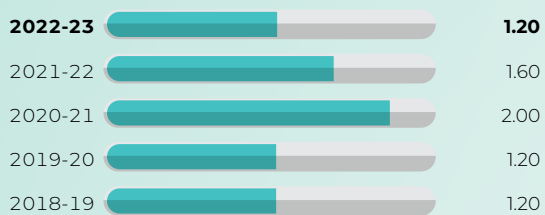
EPS

(in ₹)



DPS

(in ₹)



Credit Rating

A+
Long-Term
Rating by ICRA

A1
Short-Term
Rating by ICRA

AWARDS AND RECOGNITION

Being Recognised for our Efforts



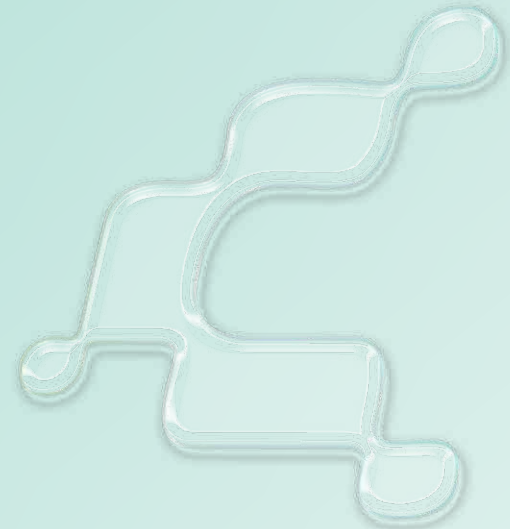
Received the prestigious **'Great Managers Award'** and recognised as **'Companies with Great Managers'** by the People Business.



Hikal Academy conferred with the **'Best Corporate University Award'** at the LeapVault CLO Summit and Awards.



Recognised as one of the **'Most Preferred Workplace 2022-23'** by Marksman Daily and India Today



Built on a Strong Foundation



FINANCIAL CAPITAL

At Hikal, we are consistently driving optimal capital allocation to steer long-term sustainable growth for our stakeholders.

₹11,335 mn NET WORTH **₹20,284 mn** REVENUE

Page 46



MANUFACTURED CAPITAL

We have invested in our facilities to increase our manufacturing capacity, while simultaneously ensuring efficiency, reliability, safety, and sustainability through adoption of innovative processes and advanced technologies.

5 MANUFACTURING FACILITIES

4,100 M³ MANUFACTURING CAPACITY

Page 12



INTELLECTUAL CAPITAL

We are continuously investing in developing cutting-edge products and processes. Through digital transformation and strategic collaborations, we are driving sustainability and innovation across our operations.

3-4% OF ANNUAL SALES IS DEDICATED TO R&D EXPENDITURE

354 R&T PERSONNEL COUNT

Page 43

At Hikal, we strategically optimise the deployment of six capitals throughout our operations to maximise value for our stakeholders and actively pursue a path of sustainable growth.



HUMAN CAPITAL

We are constantly working toward building an inclusive, equitable, and high-performance work culture. We focus on strict adherence to process and people safety.

₹69 mn

INVESTMENT IN L&D

 [Page 77](#)

4,383

THOUSAND PERSON-DAYS
OF TRAINING



SOCIAL AND RELATIONSHIP CAPITAL

We believe in continuous stakeholder engagement for collective well-being of our stakeholders and the local communities we operate in. Our long-term relationships with customers, suppliers, and communities are key to our business sustainability.

₹37.5 mn

CSR EXPENDITURE

 [Page 82](#)

2,16,500

LIVES IMPACTED THROUGH
CSR ACTIVITIES



NATURAL CAPITAL

We have invested in cutting-edge technology to embrace clean energy, reduce our carbon footprint, and minimise waste generation across all our sites.

20%

RENEWABLE
ENERGY USED

 [Page 68](#)

7%

REDUCTION IN WATER
CONSUMPTION

The Pursuit of Sustainable Growth

Inputs

Value Creation Process



Financial Capital

Total Equity: **₹11,335** mn

Net Debt: **₹6,884** mn



Manufactured Capital

Capacity: **4,100** M³



Intellectual Capital

3-4% of annual sales is dedicated to R&D expenditure



Human Capital

Investment in L&D: **₹69** mn

Employee training (thousand person-days): **4,383** Man Days



Social and Relationship Capital

CSR expenditure: **₹37.5** mn



Natural Capital

Electricity consumption: **1,00,517** mWh

Water consumption: **1,66,685** mn litres

GHG Emissions produced: **85,230** MTCO₂e



→ **Output** → **Outcome**



Financial Capital

Revenue: **₹20,284** mn
 EBITDA: **₹2,625** mn



Manufactured Capital

Active Pharmaceutical Ingredients sold: **2,600**
 Active Ingredients sold: **4,700**



Intellectual Capital

Created a differentiated value proposition to meet the evolving needs of our customers.



Human Capital

Retention rate: **80%**



Social and Relationship Capital

Suppliers assessed on ESG issues: **100%** for critical input materials
 Lives impacted through CSR activities: **2,16,500**



Natural Capital

Reduction in water consumption: **7%**



Investors

Delivering consistent shareholder value through our ability to innovate and grow.



Customers

Providing technological solutions for customers around the world.



Employees

Caring and nurturing our employees through an enhanced focus on safety, diversity, and well-being.



Value Chain Partners

Collaborating with all the stakeholder across our value chain.



Communities

Driven by empathy to create shared value and empower communities through our CSR initiatives.



Government and Regulators

Contributing to societal well-being through integrating sustainability in our operation.





MANAGEMENT DISCUSSION AND ANALYSIS

This section of the report presents a comprehensive analysis encompassing our strategic advantages and competitive strengths. Additionally, the discussion covers the business environment we operate in and how we are well-poised for growth.

INSIDE THIS SECTION

Economic Review	27
Industry and Business Review	29
Financial Review	46
Strategic Review	48
Risk Management Human Resources	54
Internal Controls and their Adequacy Organisational Threats	55

Cautionary Statement

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

ECONOMIC REVIEW

Global Economic Review

Amidst a year marked by overlapping challenges such as the Russia-Ukraine conflict, lockdowns in China due to COVID-19, high inflation, and monetary policy tightening, the global economy demonstrated remarkable resilience and positive signs of recovery. In 2022, global real GDP experienced robust growth of 3.4%, surpassing expectations. Notably, growth in several major economies was stronger than anticipated, with the reopening of the economy in China and resilient consumption in the US.

On the supply side, the easing of supply chain bottlenecks, the fall in transportation costs, and the reopening of China's economy created favourable conditions for key sectors of the global economy to rebound. The supply chain shocks in energy and food markets caused by the Russia-Ukraine conflict are receding. Simultaneously, the synchronous tightening of monetary policy by most central banks is starting to bear fruit, with inflation moving back toward targeted levels. Inflation has already reached its peak in the United States and Europe in early 2023, and it has started to decline.

Outlook

According to the latest report by IMF, the global economy is anticipated to experience a slowdown in output growth, declining from 3.4% in 2022 to 2.8% in 2023, followed by a rebound to 3.0% in 2024. Advanced economies are expected to witness a decrease, with growth projected to reach 1.3% in 2023 before recovering to 1.4% in 2024.



Emerging markets and developing economies, on the other hand, are forecasted to have stronger growth, with an average of 3.9% in 2023 and 4.2% in 2024. However, these prospects vary across regions. Low-income developing countries are expected to grow at an average rate of 5.1% over 2023-24, although per capita income growth may be slower compared to middle-income economies.

China's Economic Reopening

China's economic reopening in early 2023 has generated positive spillover effects, evident in the early recovery of retail sales. Given China's significant role as a consumer of Asia's exports (25%) and exports from other regions (5-10%), its recovering economy is expected to contribute substantially to the global GDP increase in 2023 (~50%).

Global Growth Forecast (%)

Particulars	2022	2023(E)	2024 (P)
World Output	3.4	2.8	3.0
Advanced Economies	2.7	1.3	1.4
US	2.1	1.6	1.1
Eurozone	3.5	0.8	1.4
Japan	5.5	1.5	2.0
UK	4.0	-0.3	1.0
Other Advanced Economies	2.6	1.8	2.2
Emerging Market and Developing Economies	4.0	3.9	4.2
China	3.0	5.2	4.5
India	6.8	5.9	6.3

Source: World Economic Outlook, IMF, April 2023

Note: E stands for estimated and P stands for projections

Indian Economic Review

2022-23 was a landmark year for the Indian economy, as it became the fifth-largest economy in the world. Amidst an uncertain global economic scenario, the Indian economy is estimated to have grown by 7.2%, beating expectations of the RBI (which had estimated India's growth at 7.0%) in 2022-23.

Unlike other emerging and developed economies, India's resilience was not entirely dependent on fiscal stimulus but led by structural interventions by the Government of India such as the PLI scheme, and stronger than anticipated private consumption. High-frequency indicators such as the Index of Industrial Production (IIP), GST collection, and the RBI's most recent survey of consumer confidence reflect the resilience and growth of the Indian economy, which has made a swift recovery from the pandemic.

During the year, India faced the challenge of managing inflation, exacerbated by the Russia-Ukraine conflict. The government and Reserve Bank of India (RBI) have taken measures to address this issue, aided by the easing of global commodity prices. As a result, retail inflation was effectively reduced below the RBI's upper tolerance target by November 2022.

Outlook

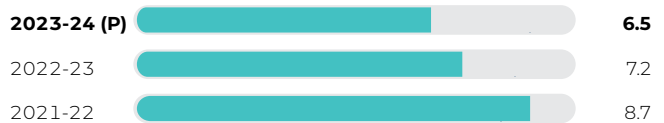
Looking ahead, despite inflation and supply chain disruptions, the Indian economy is projected to achieve a growth rate of 6.5% in 2023-24. This optimistic projection is supported by a range of factors, including

supportive government policies aimed at promoting investment, robust macroeconomic fundamentals, a decrease in non-performing loans within the banking sector, and significant corporate deleveraging.

The government is actively in infrastructure and encouraging private investment to stimulate the economy. The manufacturing and services sectors are expected to recover, along with improved consumer and business confidence indicated by strong Purchasing Managers' Index (PMI) figures in early 2023. The government's widespread vaccination campaign has boosted consumer confidence, leading to increased spending on services and a rise in production activity and capacity utilisation across sectors. This sustained increase in private capital expenditure is expected to continue, supported by improved corporate balance sheets and increased credit financing.

India's Growth Forecast

(%)



Source: CSO/RBI

Note: E stands for estimated and P stands for projections.



INDUSTRY AND BUSINESS REVIEW



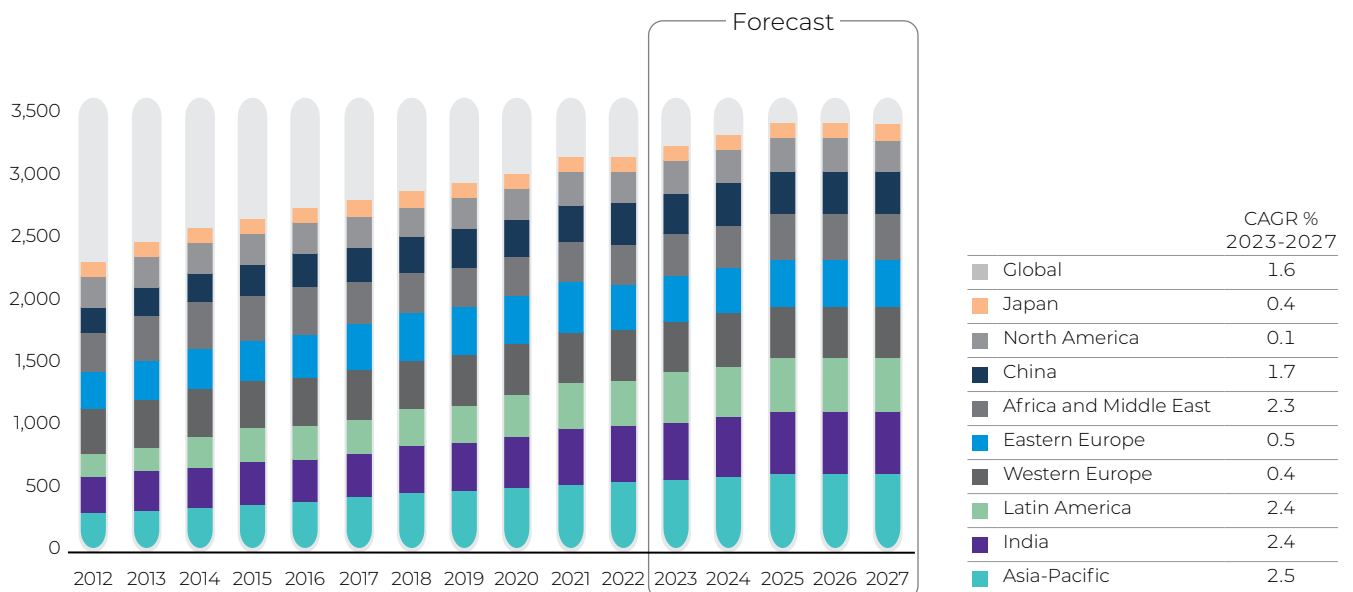
Global Pharmaceutical Industry

According to a recent report by the IQVIA Institute for human data science, the global expenditure on medicines has been steadily increasing over the past decade, reaching a size of \$1.5 trillion in 2022. However, in 2022, the global use of medicines experienced a plateau after a significant rebound in 2021, as markets began to recover from the impacts of the pandemic.

Looking ahead, the report projects that the global medicine market, based on invoice price levels, will continue to grow at a CAGR of 3%+ until 2027 to reach ~\$1.9 trillion. It is worth noting that spending and volume growth in the market will exhibit diverging trends based on different regions. Established markets with larger economies are expected to experience slower growth rates while emerging growth markets in Eastern Europe, Asia, and Latin America are anticipated to see growth in both volume and spending.



Historical and Projected Use of Medicine by Region, 2012-2027, Defined Daily Doses (DDD) (in \$ bn)



Source: IQVIA Market Prognosis, Sep 2022; IQVIA Institute, Dec 2022.

Megatrends

Boom in Generics Medicine

According to Precedence Research, the global market for generic is projected to reach \$574.6 billion by 2030, exhibiting a CAGR of 5.6%. This expansion is propelled by the expiration of patents for numerous branded drugs, rising demand for cost-effective medications, and an increasing prevalence of chronic diseases.

Digital Health

According to a recent report by the IQVIA Institute for human data science, biotech is projected to account for 35% of global spending, encompassing several domains with significant advancements in novel medicines.

Focus on Sustainability

The pharmaceutical industry is facing growing accountability for its environmental impact and social responsibility. Furthermore, due to the intricate supply chains prevalent in this sector, sustainability has evolved into a crucial business imperative.

Growth by Region

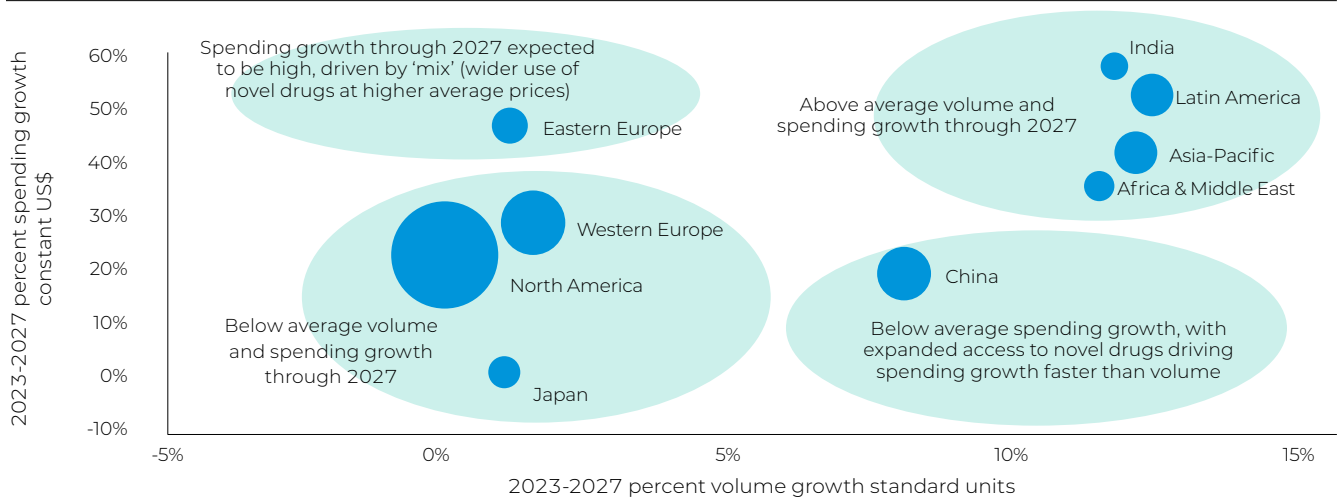
In 2022, according to a recent report by the IQVIA Institute for human data science, the US market, on a net price, is forecasted to experience a positive CAGR over the next five years. This includes the projected effects of the Inflation Reduction Act (IRA). Additionally, Europe is expected to witness an increase in spending by \$59 billion through 2027, with a focus on generics and biosimilars. Spending growth in China is expected to slow, with positives driven by greater

uptake and use of new original medicines and offset by pressures placed on off-patent and generic pricing.

The growth in developed economies is anticipated to maintain a relatively steady pace, as the introduction of new products is counterbalanced by patent expires. On the other hand, Latin America, Eastern Europe, and certain regions in Asia are projected to experience robust growth driven by increased volume and adoption of novel medicines.

Spending and Volume Growth by Region

(%)

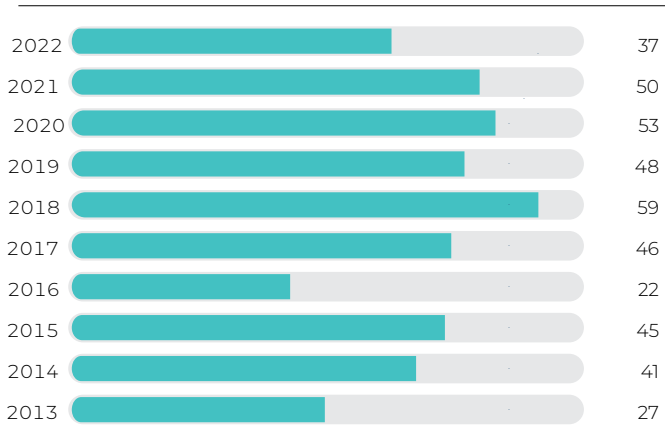


Source: IQVIA Market Prognosis, Sep 2022; IQVIA Institute, November 2022.

FDA Drug Approvals

In 2022, Centre for Drug Evaluation and Research (CDER) approved 59 new drugs, including novel therapies for cancer, rare diseases, and infectious diseases. This was higher than the count of 50 approvals in 2021 and the average 10-year count of 43 approvals.

CDER's Novel Drug Approvals By Year (Nos.)



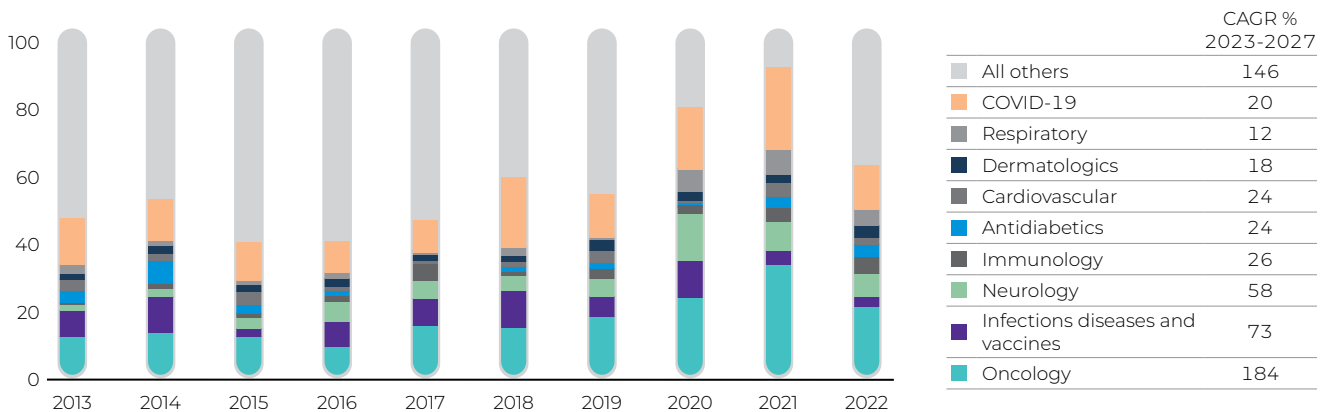
Source: USFDA

New Drug Launches

According to a recent report from the IQVIA Institute for Human Data Science, there was a total of 585 global New Active Substance (NAS) launches in 2022. Out of these, 184 oncology launches were seen, including treatments for rare cancers and ground-breaking new treatments in immuno-oncology. Neurology includes 58 drugs in the past decade, with recent launches for rare neuromuscular diseases and a new CGRP mechanism for migraine treatment.

Additionally, it is projected that the contribution from new brands in the pharmaceutical industry will see a significant increase over the next five years, reaching an estimated value of \$110 billion. This surge in value is attributed to the anticipated launch of over 250 new active substances (NASs) during this period.

Novel Active Substances (NASs), 2013-2022, by Therapy Area



Source: IQVIA Institute, January 2023.

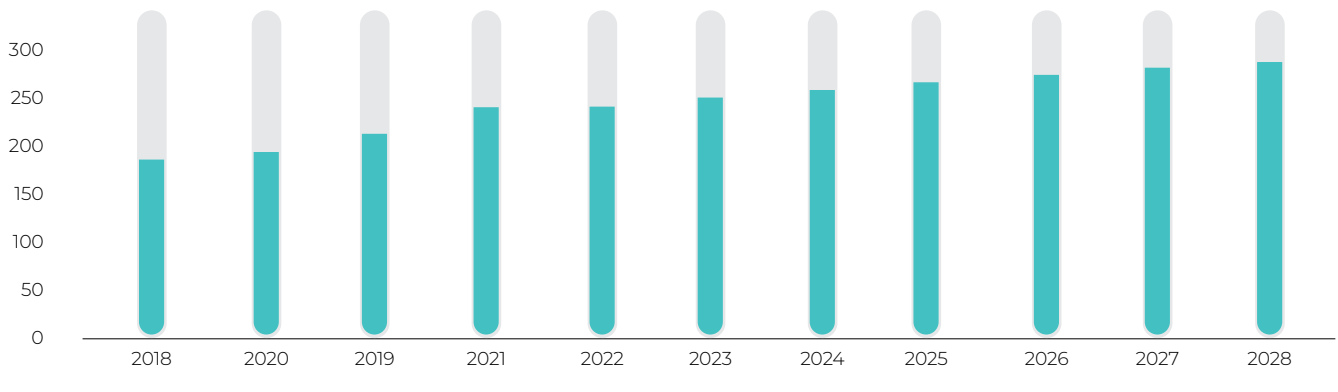
Pharmaceutical R&D

The year 2022 saw \$42.1 billion in investments in US biopharma companies, which is 25% above 2019. In the past five years, deal activity has shifted geographically with more companies headquartered in China and Korea, while fewer Europe-based companies are included.

The number of deals between pharma companies decreased by 25% from 2021 to 2022, but the R&D funding from the large pharmaceutical sector remained high, with a record \$138 billion invested in R&D by the 15 largest pharmaceutical companies in 2022.

Pharmaceutical R&D Spending, 2018-2028

(in \$ bn)



Indian Pharmaceutical Industry

The Indian pharmaceutical industry has emerged as a major player in the global market, offering affordable drugs and vaccines to millions of people worldwide. The industry's expertise in generic drugs, biosimilars, and biologics has helped it grow at a CAGR of 9.4% over the past nine years as per IBEF, making it the third-largest pharmaceutical producer by volume.

According to the latest economic survey, the Indian pharmaceutical market is expected to grow exponentially, reaching \$65 billion by 2024 and

\$130 billion by 2030. Indian pharma companies have a significant share in the US and EU prescription market. The government is committed to improving healthcare and is expected to increase expenditure on healthcare, which is likely to boost the industry's growth further. Moreover, the Indian government aims to boost healthcare accessibility by increasing the penetration of health insurance. This strategic move is anticipated to have a significant positive impact on the pharmaceutical industry, fostering even greater growth opportunities.

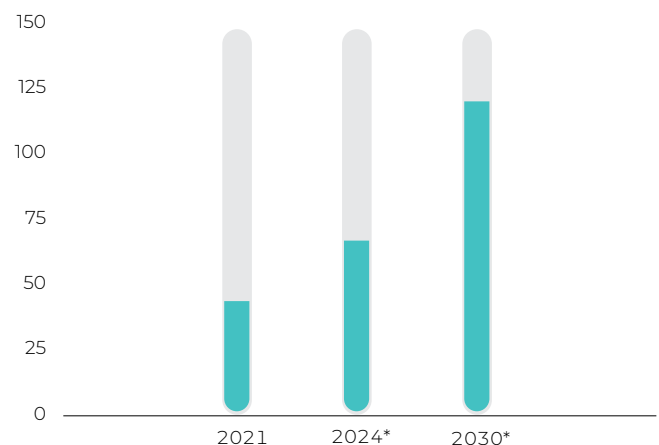
India's Presence in the Global Industry

India holds a prominent position in the global Active Pharmaceutical Ingredient (API) market, capturing ~8% of the market share. Setting an exemplary standard, the country boasts the largest number of FDA-approved plants outside the US and an extensive array of pharmaceutical manufacturing facilities that comply with rigorous USFDA standards.

Notably, India's influence extends to the global exports of generic drugs, meeting nearly 20% of the global demand. This further solidifies India's stature as a major player in the international pharmaceutical landscape, emphasising its ability to supply affordable and high-quality medications on a global scale.

India Pharmaceutical Market

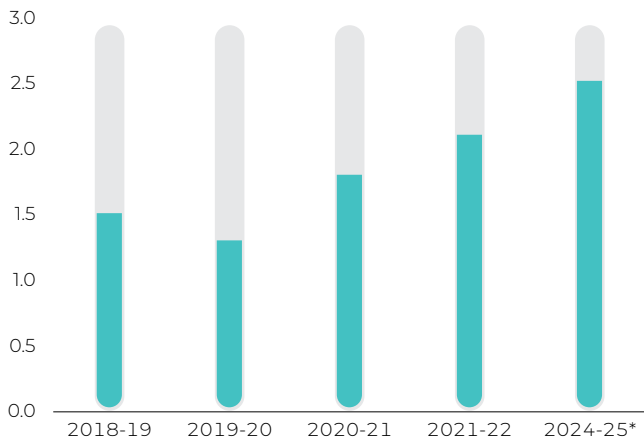
(in \$ bn)



Source: Statista

* Estimated

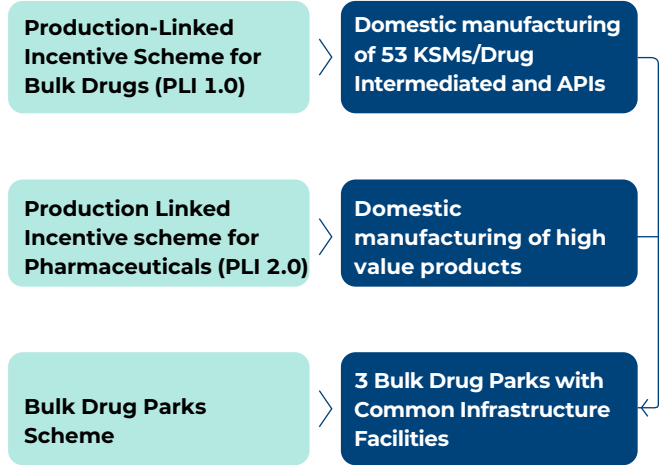
Government Healthcare Expenditure as a share of GDP in India, 2019-2025 (%)



Source: Statista

* Projected

Snapshot of Government Policies

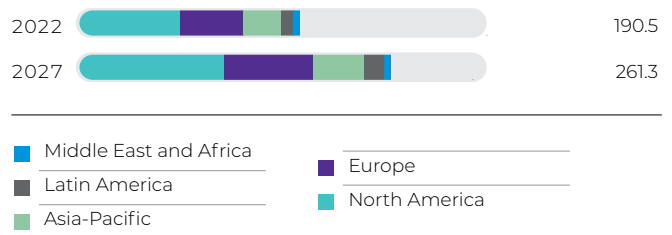


Global Active Pharmaceutical Ingredients (API) Industry

The global API market, which was valued at \$190.5 billion in 2022, is projected to grow at a CAGR of 6.5% from 2022 to 2027, reaching \$261.3 billion by 2027. This is driven by the increasing demand for specialty medicines and the high adoption rate of generic drugs. The expansion of the biopharmaceutical sector and the development of new drugs is also expected to fuel market growth. Additionally, the rising prevalence of chronic and infectious diseases is further expected to increase the demand for APIs.

Growth by Region

(in \$ bn)



Source: Polaris Market Research Analysis

Megatrends

High Potency API growing across the globe

Active Pharmaceutical Ingredients (APIs) are used in the production of high potency API that address a range of chronic diseases.

Ageing Population

Ageing population is another key factor driving the demand for medications as they are more likely to suffer from chronic diseases.

Technological Advancements

Advancements in technology have led to the development of innovative APIs and drug delivery systems, which are more effective and have fewer side effects.



Indian Pharmaceutical (API) Industry

According to IBEF, the Indian API market is estimated to reach \$27.9 billion by 2023. This growth reflects the critical role that APIs play in the Indian pharmaceutical sector, which accounts for over half of the country's pharmaceutical exports. Recognising the significance of a robust API industry, the Indian government has introduced the PLI scheme. Under this scheme, a dedicated program has been implemented to foster domestic production of essential Key Starting Materials (KSMs) and APIs. These initiatives are aimed at reducing dependency on imports and fostering a thriving API ecosystem within the country.

Hikal's Opportunity Landscape

The increasingly stringent environmental regulations and rising labour costs in China have resulted in a significant escalation in business expenses for Chinese companies. This has created an opportunity for Indian players to strengthen their competitive position. Additionally, the 'China-Plus One' strategy adopted by global companies is an opportunity for countries like India to boost their exports of API products.

Due to these megatrends, we are well-positioned to experience growth in our API segment.



Global Contract Development and Manufacturing Organisation (CDMO) Industry

According to a report by Mordor Intelligence, the global CDMO market is expected to grow at a CAGR of 7.2% through 2026, driven by factors such as the increasing demand for specialised treatments, the growing biopharmaceutical industry, and the rising need for advanced manufacturing technologies. The market is segmented by service type, which includes contract development and contract manufacturing services, and by end-user, which includes pharmaceutical and biotechnology companies.

Indian Contract Development and Manufacturing Organisation (CDMO) Industry

The Indian Contract Development and Manufacturing Organisation (CDMO) industry has seen significant growth in recent years due to increasing demand for outsourcing pharmaceutical manufacturing and development services. According to a report by CareEdge Ratings Indian CDMO industry is expected to reach \$30 billion by 2025, growing at a CAGR of 12%. This growth can be attributed to several factors such as the increasing number of US FDA-approved facilities, rising demand for generic drugs, and favourable government initiatives.

Hikal's Opportunity Landscape

Recent disruptions in the global supply chains have further prompted companies to reconsider their value chains. To mitigate risks, companies are actively reducing their reliance on import from China due to geopolitical tensions. The combination of recent geopolitical tensions and India's emergence as a reliable alternative to China has fostered partnerships between global firms and Indian companies, especially in the CDMO. We, benefiting from robust macroeconomic trends and advantageous firm-level factors, are strategically positioned to leverage this trend and achieve significant growth in our CDMO segment.

Megatrends

Increasing Demand for High-Value Services

Services such as drug discovery and development, which require specialised skills and expertise.

As a result, CDMOs are investing in R&D capabilities and building partnerships to offer end-to-end solutions for drug development.

Increasing Focus on Technology and Innovation

Adoption of advanced technologies such as continuous manufacturing, automation, and artificial intelligence to optimise production processes, reduce costs, and improve quality control.

Integrated Services

The shift towards offering end-to-end solutions allows CDMOs to provide a more comprehensive service to their clients and create long-term partnerships.

HIKAL – BUSINESS REVIEW OF THE PHARMACEUTICAL DIVISION



Our pharmaceutical division has remained steady in recent years, thanks to strong demand from both domestic and international markets. The division's manufacturing capabilities have also been expanding, and it has received several regulatory approvals for its facilities, enabling it to serve global markets. During the year, our revenues stood at ₹11,150 million against the previous year's revenues of ₹11,297 million. The EBIT for the division stood at ₹650 million, achieving a 6% margin. During the year, our API facility in Panoli, Gujarat, successfully faced a US FDA audit in 2022-23. The audit yielded exceptional results, and we received a compliance status of 'No Action Indicated' (NAI), commonly known as 'Zero 483' observations from the US FDA.

API

During the year, our API facility in Panoli, Gujarat, successfully faced a US FDA audit In May 2023. The audit yielded exceptional results, and we received a compliance status of 'No Action Indicated' (NAI), commonly known as 'Zero 483' observations from the US FDA.

Looking ahead, our primary focus will be maximising active pharmaceutical ingredient (API) sales by increasing our share of customers' wallets. To achieve this, we will explore new markets and actively work towards expanding our market share in specific APIs

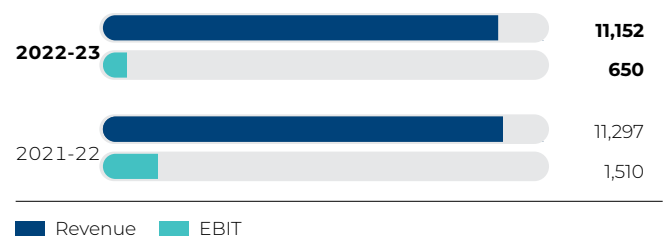
where we possess distinct advantages in terms of backward integration, scale, and technology. We have a healthy portfolio of new products in the development pipeline and a robust plan for their launch in the near future.

CDMO

During the year, despite facing business headwinds, we experienced increased traction among our existing innovator customers allowing us to expand our share of their business. Our robust pipeline of projects in the CDMO space continues to grow, and we remain committed to fostering strong partnerships and capitalising on emerging opportunities in the CDMO industry. The division is well-positioned to benefit from the increasing outsourcing trend in the pharmaceutical industry.

Performance Snapshot

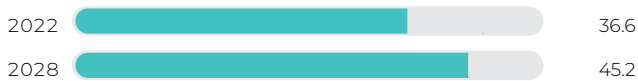
(in ₹ mn)



Global Animal Health Industry

According to a report by IMARC Group, the global animal health market size was valued at \$ 36.6 billion in 2022 and is expected to grow to \$45.2 billion by 2028, exhibiting a CAGR of 3.58% through 2028. The increasing demand for animal-derived food products, the rising prevalence of zoonotic diseases, and growing awareness about animal health is driving the growth of the animal health industry. The market is segmented based on animal type, product, and distribution channel. The major products in the animal health industry includes pharmaceuticals, vaccines, feed additives, and diagnostics.

Animal Health Market forecast (in \$ bn)



Source: IMARC

Growth by Regional Market Segment

North America and Europe are major markets for animal healthcare products due to the large number of companion animals and livestock in the region. Europe held the largest market share of over 34% in 2022, followed by North America, with a market share of 29%.

The Asia-Pacific region is expected to witness significant growth during the forecast period due to the increasing demand for animal products and the growing pet ownership in emerging economies such as China and India. A report by Grand View Research also predicts significant growth in the Middle East and Africa's animal health market due to the increasing demand for animal protein and the growing awareness of animal welfare in the region.



Indian Animal Health Industry

The Indian animal health market is expected to reach ₹233.9 billion by 2026, growing at a CAGR of 8.2%, according to a report by IMARC Group. This rapid growth rate is driven by factors such as rising demand for animal-based products, increasing pet ownership, and government initiatives on animal healthcare. Presently, the market is dominated by vaccines and pharmaceuticals, with a focus on livestock health. However, there is a growing trend toward natural and organic products in the pet segment.

The government of India has implemented several policies and initiatives to promote the growth of the animal health industry, including the National Livestock Mission, the National Programme for Bovine Breeding and Dairy Development, and the Rashtriya Krishi Vikas Yojana. These policies aim to improve animal health, increase livestock productivity, and promote sustainable agriculture.



Megatrends

Government Support and Initiatives

The Indian government has been introducing various initiatives and policies to support the growth of the animal health industry, such as the National Livestock Mission and the Livestock Health and Disease Control Scheme.

Increasing Awareness about Animal Health

There is a growing awareness among Indian farmers and pet owners about the importance of animal health and welfare, which is driving the adoption of animal healthcare products and services.

Rising Pet Ownership

With increasing disposable income and changing lifestyles, there is a rising trend of pet ownership in India, which is boosting the demand for animal healthcare products and services.



HIKAL – BUSINESS REVIEW OF THE ANIMAL HEALTH DIVISION

We are dedicated to the development and manufacturing of high-quality veterinary products for both domestic and international markets. Our strong regulatory track record and manufacturing capabilities have fostered enduring partnerships with leading animal health companies. With a strong focus on quality, we are expanding our global presence in recent years, particularly in Europe and Latin America.

To sustain the growth momentum, our Animal Health business aims to further diversify our product portfolio, with a specific emphasis on the Anti-parasiticide segment. Over the next couple years, we will supply validation batches of products to our customers. Additionally, we seek to explore new geographical markets to capitalise on emerging opportunities. Thus, investment in R&D is an important area of focus, as we strive to create innovative products that address unmet needs in the animal health industry. With the increasing global demand for veterinary products, Hikal is well-positioned to seize opportunities and solidify its position in the market.





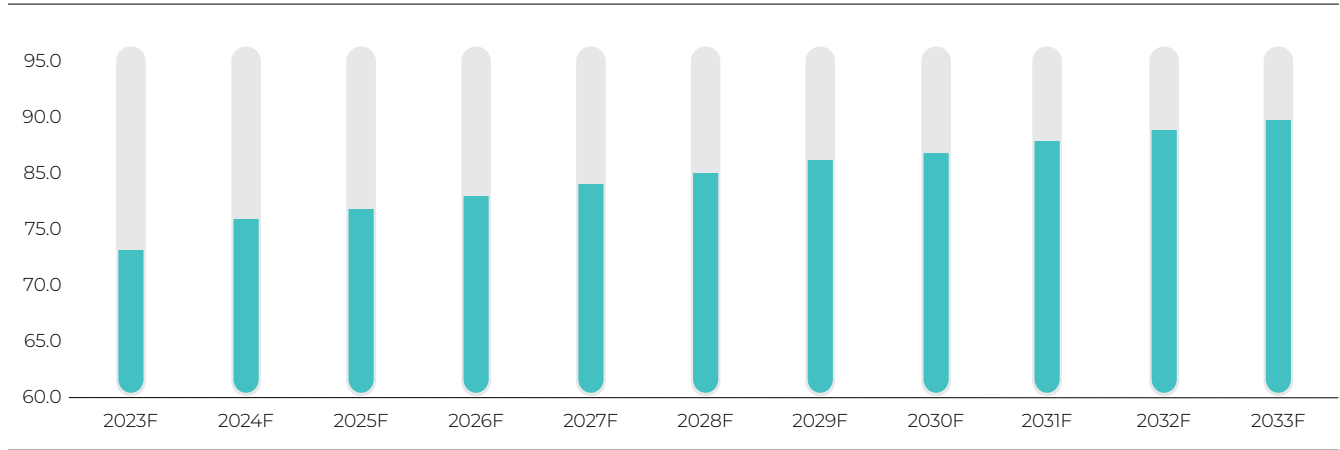
Global Crop Protection Industry

According to the latest report from S&P Global, the global market for crop protection products, excluding sales of herbicide tolerant and insect-resistant seed, as well as non-crop agrochemicals, experienced significant growth in 2022. The market size is estimated to have increased by 9.9%, reaching a value of \$78.7 billion. When measured in constant currency terms, the overall market witnessed a substantial rise of 16.7% compared to the previous year.

Additionally, the favourable weather conditions in key country markets played a crucial role in driving the market's positive momentum. However, it is worth noting that currency headwinds emerged as a limiting factor, as several major currencies weakened against the USD throughout the year, ultimately impacting the market's overall potential for growth.

Forecasted Agrochemical Market Performance, 2022-2032

(in \$ bn)



Source: S&P Global F: Forecasted

Growth by Product

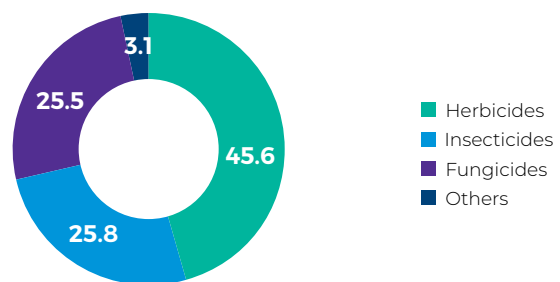
As on 2022, the crop protection industry is dominated by herbicides, with a market share of 45.6%.

Herbicide sales were valued 13.9% higher than last year at \$37.1 billion. Similarly, fungicide sales increased by 7.4% and crossed the \$19 billion mark, representing a 45.6% share of the global crop protection market. Insecticides experienced a similar growth, rising by 6.3% to reach a market size of \$19 billion.



Crop Protection Industry, Split by Market Type

(%)



Source: S&P Global

Growth by Region

Overall, the Asia-Pacific market demonstrated a growth rate of ~5.0% and reached nearly \$25.1 billion during the year. The two largest markets in the region, China and India performed well in 2022, driven by the high pricing of active ingredients observed in 2021 and continuing into 2022.

Data published by China Crop Protection Industry Associated (CCPIA), indicates that representative prices of major molecules such as glyphosate, the largest molecule globally, witnessed a double-digit increase (+11.0%) in 2022 compared to the previous year. This surge in prices can be attributed to the Chinese government's pursuit of carbon neutrality goals, resulting in intermittent power outages in various provinces and subsequent production curtailment orders for energy-consuming industries.

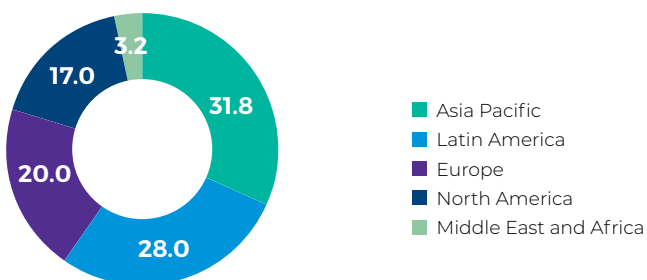
However, the growth in the Asia-Pacific market has been partly offset by weakness in Japan. Limited demand for pesticides, coupled with a significant depreciation in the Yen, has resulted in a decline of 8.7% in the Japanese market, which is estimated to have reached \$3,238 million.

Additionally, Latin America has shown a significant rebound in 2022 and is estimated to grow by 16.8% to reach \$22,069 million. This is attributed to the resilience of the currencies of various countries in the region coupled with a return to more favourable weather.

The North American market shows promise, particularly in the US, where high active ingredient prices and modest increases in the soybean area, along with favourable yield prospects, have resulted in reaching a substantial size of \$13,366 million in 2022. Conversely, the European market had experienced a declining trend due to stringent regulations and unfavourable weather events in recent years. However, a noteworthy turnaround occurred in 2022, witnessing a growth of 6.3% to approximately \$15.7 billion.

Crop Protection Industry, Split by Region

(%)



Source: S&P Global

Indian Crop Protection Industry

According to the latest report from S&P Global, Indian crop protection market was valued at \$3,665 million in 2022. It performed well during the year driven by the high active ingredient price environment that has been experienced through 2021 and coming into 2022. Additionally, high product prices are a driver behind growth in the Indian rice market with such factors offsetting severe heatwaves and reduced planting of the kharif crop in the northeast region due to inadequate rainfall during the first half of the 2022 summer monsoon season, as well as currency headwinds.

Going forward, the market will be primarily driven by factors such as increasing awareness among farmers regarding crop protection chemicals, the adoption of modern farming practices, and the growing demand for food security.

Size of Indian Crop Protection Market (in \$ mn)



Source: S&P Global

Hikal Opportunity Landscape

The China+1 strategy, which involves diversifying investments away from China to mitigate risks, has gained significant attention in recent years.

The China+1 strategy presents a significant opportunity for the Indian crop protection industry to flourish.

By attracting investments and strengthening domestic production capabilities, India can enhance its self-reliance in crop protection, promote agricultural sustainability, and drive economic growth. This creates an opportunity for Indian companies such as Hikal to capitalise on this trend and thrive.

HIKAL – BUSINESS REVIEW OF CROP PROTECTION DIVISION



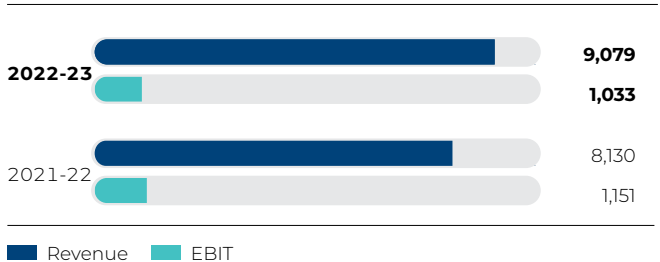
The Crop Protection division achieved a 12% annual revenue growth with ₹9,079 million in total revenues for 2022-23 compared to ₹8,130 million recorded in the previous year. The EBIT of the division was at ₹1,033 million, representing a margin of 11%. The revenue growth is primarily attributable to higher demand from existing and new customers. Moreover, we commercialised two new advanced intermediates for a global innovator company.

During the year, we focused on capitalising on new opportunities, strengthening our position among global innovator companies, and enhancing operational efficiencies through strategic vendor development and supply chain optimisation. These measures ensure a reliable supply of essential raw materials and contribute to stable pricing. By implementing these initiatives, we are fortifying our operations, streamlining costs, and reinforcing our ability to meet customer demands efficiently and consistently.

We are currently stabilising the process and expect to start the revenue accrual subsequently. We are also exploring new product opportunities in the business. The CDMO business has continued to receive new inquiries from existing as well as new customers, and there are several new inquiries in the pipeline. On the crop side, there has been some channel inventory build-up, and we expect a correction in inventory demand for one to two quarters in the crop business.

Performance Snapshot

(in ₹ mn)



RESEARCH & TECHNOLOGY REVIEW



Pioneering Excellence in Meeting Customer Demands

We have excelled in continually cultivating distinctive commercial capabilities to cater to diverse customer requirements. Our efficient and economical lab-to-pilot stage operations employ cutting-edge techniques to showcase the viability of scaling up a novel product.

We are technology-driven supplier of active ingredients and advanced intermediates in the pharmaceutical and crop protection industries. With a strong focus on Research and Technology (R&T), we invest 3-4% of our annual sales to develop environmentally friendly, efficient, and cost-competitive processes. Expanding capacities and investing in cutting-edge facilities, we deliver innovative solutions to meet evolving market demands.

Recognising the importance of operational efficiency, we are actively pursuing captive production capabilities to enhance cost-effectiveness. Furthermore,

we are expanding our capacities and investing in state-of-the-art laboratories and cutting-edge equipment. These investments empower us to deliver ground-breaking products that meet the ever-evolving needs of the market.

Process Improvement

Our focus is on shortening the time it takes for processes to be completed and reducing the amount of solvent used in process development by recycling the solvent that has been recovered. We aim to decrease the amount of waste produced so that it has a smaller impact on the environment.

Regulatory Filings

Our R&T team has made significant progress in regulatory filings. During the year, our filing achievements include three US DMFs (Sitagliptin Hydrochloride, Desvenlafaxine Succinate, Bupropion Hydrobromide Form-I), one EU DMF (Vildagliptin), one Japan DMF (Sitagliptin Phosphate Anhydrous), two China DMFs (Pentoxifylline and Pregabalin), and multiple amendments to US DMFs and CEPs in the pharmaceutical segment.

API

Hikal's R&T Initiatives in Animal Health APIs

Our R&T team has embarked on the development of multiple Animal Health APIs simultaneously. One of these APIs has already undergone successful validation on a plant scale, while the development of a few others has been completed.

Application of Green Chemistry Principles

In line with our dedication to sustainability, we diligently apply Green Chemistry principles throughout the development of Animal Health APIs. By prioritising environmentally friendly practices, we strive to minimise our ecological footprint and contribute positively.

Innovative and Safer Process for Key Starting Materials (KSMs)

An innovative and significantly safer process for one of the Key Starting Materials (KSMs) used in Animal Health API production was developed, leading to a filed patent. This process avoids the use of hazardous Carbon monoxide and eliminates the need for conducting the reaction at lower temperatures, making it safer and more efficient.

Development of Green Chemistry-Based APIs

We apply Green Chemistry principles throughout the development of our Animal Health APIs and adhere to the highest standards of sustainability. We kickstarted the development of several Animal Health APIs in parallel with an existing one, achieving successful validation on a plant scale at Unit-2.

Furthermore, the development of several other APIs has been completed, showcasing our expertise in this field. This commitment ensures that our products not only deliver effective solutions but are also environmentally responsible, making a positive impact on the world around us.



CDMO

Exploring Lipid Chemistry: A New Frontier for Hikal

As part of a customer project, our CDMO team ventured into the realm of Lipid Chemistry, marking a significant milestone for Hikal. Lipids, complex molecules commonly used as excipients in the pharmaceutical and cosmetic industries, were successfully explored and developed by our team.

Scaling Up Nutritional Supplement Drug Production

The CDMO team accomplished the successful development and scale-up of a nutritional supplement drug, enabling us to supply commercial quantities to our valued customers. This achievement not only demonstrates our capabilities in meeting specific formulation requirements but also showcases our commitment to delivering effective and safe products.

Recognition in Macrolide Chemistry: Publication in ACS Omega Journal

The development work in Macrolide chemistry undertaken by our CDMO team was recognised and published in a prestigious journal by the American Chemical Society, known as ACS Omega. This accomplishment showcases our expertise and contributes to the scientific community's knowledge in this field.

Safety and Sustainability at the Core

Successful Scaling of Click Chemistry and Safety Measures

A major achievement was the successful development and scaling up of Click Chemistry accompanied by the implementation of robust Safety Measures/Controls. This ground-breaking accomplishment involved the handling of a highly hazardous chemical on a large scale for the first time in India, reinforcing our commitment to innovation and safety.

Robust Process Development for a Flavouring Agent

Our talented team successfully developed the synthesis route and a robust process for a Flavouring Agent, paving the way for upcoming scale-up

initiatives. This achievement highlights our dedication to delivering high-quality products that meet the unique needs of our customers.

Development of Greener Process for an Advanced Intermediates

In our continuous pursuit of greener practices, we developed a much more environmentally friendly process for an Advanced Intermediate supplied to one of our customers. This innovative process eliminated the use of a hazardous reagent while improving both the Process Mass Intensity (PMI) and overall throughput, contributing to more sustainable and efficient production

Crop Protection

New Equipment's in ET Lab:

The Effluent Treatability Lab (ETL) is upgraded with two new equipment.

Bomb calorimetre to find out the calorific value of by-products/ residue.

MBR – Membrane bioreactor used for biodegradation study of aqueous effluents.

Milestones Achieved Last Year

- A crop project successfully implemented process that recycles aqueous effluent, resulting in a remarkable 75% reduction in overall effluent quantity and it was implemented on a commercial scale.
- The same crop project achieved significant progress by reducing impurity formation in one step using a suitable catalyst, leading to improved yield and purity of the final product.
- Additionally, another crop project saw the successful development and implementation of a robust process for Grignard reagent preparation at a commercial scale, showcasing our ability to innovate and optimise processes in the agricultural chemicals industry.

Outlook

As part of our R&T strategy, we will continue to prioritise product development that cater to our customer's needs, aiming to commercialise them effectively. Our goal is to convert contract development projects into long-term manufacturing opportunities in both Pharma and Crop Protection divisions.

To enhance product competitiveness, we are implementing process improvements, productivity measures, and cost-reduction strategies. We are actively investing in new technologies and forging partnerships to support these endeavours. Our commitment to newer and greener technologies will contribute to reducing our carbon footprint, optimising resource utilisation, and improving overall process efficiency.

FINANCIAL REVIEW

Consolidated Abridged Profit & Loss Statement

(in ₹ mn)

Particulars	2022-23	2021-22
Total revenue	20,284	19,476
EBITDA	2,625	3,454
PBT	1,054	2,185
PAT	784	1,605

Revenue from Operations

Our total revenue registered a growth of 4% y-o-y, reaching ₹20,284 million compared to the previous year's figure of ₹19,476 million. The performance of the Crop Protection division was a significant contributing factor to this achievement, as it met the high demand of our global CDMO customers and added existing contracts with global innovator companies.

EBITDA

Our EBITDA for the current fiscal year amounted to ₹2,625 million, marking a decline from the previous year's figure of ₹3,454 million. During the year, we implemented various cost-saving measures to protect our margins. Additionally, our EBITDA margin stood at 13%.

PAT

Our PAT for 2022-23 stood at ₹784 million. Factors contributing to this included an increase in depreciation due to asset additions, as well as a marginal uptick in finance costs resulting from interest rate hikes.

₹20,284 mn

REVENUE

₹2,625 mn

EBITDA

Consolidated Cash Flow Statement

(₹ in mn)

Particulars	As on 31 March 2023	As on 31 March 2022
Opening Cash and Cash Equivalents	114	76
Cash flows from:		
(a) Operating Activities	3,153	2,937
(b) Investing Activities	(2,923)	(2,843)
(c) Financing Activities	(77)	(56)
Closing Cash and Cash Equivalents	267	114



Working Capital Position

As of 31 March 2023, we maintained a strong working capital position, which was supported by an increase in both trade receivables and inventory levels. Although this was partially offset by an increase in trade payables, we generated ₹3,153 million from operating activities, an increase from the previous year's value of ₹2,937 million. Our investing activities resulted in a cash outflow of ₹2,923 million, which was utilised to expand capacity as part of our ongoing capex program aimed at realising future business opportunities. Meanwhile, financing activities led to a smaller outflow of ₹77 million, indicating an increase in outflow, from the previous year's figures. As of 2022-23, the company's closing balance of cash and cash equivalents stood at ₹267 million.

₹3,153 mn OPERATING CASH FLOW
₹267 mn CASH AND CASH EQUIVALENTS

Debt Position

In 2022-23, the net-debt equity ratio slightly increased to 0.61 in 2022-23 compared to 0.59 in previous year. However, there was a increase in the net debt to EBITDA ratio, which rose to 2.62 from the previous year's value of 1.81. The interest cost incurred during the current fiscal year was ₹481 million, indicating an increase from the previous year's interest cost of ₹312 million.

Return on Equity (ROE) and Return on Capital Employed (ROCE)

2022-2023 saw a decrease in the Return on Equity (ROE) to reach 7.07% compared to the previous year's figure of 16.2%. On the other hand, the Return on Capital Employed (ROCE) declined by 650 basis points from 15% in 2021-22 to 8.5% in 2022-23.

Capex

For 2023-24, we have allocated a total of ₹1,500 million towards a Capex programme aimed at increasing capitalisation. The funds will be used to create multi-product plants that will benefit both the Pharmaceutical and Crop Protection divisions, as well as upgrade the infrastructure of existing production facilities. We anticipate that these new plants will reach full capacity utilisation within the next 2-3 years.

Key Financial Ratios

Key Ratios	As on 31 March 2023	As on 31 March 2022	Variance (%)
Debtor Turnover	4.56	4.17	9%
Inventory Turnover	3.43	3.35	2%
Interest Coverage Ratio	3.19	7.00	54%
Current Ratio	1.42	1.25	13%
Net Debt Equity Ratio	0.61	0.59	3%
Net Profit Margin (%)	3.91	8.26	53%
Net Worth	11,335	10,680	6%

STRATEGIC REVIEW

Project Pinnacle

Over the last two years, we have embraced a new growth story to further strengthen our bold aspirations. Project Pinnacle, our business transformation initiative, has already begun to bear fruit, bringing us closer to our vision.





Leadership in ESG

Aligned with our shared purpose of improving lives and serving the larger community, we are committed to incorporating sustainability into every aspect of our operations.

We are proactively engaging with international rating agencies to ensure global recognition of our efforts in ESG. These agency ratings will serve as a critical factor in establishing ESG as a distinctive characteristic that sets us apart from competitors. Our commitment and prompt action have already garnered the attention of esteemed EcoVadis, who recently awarded us the prestigious bronze medal for our Crop Protection business, validating our dedication to sustainability.

Going forward, ESG will be a key driver of our business. We have defined a future strategy and roadmap to make a positive environmental impact through our operations.



Regulatory Compliance

We believe in being in alignment with our commitment to green chemistry and green engineering, therefore, we continue to invest in the right processes and systems which help us in conducting our business in a safe and responsible manner that also meets the global regulatory standards.

Competitive Advantage

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

How We Use It:

- We use it to maintain create shared value.
- We use it to align our interests with collective well-being.

Key Pharma Regulatory Approvals

	
 European Directorate for the Quality of Medicines & HealthCare COUNCIL OF EUROPE	 CONSEIL DE L'EUROPE
	
 Department of Health and Ageing	 Korea Food & Drug Administration 식품의약품안전청

Integrated Management System across all Sites

	
	 United States Environmental Protection Agency
 Responsible Care® Initiative	



Manufacturing Excellence

We are strategically investing in our operations, enabling us to optimise resources and achieve greater operational efficiency. Moreover, we are actively expanding our capacities and making investments in new equipment.

Competitive Advantage

Our state-of-art GMP/Non-GMP manufacturing facilities have positioned us well to meet the requirements of customers across our business segments.

How We Use It:

- Ensure on-time delivery of products to our valued customers.
- Maintain profitability without compromising on our quality and ESG commitments.

HIBEX Productivity Challenge

We have launched an organisation-wide Capital Efficiency Program termed as 'HIBEX Productivity Challenge' that focuses on creating holistic sustainable outcomes. The programme has been launched as an innovative micro-battle competition to keep every Hikalite excited and engaged while ensuring the timely delivery of tangible results across:

- Increased throughput from existing assets.
- Higher profitability in a sustained manner.
- Improved asset returns through sustainable operations.

Initiatives Undertaken

Capacity

Launch of:

- 1 new synthetic laboratories at our R&T Centre, Pune.

Addition of:

- A new API production block at Jigani Unit I.
 - 3 APIs have been validated.
 - 2 APIs under progress.
- A new production block at Jigani Unit II.
- Used for the production of APIs, CDMOs, and intermediates.

Capacity

HIBEX:

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

Compliance

Planned Approvals

- Unit II, Panoli, Bengaluru for extension into API manufacturing.





Research and Technology

Our commitment to harnessing the full potential of science and technology has been instrumental in our ability to deliver exceptional products and solutions to our customers. This approach not only ensures high-quality outcomes but also enhances the productivity of our sites and the profitability of our businesses.

We are actively expanding our capacities and making substantial investments in new laboratories and cutting-edge laboratory equipment.

Competitive Advantage

Our R&D capabilities rely on our Company's culture of innovation, research, and collaboration.

How We Use It:

- Diversify our product portfolio by creating high-value new products.
- Improve the profitability of our existing product portfolio.
- Create a differentiated value proposition by developing capabilities across complex chemistries.





Customer Centricity

At the heart of our business lies a customer strategy that transcends the ordinary, aiming to create an extraordinary experience for every client we serve. We are committed to forging a unique value proposition, one that intertwines the realms of custom manufacturing and bulk development services, unleashing a vast array of capabilities that set us apart.

Competitive Advantage

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

How We Use It:

- Create enduring and value-accretive partnerships with our customers.
- Provide exceptional customer service and innovate basis customer feedback to build loyalty and advocacy.

Initiatives Undertaken

Key Account Management (KAM) Systems

This year, we have adopted a KAM approach across multiple accounts to build deeper strategic relationships. As part of our KAMs, we have:

- Defined priority accounts basis current size and full potential.
- Define key roles and responsibilities to manage priority accounts and ensure delivery excellence.
- Developed a mechanism to consistently ensure customer delight.

Customer Roadshow

- Roadshow through strategic locations across the globe, including Japan, South Korea, Europe, the US, and Latin America.
- It is an opportunity to engage with senior leadership from our existing esteemed clientele while forging new connections with potential customers.
- It will help in paving the way for future partnerships that will be instrumental in realising our vision.





Supply Chain Management

In line with increasing cases of geopolitical rifts, concerns of geo-concentration risks and focus on ESG, we are increasingly making efforts to de-risk our supply chain. We have undertaken multiple initiatives across backward integration, identification of alternative sources and partnerships, localisation, and digitisation.

Competitive Advantage

A resilient, de-risked supply chain enables us to navigate global uncertainties while ensuring continuous supply to our customers.

How We Use It:

- De-risk our production process, while keeping our supply chain reliable.
- Maintain market competitiveness during times of global business shocks.

Initiatives Undertaken

Backward Integration

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

Localisation

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

Alternate Sources and Partnerships

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

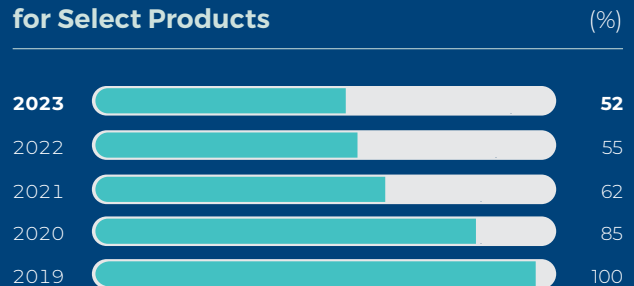
Digitised and Integrated Supply Chain

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

Reducing our Dependence on a Single Geography

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

Share of Procurement from China for Select Products



Risk Management

We acknowledge that we operate in an environment filled with both known and unknown risks, uncertainties, and variable assumptions. Some of these factors include the financial health of the global and domestic economies, the performance of the industry in India and worldwide, external competition, regulatory risks, our future growth and expansion prospects, technological implementations, potential adverse changes in revenue, income, or cash flows, and exposure to market risks, among others.

Recognising the significance of risk management in achieving our strategic objectives, we adopt a formal and systematic approach to identify and manage potential risks. We view risk management as a critical element in effectively and efficiently managing the organisation, ensuring continued success in the face of challenges.

 [Page 90](#)

Human Resources

At Hikal, we firmly believe that our people constitute our most valuable asset. We place considerable emphasis on assembling best-in-class teams, led by exceptional professionals. Over the years, we have cultivated a meritocratic, empowering, and caring culture that fosters a spirit of excellence. Encouraging the development of talent is a top priority, and we provide our employees with ample opportunities to hone their capabilities, promoting innovation, lateral thinking, and the acquisition of diverse skills. By adopting this approach, we prepare our workforce for future leadership roles, ensuring a bright and promising future for both our employees and the organisation.

The management of Human Resources at Hikal is dedicated to implementing transformational HR processes and policies. These initiatives consistently reinforce our competitive advantage in the market. Our HR strategy aligns HR Policies, Standards, and Roles and Responsibilities with the overall business strategy, giving the department the ability to successfully address the unique needs of different business units. This alignment ensures seamless coordination and cooperation throughout the organisation, further enhancing our ability to meet business objectives effectively.

 [Page 77](#)



Internal Controls and their Adequacy

Our internal control systems are commensurate with the nature and size of its business. Internal financial controls with reference to the Financial Statements are adequate. Additionally, the Audit Committee at frequent intervals has independent sessions with the statutory auditor and the management to discuss the adequacy and effectiveness of internal financial controls.

Organisational Threats

Adverse Movements in Raw Material

Prices: Our profit margins continue to be susceptible to increases in raw material prices for essential intermediates and chemicals. Over the last year, we witnessed significant price fluctuations due to the COVID-related lockdowns in China. Nevertheless, we have the ability to transfer some of the raw material expenses to our customers, which helps us offset a portion of the pricing risk.

High Working Capital Intensity: Our level of working capital requirement remains elevated. This is attributed to the contractual dynamics in contract manufacturing, where it is essential for us to uphold a minimum inventory threshold. This practice guarantees a seamless and uninterrupted supply of goods to our customers.



ESG AT HIKAL

THE PURSUIT OF SUSTAINABLE GROWTH

We are committed to fostering enduring relationships and partnerships with our stakeholders. With a strong focus on good governance, we align our efforts with environmental and social considerations to drive meaningful outcomes.

INSIDE THIS SECTION

Stakeholder Universe of Hikal	58
Materiality Assessment	60
Environment	68
Social	76
Governance	88

Environment

75%

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

Social

Zero




SEXUAL HARASSMENT COMPLAINTS REGISTERED IN 2022-23

Governance

20%

WOMEN DIRECTORS

Driving Change Together

WHO THEY ARE	 <p>Investors</p> <p>Provides capital to us in exchange for ownership or debt instruments.</p>	 <p>Customers</p> <p>Users of our products and services across a diverse set of industries.</p>	 <p>Employees</p> <p>Everyone either directly or indirectly employed by us to conduct our operations.</p>
HOW WE ENGAGE	<ul style="list-style-type: none"> • Analyst meets • Quarterly calls, financial reports, and presentations • Annual General Meetings • Annual reports • Official communication channels: advertisements, publications, website, and social media 	<ul style="list-style-type: none"> • Customer meetings • Official communication channels: advertisements, publications, website, and social media • Conferences and events • Customer feedback and satisfaction survey 	<ul style="list-style-type: none"> • Timely internal communications • Capability development programmes • Performance appraisal • Grievance redressal mechanisms • Wellness programmes
WHAT WE DO FOR THEM	<p>Deliver superior returns through optimal utilisation of resources.</p> <ul style="list-style-type: none"> • Sustainable growth • High standards of corporate governance and risk management 	<p>Provide best-in-class products and services.</p> <ul style="list-style-type: none"> • Timely delivery • Wide range of high-quality products • Competitive pricing • Post-sales support 	<p>Create an empowering, inclusive, and safe workplace.</p> <ul style="list-style-type: none"> • Fair wages and rewards • Improved work-life balance • Career growth • Safe, secure, and healthy work environment

Our ability to generate lasting value relies on fostering enduring relationships with our stakeholders, built on mutual trust, respect, and transparency. We aim to cultivate, sustain, and enhance these relationships by addressing a variety of economic, environmental, and social concerns, thereby aligning our business and stakeholders toward a shared journey. Given below is a breakdown of how we engage with our stakeholders:



Value Chain Partners

Those who have a direct working or contractual relationship or share mutual interest with us.

- Supplier development initiatives
- Vendor assessment and review
- Training workshops and seminars
- Supplier audits
- Official communication channels: advertisements, publications, website, and social media

Create an inclusive ecosystem for growth.

- Timely payment
- Capacity building
- Transparency



Communities

Those who live in areas where we have assets. For example, locals, schools, and charities.

- CSR partnerships
- Community welfare programmes
- Meetings and briefings
- Training and workshops
- Impact assessment surveys
- Official communication channels: advertisements, publications, websites, and social media
- Complaints and grievance mechanism

Empower beneficiaries through our CSR activities.

- Infrastructure development
- Funding for community development
- Contribution to the local economies



Government and Regulators

The local, regional, and national bodies regulate our actions.

- Statutory compliances filings and meetings
- Official communication channels: advertisements, publications, websites, and social media
- Phone calls, emails, and meetings
- Regulatory audits/inspections

Contributing towards creating a sustainable growth ecosystem.

- Aligning with the government to support economic development
- Continued contribution to the exchequer

Matters that Shape Our Value Creation

We conducted a materiality assessment for the first time to identify topics that could potentially affect the value we create over time.

This assessment identifies and prioritises our material topics based on their impact on our ability to create value (inward-focused), as well as their impact on society, communities, and the environment (outward-focused). The outcome of this process guided the content of our ESG section in this year's Annual Report.

Below, we provide an overview of the assessment we conducted in 2022-23 to identify our material matters:

MATERIALITY ASSESSMENT METHODOLOGY



ENVIRONMENT



ENERGY EFFICIENCY AND CARBON EMISSIONS

Capitals Impacted



Stakeholder Impacted



Why this is Important

Energy efficiency and carbon emissions pose risks and opportunities for us. Neglecting these issues leads to regulatory pressures, fines, and reputational damage.

However, embracing efficiency and reducing emissions enhances our reputation, attracts eco-

conscious customers, and improves competitiveness. Sustainable practices save costs and improve efficiency. Prioritising energy efficiency and emissions aligns with our environmental goals, driving growth and sustainability.



WASTE MANAGEMENT

Capitals Impacted



Stakeholder Impacted



Why this is Important

Inadequate waste management poses risks to our organisation and the environment. Improper waste handling risks of environmental harm, health hazards, and non-compliance.

Addressing these risks is crucial to avoid penalties, reputation damage, and strained relationships. Effective management brings financial and environmental benefits, enhancing our position in the sector.



WATER AND EFFLUENT MANAGEMENT

Capitals Impacted



Stakeholder Impacted



Why this is Important

Water scarcity and pollution pose risks to our organisation and the environment. Insufficient water availability disrupts operations, raises costs, and jeopardises well-being.

Addressing these risks is crucial to avoid penalties, reputation damage, and strained relationships. Effective management brings financial and environmental benefits, enhancing our position in the sector.

- | | | |
|----------------------|----------------------|---------------------------------|
| Financial Capital | Intellectual Capital | Social and Relationship Capital |
| Manufactured Capital | Human Capital | Natural Capital |
| Investors | Customers | Employees |
| Value Chain Partners | Communities | Government and Regulators |



BIODIVERSITY PROTECTION

Capitals Impacted



Stakeholder Impacted



Why this is Important

We understand that business operations have an impact on biodiversity. Pollution and contamination worsen the situation, impacting species diversity and

ecological balance. Addressing these risks is crucial to safeguard biodiversity and promote responsible practices in our industry.



AIR POLLUTION

Capitals Impacted



Stakeholder Impacted



Why this is Important

Air pollution poses risks and opportunities for us. Neglecting these issues leads to regulatory pressures, fines, and reputational damage.

However, reducing emissions enhances our reputation, attracts

eco-conscious customers, and improves competitiveness.

Sustainable practices save costs and improve efficiency. Prioritising emission management aligns with our environmental goals, driving growth and sustainability.



GREEN CHEMISTRY

Capitals Impacted



Stakeholder Impacted



Why this is Important

Embracing green chemistry offers our organisation numerous opportunities. It showcases our commitment to sustainability, ensures compliance with regulations, brings cost savings through efficient processes, fosters innovation, and differentiates us in the market with sustainable products.


It opens doors to new markets and customers seeking eco-friendly options, reduces risk associated with hazardous substances, strengthens supply chain resilience, and contributes to long-term sustainability by conserving resources and minimising environmental impact.

- Financial Capital
- Intellectual Capital
- Social and Relationship Capital
- Manufactured Capital
- Human Capital
- Natural Capital
- Investors
- Customers
- Employees
- Value Chain Partners
- Communities
- Government and Regulators

SOCIAL





DIVERSITY, INCLUSION AND EQUAL OPPORTUNITIES

Capitals Impacted	Why this is Important	
	Embracing diversity, inclusion, and equal opportunities brings significant advantages to our Company.	ensures regulatory compliance, and drives research and development innovation.
Stakeholder Impacted	Prioritising these principles fosters innovation, expands our talent pool, improves decision-making, boosts employee engagement and retention, enhances our reputation,	By embracing diversity and inclusion, we cultivate a culture of success, competitiveness, and long-term sustainability while contributing to a more equitable and inclusive society.
		

















EMPLOYEE WELL-BEING, BENEFITS AND RETENTION

Capitals Impacted	Why this is Important	
	Prioritising employee well-being, benefits, and skill development offers significant opportunities for our organisation. By creating a positive work environment that supports physical and mental health, providing benefits and flexible arrangements, and offering skill	development opportunities, we enhance job satisfaction, retention, and engagement, and attract top talent. This fosters a culture of continuous learning and growth, boosting productivity, performance, competitiveness, and long-term success.
Stakeholder Impacted		
		



OCCUPATIONAL HEALTH AND SAFETY

Capitals Impacted	Why this is Important	
	Occupational health and safety are critical risks for our organisation. Neglecting a safe working environment leads to accidents, injuries, and illnesses, impacting employee well-being, morale, productivity, and absenteeism.	Non-compliance results in legal liabilities, fines, penalties, and reputational damage. Investment in occupational health and safety ensures the well-being of our workforce and safeguards our success.
Stakeholder Impacted		
		

- | | | |
|--|--|---|
|  Financial Capital |  Intellectual Capital |  Social and Relationship Capital |
|  Manufactured Capital |  Human Capital |  Natural Capital |
|  Investors |  Customers |  Employees |
|  Value Chain Partners |  Communities |  Government and Regulators |



 HUMAN RIGHTS AND COMMUNITY RELATIONS

Capitals Impacted







Stakeholder Impacted



Why this is Important

Human rights violations or perceived violations pose a significant risk to our organisation, causing reputational damage, legal consequences, and loss of stakeholder trust. Thus, respecting human rights, complying with laws, and addressing grievances transparently is crucial. On the other hand, community development

offers opportunities. Engaging in initiatives such as education, skills training, and infrastructure development builds relationships, enhances reputation, and creates a positive social impact, leading to community support, market access, and long-term sustainability.

-  Financial Capital
-  Intellectual Capital
-  Social and Relationship Capital
-  Manufactured Capital
-  Human Capital
-  Natural Capital
-  Investors
-  Customers
-  Employees
-  Value Chain Partners
-  Communities
-  Government and Regulators

GOVERNANCE



PRODUCT QUALITY, SAFETY AND LABELLING

Capitals Impacted



Stakeholder Impacted



Why this is Important

In the chemical sector, product quality, safety, and labelling are significant risks. Inadequate control measures can lead to defects or hazards, causing legal liabilities and reputational damage.

Misleading labelling may result in consumer misuse. Implementing robust quality control, safety protocols, and accurate labelling ensures compliance and consumer trust.



RESEARCH AND INNOVATION

Capitals Impacted



Stakeholder Impacted



Why this is Important

Investing in research and fostering innovation keeps us ahead in technology, addressing market needs. Research improves operations and production efficiency.

Innovation differentiates us, attracting partners and investors, enhancing our reputation, and seizing business opportunities. Prioritising research and innovation drive sustainable growth and adaptability.



SUSTAINABLE SUPPLY CHAIN

Capitals Impacted















Stakeholder Impacted



Why this is Important

Focusing on supply chain sustainability enhances competitiveness, reduces risks, and aligns with consumer preferences. Sustainable practices minimise environmental impact, conserve

resources, and meet regulatory requirements. It fosters strong supplier relationships, innovation, and continuity. Embracing sustainability improves efficiency, reputation, and long-term success.

- | | | |
|--|--|---|
|  Financial Capital |  Intellectual Capital |  Social and Relationship Capital |
|  Manufactured Capital |  Human Capital |  Natural Capital |
|  Investors |  Customers |  Employees |
|  Value Chain Partners |  Communities |  Government and Regulators |


 **SUSTAINABLE FINANCIAL PERFORMANCE**






Capitals Impacted	Why this is Important	
 Stakeholder Impacted 	Integrating sustainability into financial strategies offers opportunities. It reduces costs, enhances reputation, attracts investors, and ensures long-term viability. Sustainable performance	anticipates market trends and regulatory requirements, building trust and competitiveness while creating value for stakeholders and society.

 **REGULATORY COMPLIANCE**

Capitals Impacted	Why this is Important	
 Stakeholder Impacted 	Regulatory compliance and ethical business practices offer opportunities to our organisation. Adhering to regulations enhances reputation, and attracts responsible investors and customers. Compliance mitigates legal risks and maintains a positive	image. Ethical practices foster trust, accountability, and governance, promoting sustainability and resilience. Prioritising compliance and ethics differentiates us, attracts opportunities, and earns stakeholder trust in the industry.

 **DATA INTEGRITY AND SECURITY**

Capitals Impacted	Why this is Important	
 Stakeholder Impacted 	Data integrity and security are crucial for protecting valuable assets and maintaining stakeholder trust. Breaches or unauthorised access can lead to financial losses, reputation damage, and legal liabilities. Data integrity issues undermine decision-	making and operational efficiency. Implementing robust security measures and employee awareness programmes mitigate risks and safeguard data assets, reputation, and competitive position.

-  Financial Capital
-  Intellectual Capital
-  Social and Relationship Capital
-  Manufactured Capital
-  Human Capital
-  Natural Capital
-  Investors
-  Customers
-  Employees
-  Value Chain Partners
-  Communities
-  Government and Regulators

 **RISK MANAGEMENT AND BUSINESS CONTINUITY**

Capitals Impacted



Stakeholder Impacted



Why this is Important

Risk management and business continuity pose both risks and opportunities. Inadequate management can lead to accidents, disruptions, non-compliance, and reputational damage. Prioritising risk assessment, safety protocols, emergency plans, and supply chain

resilience minimises incidents, protects stakeholders, and enhances trust.

Effective business continuity planning ensures swift response, essential operations, and efficient recovery, securing long-term sustainability and success.

 **CUSTOMER ENGAGEMENT**

Capitals Impacted



Stakeholder Impacted















Why this is Important

Customer engagement presents a significant opportunity for our organisation. By actively engaging with customers, we can gain valuable

insights into their needs, preferences, and challenges. This enables us to develop products that meet specific customer requirements.



- | | | |
|--|--|---|
|  Financial Capital |  Intellectual Capital |  Social and Relationship Capital |
|  Manufactured Capital |  Human Capital |  Natural Capital |
|  Investors |  Customers |  Employees |
|  Value Chain Partners |  Communities |  Government and Regulators |

COMMITTED TO A GREENER FUTURE

In line with our vision, we consistently strive to minimise our carbon footprint throughout our operations. We strive to offer green chemistry products, reduce resource dependence, conserve energy and water, control emissions and minimise waste.

Material Topics Covered



Energy Efficiency and Carbon Emissions



Waste Management



Water and Effluent Management



Biodiversity Protection



Air Pollution



Green Chemistry

Highlights 2022-23

17,176 MTCO₂e

EMISSIONS REDUCTION DUE TO RENEWABLE ENERGY PROJECTS

₹35.43 mn

YEARLY SAVINGS DUE TO INVESTMENTS IN ENERGY EFFICIENCY

32,255 GJ

WASTE RECYCLED





Energy Efficiency and Carbon Emissions

Energy management is one of the key strategic areas in our pursuit of sustainability in our operations. Energy consumption is not only the main source of emissions but also has a direct implication on our operational costs. Our energy management strategy involves the following:

Increasing Energy Efficiency

This primarily involves reducing the quantity of energy used in our operations by process optimisation, using energy-efficient technology, and conserving energy through activities like recovering waste heat among others.

Increasing the Share of Renewable Energy

We have made significant investments in transitioning to renewable energy through solar and wind projects.

In 2022-23, total electricity consumption stood at 14,14,586 GJ, out of which 3,61,860 GJ was energy consumption and 10,52,725 GJ was fuel consumption.

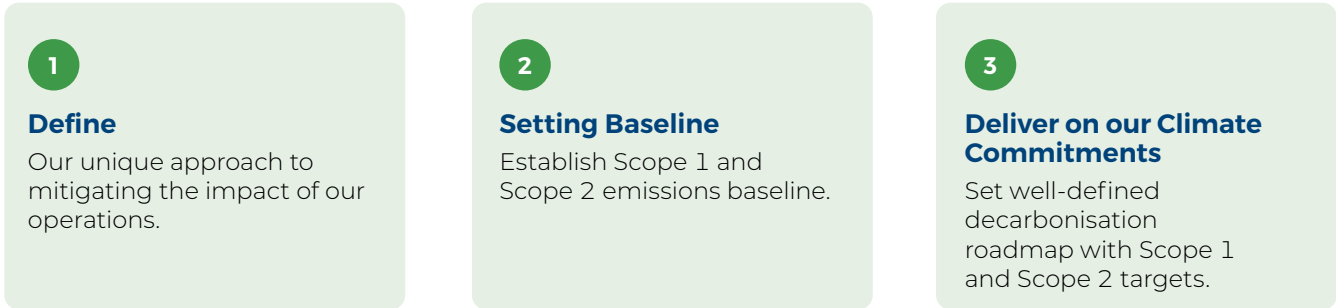


Transitioning to Net Zero

Aligning our emissions management strategy with the global goals of minimising carbon footprint and mitigating climate change risks, we have formulated a decarbonisation strategy to streamline our

processes. Reducing GHG emissions is not only a business imperative for us at Hikal, but also forms a vital part of our environmental stewardship.

Decarbonisation Strategy



Tracking our progress

4.21

TOTAL SCOPE 1 AND SCOPE 2 EMISSIONS PER RUPEE OF TURNOVER IN 2022-23

Particulars	(in MTCO ₂ e)	
	2021-22	2022-23
Scope 1 emissions	26,793.24	57,457.00
Scope 2 emissions	58,436.80	

Scope 3 Emissions

During 2022-23, we have initiated the process for Scope 3 data collection.





Energy Efficiency

We are implementing energy efficiency measures across our facilities and operations. This includes optimising our production processes, upgrading equipment and machinery, and implementing energy management systems to monitor and reduce energy consumption.

We have an Energy Conservation Committee (EnCon) at the corporate level, driving various initiatives across our facilities for achieving long-term sustainability.

Crop Protection Division



₹31.73 mn
YEARLY SAVINGS

₹23.16 mn
INVESTMENTS MADE

Initiatives

- FO boiler burner replacement for enhancing efficiency.
- Waste heat recovery from flue gas by Economiser installation.
- Briquette boiler capacity and efficiency improvement.
- Air compressor stoppage by optimising airflow.
- Chiller performance improvement by online condenser cleaning installations.
- Water saving initiatives in cooling tower blowdown.
- Energy-saving initiatives in the chiller unit to improve its performance.
- Installation of Dry Vacuum pumps.
- Heat recovery initiatives by condensate recovery and generation of hot water.
- Energy-intensive pumps were reviewed for its head and flow to optimise.
- Use of centrifugal compressor in place of screw compressor for chilling plant.
- Utilities layout was revised to optimise the energy consumption of circulation pumps of the cooling tower and chilling plant.
- Prevention of heat loss in steam pipes by choosing the right size of pipes.
- New system design of HCl scrubber to produce 32% concentration.

Pharmaceutical Division

Initiatives

- Pumping power optimisation by various means
- Installation of waste heat recovery system
- Pumping power optimisation in RO pump
- Cooling tower usage optimisation
- VFD installation in cooling tower pump

₹0.2 mn
INVESTMENTS MADE

₹3.7 mn
YEARLY SAVINGS



Renewable Energy

We have been constantly working on purchasing green energy at our locations. During 2022-23, we signed a long-term Power Purchase Agreement (PPA) with two solar power developers of 9.5 MW and 3.2 MW for Taloja and Mahad units respectively.

We also signed an agreement to procure renewable energy from a hybrid (wind and solar) project of 4.8 MW for our Panoli unit. For 2023-24, we have initiated the process to identify a renewable energy project partner for our Jigani unit.

7,97,758 GJ
RENEWABLE ENERGY USED

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



Waste Management

We have been consistently enhancing our waste management practices and have embedded them within our circular economy approach. We follow the 3R concept of 'Reduce, Reuse and Recycle' and have defined standard operating procedures for handling hazardous, non-hazardous, e-waste, and bio-medical wastes.

During the year under review, we have started to use recovered solvents in the process to reduce fresh solvent consumption. We have a dedicated lab working exclusively on waste treatability studies. We also have been conducting periodic inspections to implement necessary changes, making them more efficient and environmentally friendly. We have implemented 'Wealth from Waste' programme which aims to identify waste that can be reduced, reused, or recycled.

32,255 GJ

WASTE RECYCLED IN 2022-23

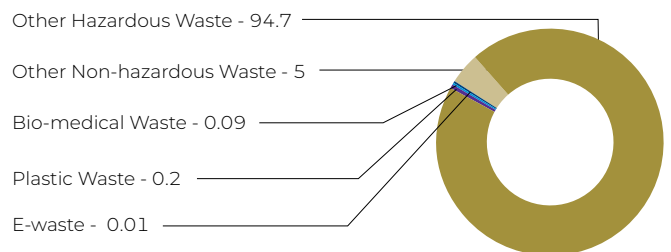
₹214.6 mn

INVESTMENTS MADE TO ENHANCE
 EFFLUENT TREATMENT IN 2022-23



Waste Generated by Type

(%)



The hazardous waste generated from our operations is disposed of in an environmentally sound manner to authorised recyclers, the cement industry, and Common Hazardous Waste collection, Treatment, Storage & Disposal Facilities (CHWTSDF). Similarly, 100% of the e-waste generated is sold to authorised vendors. Plastic waste is also recycled through authorised recyclers.



Water and Effluent Management

Water is a critical natural resource that is important to our business operations, and we recognise the need of its responsible management for long-term sustainability.

We source surface water either from rivers or lakes from Government Industrial Development Authority. As part of our initiatives this year, we have reduced our freshwater consumption because of recycling through Zero Liquid Discharge (ZLD) and improving steam recovery.

Water Recycling Initiatives

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

Water Conservation Initiatives

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



Biodiversity Protection

Our Jigani unit is in close proximity to an ecologically sensitive area - Bannerghatta National Park. We are cognisant of the impact that our operations can have on the local biodiversity and take proactive steps

to minimise any negative effects. Our stakeholder engagement process helps us to identify and act on opportunities to preserve the ecosystems near the areas where we operate.

Case study

Ecological Protection near Our Jigani Plant

To conserve the ecology near our Jigani plant, we continued our partnership with the International Association for Human Values (IAHV) for the development work of Yallammanadoddi Lake. About 2,600 people from three villages in the surrounding area are directly dependent on this lake for water. However, the accumulation of mud, waste, and weeds made the lake unfit for direct domestic use.

In collaboration with the villagers, we completed and inaugurated the project. This has resulted in an increase in the water capacity of the lake by four times.

2,600

BENEFICIARIES
IN 2022-23

30,000

BENEFICIARIES OVER
THE PROPOSED
LIFECYCLE OF 15 YEARS

Afforestation Project at Navi Mumbai

Mumbai, a Tier I city, has a large ecological footprint because of population pressures and the demands of urbanisation.

In line with this concern, we continued our partnership with International Association for Human Values (IAHV) to develop an urban forest over 33 acres of land at Rabale, Navi Mumbai. The forest site has been designed using a scientific approach and around 14,000 plants of over 50 species have been planted and many of them have been geo-tagged.

200

SAPLINGS PLANTED
IN 2022-23

1,000

SAPLINGS EXPECTED TO
BE PLANTED OVER THE
PROJECT LIFECYCLE

Lake Rejuvenation Project





Air Pollution

We have installed appropriate systems to control the generation of emissions from boilers, diesel generators, and scrubbers at our operations.

These include a bag house for the boiler stack and the use of express feeder at all factories in the industrial area for uninterrupted power supply, thereby minimising the use of diesel generators.

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

At Crop Protection units, we conduct ambient air quality monitoring on a monthly basis through MOEF approved agency to measure parameters such as PM, SO₂, NO₂, NH₃, CO, etc. Ambient air monitoring is carried out on 24 hours basis at multiple locations inside the factory premises.

Emissions, 2022-23, MT

Particulars	Units
SOx	4.74
NOx	33.24





BUILDING ENDURING RELATIONSHIPS

Building harmonious relationships and partnerships on trust have been our guiding principles over the years. These principles have enabled us to create unparalleled, transformational value for our communities, partners, customers, and other stakeholders.

Material Topics Covered



Diversity, Inclusion, and Equal Opportunities



Employee Well-being, Benefits, and Retention



Occupational Health and Safety



Human Rights and Community Relations



Skill Development

Highlights 2022-23

80%

RETENTION RATE

Zero

FATALITIES

80%

PERMANENT EMPLOYEES HAVE BEEN PROVIDED TRAINING ON HUMAN RIGHTS



Hikal Women's Forum

Hikal Women's Forum serves as a platform for the Company's female employees to unite, support one another in reaching new heights, and make deliberate efforts to advance the organisation as a whole.

Initiatives:

- The Women's Forum hosted an impactful training session on 22 December 2022, raising awareness on menstrual cycle, breast cancer, and thalassemia. The session was led by external expert Malti Joshi, who brings over 25 years of expertise in the field of medicine. This training empowered participants with crucial knowledge to promote women's health and well-being.
- An impactful Financial Investment session for women employees at Panoli's Women's Forum took place on 23 January 2023. Over 25 participants gained valuable knowledge on becoming financially independent and securing their future through personal investments. The session covered various investment platforms such as SIP, Mutual Funds, Life Insurance, Health Insurance, and more.
- The Forum also organised a training session on Fire Fighting for women employees at Panoli on 9 February 2023, aiming to train them with self-defense techniques.



Employees

Our employees, whose passion and innovation power our Company, are key-value enhancers for us. We invest in developing a culture that recognises talent, and instil quality, client-centricity, and innovation as part of our transformational path. The cornerstones of our people management strategy are enhancing employee capacities and encouraging ownership, empathy, and excellence.

6.2%

WOMEN AMONGST TOTAL EMPLOYEES



Diversity, Inclusion, and Equal Opportunities

We believe, diversity and inclusion is crucial in strengthening our culture of excellence. We nurture a diverse workplace irrespective of any social identifiers, providing equitable opportunity for all.

Sexual Harassment

We have a strict sexual harassment policy in place. The purpose of the policy is to create a safe and inclusive work environment, free from prejudice, gender bias, and sexual harassment. We have established an Internal Complaint Committee (ICC) responsible for investigating complaints, maintaining confidentiality, and recommending appropriate actions. We maintain confidentiality throughout the investigatory process and pledge to provide necessary support to those affected. We also follow POSH to eliminate gender-based discrimination and ensure the dignity of individuals in the workplace.

6.2%

WOMEN AMONGST TOTAL EMPLOYEES

21.8%

WOMEN EMPLOYEES IN CORPORATE OFFICES

Zero

SEXUAL HARASSMENT COMPLAINTS REGISTERED IN 2022-23



Employee Well-being, Benefits, and Retention

Employee Welfare and Engagement

We recognise the importance of employee engagement and welfare as essential components of our organisational success. We are committed to foster a sense of belonging, and empower our employees, promoting their overall well-being.

Benefits

- Paid time off
- Flexible working hours
- Paid Parental leaves
- Health insurance



Tarang - Campus to Corporate

Under our Tarang - Campus to Corporate programme, an industrial visit for students and faculty members from ITI centre, was organised at our Mahad site. The agenda was to brief the students on electrical systems used in our industry, giving them an opportunity to have an enriching practical learning experience.

Employee Engagement Programmes

How We Engage Our Employees

Company-wide Events

Values Week



Safety Week

Our Initiatives











Employee Wellness Programmes

Ojas – Employee Wellness Programme

Ojas is dedicated to prioritising the health and well-being of our employees. With a targeted range of activities, including Yoga, Zumba, and other wellness programmes, Ojas aims to create an environment that nurtures good habits and supports our employees in achieving optimal health.





Creating a Culture of Healthy Workplace












Annual Health Check-up



Session on Stress Management



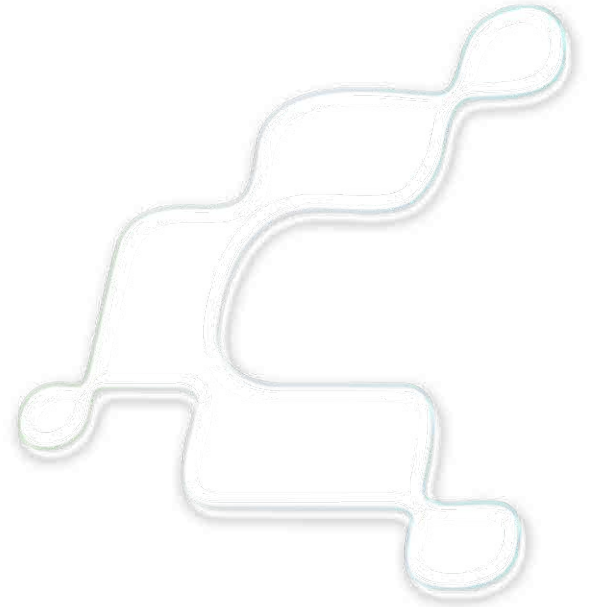
Yoga Session



Awareness Session on Diabetes



Zumba and Yoga Session



Parigyaan – Employee Recognition

Parigyaan, our rewards and recognition programme, validates the collective accomplishments, efforts, and achievements of our on-roll employees.

Awards under Parigyaan

Spot Award

Innovation Award

Team of the Month Award

Safety Champion of the Month Award

Employee of the Month Award

Department of the Month Award

Lab of the Year Award

Rising Star of the Month Award



Learning and Development (L&D)

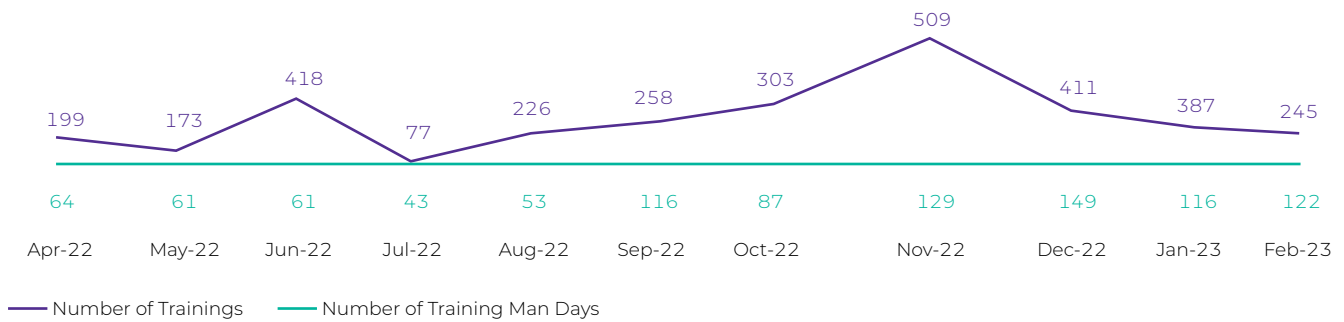
At Hikal, we believe that investing in our employees' growth and skill development is crucial for maximising productivity, capabilities, and creating value for all our stakeholders. Through various learning tools and interventions, we establish a culture of continuous learning and professional growth within our organisation.

During 2022-23, we launched Hikal Academy, a new L&D initiative, to drive capability building throughout the organisation across all sites and levels through our three chapters – Technical, Leadership, and Excellence.

Technical Chapter

During the year under review, we conducted technical training on a wide range of topics varying from first-aid to uncertainty measurement.

Technical Trainings - Month-wise



Train the Trainer

With the intention of enabling our internal subject matter experts to share their knowledge throughout the organisation. We helped them in understanding the format of preparing a presentation, allowing them to tailor content to specific needs.

mySetu Training

During 2022-23, we organised an incident management training module, to help our employees get a better understanding of raising and reviewing incidents, risk assessment, investigation, and task performance.

IMS – Internal Auditor Training

This intensive course offered invaluable hands-on training for internal audit requirements. It provided participants with the necessary skills and practical experience to effectively plan, execute, and report internal audits. The training focused on understanding the role and acquiring expertise in conducting baseline audits based on key principles of ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018.

Leadership Chapter

Unnati

During 2022-23, we launched a unique mentoring programme of four months at our Taloja and Mahad units to foster a positive feedback loop of learning throughout our organisation.

Executive Coaching

We continued training our fifth batch of executive coaching – a tailored intervention in talent development – for nine executives of Hikal. This programme will help leaders understand their competencies and enhance their focus on achieving their career goals.

Excellence Chapter

POSH Training

Multiple mandatory workshops on POSH - Prevention of Sexual Harassment - were rolled out for all Hikalites in the month of October and November 2022. The workshop is designed to create awareness about the organisation's zero-tolerance stand on sexual harassment in the workplace.

Excel Training

A 3-day modular training was held to understand the functionalities and use of Excel. It was organised by the Hikal Academy, facilitated by an external trainer on Excel functions that can be used on a day-to-day basis were covered in this workshop.



Occupational Health and Safety

At Hikal, we prioritise the safety and well-being of our employees. Our facilities have ISO 45001/ISO 14001/Responsible Care certification, ensuring the best standards of health and safety in our operations.

We have implemented various programmes such as 'Surakshapath' which is a behaviour-based safety programme to minimise behavioural risk. We have other safety awareness programmes such as 'One Minute for Safety', 'EHS Induction', and 'Weekly Wet Drills' among others to enhance safety at our workplace.

How We Ensure the Health and Safety of Our Employees

Our Platforms/ Systems

mySetu EHS Portal

Our Initiatives

One Minute Safety Programme



Hazard Identification

At our organisation, we have established comprehensive systems to proactively identify and assess work-related hazards and risks. We employ a Hazard Identification and Risk Assessment (HIRA) process for both routine and non-routine activities, as well as Hazard Operability (HAZOP) techniques specifically tailored to address process-related hazards across all our facilities.

To ensure the utmost safety, we have a dedicated EHS team at each facility. These teams are responsible for identifying, assessing, and mitigating risks, as well as monitoring the implementation of safety measures. Regular safety inspections are conducted on a weekly basis, allowing us to maintain a vigilant approach to safety. Furthermore, we provide ongoing training to our employees and workers to enhance their awareness of safety aspects.

Initiatives implanted in 2022-23

- Vertical fall arrestor provided for tankers unloading area and briquettes unloading area
- Lower Explosive Limit 'LEL' sensors are provided at raw material warehouses and storage tank farm areas
- Confined rescue kits were provided for work in confined spaces
- Flood Emergency Control Rescue kits were procured, and training sessions were conducted
- Fire-rated cabinet provided for storage of flammable solvents in labs
- Fixed oxygen sensors were installed in labs near Nitrogen (N2) connection points
- Fixed online sensors for hazardous and toxic gas like Cl2, NH3 are installed for early detection
- All hazardous chemical storage is equipped with emergency equipment like spillage kits, sprinklers, dyke walls, etc.
- Emergency Rescue team is constituted, and appropriate training is provided.

Health and Safety Performance*

Particulars	2022-23	2022-21
LTIFR	0.3	0
Total recordable work-related injuries	1	0
Number of fatalities	0	0
High consequence work-related injury	0	0

*Note: For workers



Government and Regulators

We collaborate and align with national and international priorities and participate in multi-stakeholder engagements and when relevant, respond to public consultations.

Our associations with top industry bodies as well as government bodies enable us to voice concerns as well as help initiate necessary changes. Some of the trade and industry chambers/associations we are associated with are:

- The Confederation of Indian Industry
- The Federation of Indian Chambers of Commerce & Industry
- Indian Merchants Chamber
- National Safety Council
- Indian Chemical Council
- Pesticides Manufacturers & Formulators Association of India
- Crop Care Federation of India
- Agro Chem Federation of India



Human Rights and Community Relations

Respecting Human Rights

At our organisation, we firmly believe in upholding human rights as a core value. Our 'No Child or Forced Labour Policy' ensures that individuals under 18 are not employed. We conduct annual audits, conducted by our internal audit and EHS departments, to verify compliance.

We recognise the importance of employee unions in safeguarding workers' interests. Our organisation fully supports the freedom of association and the right to form and join unions, as protected by international labour standards.

We are in the process of initiating human rights due diligence through an independent agency to identify potential human-rights related risks in our operations and implement necessary measures to prevent or mitigate the identified risks.

80%
PERMANENT
EMPLOYEES HAVE BEEN
PROVIDED TRAINING
ON HUMAN RIGHTS

100%
PERMANENT WORKERS
ARE ASSOCIATED
WITH A UNION



Community Development

We are committed to creating shared value for communities in the vicinity of our operating areas. Our CSR program, 'Srijan', is an integral part of the Company's sustainable growth and development. We partner with non-governmental organisations (NGOs)

in areas like secondary education, skill development, employability and infrastructure development, healthcare, sanitation, environmental sustainability, and the protection of national heritage, art, and culture.



Anahat

Environment and ecology protection



Medha

Education and skill development



Kaushalya

Healthcare and sanitation



Rachna

Protection of national heritage, art, and culture



Sampark

Employee contribution

Environment and Ecology Protection (Anahat)

Continuation of Partnership for the Tetvali Afforestation Project at Rabale

In partnership with the International Association of Human Values (IAHV), we embarked on an afforestation initiative to establish an urban forest in Tetvali, Rabale, Navi Mumbai. Our primary goal in this project is to enhance the environmental well-being of the city.

The journey began in August 2017, when we initiated the planting of numerous trees, representing a diverse array of 50 different species. To ensure effective monitoring, some of the trees were geotagged, enabling us to keep a close watch on their growth and progress. Since January 2017, we have remained fully committed to this endeavour, actively engaging in tree plantation and conservation activities.

14,000
TREES PLANTED

Appreciation of the Yellammanadoddi Lake Development Work

As part of our CSR initiatives, our Jigani team took on a transformative project to enhance a nearby lake and provide a clean water source for the residents of the neighbouring village. Through our collective efforts, we successfully increased the water holding capacity of the lake, ensuring a sustainable and year-round water supply for the community. The villagers expressed their happiness and deep gratitude for our commendable endeavours in improving their living conditions.

The success of this impactful initiative garnered attention from prominent Kannada newspapers in Bengaluru, including Anekal Suddi Local News Channel, Praja Vani, Vijaya Vani, and Samyuktha

One of our team members, received recognition and appreciation from the Gram Panchayat Members for his significant contributions to the project. He was honoured with a Certificate of Appreciation for his dedication and hard work.



Karnataka, highlighting the positive impact we made in the community through our efforts.

Education and Skill Development (Medha)

We firmly believe that education and skill development have a transformative impact, unlocking the true potential of individuals. As part of our efforts to promote education and skill enhancement, we focus on initiatives in primary and secondary education, vocational training, and the improvement of school infrastructure.

District-level Sports Competition

In a heartwarming collaboration with Aai Day Care Sanstha and the Social Welfare Department in Alibaug, we proudly supported the organisation of a District-level Sports Competition, held in observance of the International Day of Persons with Disabilities and took place in Pen, Raigad. The event featured a range of sports activities, including races of 25, 50, and 100 meters among others. Witnessing the children's boundless enthusiasm and excitement as they showcased their talents was truly inspiring.

450

STUDENTS FROM 14 DIFFERENT SCHOOLS ACROSS THE RAIGAD DISTRICT

Youth Leadership Training Programme at Mahad

Over the past four years, we have collaborated with IAHV (International Association for Human Values) to implement integrated development initiatives in Sutarkond Village, Mahad. Through our joint efforts, we have witnessed transformative changes in the lives of the local community members. Our focus

on infrastructure building, capacity building, and engaging the youth in the development process has yielded substantial positive outcomes.

24

VILLAGERS ATTENDED THE YOUTH LEADERSHIP TRAINING PROGRAMME (YLTP)

Support in Establishing Chemistry Lab at ZP School, Varandh at Mahad

We partnered with the IAHV team to embark on a significant project aimed at supporting a local school in developing its science lab. The project's focus was on providing essential equipment, including glassware, and improving facilities to create an enriched learning environment for the students. Through our collaborative efforts, we sought to enable more students to have access to practical, hands-on learning experiences.

122

STUDENTS BENEFITTED

Infrastructure Development of the Dattawadi Nere ZP School at Pune

Our dedicated initiatives have resulted in remarkable improvements in the sanitation units and essential facilities at the Anganwadi centre, demonstrating their transformative power. Our focus on enhancing the sanitation units led us to develop and equip playfields

with outdoor playground equipment, providing a conducive environment for children's physical activities.

Moreover, we installed a broadband internet connection and a Smart TV with e-learning applications, further enriching the learning experience for the children. To ensure comfort and convenience, we provided tables and chairs for the centre, creating a conducive space for education and interaction. We also equipped the centre with weighing scales for mothers and children, along with a stadiometer, to enhance care and development services. These thoughtful additions have made a positive impact on the overall well-being of the children and their families.

The comprehensive development work undertaken has been met with immense appreciation from the school administration and staff, underscoring the

significance of our initiatives in promoting better facilities and opportunities for the community.

160
 STUDENTS BENEFITTED

Support to The Akshaya Patra Foundation for Providing Mid-day Meals to Underprivileged Children in Jigani

In collaboration with the Akshaya Patra Foundation, we are actively engaged in a special initiative aimed at tackling classroom hunger among underprivileged children in government schools. This noble mission receives support from the government, corporations,



businessmen, and philanthropists, and we take immense pride in our contribution to this cause. Our efforts in providing mid-day meals have been warmly received and highly appreciated by the community.

455 children
 ACCESS TO SPONSORED MEALS

Healthcare and Sanitation (Kaushalya)

Continuation of Partnership with Ummeed - Child Development Centre

Our unwavering commitment lies in supporting Ummeed Child Development Centre UMMEED PARENT PROGRAMME FOR AUTISM (UPPA). This programme holds a special focus on empowering parents to effectively engage with their children at their

unique developmental level. Our goal is to strengthen attention, participation, communication, and play routines within the child's natural environment, seamlessly integrating these aspects into their daily activities. We eagerly anticipate a fruitful and fulfilling partnership with Ummeed, as we work together to achieve these significant objectives. Our dedication to supporting the UPPA remains steadfast, and we are determined to continue our assistance and contribution to this essential programme in the years ahead.

Healthcare Kits Distributed to Govt. Schools at Jigani, Karnataka

As part of our initiatives, we organised a special awareness session on women's health and hygiene for female students at a Government School in Jigani. The session aimed to equip the students with essential knowledge about

important aspects of women's health and hygiene. During the session, we also introduced the students to yoga asanas and basic pranayama techniques, promoting their overall well-being.

To further support their health needs, we distributed healthcare kits to all the female students and teachers at the school. Witnessing their happiness and gratitude upon receiving the healthcare kits was truly heartwarming.

Newborn Baby Kits Distributed to Govt. Hospital at Jigani, Karnataka

We organised a distribution event at a Government Hospital in Jigani, where we provided various items to underprivileged families. Our efforts focused on distributing newborn baby kits, each containing six sets of clothes and essential utility items such as body lotion, talcum powder, bath soap, and gloves. In addition to the baby kits, we also distributed toys, fruit baskets, and protein powder to the families. Our aim was to offer comfort, nourishment, and joy to these underprivileged families and their newborns. This initiative was designed to support the well-being and meet the basic needs of these families during their time at the hospital.

Medical Camp for Zilla Parishad School Students at Taloja Site

Our Taloja Team took the initiative to organise a Medical Camp at the Zilla Parishad School in Ghot Camp village. The camp successfully provided essential healthcare services to more than 120 students and 8 teachers, aiming to raise awareness about the importance of maintaining a healthy lifestyle.

Employee Engagement through Volunteerism (Sampark)

Children's Day Celebration

Our Taloja Team celebrated Children's Day with great enthusiasm at Zilla Parishad School in Ghot Camp village. It was a delightful event that brought together esteemed individuals, including the Head Mistress, Deepika Patkar, dedicated teachers, and influential community members. The atmosphere was filled with excitement as everyone actively took part in the festivities, creating a joyful and memorable experience for all. As a heartwarming gesture, the team distributed snack boxes and gifts to all the children, further adding to the festive spirit of the occasion. It was a pleasure for the team to bring smiles to the faces of these young students and celebrate their special day with them.

150

CHILDREN PRESENT

Women's Forum, Panoli visited Haldarva Prathmik Shala

Our Women's Forum, Panoli organised a visit to Haldarva Prathmik Shala, a neighbouring government school. It was a delightful experience as multiple groups of girls actively engaged with the children, conducting discussions on essential topics such as personal hygiene, road safety, and water conservation.

During the interactive sessions, the team encouraged the children to express their understanding of these subjects through drawings, promoting better comprehension and retention of the information





shared. As a gesture of support and care, the team distributed water bottles to both the students and teaching staff, emphasising the importance of staying hydrated and maintaining a healthy habit of drinking enough water.

Blood Donation Camp at Jigani Units 1 and 2

During the Kannada Rajyotsav celebration, our Jigani Units 1 and 2, organised a Blood Donation Camp to mark the occasion. Their employee volunteers wholeheartedly participated in the camp, generously donating blood to the Narayana Hrudayalaya Blood Centre. In recognition of their selfless efforts, the volunteers received certificates of appreciation from the hospital. The hospital staff praised the commendable efforts of our Hikal Team, expressing gratitude for the donated blood that will be of immense value to those in critical need, especially in emergency accident cases.

Protection of National Heritage, Art, and Culture (Rachana)

Support Extended to Tata Literature Live

As part of our CSR programme, Srijan, we had the privilege to sponsor a session titled "Brush Folks" at the prestigious Tata Literature Live! The Mumbai LitFest. This captivating event, held at NCPA Mumbai revolved around the celebration and promotion of art and literature.

Support to the Mehli Mehta Music Foundation

Despite the exceptional challenges we faced in raising funds for music education this year, we remained steadfast in providing crucial support to the Mehli

Mehta Music Foundation (MMMF) to sustain their teaching staff and administrative framework. Once again, we extended our grant to reinforce MMMF's outreach programme. The partnership between Hikal and MMMF is a source of immense pride for us as it aims to enrich the lives of aspiring children by instilling the transformative power of music.

Support to the NCPA

For past seven years, we have proudly maintained our commitment as a consistent supporter of the National Centre for the Performing Arts (NCPA). Our dedicated support is directed towards enhancing NCPA's education and outreach initiatives, with a special focus on engaging students from underprivileged backgrounds. We are aligned with NCPA's vision of preserving and promoting India's rich artistic heritage, and it fills us with pride to be able to contribute to this significant cause through our enduring partnership.

Support to the Museum of Art & Photography (MAP) at Bengaluru

We hold a strong belief in the significance of providing opportunities for our community to engage with art and culture, as it plays a crucial role in instilling Indian values and preserving our country's rich heritage for future generations. One such institution that we proudly support is the Museum of Art and Photography (MAP) in Bangalore. This newly established art museum is dedicated to making art accessible to a diverse audience, and we share its commitment to inclusivity. MAP's vision of becoming one of the most inclusive museums in the country aligns perfectly with our values, and we are honoured to be part of their journey.

VALUE-DRIVEN GOVERNANCE

At Hikal, we recognise that good governance practices are essential to nurturing long-term, sustainable, and mutually beneficial relationships with all stakeholders. Our commitment to upholding the highest standards of ethical behaviour and transparency has enabled us to build strong and lasting partnerships.

Material Topics Covered



Data Integrity and Security



Risk Management and Business Continuity



Product Quality, Safety, and Labelling



Research and Innovation



Sustainable Supply Chain



Sustainable Financial Performance



Customer Engagement



Regulatory Compliance

Highlights 2022-23

20%

WOMEN DIRECTORS

Zero

CORRUPTION INCIDENTS REPORTED

A Balanced Governance Structure

Guided by our values and history, the Board is committed to promoting sustainable development. To enable this, our governance framework is built on three pillars that work together to ensure we deliver on our mission.



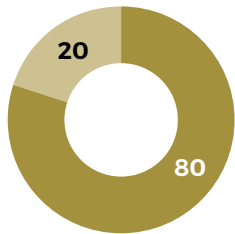
Board of Directors

Board Committees

Management

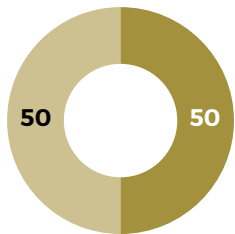
Board Snapshot

Board Diversity (%)



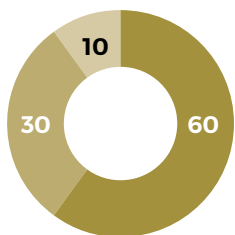
■ Male
■ Female

Board Independence (%)



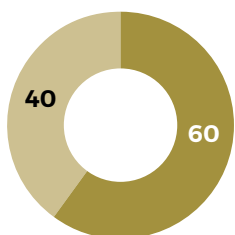
■ Independent
■ Non-Independent

Board Experience (%)



■ >30 years
■ 21-30 years
■ <21 years

Board Age Profile (%)



■ >50 years
■ 30-50 years

Board Committees

Board Committees aid in discharging duties by providing valuable insights, enhancing governance policies, and submitting periodic reports to the Board of Directors.

Board of Directors

Chaired by
Non-Independent Director

10
MEMBERS

50%
INDEPENDENCE

Stakeholders' Relationship Committee

Chaired by
Independent Director

3
MEMBERS

67%
INDEPENDENCE

Corporate Social Responsibility Committee

Chaired by
Non-Independent Director

4
MEMBERS

25%
INDEPENDENCE

Audit Committee

Chaired by
Independent Director

4
MEMBERS

75%
INDEPENDENCE

Nomination and Remuneration Committee

Chaired by
Independent Director

6
MEMBERS

67%
INDEPENDENCE

Risk Management Committee

Chaired by
Non-Independent Director

6
MEMBERS

50%
INDEPENDENCE

Board Policies

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

Code of Conduct

We have an established Code of Conduct applicable to all our Directors, senior management personnel, employees, and business partners at large. Our Code of Conduct is based on our core values and principles and spells out expectations in relation to specific situations. We have zero tolerance for corruption and unethical conduct. During 2022-23, there were no confirmed cases of corruption.

100%
WORKFORCE TRAINED
ON CODE OF CONDUCT

Data Integrity and Security

We have implemented a multi-layered security solutions in the IT systems to prevent any direct exposure or vulnerability to cyber-attacks that includes:

- Email gateway, antivirus, and anti-phishing measures to enhance email security.
- Endpoint Detection and Response (EDR) solution with Advanced Threat Protection (ATP) engines for real-time monitoring and defence against known and zero-day attacks.
- Antivirus and zero-day attack protection for all end-user devices and servers.
- Multi-factor authentication with OTP for server access, adds an extra layer of security.
- Best-in-class web-security solutions for safe internet access.

ZERO
DATA BREACHES DURING 2022-23



Risk Management and Business Continuity

We have a comprehensive risk management process that ensures the timely identification of risks, the analysis of mitigation strategies, and the finding of potential areas of improvement to combat any unforeseen adverse event in our business.

Our performance is based on several known and unknown risks, uncertainties, and variable assumptions. These risks and uncertainties include the financial health of the global and domestic economies, the performance of the industry in India and worldwide, external competition, regulatory risk, our future levels of growth and expansion, technological implementation, adverse changes in revenue, income, or cash flows and its exposure to market risks, as well as other risks.

Being cognizant of these risks, we have a formal and systematic approach to identifying and managing risk is instrumental to achieving its strategic objectives.



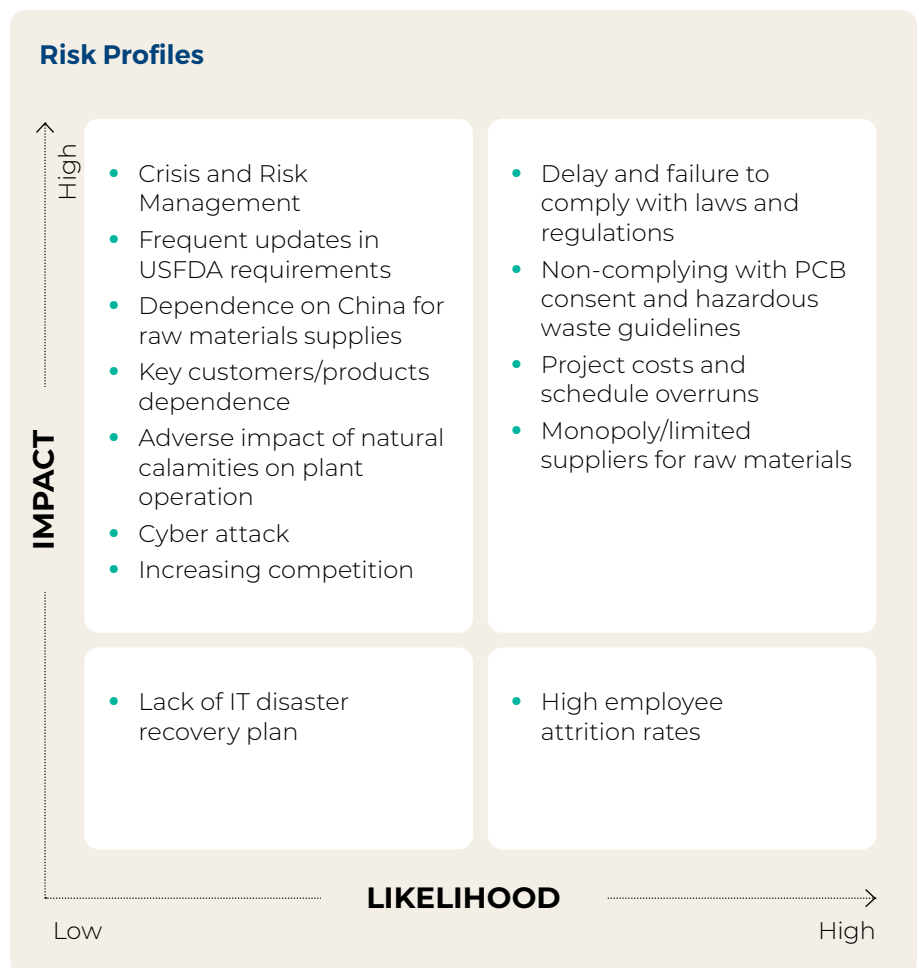
Risk Management Governance Structure



Risk Management Process

At Hikal, all the Senior Executives under the guidance of the Managing Director are responsible for overseeing the risk management process. The Risk Management processes mentioned in the sequence as follows:

- Identify, assess, and escalate risks impacting the objectives of the Company,
- Define measures to respond to the risks effectively,
- Monitor movement (if any) in the identified risks,
- Monitor the effectiveness of existing risk management measures,
- Report risks and risk management measures to the Risk Management Committee



Risk Categories and Mitigation

Risk Categories	What Does It Mean for Us?	Mitigation
Supply Chain	Dependence on China for key raw materials has been an ongoing concern for the industry. We also depend on some raw materials supplies from China; in a few cases, there are monopolies or limited suppliers. Sometimes, we must obtain customer approval for alternative vendors, and any process changes for our existing operations further delay our alternate vendor development plan.	We periodically monitor our progress against the Alternate Vendor Development (AVD) charter and increase the technology budget for operation research on alternative options. We also maintain an adequate inventory of key raw materials and regularly check inventory to plan.
Project	We have undertaken various business expansion projects of approx. ₹400 crores value. Project completion within time and budget is critical for the success of our Business.	With the support of an expert project team, an effective project monitoring tool, improved project and purchase processes, and the coordinated efforts of all employees, we ensure projects are completed on time.
Business Development	Crucial for our exponential growth, which can only be achieved with increasing customers and products.	We are working on various new products and approaching new geographics/customers. We are diversifying in the business and expecting high growth in the coming future.
Business Continuity	Interruption of business due to catastrophes that are beyond our control.	<p>We maintain a robust onsite emergency plan at all sites to respond to natural calamities. Also, we ensure adequate insurance coverage for any business losses.</p> <p>Our information technology disaster recovery plan (IT DRP) with the business continuity plan is made to restore hardware, applications, and data in time to meet business recovery needs.</p> <p>We will soon roll out a comprehensive crisis management plan to deal with crises caused by internal and external events.</p>
Cyber Security	The growing sophistication and variety of cyberattacks have the potential to wreak havoc on our reputations, often resulting in disastrous financial impacts.	We have invested significant resources to ensure cybersecurity resilience and data protection. Our cybersecurity measures are aligned with the growth and diversification of the Company. We conduct periodic assessments to validate and improve resilience to cybersecurity attacks and conduct awareness training programmes for every employee.
Human Resource	We have complex manufacturing processes, and to operate them efficiently depends on the capability and experience of the operating staff.	<p>We endeavour to attract, motivate, and retain critical operating staff.</p> <p>We monitor attrition rates with a focus on junior and middle management cadres. We offer competitive compensation benefits and review them regularly. As part of employee engagement plans, we undertake various initiatives and periodically engage with the employees to sort out impending matters.</p>

Risk Categories	What Does It Mean for Us?	Mitigation
Strategy	Our competitive landscape in some product lines is still evolving, with conventional players reinventing themselves and emerging players investing heavily. The increased competition may reduce our market share and harm our ability to retain existing customers and acquire new customers.	We are proactive in our efforts to evaluate competitors and markets. We are investing heavily in technology to optimise operating costs and ensure servicing customers with the best product quality.
Compliance	We are exposed to hazard risk due to handling hazardous chemicals.	<p>We aim to eliminate potential workplace hazards, provide a safe and healthy work environment for our people, and seek to comply with all applicable occupational safety and health laws and standards. Our effluent plants at all sites are designed with the best technology and allocated a significant annual budget to upgrade facilities per the latest compliance requirement.</p> <p>We have adopted a digitally enabled comprehensive compliance management system. The responsibility matrix is cascaded down to a single point of responsibility. It is updated at regular intervals. Apart from assurance through the Company's three lines of defense, the Directors' Audit Committee ensures compliance through the well-established monitoring mechanisms.</p>
Regulatory	We operate in an increasingly complex environment, and many activities are subject to regulatory influence. New laws, interpretations of existing laws, changes to existing regulations, heightened regulatory scrutiny, and lingering approval processes could affect our operations and business expansion plans	We are working on the concept of all-time inspection readiness and maintaining adequate controls, viz. regular audits of the plants, dedicated compliance team, training, etc.

 **Sustainable Supply Chain**

At Hikal, selecting the right partners is crucial to achieving our business objectives, fulfilling our social and environmental commitments, and ensuring the sustainability of our Company.

Our management approach to managing our value chain partners is focused on aligning them with the values embedded in our Code of Conduct. As we look to the future, we are committed to aligning our value chain partners with our values and embedding technology into our supply chain functions.

During 2022-23, we defined a supplier evaluation criterion based focussed on EHS, quality, and statutory requirements for our critical value chain partners

that are based in India via onsite and offsite audits. Additionally, we are planning to conduct regular awareness sessions in 2023-24.

Assessment of Value Chain Partners

	% of value chain partners assessed
Child Labour	100
Forced Labour/Involuntary Labour	100
Sexual Harassment	100
Discrimination at Workplace	100
Wages	100

Board of Directors

**Jai Hiremath**

Executive Chairman

Founder and Executive Chairman with over 42 years of experience in the fine chemicals and pharmaceuticals industry.

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

**Baba Kalyani**

Non-Executive Director

Chairman & MD of Bharat Forge Limited, the flagship company of the USD 3 billion Kalyani Group. Mr. Kalyani is B.E. (Hons) in Mechanical Engineering from the prestigious Birla Institute of Technology & Science, Pilani, and subsequently, earned an M.S. from the Massachusetts Institute of Technology, Boston, USA, in 1972. Mr. Kalyani has been conferred with the highest civilian awards from many countries, which include Padma Bhushan by the Government of India; Order of the Rising Sun, Gold and Silver Star (Japan); Cross of the Order of Merit (Germany); Commander First Class of the Royal Order of the Polar Star (Sweden); and Knight in the Order of the Legion of Honour (France).

Mr. Kalyani is a nominated member representing the Indian Industry in the Prime Minister's Science Technology and Innovation Advisory Council (PM-STIAC). He also serves as the Co-Chairman of the India-Japan Business Leaders' Forum and the India-Sweden Business Leaders' Roundtable. He is an active member representing Indian Industry in other such forums, including in the USA, UK, Israel, and France.

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

**Sameer Hiremath***Managing Director*

Mr. Hiremath oversees the day-to-day operations of the Company, which include Research & Technology, Manufacturing Operations, and Sales & Marketing. He has over 28 years of experience in technical plant operations, business development, and strategy. He has held several key positions at Hikal, including that of an Executive Director.

He holds a degree in Chemical Engineering and an MBA and MS degree in Information Technology from Boston University, USA. Sameer was conferred the 'Business Leader of the Year' award by the World Federation of Marketing Professionals and World Federation of Human Resources Professionals in 2019 and the 'CEO of the Year' award by The World Leadership Congress & Awards in 2021.

**Kanan Unni***Independent, Non-Executive Director*

Mr. Unni is a pioneer in crop protection with over 56 years of experience in the crop protection and animal health industry. He worked in multiple capacities in Hoechst, AgrEvo, Aventis Crop Science, and Bayer Crop Science Group. He was the Chairman and Managing Director of Bilag Industries, a 100% Bayer Crop Science-owned company. Mr. Unni has technical and commercial experience in the agricultural and animal health businesses, having worked in a variety of roles. He is the Chairman Emeritus of CropLife India.

Mr. Unni is a graduate of Agriculture and holds a degree in Business Administration from Jamnalal Bajaj Institute of Management, Mumbai, and a Diploma in Marketing from IMEDE, Switzerland.

**Prakash Mehta***Independent, Non-Executive Director*

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



Sugandha Hiremath

Non-Executive Director

Ms. Hiremath has more than 41 years of experience in Finance. She is an active participant in the Audit Committee at Hikal. She also serves on the board of several companies.



Ranjit Shahani

Independent, Non-Executive Director

Mr. Shahani has extensive experience in the life sciences industry. He started his career with ICI in the Fibres & Specialty Chemicals business. He then oversaw their Asia Pacific and Latin American operations for their Petrochemicals and Plastics division. He was the CEO at Roche Products Limited, after which he moved to Novartis in India in 1997, following the merger of Sandoz and Ciba-Geigy as CEO of Healthcare. He was the Vice-Chairman & Managing Director of Novartis India for 17 years.

Mr. Shahani brings with him diverse experience to drive strategic growth plans. Over his career span, he has delivered strong and successful business outcomes within complex environments. He is the President Emeritus of Swiss Indian Chamber of Commerce (SICC), the President Emeritus of Organisation of Pharmaceuticals Producers of India (OPPI), and the former President of the Bombay Chamber of Commerce and Industry. He was also on the Council of the International Federation of Pharmaceuticals Manufacturers Associations (IFPMA, Geneva).

Mr. Shahani is a Mechanical Engineer from IIT-Kanpur and has an MBA from Jamnalal Bajaj Institute of Management Studies.



Amit Kalyani

Non-Executive Director

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

Mr. Kalyani has been a part of many committees of the Government of India on manufacturing, education, skill development, and bilateral relations. He serves as an Independent Director on the board of Schaeffler India Ltd., and he is also a member at USIBC and YPO.

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



Shivani Sachdeva

Independent, Non-Executive Director

Ms. Sachdeva is the Founder & CEO of India Alternatives, a reputable mid-market private equity fund focused on investing behind transformational themes in India. She has over 20 years of global private equity experience in the US and India at top private equity funds, including GE Equity, Lightyear Capital, and IDFC Private Equity.

Ms. Sachdeva has been an active member on the boards of all her portfolio companies, where she has been instrumental in guiding management teams and shaping strategy. She has previously served on the boards of HealthCare Global and Gokaldas Intimatewear, and currently serves on the boards of Brinton Pharmaceuticals and Seclore Technology. She is also an Independent Director at Emaar India.

She has received several accolades and recognition for being one of the top women leaders in finance in India, including winning an award for the Top 25 Women Leaders in Finance category by the Association of International Wealth Management of India as part of India's Top 100 Women in Finance campaign. She is a frequent speaker on private equity at domestic and international conferences, including Super Return Europe and Singapore and the Indian Venture Capital Association.

She received an MBA from the Wharton School, University of Pennsylvania, and a B.A. in Economics from Mount Holyoke College.



Shrikrishna Adivarekar

Independent, Non-Executive Director

Mr. Adivarekar is a qualified Chartered Accountant (Fellow member of the ICAI) with over 20 years of experience. He has been working with M/s Kunte & Vaidya Chartered Accountants since 2000 in various capacities and is now the Managing Partner.

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

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

Management Committee



Jai Hiremath
Executive Chairman

[Read Mr. Jai Hiremath's bio on Page 94](#)



Sameer Hiremath
Managing Director

[Read Mr. Sameer Hiremath's bio on Page 95](#)



Anish Swadi
Senior President – Animal Health & Business Transformation

Mr. Swadi is the Senior President – Animal Health & Business Transformation. He has 26 years of industry experience and is leading the "Business Transformation" initiative at the Company. He is also responsible for Corporate Strategy and Investor Relations. He served on the board of Rx-360, an international pharmaceutical supply chain consortium. Previously, he worked as an International Financial Portfolio Manager with Merrill Lynch in the US.

Mr. Swadi holds a bachelor's degree in International Business and Finance from Ithaca College, New York, USA, and completed the Management Development Program at the Wharton School.



Manoj Mehrotra
President - Pharmaceuticals

Mr. Mehrotra is the President, of Pharmaceuticals Business. He has over 36 years of experience in the fine chemicals and pharmaceuticals industry. He has a B.Tech (Hons) in chemical engineering from IIT-Kharagpur and an MBA from XLRI, Jamshedpur. In his last assignment at Dr. Reddy's Laboratories, he was the global head of the Custom Pharmaceutical Services (CPS) business. Earlier, Mr. Mehrotra worked in companies such as Thermax and SRF Limited. At SRF, his last role was strategising and growing the fluoro-specialty business. At Hikal, he is responsible for strategy, sales, and operations of the pharmaceutical division.



Vimal Kulshrestha

President - Crop Protection

Mr. Kulshrestha is the President, of Crop Protection Business. He has over 36 years of experience in the fine chemical and agrochemical industry. He completed his B. Tech in Chemical Engineering from H.B. Technical Institute, Kanpur, and Executive Management from IIM Kolkata. Mr. Kulshrestha has worked in companies such as Grasim Industries, Modipon Limited with a long stint in Jubilant Group Companies. He has experience in the B2B speciality chemicals and agrochemical industry, handling P&L and senior leadership roles. At Jubilant, Mr. Kulshrestha spent the first 8 years overseeing the technical and manufacturing aspects of the business and in his last assignment, he was the Sr. Vice President and SBU Head of the Ethanol division. He also led the Crop Protection business with the responsibility of strategy, sales, marketing, business development, and operations. At Hikal, he is responsible for the P&L of the Crop Protection division.



Kuldeep Jain

Chief Financial Officer

Mr. Jain is the Chief Finance Officer with over 32 years of experience in financial operations and strategic planning and brings a wealth of experience in accounting, financial planning, analysis, taxation, and audits. He has been with Hikal for the past 24 years. Mr. Jain has played a key role in developing and implementing financial procedures to improve and maintain the financial health of the company while keenly overseeing the overall accounting/taxation processes. He is also responsible for investment analysis and analysing the Company's financial strengths and weaknesses. Kuldeep is a qualified Chartered Accountant and a Member of the Institute of Chartered Accountants of India, New Delhi.



Ratish Jha

President - Human Resources

Mr. Jha is the President, Human Resources. He is a transformational leader with cross-industry experience of 28 years, having worked in different countries and multiple sectors like Pharma, Energy, Automotive, Metal & Mining, Packaging, Manufacturing, and Services. Mr. Jha is an alumnus of TISS Mumbai and has attended different business certifications program at IMD Switzerland, University of Michigan, AOTS Japan, ISB, IIM-A. Under his leadership, the companies that he worked for were listed in several forums and won multiple business awards such as - Great Place to Work Award, Companies with Great Managers Award, Most Innovative HR Practices Award by NHRD, Best in Class for Cultural Transformation and Best in Class for Most Innovative HR Practices by People Matters.

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

Corporate Information

Board of Directors

Jai Hiremath - Executive Chairman
Sameer Hiremath - Managing Director
Baba Kalyani
Prakash Mehta
Kannan Unni
Ranjit Shahani
Sugandha Hiremath
Amit Kalyani
Shivani Bhasin Sachdeva
Shrikrishna Adivarekar

Audit Committee

Kannan Unni
Prakash Mehta
Sugandha Hiremath
Ranjit Shahani (20 July 2022 onwards)

Chief Financial Officer

Kuldeep Jain

Company Secretary

Rajasekhar Reddy

Statutory Auditors

S R B C & Co. LLP, Chartered Accountants

Bankers and Financial Institutions

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

Legal Advisor

Malvi Ranchoddas & Co.

Registered Office/ Corporate Office

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

Administrative Office

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

Works

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

Registrar & Transfer Agents

Universal Capital Securities Pvt. Ltd.
C-101, 247 Park, L.B.S. Marg, Vikhroli (West),
Mumbai - 400 083
Email: info@uniseq.in
Website: www.uniseq.in
Tel: +91-22-4918 6178/79
Fax: +91-22-4918 6060

Website

www.hikal.com

Email

info@hikal.com

STATUTORY REPORTS

Directors' Report	102
Report on Corporate Governance: 2023	119
Business Responsibility and Sustainability Report FY 2022-23	137

FINANCIAL STATEMENTS

Standalone	175
Consolidated	244

Directors' Report

To,
The Members,
The Directors are pleased to present the 35th Annual Report with the Audited Accounts for the financial year ended 31 March 2023.

1. FINANCIAL RESULTS

	₹ in million	
	2022-23	2021-22
Total Revenue	20,284	19,476
Profit before interest & depreciation	2,625	3,454
Interest	481	312
Profit before depreciation	2,144	3,142
Depreciation	1,090	957
Profit before taxation	1,054	2,185
Provision for taxation		
- Current tax	305	596
- Deferred tax	(35)	(16)
Profit after tax	784	1,605
Reserves and surplus	11,088	10,433
Dividend on equity share	123	271

2. COMPANY PERFORMANCE

The Company achieved revenue of ₹20,284 million in 2022-23, against ₹19,476 million in the previous year, recording a growth of 4%. The sales of the pharmaceutical business recorded a decline of 1% to ₹11,152 million, while the sales of the Crop Protection saw a growth of 12% to ₹9,079 million.

The EBITDA margins stood at around 12.9%, decreased from ₹3,454 million in the previous year to ₹2,625 million in 2022-23. Absolute EBITDA also decreased by ₹829 million (24.0%). The Profit before Tax (PBT) reduced by 52% from ₹2,185 million in the previous year to ₹1,054 million in 2022-23. Profit After Tax (PAT) witnessed a decline of 51% from ₹1,605 million in the previous year to ₹784 million in 2022-23. The Earning per Share (EPS) also decreased from ₹13.02 in the previous year to ₹6.36 in 2022-23.

The Company is incurring substantial capital expenditure for growth in the Pharmaceutical and Crop Protection businesses to augment capacities for existing products and to create capacities for new products, as well as investments in Research & Technology.

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

The Current Ratio of the Company is at 1.42 for 2022-23, as against 1.25 in the previous year. The net Debt to Equity Ratio slightly increase from 0.59 in the previous year to 0.61 in 2022-23, while the Debt

Service Coverage Ratio (DSCR) declined from 1.96 in the previous year to 1.77 in 2022-23.

3. EXPORTS

Exports for the year 2022-23 were ₹13,684 million (68% of total sales) as compared to ₹14,141.98 million (73% of total sales) in the previous year. The decrease in exports can be attributed to a larger market share gained by our Indian customers selling in global markets, primarily in the US and Europe.

4. MANAGEMENT DISCUSSION AND ANALYSIS

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

5. BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

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

6. DIVIDEND

The Board declared an interim dividend of 30% (₹0.60 per share), which was paid to shareholders in February 2023, and recommended a final dividend of 30% (₹0.60 per share) for the year 2022-23. If approved by the shareholders, the dividend for the financial year 2022-23 shall aggregate to 60% (previous year: 80%).



7. SHARE CAPITAL

There has been no change in the Company's paid-up share capital during the current financial year. The paid-up equity share capital as on 31 March 2023, stood at ₹246.60 million. During the financial year, the Company did not issue shares with differential voting rights nor granted any stock options or sweat equity. As on 31 March 2023, none of the Company's Directors held instruments convertible into equity shares of the Company.

8. ANNUAL RETURN

The Annual Return of the Company, as required under Section 92 of the Companies Act, 2013 (the Act), read with the Rules framed thereunder, in the prescribed Form MGT-7, is available on the website of the Company at www.hikal.com/documents/agm.

9. SUBSIDIARIES

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

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 the opinion of the Board, the Independent Directors appointed during the year possess the integrity, expertise and experience (including proficiency) required to contribute to the quality and better governance of the Board processes.

In accordance with the provisions of Section 152 of the Companies Act, 2013, and the Company's Articles of Association, Mr. Amit Kalyani (DIN - 00089430), Director, retires by rotation at the forthcoming Annual General Meeting (AGM), and being eligible, offers himself for re-appointment.

Based on the recommendation of the Nomination and Remuneration Committee, the Board has, in its meeting held on 16 August 2023, approved the appointment of Mr. Berjis Minoos Desai (DIN: 00153675) and Mr. Ramachandra Kaundinya Vinnakota (DIN: 00043067) as Independent Directors for respective terms of 5 (Five) years each, with effect from 1 October 2023, subject to the approval of the members of the Company at the 35th Annual General Meeting.

Details of the number of Board meetings, held during the financial year 2022-23, are mentioned in the Corporate Governance Report, which forms part of this Annual Report.

11. BOARD EVALUATION

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

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

12. WHISTLE BLOWER POLICY

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

13. REMUNERATION POLICY

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

Directors' Report (Contd.)

14. RELATED PARTY TRANSACTIONS

All related party transactions entered during the financial year, were at an arm's length basis and in the ordinary course of business. There were no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons, which may have a potential conflict with the Company's interest at large. The disclosure of Related Party Transactions as required under Section 134(3)(h) of the Act in Form AOC-2 is attached as "Annexure C".

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

The policy on Related Party Transactions, as approved by the Board, is uploaded on the Company's website <https://www.hikal.com/uploads/documents/RelatedPartyTransactionPolicy.pdf>.

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

In connection with a newspaper report published on 7 January 2022 in the daily "Indian Express" titled "Gujarat: At least 06 dead, 20 sick after gas leak at industrial area in Surat", the Hon'ble Principle Bench of National Green Tribunal (NGT) took suo-moto cognizance of the said incident and vide its order dated 18 January 2022, the Hon'ble Principal Bench of NGT at New Delhi constituted a nine-member joint Committee headed by Retired Chief Justice of Hon'ble Delhi High court, to investigate the incident and submit its report.

The joint Committee, without providing the Company an opportunity to submit its case, submitted its reports dated 31 May 2022 and 4 June 2022. Vide order dated 23 September 2022, the Hon'ble Principal Bench of NGT at New Delhi took the said reports of the joint committee on record and sought the response of the Company in this regard. Aggrieved by the said order of NGT, New Delhi, the Company filed a writ petition bearing number 35496 of 2022, before the Hon'ble Bombay High Court, challenging, among other matters, the jurisdiction of NGT, New Delhi and to set aside the impugned reports submitted by the joint Committee. While the writ petition no. 35496 of 2022 was pending before the Hon'ble Bombay High Court, the Hon'ble Principal Bench of NGT at New Delhi passed an order dated 24 March 2023 accepting the said reports submitted by the joint Committee. The Hon'ble Bombay High Court vide its order dated 24 March 2023 directed the authorities not to act on the said order of NGT, New Delhi Bench and the said direction is still continuing as on the date of this Report.

Further, the Company has received a communication from the Gujarat Pollution Control Board (GPCB) on 22 July 2023, directing the Company to close operations of its plant located at GIDC Panoli, Dist. Bharuch, within 15 days from the order date. This directive comes in light of

an alleged technical violation reported to have occurred in 2021.

After considering the clarifications provided by the company in this regard, GPCB vide communication dated 05 August 2023, revoked the closure direction dated 21 July 2023 for an initial period of 3 months, as per the procedure. The Company's Panoli facility continues to operate as normal, with no interruption in production activities.

There were no significant and material orders passed by the regulators/courts that could impact the going concern status of the Company and its future operations, other than what is mentioned above.

16. RISK MANAGEMENT

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

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

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

17. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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



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

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

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

18. KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of Section 203 of the Act, following were the Key Managerial Personnel of the Company as on 31 March 2023:

Mr. Jai Hiremath, Executive Chairman (WTD)

Mr. Sameer Hiremath, Managing Director

Mr. Kuldeep Jain, Chief Financial Officer

Mr. Rajasekhar Reddy, Company Secretary.

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

The details under Section 186 of the Companies Act, 2013, are given in Note No. 55 to the notes to the financial statements.

20. DIRECTOR'S RESPONSIBILITY STATEMENT

Your Directors state that:

- (i) In the preparation of the annual accounts, the applicable accounting standards read with requirements set out under Schedule III to the Companies Act, 2013, were followed and there are no material departures from the same;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2022-23, and of the profits of the Company for that year;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company

and for preventing and detecting fraud and other irregularities;

- (iv) The annual accounts have been prepared on a going concern basis;
- (v) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- (vi) The Directors have devised a proper system to ensure compliance with the provision of all applicable laws and that such systems are adequate and are operating effectively.

21. AUDITOR

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

The Auditor's report prepared by S R B C & CO. LLP, to the members on the accounts of the Company for the year ended 31 March 2023, does not contain any qualifications, adverse or disclaimer remarks. No fraud has been reported by the Auditors to the Audit Committee or the Board.

22. COST AUDITOR

The Company has re-appointed M/s. V. J. Talati & Co., as the Cost Auditor to carry out the audit of cost accounts for the financial year 2023-24. The requisite resolution for ratification, of remuneration payable to Cost Auditors for the year 2023-24, by the shareholders has been set out in the Notice of AGM. The cost audit report for the financial year 2021-22 was filed with the Ministry of Corporate Affairs, Government of India, on 5 September 2022.

23. SECRETARIAL AUDITOR

The Board had appointed Dhruvil M. Shah & Co. LLP, Practicing Company Secretaries, to conduct the Secretarial Audit for the financial year 2022-23.

The Secretarial Audit Report for the financial year ended 31 March 2023, is annexed to this report as "Annexure D". 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

Directors' Report (Contd.)

Company, which has been approved by the Board. The CSR Policy may be accessed on the Company's website www.hikal.com/uploads/documents/corporate-social-responsibility-polic-srijan.pdf.

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

25. PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

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

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

During the financial year 2022-23, the Company did not receive any complaints of sexual harassment and no cases were filed under the POSH Act.

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

- Transfer of Unclaimed Dividend to IEPF

During the financial year, dividend, relating to the year ended 31 March 2015, amounting to ₹337,322/- that had not been claimed by the shareholders, was transferred to the credit of IEPF as required under Sections 124 and 125 of the Act.

- Unclaimed dividend as on 31 March 2023

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

Pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (as amended), the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 31 March, 2022, on the website of the Company www.hikal.com/documents/dividend-shares. The same are also available on the website of the IEPF Authority www.iepf.gov.in.

- Transfer of Equity Shares

As required under Section 124 of the Act, during the financial year, 4970 Equity Shares, in respect of which dividend has not been claimed by the members for seven consecutive years or more, were transferred by the Company to the IEPF Authority. Details of such shares transferred have been uploaded on the website of the Company www.hikal.com/documents/dividend-shares. The same are also available on the website of the IEPF Authority www.iepf.gov.in.

27. SAFETY AND ENVIRONMENT

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

28. DEPOSITS

The Company did not accept any deposits and as such there were no overdue deposits outstanding as on 31 March 2023.

29. EMPLOYEES

The Company considers its human capital an invaluable asset. The Company continued to have cordial relationships with all its employees. Management and employee development programmes and exercises were conducted at all sites. Employees had various team building exercises and were sponsored for various external seminars and other developmental programmes to enhance their skill sets. The total workforce of the Company stood at 3211 as on 31 March 2023, including 2142 permanent employees.

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



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

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

31. CORPORATE GOVERNANCE

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

32. SECRETARIAL STANDARDS

The Company has complied with the applicable Secretarial Standards, issued by the Institute of Company Secretaries of India, during the Financial Year 2022-23.

33. ACKNOWLEDGEMENTS

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

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

34. CAUTIONARY STATEMENT

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

For and on behalf of the Board of Directors

Sd/-

Jai Hiremath

Executive Chairman

DIN: 00062203

Date: 16 August 2023

Place: Mumbai

“ANNEXURE – A”

FORM NO. AOC-1

Statement containing the salient features of the financial statements of subsidiaries

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

Financial Highlights

₹ in million

Sr. No	Particulars	Acoris Research Limited (1 April 2022 to 31 March 2023)	Hikal LLC, USA (1 April 2022 to 31 March 2023)
1.	Share Capital	150.50	-
2.	Reserves	(150.73)	0.16
3.	Total Assets	-	0.16
4.	Total Liabilities	0.23	-
5.	Investments	-	-
6.	Turnover	-	-
7.	Profit/(loss) Before Tax	-	0.14
8.	Provision for Tax	-	-
9.	Profit/(loss) After Tax	-	0.14
10.	Proposed Dividend	-	-
11.	% of Shareholding	100	100

Sd/-

Jai Hiremath
Executive Chairman
DIN:00062203

Sd/-

Sameer Hiremath
Managing Director
DIN: 00062129

Sd/-

Kannan Unni
Independent Director
DIN: 00227858

Date: 16 August 2023

Place: Mumbai

Sd/-

Kuldeep Jain
Chief Financial Officer

Sd/-

Rajasekhar Reddy
Company Secretary



“ANNEXURE – B”

Hikal Ltd.

Remuneration Policy

PREAMBLE

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

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

The Company had already constituted the ‘Remuneration Committee’, comprising of four Independent Directors. In line with the amended provisions of listing regulations and requirement of the Companies Act, 2013, the name of the committee was changed to Nomination and Remuneration Committee (‘NRC’) in May 2014.

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

OBJECTIVES

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

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

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

DIRECTORS

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

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

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

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

REMUNERATION

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

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

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

REMOVAL

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

RETIREMENT

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

KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

Appointment of KMP & senior management and cessation of their service are subject to the approval of the NRC and the Board of Directors. Remuneration of KMP and other Senior Management Personnel is decided by the Chairman and Managing Director, broadly based on the Remuneration Policy in respect of Whole-Time Directors, the total remuneration comprises:

1. **A fixed base salary:** Set at a level aimed at attracting and retaining executives with professional and personal competence, showing good performance towards achieving Company goals.
2. **Perquisites:** In the form of house rent allowance/accommodation, business/professional development allowance, reimbursement of medical expenses, conveyance, telephone, and leave travel, among others.
3. **Retirement benefits:** Contribution to PF, other retirement benefits, and gratuity, among others as per Company Rules.

4. **Motivation/Reward:** A performance appraisal is carried out annually and promotions/ increments/ rewards/ variable pay are decided by Chairman and/or Managing Director based on the appraisal and recommendation as applicable.
5. **Severance payments:** In accordance with terms of employment, and applicable statutory requirements, if any.

OTHER EMPLOYEES

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

DISCLOSURE OF INFORMATION

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

DISSEMINATION

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



“ANNEXURE – C”

FORM NO. AOC-2

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

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

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

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

For and on behalf of the Board of Directors

Sd/-

Jai Hiremath

Executive Chairman

DIN: 00062203

Date: 16 August 2023

Place: Mumbai

“ANNEXURE - D”

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Hikal Limited
CIN: L24200MH1988PTC048028
717/718 Maker Chamber V,
Nariman Point, Mumbai 400021

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”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the company’s books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31 March 2023 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 2023 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’): -
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; Not Applicable to the Company during the period under review

- d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; Not applicable to the Company during the period under review
- e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; Not Applicable to the Company during the period under review
- 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; Not applicable to the Company during the period under review
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; Not Applicable to the Company during the period under review
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; Not applicable to the Company during the period under review
- i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
- j) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
- vi) We further report that, having regard to the compliance system prevailing in the Company and on the examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has generally complied with the following law applicable specifically to the Company:
 - Drugs and Cosmetics Act, 1940;
 - Drugs (Prices Control) Order, 2013;
 - Factories Act, 1948;
 - The Manufacture, Storage and import of Hazardous Chemical Rules, 1989;
 - Environment protection Act, 1986;
 - Air (Prevention and control of pollution) Act, 1981;
 - Water (Prevention and control of pollution) Act, 1974;
 - The Patents Act, 1970;
 - The Trade Marks Act, 1999;
 - Legal Metrology Act, 2009;
 - Information Technology Act, 2000; and
 - Insecticides Act, 1968.



We have also examined compliance with the applicable clauses / regulations of the followings:

- i. Secretarial Standards issued by the Institute of Company Secretaries of India;
- ii. The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited read with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied, with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as 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, Independent Directors and Woman Directors. No changes took place in the composition of the Board of Directors during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, 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.

All decisions at Board Meetings and Committee Meetings were carried out with requisite majority as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

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 the following event has occurred during the year which has a major bearing on the company's affairs in pursuance of the Laws, Rules, Regulations, Guidelines Standards etc. referred to above.

- a) The Company at their Annual General Meeting held on 22 September 2022 has approved Borrowing Limits under Section 180(1)(c) of the Companies Act, 2013, upto ₹7,500 million over and above the aggregate of paid up share capital of the Company, its free reserves and securities premium account.
- b) The Board at its meetings held on 14 February 2022 and 28 May 2022 has approved raising of funds by way of issuance of upto 3,750 secured, unlisted, redeemable and non-convertible Debentures of the nominal value of ₹10,00,000 each for an aggregate principal amount of upto ₹375,00,00,000 (Indian Rupees Three Hundred and Seventy-Five Crores) (collectively the "Debentures") in one or more tranches. Thereafter, the Company has allotted 1,500 secured, unlisted, redeemable and non-convertible Debentures for a nominal value of ₹10,00,000 each for an aggregate principal amount of upto ₹150,00,00,000 (Indian Rupees One Hundred and Fifty Crores) to International Finance Corporation (IFC), in dematerialised form.

For Dhrumil M. Shah & Co. LLP
Practicing Company Secretaries
ICSI URN: L2023MH013400
PRN: 3147/2023

Sd/-

Dhrumil M. Shah
Partner

Place: Mumbai
Date: 16 August 2023

FCS 8021 | CP 8978
UDIN: F008021E000788658

This Report is to be read with our letter of even date which is annexed as Annexure - I and forms an integral part of this report.

Annexure I

(To the Secretarial Audit Report)

To,
The Members,
HIKAL LIMITED

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

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

For Dhrumil M. Shah & Co. LLP
Practicing Company Secretaries
ICSI URN: L2023MH013400
PRN: 3147/2023

Sd/-

Dhrumil M. Shah
Partner

FCS 8021 | CP 8978
UDIN: F008021E000788658

Place: Mumbai
Date: 16 August 2023



“ANNEXURE - E”

THE ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline on CSR Policy of the Company:

Policy Statement:

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

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

- Health: Affordable solutions for healthcare through improved access, awareness and sanitation.
- Education: Access to quality education, training, skill enhancement, enhancement of vocation skills.
- Environment: Environmental sustainability, ecological balance, conservation of natural resources.

- Protection of national heritage, art and culture: Protection and promotion of traditional art, culture and heritage.
- Overall development activities in surrounding areas of Hikal's manufacturing sites for the benefit of society.
- Contribution to Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development or welfare.

Implementation of the CSR Programme:

- a. Project activities identified under CSR are to be implemented either by personnel of the Company or through a registered trust or a registered society.
- b. The duration of each project/programme 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 ₹37.54 million on CSR activities. Pursuant to the provisions of the Companies Act, 2013, the Company should have spent ₹36.77 million (being 2% of the average net profits of the last three financial years), during the financial year 2022-23.

2. The composition of the CSR Committee:

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

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

Composition of CSR Committee	www.hikal.com/uploads/documents/DetailsofvariousHikalCommittees.pdf
CSR Policy	www.hikal.com/uploads/documents/corporate-social-responsibility-polic-srijan.pdf
CSR projects approved by the Board	www.hikal.com/uploads/documents/corporate-social-responsibility-polic-srijan.pdf

4. The executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable. - Not applicable.

5. (a) Average net profit of the company as per sub-section (5) of section 135: ₹1,838.66 million
 - (b) Two percent of average net profit of the Company as per sub-section (5) of section 135: ₹36.77 million
 - (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil
 - (d) Amount required to be set off for the financial year, if any: Nil
 - (e) Total CSR obligation for the financial year [(5b)+(5c)-(5d)]: ₹36.77 million
6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹37.47 million
 - (b) Amount spent in Administrative Overheads: ₹0.07 million
 - (c) Amount spent on Impact Assessment, if applicable: Not Applicable

- (d) Total amount spent for the Financial Year [(6a)+(6b)+(6c)]: ₹37.54 million
 (e) CSR amount spent or unspent for the financial year:

Total amount spent for the financial year (in ₹ million)	Amount Unspent (in ₹ million)				
	Total amount transferred to unspent CSR account as per sub-section (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹37.54 million	Not applicable		Not applicable		

- (f) Excess amount for set off, if any

Sr. no.	Particular	Amount (in ₹ million)
(1)	(2)	(3)
(i)	Two percent of average net profit of the Company as per sub-section (5) of section 135	36.77
(ii)	Total amount spent for the Financial Year	37.54
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.77
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.77

7. Details of unspent CSR amount for the preceding three financial years:

(1)	(2)	(3)	(4)	(5)	(6)		(7)	(8)
Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Amount Spent in the Financial Year (in ₹)	Amount transferred to a fund specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding financial years. (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of transfer		
1	2019-20	-	-	-	-	-	-	-
2	2020-21	-	-	-	-	-	-	-
3	2021-22	-	-	-	-	-	-	-

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Yes No

If Yes, enter the number of Capital assets created/acquired

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

(1)	(2)	(3)	(4)	(5)	(6)		
					Details of entity/ Authority/ beneficiary of the registered owner		
Sr. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent	CSR Registration number, if applicable	Name	Registered Address
-	-	-	-	-	-	-	-

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per sub-section (5) of section 135: Not Applicable

For and on behalf of the Board of Directors

Sd/-

Sameer Hiremath
Managing Director

DIN: 00062129

Sd/-

Jai Hiremath

Executive Chairman and Chairman of CSR Committee

DIN:00062203

Date: 16 August 2023

Place: Mumbai

“ANNEXURE - F”

Information as per Section 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014, forming part of Directors' Report for the Year ended 31 March 2023

I. CONSERVATION OF ENERGY:

a) Steps taken for conservation of energy:

Hikal has been following a systematic approach towards its energy conservation programme. A EnCon (Energy Conservation) Committee has been constituted at the corporate level in the year 2021 and various initiatives for conservation of energy and natural resources across the Company for achieving long-term sustainability.

Crop Protection Business

- The following energy saving initiatives have been implemented at Taloja:
 - FO boiler burner replacement for enhanced efficiency.
 - Waste heat recovery from flue gas by Economiser installation.
 - Briquette boiler capacity enhancement and efficiency improvement.
 - Air compressor stoppage by optimising air flow.
 - Chiller performance improvement by online condenser cleaning installations.
 - Water saving initiatives in cooling tower blowdown.

Total Savings - ₹128 Lakh/Year against Investment - ₹44 Lakh.

- The following energy saving initiatives have been implemented at Mahad:
 - Water saving initiatives in cooling tower blowdown.
 - Energy saving initiatives in chiller unit to increase its performance and efficiency.
 - Installation of Dry Vacuum pumps.
 - Heat recovery initiatives by condensate recovery and generation of hot water.

Total Savings - ₹104 Lakh/Year against Investment - ₹44 Lakh

- The following energy saving initiatives have been implemented at Panoli during AMP-II:
 - Energy intensive pumps were installed for optimisation.
 - Use of centrifugal compressor in place of screw compressor for chilling plant.
 - Utilities layout was revised to optimize energy consumption of circulation pumps of cooling tower and chilling plant.

- New system design of HCl scrubber to produce 32% concentration.

Total Savings - ₹446 Lakh/Year

Crop Protection Business (Total Investment and Savings):

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

Pharma Business

- The following energy saving initiatives have been implemented at Panoli:
 - Pumping power optimisation.
 - Waste heat recovery system installation.
- Total Yearly Savings - ₹6 Lakh against investment of 2 Lakh
- The following energy saving initiatives have been implemented at Jigani:
 - Pumping power optimisation in RO pump.
 - Cooling tower usage optimisation.
 - VFD installation in cooling tower pump.

Total Yearly Savings - ₹31 Lakh

Pharma Business (Total Investment and Savings):

Total Investment - ₹2 Lakh and Total Yearly Savings - ₹37 Lakh

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

Apart from above mentioned projects, Hikal continued its journey towards renewable energy usage. For this financial year, long term agreement for Solar power has been started for Taloja & Mahad site for 9.5 MW & 3.2 MW respectively.

Also, for Panoli site, Hikal made agreement for Hybrid (Wind & Solar) with capacity of 4.8 MW. Hikal is also in the process of identifying partners for renewable energy at its Bengaluru Plants.

To reduce fossil fuel consumption, Hikal is planning to convert its LSHS boiler to Briquette fired boiler. This will lead to more usage of green fuel.

c) Capital investment on energy conservation equipment:

The Company has made an investment of ₹4.62 Crores towards open access in energy segment.

II. TECHNOLOGY ABSORPTION:

a) Efforts made towards technology absorption:

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

We identify and quantify maximum low molecular weight genotoxic impurities which significantly affect the acceptable cancer risk level. We control these parameters through our process control systems to be at or below acceptable limits (appropriate TTC). We use this technology for investigating and identifying unknown peaks.

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

By using Shimadzu Triple Quadra pole GCMS instruments we confirm nitrosamine impurities absence in our routine solvents, recovered solvents, process water and some of API which confirms our process and our product quality conforms with global regulatory agency requirements.

By utilising technology in-house, we reduce outsourcing costs and save time for analysing NSA (Nitrosamine impurities) and Genotoxic impurities. At the time of product development we ensure that in our product these impurities do not form or are within acceptable limits which reduces potential product failures at penultimate stage.

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

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

d) Expenditure on R&D

	₹ in million	
	2022-23	2021-22
(i) Capital	104.62	275.35
(ii) Recurring	708.39	619.36
Total	813.01	894.71

(iii) Total R&D expenditure as a percentage of total turnover 4% in FY 22-23 and 4.6% in FY 21-22.

III. FOREIGN EXCHANGE EARNINGS & OUTGO

Total foreign exchange used and earned:

Used: ₹5,184.05 million (Previous year ₹4,698.28 million)

Earned: ₹13,684.36 million (Previous year ₹14,141.98 million)

For and on behalf of the Board of Directors

Sd/-

Jai Hiremath

Executive Chairman

Date: 16 August 2023

Place: Mumbai

DIN: 00062203

Report on Corporate Governance: 2023

I. OUR CORPORATE GOVERNANCE PHILOSOPHY

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

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

employees, customers, lenders, vendors, investors and the society at large. The guiding principles and practices are summarised in this Corporate Governance Report. These are articulated through the Company's Code of Conduct for Board of Directors and Senior Management, Policies and Charters of various Committees of the Board and Company's Disclosure Policies. These Policies seek to focus on enhancement of long-term shareholder value without compromising on Ethical Standards and Corporate Social Responsibilities.

II. BOARD OF DIRECTORS

The strength of the Board of Directors is 10 (ten) as on 31 March 2023, whose composition is given below:

A. Composition and Category:

Name	Category	Relationship with other Directors
Jai Hiremath Chairman DIN: 00062203	Executive Director, Promoter	Spouse of Sugandha Hiremath and father of Sameer Hiremath
B.N. Kalyani DIN: 00089380	Non-Executive Director	Father of Amit Kalyani and brother of Sugandha Hiremath
Prakash Mehta DIN: 00001366	Independent, Non-Executive Director	-
Kannan Unni DIN: 00227858	Independent, Non-Executive Director	-
Ranjit Shahani DIN: 00103845	Independent, Non-Executive Director	-
Sugandha Hiremath DIN: 00062031	Non-Executive Director, Promoter	Spouse of Jai Hiremath, mother of Sameer Hiremath and sister of B.N. Kalyani
Amit Kalyani DIN: 00089430	Non-Executive Director	Son of B.N. Kalyani
Shivani Bhasin Sachdeva DIN: 00590500	Independent, Non-Executive Director	-
Sameer Hiremath Managing Director DIN: 00062129	Executive Director, Promoter	Son of Jai Hiremath and Sugandha Hiremath
Shrikrishna Kiran Adivarekar DIN: 06928271	Independent, Non-Executive Director	-

Report on Corporate Governance (Contd.)

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

Name	Attendance		Directorships#	Committee Membership##	Committee Chairmanship##
	Board Meeting	Last AGM			
Jai Hiremath	4	Yes	2	1	-
B.N. Kalyani	4	Yes	5	3	-
Prakash Mehta	4	Yes	5	6	3
Kannan Unni	4	Yes	1	1	-
Ranjit Shahani	4	No	2	3	1
Sugandha Hiremath	4	Yes	-	-	-
Amit Kalyani	3	No	7	2	-
Shivani Bhasin Sachdeva	4	No	3	2	-
Shrikrishna K. Adivarekar	4	Yes	4	5	2
Sameer Hiremath	4	Yes	1	-	-

#The Directorships held by Directors (other than Hikal) as mentioned above, do not include Directorships in Foreign Companies, Companies registered under Section 8 of the Companies Act, 2013 (the Act), Private Limited Companies and high value debt listed entities.

##Includes membership/chairmanship other than Hikal (only Audit Committee and Stakeholders' Relationship Committee are considered and membership includes chairmanships).

Directorship in Listed Entities other than Hikal Ltd. and the category of directorship as on 31 March, 2023, is as follows:

Name of the Director	Names of Listed Entities	Category of Directorship
Jai Hiremath	Novartis India Ltd.	Non-Executive – Independent Director
B N Kalyani	Bharat Forge Ltd.	Executive Director (CMD)
	Kalyani Steels Ltd.	Non-Executive, Non-Independent Director (Chairman)
	Automotive Axles Ltd.	Non-Executive, Non-Independent Director (Chairman)
	BF Utilities Ltd.	Non-Executive, Non-Independent Director (Chairman)
Prakash Mehta	Mukand Ltd.	Non-Executive, Independent Director
	Bharat Bijlee Ltd.	Non-Executive, Independent Director (Chairman)
	Advani Hotel & Resorts (India) Ltd.	Non-Executive, Independent Director
	Oriental Aromatics Ltd.	Non-Executive, Independent Director
Kannan Unni	Nil	-
Ranjit Shahani	JB Chemicals and Pharmaceuticals Ltd.	Non-Executive, Independent Director (Chairman)
Sugandha Hiremath	Nil	-
Amit Kalyani	Bharat Forge Ltd.	Executive Director
	Kalyani Steels Ltd.	Non-Executive, Non-Independent Director
	BF Utilities Ltd.	Non-Executive, Non-Independent Director
	BF Investment Ltd.	Non-Executive, Non-Independent Director (Chairman)
	Kalyani Investment Company Ltd.	Non-Executive, Non-Independent Director (Chairman)
	Schaeffler India Limited	Non-Executive, Independent Director
Shivani Bhasin Sachdeva	Nil	-
Shrikrishna K. Adivarekar	Kalyani Steels Limited	Non-Executive, Independent Director
	BF Utilities Ltd.	Non-Executive, Independent Director
	Kalyani Investment Company Limited	Non-Executive, Independent Director
Sameer Hiremath	Nil	-



The Chart/Matrix setting out the skills/expertise/competence of the Board of Directors.

The list of core skills/expertise/competencies identified by the Board of Directors as required in the context of Company's business(es) and sector(s) for it to function effectively and those actually available with the Board are as follows:

Name	Age	Qualifications	Skills, Expertise, Competencies
Jai Hiremath	74	Chartered Accountant England and Wales, Owner President Management Programme, Harvard University, USA	Financial Acumen, Strategic Expertise, Knowledge of Industry especially in which Company Operates, Vision
B.N. Kalyani	74	BE (Mech), MS (MIT – USA)	Strategic Planning, Business Operations, Technology, Sales and Marketing, Finance Acumen, Governance and Risk Management
Prakash Mehta	81	LLB (Mumbai), Solicitor	Legal expertise, Integrity, Business Strategy
Kannan Unni	81	B.A. - Agriculture, Diploma in Marketing Management (Mumbai) IMEDE - Loussanne, Switzerland	Marketing, Business Contacts, Finance
Ranjit Shahani	73	ME (IIT, Kanpur), MBA (Jamnalal Bajaj Institute of Management Studies)	Operational efficiency, Intellectual Property expert
Sugandha Hiremath	71	B. Com	Finance, Investments
Amit Kalyani	47	Mechanical Engineering from Bucknell University, Pennsylvania, USA, Owner President Management Program, Harvard University, USA.	Strategic Planning, Business Operations, Technology, Sales and Marketing, Finance Acumen, Governance and Risk Management.
Shivani Bhasin Sachdeva	49	MBA from the Wharton School, University of Pennsylvania, B.A. in Economics from Mount Holyoke College (Phi-Beta-Kappa, Magna Cum Laude, Sarah Williston Scholar)	Business, Finance & Investments
Sameer Hiremath	49	BE (Chem), MBA & MS (I.T.) – Boston (USA)	Building High Performance Teams, IT – Digital Acumen, Projects Implementation, Strategic Planning
Shrikrishna Kiran Adivarekar	41	Chartered Accountant & Commerce Graduate	Industry knowledge & experience, strategy & planning, financial skills, legal & regulatory knowledge, corporate governance and risk management

The Board of Directors hereby confirms that in its opinion, the Independent Directors of the Company fulfil the conditions as specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management.

There were no resignations of Independent Directors during the financial year.

B. Succession Plan:

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

C. Details of Board of Directors Meetings Held During the Year:

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

(1) 28 May 2022 (2) 10 August 2022 (3) 9 November 2022 (4) 2 February 2023

The maximum interval between any two meetings held during the financial year did not exceed 120 days, as prescribed under the Companies Act, 2013.

D. Remuneration of Directors:

Remuneration to Directors for the year ended 31 March 2023.

Report on Corporate Governance (Contd.)

i) Remuneration to Non-Executive Directors:

The Non-Executive Directors are paid sitting fees for each meeting of the Board and Committees thereof attended by them. They also receive commission on net profits of the Company as determined by the Board of Directors on an annual basis within the overall limit approved by shareholders of the Company.

Director	Sitting Fees (₹ in Million)	Commission on net profits (₹ in Million)	Total (₹ in Million)
B.N. Kalyani	0.50	0.56	1.06
Prakash Mehta	1.40	0.56	1.96
Kannan Unni	1.30	0.56	1.86
Ranjit Shahani	1.00	0.56	1.56
Sugandha Hiremath	1.10	0.56	1.66
Amit Kalyani	0.30	0.56	0.86
Shivani Bhasin Sachdeva	0.60	0.56	1.16
Shrikrishna Kiran Adivarekar	0.50	0.56	1.06
Total	6.70	4.48	11.18

ii) Remuneration to Executive Directors:

(₹ in Million)

Name of the Director	Salary and Perquisites	Commission	Total
Jai Hiremath	50.88	-	50.88
Sameer Hiremath	41.89	-	41.89
Total	92.77	-	92.77

Shareholding of Non-Executive Directors in the Company:

Director	Number of shares held
B. N. Kalyani	22,500
Prakash Mehta	16,103
Kannan Unni	25,000
Sugandha Hiremath	9,667,500
Amit Kalyani	Nil
Ranjit Shahani	Nil
Shivani Bhasin Sachdeva	Nil
Shrikrishna Kiran Adivarekar	Nil

The details of familiarisation programmes of Independent Directors are uploaded on the Company's website at <https://www.hikal.com/uploads/documents/FamiliarizationProgrammeforIndependentDirectors.pdf>

III. COMMITTEES OF THE BOARD

Currently, the Board has five committees, Audit Committee, Stakeholders' Relationship Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee and Risk Management Committee. In view of the SEBI mandate for transfer of securities in Demat mode and the Stakeholders Relationship Committee looking into all the shareholders grievances, the Board at its meeting held on 10 August 2022 dissolved the share transfer committee.

A. Audit Committee**Composition**

The Committee consists of Mr. Kannan Unni, Independent Director, Mr. Prakash Mehta, Independent Director, Mr. Ranjit Shahani, Independent Director and Mrs. Sugandha Hiremath, Non-Executive, Non-independent Director. Mr. Kannan Unni is the Chairman of the Audit Committee. Mr. Ranjit Shahani was inducted as a member of the Committee w.e.f. 20 July 2022.



The terms of reference of the Committee are as follows:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a) Matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013,
 - b) Changes, if any, in accounting policies and practices and reasons for the same,
 - c) Major accounting entries involving estimates based on the exercise of judgement by management,
 - d) significant adjustments made in the financial statements arising out of audit findings,
 - e) Compliance with listing and other legal requirements relating to financial statements,
 - f) Disclosure of any related party transactions,
 - g) Modified opinion(s) in the draft audit report,
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue or preferential issue or qualified institutional placement, and making appropriate recommendations to the board to take up steps in this matter.
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.
8. Approval or any subsequent modification of transactions of the Company with related parties.
9. Scrutiny of inter-corporate loans and investments.
10. Valuation of undertakings or assets of the Company, wherever it is necessary.
11. Evaluation of internal financial controls and risk management systems.
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
14. Discussion with internal auditors of any significant findings and follow up there on.
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
18. To review the functioning of the whistle blower mechanism.
19. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate.
20. Carrying out any other function as is mentioned in the terms of reference of the audit committee.
21. Reviewing the utilisation of loans and/ or advances from/investment by the holding company in the subsidiary exceeding ₹100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.
22. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.

Meetings and Attendance

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

(1) 28 May 2022 (2) 10 August 2022 (3) 09 November 2022 (4) 02 February 2023

The attendance of the Committee meetings is as under:

Name of the Director	Number of meetings attended
Kannan Unni	4
Prakash Mehta	4
Sugandha Hiremath	4
Ranjit Shahani	3

B. Stakeholders' Relationship Committee

Composition

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

The terms of reference of the Committee are as follows:

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

The Committee looks into redressing of shareholders/investors' complaints. No complaint was outstanding as on 1 April 2022. No complaints were filed during the financial year. Thus, no complaints were outstanding as on 31 March 2023.

Meetings and Attendance

The meeting of Stakeholders' Relationship Committee during the financial year 2022-23 was held on 2

February 2023. All the members of the committee were present at the meeting.

Compliance Officer

The Board has designated Mr. Rajasekhar Reddy, Company Secretary & Compliance Officer, of the Company as the Compliance Officer.

C. Nomination and Remuneration Committee

Composition

The Committee consists of Mr. Kannan Unni, Independent Director, Mr. B. N. Kalyani, Non-Executive, Non-Independent Director, Mr. Prakash Mehta, Independent Director, Mr. Ranjit Shahani, Independent Director, Mrs. Shivani Bhasin Sachdeva, Independent Director and Mr. Jai Hiremath, Executive Chairman. Mr. Kannan Unni is the Chairman of the Nomination & Remuneration Committee.

The terms of reference of the Committee are as follows:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees.
2. For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
 - a. use the services of an external agencies, if required;
 - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c. consider the time commitments of the candidates.
3. Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors.
4. Devising a policy on diversity of Board of Directors.
5. Identifying persons who are qualified to become Directors and who may be appointed



in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.

6. Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
7. Recommend to the board, all remuneration, in whatever form, payable to senior management.

Meetings and Attendance

The meeting of Nomination & Remuneration Committee during the financial year 2022-23 was held on 09 November 2022. All the members of the committee were present at the meeting.

Nomination and Remuneration Policy and performance evaluation criteria for Independent Directors:

The Nomination and Remuneration Policy of the Company is uploaded on the website of the Company <https://www.hikal.com/uploads/documents/remuneration-policy.pdf>.

The Board of Directors has approved the following criterion for performance evaluation of Independent Directors:

1. Director's background, knowledge and skills are relevant to the Board and business of the Company.
2. Whether the Director devotes sufficient time for Board matters and actively participates in the matters that are being discussed at the meetings.
3. Whether the Director is available for any discussions/inputs outside of Board/Committee meetings.
4. Whether the Director helps in bringing an independent judgement to bear on the deliberations especially on strategy, risk management and performance of the Company.
5. Whether the Director works towards safeguarding the interest of all stakeholders in the Company.
6. Whether the Director brings quality and value in Board discussions.

D. Corporate Social Responsibility (CSR) Committee

Composition

The Committee consists of Mr. Jai Hiremath, Executive Chairman, Mrs. Sugandha Hiremath, Non-Executive, Non-Independent Director,

Mr. Sameer Hiremath, Managing Director and Mr. Prakash Mehta, Independent Director. Mr. Jai Hiremath is the Chairman of the Corporate Social Responsibility Committee.

Meetings and Attendance

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

(1) 28 May 2022 (2) 2 February 2023

The attendance of the Committee meetings is as under:

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

E. Risk Management Committee

Composition

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

Meetings and Attendance

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

(1) 14 September 2022 (2) 9 March 2023

The attendance of the Committee meetings is as under:

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

The terms of reference of the Committee are as follows:

- (1) To formulate a detailed risk management policy which shall include:

Report on Corporate Governance (Contd.)

- (a) A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
- (b) Measures for risk mitigation including systems and processes for internal control of identified risks.
- (c) Business continuity plan.
- (2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- (3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- (4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- (5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- (6) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

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

F. Senior Management

S. No.	Name	Designation	Change since close of previous financial year
1.	Anish Swadi	Senior President – Animal Health & Business Transformation	-
2.	Kuldeep Jain	Chief Financial Officer	-
3.	Rajasekhar Reddy	Company Secretary and Vice President Legal	-
4.	Manoj Mehrotra	President- Pharmaceuticals	-
5.	Vimaldeep Kulshrestha	President- Crop Protection	-
6.	Ratish Jha	President- Human Resources	-
7.	Anil Ajmera	Senior General Manager - Internal Audit	-
8.	T Devanathan	Vice President - Quality - Pharma	-
9.	Rakesh Ganorkar	Vice President - R&T - Pharma - CDMO	-
10.	Ravi Khadabadi	Head - Supply Chain Management - Crop Protection	-
11.	Satish Partani	Head - Information Technology	Ceased on 6 May 2022
12.	Ketan Karkhanis	Assistant Vice President - Information Technology	Appointed on 16 June 2022
13.	Mansukh Gokalbhai Patel	Head - Sustainability & Corporate EHS	-



IV. GENERAL BODY MEETING

Financial Year	Location	Day, Date & Time	Special Resolutions Passed
2019-2020	Held though video conferencing and was deemed to have been held at the Registered Office.	Tuesday, 15 September 2020 11.30 A.M.	Reappointment of Mr. Ranjit Shahani (DIN: 00103845) for a Second term of 5 years in accordance with provisions of Section 149, 150, 152 of Companies act 2013 read with Schedule IV to the Act and Regulation 16(1)(b) & Regulation 17(1A) of the SEBI (Listing Obligations & disclosure Requirements) Regulations 2015.
2020-2021	Held though video conferencing and was deemed to have been held at the Registered Office.	Thursday, 2 September 2021 11.30 A.M.	<ol style="list-style-type: none"> 1. Appointment of Mr. Jai Hiremath (DIN: 00062203) as Executive Chairman of the Company for a period of 5(Five) years in accordance with provisions of Section 196, 197, 198 & 203 read with Schedule V to the Companies Act, 2013 and Regulation 17(6) of SEBI (Listing Obligations & disclosure Requirements) Regulations 2015. 2. Appointment of Mr. Sameer Hiremath (DIN: 00062129) as Managing Director of the Company for a period of 5(Five) years in accordance with provisions of Section 196, 197, 198 & 203 read with Schedule V to the Companies Act, 2013 and Regulation 17(6) of SEBI (Listing Obligations & disclosure Requirements) Regulations 2015. 3. Appointment of Mr. Ravindra Kumar Goyal (DIN: 03050193) as an Independent Director of the Company for a period of 3 (Three) years in accordance with provisions of Section 149, 150, 152 and 160 of Companies Act, 2013 read with Companies (Appointment and Qualifications of Directors) Rules, 2014 and Schedule IV to the Companies Act, 2013 and relevant applicable provisions of Securities and Exchange Board of India (Listing Obligations & disclosure Requirements) Regulations 2015.
2021-2022	Held though video conferencing and was deemed to have been held at the Registered Office.	Thursday, 22 September 2022 11.30 A.M.	<ol style="list-style-type: none"> 1. Appointment of Mr. Shrikrishna K. Adivarekar (DIN: 06928271) as an Independent Director of the Company for a period of 3 (Three) years in accordance with provisions of Section 149, 150, 152 and 160 of Companies Act, 2013 read with Companies (Appointment and Qualifications of Directors) Rules, 2014 and Schedule IV to the Companies Act, 2013 and relevant applicable provisions of Securities and Exchange Board of India (Listing Obligations & disclosure Requirements) Regulations 2015. 2. Re-appointment of Mrs. Shivani Bhasin Sachdeva (DIN: 00590500) as an Independent Director of the Company for a period of 5 (Five) years in accordance with provisions of Section 149, 150 and 152 of Companies Act, 2013 read with Companies (Appointment and Qualifications of Directors) Rules, 2014 and Schedule IV to the Companies Act, 2013 and relevant applicable provisions of Securities and Exchange Board of India (Listing Obligations & disclosure Requirements) Regulations 2015. 3. To increase the borrowing power of the Board in accordance with provisions of Section 180(1)(c) of Companies Act, 2013 read with rules framed thereunder, allowing the Board to borrow in excess of its aggregate paid up share capital, free reserves and securities premium account, provided that the total amount, outstanding at any time (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business), shall not exceed the aggregate of paid up share capital of the Company, its free reserves and securities premium account by more than ₹7,500 million. 4. To authorise the Board of Directors to create mortgage and charge on the assets of the Company in accordance with provisions of Section 180(1)(a) of Companies Act, 2013 read with rules framed thereunder, not exceeding the aggregate of paid up share capital of the Company, its free reserves and securities premium account by more than ₹7,500 million.

Postal Ballot

There were no resolutions passed through Postal Ballot during the financial year. Further, as on the date of this report the Company does not propose to pass any resolutions through Postal Ballot.

Report on Corporate Governance (Contd.)

V. DISCLOSURES

- (i) The Company has entered into related party transactions as set out in the Notes to Accounts, which are not likely to have a conflict with the interest of the Company. The details of all significant transactions with the related parties are periodically placed before the Audit Committee.
- (ii) During the financial year 2019-20, the Company has paid penalty as per the details mentioned below. No other penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any Statutory Authority on any matter related to capital markets during the last three years.

Name of Stock Exchange	Regulatory Provision	Amount paid	Particulars
BSE Limited	Regulation 34 of SEBI (LODR) Regulations, 2015	₹33,040/- (including GST)	Annual Report for the Financial Year 2018-19
National Stock Exchange of India Limited	Regulation 34 of SEBI (LODR) Regulations, 2015	₹33,040/- (including GST)	Annual Report for the Financial Year 2018-19

- (iii) The Company has a code of conduct for Board members and senior management of the Company, which is posted on the Company's website. The employees covered by code of conduct, affirm on annual basis the compliance with the said code. The Company has a whistle blower policy. No personnel of the Company have been denied access to the grievance redressal mechanism and Audit Committee of the Board of the Company.
- (iv) The Company has duly complied with all the mandatory Corporate Governance requirements including those specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46. The Company has also complied with non-mandatory requirements as specified in Part E of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of moving to the regime of financial statements with unmodified opinion and the Internal auditors reporting directly to the Audit Committee.
- (v) Material Subsidiaries:
The Company does not have any material subsidiaries as defined under Regulation 16(1) (c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Policy for determining material subsidiaries is posted on the website of the Company at <https://www.hikal.com/uploads/documents/policy-for-determining-material-subsiary.pdf>.
- (vi) The Company has in place a Policy on dealing with Related Party Transactions and on Materiality of Related Party Transactions, which has been posted on the website of the Company <https://www.hikal.com/uploads/documents/RelatedPartyTransactionPolicy.pdf>.
- (vii) The Company's operational activities involve purchase and sale of active ingredients, whose prices are exposed to the risk of fluctuations over short periods of time. Commodity price risk exposure is evaluated and managed through procurement and other related operating policies. The international trade is primarily in USD and Euro which are major convertible currencies, and to that extent the exposure to forex exchange risk exists. However, the Company exports and imports in same currencies and there is a natural hedge for these currencies and the Company enters into forward contracts for open positions wherever deemed necessary.
- (viii) There was no Preferential Allotment or Qualified Institutions Placement during the financial year as specified under Regulation 32 (7A) of Listing Regulations.
- (ix) A Certificate from Dhrumil M. Shah & Co. LLP, Practicing Company Secretaries, certifying that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of Companies by SEBI / Ministry of Corporate Affairs or any such Statutory Authority, is enclosed to this Report.
- (x) There were no instances of non-acceptance of recommendations of any committee by the Board of Directors during the financial year 2022-23.
- (xi) Details of fees for all services paid by the Company, to the Statutory Auditor and all entities in the network firm/ network entity of which the Statutory Auditor is a part, are mentioned in Note No. 54 on Payments to Auditors in the standalone financial statements.
- (xii) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:
- Number of complaints filed during the financial year 2022-23: Nil
 - Number of complaints disposed of during the financial year 2022-23: Nil
 - Number of complaints pending as on end of the financial year 2022-23: Nil



- (xiii) There were no instances of Non-compliance with any requirement of corporate governance report.
- (xiv) The Company has in place a Dividend Distribution Policy, which has been posted on the website of the Company at <https://www.hikal.com/uploads/documents/HIKAL-DividendDistributionPolicy.pdf>.
- (xv) Credit Rating:

Particulars	Rating Agency	Previous Rating	Rating revised during the year
Long term borrowing	ICRA	A +	*A+
Short term borrowing	ICRA	A 1	*A 1

*removed from rating watch with negative implications and stable outlook assigned

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

S. No.	Name of the Entity	₹ in Million
1.	Acoris Research Limited	0.15

- (xvii) Details of agreements specified in clause 5A to para A of part A of schedule III
- Number of agreements subsisting on the date of notification: 1 (One)
 - Salient features of the agreements: Family arrangement regarding transfer of shares
 - Link to the webpage where the complete details of the agreements are available: <https://www.hikal.com/uploads/documents/DisclosureUnderRegulation30AofSEBILODRRegulations2015.pdf>

VI. MEANS OF COMMUNICATION

The quarterly, half yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board. These are published in leading Financial/Non-financial newspapers viz: in, Business Standard, Financial Express and Mumbai Lakshadeep. The results are simultaneously posted on the website of the Company www.hikal.com.

The press releases and the presentations made to the institutional investors or the analysts are also posted on the website of the Company www.hikal.com.

VII. GENERAL SHAREHOLDERS INFORMATION

(A) Annual General Meeting

Day and Date : Tuesday, 26 September 2023
Time : 11.30 AM
Venue : Through VC/OAVM

(B) Financial Year: 01 April 2022 to 31 March 2023

(C) Tentative Financial Calendar 2023-24

1 st Quarter results	on or before 14 August 2023
2 nd Quarter results	on or before 14 November 2023
3 rd Quarter results	on or before 14 February 2024
4 th Quarter results	before end of May, 2024

(D) Book Closure

20 September 2023 to 26 September 2023 (both days inclusive)

(E) Dividend Payment Date

Dividend will be paid within 30 days from the date of declaration.

(F) Listing of Shares

The Equity Shares are listed on the Stock Exchanges at BSE Limited, Mumbai, and National Stock Exchange of India Limited, Mumbai. The Company has paid the listing fees for FY 2023-24 to these Exchanges.

(G) Stock Code

Trading Symbol at:

BSE Ltd. (BSE) – 524735

P J Towers, Dalal Street, Fort, Mumbai 400001.

National Stock Exchange of India Ltd. (NSE) – HIKAL
Exchange Plaza, Bandra Kurla Complex
Bandra (East), Mumbai 400051.

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

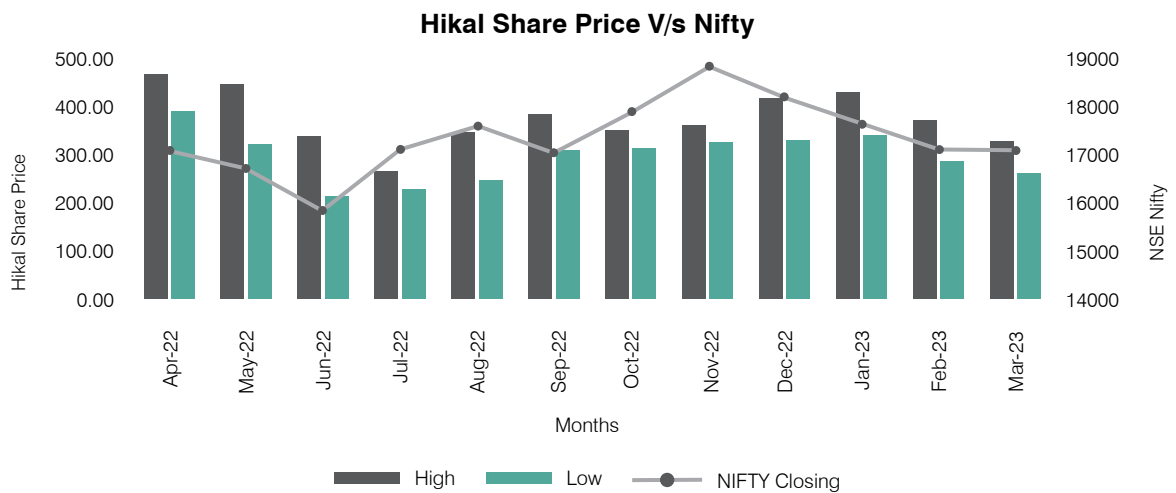
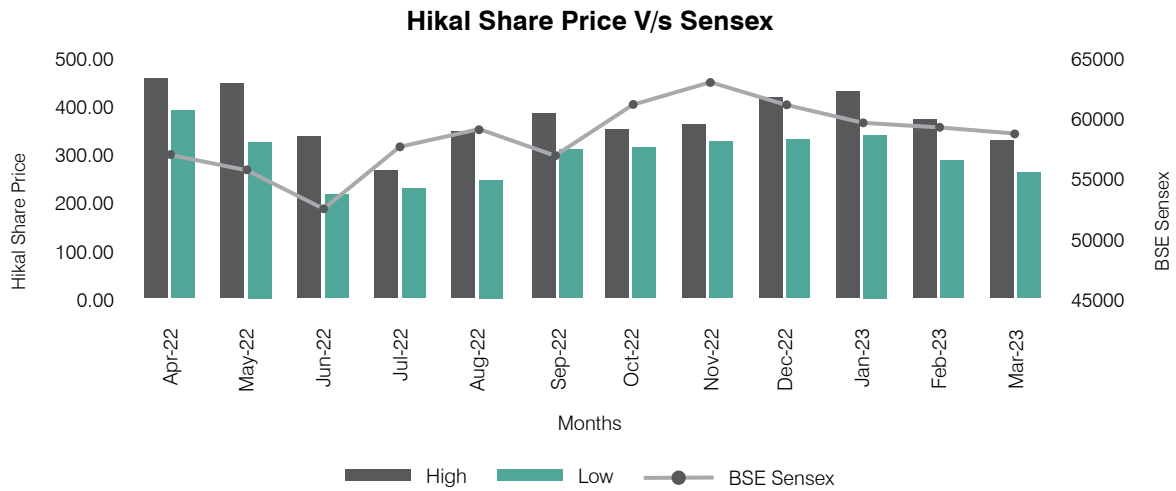
Report on Corporate Governance (Contd.)

(H) Market Price Data

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

Month	BSE			NSE			SENSEX Closing	NIFTY Closing
	High	Low	Close	High	Low	Close		
April 2022	456.20	389.85	398.90	456.00	389.55	398.00	57061	17103
May 2022	445.00	323.80	330.50	445.95	320.20	330.45	55566	16585
June 2022	336.00	215.65	238.95	337.00	212.00	239.00	53019	15780
July 2022	265.20	227.45	251.25	265.10	227.50	251.60	57570	17158
August 2022	344.85	244.95	343.05	345.00	245.30	342.70	59537	17759
September 2022	382.40	309.00	336.15	383.00	308.55	335.95	57427	17094
October 2022	350.00	311.45	330.25	350.40	311.25	330.40	60747	18012
November 2022	360.85	325.00	339.35	359.80	325.00	338.65	63100	18758
December 2022	416.85	329.60	410.25	416.80	329.00	410.10	60841	18105
January 2023	427.95	338.25	356.80	427.80	339.00	358.60	59550	17662
February 2023	370.25	286.05	294.60	371.10	286.20	295.40	58962	17304
March 2023	326.10	260.70	281.90	326.00	260.75	281.65	58992	17360

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





(J) Share Transfer Agents

Universal Capital Securities Pvt. Ltd.
 C-101, 247 Park, 1st Floor, LBS Road, Gandhi Nagar, Vikhroli (West), Mumbai – 400 083
 Phone: 022- 49186178/79; Fax: 022- 49186060; Email: info@unisec.in; Website: www.unisec.in

(K) Share Transfer/ Transmission System

Trading in Equity Shares of the Company is permitted only in dematerialised form, as per the notification issued by SEBI, transfer of shares of the Company, in physical mode, is not permitted by law. Shares sent for transmissions in physical form, are processed by our Registrars and Share Transfer Agents within the permitted timelines, if the documents are found to be in order. However, after processing the transmission requests the shares shall be transferred only in the demat mode to the beneficiaries. If the beneficiaries fail to furnish the details of their demat account their shares will be transferred to Suspense Escrow Account, after complying with the procedural formalities prescribed in this regard. The beneficiary may claim the shares after complying with the prescribed formalities.

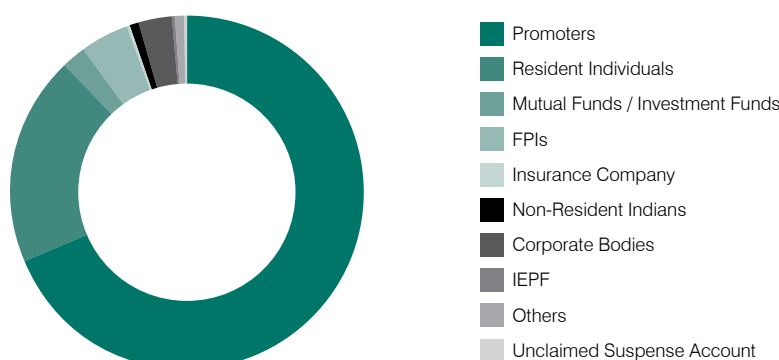
(L) Distribution of Shareholding (Equity) as on 31 March 2023

Share Holding Nominal Value of		Share Holders		Share Holdings		Share Amount	
₹	₹	Number	% To Total	Holdings	% To Total	₹	% To Total
UP TO	5,000	75,500	98.28	1,10,85,626	8.99	2,21,71,252	8.99
5,001	10,000	654	0.85	23,75,864	1.93	47,51,728	1.93
10,001	20,000	322	0.42	23,44,379	1.90	46,88,758	1.90
20,001	30,000	117	0.15	14,96,079	1.21	29,92,158	1.21
30,001	40,000	49	0.06	8,74,321	0.71	17,48,642	0.71
40,001	50,000	27	0.04	6,18,986	0.50	12,37,972	0.50
50,001	100,000	63	0.08	22,23,799	1.81	44,47,598	1.81
100,001	And Above	94	0.12	10,22,81,696	82.95	20,45,63,392	82.95
TOTAL		76,826	100.00	12,33,00,750	100.00	24,66,01,500	100.00

(M) Shareholding pattern as on 31 March 2023 is as under:

Category of Shareholders	Number of Equity Shares	% To Total
Promoters	84,892,764	68.85
Resident Individuals	23,641,867	19.17
Mutual Funds / Investment Funds	2,543,683	2.06
FPIs	5,626,863	4.56
Insurance Company	150,750	0.12
Non-Resident Indians	1,289,854	1.05
Corporate Bodies	3,629,915	2.94
IEPF	267,317	0.22
Others	1,224,726	1.00
Unclaimed Suspense Account	33,011	0.03
Total	123,300,750	100.00

Shareholding pattern as on 31 March 2023



Report on Corporate Governance (Contd.)

(N) Dematerialisation of Shares

As on 31 March 2023, 99.86% (123,134,508 shares) of the total equity capital is held in dematerialised form, out of which 90.81% (111,970,070 shares) is held with NSDL and 9.05% (11,164,438 shares) is held with CDSL.

(O) Outstanding global depository receipts, etc.

The Company has not issued any global depository receipts or American depository receipts or warrants or any other convertible instruments and therefore no such instruments are outstanding as on 31 March 2023.

(P) Plant Locations:

- a) MIDC, Taloja, Dist. Raigad, Maharashtra
- b) MIDC, Mahad, Dist. Raigad, Maharashtra
- c) GIDC, Panoli, Dist. Bharuch, Gujarat

d) KIADB, Jigani, Bengaluru, Karnataka

e) R & D Division at Hinjewadi, Pune, Maharashtra

(Q) Investor Correspondence**i. Universal Capital Securities Pvt. Ltd.**

C-101, 247 Park, 1st Floor, LBS Road, Gandhi Nagar, Vikhroli (West), Mumbai – 400 083
Phone: 022-49186178/79 Fax: 022-49186060;
Email: info@unisec.in; Website: www.unisec.in.

ii. Investors Relation Centre

Mr. Rajasekhar Reddy – Company Secretary & Compliance Officer
603-A, Great Eastern Chambers, 6th Floor, Sector 11, CBD Belapur, Navi Mumbai - 400 614
Tel: 91 22 6277 0299; Website: www.hikal.com;
Email: secretarial@hikal.com.

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

a) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year;	Nil
b) Number of shareholders who approached the Company for transfer of shares from suspense account during the year;	Nil
c) Number of shareholders to whom shares were transferred from suspense account during the year;	Nil
d) Aggregate number of shareholders whose shares are lying in the suspense account at the end of the year;	36
e) Aggregate number of outstanding shares in the suspense account lying at the end of the year;	33011

The Company confirms that the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

For and on behalf of the Board of Directors

Sd/-

Jai Hiremath

Executive Chairman

DIN: 00062203

Date: 16 August 2023

Place: Mumbai



CEO/CFO CERTIFICATION ISSUED PURSUANT TO THE PROVISIONS OF REGULATION 17(8) READ WITH PART B OF SCHEDULE II OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

The Board of Directors,

29 May 2023

Sub: CEO/CFO Certificate

- (a) We have reviewed financial statements, read with the cash flow statements of Hikal Ltd. for the year ended 31 March 2023, and to the best of our knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee of the Company, wherever applicable:
- (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Hikal Ltd.

Sd/-

Sameer Hiremath
Managing Director

DIN: 00062129

Sd/-

Kuldeep Jain
Chief Financial Officer

DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT

To the Members,
Hikal Ltd.

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

As required under Regulation 17 read with Schedule V (D) of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, I hereby declare that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended 31 March 2023.

For Hikal Ltd.

Sd/-

Sameer Hiremath
Managing Director

DIN: 00062129

Place: Mumbai

Date: 16 August 2023



CERTIFICATE ON CORPORATE GOVERNANCE

**[Pursuant to Regulation 34(3) and Schedule V Para E of the Securities and Exchange Board of India
(Listing Obligations and Disclosure Requirements) Regulations, 2015]**

To,

The Members,

Hikal Limited

We have examined all the relevant records of Hikal Limited ("the Company") for the purpose of certifying compliance with the conditions of Corporate Governance under Chapter IV to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") for the year ended 31 March 2023.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation process adopted by the Company for ensuring compliance with the conditions of Corporate Governance. This certificate is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations and information furnished to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the said Listing Regulations.

We further 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.

For Dhrumil M. Shah & Co. LLP
Practicing Company Secretaries
ICSI URN: L2023MH013400
PRN: 3147/2023

Sd/-

Dhrumil M. Shah
Partner

Place: Mumbai
Date: 16 August 2023

FCS 8021 | CP 8978
UDIN: F008021E000788823

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members,
Hikal Limited
CIN: L24200MH1988PTC048028
717/718 Maker Chamber V,
Nariman Point, Mumbai 400021

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31 March 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authorities.

Sr. No.	Names of Director	DIN	Date of Appointment in Company
1.	Mr. Jai Vishwanath Hiremath	00062203	22-02-1991
2.	Mr. Babasaheb Neelkanth Kalyani	00089380	05-02-1992
3.	Mr. Prakash Vasantlal Mehta	00001366	01-06-1994
4.	Mr. Unni Kadankote Kannan	00227858	12-05-2000
5.	Mr. Ranjit Gobindram Shahani	00103845	08-02-2018
6.	Mrs. Sugandha Jaidev Hiremath	00062031	05-02-1992
7.	Mr. Amit Babasaheb Kalyani	00089430	09-02-2012
8.	Mrs. Shivani Bhasin	00590500	01-08-2019
9.	Mr. Shrikrishna Kiran Adivarekar	06928271	22-12-2021
10.	Mr. Sameer Jai Hiremath	00062129	26-05-1999

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Dhrumil M. Shah & Co. LLP
Practicing Company Secretaries
ICSI URN: L2023MH013400
PRN: 3147/2023

Sd/-

Dhrumil M. Shah
Partner

Place: Mumbai
Date: 16 August 2023

FCS 8021 | CP 8978
UDIN: F008021E000788781



Business Responsibility and Sustainability Report FY 2022-23

SECTION A: GENERAL DISCLOSURES

I. Details of the listed Entity

1. Corporate Identity Number (CIN) of the Listed Entity	L24200MH1988PTC048028
2. Name of the Listed Entity	Hikal Limited
3. Year of incorporation	1988
4. Registered office address	717/718, Marker Chambers V, Nariman Point, Mumbai, 400021
5. Corporate address	6 th Floor, The Great Eastern Chambers, Sector-11, CBD Belapur, Navi Mumbai – 400614
6. E-mail	info@hikal.com
7. Telephone	+91 22 6277 0299
8. Website	www.hikal.com
9. Financial year for which reporting is being done	1 April 2022 to 31 March 2023
10. Name of the Stock Exchange(s) where shares are listed	BSE Limited (BSE) National Stock Exchange of India Limited (NSE)
11. Paid-up Capital	INR 24,66,01,500.00
12. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Name: Jai Hiremath Designation: Executive Chairman DIN number: 00062203 Telephone number: 022 6277 0299 E-mail ID: secretarial@hikal.com
13. Reporting boundary – Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its	Disclosures made in this report are on a consolidated basis

II. Products/services

14. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	Percentage of Turnover of the entity
1.	Manufacturing	Manufacturing of pharmaceuticals, animal health, crop protection and specialty chemicals	100%

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1.	Manufacture of Basic Chemical Elements	20116	45%
2.	Manufacture of Pharmaceutical Products	21001	55%

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	5	3	8
International	0	3	3

Note: Hikal Limited has five manufacturing facilities and one Research and Technology (R&T) centre in India.

17. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	Pan-India
International (No. of Countries)	1. Overseas office in Japan 2. Overseas office in USA 3. Representation in Europe

Business Responsibility and Sustainability Report FY 2022-23 (Contd.)

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Total contribution of exports as a percentage of the turnover is 68%.

c. A brief on types of customers

The company is working with leading agrochemicals and pharmaceuticals multinational companies.

IV. Employees**18. Details as at the end of Financial Year:****a. Employees and workers (including differently abled):**

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
EMPLOYEES						
1.	Permanent (D)	2,015	1,889	94%	126	6%
2.	Other than Permanent (E)	15	11	73%	4	27%
3.	Total employees (D + E)	2,030	1,900	94%	130	6%
WORKERS						
4.	Permanent (F)	127	127	100%	-	-
5.	Other than Permanent (G)	1,460	1,418	97%	42	3%
6.	Total workers (F + G)	1,587	1,545	97%	42	3%

b. Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	2	2	100%	-	-
2.	Other than Permanent (E)	-	-	-	-	-
3.	Total differently abled employees (D + E)	2	2	100%	-	-
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)	-	-	-	-	-
5.	Other than permanent (G)	-	-	-	-	-
6.	Total differently abled workers (F + G)	-	-	-	-	-

19. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B/A)
Board of Directors	10	2	20%
Key Management Personnel	4	0	0%

20. Turnover rate for permanent employees and workers

	Turnover rate in FY 2022-23			Turnover rate in FY 2021-22			Turnover rate in FY 2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	23%	23%	23%	23%	15%	22%	21%	22%	21%
Permanent Workers	3%	0%	3%	3%	0%	3%	3%	0%	3%

V. Holding, Subsidiary and Associate Companies (including joint ventures)**21. (a) Names of holding/subsidiary/associate companies/joint ventures**

S. No.	Name of the holding/Subsidiary/associate companies/Joint ventures (A)	Indicate whether holding/Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1.	Acoris Research Limited	Subsidiary	100%	No
2.	Hikal LLC	Subsidiary	100%	No

VI. CSR Details

22. (i) **Whether CSR is applicable as per section 135 of Companies Act, 2013:** Yes
 (ii) **Turnover (in ₹):** 20,230.30 million
 (iii) **Net worth (in ₹):** 11,334.89 million

VII. Transparency and Disclosures Compliances

23. **Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:**

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)	FY 2022-23			FY 2021-22		
		Number of complaints filed during the year	Number of complaint spending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaint spending resolution at close of the year	Remarks
Communities	Yes	Nil	Nil	Not applicable	Nil	Nil	Not applicable
Investors (other than shareholders)	Yes	Nil	Nil	Not applicable	Nil	Nil	Not applicable
Shareholders	Yes	Nil	Nil	Not applicable	3	0	Not applicable
Employees and workers	Yes	Nil	Nil	Not applicable	Nil	Nil	Not applicable
Customers	Yes	Nil	Nil	Not applicable	Nil	Nil	Not applicable
Value Chain Partners	Yes	Nil	Nil	Not applicable	Nil	Nil	Not applicable
Others	NA	NA	NA	NA	NA	NA	NA

Web link to Grievance Redressal Policy: <https://www.hikal.com/documents/corporate-governance>

24. **Overview of the entity's material responsible business conduct issues**

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	Energy efficiency & carbon emissions/ Air pollution	R/O	<p>Energy efficiency, carbon emissions, and air pollution pose risks and opportunities for our organisation.</p> <p>Neglecting these issues leads to regulatory pressures, fines, and reputational damage.</p> <p>However, embracing efficiency and reducing emissions enhances our organisation brand, attracts eco-conscious customers, and improves competitiveness. Sustainable practices save costs and improve efficiency.</p> <p>Prioritising energy efficiency and emissions aligns with environmental goals, driving growth and sustainability.</p>	<p>Our organisation has implemented effective measures to address energy efficiency and carbon emissions/air pollution risks. These include dust collectors, bed scrubbers, and flue gas monitoring. We recycle organic vapors and have a green belt and environmental management cell for ongoing monitoring. These efforts demonstrate our commitment to environmental sustainability and regulatory compliance.</p>	Positive/ Negative

Business Responsibility and Sustainability Report FY 2022-23 (Contd.)

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
2.	Water and effluent management/ Waste management	Risk	<p>Water scarcity, pollution, and inadequate waste management pose risks to our organisation and the environment. Insufficient water availability disrupts operations, raises costs, and jeopardises well-being.</p> <p>Improper waste handling risks environmental harm, health hazards, and non-compliance. Addressing these risks is crucial to avoid penalties, reputation damage, and strained relationships. Effective management brings financial and environmental benefits, enhancing our position in the sector.</p>	<p>Our organisation prioritises waste and water/effluent management. We securely store and responsibly dispose of discarded containers, hand them over to authorised recyclers, and ensure proper recycling practices. Specific wastes are securely stored and safely disposed of in authorised incinerators. We reprocess spent solvents using environmentally sound technology and government-approved recyclers. These measures showcase our commitment to responsible waste management, reducing environmental impact, and complying with regulatory requirements.</p>	Negative
3.	Biodiversity protection	Risk	<p>We understand that business operations have an impact on biodiversity. Pollution and contamination worsen the situation, impacting species diversity and ecological balance. Addressing these risks is crucial to safeguard biodiversity and promote responsible practices in our industry.</p>	<p>The green belt near our chemical manufacturing factory acts as a refuge for diverse species, conserving biodiversity. It serves as a buffer zone, reducing pollution impacts and improving air and water quality. The green belt acts as an environmental asset, fostering ecological resilience and mitigating risks associated with our operations.</p>	Negative
4.	Green Chemistry	Opportunity	<p>Embracing green chemistry offers our organisation numerous opportunities. It showcases our commitment to sustainability, ensures compliance with regulations, brings cost savings through efficient processes, fosters innovation, and differentiates us in the market with sustainable products. It opens doors to new markets and customers seeking eco-friendly options, reduces risks associated with hazardous substances, strengthens supply chain resilience, and contributes to long-term sustainability by conserving resources and minimising environmental impact. Adopting green chemistry establishes us as leaders in sustainable chemistry, benefiting the environment and our long-term success.</p>		Positive
5.	Diversity, inclusion, and equal opportunities	Opportunity	<p>Embracing diversity, inclusion, and equal opportunities brings significant advantages to our company. Prioritising these principles fosters innovation, expands our talent pool, improves decision-making, boosts employee engagement and retention, enhances our reputation, ensures regulatory compliance, and drives research and development innovation. By embracing diversity and inclusion, we cultivate a culture of success, competitiveness, and long-term sustainability while contributing to a more equitable and inclusive society.</p>		Positive

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
6.	Employee wellbeing, benefits & retention/ Skill development	Opportunity	Prioritising employee wellbeing, benefits, and skill development offers significant opportunities for our organisation. By creating a positive work environment that supports physical and mental health, providing benefits and flexible arrangements, and offering skill development opportunities, we enhance job satisfaction, retention, engagement, and attract top talent. This fosters a culture of continuous learning and growth, boosting productivity, performance, competitiveness, and long-term success.		Positive
7.	Occupational health and safety	Risk	Occupational health and safety are a critical risk for our organisation. Neglecting a safe working environment leads to accidents, injuries, and illnesses, impacting employee wellbeing, morale, productivity, and absenteeism. Non-compliance results in legal liabilities, fines, penalties, and reputational damage. Prioritising comprehensive health and safety programs, training, and preventive measures is crucial to mitigate risks, protect employees, and maintain a safe workplace. Investment in occupational health and safety ensures the wellbeing of our workforce and safeguards our organisation's reputation and success.	The Company prioritises creating a safe work environment and preventing harm. It regularly identifies hazards and develops mitigation plans. Ongoing safety trainings are provided to employees and workers to safeguard their overall well-being. The goal is to maintain a holistic approach to safety and well-being.	Negative
8.	Human rights and community development	Risk/ Opportunity	Human rights violations or perceived violations pose a significant risk to our organisation, causing reputational damage, legal consequences, and loss of stakeholder trust. Failing to uphold labour rights can result in employee dissatisfaction, protests, and potential boycotts. Respecting human rights, complying with laws, and addressing grievances transparently are crucial. On the other hand, community development offers opportunities. Engaging in initiatives like education, skills training, and infrastructure development builds relationships, enhances reputation, and creates a positive social impact, leading to community support, market access, and long-term sustainability.	We have well established systems to ensure that human rights of our internal and external stakeholders are secured. There are necessary policy frameworks implemented in this regard. We have been engaging with local communities through our various CSR initiatives to make a positive impact on their lives and foster sustainable development.	Positive/ Negative

Business Responsibility and Sustainability Report FY 2022-23 (Contd.)

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
9.	Product, quality, safety, and labelling	Risk	In the chemical sector, product quality, safety, and labelling are significant risks. Inadequate control measures can lead to defects or hazards, causing legal liabilities and reputational damage. Misleading labelling may result in consumer misuse. Implementing robust quality control, safety protocols, and accurate labelling ensures compliance and consumer trust.	To mitigate risks related to product quality, safety, and labeling, our organisation has implemented several measures. These include rigorous quality control procedures throughout the production process, adherence to safety protocols and standards, comprehensive testing and certification of products, accurate and transparent labeling practices in compliance with regulations, and ongoing monitoring and assessment to ensure continuous improvement. These measures aim to maintain high product standards, ensure consumer safety, and uphold our reputation for quality and reliability.	Negative
10.	Research and innovation	Opportunity	Investing in research and fostering innovation keeps us ahead in technology, addressing market needs. Research improves operations and production efficiency. Innovation differentiates us, attracting partners and investors, enhancing our reputation, and seizing business opportunities. Prioritising research and innovation drives sustainable growth and adaptability.		Positive
11.	Sustainable supply chain	Opportunity	Focusing on supply chain sustainability enhances competitiveness, reduces risks, and aligns with consumer preferences. Sustainable practices minimise environmental impact, conserve resources, and meet regulatory requirements. It fosters strong supplier relationships, innovation, and continuity. Embracing sustainability improves efficiency, reputation, and long-term success.		Positive
12.	Sustainable financial performance	Opportunity	Integrating sustainability into financial strategies offers opportunities. It reduces costs, enhances reputation, attracts investors, and ensures long-term viability. Sustainable performance anticipates market trends and regulatory requirements, building trust and competitiveness while creating value for stakeholders and society.		Positive
13.	Regulatory compliance/ Ethical business practices and governance	Risk/ Opportunity	Regulatory compliance and ethical business practices offer opportunities to our organisation. Adhering to regulations enhances reputation, attracts responsible investors and customers. Compliance mitigates legal risks, maintains positive image. Ethical practices foster trust, accountability, and governance, promoting sustainability and resilience. Prioritising compliance and ethics differentiates us, attracts opportunities, and earns stakeholder trust in the industry.	We have implemented systems and processes to ensure compliance with applicable statutory requirements.	Positive/ Negative



S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
14.	Data integrity & security	Risk	Data integrity and security are crucial for protecting valuable assets and maintaining stakeholder trust. Breaches or unauthorised access can lead to financial losses, reputation damage, and legal liabilities. Data integrity issues undermine decision-making and operational efficiency. Implementing robust security measures and employee awareness programmes mitigate risks and safeguard data assets, reputation, and competitive position.	To mitigate risks related to data integrity and security, our organisation has implemented robust measures. These include the implementation of encryption technologies to protect sensitive data, strict access controls and authentication protocols, regular data backups, ongoing monitoring of network and system vulnerabilities, comprehensive employee training on data security best practices, and the use of advanced firewalls and intrusion detection systems. These measures aim to safeguard our data assets, protect against unauthorised access or data breaches, and ensure the confidentiality, integrity, and availability of our data.	Negative
15.	Risk management & business continuity	Risk/ Opportunity	Risk management and business continuity pose both risks and opportunities. Inadequate management can lead to accidents, disruptions, non-compliance, and reputational damage. Prioritising risk assessment, safety protocols, emergency plans, and supply chain resilience minimises incidents, protects stakeholders, and enhances trust. Effective business continuity planning ensures swift response, essential operations, and efficient recovery, securing long-term sustainability and success.	To address risk management and business continuity issues, our organisation has implemented various measures. These include conducting proactive risk assessments, implementing safety protocols and emergency response plans, ensuring supply chain resilience, establishing business continuity plans, regularly reviewing, and updating risk management strategies, and conducting drills and simulations to test preparedness. These measures help mitigate risks, enhance operational resilience, and ensure the continuity of our business operations in the face of potential disruptions.	Positive/ Negative
16.	Customer engagement	Opportunity	Customer engagement presents a significant opportunity to our organisation. By actively engaging with customers, we can gain valuable insights into their needs, preferences, and challenges. This enables us to develop products that meet specific customer requirements.		Positive

Business Responsibility and Sustainability Report FY 2022-23 (Contd.)

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
c. Web Link of the Policies, if available	The policies can be viewed on Company's website: www.hikal.com								
2. Whether the entity has translated the policy in to procedures. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes, we expect all our value chain partners to comply with Hikal's Code of Conduct and responsible business conduct guidelines.								
4. Name of the national and international codes/certifications/labels/ standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	<ul style="list-style-type: none"> • ISO 9001:2018 • ISO 14001:2015 • ISO 45001:2018 • Responsible Care Certification 								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	We have internally defined the scope 1 and 2 emissions reduction targets in line with the SBTi guidelines								
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	We have defined Key Performance Indicators (KPIs) across ESG parameter, and the performance is evaluated on a regular basis.								
Governance, leadership, and oversight									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements Refer to page 04 of the annual report – Message from the Chairman's desk.									
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies).	Name: Jai Hiremath Designation: Executive Chairman DIN number: 00062203								
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes/ No). If yes, provide details.	Hikal's Corporate Social Responsibility Committee is responsible for decision making on sustainability related issues. Executive Chairman and the Managing Director are a part of this committee.								

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director/Committee of the Board/Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	Y	Y	Y	Y	Y	Y	Y	Y	Y									Annually and need basis
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	Y	Y	Y	Y	Y	Y	Y	Y	Y									Ongoing basis

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.

	P1	P2	P3	P4	P5	P6	P7	P8	P9
	N	N	N	N	N	N	N	N	N
We internally assess the working of above-mentioned policies.									



12. If answer to question (1) above is “No” i.e. not all Principles are covered by a policy, reasons to be stated: Not applicable

Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
The entity does not consider the Principles materials to its business (Yes/No)	-	-	-	-	-	-	-	-	-
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	-	-	-	-	-	-	-	-	-
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	-	-	-	-	-	-	-	-	-
It is planned to be done in the next financial year (Yes/No)	-	-	-	-	-	-	-	-	-
Any other reason (please specify)	-	-	-	-	-	-	-	-	-

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURES

PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	Percentage of persons in respective category covered by the awareness programmes
Board of Directors	We conduct familiarisation programmes for the Board of Directors/KMPs regularly. The aim is to familiarise the Directors/KMPs with the strategy, operations, and functions of the Company. The key topics covered under the programme are the Code of Conduct for Directors and senior-level employees, the Code of Conduct on Insider Trading, Corporate profile, Organisational structure, Mandates of various Committees, and updates on various other initiatives.		100%
Key Managerial Personnel (KMP)			100%
Employees other than BoD and KMPs	We have conducted multiple training sessions for our employees and workers across our facilities in the reporting period. Some of the key training includes Behaviour Based Safety Management, Prevention of Sexual Harassment at the Workplace (POSH), Office safety, Regulatory requirements, Risk management, IT and Cyber Security, Business communication, etc.		100%
Workers			100%

2. Details of fines/penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format

In the Financial year 2022-23, no cases were reported.

Monetary

	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the case	Has an appeal been preferred (Yes/No)
Penalty/Fine	Nil	Nil	Nil	Nil	Nil
Settlement	Nil	Nil	Nil	Nil	Nil
Compounding fee	Nil	Nil	Nil	Nil	Nil

Non-Monetary

	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the case	Has an appeal been preferred (Yes/No)
Imprisonment	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil

Business Responsibility and Sustainability Report FY 2022-23 (Contd.)

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
Not applicable	Not applicable

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes, anti-corruption and bribery are included in the Company’s Code of Conduct, which applies to all the stakeholders working for or acting on behalf of the Company or any of its subsidiaries, and such persons must adhere to responsible business conduct. The Code of Conduct prohibits any form of unethical behaviour and reiterates that under no circumstances shall any Hikal employee, agent, or representative make, offer, promise, or authorise any payment or gift.

The web-link of the code of conduct is <https://www.hikal.com/uploads/documents/hikal-code-of-conduct-2016.pdf>

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/corruption:

	FY 2022-23	FY 2021-22
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	Nil	Nil

6. Details of complaints with regard to conflict of interest:

	FY 2022-23		FY 2021-22	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	-	Nil	-
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	-	Nil	-

7. Provide details of any corrective action taken or underway on issues related to fines/penalties/action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Not applicable.

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

We have not conducted any awareness programmes for the value chain partners in the financial year 2022-23. However, we are now planning to conduct regular awareness sessions from the next financial year onwards.

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

We have defined a Code of Conduct for the Board of Directors and Senior Management, which outlines the responsibilities to prevent any situation of conflict of interest. In addition, we obtain an annual declaration from the Board members and Senior Management executives on conformity with the Company’s requirements to prevent conflict of interest.



PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe.

Essential Indicators

- 1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

	FY 2022-23	FY 2021-22	Details of improvements in environmental and social impacts
R&D	Nil	Nil	Not applicable
Capex (₹ million)	214.60	374.60	It has improved the energy efficiency and water utilisation in the process

- 2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

We have a Green Supply Chain Policy, which is applicable for all our value chain partners. The policy outlines our commitment towards Environmental, Social and Governance (ESG) related responsible business practices. We expect all our value chain partners to adhere with our green supply chain requirements.

- b. If yes, what percentage of inputs were sourced sustainably?**

100% of inputs from critical suppliers in India is sourced in a sustainable manner.

- 3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

Given the nature of our business, we have limited scope to reclaim our products for reusing, recycling, and disposal at the end of life. However, we have implemented a waste management system at all our facilities and have dedicated teams to ensure its effective implementation. All the categories of wastes are collected, segregated, stored, transported, and disposed of in accordance with applicable regulatory requirements and best industry practices. We have detailed SOP for collection, storage and disposal of various type of waste generated from process.

We are segregating all waste into two categories i.e., recyclable, and non-recyclable wastes. Recyclable waste is disposed of in an environmentally sound manner to authorised recyclers, and non-recyclable waste is disposed of via co-processing to the cement industry or incineration or secured landfill based on calorific value of waste. The packing material generated by raw materials and in-process material are being disposed to authorised plastic recycler or via Common Hazardous Waste Collection, Treatment, Storage & Disposal Facilities (CHWTSDF).

We have been consistently enhancing our waste management practices and have embedded them with our circular economy approach. In terms of process improvements, we have implemented systems to recover the organic solvents and reuse them in the same process.

We have a dedicated lab working exclusively on waste treatability studies and have converted by-products into desired intermediates by using a simple process, which in turn reduced the hazardous organic waste to a great extent.

- 4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

EPR is applicable to us as an importer, HIKAL sought license from relevant statutory body to comply with the requirement under EPR.

Leadership Indicators

1. **Has the entity conducted Life Cycle Perspective/Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

No, we will be conducting the life cycle assessment of our products in future.

2. **If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

Not applicable, as we have not conducted the life cycle assessment of our products.

3. **Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

Given the nature of our pharmaceutical and specialty chemicals products, we do not use recycled or reused input materials in the manufacturing process. However, we are recovering more than 90% process solvents and reuse it in the manufacturing process of pharmaceuticals and agro-chemicals products.

4. **Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:**

We are into institutional sales and providing our products to leading companies and they convert intermediates in to final products for the consumers. Hence, the responsibility for reclaiming products and packaging material is not applicable to us. However, we give instruction and guidelines to our customers for handling and disposal of the products.

In addition, the waste generated in our manufacturing process, raw material packaging and e-waste are being sent to authorised recyclers wherever possible in accordance with the statutory requirements.

	FY 2022-23			FY 2021-22		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	Nil	142.31	Nil	Nil	171.93	Nil
E-waste	Nil	8.835	Nil	Nil	10.03	Nil
Hazardous waste	Nil	32,255.078	28,045.215	Nil	34,030.368	24,831.74
Other waste	Nil	Nil	Nil	Nil	Nil	Nil

5. **Reclaimed products and their packaging materials (as percentage of products sold) for each product category.**

Not applicable.



PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains.

Essential Indicators

1. a. Details of measures for the well-being of employees:

Category	Percentage of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	1,889	1,889	100%	1,889	100%	-	-	1,889	100%	-	-
Female	126	126	100%	126	100%	126	100%	-	-	-	-
Total	2,015	2,015	100%	2,015	100%	126	6%	1,889	94%	-	-
Other than Permanent employees											
Male	11	7	64%	11	100%	-	-	-	-	-	-
Female	4	2	50%	4	100%	2	50%	-	-	-	-
Total	15	9	60%	15	100%	2	13%	-	-	-	-

b. Details of measures for the well-being of workers:

Category	Percentage of workers covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	127	127	100%	127	100%	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
Total	127	127	100%	127	100%	-	-	-	-	-	-
Other than Permanent workers											
Male	1,418	1,418	100%	1,418	100%	-	-	-	-	-	-
Female	127	127	100%	127	100%	127	100%	-	-	-	-
Total	1,545	1,545	100%	1,545	100%	127	8%	-	-	-	-

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY 2022-23			FY 2021-22		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority
PF	100%	100%	Yes	100%	100%	Yes
Gratuity	100%	100%	Yes	100%	100%	Yes
ESI	100%	100%	Yes	100%	100%	Yes
Others	NA	NA	NA	NA	NA	NA

Note: We have enrolled all our eligible employees and workers under the ESI. For the business locations that are outside the purview of ESI, we have obtained the Workmen's Compensation policy.

3. Details Accessibility of workplaces

Are the premises/offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

All our facilities have the necessary infrastructure in place to provide easy access to differently abled employees and workers at the workplace.

Business Responsibility and Sustainability Report FY 2022-23 (Contd.)

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

We believe in promoting and maintaining a culture of diversity and equal opportunity for people based on merit, performance, and future potential to promote meritocracy. The Code of Conduct has been developed in line with our commitment to provide equal opportunities to everyone in the workplace.

Web-link: <https://www.hikal.com/documents/corporate-governance>

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	100%	NA	NA
Female	100%	100%	NA	NA
Total	100%	100%	NA	NA

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No	If yes, then give details of the mechanism in brief
Permanent workers	Yes	We have a well-defined grievance redressal mechanism in place. The grievance redressal policy outlines the procedure, responsibilities and time lines for addressing the concerns/complaints. The policy is applicable for all employees and workers including the third-party workers deployed at company's premises. We encourage our employees and workers to report any unethical incident or behaviour and ensure conformity with our non-retaliation principle, which is mentioned in our Code of Conduct. Appropriate records are maintained in accordance with the policy. We have also constituted Works Committee at our manufacturing facilities that are unionised to discuss and address the issues related to working conditions and benefits concerning employees and workers. This committee meets periodically to discuss matters, which are documented, and action points are defined with specific roles and responsibilities.
Other than Permanent workers	Yes	
Permanent employees	Yes	
Other than Permanent employees	Yes	

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY 2022-23			FY 2021-22		
	Total employees/workers in respective category (A)	No. of employees/workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees/workers in respective category (C)	No. of employees/workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Permanent employees						
Male	-	-	-	-	-	-
Female	-	-	-	-	-	-
Total	-	-	-	-	-	-
Permanent workers						
Male	127	127	100%	131	131	100%
Female	-	-	-	-	-	-
Total	127	127	100%	131	131	100%

8. Details of training given to employees and workers

Category	FY 2022-23					FY 2021-22				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No.(E)	% (E/D)	No.(F)	% (F/D)
Employees and Workers										
Male	We have maintained combined training records for permanent workers and employees. Gender-wise records were not maintained in the financial year 2022-23. However, we are now maintaining category and gender-wise records for all the training sessions conducted across our facilities.									
Female										
Total	2,043	1,075	53%	968	47%	1,385	1,169	84%	216	18%

Note: Health and safety-related training sessions for workers are conducted on the shopfloor through various initiatives such as toolbox talks, safety talks, one minute for safety, etc.



However, the numbers mentioned above are the formal records maintained for the training sessions conducted for permanent employees and workers.

9. Details of performance and career development reviews of employees and worker

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	1,889	1,889	100%	1,658	1,658	100%
Female	126	126	100%	117	117	100%
Total	2,015	2,015	100%	1,775	1,775	100%

Note: We have considered only permanent employees in the performance review process.

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

Yes, we have implemented Occupational Health and Safety Management System (ISO 45001) across our manufacturing facilities. All five manufacturing facilities are certified with ISO 45001:2018 management system and the research & technology centre is in process of obtaining the certification.

We make our best efforts to ensure safe operations. We have implemented various programmes like “Surakshapath” which is a behaviour-based safety programme to minimise behavioural risk. We have other safety awareness programmes like “One Minute for Safety”, “EHS Induction”, “Weekly wet drills”, “Mock drills” etc. to enhance safety at our workplace.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

We have well established systems to identify and assess work-related hazards and risks. We have implemented Hazard Identification and Risk assessment (HIRA) process for routine and non-routine activities, and Hazard operability (HAZOP) techniques for process related hazards at all our facilities. In addition, we have developed a guidance document in which, we have identified and documented all the hazards and risks associated with our operations to standardise implementation of safety measures.

At all our facilities, we have a dedicated EHS team to identify, assess and mitigate risks, monitor the implementation of safety measures, conduct a weekly safety inspection, and provide regular training on safety-aspects to employees and workers. Also, there are periodic internal and external audits conducted to assess the effectiveness of Occupational health and safety processes implemented at our facilities.

We analyse and generate safety related data of chemicals externally through recognised laboratory and use it in facility design to ensure inherent safety in infrastructure and operation. There are dedicated employees for process safety management at our R&T center.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks.(Y/N)

Yes, we have a well-defined system in place to identify and report work-related hazards. We have implemented a safety reporting system through MY SETU software at all the facilities through which employees can online report work-related hazards/risks such as near misses, unsafe conditions, injuries, and other serious incidents. This is followed by a detailed root cause analysis, development and implementation of corrective action plans, and monitoring of the effectiveness of safety measures. All the reported issues can be tracked online till its closure with the corrective action plan and any employee can access the portal through their login credentials. Apart from this, regular safety briefing sessions/toolbox talks take place on a daily basis, where workers actively participate to give suggestions for strengthening the safety measures at the sites.

Business Responsibility and Sustainability Report FY 2022-23 (Contd.)

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/No)

Yes, all our employees and workers have access to non-occupational medical and healthcare services. We have onsite medical centers at our facilities that have round-the- clock Operating Outpatient Department (OPD) with qualified medical officers and support staff for any medical emergencies and consultation for non-occupational health issues. As a standard process, annual health check camps are organised across our facilities. The employees and workers having exposure to heat, noise, and chemicals during their routine work are required to undergo preventive health examination every six months to diagnose any occupational disease in the initial stage. We have obtained Group accidental and medical insurance policies that cover our employees. At all our facilities, we ensure that contractors must obtain accidental insurance policy/workmen compensation policy and ESIC for workers.

11. Details of safety related incidents, in the following format:

Safety Incident/ Number	Category	FY 2022-23	FY 2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0.3	0
Total recordable work-related injuries	Employees	0	0
	Workers	1	0
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

We have implemented a robust safety management system in accordance with guidelines and principles of the ISO 45001 management system to ensure a safe and healthy workplace.

Maintaining the highest safety standards across our facilities is one of our top-most priorities, we conduct Industrial hygiene exposure quantitative assessment, Quantitative risk assessment (QRA), Hazard Identification and Risk assessment (HIRA), and implemented Hazard operability (HAZOP) techniques to identify the hazards and provide required engineering measures to minimise the risks.

As a standard practice, before starting any project, we conduct HIRA and implement safety measures, provide safety training, conduct medical tests that are required for any specific activity, and conduct toolbox talks daily for each shift. Regular site inspections and safety audits are conducted by both internal teams and external auditors to access the safety readiness at our facilities.

Mandatory safety training is a part of induction programme and periodic refresher training sessions are conducted by internal teams and external experts on various safety and occupational health-related aspects. All our employees and workers are provided with Personal Protective Equipment (PPE) and there are safety Supervisors/Managers for regular inspection of activities and to issue work permits for any dangerous operations.

Pre-employment medical examinations and periodic medical examinations are conducted for employees and workers to identify any occupational disease at the initial stage and provide a necessary course of treatment.

There are various rewards and recognition programmes to recognise the efforts of individuals and teams for ensuring safety at the workplace.

13. Number of Complaints on the following made by employees and workers:

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	Nil	Nil	Not applicable	Nil	Nil	Not applicable
Health & Safety	Nil	Nil	Not applicable	Nil	Nil	Not applicable

Note: We have not received any complaints from employees and workers regarding working conditions and Health & safety-related issues in the reporting period. However, we conduct safety committee meetings regularly at all our sites, where employees/workers share their suggestions for improving the working environment.

14. Assessment for the year:

	Percentage of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working conditions	100%

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health & safety practices and working conditions.

We have a defined process to thoroughly investigate all the incidents and share the learning across sites to ensure the non-occurrence of similar incidents. Through our awareness programmes and employee connect sessions, we encourage our employees and workers, to report any unsafe acts and conditions. During the reporting period, no major safety incident occurred. However, certain first-aid incidents and unsafe acts were reported that have been investigated and necessary corrective and preventive measures were implemented. Some of the key measures implemented are listed below:

- Vertical fall arrestor provided for tankers unloading area and briquettes unloading area
- Lower Explosive Limit 'LEL' sensors provided at raw material warehouse and storage tank farm areas
- Confined rescue kits were provided for work in confined spaces
- Flood Emergency Control Rescue kits were procured, and training sessions were conducted
- Fire-rated cabinet provided for storage of flammable solvents in labs
- Fixed oxygen sensors were installed in labs near Nitrogen (N₂) connection points
- Fixed online sensors for hazardous and toxic gas like Cl₂, NH₃ are installed for early detection.
- All hazardous chemical storage is equipped with emergency equipment like spillage kits, sprinklers, dyke walls etc.
- Emergency Rescue team is constituted, and appropriate training is provided.
- QRA and Safety Integrity level study has been conducted.

Leadership Indicators

- Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers(Y/N).**

Yes

- Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

We expect our value chain partners to abide by the statutory requirements and implement necessary operational controls to ensure timely deduction and deposition of applicable statutory dues.

- Provide the number of employees/workers having suffered high consequence work-related injury/ill-health/fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Employees	Nil	Nil	Nil	Nil
Workers	Nil	Nil	Nil	Nil

- Does the entity provide transition assistance programmes to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/No)**

Yes, we provide the transition assistance to facilitate continued employability and the management of career endings resulting from retirement or termination of employment. We have a retainership practice to provide continued employment to our retired employees. There are skill development training sessions conducted periodically across our facilities that enables employees to enhance their skills, which assist them in pursuing a new employment post retirement or termination.

- Details on assessment of value chain partners:**

	Percentage of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices*	100%
Working Conditions *	100%

* We have defined a supplier evaluation criterion based on which we conduct the assessment of our critical value chain partners that are based in India via onsite and offsite audits. It primarily focuses upon Environment, Health and Safety (EHS), quality and statutory requirements.

- Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

There were no significant risks/concerns related to health and safety practices and working conditions of value chain partners reported during the financial year.

We have standard operating procedure for EHS risk evaluation of our value chain partner. We have cross functional team which comprises employee from EHS, QA and production to carry out onsite/offsite audit of our value chain partner. We have systems to identify the EHS risk and define CAPA in consultation with our value chain partner and ensure the closure of identified risks.

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders.

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

We believe that meaningful interactions with our stakeholders are essential for long-term value creation. We continuously engage with our stakeholders to understand their expectations and needs. Regular stakeholder engagements help in building credibility, minimising risks, and in realigning focus areas that are essential for business growth.

We identify our stakeholders as groups, institutions, and individuals who can impact or influence our business operations or/are impacted by our operations. It includes both internal and external stakeholders. During our materiality assessment activity, we have identified Customers, Employees, Investors and Shareholders, Community, Institutions and Industry Bodies, Suppliers, Government and Regulators, Media and Analysts, as our key stakeholders. We engage with them transparently at regular intervals or as and when required to provide them with the necessary information to foster our relationships and take their inputs for sustainable value creation.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/No)	Channels of communication	Frequency of engagement	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers	No	<ol style="list-style-type: none"> Customer meetings Official communication channels: advertisements, publications, website, and social media Conferences and events Customer feedback and satisfaction survey 	Ongoing	<ol style="list-style-type: none"> Timely delivery Wide range of high- quality products that meet customer requirements Competitive pricing Easy availability through large distribution network Post-sales support
Employees	No	<ol style="list-style-type: none"> Timely internal communications Capability development programs Performance appraisal Grievance redressal mechanisms Wellness programs 	Ongoing	<ol style="list-style-type: none"> Satisfaction and motivation Fair wages and rewards Improved work-life balance Regular training and skill development Career growth Safe and secure work environment Healthy workplace
Investors and Shareholders	No	<ol style="list-style-type: none"> Analyst meets Quarterly calls, financial reports, and presentations Annual general meetings Annual reports Official communication channels: advertisements, publications, website, and social media 	Quarterly/ need-based	<ol style="list-style-type: none"> Sustainable growth and returns High standards of corporate governance and risk management
Community	Yes	<ol style="list-style-type: none"> CSR partnerships Community welfare programmes Meetings and briefings Training and workshops Impact assessment surveys Official communication channels: Advertisements, publications, websites and social media Complaints and grievance mechanism 	Ongoing	<ol style="list-style-type: none"> Infrastructure development Funding for community development Training and livelihood programmes Contribution to the local economy

Business Responsibility and Sustainability Report FY 2022-23 (Contd.)

Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/No)	Channels of communication	Frequency of engagement	Purpose and scope of engagement including key topics and concerns raised during such engagement
Institutions and Industry Bodies	No	1. Conferences 2. Joint R&D initiatives 3. Internship opportunities for students	Need-based	1. Exchange of knowledge 2. Collaboration in R&D 3. Industry exposure for students
Suppliers	No	1. Supplier development initiatives 2. Vendor assessment and review 3. Training workshops and seminars 4. Supplier audits 5. Official communication channels: 6. Advertisements, publications, website, and social media	Ongoing	1. Timely payment 2. Continuity of orders 3. Capacity building 4. Transparency
Government and Regulators	No	1. Statutory compliances filings and meetings 2. Official communication channels: Advertisements, publications, websites, and social media 3. Phone calls, emails, and meetings 4. Regulatory audits/inspections	Need-based	1. Aligning with the government to support economic development 2. Continued contribution to the exchequer
Media and Analysts	No	1. Press releases, media interviews, email advisories 2. Website management 3. Social media posts and updates	Need-based	1. Effective communication 2. Accountability and transparency

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

We have defined mechanisms in place to undertake consultations with our stakeholder groups. Our site heads and business leaders engage with both internal and external stakeholders on various topics. There are dedicated forums for our employees to connect with the Management such as Open House sessions that are conducted by respective site heads, and CEO Connect sessions with the Managing Director. Based on the stakeholder consultation, relevant feedback is shared with the Board of Directors, whenever necessary.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes/No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes, stakeholder consultation is used to support the identification and management of environmental, and social topics. We have engaged with internal and external stakeholder groups to identify and priorities the material ESG topics that are relevant for stakeholders and important for our business operations. We believe that regular engagement with stakeholders is essential for long-term value creation, and we keep enhancing our processes based on the suggestions received from stakeholders.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalised stakeholder groups.

We regularly engage with all our stakeholders to address their concerns and needs. We have been undertaking various Corporate Social Responsibility (CSR) initiatives that provided benefits to our stakeholders including the vulnerable/marginalised stakeholder groups. We undertake various CSR initiatives in the areas of health, education, environment, protection of national heritage, art, and culture.

PRINCIPLE 5: Businesses should respect and promote human rights.

Essential Indicators

1. **Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
Employees and Workers						
Permanent	2,142	1,714	80%	NA	NA	NA
Total Employees	2,142	1,714	80%	NA	NA	NA

We have maintained combined training records for permanent workers and employees. Gender- wise records were not maintained in the financial year 2022-23. However, we are now maintaining category and gender-wise records for all the training sessions conducted across our facilities.

2. **Details of minimum wages paid to employees and workers, in the following format**

Category	FY 2022-23				FY 2021-22					
	Total (A)	Equal to minimum wage		More than minimum wage		Total (D)	Equal to minimum wage		More than minimum wage	
		No.(B)	% (B/A)	No.(C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent										
Male	1,889	-	-	1,889	100%	1,658	-	-	1,658	100%
Female	126	-	-	126	100%	17	-	-	17	100%
Other than Permanent										
Male	11	-	-	11	100%	11	-	-	11	100%
Female	4	-	-	4	100%	3	-	-	3	100%
Workers										
Permanent										
Male	127	-	-	127	100%	131	-	-	131	100%
Female	0	-	-	0	100%	0	-	-	0	100%
Other than Permanent										
Male	1,427	1,427	100%	-	-	1,283	1,283	100%	-	-
Female	42	42	100%	-	-	35	35	100%	-	-

3. **Details of remuneration/ salary/ wages, in the following format:**

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	8	17,12,516	2	14,12,516
Key Managerial Personnel	4	2,81,35,500	NA	NA
Employees other than BoD and KMP	1,884	5,60,000	124	4,74,474
Workers	127	6,36,096	NA	NA

Business Responsibility and Sustainability Report FY 2022-23 (Contd.)

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, Head of Human Resources department is responsible for addressing human rights impacts or issues caused or contributed to by the business.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

We have a well-defined internal mechanism in place to address the concerns related to human rights. Apart from the grievance redressal policy, which outlines the procedure, responsibilities, and timelines for addressing the concerns/ complaints. There are various other policy frameworks such as Prevention of Sexual Harassment (POSH) Policy, Whistle blower policy, and Code of conduct that have provisions to safeguard the human rights of both internal and external stakeholders. The Management Committee is the apex body which oversees practices related to human rights in our organisation.

6. Number of Complaints on the following made by employees and workers:

Category	FY 2023			FY 2022		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual harassment	Nil	Nil	Nil	Nil	Nil	Nil
Discrimination at workplace	Nil	Nil	Nil	Nil	Nil	Nil
Child labour	Nil	Nil	Nil	Nil	Nil	Nil
Forced labour/ Involuntary labour	Nil	Nil	Nil	Nil	Nil	Nil
Wages	Nil	Nil	Nil	Nil	Nil	Nil
Other human rights related issues	Nil	Nil	Nil	Nil	Nil	Nil

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

Our Grievance Redressal policy, Prevention of Sexual Harassment (POSH) policy and Whistle- blower policy have defined mechanisms for addressing concerns/ complaints raised by both internal and external stakeholder in a time-bound manner. We maintain confidentiality during the investigation process and ensure protection of the complainant. There is zero tolerance to retaliatory behaviour as mentioned in our Code of Conduct. We encourage our employees and workers to report any unethical incident or behaviour. No cases of harassment and discrimination were reported during the financial year 2022-23.

8. Do human rights requirements form part of your business agreements and contracts?

Yes

9. Assessments for the year:

	Percentage of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child Labour	100%
Forced Labour/Involuntary Labour	100%
Sexual Harassment	100%
Discrimination at workplace	100%
Wages	100%
Others – please specify	Applicable statutory requirements.

10. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 9above.

No issues related to above-mentioned aspects were identified during the assessment.



Leadership Indicators

1. Details of a business process being modified/introduced as a result of addressing human rights grievances/complaints.

Not applicable.

2. Details of the scope and coverage of any Human rights due diligence conducted.

We are in the process of initiating human rights due diligence through an independent agency to identify potential human-rights related risks in our operations and implement necessary measures to prevent or mitigate the identified risks. Internally, our Corporate and Site Human Resource teams are responsible for safeguarding the rights of all the employees working at our facilities. They periodically review the records of contractors working at our facilities to ensure compliance with statutory requirements and Hikal's Code of Conduct.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

All our facilities have the necessary infrastructure in place to provide easy access to differently abled employees and workers at the workplace.

4. Details on assessment of value chain partners:

We are conducting the assessment of our critical value chain partners that are based in India. The assessment cover aspects related to human rights, business integrity, Environment, Health, and Safety (EHS), and statutory compliance. Also, as per our code of conduct, we expect our suppliers to adhere with the principles of human rights.

	Percentage of value chain partners (by value of business done with such partners) that were assessed
Child labour	100%
Forced Labour/Involuntary Labour	100%
Sexual Harassment	100%
Discrimination at workplace	100%
Wages	100%
Others – Retention of any original documents	100%

Note: The above-mentioned values are limited to critical business value chain partners that are based in India.

5. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 4 above.

Not applicable

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment.**Essential Indicators****1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

Parameters	Units	FY 2022-23	FY 2021-22
Total electricity consumption (A)	Giga Joules (GJ)	3,61,860.68	2,53,225.47
Total fuel consumption (B)	GJ	10,52,725.41	10,76,990.98
Energy consumption through other sources (C)	GJ	Nil	Nil
Total energy consumption (A+B+C)	GJ	14,14,586.09	13,30,216.45
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)	GJ/₹ million	69.92	68.47

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)

No

2. Does the entity have any sites/facilities identified as the designated consumers (DCs) under Performance, Achieve and Trade (PAT) Scheme of the Government of India? Yes (Y/N) If, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any

Not applicable, since we do not have any site as the designated consumers (DCs) under Performance, Achieve and Trade (PAT) Scheme of the Government of India.

3. Provide details of the following disclosures related to water, in the following format:

Parameters	Units	FY 2022-23	FY 2021-22
Water withdrawal by source	Kilolitre (kL)		
(i) Surface water	Kilolitre (kL)	0	0
(ii) Groundwater	Kilolitre (kL)	0	0
(iii) Third party water (Industrial Estate MIDC/GIDC)	Kilolitre (kL)	9,15,491.50	10,52,898.60
(iv) Seawater/desalinated water	Kilolitre (kL)	0	0
(v) Others	Kilolitre (kL)	1,49,750.00	46,579.40
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	Kilolitre (kL)	10,65,241.50	10,99,478
Total volume of water consumption (in kilolitres)	Kilolitre (kL)	10,65,241.50	10,99,478
Water intensity per rupee of turnover (Water consumed/turnover)	kL/₹ million	52.66	56.59

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)

No

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Yes, we have implemented a mechanism for 100% Zero Liquid Discharge (ZLD) at two out of five manufacturing facilities. Our ZLD facilities across sites consist of primary treatment, secondary effluent treatment/MBR and MEE/MVRE with ATFD, and then reverse osmosis for tertiary treatment to reuse treated effluent for utility consumption. We also have a Sewage Treatment Plant (STP) at these facilities and the treated wastewater is used within the plant's premises for gardening and cooling tower make-up purposes.

Other manufacturing facilities and Research and Technology (R&T) centers are in the process of implementing ZLD systems. At these sites, we have installed both Effluent Treatment Plants (ETPs) and STPs for treating effluents and wastewater as per the statutory guidelines. After treatment, we utilise treated water for internal usage to the extent possible and responsibly discharge the remaining treated water in compliance with legal requirements.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

We are monitoring the air emissions in accordance with the statutory requirements and monitoring across our sites are carried out by the laboratories approved the respective state pollution control boards. The concentration of all the parameters is within the permissible range and details of air emissions are submitted annually to the respective pollution control boards.

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameters	Units	FY 2022-23	FY 2021-22
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	26,793.24	57,457.00
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	58,436.80	
Total Scope 1 and Scope 2 emissions per rupee of turnover	Metric tonnes of CO ₂ equivalent/₹ million	4.21	2.95

Note: We have reported combined scope 1 and 2 emissions for the financial year 2021-22. In the previous financial year, the scope 1 emissions inventory was limited to fuel consumption from manufacturing facilities only. The inventory of FY 2022-23 is accordance to the requirements of GHG Protocol and SBTi.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)

No

7. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.

We have been following a systematic approach towards enhancing energy conservation and making a transition towards renewable energy. We have an Energy Conservation Committee (EnCon) at the corporate level, which drives the various initiatives across our facilities for achieving long-term sustainability. Some of the key initiatives implemented in the financial year 2022-23 are listed below:

Crop Protection Business

Key energy saving initiatives implemented at Taloja unit:

- FO boiler burner replacement for enhancing the efficiency
- Waste heat recovery from flue gas by Economizer installation
- Briquette boiler capacity and efficiency improvement
- Air compressor stoppage by optimising airflow
- Chiller performance improvement by online condenser cleaning installations
- Water saving initiatives in cooling tower blow down.

Key energy saving initiatives implemented at Mahad unit:

- Water saving initiatives in cooling tower blow down
- Energy saving initiatives in chiller unit to improve its performance
- Installation of Dry Vacuum pumps
- Heat recovery initiatives by condensate recovery and generation of hot water.

Key energy saving initiatives implemented at Panoli unit:

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

Business Responsibility and Sustainability Report FY 2022-23 (Contd.)

Pharmaceuticals Business

Key energy saving initiatives implemented at Panoli unit:

- Pumping power optimisation by various means
- Installation of waste heat recovery system

Key energy saving initiatives implemented at Jigani unit:

- Pumping power optimisation in RO pump
- Cooling tower usage optimisation
- VFD installation in cooling tower pump

Renewable energy transition initiatives:

- Signed a long-term Power Purchase Agreement (PPA) with two solar power developers of 9.5 MW & 3.2 MW for Taloja and Mahad units respectively
- Signed an agreement to procure renewable energy from a hybrid (wind and solar) project of 4.8 MW for Panoli unit
- Initiated the process to identify a renewable energy project partner for our Jigani unit. In the next financial year, we are expecting to have a long-term PPA for Jigani unit.

8. Provide details related to waste management by the entity, in the following format:

Parameters	Units	FY 2022-23	FY 2021-22
Total Waste generated			
Plastic waste (A)	Metric tonnes	142.31	171.93
E-waste (B)	Metric tonnes	8.84	10.03
Bio-medical waste (C)	kg	60.43	64.81
Construction and demolition waste (D)	Metric tonnes	0	0
Battery waste (E)	Metric tonnes	0	0
Radioactive waste (F)	Metric tonnes	0	0
Other Hazardous waste. Please specify, if any. (G)	Metric tonnes	57,693.74	55,622.71
Other Non-hazardous waste generated (H)	Metric tonnes	3,043.32	3,567.06
Total (A + B + C + D + E + F + G + H)	Metric tonnes	60,888.27	59,371.79
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)			
Category of waste			
(i) Recycled	Metric tonnes	32,255.08	34,030.37
(ii) Re-used	Metric tonnes	2,399.20	3,151.60
(iii) Other recovery operations	Metric tonnes	64.64	27.46
Total	Metric tonnes	34,718.92	37,209.43
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)			
Category of waste			
(i) Incineration	Metric tonnes	8,569.86	4,089.33
(ii) Landfilling	Metric tonnes	10,428.39	11,855.91
(iii) Other disposal operations	Metric tonnes	9,046.97	8,886.51
Total	Metric tonnes	28,045.22	24,831.74

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)

No



9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Being a pharmaceutical and specialty chemical manufacturing company, responsible waste management is of utmost priority for us. We have been consistently enhancing our waste management practices and have embedded them with our circular economy approach. We follow the 3R concept of “reduce, reuse & recycle” and have defined standard operating procedures for handling hazardous, non-hazardous, e-waste, and biomedical wastes.

All our facilities have dedicated teams to ensure waste segregation at source, safe handling, storage, and disposal of waste in accordance with applicable regulatory requirements and best industry practices. The hazardous waste generated from our operations is disposed of in an environmentally sound manner to authorised recyclers, the cement industry, and Common Hazardous Waste Collection, Treatment, Storage & Disposal Facilities (CHWTSDF). Similarly, 100% of the e-waste generated was sold to authorised vendors. Plastic waste was recycled through authorised recyclers.

The other non-hazardous waste such as scrap metal, wood waste, glass, cardboard, paper, etc. was disposed of via authorised recyclers.

In terms of process improvements, we are using recovered solvents in the process to reduce fresh solvent consumption. We have a dedicated lab working exclusively on waste treatability studies and have converted by-products into desired intermediates by using a simple process, which in turn reduced the hazardous organic waste to a great extent. Also, we are enhancing our effluent treatment plants to enhance wastewater/effluent recycling capabilities.

Apart from this, we have been conducting periodic inspections to evaluate the waste handling facilities and implementing necessary changes to make them more efficient and environmentally friendly.

We have implemented “Wealth from Waste” Programme which aims to identify waste which can be recycled, reduced or reused.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals/clearances are required, please specify details in the following format:

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval/clearance are being complied with? (Y/N)
			If no, the reasons thereof and corrective action taken, if any.
1.	Jigani Unit	Manufacturing of pharmaceuticals	Yes, as per the Environmental Clearance (EC) recommendation, we have already applied for the No Objection Certificate (NOC) from Bannerghatta National Park (Forest Department).

We have defined processes and implemented necessary pollution control mechanisms to prevent any adverse impact on the ecology. Our dedicated team ensure the operations of all the pollution controlling equipment, zero liquid discharge and proper waste management in accordance with statutory requirements and industry best practices.

Business Responsibility and Sustainability Report FY 2022-23 (Contd.)

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year

Not applicable.

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

S. No.	Specify the law/regulation/ guidelines which was not complied with	Provide details of the non-compliance	Any fines/penalties/ action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
1.	Panoli	There was minor fire in Apr-22 at Panoli site. There was no fatalities or injury to human life. GPCB has imposed environment compensation damage under section 31(A) air pollution control act-1981	₹ 10 Lakh	Incident was investigated by cross functional team, and all identified corrective measures have been implemented to prevent such incidents.
2.	Taloja	There was mishandling of our by- product by vendor, which caused release of gas at SURAT GIDC, MPCB served closure notice in May-22 and revoked bank guarantee of value ₹ 30 lakh under section 26 of water (P & CP) act - 1974, u/s 21 of air (P & CP) act - 1981 and under rule 6 of Hazardous and Other waste (Management and trans boundary movement) rules 2016.	₹ 30 Lakh Bank guarantee forfeited by MPCB	All proposed direction by MPCB wide letter MPCB/RONM/CD/22004220006 dated 22 Apr 2022 had been complied. Compliance report was submitted to MPCB.
3.	Mahad	There was non-compliance of treated water sample, due to which MPCB served notice	₹ 5 Lakh Bank guarantee forfeited by MPCB	Incident was thoroughly investigated, and all corrective measures were implemented immediately.



Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameters	Units	FY 2022-23	FY 2021-22
From renewable sources			
Total electricity consumption (A)	Giga Joules (GJ)	65,561.43	73,990.13
Total fuel consumption (B)	GJ	7,32,197.30	7,33,537.58
Energy consumption through other sources (C)	GJ	Nil	Nil
Total energy consumed from renewable sources (A+B+C)	GJ	7,97,758.73	8,07,527.71
From non-renewable sources			
Total electricity consumption (D)	GJ	2,96,299.25	1,79,235.34
Total fuel consumption (E)	GJ	3,20,528.11	3,43,453.40
Energy consumption through other sources (F)	GJ	Nil	Nil
Total energy consumed from non-renewable sources (D+E+F)	GJ	6,16,827.36	5,22,688.74

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)

No

2. Provide the following details related to water discharged:

Parameters	Units	FY 2022-23	FY 2021-22
Water discharge by destination and level of treatment			
To Surface water			
- No treatment	Kilolitre (kL)	Nil	Nil
- With treatment – Please specify level of treatment	Kilolitre (kL)	Nil	Nil
To Groundwater			
- No treatment	Kilolitre (kL)	Nil	Nil
- With treatment – Please specify level of treatment	Kilolitre (kL)	Nil	Nil
To Seawater			
- No treatment	Kilolitre (kL)	Nil	Nil
- With treatment – Please specify level of treatment	Kilolitre (kL)	Nil	Nil
Sent to third parties			
- No treatment	Kilolitre (kL)	Nil	Nil
- With treatment – Please specify level of treatment	Kilolitre (kL)	3,11,060	3,10,435
Others			
- No treatment	Kilolitre (kL)	Nil	Nil
- With treatment – Please specify level of treatment	Kilolitre (kL)	Nil	Nil
Total water discharged	Kilolitre (kL)	3,11,060	3,10,435

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)

No

Business Responsibility and Sustainability Report FY 2022-23 (Contd.)

3. Water withdrawal, consumption, and discharge in areas of water stress

For each facility/plant located in areas of water stress, provide the following information:

I. Name of the area: Jigani, Bangalore

II. Nature of operations: Manufacturing of pharmaceuticals

III. Water withdrawal, consumption, and discharge in the following format:

Parameters	Units	FY 2022-23	FY 2021-22
Water withdrawal by source			
(i) Surface water	Kilolitre (kL)	Nil	Nil
(ii) Groundwater	Kilolitre (kL)	-	-
(iii) Third party water	Kilolitre (kL)	1,66,685.5	1,91,931.4
(iv) Seawater/desalinated water	Kilolitre (kL)	Nil	Nil
(v) Others	Kilolitre (kL)	Nil	Nil
Total volume of water withdrawal (i + ii + iii + iv + v)	Kilolitre (kL)	1,66,685.5	1,91,931.4
Total volume of water consumption	Kilolitre (kL)	1,66,685.5	1,91,931.4
Water intensity per rupee of turnover (Water consumed/turnover)		15.63	17.56
Water discharge by destination and level of treatment			
Into Surface water			
- No treatment	Kilolitre (kL)	Nil	Nil
- With treatment – Please specify level of treatment	Kilolitre (kL)	8,646	8,121
Into Groundwater			
- No treatment	Kilolitre (kL)	Nil	Nil
- With treatment – Please specify level of treatment	Kilolitre (kL)	Nil	Nil
Into Seawater			
- No treatment	Kilolitre (kL)	Nil	Nil
- With treatment – Please specify level of treatment	Kilolitre (kL)	Nil	Nil
Sent to third-parties			
- No treatment	Kilolitre (kL)	Nil	Nil
- With treatment – Please specify level of treatment	Kilolitre (kL)	Nil	Nil
Others			
- No treatment	Kilolitre (kL)	Nil	Nil
- With treatment – Please specify level of treatment	Kilolitre (kL)	75,627	80,582
Total water discharged		Nil	Nil

Note: We have maintained zero liquid discharge status at our Jigani Unit. After the tertiary treatment of effluent, the treated water is used for utility and cooling tower make up process. Domestic wastewater is treated separately in Sewage Treatment Plant and is used for the gardening purpose.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)

No

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameters	Units	FY 2022-23	FY 2021-22
Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	-	-
Total Scope 3 emissions per rupee of turnover		-	-

We have not undertaken scope 3 accounting in the financial year 2022-23. However, we have initiated the process for scope 3 data collection.



5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

We have only Jigani Unit, which is in proximity to Bannerghatta National Park. To conserve the ecology, we have partnered with the International Association for Human Values (IAHV) for the development work of Yallammanadoddi lake, which is near our Jigani Unit. Three villages in the surrounding area are directly dependent on this lake for water. However, the accumulation of mud, waste and weeds made the lake unfit for direct domestic use.

We carried out lake desiltation work in collaboration with villagers and provided bunds and silt traps to prevent ingress of waste and silt. This has increased the water capacity of lake by four times. In addition, we carried out a plantation of more than 40 varieties of aquatic plants and removed water hyacinths from the lake. Development of flora in the area promoted suitable eco-system to flourish various local birds and butterflies in the area. This has improved the overall ecology and provided clean water to the local communities.

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions/effluent discharge/waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

S. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1.	Renewable energy transition	Increased the renewable electricity consumption through power purchase agreement and on-site generation.	Achieved emissions reduction of 17,176 Metric tonnes of CO ₂ e
2.	Installation of waste heat recovery system	Waste heat recovery is a process of capturing and transferring the waste heat back to the system. The recovered heat is used for generating electricity and additional heat.	Reduction in fuel consumption
3.	Energy efficiency and process optimisation measures	Details of energy efficiency and process optimisation measures listed in the question number 7 of essential category	Achieved an annual operational savings of ₹ 35.43 million

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web-link.

Yes, we have a business continuity and emergency response plan for our facilities. We have defined a detailed standard operating procedure in which we have identified business-critical processes, potential operational and financial impacts, and contingency measures to minimise any business interruptions. To ensure its effective implementation, roles and responsibilities have been defined at different levels across the organisation. We revise our SOPs in every two years or as when required to make necessary amendments to handle any contingency scenario. In addition, all our manufacturing facilities have site-specific on-site and offsite emergency response plans. Regular training and mock drills are being conducted as per the statutory requirements.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

No such incident took place in the reporting year FY 2022-23. However, there was an incident of improper by-product handling during the transportation in FY 2021-22, the matter is sub-judice and under investigation by the competent authorities.

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

In the reporting period, we have not evaluated any of our value chain partners to assess the environmental impact of their operations. However, we have defined a supplier evaluation criterion based on which we assess our critical value chain partners in India on applicable statutory, EHS, and quality-related requirements.

PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

Essential Indicators

1. **a. Number of affiliations with trade and industry chambers/ associations: 8**
- b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to:**

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1.	The Confederation of Indian Industry	National
2.	The Federation of Indian Chambers of Commerce & Industry	National
3.	Indian Merchants' Chamber	National
4.	National Safety Council	National
5.	Indian Chemical Council	National
6.	Pesticides Manufacturers & Formulators Association of India	National
7.	Crop Care Federation of India	National
8.	Agro Chem Federation of India	National

2. **Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities.**

Name of authority	Brief of the case	Corrective action taken
Nil	Nil	Nil

Leadership Indicators

1. **Details of public policy positions advocated by the entity:**

We work closely with various trade and industry associations on topics related to governance, policy reforms and sustainable business principles.

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development.

Essential Indicators

- 1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web link
-----------------------------------	----------------------	----------------------	---	--	-------------------

- - - - -
 During the period, the Company has not undertaken any SIA under the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013.

- 2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

Not applicable.

- 3. Describe the mechanisms to receive and redress grievances of the community.**

Our Grievance Redressal policy and Whistle-blower policy have defined mechanisms for addressing concerns/ complaints raised by the external stakeholder in a time-bound manner. We maintain confidentiality during the investigation process and ensure protection of the complainant. There is zero tolerance to retaliatory behaviour as mentioned in our Code of Conduct. However, no such concern was reported during the financial year 2022-23.

- 4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

	FY 2022-23	FY 2021-22
Directly sourced from MSMEs/ small producers	34%	28%
Sourced directly from within the district and neighbouring districts	-	-

Note: We evaluate the vendor based on merits that are defined in our procurement policy and we provide equal opportunities to all the vendors/ suppliers irrespective of geographical boundary.

Leadership Indicators

- 1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

Not applicable.

- 2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

Not applicable.

- 3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised /vulnerable groups?(Yes/No)**

No, we do not have any preferential procurement policy. As mentioned in our Code of Conduct, we provide equal opportunities to everyone and do not discriminate on any basis while selecting suppliers/vendors. We encourage working with local and MSME (Micro, Small & Medium Enterprises) suppliers. However, in our supplier/vendor selection process,

We provide equal opportunities and have the same evaluation criteria for everyone.

- (b) From which marginalised /vulnerable groups do you procure?**

Not applicable.

- (c) What percentage of total procurement (by value) does it constitute?**

Not applicable.

Business Responsibility and Sustainability Report FY 2022-23 (Contd.)

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

Not applicable.

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Not applicable.

6. Details of beneficiaries of CSR Projects:

CSR Projects	No. of persons benefited from CSR project	Percentage of beneficiaries from vulnerable and marginalised groups
Support extended to Ashraya Old Age Home by donating ration items, gloves, sanitary items, and fruits & vegetables	25	100%
Distribution of new-born baby kits & fruit baskets to BPL families at a government hospital	15	100%
Support extended to Matrabhoomi Organisation by distributing ration items, fruits, clothes & organising outdoor games for children	20	100%
Support by installing water purifiers in ZP Schools	80	100%
Sponsorship towards education of 5 children from Adarne Charitable Trust	5	100%
Sponsorship towards quality education by providing projector to ZP Schools	100	100%
Stationery Items purchased for CSR activity at Mathrubhumi NGO	25	100%
Remuneration of teachers' salary of a nearby govt school	3	100%
Support to The Akshay Patra Foundation for providing mid-day meals to underprivileged children in Jigani	50	100%
Notebooks distribution at nearby government schools of Jigani	50	100%
Infrastructure related support to Government High School, Devangapete	50	100%
Support to Twin Glacier Foundation towards infrastructure development of the foundation		100%
Donation of medicines in the Arogya Mela organised at Jigani	50	100%
Support to IAHV for Menstrual Health and Hygiene Awareness Workshop for women and adolescent girls	100	100%
Support to IAHV for the Yallammanadoddi Lake Development Project	500	100%
Support to IAHV for the afforestation project at Tetvali, Rabale	NA	-
Tree plantation by employees at Tetvali, Rabale	NA	-
Contribution to WWF India towards conservation of KNP wetlands	NA	-
Support to Jan Jagrati Sevarth Sansthan towards school development at Rajasthan	100	100%
Support to Raginiben Bipinchandra Sevakarya Trust towards higher educational services	50	100%
Support to 45 girl children of Rukmabai Balikashram in Nandurbar	45	100%
Support Mayank Chapekar's Training & Participation in International Competitions	1	100%
Support to KARMAPUTRA CHERITABLE TRUST towards helping the disadvantaged section of the society	25	100%
Support to Ummeed for their Autism Intervention Programmes for parents and caregivers [Ummeed Parent Programme on Autism (UPPA)]	30	100%
Support to Help Care Society with 100 wheelchairs for physically impaired children	100	100%
Support to Omkar Andh-Apang Samajik Sanstha towards the upliftment of 2522 underprivileged members of the trust	2,522	100%
Support to the Jimmy S Billimoria Foundation towards palliative care services	45	100%
Support towards literature by sponsoring publication of Pepita Seth's book	1	100%
Support to Jnanapravaha towards courses in Indian art & literature	NA	-
Support to Mehli Mehta Music Foundation towards music education	NA	-
Support to Chhatrapati Maharaj Vastu Sangrahalaya towards preservation of art & heritage	NA	-
Support to the NCPA towards music education	NA	-
Support to Tata Literature Live for The Mumbai LitFest towards promoting Indian art & literature	NA	-
Support to The Marg Foundation towards promoting Indian art & literature	NA	-



CSR Projects	No. of persons benefitted from CSR project	Percentage of beneficiaries from vulnerable and marginalised groups
Support to Museum of Art & Photography (MAP) at Bangalore towards preservation of art & heritage	NA	-
Support to IAHV for improvement of Kambale Tarf ZP school infrastructure - Phase 2	45	100%
Support to IAHV for improvement of Kondivate ZP school infrastructure - Phase 2	68	100%
Support to IAHV for improvement of Nigade ZP school infrastructure - Phase 2	47	100%
Support to IAHV for improvement of Bhave ZP school infrastructure - Phase 2	57	100%
Support to IAHV for providing glasswares for chemistry lab at ZP school, Varandh	127	100%
Support to IAHV towards Youth Leadership at Sutarkond, Mahad	60	100%
Support to IAHV for Menstrual Health and Hygiene Awareness Workshop for 250 women at 5 villages - Bhave, Kamble, Nigade, Kondivate, Vanikond	250	100%
Support to IAHV for the water distribution pipeline work at the Sutarkond village, Mahad	800	100%
Supported Chaitanya Seva Sanstha towards social upliftment of villages in Mahad	250	100%
Supported the Mahad Manufactures Association Vitthai Dialysis Center to help people suffering from kidney related ailments	15	100%
CSR contribution for Police Welfare Fund - Raigad District for various Police Welfare Schemes	10	100%
Support to the Bharuch Collectorate for rejuvenating 25 water bodies in 25 villages in Bharuch under the "Amrit Sarowar" scheme of Gujarat Government	1000	100%
Sponsorship of educational fees for Sahil Tailor and Kartik Panchal	2	100%
Contribution to Seva Yagna Samiti towards providing emergency medical services to the underprivileged	50	100%
Sponsorship to Brahamakumaris Center, Bharuch for stress free living seminar cum workshop	45	100%
Support to IAHV for Menstrual Health and Hygiene Awareness Workshop for 100 women and adolescent girls at Umarwada Village	100	100%
Distribution of lunch at an old age home in Panoli	20	100%
Support to IAHV towards construction of Community Hall at Umarwada village at Panoli	200	100%
Support to IAHV towards infrastructure development of the Dattawadi Nere ZP School	68	100%
Support to IAHV for Menstrual Health and Hygiene Awareness Workshop for 100 anganwadi sevika and govt school students at Nere, Pune	100	100%
Support to IAHV towards infrastructure development of the ZP school at Ghot camp, Taloja	57	100%
Support to Aai Day Care for sponsorship of 15 children with special needs	15	100%
Support to Aai Day Care for organising district level sports competition for children with special needs	45	100%
Support to IAHV for Menstrual Health and Hygiene Awareness Workshop for 100 women and adolescent girls	100	100%
Support to the Manus Foundation towards healthcare needs of the underprivileged	60	100%
Support towards sponsorship for kabbadi matches in the village	24	100%
Support to Gavdevi Samajik Sanstha towards social upliftment work for the Ghot camp society	150	100%

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

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

This is not applicable, as we are into institutional sales and not selling any product directly in the retail market. However, we have defined systems in place for the customer complaint management. Once we receive a complaint in our system, immediately an investigator will be assigned to address the concern and undertake the root cause analysis. Necessary corrective actions are implemented to rectify the issue and we provide an update about the cause and corrective actions implemented to our customers in a time-bound manner.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	-
Safe and responsible usage	100%
Recycling and/or safe disposal	-

Yes, all our products are properly labelled with adequate details in accordance with the applicable statutory and customer requirements. We provide safety data sheets which contain all the necessary information about the safe handling of the products.

3. Number of consumer complaints in respect of the following:

	FY 2023 Current Financial Year		Remarks	FY 2022 Previous Financial Year		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	Nil	Nil	Not applicable	Nil	Nil	Not applicable
Advertising	Nil	Nil	Not applicable	Nil	Nil	Not applicable
Cyber-security	Nil	Nil	Not applicable	Nil	Nil	Not applicable
Delivery of essential services	Nil	Nil	Not applicable	Nil	Nil	Not applicable
Restrictive Trade Practices	Nil	Nil	Not applicable	Nil	Nil	Not applicable
Unfair Trade Practices	Nil	Nil	Not applicable	Nil	Nil	Not applicable
Other	8	4	4 complaints are under investigation.	45	0	All the complaint are resolved. These complaints are related to operational issues such as quality, transportation, etc.



4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls	Nil	Not applicable
Forced recalls	Nil	Not applicable

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Hikal has the policy to address cyber security and risks related to data privacy, which is accessible to all employees in the company's internal portal.

To strengthen cyber security and data privacy, the Company has implemented multi-layered security solutions in the IT systems to prevent any direct exposure or vulnerability to cyber- attacks. The multi-layered solutions consist of an E-mail gateway, antivirus-spam-anti phishing security solution, EDR solution with ATP Engines, antivirus and zero-day attack protection for all the end-user devices and servers. In addition, there are multi-factor authentication mechanisms with OTP for all servers and best-in-class web-security solutions for internet access.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re- occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products /services.

Not applicable

Leadership Indicators

1. Channels/platforms where information on products and services of the entity can be accessed (provide web link, if available).

We have a dedicated page on our Company's website that provide information about the products and services. The website links for Pharmaceuticals and Crop Protection products are:

Pharmaceuticals: <https://www.hikal.com/page/apis-and-intermediates>

Crop Protection: <https://www.hikal.com/page/overview#capabilities>

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

We have quality agreements with customers where we provide detailed information about the products. All our consignments have adequate labels, safety instructions and product information in accordance with the statutory requirements.

Business Responsibility and Sustainability Report FY 2022-23 (Contd.)

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

This is not applicable as we are into institutional sales and not selling any product directly in the retail market. However, we have defined mechanisms to inform our customers about any major change or risk, which may disrupt the supply of essential services. During the financial year 2022-23, no such instance was reported.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief.

Yes, all our products (containers/drums) are properly labelled with adequate details in accordance with the applicable statutory and customer requirements. We believe in fair disclosures and maintaining transparency about our products. To ensure safe handling of products, all our consignments have safety instructions sheets as well.

Did your entity carry out any survey with regard to consumer satisfaction relating to the major products/services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Yes, we take regular feedback from our customers to improve our services and fulfill their expectations. We evaluate customer feedback forms periodically to assess the level of customer satisfaction. In addition, our business teams have regular review meetings with our major customers to address their concerns and identify areas for further enhancing our services.

5. Provide the following information relating to data breaches:**a. Number of instances of data breaches along-with impact:**

Nil, there were no instances of data breaches during the reporting period.

b. Percentage of data breaches involving personally identifiable information of customers:

Not applicable



Independent Auditor's Report

To the Members of Hikal Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Hikal Limited ("the Company"), which comprise the Balance sheet as at 31 March 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, its profit including other comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and

the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Emphasis of Matter

We draw attention to note 49(A)(ii) of the standalone financial statements, as regards the ongoing investigations/actions by statutory authorities in relation to alleged non-compliance with certain environmental laws and regulations, and the litigation in respect thereof, the outcome of which is presently uncertain. Our opinion is not modified in respect of aforesaid matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements for the financial year ended 31 March 2023. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matter described below to be the key audit matter to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying standalone financial statements.

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition based on contracts with customers (as described in note 3.1 and 34 of the standalone financial statements)</p> <p>The Company recognises revenue when control of the goods is transferred to the customers at an amount that reflects the net consideration, which the Company is entitled to receive for those goods from customers.</p> <p>Revenue from sale of products is recognised based on terms and conditions, which vary amongst different customers. There is a risk of revenue being overstated on account of variation in the timing of transfer of control and due to the pressure management may feel to achieve performance targets at the reporting period-end.</p> <p>The recognition and measurement of such revenue is also based on the terms of sales arrangement/contracts, which involves management judgement and estimation in respect of price adjustments that create complexities for determining sales revenues.</p> <p>Considering the above factors and the risk associated with recognition of such revenue, we have determined the same to be a key audit matter.</p>	<p>As part of our audit procedures, we:</p> <ul style="list-style-type: none"> • Read the Company's accounting policy for revenue recognition and assessed its compliance with 115 'Revenue from contracts with customers; • Assessed the design and tested the operating effectiveness of internal financial controls related to sale of goods; • Performed sample tests of individual sales transactions and price adjustments and traced to sales invoices, sales orders, shipping documents and debit/credit notes; • Selected sample of sales transactions made pre and post year-end, agreed the period of revenue recognition to underlying documents such as sales invoices, sales orders and shipping documents; • Read and assessed the relevant disclosures made within the standalone financial statements.

Independent Auditor's Report

Other Information

The Company's Board of Directors is responsible for the Other Information. Other Information comprises the information included in the annual report including report of the board of directors, but does not include the standalone financial statements and our auditor's report thereon. The Annual Report including report of the board of directors is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.



Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended 31 March 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards

specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

- (e) On the basis of the written representations received from the directors taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) The matter described in Emphasis of Matter above, in our opinion, may have an adverse effect on the functioning of the Company;
- (g) With respect to the adequacy of the internal financial controls of the Company with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (h) In our opinion, the managerial remuneration for the year ended 31 March 2023 has been paid/provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act;
- (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in note 49(A) to the standalone financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. a) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 66 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the

Independent Auditor's Report

- Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 67 to the standalone financial statements, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

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

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

- vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under this clause is not applicable.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Vinayak Pujare

Partner

Membership Number: 101143

UDIN: 23101143BGYWNC4880

Place of Signature: Mumbai

Date: 29 May 2023



Annexure 1 referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date on the standalone financial statements of Hikal Limited

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

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangibles assets.
- (b) All Property, Plant and Equipment have not been physically verified by the management during the year, but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right-of-use assets) or intangible assets during the year ended 31 March 2023.
- (e) There are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The management conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (b) As disclosed in note 27 to the standalone financial statements, the Company has been sanctioned working capital limits in excess of ₹ five crores in aggregate from banks during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly returns/ statements filed by the Company with such banks and financial institutions are in agreement with the books of account of the Company.
- (iii) (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantor or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.
- (b) During the year the Company has made investments. The Company has not provided guarantees or security and had not granted any loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties.
- (c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company.
- (d) The Company has not granted loans or advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(d) of the Order is not applicable to the Company.
- (e) There were no loans or advances in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.
- (f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.
- (iv) The Company has not granted any loans, or provided any guarantees or security to the parties covered under Section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act in respect of the investments made.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of Sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, related to manufacture of products of the Company and are of the opinion that *prima facie*, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

Independent Auditor's Report

- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, sales-tax, service-tax, duty of customs, Goods and Services Tax, duty of excise, value added tax, income tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, service-tax, Goods and Services Tax, sales-tax, duty of customs, value added tax, income tax, cess and other material statutory dues were outstanding, at the year-end, for a period of more than six months from the date they became payable.
- (b) According to the records of the Company, the dues outstanding as of the balance sheet date, of income-tax, sales-tax, service-tax, duty of customs, duty of excise, value added tax, goods and services tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount Unpaid* (₹ in million)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax	92.84	FY 2009-10 and FY 2010-11	Income Tax Appellate Tribunal
The Income Tax Act, 1961	Income Tax	199.39	FY 2009-10, FY 2013-14, FY 2016-17 to FY 2019-20	Commissioner of Income Tax (Appeals)
The Central Excise Act, 1944	Excise Duty	33.93	July 2007 to December 2011	Customs, Excise and Service Tax Appellate Tribunal, Bangalore

Refer Note 49(A)(ii) to the standalone financial statements.

*Net of amount paid under protest and excludes interest and penalties.

- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- (c) Term loans availed by the Company were applied for the purposes for which the loans were obtained.
- (d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised any money during the year by way of initial public offer/further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares/fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year except for the possible effects, if any, of the matter stated in the 'Emphasis of Matter' paragraph of our report, which we are unable to comment upon.
- (b) During the year, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT - 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle-blower complaints received by the Company during the year.



- (xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirements to report on clause 3(xii)(a), 3(xii)(b), 3(xii)(c), of the Order are not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards.
- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) The provisions of Section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.
- (b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause (xvi)(c) of the Order is not applicable to the Company.
- (d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year respectively.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in note 59 to the financial statements, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of Section 135 of the Act. This matter has been disclosed in note 52 to the standalone financial statements.
- (b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of Section 135 of Companies Act. This matter has been disclosed in note 52 to the standalone financial statements.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Vinayak Pujare

Partner

Membership Number: 101143

UDIN: 23101143BGYWNC4880

Place of Signature: Mumbai

Date: 29 May 2023

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

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

We have audited the internal financial controls of Hikal Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls (the "Guidance Note") and the Standards on Auditing as specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial

controls with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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 is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these standalone financial statements.

Meaning of Internal Financial Controls with Reference to these Standalone Financial Statements

A company's internal financial control with reference to these standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to these standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with

authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to these Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to these standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to these standalone financial statements to future periods are subject to the risk that the internal financial control with reference to these standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to these standalone financial statements and such internal financial controls with reference to these standalone financial statements were operating effectively as at 31 March 2023, based on the internal control criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Vinayak Pujare

Partner

Membership Number: 101143

UDIN: 23101143BGYWNC4880

Place of Signature: Mumbai

Date: 29 May 2023

Standalone Balance Sheet

As at 31 March 2023

(Currency: Indian Rupees in million)

	Note	As at 31 March 2023	As at 31 March 2022
ASSETS			
Non-current assets			
Property, plant and equipment	4	8,853.10	8,147.48
Capital work-in-progress	4	4,020.75	2,851.83
Right-of-use assets	5	628.84	640.27
Other intangible assets	6	1.20	6.89
Intangible assets under development	6	100.75	96.01
Financial Assets			
Investments	7	53.14	6.48
Loans	8	3.00	1.69
Others	9	186.67	146.81
Income tax assets (net)	10	20.21	20.21
Other non-current assets	11	597.05	570.70
Total non-current assets		14,464.71	12,488.37
Current assets			
Current Investment	12	-	102.68
Inventories	13	3,167.42	3,289.79
Financial Assets			
Trade receivables	14	4,417.82	4,377.20
Cash and cash equivalents	15	267.14	114.41
Bank balances other than cash and cash equivalents	16	328.19	376.50
Loans	17	2.40	3.08
Others	18	167.14	174.86
Other current assets	19	1,039.94	1,204.27
Total current assets		9,390.05	9,642.79
Total assets		23,854.76	22,131.16
EQUITY AND LIABILITIES			
Equity			
Equity share capital	20	246.60	246.60
Other equity			
Retained earnings		8,700.49	8,045.99
Other reserves	21	2,387.80	2,387.48
Total equity		11,334.89	10,680.07
Liabilities			
Non-current liabilities			
Financial Liabilities:			
Borrowings	22	4,898.79	2,866.81
Lease liability	23	-	2.23
Provisions	24	242.24	236.30
Deferred tax liabilities (net)	25	327.15	364.07
Other liabilities	26	436.40	290.02
Total non-current liabilities		5,904.58	3,759.43
Current liabilities			
Financial liabilities:			
Borrowings	27	2,580.75	3,877.57
Lease liability	28	2.30	3.56
Trade payables	29		
- Total outstanding dues of Micro Enterprises and Small Enterprises		504.66	449.98
- Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		2,627.77	2,040.55
Other financial liabilities	30	488.06	683.84
Other current liabilities	31	236.88	481.89
Provisions	32	35.13	31.38
Income tax liabilities (net)	33	139.74	122.89
Total current liabilities		6,615.29	7,691.66
Total liabilities		12,519.87	11,451.09
Total equity and liabilities		23,854.76	22,131.16

Significant accounting policies

1-3

Accompanying notes form an integral part of the Standalone Financial Statements.

As per our report of even date

For **S R B C & CO LLP****Chartered Accountants**

ICAI Firm's Registration No: 324982E/E300003

For and on behalf of the Board of Directors of

Hikal Limited

CIN: L24200MH1988PTC048028

per Vinayak Pujare**Partner**

Membership No: 101143

Jai Hiremath**Executive Chairman**

DIN: 00062203

Sameer Hiremath**Managing Director and CEO**

DIN: 00062129

Kannan K. Unni**Director**

DIN: 00227858

Canada

29 May 2023

Kuldeep Jain**Chief Financial Officer**

Mumbai

29 May 2023

Rajasekhar Reddy**Company Secretary**

Mumbai

29 May 2023

Mumbai
29 May 2023



Standalone Statement of Profit and Loss

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

	Note	For the year ended 31 March 2023	For the year ended 31 March 2022
Income			
Revenue from operations	34	20,230.30	19,427.21
Other income	35	54.10	48.90
Total income		20,284.40	19,476.11
Expenses			
Cost of materials consumed	36	11,215.89	10,322.11
Changes in inventories of finished goods and work-in-progress	37	(145.57)	(358.23)
Employee benefit expenses	38	2,204.04	2,013.50
Finance costs	39	481.01	312.18
Depreciation and amortisation expense	40	1,090.13	956.69
Other expenses	41	4,385.32	4,044.17
Total expenses		19,230.82	17,290.42
Profit before tax		1,053.58	2,185.69
Tax expense			
Current tax	42	304.75	596.50
Deferred tax	43	(34.92)	(15.90)
Total tax expense		269.83	580.60
Profit for the year		783.75	1,605.09
Other comprehensive income (OCI)			
(i) Items that will not be reclassified to standalone statement of profit and loss			
Loss/(Gain) on remeasurement of defined employee benefit plans		(8.06)	15.95
Gain on change in fair values of investments in equity shares carried at fair value through OCI		0.43	0.27
(ii) Income tax relating to items that will not be reclassified to standalone statement of profit and loss		2.00	(4.16)
Other comprehensive income for the year, (net of income tax)		(5.63)	12.06
Total comprehensive income for the year		778.12	1,617.15
Earnings per equity share (for nominal value per equity share of ₹2)			
Basic and Diluted	44	6.36	13.02

Significant accounting policies

The notes referred to above form an integral part of Standalone Financial Statements.

1-3

As per our report of even date

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm's Registration No: 324982E/E300003

For and on behalf of the Board of Directors of

Hikal Limited

CIN: L24200MH1988PTC048028

per Vinayak Pujare

Partner

Membership No: 101143

Jai Hiremath

Executive Chairman

DIN: 00062203

Sameer Hiremath

Managing Director and CEO

DIN: 00062129

Kannan K. Unni

Director

DIN: 00227858

Canada

29 May 2023

Kuldeep Jain

Chief Financial Officer

Mumbai

29 May 2023

Rajasekhar Reddy

Company Secretary

Mumbai

29 May 2023

Mumbai

29 May 2023

Standalone statement of changes in equity

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

(a) Equity share capital

	No. of shares	Amount
Balance as at 1 April 2021	123.30	246.60
Changes in equity share capital during financial year 2021-22	-	-
Balance as at 31 March 2022	123.30	246.60
Changes in equity share capital during financial year 2022-23	-	-
Balance as at 31 March 2023	123.30	246.60

(b) Other equity

	Reserve and Surplus							Equity investments through other comprehensive income
	Capital reserve	Capital redemption reserve	Securities premium	State subsidy	Contingency reserve	General reserve	Retained earnings	
Balance as at 1 April 2021	0.44	509.82	64.72	5.50	30.00	1,779.56	6,700.30	(2.76)
Total comprehensive income for the year ended 31 March 2022								
Profit for the year	-	-	-	-	-	-	1,605.09	-
Items of OCI for the year, net of tax								
Gain/(loss) on remeasurement of defined employee benefit plans	-	-	-	-	-	-	11.86	-
Gain/(loss) on change in fair values of investments in equity shares carried at fair value through OCI	-	-	-	-	-	-	-	0.20
Total comprehensive income	-	-	-	-	-	-	1,616.95	0.20
Transaction with owners in their capacity as owners, recorded directly in equity								
Dividend	-	-	-	-	-	-	(271.26)	-
Balance as at 31 March 2022	0.44	509.82	64.72	5.50	30.00	1,779.56	8,045.99	(2.56)
Total comprehensive income for the year ended 31 March 2023								
Profit for the year	-	-	-	-	-	-	783.75	-
Items of OCI for the year, net of tax								
Gain/(loss) on remeasurement of defined employee benefit plans	-	-	-	-	-	-	(5.95)	-
Gain/(loss) on change in fair values of investments in equity shares carried at fair value through OCI	-	-	-	-	-	-	-	0.32
Total comprehensive income	-	-	-	-	-	-	777.80	0.32
Transaction with owners in their capacity as owners, recorded directly in equity								
Dividends	-	-	-	-	-	-	(123.30)	-
Balance as at 31 March 2023	0.44	509.82	64.72	5.50	30.00	1,779.56	8,700.49	(2.24)

As per our report of even date
For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm's Registration No: 324982E/E300003

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

per Vinayak Pujare
Partner
Membership No: 101143

Jai Hiremath
Executive Chairman
DIN: 00062203

Sameer Hiremath
Managing Director and CEO
DIN: 00062129

Kannan K. Unni
Director
DIN: 00227858
Canada
29 May 2023

Mumbai
29 May 2023

Kuldeep Jain
Chief Financial Officer
Mumbai
29 May 2023

Rajasekhar Reddy
Company Secretary
Mumbai
29 May 2023



Standalone Cash Flow Statement

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

	For the year ended 31 March 2023		For the year ended 31 March 2022
A. Cash flow from operating activities			
Profit before tax		1,053.58	2,185.69
Adjustments:			
Depreciation and amortisation	1,090.13		956.69
Finance costs	481.01		312.18
Interest income	(19.56)		(17.55)
Loss/(gain) on sale of property, plant and equipment	6.96		(0.52)
Sundry balances written (back)/off	1.73		(3.56)
Provision for doubtful debts/advances	44.78		15.27
Change in fair value of current investment	-		(2.30)
Provision /Written off of inventory	40.04		11.40
Profit on sale of investment	(13.23)		(1.40)
Unrealised foreign exchange loss/gain	(0.52)		(7.51)
		1,631.34	1,262.70
Operating cash flow before working capital changes		2,684.92	3,448.39
(Increase)/Decrease in trade receivables	(66.85)		469.10
Decrease/(Increase) in loans and advances and other assets	208.87		(564.68)
Decrease/(Increase) in inventories	82.33		(634.20)
Increase in trade payables	649.38		193.52
(Decrease)/Increase in provisions and other liabilities	(117.73)		723.20
		756.00	186.94
Cash generated from operations		3,440.92	3,635.33
Income tax paid		(287.99)	(698.00)
Net cash flows generated from operating activities (A)		3,152.93	2,937.33
B. Cash flow from investing activities			
Purchase of property, plant and equipment and intangible assets	(3,026.20)		(2,733.14)
Proceeds from sale of property, plant and equipment	5.73		2.69
Purchase of current investments	-		(180.38)
Purchase of non-current investment	(46.23)		-
Proceeds from sale of investment	115.86		81.40
Interest received	18.99		16.93
Decrease/(Increase) in other bank balances (includes margin money account)	8.45		(31.21)
Net cash flows (used in) investing activities (B)		(2,923.40)	(2,843.71)

Standalone Cash Flow Statement

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

	For the year ended 31 March 2023		For the year ended 31 March 2022
C. Cash flow from financing activities			
Proceeds from long-term borrowings	2,900.00		1,350.00
Repayment of long-term borrowings	(1,212.27)		(887.13)
Repayments of/proceeds from short-term borrowings (net)	(992.84)		204.60
Finance costs paid (including interest on lease liability)	(644.90)		(448.75)
Payment of lease liability	(3.49)		(3.04)
Dividend paid on equity shares	(123.30)		(271.26)
Net cash flows (used in) financing activities (C)		(76.80)	(55.58)
Net increase in cash and cash equivalents (A+B+C)		152.73	38.04
Cash and cash equivalents at the beginning of the year, the components being			
Cash on hand		2.37	0.84
Balances with banks			
- Current accounts		96.84	66.97
- Exchange Earners Foreign Currency accounts		7.19	0.09
- Deposits accounts (having original maturity of 3 months or less)		8.01	8.47
		114.41	76.37
Cash and cash equivalents at the end of the year, the components being			
Cash on hand		2.03	2.37
Balances with banks			
- Current accounts		260.25	96.84
- Exchange Earners Foreign Currency accounts		-	7.19
- Deposits accounts (having original maturity of 3 months or less)		4.86	8.01
		267.14	114.41
Net increase as disclosed above (A+B+C)		152.73	38.04

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'.
- For changes in liability arising from financing activity refer note 22

Significant accounting policies

The notes referred to above form an integral part of Standalone Financial Statements.

1-3

As per our report of even date

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm's Registration No: 324982E/E300003

For and on behalf of the Board of Directors of

Hikal Limited

CIN: L24200MH1988PTC048028

per Vinayak Pujare

Partner

Membership No: 101143

Jai Hiremath

Executive Chairman

DIN: 00062203

Sameer Hiremath

Managing Director and CEO

DIN: 00062129

Kannan K. Unni

Director

DIN: 00227858

Canada

29 May 2023

Mumbai
29 May 2023

Kuldeep Jain

Chief Financial Officer

Mumbai

29 May 2023

Rajasekhar Reddy

Company Secretary

Mumbai

29 May 2023



Notes to the Standalone Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

1(a) Company Overview

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

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

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

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

1(b) Statement of compliance

These standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III). The standalone financial statements for the year ended 31 March 2023 were approved by the Board of Directors and authorised for issue on 29 May 2023.

2 Significant accounting policies

2.1 Basis of preparation

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

These financial statements have been prepared on accrual and going concern basis.

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 the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities (including derivatives instruments)	Fair value
Net defined benefit (asset)/ liability	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.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a) Property, plant and equipment

Useful lives of tangible assets are based on the estimates made by the management. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

b) Recognition and measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

Notes to the Standalone Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

c) Impairment allowance of trade receivables (allowance for bad and doubtful debts)

The Company makes allowances for doubtful debts based on an assessment of the recoverability of trade and other receivables. The identification of doubtful debts requires use of judgements and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

d) Allowances for inventories

Management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow-moving items. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

e) Revenue from development contract

In respect of development contracts, the Company uses an input method in measuring progress of the development project because there is a direct relationship between the Company effort (i.e. based on the labour hours incurred, raw material consumed) and the transfer of service to the customer. The Company recognises revenue on the basis of the labour hours expended and raw material consumed relative to the total expected labour hours and raw material consumption to complete the development project.

f) Recognition of deferred tax assets

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

2.5 Measurement of fair values

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

The Company has an established control framework with respect to the measurement of fair values, which includes overseeing all significant fair value measurements,

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

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

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

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

3 Significant accounting policies

3.1 Revenue from contract with customer

i. Sale of goods

Revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those goods.

Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer which is usually on dispatch/delivery.

Revenue is measured based on the transaction price, which is the consideration, adjusted for rebates and discounts, price adjustments and returns, if any, as specified in the contracts with the customers. Revenue excludes taxes collected from customers on behalf of the government.

Due to short nature of credit period given to customers there is no financing component in the contract.

Notes to the Standalone Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

ii. Sale of Services

Revenue from development and other services are recognised over time because the customer simultaneously receives and consumes the benefits provided to them. The Company uses an input method in measuring progress of the services because there is a direct relationship between the Company effort (i.e. based on the labour hours incurred, raw material consumed) and the transfer of service to the customer. The Company recognises revenue on the basis of the labour hours expended and raw material consumed relative to the total expected labour hours and raw material consumption to complete the service.

iii. Export entitlements

Export entitlements from Government authorities are recognised in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Company, and where there is no significant uncertainty regarding the ultimate collection/determination of amounts of the relevant export proceeds.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the company performs under the contract (i.e. transfers control of the related goods or services to the customer).

3.2 Other Income

i. Interest Income

Interest income is recognised using the effective interest method as set out in Ind AS 109 – Financial Instruments: Recognition and Measurement, when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

ii. Dividend Income

Dividend income is recognised when right to receive payment is established and it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably.

3.3 Foreign currency

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 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 the statement of profit and loss.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous Financial Statements are recognised in the Standalone Statement of Profit and Loss in the period in which they arise. When a gain or loss on a non-monetary item is recognised in Other Comprehensive Income, any exchange component of that gain or loss is recognised in Other Comprehensive Income. Conversely, when a gain or loss on a non-monetary item is recognised in Standalone Statement of Profit and Loss, any exchange component of that gain or loss is recognised in Standalone Statement of Profit and Loss.

Notes to the Standalone Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

3.4 Employee benefits

Short-term employee benefits

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

Post employment employee benefits

i. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

The Company makes specified monthly contributions to Provident fund, Employee State Insurance and Labour Welfare Fund and are recognised as an employee benefit expense in the statement of profit and loss on an accrual basis.

Contribution to Superannuation Fund, a defined contribution scheme, administered by Life Insurance Corporation of India, based on a specified percentage of eligible employees' salary

ii. Defined benefit plans

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

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

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by

applying the discount rate, used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined liability (asset) after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to gratuity benefit scheme are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Gratuity

The Company has an obligation towards gratuity, a defined benefit scheme covering eligible employees. The Company accounts for gratuity benefits payable in future based on an independent actuarial valuation method as stated above. Gratuity for staff at Panoli plant is funded through group gratuity insurance scheme of the Life Insurance Corporation of India ('LIC').

Other long-term employee benefits

The Company's net obligation in respect of compensated absences such as paid annual leave, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method, as at the date of the Balance Sheet. Actuarial gains or losses comprising of experience adjustments and the effects of changes in actuarial assumptions are immediately recognised in the statement of profit and loss.

3.5 Income tax

Income tax expense comprises current and deferred tax. It is recognised in the standalone statement of profit and loss or items recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates enacted or substantively enacted by the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and current tax liabilities are offset only if, the Company:

Notes to the Standalone Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

- 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.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment.

The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

ii. Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- i) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- i) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- ii) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Company offsets deferred tax assets and deferred tax 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 taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.6 Inventories

a) Measurement of Inventory

The Company measures its inventories at the lower of cost and net realisable value.

b) Cost of Inventories

The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates

Notes to the Standalone Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

and other similar items are deducted in determining the costs of purchase.

The costs of conversion of inventories include costs directly related to the units of production and a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods.

Other costs are included in the cost of inventories only to the extent that they are incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned by weighted average cost formula. The Company uses the same cost formula for all inventories having a similar nature and use to the Company.

c) Net realisable value

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Net realisable value is ascertained for each item of inventories with reference to the selling prices of related finished products.

The practice of writing inventories down below cost to net realisable value is consistent with the view that assets should not be carried in excess of amounts expected to be realised from their sale or use. Inventories are usually written down to net realisable value item by item.

Estimates of net realisable value of finished goods and stock-in-trade are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when a decline in the price of materials indicates that the cost of the finished products exceeds net realisable value, the materials are written down to net realisable value.

Amount of any reversal of write-down of inventories shall be recognised as an expense as when the event occurs. A new assessment is made of net realisable value in each subsequent period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed. Amounts such reversed shall be recognised as a reduction in the amount of inventories and as an expense in the period in which reversal occurs.

d) Valuation of Spare parts, stand-by equipments and servicing equipments

Spare parts, stand-by equipment and servicing equipment are recognised as Property, Plant and Equipment if and only if it is probable that future economic benefits associated with them will flow to the Company and their cost can be measured reliably. Otherwise such items are classified and recognised as Inventory.

3.7 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:

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



Notes to the Standalone Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

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

The residual value and the useful life of an asset is reviewed at least at each financial year-end. Depreciation is calculated using the straight-line method on cost of items of property, plant and equipment less their estimated residual values over the estimated useful lives prescribed under Schedule II of the Act.

In case of Ships, based on internal assessment and technical evaluation carried out, management believes that the useful life is 30 years, which is higher and different from the useful life of 20 years as prescribed under Part C of Schedule II of the Act.

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

Tangible Assets	Life defined	Useful life as per Schedule II
Buildings	30-60	30-60
Plant and equipment	10-20	10-20
Electrical equipment and installation	10	10
Office equipment	5	5
Computers	3	3
Furniture and fixtures	10	10
Vehicles	8	10
Ships	30	20

Leasehold improvements amortised over the primary period of lease.

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

3.8 Borrowing costs

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

The Company has opted option available in Para D13AA of Ind AS 101 to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP i.e. capitalisation foreign exchange difference pursuant to para 46A of AS 11 'The Effects of Changes in Foreign Exchange Rates' vide notification dated 29 December 2011 by Ministry of Corporate Affairs (MCA).

3.9 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 the statement of profit and loss as incurred.

Notes to the Standalone Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is included in depreciation and amortisation in the statement of profit and loss.

Other intangible assets are amortised over the estimated useful lives as given below:

- Computer Software 5 years

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

3.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

i. Recognition and initial measurement

Trade receivables and debt securities 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.

All financial assets are measured subsequently at either amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss, depending on the classification of the financial assets.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under standard on revenue from contracts with customers. Refer to the accounting policies for revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to contractual cash flows that are 'solely payments of principal and interest (SPPI)'; on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the 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:

Notes to the Standalone Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

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

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

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

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

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

Financial assets: Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning

contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

iii. Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit and loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in the statement of profit and loss.

Notes to the Standalone Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity instrument measured at FVOCI not reported separately from other changes in fair value.

iv. Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised."

v. Impairment of financial assets

Trade Receivable and Contract asset

The Company applies a simplified approach in calculating ECL's. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL's at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the asset and the economic environment.

Further disclosures relating to impairment of financial assets are provided in Note no 14 - Trade Receivables.

b) Financial liabilities

i. Recognition and initial measurement

All financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is initially measured at fair value. In the case of financial liabilities which are

recognised at fair value through profit and loss (FVTPL), the transaction costs are recognised in the statement of profit and loss. In other cases, the transaction costs are attributed to the acquisition or issue of financial liability.

ii. Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in the statement of profit and loss.

iii. Derecognition

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the statement of profit and loss.

iv. Offsetting

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

c) Investment in subsidiaries

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



Notes to the Standalone Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

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 or disclosure is made.

3.12 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i. Right-of-use Assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold Land	90 to 99 years
Buildings	9 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option,

depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 3.13 Impairment of non-financial assets.

ii. Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

iii. Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a non cancellable lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Notes to the Standalone Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

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 recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

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

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

3.14 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 anti dilutive.

3.16 Dividend

The Company recognises a liability to pay dividend to equity holders of the parent when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

The final dividend on shares is recorded as a liability on the date of approval by the shareholders.

Interim dividend are recorded as a liability on the date of declaration by the Company's Board.

The Company declares and pay dividends in Indian Rupees. Companies are required to pay/distribute dividend after deducting applicable taxes. The remittance of dividends outside India is governed by Indian law on foreign exchange and is also subject to withholding tax at applicable taxes. Further disclosure relating to dividend refer Note No. 21(C)-Dividends.

3.17 Current/non-current classification

An entity shall classify an asset as current when–

- (a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- (b) it holds the asset primarily for the purpose of trading;
- (c) it expects to realise the asset within twelve months after the reporting period; or
- (d) the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify a liability as current when–

- (a) it expects to settle the liability in its normal operating cycle;
- (b) it holds the liability primarily for the purpose of trading;
- (c) the liability is due to be settled within twelve months after the reporting period; or
- (d) it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.



Notes to the Standalone Financial Statements

For the year ended 31 March 2023

Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

Deferred tax Assets and Liabilities are classified as non-current assets and liabilities

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 identified its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

3.18 Recent Accounting Pronouncements

Standard notified but not yet effective

Recent accounting pronouncements The Ministry of Corporate Affairs (MCA) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 March 2023, MCA amended the Companies

(Currency: Indian Rupees in million)

(Indian Accounting Standards) Amendment Rules, 2023, as below: Ind AS 1, Presentation of Financial Statements – This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the standalone financial statements.

Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors – This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Company has evaluated the amendment and there is no impact on its Standalone financial statements.

Ind AS 12, Income Taxes – This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Company has evaluated the amendment and there is no impact on its Standalone financial statements.

Notes to the Standalone Financial Statements

As at 31 March 2023

(Currency: Indian Rupees in million)

4. Property, Plant and Equipment

Description	Gross Block				Accumulated Depreciation			Net Block		
	As at 1 April 2022	Additions	Deductions	Adjustment of exchange difference on borrowing	As at 31 March 2023	As at 1 April 2022	Charge for the year	Deductions	As at 31 March 2023	As at 31 March 2022
Freehold land	582.10	-	-	-	582.10	-	-	-	582.10	582.10
Buildings	1,914.90	171.09	-	-	2,085.99	406.29	78.98	-	1,600.72	1,508.61
Plant and machinery	10,006.13	1,542.44	33.44	14.73	11,529.86	4,266.02	933.24	20.75	6,351.35	5,740.11
Electrical equipments and installations	251.46	25.89	-	-	277.35	99.18	20.04	-	158.13	152.28
Office equipments	153.05	17.74	-	-	170.79	102.67	21.94	-	46.18	50.38
Furniture and fixtures	129.36	19.24	-	-	148.60	66.16	11.32	-	71.12	63.20
Leasehold improvements	5.58	-	-	-	5.58	3.36	0.56	-	1.66	2.22
Vehicles	53.53	-	-	-	53.53	29.80	4.95	-	18.78	23.73
Ships	35.75	-	-	-	35.75	10.90	1.79	-	23.06	24.85
Total	13,131.86	1,776.40	33.44	14.73	14,889.55	4,984.38	1,072.82	20.75	6,036.45	8,147.48
Capital work-in-progress									4,020.75	2,851.83

Notes to the Standalone Financial Statements

As at 31 March 2023

(Currency: Indian Rupees in million)

4. Property, plant and equipment (Previous year)

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

Notes:

- Exchange differences (loss) of ₹14.73 million (P.Y. loss ₹12.17 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).
- Refer note 22 and 27 for details of assets hypothecated/mortgaged as security against borrowings.
- Refer note 56 for details of revenue expenditure capitalised.

Notes to the Standalone Financial Statements

AS at 31 March 2023

(Currency: Indian Rupees in million)

4. Property, Plant and Equipment (Contd.)

a) For Capital work-in progress, ageing schedule

Amount of Capital work-in progress as on 31 March 2023

Particulars	<1 year	1-2 years	2-3 years	More than 3 years	Total
- Projects in Process	2,784.79	1,227.28	4.59	4.09	4,020.75
- Projects temporarily suspended	-	-	-	-	-

Amount of Capital work-in progress as on 31 March 2022

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

b) (i) For Capital Work-in Progress, whose completion is overdue or has exceeded the cost compared to its original value as on 31 March 2023

Particulars	To be completed in				
	<1 year	1-2 years	2-3 years	More than 3 years	Total
Crop Projects	2,204.12	-	-	-	2,204.12
Pharma Projects	980.72	-	-	-	980.72
Total	3,184.84	-	-	-	3,184.84

b) (ii) For Capital work-in progress, whose completion is overdue or has exceeded the cost compared to its original value as on 31 March 2022

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

5. Right-of-use assets

Description	Gross Block				Accumulated Depreciation				Net Block	
	As at 1 April 2022	Additions	Deductions	As at 31 March 2023	As at 1 April 2022	Charge for the year	Deductions	As at 31 March 2023	As at 31 March 2023	As at 31 March 2022
Leasehold land	691.71	-	-	691.71	54.79	9.28	-	64.07	627.64	636.92
Buildings	11.06	-	-	11.06	7.71	2.15	-	9.86	1.20	3.35
Total	702.77	-	-	702.77	62.50	11.43	-	73.93	628.84	640.27

5. Right-of-use assets (Previous year)

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



Notes to the Standalone Financial Statements

As at 31 March 2023

(Currency: Indian Rupees in million)

6. Other intangible assets

Description	Gross Block				Accumulated Depreciation				Net Block	
	As at 1 April 2022	Additions	Deductions	As at 31 March 2023	As at 1 April 2022	Charge for the year	Deductions	As at 31 March 2023	As at 31 March 2023	As at 31 March 2022
Computer software	43.34	0.19	-	43.53	36.45	5.88	-	42.33	1.20	6.89
Total	43.34	0.19	-	43.53	36.45	5.88	-	42.33	1.20	6.89
Intangible assets under development									100.75	96.01

6. Other intangible assets (Previous year)

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

a) For Intangible assets under development, ageing schedule

Amount of Intangible assets under development as on 31 March 2023

Particulars	<1 year	1-2 years	2-3 years	More than 3 years	Total
- Projects in Process	4.74	7.47	1.40	87.14	100.75
- Projects temporarily suspended	-	-	-	-	-

Amount of Intangible assets under development as on 31 March 2022

Particulars	<1 year	1-2 years	2-3 years	More than 3 years	Total
- Projects in Process	7.47	1.40	32.74	54.40	96.01
- Projects temporarily suspended	-	-	-	-	-

b) i) For Intangible assets under development, whose completion is overdue or has exceeded the cost compared to its original value as on 31 March 2023

Particulars	To be completed in				
	<1 year	1-2 years	2-3 years	More than 3 years	Total
Intangible assets under development	100.75	-	-	-	100.75

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

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

Notes to the Standalone Financial Statements

AS at 31 March 2023

(Currency: Indian Rupees in million)

7. Non-current investments

	As at 31 March 2023	As at 31 March 2022
Investments in equity instruments:		
A Unquoted		
i. Subsidiary company (at cost)		
Acoris Research Limited 15,050,080 Equity Shares of face value ₹10 each fully paid up (31 March 2022: 15,050,080 Equity Shares of face value ₹10 each fully paid up)	0.10	0.10
ii. Other investment		
(At fair value through other comprehensive income)		
2,23,164 (31 March 2022 : 2,23,164) Equity Shares of Rs. 10 each of Narmada Clean Tech (formerly known as Bharuch Eco Aqua Infrastructure Limited) fully paid-up	4.65	4.38
30,000 (31 March 2022: 30,000) Equity shares of ₹10 each of Panoli Enviro Technology Limited fully paid-up	0.08	0.08
14,494 (31 March 2022: 14,494) Equity shares of ₹100 each MMA CETP Co-operative Society Limited fully paid-up	1.91	1.81
16% (P.Y. 16%) equity shares of Jiangsu Chemstar Chemical Co Limited fully paid-up	0.01	0.01
33,60,000 (31 March 2022: Nil) Equity shares of ₹10 each of Equity Shares Radiance Mh Sunrise Four Private Limited fully paid-up	33.60	-
12,60,000 (31 March 2022: Nil) Equity shares of ₹10 each of Equity Shares Radiance Mh Sunrise Two Private Limited fully paid-up	12.60	-
Impairment in value of investment (in equity shares of Jiangsu Chemstar Chemical Co. Limited)*	(0.01)	(0.01)
B Quoted		
(At fair value through other comprehensive income)		
2,900 (31 March 2022: 2,900) Equity shares of ₹10 each of Union bank of India fully paid-up	0.20	0.11
Total non-current investments (A + B)	53.14	6.48
Aggregate amount of quoted investments	0.20	0.11
Aggregate market value of quoted investments	0.20	0.11
Aggregate amount of unquoted investments	52.95	6.38
Aggregate amount of impairment in value of investments	(0.01)	(0.01)
	53.14	6.48

*The Company has written off the value of ₹26.96 Million in investment in Jiangsu Chemstar Chemical Co Limited in the earlier year.

8. Loans

	As at 31 March 2023	As at 31 March 2022
<i>Unsecured and considered good</i>		
To other than related parties		
Loans to employees	3.00	1.69
	3.00	1.69

9. Other financial assets

	As at 31 March 2023	As at 31 March 2022
<i>Unsecured and considered good</i>		
To other than related parties unless otherwise specified		
Deposits with remaining maturity of more than 12 months	38.35	5.55
Security deposit to related parties	71.10	71.10
Security deposit	77.22	70.16
	186.67	146.81

Notes to the Standalone Financial Statements

As at 31 March 2023

(Currency: Indian Rupees in million)

10. Income tax assets (net)

	As at 31 March 2023	As at 31 March 2022
Income tax assets (net)	20.21	20.21
(Net of provision of ₹559.57 million (31 March 2022: 559.57 million))		
	20.21	20.21

11. Other non-current assets

	As at 31 March 2023	As at 31 March 2022
<i>Unsecured and considered good</i>		
To other than related parties		
Prepaid expenses	9.47	5.74
VAT/CST refund receivable	9.06	9.06
Balance with government authorities	305.53	347.88
Capital advances	272.99	208.02
	597.05	570.70

12. Current Investment

	As at 31 March 2023	As at 31 March 2022
Investment at fair value through Statement of Profit or Loss		
Investment in Mutual Funds (quoted)		
Aditya Birla Sunlife Savings fund - Growth Regular Plan (No. of units Nil (31 March 2022: 1,39,404.39) Face value of ₹100/- each)	-	61.38
Tata Money Market- Regular Plan - Growth (No. of units Nil (31 March 2022: 10908.54) Face value of ₹1000/- each)	-	41.30
	-	102.68

13. Inventories

	As at 31 March 2023	As at 31 March 2022
<i>Valued at the lower of cost and net realisable value</i>		
Raw materials (includes goods in transit of ₹52.41 million, 31 March 2022 ₹273.20 million)	1,360.01	1,632.11
Packing materials	8.62	11.14
Work-in-progress	776.38	660.98
Finished goods	828.69	798.52
Stores and spares	193.72	187.04
	3,167.42	3,289.79

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 at year end amounted to ₹148.06 million (31 March 2022: ₹118.02 million). The write down of inventories are included in cost of materials consumed or changes in inventories of finished goods and work-in-progress in the statement of profit and loss.

Notes to the Standalone Financial Statements

AS at 31 March 2023

(Currency: Indian Rupees in million)

14 Trade receivables

	As at 31 March 2023	As at 31 March 2022
<i>(Unsecured)</i>		
Trade receivable considered good	4,470.07	4,403.51
Trade receivable which have significant increase in credit risk	80.20	71.37
	4,550.27	4,474.88
Impairment allowance (Allowance for bad and doubtful debts)		
Trade receivable considered good	(87.17)	(49.66)
Trade receivable which have significant increase in credit risk	(45.28)	(48.02)
	(132.45)	(97.68)
Net trade receivable	4,417.82	4,377.20

The loss allowance on trade receivables has been computed on the basis of Ind AS 109, Financial Instruments, which requires such allowance to be made even for trade receivables considered good on the basis that credit risk exists even though it may be very low.

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 47.

The carrying amounts of the trade receivables include receivables which are subject to a factoring arrangement. Under this arrangement, the company has transferred the relevant receivables to the factor in exchange for cash. However, the company has retained credit risk. The company therefore continues to recognise the transferred assets in their entirety in its balance sheet. The amount subject to factoring agreement is presented as borrowing.

The relevant carrying amounts are as follows:

	As at 31 March 2023	As at 31 March 2022
Total transferred trade receivables	531.05	347.95
Associated borrowings [refer note 27]	531.05	347.95

Trade Receivables Ageing as on 31 March 2023

Sr. No.	Particulars	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i)	Undisputed Trade receivables – considered good	3,926.93	527.77	15.37	-	-	-	4,470.07
(ii)	Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	16.51	6.11	12.30	34.92
(iii)	Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv)	Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
(v)	Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	30.55	14.73	45.28
(vi)	Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
	Total	3,926.93	527.77	15.37	16.51	36.66	27.03	4,550.27



Notes to the Standalone Financial Statements

As at 31 March 2023

(Currency: Indian Rupees in million)

Trade Receivables Ageing as on 31 March 2022

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

15. Cash and cash equivalents

	As at 31 March 2023	As at 31 March 2022
Bank balances in:		
- Current accounts	260.25	96.84
- Exchange earners foreign currency	-	7.19
- Fixed deposit account (with original maturity of 3 months or less)	4.86	8.01
Cash on hand	2.03	2.37
Cash and cash equivalents in the statement of cash flows	267.14	114.41

16. Bank balance other than cash and cash equivalents

	As at 31 March 2023	As at 31 March 2022
Other bank balances:		
Bank deposits due to mature within 12 months of the reporting date	325.75	374.02
Unpaid dividend accounts	2.44	2.48
	328.19	376.50

Deposits given as security:

- Margin money deposits with a carrying amount of ₹122.21 million (31 March 2022- ₹177.09 million) are earmarked towards non fund based facilities availed from banks
- Bank deposits with a carrying amount of ₹203.54 million (31 March 2022 ₹196.93 million) are earmarked towards the Company's rupee term loans and external commercial borrowing term loan availed from banks.

17. Loans

	As at 31 March 2023	As at 31 March 2022
(Unsecured)		
To parties other than related parties		
Loans to employees	2.40	3.08
	2.40	3.08

Notes to the Standalone Financial Statements

AS at 31 March 2023

(Currency: Indian Rupees in million)

18. Other financial assets

	As at 31 March 2023	As at 31 March 2022
Interest accrued on fixed deposit	3.55	2.98
Unbilled revenue	146.76	96.65
Insurance claim receivable	16.83	75.23
	167.14	174.86

19. Other current assets

	As at 31 March 2023	As at 31 March 2022
(Unsecured)		
To parties other than related parties		
Advance to suppliers		
Considered good	172.14	200.90
Considered doubtful	30.00	20.00
Advance to suppliers	202.14	220.90
Less: Provision for doubtful advances	(30.00)	(20.00)
	172.14	200.90
Balance with government authorities	708.83	850.92
Prepaid expenses	158.97	152.45
	1,039.94	1,204.27

20. Share Capital

	As at 31 March 2023	As at 31 March 2022
Authorised share capital (Refer note a below)		
Equity	500	500
Par value per share (₹)	2	2
Number of equity shares	25,00,00,000	25,00,00,000
Preference shares	250	250
Par value per share (₹)	100	100
Number of Preference shares	25,00,000	25,00,000
Issued, subscribed and fully paid up – Equity	246.60	246.60
Par value per share (₹)	2	2
Number of equity shares	12,33,00,750	12,33,00,750

- a) The Board of Directors of the Company at its meeting held on 9 May 2018, approved a proposal to issue bonus shares in the ratio of one equity share of ₹2 each for every two equity share of ₹2 each held by the shareholders of the Company as on the record date i.e. 25 June 2018, which was approved by the shareholders by means of an ordinary resolution in the extra ordinary general meeting held on 11 June 2018. The Company allotted 41,100,250 equity shares as fully paid up bonus shares by capitalisation of securities premium amounting to ₹82.20 million.



Notes to the Standalone Financial Statements

As at 31 March 2023

(Currency: Indian Rupees in million)

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

Equity shares

	As at 31 March 2023		As at 31-03-2022	
	No. millions	₹ in millions	No. millions	₹ in millions
At the beginning of the year	123.30	246.60	123.30	246.60
At the end of the year	123.30	246.60	123.30	246.60

c) Terms/rights attached to equity shares

The Company has only single class of equity shares having a par value of ₹2 (31 March 2022, ₹2) per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

d) Details of shareholders holding more than 5% of shares:

	As at 31 March 2023		As at 31 March 2022	
	No. of Shares (millions)	%	No. of Shares (millions)	%
Equity shares of ₹2 (31 March 2022 ₹2) each fully paid				
Kalyani Investment Company Limited	38.67	31.36	38.67	31.36
Shri Badrinath Investment Private Limited	19.91	16.15	19.91	16.15
Shri Rameshwara Investment Private Limited	9.81	7.96	9.81	7.96
Sugandha J Hiremath	9.67	7.84	9.67	7.84

e) The Shareholding of Promoters as on 31 March 2023 is as under:

Promoters Name	No. of Shares	% of Total Shares	% Change during the Year
Kalyani Investment Company Limited	3,86,67,375	31.36%	-
Shri Badrinath Investment Pvt. Ltd.	1,99,14,862	16.15%	-
Shri Rameshwara Investment Pvt. Ltd.	98,10,000	7.96%	-
Sugandha J Hiremath	96,67,500	7.84%	-
BF Investment Limited	32,73,375	2.65%	-
Jai Hiremath	13,40,625	1.09%	-
Ekdant Investment Pvt. Ltd.	3,93,802	0.32%	-
Sameer Hiremath	3,90,975	0.32%	-
Pallavi Anish Swadi	3,81,000	0.31%	-
Pallavi Trust	1,87,500	0.15%	-
Sameer Trust	1,87,500	0.15%	-
Ashok Hiremath	1,00,000	0.08%	100%
Sumer Trust	75,000	0.06%	-
Rhea Trust	75,000	0.06%	-
Nihal Trust	75,000	0.06%	-
Anika Trust	75,000	0.06%	-
Pooja Trust	75,000	0.06%	-
Anish Trust	75,000	0.06%	-
Karad Engineering Consultancy Pvt. Ltd.	63,750	0.05%	-
Decent Electronics Pvt. Ltd.	49,500	0.04%	-
Anish Dilip Swadi	7,500	0.01%	-
Pooja Hiremath	7,500	0.01%	-

One of the shareholder of the Company filed a suit in the Bombay High Court, the suit seeks certain actions on part of the Company, Pending any order/direction from the Bombay High Court, there is no impact on the financial statements.

Notes to the Standalone Financial Statements

AS at 31 March 2023

(Currency: Indian Rupees in million)

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

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

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

21. Other equity

	Note	As at 31 March 2023	As at 31 March 2022
Capital reserve	i	0.44	0.44
Capital redemption reserve	ii	509.82	509.82
Securities premium	iii	64.72	64.72
State subsidy	iv	5.50	5.50
Contingency reserve	v	30.00	30.00
General reserve	vi	1,779.56	1,779.56
Equity instruments through other comprehensive income	vii	(2.24)	(2.56)
		2,387.80	2,387.48
A. Notes			
i Capital reserve			
Opening balance		0.44	0.44
Additions during the year		-	-
Closing balance		0.44	0.44
ii Capital redemption reserve			
Opening balance		509.82	509.82
Additions during the year		-	-
Closing balance		509.82	509.82



Notes to the Standalone Financial Statements

As at 31 March 2023

(Currency: Indian Rupees in million)

	Note	As at 31 March 2023	As at 31 March 2022
iii Securities premium			
Opening balance		64.72	64.72
Additions during the year		-	-
Closing balance		64.72	64.72
iv State subsidy			
Opening balance		5.50	5.50
Additions during the year		-	-
Closing balance		5.50	5.50
v Contingency reserve			
Opening balance		30.00	30.00
Additions during the year		-	-
Closing balance		30.00	30.00
vi General reserve			
Opening balance		1,779.56	1,779.56
Additions during the year		-	-
Closing balance		1,779.56	1,779.56
vii Equity instruments through other comprehensive income			
Opening balance		(2.56)	(2.76)
Additions during the year		0.32	0.20
Closing balance		(2.24)	(2.56)

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. The same can be used to issue fully paid bonus shares.

iii. Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with provisions of Companies Act, 2013.

iv. State subsidy

State subsidy is created on receipt of government grants for setting up the factories in backward areas. The same will be utilised for expansion of business.

v. Contingency reserve

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

vi. General reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

Notes to the Standalone Financial Statements

AS at 31 March 2023

(Currency: Indian Rupees in million)

vii. Equity instruments through other comprehensive income

The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the Equity instruments through Other Comprehensive Income. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

C. Dividends

The following dividends were declared and paid by the Company during the years ended:

	As at 31 March 2023	As at 31 March 2023
Final equity dividend paid for financial year 2021-22 at ₹0.40 per equity share	49.32	-
Interim equity dividend paid for financial year 2022-23 at ₹0.60 per equity share	73.98	-
Final equity dividend paid for financial year 2020-21 at ₹1 per equity share	-	123.30
Interim equity dividend paid for financial year 2021-22 at ₹1.20 per equity share	-	147.96
Total	123.30	271.26
After the reporting dates the following dividends were proposed by the directors subject to the approval at the annual general meeting. These dividends have not been recognised as liabilities in the year to which they pertain to and is recorded in the year in which they have been approved in the Annual General Meeting.		
Final equity dividend proposed for financial year 2022-23 at ₹0.60 per equity share	73.98	-
Final equity dividend proposed for financial year 2021-22 at ₹0.40 per equity share	-	49.32
Total	73.98	49.32

22. Borrowings

(Secured)

	As at 31 March 2023	As at 31 March 2022
Debentures		
1,500 (Pr. Yr. Nil) Redeemable, non-convertible debentures (NCD) of the face value of ₹10,00,000/- each. (refer note a (i), and c (i) below)	1,461.85	-
Term loans from banks		
Rupee (refer note a (ii), and c (i) below)	1,328.19	953.70
External commercial borrowing (refer note a (iii) and c (i) below)	-	260.92
Term loans from financial institutions		
Rupee (refer note a (iv) and c (i) below)	2,108.75	1,651.53
Vehicle loans		
From banks -Rupee (refer note a (v) and c (i) below)	-	0.66
	4,898.79	2,866.81

(For current maturities of loans refer note 27)

a) Nature of security:

- i. Redeemable, non-convertible debentures (NCD) is secured by first pari passu charge on the fixed assets of the Company's plants situated at Taloja, Panoli, Bangalore, R & D centre at Pune and second pari passu charge on entire current assets both present and future.
- ii. Rupee term loan from banks is secured by first pari passu charge on the fixed assets of the Company's plants situated at Taloja, Panoli, Bangalore, R & D centre at Pune and second pari passu charge on entire current assets both present and future.



Notes to the Standalone Financial Statements

As at 31 March 2023

(Currency: Indian Rupees in million)

- iii. External Commercial borrowing from bank is secured by first pari passu charge on the fixed assets of the Company's plants situated at Taloja, Panoli and Bangalore, R & D centre at Pune and office at CBD Belapur (Navi Mumbai) and second pari passu charge on entire current assets both present and future.
- iv. Rupee term loan from financial institutions is secured by first pari passu charge on the fixed assets of the Company's plants situated at Taloja, Panoli and Bangalore, R&D centre at Pune and second pari passu charge on entire current assets both present and future.
- v. Vehicle loans are secured by first charge on the said vehicles.

b) Changes in Liabilities arising from Financing Activities

Particulars	As at 1 April 2022	Accrual/ Reclassification	Cash Flows (net)	Foreign Exchange/ Adjustment	Adjustment on account of business combinations	As at 31 March 2023
Current borrowings	2,725.98	-	(992.84)	-	-	1,733.14
Non-current borrowings including current maturities of non-current borrowings	4,018.40	-	1,687.73	40.27	-	5,746.40
Lease Liabilities	5.79	-	(3.49)	-	-	2.30
Interest on borrowings (including transaction cost)	30.76	670.84	(644.90)	-	-	56.70
Total Liabilities from Financing Activities	6,780.93	670.84	46.50	40.27	-	7,538.54

b) Changes in Liabilities arising from Financing Activities (Previous Year)

Particulars	As at 1 April 2021	Accrual/ Reclassification	Cash Flows (net)	Foreign Exchange/ Adjustment	Adjustment on account of business combinations	As at 31 March 2022
Current borrowings	2,514.26	-	204.60	7.12	-	2,725.98
Non-current borrowings including current maturities of non-current borrowings	3,579.42	-	462.87	(23.89)	-	4,018.40
Lease Liabilities	8.83	-	(3.04)	-	-	5.79
Interest on borrowings (including transaction cost)	23.56	455.95	(448.75)	-	-	30.76
Total Liabilities from Financing Activities	6,126.07	455.95	215.68	(16.77)	-	6,780.93

c) i) Terms of repayment as on 31 March 2023 are as under:

	US \$ in million	₹ in million	Repayment Terms	Closing interest rate as at 31 March 2023
(i) a)	-	469.30	Repayable in 13 quarterly instalments, next instalments due on 05.06.2023; equated average instalments of ₹36.10 million	9.35%
b)	-	517.70	Repayable in 16 quarterly instalments, next instalments due on 06.05.2023, equated average instalments of ₹32.36 million	9.20%
c)	3.52	289.60	Repayable in 3 quarterly instalments, next instalments due on 12.06.2023; equated average instalments of US \$ 1.17 million	3M Libor + 2.60 basis points
d)	-	647.23	Repayable in 24 quarterly instalments, next instalments due on 30.09.2024, equated average instalments of ₹26.97 million	8.39%
(ii) a)	-	2,360.12	Repayable in 21 quarterly instalments, next instalments due on 01.06.2023; equated average instalments of ₹112.39 million	9.70%
(iii) a)	-	1,461.85	Repayable in 13 half yearly instalments, next instalments due on 15.06.2024 equated average instalments of ₹112.45 million	9.16%
(iv) a)	-	0.66	Repayable monthly EMI of ₹0.132 million	8.60%

Notes to the Standalone Financial Statements

AS at 31 March 2023

(Currency: Indian Rupees in million)

c) ii) Terms of repayment as on 31 March 2022 are as under:

	US \$ in million	₹ in million	Repayment Terms	Closing interest rate as at 31 March 2022
(i) a)	-	79.14	Repayable in 4 quarterly instalments, next instalments due on 30.06.2022; equated average instalments of ₹19.78 million	8.50%
b)	-	19.82	Repayable in 4 quarterly instalments, next instalments due on 30.06.2022; equated average instalments of ₹4.95 million	7.50%
c)	-	128.03	Repayable in 4 quarterly instalments, next instalments due on 30.06.2022; equated average instalments of ₹32.01 million	7.80%
d)	-	39.55	Repayable in 4 quarterly instalments, next instalments due on 30.06.2022; equated average instalments of ₹9.89 million	7.50%
e)	-	39.59	Repayable in 4 quarterly instalments, next instalments due on 30.06.2022; equated average instalments of ₹9.90 million	7.90%
f)	-	600.23	Repayable in 17 quarterly instalments, next instalments due on 05.06.2022; equated average instalments of ₹35.31 million	8.95%
g)	-	623.18	Repayable in 20 quarterly instalments, next instalments due on 06.05.2022, equated average instalments of ₹31.16 million	7.50%
h)	7.36	551.39	Repayable in 7 quarterly instalments, next instalments due on 10.06.2022; equated average instalments of US \$ 1.05 million	3M Libor + 2.60 basis points
(ii) a)	-	147.59	Repayable in 4 quarterly instalments, next instalments due on 30.06.2022; equated average instalments of ₹36.90 million	7.50%
b)	-	1,727.24	Repayable in 24 quarterly instalments, next instalments due on 01.09.2022; equated average instalments of ₹71.97 million	7.65%
(iii) a)	-	59.55	Repayable in 4 quarterly instalments, next instalments due on 30.06.2022; equated average instalments of ₹14.89 million	10.00%
(iv) a)	-	2.25	Repayable monthly EMI of ₹0.132 million	8.60%
b)	-	0.87	Repayable monthly EMI of ₹0.087 million	8.73%

23. Non-current lease liability

	As at 31 March 2023	As at 31 March 2022
Lease liability	-	2.23
	-	2.23

24. Long-term provisions

	As at 31 March 2023	As at 31 March 2022
Provision for gratuity (Refer note 45)	131.53	132.43
Provision for compensated absences (Refer note 45)	110.71	103.87
	242.24	236.30

25. Deferred tax liabilities (net)

	As at 31 March 2023	As at 31 March 2022
Deferred tax liabilities (Refer note 43)	327.15	364.07
	327.15	364.07

26. Other non-current liabilities

	As at 31 March 2023	As at 31 March 2022
Advance received from customers	436.40	290.02
	436.40	290.02



Notes to the Standalone Financial Statements

As at 31 March 2023

(Currency: Indian Rupees in million)

27. Short-term borrowings

Secured

	As at 31 March 2023	As at 31 March 2022
Loans from banks		
Working capital loan – Rupee (refer note a and b below)	1,202.09	2,378.03
Bill discounting (Refer note a (ii))	531.05	347.95
Current maturities of long-term debt	847.61	1,151.59
	2,580.75	3,877.57

- a) Nature of security and terms of repayment for secured borrowings:
- i. Working capital loans from all banks are secured by first pari passu charge on all current assets of the Company and second pari passu charge on fixed assets both present and future situated at Company's plants at Bangalore, Taloja and Panoli.
 - ii. Loans availed under bill discounting facility are against specific receivables, having tenure of 30 to 90 days and carrying interest ranging between 1.50% to 2.10% p.a.
- b) Working capital loans are repayable on demand and carry interest ranging from 6.50% to 9.05% p.a.

28. Current lease liability

	As at 31 March 2023	As at 31 March 2022
Lease liability	2.30	3.56
	2.30	3.56

29. Trade payables

	As at 31 March 2023	As at 31 March 2022
Trade payables		
Total outstanding dues of Micro Enterprises and Small Enterprises (Refer note 50)	504.66	449.98
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	2,627.77	2,040.55
	3,132.43	2,490.53

The Company's exposure to currency and liquidity risk related to trade payable is disclosed in Note 47.

Trade Payables ageing schedule as on 31 March 2023

Particulars	Not Due	<1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Micro Enterprises and Small Enterprises	400.29	101.99	2.05	0.22	0.11	504.66
(ii) Others	2,084.84	533.29	8.72	0.83	0.09	2,627.77
(iii) Disputed dues – Micro Enterprises and Small Enterprises	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-
Total	2,485.13	635.28	10.77	1.05	0.20	3,132.43

Trade Payables ageing schedule as on 31 March 2022

Particulars	Not Due	<1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Micro Enterprises and Small Enterprises	364.65	84.80	0.53	-	-	449.98
(ii) Others	1,568.52	463.73	4.94	3.13	0.23	2,040.55
(iii) Disputed dues – Micro Enterprises and Small Enterprises	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-
Total	1,933.17	548.53	5.47	3.13	0.23	2,490.53

Notes to the Standalone Financial Statements

AS at 31 March 2023

(Currency: Indian Rupees in million)

30. Other financial liabilities

	As at 31 March 2023	As at 31 March 2022
Interest accrued but not due on borrowings	56.71	30.76
Payables for capital purchases	243.32	444.18
Employee benefits payable	185.59	206.42
Unpaid dividend (Refer note no. 51)	2.44	2.48
	488.06	683.84

31. Other current liabilities

	As at 31 March 2023	As at 31 March 2022
Advances from customers	182.87	408.24
Statutory dues payable		
- Provident fund	17.24	15.16
- Employees' state insurance	0.12	0.03
- Tax deducted at source	31.63	32.42
- Goods and Services Tax	4.35	25.49
- Employees' national pension scheme	0.25	0.17
- Profession tax	0.42	0.38
	236.88	481.89

32. Current provisions

	As at 31 March 2023	As at 31 March 2022
Provision for gratuity (Refer note 45)	19.48	17.96
Provision for compensated absences (Refer note 45)	15.65	13.42
	35.13	31.38

33. Income tax liabilities (net)

	As at 31 March 2023	As at 31 March 2022
Provision for tax	139.74	122.89
(Net of advance tax ₹292.65 million (31 March 2022: ₹589.66 million))		
	139.74	122.89



Notes to the Standalone Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

34. Revenue from Operations

	For the year ended 31 March 2023	For the year ended 31 March 2022
Sale of products	19,886.22	19,017.70
Sale of services	160.83	242.60
(A)	20,047.05	19,260.30
Other operating revenues		
Export incentive	32.72	19.27
Scrap sales	41.44	39.71
Others	109.09	107.93
(B)	183.25	166.91
Revenue from operations (A+B)	20,230.30	19,427.21

34.1. Disaggregation of revenue from contracts with customers

The Company derives revenue from sale of products from following major segments:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
1 Revenue from contracts with customers		
Sale of products (Transferred at point in time)		
India	6,362.69	5,098.36
Outside India	13,523.53	13,919.34
(A)	19,886.22	19,017.70
Sale of services (transferred over period of time)		
India	-	19.96
Outside India	160.83	222.64
(B)	160.83	242.60
2 Other operating revenues		
Export incentive	32.72	19.27
Scrap Sales	41.44	39.71
Others	109.09	107.93
(C)	183.25	166.91
Total revenue (A + B + C)	20,230.30	19,427.21
Product lines		
Crop protection	9,078.50	8,129.80
Pharmaceuticals	11,151.80	11,297.41
	20,230.30	19,427.21
Reconciliation of revenue from contract with customer		
Revenue from contracts with customer as per contract price	20,047.05	19,260.30
Adjustment made to contract price	-	-
Total Revenue from contracts with customer	20,047.05	19,260.30
Other operating revenue	183.25	166.91
Revenue from operations as per Standalone statement of profit and loss	20,230.30	19,427.21

For the opening and closing balance of receivables from contracts with customers refer note no 14.

Notes to the Standalone Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

Contract Balances

	As at 31 March 2023	As at 31 March 2022
Trade Receivables	4,417.82	4,377.20
Contract Liabilities	619.27	698.26
Contract Assets	146.76	96.65

Trade Receivables are non interest bearing and are generally on term of 30-120 days. Slight increase in Trade Receivables is in line with increase in revenue.

Contract Liabilities include advance received from customers. Contract Liabilities have decreased as compared to last year.

Contract Assets represents unbilled revenue from ongoing development contracts. Increase in balance attributes to increase in work for which billing milestone is yet to be achieved.

Contract liability include long-term advances which are received to deliver product on long-term period and short-term advances are adjusted against product delivered in current year.

35. Other income

	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest income on		
Bank deposit	17.67	14.96
Other	1.89	2.60
Foreign exchange gain (net)	21.26	23.17
Profit on sale of investment	13.23	1.40
Profit on sale of property, plant and equipment (net)	-	0.52
Sundry balance written back	-	3.56
Miscellaneous income	0.05	2.70
	54.10	48.90

36. Cost of materials consumed

	For the year ended 31 March 2023	For the year ended 31 March 2022
Raw material consumed		
Opening stock	1,632.11	1,362.26
Add: Purchases	10,943.79	10,591.96
Less: Closing stock	1,360.01	1,632.11
	11,215.89	10,322.11



Notes to the Standalone Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

37. Changes in inventories of finished goods and Work-in-progress

	For the year ended 31 March 2023	For the year ended 31 March 2022
Opening stock		
Finished goods	798.52	517.99
Work-in-progress	660.98	583.28
	1,459.50	1,101.27
Less: Closing stock		
Finished goods	828.69	798.52
Work-in-progress	776.38	660.98
	1,605.07	1,459.50
	(145.57)	(358.23)

38. Employee benefits expense

	For the year ended 31 March 2023	For the year ended 31 March 2022
Salaries, wages and bonus	1,910.10	1,715.93
Contribution to provident and other funds	100.57	82.75
Gratuity expenses (Refer note 45)	22.22	30.81
Staff welfare expense	171.15	184.01
	2,204.04	2,013.50

39. Finance costs

	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest on rupee term loans	176.31	135.36
Interest on foreign currency term loans	23.94	20.03
Interest on working capital loans	160.66	87.50
Interest on bills discounted	48.02	18.29
Other finance costs	1.02	2.56
Interest expenses on lease liabilities	0.40	0.74
Bank charges	45.13	31.34
Exchange difference to the extent considered as an adjustment to borrowing costs	25.53	16.36
	481.01	312.18

Notes to the Standalone Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

40. Depreciation and amortisation expenses

	For the year ended 31 March 2023	For the year ended 31 March 2022
Depreciation on property, plant and equipment	1,072.82	938.12
Amortisation on intangible assets	5.88	7.14
Depreciation on right-of-use assets	11.43	11.43
	1,090.13	956.69

41. Other expenses

	For the year ended 31 March 2023	For the year ended 31 March 2022
Consumption of stores and spares	352.37	368.64
Contract labour charges	232.04	209.63
Power and fuel	1,869.07	1,754.58
Advertisement	2.42	7.39
Rent (Refer note 46)	25.27	40.68
Rates and taxes	20.96	8.91
Insurance	120.47	88.07
Repairs and maintenance		
- Plant and machinery	263.27	253.80
- Buildings	88.14	52.18
- Others	178.44	156.20
Printing and stationery	20.95	22.59
Legal and professional charges	428.85	324.63
Travelling and conveyance	63.05	22.90
Vehicle expenses	14.78	20.22
Postage, telephone and telegrams	13.79	7.14
Payment to auditors (Refer note 54)	7.57	6.32
Director's sitting fee/ Commission	11.20	19.20
Sales and distribution expenses	296.22	379.55
Commission on sales	26.84	20.27
Security service charges	47.70	45.23
Sundry balance written off	1.73	-
Service charges	31.69	23.21
Loss on sale of property, plant and equipment (net)	6.96	-
Provision for doubtful debts/advances	44.78	15.27
Corporate Social Responsibility expenses (CSR) (Refer note 52)	37.54	31.68
Miscellaneous expenses	179.22	165.88
	4,385.32	4,044.17



Notes to the Standalone Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

42 Tax expense

(a) Amounts recognised in balance sheet

	As at 31 March 2023	As at 31 March 2022
Income tax liabilities (Net of advance tax ₹292.65 million (31 March 2022: ₹589.66 million))	139.74	122.89

	As at 31 March 2023	As at 31 March 2022
Income tax assets (Net of provision of ₹559.57 million (31 March 2022: 559.57 million))	20.21	20.21

Note: The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off income tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

(b) Amounts recognised in statement of profit and loss

	For the year ended 31 March 2023	For the year ended 31 March 2022
Current income tax		
Current tax	304.75	596.50
	304.75	596.50
Deferred income tax liability/(asset), net		
Origination and reversal of temporary differences	(34.92)	(15.90)
Deferred tax expense	(34.92)	(15.90)
Tax expense for the year	269.83	580.60

(c) Amounts recognised in other comprehensive income

	For the year ended 31 March 2023			For the year ended 31 March 2022		
	Before tax	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense)/ benefit	Net of tax
Items that will not be reclassified in the standalone statement of profit and loss						
Gain/(loss) on remeasurement of defined employee benefit plans	(8.06)	2.11	(5.95)	15.95	(4.09)	11.86
Gain/(loss) on change in fair values of investments in equity shares carried at fair value through OCI	0.43	(0.11)	0.32	0.27	(0.07)	0.20
	(7.63)	2.00	(5.63)	16.22	(4.16)	12.06

(d) Reconciliation of effective tax rate

	For the year ended 31 March 2023	For the year ended 31 March 2022
Profit before tax	1,053.58	2,185.69
Tax using the Company's domestic tax rate (Current year 25.17% and 31 March 2022: 25.17%)	265.19	550.14
Tax effect of:		
Non-deductible tax expenses	4.64	30.46
Tax expenses as per statement of profit and loss	269.83	580.60
Weighted Average Tax Rate	25.61%	26.56%

Notes to the Standalone Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

43 Deferred tax liabilities (net)

a) Recognised deferred assets and liabilities

	Deferred tax assets		Deferred tax liabilities		Net deferred tax asset/(liabilities)	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Property, plant and equipment	-	-	(477.63)	(491.46)	(477.63)	(491.46)
Inventories	39.78	30.24	-	-	39.78	30.24
Trade receivables	33.34	25.03	-	-	33.34	25.03
Loans and advance	7.55	5.12	-	-	7.55	5.12
Investment	-	-	-	-	-	-
Provisions	69.81	68.60	-	-	69.81	68.60
Loan processing charges	-	-	-	(1.60)	-	(1.60)
Net Deferred tax asset/(liabilities)	150.48	128.99	(477.63)	(493.06)	(327.15)	(364.07)

b) Movement in deferred tax balances

	Net balance As at 1 April 2022	Recognised in profit or loss	Recognised in OCI	As At 31 March 2023		
				Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
Property, plant and equipment	(491.46)	13.83	-	(477.63)	-	(477.63)
Inventories	30.24	9.54	-	39.78	39.78	-
Trade receivables	25.03	8.31	-	33.34	33.34	-
Loans and advances	5.12	2.43	-	7.55	7.55	-
Investments	-	(0.11)	(0.11)	-	-	-
Provisions	68.60	(0.68)	(1.89)	69.81	69.81	-
Loan processing charges	(1.60)	1.60	-	-	-	-
Net deferred tax assets/(liabilities)	(364.07)	34.92	(2.00)	(327.15)	150.48	(477.63)

C) Movement in deferred tax balances (Previous year)

	Net balance As at 1 April 2021	Recognised in profit or loss	Recognised in OCI	As at 31 March 2022		
				Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
Property, plant and equipment	(501.49)	10.02	-	(491.46)	-	(491.46)
Inventories	29.71	0.53	-	30.24	30.24	-
Trade receivables	20.77	4.26	-	25.03	25.03	-
Loans and advances	5.03	0.09	-	5.12	5.12	-
Investments	6.81	(6.74)	(0.07)	-	-	-
Provisions	66.50	6.19	(4.09)	68.60	68.60	-
Loan processing charges	(3.15)	1.55	-	(1.60)	-	(1.60)
Net deferred tax assets/(liabilities)	(375.82)	15.90	(4.16)	(364.07)	128.99	(493.06)

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off income tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income and the period over which deferred income tax assets will be recovered.



Notes to the Standalone Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

44 Earnings Per Share (EPS)

Basic EPS is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year, after considering adjustment for the effects of all dilutive potential equity shares.

		For the year ended 31 March 2023	For the year ended 31 March 2022
Profit attributable to equity shareholders (basic and diluted)			
Profit for the year attributable to equity shareholders	(A)	783.75	1,605.09
Weighted average number of equity shares for basic and diluted earnings per share			
Number of equity shares at beginning of the year		12,33,00,750	12,33,00,750
Number of equity shares outstanding at the end of the year		12,33,00,750	12,33,00,750
Weighted average number of equity shares for the year	(B)	12,33,00,750	12,33,00,750
Basic and diluted earnings per share of face value of ₹2 each	(A)/(B)	6.36	13.02

45 Employee benefits

(i) Defined Contribution Plans

The Company makes contributions towards superannuation fund and other retirement benefits to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

Contribution to defined contribution plans are charged off for the year as under:

Particulars		For the year ended 31 March 2023	For the year ended 31 March 2022
Employer's contribution to Provident Fund		99.28	81.48
Employer's Contribution to Employees State Insurance		1.29	1.27

(ii) Defined Benefit Plans

Gratuity:

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The Company has obtained insurance policies with the Life Insurance Corporation of India (LIC) for eligible employees at Panoli plant and makes an annual contribution to LIC for amounts notified by LIC. The Company accounts for gratuity benefits payable in future based on an independent external actuarial valuation carried out at the end of the year using the projected unit credit method. Actuarial gains and losses are recognised as Other Comprehensive Income or Loss.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's standalone financial statements as at balance sheet date:

Notes to the Standalone Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

A. Reconciliation of the net defined benefit (asset)/ liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit (asset) liability and its components

	As at 31 March 2023	As at 31 March 2022
Reconciliation of present value of defined benefit obligation		
Balance at the beginning of the year	165.66	162.98
Current service cost	12.85	21.41
Past service cost	-	-
Interest cost (income)	10.53	25.94
Benefits paid	(32.42)	(27.45)
Actuarial losses/ (gains) recognised in other comprehensive income	-	-
- financial assumptions	(8.40)	10.03
- demographic assumption	-	-
- experience adjustments	15.30	(27.25)
Balance at the end of the year	163.52	165.66
Reconciliation of present value of plan assets		
Balance at the beginning of the year	15.27	19.33
Transfer In/(Out) Plan Assets	1.25	0.11
Interest income	1.16	1.27
Remeasurements:		-
Return on plan assets, excluding amount included in interest (expense)/income	(1.16)	(1.27)
Employer contributions	-	-
Benefits paid	(4.00)	(4.17)
Balance at the end of the year	12.52	15.27
Net defined benefit (asset)/ liability	151.00	150.39

B. Plan assets

Plan assets comprise the following

	As at 31 March 2023	As at 31 March 2022
Investment		
Policy of insurance	100%	100%
Bank Special Deposit	0%	0%
Investment in other securities	0%	0%
Corporate Bonds	0%	0%
State Government Bonds	0%	0%
	100%	100%

(ii) Defined Benefit Plans

C. The components of defined benefit plan expense are as follows:

	For the year ended 31 March 2023	For the year ended 31 March 2022
Recognised in income statement		
Current service cost	12.85	21.41
Interest cost (net)	9.37	9.40
Total	22.22	30.81
Recognised in Other Comprehensive Income		
Remeasurement of net defined benefit liability/(asset)	6.91	(17.22)
Return on plan assets, excluding interest income	1.15	1.27
Total	8.06	(15.95)



Notes to the Standalone Financial Statements

For the year ended 31 March 2023

(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).

	For the year ended 31 March 2023	For the year ended 31 March 2022
Expected return on plan assets	7.20%	7.00%
Discount rate	7.20%	7.00%
Salary escalation rate	6.00%	6.50%
Attrition rate	2.00%	2.00%
Mortality rate table	Indian assured lives mortality (2012-14)	

ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	for the year ended 31 March 2023		for the year ended 31 March 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	151.50	177.24	138.69	163.79
Rate of salary increase (1% movement)	175.16	153.00	162.00	140.17
Rate of employee turnover (1% movement)	164.40	162.58	150.74	150.03

The above sensitivity analyses have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the reporting date. In practice, generally it does not occur. When we change one variable, it affects to others. In calculating the sensitivity, project unit credit method at the end of the reporting period has been applied.

	31 March 2023	31 March 2022
Expected employer's contribution to defined benefit plan for the next year	19.48	17.96

Maturity profile of the defined benefit obligation

Particulars	Up to 1 year	Between 1-2 years	Between 2-5 years	6 to 10 years	Total
31 March 2023					
Defined benefit obligations (Gratuity)	20.88	13.28	47.84	69.00	151.00
Total	20.88	13.28	47.84	69.00	151.00
31 March 2022					
Defined benefit obligations (Gratuity)	19.22	8.19	41.15	81.83	150.39
Total	19.22	8.19	41.15	81.83	150.39

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 ₹40.62 million (31 March 2022 ₹32.95 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.

Notes to the Standalone Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

46 Leases:

The Company has a lease contract for building used in its operations. The Lease term is 9 years. The company has leasehold land for a period of up to 99 years. The Company's obligations under its lease is secured by the lessor's title to the leased asset.

The Company also has certain leases of machinery/premises with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below is the carrying amount of right-of-use assets recognised and the movements during the period:

Particulars	Leasehold Land	Buildings
As at 1 April 2021	646.20	5.50
Additions	-	-
Depreciation expense	(9.28)	(2.15)
As at 31 March 2022	636.92	3.35
Additions	-	-
Depreciation expense	(9.28)	(2.15)
As at 31 March 2023	627.64	1.20

The aggregate depreciation expense on ROU assets is included under depreciation and amortisation expense in the Statement of Profit and Loss.

Set out below is the carrying amount of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	As at 31 March 2023	As at 31 March 2022
As at 1 April	5.79	8.83
Additions	-	-
Accretion of interest	0.40	0.74
Payments	(3.89)	(3.78)
As at 31 March	2.30	5.79
Current	2.30	3.56
Non-current	-	2.23

For Rental expense recorded for short-term leases, refer note 41

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

The details of the contractual maturities of lease liabilities as at 31 March 2023 and March 31, 2022 on an undiscounted basis are as follows:

	As at 31 March 2023	As at 31 March 2022
Payable within one year	2.30	3.96
Payable between one year and five years	-	2.37
Payable after more than five years	-	-



Notes to the Standalone Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

47 Financial instruments – Fair values and risk management

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. There are no financial assets or financial liabilities not measured at fair value, whose carrying amount is not a reasonable approximation of fair value.

As at 31 March 2023	Carrying amount			Fair value			
	FVTOCI	FVPTL	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Investment	53.04	-	53.04	0.20	-	52.84	53.04
	53.04	-	53.04	0.20	-	52.84	53.04

As ar 31 March 2022	Carrying amount			Fair value			
	FVTOCI	FVPTL	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Investment	6.38	102.68	109.06	0.11	102.68	6.27	109.06
	6.38	102.68	109.06	0.11	102.68	6.27	109.06

B. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

i. Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The carrying amount of following financial assets represents the maximum credit exposure:

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

Notes to the Standalone Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

At 31 March 2023, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows.

	Carrying amount	
	As at 31 March 2023	As at 31 March 2022
India	1,593.77	1,494.43
Other regions	2,956.50	2,980.45
	4,550.27	4,474.88

Impairment

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables:

	As at 31 March 2023		
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Not due	3,926.93	0.51%	20.16
Past due 0-90 days	441.59	3.51%	15.51
Past due 91-180 days	86.18	27.15%	23.40
Past due 181-365 days	15.37	33.31%	5.12
Past due 366-730 days	16.51	48.64%	8.03
Past due 731-1096 days	36.66	90.56%	33.20
More than 1096 days	27.03	100.00%	27.03
	4,550.27		132.45

	As at 31 March 2022		
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Not due	3,733.91	0.39%	14.74
Past due 0-90 days	553.87	2.30%	12.73
Past due 91-180 days	64.11	11.00%	7.05
Past due 181-365 days	51.62	29.34%	15.14
Past due 366-730 days	42.65	45.25%	19.30
Past due 731-1096 days	5.59	100.00%	5.59
More than 1096 days	23.13	100.00%	23.13
	4,474.88		97.68

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 2022	97.68
Additional provision	34.77
Impairment loss recognised/(reversal)	-
Balance as at 31 March 2023	132.45

Cash and cash equivalents

The Company held cash and cash equivalents (including bank deposits) of ₹633.68 million at 31 March 2023 (31 March 2022: ₹496.46 million). The cash and cash equivalents (including bank deposits) are held with banks with good credit ratings and financial institution counterparties with good market standing.

Other than trade and other receivables, the Company has no other significant financial assets that are past due but not impaired.



Notes to the Standalone Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

B. Financial risk management (Contd.)

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

As at 31 March 2023	Carrying amount	Total	Contractual cash flows		
			Up to 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Borrowings - Non-current	4,898.79	4,898.79	-	3,943.12	955.67
Borrowings and lease liabilities - current	2,583.05	2,583.05	2,583.05	-	-
Other financial liabilities - current	488.06	488.06	488.06	-	-
Trade payables	3,132.43	3,132.43	3,132.43	-	-
	11,102.33	11,102.33	6,203.54	3,943.12	955.67

As at 31 March 2022	Carrying amount	Total	Contractual cash flows		
			Up to 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Borrowings - Non-current	2,869.03	2,869.03	-	2,391.28	477.75
Borrowings - current	3,881.13	3,881.13	3,881.13	-	-
Other financial liabilities - current	683.84	683.84	683.84	-	-
Trade payables	2,490.53	2,490.53	2,490.53	-	-
	9,924.53	9,924.53	7,055.50	2,391.28	477.75

The gross outflow disclosed in the above table represent the contractual undiscounted cash flows relating to financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity.

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long-term debt. We are exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of our investments. Thus, our exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

Currency risk

The Company is exposed to currency risk on account of its operating and financing activities. The functional currency of the Company is Indian Rupee.

Notes to the Standalone Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

Exposure to currency risk

The major currency profile of financial assets and financial liabilities as at 31 March 2023 and 31 March 2022 are as below:

	As At 31 March 2023	
	USD	EUR
Financial assets	2,528.27	575.14
Financial liabilities	1,758.99	163.13
Net Exposure	769.28	412.01

	As At 31 March 2022	
	USD	EUR
Financial assets	2,463.14	618.56
Financial liabilities	1,524.27	32.26
Net Exposure	938.87	586.30

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against USD and Euros at 31 March would have affected the measurement of financial instruments denominated in these currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect in ₹	Profit or loss before tax		Equity net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2023				
USD (3% movement)	23.08	(23.08)	17.27	(17.27)
EUR (3% movement)	12.36	(12.36)	9.25	(9.25)
	35.44	(35.44)	26.52	(26.52)

Effect in ₹	Profit or loss before tax		Equity net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2022				
USD (3% movement)	28.17	(28.17)	21.08	(21.08)
EUR (3% movement)	17.59	(17.59)	13.16	(13.16)
	45.76	(45.76)	34.24	(34.24)

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.



Notes to the Standalone Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

Exposure to interest rate risk

Company's interest rate risk arises from borrowings. Borrowings issued at fixed and variable rates exposes to fair value interest rate risk. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows:

	Nominal amount	
	As at 31 March 2023	As at 31 March 2022
Fixed-rate instruments		
Financial assets	374.36	392.36
Financial liabilities	(1,733.14)	(2,725.98)
	(1,358.78)	(2,333.62)
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	(5,746.40)	(4,018.40)
	(5,746.40)	(4,018.40)

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through statement of profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

48 Capital Management

As at 31 March 2023, the Company has only one class of equity shares. In order to maintain or achieve an optimal capital structure, the Company allocates its capital for distribution as dividend or re-investment into business based on its long-term financial plans.

For the purpose of the Company's capital management, capital includes issued capital and other equity reserves. The primary objective of the Company's capital management is to safeguard its ability to continue as going concern and to maintain and optimal capital structure so as to maximise shareholders value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt and adjusted net debt to equity ratio. For this purpose, adjusted net debt is defined as total debt less cash and bank balances.

	As at 31 March 2023	As at 31 March 2022
Non-current borrowings	4,898.79	2,866.81
Current borrowings	2,580.75	3,877.57
Gross debt	7,479.54	6,744.38
Less - Cash and cash equivalents	267.14	114.41
Less - Other bank deposits	328.19	376.50
Adjusted net debt (A)	6,884.21	6,253.47
Total equity (B)	11,334.89	10,680.07
Adjusted net debt to equity ratio	0.61	0.59
Total capital (A) + (B)	18,219.10	16,933.54
Gearing ratio *	38%	37%

*The Company's ideal gearing ratio is 35% to 40%.

Notes to the Standalone Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

49 Contingent liabilities and commitments (to the extent not provided for)

A. Contingent liabilities

	As at 31 March 2023	As at 31 March 2022
(i) Direct and Indirect taxes		
Income Taxes*	292.23	241.34
Excise Duty**	39.93	40.13
Central Sales Tax (CST)***	2.97	2.82
Value Added Tax (VAT)****	11.27	11.20

* Above does not includes interest and penalty, if any

** In addition to above interest and penalty of ₹40.13 million was levied.

*** In addition to above for certain matters, penalty and interest of ₹6.14 million was levied during the assessment.

**** in addition to above penalty and interest of ₹11.27 million was levied during the assessment.

- (ii) In connection with the alleged improper disposal of by-products by the Company in January 2022, statutory authorities have conducted investigations in relation to alleged non-compliance with certain environmental laws and regulations, and the matter is pending before the Courts and relevant statutory authorities.

In an earlier quarter, Maharashtra Pollution Control Board (MPCB) had directed the Company to stop manufacturing activities at its Taloja plant on grounds of not adhering to conditions stipulated in the relevant Consent to Operate. Subsequently, pursuant to an order of the Honourable Bombay High Court, MPCB granted permission on 29 June 2022 to re-start manufacturing activities at the plant. Further, the Company has also initiated proceedings against the party that was given responsibility of disposing this material.

Separately, the National Green Tribunal ('NGT') had constituted a committee to make recommendations in this regard. The Committee submitted its reports to NGT, after which the Company filed a writ petition in the Hon'ble Bombay High Court, *inter alia*, seeking to set aside the NGT order. Despite being informed about the pendency of the aforesaid writ before the Hon'ble Bombay High Court, in March 2023, NGT passed an order accepting the committee's reports, which, includes recovery of compensation of ₹174.5 millions from the Company for non-compliance with environmental laws and regulations. The Hon'ble Bombay High Court, has stayed the said order passed by NGT.

- (iii) In addition, the Company is subject to legal proceedings, claims and GST audit, which have arisen in the ordinary course of business. The Company has reviewed all its pending litigations and other matters 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.

Based on the advice of external legal counsel, the Company believes it has a good case on merits in these matters, and the Company is taking necessary steps, including legal measures, to defend itself. Accordingly, no provision is required in the financial results in this respect.

B. Commitments

	As at 31 March 2023	As at 31 March 2022
Estimated amount of contracts remaining to be executed on capital account and not provided for tangible assets	947.83	1,187.31
Other non cancellable material commitment	957.24	-



Notes to the Standalone Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

50 Dues to micro and small suppliers

Particulars	As at 31 March 2023	As at 31 March 2022
1. The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	504.66	449.98
- 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	-	-

51 Dues relating to Investor Education and Protection fund

During the year the Company has transferred ₹0.34 million to Investor Education and Protection fund. There are no other dues which need to be credited as at the year end to the Investor Education and Protection fund.

52 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: ₹36.77 million (31 March 2022: ₹32.14 million)

The areas of CSR activities and contributions made thereto are as follows:

Amount spent during the year on;	For the year ended 31 March 2023	For the year ended 31 March 2022
Protection of national heritage	4.03	0.70
Promotion of education	19.66	11.72
Disaster Relief	-	0.10
Environmental sustainability	1.90	6.64
Rural Development Project	1.13	0.99
Training to stimulate rural sports, nationally recognised sports, Paralympic sports and Olympic sports	0.77	1.12
Promoting preventive health care and sanitation and making available safe water	10.05	4.81
COVID-19	-	5.60
Total	37.54	31.68

The Company does not carry any provisions for corporate social responsibility expenses for the current year and the previous year.

Notes to the Standalone Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

Amount of Expenditure incurred on Corporate Social Responsibility

Particulars	31 March 2023	31 March 2022
(a) Amount required to be spent by the company during the year	36.77	32.14
(b) Amount of expenditure incurred	37.54	31.68
(c) Excess/(shortfall) at the end of the year	0.77	(0.46)
(d) Total of previous years shortfall	-	-
(e) Reason for shortfall	NA	Excess Spent in FY. 2020-2021
(f) Nature of CSR activities	As per above table	As per above table
(g) Details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	Nil	Nil
(h) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately	Nil	Nil

53 Research and development expenditure:

A unit of the Company has been recognized by DSIR as in-house Research and Development unit.

Amount in respect to	For the year ended 31 March 2023	For the year ended 31 March 2022
Capital expenditure	104.62	275.35
Revenue expenditure	708.39	619.36
	813.01	894.71

54 Payment to Auditors' (excluding goods and services tax)

Amount in respect to	For the year ended 31 March 2023	For the year ended 31 March 2022
- Audit fees	5.10	3.40
- Limited review of quarterly results	2.40	2.40
- Certification and other matters	0.05	0.50
- Out-of-pocket expenses	0.02	0.02
Total	7.57	6.32

55 Disclosure under Section 186 of the Companies Act, 2013

a) Details of investment made during the year ended 31 March 2023 as per Section 186 (4) of the Act:

Name of entity	As at 31-03-2022	Investment	Change due to fair valuation	As at 31-03-2023	Maximum amount outstanding during the year
Narmada Clean Tech (formerly known as Bharuch Eco Aqua Infrastructure Limited)	4.38	-	0.27	4.65	4.65
Panoli Enviro Technology Limited	0.08	-	-	0.08	0.08
Jiangsu Chemstar Chemical Co. Limited	-	-	-	-	-
Bank of Baroda	-	-	-	-	-
Union Bank of India	0.11	-	0.09	0.20	0.20
Acoris Research Limited	0.10	-	-	0.10	0.10
Radiance MH Sunrise Two Private Limited	-	12.60	-	12.60	12.60
Radiance MH Sunrise Four Private Limited	-	33.60	-	33.60	33.60
MMA CETP Co-operative society Limited	1.81	-	0.10	1.91	1.91

Also refer note no 7 for investments.

Notes to the Standalone Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

56 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.

	For the year ended 31 March 2023	For the year ended 31 March 2022
Finance costs	189.84	146.34
Employee benefit expenses	48.93	42.74
Electricity Charges	24.40	-
Consultancy Charges	83.90	4.89
Total	347.07	193.97

57 Segment information

For management purposes, the Company is organised into business units based on its products and services and has two reportable segments, as follows:

Pharmaceuticals: Segment produces in Active Pharmaceutical Ingredients

Crop protection: Segment manufactures in pesticides, herbicides.

The Chief Operating Decision Maker ("CODM") evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by operating segments. The CODM reviews revenue and profit as the performance indicator for all of the operating segments and review the total assets and liabilities of an operating segment.

Based on above, following are reportable segments as per Ind AS 108

Primary Segment (Operating Segment): Based on product lines of Company	Secondary Segment (Geographical Segment) Based on geographical area of operation
Pharmaceuticals	India and Outside India
Crop Protection	

Segment wise classification:-

A. i) Primary segment reporting (by business segment)

The Company's business segments based on product lines are as under:

- **Pharmaceuticals**

Segment produces/trades in Active Pharmaceutical Ingredients

- **Crop Protection**

Segment produces/trades in pesticides and herbicides

Notes to the Standalone Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

ii) Segment revenues, results and other information

Particulars	Crop Protection	Pharmaceuticals	Total of Reportable Segment
External sales	9,078.50	11,151.80	20,230.30
	8,129.80	11,297.41	19,427.21
Other income	-	-	-
	-	-	-
Segment revenue	9,078.50	11,151.80	20,230.30
	8,129.80	11,297.41	19,427.21
Segment results	1,032.50	649.50	1,682.00
	1,151.35	1,510.21	2,661.57
Segment assets	9,762.90	12,435.30	22,198.20
	8,545.61	11,893.72	20,439.33
Segment liabilities	1,877.60	2,165.30	4,042.90
	1,993.40	1,752.85	3,746.26
Capital expenditure (included in segment assets)	1,532.68	1,400.78	2,933.46
	1,519.55	1,341.71	2,861.26
Depreciation/Amortisation	396.50	665.67	1,062.17
	310.23	616.27	926.50

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	20,230.30	1,682.00	22,198.20	4,042.90	2,933.46	1,062.17
	19,427.21	2,661.57	20,439.33	3,746.26	2,861.26	926.50
Corporate/Unallocated segment		147.41	1,656.56	8,476.97	46.93	27.96
	-	163.70	1,691.83	7,704.83	171.02	30.19
Finance cost	-	481.01	-	-	-	-
	-	312.18	-	-	-	-
Exceptional item	-	-	-	-	-	-
	-	-	-	-	-	-
Taxes	-	269.83	-	-	-	-
	-	580.60	-	-	-	-
As per financial statement	20,230.30	783.75	23,854.76	12,519.87	2,980.39	1,090.13
	19,427.21	1,605.09	22,131.16	11,451.09	3,032.28	956.69

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	6,545.94	3,355.70	5,771.79	4,321.42	235.45	20,230.30
	5,285.23	3,130.43	4,592.52	2,218.33	4,200.70	19,427.21
Total assets	23,854.76	-	-	-	-	23,854.76
	22,131.16	-	-	-	-	22,131.16
Capital expenditure	2,980.39	-	-	-	-	2,980.39
	3,032.28	-	-	-	-	3,032.28

There is a customer which account for revenue of ₹2,954.95 million (Pr Yr. ₹2,258.14 million) in Crop protection segment and a customer which account for revenue of Nil (Pr Yr ₹ Nil) in Pharmaceuticals segment, other than these there are no transactions with single external customer which amounts to 10% or more of the Company's revenue.

Figures in italics pertain to previous year.



Notes to the Standalone Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

58 Related party disclosures

The note provides the information about the Company's structure including the details of the subsidiaries and the holding company. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

i) List of Related parties

Subsidiaries

Name of the related party	Relationship	Country of incorporation	Ownership interest	
			31 March 2023	31 March 2022
Acoris Research Limited ("ARL")	Subsidiary	India	100%	100%
Hikal LLC (w.e.f. 7 April 2021)	Subsidiary	USA	100%	100%

Other related parties

Relationship	Name of the related party
a) Company/ enterprises exercising significant influence through voting power ('significant shareholder')	Kalyani Investment Company Limited ("KICL")
b) Key Management Personnel (KMP)	Jai Hiremath (Executive Chairman) Sameer Hiremath (Managing Director and Chief Executive Officer) Kuldeep Jain (Chief Financial Officer) Rajasekhar Reddy (Company Secretary)
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 ("I IPL") Karad Engineering Consultancy Private Limited ("KECPL") Ekdant Investments Private Limited ("EIPL") Shri Rameswara Investment Private Limited ("SRIPL") Shri Badrinath Investment Private Limited ("SBIPL") Rushabh Capital Services Private Limited ("RCSPL") BF Investment Limited Sumer Trust Rhea Trust Nihal Trust Anika Trust Pooja Trust Anish Trust Pallavi Trust Sameer Trust Malvi Ranchoddas & Co.
d) Relatives of Key Management Personnel	Anish Swadi Pallavi Swadi Pooja Hiremath Ashok Vishwanath Hiremath

Notes to the Standalone Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

Relationship	Name of the related party
e) Non-executive directors	Baba Kalyani
	Amit Kalyani
	Sugandha Hiremath
	Kannan K. Unni
	Prakash Mehta
	Ranjit Shahani
	Mrs. Shivani Bhasin Sachdeva
	Ravindra Kumar Goyal (up to 22 December 2021)
	Shrikrishna K. Adivarekar (w.e.f. 22 December 2021)
f) Key Management Personnel of Subsidiary	Sham Wahalekar

ii) Details of transactions with related parties and balances outstanding

Particulars	Transaction value		Balances outstanding	
	Year ended 31 March 2023	Year ended 31 March 2022	31 March 2023	31 March 2022
Remuneration				
Jai Hiremath	50.88	53.88	-	-
Sameer Hiremath	41.89	36.00	-	-
Anish Swadi	31.04	20.84	-	-
Kuldeep Jain	14.38	12.50	-	-
Rajasekhar Reddy	9.04	8.26	-	-
Commission paid				
Jai Hiremath	-	22.65	-	22.65
Sameer Hiremath	-	22.65	-	22.65
Sitting fees				
Sugandha Hiremath	1.10	1.10	-	-
Baba Kalyani	0.50	0.50	-	-
Amit Kalyani	0.30	0.30	-	-
Kannan K. Unni	1.30	1.60	-	-
Prakash Mehta	1.40	1.70	-	-
Shrikrishna Adivarekar	0.50	0.20	-	-
Ranjit Shahani	1.00	0.90	-	-
Shivani Bhasin Sachdeva	0.60	0.80	-	-
Ravindra Kumar Goyal	-	0.80	-	-
Commission to Non-Executive Directors				
Sugandha Hiremath	0.56	1.42	0.56	1.42
Baba Kalyani	0.56	1.42	0.56	1.42
Amit Kalyani	0.56	1.42	0.56	1.42
Kannan K. Unni	0.56	1.42	0.56	1.42
Prakash Mehta	0.56	1.42	0.56	1.42
Shrikrishna K. Adivarekar	0.56	0.39	0.56	0.39
Ranjit Shahani	0.56	1.42	0.56	1.42
Shivani Bhasin Sachdeva	0.56	1.42	0.56	1.42
Ravindra Kumar Goyal	-	1.03	-	1.03
Dividend paid				
SBIPL	19.91	43.81	-	-
SRIPL	9.81	21.58	-	-
DEPL	0.05	0.11	-	-
EIPL	0.39	0.87	-	-



Notes to the Standalone Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

Particulars	Transaction value		Balances outstanding	
	Year ended 31 March 2023	Year ended 31 March 2022	31 March 2023	31 March 2022
KECPL	0.06	0.14	-	-
KICL	38.67	85.07	-	-
Sugandha Hiremath	9.67	21.27	-	-
Jai Hiremath	1.34	2.95	-	-
Sameer Hiremath	0.39	0.86	-	-
Anish Swadi	0.01	0.02	-	-
Baba Kalyani	0.02	0.05	-	-
Kannan K. Unni	0.03	0.04	-	-
Prakash Mehta	0.02	0.03	-	-
Pallavi Swadi	0.38	0.84	-	-
Pooja Hiremath	0.01	0.02	-	-
BF Investment Limited	3.27	7.20	-	-
Sumer Trust	0.08	0.17	-	-
Rhea Trust	0.08	0.17	-	-
Nihal Trust	0.08	0.17	-	-
Anika Trust	0.08	0.17	-	-
Pooja Trust	0.08	0.17	-	-
Anish Trust	0.08	0.17	-	-
Pallavi Trust	0.19	0.41	-	-
Sameer Trust	0.19	0.41	-	-
Kuldeep Jain	-	-	-	-
Rajasekhar Reddy	-	-	-	-
Sham Wahalekar	0.01	-	-	-
Ashok Hiremath	0.06	-	-	-
Lease rent paid				
RCSPL	1.08	1.08	-	-
Sugandha Hiremath	2.40	2.40	-	-
Jai Hiremath	0.30	0.30	-	-
Security Deposit				
RCSPL	-	-	1.10	1.10
Sugandha Hiremath	-	-	50.00	50.00
Jai Hiremath	-	-	20.00	20.00
Consultancy Charges				
Sham Wahalekar	3.66	3.99	0.30	-
Malvi Ranchoddas & Co.	3.78	4.30	0.48	-
Sales Promotion Expenses				
Hikal LLC	31.31	22.38	-	-
Reimbursement of Expenses				
Acoris Research Limited	0.04	0.10	0.15	0.12

Terms and conditions of transactions with related parties

All related party transactions entered during the year were in ordinary course of business and are on arms length basis. Outstanding balances at year end are unsecured and interest free and settlement occurs in cash.

Notes to the Standalone Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

59 Key Ratios

Sr. No.	Particulars	Numerator	Denominator	31 March 2023	31 March 2022	Variance (in %)	Reason for variance
1	Current Ratio	Current Assets	Current Liabilities	1.42	1.25	13%	
2	Net Debt-equity Ratio	Total Borrowing	Equity	0.61	0.59	3%	
3	Debt Service Coverage Ratio	EBIT	Total Debt Service	1.77	1.96	10%	
4	Return on Equity Ratio	Comprehensive Income	Average Shareholder's Equity	7.07%	16.16%	56%	The variation is due to decrease in EBIT in current year as compared to last year
5	Inventory Turnover Ratio	Cost of goods sold	Avg. Inventory	3.43	3.35	2%	
6	Trade Receivables Turnover Ratio	Net Credit Sales	Average Accounts Receivable	4.56	4.17	9%	
7	Trade Payables Turnover Ratio	Total Purchases	Average Accounts Payable	3.89	4.43	12%	
8	Net Working Capital Turnover Ratio	Net Annual Sales	Working Capital	3.74	3.30	13%	
9	Net Profit Ratio	Net Profit after Tax	Net Sales	3.91%	8.26%	53%	The variation is due to decrease in Net Profit after tax as compared to last year.
10	Return on Capital Employed	Operating Profit	Average Capital Employed	8.47%	15.21%	44%	The variation is due to decrease in Operating profit as compared to last year.
11	Return on Investment	Income generated from Invested funds	Average Investment Funds	7.06%	4.11%	72%	The variation is due to Profit from sale of investment

60 Contribution to Provident Fund as per Supreme Court Judgement

There are numerous interpretative issues relating to the Supreme Court (SC) judgement dated 28 February 2019 on Provident Fund (PF) on the inclusion of allowances for the purpose of PF contribution as well as its applicability of effective date. The impact is not expected to be material as per the assessment made by the company.

61 The Code on Social Security, 2020

The Code on Social Security, 2020 ('the Code') has been notified in the Official Gazette on 29 September 2020. The effective date from which the changes are applicable is yet to be notified and the rules are yet to be framed. Impact, if any, of the change will be assessed and accounted in the period in which the said Code becomes effective and the rules framed thereunder are published.

62 The Company does not have any Benami property, where any proceedings have been initiated or pending against the company for holding any Benami property.

63 The Company does not have any transactions with Companies struck off.

64 The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

65 The Company has not traded or invested in Crypto currency or Virtual currency during the financial year.

66 The Company has not advanced or loaned or invested funds to any other person/entities, including foreign entities (intermediaries) with the understanding that the intermediary shall:

- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding party (ultimate beneficiaries) or
- (ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.



Notes to the Standalone Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

- 67** The Company has not received funds to any other person/entities, including foreign entities (Funding party) with the understanding (whether recorded in writing or otherwise) that the company shall:
- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding party (ultimate beneficiaries) or
 - (ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.
- 68** The Company does not have any such transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- 69** Maintenance of Books of account under Section 128 of the Companies Act, 2013 The Company has defined process to take daily back-up of books of account maintained electronically and complied with the provisions of The Companies (Accounts) Rules, 2014 (as amended). However, the Company as a policy, has maintained logs of the daily back-up of such books of account only for last 30 days and hence audit trail in relation to daily back up taken was not available for full year.
- 70** The quarterly returns or statements of Current assets filed by the Company with the banks or financial institutions are in agreement with the books of account.

71 Other information

The figures for the previous year have been regrouped wherever necessary to conform to the current year's presentation.

As per our report of even date

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm's Registration No: 324982E/E300003

For and on behalf of the Board of Directors of

Hikal Limited

CIN: L24200MH1988PTC048028

per Vinayak Pujare

Partner

Membership No: 101143

Jai Hiremath

Executive Chairman

DIN: 00062203

Sameer Hiremath

Managing Director and CEO

DIN: 00062129

Kannan K. Unni

Director

DIN: 00227858

Canada

29 May 2023

Kuldeep Jain

Chief Financial Officer

Mumbai

29 May 2023

Rajasekhar Reddy

Company Secretary

Mumbai

29 May 2023

Mumbai

29 May 2023

Independent Auditor's Report

To the Members of Hikal Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Hikal Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance sheet as at 31 March 2023, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditor on separate financial statements and on the other financial information of the subsidiary, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31 March 2023, their consolidated profit including other comprehensive loss, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the consolidated Financial Statements' section of our report. We are independent of the Group, in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together

with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Emphasis of Matter

We draw attention to note 54A(ii) of the consolidated financial statements, as regards the ongoing investigations/actions by statutory authorities in relation to alleged non-compliance with certain environmental laws and regulations, and the litigation in respect thereof, the outcome of which is presently uncertain. Our opinion is not modified in respect of the aforesaid matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year ended 31 March 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matter described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of audit procedures performed by us and by other auditor of component not audited by us, as reported by him in his audit report furnished to us by the management, including those procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition based on contracts with customers (as described in note 3.2 and 34 of the consolidated financial statements)</p> <p>The Group recognises revenue when control of the goods is transferred to the customers at an amount that reflects the net consideration, which the Group is entitled to receive for those goods from customers.</p> <p>Revenue from sale of products is recognised based on terms and conditions, which vary amongst different customers. There is a risk of revenue being overstated on account of variation in the timing of transfer of control and due to the pressure management may feel to achieve performance targets at the reporting period-end.</p> <p>The recognition and measurement of such revenue is also based on the terms of sales arrangement/contracts, which involves management judgement and estimation in respect of price adjustments that create complexities for determining sales revenues.</p> <p>Considering the above factors and the risk associated with recognition of such revenue, we have determined the same to be a key audit matter.</p>	<p>As part of our audit procedures, we:</p> <ul style="list-style-type: none"> • Read the Group's accounting policy for revenue recognition and assessed its compliance with 115 'Revenue from contracts with customers; • Assessed the design and tested the operating effectiveness of internal financial controls related to sale of goods; • Performed sample tests of individual sales; • transactions and price adjustments and traced to sales invoices, sales orders, shipping documents and debit/credit notes. • Selected sample of sales transactions made pre and post year-end, agreed the period of revenue recognition to underlying documents such as sales invoices, sales orders and shipping documents; • Read and assessed the relevant disclosures made within the consolidated financial statements.

Other Information

The Holding Company's Board of Directors is responsible for the Other Information. Other Information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of Management for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate

accounting records in accordance with the provisions of the Act for safeguarding of the assets of their respective companies and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of their respective companies to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of their respective companies.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they

Independent Auditor's Report

could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and

performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended 31 March 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

- (a) We did not audit the financial statements and other financial information, in respect of one subsidiary, whose financial statements include total assets of ₹ NIL as at 31 March 2023, and total revenues of ₹ NIL and net cash outflows of ₹ NIL for the year ended on that date. These financial statements and other financial information have been audited by another auditor, which financial statements, other financial information and auditor's report have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of such other auditor.
- (b) The accompanying consolidated financial statements include unaudited financial statements and other unaudited financial information in respect of one subsidiary whose financial statements and other financial information reflect total assets of ₹0.16 million as at 31 March 2023, and total revenues of ₹31.31 million and net cash inflows of ₹0.14 million for the year ended on that date. These unaudited financial statements and other unaudited financial information have been furnished to us by the management. Our opinion, in so far as it relates amounts and disclosures included in respect of these subsidiary and our report in terms of sub-sections (3) of



Section 143 of the Act in so far as it relates to the aforesaid subsidiary is based solely on such unaudited financial statement and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-Section (11) of Section 143 of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and the other financial information of a Subsidiary, incorporated in India, as noted in the 'Other Matter' paragraph, we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxi) of the Order.
 2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and the other financial information of a subsidiary, as noted in the 'Other Matter' paragraph we report, to the extent applicable, that:
 - (a) We/the other auditor whose report we have relied upon, have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and report of the other auditor;
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors of the Holding Company taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor appointed under Section 139 of the Act, of its subsidiary company, none of the directors of the Group's companies, incorporated in India, are disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) The matter described in Emphasis of Matter above, in our opinion, may have an adverse effect on the functioning of the Group.
 - (g) With respect to the adequacy of the internal financial controls with reference to these consolidated financial statements of the Holding Company and its subsidiary company, incorporated in India, refer to our separate Report in "Annexure 2" to this report;
 - (h) In our opinion and based on the consideration of report of other statutory auditor of the subsidiary, incorporated in India, the managerial remuneration for the year ended 31 March 2023 has been paid/ provided by the Holding Company and its subsidiary incorporated in India to their directors in accordance with the provisions of Section 197 read with Schedule V to the Act;
 - (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements as also the other financial information of the subsidiary, as noted in the 'Other Matter' paragraph:
 - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, in its consolidated financial statements – Refer 54(A) to the consolidated financial statements;
 - ii. The Group, did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended 31 March 2023;

Independent Auditor's Report

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary, incorporated in India during the year ended 31 March 2023.
- iv. a) The respective managements of the Holding Company and its subsidiary incorporated in India, whose financial statements have been audited under the Act, have represented to us and the other auditors of the subsidiary that, to the best of its knowledge and belief, as disclosed in the note 63 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or such subsidiary to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or such subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b) The respective managements of the Holding Company and its subsidiary company incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary that, to the best of its knowledge and belief, as disclosed in the note 64 to the consolidated financial statements, no funds have been received by the respective Holding Company or such subsidiary from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of a subsidiary which is company incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.
- v) The final dividend paid by the Holding Company during the year in respect of the same declared for the previous year is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.
- The interim dividend declared and paid by the Holding Company during the year and until the date of this audit report is in accordance with Section 123 of the Act.
- As stated in note 21(C) to the consolidated financial statements, the Board of Directors of the Holding Company has proposed final dividend for the year, which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.
- vi) As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable only with effect from 1 April 2023 for the Holding Company and its subsidiary Company incorporated in India, reporting under this clause is not applicable.

For S R B C & CO LLP
Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Vinayak Pujare
Partner

Membership Number: 101143

UDIN: 23101143BGYWND2196

Place of Signature: Mumbai

Date: 29 May 2023



Annexure 1 referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date

Re: Hikal Limited ('the Company')

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

(xxi) Qualifications or adverse remarks by us in the Companies (Auditors Report) Order ('CARO') report of the Company included in the consolidated financial statements is:

Sr. No.	Name	CIN	Holding company/ Subsidiary	Clause number of the CARO report which is qualified or is adverse
1	Hikal Limited	L24200MH1988PTC048028	Holding Company	(vii)(a); (xi)(a)

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Vinayak Pujare

Partner

Membership Number: 101143

UDIN: 23101143BGYWND2196

Place of Signature: Mumbai

Date: 29 May 2023

Independent Auditor's Report

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

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

In conjunction with our audit of the consolidated financial statements of Hikal Limited (hereinafter referred to as the "Holding Company") as of and for the year ended 31 March 2023, we have audited the internal financial controls of Hikal Limited (hereinafter referred to as the "Holding Company") and its subsidiary company, which is company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and a Subsidiary Company, which is companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding company's internal financial controls with reference to these consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls (the "Guidance Note") and the Standards on Auditing, specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to these consolidated financial

statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to these consolidated financial statements.

Meaning of Internal Financial Controls with reference to these Consolidated Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to these Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to these consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to these consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to these consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary company, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to these consolidated financial statements and such internal financial controls with reference to these consolidated financial statements were operating effectively as at March 31,2023, based on the internal control criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to these consolidated financial statements of the Holding Company, insofar as it relates to this one subsidiary

company, which is the Company incorporated in India, is based on the corresponding report of the auditor of such subsidiary incorporated in India.

For S R B C & CO LLP
Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Vinayak Pujare
Partner

Membership Number: 101143

UDIN: 23101143BGYWND2196

Place of Signature: Mumbai

Date: 29 May 2023

Consolidated Balance Sheet

As at 31 March 2023

(Currency: Indian Rupees in million)

	Note	As at 31 March 2023	As at 31 March 2022
ASSETS			
Non-current assets			
Property, plant and equipment	4	8,853.10	8,147.48
Capital work-in progress	4	4,020.75	2,851.83
Right-of-use assets	5	628.84	640.27
Other intangible assets	6	1.20	6.89
Intangible assets under development	6	100.75	96.01
Financial Assets			
Investments	7	53.04	6.38
Loans	8	3.00	1.69
Others	9	186.67	146.81
Income tax assets (net)	10	20.21	20.21
Other non-current assets	11	597.05	570.70
Total non-current assets		14,464.61	12,488.27
Current assets			
Current Investment	12	-	102.68
Inventories	13	3,167.42	3,289.79
Financial Assets			
Trade receivables	14	4,417.82	4,377.20
Cash and cash equivalents	15	267.30	114.41
Bank balances other than cash and cash equivalents	16	328.19	376.50
Loans	17	2.40	3.08
Others	18	167.14	174.86
Other current assets	19	1,039.94	1,204.27
Total current assets		9,390.21	9,642.79
Total assets		23,854.82	22,131.06
EQUITY AND LIABILITIES			
Equity			
Equity share capital	20	246.60	246.60
Other equity			
Retained earnings		8,383.77	7,729.20
Other reserves	21	2,704.33	2,704.01
Total equity		11,334.70	10,679.81
Liabilities			
Non-current liabilities			
Financial Liabilities:			
Borrowings	22	4,898.79	2,866.81
Lease liability	23	-	2.23
Provisions	24	242.24	236.30
Deferred tax liabilities (net)	25	327.15	364.07
Other liabilities	26	436.40	290.02
Total non-current liabilities		5,904.58	3,759.43
Current liabilities			
Financial liabilities:			
Borrowings	27	2,580.75	3,877.57
Lease liability	28	2.30	3.56
Trade payables	29		
Total outstanding dues of Micro Enterprises and Small Enterprises		504.66	449.98
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		2,628.01	2,040.71
Other financial liabilities	30	488.06	683.84
Other current liabilities	31	236.89	481.89
Provisions	32	35.13	31.38
Income tax liabilities (net)	33	139.74	122.89
Total current liabilities		6,615.54	7,691.82
Total liabilities		12,520.12	11,451.25
Total equity and liabilities		23,854.82	22,131.06

Significant accounting policies

Accompanying notes form an integral part of the Consolidated Financial Statements

1-3

As per our report of even date

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm's Registration No: 324982E/E300003

For and on behalf of the Board of Directors of

Hikal Limited

CIN: L24200MH1988PTC048028

per Vinayak Pujare

Partner

Membership No: 101143

Jai Hiremath

Executive Chairman

DIN: 00062203

Sameer Hiremath

Managing Director and CEO

DIN: 00062129

Kannan K. Unni

Director

DIN: 00227858

Canada

29 May 2023

Mumbai
29 May 2023

Kuldeep Jain

Chief Financial Officer

Mumbai

29 May 2023

Rajasekhar Reddy

Company Secretary

Mumbai

29 May 2023



Consolidated Statement of Profit and Loss

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

	Note	For the year ended 31 March 2023	For the year ended 31 March 2022
Income			
Revenue from operations	34	20,230.30	19,427.21
Other income	35	54.10	48.90
Total income		20,284.40	19,476.11
Expenses			
Cost of materials consumed	36	11,215.89	10,322.11
Changes in inventories of finished goods and work-in-progress	37	(145.57)	(358.23)
Employee benefit expenses	38	2,224.41	2,033.81
Finance costs	39	481.01	312.18
Depreciation and amortisation expense	40	1,090.13	956.69
Other expenses	41	4,364.88	4,023.96
Total expenses		19,230.75	17,290.52
Profit before tax		1,053.65	2,185.59
Tax expense			
Current tax	42	304.75	596.50
Deferred tax	43	(34.92)	(15.90)
Total tax expense		269.83	580.60
Profit for the year (Attributable to Equity holders of the parent)		783.82	1,604.99
Other comprehensive income (OCI)			
(i) Items that will not be reclassified to consolidated statement of profit and loss			
Loss/(Gain) on remeasurement of defined employee benefit plans		(8.06)	15.95
Gain on change in fair values of investments in equity shares carried at fair value through OCI		0.43	0.27
(ii) Income tax relating to items that will not be reclassified to consolidated statement of profit and loss		2.00	(4.16)
Other comprehensive income for the year, (net of income tax)		(5.63)	12.06
Total comprehensive income for the year (Attributable to Equity holders of the parent)		778.19	1,617.05
Earnings per equity share (for nominal value per equity share of ₹2)			
Basic and Diluted	44	6.36	13.02

Significant accounting policies

1-3

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

As per our report of even date

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm's Registration No: 324982E/E300003

For and on behalf of the Board of Directors of

Hikal Limited

CIN: L24200MH1988PTC048028

per Vinayak Pujare

Partner

Membership No: 101143

Jai Hiremath

Executive Chairman

DIN: 00062203

Sameer Hiremath

Managing Director and CEO

DIN: 00062129

Kannan K. Unni

Director

DIN: 00227858

Canada

29 May 2023

Kuldeep Jain

Chief Financial Officer

Mumbai

29 May 2023

Rajasekhar Reddy

Company Secretary

Mumbai

29 May 2023

Mumbai

29 May 2023

Consolidated Statement of Changes in Equity

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

(a) Equity share capital

	No. of shares	Amount
Balance as at 1 April 2021	123.30	246.60
Changes in equity share capital during financial year 2021-22	-	-
Balance as at 31 March 2022	123.30	246.60
Changes in equity share capital during financial year 2022-23	-	-
Balance as at 31 March 2023	123.30	246.60

(b) Other equity

	Reserve and surplus							Equity investments through other comprehensive income
	Capital reserve	Capital redemption reserve	Securities premium	State subsidy	Contingency reserve	General reserve	Retained earnings	
Balance as at 1 April 2021	0.44	509.82	381.23	5.50	30.00	1,779.58	6,383.61	(2.76)
Total comprehensive income for the year ended 31 March 2021								
Profit for the year	-	-	-	-	-	-	1,604.99	-
Items of OCI for the year, net of tax								
Gain/(loss) on remeasurement of defined employee benefit plans	-	-	-	-	-	-	11.86	-
Gain/(loss) on change in fair values of investments in equity shares carried at fair value through OCI	-	-	-	-	-	-	-	0.20
Total comprehensive income	-	-	-	-	-	-	1,616.85	0.20
Transaction with equity holders in their capacity as owners, recorded directly in equity								
Dividend	-	-	-	-	-	-	(271.26)	-
Balance as at 31 March 2022	0.44	509.82	381.23	5.50	30.00	1,779.58	7,729.20	(2.56)
Total comprehensive income for the year ended 31 March 2022								
Profit for the year	-	-	-	-	-	-	783.82	-
Items of OCI for the year, net of tax								
Gain/(loss) on remeasurement of defined employee benefit plans	-	-	-	-	-	-	(5.95)	-
Gain/(loss) on change in fair values of investments in equity shares carried at fair value through OCI	-	-	-	-	-	-	-	0.32
Total comprehensive income	-	-	-	-	-	-	777.87	0.32
Transaction with owners in their capacity as owners, recorded directly in equity								
Dividends	-	-	-	-	-	-	(123.30)	-
Balance as at 31 March 2023	0.44	509.82	381.23	5.50	30.00	1,779.58	8,383.77	(2.24)

As per our report of even date

For **S R B C & CO LLP**
Chartered Accountants

ICAI Firm's Registration No: 324982E/E300003

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

CIN: L24200MH1988PTC048028

per Vinayak Pujare
Partner

Membership No: 101143

Jai Hiremath
Executive Chairman
DIN: 00062203

Sameer Hiremath
Managing Director and CEO
DIN: 00062129

Kannan K. Unni
Director
DIN: 00227858
Canada
29 May 2023

Kuldeep Jain
Chief Financial Officer
Mumbai
29 May 2023

Rajasekhar Reddy
Company Secretary
Mumbai
29 May 2023

Mumbai
29 May 2023



Consolidated Cash Flow Statement

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

	For the year ended 31 March 2023		For the year ended 31 March 2022
A. Cash flow from operating activities			
Profit before tax		1,053.65	2,185.59
Adjustments:			
Depreciation and amortisation	1,090.13		956.69
Finance costs	481.01		312.18
Interest income	(19.56)		(17.55)
Gain on sale of property, plant and equipment	6.96		(0.52)
Sundry balances written (back)/off	1.73		(3.56)
Provision for doubtful debts/advances	44.78		15.27
Change in fair value of current investment	-		(2.30)
Provision/write off of inventory	40.04		11.40
Profit on sale of investment	(13.23)		(1.40)
Unrealised foreign exchange (gain)/ loss	(0.52)		(7.51)
		1,631.34	1,262.70
Operating cash flow before working capital changes		2,684.99	3,448.29
(Increase)/Decrease in trade receivables	(66.85)		469.10
Decrease/(Increase) in loans and advances and other assets	208.87		(564.68)
Decrease/(Increase) in inventories	82.33		(634.20)
Increase in trade payables	649.49		193.62
(Decrease)/Increase in provisions and other liabilities	(117.57)		723.20
		756.09	187.04
Cash generated from operations		3,441.08	3,635.33
Income tax paid		(287.99)	(698.00)
Net cash flows generated from operating activities (A)		3,153.09	2,937.33
B. Cash flow from investing activities			
Purchase of property, plant and equipment and intangible assets	(3,026.20)		(2,733.14)
Proceeds from sale of property, plant and equipment	5.73		2.69
Purchase of current investments	-		(180.38)
Purchase of non-current investment	(46.23)		-
Proceeds from sale of investment	115.86		81.40
Interest received	18.99		16.93
Decrease/(increase) in other bank balances (includes margin money account)	8.45		(31.21)
Net cash flows (used in) investing activities (B)		(2,923.40)	(2,843.71)

Consolidated Cash Flow Statement

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

	For the year ended 31 March 2023		For the year ended 31 March 2022
C. Cash flow from financing activities			
Proceeds from long-term borrowings	2,900.00		1,350.00
Repayment of long-term borrowings	(1,212.27)		(887.13)
Repayments of/proceeds from short-term borrowings (net)	(992.84)		204.60
Finance costs paid (including transaction costs)	(644.90)		(448.75)
Payment of lease liability	(3.49)		(3.04)
Dividend paid on equity shares	(123.30)		(271.26)
Net cash flows (used in) financing activities (C)		(76.80)	(55.58)
Net increase in cash and cash equivalents (A+B+C)		152.89	38.04
Cash and cash equivalents at the beginning of the year, the components being			
Cash on hand		2.37	0.84
Balances with banks			
- Current accounts		96.84	66.97
- Exchange Earners Foreign Currency accounts		7.19	0.09
- Deposits accounts (having original maturity of 3 months or less)		8.01	8.47
		114.41	76.37
Cash and cash equivalents at the end of the year, the components being			
Cash on hand		2.03	2.37
Balances with banks			
- Current accounts		260.41	96.84
- Exchange Earners Foreign Currency accounts		-	7.19
- Deposits accounts (having original maturity of 3 months or less)		4.86	8.01
		267.30	114.41
Net increase/(decrease) as disclosed above		152.89	38.04

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'.
- For changes in liability arising from financing activity refer note 22

Significant accounting policies

1-3

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

As per our report of even date

For **S R B C & CO LLP**
Chartered Accountants

ICAI Firm's Registration No: 324982E/E300003

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

CIN: L24200MH1988PTC048028

per Vinayak Pujare
Partner

Membership No: 101143

Jai Hiremath
Executive Chairman
DIN: 00062203

Sameer Hiremath
Managing Director and CEO
DIN: 00062129

Kannan K. Unni
Director
DIN: 00227858
Canada
29 May 2023

Mumbai
29 May 2023

Kuldeep Jain
Chief Financial Officer
Mumbai
29 May 2023

Rajasekhar Reddy
Company Secretary
Mumbai
29 May 2023

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

1(a) Group Overview

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

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

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

The Holding Company alongwith its subsidiary is referred to as the "Group".

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

1(b) Statement of compliance

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III).

The consolidated financial statements for the year ended March 31, 2023 were approved by the Board of Directors and authorised for issue on 29 May 2023.

2 Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

These financial statements have been prepared on accrual and going concern basis.

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:

Items	Measurement basis
Certain financial assets and liabilities (including Fair value derivatives instruments)	Fair value
Net defined benefit (asset)/ liability	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.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a) Property, plant and equipment

Useful lives of tangible assets are based on the the estimates made by the management. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

b) Recognition and measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

c) Impairment allowance of trade receivables (allowance for bad and doubtful debts)

The Group makes allowances for doubtful debts based on an assessment of the recoverability of trade and other receivables. The identification of doubtful debts requires use of judgements and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

d) Allowances for inventories

Management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow-moving items. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

e) Revenue from development contract

In respect of development contracts, the Company uses an input method in measuring progress of the development project because there is a direct relationship between the Company effort (i.e., based on the labour hours incurred, raw material consumed) and the transfer of service to the customer. The Company recognises revenue on the basis of the labour hours expended and raw material consumed relative to the total expected labour hours and raw material consumption to complete the development project.

f) Recognition of deferred tax assets

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

2.5 Measurement of fair values

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

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

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

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

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

3 Significant accounting policies

3.1 Basis of Consolidation

i. Subsidiary

Subsidiary is entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.



Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

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 preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the holding company, i.e. year ended on 31 March.

The procedure followed is as follows:

Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent with those of its subsidiary. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

Offset (eliminate) the carrying amount of the Holding Company's investment in each subsidiary and the Parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The list of company, controlled directly or indirectly by the Holding Company which are included in the consolidated financial statements is as under:

Name	Relationship	Country of incorporation	Ownership Interest	
			31 March 2023	31 March 2022
Acoris Research Limited	Subsidiary	India	100%	100%
Hikal LLC (w.e.f. 7 April 2021)	Subsidiary	USA	100%	100%

3.2 Revenue from contract with customer

Sale of goods

Revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those goods.

Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer which is usually on dispatch/delivery.

Revenue is measured based on the transaction price, which is the consideration, adjusted for rebates and discounts, price adjustments and returns, if any, as specified in the contracts with the customers. Revenue excludes taxes collected from customers on behalf of the government.

Due to short nature of credit period given to customers there is no financing component in the contract.

Sale of Services

Revenue from development and other services are recognised over time because the customer simultaneously receives and consumes the benefits provided to them. The Company uses an input method in measuring progress of the services because there is a direct relationship between the Group effort (i.e. based on the labour hours incurred, raw material consumed) and the transfer of service to the customer. The Group recognises revenue on the basis of the labour hours expended and raw material consumed relative to the total expected labour hours and raw material consumption to complete the service.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

Export entitlements

Export entitlements from Government authorities are recognised in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Group, and where there is no significant uncertainty regarding the ultimate collection/determination of amounts of the relevant export proceeds.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e. transfers control of the related goods or services to the customer).

3.3 Other Income

Interest Income

Interest income is recognised using the effective interest method as set out in Ind AS 109 – Financial Instruments: Recognition and Measurement, when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

Dividend Income

Dividend income is recognised when right to receive payment is established and it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably.

3.4 Foreign currency

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 the statement of profit and loss.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous Financial Statements are recognised in the consolidated Statement of Profit and Loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised in Other Comprehensive Income, any exchange component of that gain or loss is recognised in Other Comprehensive Income. Conversely, when a gain or loss on a non-monetary item is recognised in consolidated Statement of Profit and Loss, any exchange component of that gain or loss is recognised in consolidated Statement of Profit and Loss.

3.5 Employee benefits

Short-term employee benefits

Short-term employee benefits obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the amount of obligation can be estimated reliably.

Post employment employee benefits

i. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

The Group makes specified monthly contributions to Provident fund, Employee State Insurance and Labour Welfare Fund and are recognised as an employee benefit expense in the statement of profit and loss on an accrual basis.



Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

Contribution to Superannuation Fund, a defined contribution scheme, administered by Life Insurance Corporation of India, based on a specified percentage of eligible employees' salary.

ii. Defined benefit plans

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

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

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

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Gratuity

The Group has an obligation towards gratuity, a defined benefit scheme covering eligible employees. The Group accounts for gratuity benefits payable in future based on an independent actuarial valuation method as stated above. Gratuity for staff at Panoli plant is funded through group gratuity insurance

scheme of the Life Insurance Corporation of India ('LIC').

Other long-term employee benefits

The Group's net obligation in respect of compensated absences such as paid annual leave, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method, as at the date of the Balance Sheet. Actuarial gains or losses comprising of experience adjustments and the effects of changes in actuarial assumptions are immediately recognised in the statement of profit and loss.

3.6 Income tax

Income tax expense comprises current and deferred tax. It is recognised in the consolidated statement of profit and loss or items recognised directly in equity or in other comprehensive income.

i Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates enacted or substantively enacted by the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and current tax liabilities are offset only if, the Group:

- a) has a legally enforceable right to set off the recognised amounts; and
- b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment.

The Group shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

ii. Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- i) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- i) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- ii) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Group offsets deferred tax assets and deferred tax 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 taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.7 Inventories

a) Measurement of Inventory

The Group measures its inventories at the lower of cost and net realisable value.

b) Cost of Inventories

The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

The costs of conversion of inventories include costs directly related to the units of production and a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods.

Other costs are included in the cost of inventories only to the extent that they are incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned by weighted average cost formula. The Group uses the same cost formula for all inventories having a similar nature and use to the Group.



Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

c) Net realisable value

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Net realisable value is ascertained for each item of inventories with reference to the selling prices of related finished products.

The practice of writing inventories down below cost to net realisable value is consistent with the view that assets should not be carried in excess of amounts expected to be realised from their sale or use. Inventories are usually written down to net realisable value item by item.

Estimates of net realisable value of finished goods and stock-in-trade are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when a decline in the price of materials indicates that the cost of the finished products exceeds net realisable value, the materials are written down to net realisable value.

Amount of any reversal of write-down of inventories shall be recognised as an expense as when the event occurs. A new assessment is made of net realisable value in each subsequent period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed. Amounts such reversed shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which reversal occurs.

d) Valuation of Spare parts, stand-by equipments and servicing equipments

Spare parts, stand-by equipment and servicing equipment are recognised as Property, Plant and Equipment if and only if it is probable that future economic benefits associated with them will flow to the Group and their cost can be measured reliably. Otherwise such items are classified and recognised as Inventory.

3.8 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.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

Ind AS 8 -Accounting Policies, Changes in Accounting Estimates and Errors.

The residual value and the useful life of an asset is reviewed at least at each financial year-end. Depreciation is calculated using the straight-line method on cost of items of property, plant and equipment less their estimated residual values over the estimated useful lives prescribed under Schedule II of the Act.

In case of Ships, based on internal assessment and technical evaluation carried out, management believes that the useful life is 30 years, which is higher and different from the useful life of 20 years as prescribed under Part C of Schedule II of the Act.

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

Tangible Assets	Life defined	Useful life as per Schedule II
Buildings	30-60	30-60
Plant and equipment	10-20	10-20
Electrical equipment and installation	10	10
Office equipment	5	5
Computers	3	3
Furniture and fixtures	10	10
Vehicles	8	10
Ships	30	20

Leasehold improvements amortised over the primary period of lease.

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

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.

The Group has opted option available in Para D13AA of Ind AS 101 to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP i.e. capitalisation foreign exchange difference pursuant to para 46A of AS 11 'The Effects of Changes in Foreign Exchange Rates'

vide notification dated 29 December 2011 by Ministry of Corporate Affairs (MCA).

3.10 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 the statement of profit and loss as incurred.

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is included in depreciation and amortisation in the statement of profit and loss.

Other intangible assets are amortised over the estimated useful lives as given below:

- Computer Software 5 years

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

3.11 Financial instruments

a) Financial assets

i. Recognition and initial measurement

Trade receivables and debt securities 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.



Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

All financial assets are measured subsequently at either amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss, depending on the classification of the financial assets.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under standard on revenue from contracts with customers. Refer to the accounting policies for revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to contractual cash flows that are 'solely payments of principal and interest (SPPI)'; on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e, the date that the Group commits to purchase or sell the asset.

ii. Classification

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

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

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

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

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

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

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

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

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

Financial assets: Business model assessment

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

iii. Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit and loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in the statement of profit and loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity instrument measured at FVOCI not reported separately from other changes in fair value.

iv. Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial

asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

v. Impairment of financial assets

Trade receivables the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Further disclosures relating to impairment of financial assets are provided in note no. 14 - Trade Receivables.

b) Financial liabilities

i. Recognition and initial measurement

All financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

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

ii. Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in the statement of profit and loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

iii. Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the statement of profit and loss.

iv. Offsetting

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

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 or disclosure is made.

3.13 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i. Right-of-use Assets (ROU Assets)

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold Land	90 to 99 years
Buildings	9 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 3.14 Impairment of non-financial assets.

ii. Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

iii. Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.14 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 recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

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

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

3.15 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 Dividend

The Group recognises a liability to pay dividend to equity holders of the parent when the distribution is authorised, and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

The final dividend on shares is recorded as a liability on the date of approval by the shareholders.

Interim dividend are recorded as a liability on the date of declaration by the Group's Board.

The Group declares and pay dividends in Indian Rupees. Group is required to pay/distribute dividend after deducting applicable taxes. The remittance of dividends outside India is governed by Indian law on foreign exchange and is also subject to withholding tax at applicable taxes. Further disclosure relating to dividend refer Note No. 21(C)-Dividends.

3.18 Current/non-current classification

The Group shall classify an asset as current when-

- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the asset primarily for the purpose of trading;
- it expects to realise the asset within twelve months after the reporting period; or
- 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.

The Group shall classify a liability as current when-

- it expects to settle the liability in its normal operating cycle;
- it holds the liability primarily for the purpose of trading;



Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

- (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.

The Group shall classify all other assets and liabilities as non-current.

Deferred tax Assets and Liabilities are classified as non-current assets and liabilities.

Operating cycle

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

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

3.19 Recent Accounting Pronouncements

Standard notified but not yet effective

Recent accounting pronouncements The Ministry of Corporate Affairs (MCA) notifies new standards or

amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 March 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below: Ind AS 1, Presentation of Financial Statements – This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Group has evaluated the amendment and the impact of the amendment is insignificant in the consolidated financial statements.

Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors – This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Group has evaluated the amendment and there is no impact on its consolidated financial statements.

Ind AS 12, Income Taxes – This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Group has evaluated the amendment and there is no impact on its consolidated financial statements.

Notes to the Consolidated Financial Statements

As at 31 March 2023

(Currency: Indian Rupees in million)

4. Property, Plant and Equipment

Description	Gross Block				Accumulated Depreciation			Net Block		
	As at 1 April 2022	Additions	Deductions	Adjustment of exchange difference on borrowing	As at 31 March 2023	As at 1 April 2022	Charge for the year	Deductions	As at 31 March 2023	As at 31 March 2022
Freehold land	582.10	-	-	-	582.10	-	-	-	582.10	582.10
Buildings	1,914.90	171.09	-	-	2,085.99	406.29	78.99	-	1,600.71	1,508.61
Plant and machinery	10,006.13	1,542.44	33.44	14.73	11,529.86	4,266.02	933.24	20.75	6,351.35	5,740.11
Electrical equipments and installations	251.46	25.89	-	-	277.35	99.18	20.04	-	158.13	152.28
Office equipments	153.05	17.74	-	-	170.79	102.67	21.93	-	46.19	50.38
Furniture and fixtures	129.36	19.24	-	-	148.60	66.16	11.32	-	71.12	63.20
Leasehold improvements	5.58	-	-	-	5.58	3.36	0.56	-	1.66	2.22
Vehicles	53.53	-	-	-	53.53	29.80	4.95	-	18.78	23.73
Ships	35.75	-	-	-	35.75	10.90	1.79	-	23.06	24.85
Total	13,131.86	1,776.40	33.44	14.73	14,889.55	4,984.38	1,072.82	20.75	6,036.45	8,147.48
Capital work-in progress									4,020.75	2,851.83

Notes to the Consolidated Financial Statements

As at 31 March 2023

(Currency: Indian Rupees in million)

4. Property, plant and equipment (Previous year)

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

Notes:

- Exchange differences (loss) of ₹14.73 million (P.Y. loss ₹12.17 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).
- Refer note 22 and 27 for details of assets hypothecated/mortgaged as security against borrowings.
- Refer note 51 for details of revenue expenditure capitalised.

Notes to the Consolidated Financial Statements

As at 31 March 2023

(Currency: Indian Rupees in million)

a) For Capital work-in progress, ageing schedule

Amount of Capital work-in progress for a period of 31 March 2023

Particulars	< 1 year	1-2 years	2-3 years	More than 3 years	Total
- Projects in Process	2,784.79	1,227.28	4.59	4.09	4,020.75
- Projects temporarily suspended	-	-	-	-	-

Amount of capital work-in-progress for a period of 31 March 2022

Particulars	< 1 year	1-2 years	2-3 years	More than 3 years	Total
- Projects in Process	2,542.84	224.85	47.51	36.63	2,851.83
- Projects temporarily suspended	-	-	-	-	-

b) (i) For Capital work-in progress, whose completion is overdue or has exceeded the cost compared to its original value as on 31 March 2023

Particulars	To be completed in				Total
	< 1 year	1-2 years	2-3 years	More than 3 years	
Crop Projects	2,204.12	-	-	-	2,204.12
Pharma Projects	980.72	-	-	-	980.72
Total	3,184.84	-	-	-	3,184.84

b) (ii) For Capital work-in progress, whose completion is overdue or has exceeded the cost compared to its original value as on 31 March 2022

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

5. Right-of-use assets

Description	Gross Block				Accumulated Depreciation				Net Block	
	As at 1 April 2022	Additions	Deductions	As at 31 March 2023	As at 1 April 2022	Charge for the year	Deductions	As at 31 March 2023	As at 31 March 2023	As at 31 March 2022
Leasehold land	691.71	-	-	691.71	54.79	9.28	-	64.07	627.64	636.92
Buildings	11.06	-	-	11.06	7.71	2.15	-	9.86	1.20	3.35
Total	702.77	-	-	702.77	62.50	11.43	-	73.93	628.84	640.27

5. Right-of-use assets (Previous year)

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



Notes to the Consolidated Financial Statements

As at 31 March 2023

(Currency: Indian Rupees in million)

6. Other intangible assets

Description	Gross Block				Accumulated Depreciation				Net Block	
	As at 1 April 2022	Additions	Deductions	As at 31 March 2023	As at 1 April 2022	Charge for the year	Deductions	As at 31 March 2023	As at 31 March 2023	As at 31 March 2022
Computer software	43.34	0.19	-	43.53	36.45	5.88	-	42.33	1.20	6.89
Total	43.34	0.19	-	43.53	36.45	5.88	-	42.33	1.20	6.89
Intangible assets under development									100.75	96.01

6. Other intangible assets (Previous year)

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

a) For Intangible assets under development, ageing schedule

Amount of Intangible assets under development as on 31 March 2023

Particulars	<1 year	1-2 years	2-3 years	More than 3 years	Total
- Projects in Process	4.74	7.47	1.40	87.14	100.75
- Projects temporarily suspended	-	-	-	-	-

Amount of Intangible assets under development as on 31 March 2022

Particulars	<1 year	1-2 years	2-3 years	More than 3 years	Total
- Projects in Process	7.47	1.40	32.74	54.40	96.01
- Projects temporarily suspended	-	-	-	-	-

b) i) For Intangible assets under development, whose completion is overdue or has exceeded the cost compared to its original value as on 31 March 2023

Particulars	To be completed in				
	<1 year	1-2 years	2-3 years	More than 3 years	Total
Intangible assets under development	100.75	-	-	-	100.75

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

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

Notes to the Consolidated Financial Statements

As at 31 March 2023

(Currency: Indian Rupees in million)

7. Non-current investments

	As at 31 March 2023	As at 31 March 2022
Investments in equity instruments:		
A Unquoted		
(At fair value through other comprehensive income)		
i. Other investment		
2,23,164 (31 March 2022 : 2,23,164) Equity shares of Rs. 10 each of Narmada Clean Tech (formerly known as Bharuch Eco Aqua Infrastructure Limited) paid up	4.65	4.38
30,000 (31 March 2022: 30,000) Equity shares of ₹10 each of Panoli Enviro Technology Limited fully paid-up	0.08	0.08
14,494 (31 March 2022: 14,494) Equity shares of ₹100 each MMA CETP Co-operative Society Limited fully paid-up	1.91	1.81
16% (31 March 2022: 16%) equity shares of Jiangsu Chemstar Chemical Co. Limited fully paid-up	0.01	0.01
33,60,000 (31 March 2022: Nil) Equity shares of ₹100 each Radiance Mh Sunrise Four Private Limited fully paid-up	33.60	-
12,60,000 (31 March 2022: Nil) Equity shares of ₹100 each Radiance Mh Sunrise Two Private Limited fully paid-up	12.60	-
Impairment in value of investment (in equity shares of Jiangsu Chemstar Chemical Co. Limited)*	(0.01)	(0.01)
B Quoted		
(At fair value through other comprehensive income)		
2,900 (31 March 2022: 2,900) Equity shares of ₹10 each of Union bank of India fully paid-up	0.20	0.11
Total non-current investments (A + B)	53.04	6.38
Aggregate amount of quoted investments	0.20	0.11
Aggregate market value of quoted investments	0.20	0.11
Aggregate amount of unquoted investments	52.85	6.28
Aggregate amount of impairment in value of investments	(0.01)	(0.01)
	53.04	6.38

*The Holding Company has written off the value of ₹26.96 Million in investment in Jigansu Chemical Company Limited in the earlier year.

8. Loans

	As at 31 March 2023	As at 31 March 2022
<i>Unsecured and considered good</i>		
To other than related parties		
Loans to employees	3.00	1.69
	3.00	1.69

9. Other financial assets

	As at 31 March 2023	As at 31 March 2022
<i>Unsecured and considered good</i>		
To other than related parties unless otherwise specified		
Deposits with remaining maturity of more than 12 months	38.35	5.55
Security deposit to related parties	71.10	71.10
Security deposit to other than related parties	77.22	70.16
	186.67	146.81



Notes to the Consolidated Financial Statements

As at 31 March 2023

(Currency: Indian Rupees in million)

10. Non-current tax assets (net)

	As at 31 March 2023	As at 31 March 2022
Non-current tax assets (net)	20.21	20.21
(Net of provision of ₹559.57 million (31 March 2022: ₹559.57 million))		
	20.21	20.21

11. Other non-current assets

	As at 31 March 2023	As at 31 March 2022
<i>Unsecured and considered good</i>		
To other than related parties		
Prepaid expenses	9.47	5.74
VAT/CST refund receivable	9.06	9.06
Balance with government authorities	305.53	347.88
Capital advances	272.99	208.02
	597.05	570.70

12. Current Investment

	As at 31 March 2023	As at 31 March 2022
Investment at fair value through Statement of Profit or Loss		
Investment in Mutual Funds (quoted)		
Investment in Aditya Birla Sunlife Savings fund	-	61.38
(No. of units Nil (31 March 2022: 1,39,404.39) Face value of ₹100/- Each)		
Investment in Tata Money Market fund collection	-	41.30
(No. of units Nil (31 March 2022: 10,908.54) Face value of ₹1000/- Each)		
	-	102.68

13. Inventories

	As at 31 March 2023	As at 31 March 2022
<i>Valued at the lower of cost and net realisable value</i>		
Raw materials (includes goods in transit of ₹52.41 million, 31 March 2022 ₹273.20 million)	1,360.01	1,632.11
Packing materials	8.62	11.14
Work-in-progress	776.38	660.98
Finished goods	828.69	798.52
Stores and spares	193.72	187.04
	3,167.42	3,289.79

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 3.7).

The write-down of inventories to net realisable value as at year end amounted to ₹148.06 million (31 March 2022: ₹118.02 million). The write down of inventories are included in cost of materials consumed or changes in inventories of finished goods and work-in-progress in the statement of profit and loss.

Notes to the Consolidated Financial Statements

As at 31 March 2023

(Currency: Indian Rupees in million)

14 Trade receivables

	As at 31 March 2023	As at 31 March 2022
<i>(Unsecured)</i>		
Trade receivable considered good	4,470.07	4,403.51
Trade receivable which have significant increase in credit risk	80.20	71.37
	4,550.27	4,474.88
Impairment allowance (Allowance for bad and doubtful debts)		
Trade receivable considered good	(87.17)	(49.66)
Trade receivable which have significant increase in credit risk	(45.28)	(48.02)
	(132.45)	(97.68)
Net trade receivable	4,417.82	4,377.20

The loss allowance on trade receivables has been computed on the basis of Ind AS 109, Financial Instruments, which requires such allowance to be made even for trade receivables considered good on the basis that credit risk exists even though it may be very low.

No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

The Group's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 47.

The carrying amounts of the trade receivables include receivables which are subject to a factoring arrangement. Under this arrangement, the Group has transferred the relevant receivables to the factor in exchange for cash. However, the group has retained credit risk. The Group therefore continues to recognise the transferred assets in their entirety in its balance sheet. The amount subject to factoring agreement is presented as borrowing.

The relevant carrying amounts are as follows:

	As at 31 March 2023	As at 31 March 2022
Total transferred trade receivables	531.05	347.95
Associated borrowings [refer note 27]	531.05	347.95

Trade Receivables Ageing as on 31 March 2023

Sr. No.	Particulars	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i)	Undisputed Trade receivables – considered good	3,926.93	527.77	15.37	-	-	-	4,470.07
(ii)	Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	16.51	6.11	12.30	34.92
(iii)	Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv)	Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
(v)	Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	30.55	14.73	45.28
(vi)	Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
	Total	3,926.93	527.77	15.37	16.51	36.66	27.03	4,550.27



Notes to the Consolidated Financial Statements

As at 31 March 2023

(Currency: Indian Rupees in million)

Trade Receivables Ageing as on 31 March 2022

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

15. Cash and cash equivalents

	As at 31 March 2023	As at 31 March 2022
Bank balances in:		
- Current accounts	260.41	96.84
- Exchange earners foreign currency	-	7.19
- Fixed deposit account (with original maturity of 3 months or less)	4.86	8.01
Cash on hand	2.03	2.37
Cash and cash equivalents in the statement of cash flows	267.30	114.41

16. Bank balance other than cash and cash equivalents

	As at 31 March 2023	As at 31 March 2022
Other bank balances:		
Bank deposits due to mature within 12 months of the reporting date	325.75	374.02
Unpaid dividend accounts	2.44	2.48
	328.19	376.50

Deposits given as security:

- Margin money deposits with a carrying amount of ₹122.21 million (31 March 2022- ₹177.09 million) are earmarked towards non fund based facilities availed from banks.
- Bank deposits with a carrying amount as at 31 March 2023 of ₹203.54 million (31 March 2022 ₹196.93 million) are earmarked towards the Company's rupee term loans and external commercial borrowing term loan availed from banks.

17. Loans

	As at 31 March 2023	As at 31 March 2022
(Unsecured)		
To parties other than related parties		
Loans to employees	2.40	3.08
	2.40	3.08

Notes to the Consolidated Financial Statements

As at 31 March 2023

(Currency: Indian Rupees in million)

18. Other financial assets

	As at 31 March 2023	As at 31 March 2022
(Unsecured)		
Interest accrued on fixed deposit	3.55	2.98
Unbilled revenue	146.76	96.65
Insurance claim receivable	16.83	75.23
	167.14	174.86

19. Other current assets

	As at 31 March 2023	As at 31 March 2022
(Unsecured)		
To parties other than related parties		
Advance to suppliers		
Considered good	172.14	200.90
Considered doubtful	30.00	20.00
Advance to suppliers	202.14	220.90
Less: Provision for doubtful advances	(30.00)	(20.00)
	172.14	200.90
Balance with government authorities	708.84	850.92
Prepaid expenses	158.96	152.45
	1,039.94	1,204.27

20. Share Capital

	As at 31 March 2023	As at 31 March 2022
Authorised share capital (Refer note a below)		
Equity	500	500
Par value per share (₹)	2	2
Number of equity shares	25,00,00,000	25,00,00,000
Preference shares	250	250
Par value per share (₹)	100	100
Number of Preference shares	25,00,000	25,00,000
Issued, subscribed and fully paid up – Equity	246.60	246.60
Par value per share (₹)	2	2
Number of equity shares	12,33,00,750	12,33,00,750

- a) The Board of Directors of the Holding Company at its meeting held on 9 May 2018, approved a proposal to issue bonus shares in the ratio of one equity share of ₹2 each for every two equity share of ₹2 each held by the shareholders of the Holding Company as on the record date i.e. 25 June 2018, which was approved by the shareholders by means of an ordinary resolution in the extra ordinary general meeting held on 11 June 2018. The Holding Company allotted 41,100,250 equity shares as fully paid up bonus shares by capitalisation of securities premium amounting to ₹82.20 million.



Notes to the Consolidated Financial Statements

As at 31 March 2023

(Currency: Indian Rupees in million)

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

Equity shares

	As at 31 March 2023		As at 31-03-2022	
	No. millions	₹ in millions	No. millions	₹ in millions
At the beginning of the year	123.30	246.60	123.30	246.60
At the end of the year	123.30	246.60	123.30	246.60

c) Terms/rights attached to equity shares

The Holding Company has only single class of equity shares having a par value of ₹2 (31 March 2022 ₹2) per share. Each holder of equity shares is entitled to one vote per share. The Holding Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors of holding Company is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

d) Details of shareholders holding more than 5% of shares:

	As at 31 March 2023		As at 31 March 2022	
	No. of Shares (millions)	%	No. of Shares (millions)	%
Equity shares of ₹2 (31 March 2022 ₹2) each fully paid				
Kalyani Investment Company Limited	38.67	31.36	38.67	31.36
Shri Badrinath Investment Private. Limited	19.91	16.15	19.91	16.15
Shri Rameshwara Investment Private Limited	9.81	7.96	9.81	7.96
Sugandha J Hiremath	9.67	7.84	9.67	7.84

e) The Shareholding of Promoters as on 31 March 2023 is as under:

Promoters Name	No. of Shares	% of Total Shares	% Change during the Year
Kalyani Investment Company Limited	3,86,67,375	31.36%	-
Shri Badrinath Investment Pvt. Ltd.	1,99,14,862	16.15%	-
Shri Rameshwara Investment Pvt. Ltd.	98,10,000	7.96%	-
Sugandha J Hiremath	96,67,500	7.84%	-
BF Investment Limited	32,73,375	2.65%	-
Jai Hiremath	13,40,625	1.09%	-
Ekdant Investment Pvt. Ltd.	3,93,802	0.32%	-
Sameer Hiremath	3,90,975	0.32%	-
Pallavi Anish Swadi	3,81,000	0.31%	-
Pallavi Trust	1,87,500	0.15%	-
Sameer Trust	1,87,500	0.15%	-
Ashok Hiremath	1,00,000	0.08%	100%
Sumer Trust	75,000	0.06%	-
Rhea Trust	75,000	0.06%	-
Nihal Trust	75,000	0.06%	-
Anika Trust	75,000	0.06%	-
Pooja Trust	75,000	0.06%	-
Anish Trust	75,000	0.06%	-
Karad Engineering Consultancy Pvt. Ltd.	63,750	0.05%	-
Decent Electronics Pvt. Ltd.	49,500	0.04%	-
Anish Dilip Swadi	7,500	0.01%	-
Pooja Hiremath	7,500	0.01%	-

One of the shareholder of the Group filed a suit filed in the Bombay High Court, the suit seeks certain actions on part of the Group, Pending any order/direction from the Bombay High Court, there is no impact on the financial statements.

Notes to the Consolidated Financial Statements

As at 31 March 2023

(Currency: Indian Rupees in million)

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

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

21. Other equity

	Note	As at 31 March 2023	As at 31 March 2022
Capital reserve	i	0.44	0.44
Capital redemption reserve	ii	509.82	509.82
Securities premium	iii	381.23	381.23
State subsidy	iv	5.50	5.50
Contingency reserve	v	30.00	30.00
General reserve	vi	1,779.58	1,779.58
Equity instruments through other comprehensive income	vii	(2.24)	(2.56)
		2,704.33	2,704.01
A. Notes			
i Capital reserve			
Opening balance		0.44	0.44
Additions during the year		-	-
Closing balance		0.44	0.44
ii Capital redemption reserve			
Opening balance		509.82	509.82
Additions during the year		-	-
Closing balance		509.82	509.82
iii Securities premium			
Opening balance		381.23	381.23
Additions during the year		-	-
Closing balance		381.23	381.23



Notes to the Consolidated Financial Statements

As at 31 March 2023

(Currency: Indian Rupees in million)

	Note	As at 31 March 2023	As at 31 March 2022
iv State subsidy			
Opening balance		5.50	5.50
Additions during the year		-	-
Closing balance		5.50	5.50
v Contingency reserve			
Opening balance		30.00	30.00
Additions during the year		-	-
Closing balance		30.00	30.00
vi General reserve			
Opening balance		1779.58	1779.58
Additions during the year		-	-
Closing balance		1779.58	1779.58
vii Equity instruments through other comprehensive income			
Opening balance		(2.56)	(2.76)
Additions during the year		0.32	0.20
Closing balance		(2.24)	(2.56)

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. The same can be used to issue fully paid bonus shares.

iii. Securities premium account

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with provisions of Companies Act, 2013.

iv. State subsidy

State subsidy is created on receipt of government grants for setting up the factories in backward areas. The same will be utilised for expansion of business.

v. Contingency reserve

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

vi. General reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

vii. Equity instruments through other comprehensive income

The Holding Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the Equity instruments through Other Comprehensive Income within equity. The Holding Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Notes to the Consolidated Financial Statements

As at 31 March 2023

(Currency: Indian Rupees in million)

C. Dividends

The following dividends were declared and paid by the Holding Company during the years ended:

	As at 31 March 2023	As at 31 March 2022
Final equity dividend paid for financial year 2021-22 at ₹0.40 per equity share	49.32	-
Interim equity dividend paid for financial year 2022-23 at ₹0.60 per equity share	73.98	-
Final equity dividend paid for financial year 2020-21 at ₹0.20 per equity share	-	123.30
Interim equity dividend paid for financial year 2021-22 at ₹1.20 per equity share	-	147.96
Total	123.30	271.26
After the reporting dates the following dividends were proposed by the directors subject to the approval at the annual general meeting. These dividends have not been recognised as liabilities in the year to which they pertain to and is recorded in the year in which they have been approved in the Annual General Meeting.		
Final equity dividend proposed for financial year 2022-23 at ₹0.60 per equity share	73.98	-
Final equity dividend proposed for financial year 2021-22 at ₹0.40 per equity share	-	49.32
Total	73.98	49.32

22. Borrowings

	As at 31 March 2023	As at 31 March 2022
Debentures		
1500 (31 March 2022: Nil) Redeemable, non-convertible debentures (NCD) of the face value of ₹10,00,000/- each.	1,461.85	-
Term loans from banks		
Rupee (refer note a (ii), and c (i) below)	1,328.19	953.70
External commercial borrowing (refer note a (iii) and c (i) below)	-	260.92
Term loans from financial institutions		
Rupee (refer note a (iv) and c (i) below)	2,108.75	1,651.53
Vehicle loans		
From banks -Rupee (refer note a (v) and c (i) below)	-	0.66
	4,898.79	2,866.81

(For current maturities of loans refer note 27)

a) Nature of security:

- i. Redeemable, non-convertible debentures (NCD) is secured by first *pari passu* charge on the fixed assets of the Company's plants situated at Talaja, Panoli, Bangalore, R & D centre at Pune and second *pari passu* charge on entire current assets both present and future.
- ii. Rupee term loan from banks is secured by first *pari passu* charge on the fixed assets of the Company's plants situated at Talaja, Panoli, Bangalore, R & D centre at Pune and second *pari passu* charge on entire current assets both present and future.
- iii. External Commercial borrowing from bank is secured by first *pari passu* charge on the fixed assets of the Company's plants situated at Talaja, Panoli and Bangalore, R & D centre at Pune and office at CBD Belapur (Navi Mumbai) and second *pari passu* charge on entire current assets both present and future.
- iv. Rupee term loan from financial institutions is secured by first *pari passu* charge on the fixed assets of the Company's plants situated at Talaja, Panoli and Bangalore, R & D centre at Pune and second *pari passu* charge on entire current assets both present and future.
- v. Vehicle loans are secured by first charge on the said vehicles.



Notes to the Consolidated Financial Statements

As at 31 March 2023

(Currency: Indian Rupees in million)

b) Changes in Liabilities arising from Financing Activities

Particulars	As at 1 April 2022	Accrual/ Reclassification	Cash Flows (net)	Foreign Exchange/ Adjustment	Adjustment on account of business combinations	As at 31 March 2023
Current borrowings	2,725.98	-	(992.84)	-	-	1,733.14
Non-current borrowings including current maturities of non-current borrowings	4,018.40	-	1,687.72	40.27	-	5,746.39
Lease Liabilities	5.79	-	(3.49)	-	-	2.30
Interest on borrowings (including transaction cost)	30.76	670.84	(644.90)	-	-	56.70
Total Liabilities from Financing Activities	6,780.93	670.84	46.49	40.27	-	7,538.53

Changes in Liabilities arising from Financing Activities (previous year)

Particulars	As at 1 April 2021	Accrual/ Reclassification	Cash Flows (net)	Foreign Exchange/ Adjustment	Adjustment on account of business combinations	As at 31 March 2022
Current borrowings	2,514.26	-	204.60	7.12	-	2,725.98
Non-current borrowings including current maturities of non-current borrowings	3,579.42	-	462.87	(23.89)	-	4,018.40
Lease Liabilities	8.83	-	(3.04)	-	-	5.79
Interest on borrowings (including transaction cost)	23.56	-	7.20	-	-	30.76
Total Liabilities from Financing Activities	6,126.07	-	671.63	(16.77)	-	6,780.93

c) i) Terms of repayment as on 31 March 2023 are as under:

	US \$ in million	₹ in million	Repayment Terms	Closing interest rate as at 31.03.2023
(i) a)	-	469.30	Repayable in 13 quarterly instalments, next instalments due on 05.06.2023; equated average instalments of ₹36.10 million	9.35%
b)	-	517.70	Repayable in 16 quarterly instalments, next instalments due on 06.05.2023, equated average instalments of ₹32.36 million	9.20%
c)	3.52	289.60	Repayable in 3 quarterly instalments, next instalments due on 12.06.2023; equated average instalments of US \$ 1.17 million	3M Libor + 2.60 basis points
d)	-	647.23	Repayable in 24 quarterly instalments, next instalments due on 30.09.2024, equated average instalments of ₹26.97 million	8.39%
(ii) a)	-	2,360.12	Repayable in 21 quarterly instalments, next instalments due on 01.06.2023; equated average instalments of ₹112.39 million	9.70%
(iii) a)	-	1,461.85	Repayable in 13 half yearly instalments, next instalments due on 15.06.2024 equated average instalments of ₹112.45 million	9.16%
(iv) a)	-	0.66	Repayable monthly EMI of ₹0.132 million	8.60%

Notes to the Consolidated Financial Statements

As at 31 March 2023

(Currency: Indian Rupees in million)

b) ii) Terms of repayment as on 31 March 2022 are as under:

	US \$ in million	₹ in million	Repayment Terms	Closing interest rate as at 31.03.2022
(i) a)	-	79.14	Repayable in 4 quarterly instalments, next instalments due on 30.06.2022; equated average instalments of ₹19.78 million	8.50%
b)	-	19.82	Repayable in 4 quarterly instalments, next instalments due on 30.06.2022; equated average instalments of ₹4.95 million	7.50%
c)	-	128.03	Repayable in 4 quarterly instalments, next instalments due on 30.06.2022; equated average instalments of ₹32.01 million	7.80%
d)	-	39.55	Repayable in 4 quarterly instalments, next instalments due on 30.06.2022; equated average instalments of ₹9.89 million	7.50%
e)	-	39.59	Repayable in 4 quarterly instalments, next instalments due on 30.06.2022; equated average instalments of ₹9.90 million	7.90%
f)	-	600.23	Repayable in 17 quarterly instalments, next instalments due on 05.06.2022; equated average instalments of ₹35.31 million	8.95%
g)	-	623.18	Repayable in 20 quarterly instalments, next instalments due on 06.05.2022, equated average instalments of ₹31.16 million	7.50%
h)	7.36	551.39	Repayable in 7 quarterly instalments, next instalments due on 10.06.2022; equated average instalments of US \$ 1.05 million	3M Libor + 2.60 basis points
(ii) a)	-	147.59	Repayable in 4 quarterly instalments, next instalments due on 30.06.2022; equated average instalments of ₹36.90 million	7.50%
b)	-	1,727.24	Repayable in 24 quarterly instalments, next instalments due on 01.09.2022; equated average instalments of ₹71.97 million	7.65%
(iii) a)	-	59.55	Repayable in 4 quarterly instalments, next instalments due on 30.06.2022; equated average instalments of ₹14.89 million	10.00%
(iv) a)	-	2.25	Repayable monthly EMI of ₹0.132 million	8.60%
b)	-	0.87	Repayable monthly EMI of ₹0.087 million	8.73%

23. Non-current lease liability

	As at 31 March 2023	As at 31 March 2022
Lease liability	-	2.23
	-	2.23

24. Long-term provisions

	As at 31 March 2023	As at 31 March 2022
Provision for gratuity (Refer note 45)	131.53	132.43
Provision for compensated absences (Refer note 45)	110.71	103.87
	242.24	236.30

25. Deferred tax liabilities (net)

	As at 31 March 2023	As at 31 March 2022
Deferred tax liabilities (Refer note 43)	327.15	364.07
	327.15	364.07

26. Other non-current liabilities

	As at 31 March 2023	As at 31 March 2022
Advance received from customers	436.40	290.02
	436.40	290.02



Notes to the Consolidated Financial Statements

As at 31 March 2023

(Currency: Indian Rupees in million)

27. Short-term borrowings

Secured

	As at 31 March 2023	As at 31 March 2022
Loans from banks		
Working capital loan -Rupee (refer note a and b below)	1,202.09	2,378.03
Bill discounting (Refer note a (ii))	531.05	347.95
Current maturities of long-term debt	847.61	1,151.59
	2,580.75	3,877.57

- a) Nature of security and terms of repayment for secured borrowings:
- Working capital loans from all banks are secured by first *pari passu* charge on all current assets of the Company and second *pari passu* charge on fixed assets both present and future situated at Company's plants at Bangalore, Talaja and Panoli.
 - Loans availed under bill discounting facility are against specific receivables, having tenure of 30 to 90 days and carrying interest ranging between 1.50% to 2.10% p.a.
- b) Working capital loans are repayable on demand and carry interest ranging from 6.50% to 9.05% p.a.

28. Current lease liability

	As at 31 March 2023	As at 31 March 2022
Lease liability	2.30	3.56
	2.30	3.56

29. Trade payables

	As at 31 March 2023	As at 31 March 2022
Trade payables		
Total outstanding dues of Micro Enterprises and Small Enterprises	504.66	449.98
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	2,628.01	2,040.71
	3,132.67	2,490.69

The Group's exposure to currency and liquidity risk related to trade payable is disclosed in Note 47.

Trade Payables ageing schedule as on 31 March 2023

Particulars	Not Due	<1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Micro Enterprises and Small Enterprises	400.29	101.99	2.05	0.22	0.11	504.66
(ii) Others	2,085.08	533.29	8.72	0.83	0.09	2,628.01
(iii) Disputed dues – Micro Enterprises and Small Enterprises	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-
Total	2,485.37	635.28	10.77	1.05	0.20	3,132.67

Trade Payables ageing schedule as on 31 March 2022

Particulars	Not Due	<1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Micro Enterprises and Small Enterprises	364.65	84.80	0.53	-	-	449.98
(ii) Others	1,568.68	463.73	4.94	3.13	0.23	2,040.71
(iii) Disputed dues – Micro Enterprises and Small Enterprises	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-
Total	1,933.33	548.53	5.47	3.13	0.23	2,490.69

Notes to the Consolidated Financial Statements

As at 31 March 2023

(Currency: Indian Rupees in million)

30. Other financial liabilities

	As at 31 March 2023	As at 31 March 2022
Interest accrued but not due on borrowings	56.71	30.76
Payables for capital purchases	243.32	444.18
Employee benefits payable	185.59	206.42
Unpaid dividend (Refer note no 58)	2.44	2.48
	488.06	683.84

31. Other current liabilities

	As at 31 March 2023	As at 31 March 2022
Advances from customers	182.88	408.24
Statutory dues payable		
- Provident fund	17.24	15.16
- Employees' state insurance	0.12	0.03
- Tax deducted at source	31.63	32.42
- Goods and Services Tax	4.35	25.49
- Employees' national pension scheme	0.25	0.17
- Profession tax	0.42	0.38
	236.89	481.89

32. Current provisions

	As at 31 March 2023	As at 31 March 2022
Provision for gratuity (Refer note 45)	19.48	17.96
Provision for compensated absences (Refer note 45)	15.65	13.42
	35.13	31.38

33. Income tax liabilities (net)

	As at 31 March 2023	As at 31 March 2022
Provision for tax	139.74	122.89
(Net of advance tax ₹292.65 million (31 March 2022: ₹589.66 million))		
	139.74	122.89



Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

34. Revenue from Operations

	For the year ended 31 March 2023	For the year ended 31 March 2022
Sale of products	19,886.22	19,017.70
Sale of services	160.83	242.60
(A)	20,047.05	19,260.30
Other operating revenues		
Export incentive	32.72	19.27
Scrap sales	41.44	39.71
Others	109.09	107.93
(B)	183.25	166.91
Revenue from operations	(A+B) 20,230.30	19,427.21

34.1. Disaggregation of revenue from contracts with customers

The Company derives revenue from sale of products from following major segments:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
1 Revenue from contracts with customers		
Sale of products (Transferred at point in time)		
India	6,362.69	5,098.36
Outside India	13,523.53	13,919.34
(A)	19,886.22	19,017.70
Sale of services (transferred over period of time)		
India	-	19.96
Outside India	160.83	222.64
(B)	160.83	242.60
2 Other operating revenues		
Export incentive	32.72	19.27
Scrap Sales	41.44	39.71
Others	109.09	107.93
(C)	183.25	166.91
Total revenue (A + B + C)	20,230.30	19,427.21
Product lines		
Crop protection	9,078.50	8,129.80
Pharmaceuticals	11,151.80	11,297.41
	20,230.30	19,427.21
Reconciliation of revenue from contract with customer		
Revenue from contracts with customer as per contract price	20,047.05	19,260.30
Adjustment made to contract price	-	-
Total Revenue from contracts with customer	20,047.05	19,260.30
Other operating revenue	183.25	166.91
Revenue from operations as per Consolidated statement of profit and loss	20,230.30	19,427.21

For the opening and closing balance of receivables from contracts with customers refer note no 14.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

Contract Balances

	As at 31 March 2023	As at 31 March 2022
Trade Receivables	4,417.82	4,377.20
Contract Liabilities	619.28	698.26
Contract Assets	146.76	96.65

Trade Receivables are non-interest bearing and are generally on term of 30-120 days. Slight increase in Trade Receivables is in line with increase in revenue.

Contract Liabilities include advance received from customers. Contract Liabilities have decreased as compared to last year.

Contract Assets represents unbilled revenue from ongoing development contracts. Increase in balance attributes to increase in work for which billing milestone is yet to be achieved.

Contract liability include long-term advances which are received to deliver product on long-term period and short-term advances are adjusted against product delivered in current year.

35. Other income

	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest income on		
Bank deposit	17.67	14.96
Other	1.89	2.60
Foreign exchange gain (net)	21.26	23.17
Profit on sale of investment	13.23	1.40
Profit on sale of property, plant and equipment (net)	-	0.52
Sundry balance written back	-	3.56
Miscellaneous income	0.05	2.69
	54.10	48.90

36. Cost of materials consumed

	For the year ended 31 March 2023	For the year ended 31 March 2022
Raw material consumed		
Opening stock	1,632.11	1,362.26
Add: Purchases	10,943.79	10,591.96
Less: Closing stock	1,360.01	1,632.11
	11,215.89	10,322.11



Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

37. Changes in inventories of finished goods and Work-in-progress

	For the year ended 31 March 2023	For the year ended 31 March 2022
Opening stock		
Finished goods	798.52	517.99
Work-in-progress	660.98	583.28
	1,459.50	1,101.27
Less: Closing stock		
Finished goods	828.69	798.52
Work-in-progress	776.38	660.98
	1,605.07	1,459.50
	(145.57)	(358.23)

38. Employee benefits expense

	For the year ended 31 March 2023	For the year ended 31 March 2022
Salaries, wages and bonus	1,930.48	1,736.24
Contribution to provident and other funds	100.57	82.75
Gratuity expenses (Refer note 45)	22.22	30.81
Staff welfare expense	171.14	184.01
	2,224.41	2,033.81

39. Finance costs

	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest on rupee term loans	176.31	135.36
Interest on foreign currency term loans	23.94	20.03
Interest on working capital loans	160.66	87.50
Interest on bills discounted	48.02	18.29
Other finance costs	1.02	2.56
Interest expenses on lease liabilities	0.40	0.74
Bank charges	45.13	31.34
Exchange difference to the extent considered as an adjustment to borrowing costs	25.53	16.36
	481.01	312.18

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

40. Depreciation and amortisation expenses

	For the year ended 31 March 2023	For the year ended 31 March 2022
Depreciation on property, plant and equipment	1,072.82	938.12
Amortisation on intangible assets	5.88	7.14
Depreciation on right of use assets	11.43	11.43
	1,090.13	956.69

41. Other expenses

	For the year ended 31 March 2023	For the year ended 31 March 2022
Consumption of stores and spares	352.37	368.64
Contract labour charges	232.04	209.63
Power and fuel	1,869.07	1,754.58
Advertisement	2.42	7.39
Rent (Refer note 46)	25.27	40.68
Rates and taxes	20.96	8.91
Insurance	120.47	88.07
Repairs and maintenance		
- Plant and machinery	263.27	253.80
- Buildings	88.14	52.18
- Others	178.44	156.20
Printing and stationery	20.95	22.59
Legal and professional charges	428.85	324.63
Travelling and conveyance	73.84	22.90
Vehicle expenses	14.78	20.22
Postage, telephone and telegrams	13.79	7.14
Payment to auditors (Refer note 50)	7.57	6.32
Director's sitting fee/Commission	11.20	19.20
Sales and distribution expenses	264.91	359.23
Commission on sales	26.84	20.27
Security service charges	47.70	45.23
Sundry balance written off	1.73	-
Service charges	31.69	23.21
Loss on sale of Property, Plant and Equipment(net)	6.96	-
Provision for doubtful debts/advances	44.78	15.27
Corporate Social Responsibility expenses (CSR) (Refer note 49)	37.54	31.68
Miscellaneous expenses	179.30	165.98
	4,364.88	4,023.96



Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

42 Tax expense

(a) Amounts recognised in balance sheet

	As at 31 March 2023	As at 31 March 2022
Income tax liabilities (Net of advance tax ₹292.65 million (31 March 2022: ₹589.66 million))	139.74	122.89

	As at 31 March 2023	As at 31 March 2022
Income tax assets (Net of provision of ₹559.57 million (31 March 2022: 559.57 million))	20.21	20.21

Note: The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off income tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

(b) Amounts recognised in statement of profit and loss

	For the year ended 31 March 2023	For the year ended 31 March 2022
Current income tax		
Current tax	304.75	596.50
	304.75	596.50
Deferred income tax liability/(asset), net		
Origination and reversal of temporary differences	(34.92)	(15.90)
Deferred tax expense	(34.92)	(15.90)
Tax expense for the year	269.83	580.60

(c) Amounts recognised in other comprehensive income

	For the year ended 31 March 2023			For the year ended 31 March 2022		
	Before tax	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense)/ benefit	Net of tax
Items that will not be reclassified in the statement of profit and loss						
Gain/(loss) on remeasurement of defined employee benefit plans	(8.06)	2.11	(5.95)	15.95	(4.09)	11.87
Gain/(loss) on change in fair values of investments in equity shares carried at fair value through OCI	0.43	(0.11)	0.32	0.27	(0.07)	0.20
	(7.63)	2.00	(5.63)	16.22	(4.16)	12.07

(d) Reconciliation of effective tax rate

	For the year ended 31 March 2023	For the year ended 31 March 2022
Profit before tax	1,053.65	2,185.59
Tax using the Company's domestic tax rate (Current year 25.17% and Previous year 25.17%)	265.20	550.11
Tax effect of:		
Non-deductible tax expenses	4.63	30.49
Tax expenses as per statement of profit and loss	269.83	580.60
Weighted Average Tax Rate	25.61%	26.56%

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

43 Deferred assets and liabilities

a) Recognised deferred assets and liabilities

	Deferred tax assets		Deferred tax liabilities		Net deferred tax asset/(liabilities)	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Property, plant and equipment	-	-	(477.63)	(491.46)	(477.63)	(491.46)
Inventories	39.78	30.24	-	-	39.78	30.24
Trade receivables	33.34	25.03	-	-	33.34	25.03
Loans and advance	7.55	5.12	-	-	7.55	5.12
Investment	-	-	-	-	-	-
Provisions	69.81	68.60	-	-	69.81	68.60
Loan processing charges	-	-	-	(1.60)	-	(1.60)
Net Deferred tax asset/(liabilities)	150.48	128.99	(477.63)	(493.06)	(327.15)	(364.07)

b) Movement in deferred tax balances

	Net balance As at 1 April 2022	Recognised in profit or loss	Recognised in OCI	As At 31 March 2023		
				Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
Property, plant and equipment	(491.46)	13.83	-	(477.63)	-	(477.63)
Inventories	30.24	9.54	-	39.78	39.78	-
Trade receivables	25.03	8.31	-	33.34	33.34	-
Loans and advances	5.12	2.43	-	7.55	7.55	-
Investments	-	(0.11)	(0.11)	-	-	-
Provisions	68.60	(0.68)	(1.89)	69.81	69.81	-
Loan processing charges	(1.60)	1.60	-	-	-	-
Net deferred tax assets/(liabilities)	(364.07)	34.92	(2.00)	(327.15)	150.48	(477.63)

c) Movement in deferred tax balances (previous year)

	Net balance As at 1 April 2021	Recognised in profit or loss	Recognised in OCI	As at 31 March 2022		
				Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
Property, plant and equipment	(501.49)	10.02	-	(491.46)	-	(491.46)
Inventories	29.71	0.53	-	30.24	30.24	-
Trade receivables	20.77	4.26	-	25.03	25.03	-
Loans and advances	5.03	0.09	-	5.12	5.12	-
Investments	6.81	(6.74)	(0.07)	-	-	-
Provisions	66.50	6.19	(4.09)	68.60	68.60	-
Loan processing charges	(3.15)	1.55	-	(1.60)	-	(1.60)
Net deferred tax assets/(liabilities)	(375.82)	15.90	(4.16)	(364.07)	128.99	(493.06)

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off income tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income and the period over which deferred income tax assets will be recovered.

The Group has utilised MAT credit of ₹ Nil (PY ₹ Nil million) in the books of account against income tax liabilities.



Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

44 Earnings Per Share (EPS)

Basic EPS is calculated by dividing the profit attributable to equity shareholders of the Holding Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity shareholders of the Holding Company by the weighted average number of equity shares outstanding during the year, after considering adjustment for the effects of all dilutive potential equity shares.

		For the year ended 31 March 2023	For the year ended 31 March 2022
Consolidated profit attributable to equity shareholders (basic and diluted)			
Consolidated profit for the year attributable to equity shareholders	(A)	783.82	1,604.99
Weighted average number of equity shares for basic and diluted earnings per share			
Number of equity shares at beginning of the year		12,33,00,750	12,33,00,750
Number of equity shares outstanding at the end of the year		12,33,00,750	12,33,00,750
Weighted average number of equity shares for the year	(B)	12,33,00,750	12,33,00,750
Basic and diluted earnings per share of face value of ₹2 each	(A)/(B)	6.36	13.02

45 Employee benefits

(i) Defined Contribution Plans

The Group makes contributions towards superannuation fund and other retirement benefits to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Group is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

Contribution to defined contribution plans are charged off for the year as under:

Particulars		For the year ended 31 March 2023	For the year ended 31 March 2022
Employer's contribution to Provident Fund		99.28	81.48
Employer's Contribution to Employees State Insurance		1.29	1.27

(ii) Defined Benefit Plans

Gratuity:

The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The holding Company has obtained insurance policies with the Life Insurance Corporation of India (LIC) for eligible employees at Panoli plant and makes an annual contribution to LIC for amounts notified by LIC. The Group accounts for gratuity benefits payable in future based on an independent external actuarial valuation carried out at the end of the year using the projected unit credit method. Actuarial gains and losses are recognised as Other Comprehensive Income or Loss.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Group's consolidated financial statements as at balance sheet date:

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

A. Reconciliation of the net defined benefit (asset)/liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit (asset) liability and its components

	As at 31 March 2023	As at 31 March 2022
Reconciliation of present value of defined benefit obligation		
Balance at the beginning of the year	165.66	162.98
Current service cost	12.85	21.41
Past service cost	-	-
Interest cost (income)	10.53	25.94
Benefits paid	(32.42)	(27.45)
Actuarial losses/ (gains) recognised in other comprehensive income	-	-
- financial assumptions	(8.40)	10.03
- demographic assumption	-	-
- experience adjustments	15.30	(27.25)
Balance at the end of the year	163.52	165.66
Reconciliation of present value of plan assets		
Balance at the beginning of the year	15.27	19.33
Transfer In/(Out) Plan Assets	1.25	0.11
Interest income	1.16	1.27
Return on plan assets, excluding amount included in interest (expense)/income	(1.16)	(1.27)
Employer contributions	-	-
Benefits paid	(4.00)	(4.17)
Balance at the end of the year	12.52	15.27
Net defined benefit (asset)/ liability	151.00	150.39

B. Plan assets

Plan assets comprise the following

	As at 31 March 2023	As at 31 March 2022
Investment		
Policy of insurance	100%	100%
Bank Special Deposit	0%	0%
Investment in other securities	0%	0%
Corporate Bonds	0%	0%
State Government Bonds	0%	0%
	100%	100%

C. The components of defined benefit plan expense are as follows:

	For the year ended 31 March 2023	For the year ended 31 March 2022
Recognised in income statement		
Current service cost	12.85	21.41
Past service cost	-	-
Interest cost (net)	9.37	9.40
Total	22.22	30.81
Recognised in Other Comprehensive Income		
Remeasurement of net defined benefit liability/(asset)	6.91	(17.22)
Return on plan assets, excluding interest income	1.15	1.27
Total	8.06	(15.95)



Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

(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).

	For the year ended 31 March 2023	For the year ended 31 March 2022
Expected return on plan assets	7.20%	7.00%
Discount rate	7.20%	7.00%
Salary escalation rate	6.00%	6.50%
Attrition rate	2.00%	2.00%
Mortality rate table	Indian assured lives mortality (2012-14)	

ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	for the year ended 31 March 2023		for the year ended 31 March 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	151.50	177.24	138.69	163.79
Rate of salary increase (1% movement)	175.16	153.00	162.00	140.17
Rate of employee turnover (1% movement)	164.40	162.58	150.74	150.03

The above sensitivity analyses have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the reporting date. In practice, generally it does not occur. When we change one variable, it affects to others. In calculating the sensitivity, project unit credit method at the end of the reporting period has been applied.

	31 March 2023	31 March 2022
Expected employer's contribution to defined benefit plan for the next year	19.48	17.96

Maturity profile of the defined benefit obligation

Particulars	Up to 1 year	Between 1-2 years	Between 2-5 years	6 to 10 years	Total
For the year ended 31 March 2023					
Defined benefit obligations (Gratuity)	20.88	13.28	47.84	69.00	151.00
Total	20.88	13.28	47.84	69.00	151.00
For the year ended 31 March 2022					
Defined benefit obligations (Gratuity)	19.22	8.19	41.15	81.83	150.39
Total	19.22	8.19	41.15	81.83	150.39

Other long-term employee benefit plans

Compensated absences:

The obligation for leave encashment is recognised in the same manner as gratuity. The Group's liability on account of compensated absences is not funded and hence the disclosures relating to the planned assets are not applicable. Amount of ₹40.62 million (31 March 2022 ₹32.95 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

46 Leases:

The Group has a lease contract for building used in its operations. The Lease term is 9 years. Also, the Group has leasehold land for a period up to 49 years. The Group's obligations under its lease is secured by the lessor's title to the leased asset.

The Group also has certain leases of machinery/premises with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below is the carrying amount of right-of-use assets recognised and the movements during the period:

Particulars	Leasehold Land	Buildings
As at 1 April 2021	646.20	5.50
Additions	-	-
Depreciation expense	(9.28)	(2.15)
As at 31 March 2022	636.92	3.35
Additions	-	-
Depreciation expense	(9.28)	(2.15)
As at 31 March 2023	627.64	1.20

The aggregate depreciation expense on ROU assets is included under depreciation and amortisation expense in the Statement of Profit and Loss.

Set out below is the carrying amount of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	As at 31 March 2023	As at 31 March 2022
As at 1 April	5.79	8.83
Additions	-	-
Accretion of interest	0.40	0.74
Payments	(3.89)	(3.78)
Deletion	-	-
As at 31 March	2.30	5.79
Current	2.30	3.56
Non-current	-	2.23

For Rental expense recorded for short-term leases, refer note 41

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

The details of the contractual maturities of lease liabilities as at 31 March 2023 and March 31, 2022 on an undiscounted basis are as follows:

	As at 31 March 2023	As at 31 March 2022
Payable within one year	2.30	3.96
Payable between one year and five years	-	2.37
Payable after more than five years	-	-



Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

47 Financial instruments – Fair values and risk management

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. There are no financial assets or financial liabilities not measured at fair value, whose carrying amount is not a reasonable approximation of fair value.

As at 31 March 2023	Carrying amount			Fair value			
	FVTOCI	FVPTL	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Investment	53.04	-	53.04	0.20	-	52.84	53.04
	53.04	-	53.04	0.20	-	52.84	53.04

As ar 31 March 2022	Carrying amount			Fair value			
	FVTOCI	FVPTL	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Investment	6.38	102.68	109.06	0.11	102.68	6.27	109.06
	6.38	102.68	109.06	0.11	102.68	6.27	109.06

B. Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

i. Risk management framework

The Holding Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

ii. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The carrying amount of following financial assets represents the maximum credit exposure:

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

At 31 March 2023, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows.

	Carrying amount	
	As at 31 March 2023	As at 31 March 2022
India	1,593.77	1,494.43
Other regions	2,956.50	2,980.45
	4,550.27	4,474.88

Impairment

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables:

	As at 31 March 2023		
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Not due	3,926.93	0.51%	20.16
Past due 0-90 days	441.59	3.51%	15.51
Past due 91-180 days	86.18	27.15%	23.40
Past due 181-365 days	15.37	33.31%	5.12
Past due 366-730 days	16.51	48.64%	8.03
Past due 731-1096 days	36.66	90.56%	33.20
More than 1096 days	27.03	100.00%	27.03
	4,550.27		132.45

	As at 31 March 2022		
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Not due	3,733.91	0.39%	14.74
Past due 0-90 days	553.87	2.30%	12.73
Past due 91-180 days	64.11	11.00%	7.05
Past due 181-365 days	51.62	29.34%	15.14
Past due 366-730 days	42.65	45.25%	19.30
Past due 731-1096 days	5.59	100.00%	5.59
More than 1096 days	23.13	100.00%	23.13
	4,474.88		97.68

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 2022	97.68
Additional provision	34.77
Impairment loss recognised/(reversal)	-
Balance as at 31 March 2023	132.45

Cash and cash equivalents

The Group held cash and cash equivalents (including bank deposits) of ₹633.68 million at 31 March 2023 (31 March 2022: ₹496.46 million). The cash and cash equivalents (including bank deposits) are held with banks with good credit ratings and financial institution counterparties with good market standing.

Other than trade and other receivables, the Group has no other significant financial assets that are past due but not impaired.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

iii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

As at 31 March 2023	Carrying amount	Total	Contractual cash flows		
			Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Borrowings and lease liabilities - Non-current	4,898.79	4,898.79	-	3,943.12	955.67
Borrowings and lease liabilities - current	2,583.05	2,583.05	2,583.05	-	-
Other financial liabilities - current	488.06	488.06	488.06	-	-
Trade payables	3,132.67	3,132.67	3,132.67	-	-
	11,102.57	11,102.57	6,203.78	3,943.12	955.67

As at 31 March 2022	Carrying amount	Total	Contractual cash flows		
			Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Borrowings - non-current	2,869.03	2,869.03	-	2,391.28	477.75
Borrowings - current	3,881.13	3,881.13	3,881.13	-	-
Other financial liabilities - current	683.84	683.84	683.84	-	-
Trade payables	2,490.69	2,490.69	2,490.69	-	-
	9,924.69	9,924.69	7,055.66	2,391.28	477.75

The gross outflow disclosed in the above table represent the contractual undiscounted cash flows relating to financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity.

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long-term debt. We are exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of our investments. Thus, our exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

Currency risk

The Group is exposed to currency risk on account of its operating and financing activities. The functional currency of the Group is Indian Rupee.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

Exposure to currency risk

The major currency profile of financial assets and financial liabilities as at 31 March 2023 and 31 March 2022 are as below:

	As At 31 March 2023	
	USD	EUR
Financial assets	2,528.27	575.14
Financial liabilities	1,758.99	163.13
Net Exposure	769.28	412.01

	As At 31 March 2022	
	USD	EUR
Financial assets	2,463.14	618.56
Financial liabilities	1,524.27	32.26
Net Exposure	938.87	586.30

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against USD and Euros at 31 March would have affected the measurement of financial instruments denominated in these currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect in ₹	Profit or loss before tax		Equity net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2023				
USD (3% movement)	23.08	(23.08)	17.27	(17.27)
EUR (3% movement)	12.36	(12.36)	9.25	(9.25)
	35.44	(35.44)	26.52	(26.52)

Effect in ₹	Profit or loss before tax		Equity net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2022				
USD (3% movement)	28.17	(28.17)	21.08	(21.08)
EUR (3% movement)	17.59	(17.59)	13.16	(13.16)
	45.76	(45.76)	34.24	(34.24)

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.



Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

Exposure to interest rate risk

Group's interest rate risk arises from borrowings. Borrowings issued at fixed and variable rates exposes to fair value interest rate risk. The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

	Nominal amount	
	As at 31 March 2023	As at 31 March 2022
Fixed-rate instruments		
Financial assets	374.36	392.36
Financial liabilities	(1,733.14)	(2,725.98)
	(1,358.78)	(2,333.62)
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	(5,746.40)	(4,018.40)
	(5,746.40)	(4,018.40)

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through statement of profit and loss. Therefore, a change in interest rates at the reporting date would not affect statement of profit and loss.

48 Capital Management

As at 31 March 2023, the Group has only one class of equity shares. In order to maintain or achieve an optimal capital structure, the Group allocates its capital for distribution as dividend or re-investment into business based on its long-term financial plans.

For the purpose of the Group's capital management, capital includes issued capital and other equity reserves. The primary objective of the Group's capital management is to safeguard its ability to continue as going concern and to maintain an optimal capital structure so as to maximise shareholders value. The Group manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt and adjusted net debt to equity ratio. For this purpose, adjusted net debt is defined as total debt less cash and bank balances.

	As at 31 March 2023	As at 31 March 2022
Non-current borrowings	4,898.79	2,866.81
Current borrowings	2,580.75	3,877.57
Gross debt	7,479.54	6,744.38
Less - Cash and cash equivalents	267.30	114.41
Less - Other bank deposits	328.19	382.05
Adjusted net debt (A)	6,884.05	6,247.92
Total equity (B)	11,334.70	10,679.81
Adjusted net debt to equity ratio	0.61	0.59
Total capital (A) + (B)	18,218.75	16,927.73
Gearing ratio*	38%	37%

*The Group's ideal gearing ratio is 35% to 40%.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

49 Corporate social responsibility

As per Section 135 of the Act, a CSR committee has been formed by the Group. The funds are utilised during the year on the activities which are specified in Schedule VII of the Act. The utilisation is done by way of direct and indirect contribution towards various activities.

Gross amount required to be spent by the Group during the year: ₹36.77 million (31 March 2022: ₹32.14 million).

The areas of CSR activities and contributions made thereto are as follows:

Amount spent during the year on;	For the year Ended 31 March 2023	For the year Ended 31 March 2022
Protection of national heritage	4.03	0.70
Promotion of education	19.66	11.72
Disaster Relief	-	0.10
Environmental sustainability	1.90	6.64
Rural Development Project	1.13	0.99
Training to stimulate rural sports, nationally recognised sports, Paralympic sports and Olympic sports	0.77	1.12
Promoting preventive health care and sanitation and making available safe water	10.05	4.81
COVID-19	-	5.60
Total	37.54	31.68

The Group does not carry any provisions for corporate social responsibility expenses for the current year and the previous year.

Amount of Expenditure incurred on Corporate Social Responsibility

Particulars	31-03-2023	31-03-2022
(a) amount required to be spent by the Company during the year	36.77	32.14
(b) amount of expenditure incurred	37.54	31.68
(c) Excess/(shortfall) at the end of the year	0.77	(0.46)
(d) total of previous years shortfall	-	-
(e) reason for shortfall	NA	Excess Spent in FY. 2020-2021
(f) nature of CSR activities	As per above table	As per above table
(g) details of related party transactions, e.g., contribution to a trust controlled by the Company in relation to CSR expenditure as per relevant Accounting Standard	Nil	Nil
(h) where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately	Nil	Nil

50 Payment to Auditors' (excluding Goods and Services tax)

	For the year Ended 31 March 2023	For the year Ended 31 March 2022
- Audit fees	5.10	3.40
- Limited review of quarterly results	2.40	2.40
- Certification and other matters	0.05	0.50
- Out-of-pocket expenses	0.02	0.02
Total	7.57	6.32



Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

51 Capitalisation of expenditure

During the year, the Group has capitalised the following expenses of revenue nature to the cost of property, plant and equipment (tangible fixed assets)/capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Group.

	For the year Ended 31 March 2023	For the year Ended 31 March 2022
Finance costs	189.84	146.34
Employee benefit expenses	48.93	42.74
Electricity Charges	24.40	-
Consultancy Charges	83.90	4.89
Total	347.07	193.97

52 Segment information

For management purposes, the Group is organised into business units based on its products and services and has two reportable segments, as follows:

Pharmaceuticals: Segment produces in Active Pharmaceutical Ingredients

Crop protection: Segment manufactures in pesticides, herbicides.

The Chief Operating Decision Maker ("CODM") evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by operating segments. The CODM reviews revenue and profit as the performance indicator for all of the operating segments, and review the total assets and liabilities of an operating segment.

Based on above, following are reportable segments as per Ind AS 108

Primary Segment (Operating Segment): Based on product lines of Group	Secondary Segment (Geographical Segment) Based on geographical area of operation
Pharmaceuticals	
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/trades in Active Pharmaceutical Ingredients

- **Crop Protection**

Segment produces/trades in pesticides and herbicides

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

ii) Segment revenues, results and other information

Particulars	Crop Protection	Pharmaceuticals	Total of Reportable Segment
External sales	9,078.50	11,151.80	20,230.30
	<i>8,129.80</i>	<i>11,297.41</i>	<i>19,427.21</i>
Other income	-	-	-
	-	-	-
Segment revenue	9,078.50	11,151.80	20,230.30
	<i>8,129.80</i>	<i>11,297.41</i>	<i>19,427.21</i>
Segment results	1,032.50	649.50	1,682.00
	<i>1,151.35</i>	<i>1,510.21</i>	<i>2,661.57</i>
Segment assets	9,762.90	12,435.30	22,198.20
	<i>8,545.61</i>	<i>11,893.72</i>	<i>20,439.33</i>
Segment liabilities	1,877.60	2,165.30	4,042.90
	<i>1,993.40</i>	<i>1,752.85</i>	<i>3,746.26</i>
Capital expenditure (included in segment assets)	1,532.68	1,400.78	2,933.46
	<i>1,519.55</i>	<i>1,341.71</i>	<i>2,861.26</i>
Depreciation/Amortisation	396.50	665.67	1,062.17
	<i>310.23</i>	<i>616.27</i>	<i>926.50</i>

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	20,230.30	1,682.00	22,198.20	4,042.90	2,933.46	1,062.17
	<i>19,427.21</i>	<i>2,661.57</i>	<i>20,439.33</i>	<i>3,746.26</i>	<i>2,861.26</i>	<i>926.50</i>
Corporate/Unallocated segment	-	147.34	1,656.62	8,477.23	46.93	27.96
	-	<i>163.80</i>	<i>1,691.73</i>	<i>7,704.99</i>	<i>171.02</i>	<i>30.19</i>
Finance cost	-	481.01	-	-	-	-
	-	<i>312.18</i>	-	-	-	-
Exceptional item	-	-	-	-	-	-
	-	-	-	-	-	-
Taxes	-	269.83	-	-	-	-
	-	<i>580.60</i>	-	-	-	-
As per financial statement	20,230.30	783.82	23,854.82	12,520.12	2,980.39	1,090.13
	<i>19,427.21</i>	<i>1,604.99</i>	<i>22,131.06</i>	<i>11,451.25</i>	<i>3,032.28</i>	<i>956.69</i>

Figures in italics pertain to previous year.



Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

B Secondary segment reporting (by geographical segment)

Particulars	India	USA and Canada	Europe	South East Asia	Others	Total
Revenue	6,545.94	3,355.70	5,771.79	4,321.42	235.45	20,230.30
	5,285.23	3,130.43	4,592.52	2,218.33	4,200.70	19,427.21
Total assets	23,854.82	-	-	-	-	23,854.82
	22,131.06	-	-	-	-	22,131.06
Capital expenditure	2,980.39	-	-	-	-	2,980.39
	3,032.28	-	-	-	-	3,032.28

There is a customer which account for revenue of ₹2,954.95 million (Pr. Yr. ₹2,258.14 million) in Crop protection segment and a customer which account for revenue of Nil (Pr. Yr ₹ Nil) in Pharmaceuticals segment, other than these there are no transactions with single external customer which amounts to 10% or more of the Group's revenue.

Figures in italics pertain to previous year

53 Related party disclosures

The note provides the information about the Group's structure. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

i) List of Related parties

Relationship	Name of the related party
a) Company/ enterprises exercising significant influence through voting power ('significant shareholder')	Kalyani Investment Company Limited ("KICL")
b) Key Management Personnel (KMP)	Jai Hiremath (Executive Chairman) Sameer Hiremath (Managing Director and Chief Executive Officer) Kuldeep Jain (Chief Financial Officer) Rajasekhar Reddy (Company Secretary)
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 ("I IPL") Karad Engineering Consultancy Private Limited ("KECPL") Ekdant Investments Private Limited ("EIPL") Shri Rameswara Investment Private Limited ("SRIPL") Shri Badrinath Investment Private Limited ("SBIPL") Rushabh Capital Services Private Limited ("RCSPL") BF Investment Limited Sumer Trust Rhea Trust Nihal Trust Anika Trust Pooja Trust Anish Trust Pallavi Trust Sameer Trust Malvi Ranchoddas & Co.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

Relationship	Name of the related party
d) Relatives of Key Management Personnel	Anish Swadi
	Pallavi Swadi
	Pooja Hiremath
	Ashok Vishwanath Hiremath
e) Non-Executive Directors	Baba Kalyani
	Amit Kalyani
	Sugandha Hiremath
	Kannan K. Unni
	Prakash Mehta
	Ranjit Shahani
	Mrs. Shivani Bhasin Sachdeva
	Ravindra Kumar Goyal (up to 22 December 2021)
Shrikrishna K. Adivarekar (w.e.f. 22 December 2021)	
f) Key Management Personnel of Subsidiary	Sham Wahalekar

ii) Details of transactions with related parties

Particulars	Transaction value		Balances outstanding	
	Year ended 31 March 2023	Year ended 31 March 2022	31 March 2023	31 March 2022
Remuneration				
Jai Hiremath	50.88	53.88	-	-
Sameer Hiremath	41.89	36.00	-	-
Anish Swadi	31.04	20.84	-	-
Kuldeep Jain	14.38	12.50	-	-
Rajasekhar Reddy	9.04	8.26	-	-
Commission paid				
Jai Hiremath	-	22.65	-	22.65
Sameer Hiremath	-	22.65	-	22.65
Sitting fees				
Sugandha Hiremath	1.10	1.10	-	-
Baba Kalyani	0.50	0.50	-	-
Amit Kalyani	0.30	0.30	-	-
Kannan K. Unni	1.30	1.60	-	-
Prakash Mehta	1.40	1.70	-	-
Shrikrishna Adivarekar	0.50	0.20	-	-
Ranjit Shahani	1.00	0.90	-	-
Shivani Bhasin Sachdeva	0.60	0.80	-	-
Ravindra Kumar Goyal	-	0.80	-	-
Commission to Non-Executive Directors				
Sugandha Hiremath	0.56	1.42	0.56	1.42
Baba Kalyani	0.56	1.42	0.56	1.42
Amit Kalyani	0.56	1.42	0.56	1.42
Kannan K. Unni	0.56	1.42	0.56	1.42
Prakash Mehta	0.56	1.42	0.56	1.42
Shrikrishna K. Adivarekar	0.56	0.39	0.56	0.39
Ranjit Shahani	0.56	1.42	0.56	1.42
Shivani Bhasin Sachdeva	0.56	1.42	0.56	1.42
Ravindra Kumar Goyal	-	1.03	-	1.03

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

Particulars	Transaction value		Balances outstanding	
	Year ended 31 March 2023	Year ended 31 March 2022	31 March 2023	31 March 2022
Dividend paid				
SBIPL	19.91	43.81	-	-
SRIPL	9.81	21.58	-	-
DEPL	0.05	0.11	-	-
EIPL	0.39	0.87	-	-
KECPL	0.06	0.14	-	-
KICL	38.67	85.07	-	-
Sugandha Hiremath	9.67	21.27	-	-
Jai Hiremath	1.34	2.95	-	-
Sameer Hiremath	0.39	0.86	-	-
Anish Swadi	0.01	0.02	-	-
Baba Kalyani	0.02	0.05	-	-
Kannan K. Unni	0.03	0.04	-	-
Prakash Mehta	0.02	0.03	-	-
Pallavi Swadi	0.38	0.84	-	-
Pooja Hiremath	0.01	0.02	-	-
BF Investment Limited	3.27	7.20	-	-
Sumer Trust	0.08	0.17	-	-
Rhea Trust	0.08	0.17	-	-
Nihal Trust	0.08	0.17	-	-
Anika Trust	0.08	0.17	-	-
Pooja Trust	0.08	0.17	-	-
Anish Trust	0.08	0.17	-	-
Pallavi Trust	0.19	0.41	-	-
Sameer Trust	0.19	0.41	-	-
Kuldeep Jain	-	-	-	-
Rajasekhar Reddy	-	-	-	-
Sham Wahalekar	0.01	-	-	-
Ashok Hiremath	0.06	-	-	-
Lease rent paid				
RCSPL	1.08	1.08	-	-
Sugandha Hiremath	2.40	2.40	-	-
Jai Hiremath	0.30	0.30	-	-
Security Deposit				
RCSPL	-	-	1.10	1.10
Sugandha Hiremath	-	-	50.00	50.00
Jai Hiremath	-	-	20.00	20.00
Consultancy Charges				
Sham Wahalekar	3.66	3.99	0.30	-
Malvi Ranchoddas & Co.	3.78	4.30	0.48	-

Terms and conditions of transactions with related parties

All related party transactions entered during the year were in ordinary course of business and are on arms length basis. Outstanding balances at year end are unsecured and interest free and settlement occurs in cash.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

54 Contingent liabilities and commitments (to the extent not provided for)

A. Contingent liabilities

	As At 31 March 2023	As At 31 March 2022
(i) Direct and Indirect taxes		
Income Taxes*	292.23	241.34
Excise Duty**	39.93	40.13
Central Sales Tax (CST)***	2.97	2.82
Value Added Tax (VAT)****	11.27	11.20

*Above does not includes interest and penalty, if any.

**In addition to above interest and penalty of ₹40.13 million was levied.

***In addition to above for certain matters, penalty and interest of ₹6.14 million was levied during the assessment.

****in addition to above penalty and interest of ₹11.27 million was levied during the assessment.

- (ii) In connection with the alleged improper disposal of by-products by the Holding Company in January 2022, statutory authorities have conducted investigations in relation to alleged non-compliance with certain environmental laws and regulations, and the matter is pending before the Courts and relevant statutory authorities.

In an earlier quarter, Maharashtra Pollution Control Board (MPCB) had directed the Holding Company to stop manufacturing activities at its Taloja plant on grounds of not adhering to conditions stipulated in the relevant Consent to Operate. Subsequently, pursuant to an order of the Honourable Bombay High Court, MPCB granted permission on 29 June 2022 to re-start manufacturing activities at the plant. Further, the Company has also initiated proceedings against the party that was given responsibility of disposing this material.

Separately, the National Green Tribunal ('NGT') had constituted a committee to make recommendations in this regard. The Committee submitted its reports to NGT, after which the Holding Company filed a writ petition in the Hon'ble Bombay High Court, *inter alia*, seeking to set aside the NGT order. Despite being informed about the pendency of the aforesaid writ before the Hon'ble Bombay High Court, in March 2023, NGT passed an order accepting the committee's reports, which, includes recovery of compensation of ₹17.45 crore from the Holding Company for non-compliance with environmental laws and regulations. The Hon'ble Bombay High Court, has stayed the said order passed by NGT.

- (iii) In addition, the Company is subject to legal proceedings, claims and GST audit, which have arisen in the ordinary course of business. The Company has reviewed all its pending litigations and other matters 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.

Based on the advice of external legal counsel, the Holding Company believes it has a good case on merits in these matters, and the Holding Company is taking necessary steps, including legal measures, to defend itself. Accordingly, no provision is required in the financial results in this respect.

B. Commitments

	As At 31 March 2023	As At 31 March 2022
Estimated amount of contracts remaining to be executed on capital account and not provided for, tangible assets	947.83	1,187.31
Other non-cancellable material commitment	957.24	-



Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

55 Key Ratios

Sr. No.	Particulars	Numerator	Denominator	As at/for the year ended 31 March 2023	As at/for the year ended 31 March 2022	Variance (in %)	Reason for variance
1	Current Ratio	Current Assets	Current Liabilities	1.42	1.25	13%	
2	Net Debt-Equity Ratio	Debt	Shareholder's Equity	0.61	0.59	3%	
3	Debt Service Coverage Ratio	EBIT	Total Debt Service	1.77	1.96	10%	
4	Return on Equity Ratio	Comprehensive Income	Average Shareholder's Equity	7.07%	16.16%	56%	The variation is due to decrease in EBIT in current year as compared to last year
5	Inventory Turnover Ratio	Cost of goods sold	Avg. Inventory	3.43	3.35	2%	
6	Trade Receivables Turnover Ratio	Net Credit Sales	Average Accounts Receivable	4.56	4.17	9%	
7	Trade Payables Turnover Ratio	Total Purchases	Average Accounts Payable	3.89	4.43	12%	
8	Net Working Capital Turnover Ratio	Net Annual Sales	Working Capital	3.74	3.30	13%	
9	Net Profit Ratio	Net Profit after Tax	Net Sales	3.91%	8.26%	53%	The variation is due to decrease in Net Profit after tax as compared to last year.
10	Return on Capital Employed	Operating Profit	Average Capital Employed	8.47%	15.21%	44%	The variation is due to decrease in Operating profit as compared to last year.
11	Return on Investment	Income generated from Invested funds	Average Investment Funds	7.06%	4.11%	72%	The variation is due to Profit from sale of investment

56 Contribution to Provident Fund as per Supreme Court Judgment

There are numerous interpretative issues relating to the Supreme Court (SC) judgement dated 28 February 2019 on Provident Fund (PF) on the inclusion of allowances for the purpose of PF contribution as well as its applicability of effective date. The impact is not expected to be material as per the assessment made by the Holding Company.

57 The Code on Social Security, 2020

The Code on Social Security, 2020 ('the Code') has been notified in the Official Gazette on 29 September 2020. The effective date from which the changes are applicable is yet to be notified and the rules are yet to be framed. Impact, if any, of the change will be assessed and accounted in the period in which the said Code becomes effective and the rules framed thereunder are published.

58 Dues relating to Investor Education and Protection fund

During the year the Holding company has transferred ₹0.34 million to Investor Education and Protection fund. There are no other dues which need to be credited as at the year end to the Investor Education and Protection fund.

59 The Group does not have any Benami property, where any proceedings have been initiated or pending against the Group for holding any Benami property.

60 The Group does not have any transactions with Companies struck off.

61 The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

62 The Group has not traded or invested in Crypto currency or Virtual currency during the financial year.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

(Currency: Indian Rupees in million)

- 63** The Group has not advanced or loaned or invested funds to any other person/entities, including foreign entities (intermediaries) with the understanding that the intermediary shall:
- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding party (ultimate beneficiaries) or
 - (ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.
- 64** The Group has not received funds to any other person/entities, including foreign entities (Funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding party (ultimate beneficiaries) or
 - (ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.
- 65** The Group does not have any such transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)
- 66** Maintenance of Books of account under Section 128 of the Companies Act, 2013 The Group has defined process to take daily back-up of books of account maintained electronically and complied with the provisions of The Companies (Accounts) Rules, 2014 (as amended). However, the Group as a policy, has maintained logs of the daily back-up of such books of account only for last 30 days and hence audit trail in relation to daily back up taken was not available for full year.
- 67** The quarterly returns or statements of Current assets filed by the Holding Company with the banks or financial institutions are in agreement with the books of account.

68 Other information

The figures for the previous periods have been regrouped wherever necessary to conform to the current year's presentation.

As per our report of even date

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm's Registration No: 324982E/E300003

For and on behalf of the Board of Directors of

Hikal Limited

CIN: L24200MH1988PTC048028

per Vinayak Pujare

Partner

Membership No: 101143

Mumbai

29 May 2023

Jai Hiremath

Executive Chairman Managing Director and CEO

DIN: 00062203

Kuldeep Jain

Chief Financial Officer

Mumbai

29 May 2023

Sameer Hiremath

Managing Director and CEO

DIN: 00062129

Rajasekhar Reddy

Company Secretary

Mumbai

29 May 2023

Kannan K. Unni

Director

DIN: 00227858

Canada

29 May 2023



Registered Office/ Corporate Office

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

Website

www.hikal.com

Email

info@hikal.com

AGM
Notice 2023

HIKAL LIMITED

CIN : L24200MH1988PTC048028

Telephone : 022- 6277 0299,

Email : secretarial@hikal.com

Website : www.hikal.com

Notice

NOTICE is hereby given that the 35th Annual General Meeting of Hikal Limited will be held on Tuesday, 26 September 2023 at 11:30 a.m. (IST) through Video Conferencing (VC) facility/ Other Audio Visual Means (OAVM), to transact the following business:

Ordinary Businesses:

1. To receive, consider and adopt the audited standalone and consolidated Financial Statements of the Company for the year ended 31 March 2023 together with the Reports of the Board of Directors and Auditors thereon.
2. To confirm the interim dividend of ₹ 0.60/- per equity share of ₹ 2/- each and to declare a final dividend of ₹ 0.60/- per equity share of ₹ 2/- each, aggregating to a total dividend of ₹ 1.20/- per equity share of ₹ 2/- each, for the Financial Year 2022-23.
3. To appoint a Director in place of Mr. Amit Kalyani (DIN: 00089430), Non-Executive, Non-Independent Director, who retires by rotation and being eligible, offers himself for reappointment.

Special Businesses:

4. To consider and approve the appointment of Mr. Berjis M Desai (DIN: 00153675) as an Independent Director of the Company.

To consider and if thought fit, to pass, the following Resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 160 and other applicable provisions of the Companies Act, 2013, if any, read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Schedule IV to the Companies Act, 2013, relevant applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and the Articles of Association of the Company, Mr. Berjis M Desai (DIN: 00153675), be and is hereby appointed as an Independent Director of the Company for a period of 5 (Five) years w.e.f. 1 October 2023.

RESOLVED FURTHER THAT all the Directors and/ or Company Secretary be and are hereby severally authorised to file the returns/ forms/ other documents with the statutory and other authorities and to do all such acts, deeds and things as may be deemed expedient and necessary to give effect to the foregoing resolution.”

5. To consider and approve the appointment of Mr. V. Ramachandra Kaundinya (DIN: 00043067) as an Independent Director of the Company.

To consider and if thought fit, to pass, the following Resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 160 and other applicable provisions of the Companies Act, 2013, if any, read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Schedule IV to the Companies Act, 2013, relevant applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and the Articles of Association of the Company, Mr. V. Ramachandra Kaundinya (DIN: 00043067), be and is hereby appointed as an Independent Director of the Company for a period of 5 (Five) years w.e.f. 1 October 2023.

RESOLVED FURTHER THAT all the Directors and/ or Company Secretary be and are hereby severally authorised to file the returns/ forms/ other documents with the statutory and other authorities and to do all such acts, deeds and things as may be deemed expedient and necessary to give effect to the foregoing resolution.”

6. To consider and ratify the remuneration payable to M/s V. J. Talati & Co., cost auditors of the Company, for the financial year 2023-24.

To consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) the remuneration of ₹ 4,75,000/- (Rupees Four Lakh Seventy Five Thousand Only) plus applicable taxes and reimbursement of out of pocket expenses payable to M/s. V. J. Talati & Co., cost auditors of the Company for the financial year 2023-24, as recommended by Audit Committee and approved by the Board of Directors of the Company, be and is hereby ratified.

RESOLVED FURTHER THAT any of the Directors and/or Company Secretary be and are hereby severally authorised to file the returns/ forms/ other documents with the statutory and other authorities and to do all such acts, deeds and things as may be deemed expedient and necessary to give effect to the foregoing resolution.”

Registered Office:
717/718, Maker Chamber V,
Nariman Point,
Mumbai – 400 021
Dated: 16 August 2023

By Order of the Board of Directors
For HIKAL LIMITED,

Sd/-
Rajasekhar Reddy
Company Secretary

AGM NOTICE 2023

Notes:

1. The explanatory statement pursuant to Section 102 of the Companies Act, 2013 ("the Act") setting out the material facts concerning the businesses under item nos. 4 to 6 of the accompanying notice, is annexed hereto. The Board of Directors at its meeting held on 16 August 2023 considered that the special businesses under item nos. 4 to 6, being considered unavoidable, be transacted at the 35th AGM of the Company.
2. In terms of Section 152 of the Act, Mr. Amit Kalyani (DIN: 00089430), retires by rotation at this Meeting and being eligible, offers himself for re-appointment. The Board of Directors of the Company recommends the re-appointment of Mr. Amit Kalyani as a Director of the Company. Details of all the Directors proposed to be appointed/ re-appointed as required in terms of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Secretarial Standard on General Meetings (SS - 2) issued by The Institute of Company Secretaries of India (ICSI), are annexed to this Notice.
3. In view of the situation arisen due to the COVID-19 global pandemic, the General Circular Nos. 14/2020, 17/2020, 20/2020, 02/2021, 02/2022 and 10/2022 dated 8 April 2020, 13 April 2020, 5 May 2020, 13 January 2021, 5 May 2022 and 28 December 2022 respectively, issued by the Ministry of Corporate Affairs (MCA) and Circular No. SEBI/ HO/ CFD/ CMD1/ CIR/ P/ 2020/ 79 dated 12 May 2020, SEBI/ HO/ CFD/ CMD2/ CIR/ P/ 2021/ 11 dated 15 January 2021, SEBI/ HO/ CFD/ CMD2/ CIR/ P/ 2022/ 62 dated 13 May 2022 and SEBI/ HO/ CFD/ PoD-2/ P/ CIR/ 2023/ 4 dated 5 January 2023 issued by the Securities and Exchange Board of India (collectively referred to as 'the Circulars'), permitted the holding of AGM through VC / OAVM, without the physical presence of the members at a common venue. Accordingly, the 35th AGM of the Company will be convened through VC / OAVM in compliance with the provisions of the Act, and Rules made thereunder, Listing Regulations read with the Circulars. The deemed venue for the 35th AGM shall be the registered office of the Company i.e. 717/718, Maker Chamber V, Nariman Point, Mumbai – 400 021.
4. In line with the Circulars, the Company is providing VC / OAVM facility to its members to attend the AGM. Members can join the AGM in the VC / OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in this Notice. The facility for attending the AGM virtually will be made available for 1,000 members on first come first served basis. The large members (i.e. members with 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee, and Stakeholders' Relationship Committee, auditors etc. can attend the AGM without restriction on account of first come first served basis.
5. This Notice is being sent to all the Members, whose names appear in the Register of Members/Statements of beneficial ownership maintained by the Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on the close of business hours on 25 August 2023.
6. **Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf who may or may not be a Member of the Company.** However, the facility for appointment of proxies by members will not be available as the AGM will be held through VC / OAVM and physical attendance of the members is dispensed with pursuant to the Circulars and hence, the Proxy Form and the Attendance Slip are not annexed to this Notice.
7. However, in pursuance of Sections 112 and 113 of the Act, representatives of members such as the President of India or the Governor of a State can attend the AGM through VC / OAVM and cast their votes through e-voting. Corporate members whose authorised representatives are intending to attend the meeting are requested to send a certified copy of the board resolution authorising such representative to attend the AGM through VC / OAVM, to the Company at secretarial_agm@hikal.com and cast their votes through e-voting.
8. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
9. The register of directors & key managerial personnel and their shareholding, the register of contracts or arrangements in which directors are interested, maintained under the Companies Act, 2013 and all other documents referred to in this Notice will be available for inspection in electronic mode. Members who wish to inspect the Registers are requested to write to the Company by sending e-mail to secretarial_agm@hikal.com.
10. In accordance with the Circulars, the Notice of the AGM along with the Annual Report for the financial year 2022-23 has been sent only through electronic mode to the members who have registered their e-mail addresses with the Company/depository participants. Members may note that the Notice of AGM and Annual Report are also available on the Company's website: www.hikal.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.
11. The shareholders who have not registered their e-mail address may register their e-mail address with their depository participant at the earliest to enable the Company to use the same for serving documents to them electronically, hereinafter. Shareholders holding shares in physical form may kindly register their e-mail address with the Registrar & Share Transfer Agent (RTA) by sending a request, in the prescribed format along with necessary documents, for updating their KYC details as per SEBI circular no. SEBI/HO/MIRSD/MIRSD-PoD-1/P/ CIR/2023/37 dated 16 March 2023, to the Company's RTA i.e. Universal Capital Securities Pvt. Ltd., C-101, 247 Park, 1st Floor, LBS Road, Vikhroli (West), Mumbai – 400 083.

12. Pursuant to Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of the Listing Regulations and the Circulars, the Company is providing the facility of e-voting (including remote e-voting) to the members to cast their votes electronically on all resolutions set forth in this Notice and to attend the meeting through VC / OAVM. For this purpose, the Company has availed the services of CDSL for facilitating e-voting and to attend the AGM through VC / OAVM. The detailed instructions for e-voting and attending the AGM through VC / OAVM are given below.
 13. Members are requested to intimate immediately, any change in their address to their depository participants with whom they maintain their demat accounts. If the shares are held in physical form, change in address has to be intimated to the Company's registrar and transfer agent (RTA), Universal Capital Securities Pvt. Ltd., C-101, 247 Park, 1st Floor, LBS Road, Gandhi Nagar, Vikhroli (West), Mumbai – 400 083, India; Tel: +91 (22) 4918 6178-79, F: +91 22 4918 6060; E-mail at: info@unisec.in.
 14. Members are requested to mention their Folio number /Client ID number (in case of demat shares) in all their correspondence with the Company's RTA in order to facilitate the RTA to reply to the queries promptly.
 15. SEBI has mandated the submission of permanent account number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore, requested to submit their PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form should submit their PAN to the Company or its RTA.
 16. The register of members and share transfer books of the Company will remain closed from Wednesday, 20 September, 2023 to Tuesday, 26 September, 2023 (both days inclusive).
 17. Pursuant to the provisions of Section 124 and 125 of the Companies Act, 2013, as amended from time to time, dividend which remains unpaid or unclaimed for a period of 7 (seven) years from the date of transfer to the unpaid dividend account, shall be transferred by the Company to the Investor Education and Protection Fund (IEPF) of the Central Government. Accordingly, the Company will be transferring the unpaid/unclaimed final dividend for the financial year 2015-16 to IEPF within 30 days of the due date i.e. 15 September 2023, along with the shares on which the dividend has remained unpaid/ unclaimed for seven consecutive years. Members who have not encashed their dividend warrant(s) from financial year 2015-16, are requested to make their claim before they are transferred to IEPF by specifying their Folio No./DP ID and Client ID to the Registrar and Transfer Agents, Universal Capital Securities Pvt. Ltd., C-101, 247 Park, 1st Floor, LBS Road, Gandhi Nagar, Vikhroli (West), Mumbai – 400 083.
 18. The Board had, during the financial year declared and paid an interim dividend of ₹ 0.60/- (30%) per equity share of face value of ₹ 2/- each. Further, the board of directors of the Company at their meeting held on 29 May 2023 recommended a dividend of ₹ 0.60/- (30%) per equity share of face value of ₹ 2/- each as final dividend for the financial year 2022-23 and if approved by the shareholders, the total dividend declared and paid for the financial year will aggregate to 60% of the face value. The final dividend will be paid within 30 days from the date of declaration, subject to deduction of tax at source to those members whose names appear on the register of members of the Company as of end of the day on 19 September 2023, being the record date.
 19. Payment of dividend shall be made through electronic mode to the Members who have updated their bank account details. Dividend warrants/demand drafts will be dispatched to the registered address of the Members who have not updated their bank account details.
- Accordingly, members holding securities in demat mode are requested to update their bank details with their depository participants. Members holding securities in physical form should send a request, in the prescribed format along with necessary documents, for updating their KYC details as per SEBI circular no. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated 16 March 2023, to the Company's RTA i.e. Universal Capital Securities Pvt. Ltd., C-101, 247 Park, 1st Floor, LBS Road, Vikhroli (West), Mumbai – 400 083.
- Pursuant to the requirement of Income Tax Act, 1961 ("the Income Tax"), as amended by the Finance Act, 2020, dividend paid or distributed by a Company on or after 1 April 2020 shall be taxable in the hands of the shareholders. The Company will, therefore, be required to withhold taxes at the prescribed rates on the dividend paid to its shareholders. The withholding tax (WHT) rate would vary depending on the residential status of the shareholder and documents submitted by shareholder with the Company/ Registrar and Transfer Agent (RTA) (in case of shares held in physical mode) and with the Depository Participants (in case of shares held in demat mode).

AGM NOTICE 2023

A. Resident Shareholders:

i. Tax Deductible at Source for Resident Shareholders

Sr. No.	Particulars	Withholding tax rate	Documents required (if any) / Remarks
1.	Valid PAN updated in the Company's Register of Members	10%	No document required. If dividend does not exceed ₹ 5,000/-, no TDS/ withholding tax will be deducted.
2.	No PAN/Valid PAN not updated in the Company's Register of Members	20%	TDS/ Withholding tax will be deducted, regardless of dividend amount, if PAN of the shareholder is not registered. All the shareholders are requested to update, on or before 19 September 2023, their PAN with their Depository Participant (if shares are held in electronic form) and Company / RTA (if shares are held in physical form). Please quote all the folio numbers under which you hold your shares while updating the records.
3.	Availability of lower/ nil tax deduction certificate issued by Income Tax Department u/s 197 of the Income Tax Act	Rate specified in the certificate	Lower tax deduction certificate obtained from Income Tax Authority to be submitted on or before 19 September 2023.

ii. No Tax Deductible at Source on dividend payment to resident shareholders if the Shareholders submit following documents as mentioned in the table below by sending an email to tdsdividend@hikal.com latest by 11:59 p.m. (IST) on 19 September 2023.

Sr. No.	Particulars	Withholding tax rate	Documents required (if any) / Remarks
1.	Submission of form 15G/15H	NIL	Declaration in Form No. 15G (applicable to an individual who is below 60 years) / Form 15H (applicable to an individual who is 60 years and above), fulfilling certain conditions.
2.	Shareholders to whom section 194 of the Income Tax Act does not apply as per second proviso to section 194 such as LIC, GIC, etc.	NIL	Documentary evidence for exemption u/s 194 of the Income Tax Act, a self-declaration that they have a full beneficial interest with respect to the shares owned by them along with a self-attested copy of PAN.
3.	Shareholders covered u/s 196 of the Income Tax Act such as Government, RBI, corporations established by Central Act & mutual funds.	NIL	Documentary evidence for coverage u/s 196 the Income Tax Act, self-declaration that they are specified and covered under section 10 (23D) of the Income Tax Act along with a self-attested copy of the PAN card.
4.	Category I and II Alternate Investment Fund	NIL	SEBI registration certificate to claim benefit under section 197A (1F) of the Income Tax Act, self-declaration that their income is exempt under Section 10 (23FBA) of the Income Tax Act and they are governed by SEBI regulations as Category I or Category II AIF along with a self-attested copy of the PAN card.
5.	Recognised provident funds, approved superannuation fund and approved gratuity fund	NIL	Necessary documentary evidence as per Circular No. 18/2017 issued by Central Board of Direct Taxes (CBDT) along with a self-attested copy of the PAN card.
6.	New Pension System Trust	NIL	Necessary documentation to claim under section 197A(1E) of the Income Tax Act, self declaration that their income is exempt under section 10(44) of the Income Tax Act along with a self-attested copy of the PAN card.
7.	Any resident shareholder exempted from TDS deduction as per the provisions of the Income Tax Act or by any other law or notification.	NIL	Necessary documentary evidence substantiating exemption from deduction of TDS along with a self-attested copy of the PAN card.

Application of nil rate at the time of tax deduction/ withholding on dividend amounts will depend upon the completeness and satisfactory review by the Company, of the documents submitted by such shareholders.

B. Non-Resident Shareholders:

The table below shows the withholding tax on dividend payment to non-resident shareholders who submit, latest by 11:59 p.m. (IST) on 19 September 2023, the document(s), as mentioned in the table below, by sending an email to tdsdividend@hikal.com. In case all necessary documents are not submitted, then the TDS/ withholding tax will be deducted @ 20% (plus applicable surcharge and cess).

Sr. No.	Particulars	Withholding tax rate	Documents required (if any) / Remarks
1.	Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs) / Other Non-Resident shareholders.	20% (plus applicable surcharge and cess) or tax treaty rate, whichever is beneficial.	<p>FPI registration certificate in case of FIIs / FPIs.</p> <p>To avail beneficial rate of tax treaty following tax documents would be required:</p> <ol style="list-style-type: none"> 1. Self-attested copy of Tax Residency Certificate ("TRC") issued by revenue authority of country of residence of shareholder for the year in which dividend is received. Kindly note that TRC should cover the period of payment i.e. FY 2023-24 and should be in English Language. If the local language is other than English, TRC shall be required to be translated into English and be required to be notarized/ apostille; 2. Self-attested copy of PAN card or declaration as per Rule 37BC of Income Tax Rules, 1962 in the specified format. 3. Self-declaration in Form 10F if PAN is not available, the said form is available on the website of the Company. 4. In case where PAN is available, Form 10F shall be furnished electronically on income tax portal at www.incometax.gov.in. 5. Self-declaration, primarily covering: <ol style="list-style-type: none"> a. Non-resident is eligible to claim the benefit of respective tax treaty; b. Non-resident receiving the dividend income is the beneficial owner of such income; c. Dividend income is not attributable/effectively connected to any Permanent Establishment (PE) or Fixed Base in India; d. Non-resident complies with any other condition prescribed in the relevant tax treaty and provisions under the Multilateral Instrument ("MLI"); e. Non-resident does not have a place of effective management in India. <p>(Note: Application of beneficial Tax Treaty Rate shall depend upon the completeness of the documents submitted by the Non-Resident shareholder and review to the satisfaction of the Company).</p>
2.	Availability of Lower/NIL tax deduction certificate issued by Income Tax Authority.	Rate specified in certificate	Lower tax deduction certificate obtained from Income Tax Authority
3.	Any non-resident shareholder exempted from WHT deduction as per the provisions of Income Tax Act or any other applicable law.	NIL	Necessary documentary evidence substantiating exemption from WHT deduction.

20. The Resident Non-Individual Members such as Insurance companies, Mutual Funds, Alternative Investment Fund (AIF) and other domestic financial institutions established in India and Non-Resident Non-Individual Members such as Foreign Portfolio Investors may submit the relevant forms, declarations and documents through their respective custodians who are registered with NSDL for tax services, on or before the aforesaid timelines.
21. The Finance Act, 2021, has inter alia inserted the provisions of section 206AB of the Income Tax Act with effect from July 1, 2021. The provisions of section 206AB of the Income Tax Act require the deductor to deduct tax at higher of the following rates from amount paid/ credited to 'specified person':
- a. At twice the rate specified in the relevant provision of the Income Tax Act; or
 - b. At twice the rates or rates in force; or
 - c. At the rate of 5%.
- The 'specified person' means a person who has:
- a. not filed return of income for assessment year relevant to the previous year immediately prior to the previous year in which tax is required to be deducted, for which the time limit of filing return of income under sub-section (1) of Section 139 has expired; and
 - b. subjected to tax deduction/collection at source in aggregate amounting to ₹ 50,000 or more in the said previous year.
- Note: The non-resident who does not have the permanent establishment is excluded from the scope of a specified person.
22. The Forms 15G, 15H, 10F and the format of self-declaration referred above, are available on the Company's website www.hikal.com. Any communication on the tax/deduction received after 19 September 2023 shall not be considered.

AGM NOTICE 2023

23. The Company is not obligated to apply the beneficial tax treaty rates at the time of tax deduction/withholding on dividend amounts. Application of beneficial tax treaty rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by non-resident shareholders. TDS is required to be deducted/ withheld at the rate prescribed in the lower tax withholding certificate issued under Section 197 of the Income Tax Act, if such valid certificate is provided.
24. It may be further noted that in case the tax on said dividend is deducted/withheld at a higher rate in absence of receipt of the aforementioned details/documents from the Shareholder(s), there would still be an option available with the shareholder to file the return of income and claim an appropriate refund, if eligible. No claim shall lie against the Company for such taxes deducted/withheld.
25. In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided/to be provided by the Shareholder(s), especially with respect to their residential status, such Shareholder(s) will be responsible to indemnify the Company and also, provide the Company with all information/documents and co-operation at the time of payment of dividend/during the course of any appellate proceedings.
26. The Company will arrange to send the TDS certificate to the shareholder's registered email address in due course, post payment of the dividend. In case the shareholder has not registered their email address with Company's Registrar and Transfer Agents, kindly register the same for shareholders holding shares in physical form and with the Depository Participant for shareholders holding shares in demat form.
27. Above communication on tax deduction at source sets out the provisions of law in a summary manner only and does not purport to be a complete analysis or listing of all potential tax consequences. Shareholders should consult with their own tax advisors for the tax provisions that may be applicable to them.
28. The clearing members/ trading members holding shares of the Company in their pool account on the record date are advised to take necessary steps to transfer the Shares to the demat accounts of the beneficial owners, in order to avoid any complications related to deduction of tax at source, in connection with the dividend.
29. Pursuant to Section 72 of the Act, members are entitled to make a nomination in respect of shares held by them. Members desirous of making a nomination, pursuant to the Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014 are requested to send their requests in form no. SH-13, to the RTA of the Company. Further, members desirous of cancelling/varying nomination pursuant to the Rule 19(9) of the Companies (Share Capital and Debentures) Rules, 2014, are requested to send their requests in form no. SH-14, to the RTA of the Company. These forms are available on the website of the Company www.hikal.com.
30. The Company has appointed Dhruvil M. Shah & Co. LLP, Practicing Company Secretaries, as the Scrutiniser to scrutinise the votes cast through remote e-voting and through the e-voting system during the meeting, in a fair and transparent manner. The Scrutiniser shall unlock the votes and will submit the consolidated report to the Chairman of the Company or such other person as may be authorised by the Chairman, after completion of the scrutiny, the results of the e-voting (including remote e-voting) will be announced within 48 hours from the conclusion of the 35th AGM. The results of the e voting will be posted on the Company's website at www.hikal.com for information of the members, besides being communicated to the Stock Exchanges on which the shares of the Company are listed and on the website of CDSL.
31. Since the AGM will be held through VC/OAVM, the route map is not annexed in this Notice.

THE INSTRUCTIONS OF SHAREHOLDERS FOR REMOTE E-VOTING, E-VOTING DURING THE AGM AND JOINING MEETING THROUGH VC/OAVM ARE AS UNDER:

Step 1 : Access through Depositories CDSL/NSDL e-voting system in case of individual shareholders holding shares in demat mode.

Step 2 : Access through CDSL e-voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

The instructions for shareholders for remote e-voting:

- (i) The remote e-voting period commences at 9.00 A.M. (IST) on Friday, 22 September 2023 and ends at 5.00 P.M. (IST) on Monday, 25 September 2023. During this period, Members holding shares either in physical or de-materialized form as on the Cut-Off Date i.e. Tuesday, 19 September 2023, may cast their votes electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter. Those Members, who will be present in the AGM through VC/ OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting.
- (iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9 December 2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

Step 1 : Access through Depositories CDSL/NSDL e-voting system in case of individual shareholders holding shares in demat mode.

- (iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9 December 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings **for Individual shareholders holding securities in Demat mode** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<ol style="list-style-type: none"> 1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users wishing to login to Easi / Easiest are requested to visit CDSL website www.cdslindia.com and click on Login icon and select New System Myeasi tab. 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-voting is in progress as per the information provided by Company. On clicking the e-voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/ NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at cdsl website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from the e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-voting is in progress and also able to directly access the system of all e-Voting Service Providers.

AGM NOTICE 2023

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> 1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on Company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS" Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on Company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on Company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL.

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at: 022 - 4886 7000 and 022 - 2499 7000

Step 2 : Access through CDSL e-voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

(v) Login method for e-Voting and joining virtual meeting for shareholders other than individual **shareholders holding in Demat form & physical shareholders.**

1. The shareholders should log on to the e-voting website www.evotingindia.com.
2. Click on "Shareholders" module.
3. Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
4. Next enter the Image Verification as displayed and click on "Login".
5. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.

6. If you are a first time user follow the steps given below:

For Members holding shares in Demat Form other than individual and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. <ul style="list-style-type: none"> If both the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction 3 above.

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (viii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN for HIKAL LIMITED.
- (x) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on "Forgot Password" & enter the details as prompted by the system.
- (xvi) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.
- (xvii) **Additional facility for Non – Individual Shareholders and Custodians –Remote Voting only**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cDSLindia.com.
 - After receiving the login details a "Compliance User" should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
 - It is Mandatory that, a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
 - Alternatively, Non-Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc., together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz.: secretarial_agm@hikal.com if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

Instructions for shareholders attending the AGM through VC/OAVM and e-voting during the AGM are as under:

- The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
- The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
- Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
- Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
- Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- Please note that Participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuations in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

AGM NOTICE 2023

- g. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance between 13 September 2023 and 19 September 2023 mentioning their name, demat account number/folio number, email id, mobile number at secretarial_agm@hikal.com. The shareholders who do not wish to speak during the AGM but have queries, may send their queries in advance between 13 September 2023 and 19 September 2023 mentioning their name, demat account number/folio number, email id, mobile number at secretarial_agm@hikal.com. These queries will be replied to by the Company suitably by email.
- h. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Company reserves the right to restrict the number of questions and number of speakers, depending upon availability of time as appropriate for smooth conduct of the AGM.
- i. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the AGM.
- j. If any votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

Process for those shareholders whose email addresses are not registered with the depositories for obtaining login credentials for e-voting for the resolutions proposed in this notice:

- a. For Physical shareholders - please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to the Company/ Registrar & Share Transfer Agent by sending an e-mail at: secretarial_agm@hikal.com or info@unisec.in.
- b. For Demat shareholders - Please update your email id & mobile no. with your respective Depository Participant (DP).
- c. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

In case you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on toll free no. 1800 22 55 33.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 4

Upon the recommendation of the Nomination & Remuneration Committee, the Board of Directors of the Company had approved the appointment of Mr. Berjis M Desai (DIN: 00153675) as an Independent Director of the Company with effect from 1 October 2023, subject to the approval of shareholders at this Annual General Meeting.

Mr. Berjis M Desai has given his consent to act as an Independent Director and has also furnished necessary declaration(s) confirming that he meets the criterion of independence as laid down under Section 149(6) of the Companies Act, 2013 (the Act), the Rules framed thereunder and Regulation 16 of the SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 (Listing Regulations).

In the opinion of the Board, Mr. Desai fulfills the conditions specified in the Act, the Rules made thereunder and the Listing Regulations, for being appointed as an Independent Director and he is independent of the management.

Mr. Berjis Desai, has been practising transactional and dispute resolution laws for the last 43 years. Mr. Desai graduated with first class honours from the Elphinstone College and stood first in the University of Bombay at the LL.B exam. He was awarded the Rotary International Scholarship to study post-graduate law at Cambridge University, U.K. where he secured a Starred First. He also stood first at the Solicitors' Examination.

Since 2003, Mr. Desai was the Managing Partner, and from 2016, the Senior Partner, of J. Sagar Associates (JSA), a national law firm having more than 300 lawyers. He retired from JSA on 1 April 2017, upon turning 60. Mr. Desai is now an independent legal counsel engaged in Private Client Practice, that is, succession and estate planning for HNIs and promoter families through wills, trusts and family arrangements; resolving family, testamentary and business disputes through mediation and confidential fast track arbitration; insolvency and asset reconstruction advisory.

Mr. Desai is a director of leading listed and non-listed public companies in India including The Great Eastern Shipping Company Limited, Praj Industries Limited, Jubilant Food Works Limited, Man Infraconstruction Limited, Star Health & Allied Insurance Company Limited, Chambal Fertilisers & Chemicals Limited, Emcure Pharmaceuticals Limited and Inventurus Knowledge Solutions Limited.

A former working journalist, Mr. Desai is a writer and columnist. His books, 'OH! THOSE PARSIS' –A to Z of the Parsi Way of life, and 'The Bawaji': Chronicles of a Vanishing Community' have been on the bestseller list of Amazon Essay Books. His novel, 'Towers of Silence' has just been published. His other interests include study of esoteric Zoroastrianism and comparative religion.

The Board is of the opinion that Mr. Desai possesses the required skills, expertise and competencies required in the

context of the Company's business and the appointment of Mr. Berjis M Desai as an Independent Director is in the interest of the Company. Mr. Berjis M Desai is proposed to be appointed as an Independent Director for a period of 5 (Five) years commencing from 1 October 2023. The resolution at item No. 4 of the notice, set out as special resolution is recommended by the Directors of the Company for approval by the members.

None of the Directors, Key Managerial Personnel or their relatives, are concerned or interested, in the resolution at Item No. 4 of this Notice.

ITEM NO. 5

Upon the recommendation of the Nomination & Remuneration Committee, the Board of Directors of the Company had approved the appointment of Mr. V. Ramachandra Kaundinya (DIN: 00043067) as an Independent Director of the Company with effect from 1 October 2023, subject to the approval of shareholders at this Annual General Meeting.

Mr. V. Ramachandra Kaundinya has given his consent to act as an Independent Director and has also furnished necessary declaration(s) confirming that he meets the criterion of independence as laid down under Section 149(6) of the Companies Act, 2013 (the Act), the Rules framed thereunder and Regulation 16 of the SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 (Listing Regulations).

In the opinion of the Board, Mr. Kaundinya fulfills the conditions specified in the Act, the Rules made thereunder and the Listing Regulations, for being appointed as an Independent Director and he is independent of the management.

Mr. V. Ramachandra Kaundinya is an expert in the field of management, especially in the business of agriculture. He is an Undergraduate in Agricultural Sciences from the Andhra Pradesh Agricultural University and holds a Post Graduate Diploma in Management with specialization in Agriculture from the Indian Institute of Management, Ahmedabad.

He has a total corporate experience of about 35 years at very senior positions followed by consulting experience of 9 years. He is an author, strategic management consultant, teacher and a policy analyst in India. Mr. V. Ramachandra Kaundinya has served on the Boards of Axis Bank, Syngenta India and Axis Finance.

He held Chief Executive Officer positions at Advanta Ltd, Emergent Genetics India and Cyanamid Agro. He served as a senior member of the management team of Hoechst India for 13 years. He started his career as a marketing executive for Hyderabad Chemicals (Excel group). Mr. V. Ramachandra Kaundinya has served as Chairman of the Crop Life India and Agricultural Group of the biotech industry association called ABLE and was the Director of the Association of Seed Industry (ASI). He is currently Director General of Federation of Seed Industry of India. He teaches Agri Business Strategy to Agri MBA students at IIMA.

AGM NOTICE 2023

The Board is of the opinion that Mr. Kaundinya possesses the required skills, expertise and competencies required in the context of the Company's business and the appointment of Mr. V. Ramachandra Kaundinya as an Independent Director is in the interest of the Company. Mr. V. Ramachandra Kaundinya is proposed to be appointed as an Independent Director for a period of 5 (Five) years commencing from 1 October 2023. The resolution at item No.5 of the notice, set out as special resolution is recommended by the Directors of the Company for approval by the members.

None of the Directors, Key Managerial Personnel or their relatives, are concerned or interested, in the resolution at Item No. 5 of this Notice.

ITEM NO. 6

The Board of Directors of the Company, on the recommendation of the Audit Committee, at its meeting held on 29 May 2023 considered and approved the appointment of M/s. V. J. Talati & Co., as the cost auditor of the Company for the financial year 2023-24 at a remuneration of ₹ 4,75,000/- (Rupees Four Lakh

Seventy Five Thousand only) plus applicable taxes and out of pocket expenses.

Pursuant to the provisions of Section 148 (3) of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 the remuneration payable to the Cost Auditors needs to be ratified by the members of the Company.

None of the Directors, Key Managerial Personnel or their relatives, are concerned or interested, in the resolution at Item No. 6 of this Notice.

The Board recommends passing of the resolution at Item No. 6 as an ordinary Resolution.

Registered Office:
717/718, Maker Chamber V,
Nariman Point,
Mumbai – 400 021
Date: 16 August 2023

By Order of the Board of Directors
for **HIKAL LIMITED,**

Sd/-
Rajasekhar Reddy
Company Secretary

DETAILS OF DIRECTORS SEEKING APPOINTMENTS / RE-APPOINTMENT

Information as required by regulation 36 (3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of appointment/ re-appointment of Directors:

Name of Director	Mr. Amit Kalyani
Director Identification No.	00089430
Date of Birth (age)	26 July 1975 (47 Years)
Date of first appointment	9 February 2012
Qualification	BE (Mech) from Bucknell University, Pennsylvania, USA and Owner President Management (OPM) Program, Harvard University, USA
Experience/ Expertise in specific functional area	Strategic Planning, Business Operations, Technology, Sales and Marketing, Finance Acumen, Governance and Risk Management
Terms and Conditions of appointment / re-appointment alongwith details of remuneration sought to be paid	Same as appointment
Remuneration last drawn	As detailed in Para II – D of the Corporate Governance Report
Number of meetings of the Board attended during the year.	3 (Three)
Relationship with any Director(s)/ KMPs of the Company	Mr. Amit Kalyani is son of Mr. B. N. Kalyani.
Directorships in other Companies	<ul style="list-style-type: none"> - Bharat Forge Limited - Kalyani Steels Limited - Schaeffler India Limited - BF Utilities Limited - BF Investment Limited - Kalyani Investment Company Limited - BF-NTPC Energy Systems Limited - ABK Educational Foundation - Saarloha Advanced Materials Private Limited
Member / Chairman of the committees of the Board of other Companies	<p>Bharat Forge Limited Member of CSR Committee & Risk Management Committee and Chairman of ESG Committee</p> <p>Kalyani Steel Limited Member of Nomination & Remuneration Committee</p> <p>BF Utilities Limited Member of Audit Committee, Nomination & Remuneration Committee, CSR Committee and Risk Management Committee</p> <p>Kalyani Investment Co Limited Member of Nomination & Remuneration Committee.</p> <p>BF Investment Limited Member of Nomination & Remuneration Committee, CSR Committee and Risk Management Committee</p> <p>Schaeffler India Limited Member of Audit Committee, Nomination & Remuneration Committee and CSR Committee</p> <p>Saarloha Advanced Material Private Limited Chairman of Audit Committee & CSR Committee</p>
Names of listed Companies from which the appointee resigned in last three years	NA
Number of shares held in the Company	Beneficial interest in 34.01% shares

AGM NOTICE 2023

Name of Director	Mr. Berjis M Desai	Mr. V. Ramachandra Kaundinya
Director Identification No.	00153675	00043067
Date of Birth (age)	2 August 1956 (67 Years)	13 February 1956 (67 Years)
Date of first appointment	1 October 2023	1 October 2023
Qualification	LLB, University of Bombay & LLM Cambridge University, UK and Solicitor.	Undergraduate in agricultural sciences from Andhra Pradesh Agricultural University and PG Diploma in Management from IIMA
Experience/ Expertise in specific functional area	Litigation Management, Strategic Planning, Risk management policy shaping and industry advocacy, Sustainability and Environment Social & Governance (ESG), Human Resource development, Finance expertise	Strategic expertise, Planning, Industry Knowledge, Business Operations, Technology, Sales and Marketing, Finance Acumen, Corporate Governance & Risk Management, Business Strategy, Operational Efficiency, Intellectual Property Expertise, Investments, Innovation & Vision
Terms and Conditions of appointment / re-appointment alongwith details of remuneration sought to be paid	As per the resolution and at par with other Independent Directors	As per the resolution and at par with other Independent Directors
Remuneration last drawn	Not applicable	Not applicable
Number of meetings of the Board attended during the year.	Not Applicable	Not Applicable
Relationship with any Director(s)/ KMPs of the Company	Not Applicable	Not Applicable
Directorship in other Companies	<ul style="list-style-type: none"> - Praj Industries Limited - The Great Eastern Shipping Company Limited - Man Infraconstruction Limited - Emcure Pharmaceuticals Limited - Inventurus Knowledge Solutions Limited - Jubilant Foodworks Limited - Star Health And Allied Insurance Company Limited - Vista Intelligence Private Limited - Chambal Fertilisers And Chemicals Limited - Ambit Private Limited 	<ul style="list-style-type: none"> - IKP Centre for advancement in agricultural Practice - Vasudhaika Software Private Limited - Ncdex Institute of Commodity Markets and research
Member / Chairman of the committees of the Board of other Companies	<p>Chambal Fertilizers and Chemicals Limited Member of Audit Committee</p> <p>Praj Industries Limited Chairman of Audit Committee and Nomination & Remuneration Committee</p> <p>The Great Eastern Shipping Co. Limited Member of Audit Committee and Nomination & Remuneration Committee</p> <p>Star Health and allied Insurance Co. Ltd. Chairman of Nomination & Remuneration Committee</p> <p>Man Infraconstruction Limited Member of Nomination & Remuneration Committee and Risk Management Committee, Chairman of CSR Committee</p> <p>Jubilant Foodworks Limited Member of Nomination, Remuneration and Compensation Committee, Risk Management Committee and Sustainability & Corporate Social Responsibility Committee</p> <p>Emcure Pharmaceutical Limited Chairman of Stakeholders Relationship Committee & Risk Management Committee and member of Audit Committee</p> <p>Inventurus Knowledge Solutions limited Member of Audit Committee and Nomination & Remuneration Committee</p> <p>Ambit Private Limited Chairman of Nomination & Remuneration Committee and member of Audit Committee</p>	-
Names of listed Companies from which the appointee resigned in last three years	<ul style="list-style-type: none"> - Deepak Fertilisers And Petrochemicals Corporation Ltd (27.12.2021) - Macrotech Developers Limited (17.08.2020) - Edelweiss Financial Services Limited (06.11.2021) 	NA
Number of shares held in the Company	Nil	Nil