

The background of the page is a light blue-grey gradient. It features several overlapping circles of different sizes and colors. A large, vibrant blue circle is on the left side, partially cut off. A large, teal-colored circle is in the center, overlapping the blue one. Several smaller, thin-lined circles in white and light blue are scattered throughout the composition.

CREATING VALUE THROUGH
SUSTAINABILITY

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

Jai Hiremath
Executive Chairman



Scan the QR Code to view the report online

ESG at Hikal

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Environment



Social



Governance

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



2022-23 Highlights

FINANCIAL

₹20,230 mn
Revenue

13%
EBITDA Margin

₹6.36
EPS

₹127 mn
Free Cash Flow

19%
Dividend
Payout Ratio

0.61x
Net Debt
to Equity

ESG

ENVIRONMENT

7%
Reduction in water
intensity per ₹ of turnover



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

SOCIAL

2,16,500
Beneficiaries

Zero
Fatalities



GOVERNANCE

20%
Women Directors

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



*Other than BoD and KMPs

CREATING VALUE THROUGH SUSTAINABILITY



About the Cover

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

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

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

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

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

Overcoming. Thriving. Succeeding.

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

Jai Hiremath
Executive Chairman



Dear Shareholders,

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

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

Financial Performance

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

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

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

Pharmaceutical Division

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

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

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

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

Crop Protection Division

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

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

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

Animal Health

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

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

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

Business Transformation – Project Pinnacle

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

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

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

Research and Technology

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

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

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

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

Creating Shared Value

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

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

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

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

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

Responsible Growth – ESG Goals

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

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

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

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

Way Forward

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

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

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

Warm Regards,

Jai Hiremath
Executive Chairman



CORPORATE OVERVIEW

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

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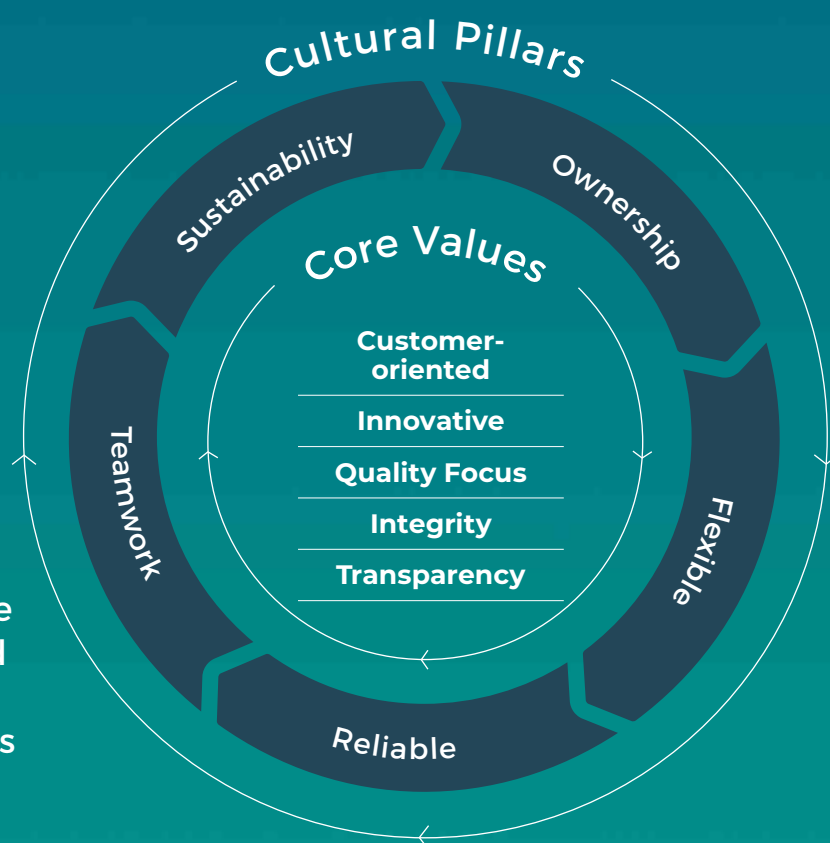


VISION

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

MISSION

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



Net Worth
₹11,335 mn

Years
35+

Employees
3,211

Trusted Partner for Growth

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

OUR BUSINESSES

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



Started
operations
in
2001



PHARMACEUTICAL DIVISION

What We Do

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

What We Offer



Contract
Manufacturing



APIs



Intermediaries



Started
operations
in
1988



CROP PROTECTION DIVISION

What We Do

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

What We Offer



Contract
Manufacturing



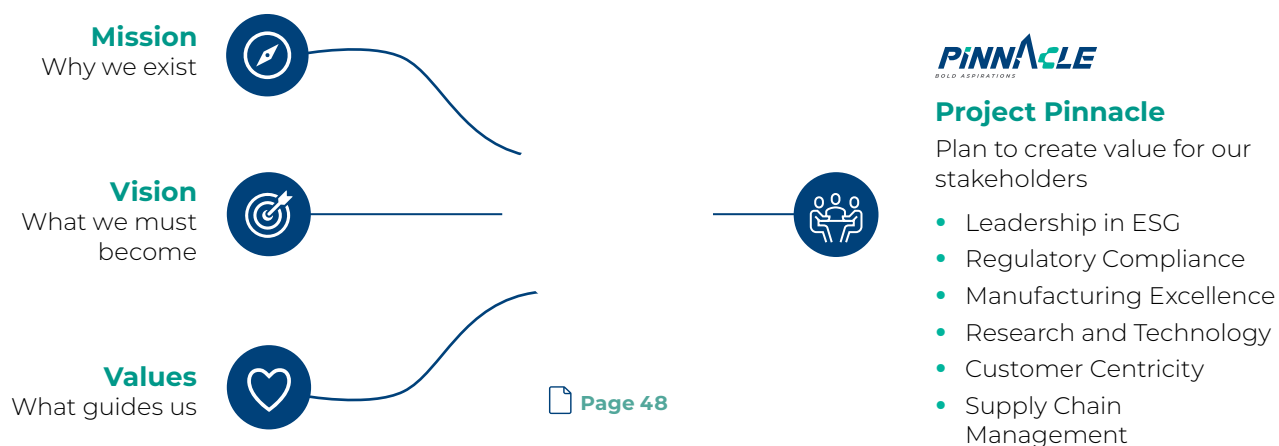
Active
Ingredients



Intermediaries

PROJECT PINNACLE

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



ESG

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



Environment

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

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Social

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

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Governance

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

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Our Indian Network

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



● Corporate

Headquarters

Navi Mumbai, Maharashtra

Marketing Office

Bengaluru, Karnataka

★ Research & Technology Centre

Pune, Maharashtra

◆ Manufacturing Facilities

Pharmaceutical

1. Jigani Unit 1, Karnataka
2. Jigani Unit 2, Karnataka
3. Panoli, Gujarat

Crop Protection

1. Mahad, Maharashtra
2. Taloja, Maharashtra
3. Panoli, Gujarat

MANUFACTURING CAPABILITIES

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

Pharmaceutical Division



Jigani Unit 1, Karnataka

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

626 M³

TOTAL REACTOR VOLUME

940

HUMAN CAPITAL



Jigani Unit 2, Karnataka

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

93 M³

TOTAL REACTOR VOLUME

193

HUMAN CAPITAL



Panoli, Gujarat

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

759 M³

TOTAL REACTOR VOLUME

531

HUMAN CAPITAL

Crop Protection Division



Mahad, Maharashtra

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

531 M³

TOTAL REACTOR VOLUME

362

HUMAN CAPITAL



Taloja, Maharashtra

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

600 M³

TOTAL REACTOR VOLUME

362

HUMAN CAPITAL



Panoli, Gujarat

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

765 M³

TOTAL REACTOR VOLUME

273

HUMAN CAPITAL



Pharmaceutical Division

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



MANUFACTURED CAPITAL

\$18 mn
Capex

1,600 M³
Capacity



HUMAN CAPITAL

1,664
Employees

246
Personnel in R&T
and technical services



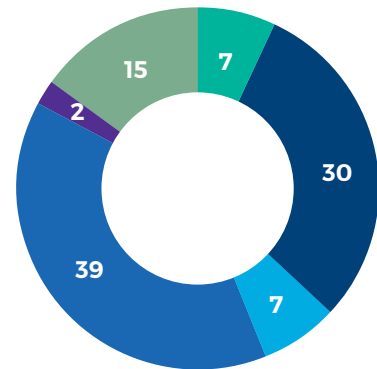
FINANCIAL HIGHLIGHTS

₹ 11,152 mn
Revenue

₹650 mn
EBIT

Export Revenue

(%)



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

BUSINESS HIGHLIGHTS IN 2022-23

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

ANIMAL HEALTH

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



THE HIKAL ADVANTAGE



Track Record of Excellence

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



Strong R&D Capabilities

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



Commitment to Meeting Global Standards

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



Human Health Products: Therapeutic Categories

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



Animal Health Products: Therapeutic Categories

Anti-tick	Anti-parasitic	Analgesic	Anabolic Steroids	Female Sex Hormone	NSAID
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Crop Protection Division

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



MANUFACTURED CAPITAL

\$20 mn
Capex

2,500 M³
Capacity



HUMAN CAPITAL

997
Employees

65
Personnel in R&T and technical services



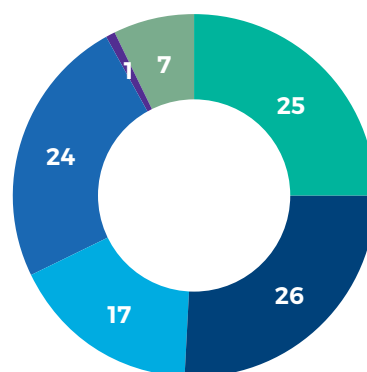
FINANCIAL HIGHLIGHTS

₹9,079 mn
Revenue

₹1,033 mn
EBIT

Export Revenue

(%)



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

BUSINESS HIGHLIGHTS IN 2022-23

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

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



THE HIKAL ADVANTAGE



Strong Product Pipeline

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



Customer Focus

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



Multi-use Asset Base

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



Crop Protection: Production Applications

Algaecide

Biocide

Fungicide

Herbicide

Insecticide

Intermediate

Embracing New Technologies

Pune R&T at a Glance

16

SYNTHETIC
LABORATORIES

4

INSTRUMENTATION
LABS

1

PROCESS
INTENSIFICATION
LAB

1

KILO LAB

1

SIMULATION
LAB

1

HIGH
PRESSURE
LAB

1

PROCESS
SAFETY LAB

1

SOLID STATE
CHEMISTRY LAB

26

PhDs
(INCLUDING 10
POST-DOC)

>300

POST GRADUATES

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

Solutions Offered



**Route
Scouting**



**Process
Development**



**Analytical
Method
Development**



**Technology
Development**



**Small Scale
Synthesis**



**Scale-up
Support**

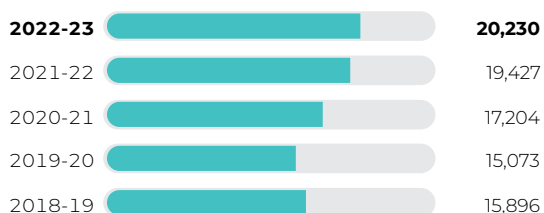


**Process
Engineering**

Tracking our Progress

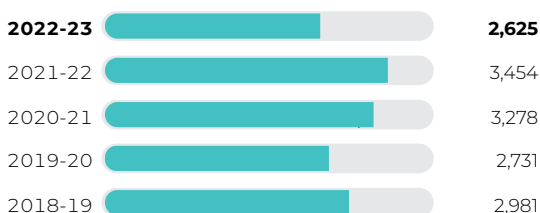
Revenue

(in ₹ mn)



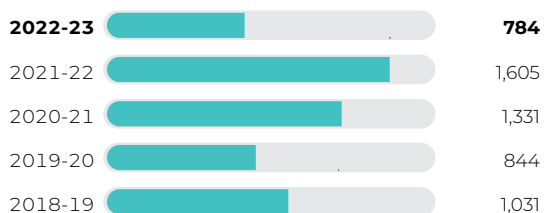
EBITDA

(in ₹ mn)



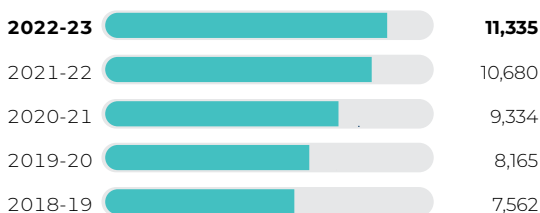
PAT

(in ₹ mn)



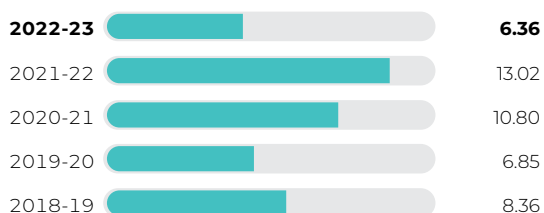
Net Worth

(in ₹ mn)



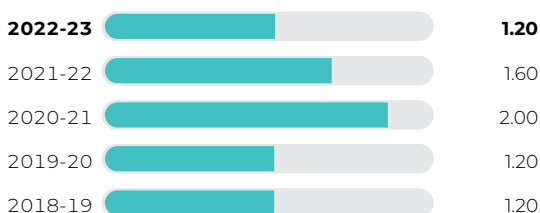
EPS

(in ₹)



DPS

(in ₹)



Credit Rating

A+
Long-Term
Rating by ICRA

A1
Short-Term
Rating by ICRA

Being Recognised for our Efforts



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

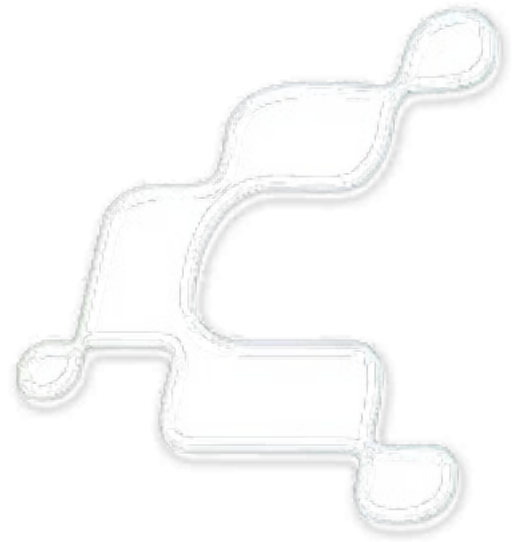


Hikal Academy conferred with the '**Best Corporate University Award**' at the LeapVault CLO Summit and Awards.



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

Built on a Strong Foundation



FINANCIAL CAPITAL

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

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

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MANUFACTURED CAPITAL

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

5
MANUFACTURING
FACILITIES

4,100 M³
MANUFACTURING CAPACITY

 [Page 12](#)



INTELLECTUAL CAPITAL

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

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

354
R&T PERSONNEL COUNT

 [Page 43](#)



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



HUMAN CAPITAL

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

₹69 mn

INVESTMENT IN L&D

[Page 77](#)

4,383

THOUSAND PERSON-DAYS
OF TRAINING



SOCIAL AND RELATIONSHIP CAPITAL

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

₹37.5 mn

CSR EXPENDITURE

[Page 82](#)

2,16,500

LIVES IMPACTED THROUGH
CSR ACTIVITIES



NATURAL CAPITAL

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

20%

RENEWABLE
ENERGY USED

[Page 68](#)

7%

REDUCTION IN WATER
CONSUMPTION

The Pursuit of Sustainable Growth

Inputs

Value Creation Process



Financial Capital

Total Equity: ₹11,335 mn

Net Debt: ₹6,884 mn



Manufactured Capital

Capacity: 4,100 M³



Intellectual Capital

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



Human Capital

Investment in L&D: ₹69 mn

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



Social and Relationship Capital

CSR expenditure: ₹37.5 mn



Natural Capital

Electricity consumption: 1,00,517 mWh

Water consumption: 1,66,685 mn litres

GHG Emissions produced: 85,230 MTCO₂e



Output

Outcome



Financial Capital

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



Manufactured Capital

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



Intellectual Capital

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



Human Capital

Retention rate: **80%**



Social and Relationship Capital

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



Natural Capital

Reduction in water consumption: **7%**



Investors

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



Customers

Providing technological solutions for customers around the world.



Employees

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



Value Chain Partners

Collaborating with all the stakeholder across our value chain.



Communities

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



Government and Regulators

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

Distribution



MANAGEMENT DISCUSSION AND ANALYSIS

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

INSIDE THIS SECTION

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Cautionary Statement

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

ECONOMIC REVIEW

Global Economic Review

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

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

Outlook

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



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

Global Growth Forecast (%)

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

Source: World Economic Outlook, IMF, April 2023

Note: E stands for estimated and P stands for projections

China's Economic Reopening

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

Indian Economic Review

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

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

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

Outlook

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

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

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

India's Growth Forecast

(%)



Source: CSO/RBI

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



INDUSTRY AND BUSINESS REVIEW



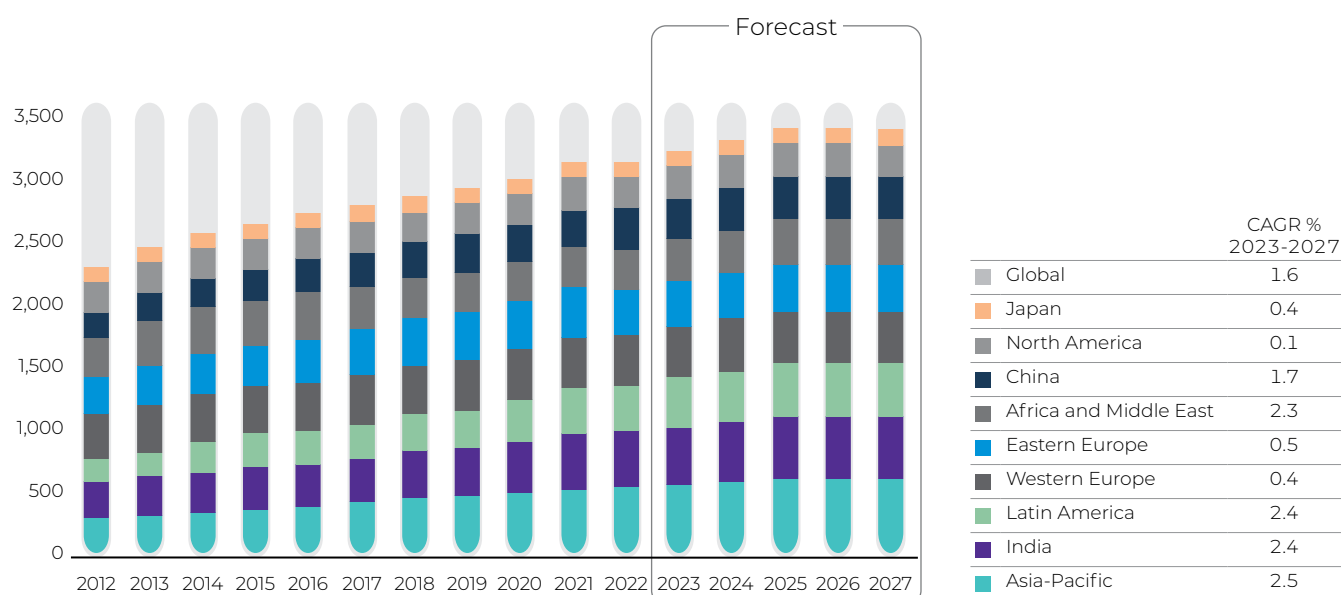
Global Pharmaceutical Industry

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

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



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



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

Megatrends

Boom in Generics Medicine

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

Digital Health

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

Focus on Sustainability

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

Growth by Region

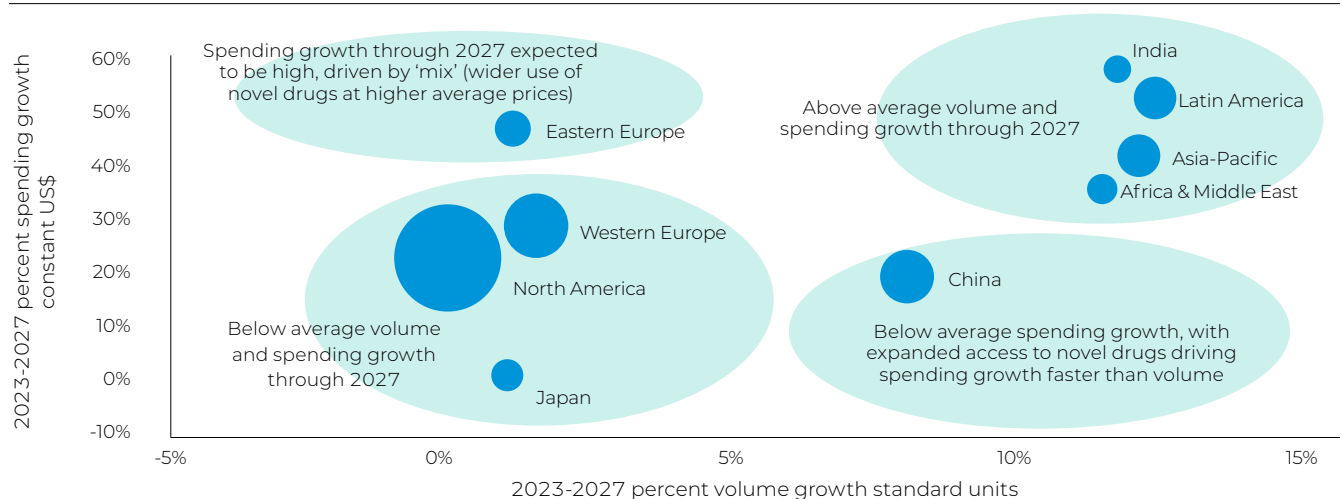
In 2022, according to a recent report by the IQVIA Institute for human data science, the US market, on a net price, is forecasted to experience a positive CAGR over the next five years. This includes the projected effects of the Inflation Reduction Act (IRA). Additionally, Europe is expected to witness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

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

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

Spending and Volume Growth by Region

(%)

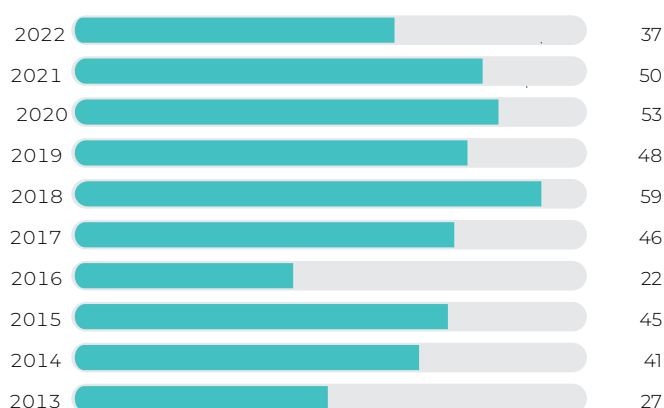


Source: IQVIA Market Prognosis, Sep 2022; IQVIA Institute, November 2022.

FDA Drug Approvals

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

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



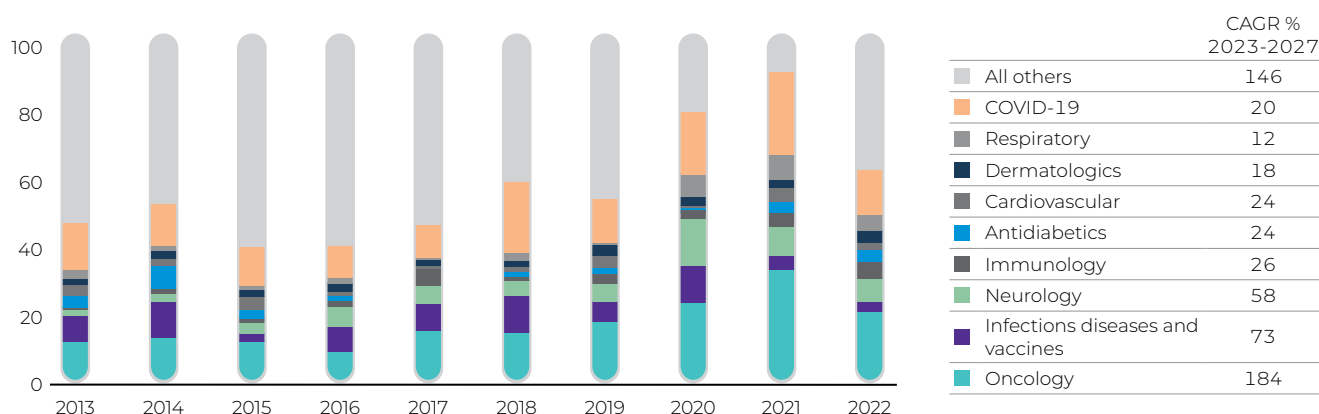
Source: USFDA

New Drug Launches

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

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

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



Source: IQVIA Institute, January 2023.

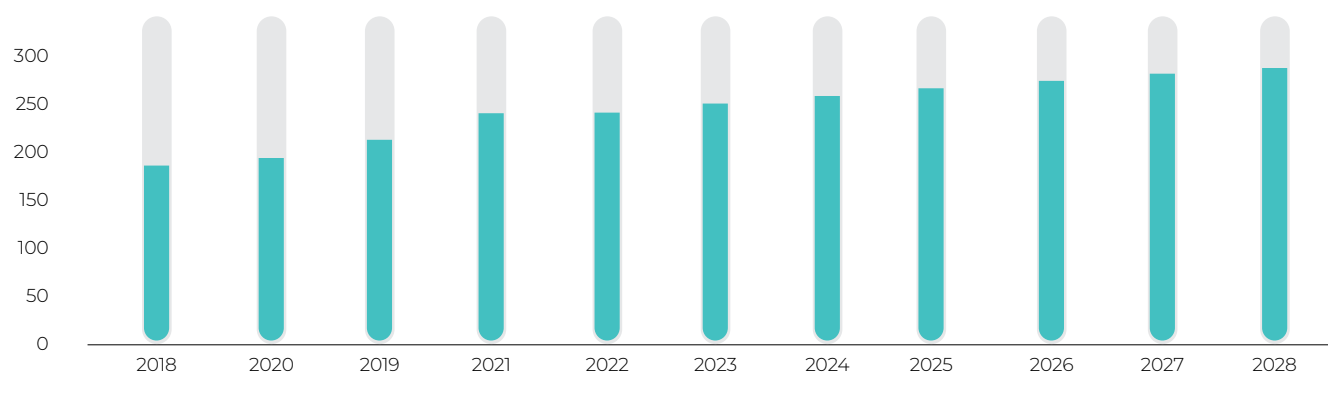
Pharmaceutical R&D

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

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

Pharmaceutical R&D Spending, 2018-2028

(in \$ bn)



Indian Pharmaceutical Industry

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

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

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

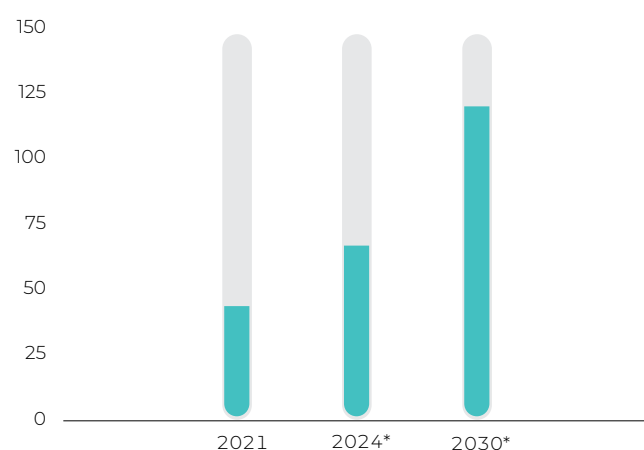
India's Presence in the Global Industry

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

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

India Pharmaceutical Market

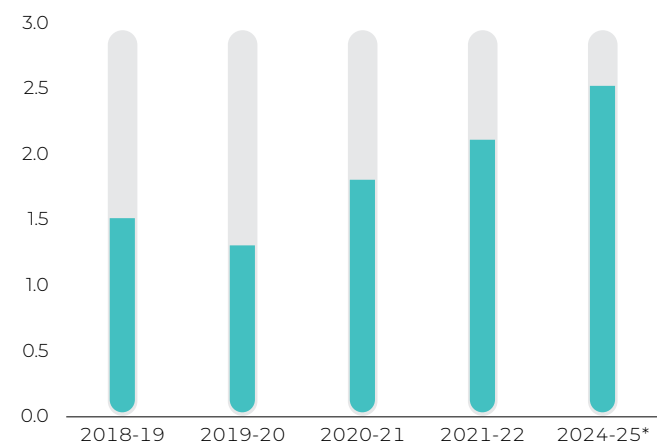
(in \$ bn)



Source: Statista

* Estimated

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



Source: Statista

* Projected

Snapshot of Government Policies

Production-Linked Incentive Scheme for Bulk Drugs (PLI 1.0)

Domestic manufacturing of 53 KSMs/Drug Intermediated and APIs

Production Linked Incentive scheme for Pharmaceuticals (PLI 2.0)

Domestic manufacturing of high value products

Bulk Drug Parks Scheme

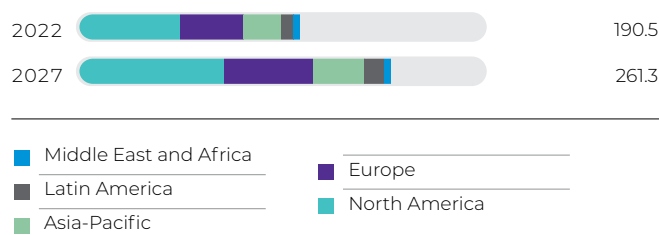
3 Bulk Drug Parks with Common Infrastructure Facilities

Global Active Pharmaceutical Ingredients (API) Industry

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

Growth by Region

(in \$ bn)



Source: Polaris Market Research Analysis

Megatrends

High Potency API growing across the globe

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

Ageing Population

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

Technological Advancements

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



Indian Pharmaceutical (API) Industry

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

Hikal's Opportunity Landscape

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

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

Global Contract Development and Manufacturing Organisation (CDMO) Industry

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

Indian Contract Development and Manufacturing Organisation (CDMO) Industry

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

Hikal's Opportunity Landscape

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

Megatrends

Increasing Demand for High-Value Services

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

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

Increasing Focus on Technology and Innovation

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

Integrated Services

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

HIKAL – BUSINESS REVIEW OF THE PHARMACEUTICAL DIVISION



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

API

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

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

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

CDMO

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

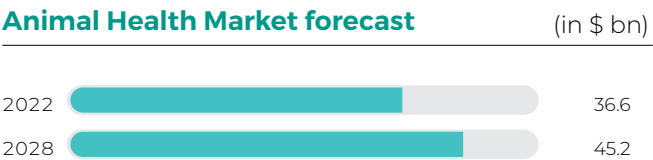
Performance Snapshot

(in ₹ mn)



Global Animal Health Industry

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



Source: IMARC

Growth by Regional Market Segment

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

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



Indian Animal Health Industry

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

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



Megatrends

Government Support and Initiatives

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

Increasing Awareness about Animal Health

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

Rising Pet Ownership

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



HIKAL – BUSINESS REVIEW OF THE ANIMAL HEALTH DIVISION

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

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





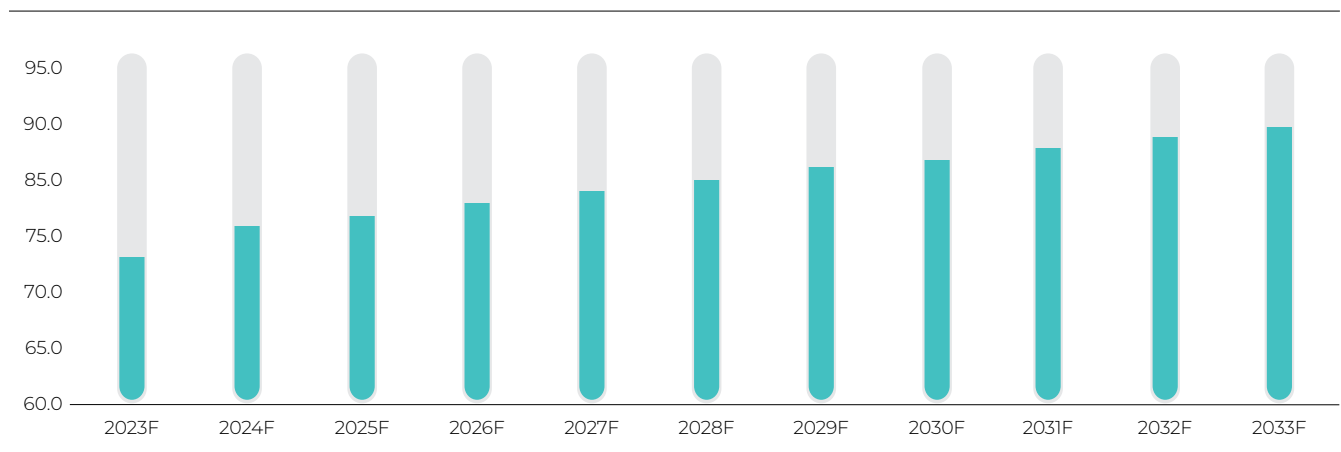
Global Crop Protection Industry

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

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

Forecasted Agrochemical Market Performance, 2022-2032

(in \$ bn)



Source: S&P Global

F: Forecasted

Growth by Product

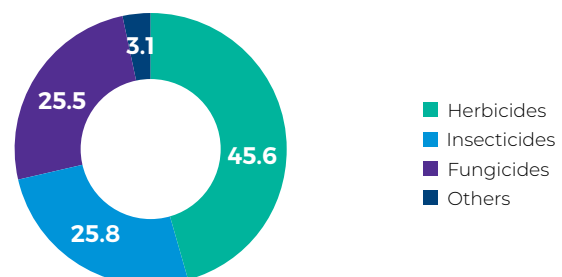
As on 2022, the crop protection industry is dominated by herbicides, with a market share of 45.6%.

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



Crop Protection Industry, Split by Market Type

(%)



Source: S&P Global

Growth by Region

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

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

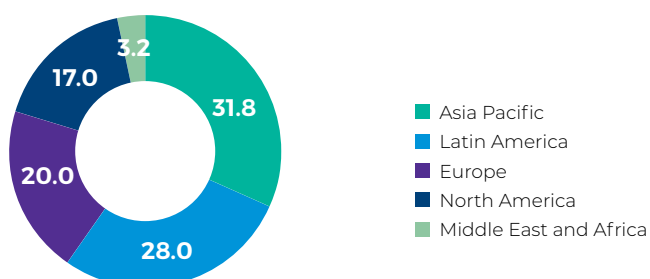
However, the growth in the Asia-Pacific market has been partly offset by weakness in Japan. Limited demand for pesticides, coupled with a significant depreciation in the Yen, has resulted in a decline of 8.7% in the Japanese market, which is estimated to have reached \$3,238 million.

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

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

Crop Protection Industry, Split by Region

(%)



Source: S&P Global

Indian Crop Protection Industry

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

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

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



Source: S&P Global

Hikal Opportunity Landscape

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

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

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

HIKAL – BUSINESS REVIEW OF CROP PROTECTION DIVISION



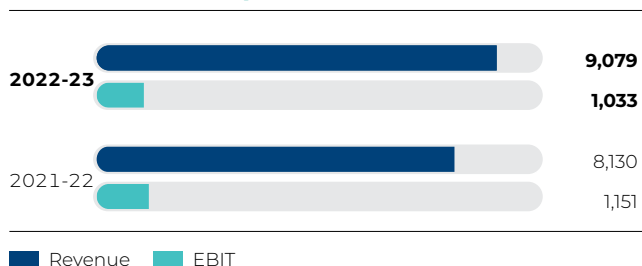
The Crop Protection division achieved a 12% annual revenue growth with ₹9,079 million in total revenues for 2022-23 compared to ₹8,130 million recorded in the previous year. The EBIT of the division was at ₹1,033 million, representing a margin of 11%. The revenue growth is primarily attributable to higher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

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

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

Performance Snapshot

(in ₹ mn)



RESEARCH & TECHNOLOGY REVIEW



Pioneering Excellence in Meeting Customer Demands

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

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

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

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

Process Improvement

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

Regulatory Filings

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

API

Hikal's R&T Initiatives in Animal Health APIs

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

Application of Green Chemistry Principles

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

Innovative and Safer Process for Key Starting Materials (KSMs)

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



Development of Green Chemistry-Based APIs

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

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

CDMO

Exploring Lipid Chemistry: A New Frontier for Hikal

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

Scaling Up Nutritional Supplement Drug Production

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

Recognition in Macrolide Chemistry: Publication in ACS Omega Journal

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

Safety and Sustainability at the Core

Successful Scaling of Click Chemistry and Safety Measures

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

Robust Process Development for a Flavouring Agent

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

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

Development of Greener Process for an Advanced Intermediates

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

Crop Protection

New Equipment's in ET Lab:

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

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

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

Milestones Achieved Last Year

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

Outlook

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

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

FINANCIAL REVIEW

Consolidated Abridged Profit & Loss Statement

(in ₹ mn)

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

Revenue from Operations

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

EBITDA

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

PAT

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

₹20,284 mn
REVENUE

₹2,625 mn
EBITDA

Consolidated Cash Flow Statement

(₹ in mn)

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

Working Capital Position

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

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

Debt Position

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

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

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

Capex

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

Key Financial Ratios

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

STRATEGIC REVIEW

Project Pinnacle

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





Leadership in ESG

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

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

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



Regulatory Compliance

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

Competitive Advantage

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

How We Use It:

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

Key Pharma Regulatory Approvals

Integrated Management System across all Sites



Manufacturing Excellence

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

Competitive Advantage

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

How We Use It:

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

HIBEX Productivity Challenge

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

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

Initiatives Undertaken

Capacity

Launch of:

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

Addition of:

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

Capacity

HIBEX:

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

Compliance

Planned Approvals

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



Research and Technology

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

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

Competitive Advantage

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

How We Use It:

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





Customer Centricity

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

Competitive Advantage

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

How We Use It:

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

Initiatives Undertaken

Key Account Management (KAM) Systems

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

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

Customer Roadshow

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





Supply Chain Management

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

Competitive Advantage

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

How We Use It:

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

Initiatives Undertaken

Backward Integration

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

Localisation

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

Alternate Sources and Partnerships

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

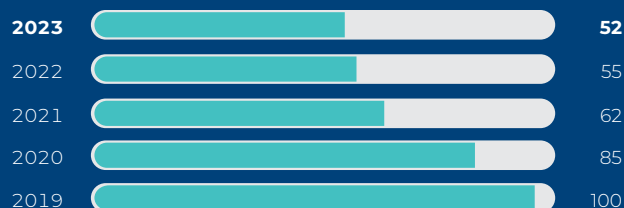
Digitised and Integrated Supply Chain

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

Reducing our Dependence on a Single Geography

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

Share of Procurement from China for Select Products (%)



Risk Management

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

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

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Human Resources

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

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

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Internal Controls and their Adequacy

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

Organisational Threats

Adverse Movements in Raw Material

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

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



ESG AT HIKAL

THE PURSUIT OF SUSTAINABLE GROWTH

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

INSIDE THIS SECTION

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Environment

75%

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

Social

Zero

SEXUAL HARASSMENT COMPLAINTS
REGISTERED IN 2022-23

Governance

20%

WOMEN DIRECTORS

Driving Change Together

WHO THEY ARE	 Investors Provides capital to us in exchange for ownership or debt instruments.	 Customers Users of our products and services across a diverse set of industries.	 Employees Everyone either directly or indirectly employed by us to conduct our operations.
HOW WE ENGAGE	• Analyst meets • Quarterly calls, financial reports, and presentations • Annual General Meetings • Annual reports • Official communication channels: advertisements, publications, website, and social media	• Customer meetings • Official communication channels: advertisements, publications, website, and social media • Conferences and events • Customer feedback and satisfaction survey	• Timely internal communications • Capability development programmes • Performance appraisal • Grievance redressal mechanisms • Wellness programmes
WHAT WE DO FOR THEM	Deliver superior returns through optimal utilisation of resources. • Sustainable growth • High standards of corporate governance and risk management	Provide best-in-class products and services. • Timely delivery • Wide range of high-quality products • Competitive pricing • Post-sales support	Create an empowering, inclusive, and safe workplace. • Fair wages and rewards • Improved work-life balance • Career growth • Safe, secure, and healthy work environment

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



Value Chain Partners

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

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

Create an inclusive ecosystem for growth.

- Timely payment
- Capacity building
- Transparency



Communities

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

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

Empower beneficiaries through our CSR activities.

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



Government and Regulators

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

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

Contributing towards creating a sustainable growth ecosystem.

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

Matters that Shape Our Value Creation

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

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

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

MATERIALITY ASSESSMENT METHODOLOGY



ENVIRONMENT



ENERGY EFFICIENCY AND CARBON EMISSIONS

Capitals Impacted



Stakeholder Impacted



Why this is Important

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

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

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



WASTE MANAGEMENT

Capitals Impacted



Stakeholder Impacted



Why this is Important

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

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



WATER AND EFFLUENT MANAGEMENT

Capitals Impacted



Stakeholder Impacted



Why this is Important

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

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



Financial Capital



Intellectual Capital



Social and Relationship Capital



Manufactured Capital



Human Capital



Natural Capital



Investors



Customers



Employees



Value Chain Partners



Communities



Government and Regulators



BIODIVERSITY PROTECTION

Capitals Impacted



Stakeholder Impacted



Why this is Important

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

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



AIR POLLUTION

Capitals Impacted



Stakeholder Impacted



Why this is Important

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

However, reducing emissions enhances our reputation, attracts

eco-conscious customers, and improves competitiveness.

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



GREEN CHEMISTRY

Capitals Impacted



Stakeholder Impacted



Why this is Important

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

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



Financial Capital



Intellectual Capital



Social and Relationship Capital



Manufactured Capital



Human Capital



Natural Capital



Investors



Customers



Employees



Value Chain Partners



Communities



Government and Regulators

SOCIAL



DIVERSITY, INCLUSION AND EQUAL OPPORTUNITIES

Capitals Impacted



Stakeholder Impacted



Why this is Important

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.



EMPLOYEE WELL-BEING, BENEFITS AND RETENTION

Capitals Impacted



Stakeholder Impacted



Why this is Important

Prioritising employee well-being, benefits, and skill development offers significant opportunities for our organisation. By creating a positive work environment that supports physical and mental health, providing benefits and flexible arrangements, and offering skill

development opportunities, we enhance job satisfaction, retention, and engagement, and attract top talent. This fosters a culture of continuous learning and growth, boosting productivity, performance, competitiveness, and long-term success.



OCCUPATIONAL HEALTH AND SAFETY

Capitals Impacted



Stakeholder Impacted



Why this is Important

Occupational health and safety are critical risks for our organisation. Neglecting a safe working environment leads to accidents, injuries, and illnesses, impacting employee well-being, morale, productivity, and absenteeism.

Non-compliance results in legal liabilities, fines, penalties, and reputational damage. Investment in occupational health and safety ensures the well-being of our workforce and safeguards our success.



Financial Capital



Intellectual Capital



Social and Relationship Capital



Manufactured Capital



Human Capital



Natural Capital



Investors



Customers



Employees



Value Chain Partners



Communities



Government and Regulators



HUMAN RIGHTS AND COMMUNITY RELATIONS

Capitals Impacted



Stakeholder Impacted



Why this is Important

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

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

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

GOVERNANCE



PRODUCT QUALITY, SAFETY AND LABELLING

Capitals Impacted



Stakeholder Impacted



Why this is Important

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

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



RESEARCH AND INNOVATION

Capitals Impacted



Stakeholder Impacted



Why this is Important

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

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



SUSTAINABLE SUPPLY CHAIN

Capitals Impacted



Stakeholder Impacted



Why this is Important

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

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



Financial Capital



Intellectual Capital



Social and Relationship Capital



Manufactured Capital



Human Capital



Natural Capital



Investors



Customers



Employees



Value Chain Partners



Communities



Government and Regulators

SUSTAINABLE FINANCIAL PERFORMANCE

Capitals Impacted



Stakeholder Impacted



Why this is Important

Integrating sustainability into financial strategies offers opportunities. It reduces costs, enhances reputation, attracts investors, and ensures long-term viability. Sustainable performance

anticipates market trends and regulatory requirements, building trust and competitiveness while creating value for stakeholders and society.



REGULATORY COMPLIANCE

Capitals Impacted



Stakeholder Impacted



Why this is Important

Regulatory compliance and ethical business practices offer opportunities to our organisation. Adhering to regulations enhances reputation, and attracts responsible investors and customers. Compliance mitigates legal risks and maintains a positive

image. Ethical practices foster trust, accountability, and governance, promoting sustainability and resilience. Prioritising compliance and ethics differentiates us, attracts opportunities, and earns stakeholder trust in the industry.



DATA INTEGRITY AND SECURITY

Capitals Impacted



Stakeholder Impacted



Why this is Important

Data integrity and security are crucial for protecting valuable assets and maintaining stakeholder trust. Breaches or unauthorised access can lead to financial losses, reputation damage, and legal liabilities. Data integrity issues undermine decision-

making and operational efficiency. Implementing robust security measures and employee awareness programmes mitigate risks and safeguard data assets, reputation, and competitive position.



Financial Capital



Intellectual Capital



Social and Relationship Capital



Manufactured Capital



Human Capital



Natural Capital



Investors



Customers



Employees



Value Chain Partners



Communities



Government and Regulators



RISK MANAGEMENT AND BUSINESS CONTINUITY

Capitals Impacted



Stakeholder Impacted



Why this is Important

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

resilience minimises incidents, protects stakeholders, and enhances trust.

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



CUSTOMER ENGAGEMENT

Capitals Impacted



Stakeholder Impacted



Why this is Important

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

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



Financial Capital



Intellectual Capital



Social and Relationship Capital



Manufactured Capital



Human Capital



Natural Capital



Investors



Customers



Employees



Value Chain Partners



Communities



Government and Regulators

COMMITTED TO A GREENER FUTURE

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

Material Topics Covered



Energy Efficiency and Carbon Emissions



Waste Management



Water and Effluent Management



Biodiversity Protection



Air Pollution



Green Chemistry

Highlights 2022-23

17,176 MTCO₂e

EMISSIONS REDUCTION DUE TO RENEWABLE ENERGY PROJECTS

₹35.43 mn

YEARLY SAVINGS DUE TO INVESTMENTS IN ENERGY EFFICIENCY

32,255 GJ

WASTE RECYCLED





Energy Efficiency and Carbon Emissions

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

Increasing Energy Efficiency

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

Increasing the Share of Renewable Energy

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

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



Transitioning to Net Zero

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

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

Decarbonisation Strategy

1

Define

Our unique approach to mitigating the impact of our operations.

2

Setting Baseline

Establish Scope 1 and Scope 2 emissions baseline.

3

Deliver on our Climate Commitments

Set well-defined decarbonisation roadmap with Scope 1 and Scope 2 targets.

Tracking our progress

4.21

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

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

Scope 3 Emissions

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



Energy Efficiency

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

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

Crop Protection Division



₹31.73 mn
YEARLY SAVINGS

₹23.16 mn
INVESTMENTS MADE

Initiatives

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

Pharmaceutical Division

Initiatives

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

₹0.2 mn

INVESTMENTS MADE

₹3.7 mn

YEARLY SAVINGS



Renewable Energy

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

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

7,97,758 GJ

RENEWABLE ENERGY USED

75%

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



Waste Management

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

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

32,255 GJ

WASTE RECYCLED IN 2022-23

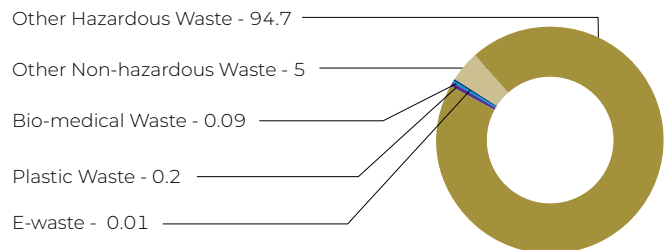
₹214.6 mn

INVESTMENTS MADE TO ENHANCE
EFFLUENT TREATMENT IN 2022-23



Waste Generated by Type

(%)



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



Water and Effluent Management

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

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

Water Recycling Initiatives

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

Water Conservation Initiatives

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



Biodiversity Protection

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

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

Case study

Ecological Protection near Our Jigani Plant

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

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

2,600

BENEFICIARIES
IN 2022-23

30,000

BENEFICIARIES OVER
THE PROPOSED
LIFECYCLE OF 15 YEARS

Afforestation Project at Navi Mumbai

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

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

200

SAPLINGS PLANTED
IN 2022-23

1,000

SAPLINGS EXPECTED TO
BE PLANTED OVER THE
PROJECT LIFECYCLE

Lake Rejuvenation Project





Air Pollution

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

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

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

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

Emissions, 2022-23, MT

Particulars	Units
SOx	4.74
NOx	33.24



BUILDING ENDURING RELATIONSHIPS



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

Material Topics Covered



**Diversity, Inclusion,
and Equal
Opportunities**



**Employee
Well-being, Benefits,
and Retention**



**Occupational Health
and Safety**



**Human Rights
and Community
Relations**



Skill Development

Highlights 2022-23

80%

RETENTION RATE

Zero

FATALITIES

80%

PERMANENT EMPLOYEES
HAVE BEEN PROVIDED TRAINING
ON HUMAN RIGHTS



Employees

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

6.2%

WOMEN AMONGST TOTAL EMPLOYEES



Diversity, Inclusion, and Equal Opportunities

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

6.2%

WOMEN
AMONGST TOTAL
EMPLOYEES

21.8%

WOMEN EMPLOYEES IN
CORPORATE OFFICES



Hikal Women's Forum

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

Initiatives:

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

Sexual Harassment

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

Zero

SEXUAL HARASSMENT COMPLAINTS
REGISTERED IN 2022-23



Employee Well-being, Benefits, and Retention

Employee Welfare and Engagement

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

Benefits

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



Tarang - Campus to Corporate

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

Employee Engagement Programmes

How We Engage Our Employees

Company-wide Events

Values Week



Safety Week

Our Initiatives

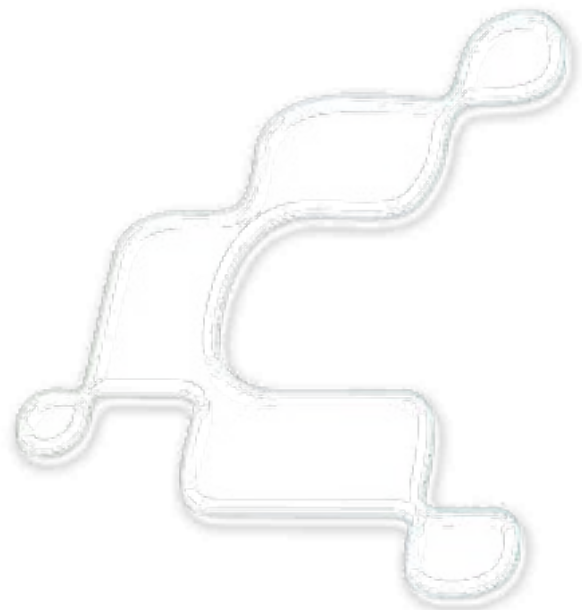


Employee Wellness Programmes

Ojas – Employee Wellness Programme

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





Parigyaan – Employee Recognition

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

Awards under Parigyaan

Spot Award

Innovation Award

Team of the
Month Award

Safety Champion of
the Month Award

Employee of the
Month Award

Department of the
Month Award

Lab of the Year Award

Rising Star of the
Month Award



Learning and Development (L&D)

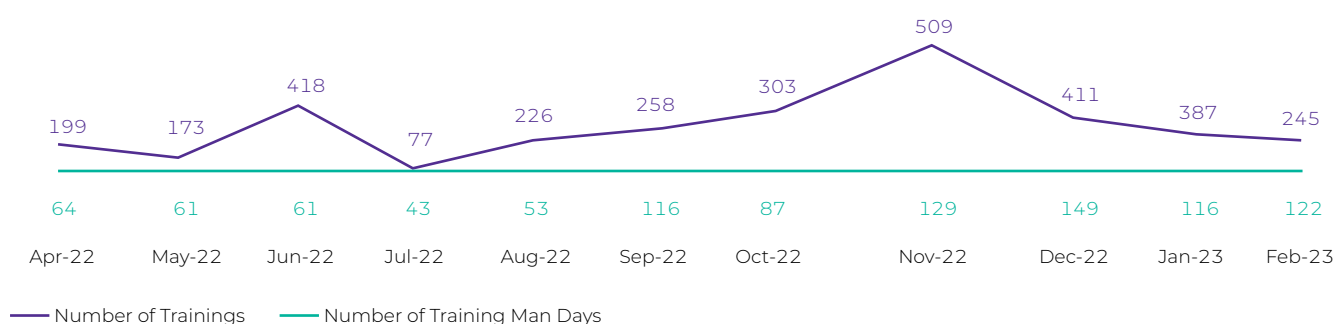
At Hikal, we believe that investing in our employees' growth and skill development is crucial for maximising productivity, capabilities, and creating value for all our stakeholders. Through various learning tools and interventions, we establish a culture of continuous learning and professional growth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

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

Technical Chapter

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

Technical Trainings - Month-wise



Train the Trainer

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

mySetu Training

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

IMS – Internal Auditor Training

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

Leadership Chapter

Unnati

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

Executive Coaching

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

Excellence Chapter

POSH Training

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

Excel Training

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



Occupational Health and Safety

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

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

How We Ensure the Health and Safety of Our Employees

Our Platforms/ Systems

mySetu EHS Portal

Our Initiatives

One Minute Safety Programme



Hazard Identification

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

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

Initiatives implanted in 2022-23

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

Health and Safety Performance*

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

*Note: For workers



Government and Regulators

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

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

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



Human Rights and Community Relations

Respecting Human Rights

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

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

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

80%

PERMANENT
EMPLOYEES HAVE BEEN
PROVIDED TRAINING
ON HUMAN RIGHTS

100%

PERMANENT WORKERS
ARE ASSOCIATED
WITH A UNION

Community Development

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

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



Anahat

Environment and ecology protection



Medha

Education and skill development



Kaushalya

Healthcare and sanitation



Rachna

Protection of national heritage, art, and culture



Sampark

Employee contribution

Environment and Ecology Protection (Anahat)

Continuation of Partnership for the Tetvali Afforestation Project at Rabale

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

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

14,000
TREES PLANTED

Appreciation of the Yellammanadoddi Lake Development Work

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

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

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



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

Education and Skill Development (Medha)

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

District-level Sports Competition

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

450

STUDENTS FROM 14 DIFFERENT SCHOOLS ACROSS THE RAIGAD DISTRICT

Youth Leadership Training Programme at Mahad

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

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

24

VILLAGERS ATTENDED THE YOUTH LEADERSHIP TRAINING PROGRAMME (YLTP)

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

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

122

STUDENTS BENEFITTED

Infrastructure Development of the Dattawadi Nere ZP School at Pune

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

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

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

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

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

160

STUDENTS BENEFITTED

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

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



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

455 children

ACCESS TO SPONSORED MEALS

Healthcare and Sanitation (Kaushalya)

Continuation of Partnership with Ummeed - Child Development Centre

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

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

Healthcare Kits Distributed to Govt. Schools at Jigani, Karnataka

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

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

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

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

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

Medical Camp for Zilla Parishad School Students at Taloja Site

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

Employee Engagement through Volunteerism (Sampark)

Children's Day Celebration

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

150

CHILDREN PRESENT

Women's Forum, Panoli visited Haldarva Prathmik Shala

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

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





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

Blood Donation Camp at Jigani Units 1 and 2

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

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

Support Extended to Tata Literature Live

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

Support to the Mehli Mehta Music Foundation

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

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

Support to the NCPA

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

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

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

VALUE-DRIVEN GOVERNANCE

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

Material Topics Covered



Data Integrity and Security



Risk Management and Business Continuity



Product Quality, Safety, and Labelling



Research and Innovation



Sustainable Supply Chain



Sustainable Financial Performance



Customer Engagement



Regulatory Compliance

Highlights 2022-23

20%

WOMEN DIRECTORS

Zero

CORRUPTION INCIDENTS REPORTED

A Balanced Governance Structure

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

Board of Directors

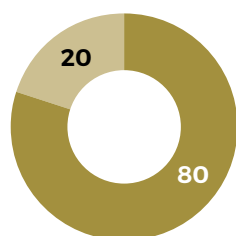
Board Committees

Management



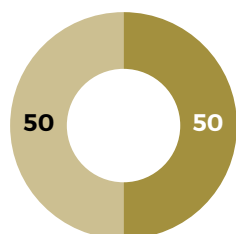
Board Snapshot

Board Diversity (%)



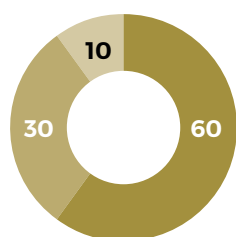
■ Male
■ Female

Board Independence (%)



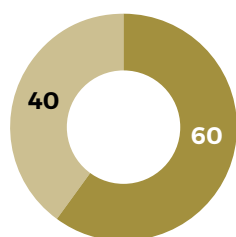
■ Independent
■ Non-Independent

Board Experience (%)



■ >30 years
■ 21-30 years
■ <21 years

Board Age Profile (%)



■ >50 years
■ 30-50 years

Board Committees

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

Board of Directors

Chaired by
Non-Independent Director

10
MEMBERS

50%
INDEPENDENCE

Stakeholders' Relationship Committee

Chaired by
Independent Director

3
MEMBERS

67%
INDEPENDENCE

Corporate Social Responsibility Committee

Chaired by
Non-Independent Director

4
MEMBERS

25%
INDEPENDENCE

Audit Committee

Chaired by
Independent Director

4
MEMBERS

75%
INDEPENDENCE

Nomination and Remuneration Committee

Chaired by
Independent Director

6
MEMBERS

67%
INDEPENDENCE

Risk Management Committee

Chaired by
Non-Independent Director

6
MEMBERS

50%
INDEPENDENCE

Board Policies

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

Code of Conduct

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

100%

WORKFORCE TRAINED
ON CODE OF CONDUCT



Data Integrity and Security

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

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

ZERO

DATA BREACHES DURING 2022-23



Risk Management and Business Continuity

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

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

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

Risk Management Governance Structure



Risk Management Process

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

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



Risk Categories and Mitigation

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

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



Sustainable Supply Chain

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

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

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

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

Assessment of Value Chain Partners

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

Board of Directors



Jai Hiremath

Executive Chairman

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

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



Baba Kalyani

Non-Executive Director

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

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

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



Sameer Hiremath

Managing Director

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

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



Kanan Unni

Independent, Non-Executive Director

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

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



Prakash Mehta

Independent, Non-Executive Director

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



Sugandha Hiremath

Non-Executive Director

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



Ranjit Shahani

Independent, Non-Executive Director

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

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

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



Amit Kalyani

Non-Executive Director

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

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

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



Shivani Sachdeva

Independent, Non-Executive Director

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

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

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

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



Shrikrishna Adivarekar

Independent, Non-Executive Director

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

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

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

Management Committee



Jai Hiremath
Executive Chairman

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



Sameer Hiremath
Managing Director

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



Anish Swadi
Senior President – Animal Health & Business Transformation

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

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



Manoj Mehrotra
President - Pharmaceuticals

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