

CODE OF CONDUCT FOR BOARD OF DIRECTORS & SENIOR MANAGEMENT

INTRODUCTION:

Hikal Limited ('Hikal' or the 'Company') has a philosophy of corporate governance, which envisages the highest level of transparency, accountability and equity in all its dealings with all its stakeholders - be they shareholders, employees, government, lenders, suppliers or customers. The company's guiding principles are focused on achieving the highest standards of corporate governance.

Hikal has adopted the following code of conduct for board of directors and senior management. All directors and senior management must act within the bounds of the authority conferred upon them and with a duty to make and enact informed decisions and policies in the best interests of the Company and its shareholders and stakeholders.

With a view to maintain the high standards that the company requires, the following rules/ code of conduct should be observed in all activities of the Board and management. The Company appoints 'Company Secretary' as a 'Compliance Officer' for the purposes of the code, who will be available to directors and senior management to answer questions and to help them comply with the code.

1. COMPLIANCE WITH LAWS, RULES AND REGULATIONS:

Obeying the law, both in letter and in spirit, and behaving in a manner consistent with the Hikal's values is the foundation on which the Hikal's ethical standards are built. All directors and senior management are expected to conduct all their business and affairs in full compliance with applicable laws, rules and regulation, and shall encourage and promote such behavior for themselves, officers and employees.

In order to assist Hikal in promoting lawful and highly ethical behavior, directors and senior management are encouraged to report any possible violation of law, rule, regulation and this Code to the Compliance Officer.

2. HONESTY AND INTEGRITY:

All directors and senior management shall conduct their activities, on behalf of the Company and on their personal behalf, with honesty, integrity and fairness. Directors and senior management are expected to deal fairly with the Company, its clients, suppliers, officers and employees and competitors and to avoid any situation in which unfair advantage may be taken of anyone through manipulation, concealment, abuse of privileged information, or misrepresentation of fact or any other unfair practice.

Each individual is responsible for his or her own actions. In situations where a director or senior management is not sure about the ethical position of his or her proposed action, Hikal urges that person to use the "newspaper headline test" by asking, "If my actions were reported on the front page of the newspaper and made public, would I be comfortable with my decision?" If the answer is "no," the proposed action should not be taken.

3. CONFLICT OF INTEREST:

Hikal respects the right of any director and senior management to participate in outside financial business or other activities, provided those activities are legal and do not conflict with the director's duties. Accordingly, directors are to avoid any business or other relationship that may create a conflict with the best interests of Hikal.

Conflicts can arise in many situations. It is impossible to cover every potential conflict situation, and at times it will not be easy to distinguish between proper and improper activity. In doubtful cases directors or senior management should adopt the highest standard of conduct or consult the Compliance Officer before taking action.

Set forth, are some of the more common situations that may lead to a conflict of interest and the duties of directors and senior management in connection with such developments: -

- Directors/ senior management should not engage in any activity/ employment that interferes with the performance or responsibility to the company or is otherwise in conflict with or prejudicial to the Company.

- Directors/ senior management and their immediate families should not invest in a Company, customer, supplier, developer or competitor and generally refrain from investments that compromise their responsibility to the Company.
- Directors/ senior management should avoid conducting company business with a relative or with a firm/ Company in which a relative/ related party is associated in any significant role.

If such related party transaction is unavoidable, it must be fully disclosed to the board or to the Compliance Officer of the Company.

4. OTHER DIRECTORSHIPS:

Hikal views the issue of service on other boards of directors as raising, potentially, substantial conflict of interest concerns or appearances thereof. Accordingly, directors are required report such relationship to the Board on annual basis.

It is felt that service on the board of a direct competitor is not in the interest of the Company.

5. CONFIDENTIALITY OF INFORMATION:

The Company's confidential information is a valuable asset. Any information concerning Hikal's business, its customers or other entities with which Hikal does business that has not been made public by Hikal must be considered confidential and held in confidence unless disclosure is required as a matter of law. No director shall provide any information either formally or informally, to the press or any other publicity media, unless specially authorized.

6. INSIDER TRADING:

Obligations under the Securities and Exchange Board of India (SEBI) laws and regulations apply to everyone. Any director/ senior management of the Company shall not derive benefit or assist others to derive benefit by giving investment advice from the access to and possession of information about the Company, not in public domain and therefore constitutes insider information.

In the normal course of business, directors and senior management of the Company may come into possession of significant, unpublished price, sensitive information. This information is the property of the Company and should not be used for deriving any kind of personal benefit or profit. The purpose of this policy is to inform and make clear that the misuse of unpublished price sensitive information is contrary to Company policy and SEBI laws.

7. GIFTS AND DONATIONS:

No director or senior management of the Company should accept, directly or indirectly, any gifts, donation, remuneration, hospitality, illegal payments and comparable benefits which are intended (or perceived to be intended) to obtain business (or uncompetitive) favours or decision for the conduct of business. Similarly, no director or senior management should offer any gift, gratuity, fee or other payment of any kind to a customer, potential customer, or related party of Hikal for the purpose of, or appearing to have the purpose of, influencing any transaction between such entity and Hikal.

Nominal gifts of memorial nature, for special events may be accepted and reported to the Board.

8. PROTECTION OF ASSETS:

Directors must protect the Company's assets, labour and information and may not use these for personal use, unless approved by the Board. Any misapplication or improper use of Hikal's assets or property must be reported to the Compliance Officer.

9. CORPORATE OPPORTUNITIES:

Directors and senior management may not exploit for their own personal gain opportunities that are discovered through the use of corporate property, information or position unless the opportunity is disclosed fully in writing to the Company's Board of Directors.

10. WAIVERS:

Any waiver of any provision of this Code of Conduct for Directors or senior management must be approved by the Company's Board of Directors and promptly disclosed.

11. DISCIPLINARY ACTION:

The matters covered in this Code of Conduct are of the utmost importance to the Company, its shareholders, employees, government, lenders, suppliers and customers, and are essential to the Company's ability to conduct its business in accordance with its stated values. The Company will take appropriate action against such persons whose actions are found to violate these policies or any other policies of the Company.

12. PERIODIC REVIEW:

Once every year or upon revision of this code, every director and senior management must acknowledge and execute an understanding of the code and an agreement to comply. New directors or senior management will sign such a deed at the time when their directorship begins.

ACKNOWLEDGEMENT OF RECEIPT OF CODE OF CONDUCT:

I have received and read the Company's Code of Conduct. I understand the standards and policies contained in the Company Code of Conduct and agree to comply with the same.

If I have questions concerning the meaning or application of the Company's code of Conduct, any Company policies, or the legal and regulatory requirements, I know I can consult the Compliance Officer, knowing that my questions or reports to these sources will be maintained in confidence.

NAME:

DESIGNATION:

SIGNATURE:

DATE:

PLACE:

SCHEDULE IV

Section 149 (8) of the Companies Act, 2013

CODE FOR INDEPENDENT DIRECTORS

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

I. Guidelines of professional conduct :

An independent director shall :

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising his duties;
- (3) exercise his responsibilities in a *bona fide* manner in the interest of the company;
- (4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- (5) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- (6) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (7) refrain from any action that would lead to loss of his independence;
- (8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- (9) assist the company in implementing the best corporate governance practices.

II. Role and functions :

The independent directors shall :

- (1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- (2) bring an objective view in the evaluation of the performance of board and management;
- (3) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;

- (5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- (6) balance the conflicting interest of the stakeholders;
- (7) determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
- (8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

III. Duties :

The independent directors shall—

- (1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- (2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- (3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- (4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (5) strive to attend the general meetings of the company;
- (6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- (7) keep themselves well informed about the company and the external environment in which it operates;
- (8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- (10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- (11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (12) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- (13) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

IV. Manner of appointment :

- (1) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- (2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- (3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.
- (4) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out :
 - (a) the term of appointment;
 - (b) the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
 - (c) the fiduciary duties that come with such an appointment along with accompanying liabilities;
 - (d) provision for Directors and Officers (D and O) insurance, if any;
 - (e) the Code of Business Ethics that the company expects its directors and employees to follow;
 - (f) the list of actions that a director should not do while functioning as such in the company; and
 - (g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- (5) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.
- (6) The terms and conditions of appointment of independent directors shall also be posted on the company's website.

V. Re-appointment :

The re-appointment of independent director shall be on the basis of report of performance evaluation.

VI. Resignation or removal :

- (1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.

- (2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within three months from the date of such resignation or removal, as the case may be.
- (3) Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

VII. Separate meetings :

- (1) The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;
- (2) All the independent directors of the company shall strive to be present at such meeting;
- (3) The meeting shall :
 - (a) review the performance of non-independent directors and the Board as a whole;
 - (b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
 - (c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

VIII. Evaluation mechanism :

- (1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- (2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.
