

Business Responsibility Report

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

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

In terms of Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, top 1000 listed Companies based on market capitalisation shall include Business Responsibility Report (BRR) in the Annual Report. As Hikal falls in the list of top 1,000 listed companies based on market capitalisation, the Company has prepared the Business Responsibility Report, as per the format prescribed by SEBI.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate identity number (CIN) of the Company	L24200MH1988PTC048028
2. Name of the Company	Hikal Limited
3. Registered address	717/718, Maker Chambers V Nariman Point, Mumbai 400 021
4. Website	www.hikal.com
5. E-mail id	secretarial@hikal.com
6. Financial year reported	1 April 2019 to 31 March 2020
7. Sector(s) that the Company is engaged in	Pharmaceuticals: 21001 Agrochemicals: 20211
8. List three key products/services that the Company manufactures/provides	Gabapentin, Thiabendazole and Diuron Contract Development and Custom Manufacturing of Intermediates, API's & AI's
9. Total number of locations where business activities are undertaken by the Company	
a) Number of international locations	1 Overseas office in Japan 2 Representation in USA 3 Representation in Europe
b) Number of national locations	5 manufacturing facilities and 1 Research & Technology (R&T) facility Regd. office at Mumbai, corporate office at Navi Mumbai and marketing office at Bengaluru
10. Markets served by the Company: Local/state/national/international	Major markets cover many countries across the globe along with sale in domestic market

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up capital (₹)	₹ 246,601,500
2. Total turnover (₹)	₹ 15,073 million
3. Total profit after taxes (₹)	₹ 844 million
4. Total spending on corporate social responsibility (CSR) as percentage of profit after tax for 2019-20 (%)	2.69%
5. List of activities where the above mentioned item no. 4 expenditures were incurred:	Refer to Annexure to the Directors' Report given in the Annual Report

SECTION C: OTHER DETAILS

1. Does the Company have any subsidiary company/ companies?	Yes
2. Do the subsidiary company/companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(ies)	The Company has one subsidiary and during the year 2019-20, there were no operations carried out by the same.
3. Do any other entity/entities (e.g. suppliers and distributors, among others), that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? (Less than 30%, 30-60%, more than 60%)	The Company expects all business partners to adhere to the Company's business principles.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for Business Responsibility

- a) Details of the Director/Directors responsible for implementation of the BR policy/policies
DIN Number : 00062203
Name : Jai Hiremath
Designation : Chairman and Managing Director

- b) Details of the BR head

Sr. No.	Particulars	Details
1.	DIN Number (if applicable)	00062203
2.	Name	Jai Hiremath
3.	Designation	Chairman and Managing Director
4.	Telephone number	022 3097 3100
5.	E-mail id	secretarial@hikal.com

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

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

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

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

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

Principle 5: Businesses should respect and promote human rights

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

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

Principle 8: Businesses should support inclusive growth and equitable development

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

Sr. Questions No.	Business Ethics	Sustainability	Employees' Well-being	Stakeholders Interests	Human Rights	Environment	Regulatory Policy	Equitable Development	Customers' Value
	P1	P2	P3	P4	P5	P6	P7	P8	P9
1. Do you have policy/policies for.....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2. Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3. Does the policy conform to any national/ international standards? If yes, specify? (50 words)*	Y	Y	Y	Y	Y	Y	Y	Y	Y
4. Has the policy been approved by the Board? If yes, has it been signed by MD/Owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5. Does the Company have a specified committee of the Board/ Director/Official to oversee the policy implementation?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6. Indicate the link for the policy to be viewed online	#	#	#	#	#	#	#	#	#
7. Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8. Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9. Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10. Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

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

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

2a. If answer to S. No. 1 against any principle, is 'No', please explain why:

Sr. Questions No.	P1	P2	P3	P4	P5	P6	P7	P8	P9
1. The Company has not understood the principles	-	-	-	-	-	-	-	-	-
2. The Company is not at a stage where it finds itself in a position to formulate and implement policies on specified principles	-	-	-	-	-	-	-	-	-
3. The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4. The Company plans to get it done within the next 6 months	-	-	-	-	-	-	-	-	-
5. The Company plans to get it done within the next 1 year	-	-	-	-	-	-	-	-	-
6. Any other reason (please specify)	-	-	-	-	-	-	-	-	-

3. Governance related to BR

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

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

The Company is publishing Business Responsibility Report for the first time in the Annual Report for the year 2020.

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

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

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

The company does not have a separate Sustainability Report currently.

SECTION E: PRINCIPLE-WISE PERFORMANCE

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

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

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

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

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

We did not receive any significant complaints from stakeholders in the last financial year.

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

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

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

Reducing/ Eliminating the use of hazardous reagents wherever possible by making the processes greener.

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

Creating more efficient scrubber designs that enabled the capture of toxic chemicals to be often reused in the process

- c) Reduction of carbon footprint

Evolving greener processes using catalysts / continuous manufacturing.

2. For each such product, provide the following details with respect to resource use (energy, water, and raw material, among others) per unit of product (optional):

- a) Was reduction during sourcing/production/distribution achieved since the previous year across the value chain?

Yes. The increased emphasis on developing greener processes has resulted in significant avoidance of waste generation. Development of better effluent treatment procedures have resulted in more benign wastewater with increased potential for reuse.

- b) Was reduction during usage by consumers (energy, water) achieved since the previous year?
- Introduction of suitable catalysts has resulted in processes that consume less energy and generate less waste. Installation of Multiple Effect Evaporators has resulted in more efficient recycle of water, thereby indirectly decreasing water consumption.
3. Does the Company have procedures for sustainable sourcing (including transportation) in place?
- a) If yes, what percentage of inputs were sourced sustainably? Also, provide details thereof, in about 50 words or so.
- Yes, Hikal has a responsible supply-chain policy aimed at sustainable sourcing of inputs. The Company has a supplier evaluation and qualification process. On-site audits/visits are made to review the practices followed at suppliers' site towards this objective.
4. Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding Hikal's place of work?
- a) If yes, what steps have been taken to improve the capacity and capability of local and small vendors?
- Yes, Hikal does procure goods and services from local and small producers wherever it meets the quality requirements. The Company has a comprehensive engagement model for encouraging local/small vendors. 48% of Hikal's procurement is from domestic producers and 52% from international producers.
- Hikal continuously puts efforts to increase the procuring of goods and service from small domestic producers. The Company has imparted knowledge and skill to some of its partners to develop them into being long term suppliers.
5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.
- Yes, the Company does have a mechanism to recycle the process solvents and ensures all waste is recycled at authorised offsite facilities. Hikal has developed various processes to recycle solvents in the manufacture of its products thereby reducing the waste generated. Hikal currently recycles between 5% - 10% of its waste generated.

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

1. Please indicate the total number of employees: 2,274 (including item no. 2 & 3 mentioned below)
2. Please indicate the total number of employees hired on temporary/contractual/casual basis: 645
3. Please indicate the number of permanent women employees: 78
4. Please indicate the number of permanent employees with disabilities: 2
5. Does the Company have an employee association that is recognised by management?
- Bhartiya Kaamgar Karmachari Mahasanghatan
 - Hikal Chemical Worker Union
 - New Maritime & General Kaamgar Sanghatana
 - Jay Bhartiya General Kamgar Sanghatana
 - Hikal Worker Union
6. What percentage of your permanent employees are members of this recognised employee association? 9.39%
7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, and sexual harassment, in the last financial year and pending, as at the end of the financial year.

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

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

Particulars	Panoli	Taloja	Mahad	Pune R&T	Jigani I	Jigani II
a) Permanent employees	77%	65%	80%	87%	90%	90%
b) Permanent women employees	100%	100%	100%	88%	100%	100%
c) Casual/temporary/contractual employees	65%	71%	74%	53%	78%	69%
d) Employees with disabilities	--	100%	--	--	--	--

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

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

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

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

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

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

Yes. Special initiatives are taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders by providing educational infrastructure, books, special aids, educational material for visually challenged, scholarship and school infrastructure. Hikal also provides medical aid to under privileged people in surrounding areas across our manufacturing sites.

Principle 5: Businesses should respect and promote human rights.

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

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

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

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

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

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

As a part of our corporate goals, the policy demonstrates our commitment to maintain a high standard of environmental protection, sharing of best practices and providing a safe and healthy workplace. The policy covers our employees and interested parties, ensuring compliance.

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

Yes, there is a continuous thrust on 'Green Chemistry Principles' and the Company identifies processes to minimise consumption of solvents and energy, recycle and reduce waste, thereby minimising the impact on environment. This is available on our Company's website at: <https://www.hikal.com/page/research-technology>

3. Does the Company identify and assess potential environmental risks? Yes/No
Yes. The Company identifies potential environmental risk at the time of product / project conceptualisation, R & D activities, and operation phase. Responsibility has been assigned to competent personnel and it is being reviewed regularly at different levels within the organisation.
4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?
The Company is signatory to "Responsible Care". The Company has adopted and implemented all best practice codes of "Responsible Care", which includes "Product Stewardship" and "Pollution Prevention". The Company uses energy from alternative source of energy supply which has reduced carbon footprint significantly of our pharmaceutical manufacturing operation.
5. Has the Company undertaken any other initiatives on clean technology, energy efficiency, and renewable energy, among others. Yes/No. If yes, please give hyperlink for web page etc.
Yes, being a technology-driven Company, we have developed a 'green' process for one of our molecules that is used as an anti-convulsant. This will significantly reduce effluent levels and make the manufacturing process environment friendly.
6. Are the emissions/waste, generated by the Company, within the permissible limits as given by CPCB/SPCB for the financial year being reported?
Yes, water, air and solid waste emission are within limits as given by CPCB / SPCB. There are adequate environment management systems installed at all manufacturing facilities with online measurement to ensure compliance of CPCB/SPCB limits.
7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of financial year.
The Company has received a notice from the State Pollution Control Board (SPCB) for the closure of its Mahad Plant, which has since been revoked in FY 2020'21 and the plant is operating normally.

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

1. Is your Company a member of any trade and chamber or association? If yes, name only the major ones that your business deals with:
 - a) Confederation of Indian Industry (CII)
 - b) The Federation of Indian Chambers of Commerce and Industry (FICCI)
 - c) Indian Merchant Chambers (IMC)
 - d) National Safety Council
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; If yes, specify the broad areas (Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, and Sustainable Business Principles, among others)
Governance, Policy Reform, Sustainable Business Principles

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

1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.
As a part of our CSR policy, the Company has taken up several initiatives in this regard for the communities or villages around our manufacturing sites. All our programs and initiatives have complemented and supported the development priorities of the local communities.
2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organisation?
All the programs/projects undertaken by Hikal are through in-house team and external NGOs. An HR department with qualified staff has been constituted for formulation, implementation and review of CSR activities. These activities are monitored by CSR Committee of the Company.

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

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

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

Total expenditure incurred on community development initiatives during the financial year was Rs. 22.73 million. The programs undertaken are as per the CSR Policy enumerated in the CSR Report annexed to the Directors' Report.

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

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

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

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

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

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

Yes, all the relevant product information such as name and grade of the product, batch number, manufacturing date, re-test date, quantity, manufacturer's details, storage and handling instructions, precautionary/hazard statements, and disposal procedures, among others are provided on the labels.

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

No.

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

Yes, customer feedback is taken and evaluated periodically.