Innovating for affordable healthcare

Annexure-9

Business Responsibility & Sustainability Report

SECTION A — GENERAL DISCLOSURES

I. Details of the Listed Entity

1.	**Corporate Identity Number (CIN)**	L85110KA1987PLC008739
2.	**Name of the Listed Entity**	Shilpa Medicare Limited
3.	**Date of Incorporation**	1987
4.	**Registered Office Address**	#12-6-214/A1, Hyderabad Road, Raichur – 584 135, Karnataka, India
5.	**Corporate Address**	#12-6-214/A1, Hyderabad Road, Raichur – 584 135, Karnataka, India
6.	**E-mail**	cs@vbshilpa.com
7.	**Telephone**	+91-8532-238704
8.	**Website**	https://www.vbshilpa.com/
9.	**Financial year for which reporting is being done**	FY 2025-26
10.	**Stock Exchanges where Shares are Listed**	BSE & NSE
11.	**Paid-up Capital (in Rs)**	19,55,81,816
12.	**Name and contact details (telephone, email address) of the person who may be contacted in case of queries on the BRSR report**	
	Name	Ms. Ritu Tiwary — Company Secretary & Compliance Officer
	Contact	+91-8532-238704
	E-mail	cs@vbshilpa.com
13.	**Reporting Boundary**	Standalone basis
14.	**Whether the company has undertaken assessment or assurance of the BRSR Core**	No
15.	**Name of Assurance Provider**	Growlity Pvt. Ltd.
16.	**Type of Assurance Obtained**	Limited Assurance

II. Products & Services

17. Details of business activities (accounting for 90% of the turnover):

Sr. No.	Main Activity	Description Business Activity	% of Turnover
1	Pharmaceuticals	Manufacture of Formulations	99.01%

18. Products / Services sold by the entity (accounting for 90% of the turnover):

Sr. No.	Product / Service	NIC Code	% of Total Turnover
1	Formulations	21001	99.01%
2	Power	21001	0.99%

NIC Code list link: https://www.ncs.gov.in/Documents/NIC_Sector.pdf

III. Operations

19. Number of locations where plants and/or operations/offices are situated:

Location	Number of Plants	Number of Offices	Total
National	3	2	5
International	-	-	-

20. Markets served by the entity

a. Number of Locations:

Location Type	Number
National (No. of States)	Pan India
International (No. of Countries)	74+ Countries

b. Export contribution as a percentage of total turnover:

83.02%

c. Types of customers:

Our business serves a diverse customer base such as wholesalers, distributors, doctors, pharmacy chains NGOs, hospitals, Pharmacy chains (Jan Aushadhi) pharmaceutical distributors, government institutions, and companies.

IV. Employees

21. Details as at the end of the Financial Year

a. Employees and Workers (including Differently Abled):

Sr. No.	Particulars	Total (A)	Male		Female		Others	
			No. (B)	% (B /A)	No. (C)	% (C / A)	No. (H)	% (H / A)
Employees								
1	Permanent (D)	1140	1087	95.35%	53	4.65%	0	0.00%
2	Other than Permanent (E)	0	0	0.00%	0	0.00%	0	0.00%
3	Total Employees (D+E)	1140	1087	95.35%	53	4.65%	0	0.00%
Workers								
4	Permanent (F)	101	81	80.20%	20	19.80%	0	0.00%
5	Other than Permanent (G)	0	0	0.00%	0	0.00%	0	0.00%
6	Total Workers (F+G)	101	81	80.20%	20	19.80%	0	0.00%

b. Differently Abled Employees & Workers:

Sr. No.	Particulars	Total (A)	Male		Female		Others	
			No. (B)	% (B /A)	No. (C)	% (C / A)	No. (H)	% (H / A)
Differently Abled Employees								
1	Permanent (D)	0	0	0.00%	0	0.00%	0	0.00%
2	Other than Permanent (E)	0	0	0.00%	0	0.00%	0	0.00%
3	Total Employees (D+E)	0	0	0.00%	0	0.00%	0	0.00%
Differently Abled Workers								
4	Permanent (F)	0	0	0.00%	0	0.00%	0	0.00%
5	Other than Permanent (G)	0	0	0.00%	0	0.00%	0	0.00%
6	Total Workers (F+G)	0	0	0.00%	0	0.00%	0	0.00%

22. Participation / Inclusion / Representation of Women:

Particulars	Total (A)	No. of Females (B)	% (B/A)
Board of Directors	6	1	16.67%
Key Management Personnel (KMP)	2	1	50.00%

23. Turnover Rate for Permanent Employees and Workers:

Category	FY 2025-26				FY 2024-25				FY 2023-24			
	Male	Female	Other	Total	Male	Female	Other	Total	Male	Female	Other	Total
Permanent Employees	29.29%	0.11%	0.00%	29.40%	53.37%	0.88%	0.00%	54.25%	34.9%	0.75%	0.00%	35.65%
Permanent Workers	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

V. Holding, Subsidiary and Associate Companies (including Joint Ventures)

24. Names of holding/ subsidiary/ associate companies/ joint ventures

The details of holding/ subsidiary/ associate companies/ joint ventures are given in Form AOC- 1 as 'Annexure to the Board's Report' which forms a part of the annual report.

VI. CSR Details

25. Corporate Social Responsibility:

Whether CSR is applicable under Section 135 of Companies Act, 2013	Yes
Turnover (Rs. in Crore)	635.18
Net Worth (Rs. in Crore)	2,713.4

VII. Transparency and Disclosure Compliances

26. Complaints / Grievances on any of the principles (1 to 9) under NGRBC

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No/NA) (If yes, then provide web-link for grievance redress policy)	FY 2025-26			FY 2024-25		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes vbshilpa.com/policies-and-codes.php	0	0	NA	0	0	NA
Investors (other than shareholders)	Yes vbshilpa.com/policies-and-codes.php	0	0	NA	0	0	NA
Shareholders	Yes vbshilpa.com/policies-and-codes.php	1	0	NA	0	0	NA
Employees and workers	Yes vbshilpa.com/policies-and-codes.php	0	0	NA	0	0	NA
Value Chain Partners	Yes vbshilpa.com/policies-and-codes.php	0	0	NA	0	0	NA

27. Overview of the Entity's Material Responsible Business Conduct Issues:

Sr. No.	Material Issue	Risk / Opportunity	Rationale for identifying the risk/ opportunity	In Case of Risk Approach to Adapt / Mitigate	Financial Implication
1	Water & Waste Management	Risk	Inadequate management may affect water and soil quality, impacting ecosystems and public health. Water is a critical manufacturing input.	Periodic risk assessments; water efficiency strategy; waste management covering minimisation, segregation, and reuse/recycle/recovery at all facilities.	Negative
2	Research & Development	Opportunity	R&D drives green innovation and improves ESG performance; strategic disclosures build stakeholder confidence.	Green Chemistry focus: water-based reactions, greener solvents, enhanced solvent recovery, and Life Cycle Assessments (LCA).	Positive

Sr. No.	Material Issue	Risk / Opportunity	Rationale for identifying the risk/ opportunity	In Case of Risk Approach to Adapt / Mitigate	Financial Implication
3	Community Engagement	Opportunity	Constructive community engagement builds trust and ensures long-term operational licence.	Shilpa Foundation channels corporate philanthropy through primary healthcare, environmental sustainability, rural development, and education.	Positive
4	Business Ethics / Anti-Bribery & Anti-Corruption	Risk	Unethical conduct by directors, employees, or value chain partners could damage reputation and impede growth.	Business Code of Conduct and Supplier Code of Conduct implemented; anti-bribery, anti-corruption, whistleblowing, and audit controls in place.	Negative
5	Occupational Health & Safety	Risk	Employee health, safety, and well-being require a secure work environment.	EHS Policy implemented across all facilities; ISO 45001:2018 OHS Management Systems certified; Process Safety Management System at API plants.	Negative
6	Statutory & Regulatory Compliances	Risk	Non-compliance with quality standards and EHS/Labour regulations could result in observations and impair patient supply.	"Quality by Design" integrated; cGMP compliance; digitised quality assurance; legal compliance evaluation for EHS, Labour, Human Rights, and Ethics.	Negative
7	Diversity, Equity & Inclusion	Opportunity	Diversity fosters new perspectives and innovative approaches for sustainable value creation.	Increasing women representation; equal pay practice; SA 8000:2014 Social Accountability System; non-discrimination policies.	Positive
8	Talent Attraction & Retention	Risk	Knowledge-driven, technology-intensive industry makes specialist talent attraction and retention challenging.	People analytics for skill-gap identification; career development plans; reskilling and upskilling initiatives; strategic workforce planning.	Negative
9	Risk Management & Business Continuity	Opportunity	Complex geopolitical and regulatory environment creates potential disruptions across operations and supply chains.	Board-level Risk Management Committee reviews key risks periodically; sustainable supply chain prioritised; resiliency posture continuously improved.	Positive
10	Industry Risk	Risk	Sectoral and market downturns could have immediate and material impact on performance.	Regular analysis of industry and pharma-sector trends; horizon scanning; ongoing business continuity planning.	Negative
11	Sustainable EHS Work Practices	Opportunity	Sustainable EHS practices reduce climate impact, improve resource efficiency, and cut costs and waste.	Sustainable practices embedded in company culture; 24-hour EHS monitoring; wastewater treated at Zero Liquid Discharge (ZLD) facilities and recycled.	Positive
12	Access & Affordability of Medicines	Opportunity	Financial barriers in low- and middle-income countries limit patient access to life-saving medicines.	Consistent enhancement of value proposition to deliver affordable pharmaceutical formulations globally, aligned with purpose of "Innovating for Affordable Healthcare".	Positive

Sr. No.	Material Issue	Risk / Opportunity	Rationale for identifying the risk/ opportunity	In Case of Risk Approach to Adapt / Mitigate	Financial Implication
13	Supply Chain Sustainability	Risk	Environmental and social concerns in the supply chain could cause disruptions in material availability and medicine deliveries.	Environmental & Social Assessments of key suppliers; mandatory minimum compliance enforced; Supplier Code of Conduct communicated to all key suppliers.	Negative
14	Energy & GHG Emissions Management	Opportunity	Energy conservation and renewable energy adoption present significant opportunities to reduce costs and GHG emissions.	GHG-reduction projects registered with UNFCCC; Carbon Credits (CERs) earned; target of 95% renewable energy by 2030 and net-zero carbon by 2050.	Positive
15	Regulatory Compliance, Governance beyond compliance	Risk/ Opportunity	Strong ESG compliance is increasingly required by regulators, investors, and customers.	Periodic risk assessments, internal audits, and management reviews; ISO 14001, ISO 45001, ISO 50001, and SA 8000 certifications maintained.	Negative
16	Health Education & Disease Prevention	Opportunity	Health education empowers communities and reduces the burden of disease.	Patient awareness increased; healthcare professionals trained; healthcare services and hygiene awareness provided to rural communities.	Positive
17	Data Security, Privacy & Cybersecurity	Risk	Dependence on digital collaboration creates vulnerability to cyber-attacks, data breaches, and regulatory non-compliance.	ISMS based on ISO 27001; periodic independent assessments; IT disaster recovery plan; comprehensive data privacy policies.	Negative

SECTION B — MANAGEMENT AND PROCESS DISCLOSURES

This section demonstrates the structures, policies, and processes established by Shilpa Medicare Limited to adopt the nine National Guidelines on Responsible Business Conduct (NGRBC) Principles and their Core Elements.

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1. a. Whether your entity's policy/ policies cover each principle and its core elements of the NGRBCs. (Yes/No)					Yes				
b. Has the policy been approved by the Board? (Yes/ No)					Yes				
c. Web Link of the Policies, if available					https://www.vbshilpa.com/policies-and-codes.php				
2. Whether the entity has translated the policy into procedures. (Yes / No)					Yes				
3. Do the enlisted policies extend to your value chain partners? (Yes/No)					Yes				

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
4. Name of the national and international codes/ certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	1. Occupational Health & Safety Management System: ISO 45001: 2018 2. Environmental Management System: ISO 14001: 2015 3. Energy Management System: ISO 50001: 2018 4. Social Accountability Management System: SA 8000:2026 5. Quality Management System: ISO 9001:2018 6. Our facility has accreditations from various regularity authorities including USFDA, EUGMP-AGES Austria, ANVISA, Health Canada, , TGA -Australia, Ministry of Health-UAE, Bahrain; Eurasian Economic Union (EAEU) Belarus, EMA, Iraq, Nepal, Philippines, Qatar, Syria, Ukraine								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	Note 1								
6. Performance of the entity against specific commitments, goals and targets along with reasons in case the same are not met.	Note 2								
Governance, leadership, and oversight									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)	Note 3								
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Mr. Vishnukant C Bhutada, Managing Director								
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Yes, Mr. Vishnukant C Bhutada, the Managing Director.								

Note 1:

- **Environmental (E):** With FY 2022-23 as the baseline, the Company has set FY 2028-29 as the target year for reducing Scope 1 & 2 GHG emissions (10%), Scope 3 emissions (8%), GHG intensity (10%), and energy intensity (7%), while increasing renewable electricity usage to 80%. The Company also aims to achieve 100% GHG reporting, 100% water monitoring, 5% reduction in freshwater consumption, ≥33% green belt coverage, 5% reduction in waste generation, 5% reduction in packaging waste and maintain zero environmental non-compliances through continual monitoring and compliance.
- **Environmental (E)** (Baseline : FY 2022–23 | Target Year: FY 2028–29)
- **Reduce GHG emissions** by achieving a **10% reduction in Scope 1 & 2 emissions**, an **8% reduction in Scope 3 emissions**, and a **10% reduction in GHG emissions intensity**.
- **Improve energy performance** by reducing **energy intensity by 7%** and increasing **renewable electricity usage to 80%**.
- **Strengthen water stewardship** by achieving **100% water monitoring** and reducing **freshwater consumption by 5%**.
- **Enhance environmental management** by maintaining **green belt coverage of at least 33%**, reducing **overall waste generation and packaging waste by 5%**, and ensuring **zero environmental non-compliances** through continual monitoring and regulatory compliance.
- **Achieve 100% GHG emissions reporting** across the Company's operations.

- **Social (S):** With FY 2022-23 as the baseline and FY 2028-29 as the target year, the Company aims to maintain zero child and forced labour incidents, conduct social compliance audits for ≥65% of high-risk suppliers, increase procurement from SMEs, women-owned and local suppliers to ≥20%, and achieve 100% employee training on sustainability, procurement, health, safety and quality. The Company also targets 100% product compliance, customer complaint closure, and product safety, with zero non-compliant product supply and recalls monitored on an ongoing basis.
- **Governance(G):** Using FY 2022-23 as the baseline, the Company has established FY 2028-29 targets to conduct sustainability assessments for ≥50% of strategic suppliers, increase ISO 14001-certified suppliers to ≥40%, engage ≥55% of strategic suppliers in GHG reporting, integrate ESG criteria into 100% of strategic procurement processes, ensure 100% Supplier Code of Conduct acknowledgement, include ESG clauses in all new supplier contracts, provide 100% procurement ethics training, and maintain zero procurement fraud, corruption and ethics violations through robust governance and supplier due diligence.
- **Social (S)** (Baseline : FY 2022–23 | Target Year: FY 2028–29)
- **Promote responsible labour practices** by maintaining **zero incidents of child labour and forced labour** across operations and the value chain.
- **Strengthen responsible sourcing** by conducting **social compliance audits for at least 65% of high-risk suppliers** and increasing procurement from **SMEs, women-owned, and local suppliers to at least 20%**.
- **Build employee capability** by achieving **100% training coverage** on sustainability, procurement, health & safety, and quality.
- **Ensure product responsibility** by maintaining **100% product compliance, product safety, and customer complaint closure**, while ensuring **zero supply of non-compliant products and zero product recalls** through continuous monitoring.
- **Governance (G)** (Baseline: FY 2022–23 | Target Year: FY 2028–29)
- **Strengthen sustainable procurement** by conducting **sustainability assessments for at least 50% of strategic suppliers**, increasing **ISO 14001-certified strategic suppliers to at least 40%**, and engaging **at least 55% of strategic suppliers in GHG emissions reporting**.
- **Integrate ESG into supplier management** by incorporating **ESG criteria into 100% of strategic procurement processes**, obtaining **100% Supplier Code of Conduct acknowledgements**, and including **ESG clauses in all new supplier contracts**.
- **Promote ethical procurement practices** by providing **100% procurement ethics training** and maintaining **zero incidents of procurement fraud, corruption, and ethics violations** through robust governance and supplier due diligence.

Note- These targets are set on group level basis and they will be further updated in upcoming Financial Years BRSR.

Note 2: The Company has established FY 2022-23 as the baseline year and FY 2028-29 as the target year for the majority of its Environmental, Social and Governance (ESG) commitments. During the reporting period, initiatives relating to greenhouse gas (GHG) emissions management, energy efficiency, renewable energy adoption, water conservation, waste management, supplier engagement, employee capacity building and responsible procurement continued to be implemented in line with the defined roadmap.

As the targets are long-term in nature, the Company is in the implementation phase and has not yet achieved all of the milestones established for FY 2028-29. Progress against each target is reviewed periodically through internal monitoring and management oversight. Certain initiatives have progressed at a slower pace than initially anticipated due to factors such as phased implementation plans, infrastructure and technology upgrade timelines, operational priorities, supplier readiness, availability of reliable ESG data across the value chain, and changing business requirements.

The Company remains committed to achieving its stated ESG objectives within the defined timeline and continues to strengthen governance mechanisms, allocate necessary resources, improve data management systems, enhance stakeholder engagement, and implement corrective and improvement measures to accelerate progress towards the FY 2028-29 targets. No material environmental, social or governance non-compliance affecting these commitments was reported during the reporting period.

Progress Against ESG Targets:

- The Company has adopted **FY 2022–23** as the baseline year and **FY 2028–29** as the target year for its key Environmental, Social and Governance (ESG) commitments.
- During the reporting period, the Company continued implementing initiatives related to **GHG emissions management, energy efficiency, renewable energy, water conservation, waste management, supplier engagement, employee capacity building, and responsible procurement**.
- As these are **long-term targets**, the Company is currently in the implementation phase, and the FY 2028–29 targets have not yet been fully achieved.
- Progress is **periodically monitored and reviewed** through internal tracking and management oversight.
- The pace of implementation for certain initiatives has been influenced by **phased execution plans, infrastructure and technology upgrades, operational priorities, supplier readiness, availability of reliable ESG data, and evolving business requirements**.
- The Company remains committed to achieving its FY 2028–29 ESG targets by strengthening **governance, resource allocation, ESG data management, stakeholder engagement, and continuous improvement measures**.
- **No material environmental, social or governance non-compliances** impacting these commitments were reported during the reporting period.

Note 3: Shilpa, established in 1987, is an integrated pharmaceutical organization with strong research, development, and manufacturing capabilities across Active Pharmaceutical Ingredients (APIs) and formulations. Guided by its vision of "Innovating for Affordable Healthcare," the Company is committed to creating long-term value through responsible and sustainable business practices.

Sustainability and ESG principles are integrated into our business strategy in alignment with the National Guidelines on Responsible Business Conduct (NGRBC). Our key ESG priorities include reducing greenhouse gas (GHG) emissions, improving energy and resource efficiency, strengthening environmental management systems, ensuring regulatory compliance, enhancing occupational health and safety, and fostering ethical governance across our operations and value chain.

The pharmaceutical industry continues to face challenges such as climate change, efficient resource utilization, evolving regulatory requirements, and sustainable supply chain management. To address these challenges, the Company has established policies, management systems, and monitoring mechanisms focused on environmental stewardship, proactive risk assessment, resource conservation, employee participation, and continuous improvement.

During the reporting period, Shilpa continued to strengthen its ESG framework by implementing sustainability initiatives, monitoring environmental performance, promoting awareness through training and stakeholder engagement, and collaborating with supply chain partners to encourage responsible and greener practices. The Company remains committed to continuously enhancing its ESG performance and contributing towards a sustainable future while delivering high-quality and affordable healthcare solutions.

Statement from the Director Responsible for the BRSR :

Established in **1987**, **SML** is an integrated pharmaceutical company with strong capabilities in the research, development, and manufacturing of **APIs and formulations**. Guided by its vision of **"Innovating for Affordable Healthcare,"** the Company integrates sustainability and responsible business practices into its long-term strategy in alignment with the **National Guidelines on Responsible Business Conduct (NGRBC)**.

The Company's key ESG priorities include:

- **Reducing GHG emissions** and improving **energy and resource efficiency**.
- Strengthening **environmental management systems** and ensuring **regulatory compliance**.
- Promoting **occupational health & safety** and ethical business governance.
- Encouraging **responsible supply chain practices** and stakeholder engagement.

During the reporting period, the Company continued to strengthen its ESG framework through sustainability initiatives, environmental performance monitoring, employee awareness programmes, and collaboration with value chain partners to promote responsible and greener practices. The Company remains committed to continuously enhancing its ESG performance while delivering **high-quality, affordable healthcare solutions** and creating long-term sustainable value.

10. Details of Review of NGRBCs by the Company

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	Yes									As a practice, Polices of the Company are reviewed periodically or on need basis heads and the Directors of the Company.								
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	Yes									Quarterly								

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.

Yes. The Environment Health Safety (EHS) & Labor and Human Rights (LHR) related processes including compliances are evaluated during the ISO Certification Renewal / surveillance Audit once in a year and Pharmaceutical Supply Chain Initiatives (PSCI) Audits conducted by the Customers the status of compliance is updated to the Board. EHS & LHR related policies are periodically evaluated and updated by concerned department heads / business heads and approved by the management / the Board committees / the Board

P1	P2	P3	P4	P5	P6	P7	P8	P9
Yes								

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Not Applicable

SECTION C — PRINCIPLE-WISE PERFORMANCE DISCLOSURES

PRINCIPLE 1 Businesses should conduct and govern themselves with integrity, in a manner that is Ethical, Transparent and Accountable

Essential Indicators

1. Percentage Coverage by Training and Awareness Programmes on NGRBC Principles during the financial year :

Segment	No. of Programmes	Topics Covered	% of Persons Covered
Board of Directors	6	Familiarization/awareness programme for the Board of Directors/ KMPs of the Company is conducted periodically, covering various areas pertaining to business, strategy, risks, operations, regulations, code of business conduct and ethics, economy and environmental, social and governance parameters. In addition, frequent updates are shared with all the Board members/KMPs to apprise them of developments in the Company, key regulatory changes, risks, compliances and legal cases.	100%
Key Managerial Personnel (KMP)	6		100%
Employees other than BOD and KMPs	120	ESG and Good Manufacturing Practices (GMP)	100%
Workers	Nil	—	Nil

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year.

Monetary					
Particulars	**NGRBC Principle**	**Regulatory / Enforcement Agency**	**Amount (Rs.)**	**Brief of Case**	**Appeal Preferred?**
Penalty / Fine	0	0	Nil	Nil — No monetary penalties levied	—
Settlement	0	0	Nil		
Compounding Fee	0	0	Nil		

Non-Monetary				
Particulars	**NGRBC Principle**	**Regulatory / Enforcement Agency**	**Brief of Case**	**Appeal Preferred?**
Imprisonment	—	—	Nil — No non-monetary penalties imposed	—
Punishment				

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Not applicable. No monetary or non-monetary actions were taken against the Company during the reporting period.

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes. The Company has an Anti-Bribery and Anti-Corruption Policy and follows a zero-tolerance approach towards bribery and corruption. We are committed to conducting business in an ethical, transparent, and responsible manner.

To prevent unethical practices, the Company has established various controls, including internal reviews, audits, compliance checks, and a Whistle Blower Policy. These mechanisms help ensure that employees and representatives comply with applicable laws and the Company's ethical standards.

The Company also expects all suppliers, contractors, and other business partners to uphold the same standards of integrity and ethical conduct while doing business with or on behalf of the Company.

Policy Link: https://vbshilpa.com/policies-and-codes.php

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

Category	FY 2025-26	FY 2024-25
Directors	0	0
KMPs	0	0
Employees	0	0
Workers	0	0

6. Details of complaints with regard to conflict of interest:

Case Details	FY (2025-26) (Current Financial Year)		PY (2024-25) (Previous Financial Year)	
	Number	**Remarks**	**Number**	**Remarks**
Number of complaints received in relation to issues of Conflict of Interest among the Directors	0	Nil	0	Nil
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	Nil	0	Nil

7. Details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Not applicable. No fines, penalties, or conflict-of-interest matters arose during the reporting period.

8. Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format:

Metric	FY 2025-26	PY 2024-25
Number of Days of Accounts Payables	94 Days	32 Days

9. Open-ness of business-Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metric	FY 2025-26	PY 2024-25
Concentration of Purchases	a. i) Purchases from Trading Houses as % of Total Purchases	—	—
	b. Number of trading houses where purchases are made	—	—
	c. Purchases from top 10 trading houses as % of total purchases from trading houses.	—	—
Concentration of Sales	a. Sales to dealer / distributors as % of total sales	6.60%	7.10%
	b. Number of dealers / distributors to whom sales are made	205	185
	c. Sales to top 10 dealers / distributors as % of total sales to dealer / distributors	41.65	42.68
Share of Related Party Transactions	a. Purchases (Purchases with related parties as % of Total Purchases)	96.20%	95.48%
	b. Sales (Sales to related parties as % of Total Sales)	1.77%	2.93%
	c. Loans & advances given to related parties / Total loans & advances) %	100	100
	d. Investments in related parties / Total Investments made) %	100	100

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the principles during the financial year

Sr. No.	Total number of awareness programmes held	Topics /principles covered under the training	Percentage of value chain partners covered (by value of business done with such partners) under the awareness programmes
1	6	Shared Supplier Code of Conduct and Business Ethics with suppliers	85%
2	4	Communicated quality standards and responsible procurement practices	90%
3	3	Shared safety and quality certification requirements	85%
4	5	Promoted responsible supply chain practices and compliance	90%

2. Processes in place to avoid/ manage conflict of interests involving members of the Board. If Yes, Provide details for the same

Yes, SML's 'Code of Conduct for Board of Directors and Senior Management" emphasis on ethical business conduct and has principles and standards that govern the actions of the Company including its subsidiaries, directors, & officers. The Board has implemented a Code of Conduct for Board & Senior Management which upholds the legal and ethical norms while pursing business goals.

The 'Code of Conduct for Board of Directors and Senior Management policy helps manage or avoid conflicts of interest involving members of the Board by requiring them to be scrupulous in avoiding 'conflicts of interest' with the Company and in cases where there is likely to be a conflict of interest, he/she should make full disclosure of all facts and circumstances thereof to the Board of Directors or any Committee / Officer nominated for this purpose by the Board and a prior written approval should be obtained.

The company also follows a 'Related Party Policy' that applies to both board members and key managerial personnel (KMPs). Under this policy, any transaction involving related parties must receive approval from the Audit Committee and the Board of Directors. To ensure transparency and fairness, any director or KMP with a vested interest is required to step aside from discussions during the decision-making process.

The Nomination and Remuneration Policy of SML helps manage or avoid conflicts of interest involving Board members by formulating clear criteria for identifying persons qualified to become Directors, Key Managerial Personnel, and Senior Management, and ensuring that all remuneration is recommended by the independent Nomination and Remuneration Committee and approved by the Board. Additionally, the policy prohibits Independent Directors from being associated with the company in any other capacity during the cooling-off period between terms, thereby reinforcing objectivity and independence.

Moreover Terms & Conditions for Appointment of Independent Directors ensures unbiased oversight of the Company's affairs and to effectively prevent, identify, and manage any actual, potential, or perceived conflicts of interest involving members of the Board. By bringing independent judgment to Board deliberations, Independent Directors help ensure that decisions are made in the best interests of the Company and its stakeholders rather than being influenced by personal or vested interests. Their presence strengthens transparency, accountability, ethical conduct, and corporate governance practices, while promoting fairness in decision-making and compliance with applicable legal and regulatory requirements.

PRINCIPLE 2 | Businesses should provide goods and services in a manner that is Sustainable and Safe

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

Category	FY 2025-26	FY 2024-25	Details of Improvements
CAPEX	0.3 %	Nil	Capex expenditure directed towards the Energy Conservation projects.
R&D	100%	100%	R&D expenditure directed towards technologies that enhance the social and environmental impact of the Company's products and processes, including green chemistry initiatives

2. A. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Yes

B. If yes, what percentage of inputs were sourced sustainably?

Percentage of inputs sourced sustainably :100%. All business partners are required to adhere to baseline sustainability parameters including labour rights, health and safety, environment, ethical conduct, and data privacy. Details: https://vbshilpa.com/policies-and-codes.php

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

In line with our commitment to environmental sustainability, Shilpa Medicare Limited continuously strives to minimize waste generation at its source wherever feasible. Recognizing that a significant portion of waste generated in the pharmaceutical industry is classified as hazardous, we ensure its careful handling, monitoring, and disposal in strict compliance with applicable regulatory requirements.

We regularly assess and improve our waste management systems and procedures to ensure that waste generated across all our facilities is treated and disposed of safely and responsibly. By enhancing operational efficiency, we aim to optimize resource utilization and reduce waste generation.

The Company complies with all applicable local and national regulations, as well as internationally accepted standards, governing the safe management of emissions, effluents, and waste. Furthermore, we have established robust policies and procedures for the safe storage, handling, and end-of-life disposal of products. We also promote environmentally responsible recycling and waste recovery through authorized third-party service providers, supporting our broader sustainability objectives.

(a) **Plastics (including packaging)** - Plastic waste is segregated and sent to authorized recyclers for recycling and disposal.

(b) **E-waste** - E-waste is collected separately and disposed through authorized recyclers.

(c) **Hazardous waste** - Hazardous waste is stored and disposed through approved agencies as per regulations.

(d) **other waste** - Other waste is segregated and disposed of safely through reuse or recycling practices.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Yes, the Extended Producer Responsibility (EPR) provisions are applicable to the Company. Shilpa Medicare Limited is in the process of obtaining EPR registration for plastic waste with the Central Pollution Control Board (CPCB) and is committed to complying with the provisions of the Plastic Waste Management Rules, 2016. The EPR registration for plastic waste is expected to be completed by September 2026.

Further, the Company has already obtained EPR registration for e-waste for its Nacharam facility, demonstrating its commitment to responsible waste management and regulatory compliance.

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details

Yes. The Company is planning to conduct the Life Cycle Assessments (LCA) for two of its products to evaluate their environmental impacts across different stages of the product life cycle.

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Sr. No.	Name of Product/ Service	Description of the risk/ concern	Action Taken
1	Hazardous Waste	Improper handling, storage, or disposal of hazardous waste (Deactivation liquid waste, Expired chemicals, solvents waste) can lead to soil, air pollution, and health risks to workers and community	Implemented strict hazardous waste management procedures, including segregation, labelling, and secure storage partnered with authorized waste disposal agencies. ensured compliance with environmental regulations. conducted employee trainings.

Sr. No.	Name of Product/ Service	Description of the risk/ concern	Action Taken
2	Bio Waste	Improper disposal can lead to the spread of infections, contamination of soil, foul Odor, and biomedical waste may pose serious health risks to workers	Implemented segregation of waste at source (e.g., color-coded bins), ensured safe collection and storage, and partnered with authorized bio-waste disposal agencies, ensured compliance with applicable waste management regulations
3	Effluent Waste	Discharge of untreated or inadequately treated effluents can contaminate water bodies, harm aquatic life, degrade soil quality, and pose health risks to communities	Ensured safe collection and storage, and partnered with CETP disposal agencies / Treated in the ZLD.
4	Non-hazardous waste such as paper, packaging materials, and general office waste	NA	Waste is segregated at source and disposed of through authorized municipal waste management systems. efforts are made to reduce, reuse, and recycle materials wherever possible

3. **Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

Sr. No.	Indicate input material	Recycled or re-used input material to total material	
		FY (2025-26)	FY (2024-25)
Not Applicable. As per Good Manufacturing Practice (GMP) and sensitive nature of pharmaceutical products and strict regulatory guidelines, we do not reuse / recycled or reclaimed input materials in the manufacturing process is prohibited to avoid any risk of contamination.			

4. **Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:**

Waste Categories	FY (2025-26)			PY (2024-25)		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	NA	NA	NA	NA	NA	NA
E waste	NA	NA	NA	NA	NA	NA
Hazardous waste	NA	NA	NA	NA	NA	NA
Other Waste	NA	NA	NA	NA	NA	NA

5. **Reclaimed products and their packaging materials (as percentage of products sold) for each product category**

Sr. No.	Indicate product category	Reclaimed products and their packaging materials as Percentage of total products sold in respective category
No Products or Packing Materials were reclaimed in the reporting period		

PRINCIPLE 3 | Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. **Details of Measures for the Well-being of Employees and Workers**

   a. Well-being Measures — Employees

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number	%	Number	%	Number	%	Number	%	Number	%
Permanent employees											
Male	1,087	130	11.96%	1,087	100.00%	0	0.00%	0	0.00%	0	0.00%
Female	53	1	1.89%	53	100.00%	53	100.00%	0	0.00%	0	0.00%
Other	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Total	**1,140**	**131**	**11.49%**	**1,140**	**100.00%**	**53**	**4.65%**	**0**	**0.00%**	**0**	**0.00%**
Other than permanent employees											
Male	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Female	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Other	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Total	**0**	**0**	**0.00%**	**0**	**0.00%**	**0**	**0.00%**	**0**	**0.00%**	**0**	**0.00%**

   b. Well-being Measures — Workers

Category	% of workers covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number	%	Number	%	Number	%	Number	%	Number	%
Permanent workers											
Male	81	81	100.00%	81	100.00%	0	0.00%	0	0.00%	0	0.00%
Female	20	20	100.00%	20	100.00%	20	100.00%	0	0.00%	0	0.00%
Other	0	0	0.00%	0	100.00%	0	0.00%	0	0.00%	0	0.00%
Total	**101**	**101**	**100.00%**	**101**	**100.00%**	**20**	**100.00%**	**0**	**0.00%**	**0**	**0.00%**
Other than permanent workers											
Male	0	0	0.00%	0	0.00%	0	0	0	0.00%	0	0.00%
Female	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Other	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Total	**0**	**0**	**0.00%**	**0**	**0.00%**	**0**	**0.00%**	**0**	**0.00%**	**0**	**0.00%**

   C. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format:

Metric	FY 2025-26	FY 2024-25
Cost incurred on wellbeing measures as a % of total revenue of the company	0.22%	0.23%

2. **Details of Retirement Benefits:**

Benefits	FY 2025-26			PY 2024-25		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority
PF	89.00%	100.00%	Yes	95.00%	100.00%	Yes
Gratuity	89.00%	0.00%	NA	90.00%	0.00%	NA
ESI	3.00%	100.00%	Yes	10.00%	100.00%	Yes

3. Accessibility of Workplaces- Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes. The Company's premises and offices, including its registered and corporate offices, are equipped with ramps to facilitate easy movement. Most offices are either located on the ground floor or are accessible via elevators and other infrastructure designed to support differently abled individuals.

4. Equal Opportunity Policy - Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes. The Company's Code of Business Conduct and Ethics (COBE) incorporates a comprehensive Equal Opportunity Policy that fosters an inclusive workplace and ensures fair and equitable treatment of all employees. The policy prohibits discrimination on the basis of gender, age, disability, religion, sexual orientation, race, caste, or any other protected characteristic, thereby promoting diversity, inclusion, and equal opportunities across the organization.

Policy: https://www.vbshilpa.com/policies-and-codes.php

5. Return to Work and Retention Rates after Parental Leave:

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	0.00	NA	0.00	NA
Female	0.00	NA	0.00	NA
Other	0.00	NA	0.00	NA
Total	**0.00**	**NA**	**0.00**	**NA**

6. Mechanism for Receiving and Redressing Grievances of Employees and Workers:

Category	Mechanism in Place	Details
Permanent Workers	Yes	The Policy provides avenues to report concerns directly to the compliance team. Code of Business Conduct and Ethics link: https://www.vbshilpa.com/policiesand-codes.php
Other than Permanent Workers	Yes	
Permanent Employees	Yes	
Other than Permanent Employees	Yes	

7. Membership of Employees and Workers in Associations or Unions:

Category	FY 2025-26			PY 2024-25		
	Total employees/ workers in respective category	No. of employees / workers in respective category, who are part of association(s) or Union	%	Total employees / workers in respective category	No. of employees / workers in respective category, who are part of association(s) or Union	%
Total Permanent Employees	0	0	0.00%	0	0	0.00%
Male	0	0	0.00%	0	0	0.00%
Female	0	0	0.00%	0	0	0.00%
Other	0	0	0.00%	0	0	0.00%
Total Permanent Workers	0	0	0.00%	0	0	0.00%
Male	0	0	0.00%	0	0	0.00%
Female	0	0	0.00%	0	0	0.00%
Other	0	0	0.00%	0	0	0.00%

8. Details of Training Imparted on Health & Safety and Skill Upgradation:

Category	FY 2025-26					PY 2024-25				
	Total	On Health and safety measures		On Skill upgradation		Total	On Health and safety measures		On Skill upgradation	
		No.	%	No.	%		No.	%	No.	%
Employees										
Male	1,087	1,087	100.00%	1,087	100.00%	851	851	100.00%	851	100.00%
Female	53	53	100.00%	53	100.00%	47	47	100.00%	47	100.00%
Other	0	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%
Total	**1,140**	**1,140**	**100.00%**	**1,140**	**100.00%**	**898**	**898**	**100.00%**	**898**	**100.00%**
Workers										
Male	81	81	100.00%	81	100.00%	76	76	100.00%	76	100.00%
Female	20	20	100.00%	20	100.00%	24	24	100.00%	24	100.00%
Other	0	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%
Total	**101**	**101**	**100.00%**	**101**	**100.00%**	**100**	**100**	**100.00%**	**100**	**100.00%**

9. Details of Performance and Career Development Reviews

Category	FY 2025-26			PY 2024-25		
	Total	No.	%	Total	No.	%
Employees						
Male	1,087	1,087	100.00%	851	851	100.00%
Female	53	53	100.00%	47	47	100.00%
Other	0	0	0.00%	0	0	0.00%
Total	**1,140**	**1,140**	**100.00%**	**898**	**898**	**100.00%**
Workers						
Male	81	81	100.00%	76	76	100.00%
Female	20	20	100.00%	24	24	100.00%
Other	0	0	0.00%	0	0	0.00%
Total	**101**	**101**	**100.00%**	**100**	**100**	**100.00%**

10. Health and Safety Management System

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No/ NA). If yes, the coverage such system?

Yes, All the units have implemented ISO 45001:2018 Occupational Health & Safety Management Systems and are certified for same standard

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

Yes, all the units are having occupational Health Centre, which provides healthcare services for both occupational and non-occupational medical needs.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks?

Yes. We have implemented processes reporting unsafe conditions, unsafe practices, and near-miss incidents. Workers are encouraged to proactively identify and report workplace hazards through designated reporting channels.

All reported concerns are promptly reviewed, investigated, and addressed through appropriate corrective and preventive actions to eliminate or mitigate identified risks. This process enables the Company to strengthen its safety culture, prevent potential incidents, and maintain a safe and healthy working environment for all employees and workers

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services?

Yes. All the units are having occupational Health Centre, which provides healthcare services for both occupational and non-occupational medical needs.

11. Details of Safety-Related Incidents:

Safety Incident / Metric	Category	PY 2025-26	FY 2024-26
Lost Time Injury Frequency Rate (LTIFR) per Million Person-Hours Worked	Employees	0.00	0.00
	Workers	0.00	0.00
Total Recordable Work-Related Injuries	Employees	0.00	0.00
	Workers	0.00	0.00
Number of Fatalities	Employees	0.00	0.00
	Workers	0.00	0.00
High-Consequence Work-Related Injury or Ill-Health (excluding fatalities)	Employees	0.00	0.00
	Workers	0.00	0.00

**Including in the contract workforce.*

12. Measures to Ensure a Safe and Healthy Workplace

At SML, we are committed to achieving zero work-related injuries and ill health while ensuring the safety, health, and well-being of our employees, contractors, visitors, and communities surrounding our operations.

The Company adopts a proactive approach towards Occupational Health and Safety (OHS), with a strong focus on risk assessment, effective communication, consultation and participation, employee training, and fostering a safe work culture. We also place significant emphasis on process safety management wherever applicable to prevent incidents and enhance operational reliability.

To strengthen monitoring and governance of EHS performance, the Company regularly tracks key EHS indicators through a comprehensive dashboard. This includes monitoring of personal protective equipment (PPE) compliance, unsafe acts and conditions, work-related injuries and illnesses, process safety incidents, near-miss events, fire incidents, environmental incidents, safety observations, permit-to-work compliance, emergency and fire drills, management of change activities, toolbox talks, training programs, and site periphery inspections. These measures enable timely identification of areas for improvement and support continual enhancement of EHS performance.

The Company proactively identifies workplace hazards, conducts risk assessments, and implements suitable control measures to prevent and mitigate risks arising from its operations. Good Industrial Hygiene practices are followed across all facilities. Appropriate containment systems are employed for the handling of potent molecules, and local dust extraction systems connected to pulse-jet bag filters are installed to control airborne contaminants. Additionally, equipment wash areas are connected to local exhaust ventilation systems to effectively manage vapor and emissions, thereby protecting employee health and the environment.

To ensure preparedness for emergencies and operational disruptions, the Company has established Business Continuity Plans (BCP) and On-Site Emergency Plans (OSEP) for all its manufacturing units. These plans have been approved by the Department of Factories, Boilers & Industrial Safety and are periodically tested through mock drills and rehearsals. Regular reviews and exercises help enhance emergency response capabilities, strengthen preparedness, and ensure business continuity during unforeseen situations.

13. Number of Complaints Made by Employees and Workers:

Complaint Type	FY 2025-26			PY 2024-25		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions		0			0	
Health & Safety						

14. Assessments for the Year:

Area Assessed	% of Plants and Offices Assessed
Health and Safety Practices	100%
Working Conditions	100%

15. Corrective Actions Taken / Underway for Safety-Related Incidents:

The Company has established a structured process for reporting, investigating, and addressing safety-related incidents across its operations. All incidents, including near misses, are promptly reported and investigated by competent and trained personnel to determine their underlying causes.

Incident investigations are conducted using a Root Cause Analysis (RCA) methodology to systematically identify the fundamental factors contributing to the incident, rather than only addressing immediate causes. Based on the findings of the RCA, appropriate Corrective and Preventive Actions (CAPAs) are developed to eliminate identified risks and prevent recurrence.

The implementation of CAPAs is closely monitored, and their effectiveness is periodically evaluated to ensure that the desired improvements have been achieved. Insights gained from incident investigations are communicated to relevant stakeholders and integrated into operational practices, training programs, and risk management processes, thereby supporting continual improvement in occupational health, safety, and process safety performance.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of Employees or Workers?

(A) Employees - Yes

(B) Workers - Yes

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The Company ensures that statutory dues as applicable to the transactions within its remit are deducted and deposited in accordance with extant regulations. This activity is also reviewed as part of the internal and statutory audit. The Company expects its value chain partners to uphold business responsibility principles and values of transparency and accountability

3. Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY (2025-26)	PY (2024-25)	FY (2025-26)	PY (2024-25)
Employees	0	0	0	0
Workers	0	0	0	0

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment?

Yes, the company provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment

5. **Details on assessment of value chain partners:**

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	90%
Working Conditions	90%

100% of Key Active Pharmaceutical Ingredients (APIs), Excipients, Packing Materials suppliers (Covering about 90% purchase value) are assessed at regularly defined intervals or as and when required) as part of Vendor management procedure covering PSCI principles.

6. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

The Company is committed to promoting high standards of occupational health, safety, and working conditions across its value chain. Periodic assessments, audits, inspections, and interactions with suppliers, contractors, and other value chain partners are undertaken to identify potential risks and areas requiring improvement.

PRINCIPLE 4 | Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. **Process for Identifying Key Stakeholder Groups:**

The Company's purpose of "Innovating for Affordable Healthcare" extends to all its stakeholders, who are considered integral partners in its journey towards sustainable growth and value creation. Recognizing the importance of meaningful stakeholder relationships, the Company has established robust processes to foster open, transparent, and constructive engagement with diverse stakeholder groups.

Over the years, the Company has developed formal policies and procedures for stakeholder engagement, which play a key role in shaping its strategic direction and decision-making processes. Through regular engagement, the Company seeks to understand stakeholder perspectives, address their needs and expectations, and identify opportunities to create long-term value for all stakeholders.

The identification and classification of stakeholders are based on their level of interest, influence, impact, and participation in the Company's operations, as well as their relevance to environmental, social, and governance (ESG) matters. The Company recognizes that meeting stakeholder expectations is fundamental to its business success and sustainability objectives.

To facilitate effective engagement, the Company has established multiple channels for communication, consultation, and participation. These mechanisms enable continuous dialogue with stakeholders, helping the Company understand emerging concerns, gather valuable feedback, strengthen relationships, and incorporate stakeholder insights into its business strategies and operational practices.

Through proactive stakeholder engagement, the Company strives to build trust, enhance accountability, and create shared value while advancing its commitment to affordable healthcare, responsible business practices, and sustainable development.

2. List of Key Stakeholder Groups and Frequency of Engagement:

Stakeholder Group	Vulnerable / Marginalised?	Channels of Communication	Frequency	Purpose and Scope of Engagement
Employees	No	1. Formal induction at the time of joining. 2. Communication from Senior Management. 3. Town hall meetings 4. Communication through Emails. 5. Safety meetings, Canteen committee meeting. 6. Feedback, Suggestion Box, Toolbox meetings 7. Celebrations of Independence Day, Republic Day, Safety Week, World Environment Day. 8. Review meetings, Notice Boards. 9. Reward & Recognition programs, Spot awards programs, cultural programs. 10.Training, get togethers, Appreciation meetings, Daily, Monthly review meetings; Exit Suggestions in sealed covers, Risk assessment activities	Continuous	1. Employee engagement, operational efficiencies, improvement opportunities, long-term strategy plans, training and awareness on safety/ behavioral safety, motivation, personality development, on job & classroom training; innovations, sharing of knowledge, learning. 2. Performance, training and career development reviews. 3. Seeking feedback on work culture. 4. Building a safe, diverse and inclusive work environment.
Community	No	Physical visits and digital channels	Frequent / Need-based	With giving back to society. CSR and volunteering programmes targeting education, health, livelihood, and environmental sustainability. We engage with local community to understand their challenges and work for their sustainability development.
Government & Regulatory Authorities	No	Emails, meetings, and formal submissions	Need-based	Regulatory compliance, product approvals, policy advocacy, and healthcare ecosystem strengthening.
Suppliers & Partners	No	On-site and virtual meetings; supplier forums; calls; email; website	Frequent / Quarterly Governance Calls / Annual Meet	Alignment on compliance, environmental practices, and healthcare value chain impact
Customers	No	Physical and virtual meetings; calls; email; website	Need-based	Regular product supply, new product updates, bid and tender participation, outreach maximisation
Shareholders & Investors	No	Investor meetings; calls; conferences; press releases; stock exchange intimations; annual reports; website	Frequent / Need-based	Business and financial performance updates; strategy; ESG goals; material event disclosures

Leadership Indicators

2. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

The Company has established multiple channels to engage with its internal stakeholders and obtain their feedback before implementing any significant decisions that may affect them. It also actively consults with relevant stakeholders to understand the economic, environmental, and social impacts of its operations, while seeking their suggestions and inputs. The feedback received is duly evaluated and considered while taking appropriate actions and making informed decisions.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics. If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes, the Company conducted a materiality assessment through a structured stakeholder engagement process to determine the ESG topics that are most relevant to its business and stakeholders. Based on the assessment, the following areas were identified as the Company's key material topics:

- Water & Waste Management
- Research & Development
- Community Engagement
- Anti-Bribery & Anti-Corruption
- Occupational Health & Safety
- Statutory & Regulatory Compliances
- Diversity, Equity & Inclusion
- Talent Attraction & Retention
- Risk Management & Business Continuity
- Industry Risk
- Sustainable EHS Work Practices
- Access & Affordability of Medicines
- Supply Chain Sustainability

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

The Company through **Shilpa Foundation** actively engages with vulnerable and marginalized communities to identify their critical needs and subsequently implement targeted interventions to address them. These stakeholder engagements are carried out through regular field visits, community meetings, collaboration with local government bodies, and feedback mechanisms integrated into project implementation.

Some Instances of Engagement:

- Donations of desks to Government Schools
- Providing Scholarships to Students
- Funding Green Raichur for Plantation, maintenance and monitoring in Raichur District.
- Coordinating with Government for supporting the TB Controlling.
- Women Empowerment Program
- Water Conservation projects
- Animal Welfare

PRINCIPLE 5 | Businesses should respect and promote Human Rights

Essential Indicators

1. **Numbers of Employees and Workers who have been provided training on Human Rights Issues and Policies:**

Category	FY 2025-26			PY 2024-25		
	Total	No. of employees/ workers covered	%	Total	No. of employees/ workers covered	%
Employees						
Permanent	1,140	1,140	100.00%	898	898	100.00%
Other than permanent	0	0	0.00%	0	0	0.00%
Total Employees	1,140	1,140	100.00%	898	898	100.00%
Workers						
Permanent	101	101	100.00%	100	100	100.00%
Other than permanent	0	0	0.00%	0	0	0.00%
Total Workers	101	101	100.00%	100	100	100.00%

2. **Details of Minimum Wages Paid to Employees and Workers:**

Category	FY 2025-26					PY 2024-25				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B /A)	No. (C)	% (C /A)		No. (E)	% (E /D)	No. (F)	% (F /D)
Employees										
Permanent	1,140	0	0.00%	1,140	100.00%	-	0	0.00%	-	0.00%-
Male	1,087	0	0.00%	1,087	100.00%	851	0	0.00%	851	100.00%
Female	53	0	0.00%	53	100.00%	47	0	0.00%	47	100.00%
Other	0	0	0.00%	0	0.00%	-	0	0.00%	-	0.00%
Other than Permanent	0	0	0.00%	0	0.00%	-	0	0.00%	-	0.00%
Male	0	0	0.00%	0	0.00%	-	0	0.00%	-	0.00%
Female	0	0	0.00%	0	0.00%	-	0	0.00%	-	0.00%
Other	0	0	0.00%	0	0.00%	-	0	0.00%	-	0.00%
Workers										
Permanent	101	101	100.00%	0	0.00%	-	0	0.00%	-	0.00%
Male	81	81	100.00%	0	0.00%	76	0	0.00%	76	100.00%
Female	20	20	100.00%	0	0.00%	24	0	0.00%	24	100.00%
Other	0	0	0.00%	0	0.00%	-	0	0.00%	-	0.00%
Other than Permanent	0	0	0.00%	0	0.00%	-	0	0.00%	-	0.00%
Male	0	0	0.00%	0	0.00%	-	0	0.00%	-	0.00%
Female	0	0	0.00%	0	0.00%	-	0	0.00%	-	0.00%
Other	0	0	0.00%	0	0.00%	-	0	0.00%	-	0.00%

3. Details of Remuneration / Salary / Wages:

a. Median Remuneration by Category and Gender

Category	Male		Female		Other	
	Number	Median Remuneration (₹)	Number	Median Remuneration (₹)	Number	Median Remuneration (₹)
Board of Directors	5	60,00,000	1	18,00,000	0	0
Key Managerial Personnel (KMP)	1	1,95,99,996	1	62,59,680	0	0
Employees (other than BoD and KMP)	1,081	5,72,004	51	4,40,004	0	0
Workers	81	2,36,988	20	1,69,488	0	0

b. Gross Wages Paid to Females as % of Total Wages

Metric	FY 2025-26	PY 2024-25
Gross wages paid to females	5,10,10,008	4,53,98,124
Total wages	1,14,50,63,709	93,80,10,960
Gross wages paid to females	4.45%	4.80%

4. Does the entity have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes. A designated focal point (HR team) is responsible for addressing human rights impacts and issues caused or contributed to by the business.

5. Internal Mechanisms for Redressing Human Rights Grievances:

The company has enforced various policies which take care of human rights and any grievance shall be escalate to the HR team which is basically responsible to implement the policies and accordingly HR team shall take suitable measures to redress grievances relating to violation of human rights if any.

6. Number of Complaints on Human Rights Issues Made by Employees and Workers:

Category	FY 2025-26			PY 2024-25		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	0	0	0	0	0	0
Discrimination at workplace	0	0	0	0	0	0
Child Labour	0	0	0	0	0	0
Forced Labour/Involuntary Labour	0	0	0	0	0	0
Wages	0	0	0	0	0	0
Other human rights related issues	0	0	0	0	0	0

7. Complaints Filed under the POSH Act, 2013 :

Metric	FY 2025-26	FY 2024-25
Total complaints under POSH	0	0
Average number of female employees/workers at the beginning of the year and as at end of the year	0	0
Complaints as % of female employees / workers	0.00%	0.00%
Complaints upheld	0	0

8. Mechanisms to Prevent Adverse Consequences to Complainants:

Discrimination has no place within our organization, and we maintain a zero-tolerance policy towards all forms of discrimination, including sexual discrimination. We actively encourage employees, contractors, and suppliers to report any instances of discrimination they witness. We promptly and effectively address these Discrimination has no place within our organization, and we maintain a zero-tolerance policy towards all forms of discrimination, including sexual discrimination. We actively encourage employees, contractors, and suppliers to report any instances of discrimination they witness. We promptly and effectively address these reports, ensuring that appropriate action is taken.

9. Human Rights Requirements in Business Agreements and Contracts:

Yes. Human rights requirements are embedded in the Company's business agreements and contractual arrangements with partners, suppliers, and service providers.

10. Assessments of Human Rights Practices for the Year:

Category Assessed	% of Plants and Offices Assessed
Child Labour	100%
Forced / Involuntary Labour	100%
Sexual Harassment	100%
Discrimination at Workplace	100%
Wages	100%

11. Corrective Actions Arising from Human Rights Assessments:

No significant risks or concerns were identified during the assessments. No corrective actions are pending.

Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

Business processes were not modified/introduced as result of addressing human rights grievances/complaints, as no concerns/risks were observed.

2. Details of the scope and coverage of any Human rights due diligence conducted

Shilpa Medicare Limited has a dedicated Human Rights policy and complies fully with applicable industrial laws and regulations. We are committed to promoting a respectful workplace culture, ensuring fair employment practices, and safeguarding the health and safety of all employees.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes. The Company is committed to providing an inclusive and accessible workplace for all. Its offices and operational premises are equipped with appropriate accessibility features, wherever applicable, in accordance with the requirements of the Rights of Persons with Disabilities Act, 2016. The Company continues to enhance accessibility by providing a safe, convenient, and barrier-free environment for differently abled employees, visitors, and other stakeholders.

4. Details on assessment of value chain partners:

Metric	% of value chain partners (by value of business done with such partners) that were assessed
Sexual harassment	90.00%
Discrimination at workplace	90.00%
Child Labour	90.00%
Forced Labour/Involuntary Labour	90.00%
Wages	90.00%

5. **Details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.**

   At present, no concerns have been raised. In case it arises, we undertake appropriate improvement measures and corrective actions and keep necessary checks and balances in place to address significant risks/concerns.

PRINCIPLE 6 | Businesses should respect and make efforts to Protect and Restore the Environment

Essential Indicators

1. **Details of Total Energy Consumption and Energy Intensity:**

Parameter	Unit	FY 2025-26	FY 2024-25
From Renewable Sources			
Total Electricity Consumption (A)	Gigajoule (GJ)	5,977.89	5,506.29
Total Fuel Consumption (B)	Gigajoule (GJ)	40,025.86	33,367.86
Energy from Other Sources (C)	Gigajoule (GJ)	0.00	0.00
Total Energy from Renewable Sources (A+B+C)	Gigajoule (GJ)	46,003.75	38,874.15
From Non-Renewable Sources			
Total Electricity Consumption (D)	Gigajoule (GJ)	53,434.84	55,625.24
Total Fuel Consumption (E)	Gigajoule (GJ)	4,646.39	5,762.16
Energy from Other Sources (F)	Gigajoule (GJ)	0.00	0.00
Total Energy from Non-Renewable Sources (D+E+F)	Gigajoule (GJ)	58,081.23	61,387.42
Total Energy Consumed (A+B+C+D+E+F)	Gigajoule (GJ)	1,04,084.98	1,00,261.57
Energy Intensity per Rs. of Turnover (Total energy consumed / Revenue from operations)	Gigajoule (GJ)/Rs.	0.000016	0.000018
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed / Revenue from operations adjusted for PPP)	Gigajoule (GJ)/ Rs.	0.0004	0.0005
Energy intensity in terms of physical Output (Total GJ Consumed / Million Doses of Production)	Gigajoule (GJ)/ MD	1,674.41	3,752.44
Energy intensity (optional)		NA	NA

Note: No independent assessment / assurance by an external agency has been undertaken.

2. **Designated Consumers (DCs) under PAT Scheme:**

   No. The Company does not have any sites identified as Designated Consumers under the Performance, Achieve and Trade (PAT) Scheme of the Government of India.

3. **Water Withdrawal and Consumption:**

Parameter	FY 2025-26	FY 2024-25
Water withdrawal by source (in kilolitres)		
Surface Water	0.00	0.00
Ground Water	6,891.00	8,385.00
Third-Party Water	39,714.00	32,593.00
Seawater / Desalinated Water	0.00	0.00
Others	0.00	5,112.00
Total Water Withdrawal	46,605.00	46,090.00
Total Water Consumption	46,605.00	46,090.10
Water Intensity per Rs. of Turnover (Total water consumption / Revenue from operations)	0.000007	0.000008
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption / Revenue from operations adjusted for PPP)	0.000158	0.000216

Parameter	FY 2025-26	FY 2024-25
Water intensity in terms of physical output (KL / Million doses of Production)	749.73	1,724.99
Water intensity	NA	NA

Note: No Independent Assessment/Evaluation/Assurance has been carried out by an external agency.

4. Water Discharge Details:

Parameters	FY 2025-26	FY 2024-25
Water discharge by destination and level of treatment (in kilolitres)		
To Surface Water	—	—
No treatment	—	—
With treatment – please specify the level of treatment	3204.00	—
To Ground Water	—	—
No treatment	—	—
With treatment – please specify the level of treatment	—	—
To Seawater	—	—
No treatment	—	—
With treatment – please specify the level of treatment	—	—
Sent to Third Parties	—	—
No treatment	—	—
With treatment – please specify the level of treatment	10,135.00	10,228.31
Others.	—	—
No treatment	—	—
With treatment – please specify the level of treatment	—	—
Total Water Discharged	13,339.00	10,228.31

Note: No Independent Assessment/Evaluation/Assurance has been carried out by an external agency.

5. Zero Liquid Discharge (ZLD) Mechanism:

The Company's Two operational units are not designed as ZLD. As per the SPCB Directions, we are disposing wastewater to the common effluent treatment plants authorized by State Pollution Control Board (SPCB).

We maintain Zero Liquid Discharge Systems and Effluent Treatment Plants to ensure that the effluents generated are treated to minimize the environmental impact and reuse resources wherever possible. The treated water is suitably recycled back and reused. About 24.02% of our wastewater is recycled and reused in the operations through our ZLD system.

6. Air Emissions (other than GHG Emissions):

Parameter	Unit	FY 2025-26	FY 2024-25
NOx	Tonnes/Year	7.13	4.28
SOx	Tonnes/Year	3.67	2.20
Particulate Matter (PM)	Tonnes/Year	8.03	3.35
Persistent Organic Pollutants (POP)	Tonnes/Year	0.00	0.00
Volatile Organic Compounds (VOC)	Tonnes/Year	0.00	0.00
Hazardous Air Pollutants (HAP)	Tonnes/Year	0.00	0.00

Note: No independent assessment/Evaluation/Assurance has been carried out by an external agency.

7. Greenhouse Gas Emissions (Scope 1 and Scope 2) and Intensity:

Parameter	Unit	FY 2025-26	FY 2024-25
Total Scope 1 Emissions	tCO2e	7,183.35	3,234.18
Total Scope 2 Emissions	tCO2e	17,973.36	16,394.59
Total Scope 1 + 2 Emissions per Rs. of Turnover	tCO2e/rupee	19,061.4	655.8
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)	tCO2e / rupee	0.000086	0.000092
Total Scope 1 and Scope 2 emission intensity in terms of physical output	tCO2e / Million doses of production	404.69	734.64
Total Scope 1 and Scope 2 emission intensity (optional)		NA	NA

Note - The higher emissions reported in FY 2025–26 is primarily due to improved data collection and reporting maturity compared to the previous year

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

-Yes, Growlity Inc.

8. Projects to Reduce Greenhouse Gas Emissions:

Yes. In line with the Company's commitment to achieving **Carbon Neutrality by 2030**, Shilpa Medicare Limited is actively pursuing initiatives to reduce its environmental footprint and transition towards a low-carbon future. The Company is focused on enhancing energy conservation and energy efficiency across its operations while increasing the adoption of renewable energy and cleaner fuel alternatives.

As part of this commitment, the Company is implementing various projects aimed at increasing the share of renewable energy sources, including renewable electricity and biofuels, within its overall energy mix. These initiatives are designed to reduce dependence on conventional fossil-fuel-based energy sources and improve the sustainability of operations.

9. Details related to Waste Management: Waste Generated, Recycled, Reused, and Disposed

Waste Category	FY 2025- 26	FY 2024- 25
Total Waste Generated (in metric tonnes)		
Plastic Waste (A)	0.00	1.53
E-Waste (B)	0.99	0.00
Bio-Medical Waste (C)	7.581	7.47
Construction and Demolition Waste (D)	0.00	0.00
Battery Waste (E)	0.00	0.00
Radioactive Waste (F)	0.00	0.00
Other Hazardous Waste (G)	25.17	28.07
Other Non-Hazardous Waste (H)	57.29	119.12
Total Waste Generated (A+B+C+D+E+F+G+H)	**91.031**	**156.19**
Waste intensity per rupee of turnover (Total waste generated / Revenue from operations)	0.000000014	0.000000029
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated /Revenue from operations adjusted for PPP)	0.00000031	0.00000073
Waste intensity in terms of physical output (MT / MT of Production)	404.69	734.63
Waste intensity(optional)- the relevant metric may be selected by the entity	NA	NA

Waste Category	FY 2025- 26	FY 2024- 25
Total Waste Recovered (Recycling / Re-use / Other Recovery)		
Re-cycled	58.28	2.22
Re-used	0.00	104.33
Other Recovery Operations	0.00	0.00
Total Recovered	**58.28**	**106.54**
Total Waste Disposed (by Disposal Method)		
Incineration	35.194	10.98
Landfilling	0.60	20.87
Other Disposal Operations	0.00	15.79
Total Disposed	**35.794**	**47.64**

Note: No independent assessment/Evaluation/Assurance has been carried out by an external agency.

10. Waste Management Practices:

The Company has established a comprehensive waste management system across all its facilities to ensure the safe handling, treatment, recycling, and disposal of waste generated from its operations. E-waste generated at Company locations is channeled only to authorized recyclers for environmentally responsible recovery and recycling.

SML has consistently strengthened its waste management practices by focusing on waste minimization at source, reducing waste generation, enhancing resource efficiency, and ensuring environmentally sound disposal of waste through authorized **Treatment, Storage and Disposal Facilities (TSDFs)**. These efforts reflect the Company's commitment to sustainable operations and responsible environmental stewardship.

11. Operations in / around Ecologically Sensitive Areas:

Not applicable. The Company has no operations in or around ecologically sensitive areas.

If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:				
Sr. No.	**Location of operations/offices**	**Type of operations**	**Whether the conditions of environmental approval / clearance are being complied with?**	**If no, the reasons thereof and corrective action taken, if any.**
Not Applicable				

12. Environmental Impact Assessments (EIA):

Not applicable. No new projects requiring an EIA were undertaken during the current financial year.

Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:						
Sr. No.	**Name and brief details of project**	**EIA Notification No.**	**Date**	**Whether conducted by independent external agency (Yes / No)**	**Results communicated in public domain (Yes / No)**	**Relevant Web link**
Not Applicable						

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N/NA).

Yes, the entity compliant with the applicable environmental law/ regulations/ guidelines in India.

Leadership Indicators

Name of the area- Jadcherla, Nacharam (Hyderabad) & Dabaspet (Bangalore)

Nature of operations- Manufacturing, R&D and Analytical Development

1. Water withdrawal, consumption and discharge in areas of water stress in the following format

Parameter (In Kilolitres)	FY 2025-26	FY 2024-25
(i) Surface water	0.00	0.00
(ii) Groundwater	6,891.00	8,385.00
(iii) Third party water	39,714.00	32,593.00
(iv) Seawater / desalinated water	0.00	0.00
(v) Others	0.00	5,112.00
Total volume of water withdrawal (in kilolitres)	46,605.00	46,090.00
Total volume of water consumption (in kilolitres)	46,605.00	46,090.10
Water intensity per rupee of turnover (Water consumed / turnover)	0.000007	0.000008
Water intensity (optional) – the relevant metric may be selected by the entity	NA	NA
Water discharge by destination and level of treatment (in kilolitres)		
(i) Into Surface water		
No treatment	0.00	0.00
With treatment – please specify level of treatment	3204.00	0.00
(ii) Into Groundwater		
No treatment	0.00	0.00
With treatment – please specify level of treatment	0.00	0.00
(iii) Into Seawater		
No treatment	0.00	0.00
With treatment – please specify level of treatment	0.00	0.00
(iv) Sent to third parties		
No treatment	0.00	0.00
With treatment – please specify level of treatment	10,135.00	10,228.31
(v) Others		
No treatment	0.00	0.00
With treatment – please specify level of treatment	0.00	0.00
Total water discharged (in kilolitres)	**13,339.00**	**10,228.31**

2. Total Scope 3 emissions & its intensity:

Parameter	Unit	FY (2025-26)	FY (2024-25)
Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	tCO2e	54,603.17	14,917.91
Total Scope 3 emissions per rupee of turnover	tCO2e/Rs.	0.000009	0.000003
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity		-	-

Note - The higher emissions reported in FY 2025–26 are primarily due to improved data collection and reporting maturity compared to the previous year

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

-Yes, Growlity Inc.

3. Details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not Applicable. Our company does not operate in ecologically sensitive areas.

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sr. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
01	Purchase of Renewable Energy through PPA	We procured 1476.215 MWh of Electricity for Unit -6 at Dabaspet unit.	1048.113 tCO2e of GHG emissions avoided.
02	Replacement of Steam Traps	Replacement of Steam Traps reduced the 547.5 MT of Briquette Consumption at Unit -4, Jadcherla unit.	1002 tCO2e of GHG emissions avoided
03	Replacement of Air Preheater (APH) tubes in the 3 TPH FO fired Boiler	Replacement of Air Preheater (APH) tubes in the 3 TPH FO fired Boiler reduced the 12,000 Liters of Furnace Oil Consumption at Unit -4, Jadcherla unit.	37.3 tCO2e of GHG emissions avoided
04	Installation of high-efficiency Energeia Chiller	Installation of high-efficiency Energeia Chiller reduced the 1200 units (MWH) Energy Consumption at Unit -4, Jadcherla unit.	872.4 tCO2e of GHG emissions avoided
05	Monitoring of Room Temperatures to Optimize the Chillers Running Hours	Monitoring of Room Temperatures to Optimize the Chiller Running Hours reduced the 328.5 units (MWH) Energy Consumption at Unit -4, Jadcherla unit.	238.8 tCO2e of GHG emissions avoided

5. Does the entity have a business continuity and disaster management plan? If yes, provide the details of entity at which business continuity and disaster management plan is placed or weblink.

At SML our Business Continuity and Disaster Management Plan is an integral part of our overall Risk Management Framework, aimed at ensuring resilience across all business units and functions during unexpected disruptions. In line with our Risk Management Plan, which identifies environmental risks as a key area of concern, this plan outlines comprehensive strategies for mitigating and managing risks that could impact business continuity. The plan outlines the company's emergency preparedness, including control protocols, and response procedures. It also addresses critical elements such as environmental assessments, evacuation strategies, shutdown methods, and emergency coordination charts.

6. Details of any significant adverse impact to the environment, arising from the value chain of the entity and mitigation or adaptation measures taken by the entity in this regard.

During the reporting periods, the Company did not encounter any significant adverse environmental impact incidents attributable to its value chain operations. Through proactive engagement and collaboration with suppliers, we continue to uphold its commitment to sustainable and responsible sourcing practices across the supply chain. Our Sustainable Procurement Policy focuses on minimizing environmental impact across its value chain. This policy acknowledges areas where sustainability improvements are necessary.

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

We have established a predefined checklist for our value chain partners during their onboarding, which outlines the relevance and integration of our environmental sustainability standards within procurement practices. In addition, we are actively developing a formal evaluation system to measure and monitor the environmental performance and impact of our value chain partners, aiming to enhance accountability and drive continuous improvement across the supply chain

8. Details of Green Credits generated or procured:

a. By the listed entity: **Nil**

b. By the top ten (in terms of value of purchases and sales, respectively) value chain partners: **Nil**

PRINCIPLE 7 | Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is Responsible and Transparent

Essential Indicators

1. Trade and Industry Chamber / Association Memberships:

a. Number of Affiliations with Trade and Industry Chambers / Associations: 5

b. List of Trade and Industry Chamber / Association Memberships

SL No.	Name of Trade / Industry Chamber or Association	Reach
1	Raichur Chamber of Commerce & Industry	State
2	Pharmexcil, Hyderabad	National
3	Raichur Chemical Manufacturers Association	State
4	Federation of Karnataka Chambers of Commerce & Industry	State
5	Export Promotion Council for EOU and Special Economic Zones	National

2 Corrective Actions on Anti-Competitive Conduct:

Sr. No.	Name of authority	Brief of the case	Corrective action taken
		Nil	

Leadership Indicators

1. Details of public policy positions advocated by the entity:

Sr. no.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board	Web Link, if available
1	Advocacy and support for policies and regulatory framework that support R&D and intellectual property protections	IPA (Indian Pharmaceutical Alliance)	No	The Board reviews on need basis	https://www.ipa-india.org/
2	Policy advocacy to help make medicines more affordable and accessible	Representation made directly or through industry chambers / associations	No	The Board reviews on need basis	No
3	Policy advocacy on reduction in counterfeiting & non-standard quality drugs, Uniform Code of Pharmaceuticals Marketing Practices	IPA (Indian Pharmaceutical Alliance)	No	The Board reviews on need basis	https://www.ipa-india.org/

PRINCIPLE 8 | Businesses should promote inclusive growth and equitable development

Essential Indicators

1. Social Impact Assessments (SIA) of Projects:

During FY 2025-26, the Company continued to monitor the outcomes and impacts of its CSR initiatives through internal review mechanisms, with the findings being presented during CSR Committee meetings. However, no new projects or capacity expansion of existing projects requiring a **Social Impact Assessment (SIA)** under the applicable regulatory framework were undertaken during the reporting period. Accordingly, this disclosure is **not applicable** for the year.

2. Ongoing Rehabilitation and Resettlement (R&R) Projects:

Sr. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
				Nil		

3. Mechanisms to Receive and Redress Community Grievances:

All CSR and community activities are carried out in discussion with community members. Community leaders may reach out to the Company's designated Point of Contact (POC) at each unit. Depending on the nature of the complaint, relevant stakeholders are engaged to ensure timely and effective resolution.

4. Percentage of Input Material Sourced from Identified Suppliers:

Particulars	FY 2025-26	FY 2024-25
Directly sourced from MSMEs / small producers	35%	35%
Sourced from within the district and neighbouring districts (Local)	48%	42%
Sourced from outside local area (non-local)	45%	48%

5. Job creation in smaller towns - Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost:

(In ₹)

Particulars	FY (2025-26)	FY (2024-25)
1. Rural		
i) Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis)	32,39,17,902	24,94,21,200
ii) Total Wage Cost	1,16,70,32,961	94,82,71,560
iii) % of Job creation in Rural areas	27.8%	26.3%
2. Semi-urban		
i) Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis)	19,41,62,307	15,49,58,088
ii) Total Wage Cost	1,16,70,32,961	94,82,71,560
iii) % of Job creation in Semi-Urban areas	16.6%	16.3%
3. Urban		
i) Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis)	26,09,70,576	22,42,30,620
ii) Total Wage Cost	1,16,70,32,961	94,82,71,560
iii) % of Job creation in Urban areas	22.4%	23.6%
4. Metropolitan		
i) Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis)	38,79,82,176	31,96,61,652
ii) Total Wage Cost	1,16,70,32,961	94,82,71,560
iii) % of of Job creation in Metropolitan area	33.2%	33.7%

Leadership Indicators

1. Actions taken to mitigate any negative social impacts identified in the Social Impact Assessments:

Sr. No.	Details of negative social impact identified	Corrective action taken
	Nil	

2. CSR projects undertaken:

Sr. No.	State	Aspirational District	Amount spent (In INR)
1	Karnataka	Raichur	93,11,223

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No/NA):

-Yes

(b) From which marginalized /vulnerable groups do you procure?

- MSMEs, small local manufacturers & distributors

(c) What percentage of total procurement (by value) does it constitute?

- 10%

4. Details of Benefits derived and shared from the intellectual properties owned or acquired:

Sr. No.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes / No)	Basis of calculating benefit share
		Not Applicable		

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Sr. No.	Name of authority	Brief of the Case	Corrective action taken
		Not Applicable	

6. Details of beneficiaries of CSR Projects:

Sr. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1.	Health	6,500	65.00%
2.	Education	6,383	55.00%
3.	Environment	85,000	72.00%
4.	Water conservation	63,000	52.00%

PRINCIPLE 9 | Businesses should engage with and provide value to their consumers in a Responsible Manner

Essential Indicators

1. **Mechanism for Receiving and Responding to Consumer Complaints and Feedback:**

   Yes. The Company has established a Standard Operating Procedure (SOP) for the effective management of customer complaints and feedback, ensuring timely response, thorough investigation, and regulatory compliance.

   All complaints received through designated channels, including email, are formally recorded and subjected to a detailed evaluation and investigation process. Each complaint is reviewed from the perspectives of (i) product quality, (ii) product safety, or (iii) both quality and safety, as applicable.

   The investigation process involves identifying the root cause of the issue, assessing its potential impact, and determining appropriate corrective and preventive actions where necessary. Based on the findings, suitable responses are provided to the complainant, and any required regulatory actions are undertaken in accordance with applicable requirements and internal procedures.

   A complaint is formally closed only after the investigation has been completed, all necessary actions have been implemented, and compliance with relevant regulatory obligations has been ensured. Through this structured grievance-handling mechanism, the Company seeks to maintain high standards of product quality, patient safety, customer satisfaction, and continuous improvement.

2. **Turnover of Products / Services Carrying Sustainability-Related Information:**

Particulars	As a % of Total Turnover
Environmental and social parameters relevant to the product	100% — Social parameters relevant to responsible, safe, and prescribed usage are incorporated into all products
Safe and responsible usage information	100% — All products carry usage directions and safety information on leaflets / packaging
Recycling and / or safe disposal information	Not separately disclosed

3. **Number of Consumer Complaints:**

Complaint Category	FY 2025-26		Remark	PY 2024-25		Remark
	Received	Pending		Received	Pending	
Data Privacy	0	0	Nil	0	0	Nil
Advertising	0	0	Nil	0	0	Nil
Cybersecurity	0	0	Nil	0	0	Nil
Delivery of Essential Services	0	0	Nil	0	0	Nil
Restrictive Trade Practices	0	0	Nil	0	0	Nil
Unfair Trade Practices	0	0	Nil	0	0	Nil
Others	0	0	Nil	0	0	Nil

4. **Details of Product Recalls on Account of Safety Issues:**

Particulars	Number	Reasons for Recall
Voluntary Recalls	Nil	Not applicable
Forced Recalls	Nil	Not applicable

5. **Framework / Policy on Cybersecurity and Data Privacy:**

Yes. The Company has established a Privacy Policy that is applicable across all its legal entities and business operations. The policy outlines the principles and requirements for the collection, use, storage, processing, and protection of personal and sensitive information and is publicly accessible on the Company's website at www.vbshilpa.com.

To safeguard information assets and maintain data confidentiality, integrity, and availability, the Company has implemented a robust Information Security Management System (ISMS) based on the ISO 27001 framework. The ISMS is supported by a comprehensive technology control framework that incorporates information security policies, procedures, risk management practices, access controls, cybersecurity measures, and incident management processes.

The effectiveness of the Company's information security controls is periodically evaluated through independent assessments and reviews to ensure alignment with applicable standards, regulatory requirements, and evolving cybersecurity risks. Through these measures, the Company strives to protect stakeholder information, strengthen cyber resilience, and maintain trust in its business operations and digital systems.

https://www.vbshilpa.com/Privacy_Policy.php

6. **Corrective Actions on Consumer-Related Issues:**

The Company adopts a proactive approach to identifying and addressing issues related to product advertising, delivery of essential services, cybersecurity, data privacy, product quality, product recalls, and regulatory safety actions. Robust systems, policies, and procedures are in place to ensure compliance with applicable regulatory requirements and to safeguard the interests of customers, patients, and other stakeholders.

Any concerns relating to these areas are promptly reviewed and addressed through established governance mechanisms, corrective action processes, and risk management frameworks. The Company continuously monitors its operations to identify potential risks and implement appropriate preventive and corrective measures to maintain high standards of product quality, safety, data protection, and customer service.

During FY 2025–26, no material incidents or substantiated complaints were reported relating to advertising practices, delivery of essential services, cybersecurity breaches, data privacy violations, product recalls, or regulatory safety actions. This reflects the effectiveness of the Company's internal control systems, compliance framework, and commitment to responsible business practices.

7. **Data Breach Information:**

Information	Details
Number of instances of data breaches (along with impact)	Nil
Percentage of data breaches involving personally identifiable information of customers	Not applicable
Impact of data breaches, if any	Nil

Leadership Indicators

1. **Channels / platforms where information on products and services can be accessed.**

The information on products and services of the company can be found on the following links: https://vbshilpa.com/formulations-shilpa-medicare-limited.php &

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services**

We comply with the regulatory requirements of the respective countries by providing package leaflets/package inserts in English and, where applicable, in multiple languages, including the local language of the importing country. These leaflets contain essential information on product indications, dosage and administration, precautions, contraindications, potential adverse effects, and other relevant details to ensure the safe and effective use of the product by healthcare professionals and end users.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

The pharmaceutical market comprises several manufacturers offering comparable products, ensuring the continued availability of alternatives. Therefore, the withdrawal or discontinuation of any product by the Company is not expected to adversely affect the continuity or accessibility of essential healthcare services for the wider community.

As part of the regulatory compliance, the Company adheres to the requirements of the **National Pharmaceutical Pricing Authority (NPPA)** by providing prior intimation of the discontinuation of any scheduled formulation. This includes issuing a public notice to relevant stakeholders and notifying the Government before the proposed discontinuation date.

4. Does the entity display product information on the product over and above what is mandated as per local laws? If yes, provide details in brief.

We supply our products with country-specific packaging that fully complies with the applicable regulatory requirements and guidelines of the respective countries. All packaging components, including labels, cartons, and package inserts/leaflets, are designed and developed in accordance with local regulatory requirements. Prior to commercialization or distribution, the packaging materials and associated product information are reviewed and approved by the respective regulatory authorities, wherever required, to ensure compliance with applicable regulations and facilitate the safe and effective use of the products.

5. Survey carried out with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole?

We are doing survey with our customers on Half yearly basis on various aspects like service, product basket, response time, supply time and various other aspects to analyze the improvision aspects and understand our distributors requirements and challenges they are facing in market. This helps us to improve our customer satisfaction level and enhance their presence in respective markets.