

# Directors' Report

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

## 1. FINANCIAL RESULTS

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

## 2. COMPANY PERFORMANCE

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

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

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

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

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

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

## 3. EXPORTS

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

## 4. MANAGEMENT DISCUSSION AND ANALYSIS

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

## 5. BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

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

## 6. DIVIDEND

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



## 7. SHARE CAPITAL

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

## 8. ANNUAL RETURN

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

## 9. SUBSIDIARIES

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

## 10. DIRECTORS

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013, and Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015. In the opinion of the Board, the Independent Directors appointed during the year possess the integrity, expertise and experience (including proficiency) required to contribute to the quality and better governance of the Board processes.

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

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

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

## 11. BOARD EVALUATION

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

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

## 12. WHISTLE BLOWER POLICY

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

## 13. REMUNERATION POLICY

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

## Directors' Report (Contd.)

**14. RELATED PARTY TRANSACTIONS**

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

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

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

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

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

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

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

an alleged technical violation reported to have occurred in 2021.

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

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

**16. RISK MANAGEMENT**

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

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

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

**17. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

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



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

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

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

## 18. KEY MANAGERIAL PERSONNEL

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

- Mr. Jai Hiremath, Executive Chairman (WTD)
- Mr. Sameer Hiremath, Managing Director
- Mr. Kuldeep Jain, Chief Financial Officer
- Mr. Rajasekhar Reddy, Company Secretary.

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

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

## 20. DIRECTOR'S RESPONSIBILITY STATEMENT

Your Directors state that:

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

and for preventing and detecting fraud and other irregularities;

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

## 21. AUDITOR

At the 31<sup>st</sup> 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 31<sup>st</sup> Annual General Meeting of the Company till the conclusion of the 36<sup>th</sup> Annual General Meeting to be held in the year 2024.

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

## 22. COST AUDITOR

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

## 23. SECRETARIAL AUDITOR

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

The Secretarial Audit Report for the financial year ended 31 March 2023, is annexed to this report as "Annexure D". The Secretarial Audit Report does not contain any qualifications, reservations, or adverse remarks.

## 24. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Corporate Social Responsibility Committee (CSR Committee) has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the

## Directors' Report (Contd.)

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

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

## 25. PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

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

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

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

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

- Transfer of Unclaimed Dividend to IEPF

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

- Unclaimed dividend as on 31 March 2023

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

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

- Transfer of Equity Shares

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

## 27. SAFETY AND ENVIRONMENT

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

## 28. DEPOSITS

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

## 29. EMPLOYEES

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

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



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

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

### 31. CORPORATE GOVERNANCE

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

### 32. SECRETARIAL STANDARDS

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

### 33. ACKNOWLEDGEMENTS

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

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

### 34. CAUTIONARY STATEMENT

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

For and on behalf of the Board of Directors

Sd/-

**Jai Hiremath**

**Executive Chairman**

DIN: 00062203

Date: 16 August 2023

Place: Mumbai

## “ANNEXURE – A”

## FORM NO. AOC-1

## Statement containing the salient features of the financial statements of subsidiaries

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

## Financial Highlights

₹ in million

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

Sd/-  
**Jai Hiremath**  
**Executive Chairman**  
DIN:00062203

Sd/-  
**Sameer Hiremath**  
**Managing Director**  
DIN: 00062129

Sd/-  
**Kannan Unni**  
**Independent Director**  
DIN: 00227858

Date: 16 August 2023  
Place: Mumbai

Sd/-  
**Kuldeep Jain**  
**Chief Financial Officer**

Sd/-  
**Rajasekhar Reddy**  
**Company Secretary**



## “ANNEXURE – B”

Hikal Ltd.

Remuneration Policy

### PREAMBLE

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

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

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

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

### OBJECTIVES

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

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

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

### DIRECTORS

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

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

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

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

### REMUNERATION

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

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

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

### REMOVAL

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



## RETIREMENT

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

## KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

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

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

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

## OTHER EMPLOYEES

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

## DISCLOSURE OF INFORMATION

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

## DISSEMINATION

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



**“ANNEXURE – C”**

**FORM NO. AOC-2**

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

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

<b>1. Details of contracts or arrangements or transactions not at arm's length basis:</b>	
(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	

<b>2. Details of material contracts or arrangement or transactions at arm's length basis:</b>	
(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 <sup>rd</sup> AGM held on 2 September 2021.
(e) Date(s) of approval by the Board, if any	6 May 2021
(f) Amount paid as advances, if any	N. A.

For and on behalf of the Board of Directors

Sd/-

**Jai Hiremath**

**Executive Chairman**

DIN: 00062203

Date: 16 August 2023

Place: Mumbai

**“ANNEXURE - D”**

**FORM NO. MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

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

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

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by HIKAL LIMITED (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the company’s books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31 March 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2023 according to the provisions of:

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

- d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; Not applicable to the Company during the period under review
- e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; Not Applicable to the Company during the period under review
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; Not applicable to the Company during the period under review
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; Not Applicable to the Company during the period under review
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; Not applicable to the Company during the period under review
- i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
- j) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
- vi) We further report that, having regard to the compliance system prevailing in the Company and on the examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has generally complied with the following law applicable specifically to the Company:
  - Drugs and Cosmetics Act, 1940;
  - Drugs (Prices Control) Order, 2013;
  - Factories Act, 1948;
  - The Manufacture, Storage and import of Hazardous Chemical Rules, 1989;
  - Environment protection Act, 1986;
  - Air (Prevention and control of pollution) Act, 1981;
  - Water (Prevention and control of pollution) Act, 1974;
  - The Patents Act, 1970;
  - The Trade Marks Act, 1999;
  - Legal Metrology Act, 2009;
  - Information Technology Act, 2000; and
  - Insecticides Act, 1968.



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

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

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

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Directors. No changes took place in the composition of the Board of Directors during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

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

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

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

Sd/-

**Dhrumil M. Shah**  
**Partner**

Place: Mumbai  
Date: 16 August 2023

FCS 8021 | CP 8978  
UDIN: F008021E000788658

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

**Annexure I**

(To the Secretarial Audit Report)

To,  
The Members,  
**HIKAL LIMITED**

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

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

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

Sd/-

**Dhrumil M. Shah**  
**Partner**

FCS 8021 | CP 8978  
UDIN: F008021E000788658

Place: Mumbai  
Date: 16 August 2023



“ANNEXURE - E”

**THE ANNUAL REPORT ON CSR ACTIVITIES**

**1. Brief outline on CSR Policy of the Company:**

**Policy Statement:**

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

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

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

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

**Implementation of the CSR Programme:**

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

The Company will also undertake other need-based initiatives in compliance with Schedule VII of the Act. During the year, the Company has spent ₹37.54 million on CSR activities. Pursuant to the provisions of the Companies Act, 2013, the Company should have spent ₹36.77 million (being 2% of the average net profits of the last three financial years), during the financial year 2022-23.

**2. The composition of the CSR Committee:**

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

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

Composition of CSR Committee	<a href="http://www.hikal.com/uploads/documents/DetailsofvariousHikalCommittees.pdf">www.hikal.com/uploads/documents/DetailsofvariousHikalCommittees.pdf</a>
CSR Policy	<a href="http://www.hikal.com/uploads/documents/corporate-social-responsibility-polic-srijan.pdf">www.hikal.com/uploads/documents/corporate-social-responsibility-polic-srijan.pdf</a>
CSR projects approved by the Board	<a href="http://www.hikal.com/uploads/documents/corporate-social-responsibility-polic-srijan.pdf">www.hikal.com/uploads/documents/corporate-social-responsibility-polic-srijan.pdf</a>

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

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



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

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

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

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

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

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

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

Yes  No

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

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

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

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

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

For and on behalf of the Board of Directors

Sd/-  
**Sameer Hiremath**  
 Managing Director

Sd/-  
**Jai Hiremath**  
 Executive Chairman and Chairman of CSR Committee

Date: 16 August 2023

Place: Mumbai

DIN: 00062129

DIN: 00062203



## “ANNEXURE - F”

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

### I. CONSERVATION OF ENERGY:

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

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

#### Crop Protection Business

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

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

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

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

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

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

Total Savings - ₹446 Lakh/Year

#### Crop Protection Business (Total Investment and Savings):

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

#### Pharma Business

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

Total Yearly Savings - ₹31 Lakh

#### Pharma Business (Total Investment and Savings):

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

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

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

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

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

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

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

## II. TECHNOLOGY ABSORPTION:

### a) Efforts made towards technology absorption:

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

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

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

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

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

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

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

### d) Expenditure on R&D

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

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

## III. FOREIGN EXCHANGE EARNINGS & OUTGO

Total foreign exchange used and earned:

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

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

For and on behalf of the Board of Directors

Sd/-

**Jai Hiremath**

**Executive Chairman**

Date: 16 August 2023

Place: Mumbai

DIN: 00062203



# Report on Corporate Governance: 2023

## I. OUR CORPORATE GOVERNANCE PHILOSOPHY

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

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

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

## II. BOARD OF DIRECTORS

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

### A. Composition and Category:

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

## Report on Corporate Governance (Contd.)

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

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

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

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

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

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

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

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

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

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

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

#### B. Succession Plan:

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

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

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

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

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

#### D. Remuneration of Directors:

Remuneration to Directors for the year ended 31 March 2023.



## Report on Corporate Governance (Contd.)

**i) Remuneration to Non-Executive Directors:**

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

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

**ii) Remuneration to Executive Directors:**

(₹ in Million)

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

**Shareholding of Non-Executive Directors in the Company:**

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

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

**III. COMMITTEES OF THE BOARD**

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

**A. Audit Committee****Composition**

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



The terms of reference of the Committee are as follows:

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

### Meetings and Attendance

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

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

The attendance of the Committee meetings is as under:

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

## B. Stakeholders' Relationship Committee

### Composition

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

### The terms of reference of the Committee are as follows:

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

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

### Meetings and Attendance

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

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

### Compliance Officer

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

## C. Nomination and Remuneration Committee

### Composition

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

### The terms of reference of the Committee are as follows:

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



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

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

### Meetings and Attendance

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

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

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

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

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

## D. Corporate Social Responsibility (CSR) Committee

### Composition

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

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

### Meetings and Attendance

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

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

The attendance of the Committee meetings is as under:

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

## E. Risk Management Committee

### Composition

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

### Meetings and Attendance

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

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

The attendance of the Committee meetings is as under:

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

The terms of reference of the Committee are as follows:

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

## Report on Corporate Governance (Contd.)

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

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

**F. Senior Management**

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



#### IV. GENERAL BODY MEETING

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

#### Postal Ballot

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



## Report on Corporate Governance (Contd.)

**V. DISCLOSURES**

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

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

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

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

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

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

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

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

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

## VI. MEANS OF COMMUNICATION

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

## VII. GENERAL SHAREHOLDERS INFORMATION

### (A) Annual General Meeting

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

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

### (C) Tentative Financial Calendar 2023-24

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

### (D) Book Closure

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

### (E) Dividend Payment Date

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

### (F) Listing of Shares

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

### (G) Stock Code

Trading Symbol at:

**BSE Ltd. (BSE)** – 524735

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

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

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

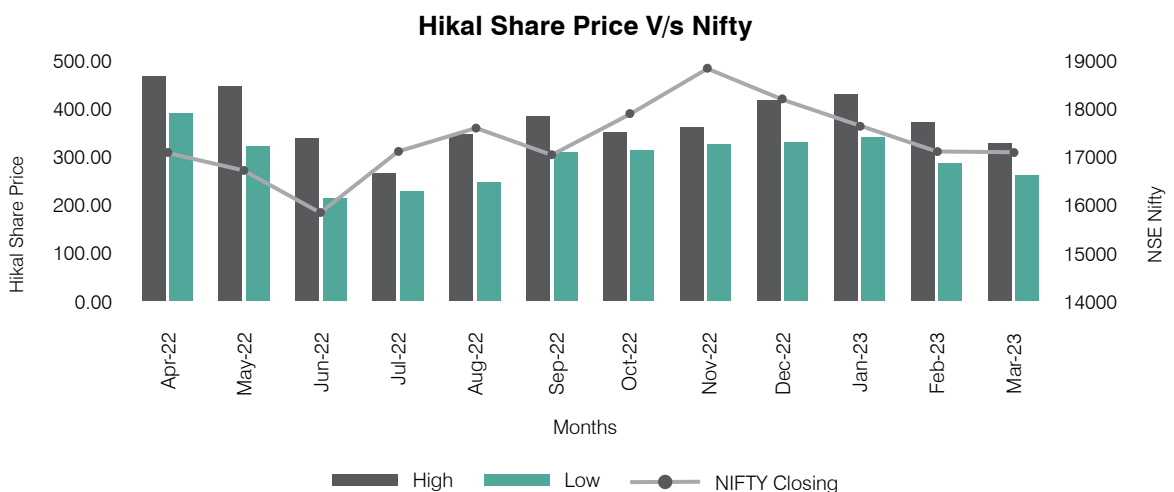
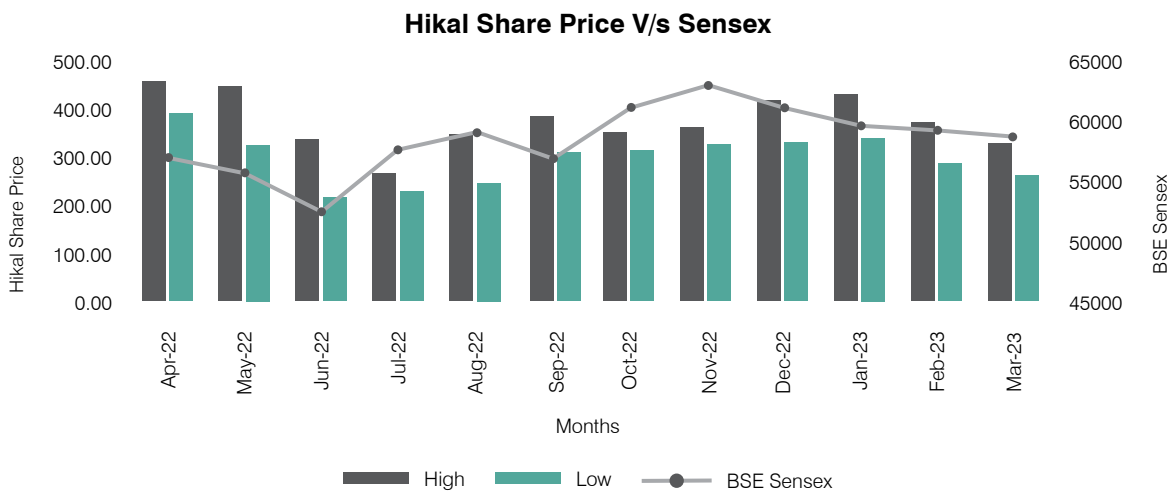
Report on Corporate Governance (Contd.)

**(H) Market Price Data**

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

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

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





**(J) Share Transfer Agents**

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

**(K) Share Transfer/ Transmission System**

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

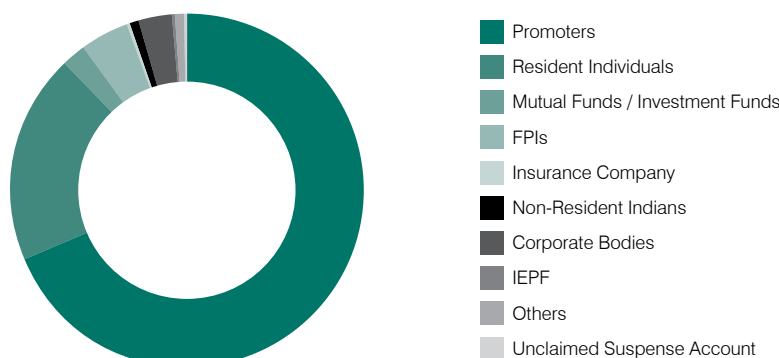
**(L) Distribution of Shareholding (Equity) as on 31 March 2023**

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

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

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

**Shareholding pattern as on 31 March 2023**



**(N) Dematerialisation of Shares**

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

**(O) Outstanding global depository receipts, etc.**

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

**(P) Plant Locations:**

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

d) KIADB, Jigani, Bengaluru, Karnataka

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

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

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

**ii. Investors Relation Centre**

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

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

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

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

For and on behalf of the Board of Directors

Sd/-

**Jai Hiremath**

**Executive Chairman**

DIN: 00062203

Date: 16 August 2023

Place: Mumbai



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

The Board of Directors,

29 May 2023

**Sub: CEO/CFO Certificate**

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

For Hikal Ltd.

Sd/-

**Sameer Hiremath**  
**Managing Director**

DIN: 00062129

Sd/-

**Kuldeep Jain**  
**Chief Financial Officer**

## DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT

To the Members,  
Hikal Ltd.

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

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

For Hikal Ltd.

Sd/-

**Sameer Hiremath**  
**Managing Director**

DIN: 00062129

Place: Mumbai

Date: 16 August 2023





## **CERTIFICATE ON CORPORATE GOVERNANCE**

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

To,

The Members,

Hikal Limited

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

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

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

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

Sd/-

**Dhrumil M. Shah**  
**Partner**

Place: Mumbai  
Date: 16 August 2023

FCS 8021 | CP 8978  
UDIN: F008021E000788823

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

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

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

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

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

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

Sd/-

**Dhrumil M. Shah**  
**Partner**

Place: Mumbai  
Date: 16 August 2023

FCS 8021 | CP 8978  
UDIN: F008021E000788781



# Business Responsibility and Sustainability Report FY 2022-23

## SECTION A: GENERAL DISCLOSURES

### I. Details of the listed Entity

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

### II. Products/services

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

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

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

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

### III. Operations

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

Location	Number of plants	Number of offices	Total
National	5	3	8
International	0	3	3

Note: Hikal Limited has five manufacturing facilities and one Research and Technology (R&T) centre in India.

#### 17. Markets served by the entity:

##### a. Number of locations

Locations	Number
National (No. of States)	Pan-India
International (No. of Countries)	1. Overseas office in Japan 2. Overseas office in USA 3. Representation in Europe

## Business Responsibility and Sustainability Report FY 2022-23 (Contd.)

**b. What is the contribution of exports as a percentage of the total turnover of the entity?**

Total contribution of exports as a percentage of the turnover is 68%.

**c. A brief on types of customers**

The company is working with leading agrochemicals and pharmaceuticals multinational companies.

**IV. Employees****18. Details as at the end of Financial Year:****a. Employees and workers (including differently abled):**

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
<b>EMPLOYEES</b>						
1.	Permanent (D)	2,015	1,889	94%	126	6%
2.	Other than Permanent (E)	15	11	73%	4	27%
<b>3.</b>	<b>Total employees (D + E)</b>	<b>2,030</b>	<b>1,900</b>	<b>94%</b>	<b>130</b>	<b>6%</b>
<b>WORKERS</b>						
4.	Permanent (F)	127	127	100%	-	-
5.	Other than Permanent (G)	1,460	1,418	97%	42	3%
<b>6.</b>	<b>Total workers (F + G)</b>	<b>1,587</b>	<b>1,545</b>	<b>97%</b>	<b>42</b>	<b>3%</b>

**b. Differently abled Employees and workers:**

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
<b>DIFFERENTLY ABLED EMPLOYEES</b>						
1.	Permanent (D)	2	2	100%	-	-
2.	Other than Permanent (E)	-	-	-	-	-
<b>3.</b>	<b>Total differently abled employees (D + E)</b>	<b>2</b>	<b>2</b>	<b>100%</b>	<b>-</b>	<b>-</b>
<b>DIFFERENTLY ABLED WORKERS</b>						
4.	Permanent (F)	-	-	-	-	-
5.	Other than permanent (G)	-	-	-	-	-
<b>6.</b>	<b>Total differently abled workers (F + G)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**19. Participation/Inclusion/Representation of women**

	Total (A)	No. and percentage of Females	
		No. (B)	% (B/A)
Board of Directors	10	2	20%
Key Management Personnel	4	0	0%

**20. Turnover rate for permanent employees and workers**

	Turnover rate in FY 2022-23			Turnover rate in FY 2021-22			Turnover rate in FY 2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	23%	23%	23%	23%	15%	22%	21%	22%	21%
Permanent Workers	3%	0%	3%	3%	0%	3%	3%	0%	3%

**V. Holding, Subsidiary and Associate Companies (including joint ventures)****21. (a) Names of holding/subsidiary/associate companies/joint ventures**

S. No.	Name of the holding/Subsidiary/associate companies/Joint ventures (A)	Indicate whether holding/Subsidiary/ Associate/Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1.	Acoris Research Limited	Subsidiary	100%	No
2.	Hikal LLC	Subsidiary	100%	No



## VI. CSR Details

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes

(ii) Turnover (in ₹): 20,230.30 million

(iii) Net worth (in ₹): 11,334.89 million

## VII. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)	FY 2022-23			FY 2021-22		
		Number of complaints filed during the year	Number of complaint spending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaint spending resolution at close of the year	Remarks
Communities	Yes	Nil	Nil	Not applicable	Nil	Nil	Not applicable
Investors (other than shareholders)	Yes	Nil	Nil	Not applicable	Nil	Nil	Not applicable
Shareholders	Yes	Nil	Nil	Not applicable	3	0	Not applicable
Employees and workers	Yes	Nil	Nil	Not applicable	Nil	Nil	Not applicable
Customers	Yes	Nil	Nil	Not applicable	Nil	Nil	Not applicable
Value Chain Partners	Yes	Nil	Nil	Not applicable	Nil	Nil	Not applicable
Others	NA	NA	NA	NA	NA	NA	NA

Web link to Grievance Redressal Policy: <https://www.hikal.com/documents/corporate-governance>

24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	Energy efficiency & carbon emissions/ Air pollution	R/O	<p>Energy efficiency, carbon emissions, and air pollution pose risks and opportunities for our organisation.</p> <p>Neglecting these issues leads to regulatory pressures, fines, and reputational damage.</p> <p>However, embracing efficiency and reducing emissions enhances our organisation brand, attracts eco-conscious customers, and improves competitiveness. Sustainable practices save costs and improve efficiency.</p> <p>Prioritising energy efficiency and emissions aligns with environmental goals, driving growth and sustainability.</p>	<p>Our organisation has implemented effective measures to address energy efficiency and carbon emissions/air pollution risks. These include dust collectors, bed scrubbers, and flue gas monitoring. We recycle organic vapors and have a green belt and environmental management cell for ongoing monitoring. These efforts demonstrate our commitment to environmental sustainability and regulatory compliance.</p>	Positive/ Negative

Business Responsibility and Sustainability Report FY 2022-23 (Contd.)

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
2.	Water and effluent management/ Waste management	Risk	<p>Water scarcity, pollution, and inadequate waste management pose risks to our organisation and the environment. Insufficient water availability disrupts operations, raises costs, and jeopardises well-being.</p> <p>Improper waste handling risks environmental harm, health hazards, and non-compliance. Addressing these risks is crucial to avoid penalties, reputation damage, and strained relationships. Effective management brings financial and environmental benefits, enhancing our position in the sector.</p>	<p>Our organisation prioritises waste and water/effluent management. We securely store and responsibly dispose of discarded containers, hand them over to authorised recyclers, and ensure proper recycling practices. Specific wastes are securely stored and safely disposed of in authorised incinerators. We reprocess spent solvents using environmentally sound technology and government-approved recyclers. These measures showcase our commitment to responsible waste management, reducing environmental impact, and complying with regulatory requirements.</p>	Negative
3.	Biodiversity protection	Risk	<p>We understand that business operations have an impact on biodiversity. Pollution and contamination worsen the situation, impacting species diversity and ecological balance. Addressing these risks is crucial to safeguard biodiversity and promote responsible practices in our industry.</p>	<p>The green belt near our chemical manufacturing factory acts as a refuge for diverse species, conserving biodiversity. It serves as a buffer zone, reducing pollution impacts and improving air and water quality. The green belt acts as an environmental asset, fostering ecological resilience and mitigating risks associated with our operations.</p>	Negative
4.	Green Chemistry	Opportunity	<p>Embracing green chemistry offers our organisation numerous opportunities. It showcases our commitment to sustainability, ensures compliance with regulations, brings cost savings through efficient processes, fosters innovation, and differentiates us in the market with sustainable products. It opens doors to new markets and customers seeking eco-friendly options, reduces risks associated with hazardous substances, strengthens supply chain resilience, and contributes to long-term sustainability by conserving resources and minimising environmental impact. Adopting green chemistry establishes us as leaders in sustainable chemistry, benefiting the environment and our long-term success.</p>		Positive
5.	Diversity, inclusion, and equal opportunities	Opportunity	<p>Embracing diversity, inclusion, and equal opportunities brings significant advantages to our company. Prioritising these principles fosters innovation, expands our talent pool, improves decision-making, boosts employee engagement and retention, enhances our reputation, ensures regulatory compliance, and drives research and development innovation. By embracing diversity and inclusion, we cultivate a culture of success, competitiveness, and long-term sustainability while contributing to a more equitable and inclusive society.</p>		Positive

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
6.	Employee wellbeing, benefits & retention/ Skill development	Opportunity	<p>Prioritising employee wellbeing, benefits, and skill development offers significant opportunities for our organisation. By creating a positive work environment that supports physical and mental health, providing benefits and flexible arrangements, and offering skill development opportunities, we enhance job satisfaction, retention, engagement, and attract top talent. This fosters a culture of continuous learning and growth, boosting productivity, performance, competitiveness, and long-term success.</p>		Positive
7.	Occupational health and safety	Risk	<p>Occupational health and safety are a critical risk for our organisation. Neglecting a safe working environment leads to accidents, injuries, and illnesses, impacting employee wellbeing, morale, productivity, and absenteeism. Non-compliance results in legal liabilities, fines, penalties, and reputational damage.</p> <p>Prioritising comprehensive health and safety programs, training, and preventive measures is crucial to mitigate risks, protect employees, and maintain a safe workplace. Investment in occupational health and safety ensures the wellbeing of our workforce and safeguards our organisation's reputation and success.</p>	<p>The Company prioritises creating a safe work environment and preventing harm. It regularly identifies hazards and develops mitigation plans. Ongoing safety trainings are provided to employees and workers to safeguard their overall well-being. The goal is to maintain a holistic approach to safety and well-being.</p>	Negative
8.	Human rights and community development	Risk/ Opportunity	<p>Human rights violations or perceived violations pose a significant risk to our organisation, causing reputational damage, legal consequences, and loss of stakeholder trust. Failing to uphold labour rights can result in employee dissatisfaction, protests, and potential boycotts.</p> <p>Respecting human rights, complying with laws, and addressing grievances transparently are crucial. On the other hand, community development offers opportunities. Engaging in initiatives like education, skills training, and infrastructure development builds relationships, enhances reputation, and creates a positive social impact, leading to community support, market access, and long-term sustainability.</p>	<p>We have well established systems to ensure that human rights of our internal and external stakeholders are secured. There are necessary policy frameworks implemented in this regard. We have been engaging with local communities through our various CSR initiatives to make a positive impact on their lives and foster sustainable development.</p>	Positive/ Negative



Business Responsibility and Sustainability Report FY 2022-23 (Contd.)

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
9.	Product, quality, safety, and labelling	Risk	In the chemical sector, product quality, safety, and labelling are significant risks. Inadequate control measures can lead to defects or hazards, causing legal liabilities and reputational damage. Misleading labelling may result in consumer misuse. Implementing robust quality control, safety protocols, and accurate labelling ensures compliance and consumer trust.	To mitigate risks related to product quality, safety, and labeling, our organisation has implemented several measures. These include rigorous quality control procedures throughout the production process, adherence to safety protocols and standards, comprehensive testing and certification of products, accurate and transparent labeling practices in compliance with regulations, and ongoing monitoring and assessment to ensure continuous improvement. These measures aim to maintain high product standards, ensure consumer safety, and uphold our reputation for quality and reliability.	Negative
10.	Research and innovation	Opportunity	Investing in research and fostering innovation keeps us ahead in technology, addressing market needs.  Research improves operations and production efficiency. Innovation differentiates us, attracting partners and investors, enhancing our reputation, and seizing business opportunities. Prioritising research and innovation drives sustainable growth and adaptability.		Positive
11.	Sustainable supply chain	Opportunity	Focusing on supply chain sustainability enhances competitiveness, reduces risks, and aligns with consumer preferences. Sustainable practices minimise environmental impact, conserve resources, and meet regulatory requirements. It fosters strong supplier relationships, innovation, and continuity.  Embracing sustainability improves efficiency, reputation, and long-term success.		Positive
12.	Sustainable financial performance	Opportunity	Integrating sustainability into financial strategies offers opportunities. It reduces costs, enhances reputation, attracts investors, and ensures long-term viability. Sustainable performance anticipates market trends and regulatory requirements, building trust and competitiveness while creating value for stakeholders and society.		Positive
13.	Regulatory compliance/ Ethical business practices and governance	Risk/ Opportunity	Regulatory compliance and ethical business practices offer opportunities to our organisation. Adhering to regulations enhances reputation, attracts responsible investors and customers. Compliance mitigates legal risks, maintains positive image. Ethical practices foster trust, accountability, and governance, promoting sustainability and resilience. Prioritising compliance and ethics differentiates us, attracts opportunities, and earns stakeholder trust in the industry.	We have implemented systems and processes to ensure compliance with applicable statutory requirements.	Positive/ Negative

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
14.	Data integrity & security	Risk	Data integrity and security are crucial for protecting valuable assets and maintaining stakeholder trust. Breaches or unauthorised access can lead to financial losses, reputation damage, and legal liabilities. Data integrity issues undermine decision-making and operational efficiency. Implementing robust security measures and employee awareness programmes mitigate risks and safeguard data assets, reputation, and competitive position.	To mitigate risks related to data integrity and security, our organisation has implemented robust measures. These include the implementation of encryption technologies to protect sensitive data, strict access controls and authentication protocols, regular data backups, ongoing monitoring of network and system vulnerabilities, comprehensive employee training on data security best practices, and the use of advanced firewalls and intrusion detection systems. These measures aim to safeguard our data assets, protect against unauthorised access or data breaches, and ensure the confidentiality, integrity, and availability of our data.	Negative
15.	Risk management & business continuity	Risk/ Opportunity	Risk management and business continuity pose both risks and opportunities. Inadequate management can lead to accidents, disruptions, non-compliance, and reputational damage.  Prioritising risk assessment, safety protocols, emergency plans, and supply chain resilience minimises incidents, protects stakeholders, and enhances trust.  Effective business continuity planning ensures swift response, essential operations, and efficient recovery, securing long-term sustainability and success.	To address risk management and business continuity issues, our organisation has implemented various measures. These include conducting proactive risk assessments, implementing safety protocols and emergency response plans, ensuring supply chain resilience, establishing business continuity plans, regularly reviewing, and updating risk management strategies, and conducting drills and simulations to test preparedness.  These measures help mitigate risks, enhance operational resilience, and ensure the continuity of our business operations in the face of potential disruptions.	Positive/ Negative
16.	Customer engagement	Opportunity	Customer engagement presents a significant opportunity to our organisation. By actively engaging with customers, we can gain valuable insights into their needs, preferences, and challenges. This enables us to develop products that meet specific customer requirements.		Positive

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**SECTION B: MANAGEMENT AND PROCESS DISCLOSURES**

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
<b>Policy and management processes</b>									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
c. Web Link of the Policies, if available	The policies can be viewed on Company's website: <a href="http://www.hikal.com">www.hikal.com</a>								
2. Whether the entity has translated the policy in to procedures. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes, we expect all our value chain partners to comply with Hikal's Code of Conduct and responsible business conduct guidelines.								
4. Name of the national and international codes/certifications/labels/ standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	<ul style="list-style-type: none"> <li>• ISO 9001:2018</li> <li>• ISO 14001:2015</li> <li>• ISO 45001:2018</li> <li>• Responsible Care Certification</li> </ul>								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	We have internally defined the scope 1 and 2 emissions reduction targets in line with the SBTi guidelines								
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	We have defined Key Performance Indicators (KPIs) across ESG parameter, and the performance is evaluated on a regular basis.								
<b>Governance, leadership, and oversight</b>									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements Refer to page 04 of the annual report – Message from the Chairman's desk.									
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies).	Name: Jai Hiremath Designation: Executive Chairman DIN number: 00062203								
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes/ No). If yes, provide details.	Hikal's Corporate Social Responsibility Committee is responsible for decision making on sustainability related issues. Executive Chairman and the Managing Director are a part of this committee.								

**10. Details of Review of NGRBCs by the Company:**

Subject for Review	Indicate whether review was undertaken by Director/Committee of the Board/Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	Y	Y	Y	Y	Y	Y	Y	Y	Y									Annually and need basis
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	Y	Y	Y	Y	Y	Y	Y	Y	Y									Ongoing basis

**11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.**

	P1	P2	P3	P4	P5	P6	P7	P8	P9
	N	N	N	N	N	N	N	N	N
We internally assess the working of above-mentioned policies.									



12. If answer to question (1) above is “No” i.e. not all Principles are covered by a policy, reasons to be stated: Not applicable

Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
The entity does not consider the Principles materials to its business (Yes/No)	-	-	-	-	-	-	-	-	-
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	-	-	-	-	-	-	-	-	-
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	-	-	-	-	-	-	-	-	-
It is planned to be done in the next financial year (Yes/No)	-	-	-	-	-	-	-	-	-
Any other reason (please specify)	-	-	-	-	-	-	-	-	-

## SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURES

### PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

#### Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	Percentage of persons in respective category covered by the awareness programmes
Board of Directors	We conduct familiarisation programmes for the Board of Directors/KMPs regularly. The aim is to familiarise the Directors/KMPs with the strategy, operations, and functions of the Company. The key topics covered under the programme are the Code of Conduct for Directors and senior-level employees, the Code of Conduct on Insider Trading, Corporate profile, Organisational structure, Mandates of various Committees, and updates on various other initiatives.		100%
Key Managerial Personnel (KMP)			100%
Employees other than BoD and KMPs	We have conducted multiple training sessions for our employees and workers across our facilities in the reporting period. Some of the key training includes Behaviour Based Safety Management, Prevention of Sexual Harassment at the Workplace (POSH), Office safety, Regulatory requirements, Risk management, IT and Cyber Security, Business communication, etc.		100%
Workers			100%

2. Details of fines/penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format

In the Financial year 2022-23, no cases were reported.

#### Monetary

	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the case	Has an appeal been preferred (Yes/No)
Penalty/Fine	Nil	Nil	Nil	Nil	Nil
Settlement	Nil	Nil	Nil	Nil	Nil
Compounding fee	Nil	Nil	Nil	Nil	Nil

#### Non-Monetary

	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the case	Has an appeal been preferred (Yes/No)
Imprisonment	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil

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**3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.**

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
Not applicable	Not applicable

**4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

Yes, anti-corruption and bribery are included in the Company’s Code of Conduct, which applies to all the stakeholders working for or acting on behalf of the Company or any of its subsidiaries, and such persons must adhere to responsible business conduct. The Code of Conduct prohibits any form of unethical behaviour and reiterates that under no circumstances shall any Hikal employee, agent, or representative make, offer, promise, or authorise any payment or gift.

The web-link of the code of conduct is <https://www.hikal.com/uploads/documents/hikal-code-of-conduct-2016.pdf>

**5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/corruption:**

	FY 2022-23	FY 2021-22
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	Nil	Nil

**6. Details of complaints with regard to conflict of interest:**

	FY 2022-23		FY 2021-22	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	-	Nil	-
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	-	Nil	-

**7. Provide details of any corrective action taken or underway on issues related to fines/penalties/action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.**

Not applicable.

**Leadership Indicators**

**1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:**

We have not conducted any awareness programmes for the value chain partners in the financial year 2022-23. However, we are now planning to conduct regular awareness sessions from the next financial year onwards.

**2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.**

We have defined a Code of Conduct for the Board of Directors and Senior Management, which outlines the responsibilities to prevent any situation of conflict of interest. In addition, we obtain an annual declaration from the Board members and Senior Management executives on conformity with the Company’s requirements to prevent conflict of interest.



**PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe.**

**Essential Indicators**

- 1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

	FY 2022-23	FY 2021-22	Details of improvements in environmental and social impacts
R&D	Nil	Nil	Not applicable
Capex (₹ million)	214.60	374.60	It has improved the energy efficiency and water utilisation in the process

- 2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

We have a Green Supply Chain Policy, which is applicable for all our value chain partners. The policy outlines our commitment towards Environmental, Social and Governance (ESG) related responsible business practices. We expect all our value chain partners to adhere with our green supply chain requirements.

- b. If yes, what percentage of inputs were sourced sustainably?**

100% of inputs from critical suppliers in India is sourced in a sustainable manner.

- 3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

Given the nature of our business, we have limited scope to reclaim our products for reusing, recycling, and disposal at the end of life. However, we have implemented a waste management system at all our facilities and have dedicated teams to ensure its effective implementation. All the categories of wastes are collected, segregated, stored, transported, and disposed of in accordance with applicable regulatory requirements and best industry practices. We have detailed SOP for collection, storage and disposal of various type of waste generated from process.

We are segregating all waste into two categories i.e., recyclable, and non-recyclable wastes. Recyclable waste is disposed of in an environmentally sound manner to authorised recyclers, and non-recyclable waste is disposed of via co-processing to the cement industry or incineration or secured landfill based on calorific value of waste. The packing material generated by raw materials and in-process material are being disposed to authorised plastic recycler or via Common Hazardous Waste Collection, Treatment, Storage & Disposal Facilities (CHWTSDF).

We have been consistently enhancing our waste management practices and have embedded them with our circular economy approach. In terms of process improvements, we have implemented systems to recover the organic solvents and reuse them in the same process.

We have a dedicated lab working exclusively on waste treatability studies and have converted by-products into desired intermediates by using a simple process, which in turn reduced the hazardous organic waste to a great extent.

- 4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

EPR is applicable to us as an importer, HIKAL sought license from relevant statutory body to comply with the requirement under EPR.

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**Leadership Indicators**

- 1. Has the entity conducted Life Cycle Perspective/Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

No, we will be conducting the life cycle assessment of our products in future.

- 2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

Not applicable, as we have not conducted the life cycle assessment of our products.

- 3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

Given the nature of our pharmaceutical and specialty chemicals products, we do not use recycled or reused input materials in the manufacturing process. However, we are recovering more than 90% process solvents and reuse it in the manufacturing process of pharmaceuticals and agro-chemicals products.

- 4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:**

We are into institutional sales and providing our products to leading companies and they convert intermediates in to final products for the consumers. Hence, the responsibility for reclaiming products and packaging material is not applicable to us. However, we give instruction and guidelines to our customers for handling and disposal of the products.

In addition, the waste generated in our manufacturing process, raw material packaging and e-waste are being sent to authorised recyclers wherever possible in accordance with the statutory requirements.

	FY 2022-23			FY 2021-22		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	Nil	142.31	Nil	Nil	171.93	Nil
E-waste	Nil	8.835	Nil	Nil	10.03	Nil
Hazardous waste	Nil	32,255.078	28,045.215	Nil	34,030.368	24,831.74
Other waste	Nil	Nil	Nil	Nil	Nil	Nil

- 5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.**

Not applicable.





**PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains.**

**Essential Indicators**

**1. a. Details of measures for the well-being of employees:**

Category	Percentage of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
<b>Permanent employees</b>											
Male	1,889	1,889	100%	1,889	100%	-	-	1,889	100%	-	-
Female	126	126	100%	126	100%	126	100%	-	-	-	-
<b>Total</b>	<b>2,015</b>	<b>2,015</b>	<b>100%</b>	<b>2,015</b>	<b>100%</b>	<b>126</b>	<b>6%</b>	<b>1,889</b>	<b>94%</b>	-	-
<b>Other than Permanent employees</b>											
Male	11	7	64%	11	100%	-	-	-	-	-	-
Female	4	2	50%	4	100%	2	50%	-	-	-	-
<b>Total</b>	<b>15</b>	<b>9</b>	<b>60%</b>	<b>15</b>	<b>100%</b>	<b>2</b>	<b>13%</b>	-	-	-	-

**b. Details of measures for the well-being of workers:**

Category	Percentage of workers covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
<b>Permanent employees</b>											
Male	127	127	100%	127	100%	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>127</b>	<b>127</b>	<b>100%</b>	<b>127</b>	<b>100%</b>	-	-	-	-	-	-
<b>Other than Permanent workers</b>											
Male	1,418	1,418	100%	1,418	100%	-	-	-	-	-	-
Female	127	127	100%	127	100%	127	100%	-	-	-	-
<b>Total</b>	<b>1,545</b>	<b>1,545</b>	<b>100%</b>	<b>1,545</b>	<b>100%</b>	<b>127</b>	<b>8%</b>	-	-	-	-

**2. Details of retirement benefits, for Current FY and Previous Financial Year.**

Benefits	FY 2022-23			FY 2021-22		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority
PF	100%	100%	Yes	100%	100%	Yes
Gratuity	100%	100%	Yes	100%	100%	Yes
ESI	100%	100%	Yes	100%	100%	Yes
Others	NA	NA	NA	NA	NA	NA

Note: We have enrolled all our eligible employees and workers under the ESI. For the business locations that are outside the purview of ESI, we have obtained the Workmen's Compensation policy.

**3. Details Accessibility of workplaces**

Are the premises/offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

All our facilities have the necessary infrastructure in place to provide easy access to differently abled employees and workers at the workplace.

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**4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

We believe in promoting and maintaining a culture of diversity and equal opportunity for people based on merit, performance, and future potential to promote meritocracy. The Code of Conduct has been developed in line with our commitment to provide equal opportunities to everyone in the workplace.

Web-link: <https://www.hikal.com/documents/corporate-governance>

**5. Return to work and Retention rates of permanent employees and workers that took parental leave.**

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	100%	NA	NA
Female	100%	100%	NA	NA
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>NA</b>	<b>NA</b>

**6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.**

	Yes/No	If yes, then give details of the mechanism in brief
Permanent workers	Yes	We have a well-defined grievance redressal mechanism in place. The grievance redressal policy outlines the procedure, responsibilities and time lines for addressing the concerns/complaints. The policy is applicable for all employees and workers including the third-party workers deployed at company's premises. We encourage our employees and workers to report any unethical incident or behaviour and ensure conformity with our non-retaliation principle, which is mentioned in our Code of Conduct. Appropriate records are maintained in accordance with the policy.  We have also constituted Works Committee at our manufacturing facilities that are unionised to discuss and address the issues related to working conditions and benefits concerning employees and workers. This committee meets periodically to discuss matters, which are documented, and action points are defined with specific roles and responsibilities.
Other than Permanent workers	Yes	
Permanent employees	Yes	
Other than Permanent employees	Yes	

**7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:**

Category	FY 2022-23			FY 2021-22		
	Total employees/workers in respective category (A)	No. of employees/workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees/workers in respective category (C)	No. of employees/workers in respective category, who are part of association(s) or Union (D)	% (D/C)
<b>Permanent employees</b>						
Male	-	-	-	-	-	-
Female	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Permanent workers</b>						
Male	127	127	100%	131	131	100%
Female	-	-	-	-	-	-
<b>Total</b>	<b>127</b>	<b>127</b>	<b>100%</b>	<b>131</b>	<b>131</b>	<b>100%</b>

**8. Details of training given to employees and workers**

Category	FY 2022-23					FY 2021-22				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No.(E)	% (E/D)	No.(F)	% (F/D)
<b>Employees and Workers</b>										
Male	We have maintained combined training records for permanent workers and employees. Gender-wise records were not maintained in the financial year 2022-23. However, we are now maintaining category and gender-wise records for all the training sessions conducted across our facilities.									
Female										
<b>Total</b>	<b>2,043</b>	<b>1,075</b>	<b>53%</b>	<b>968</b>	<b>47%</b>	<b>1,385</b>	<b>1,169</b>	<b>84%</b>	<b>216</b>	<b>18%</b>

Note: Health and safety-related training sessions for workers are conducted on the shopfloor through various initiatives such as toolbox talks, safety talks, one minute for safety, etc.



However, the numbers mentioned above are the formal records maintained for the training sessions conducted for permanent employees and workers.

**9. Details of performance and career development reviews of employees and worker**

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
<b>Employees</b>						
Male	1,889	1,889	100%	1,658	1,658	100%
Female	126	126	100%	117	117	100%
<b>Total</b>	<b>2,015</b>	<b>2,015</b>	<b>100%</b>	<b>1,775</b>	<b>1,775</b>	<b>100%</b>

Note: We have considered only permanent employees in the performance review process.

**10. Health and safety management system:**

**a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?**

Yes, we have implemented Occupational Health and Safety Management System (ISO 45001) across our manufacturing facilities. All five manufacturing facilities are certified with ISO 45001:2018 management system and the research & technology centre is in process of obtaining the certification.

We make our best efforts to ensure safe operations. We have implemented various programmes like “Surakshapath” which is a behaviour-based safety programme to minimise behavioural risk. We have other safety awareness programmes like “One Minute for Safety”, “EHS Induction”, “Weekly wet drills”, “Mock drills” etc. to enhance safety at our workplace.

**b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

We have well established systems to identify and assess work-related hazards and risks. We have implemented Hazard Identification and Risk assessment (HIRA) process for routine and non-routine activities, and Hazard operability (HAZOP) techniques for process related hazards at all our facilities. In addition, we have developed a guidance document in which, we have identified and documented all the hazards and risks associated with our operations to standardise implementation of safety measures.

At all our facilities, we have a dedicated EHS team to identify, assess and mitigate risks, monitor the implementation of safety measures, conduct a weekly safety inspection, and provide regular training on safety-aspects to employees and workers. Also, there are periodic internal and external audits conducted to assess the effectiveness of Occupational health and safety processes implemented at our facilities.

We analyse and generate safety related data of chemicals externally through recognised laboratory and use it in facility design to ensure inherent safety in infrastructure and operation. There are dedicated employees for process safety management at our R&T center.

**c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks.(Y/N)**

Yes, we have a well-defined system in place to identify and report work-related hazards. We have implemented a safety reporting system through MY SETU software at all the facilities through which employees can online report work-related hazards/risks such as near misses, unsafe conditions, injuries, and other serious incidents. This is followed by a detailed root cause analysis, development and implementation of corrective action plans, and monitoring of the effectiveness of safety measures. All the reported issues can be tracked online till its closure with the corrective action plan and any employee can access the portal through their login credentials. Apart from this, regular safety briefing sessions/toolbox talks take place on a daily basis, where workers actively participate to give suggestions for strengthening the safety measures at the sites.

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**d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/No)**

Yes, all our employees and workers have access to non-occupational medical and healthcare services. We have onsite medical centers at our facilities that have round-the- clock Operating Outpatient Department (OPD) with qualified medical officers and support staff for any medical emergencies and consultation for non-occupational health issues. As a standard process, annual health check camps are organised across our facilities. The employees and workers having exposure to heat, noise, and chemicals during their routine work are required to undergo preventive health examination every six months to diagnose any occupational disease in the initial stage. We have obtained Group accidental and medical insurance policies that cover our employees. At all our facilities, we ensure that contractors must obtain accidental insurance policy/workmen compensation policy and ESIC for workers.

**11. Details of safety related incidents, in the following format:**

Safety Incident/ Number	Category	FY 2022-23	FY 2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0.3	0
Total recordable work-related injuries	Employees	0	0
	Workers	1	0
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

**12. Describe the measures taken by the entity to ensure a safe and healthy workplace.**

We have implemented a robust safety management system in accordance with guidelines and principles of the ISO 45001 management system to ensure a safe and healthy workplace.

Maintaining the highest safety standards across our facilities is one of our top-most priorities, we conduct Industrial hygiene exposure quantitative assessment, Quantitative risk assessment (QRA), Hazard Identification and Risk assessment (HIRA), and implemented Hazard operability (HAZOP) techniques to identify the hazards and provide required engineering measures to minimise the risks.

As a standard practice, before starting any project, we conduct HIRA and implement safety measures, provide safety training, conduct medical tests that are required for any specific activity, and conduct toolbox talks daily for each shift. Regular site inspections and safety audits are conducted by both internal teams and external auditors to access the safety readiness at our facilities.

Mandatory safety training is a part of induction programme and periodic refresher training sessions are conducted by internal teams and external experts on various safety and occupational health-related aspects. All our employees and workers are provided with Personal Protective Equipment (PPE) and there are safety Supervisors/Managers for regular inspection of activities and to issue work permits for any dangerous operations.

Pre-employment medical examinations and periodic medical examinations are conducted for employees and workers to identify any occupational disease at the initial stage and provide a necessary course of treatment.

There are various rewards and recognition programmes to recognise the efforts of individuals and teams for ensuring safety at the workplace.

**13. Number of Complaints on the following made by employees and workers:**

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	Nil	Nil	Not applicable	Nil	Nil	Not applicable
Health & Safety	Nil	Nil	Not applicable	Nil	Nil	Not applicable

Note: We have not received any complaints from employees and workers regarding working conditions and Health & safety-related issues in the reporting period. However, we conduct safety committee meetings regularly at all our sites, where employees/workers share their suggestions for improving the working environment.

**14. Assessment for the year:**

	Percentage of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working conditions	100%

**15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health & safety practices and working conditions.**

We have a defined process to thoroughly investigate all the incidents and share the learning across sites to ensure the non-occurrence of similar incidents. Through our awareness programmes and employee connect sessions, we encourage our employees and workers, to report any unsafe acts and conditions. During the reporting period, no major safety incident occurred. However, certain first-aid incidents and unsafe acts were reported that have been investigated and necessary corrective and preventive measures were implemented. Some of the key measures implemented are listed below:

- Vertical fall arrestor provided for tankers unloading area and briquettes unloading area
- Lower Explosive Limit 'LEL' sensors provided at raw material warehouse and storage tank farm areas
- Confined rescue kits were provided for work in confined spaces
- Flood Emergency Control Rescue kits were procured, and training sessions were conducted
- Fire-rated cabinet provided for storage of flammable solvents in labs
- Fixed oxygen sensors were installed in labs near Nitrogen (N<sub>2</sub>) connection points
- Fixed online sensors for hazardous and toxic gas like Cl<sub>2</sub>, NH<sub>3</sub> are installed for early detection.
- All hazardous chemical storage is equipped with emergency equipment like spillage kits, sprinklers, dyke walls etc.
- Emergency Rescue team is constituted, and appropriate training is provided.
- QRA and Safety Integrity level study has been conducted.

**Leadership Indicators**

- Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers(Y/N).**

Yes

- Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

We expect our value chain partners to abide by the statutory requirements and implement necessary operational controls to ensure timely deduction and deposition of applicable statutory dues.

- Provide the number of employees/workers having suffered high consequence work-related injury/ill-health/fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Employees	Nil	Nil	Nil	Nil
Workers	Nil	Nil	Nil	Nil

- Does the entity provide transition assistance programmes to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/No)**

Yes, we provide the transition assistance to facilitate continued employability and the management of career endings resulting from retirement or termination of employment. We have a retainership practice to provide continued employment to our retired employees. There are skill development training sessions conducted periodically across our facilities that enables employees to enhance their skills, which assist them in pursuing a new employment post retirement or termination.

- Details on assessment of value chain partners:**

	Percentage of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices*	100%
Working Conditions *	100%

\* We have defined a supplier evaluation criterion based on which we conduct the assessment of our critical value chain partners that are based in India via onsite and offsite audits. It primarily focuses upon Environment, Health and Safety (EHS), quality and statutory requirements.

- Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

There were no significant risks/concerns related to health and safety practices and working conditions of value chain partners reported during the financial year.

We have standard operating procedure for EHS risk evaluation of our value chain partner. We have cross functional team which comprises employee from EHS, QA and production to carry out onsite/offsite audit of our value chain partner. We have systems to identify the EHS risk and define CAPA in consultation with our value chain partner and ensure the closure of identified risks.

**PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders.**

**Essential Indicators**

**1. Describe the processes for identifying key stakeholder groups of the entity.**

We believe that meaningful interactions with our stakeholders are essential for long-term value creation. We continuously engage with our stakeholders to understand their expectations and needs. Regular stakeholder engagements help in building credibility, minimising risks, and in realigning focus areas that are essential for business growth.

We identify our stakeholders as groups, institutions, and individuals who can impact or influence our business operations or/are impacted by our operations. It includes both internal and external stakeholders. During our materiality assessment activity, we have identified Customers, Employees, Investors and Shareholders, Community, Institutions and Industry Bodies, Suppliers, Government and Regulators, Media and Analysts, as our key stakeholders. We engage with them transparently at regular intervals or as and when required to provide them with the necessary information to foster our relationships and take their inputs for sustainable value creation.

**2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**

Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/No)	Channels of communication	Frequency of engagement	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers	No	<ol style="list-style-type: none"> <li>Customer meetings</li> <li>Official communication channels: advertisements, publications, website, and social media</li> <li>Conferences and events</li> <li>Customer feedback and satisfaction survey</li> </ol>	Ongoing	<ol style="list-style-type: none"> <li>Timely delivery</li> <li>Wide range of high- quality products that meet customer requirements</li> <li>Competitive pricing</li> <li>Easy availability through large distribution network</li> <li>Post-sales support</li> </ol>
Employees	No	<ol style="list-style-type: none"> <li>Timely internal communications</li> <li>Capability development programs</li> <li>Performance appraisal</li> <li>Grievance redressal mechanisms</li> <li>Wellness programs</li> </ol>	Ongoing	<ol style="list-style-type: none"> <li>Satisfaction and motivation</li> <li>Fair wages and rewards</li> <li>Improved work-life balance</li> <li>Regular training and skill development</li> <li>Career growth</li> <li>Safe and secure work environment Healthy workplace</li> </ol>
Investors and Shareholders	No	<ol style="list-style-type: none"> <li>Analyst meets</li> <li>Quarterly calls, financial reports, and presentations</li> <li>Annual general meetings Annual reports</li> <li>Official communication channels: advertisements, publications, website, and social media</li> </ol>	Quarterly/ need-based	<ol style="list-style-type: none"> <li>Sustainable growth and returns</li> <li>High standards of corporate governance and risk management</li> </ol>
Community	Yes	<ol style="list-style-type: none"> <li>CSR partnerships</li> <li>Community welfare programmes Meetings and briefings</li> <li>Training and workshops Impact assessment surveys</li> <li>Official communication channels:</li> <li>Advertisements, publications, websites and social media</li> <li>Complaints and grievance mechanism</li> </ol>	Ongoing	<ol style="list-style-type: none"> <li>Infrastructure development</li> <li>Funding for community development</li> <li>Training and livelihood programmes</li> <li>Contribution to the local economy</li> </ol>



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Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/No)	Channels of communication	Frequency of engagement	Purpose and scope of engagement including key topics and concerns raised during such engagement
Institutions and Industry Bodies	No	1. Conferences 2. Joint R&D initiatives 3. Internship opportunities for students	Need-based	1. Exchange of knowledge 2. Collaboration in R&D 3. Industry exposure for students
Suppliers	No	1. Supplier development initiatives 2. Vendor assessment and review 3. Training workshops and seminars 4. Supplier audits 5. Official communication channels: 6. Advertisements, publications, website, and social media	Ongoing	1. Timely payment 2. Continuity of orders 3. Capacity building 4. Transparency
Government and Regulators	No	1. Statutory compliances filings and meetings 2. Official communication channels: Advertisements, publications, websites, and social media 3. Phone calls, emails, and meetings 4. Regulatory audits/inspections	Need-based	1. Aligning with the government to support economic development 2. Continued contribution to the exchequer
Media and Analysts	No	1. Press releases, media interviews, email advisories 2. Website management 3. Social media posts and updates	Need-based	1. Effective communication 2. Accountability and transparency

### Leadership Indicators

**1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

We have defined mechanisms in place to undertake consultations with our stakeholder groups. Our site heads and business leaders engage with both internal and external stakeholders on various topics. There are dedicated forums for our employees to connect with the Management such as Open House sessions that are conducted by respective site heads, and CEO Connect sessions with the Managing Director. Based on the stakeholder consultation, relevant feedback is shared with the Board of Directors, whenever necessary.

**2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes/No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

Yes, stakeholder consultation is used to support the identification and management of environmental, and social topics. We have engaged with internal and external stakeholder groups to identify and priorities the material ESG topics that are relevant for stakeholders and important for our business operations. We believe that regular engagement with stakeholders is essential for long-term value creation, and we keep enhancing our processes based on the suggestions received from stakeholders.

**3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalised stakeholder groups.**

We regularly engage with all our stakeholders to address their concerns and needs. We have been undertaking various Corporate Social Responsibility (CSR) initiatives that provided benefits to our stakeholders including the vulnerable/marginalised stakeholder groups. We undertake various CSR initiatives in the areas of health, education, environment, protection of national heritage, art, and culture.

**PRINCIPLE 5: Businesses should respect and promote human rights.**

**Essential Indicators**

1. **Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
<b>Employees and Workers</b>						
Permanent	2,142	1,714	80%	NA	NA	NA
<b>Total Employees</b>	<b>2,142</b>	<b>1,714</b>	<b>80%</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

We have maintained combined training records for permanent workers and employees. Gender-wise records were not maintained in the financial year 2022-23. However, we are now maintaining category and gender-wise records for all the training sessions conducted across our facilities.

2. **Details of minimum wages paid to employees and workers, in the following format**

Category	FY 2022-23				FY 2021-22					
	Total (A)	Equal to minimum wage		More than minimum wage		Total (D)	Equal to minimum wage		More than minimum wage	
		No.(B)	% (B/A)	No.(C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
<b>Employees</b>										
<b>Permanent</b>										
Male	1,889	-	-	1,889	100%	1,658	-	-	1,658	100%
Female	126	-	-	126	100%	17	-	-	17	100%
<b>Other than Permanent</b>										
Male	11	-	-	11	100%	11	-	-	11	100%
Female	4	-	-	4	100%	3	-	-	3	100%
<b>Workers</b>										
<b>Permanent</b>										
Male	127	-	-	127	100%	131	-	-	131	100%
Female	0	-	-	0	100%	0	-	-	0	100%
<b>Other than Permanent</b>										
Male	1,427	1,427	100%	-	-	1,283	1,283	100%	-	-
Female	42	42	100%	-	-	35	35	100%	-	-

3. **Details of remuneration/ salary/ wages, in the following format:**

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	8	17,12,516	2	14,12,516
Key Managerial Personnel	4	2,81,35,500	NA	NA
Employees other than BoD and KMP	1,884	5,60,000	124	4,74,474
Workers	127	6,36,096	NA	NA

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**4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)**

Yes, Head of Human Resources department is responsible for addressing human rights impacts or issues caused or contributed to by the business.

**5. Describe the internal mechanisms in place to redress grievances related to human rights issues.**

We have a well-defined internal mechanism in place to address the concerns related to human rights. Apart from the grievance redressal policy, which outlines the procedure, responsibilities, and timelines for addressing the concerns/ complaints. There are various other policy frameworks such as Prevention of Sexual Harassment (POSH) Policy, Whistle blower policy, and Code of conduct that have provisions to safeguard the human rights of both internal and external stakeholders. The Management Committee is the apex body which oversees practices related to human rights in our organisation.

**6. Number of Complaints on the following made by employees and workers:**

Category	FY 2023			FY 2022		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual harassment	Nil	Nil	Nil	Nil	Nil	Nil
Discrimination at workplace	Nil	Nil	Nil	Nil	Nil	Nil
Child labour	Nil	Nil	Nil	Nil	Nil	Nil
Forced labour/ Involuntary labour	Nil	Nil	Nil	Nil	Nil	Nil
Wages	Nil	Nil	Nil	Nil	Nil	Nil
Other human rights related issues	Nil	Nil	Nil	Nil	Nil	Nil

**7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

Our Grievance Redressal policy, Prevention of Sexual Harassment (POSH) policy and Whistle- blower policy have defined mechanisms for addressing concerns/ complaints raised by both internal and external stakeholder in a time-bound manner. We maintain confidentiality during the investigation process and ensure protection of the complainant. There is zero tolerance to retaliatory behaviour as mentioned in our Code of Conduct. We encourage our employees and workers to report any unethical incident or behaviour. No cases of harassment and discrimination were reported during the financial year 2022-23.

**8. Do human rights requirements form part of your business agreements and contracts?**

Yes

**9. Assessments for the year:**

	Percentage of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child Labour	100%
Forced Labour/Involuntary Labour	100%
Sexual Harassment	100%
Discrimination at workplace	100%
Wages	100%
Others – please specify	Applicable statutory requirements.

**10. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 9above.**

No issues related to above-mentioned aspects were identified during the assessment.

## Leadership Indicators

**1. Details of a business process being modified/introduced as a result of addressing human rights grievances/complaints.**

Not applicable.

**2. Details of the scope and coverage of any Human rights due diligence conducted.**

We are in the process of initiating human rights due diligence through an independent agency to identify potential human-rights related risks in our operations and implement necessary measures to prevent or mitigate the identified risks. Internally, our Corporate and Site Human Resource teams are responsible for safeguarding the rights of all the employees working at our facilities. They periodically review the records of contractors working at our facilities to ensure compliance with statutory requirements and Hikal's Code of Conduct.

**3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

All our facilities have the necessary infrastructure in place to provide easy access to differently abled employees and workers at the workplace.

**4. Details on assessment of value chain partners:**

We are conducting the assessment of our critical value chain partners that are based in India. The assessment cover aspects related to human rights, business integrity, Environment, Health, and Safety (EHS), and statutory compliance. Also, as per our code of conduct, we expect our suppliers to adhere with the principles of human rights.

	Percentage of value chain partners (by value of business done with such partners) that were assessed
Child labour	100%
Forced Labour/Involuntary Labour	100%
Sexual Harassment	100%
Discrimination at workplace	100%
Wages	100%
Others – Retention of any original documents	100%

Note: The above-mentioned values are limited to critical business value chain partners that are based in India.

**5. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 4 above.**

Not applicable

**PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment.**
**Essential Indicators**
**1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

Parameters	Units	FY 2022-23	FY 2021-22
Total electricity consumption (A)	Giga Joules (GJ)	3,61,860.68	2,53,225.47
Total fuel consumption (B)	GJ	10,52,725.41	10,76,990.98
Energy consumption through other sources (C)	GJ	Nil	Nil
Total energy consumption (A+B+C)	GJ	14,14,586.09	13,30,216.45
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)	GJ/₹ million	69.92	68.47

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)

No

**2. Does the entity have any sites/facilities identified as the designated consumers (DCs) under Performance, Achieve and Trade (PAT) Scheme of the Government of India? Yes (Y/N) If, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any**

Not applicable, since we do not have any site as the designated consumers (DCs) under Performance, Achieve and Trade (PAT) Scheme of the Government of India.

**3. Provide details of the following disclosures related to water, in the following format:**

Parameters	Units	FY 2022-23	FY 2021-22
Water withdrawal by source	Kilolitre (kL)		
(i) Surface water	Kilolitre (kL)	0	0
(ii) Groundwater	Kilolitre (kL)	0	0
(iii) Third party water (Industrial Estate MIDC/GIDC)	Kilolitre (kL)	9,15,491.50	10,52,898.60
(iv) Seawater/desalinated water	Kilolitre (kL)	0	0
(v) Others	Kilolitre (kL)	1,49,750.00	46,579.40
<b>Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)</b>	Kilolitre (kL)	<b>10,65,241.50</b>	<b>10,99,478</b>
<b>Total volume of water consumption (in kilolitres)</b>	Kilolitre (kL)	<b>10,65,241.50</b>	<b>10,99,478</b>
<b>Water intensity per rupee of turnover</b> (Water consumed/turnover)	kL/₹ million	52.66	56.59

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)

No

**4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

Yes, we have implemented a mechanism for 100% Zero Liquid Discharge (ZLD) at two out of five manufacturing facilities. Our ZLD facilities across sites consist of primary treatment, secondary effluent treatment/MBR and MEE/MVRE with ATFD, and then reverse osmosis for tertiary treatment to reuse treated effluent for utility consumption. We also have a Sewage Treatment Plant (STP) at these facilities and the treated wastewater is used within the plant's premises for gardening and cooling tower make-up purposes.

Other manufacturing facilities and Research and Technology (R&T) centers are in the process of implementing ZLD systems. At these sites, we have installed both Effluent Treatment Plants (ETPs) and STPs for treating effluents and wastewater as per the statutory guidelines. After treatment, we utilise treated water for internal usage to the extent possible and responsibly discharge the remaining treated water in compliance with legal requirements.

**5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

We are monitoring the air emissions in accordance with the statutory requirements and monitoring across our sites are carried out by the laboratories approved the respective state pollution control boards. The concentration of all the parameters is within the permissible range and details of air emissions are submitted annually to the respective pollution control boards.

**6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:**

Parameters	Units	FY 2022-23	FY 2021-22
<b>Total Scope 1 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	26,793.24	57,457.00
<b>Total Scope 2 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	58,436.80	
<b>Total Scope 1 and Scope 2 emissions per rupee of turnover</b>	Metric tonnes of CO <sub>2</sub> equivalent/₹ million	4.21	2.95

Note: We have reported combined scope 1 and 2 emissions for the financial year 2021-22. In the previous financial year, the scope 1 emissions inventory was limited to fuel consumption from manufacturing facilities only. The inventory of FY 2022-23 is accordance to the requirements of GHG Protocol and SBTi.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)

No

**7. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.**

We have been following a systematic approach towards enhancing energy conservation and making a transition towards renewable energy. We have an Energy Conservation Committee (EnCon) at the corporate level, which drives the various initiatives across our facilities for achieving long-term sustainability. Some of the key initiatives implemented in the financial year 2022-23 are listed below:

**Crop Protection Business**

Key energy saving initiatives implemented at Taloja unit:

- FO boiler burner replacement for enhancing the efficiency
- Waste heat recovery from flue gas by Economizer installation
- Briquette boiler capacity and efficiency improvement
- Air compressor stoppage by optimising airflow
- Chiller performance improvement by online condenser cleaning installations
- Water saving initiatives in cooling tower blow down.

Key energy saving initiatives implemented at Mahad unit:

- Water saving initiatives in cooling tower blow down
- Energy saving initiatives in chiller unit to improve its performance
- Installation of Dry Vacuum pumps
- Heat recovery initiatives by condensate recovery and generation of hot water.

Key energy saving initiatives implemented at Panoli unit:

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

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**Pharmaceuticals Business**

Key energy saving initiatives implemented at Panoli unit:

- Pumping power optimisation by various means
- Installation of waste heat recovery system

Key energy saving initiatives implemented at Jigani unit:

- Pumping power optimisation in RO pump
- Cooling tower usage optimisation
- VFD installation in cooling tower pump

Renewable energy transition initiatives:

- Signed a long-term Power Purchase Agreement (PPA) with two solar power developers of 9.5 MW & 3.2 MW for Taloja and Mahad units respectively
- Signed an agreement to procure renewable energy from a hybrid (wind and solar) project of 4.8 MW for Panoli unit
- Initiated the process to identify a renewable energy project partner for our Jigani unit. In the next financial year, we are expecting to have a long-term PPA for Jigani unit.

**8. Provide details related to waste management by the entity, in the following format:**

Parameters	Units	FY 2022-23	FY 2021-22
<b>Total Waste generated</b>			
Plastic waste (A)	Metric tonnes	142.31	171.93
E-waste (B)	Metric tonnes	8.84	10.03
Bio-medical waste (C)	kg	60.43	64.81
Construction and demolition waste (D)	Metric tonnes	0	0
Battery waste (E)	Metric tonnes	0	0
Radioactive waste (F)	Metric tonnes	0	0
Other Hazardous waste. Please specify, if any. (G)	Metric tonnes	57,693.74	55,622.71
Other Non-hazardous waste generated (H)	Metric tonnes	3,043.32	3,567.06
<b>Total (A + B + C + D + E + F + G + H)</b>	Metric tonnes	<b>60,888.27</b>	<b>59,371.79</b>
<b>For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)</b>			
<b>Category of waste</b>			
(i) Recycled	Metric tonnes	32,255.08	34,030.37
(ii) Re-used	Metric tonnes	2,399.20	3,151.60
(iii) Other recovery operations	Metric tonnes	64.64	27.46
<b>Total</b>	Metric tonnes	<b>34,718.92</b>	<b>37,209.43</b>
<b>For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)</b>			
<b>Category of waste</b>			
(i) Incineration	Metric tonnes	8,569.86	4,089.33
(ii) Landfilling	Metric tonnes	10,428.39	11,855.91
(iii) Other disposal operations	Metric tonnes	9,046.97	8,886.51
<b>Total</b>	Metric tonnes	<b>28,045.22</b>	<b>24,831.74</b>

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)

No



**9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

Being a pharmaceutical and specialty chemical manufacturing company, responsible waste management is of utmost priority for us. We have been consistently enhancing our waste management practices and have embedded them with our circular economy approach. We follow the 3R concept of “reduce, reuse & recycle” and have defined standard operating procedures for handling hazardous, non-hazardous, e-waste, and biomedical wastes.

All our facilities have dedicated teams to ensure waste segregation at source, safe handling, storage, and disposal of waste in accordance with applicable regulatory requirements and best industry practices. The hazardous waste generated from our operations is disposed of in an environmentally sound manner to authorised recyclers, the cement industry, and Common Hazardous Waste Collection, Treatment, Storage & Disposal Facilities (CHWTSDF). Similarly, 100% of the e-waste generated was sold to authorised vendors. Plastic waste was recycled through authorised recyclers.

The other non-hazardous waste such as scrap metal, wood waste, glass, cardboard, paper, etc. was disposed of via authorised recyclers.

In terms of process improvements, we are using recovered solvents in the process to reduce fresh solvent consumption. We have a dedicated lab working exclusively on waste treatability studies and have converted by-products into desired intermediates by using a simple process, which in turn reduced the hazardous organic waste to a great extent. Also, we are enhancing our effluent treatment plants to enhance wastewater/effluent recycling capabilities.

Apart from this, we have been conducting periodic inspections to evaluate the waste handling facilities and implementing necessary changes to make them more efficient and environmentally friendly.

We have implemented “Wealth from Waste” Programme which aims to identify waste which can be recycled, reduced or reused.

**10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals/clearances are required, please specify details in the following format:**

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval/clearance are being complied with? (Y/N)
			If no, the reasons thereof and corrective action taken, if any.
1.	Jigani Unit	Manufacturing of pharmaceuticals	Yes, as per the Environmental Clearance (EC) recommendation, we have already applied for the No Objection Certificate (NOC) from Bannerghatta National Park (Forest Department).

We have defined processes and implemented necessary pollution control mechanisms to prevent any adverse impact on the ecology. Our dedicated team ensure the operations of all the pollution controlling equipment, zero liquid discharge and proper waste management in accordance with statutory requirements and industry best practices.



## Business Responsibility and Sustainability Report FY 2022-23 (Contd.)

**11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year**

Not applicable.

**12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:**

S. No.	Specify the law/regulation/ guidelines which was not complied with	Provide details of the non-compliance	Any fines/penalties/ action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
1.	Panoli	There was minor fire in Apr-22 at Panoli site. There was no fatalities or injury to human life. GPCB has imposed environment compensation damage under section 31(A) air pollution control act-1981	₹ 10 Lakh	Incident was investigated by cross functional team, and all identified corrective measures have been implemented to prevent such incidents.
2.	Taloja	There was mishandling of our by- product by vendor, which caused release of gas at SURAT GIDC, MPCB served closure notice in May-22 and revoked bank guarantee of value ₹ 30 lakh under section 26 of water (P & CP) act - 1974, u/s 21 of air (P & CP) act - 1981 and under rule 6 of Hazardous and Other waste (Management and trans boundary movement) rules 2016.	₹ 30 Lakh Bank guarantee forfeited by MPCB	All proposed direction by MPCB wide letter MPCB/RONM/CD/22004220006 dated 22 Apr 2022 had been complied. Compliance report was submitted to MPCB.
3.	Mahad	There was non-compliance of treated water sample, due to which MPCB served notice	₹ 5 Lakh Bank guarantee forfeited by MPCB	Incident was thoroughly investigated, and all corrective measures were implemented immediately.



## Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameters	Units	FY 2022-23	FY 2021-22
<b>From renewable sources</b>			
Total electricity consumption (A)	Giga Joules (GJ)	65,561.43	73,990.13
Total fuel consumption (B)	GJ	7,32,197.30	7,33,537.58
Energy consumption through other sources (C)	GJ	Nil	Nil
<b>Total energy consumed from renewable sources (A+B+C)</b>	<b>GJ</b>	<b>7,97,758.73</b>	<b>8,07,527.71</b>
<b>From non-renewable sources</b>			
Total electricity consumption (D)	GJ	2,96,299.25	1,79,235.34
Total fuel consumption (E)	GJ	3,20,528.11	3,43,453.40
Energy consumption through other sources (F)	GJ	Nil	Nil
<b>Total energy consumed from non-renewable sources (D+E+F)</b>	<b>GJ</b>	<b>6,16,827.36</b>	<b>5,22,688.74</b>

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)

No

2. Provide the following details related to water discharged:

Parameters	Units	FY 2022-23	FY 2021-22
<b>Water discharge by destination and level of treatment</b>			
<b>To Surface water</b>			
- No treatment	Kilolitre (kL)	Nil	Nil
- With treatment – Please specify level of treatment	Kilolitre (kL)	Nil	Nil
<b>To Groundwater</b>			
- No treatment	Kilolitre (kL)	Nil	Nil
- With treatment – Please specify level of treatment	Kilolitre (kL)	Nil	Nil
<b>To Seawater</b>			
- No treatment	Kilolitre (kL)	Nil	Nil
- With treatment – Please specify level of treatment	Kilolitre (kL)	Nil	Nil
<b>Sent to third parties</b>			
- No treatment	Kilolitre (kL)	Nil	Nil
- With treatment – Please specify level of treatment	Kilolitre (kL)	3,11,060	3,10,435
<b>Others</b>			
- No treatment	Kilolitre (kL)	Nil	Nil
- With treatment – Please specify level of treatment	Kilolitre (kL)	Nil	Nil
<b>Total water discharged</b>	<b>Kilolitre (kL)</b>	<b>3,11,060</b>	<b>3,10,435</b>

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)

No

## Business Responsibility and Sustainability Report FY 2022-23 (Contd.)

**3. Water withdrawal, consumption, and discharge in areas of water stress**

For each facility/plant located in areas of water stress, provide the following information:

**I. Name of the area:** Jigani, Bangalore

**II. Nature of operations:** Manufacturing of pharmaceuticals

**III. Water withdrawal, consumption, and discharge in the following format:**

Parameters	Units	FY 2022-23	FY 2021-22
<b>Water withdrawal by source</b>			
(i) Surface water	Kilolitre (kL)	Nil	Nil
(ii) Groundwater	Kilolitre (kL)	-	-
(iii) Third party water	Kilolitre (kL)	1,66,685.5	1,91,931.4
(iv) Seawater/desalinated water	Kilolitre (kL)	Nil	Nil
(v) Others	Kilolitre (kL)	Nil	Nil
<b>Total volume of water withdrawal (i + ii + iii + iv + v)</b>	Kilolitre (kL)	<b>1,66,685.5</b>	<b>1,91,931.4</b>
<b>Total volume of water consumption</b>	Kilolitre (kL)	<b>1,66,685.5</b>	<b>1,91,931.4</b>
<b>Water intensity per rupee of turnover</b> (Water consumed/turnover)		15.63	17.56
<b>Water discharge by destination and level of treatment</b>			
<b>Into Surface water</b>			
- No treatment	Kilolitre (kL)	Nil	Nil
- With treatment – Please specify level of treatment	Kilolitre (kL)	8,646	8,121
<b>Into Groundwater</b>			
- No treatment	Kilolitre (kL)	Nil	Nil
- With treatment – Please specify level of treatment	Kilolitre (kL)	Nil	Nil
<b>Into Seawater</b>			
- No treatment	Kilolitre (kL)	Nil	Nil
- With treatment – Please specify level of treatment	Kilolitre (kL)	Nil	Nil
<b>Sent to third-parties</b>			
- No treatment	Kilolitre (kL)	Nil	Nil
- With treatment – Please specify level of treatment	Kilolitre (kL)	Nil	Nil
<b>Others</b>			
- No treatment	Kilolitre (kL)	Nil	Nil
- With treatment – Please specify level of treatment	Kilolitre (kL)	75,627	80,582
<b>Total water discharged</b>		<b>Nil</b>	<b>Nil</b>

Note: We have maintained zero liquid discharge status at our Jigani Unit. After the tertiary treatment of effluent, the treated water is used for utility and cooling tower make up process. Domestic wastewater is treated separately in Sewage Treatment Plant and is used for the gardening purpose.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)

No

**4. Please provide details of total Scope 3 emissions & its intensity, in the following format:**

Parameters	Units	FY 2022-23	FY 2021-22
<b>Total Scope 3 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	-	-
<b>Total Scope 3 emissions per rupee of turnover</b>		-	-

We have not undertaken scope 3 accounting in the financial year 2022-23. However, we have initiated the process for scope 3 data collection.

**5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.**

We have only Jigani Unit, which is in proximity to Bannerghatta National Park. To conserve the ecology, we have partnered with the International Association for Human Values (IAHV) for the development work of Yallammanadoddi lake, which is near our Jigani Unit. Three villages in the surrounding area are directly dependent on this lake for water. However, the accumulation of mud, waste and weeds made the lake unfit for direct domestic use.

We carried out lake desiltation work in collaboration with villagers and provided bunds and silt traps to prevent ingress of waste and silt. This has increased the water capacity of lake by four times. In addition, we carried out a plantation of more than 40 varieties of aquatic plants and removed water hyacinths from the lake. Development of flora in the area promoted suitable eco-system to flourish various local birds and butterflies in the area. This has improved the overall ecology and provided clean water to the local communities.

**6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions/effluent discharge/waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:**

S. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1.	Renewable energy transition	Increased the renewable electricity consumption through power purchase agreement and on-site generation.	Achieved emissions reduction of 17,176 Metric tonnes of CO <sub>2</sub> e
2.	Installation of waste heat recovery system	Waste heat recovery is a process of capturing and transferring the waste heat back to the system. The recovered heat is used for generating electricity and additional heat.	Reduction in fuel consumption
3.	Energy efficiency and process optimisation measures	Details of energy efficiency and process optimisation measures listed in the question number 7 of essential category	Achieved an annual operational savings of ₹ 35.43 million

**7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web-link.**

Yes, we have a business continuity and emergency response plan for our facilities. We have defined a detailed standard operating procedure in which we have identified business-critical processes, potential operational and financial impacts, and contingency measures to minimise any business interruptions. To ensure its effective implementation, roles and responsibilities have been defined at different levels across the organisation. We revise our SOPs in every two years or as when required to make necessary amendments to handle any contingency scenario. In addition, all our manufacturing facilities have site-specific on-site and offsite emergency response plans. Regular training and mock drills are being conducted as per the statutory requirements.

**8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.**

No such incident took place in the reporting year FY 2022-23. However, there was an incident of improper by-product handling during the transportation in FY 2021-22, the matter is sub-judice and under investigation by the competent authorities.

**9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**

In the reporting period, we have not evaluated any of our value chain partners to assess the environmental impact of their operations. However, we have defined a supplier evaluation criterion based on which we assess our critical value chain partners in India on applicable statutory, EHS, and quality-related requirements.

**PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.**

### Essential Indicators

1. **a. Number of affiliations with trade and industry chambers/ associations: 8**
- b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to:**

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1.	The Confederation of Indian Industry	National
2.	The Federation of Indian Chambers of Commerce & Industry	National
3.	Indian Merchants' Chamber	National
4.	National Safety Council	National
5.	Indian Chemical Council	National
6.	Pesticides Manufacturers & Formulators Association of India	National
7.	Crop Care Federation of India	National
8.	Agro Chem Federation of India	National

2. **Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities.**

Name of authority	Brief of the case	Corrective action taken
Nil	Nil	Nil

### Leadership Indicators

1. **Details of public policy positions advocated by the entity:**

We work closely with various trade and industry associations on topics related to governance, policy reforms and sustainable business principles.



**PRINCIPLE 8: Businesses should promote inclusive growth and equitable development.**

**Essential Indicators**

- 1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web link
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 During the period, the Company has not undertaken any SIA under the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013.

- 2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

Not applicable.

- 3. Describe the mechanisms to receive and redress grievances of the community.**

Our Grievance Redressal policy and Whistle-blower policy have defined mechanisms for addressing concerns/ complaints raised by the external stakeholder in a time-bound manner. We maintain confidentiality during the investigation process and ensure protection of the complainant. There is zero tolerance to retaliatory behaviour as mentioned in our Code of Conduct. However, no such concern was reported during the financial year 2022-23.

- 4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

	FY 2022-23	FY 2021-22
Directly sourced from MSMEs/ small producers	34%	28%
Sourced directly from within the district and neighbouring districts	-	-

Note: We evaluate the vendor based on merits that are defined in our procurement policy and we provide equal opportunities to all the vendors/ suppliers irrespective of geographical boundary.

**Leadership Indicators**

- 1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

Not applicable.

- 2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

Not applicable.

- (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised /vulnerable groups?(Yes/No)**

No, we do not have any preferential procurement policy. As mentioned in our Code of Conduct, we provide equal opportunities to everyone and do not discriminate on any basis while selecting suppliers/vendors. We encourage working with local and MSME (Micro, Small & Medium Enterprises) suppliers. However, in our supplier/vendor selection process,

We provide equal opportunities and have the same evaluation criteria for everyone.

- (b) From which marginalised /vulnerable groups do you procure?**

Not applicable.

- (c) What percentage of total procurement (by value) does it constitute?**

Not applicable.

## Business Responsibility and Sustainability Report FY 2022-23 (Contd.)

**4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**

Not applicable.

**5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.**

Not applicable.

**6. Details of beneficiaries of CSR Projects:**

CSR Projects	No. of persons benefited from CSR project	Percentage of beneficiaries from vulnerable and marginalised groups
Support extended to Ashraya Old Age Home by donating ration items, gloves, sanitary items, and fruits & vegetables	25	100%
Distribution of new-born baby kits & fruit baskets to BPL families at a government hospital	15	100%
Support extended to Matrabhoomi Organisation by distributing ration items, fruits, clothes & organising outdoor games for children	20	100%
Support by installing water purifiers in ZP Schools	80	100%
Sponsorship towards education of 5 children from Adarne Charitable Trust	5	100%
Sponsorship towards quality education by providing projector to ZP Schools	100	100%
Stationery Items purchased for CSR activity at Mathrubhumi NGO	25	100%
Remuneration of teachers' salary of a nearby govt school	3	100%
Support to The Akshay Patra Foundation for providing mid-day meals to underprivileged children in Jigani	50	100%
Notebooks distribution at nearby government schools of Jigani	50	100%
Infrastructure related support to Government High School, Devangapete	50	100%
Support to Twin Glacier Foundation towards infrastructure development of the foundation		100%
Donation of medicines in the Arogya Mela organised at Jigani	50	100%
Support to IAHV for Menstrual Health and Hygiene Awareness Workshop for women and adolescent girls	100	100%
Support to IAHV for the Yallammanadoddi Lake Development Project	500	100%
Support to IAHV for the afforestation project at Tetvali, Rabale	NA	-
Tree plantation by employees at Tetvali, Rabale	NA	-
Contribution to WWF India towards conservation of KNP wetlands	NA	-
Support to Jan Jagrati Sevarth Sansthan towards school development at Rajasthan	100	100%
Support to Raginiben Bipinchandra Sevakarya Trust towards higher educational services	50	100%
Support to 45 girl children of Rukmabai Balikashram in Nandurbar	45	100%
Support Mayank Chapekar's Training & Participation in International Competitions	1	100%
Support to KARMAPUTRA CHERITABLE TRUST towards helping the disadvantaged section of the society	25	100%
Support to Ummeed for their Autism Intervention Programmes for parents and caregivers [Ummeed Parent Programme on Autism (UPPA)]	30	100%
Support to Help Care Society with 100 wheelchairs for physically impaired children	100	100%
Support to Omkar Andh-Apang Samajik Sanstha towards the upliftment of 2522 underprivileged members of the trust	2,522	100%
Support to the Jimmy S Billimoria Foundation towards palliative care services	45	100%
Support towards literature by sponsoring publication of Pepita Seth's book	1	100%
Support to Jnanapravaha towards courses in Indian art & literature	NA	-
Support to Mehli Mehta Music Foundation towards music education	NA	-
Support to Chhatrapati Maharaj Vastu Sangrahalaya towards preservation of art & heritage	NA	-
Support to the NCPA towards music education	NA	-
Support to Tata Literature Live for The Mumbai LitFest towards promoting Indian art & literature	NA	-
Support to The Marg Foundation towards promoting Indian art & literature	NA	-



CSR Projects	No. of persons benefitted from CSR project	Percentage of beneficiaries from vulnerable and marginalised groups
Support to Museum of Art & Photography (MAP) at Bangalore towards preservation of art & heritage	NA	-
Support to IAHV for improvement of Kambale Tarf ZP school infrastructure - Phase 2	45	100%
Support to IAHV for improvement of Kondivate ZP school infrastructure - Phase 2	68	100%
Support to IAHV for improvement of Nigade ZP school infrastructure - Phase 2	47	100%
Support to IAHV for improvement of Bhave ZP school infrastructure - Phase 2	57	100%
Support to IAHV for providing glasswares for chemistry lab at ZP school, Varandh	127	100%
Support to IAHV towards Youth Leadership at Sutarkond, Mahad	60	100%
Support to IAHV for Menstrual Health and Hygiene Awareness Workshop for 250 women at 5 villages - Bhave, Kamble, Nigade, Kondivate, Vanikond	250	100%
Support to IAHV for the water distribution pipeline work at the Sutarkond village, Mahad	800	100%
Supported Chaitanya Seva Sanstha towards social upliftment of villages in Mahad	250	100%
Supported the Mahad Manufactures Association Vitthai Dialysis Center to help people suffering from kidney related ailments	15	100%
CSR contribution for Police Welfare Fund - Raigad District for various Police Welfare Schemes	10	100%
Support to the Bharuch Collectorate for rejuvenating 25 water bodies in 25 villages in Bharuch under the "Amrit Sarowar" scheme of Gujarat Government	1000	100%
Sponsorship of educational fees for Sahil Tailor and Kartik Panchal	2	100%
Contribution to Seva Yagna Samiti towards providing emergency medical services to the underprivileged	50	100%
Sponsorship to Brahamakumaris Center, Bharuch for stress free living seminar cum workshop	45	100%
Support to IAHV for Menstrual Health and Hygiene Awareness Workshop for 100 women and adolescent girls at Umarwada Village	100	100%
Distribution of lunch at an old age home in Panoli	20	100%
Support to IAHV towards construction of Community Hall at Umarwada village at Panoli	200	100%
Support to IAHV towards infrastructure development of the Dattawadi Nere ZP School	68	100%
Support to IAHV for Menstrual Health and Hygiene Awareness Workshop for 100 anganwadi sevika and govt school students at Nere, Pune	100	100%
Support to IAHV towards infrastructure development of the ZP school at Ghot camp, Taloja	57	100%
Support to Aai Day Care for sponsorship of 15 children with special needs	15	100%
Support to Aai Day Care for organising district level sports competition for children with special needs	45	100%
Support to IAHV for Menstrual Health and Hygiene Awareness Workshop for 100 women and adolescent girls	100	100%
Support to the Manus Foundation towards healthcare needs of the underprivileged	60	100%
Support towards sponsorship for kabbadi matches in the village	24	100%
Support to Gavdevi Samajik Sanstha towards social upliftment work for the Ghot camp society	150	100%



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

**Essential Indicators**

**1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

This is not applicable, as we are into institutional sales and not selling any product directly in the retail market. However, we have defined systems in place for the customer complaint management. Once we receive a complaint in our system, immediately an investigator will be assigned to address the concern and undertake the root cause analysis. Necessary corrective actions are implemented to rectify the issue and we provide an update about the cause and corrective actions implemented to our customers in a time-bound manner.

**2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:**

	As a percentage to total turnover
Environmental and social parameters relevant to the product	-
Safe and responsible usage	100%
Recycling and/or safe disposal	-

Yes, all our products are properly labelled with adequate details in accordance with the applicable statutory and customer requirements. We provide safety data sheets which contain all the necessary information about the safe handling of the products.

**3. Number of consumer complaints in respect of the following:**

	FY 2023 Current Financial Year		Remarks	FY 2022 Previous Financial Year		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	Nil	Nil	Not applicable	Nil	Nil	Not applicable
Advertising	Nil	Nil	Not applicable	Nil	Nil	Not applicable
Cyber-security	Nil	Nil	Not applicable	Nil	Nil	Not applicable
Delivery of essential services	Nil	Nil	Not applicable	Nil	Nil	Not applicable
Restrictive Trade Practices	Nil	Nil	Not applicable	Nil	Nil	Not applicable
Unfair Trade Practices	Nil	Nil	Not applicable	Nil	Nil	Not applicable
Other	8	4	4 complaints are under investigation.	45	0	All the complaint are resolved. These complaints are related to operational issues such as quality, transportation, etc.

**4. Details of instances of product recalls on account of safety issues:**

	Number	Reasons for recall
Voluntary recalls	Nil	Not applicable
Forced recalls	Nil	Not applicable

**5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

Hikal has the policy to address cyber security and risks related to data privacy, which is accessible to all employees in the company's internal portal.

To strengthen cyber security and data privacy, the Company has implemented multi-layered security solutions in the IT systems to prevent any direct exposure or vulnerability to cyber- attacks. The multi-layered solutions consist of an E-mail gateway, antivirus-spam-anti phishing security solution, EDR solution with ATP Engines, antivirus and zero-day attack protection for all the end-user devices and servers. In addition, there are multi-factor authentication mechanisms with OTP for all servers and best-in-class web-security solutions for internet access.

**6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re- occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products /services.**

Not applicable

**Leadership Indicators**

**1. Channels/platforms where information on products and services of the entity can be accessed (provide web link, if available).**

We have a dedicated page on our Company's website that provide information about the products and services. The website links for Pharmaceuticals and Crop Protection products are:

Pharmaceuticals: <https://www.hikal.com/page/apis-and-intermediates>

Crop Protection: <https://www.hikal.com/page/overview#capabilities>

**2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

We have quality agreements with customers where we provide detailed information about the products. All our consignments have adequate labels, safety instructions and product information in accordance with the statutory requirements.

## Business Responsibility and Sustainability Report FY 2022-23 (Contd.)

**3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

This is not applicable as we are into institutional sales and not selling any product directly in the retail market. However, we have defined mechanisms to inform our customers about any major change or risk, which may disrupt the supply of essential services. During the financial year 2022-23, no such instance was reported.

**4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief.**

Yes, all our products (containers/drums) are properly labelled with adequate details in accordance with the applicable statutory and customer requirements. We believe in fair disclosures and maintaining transparency about our products. To ensure safe handling of products, all our consignments have safety instructions sheets as well.

Did your entity carry out any survey with regard to consumer satisfaction relating to the major products/services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Yes, we take regular feedback from our customers to improve our services and fulfill their expectations. We evaluate customer feedback forms periodically to assess the level of customer satisfaction. In addition, our business teams have regular review meetings with our major customers to address their concerns and identify areas for further enhancing our services.

**5. Provide the following information relating to data breaches:****a. Number of instances of data breaches along-with impact:**

Nil, there were no instances of data breaches during the reporting period.

**b. Percentage of data breaches involving personally identifiable information of customers:**

Not applicable