

Corporate Information

Board of Directors

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

Audit Committee

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

Chief Financial Officer

Kuldeep Jain

Company Secretary

Rajasekhar Reddy

Statutory Auditors

S R B C & Co. LLP, Chartered Accountants

Bankers and Financial Institutions

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

Legal Advisor

Malvi Ranchoddas & Co.

Registered Office/ Corporate Office

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

Administrative Office

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

Works

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

Registrar & Transfer Agents

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

Website

www.hikal.com

Email

info@hikal.com

Cautionary Statement Board

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

Directors' Report

To,

The Members,

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

1. FINANCIAL RESULTS

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

₹ in Million

2. COMPANY PERFORMANCE

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

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

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

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

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

3. EXPORTS

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

4. MANAGEMENT DISCUSSION AND ANALYSIS

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

5. BUSINESS RESPONSIBILITY REPORT

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

Directors' Report (Contd.)

6. DIVIDEND

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

7. SHARE CAPITAL

There has been no change in the Company's paid-up share capital during the current financial year. The paid-up equity share capital as on 31 March 2022, stood at ₹ 246.60 million. During the year under review, the Company did not issue shares with differential voting rights nor granted any stock options or sweat equity. As on 31 March 2022, none of the Company's Directors held instruments convertible into equity shares of the Company.

8. ANNUAL RETURN

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

9. SUBSIDIARIES

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

10. DIRECTORS

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

In accordance with the provisions of Section 152 of the Companies Act, 2013, and the Company's Articles of Association, Mr. B. N. Kalyani (DIN - 00089380), Director, retires by rotation at the forthcoming Annual General

Meeting (AGM), and being eligible, offers himself for re-appointment. The Board has, in its meeting held on 22 December 2021, appointed Mr. Shrikrishna K. Adivarekar (DIN-06928271) as an Additional Director of the Company, in the category of Independent Director for a term of three years with effect from 22 December 2021, subject to the approval of the members of the Company at the 34th Annual General Meeting. The Board proposes appointment of Mr. Shrikrishna K. Adivarekar as an Independent Director of the Company for a term of three years w.e.f. 22 December 2021. The Board of Directors, vide their circular resolution passed on 19 July 2022, re-appointed Mrs. Shivani Bhasin Sachdeva (DIN: 00590500) as an Independent Director of the Company for a second consecutive term of 5 years with effect from 1 August 2022, subject to the approval of the members of the Company. In the opinion of the Board, the Independent Director appointed during the year possesses the integrity, expertise and experience (including proficiency) required to contribute to the quality and better governance of the Board processes.

During the financial year, Mr. Ravindra Kumar Goyal resigned as an Independent Director of the Company w.e.f. 22 December 2021, due to personal reasons. The Board places on record its appreciation for his invaluable contribution and guidance during his tenure as an Independent Director.

Details of the number of Board meetings, held during 2021-22, are mentioned in the Corporate Governance Report, which forms part of this Annual Report.

11. BOARD EVALUATION

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

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

12. WHISTLE-BLOWER POLICY

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

13. REMUNERATION POLICY

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

14. RELATED PARTY TRANSACTIONS

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

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

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

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

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

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

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

16. RISK MANAGEMENT

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

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

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

17. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

Directors' Report (Contd.)

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

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

18. KEY MANAGERIAL PERSONNEL

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

Mr. Jai Hiremath, Executive Chairman (WTD)

Mr. Sameer Hiremath, Managing Director

Mr. Kuldeep Jain, Chief Financial Officer

Mr. Rajasekhar Reddy, Company Secretary

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

The details under Section 186 of the Companies Act, 2013, are given in the Note No. 54 to the notes to the standalone financial statements.

20. DIRECTOR'S RESPONSIBILITY STATEMENT

Your Directors state that:

- (i) In the preparation of the annual accounts, the applicable accounting standards read with requirements set out under Schedule III to the Companies Act, 2013, (the Act), were followed and there are no material departures from the same;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2021-22, and of the profits of the Company for that year;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The annual accounts have been prepared on a going concern basis;
- (v) The Directors have laid down internal financial controls to be followed by the Company and that

such internal financial controls are adequate and are operating effectively; and

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

21. AUDITOR

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

The Auditor's report prepared by S R B C & CO. LLP, to the members on the accounts of the Company for the year ended 31 March 2022, does not contain any qualifications, adverse or disclaimer remarks. No fraud has been reported by the Auditors to the Audit Committee or the Board.

22. COST AUDITOR

The Company has re-appointed M/s. V. J. Talati & Co., as the Cost Auditor to carry out the audit of cost accounts for the financial year 2022-23. The requisite resolution for ratification, of remuneration payable to Cost Auditors for the year 2022-23, by the shareholders has been set out in the Notice of AGM. The cost audit report for the financial year 2020-21 was filed with the Ministry of Corporate Affairs, Government of India, on 28 August 2021.

23. SECRETARIAL AUDITOR

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

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

24. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

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

25. PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

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

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

During the financial year 2021-22, the Company did not receive any complaints of sexual harassment and no cases were filed under the POSH Act.

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

- Transfer of Unclaimed Dividend to IEPF

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

- Unclaimed dividend as on 31 March 2022

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

Pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 31 March, 2021, on the website of the Company www.hikal.com. The same are also available on the website of the IEPF Authority www.iepf.gov.in.

- Transfer of Equity Shares

As required under Section 124 of the Act, during the financial year, 4007 Equity Shares, in respect of which dividend has not been claimed by the members for seven consecutive years or more, were transferred by the Company to the IEPF Authority. Details of such shares transferred have been uploaded on the website of the Company www.hikal.com. The same are also available on the website of the IEPF Authority www.iepf.gov.in.

27. SAFETY AND ENVIRONMENT

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

28. DEPOSITS

The Company did not accept any deposits and as such there were no overdue deposits outstanding as on 31 March 2022.

29. EMPLOYEES

The Company considers its human capital as an invaluable asset. The Company continued to have cordial relationships with all its employees. Management and employee development programs and exercises were conducted at all sites. Employees had various team building exercises and were sponsored for various external seminars and other developmental programs to enhance their skill sets. The total workforce of the Company stood at 2850 as on 31 March 2022, including 1906 permanent employees.

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

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

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

31. CORPORATE GOVERNANCE

A report on Corporate Governance, along with a certificate from the Auditors of the Company, regarding the compliance of the requirements of Corporate Governance, as stipulated under the provisions of Regulation 34 of the Securities and Exchange Board of

Directors' Report (Contd.)

India (Listing Obligations & Disclosure Requirements) Regulations, 2015, is annexed to this Annual Report.

32. SECRETARIAL STANDARDS

The Company has complied with the applicable Secretarial Standards, issued by the Institute of Company Secretaries of India, during the Financial Year 2021-22.

33. ACKNOWLEDGEMENTS

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

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

34. CAUTIONARY STATEMENT

Statements in the Board's Report and the Management Discussion and Analysis describing the Company's

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

For and on behalf of the Board of Directors

Date: 10 August 2022
Place: Mumbai

Sd/-
Jai Hiremath
Executive Chairman
DIN: 00062203

ANNEXURE – A**FORM NO. AOC-1**

Statement containing the salient features of the financial statements of subsidiaries

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

Financial Highlights

Sr. No	Particular	(₹ in millions)	
		Acoris Research Limited (1 April 2021 to 31 March 2022)	Hikal LLC, USA (7 April 2021 to 31 March 2022)
1.	Share Capital	150.50	-
2.	Reserves	(150.68)	0.02
3.	Total Assets	-	0.02
4.	Total Liabilities	0.18	-
5.	Investments	-	-
6.	Turnover	-	-
7.	Profit/(loss) Before Tax	0.11	0.02
8.	Provision for Tax	-	-
9.	Profit/(loss) After Tax	0.11	0.02
10.	Proposed Dividend	-	-
11.	% of Shareholding	100	100

Sd/-
Jai Hiremath
Executive Chairman
DIN:00062203

Sd/-
Sameer Hiremath
Managing Director
DIN: 00062129

Sd/-
Kannan Unni
Independent Director
DIN: 00227858

Date: 10 August 2022
Place: Mumbai

Sd/-
Kuldeep Jain
Chief Financial Officer

Sd/-
Rajasekhar Reddy
Company Secretary

ANNEXURE – B

Hikal Ltd.
Remuneration Policy

PREAMBLE

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

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

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

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

OBJECTIVES

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

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

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

Company Secretary of the Company shall act as Secretary of the Committee.

DIRECTORS

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

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

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

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

REMUNERATION

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

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

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

REMOVAL

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

RETIREMENT

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

KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

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

1. A fixed base salary: Set at a level aimed at attracting and retaining executives with professional and personal competence, showing good performance towards achieving Company goals.
2. Perquisites: In the form of house rent allowance/accommodation, business/professional development allowance, reimbursement of medical expenses, conveyance, telephone, and leave travel, among others.

3. Retirement benefits: Contribution to PF, other retirement benefits, and gratuity, among others as per Company Rules.

4. Motivation/Reward: A performance appraisal is carried out annually and promotions/ increments/ rewards/ variable pay are decided by Chairman and/or Managing Director based on the appraisal and recommendation as applicable.

5. Severance payments: In accordance with terms of employment, and applicable statutory requirements, if any.

OTHER EMPLOYEES

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

DISCLOSURE OF INFORMATION

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

DISSEMINATION

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

ANNEXURE – C**FORM NO. AOC-2**

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

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

1 Details of contracts or arrangements or transactions not at arm's length basis :	
(a) Name(s) of the related party and nature of relationship	
(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: 10 August 2022
Place: Mumbai

ANNEXURE – D**FORM NO. MR-3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED ON 31 MARCH 2022**

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2022 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not applicable to the Company during audit period)
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; (Not applicable to the Company during audit period)
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during audit period);
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (Not applicable to the Company during audit period); and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (Not applicable to the Company during audit period);

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

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

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

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except to the extent as mentioned below:

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

ANNEXURE – D (Contd.)

Annexure I

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

We further report that

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

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

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

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

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

For **Ashish Bhatt & Associates**

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

Place: Thane
Date: 10 August 2022

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

List of applicable laws to the Company

Under the Major Group and Head

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

For **Ashish Bhatt & Associates**

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

Place: Thane
Date: 10 August 2022

Annexure -II

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

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

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

For **Ashish Bhatt & Associates**

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

Place: Thane
Date: 10 August 2022

ANNEXURE – E

THE ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline on CSR Policy of the Company:

Policy Statement:

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

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

- Health:** Affordable solutions for healthcare through improved access, awareness and sanitation
- Education:** Access to quality education, training, skill enhancement, enhancement of vocation skills
- Environment:** Environmental sustainability, ecological balance, conservation of natural resources
- Protection of national heritage, art and culture:** Protection and promotion of traditional art, culture and heritage

- Overall development activities in surrounding areas of Hikal's manufacturing sites for the benefit of society
- Contribution to Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development or welfare

Implementation of the CSR Program:

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

The Company will also undertake other need-based initiatives in compliance with Schedule VII of the Act. During the year, the Company has spent ₹ 31.68 million on CSR activities. Pursuant to the provisions of the Companies Act, 2013, the Company should have spent ₹ 32.14 million (being 2% of the average net profits of the last three financial years), during the financial year 2021-22. Excess amount spent during the previous financial years shall be used to set off against the short fall in the expenditure during the financial year 2021-22.

2. The composition of the CSR Committee:

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

- Web-link where composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company - www.hikal.com.
- Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable - Not applicable.
- Details of the amount available for set - off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, and amount required for set off for the financial year, if any.

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (₹ in millions)	Amount required to be set-off for the financial year, if any (₹ in millions)
1	2021-22	1.07	0.46
2	2020-21	1.07	N.A.

- Average net profit of the Company as per Section 135(5): ₹ 1607.05 million
- Two percent of average net profit of the Company as per Section 135(5): ₹ 32.14 million
 - Surplus arising out of the CSR projects or programs or activities of the previous financial years: Nil
 - Amount required to be set off for the financial year, if any: ₹ 0.46 million

ANNEXURE – E (Contd.)

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

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

Amount (in ₹ million)

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

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

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

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

Sr. no.	Name of the project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (in ₹ million)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency				
				Name	CSR registration number							
1)	COVID-19	(i) & (xii)	Yes	CBD Belapur (Maharashtra)		0.31	No	CII Foundation	CSR00001013			
				Supporting the CII Foundation in providing 10000 N95 masks to the Mumbai Traffic Police								
				Yes	Mahad (Maharashtra)					0.30	Yes	
					Support to Lokvikas Samajik Sanstha for setting up Covid Care Health Center along with Mahad Municipal Corporation							
					Support to the MMA Covid Care Center.							
				Yes	Panoli (Gujarat)					1.11	Yes	
					Provided Orchid multi speciality Hospital in Bharuch with 1 ventilator and 1 BIPAP machine							
Contribution for oxygen plant at a Government Hospital, Porbandar with the help of local collector & GPCB team members.												
Yes	Taloja (Maharashtra)		1.53	Yes								
	Provided medical equipment for COVID-19 treatment in the hospital											
	Support to Taloja police station for community health & social service during Covid time.											
2)	Disaster Relief	(xii)	No	CBD Belapur (Maharashtra)		0.10	Yes					
				Contribution of 100 grocery kits to support flood victims of Konkan and other parts of Maharashtra								

Sr. no.	Name of the project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project	Amount spent for the project (in ₹ million)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency		
							Name	CSR registration number	
3)	Education & Skill Development	(ii)	Yes	Jigani Unit II	0.12	No	Adarne Charitable Trust	CSR00006388	
				Sponsorship towards education of 5 children from Adarne Charitable Trust					
Yes				Jigani Unit I	0.80	Yes			
				Remuneration of teachers' salary of nearby govt school					
				Support to The Akshay Patra Foundation for providing 1005 happiness kits to underprivileged children in Jigani					
				Support to The Akshay Patra Foundation for providing mid-day meals to 2063 underprivileged children in Jigani					
				Notebooks distribution to nearby government schools of Jigani					
No				CBD Belapur (Maharashtra)	2.50	No	Jan Jagrati Sevarth Sansthan	CSR00006903	
				Support to Jan Jagrati Sevarth Sansthan towards school development at Rajasthan					
Yes				Mahad (Maharashtra)	0.80	No	International Association for Human Values (IAHV)	CSR00000683	
				Support to IAHV for Sutarkond zilla parishad (ZP) school infrastructure development					
				Support to IAHV for improvement of Kambale Tarf ZP school infrastructure					
				Support to IAHV for improvement of Kondivate ZP school infrastructure					
				Support to IAHV for improvement of Nigade ZP school infrastructure					
				Support to IAHV for improvement of Bhave ZP school infrastructure					
				Support to IAHV for improvement of Vanikond (Chochinde Wadi) ZP School Infrastructure					

ANNEXURE – E (Contd.)

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

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

ANNEXURE – E (Contd.)

- (d) Amount spent in Administrative Overheads: ₹ 5,65,015/-
 (e) Amount spent on Impact Assessment, if applicable: Nil
 (f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 31.68 Million
 (g) Excess amount for set off, if any

(in ₹ million)

Sr no.	Particular	Amount
(i)	Two percent of average net profit of the Company as per Section 135(5)	32.14
(ii)	Total amount spent for the Financial Year	31.68
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programs or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

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

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

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

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

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: No capital asset was created/ acquired during the year 2021-22 through CSR expenditure.
11. Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per Section 135(5): The Company had made additional expenditure, during the previous financial years, which could be set-off during the financial year, against the obligation. There was a shortfall of ₹ 0.46 million for the current financial year and the excess expenditure made in the previous year was set-off to that extent.

For and on behalf of the Board of Directors

Date: 10 August 2022
Place: Mumbai

Sd/-
Sameer Hiremath
Managing Director
DIN: 00062129

Sd/-
Jai Hiremath
Executive Chairman
DIN: 00062203

ANNEXURE – F

Information as per Section 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014, Forming Part of Directors' Report for the Year Ended 31 March 2022

I. CONSERVATION OF ENERGY:

a) Steps taken for conservation of energy:

Hikal has been following a systematic approach towards energy conservation program. EnCon (Energy Conservation) Committee had been constituted at the corporate level in the year 2021 and Energy Conservation Policy has been revised in the financial year. The EnCon Committee drives the initiatives for conservation of energy and natural resources across the Company for achieving long-term sustainability. The EnCon committee meets every month and has implemented the following initiatives for energy conservation:

Crop Protection Business

- The following energy saving initiatives have been implemented at Taloja:

- Water saving initiatives in cooling tower blowdown
- Atomization initiatives in salvage recovery, compressor, steam turbines and in process plant
- Energy saving initiatives in air conditioners, plant premises lighting
- VFD installation in major energy consuming pumps

Total Investment ₹ 109.76 Lakh and Total Yearly Savings ₹ 94.4 Lakh

- The following energy saving initiatives have been implemented at Mahad:

- Energy saving initiatives in chiller unit and motion sensor installation in factory lighting
- Water saving initiatives in cooling tower blowdown
- Rainwater harvesting
- Heat recovery initiatives by condensate recovery and generation of hot water

Total Investment ₹ 78.9 Lakh and Total Yearly Savings ₹ 171.7 Lakh

- The following energy saving initiatives have been implemented at Panoli:

- Improvement in chiller and replacement of brine
- Various energy saving initiatives in cooling tower pump, chiller

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

Crop Protection Business (Total Investment and Savings):

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

Pharma Business

- The following energy saving initiatives have been implemented at Panoli:

- VFD installation in major energy consuming motors
- Waste heat recovery system installation

Total Investment ₹ 120.48 Lakh and Total Yearly Savings ₹ 121.6 Lakh

- The following energy saving initiatives have been implemented at Jigani:

- Energy saving initiatives in SRU and utility pump
- VFD installation in cooling tower pump

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

Pharma Business (Total Investment and Savings):

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

- The following energy saving initiatives are under implementation:

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

Pune R&T

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

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

ANNEXURE – F (Contd.)

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

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

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

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

c) Capital investment on energy conservation equipment:

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

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

Various design concepts included in this facility are:

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

II. TECHNOLOGY ABSORPTION:**a) Efforts made towards technology absorption:**

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

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

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

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

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

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

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

patents were filed. A dedicated team is working on identifying opportunities for reducing effluent loads for existing as well as new products.

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

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

d) Expenditure on R&D

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

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

III. FOREIGN EXCHANGE EARNINGS & OUTGO**Total foreign exchange used and earned:**

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

For and on behalf of the Board of Directors

Date: 10 August 2022
Place: Mumbai

Sd/-
Jai Hiremath
Executive Chairman
DIN: 00062203

Business Responsibility Report

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

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

In terms of Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, top 1000 listed Companies based on market capitalisation shall include Business Responsibility Report (BRR) in the Annual Report. As Hikal falls in the list of top 500 listed companies based on market capitalisation the Company has prepared the Business Responsibility Report, as per the format prescribed by SEBI, as under:

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate identity number (CIN) of the Company	L24200MH1988PTC048028
2.	Name of the Company	Hikal Limited
3.	Registered address	717/718, Maker Chambers V, Nariman Point, Mumbai 400 021
4.	Website	www.hikal.com
5.	E-mail id	secretarial@hikal.com
6.	Financial year reported	1 April 2021 to 31 March 2022
7.	Sector(s) that the Company is engaged in	Pharmaceuticals: 21001 Agrochemicals: 20211
8.	List three key products/services that the Company manufactures/provides	Gabapentin, Thiabendazole and Diuron Contract Development and Custom Manufacturing of Intermediates, API's & AI's
9.	Total number of locations where business activities are undertaken by the Company	
	a) Number of international locations	1. Overseas office in Japan 2. Overseas office in USA 3. Representation in Europe
	b) Number of national locations	Five (5) manufacturing facilities and One (1) Research & Technology (R&T) facility Regd. office at Mumbai, corporate office at Navi Mumbai and marketing office at Bengaluru
10.	Markets served by the Company: Local/ state/ national/ international	Major markets cover many countries across the globe along with sale in domestic market

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up capital (INR)	₹ 246,601,500
2.	Total turnover (INR)	₹ 19,476,120,000
3.	Total profit after taxes (INR)	₹ 16,05,100,000
4.	Total spending on corporate social responsibility (CSR) as percentage of profit after tax (%)	1.97 %
5.	List of activities where the above mentioned item no. 4 expenditures were incurred:	Refer to Annexure E to the Directors' Report given in the Annual Report

SECTION C: OTHER DETAILS

1.	Does the Company have any subsidiary company/ companies?	Yes
2.	Do the subsidiary company/companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(ies)	The subsidiaries of the Company are separate legal entities and follow BR initiatives as may be applicable to them.
3.	Do any other entity/entities (e.g. suppliers and distributors, among others), that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? (Less than 30%, 30-60%, more than 60%)	The Company expects all business partners to adhere to the Company's business principles.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for Business Responsibility

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

DIN Number : 00062203
Name : Jai Hiremath
Designation : Executive Chairman

b) Details of the BR head

Sr. No.	Particular	Details
1.	DIN Number (if applicable)	00062203
2.	Name	Jai Hiremath
3.	Designation	Executive Chairman
4.	Telephone number	022 6277 0299
5.	E- mail id	secretarial@hikal.com

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

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

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

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

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

Principle 5: Businesses should respect and promote human rights

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

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

Principle 8: Businesses should support inclusive growth and equitable development

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

Sr. No.	Questions	Business ethics	Sustainability	Employees' well-being	Stakeholders' interests	Human rights	Environment	Regulatory policy	Equitable Development	Customers' Value
		P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have policy/policies for ?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national/ international standards? If yes, specify? (50 words)*	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Has the policy been approved by the Board? If yes, has it been signed by MD/Owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the Company have a specified committee of the Board/ Director/Official to oversee the policy implementation?	Y	Y	Y	Y	Y	Y	Y	Y	Y

Business Responsibility Report (Contd.)

Sr. No.	Questions	Business ethics	Sustainability	Employees' well-being	Stakeholders' Interests	Human rights	Environment	Regulatory policy	Equitable Development	Customers' Value
		P 1	P2	P 3	P 4	P5	P6	P7	P8	P 9
6	Indicate the link for the policy to be viewed online	#	#	#	#	#	#	#	#	#
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

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

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

The company does not have a separate Sustainability Report currently.

2a. If answer to S. No. 1 against any principle, is 'No', please explain why: Not Applicable

3. Governance related to BR

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

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

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

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

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

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

SECTION E: PRINCIPLE-WISE PERFORMANCE

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

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

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

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

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

We did not receive any complaints from stakeholders during the financial year 2021-22.

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

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

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

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

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

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

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

c) Reduction of carbon footprint:

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

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

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

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

The Company is engaged in mass production of its array of Products. It is more appropriate to measure

resource consumption on the basis of product - wise batches manufactured, rather than individual units, as it is difficult to quantify the value of such reduction.

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

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

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

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

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

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

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

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

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

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

1. Please indicate the total number of employees: 2850 (including item no. 2 & 3 mentioned below)

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

Business Responsibility Report (Contd.)

3. Please indicate the number of permanent women employees: 117
4. Please indicate the number of permanent employees with disabilities: 2
5. Does the Company have an employee association that is recognised by management?
- a. Bhartiya Kaamgar Karmachari Mahasanghatan
- b. Hikal Chemical Worker Union
- c. New Maritime & General Kaamgar Sanghatana
- d. Jay Bhartiya General Kamgar Sanghatana
6. What percentage of your permanent employees are members of this recognized employee association? 6.8%
7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, and sexual harassment, in the last financial year and pending, as at the end of the financial year.

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

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

a. Skill upgradation training:

Particulars	Panoli	Taloja	Mahad	Pune R&T	Jigani I	Jigani II
a) Permanent employees	82%	81%	85%	90%	91%	93%
b) Permanent women employees	100%	100%	100%	93%	100%	100%
c) Casual/temporary/contractual employees	71%	80%	78%	60%	93%	74%
d) Employees with disabilities	-	100%	-	-	-	-

b. Safety training:

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

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

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

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

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

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

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

Yes. Special initiatives are taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders in the areas of secondary education, skill development, employability, infrastructure development, healthcare, sanitation, environmental sustainability and ecological balance. Hikal also provides medical aid to underprivileged people in surrounding areas across our manufacturing sites, through the Company's CSR program.

Principle 5: Businesses should respect and promote human rights.

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

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

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

We did not receive any stakeholder complaints pertaining to this principle, during the financial year 2021-22.

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

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

The Company's EHS policy extends to all stakeholders of the business for their safety and environment protection. As a part of our corporate goals, the policy demonstrates our commitment to maintain a high standard of environmental protection, sharing of best practices and providing a safe and healthy workplace. The policy covers our employees, approved suppliers and interested parties, ensuring compliance.

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

The Company has taken various initiatives to reduce carbon footprint by adopting cleaner fuel and alternative energy sources. The Company has taken a target to reduce carbon footprint of its operations by 10% in the next 5 years. Yes, there is a continuous thrust on 'Green Chemistry Principles' and the Company identifies processes to minimize consumption of solvents and energy, recycle and reduce waste, thereby minimizing the impact on environment. This is available on our Company's website at: <https://www.hikal.com/page/research-technology>.

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

Yes. The Company identifies potential environmental risks at the time of product / project conceptualisation, R & D activities, and operation phase. Responsibility has been assigned to competent personnel and it is being reviewed regularly at different levels within the organisation. The organization has prepared an Environment Impact Register for all its processes and the same is audited regularly by an internal as well as external auditor.

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

The Company is signatory to "Responsible Care". The Company has adopted and implemented the best practice codes of "Responsible Care", which includes

"Product Stewardship" and "Pollution Prevention". The Company uses energy from alternative source of energy supply which has reduced carbon footprint significantly of our pharmaceutical manufacturing operation. The Company has also proposed to set up a facility to fulfil its energy need from in-house energy production from agro-based fuel like briquette which would reduce carbon emission of operations significantly.

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

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

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

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

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

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

The details are provided in the Directors' Report.

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

1. Is your Company a member of any trade and chamber or association? If yes, name only the major ones that your business deals with:

- a) Confederation of Indian Industry (CII)
- b) The Federation of Indian Chambers of Commerce and Industry (FICCI)
- c) Indian Merchant Chambers (IMC)
- d) National Safety Council
- e) Indian Chemical Council
- f) Pesticides Manufacturers & Formulators Association of India (PMFAI)

Business Responsibility Report (Contd.)

- g) Crop Care Federation of India (CCFI)
- h) Agro Chem Federation of India (ACFI)
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; If yes, specify the broad areas (Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, and Sustainable Business Principles, among others)
- Yes. Governance, Policy Reform, Sustainable Business Principles.

Principle 8: Businesses should support inclusive growth and equitable development.

1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.

As a part of our CSR policy, the Company has taken up several initiatives in this regard for the communities or villages around our manufacturing sites. All our programs and initiatives have complemented and supported the development priorities of the local communities.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organisation?

All the programs/projects undertaken by Hikal are through our in-house team and external NGO's. A specific team within our HR department has been constituted for formulation, implementation and review of CSR activities. These activities are monitored by CSR Committee of the Company.

3. Did the Company do any impact assessment of the initiatives?

Yes. We measure the outcome of every initiative implemented for the community through consistent community feedback. The assessment helps us in designing new programs and initiatives to address the needs and concerns of local communities.

4. What is your Company's direct contribution to community development projects. Amount in INR and the details of the projects undertaken.

Total expenditure incurred on community development initiatives during the financial year was ₹ 31.68 million. The programs undertaken are as per the CSR Policy enumerated in the CSR Report annexed to the Directors' Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Community development initiatives undertaken by Hikal are successfully adopted and continued by the local communities. We have adopted a collaborative and participatory approach in the formulation and implementation of community development programs for ensuring continuity and sustainability. Some of our initiatives have an exit strategy wherein we handover the project, after successful implementation, to the local administration for the community ownership.

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

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

No significant complaints are pending as on the end of Financial Year 2021-22.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)

Yes. All the relevant product information such as name and grade of the product, batch number, manufacturing date, re-test date, quantity, manufacturer's details, storage and handling instructions, precautionary/hazard statements, and disposal procedures, among others are provided on the labels. Additionally, any customer and/ or country specific requirements as well as regulations are displayed on the labels.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as at end of the financial year. If so, provide details thereof, in about 50 words or so.

No.

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

Yes, we have a mechanism in place wherein we reach out to our customers before and after the services and the products are provided. The customer feedback is taken and evaluated periodically. We are in constant touch with our customers to ensure that we address their concerns, if any, and use their feedback to consistently improve the level and quality of products and services.

For and on behalf of the Board of Directors

Sd/-

Jai Hiremath

Executive Chairman
DIN: 00062203

Date: 10 August 2022
Place: Mumbai

Report on Corporate Governance

I. OUR CORPORATE GOVERNANCE PHILOSOPHY

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

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

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

II. BOARD OF DIRECTORS

The strength of the Board of Directors is 10 (ten) as on 31 March 2022, whose composition is given below:

A. Composition and Category:

Name	Category	Relationship with other Directors
Jai Hiremath Chairman DIN: 00062203	Executive Director	Spouse of Sugandha Hiremath and father of Sameer Hiremath
B.N. Kalyani DIN: 00089380	Non-Executive Director	Father of Amit Kalyani and brother of Sugandha Hiremath
Prakash Mehta DIN: 00001366	Independent, Non-Executive Director	-
Kannan Unni DIN: 00227858	Independent, Non-Executive Director	-
Ranjit Shahani DIN: 00103845	Independent, Non-Executive Director	-
Sugandha Hiremath DIN: 00062031	Non-Executive Director	Spouse of Jai Hiremath, mother of Sameer Hiremath and sister of B.N. Kalyani
Amit Kalyani DIN: 00089430	Non-Executive Director	Son of B.N. Kalyani
Shivani Bhasin Sachdeva DIN: 00590500	Independent, Non-Executive Director	-
Sameer Hiremath Managing Director DIN: 00062129	Executive Director	Son of Jai Hiremath and Sugandha Hiremath
Ravindra Kumar Goyal DIN: 03050193*	Independent, Non-Executive Director	-
Shrikrishna Kiran Adivarekar DIN: 06928271**	Independent, Non-Executive Director	-

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

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

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	5	Yes	2	1	1
B.N. Kalyani	4	Yes	5	3	-
Prakash Mehta	5	No	7	7	4
Kannan Unni	5	Yes	1	-	-
Ranjit Shahani	5	Yes	3	2	1
Sugandha Hiremath	5	Yes	-	-	-
Amit Kalyani	3	No	7	2	-
Shivani Bhasin Sachdeva	5	Yes	3	1	-
Shrikrishna K. Adivarekar*	2	NA	4	5	2
Sameer Hiremath	4	Yes	1	-	-
Ravindra Kumar Goyal**	4	Yes	NA	NA	NA

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

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

#The Directorships held by Directors as mentioned above, do not include Directorships in Foreign Companies, Companies registered under Section 8 of the Companies Act, 2013, and Private Limited Companies

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

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

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

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

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

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

Name	Age	Qualifications	Skills, Expertise, Competencies
Jai Hiremath	73	Chartered Accountant England and Wales, Owner President Management Program, Harvard University, USA	Financial Acumen, Strategic Expertise, Knowledge of Industry especially in which Company Operates, Vision
B.N. Kalyani	73	BE (Mech), MS (MIT – USA)	Strategic Planning, Business Operations, Technology, Sales and Marketing, Finance Acumen, Governance and Risk Management
Prakash Mehta	80	LLB (Mumbai), Solicitor	Legal expertise, Integrity, Business Strategy
Kannan Unni	80	B.A. - Agriculture, Diploma in Marketing Management (Mumbai) IMEDE - Loussanne, Switzerland	Marketing, Business Contacts, Finance
Ranjit Shahani	72	ME (IIT, Kanpur), MBA (Jamnalal Bajaj Institute of Management Studies)	Operational efficiency, Intellectual Property expert
Sugandha Hiremath	70	B. Com	Finance, Investments
Amit Kalyani	46	Mechanical Engineering from Bucknell University, Pennsylvania, USA	Strategic Planning, Business Operations, Technology, Sales and Marketing, Finance Acumen, Governance and Risk Management.
Shivani Bhasin Sachdeva	48	MBA from the Wharton School, University of Pennsylvania, B.A. in Economics from Mount Holyoke College (Phi-Beta-Kappa, Magna Cum Laude, Sarah Williston Scholar)	Business, Finance & Investments
Sameer Hiremath	48	BE (Chem), MBA & MS (I.T.) – Boston (USA)	Building High Performance Teams, IT – Digital Acumen, Projects Implementation, Strategic Planning
Ravindra Kumar Goyal*	63	Engineering Graduate from BITS Pilani & MBA	Strategy & planning, Financial Skills, Legal, Corporate Governance & Risk Management, Sales and marketing, technology and innovation, industry knowledge/ experience
Shrikrishna Kiran Adivarekar**	39	Chartered Accountant & Commerce Graduate	Industry knowledge & experience, strategy and planning, financial skills, legal and regulatory knowledge, corporate governance and risk management

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

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

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

During the financial year Mr. Ravindra Kumar Goyal, Independent Director, resigned from the Directorship, due to personal reasons. Mr. Goyal provided a confirmation that there were no material reasons other than those mentioned in his letter of resignation.

B. Succession Plan:

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

Report on Corporate Governance (Contd.)

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

The Board met 5 (Five) times during the financial year, details of which are as follows:

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

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

D. Remuneration of Directors:

Remuneration to Directors for the year ended 31 March 2022.

i) Remuneration to Non-Executive Directors:

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

Director	Sitting Fees (Amt in Million)	Commission on net profits (Amt in Million)	Total (Amt in Million)
B.N. Kalyani	0.50	1.42	1.92
Prakash Mehta	1.70	1.42	3.12
Kannan Unni	1.60	1.42	3.02
Ranjit Shahani	0.90	1.42	2.32
Sugandha Hiremath	1.10	1.42	2.52
Amit Kalyani	0.30	1.42	1.72
Shivani Bhasin Sachdeva	0.80	1.42	2.22
Shrikrishna Kiran Adivarekar*	0.20	0.39	0.59
Ravindra Kumar Goyal**	0.80	1.03	1.83
Total	7.90	11.36	19.26

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

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

ii) Remuneration to Executive Directors:

(₹ in Million)

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

Shareholding of Non-Executive Directors in the Company:

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

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

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

The details of familiarisation programs of Independent Directors are uploaded on the Company's website www.hikal.com.

III. COMMITTEES OF THE BOARD

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

A. Audit Committee**Composition**

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

The terms of reference of the Committee are as follows:

- Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - 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
 - Changes, if any, in accounting policies and practices and reasons for the same
 - Major accounting entries involving estimates based on the exercise of judgment by management
 - significant adjustments made in the financial statements arising out of audit findings

- Compliance with listing and other legal requirements relating to financial statements
- Disclosure of any related party transactions
- Modified opinion(s) in the draft audit report

5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.

6. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter.

7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.

8. Approval or any subsequent modification of transactions of the listed entity with related parties.

9. Scrutiny of inter-corporate loans and investments.

10. Valuation of undertakings or assets of the listed entity, wherever it is necessary.

11. Evaluation of internal financial controls and risk management systems.

12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.

13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

14. Discussion with internal auditors of any significant findings and follow up there on.

15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

Report on Corporate Governance (Contd.)

16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
18. To review the functioning of the whistle blower mechanism.
19. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate.
20. Carrying out any other function as is mentioned in the terms of reference of the audit committee.
21. Reviewing the utilisation of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.
22. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

Meetings and Attendance

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

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

The attendance of the Committee meetings is as under:

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

*Mr. Ravindra Kumar Goyal ceased to be a member of the committee w.e.f. 22 December 2021

B. Stakeholders' Relationship Committee

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

The terms of reference of the Committee are as follows:

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

The Committee looks into redressing of shareholders'/ investors' complaints. No complaint was outstanding as on 1 April 2021. During the year 3 complaints were received from shareholders/investors during the quarter ended 30 September 2021, two of which were resolved during the same quarter and one was resolved in the quarter ended 31 December 2021. Thus, no complaints were outstanding as on 31 March 2022.

Meetings and Attendance

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

Compliance Officer

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

C. Nomination and Remuneration Committee

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

The terms of reference of the Committee are as follows:

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

Meetings and Attendance

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

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

The attendance of the Committee meetings is as under:

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

* inducted on 5 August 2021

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

The Nomination and Remuneration Policy of the Company is uploaded on the website of the Company www.hikal.com.

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

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

D. Corporate Social Responsibility (CSR) Committee

The Committee consists of Mr. Jai Hiremath, Executive Chairman, Mrs. Sugandha Hiremath,

Report on Corporate Governance (Contd.)

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

Meetings and Attendance

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

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

The attendance of the Committee meetings is as under:

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

E. Risk Management Committee

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

Meetings and Attendance

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

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

The attendance of the Committee meetings is as under:

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

* inducted on 26 October 2021

The terms of reference of the Committee are as follows:

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

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

F. Share Transfer Committee

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

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

IV. GENERAL BODY MEETING

Financial Year	Location	Day, Date & Time	Special Resolutions Passed
2018-2019	Centrum Hall 'A', 1 st Floor Centre 1, World Trade Centre, Cuffe Parade, Mumbai – 400 005	Thursday, 1 August 2019 3.30 PM	Continuation of payment of remuneration to Executive Directors who are Promoters in excess of threshold limits as per Regulation 17(6) (e) in the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018.
2019-2020	Held though video conferencing and was deemed to have been held at the Registered Office.	Tuesday, 15 September 2020 11.30 A.M.	Reappointment of Mr. Ranjit Shahani (DIN: 00103845) for a Second term of 5 years in accordance with provisions of Section 149, 150, 152 of Companies act 2013 read with Schedule IV to the Act and Regulation 16(1)(b) & Regulation 17(1A) of the SEBI (Listing Obligations & disclosure Requirements) Regulations 2015.
2020-2021	Held though video conferencing and was deemed to have been held at the Registered Office.	Thursday, 2 September 2021 11.30 A.M.	<ol style="list-style-type: none"> 1. Appointment of Mr. Jai Hiremath as Executive Chairman of the Company for a period of 5(Five) years in accordance with provisions of Section 196, 197, 198 & 203 read with Schedule V to the Companies Act, 2013 and Regulation 17(6) of SEBI (Listing Obligations & disclosure Requirements) Regulations 2015. 2. Appointment of Mr. Sameer Hiremath as Managing Director of the Company for a period of 5(Five) years in accordance with provisions of Section 196, 197, 198 & 203 read with Schedule V to the Companies Act, 2013 and Regulation 17(6) of SEBI (Listing Obligations & disclosure Requirements) Regulations 2015. 3. Appointment of Mr. Ravindra Kumar Goyal as an Independent Director of the Company for a period of 3 (Three) years in accordance with provisions of Section 149, 150, 152 and 160 of Companies Act, 2013 read with Companies (Appointment and Qualifications of Directors) Rules, 2014 and Schedule IV to the Companies Act, 2013 and relevant applicable provisions of SEBI (Listing Obligations & disclosure Requirements) Regulations 2015.

Postal Ballot

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

V. DISCLOSURES

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

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

- (iii) The Company has a code of conduct for Board members and senior management of the Company, which is posted on the Company's website. The employees covered by code of conduct, affirm on annual basis the compliance with the said code. The Company has a whistle blower policy. No personnel of the Company have been denied access to the grievance redressal mechanism and Audit Committee of the Board of the Company.
- (iv) The Company has duly complied with all the mandatory Corporate Governance requirements. The Company has also complied with non-mandatory requirements as specified in Part E of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of moving to the regime of financial statements with unmodified opinion and the Internal auditors reporting directly to the Audit Committee.

Report on Corporate Governance (Contd.)

(v) Material Subsidiaries:

The Company does not have any material subsidiaries as defined under Regulation 16(1) (c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Policy for determining material subsidiaries is posted on the website of the Company www.hikal.com.

(vi) The Company has in place a Policy on dealing with Related Party Transactions and on Materiality of Related Party Transactions, which has been posted on the website of the Company www.hikal.com.

(vii) The Company's operational activities involve purchase and sale of active ingredients, whose prices are exposed to the risk of fluctuations over short periods of time. Commodity price risk exposure is evaluated and managed through procurement and other related operating policies. The international trade is primarily in USD and Euro which are major convertible currencies, and to that extent the exposure to forex exchange risk exists. However, the Company exports and imports in same currencies and there is a natural hedge for these currencies and the Company enters into forward contracts for open positions wherever deemed necessary.

(viii) There was no Preferential Allotment or Qualified Institutions Placement during the financial year as specified under Regulation 32 (7A).

(ix) A Certificate from M/s Ashish Bhatt & Associates, Practicing Company Secretaries, certifying that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of Companies by SEBI / Ministry of Corporate Affairs or any such Statutory Authority, is enclosed to this Report.

(x) There were no instances of non-acceptance of recommendations of the audit committee by the Board of Directors during the financial year 2021-22.

(xi) Details of fees for all services paid by the Company, to the Statutory Auditor and all entities in the network firm/ network entity of which the Statutory Auditor is a part, are mentioned in Note No. 53 on Payments to Auditors in the standalone financial statements.

(xii) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

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

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

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

(xiv) The Company has in place a Dividend Distribution Policy, which has been posted on the website of the Company www.hikal.com.

(xv) Credit Rating:

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

* placed on watch with developing implications

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

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

VI. MEANS OF COMMUNICATION

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

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

VII. GENERAL SHAREHOLDERS INFORMATION

(A) Annual General Meeting

Day and Date : Thursday, 22 September 2022
Time : 11.30 AM
Venue : Through VC/OAVM

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

(C) Tentative Financial Calendar 2022-23

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

(D) Book Closure:

16 September 2022
to 22 September 2022
(both days inclusive)

(E) Dividend Payment Date:

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

(F) Listing of Shares:

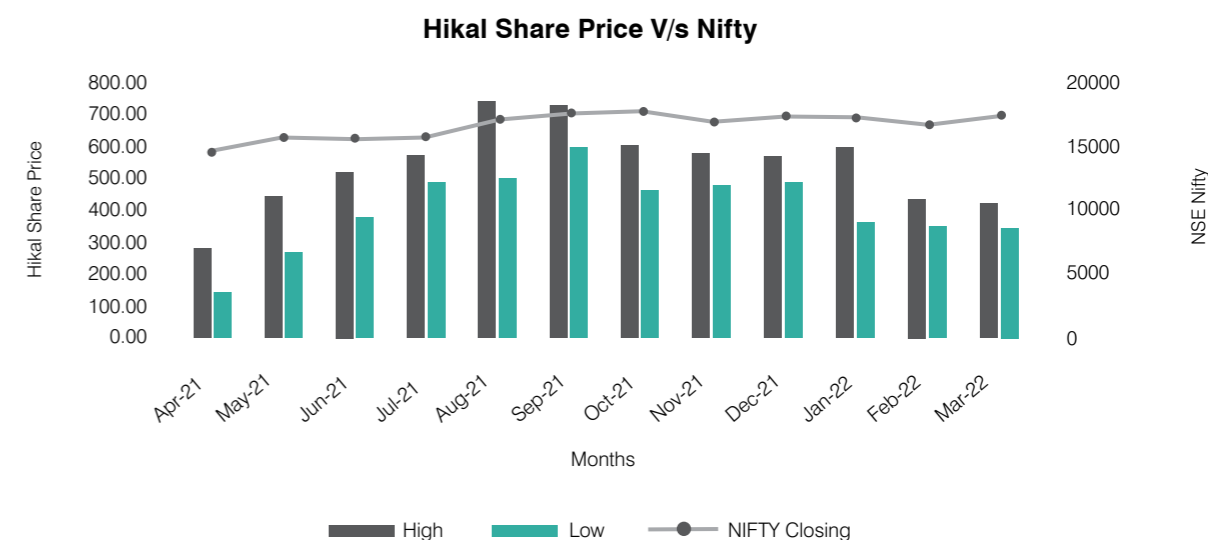
The Equity Shares are listed on the Stock Exchanges at BSE Limited, Mumbai, and National Stock Exchange of India Limited, Mumbai. The Company has paid the listing fees for FY 2022-23 to these Exchanges.

(H) Market Price Data

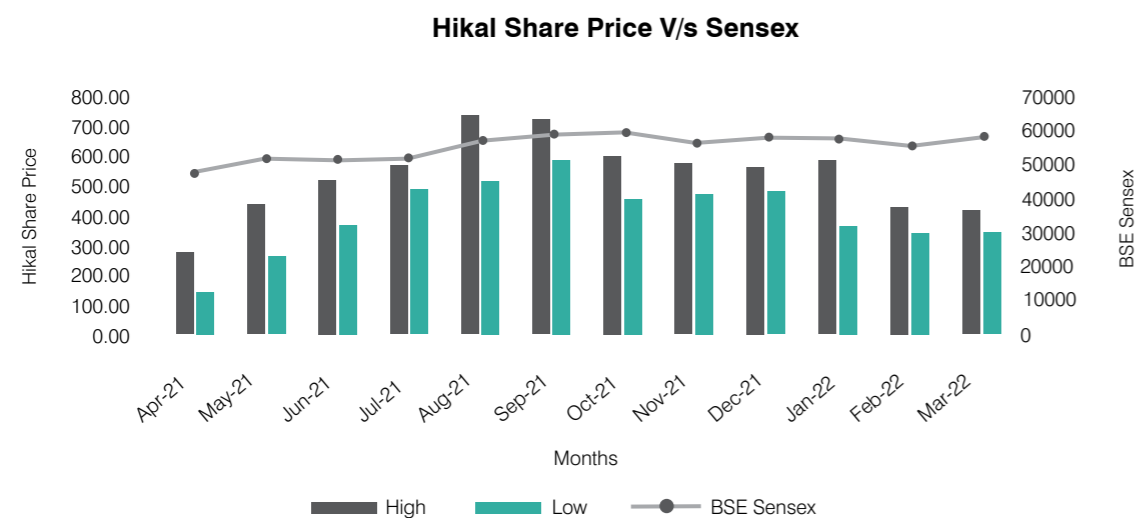
The details of high/low market price of the shares at BSE and NSE are as under:

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

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



Report on Corporate Governance (Contd.)

**(J) Share Transfer Agents**

Universal Capital Securities Pvt. Ltd.
C-101, 247 Park, 1st Floor, LBS Road,
Gandhi Nagar, Vikhroli (West),
Mumbai – 400 083
Phone: 022- 28207203 /04/05 Fax : 022- 28207207
Email: info@unisecon.in
Website: www.unisecon.in

(K) Share Transfer/ Transmission System

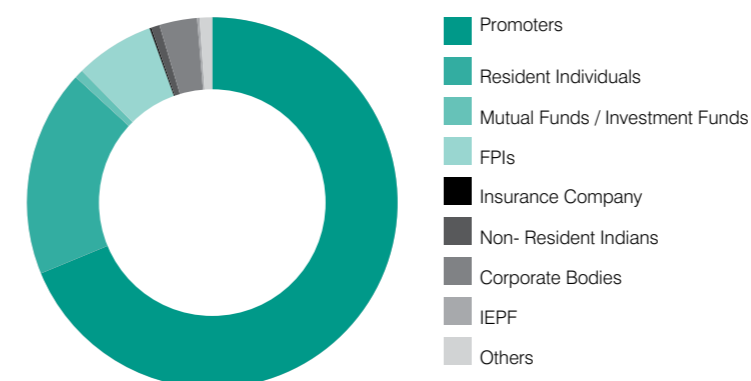
Trading in Equity Shares of the Company is permitted only in dematerialised form, as per the notification issued by SEBI, transfer of shares of the Company, in physical mode, is not permitted by law. Shares sent for transmissions in physical form, are processed by our Registrars and Share Transfer Agents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

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

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

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

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

Shareholding pattern as on 31 March 2022 is as under**(N) Dematerialisation of Shares**

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

(O) Outstanding global depository receipts, etc.

The Company has not issued any global depository receipts or American depository receipts or warrants or any other convertible instruments and therefore no such instruments are outstanding as on 31 March 2022.

(P) Plant Locations:

- MIDC, Taloja, Dist. Raigad, Maharashtra
- MIDC, Mahad, Dist. Raigad, Maharashtra
- GIDC, Panoli, Dist. Bharuch, Gujarat
- KIADB, Jigani, Bengaluru, Karnataka

- R & D Division at Hinjewadi, Pune, Maharashtra

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

C-101, 247 Park, 1st Floor, LBS Road,
Gandhi Nagar, Vikhroli (West),
Mumbai – 400 083
Phone : 022- 28207203 /04/05 Fax :
022- 28207207
Email: info@unisecon.in
Website: www.unisecon.in

ii. Investors Relation Centre

Mr. Rajasekhar Reddy – Company Secretary &
Compliance Officer
603-A, Great Eastern Chambers, 6th Floor,
Sector 11, CBD Belapur, Navi Mumbai - 400 614
Tel: 91 22 6277 0299
Fax: 91 22 3097 3281
Email: secretarial@hikal.com
Website: www.hikal.com

Report on Corporate Governance (Contd.)

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

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

For and on behalf of the Board of Directors

Sd/-
Jai Hiremath
Executive Chairman
DIN: 00062203

Date: 10 August 2022
Place: Mumbai

The Board of Directors,

May 28, 2022

Sub: **CEO/CFO Certificate**

- (a) We have reviewed financial statements, read with the cash flow statements of Hikal Ltd. for the year ended March 31, 2022, and to the best of our knowledge and belief,
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee of the Company, wherever applicable:
- (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Hikal Ltd.

Sd/-
Sameer Hiremath
Managing Director
DIN: 00062129

Sd/-
Kuldeep Jain
Chief Financial Officer

DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT

To the Members,

Hikal Ltd.

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

As required under Regulation 17 read with Schedule V (D) of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, I hereby declare that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the year ended March 31, 2022.

For Hikal Ltd.

Sd/-
Sameer Hiremath
Managing Director
DIN: 00062129

Place: Mumbai
Date: 10 August 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE AS PER PROVISIONS OF CHAPTER IV OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, AS AMENDED

The Members of Hikal Limited

1. The Corporate Governance Report prepared by Hikal Limited (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) and (t) of sub – regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') for the year ended March 31, 2022 as required by the Company for annual submission to the Stock exchange.

Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether, the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of procedures performed include:

- i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;
 - ii. Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;
 - iii. Obtained and read the Register of Directors as on March 31, 2022 and verified that at least one independent woman director was on the Board of Directors throughout the year;
 - iv. Obtained and read the minutes of the following committee meetings / other meetings held April 1, 2021 to March 31, 2022:
 - (a) Board of Directors;
 - (b) Audit Committee;
 - (c) Annual General Meeting (AGM);
 - (d) Nomination and Remuneration Committee;
 - (e) Stakeholders Relationship Committee;
 - (f) Risk Management Committee
 - v. Obtained necessary declarations from the directors of the Company.
 - vi. Obtained and read the policy adopted by the Company for related party transactions.
 - vii. Obtained the schedule of related party transactions during the year and balances at the year- end. Obtained and read the minutes of the audit committee meeting where in such related party transactions have been pre-approved prior by the audit committee.
 - viii. Performed necessary inquiries with the management and also obtained necessary specific representations from the management.
8. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

9. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended March 31, 2022, referred to in paragraph 4 above.

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)****Other matters and Restriction on Use**

10. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
11. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For **S R B C & CO LLP**
Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

Sd/-
per **Vinayak Pujare**
PartnerMembership Number: 101143
UDIN: 22101143AOTILZ5573Place of Signature: Mumbai
Date: 10 August 2022To,
The Members,
Hikal Limited
717/718 Maker Chambers V,
Nariman Point, Mumbai- 400021
Maharashtra

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

Sr. No.	Name of Director	DIN
1	Mr. Jai Hiremath Executive Chairman	00062203
2	Mr. Sameer Hiremath Managing Director	00062129
3	Mrs. Sugandha Hiremath Non-Executive Director	00062031
4	Mr. Baba Kalyani Non-Executive Director	00089380
5	Mr. Amit Kalyani Non-Executive Director	00089430
6	Mr. Kannan Unni Independent, Non-Executive Director	00227858
7	Mr. Prakash Mehta Independent, Non-Executive Director	00001366
8	Mr. Shrikrishna Kiran Adivarekar Independent, Non-Executive Additional Director	06928271
9	Mrs. Shivani Bhasin Sachdeva Independent, Non-Executive Director	00590500
10	Mr. Ranjit Shahani Independent, Non-Executive Director	00103845

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

For **Ashish Bhatt & Associate**Sd/-
Ashish Bhatt
Practicing Company Secretary
FCS No: 4650
C.P. No. 2956
UDIN: F004650D000770822Place: Thane
Date: August 10, 2022