



Business Responsibility Report

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company: L99999MH1962PLC012451
2. Name of the Company: Unichem Laboratories Limited
3. Registered address: Unichem Bhavan, Prabhat Estate, Off S.V.Road, Jogeshwari (West), Mumbai 400 102
4. Website: www.unichemlabs.com
5. E-mail id.: shares@unichemlabs.com
6. Financial Year reported: April 1, 2019 to March 31, 2020
7. Sector(s) that the Company is engaged in (industrial activity code-wise):
The Company is engaged in business of pharmaceuticals under Group 210 and Class 2100 as per the National Industrial Classification 2008 (NIC) by the Central Statistical Organisation, Ministry of Statistics and Programme Implementation.
8. List three key products/services that the Company manufactures/provides (as in balance sheet):
The three key products are Generics (including branded generics), Active Pharmaceutical Ingredients and Contract Manufacturing.
9. Total number of locations where business activity is undertaken by the Company:
 - (a) Number of International Locations (Provide details of major 5):
The Company has six wholly owned subsidiaries located in USA, UK, Ireland, Brazil, South Africa and China.
 - (b) Number of National Locations:
The Company has six plants situated at Roha, Maharashtra; Pilerne, Goa; Baddi, Himachal Pradesh; Pithampur, Madhya Pradesh; Ghaziabad, Uttar Pradesh; Kolhapur, Maharashtra. The R&D Centre called the Center of Excellence (COE) is located at Pilerne, Goa. The Company's Registered Office is located at Mumbai, Maharashtra. Details are available on the inside cover page of the Annual Report for 2019-2020.
10. Markets served by the Company – Local/State/National/International:
The Company is into international business. Unichem exported to eighty countries across the globe during the financial year 2019-2020.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR): 1,408.12 Lakhs
2. Total Turnover (INR): 90,488.53 Lakhs (Revenue from operations as per Standalone Financial Statements)
3. Total profit/(loss) after taxes (INR): (5,631.62) Lakhs (Loss after taxes as per Standalone Financial Statements)
4. What was the Company's spending on CSR activities for the year under review?
The Company's total spending on CSR activities for the year ended March 31, 2020 was ₹ 202.98 Lakhs which is 4.22% of the average profits, for the last three financial years.
5. List of activities in which expenditure in 4 above has been incurred:
 - (a) Education
 - (b) Health and Sanitation
 - (c) Environment Protection
 - (d) Women Empowerment
 - (e) General Welfare and Development

SECTION C: OTHER DETAILS

- Does the Company have any subsidiary company/ companies?
As on March 31, 2020, the Company has six Wholly Owned Subsidiaries (WOS) based outside India.
- 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).
The Company encourages its WOS adhere to business principles consistent with those of the Company. The WOS are incorporated outside India and comply with the requirements of the respective countries where they operate.
- 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? [Less than 30%, 30-60%, More than 60%]
The Company encourages its other stakeholders i.e. suppliers, distributors, customers etc., in the value chain to participate in its business responsibility initiatives. The Company expects that all third party business partners adhere to business principles consistent with those of the Company, however it does not track the actual participation and therefore for reporting purposes the percentage of such entities who participate in BR initiatives cannot be quantified.

SECTION D: BR INFORMATION

- Details of the BR head and the Director responsible for implementation of the BR Policy/policies:

Sr. No	Particulars	Details
1	DIN	00001285
2	Name	Dr. Prakash A. Mody
3	Designation	Chairman & Managing Director
4	Telephone number	(022) 6688 8404
5	E-mail id	shares@unichemlabs.com

- Principle-wise (as per NVGs) BR Policy/policies:

- Details of compliance (Reply in Y/N)

Sr. No.	Questions	Business Ethics	Product Responsibility	Well Being of Employees	Share holders Engagement	Human Rights	Environment	Public	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policy/policies for?	Y	Y	Y	Y	Y (See Note 1)	Y	N	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3	Does the policy conform to any national/ international standards? If yes, specify? (50 words)	See Note 2	See Note 2	See Note 2	See Note 2	See Note 2	See Note 2	-	See Note 2	See Note 2
4	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/ CEO/appropriate Board Director?	Y (Signed by MD)	Y (Signed by MD)	Y (Signed by MD)	Y (Signed by MD)	Y (Signed by HR Head)	Y (Signed by MD)	-	Y (Signed by MD)	Y (Signed by MD)
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
6	Indicate the link for the policy to be viewed online?	See Note 3	See Note 3	See Note 3	See Note 3	Available on the intranet of the Company	See Note 3	-	See Note 3	See Note 3

Business Responsibility Report

Sr. No.	Questions	Business Ethics	Product Responsibility	Well Being of Employees	Share holders Engagement	Human Rights	Environment	Public	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
8	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
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
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	N	-	N	N

Note 1: The Policy is broadly covered in various HR Policies and Practices and also the Company's Code of Business Conduct and Ethics.

Note 2: All the policies of the Company abide by the laws of the Country.

Note 3: The link for viewing the policies are: <https://www.unichemlabs.com/business-responsibility-policies.php>;

<https://www.unichemlabs.com/corporate-social-responsibility.php>; <https://www.unichemlabs.com/code-of-practices-procedures-to-be-followed-for-fair-disclosure.php>.

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

Sr. No.	Questions	P7 (Public Policy)
(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)	The Company is a member of various trade bodies, chambers and associations through which it has been advocating from time to time, in a responsible manner, on suggested measures to be taken by the Government to address issues related to the pharmaceutical industry.

3. Governance related to BR:

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6months, Annually, More than 1 year:

The BR performance is evaluated annually.

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

The Business Responsibility Report would be a part of the Annual Report for the financial year 2019-2020 and the link for the same is <https://www.unichemlabs.com/pdf//Business-Responsibility-Report.pdf>.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1 (Business Ethics)

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 has a Policy on Code of Business Conduct and Ethics and a Whistle Blower Policy which is applicable to the

Directors, employees and all other stake holders. The Company also has in place the policy for Prevention for Sexual Harassment at Workplace which is applicable to all stakeholders. These policies are posted on the website of the Company at www.unichemlabs.com as well as the intranet of the Company. These policies empower Directors, employees and all other stakeholders to report unethical behaviour, sexual harassment, actual or suspected fraud or violation of the Company's policies. These policies provide for swift redressal and institute specific mechanisms to deal with reported incidents.

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

During the year under review the Company has not received any complaint pertaining to violation of the policy for Prevention of Sexual Harassment at Workplace, the Code of Business Conduct and Ethics or the Whistle Blower Policy.

Principle 2 (Product Responsibility)

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

Unichem's Research & Development Center of Excellence at Goa constantly strives to inculcate advanced therapies and cutting-edge technologies to enhance health through its quality products. Unichem promotes environmental protection and insists on complying with all applicable environmental regulations. The environmental policy of your Company emphasizes being a caring Company, which shall protect and promote the environment by complying with applicable environmental regulations and preventing pollution in all its operations.

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

- (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain:

The Company manufactures and sells generic formulations and active pharmaceutical ingredients at its world class accredited manufacturing plants. Since consumption per unit depends on the product mix, there are no specific standards to ascertain reduction achieved at product level. The Company continues to adopt energy conservation initiatives and constantly strive to provide quality products, while taking concerted efforts to minimize the impact on environment.

- (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year:

The Company's products do not have any broad-based impact on energy and water consumption by consumers.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)?

- (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so:

Our supply chain strategy emphasizes sustainable procurement and the Company takes efforts to encourage local sourcing of material. The Company has Standard Operating Procedures (SOPs) for appointing vendors. Materials are sourced from approved vendors both locally and internationally. The Company conducts regular audits for these vendors. The frequency depends on the key materials procured and their value. The audits include sample approvals and performance trials. The Company has developed a long standing business relationship with these vendors. Annual freight contracts for movement of materials are executed with local and national transporters of repute and good credit standing.

4. Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding the place of work?

- (a) If yes, what steps have been taken to improve the capacity and capability of local and small vendors?

The Company procures materials and avails services from all over the country, with preference to those located around its manufacturing facilities. Small vendors who fit into the standard operating norms of the Company are also appointed to supply materials. The Company saves on transportation as well as inventory carrying costs as a result of procurement of material from the local vendors. As a procurement policy, the Company sources many of its packaging materials from vendors located in areas surrounding the manufacturing plants. The Company encourages all small manufacturers to develop quality manufacturing units in and around the Company's locations.

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so:

The Company focusses on reducing waste at source and find ways to maximise recycling. The Company handles and disposes waste in an environmentally responsible way, and in compliance with the applicable regulations. The Company's waste management practice includes regular monitoring, safe disposal and treatment. The Company has in place a mechanism for recycling products and waste. The waste generated in the Company's operations is either recycled or disposed safely. Every manufacturing facility has its own Effluent Treatment Plant (ETP) which ensures that the discharge of waste and solvents is within the limits stipulated by the respective pollution control boards. About 30-40% of the waste water generated in plants is recovered, recycled and reused thereby saving usage of fresh water. Treated water is used for gardening and sanitation.



In addition, the Company has made investments in its API facility to install Zero Liquid discharge plant wherein water will be reused in the utility processes either in cooling towers or steam generation boilers.

Principle 3 (Well being of Employees)

Your Company is committed to provide an environment that is conducive for continuous development and wellbeing of all its employees. All our policies and practices promote this commitment.

1. Please indicate the total number of employees:

As on March 31, 2020 the Company had 2,885 permanent employees

2. Please indicate the total number of employees hired on temporary/contractual/casual basis:

1,041 as on March 31, 2020

3. Please indicate the number of permanent women employees:

311 as on March 31, 2020

4. Please indicate the number of permanent employees with disabilities:

Nil as on March 31, 2020

5. Do you have an employee association that is recognized by management?

The Company's manufacturing location at Roha has a Union recognized by the management.

6. What percentage of your permanent employees is a member of this recognized employee association?

About 3.77 % of the permanent employees are members of recognized employee association.

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

Sr. No	Category	No of complaints filed during the financial year	No of complaints pending as on end of the 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?

(a) Permanent Employees: Over 90% of operating personnel are trained in safety and skill upgrading. Safety training and skill up-gradation is imparted to employees at the time of joining. Thereafter training on fire fighting, first aid is imparted at scheduled intervals.

(b) Permanent Women Employees: More than 80% of the permanent women employees are trained in safety and no discrimination is being made while imparting training to women employees *vis-à-vis* their male counterparts.

(c) Casual/Temporary/Contractual Employees: Over 80% in operating functions are trained.

(d) Employees with Disabilities- The Company does not have employees with disabilities.

Principle 4 (Stakeholders Engagement)

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

Our stakeholders are persons, groups or entities who are directly impacted by our activities and decisions, and those who can influence our operations. In line with our ethos of conducting business in a transparent and ethical manner, we have established an effective stakeholder communication model. We regularly engage with our stakeholders to identify and assess their needs, which form a critical part of our overall business strategy. The major stakeholder identified by the Company are its employees, business associates, patients, suppliers, vendors, shareholders, investors, regulatory authorities, government organizations intermediaries and communities.

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

Yes

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

The Company through its Corporate Social Responsibility programmes has identified disadvantaged, vulnerable and marginalized stakeholders. These include among others, family and children who cannot afford quality health and education, communities from low socio-economic strata such as Adiwasis, people who do not have financial resources to aid major ailments and self-run business to encourage women empowerment. The Company directly, with the help of NGOs and charitable trusts, engages with such groups to identify their needs and address them to the extent possible.

Principle 5 (Human Rights)

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

Our commitment to human and labour rights requires us to provide a safe and healthy workplace for our employees, which offers a non-discriminatory environment, to work actively against the use of child labour, act against any form of harassment, and ensure that we meet the minimum standards on wages and working hours and provide opportunities to employees for individual development. The Company encourages its Wholly Owned Subsidiaries (WOS)/suppliers adhere to this principle consistent with those of the Company. The WOS are incorporated outside India and comply with the requirements of the respective countries where they operate.

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

During the year under review, the Company did not receive any complaint pertaining to human rights.

Principle 6 (Environment)

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

This Policy covers only the Company. The Company expects its group companies and its stakeholders to adhere to the business principles consistent with those of the Company. The group companies are independent companies located outside India and are guided by their own policies and laws of the countries where they are located.

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

Conservation of natural resources has always been the priority for the Company. Optimum utilisation of the resources has been the prime motto. The environment policy of the Company is available on the website at http://unichemlabs.com/wp-content/uploads/2016/12/business_responsibility_policies.pdf. All efforts are made to recycle water and waste and eliminate over utilisation of resources. The Company implements safe and automated practices in manufacturing and other processes. Systems are regularly updated and conform to various applicable laws and regulations. This results in, continuous and dynamic improvements in quality of working and services.

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

The Company's manufacturing facilities are internationally accredited by regulatory agencies. The Company identifies and assesses the risks internally. Wherever required, assistance is sought from external agencies for formulating environment management plans. These plans are assessed at regular intervals by the management.

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

The Company does not presently 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 undertaken energy efficient initiatives at different locations which are provided at Annexure D of the Annual Report 2019-2020 under the heading Conservation of Energy.

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

Yes, all our manufacturing plants have complied with the permissible limits of air emissions/ waste generation for the financial year under review.

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

The Uttar Pradesh Pollution Control Board (UPPCB) has issued a show cause notice to the Company's manufacturing facility at Ghaziabad, recommending discharge of hazardous waste in a proper scientific way and to take necessary steps to improve efficiency of its ETP (Effluent Treatment Plant). The Company has filed a discharge application before the Special Court of Judicial Magistrate, Lucknow, (SCJM) seeking dismissal of the complaint filed by UPPCB with a submission that that it has complied with all requirements pertaining to discharge of hazardous waste. The matter is pending before the SCJM.

Principle 7 (Public Policy)

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:

- Indian Pharmaceutical Association (IPA)
- Indian Drugs Manufactures' Association (IDMA)
- National Safety council
- Goa Pharmaceuticals Manufacturer's Association
- Goa Chamber of Commerce and Industry
- Ghaziabad Management Association

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: governance and administration, economic reforms, inclusive development policies, energy security, water, food security, sustainable business principles, others)?

The Company has been actively participating in putting forth its views in areas concerning the pharmaceutical industry such as accessibility to medicines, regulatory reforms, making medical treatment easily accessible to the under privileged, economic reforms and Corporate Social Responsibility activities.

Principle 8 (Corporate Social Responsibility (CSR))

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

The Company believes in the philosophy of giving back. Being in the pharmaceutical industry your Company's primary focus is healthcare. Also your Company focusses on various CSR activities such are education, infrastructure, health and sanitation, protection of environment, women empowerment, general welfare and participating in the development of other areas in which your Company operates. The CSR efforts mainly will be in the areas around the Company's locations. The CSR Policy is available on the website of the Company and the Annual Report on CSR activities, as required under Section 135 of the Companies Act, 2013, is given under Annexure F to the Directors' Report.

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

The CSR programmes are undertaken by the Company directly, through recognized public charitable trusts and projects in partnership with the Government.

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

The impact assessment of the CSR initiatives is regularly done by the Company through its internal monitoring and assessing mechanism. At regular intervals feedback and progress of the CSR projects are obtained from the concerned organizations and agencies.

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 ₹ 202.98 Lakhs towards community development programmes namely towards health, education, infrastructure, women empowerment, sanitation, environment and general welfare and development.

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

Regular visits are undertaken at the CSR sites to ensure that the CSR initiatives are adopted by the communities. Feedback obtained is then used to improve the projects undertaken. Details of these CSR activities being adopted by the communities is given as Annexure F of the Annual Report.

Principle 9 (Customer Relations)

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

The Company has established a Corporate Quality Assurance (CQA) system, which has developed standard operating procedures (SOPs) for responding to customer complaints on product quality. We ensure that we acknowledge, investigate thoroughly and respond to all such complaints as per these SOPs. The aim is to ensure that there is no repetition of such a complaint.

As on March 31, 2020, about 1.26% of the customer complaints received during the year were pending at the end of the financial year and the same is under process.

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

The Company adheres to all packaging, labelling standards, regulations and guidelines of its products as per local laws of the particular country wherever 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.

Apart from the below mentioned, there is no significant case filed or pending against the Company regarding unfair trade practices, irresponsible advertising or anti-competitive behaviour.

On 9th July, 2014, the European Commission (“EU”) decided to impose an unjustified fine of Euro 13.96 million, jointly and severally on the Company and its subsidiary Niche Generics Ltd (“Niche”) contending that they had acted in breach of EU competition law as Niche Generics Ltd had, in early 2005 (when the Company was only a part owner and financial investor in Niche) had agreed to settle a financially crippling patent litigation with Laboratories Servier. The Company vehemently denies any wrongdoing on the part of either itself or Niche. Both the Company and Niche had submitted appeals in September 2014 to the General Court of the EU seeking appropriate relief in the matter. The General Court of the EU has rejected the appeals vide Order dated December 12, 2018 and confirmed the fine of Euro 13.96 million. The Company and its subsidiary based on legal advice and merits, have filed appeals against the decision of General Court before the Court of Justice of the EU and outcome of the appeals are awaited. Based on above, fine imposed by the EU of Euro 13.96 million (equivalent to ₹ 11,614.72 Lakhs) is disclosed under contingent liability.

For and on behalf of the Board of Directors,

Mumbai
June 19, 2020

Dr. Prakash A. Mody
Chairman & Managing Director
(DIN.: 00001285)