

Annexure XII of the Board's Report

BUSINESS RESPONSIBILITY REPORT

Section A: General information about the Company

1. **Corporate Identity Number (CIN)** : L27106WB1987PLC042756
2. **Name of the Company:** : Himadri Speciality Chemical Ltd
3. **Registered address** : 23A, Netaji Subhas Road, 8th Floor, Suite No. 15, Kolkata – 700 001
4. **Website** : www.himadri.com
5. **E-mail id:** : investors@himadri.com
6. **Financial year reported:** : 2019-20
7. **Sector(s) that the Company is engaged in (industrial activity code-wise)**

Particulars	National Industrial Code
Carbon Materials & Chemicals	23999
Power	38210

8. **The key products/services manufactured (as in balance sheet):**
 - i. **Carbon Materials and Chemicals**
 - ii. **Power**
9. **Total number of locations where business activity is undertaken:**
 - i. **Number of international locations:**
Himadri Speciality Chemical Ltd carries out its international operations in Longkou, Shandong, China through its step-down subsidiary Shandong Dawn Himadri Chemical Industry Ltd.
 - ii. **Number of national locations:**
The Company carries out its operation through its head office in Kolkata and several marketing offices across India. The Company has one manufacturing unit at Mahistikry, Hooghly, West Bengal, two manufacturing units at Liluah, Howrah, West Bengal, one unit at Falta SEZ, West Bengal, one unit each at Korba, Chhattisgarh, Vapi, Gujarat, Vishakhapatnam, Andhra Pradesh, Sambalpur, Odisha and Dhule, Maharashtra.
10. **Markets served by the Company: Local/State/ National/International**
Himadri products are sold across India. In international markets, the geography Himadri primarily caters to include Asia, Middle East, Europe, Africa and Americas.
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Section B: Financial details of the Company as on 31 March 2020

1. **Paid up capital (₹):** 4,188.08 lakhs
2. **Total turnover (₹):** 180,349.85 lakhs
3. **Total profit after taxes (₹):** 8,097.65 lakhs
4. **Total spending on Corporate Social Responsibility (CSR) as percentage of PAT (%):** ₹ 113.68 lakhs which is 1.40% of the PAT
5. **List of activities in which expenditure in 4 above has been incurred:**
Please refer **Annexure X** of Board's Report

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Section C: Other Details

1. Does the Company have any subsidiary Company/ Companies?

Yes. HSCL has one wholly owned subsidiary AAT Global Limited incorporated in Hong Kong and has one step-down subsidiary, Shandong Dawn Himadri Chemical Industry Ltd ("SDHCIL") in China, in which the Company holds 94% equity through AAT Global Limited as on 31 March 2020.

2. Do the subsidiary Company/Companies participate in the BR initiatives of the parent Company? if yes, then indicate the number of such subsidiary Company(s).

No

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? if yes, then indicate the percentage of such entity/entities? [>30%, 30-60%, < 60%]

The Company's BR Policy is applicable to the management and all employees of the Company. The Company encourages and expects its business partners to adopt the BR practices. However, no formal study has been undertaken as of date to ascertain the percentage of such entities who participate in BR activities.

Section D: BR information

1. a. Details of Director/Directors responsible for BR implementation of the BR policy/policies

- i. **Name:** Mr. Bankey Lal Choudhary
- ii. **DIN :** 00173792
- iii. **Designation:** Executive Chairman
- iv. **Telephone number:** 033-22309953
- v. **E-mail id:** investors@himadri.com

b. Details of BR head

- i. **Name:** Mr. Anurag Choudhary
- ii. **DIN:** 00173934
- iii. **Designation:** Managing Director & Chief Executive Officer
- iv. **Telephone number:** 033-22309953
- v. **E-mail id:** investors@himadri.com

2. Principle-wise BR Policies as per National Voluntary Guidelines

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These are as follows:

p1	Business should conduct and govern themselves with Ethics, Transparency and Accountability
p2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
p3	Businesses should promote the well-being of all employees
p4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
p5	Businesses should respect and promote human rights
p6	Business should respect, protect and make efforts to restore the environment
p7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
p8	Businesses should support inclusive growth and equitable development
p9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

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(a) Details of Compliance (Reply in Y / N)

Questions	p1	p2	p3	p4	p5	p6	p7	p8	p9
1 Do you have a policy/ policies for:	Y	Y	Y	Y	Y	Y	Y	Y	Y
2 Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3 Does the policy conform to any national / international standards? if yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
	The policy is based on National Voluntary Guidelines on Social, Environmental & Economical Responsibilities of Business released by Ministry of Corporate Affairs in July 2011.								
4 Has the policy being approved by the Board? if yes, It has been signed by MD	Y	Y	Y	Y	Y	Y	Y	Y	Y
5 Does the Company have a specified committee of the Board / Director / official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
	The Director responsible for BR and BR head is responsible for implementation of the policy								
6 Indicate the link for the policy to be viewed online?	https://www.himadri.com/pdf/corporate_governance/HSCL_BRR_POLICY.pdf								
7 Has the policy been formally communicated to all relevant internal and external stakeholders?	It has been posted on the Company's Website.								
8 Does the Company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9 Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10 Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

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(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	p1	p2	p3	p4	p5	p6	p7	p8	p9
1	The Company has not understood the Principles									
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The Company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

Not Applicable

3. Governance related to BR

i. **Indicate the frequency with which the Board of Directors, committee of the Board or CEO to assess the BR performance of the Company. Within three months, 3-6 months, annually, more than 1 year:**

The BR Head periodically assess the BR performance of the Company and the Board reviews the same annually.

ii. **Does the Company publish a BR or a Sustainability report? What is the hyperlink for viewing this report? How frequently it is published?**

The Company has adopted its BR report for FY 2019-20 which forms the part of the Annual Report. The same can be viewed on the website of the Company at www.himadri.com

Section E: Principle-wise performance

PRINCIPLE 1 - BUSINESS SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? (yes/no). Does it extend to the Group/Joint Ventures/Suppliers/Contractors/ NGOs/Others?**

The Company's policy on Ethics, Transparency and Accountability along with the Code of Conduct is applicable to all the individuals working in the Company. The Company encourages its business partners to follow the code. The policy also intends for fair dealings with customers, suppliers, contractors and other stakeholders.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved? if so, provide details thereof, in about 50 words or so.**

No stakeholder complaints were received pertaining to ethics, transparency and accountability violation in financial year 2019-20.

PRINCIPLE 2 - BUSINESSES SHOULD PROVIDE GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFE CYCLE

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

- Coal Tar Pitch
- Carbon Black
- Naphthalene

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2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

Power: The Company produces and uses green power. The Company makes use of the exhaust gases generated during production of carbon black to produce captive power.

Fuel: Coal tar, which is a key raw material, is a by-product of steel plants. The fuel derived from distillation of coal tar is used as energy source for production process.

Water: We utilise all our effluent by treating chemically followed by reverse osmosis process. We have a zero discharge facility.

Raw Material: For each of the products, the key raw materials are coal tar and carbon black feedstock which are procured from domestic and international markets.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? if yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof.

The Company considers aspects such as safety and environment in addition to commercial considerations while selecting its suppliers. Most of the raw materials are sourced from these suppliers.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? if yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The major raw material used by the Company in manufacturing its products are of such nature, which are generally not produced by small producers. However, for all other products the Company tries to procure from local supply chain partners which include small scale industries who meet our quality, delivery, cost and technology expectations. Efforts are continuously made to use local service providers for availing various support services at our various plants and services.

5. Does the Company have a mechanism to recycle products and waste? if yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof.

The Company has a robust efficient effluent treatment process thereby enabling it continuously maintain Zero-discharge status across all the facilities.

The Company has a closed loop process and does not generate any waste. All the by-products are converted to finished goods. The water content in raw material is separated during the manufacturing process. This is treated in ETP plant and recycled as input in the manufacturing process. Of the total input, waste generated and recycled is less than 5%.

PRINCIPLE 3 - BUSINESSES SHOULD PROMOTE THE WELL-BEING OF ALL EMPLOYEES

1. Total number of employees: 972

2. Total number of employees hired on temporary/ contractual/casual basis: 409 (hired in financial year 2019-20)

3. Number of permanent women employees: 41

4. Number of permanent employees with disabilities: 0

5. Do you have an employee association that is recognised by management? There is no employee association

6. What percentage of your permanent employees is members of this recognised employee association?

Not Applicable

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7. Please indicate the number of complaints relating to Child labour, forced labour, involuntary labour, sexual harassment, Discriminatory employment in the last financial year and pending, as on the end of the financial year

No.	Category	No of complaints filed during the year	No of complaints pending as on the end of financial year
1	Child labour, forced labour, involuntary labour	Nil	Nil
2	Sexual Harassment	Nil	Nil
3	Discriminatory employment.	Nil	Nil

8. What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?

40 per cent of employees were trained on skill up gradation training (Technical & managerial together) and 42 per cent trained on safety.

PRINCIPLE 4 - BUSINESSES SHOULD RESPECT THE INTERESTS OF AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALISED

1. Has the Company mapped its internal and external Stakeholders?

Yes – the Company has done so consummately.

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

Yes, we always actively work to identify underprivileged communities in and around our Manufacturing Sites to prioritise our intervention and work on to serve their needs through our well-crafted CSR Programs. The needs are identified through various listening and learning methods and are prioritised by suitably addressing the needs of the Community and the long term strategic growth of the Company as well.

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

Yes. Himadri Speciality Chemical Ltd believes that it has an important role to play in the inclusive growth of the Society and the Community in which it operates

- The Company has taken up Project for provision of Safe Drinking Water to each household in the Village.
- The Company promotes Education and Literacy in adjoining villages. Free Distribution of Books is the initiative taken at the commencement of each Academic Year for the needy School Children so that they can seamlessly pursue their studies.
- The Company provides Healthcare Facilities to the underprivileged in and around its Factory premises. A Medical Centre is run in the Village where the Manufacturing Activities of the Company is situated. It provides Free Medical Consultation and Free Medicine to the needy Villagers of all adjoining Villages around the year.

Details of all the Activities listed above can be found in **Annexure X** to the Board's Report.

PRINCIPLE 5 - BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint ventures/suppliers/contractors/NGOs/others?

The Company respects & protects the human rights of all people around and associated with it. The Company complies with applicable laws and regulation governing occupational health and safety. The Company applies principles of equal opportunity, fair treatment and zero tolerance for any form of unlawful discrimination or harassment of employees. The Company is holding ISO 9001:2008 and ISO 14001:2015 certification for

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Health and Safety Standards and Environment Management Standards. The Company expects its suppliers, contractors etc. to adhere to the principles of human rights.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved?

No stakeholder complaints were received pertaining to human rights violation in financial year 2019-20.

PRINCIPLE 6 - BUSINESS SHOULD RESPECT, PROTECT AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT

1. Does the policy related to principle 6 cover only the Company or extends to the Group/Joint ventures/suppliers/contractors/NGOs/others.

The Company is committed to safeguard the interest of environment with a view of sustainable development. For the same, Company has taken many environmental friendly initiatives and also carried out process modification to protect environment. The Company's Environmental policy is applicable to all its business places.

2. Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? if yes, please give hyperlink for webpage etc.

The Company understands and recognizes that climate change and global warming are real threat to the global community and each person has a role & responsibility to address such alarming issue. The Company has taken the following initiatives to address these global environmental issues as:

- i. Advance Carbon Material for Lithium-ion batteries:** The Company has developed an advance carbon material for lithium-ion batteries and is expanding its commercial capacity to market the same. Lithium-ion batteries are critical for industries like electric vehicles and renewable energy storage solutions thereby reducing the reliance on fossil fuel globally.
- ii. Operation of Boiler through waste flue gas generated from Carbon Black reactor during the production of Carbon Black:** The waste flue gas generated from the carbon black reactor is routed to the drier where it is being utilized for drying the Carbon Black. Thus, additional fuel is not required for the operation of drier thereby reducing the emission of Carbon dioxide a greenhouse gas. The power generated by the Company is clean power eligible for carbon credits.
- iii. Use of heat exchanger:** The heat exchanger transfers some of the waste heat in the exhaust to the furnace air, thus preheating it before entering the fuel burner stage. Since the gases have been pre-heated, less fuel is required to heat the gases up to the furnace inlet temperature. By recovering some of the energy usually lost as waste heat, the heat exchanger can make reheating furnace more efficient. Less use of fuel ultimately leads to less generation of carbon-dioxide thereby contributing to global cause.

More information is available on following web link: <https://www.himadri.com/sustainability>

3. Does the Company identify and assess potential environmental risks?

Yes.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, is any environmental compliance report filed?

No, the Company presently does not have any project related to clean development mechanism.

5. Has the Company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc? Y/N. If yes, please give hyperlink for web page etc.

The Company has taken certain initiatives towards conservation of energy and energy efficiency at its various plants. **Annexure VIII** to the Board's Report contains details of the steps taken to conserve energy during the year.

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Sustainable growth is an integral part of Company's philosophy and multiple projects and initiatives are undertaken to address clean technology, energy efficiency, renewable energy etc. The Company is **Carbon Positive** in its operations and has zero discharge facilities. Some of the initiatives are listed below:

Clean and green power: The Company generates power from fuel gas generated during production of carbon black. This power is clean and green power. The power is used for captive consumption as well as sold to grid to reduce overall carbon footprint.

Alternative Source of energy: The Company has started commissioning alternate source of energy through use of solar panels for the lighting equipment as well as very long solar panels for the warehouse and packaging activity also contemplating to progressively use this source in critical manufacturing equipment.

Waste management: Well integrated system to handle wastes. E.g., all the water waste generated during process is utilised as input material for another process.

- Kitchen waste - we generate the bio-gas which in turn used for our canteen cooking

6. Are the emissions/waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

All the plants of the Company comply with the prescribed emission norms of various Central/State pollution control boards. All the emission and waste generated by the Company is well within the permissible limits given by SPCB/CPCB for the financial year reported.

7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of financial year.

No show cause or legal notices from the pollution control authorities are pending as at the end of the financial year.

PRINCIPLE 7 - BUSINESSES, WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER

1. Is your Company a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with.

(a) Bharat Chamber of Commerce (b) Indian Chamber of Commerce and Industry (c) Indo-German Chamber of Commerce (d) Federation of Indian Chambers of Commerce and Industry (e) CII (f) Hooghly Chamber of Commerce & Industry (g) ACAE Chartered Accountants' Study Circle - EIRC and (h) ASSOCHAM

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No. If yes specify the broad areas.

We do from time to time take up issues through these associations on matters of public and industry interest.

PRINCIPLE 8 - BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.

The Company is committed to behave responsibly towards people, society and the environment for inclusive growth of the society. The Company has several socio-economic projects running in various areas and are taken as per the CSR policy of the Company which includes:

- Promoting healthcare including preventing healthcare.
- Promoting education and special education.
- Eradicating hunger and making available safe drinking water

The details of specific CSR projects are given in **Annexure X** to the Board's Report.

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2. Are the programmes/projects undertaken through in house team/own foundation/external NGO/ Government structures/any other organisation?

The aforesaid projects have been carried out by the Company directly and/or through implementing agencies.

3. Have you done any impact assessment of your initiative?

Efforts are made to make a general assessment of impact of some of the initiatives. The CSR Committee internally performs an impact assessment of its initiatives at the end of each year to understand the efficacy of the programs and to gain insight for improving the design and delivery of future initiatives. However, no structural impact assessment is put in place at present.

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

During the year, the Company has spent ₹ 113.68 lakhs towards various CSR initiatives and projects. The details of the same are given in **Annexure X** to the Board's Report.

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

All CSR projects and initiatives are planned with the objective of sustainable community development. The project is identified and developed as a facilitator within the CSR policy framework and presented to the CSR committee for its review, guidance and approval. The Company works directly and through implementing agencies of the project to ensure proper and meaningful adoption of these initiatives among the target community.

PRINCIPLE 9 - BUSINESSES SHOULD ENGAGE WITH AND VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER

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

No customer complaints are pending as on the end of the financial year.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws?

Not Applicable

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

There is no case against Himadri Speciality Chemical Ltd during last five years, relating to unfair trade practices, irresponsible advertising and/or anti-competitive behaviour.

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

Himadri believes in providing best services to its customers. Time to time meeting(s) with customers are organized to understand their expectation and essentially to gauge our competitiveness in the business. Himadri leverages its presence across the country to remain consistently in touch with the customers through its business unit and mitigate their issues promptly. Feedbacks received from customers are implemented to further enhance quality of service. Our ongoing efforts have made us market leaders or significant players across all products we operate in.

For and on behalf of the Board

Sd/-

Anurag Choudhary

Managing Director & Chief Executive Officer

(DIN: 00173934)

Sd/-

Shyam Sundar Choudhary

Executive Director

(DIN: 00173732)

Place: Kolkata

Date: 21 July 2020