

The Way We Lead

At Hikal, we recognise the need and significance of good governance in maintaining sustainable and mutually beneficial relationships with all stakeholders. We strictly adhere to the principles of ethics, fairness, and transparency. Our corporate governance structure ensures effective engagement with diverse stakeholders, enabling us to adapt to evolving circumstances.

Material Topics

- Risk Management and Business Continuity**
- Regulatory Compliance**
- Product Quality, Safety, and Labelling**
- Research and Innovation**
- Sustainable Supply Chain**
- Sustainable Financial Performance**
- Data Integrity and Security**
- Customer Engagement**

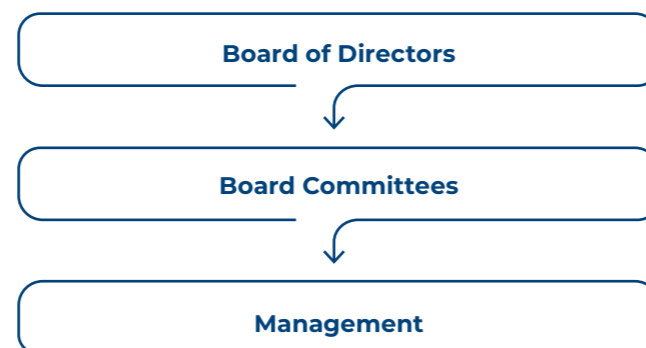
Highlights 2023-24

- Zero** CORRUPTION INCIDENTS REPORTED
- 27.3%** WOMEN DIRECTORS
- 55%** INDEPENDENT BOARD OF DIRECTORS

Governance Structure

Our Board of Directors maintains transparency, integrity, and accountability across all organisational tiers. Meanwhile, our Management Committee is dedicated to executing our value creation strategy while prioritising the generation of shared value for all stakeholders.

Our governance framework is built on three pillars to accomplish our mission.



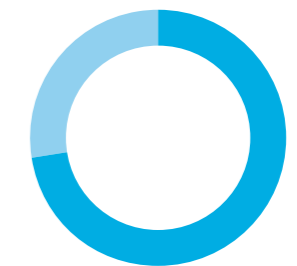
Board Committees

Board Committees support in fulfilling responsibilities by offering valuable perspectives, improving governance protocols, and delivering regular reports to the Board of Directors. Currently, the Board has five committees.

Board of Directors Chaired by Non-Independent Director 11 MEMBERS 55% INDEPENDENT	Nomination and Remuneration Committee Chaired by Independent Director 6 MEMBERS 5 MEETINGS 83% INDEPENDENT
Audit Committee Chaired by Independent Director 4 MEMBERS 7 MEETINGS 75% INDEPENDENT	Corporate Social Responsibility Committee Chaired by Non-Independent Director 4 MEMBERS 2 MEETINGS 25% INDEPENDENT
Stakeholders' Relationship Committee Chaired by Independent Director 3 MEMBERS 1 MEETING 66% INDEPENDENT	Risk Management Committee Chaired by Non-Independent Director 5 MEMBERS 2 MEETINGS 40% INDEPENDENT

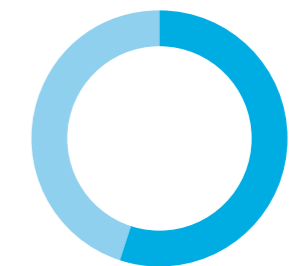
Board Composition

Board Diversity (%)



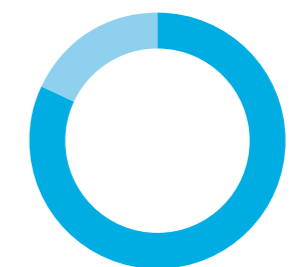
● Male - 72.7
● Female - 27.3

Board Independence (%)



● Independent - 55
● Non-Independent - 45

Board Age Profile (%)



● >50 years - 82
● 30-50 years - 18

Board Policies

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

Code of Conduct

Our Code of Conduct extends to all Directors, senior management, employees, and broader business partners. It is rooted in our core values and principles and outlines expectations for various scenarios. We maintain a zero-tolerance policy towards corruption and unethical behaviour. During the reporting year, there were zero cases of corruption.

100%
WORKFORCE TRAINED ON
CODE OF CONDUCT



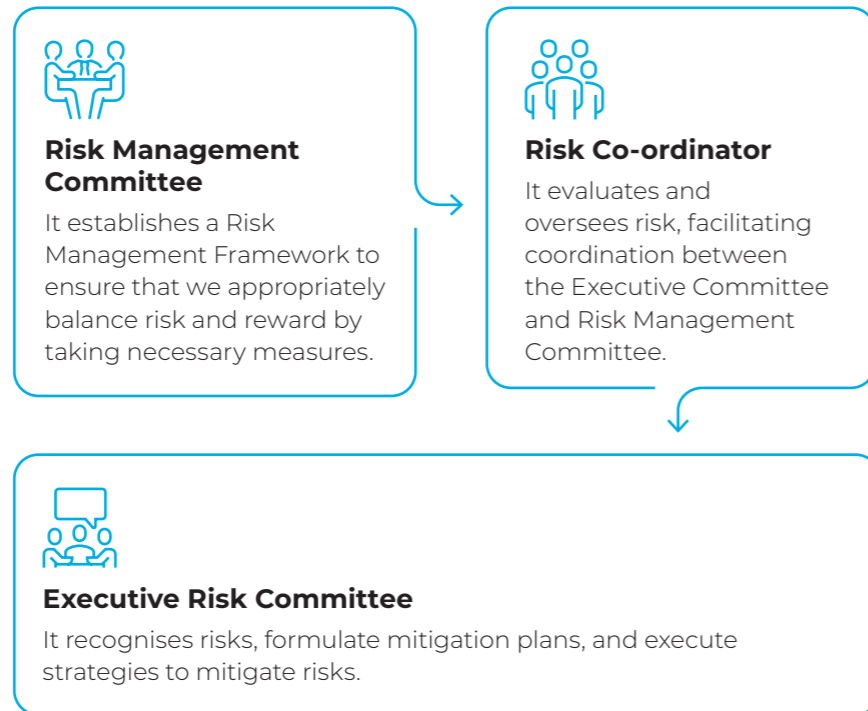
Risk Management and Business Continuity

We employ a comprehensive risk management process to promptly identify risks, analyse mitigation strategies, and pinpoint areas for improvement to address any unforeseen adverse events in our business. Our performance is influenced by a myriad of known and unknown risks, uncertainties, and varying assumptions. These encompass global and domestic economic conditions, industry performance both domestically

and globally, external competition, regulatory factors, future growth and expansion prospects, technological advancements, potential changes in revenue, income, or cash flows, market risks, and others.

Acknowledging these risks, we maintain a formal and systematic approach to risk identification and management, which is pivotal in realising our strategic objectives.

Risk Management Governance Structure

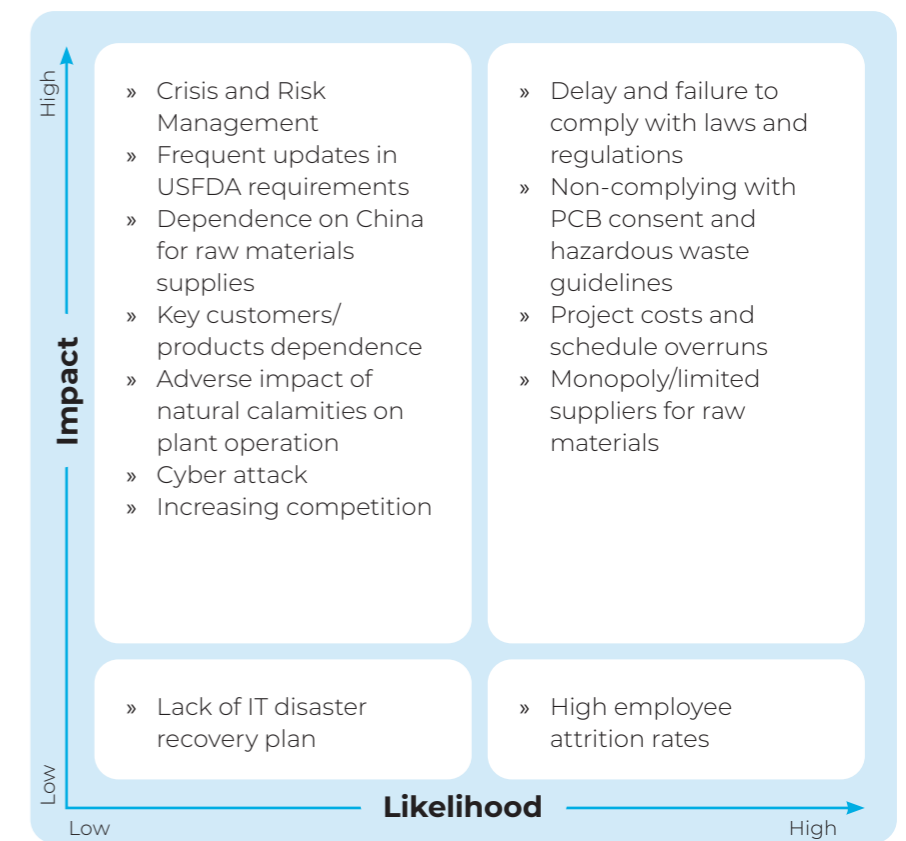


Risk Management Process

At Hikal, all Senior Executives, under the direction of the Managing Director, oversee the risk management process. The sequence of Risk Management processes is as follows:

- » Identify, evaluate, and escalate risk affecting the Company's objectives
- » Establish strategies to address risks appropriately
- » Track any changes in identified risks
- » Monitor the effectiveness of existing risk management measures
- » Report risks and risk management measures to the Risk Management Committee

Risk Profiles



Risk Categories and Mitigation

Supply Chain

What Does It Mean for Us?

The industry has long been concerned by its reliance on China for crucial raw materials. We also rely on certain raw material sources from China, where monopolies or limited suppliers exist. Occasionally, obtaining customer approval for alternative vendors is necessary, and any modifications to our current operations can prolong our efforts to develop alternative vendor solutions.

Mitigation

We routinely track our advancements in Alternate Vendor Development (AVD) and allocate additional resources for exploring alternative options.

We are partnering with suppliers in India, Europe, Japan, Korea to ensure supply security

We are enhancing real-time network visibility, ensuring safety stocks are maintained, and employing analytics to pinpoint vulnerabilities in the supply chain, fostering efficient and resilient operations.

We are focusing on localisation by developing local vendors and offering support in compliance and process efficiency.

Business Development

What Does It Mean for Us?

Crucial for our exponential growth, which can only be achieved with increasing customers and products.

Mitigation

We are developing new products and expanding into new markets/customers, diversifying our business, and anticipating significant growth in future.

Business Continuity

What Does It Mean for Us?

Disruption to business operations caused by unforeseeable catastrophes.

Mitigation

We maintain a robust onsite emergency plans and maintain adequate insurance coverage to address unforeseen calamities effectively.

Our IT disaster recovery plan (IT DRP), along with our business continuity plan, is designed to swiftly restore hardware, applications, and data to meet business recovery requirements.

We are in the process of launching a comprehensive crisis management plan to address internal and external crises effectively.

Cyber Security

What Does It Mean for Us?

The increasing complexity and range of cyberattacks pose a significant threat to our reputation, often leading to severe financial consequences.

Mitigation

We have allocated substantial resources to fortify our cybersecurity and safeguard data. Our cybersecurity protocols evolve in tandem with the Company's expansion. We regularly assess and enhance our resilience against cyber threats and provide ongoing awareness training for all employees.

Human Resource

What Does It Mean for Us?

The efficiency of our intricate manufacturing processes relies heavily on the skill and experience of our operating staff.

Mitigation

We strive to recruit, incentivise, and retain key operational personnel. We closely monitor turnover rates, particularly among junior and mid-level managers. Our competitive compensation packages are regularly reviewed. We implement various engagement initiatives and engage with employees periodically to address any imminent concerns.

Project

What Does It Mean for Us?

We have initiated several business expansion projects valued at approximately INR 400 Million. Timely and budget-compliant project completion is vital for our business's success.

Mitigation

With expert teams, efficient project monitoring tool, enhanced project, and procurement procedures, and the concerted we ensure timely project completion.

Strategy

What Does It Mean for Us?

In some product lines, evolving competition from established and emerging players may affect our market share and customer retention.

Mitigation

We proactively assess competitors and markets while investing in technology to optimise operations and deliver high-quality products to customers.

Compliance

What Does It Mean for Us?

We are exposed to hazard risk due to handling hazardous chemicals.

Mitigation

We strive to ensure a safe workplace, complying with safety laws and standards. Our effluent plants receive regular upgrades to meet compliance requirements.

We have implemented a digital compliance management system with clear responsibility assignments updated regularly. Oversight by the Directors' Audit Committee ensures compliance through established monitoring mechanisms.

Regulatory

What Does It Mean for Us?

In our dynamic environment, regulatory factors constantly impact our operations and expansion. New laws, interpretations, and regulatory scrutiny may affect our plans.

Mitigation

We are implementing the concept of perpetual inspection readiness by maintaining stringent controls, including regular plant audits, a dedicated compliance team, and ongoing training.

Assessment of Value Chain Partners

	% of Value Chain Partners Assessed in 2022-23	% of Value Chain Partners Assessed in 2023-24
Child labour	100	100
Forced labour/involuntary labour	100	100
Sexual harassment	100	100
Discrimination at workplace	100	100
Wages	100	100

Data Integrity and Security

We have deployed multi-layered security solutions in our IT systems to safeguard against direct exposure or vulnerabilities to cyber-attacks.

- » Email gateway, antivirus, and anti-phishing measures to enhance email security
- » Real-time monitoring and defence against known and zero-day attacks with Endpoint Detection and Response (EDR) solution featuring Advanced Threat Protection (ATP) engines
- » Protection against zero-day attacks for all end-user devices and servers with antivirus solutions
- » Added security layer for server access with multi-factor authentication utilising OTP
- » Ensuring safe internet access with best-in-class web-security solutions.



Sustainable Supply Chain

At Hikal, the selection of suitable partners is vital for meeting our business goals, upholding our social and environmental responsibilities, and securing the longevity of our Company. We manage our value chain partners by ensuring they adhere to the principles outlined in our Code of Conduct. As we move forward, we are dedicated to harmonising our partners' values with ours and integrating technology into our supply chain operations.

Our supplier evaluation criterion is based on EHS, quality, and statutory requirements for our critical value chain partners that are based in India via onsite and offsite audits. We have started conducting regular awareness sessions for our value chain partners.

100%
VALUE CHAIN PARTNERS ASSESSED FOR HEALTH AND SAFETY PRACTICES AND SAFE WORKING CONDITIONS

Board of Directors



Jai Hiremath
Executive Chairman

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

Qualifications

Chartered Accountant England and Wales, Owner President Management Programme, Harvard University, USA



Sameer Hiremath
Managing Director

Qualifications

BE (Chem), MBA & MS (I.T.) – Boston (USA)



Sugandha Hiremath
Non-Executive Director

Qualifications

B. Com



Amit Kalyani
Non-Executive Director

Qualifications

Mechanical Engineering from Bucknell University, Pennsylvania, USA, Owner President Management Programme, Harvard University, USA.



Shivani Sachdeva
Independent, Non-Executive Director

Qualifications

MBA from the Wharton School, University of Pennsylvania, B.A. in Economics from Mount Holyoke College (Phi-Beta-Kappa, Magna Cum Laude, Sarah Williston Scholar)



Shrikrishna Adivarekar
Independent, Non-Executive Director

Qualifications

Chartered Accountant & Commerce Graduate



Ramachandra Kaundinya
Independent, Non-Executive Director

Qualifications

Undergraduate in agricultural sciences from Andhra Pradesh Agricultural University and PG Diploma in Management from IIMA



Berjis Desai
Independent, Non-Executive Director

Qualifications

LLB, University of Bombay & LLM Cambridge University, UK and Solicitor.



Ravi Kapoor
Independent, Non-Executive Director

Qualifications

Alumnus of the Mumbai University



Ranjana S. Salgaocar
Independent, Non-Executive Director

Qualifications

Master of Management Studies from Jamnalal Bajaj Institute of Management, Bombay University and is a Gold Medallist in Bachelor of Social Work, Bombay University



Sarangan Suresh
Whole Time Director

Qualifications

Postgraduate in Chemical Engineering from Indian Institute of Science Bangalore

Management Committee

Jai Hiremath

Executive Chairman

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

Qualifications

Chartered Accountant England and Wales, Owner President Management Programme, Harvard University, USA

Sameer Hiremath

Managing Director

Qualifications

BE (Chem), MBA and MS (I.T.) – Boston (USA)

Anish Swadi

Senior President – Animal Health and Business Transformation

Qualification

Bachelor's degree in International Business and Finance from Ithaca College, New York, USA and Management Development Programme from the Wharton School

Kuldeep Jain

Chief Financial Officer

Qualification

Chartered Accountant and Member of the Institute of Chartered Accountants of India, New Delhi

Manoj Mehrotra

President – Pharmaceuticals

Qualification

B.Tech (Hons) in chemical engineering from IIT-Kharagpur and an MBA from XLRI, Jamshedpur

Vimal Kulshrestha

President – Crop Protection

Qualification

B. Tech in Chemical Engineering from H.B. Technical Institute, Kanpur and Executive Management from IIM Kolkata

Ratish Jha

President – Human Resources

Qualification

Alumnus of TISS Mumbai. Took business certifications programme from IMD Switzerland, University of Michigan, AOTS Japan, ISB, IIM-A

