

ANNUAL SUSTAINABILITY REPORT

FY 2024 - 2025



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Through the Lens of Transparency

Organizational Details GRI 2-1 / ESRS 1

We, Harsha Engineers International Limited (referred herein after as 'Harsha', 'HEIL', 'us', 'our', 'we', 'The Company', 'Harsha Engineers') are pleased to present our Annual Sustainability Report, reaffirming our commitment to Environmental, Social, and Governance (ESG) principles that are embedded in internationally recognized frameworks such as ISO 14001 Environmental Management Systems (EMS), ISO 45001 Occupational Health and Safety Management Systems (OHSMS) and Global standards for sustainability reporting, through strategic action and transparent reporting. This year's report is guided by the theme,

"Precision in Progress, Engineering Net Zero Impact"

A reflection of Harsha's core philosophy to drive innovation through precision manufacturing while taking bold, measurable steps toward climate responsibility and sustainable transformation.

Harsha is a global leader in precision bearing cages and stamped components, catering to diverse sectors such as automotive, wind energy, railways, aviation, and e-mobility. Headquartered in Ahmedabad, Gujarat, India, the Company continues to scale with a sustainability first mindset, integrating responsible practices across all levels of operations. This report is aligned with internationally recognized frameworks including the Global Reporting Initiative (GRI) Standards (2021), EU Corporate Sustainability Reporting Directive (CSRD) via the European Sustainability Reporting Standards (ESRS), the UN Sustainable Development Goals (SDGs), and India's Business Responsibility and Sustainability Reporting (BRSR) and Securities and Exchange Board of India (SEBI) guidelines. It builds on the foundations laid in our organization, with expanded disclosures, updated metrics, and broader coverage across our global footprint.

Entities Included in the Organization's Sustainability Reporting (GRI 2-2)

This annual sustainability report presents the sustainability performance of HEIL's operation in Changodar and Moraiya Plant. Harsha Engineers International Limited operates across its various manufacturing sites and subsidiaries, including:

Subsidiaries

- Harsha Precision Bearing Components (China) Co. Ltd.
- Harsha Engineers Europe SRL
- Harsha Engineers Advantek Limited

Joint Ventures

Cleanmax Harsha Solar LLP

Manufacturing Facilities

O Changodar Unit 1:

Ahmedabad, Gujarat, India

O Moraiya Unit 2:

Ahmedabad, Gujarat, India

O Moraiya Unit 3 (Leased):

Ahmedabad, Gujarat, India

O Changshu Plant: Jiangsu, Province, China

O Ghimbay Plant (Leased): Brasov, Romania

Bhayla Unit: Ahmedabad, Gujarat, India

Reporting Period, Frequency, and Contact Point GRI 2-3

This sustainability report covers the fiscal year from April 1, 2024, to March 31, 2025. HEIL is committed to annual sustainability reporting to maintain transparency and accountability. For any queries or feedback regarding this report, stakeholders can contact:

Contact Point:

- Liran Mohanty: Company Secretary and Chief Compliance Officer
- **Email:** sec@harshaengineers.com
- **C. Phone:** 91-2717-618200

Restatements of Information

As this is our Company Sustainability Report, comparisons of previous year's data are provided where applicable. Any restatements of information from the prior report are duly noted and explained within the relevant sections.

Forward-Looking Statement GRI 2-22 / ESRS SBM-1

This report contains forward-looking statements pertaining to HEIL's future sustainability goals, strategies, and anticipated performance. These statements are based on current expectations, assumptions, projections and targets are set as science based (SBTi) about future events. Actual results may differ materially due to various risks and uncertainties.

HEIL undertakes no obligation to update these forward-looking statements to reflect events or circumstances after the date of this report.

External Assurance (GRI 2-5)

To ensure the credibility and accuracy of the reported information, this Annual Sustainability Report has undergone external assurance by Growlity, Inc. in accordance with the Global Reporting Initiative (GRI) standards and the AA1000 Assurance Standard. The assurance statement is included in the annexures of this report.

SUSTAINABLE GALS





































Chairman's Message GRI2-22/GOV-1



Sustainability is no longer a destination it's the design behind our progress, our precision, and our purpose.



I am pleased to share Harsha Engineers International Limited Sustainability Report FY 2024-2025 a reflection not just of our environmental, social and governance performance, but of the values that shape the soul of our enterprise.

The theme of this year's report, "Precision in **Progress, Engineering Net Zero Impact,"** is more than a tagline it is a statement of intent. It encapsulates our deep conviction that the future of manufacturing lies not only in scale and speed, but in sustainability, accountability, and conscious engineering.

FY 2024–2025 was a year marked by resilience, progress, and purposeful transformation. Despite global headwinds, we achieved steady top-line growth But beyond the numbers, our true growth lies in how we are "Reimagining our role in a low carbon, circular economy."

This year, we embedded climate intelligence deep into our operations. Through Product Carbon Footprint (PCF), we now understand the environmental impact of our products at a granular level. We are not merely measuring emissions we are decoding opportunities for greener innovation. Our foray into carbon offsets and emission allocation represents a bold step toward Scope 2 GHG Emission neutrality, while our preparedness for emerging frameworks such as the Carbon Border Adjustment Mechanism (CBAM) ensures that we remain globally compliance and competitive.

Innovation, for us, is no longer confined to the shopfloor it extends into the lifecycle of every component we engineer. Lighter, longer lasting, and designed with recyclability in mind, our products today reflect a mindset of "Responsible design and regenerative thinking."

We continue to invest in digital ecosystems that provide real-time visibility into resource use, GHG Emissions, and performance making sustainability measurable, manageable, and meaningful.

Yet, none of this would be possible without the people who power us our employees, partners, and communities. We remain committed to building a culture anchored in ethics, equity, and excellence. From strengthening governance to advancing inclusion and well being, our people remain central to our purpose.

As we stand at the intersection of possibility and responsibility, I see a future where Harsha is not just a leader in precision engineering, but a "Torchbearer of sustainable value creation." This report is not only a summary of our efforts it is an invitation to our stakeholders to walk with us on this journey of impact, integrity, and innovation.

On behalf of the Board of Directors, I extend my sincere appreciation to all our stakeholders for your belief, your partnership, and your shared commitment to building a better tomorrow.

We achieved steady top line growth, with revenue touching a testament to our operational excellence, customer trust, and adaptability in a changing world.

Warm regards,

Mr. Rajendra Shah

Chairman and Whole-time Director



CEO's Message GRI2-22/GOV-1





We build with precision, move with progress, and lead with sustainability that's how we engineer net zero impact.

At Harsha Engineers, we do not see sustainability as an add on we see it as an operating principle. As CEO, I am energized by the transformation we are driving across our manufacturing systems, supply chain, and stakeholder ecosystem. FY 2024-2025 has been a pivotal year in translating our sustainability commitments

We've moved beyond intent into measurable impact.

into integrated action.

We have accelerated operational excellence by embedding sustainability across our value chain. From tracking energy and material flows to optimizing yields, we are unlocking resource productivity at every node. Our facilities have begun adopting energy smart systems, and with the continued adoption of automation and advanced manufacturing practices, we are reducing both cost and carbon simultaneously.

In a world where regulations are evolving rapidly, especially around product emissions and trade linked carbon disclosures. compliance serves as a foundation for sustainable growth. Our readiness for global frameworks such as the EU's Carbon Border Adjustment Mechanism (CBAM) reflects our proactive stance, not reactive behavior. We have implemented robust internal systems to monitor, validate, and report key climate data enabling us to respond swiftly to evolving customer and regulatory expectations. But our responsibility doesn't end at our factory gates.

We've taken active steps to deepen engagement across our supply chain from evaluating vendors on ESG performance to co developing responsible sourcing strategies. We recognize that our Scope 3 GHG Emissions are critical, and we are laying the foundation to address them meaningfully.

Internally, we've cultivated a performance culture that embraces ESG as a core metric. Our leadership teams now regularly track sustainability KPI's alongside business outcomes. Our people from shopfloor technicians to plant heads are being trained to think in terms of environmental impact, safety, and ethical governance. This shift in mindset is how sustainability becomes systemic.

I am also proud of the role we are beginning to play in helping our customers achieve their own ESG targets. Our focus on high quality, durable, and precision engineered components not only supports product longevity but reduces lifecycle emissions. Responsible engineering creates the foundation for sustainable innovation by

Looking ahead, we are building for scale, but also for resilience. As we expand our global presence and deepen our innovation pipeline, sustainability will be the lens through which every investment and every improvement is viewed. We are not just reacting to a changing world we are helping shape it.

To all our stakeholders thank you for walking this journey with us. Together, we are building a smarter, stronger, and more sustainable Harsha.

Warm regards,

Mr. Vishal Rangwala

CEO and Whole Time Director

Foundations that Shape Our Future: Company Profile GRI 2-1/SBM 1

"Precision in Progress, Engineering Net Zero Impact"

Who We Are

The Company is a globally recognized precision engineering company and the world's largest manufacturer of bearing cages by revenue. With over five decades of expertise, we design and deliver high quality bearing cages, precision components, and stamped parts that power industries across automotive, railways, renewable energy, and industrial sectors.

We operate at the intersection of precision engineering and sustainability innovating responsibly to create products that not only perform with excellence but also minimize environmental impact. Our global footprint spans India, China, and Romania, serving customers in over 32 countries, making At Harsha Engineers International Ltd., a trusted partner in the movement towards more efficient and sustainable industry solutions.

At Harsha Engineers International Ltd., Precision in Progress isn't just a motto it's how we engineer solutions today while shaping a net zero future.

32 countries

Global Presence: Serving Customers in Countries

40+ years

of Engineering Excellence

Products

Bearing Cages | Precision Components | Stamped Parts | Bushing

Industries Served

Automotive | Railways | Wind Energy | Industrial

One of The Largest Manufacturer

of Bearing Cages by Revenue Globally



Core Values and Sustainability Principles

Our operations are guided by core values that intertwine with our sustainability principles:

- Integrity: Upholding ethical standards in every aspect of our business.
- **Innovation:** Embracing new technologies to enhance efficiency and reduce environmental impact.
- Excellence: Striving for the highest quality in our products and services.
- **Responsibility:** Committing to environmental conservation and community development.



• Received TPM Excellence Category A 2015 award

 Expanded global presence by acquiring Johnson Metal SRL, located in Brasov, Romania

2018

IATF 16949: 2016 Certification Accredited.

2016

- Honoured by the Japan Institute of Plant in Consistent TPM Commitment 2018
- Commissioned new plant at Changshu, China

2019

- Maintenance with the Award for TPM Excellence

2021

Integrated engineering and solar EPC businesses under a single entity, following approval of the Scheme by the National Company Law Tribunal, Ahmedabad Bench

2023

- Acquired/agreed to acquire a non-agricultural land spanning approximately 1,00,161 sq. mtrs near Bavla, for our Greenfield Project.
- TISAX label acquired via ENX after Bureau Veritas assessment.

2022

Completed Initial Public Offer and equity shares of the Company were listed on NSE of India Limited and BSE Limited on September 26, 2022.



2024

Concluded a significant long-term sourcing contract for cages with a large global customer

2025

- *Commencement of Commercial Production of M/s Harsha Engineers Advantek Limited, Wholly Owned Subsidiary of the Company at its New Bhalya Facility
- Made a strategic investment in a 10 MW ground mounted solar project under installation

*Note: M/s Harsha Engineers Advantek Limited the Wholly Owned Subsidiary has commenced commercial production and invoicing from June 26, 2025.

Our Journey

This section highlights the key milestones in Harsha Engineers, path toward a more sustainable and responsible future. Each achievement shows our commitment to protecting the environment, supporting our community, and maintaining strong governance in everything we do. These moments demonstrate our real progress, new approaches, and positive impact on our stakeholders and communities.

From improving resource efficiency and reducing waste to engaging with our community and following ethical practices, these milestones show our dedication to building a truly sustainable business. Explore each achievement to see the work and commitment behind our sustainability efforts.

1986

2004

Incorporation of Harsha Engineers.



ISO/TS 16949:2002

Certification

received.

2003

2008

Establishment of a 100% export-oriented unit at Moraiya, Ahmedabad.

Certification Accredited.



ISO 14001 Environmental Acquired equity shares in Aastha Tools Private Limited, leading to a partial acquisition



2010

- Launched Harsha Abakus Solar Private Limited, providing turnkey solutions for solar photovoltaics
- Opened new manufacturing facility in Changshu, China

2012

Commissioned machinery for large size bearing cages with a capacity of 1,000 tones at the Changodar, Ahmedabad facility

2014

Acquired BECOTEK Precision Bearing Components (Suzhou) Co. Limited, based in Suzhou, Jiangsu, China



Impact in Focus

Discover Harsha Engineers dedication to sustainability through this dynamic dashboard. Here, you'll find a clear and concise overview of our performance across key areas, from minimizing our environmental footprint and fostering a safe and inclusive workplace to upholding the highest standards of corporate governance. Dive into the details and see how we are building a more resilient and responsible business for all our stakeholders.





1,09,131.64 GJ

Total Energy Consumed

5,742.51 GJ

Energy From Renewable Sources

6,487 tCO2Eq

Scope 1 Emissions

12,785 TCO2Eq

Scope 2 Emissions

4,748 TCO2Eq

Scope 3 Emissions

33,000.00

Kiloliters

Water

Consumption

28,824.00 KL

Ground water Used

4218.38 KL

Third Party Water

30780 KL

Water Reused

822.57 tons

Waste Generated

115.83 tons

Total Waste Recycled

2.9 million litres

Total Rainwater Harvested

(Changodar facility)

2.8 million litres

Total Rainwater Harvested (Moraiya facility)





107 1067

Total Females Males Permanent Workers

3,145

Total Males Females Permanent Workers

171 lakhs 1084

CSR Expenditure Total Permanent Workers

7

Training Modules





G - Governance

10,89,30,44,292

Turnover (in Rs.)

12,70,58,26,709

Net worth (in Rs.)

00

Cases of Corruption

IATF 16949:2016

Automotive Quality
Management Systems

ISO 45001:2018

Occupational

Health & Safety Management

ISO 14001:2018

Environmental Management
System

ISO 9001:2015

Quality Management System



Business Model & Global Operations

GRI 2-6 / SBM 2

The Company, has always been our craft but today, the way we work is as important as the products we deliver. As industries demand more responsible supply chains, transparent emissions, and smarter manufacturing, we have reshaped our business model to meet these expectations without compromising on precision, quality, or global performance.

Our business is not just built to scale. It is built to sustain.

A Dual Track Engine Driving Sustainable Impact

Our operations are powered by two complementary segments, together creating value for our stakeholders and contributing to a sustainable future:

- Precision Engineering: This is our core business, manufacturing over 7,500 types of bearing cages and precision components that power critical industries from electric mobility, automotive, machinery, industrial, robotics, medical equipment and wind energy to railways and aerospace. In FY 2024–2025, precision engineering contributed the majority of our revenue. Our precision components support customers in over 32 countries, enabling them to deliver high performance and sustainable solutions to their markets.
- Solar EPC: Through our Harsha Abakus Solar Division, we have delivered over 500 MWp of rooftop and ground mounted solar projects across India. Active in 15+ states, this segment continues to support our customers' transition to low-carbon operations through reliable and scalable clean energy solutions.

Our Value Chain: From Inputs to Impact

Our business model follows a clear value chain that delivers measurable outcomes:

- Inputs: High-grade raw materials, advanced manufacturing setup, skilled workforce, and a strong supplier network enable efficient operations.
- Processes: Lean, automated, and ESG aware manufacturing across India, supported by TPM systems, digital dashboards, and data driven tools.
- Outputs: Precision engineered bearing cages, stamped components and deployed solar energy capacity.
- Outcomes: Improved product performance, reduced environmental impact, better energy use, and greater customer value through decarbonization and efficiency.
- Impacts: Contribution to circular economy principles, progress towards net zero targets, enhanced stakeholder trust, and long term value creation.

Creating Value for Stakeholders

We deliver value across our ecosystem:

- Customers: High quality, low carbon products aligned with CBAM, CDP, and Scope 1–3 GHG disclosures, following the GHG Protocol, ISO 14064 (Parts 1–3), and LCA standards (ISO 14040, 14044, 14067) and the GHG Protocol's Product Life Cycle Standard.
- Employees: A safe, inclusive, and innovative workplace with opportunities for growth and contribution to meaningful outcomes.

- **Investors:** Sustainable growth underpinned by a resilient business model and consistent returns.
- Communities: Economic opportunities, renewable energy access, and reduced environmental impact.
- Suppliers and Partners: Long term, responsible relationships fostering shared innovation and sustainability.



Global Footprint: Local Roots, **Worldwide Reach** GRI 2-6 / SBM 2

Europe **America**



- Argentina
- Brazil
- Mexico
- USA

- **Europe**
- Austria
- Bulgaria
- Czech Republic
- France

- Spain
- Sweden

Italy

- Poland
- Germany Portugal United
- Hungary

- Slovakia Romania
 - Russian

 - Federation
 - Switzerland
 - Ukraine
 - Kingdom

- Asia
- India
- China
- Japan
- Malaysia
- Philippines
- South Korea
- Thailand
- Turkey
- Vietnam

From our origins in Ahmedabad, Gujarat, we've expanded our presence to key global markets:

O India: Changodar & Moraiya facilities, serving as our innovation and manufacturing hubs.

Ochina: Changshu plant, enhancing our reach in the Asian market.

O Romania: Brasov facility, catering to European clients with precision components.

Region	Facility Location	Total Employees
India	Changodar and Moraiya	3260

Note: The total employees numbers details includes the contractual employees also.

Certifications: Sustaining Trust Through Standards

We maintain a strong portfolio of international certifications that demonstrate our compliance with global standards and support our operational transparency, customer confidence, and ESG objectives.

Standard	Certification Body	Focus Area	
ISO 9001:2015	Bureau Veritas	Quality Management System	
IATF 16949:2016	Bureau Veritas	Automotive Quality ManagementStandards	
ISO 14001:2015	Bureau Veritas	Environmental Management	
ISO 45001:2018	Bureau Veritas	Occupational Health & Safety	
TISAX Label	Bureau Veritas	Automotive Cybersecurity Readiness	
TPM Consistency Award	Japan Institute of Plant Maintenance (JIPM)	LOTAL PRODUCTIVE MAINTENANCE LIPM	







ESG Inside: From Awareness to Operating System

At Harsha Engineers, we actively integrate Environmental, Social, and Governance (ESG) practices into our day to day operations. From reducing GHG emissions and conserving resources to building an inclusive workforce and strengthening ethical oversight, our approach to ESG is hands on and outcome driven. Here's a snapshot of how we bring these commitments to life across the organization.



Environmental Leadership

- ISO 14001 certified
- Using renewable energy
- Already reuse of water in the plant premises
- Introduced induction molding to reduce PNG use
- Started reusable packaging in key product divisions
- ESG metrics are part of monthly reviews across production, sourcing, leadership KPI's



Social Impact

- Safety and ethics training for all employees and board
- Inclusive hiring in progress with PwD onboarding
- ISO 45001 implemented
- Digital grievance system established
- CSR projects Education and Welfare of deaf Children and for Trainees, Heart Surgery free of cost for needy people,
 Anandham – Welfare of Mentally Challenged People and Animal Welfare
- 34.14% of permanent employees are now covered by health & safety training up from 22.90% last year



Governance Strength

- ESG KPI's reviewed by ESG sub committee every quarter
- Stakeholder inputs integrated into ESG planning
- No regulatory non-compliance or notices
- Internal ESG maturity improved across all areas
- Supplier ESG screenings were introduced in 2024–25, covering 36% of value chain partner were covered and training sessions were given on CO2 Calculation (GHG Emission, Sustainability) and were assessed for environmental impacts.



At Harsha Engineers International Limited, Our journey toward sustainable excellence continues to gain momentum. The year ahead reflects our deep commitment to responsible growth, backed by measurable actions, targeted investments, and stronger stakeholder engagement. Below we outline our forward looking priorities and plans, anchored in the data and initiatives undertaken in FY 2024-2025.

Sustainability Ambition:

We envision integrating sustainability into every facet of our business enhancing resource efficiency, innovating responsibly, and contributing to a circular and inclusive economy. This ambition guides our actions and aligns with stakeholder expectations, regulatory requirements, and global sustainability standards Including Global Reporting Initiatives (GRI), European Sustainability Reporting Standards (ESRS), Science Based Targets Initiative (SBTI).

Key Strategic Priorities:

Based on the progress and initiatives outlined in FY 2024–2025, we have identified the following focus areas for the coming year:

1. Climate Action and Energy **Transition**

- Capital expenditure is 36.89% was allocated in FY 2024-2025 for focused projects, significantly higher than the previous year. This strategic CAPEX investment directly supports our energy transition initiatives and environmental stewardship goals. The CAPEX was utilized for Roof Top solar plant, Hand Pallet Truck (Battery Operated), Water Cooler, Revamping of Bundling machine 8" X 8", Ground Mounted Solar Project and land for that, Road Sweeping Machine, Life line installation for Roof Top Solar Plants, Automatic Sprinkler System and Fire Detection System.
- On 23rd May, 2025 we commissioned a 10.4 MWp solar tracker PV power plant (comprised of two 5.20 MWp units) in Vada, Kankrej, Banaskantha, Gujarat. This Solar Plant facility is expected to produce 15 million units of electricity annually.

- This investment not only supports our energy independence but also reinforces our long-term commitment to environmental stewardship.
- These initiatives aim to cut reliance on non-renewable energy, boost operational sustainability, and enhance workplace safety.
- We will continue focusing on reducing energy intensity through targeted improvements and and ensuring our climate action strategy drives meaningful environmental impact while supporting business resilience and growth.

2. Waste Management and Circularity

- Steps are underway to formalize a comprehensive EHS Management Policy.
- Plans include enhancing waste handling, segregation, recycling and recovery mechanisms and introducing circularity metrics with real, auditable data.
- Tracking of the percentage of total waste recycled by category has been done, with plans to further expand circularity KPI's to capture broader impacts.

3. Responsible Supply Chain

- Our Supplier Business Integrity Policy reinforces the importance of ethical, legal, and sustainability standards across our supply chain, promoting transparency.
- We plan to enhance ESG integration by mapping high risk suppliers based on geography, spend, and sector, and rolling out a structured social compliance audit program aligned with policy expectations.

4. Stakeholder Engagement

- Strengthening mechanisms to receive and resolve stakeholder grievances, ensuring continued trust and transparency.
- Enhancing proactive engagement with customers, communities, and other stakeholders to align sustainability initiatives with their expectations.

Investments and Innovation

- FY 2024–2025 saw increased ESG related capital expenditure compared to FY 2023–2024, reflecting our commitment to investing in sustainable operations.
- Investments were channeled into rooftop solar, energy efficient manufacturing systems, waste recycling infrastructure, and process improvements to reduce GHG emissions. Initiatives also included the adoption of reusable packaging materials, use of renewable energy (solar and wind), and capacity building programs for suppliers to promote sustainability practices across the value chain.

Governance and Accountability

- As sustainability becomes central to our strategy, we continue to strengthen governance by clarifying responsibilities, increasing oversight, and aligning our disclosures with recognized frameworks such as GRI and BRSR.
- Accountability remains with the leadership and finance teams, ensuring that Sustainability performance is monitored and reported with transparency.

Targets and Metrics

Building on the groundwork laid in FY 2024-2025, we are focused on:

- Tracking and reporting measurable KPI's, such as electricity consumption, diesel consumption, PNG consumption, renewable energy share, waste recycled (in MT), and GHG emissions intensity, Electricity Consumption, Diesel Consumption, PNG Consumption.
- Aligning targets with stakeholder expectations and regulatory norms for enhanced to ensure compliance within permissible limits.

Collaborative Action

Our future strategy emphasizes collaboration with suppliers, customers, employees, and regulatory bodies to amplify impact and drive meaningful progress in climate action, circularity, and social inclusion.

Moving Forward

We believe that sustainability is not a destination but an ongoing journey of improvement and innovation. With increased investments, clearer governance, and a focus on measurable outcomes, Harsha Engineers is positioned to deliver value for all stakeholders while respecting planetary boundaries.





Listening, Prioritizing, Acting

GRI 2-29/2 IRO - 1

Stakeholder Identification

At Harsha Engineers, we recognize that sustainability is a shared journey shaped by the aspirations of our stakeholders, the realities of our Manufacturing operations and the needs of the planet. Our materiality assessment and stakeholder engagement processes ensure that our sustainability roadmap reflects the priorities that matter most to our business and to the world around us.

This year, we adopted a double materiality approach, identifying issues that are both financially significant to our business and impactful to society and the environment. The following section outlines our structured and transparent approach. We engage with a diverse ecosystem of stakeholders who influence, and are influenced by, our business. Identifying the right stakeholders is the foundation of meaningful engagement and effective materiality assessment.

We consider stakeholders based on their:

- Influence on our manufacturing, value chain, or reputation.
- Interest in or potential to be affected by our activities.
- Ability to provide valuable insights into sustainability risks and opportunities.

Key stakeholder groups:

- **Employees:** Shopfloor Workforce, Managers, Leadership Teams.
- Customers: Domestic and International Buyers.
- Suppliers and Value Chain Partners: Our suppliers and Beyond
- Investors and Shareholders: Financial Institutions, ESG Investors.
- Communities: Around Our Plants and Offices.
- Regulators and Industry Associations: Local, National, and International.
- NGOs and Sustainability Experts: Advocacy and Advisory Groups.



Engagement Approach & Frequency

GRI 2-29/2 IRO - 1

We foster two way communication with stakeholders, ensuring their voices guide our decisions and strengthen our sustainability commitments.

Engagement is designed to be:

- Transparent and inclusive.
- Regular and responsive.
- Tailored to each group's expectations and concerns.

Stakeholder Group	Frequency	Purpose and scope	
Employees	Need basis	Employee wellbeing, career development, business plans	
Shareholders	Quarterly, Annually and on need basis	Financial performance, Prospective Investment, Investor relationship, Dividend, Profitability and financial stability	
Investors	Quarterly and on need basis	Financial performance, Prospective Investment, investor relationship, Dividend, Profitability and financial stability	
Suppliers	Need basis	Commercial, Quality, On time delivery	
Customers	Need basis	Business enhancement, customer satisfaction	
Suppliers/ Contractors	Need basis	Quality	
Community	Need basis	CSR Projects, community needs	

We see every interaction as an opportunity to deepen trust and align our objectives with broader sustainability goals.





Materiality Assessment Process

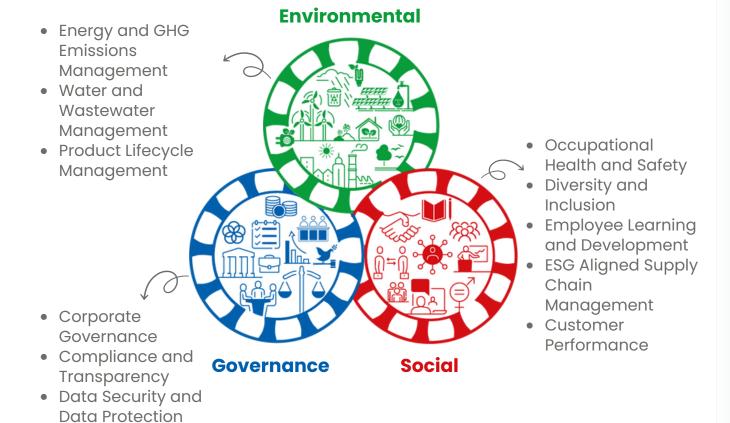
GRI 3-1/1 DR 2

Our materiality process ensures that we focus our resources on the ESG topics that have the greatest potential to create shared value. Our materiality assessment process is built on consistent data driven analysis, multi stakeholder engagement, and alignment with global standards such as GRI. In this cycle, we also incorporated elements of the CSRD's double materiality perspective to further reinforce relevance and alignment.

Our 5 Steps Materiality Process:

- Identify Potential Topics: Drawing from Internal Strategies, Peer Benchmarks, ESG Frameworks (GRI, SASB, SDGs).
- Engage Stakeholders: Gathering Insights through Surveys, Interviews, and Engagement Touchpoints.
- Assess Impact and Significance: Evaluating how topics affect Stakeholders and the Environment, as well as Financial Risks/Opportunities for Harsha.
- Prioritize Topics: Plotting Issues along two axes Business Impact and. Societal/Environmental Impact.
- Validate Findings: Through Leadership Workshops and ESG Committee Review.

Priority topics identified include:



Double Materiality Matrix GRI 3-2/1DR 2

Our double materiality matrix visually communicates how these material topics align with both financial materiality (impact on Harsha's business) and impact materiality (impact on society and environment).

Key topics placed in the matrix:

Topic	Financial Materiality	Impact Materiality
Energy efficiency & renewable energy	High	High
GHG emissions & climate action	High	High
Water stewardship	Medium	High
Waste management & circularity	Medium	High
Biodiversity	Low	Medium
Lean manufacturing	High	Medium
Health & safety	High	High
Diversity, Equity & Inclusion	Medium	High
Human rights & working conditions	Medium	High
Training & development	Medium	Medium
Community engagement (CSR)	Low	High
Governance, ethics & anti-corruption	High	Medium
Information security & privacy	High	Medium

(IT Security)





Material Topics: Risks & Opportunities Analysis GRI 2-23, 2-27/IRO 1, RM 1

Material Issue Identified	Risk or Opportunity (R/O)	Rationale for Identifying the Risk/Opportunity
ESG-Aligned Supply Chain Management	Risk & Opportunity	R: While core ESG frameworks are now established at our company, Tier-2 and Tier-3 vendors may still face alignment gaps. O: ESG expectations from OEM clients and regulators increasingly extend to supplier networks.
Customer Performance	R: Poor customer performance re to meet customer expectations of the company of the customer expectations of the customer expectations of the customer expectations of the customer performance and the customer performance reports to meet customer expectations of the customer performance reports to meet customer expectations of the customer performance reports to meet customer expectations of the customer performance reports to meet customer expectations of the customer performance reports to meet customer expectations of the customer expectation of the customer expectat	
Diversity and Inclusion	Risk & Opportunity	R: Risk if lacking diversity leads to legal/regulatory issues, low employee morale, and reputational harm O: Our Company believes that diversity & inclusion at workplace will invite people with multiple skill sets and mind sets and we value multicultural experiences and diversity of our employees and consider this the organization's strength.
Data Security and Data Protection (IT Security)	Risk	R: Data breaches and failures in data protection can result in legal penalties, loss of customer trust, and reputational damage especially with Cyber-attacks pose a threat to data privacy of organization and employees.
Energy and Emissions Management	Risk & Opportunity	R: Global compliance trends, client audits, and emissions norms require proactive decarbonization. O: Efficient energy use also reduces the overall energy demand.

In case of risk, Approach to adapt or mitigate	Financial Implications (Positive/Negative)
Our Company has rolled out a Supplier Business Integrity Policy, initiated ESG compliance verification and conducted supplier-level assessments. Further capacity building is planned in FY 2025-26	Positive: For export eligibility and reputation. Negative: If unmanaged non compliance results in client rejection or audit issues.
Strengthen supply chain transparency, ensure compliance with standards, and engage customers on sustainability efforts to maintain trust.	Negative: Loss of sales and market share, legal liabilities related to product failures, and brand damage affecting long term revenues.
Focus is on improving diversity at all levels in the organization and welcoming diversified workforce.	Positive: Enhanced innovation, talent attraction, brand enhancement, and market performance. Negative: Increased turnover costs, potential lawsuits, diminished brand.
Adopt robust cybersecurity frameworks. Already obtained TISAX label. Implement encryption. Regular training amongst employees for awareness is going on. Procedures and other IT security specifications supplement our information security regulations.	Negative: Regulatory fines, breach remediation costs, lost customers/data, and reputational harm leading to financial loss.
Renewable energy generation are already in place. Plans include internal carbon pricing, SBTi alignment, and Scope 3 mapping.	Positive: Renewable energy use for manufacturing process. Negative: If unaddressed CBAM leads to financial penalties.



Material Issue Identified	Risk or Opportunity (R/O) Rationale for Identifying the Risk/Opportunity	
Occupational Health & Safety	Risk & Opportunity	R: Due to noise, high temperatures, production environments, workers face safety risks that may impact health, morale, operations. Poor health and safety management can lead to accidents, legal penalties, reputation damage, and operational disruptions O: Our Company strongly focusing on safety and align with the growing market demand
		for safety.
Water & Wastewater Management	Risk and Opportunity	R: Poor water governance may lead to compliance risks or reputational harm. O: Effective water management reduces water footprint. For sustenance of the global scenario the organization should have the water positive system
Compliance and Transparency	Risk and Opportunity	R: Evolving ESG-related regulations demand accurate, timely disclosures. Gaps in data or transparency may result in regulatory or reputational risk. O: Transparency drives investor confidence and market credibility
Product Lifecycle Management	Risk and Opportunity	R: Products with high environmental impact face market rejection, regulatory restrictions, and competitive disadvantage. O: Clients increasingly assess the carbon and environmental footprint of supplied products. Lifecycle based innovation opens access to premium markets.
Employee Learning & Development	Opportunity	O: A skilled and engaged workforce improves productivity and innovation. Upskilling and inclusive growth also support retention and workplace satisfaction.
Corporate Governance	Opportunity	O: Strong governance ensures ethical practices, regulatory compliance, and stakeholder trust. It reduces exposure to integrity-related risks and enhances decision-making.

In case of risk, Approach to adapt or mitigate	Financial Implications (Positive/Negative)	
Our Company has implemented ISO 45001, rigorous PPE protocols, and safety audits. Ergonomic assessments and predictive safety systems are being scaled.	Positive: Enhanced brand positioning as the preferred choice for safety aware customers and partners. Also, productiving ains and lower turnover. Negative: In case of disruptions, medical incidents, or penalties. Costs from accidents, fines, insurance.	
Rainwater harvesting, and is working on monitoring of water metering	Positive: Partial Water neutral Negative: If non-compliance or scarcity affects operations.	
Regular monitoring of regulatory frameworks, ESG data system enhancement, and board-level compliance oversight are in place.	Positive: Enhanced capital access, improved stakeholder trust, long-term viability. Negative: Fines, legal costs, loss of market access, poor ratings.	
Lifecycle assessments are being piloted. Eco- design integration, PCF tracking, and CBAM aligned reporting are being scaled.	Positive: Supports export growth and brand trust, Cost saving. Negative: Competitive disadvantage, Costs from recalls, waste disposal, regulatory compliance.	
Technical and ESG training modules are in place. Plans for ESG literacy, skill mapping, and ergonomic improvement are being rolled out.	Positive: Long term value through improved capability and reduced turnover, increased productivity.	
Governance systems are board approved. ESG Committee meets periodically. Conflict of interest and anti-bribery policies are in force.	Positive: Improved investor and partner confidence, improved risk management and sustainable growth.	

Our ESG & Sustainability Partner

GRI 2-5, 2-28





By setting a benchmark for sustainable and responsible business practices, we not only enhance our sustainability performance but also build trust with stakeholders and create long term value for our organization & the broader community.

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Harsha Engineers International Limited continues its transformative journey towards sustainability, and our enduring partnership with Growlity has been pivotal in driving this momentum forward. Over the past year, this strategic alliance has reinforced our shared vision of operating responsibly, creating positive societal impact, and safeguarding the environment. By leveraging Growlity's evolving expertise, we have advanced our ESG initiatives, accelerated progress toward our goals, and achieved tangible results that set new benchmarks for performance.

In FY 2024–25, Growlity's role expanded beyond advisory and compliance to provide integrated ESG & Business Sustainability management solutions tailored to our evolving needs. Their deep domain knowledge has enabled us to reassess and refine our material sustainability issues, set progressive targets, and enhance transparency in BRSR disclosures. Together, we have strengthened strategies for decarbonization and continued our steady path toward achieving Net Zero as a longterm commitment. We are also actively preparing to set Science Based Targets initiative (SBTi) GHG emission reduction goals in the coming years, reinforcing our dedication to climate responsibility.

Through rigorous data-driven assessments, advanced analytics, and forward-looking insights, Growlity has equipped us with robust methodologies for emissions tracking and reduction, ensuring alignment with best practices and global standards. This year, their technical proficiency in greenhouse gas (GHG) accounting, Scope 3 emission calculations, and life cycle thinking has significantly improved our understanding of our environmental footprint and its reduction opportunities.

A key highlight of this year was expanding our Product Carbon Footprint (PCF) program using the Life Cycle Assessment (LCA) methodology. This has deepened our confidence in decision-making-allowing us to evaluate our products at every stage of their life cycle and make informed choices that minimize our ecological impact. We are also working towards making our products more sustainable through the adoption of Lean management practices and by choosing low-impact resources for production, enabling us to reduce waste, improve efficiency, and lower the overall environmental burden of our manufacturing processes.

In parallel, capacity-building initiatives have empowered our employees to champion sustainability, enhancing a culture of ownership and accountability across environmental and social performance. By setting a higher benchmark for sustainable and responsible business practices in FY 2024–25, we have not only strengthened trust with stakeholders but also created enduring value for our organization and the broader community.

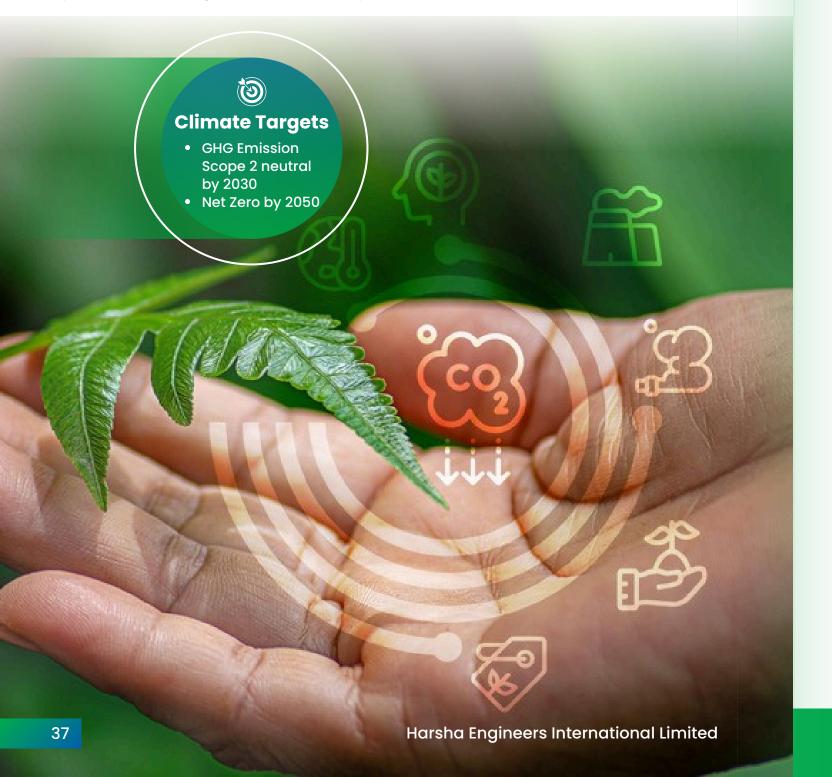
Dr. Nitin Dumasia

President and CEO, Growlity



Climate Strategy and Net Zero Roadmap GRI 305-1 to 305-5/EI-1 to EI-4

At Harsha Engineers International Ltd., sustainability is not just a compliance imperative it is a core principle shaping how we design, manufacture, and grow. Guided by our commitment to manufacturing and engineering excellence, we have embedded environmental responsibility into every aspect of our operations. Under the theme Precision in Progress, Engineering Net Zero Impact, we are moving decisively toward our goals of becoming GHG Emission Scope 2 neutral by 2030 and achieving net zero emissions by 2050.



Greenhouse Gas (GHG) Emissions

Methodology and Approach

Harsha Engineers International Ltd., calculates its GHG emissions using the internationally recognized Greenhouse Gas (GHG) Protocol methodology and ISO 14064. This includes emissions from GHG Emission Scope 1 (direct), GHG Emission Scope 2 (indirect energy), and GHG Emission Scope 3 (value chain emissions). Emission factors are based on relevant national grid data (CEA) and verified databases, and all calculations align with best practices for transparency and accountability.

Organizational Commitment to Climate Action

Harsha Engineers International Ltd., is committed to aligning its operations with national and global climate goals. Through our Environmental Policy and Net Zero commitment by 2050, we prioritize energy efficiency, low carbon technologies, and sustainable production practices across our value chain.

Environmental Policies and Commitments

Policy	Commitment		
Environmental Management Policy	Zero non-compliance with environmental laws and regulations.		
GHG Emission Reduction	To become GHG Emission Scope 2 neutral by 2030		
PNG Consumption Reduction	To reduce PNG Consumption by 40% by 2030		
Increase Renewable Energy	Increase renewable energy generation and target is to achieve the 100% Renewable Energy generation by 2030		



GHG Emissions Breakdown

At Harsha Engineers International Ltd., we track and reduce greenhouse gas (GHG) emissions across our value chain, in line with global best practices. Our emissions are categorized into Scope 1, Scope 2, and Scope 3, covering both direct and indirect impacts.

GHG Emission Scope 1: Direct Emissions

Emissions from Harsha's own operations

- Diesel Consumption for DG Sets and Own Vehicles
- PNG Consumption
- Water Cooler and AC Gas Filling

GHG Emission Scope 2: Indirect Energy Emissions

Emissions from purchased energy

Electricity

Scope 3 Other Indirect Emissions

GHG Emission

Emissions from Harsha's upstream and downstream activities

- Waste Generation from Operation
- Upstream
 Transportation
- Downstream
 Transportation

Note: In FY 2023–24, Scope 2 GHG emissions were reported without accounting for renewable energy. In line with the GHG Protocol, renewable energy has now been included and all related values (including intensity) have been revised. Scope 3 downstream emissions have also been corrected, as the earlier calculation mistakenly used tonnes instead of kilograms.



GHG Emissions Data (FY 2023-2024 to FY 2024-2025)

Year FY 2023-2024	6,618 Scope 1	12654 Scope 2	9,377 Scope 3	28,649 Total Emissions
Year FY 2024-2025	6,487 Scope 1	12,785 Scope 2	4,748 Scope 3	24,020 Total Emissions

Total Emission 30000 25000 20000 15000 28649 24020 5000 FY 2023-2024 FY 2024-2025

GHG Emission Scope 1 and Scope 2 Intensity Metrics

Metric	FY 2023-2024	FY 2024-2025
Emission Intensity (tCO₂e / INR crore of revenue)	0.00000178	0.00000177
Emission Intensity (tCO₂e / tonne of production)	1.38	1.33

Climate Risks and Opportunities

Туре	Aspect	Impact / Response
Risk	Regulatory (Carbon Tax, Emission Caps)	 Impacts: Increased costs Response: mitigated through energy efficiency upgrades and renewable energy.
Risk	Supply Chain Disruption (climate events)	 Impacts: Business continuity Response: managed by using nearby suppliers and backup plans.

Туре	Aspect	Impact / Response
Opportunity	Energy Transition	Cost savings through renewable energy
Opportunity	Customer Preference Shift	Competitive edge through low-carbon products and verified GHG disclosure.

Decarbonisation Plan

Action Area	Initiatives	Timeline
Energy Efficiency	3 meter and 1.5 meter induction moulding setup that reduce our PNG Consumption	Installation is completed
Renewable Energy	Renewable Energy In Tapper Division Solar Panel installed	
Scope 3 Engagement	ESG Checklist has prepared, Training is also given to RM Suppliers.	Complete by FY 2026–27.
Process Optimization	Reusable packaging boxes increased for 20 part numbers so far.	Increase 20 No's of parts by FY 2030

Environmental Management System (EMS) and Regulatory Adherence

Our ISO 14001-certified EMS framework ensures regulatory alignment with national and global standards like the Clean Air Act and CPCB air quality norms. Through continuous audits and emissions tracking, we maintained full legal compliance throughout the reporting period.

Air Emissions Overview: FY Performance

Parameter	Unit	FY 2023-24	FY 2024- 2025
Nitrogen Oxides (NOx)	PPM	1.3	6.22
Sulphur Oxides (SOx)	PPM	15.3	18.8
Particulate Matter (PM)	mg/Nm³	55.4	46.23

We monitor emissions annually using calibrated instruments for all applicable parameters, in full compliance with the consent conditions for both plants.

Trend Insight

While certain emission parameters saw temporary fluctuations, PM levels improved with a 16.6% reduction, driven by upstream process interventions and stronger control measures.

Strategic Approach to Clean Air

Process Optimization:

We have improved our production processes by introducing smarter controls, reducing idle time, and streamlining material movement. These measures have helped lower energy use and emissions, while maintaining high productivity. Our focus remains on eliminating unnecessary operations, upgrading to more efficient equipment, and optimizing cycle times to achieve cleaner and more sustainable manufacturing.



Emission Control Technologies: Clean Air by Design

When pollutants can't be eliminated right at the source, we don't stop there we go one step further. Harsha Engineers has deployed a smart mix of targeted emission control technologies to ensure that cleaner air remains non negotiable across operations. Baghouse Filters Capture and contain fine airborne particles, acting like industrial lungs.

These systems are strategically deployed at our highest-emitting units, ensuring that every filter and every valve delivers maximum impact. It's not just control it's precision-engineered clean air.

Eliminating Emissions from Inactivity

Sometimes, the biggest air quality challenges don't come from high-emission processes but from what's left running when it shouldn't be. At Harsha Engineers, we identified several emission hotspots caused by idle equipment that continued to draw power or release emissions even when not in use.



To tackle this invisible yet impactful issue, we implemented smart automation upgrades across our shop floor:

- Use For Air Ejecting & Vacuum: Provide Valve & Selection in HMI for Coining & Saving
- Chip Conveyor Motor continues working: Provide Timer and set conveyor working time 2 minutes on and 2 minutes off instead of continues on
- Heater on time high due to Heaters spread heat in the atmosphere: Provide Insulation jacket on heater

Energy Efficiency and Renewable Energy Synergy

Our clean air roadmap integrates with our energy transition initiatives:

- Replaced 150 W shed lights with 125 W LED fixtures, improving Lux from 200 \rightarrow 300
- Added timing interlocks on conveyors, motors, and dust collectors to eliminate idle running
- Optimized air ejection and vacuum use with valves and HMI selection controls
- Installed insulation jackets on heaters to prevent heat loss and reduce on-time
- Upgraded oversized motors to right-sized capacities (e.g., 15 HP \rightarrow 7.5 HP)
- Raised chiller temperature setpoints from 15 °C to 20 °C to cut compressor load
- Reduced dryer separation time and implemented timer-based motor shut-off during idle periods

Outcome: These improvements reduce fossil fuel dependency, indirectly lowering SOx and NOx emissions from grid electricity.

Strategic Climate Action KPI's

We track our progress against defined KPI's that reflect both ambition and accountability. The following roadmap outlines our performance and targets across climate-linked focus areas: Engineering the Net Zero Transition.

Strategic Focus Area	КРІ	Target	Status (FY 2024–2025)
Climate Action – Scope 2 Emissions	Reduction in Scope 2 GHG emissions intensity	100% reduction by FY 2020–2030	On track
Climate Action – Net Zero Commitment Achieve net zero emissions across value chain		By FY 2050	Roadmap defined
Product Carbon Footprint	% Products with Verified PCF	100% by 2030	PCF Pilots Launched
CBAM Compliance Readiness	% EU Products with CBAM-aligned Documentation	0%	100% by 2026





Science Based Targets initiative (SBTi)

GRI 305-5 / E1-4



At Harsha Engineers International Limited, our climate action roadmap is rooted in science. In alignment with global efforts to limit global warming to 1.5°C, we have formally committed to the SBTi for long-term net-zero targets.

Our Commitment

As of September 2024, At Harsha Engineers International Limited, has officially committed to:

 Net-zero target commitment, reflecting our ambition to achieve long-term decarbonization across our operations and value chain

This commitment demonstrates our proactive stance in adopting internationally recognized frameworks and contributing to global climate goals.

Status Update

Category	Status	Description
Net-zero Target	Committed	Harsha has pledged to develop a long-term strategy toward net-zero, covering full value chain emissions (Scopes 1, 2 and 3).
Target Submission	In Progress	Detailed targets, including base year, boundary, and scope breakdowns, are currently under development.

Next Steps

- **GHG Inventory Enhancement:** We are refining our Scope 1 and Scope 2 GHG accounting methodology in line with SBTi guidelines, ISO 14064 standards, and the GHG Protocol.
- **Scope 3 Mapping:** We currently disclose three Scope 3 categories and will broaden this scope. HEIL is committed to driving emission reductions across the value chain for net-zero.
- **Target Finalization:** Our Net-zero targets will be formally submitted for SBTi validation in the coming reporting period.

Why It Matters

By aligning with SBTi, At Harsha Engineers International Limited, reaffirms its commitment to environmental responsibility, stakeholder expectations, and sustainable innovation. This commitment is not just a declaration it is an integral step in our transformation toward a low-carbon future, backed by data, process optimization, and responsible engineering.

CDP Progress and Governance

GRI 2-23, 305 / E1-5, GOV-2

JCDP

66

From data to action Harsha's CDP 2024 disclosure demonstrates how precision reporting fuels strategic foresight.





CDP at a Glance

CDP Score 2024

GHG Emissions Disclosed

Scope 1

and 2

Score dependencies, impact, risk and opportunity.

Disclosure Frameworks
Aligned
BRSR, GRI, TCFD

Governance Oversight

ESG Committee + third

party assurance

(Growlity)

At Harsha Engineers, climate transparency isn't a checkbox it's a compass. Our engagement with the Carbon Disclosure Project (CDP) reflects a bold step toward embedding verifiable climate intelligence into every decision we make. It's not just about disclosure. It's about trust, traceability, and transformation.

Our Climate Disclosure Journey

Harsha Engineers made its CDP debut in 2022, earning a score of C in our first year. In 2024, we expanded both the breadth and depth of our response aligning it more closely with global frameworks such as TCFD and GRI. From GHG Emission metrics to governance strategy, our CDP performance is now fully woven into our sustainability narrative.

Governance in Action

CDP disclosure is managed through cross-functional collaboration across operations, finance, sustainability, and procurement with active review by Harsha's ESG Committee. Data assurance, verification, and narrative alignment are supported by our strategic sustainability partner, Growlity. Climate governance is no longer a parallel effort; it's integrated, informed, and institutionally embedded.

What We've Strengthened

- Financial Metrics
- Intensity Targets & Absolute Targets
- Dependencies, Impact, Risk and Opportunity. Low carbon initiatives
- Scope 1 and 2 GHG verification already
- Material climate risks mapped under our Double Materiality approach
- Decarbonization roadmap embedded in strategic planning
- Improved narrative alignment across CDP, GRI based ASR, TCFD and BRSR submissions

Maturing with Intent

We see opportunities not as gaps, but as springboards. Our 2025 assessment revealed key areas to further accelerate disclosure excellence:

- Scope 3 emissions coverage moving from partial to complete value chain mapping
- Improving targets on low carbon production of products and tracking emissions
- Science Based Targets Initiative alignment process initiated
- Granular measurement of emissions reduction project impacts
- Broader supplier engagement and data transparency
- Scenario planning and policy advocacy for resilience building

Roadmap Ahead: FY 2025 CDP Priorities

Strategic Priority	Description	Target Outcome
100% GHG Verification	Complete third-party assurance for GHG Emission Scope 1, 2 and 3 emissions across all manufacturing division	Verified GHG inventory for FY 2025
Science-Based Targets (SBTi)	9-1-	
Internal Carbon Accounting Tools	Implement digital systems for internal emissions tracking and financial linkage	Real-time emissions- to-cost visibility
Scenario Analysis	Conduct climate risk modeling for both physical and transitional scenarios	Resilient business planning framework
CDP Score Improvement	Address gaps in emissions methodology, target-setting, and governance	Achieve CDP Score B or higher



Framing the Future

Climate disclosure is no longer about reporting it's about readiness. Through strengthened governance, integrated climate strategy, and transparent communication, Harsha is laying the foundation for a low-carbon future. CDP is more than a scorecard for us it's a strategic dashboard, guiding how we engineer resilience and lead with purpose.

Making More with Less: Our Lean way Forward GRI 301, 302/E1-6, E5

Lean Management and Resource Productivity Driving Operational Excellence Through Precision and Efficiency

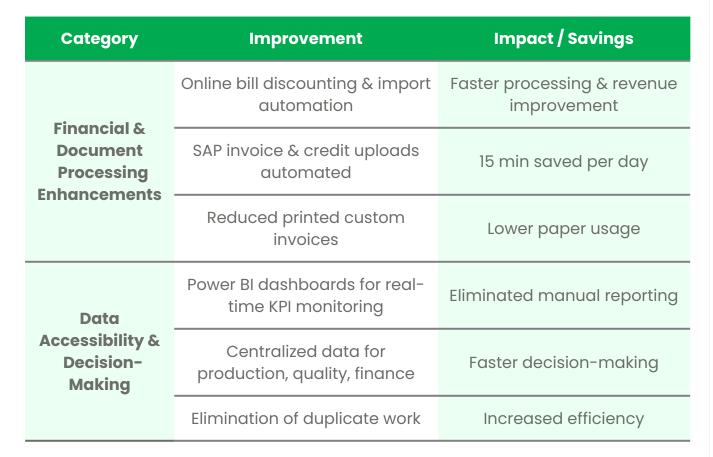
At Harsha Engineers International Ltd., lean manufacturing is not just a philosophy it's the backbone of our production excellence. By embedding Total Productive Maintenance (TPM), smart automation, and process innovation across our operations, we have transformed our plants into hubs of high efficiency, low waste, and sustainable precision.

Embedding Lean in Harsha's DNA Lean thinking is integrated into every stage of our manufacturing lifecycle. Harsha submitted its application for the TPM Excellence Award in January 2015. The first-stage assessment took place on June 13, 2015, followed by the successful completion of the second-stage assessment on November 4, 2015.

The company was honored with the TPM Excellence Award on March 23, 2016, in Kyoto, Japan. Following this achievement, Harsha pursued the TPM Consistency Award and successfully attained it in 2018.

Category	Improvement	Impact / Savings
Automation of	Engineering Change Notification moved online	Approval time reduced from 50 min to 10 min/day
Processes	Post-shipment documentation digitized	500+ paper sheets saved annually
Standardization	Transition from person- dependent to system-driven	Improved efficiency & consistency
& System Orientation	Container utilization optimization	Better space management
	Automated label printing & customer tracking	Time reduced from 28 min to 4 min/day
Reduction in Manual Efforts	HR recruitment process automation	Lead time reduced from 48 hours to 22 hours
	Employee increment & confirmation letter automation	Reduced manual work & paper usage





Team-Based Lean:

Our Proven Delivery Approach, We follow a structured, collaborative team model that fosters shared accountability and active engagement at every level of the organization:

Our operations teams are driving measurable efficiency gains by optimizing material utilization, maximizing machine uptime, and improving workforce productivity. While final performance metrics are under review, early results indicate significant progress in reducing scrap, lowering energy consumption, and enhancing overall production reliability.

Celebrating Innovation: Harsha's Kaizen Competition 2024–25

To embed a culture of creativity and continuous improvement, we organized the Kaizen Innovation Competition, inviting employees to present real-world solutions to operational challenges.

Highlights included:

- Development of custom jigs and fixtures to reduce setup time
- Energy-efficient tooling innovations
- Enhanced lubrication systems to prolong machine life
- Top innovations were prototyped and scaled.
- Winners received performance awards and recognition across the organization.

















♦ Environmental

These technologies help Harsha ensure every cycle, cut, and finish happens with maximum efficiency and minimal waste.

Solutions Implemented

TPM TRAK

(Loss Booking Software)

Daily Production Report (To monitor real-time Machine Performance & Optimizing OEE)

SYSMA

- Daily Production Report
- Tool History Card
- FPIR & LPIR
- Maintenance Management & Spare Management
- Asset Management

Dashboard

- Quality-3
- Pocketing-3
- Turning-2
- DPRS-1
- Melting Shop-1

• Value (MIS)-1

- RT Shop-1
- VCC-3
- Power & Fuel-2

Workforce

Environmental Benefits of Lean Beyond productivity, lean implementation directly contributes to our sustainability goals:

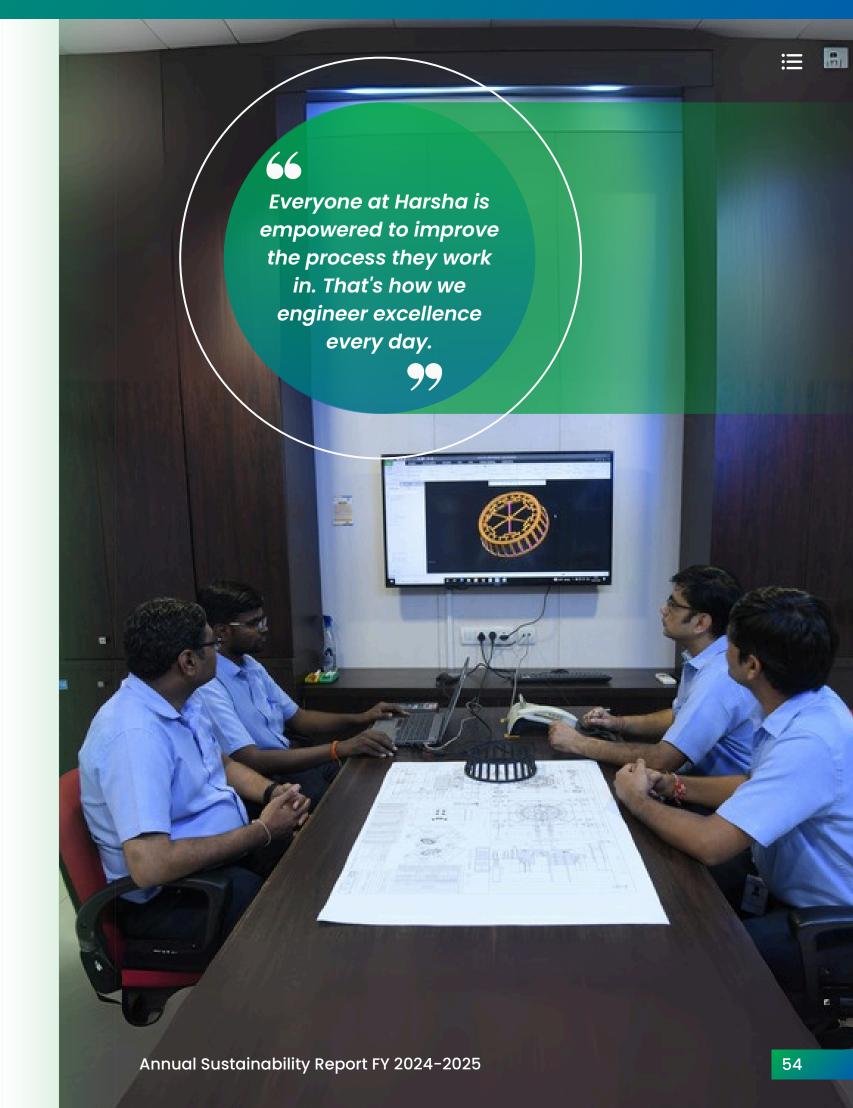


Reduced raw material waste, lower extraction footprint

Shorter production cycles, less energy use per part

Lower rework, fewer emissions

Looking Ahead In FY 2025–2026, we aim to extend TPM to admin areas (Office TPM), scale AI for real-time quality monitoring With precision as our compass and sustainability as our goal, Harsha is shaping the future of resource-smart manufacturing.







Energy Efficiency and Operational Improvements GRI 302-1, 302-4/E1-6

Precision in Power: Energizing a Low-Carbon Future at Harsha Engineers International Ltd.

Energy transformation continues to be a core enabler in Harsha Engineers' Net Zero 2050 vision. Our approach blends renewable integration, lean operational excellence based energy management systems.

Energy at a Glance (FY 2024-2025)

43%

of Renewable Energy Generation achieved

5,742.51 GJ

Total electricity consumption From renewable sources

ISO 14001

management systems guide our energy and environmental performance across major production units



=

ISO Certification Coverage Across Operations

Harsha Engineers International Ltd. maintains a strong commitment to international management system standards to advance both energy and environmental performance. Our key facilities operate ISO 14001 (Environmental Management).

Operational Efficiency in Action

Our integrated energy strategy has resulted in:

Initiative	Details of the initiative	Outcome (KWH)
Dryer separation time has scope of improvement	Separation time to be set as per requirement	2,500
Exxon main motor was installed of 15Hp.	7.5Hp motor installed.	1,716
Chip Conveyor Motor continues working	Provide Timer and set conveyor working time 2 min on and 2 min off instead of continues on	18
Parts cleaning and floor cleaning	Remove Air gun from 8 Nos machine	425
Heater on time high due to Heaters spread heat in the atmosphere	Provide Insulation jacket on heater	252

Note: Saved KWH values represent energy savings that begin from the project completion

Design-Led Performance Gains

Engineering efficiency starts at the drawing board. This year, we:

- Used PCF insights to identify energy-intensive processes and prepare for CBAM
- Leveraged Hyperworks tooling design to reduce machine time and energy use
- Applied Lean TPM practices to minimize idle runs and trial-stage losses

Closing the Loop: Insights from PCF

PCF assessments revealed energy-intensive hotspots across product processing and packaging. With leaner processes and increased recycling, we are reducing energy demand and emissions. Early renewable integration results a figure we aim to scale in FY 2025.

Advancing with Renewables: Our Multi-Source Strategy

In FY 2024–2025, Harsha Engineers intensified its commitment to electricity transition by moving decisively toward a 100% renewable electricity target by FY 2030. A key driver in this effort is the planned scale-up of wind energy investments, aimed at enhancing base-load renewable capacity across operations. The company has also entered into long-term renewable energy sourcing agreements to ensure a stable and decarbonized electricity mix in the years ahead. These initiatives form the foundation of Harsha's pathway to achieving Scope 2 carbon neutrality by 2030, aligning operational efficiency with climate ambition. we continue to scale clean power:



Changodar Solar Plant





The details related to RE are as follows

10.4 MW

Solar tracker PV power plant (comprised of two 5.20 MWp units) in Vada, Kankrej, Banaskantha, Gujarat (Commissioned on May 23, 2025)

١	.25	M	W

Wind Mill

1.013 MW

Changodar

0.855 MW

Solar Hybrid in

Solar Roof Top in Moraiya

Solar Mounted in Tarapur

1_{MW}

2.7 MW

0.749 MW

Wind Hybrid **Solar Roof Top** in Changodar

0.395 MW

Tapper Solar Roof Top in Moraiya (Newly installed in FY 2024 - 2025)

Moraiya Solar Plant



Looking Ahead: Energy Transition Goals

Initiative	Details of the initiative	Outcome (KWH)
Shed Light is 150 W With Low Lux Level	Install 125W Led Light & Increase lux Level From 200 to 300 Lux	120
Tidy Conveyor on Centimos	Tidy Conveyor On/Off with timing Interlock	935
Use For Air Ejecting & Vacuum	Provide Valve & Selection in HMI for Coining & Saving	2,340
Second Notching Press Not Use In Production	Off Conveyor During Not in Use	210
Installed the timer to ON & OFF in Auto	Operator forgot to off lights (lake of awareness)	2,160
Include Conveyor use For Scrap Handling	Remove incline Conveyor & Conveyor no-2 Extend	1061
Not Timing Interlock or Ideal Run	Provide 10 Min Timer to Stop Motor During Ideal Run	220
HYD Motor Run During ideal Condition	Provide Off Switch	145
Washing m/c misc. collector motor continue on after washing cycle stop	Use contactor, relay & done wiring misc. collector motor power off after washing cycle stop	338
Dust collector is running ideal on Sunday.	Timer to be installed & set Stop for Sunday.	500
Main motor running ideal.	Motor ideal running to be stopped.	416
Installed motor is of capacity 15 Hp against required 10Hp.	To be installed 10 Hp motor.	182
Air ejection for ring was used continuous.	Solenoid valve was provided.	15
0.033KW Demagnet continue on.	Demagnet interlock with Main motor.	52
3KW Demagnet continue on.	Demagnet on by push button for 1 Minute.	150

Note: Saved KWH values represent energy savings that begin from the project completion





Designing for Circularity, Delivering Tomorrow GRI 306-1 to 306 5 / E5

Waste Management and Circular Economy

Engineering Circularity Across the Value Chain

At Harsha Engineers International Ltd., we do not view waste as an endpoint, but rather as a critical inflection point in the journey toward a regenerative value chain. Rooted in our vision Precision in Progress, Engineering Net Zero Impact our waste management approach is built on material efficiency, responsible disposal, and the principles of circular economy.

Closed-Loop Circular Economy at Harsha

From raw material to product manufacturing, our operations are designed for circularity. Here's how we close the loop:



Waste Management Policy and Framework

In FY 2024–2025, Harsha operationalized a Waste Management with ISO 14001, Extended Producer Responsibility (EPR) guidelines, and GRI 306 standards.

- Prevent: Minimize waste at the source
- Reuse: Encourage component for reusing
- Recover: Maximize recycling and material reprocessing
- Dispose Responsibly: Registered Recyclers

This framework ensures proactive governance and integrates environmental considerations into every manufacturing function.

Integration with PCF: Lifecycle Impact and Solutions

To improve visibility into product-level environmental impacts, we undertook a detailed Product Carbon Footprint (PCF) assessment across major SKUs. This exercise revealed several high-impact hotspots:

- Loss of raw materials during machining and trimming
- Non-recyclable outbound packaging increasing Scope 3 emissions
- Rework-related energy waste contributing to indirect GHG emissions Scope 2

Based on these insights, we implemented corrective actions such as:

- Advanced scrap segregation in-house reuse
- Shift to recyclable packaging designs
- Enhanced yield optimization through precision tooling

To further strengthen this approach, we are now piloting digital twin simulations to model material flows and optimize offcut generation at the design stage.

Our early interventions have already shown potential for measurable climate benefit, including:

• Reduced carbon footprint in outbound logistics through packaging redesign

Value Chain View: Closing the Loop Across Boundaries

A holistic approach to waste management must extend beyond factory gates. At Harsha, we are embedding circularity principles across our upstream supplier networks and downstream customer interfaces.

Upstream (Suppliers and Material Sourcing):

We've partnered with key suppliers to reduce upstream waste through: Packaging Optimization: Vendors are being guided to adopt packaging that is reusable or recyclable, reducing plastic and one-time-use formats.

Downstream (Customer Interface and Logistics)

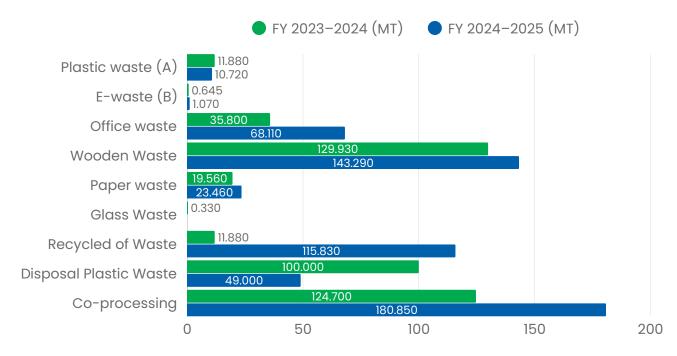
Our waste-conscious design does not end with dispatch. We are enabling downstream circularity through: Product Redesign for End-of-Life: Engineering teams are evolving component designs to enhance disassembly and recyclability, allowing easier material separation post-use.

✓ ✓ Environmental >

Waste Performance Dashboard: FY 2023-24 vs FY 2024-2025

Waste Category	FY 2023-2024 (MT)	FY 2024-2025 (MT)
Plastic waste (A)	11.88	10.72
E-waste (B)	0.645	1.07
Office waste	35.80	68.11
Wooden Waste	129.93	143.29
Paper waste	19.56	23.46
Glass Waste	0.33	000
Recycled of Waste	11.88	115.83
Disposal Plastic Waste	100	49
Co-processing	124.70	180.85





We've mapped the flow of waste generation across our production process:

- Raw Material Trimming: Generates offcuts and burrs from steel, brass, and nylon
- Stamping and Machining: Produces metal swarf, used lubricants, and polyamide scrap
- Surface Finishing and Plating: Creates chemical sludge and spent masking materials
- Assembly and Testing: Results in rejected units, test sample waste, and plastic films
- Packaging and Dispatch: Generates offcuts from cardboard, tapes, and shrink wraps
- Utility Operations: Contributes STP/ETP sludge, used oil filters, and e-waste from equipment

Waste Intensity Index

As we scale our operations, we are equally focused on reducing waste per unit of economic output. The Waste Intensity Index is our internal KPI that helps track resource efficiency improvements. Waste intensity reflects how well we decouple material waste from revenue generation.

Waste intensity per rupee of turnover

0.000000071

0.00000075

FY 2023-2024

FY 2024-2025

This measure considers total waste (hazardous and non-hazardous) normalized to turnover, encouraging innovation in design, planning, and execution stages of manufacturing.

Waste Management Goals – Vision 2030

- 100% reusable packaging by FY 2030
- 10% of metal waste reused in production by FY 2030
- Maintenance sustain Zero non-compliance incidents related to waste norms



Purpose-Driven Product Carbon Foot printing

We view PCF's not just as disclosure tools, but as strategic levers for product innovation and value chain engagement. Our objectives:

- Enable low-carbon product portfolios
- Drive process and material optimization
- Quantify Scope 3 emissions for upstream sourcing
- Align with EU CBAM and customer climate audits

Navigating Complexity in Precision Manufacturing

Due to the diversity of end-use applications from automotive to wind turbines Harsha's components vary widely in design, engineering, material, and lifecycle. PCF's mainly driven by material emissions, not electricity. Secondary contributors include process emissions, packaging, and transportation impacts.

Methodology Snapshot

- Product Types Assessed: Brass cages, polyamide cages, steel stampings, and assemblies
- Functional Unit: one finished product
- Scope: Cradle-to-Gate and Cradle to Customer's Gate (incl. raw material sourcing, processing, manufacturing, packaging, inbound logistics)
- Supplier Engagement: PCF-linked questionnaires shared to be suppliers for emissions, energy mix, and transport modes
- Methodological Standards: GHG Protocol Product Standard and ISO 14067-aligned; supported by ISO 14040/44 principles
- Tools Used: Custom Excel-based calculators validated through third-party review
- At Harsha Engineers International Ltd., we recognize that managing GHG emissions is essential to responsible manufacturing.
- Through Product Carbon Footprint (PCF) analysis, we measure emissions across the product life cycle from raw materials to production, transport, and disposal.
- This helps us identify high-impact areas and drive continuous improvement.

Design for Circularity and Sustainability

Focus Area	Status	Initiative Description
Returnable Packaging	Already we are doing, plan to increase the part number	To increase the returnable packaging box, which leads to a decrease in the packaging GHG Emission
Renewable Energy	In progress	To increase the renewable energy leads to decrease the process GHG Emssion
Recyclable Packaging Material	Under Review	Our team is working on this, which fits all the parameters from engineering to customers

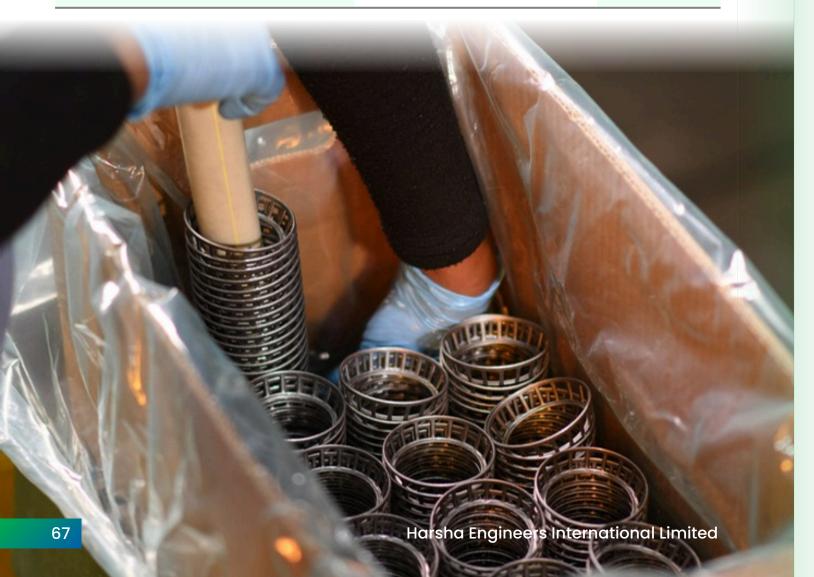
Lifecycle Strategy Integration

Insights from PCF assessments are now being integrated across:

- Product development and engineering workflows
- Process optimization and lean material usage
- GHG Emission Scope 3 decarbonization planning
- Supplier awareness and emissions traceability

KPI's and Commitments: Roadmap to Lifecycle Resilience

Goal/Commitment	Target Metric	Target Year
GHG Emission Scope 2 Neutral	100% Renewable Energy Generation	FY 2030 - 2031
Checklist for material selection	Checklist shared to our suppliers	FY 2025-2026
Formalize supplier PCF engagement	80% of key suppliers sharing emissions data	FY 2026-2027



Rooted in Nature, Ready for Regeneration GRI 303-1 to 303-4/E4

Biodiversity Strategy

Engineering Harmony with Nature

At Harsha Engineers International Ltd., we view environmental stewardship not only as a responsibility but as a design principle. In line with our theme "Precision in Progress, Engineering Net Zero Impact," we have taken deliberate steps to integrate biodiversity considerations into our operations through green infrastructure, water reuse, and employee engagement.

Water as a Medium for Ecological Preservation

We reuse all our treated water on our plant premises This reduces dependency on groundwater and minimizes ecological stress in surrounding catchments. Water reused through ZLD and treated STP facilities directly contributes to ecosystem preservation.

Applications of Reuse Water:

- Gardening
- Solar panel cleaning
- Reuse in cooling tower
- Toilet flushing and maintenance utilities

Treted Water Usage – FY 2024–2025

Application Area	Source
Gardening	treated water reused of ETP
Solar Panel Washing	treated water reused of STP
Reuse in cooling tower	treated water reused of STP
Sanitation and Toilets	treated water reused of STP

Greening Our Footprint

Recognizing the importance of green cover in industrial ecosystems, Harsha Engineers International Ltd., continues to strengthen its green belts through systematic tree plantation drives. These efforts improve local air quality, sequester carbon, enhance site aesthetics, and support biodiversity.











As part of our **World Environment Day 2024 celebrations**, we launched a special plantation drive across our manufacturing campuses. Employees actively participated in planting **71 trees, marking** our commitment to sustainable site development and environmental stewardship.

All planted species are carefully selected for being native and drought-resistant, ensuring long-term ecological balance.

Daily Biodiversity-Conscious Practices:

- Using our canteen waste for making organic fertilizer
- Elimination of chemical pesticides in green belts to support insect life
- Development of shaded pathways using tree canopies
- We have established recharging wells within our operational sites

Embedding Biodiversity in Environmental Governance

Harsha's ISO 14001-certified Environmental Management System (EMS) includes biodiversity as a monitored aspect. In FY 2024–2025, we reinforced this with structured training and operational goals.

Forward-Looking Vision

In alignment with our long-term sustainability roadmap, Harsha Engineers has set the following biodiversity-linked objectives:

- Increase green belt coverage across Indian operations.
- Launch biodiversity baseline studies at all plant locations by FY 2028.
- Collaborate with local institutions for afforestation pilots by FY 2028.

World Environment Day: Plantation Drive

Our employees enthusiastically participated in this green campaign, coming together to plant trees on company premises. The drive resulted in planting 71 trees across different campuses, contributing to local biodiversity and air quality improvement.

This initiative reflects our commitment to environmental stewardship and sustainable site development. Employees from various departments joined hands to make this plantation drive a success. The newly planted trees will help reduce our carbon footprint while creating greener workspaces for our teams. This plantation drive demonstrates how collective action can create meaningful environmental impact. The initiative has inspired our workforce to actively participate in future sustainability programs. We plan to continue such environmental activities as part of our ongoing commitment to protecting nature.





Workforce Structure GRI 2-7, 2-8 / SI-1 to SI-2

"People-Powered Precision: Built in India, Trusted Worldwide"

At Harsha Engineers International Ltd., our workforce is the engine behind our precision and progress. From our manufacturing hubs in India, China, and Romania to our engineering and corporate teams, we are powered by people committed to excellence. In FY 2024-2025, we focused on sustaining a balanced, resilient, and diverse workforce aligned with our operational footprint and evolving customer needs.

Our People in Numbers (FY 2024-2025)

562

Permanent Employees

18

Other than permanent Employees

1084

Permanent Workers

1596

Other than permanent Workers

Permanent 1

DIFFERENTLY ABLED EMPLOYEES

Permanent 11

DIFFERENTLY ABLED WORKERS

580

Total employees

2680

Total workers

554

Total employees male

26

Total employees female

2591

Total workers male

89

Total workers female

Gender Diversity

We continue to foster a multi-generational workforce combining fresh thinking with deep domain expertise.

Our workforce blends experience and innovation creating solutions that last across markets and generations.



Global Footprint of Talent

From our headquarters in Ahmedabad to our operational excellence centers, Harsha's diverse workforce reflects our commitment to international markets while preserving local employment priorities.

Our strategic presence across multiple locations enables us to serve diverse markets effectively while maintaining strong connections with local communities.

We believe in creating employment opportunities that benefit both our business growth and the regions where we operate. This approach ensures sustainable development while fostering economic growth in our operational areas.

Looking Ahead

In FY 2025-2026, we aim to:

- Enhance data granularity across gender, function, and location
- Build predictive dashboards for talent retention risk
- Expand diversity tracking across not just gender, but also ability, region, and skills.





Training, DEI and Career

GRI 404-1 to 404-3, 405-1 / S1-8 to S1-11

Unlocking Human Potential, One Learning Curve at a Time

At Harsha Engineers International Ltd., we believe that precision begins with people. As our technologies evolve, so do the minds that power them. In FY 2024–2025, we deepened our commitment to cultivating an agile, inclusive, and future-ready workforce through targeted training, diverse talent pipelines, and structured leadership development. From factory floor to leadership board, learning is the engine that drives Harsha's excellence.

Signature Programmes

Building Capabilities. Empowering Careers.

At Harsha Engineers International Ltd., capability-building is not a checkbox it is a strategic imperative. Our signature programmes are designed to shape a resilient, agile, and future-ready workforce by nurturing leadership, technical expertise, and cross-functional depth across all levels.

Multi-Skilled Workforce Development

Our organization's commitment to sustainable workforce development is exemplified through the Multi-Skilled Employee Development program, which has consistently delivered results over the past four years while establishing goals for future growth. Since FY 2021, the initiative has demonstrated success in building multi-skilled employees through strategic human capital investment.

The systematic scaling approach, with targets of 25% improvement in FY 2025 – 2026 as over five years, demonstrates sustainable growth practices that prioritize quality development alongside quantitative expansion. This measured approach ensures long-term organizational capability while fostering employee engagement and career advancement opportunities.

The program's success validates our belief that sustainable business growth is fundamentally linked to investing in people and their professional development. Looking forward to FY 2025–2026, the target of 200 multi-skilled employees represents our continued commitment to building a future-ready workforce capable of adapting to evolving industry demands while maintaining operational excellence and sustainability standards.

The program began with a modest target of 50 employees in FY 2021- 2022, which was successfully exceeded with 56 actual trained personnel. This positive momentum continued in 2022-23, where the target increased to 70 employees and the organization delivered 79 multiskilled workers. The third year (FY 2023- 2024) saw further expansion with a target of 108 employees, and the actual output reached 115 trained personnel.

In FY 2024- 2025, the ambitious target of 138 employees was met precisely with 139 actual trained staff, showcasing planning and execution capabilities.

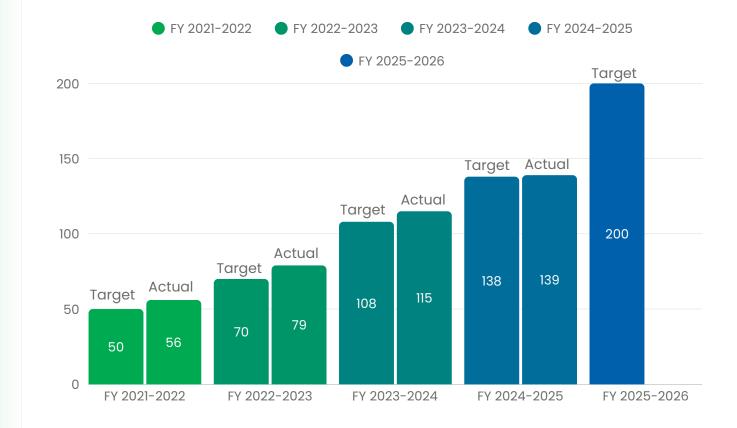
The effectiveness of this program is evident through consistent target achievement and strategic scaling over the five-year period from 50 to 200 employees.

This systematic approach to workforce development indicates a strong organizational commitment to building versatile human resources. The program's success demonstrates effective training methodologies and employee engagement strategies.

The steady growth pattern suggests sustainable development rather than rushed expansion, ensuring quality alongside quantity. For FY 2025- 2026, the target jumps significantly to 200 employees, representing the organization's confidence in scaling successful initiatives and meeting evolving operational demands through enhanced workforce flexibility.

Developed Multi Skill Employees - Year Wise

Attribute	T/A	FY 2021- 2022	FY 2022- 2023	FY 2023- 2024	FY 2024- 2025	FY 2025- 2026
Develop Multi Skilled	Target	50	70	108	138	200
Employees	Actual	56	79	115	139	-





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DEI: Diversity, Equity and Inclusion in Action

At Harsha, DEI is not a trend it is a transformation. With policies that promote gender parity, generational inclusion, and disability access, we're building a workplace where difference is not just accepted it's celebrated.

Gender Diversity Snapshot

Role	Female (FY 2024–2025)	Female (Median remuneration/ salary/ wages of respective category)
Board of Directors	2*	40,000
Key Management Personnel	1	86,80,002
Employees	27	3,71,840
Workers	18	2,39,705

^{*} Prof. (Dr.) Neharika Vohra has resigned from the position of an Independent Director w.e.f. November 11, 2024. Ms. Priyanka Chopra is appointed as an Independent Director w.e.f. November 11, 2024.

DEI Milestones Achieved

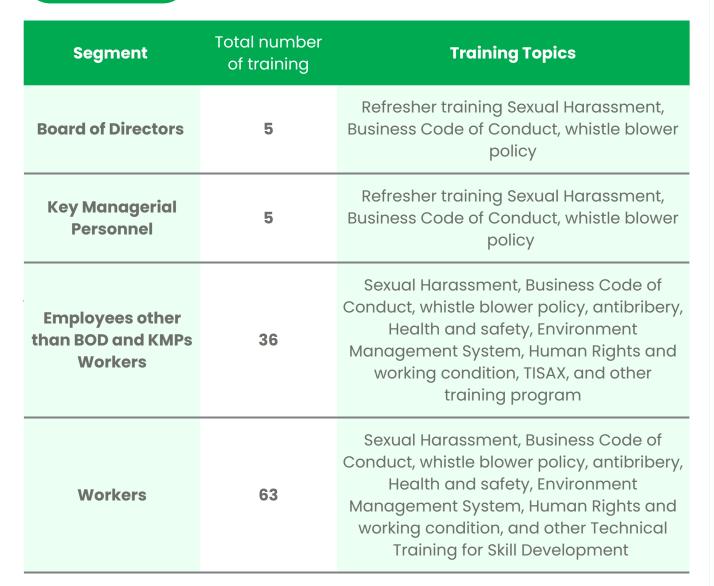
- **Inclusive Recruitment:** DEI recruitment process ensure fair representation of women and underrepresented groups across roles from technical functions to managerial leadership. Tailored onboarding ensures their seamless integration into teams.
- **Flexible Work and Parental Leave:** flexible scheduling, maternity benefits, and paternity leave to support parenting, especially for female returning post-leave.
- **Wellness Programmes:** Specialized health camps, wellness talks, and consultation sessions were conducted, addressing holistic well-being needs of our female employees.
- **Women in Leadership:** Our internal mentorship network is growing. Senior women leaders now actively mentor junior female talent, helping them chart career pathways through workshops, goal mapping, and leadership.





Annual Sustainability Report FY 2024-2025





Career Development: Building Future Leaders

We believe that a learning organization is a growing organization. Our career development programmes are designed to equip every employee with the tools to rise professionally and personally.

- **Supervisor and Facilitator Development Tracks:** This structured programme is tailored for those moving into people management roles, equipping them with soft skills, conflict resolution, and team management abilities.
- Cross-functional Rotations: Employees rotate across departments like manufacturing operations, supply chain, quality, and enabling them to develop strategic agility and broader business understanding.

- **Flexible Work and Parental Leave :** Our work-life harmony policies include flexible scheduling, extended maternity benefits, and paternity leave to support parenting, especially for female associates returning post-leave.
- Women's Wellness Programmes: Specialized health camps, mental wellness talks, and one-on-one consultation sessions were conducted, addressing holistic well-being needs of our female employees.
- **Women in Leadership :** Our internal mentorship network is growing. Senior women leaders now actively mentor junior female talent, helping them chart career pathways through workshops, goal mapping, and leadership labs.
- Career Progression with Skill Matrices: Every associate's career progression is mapped through a digital skills matrix, capturing their competencies and training needs. Regular reviews ensure timely promotions and lateral growth.





Training Details

Category	FY 2024-2025				
Category	On Health and safety measures	On Skill upgradation			
	Employees				
Male	34.30%	99.10%			
Female	30.77%	100.00%			
	Workers				
Male	24.43%	38.98%			
Female	13.48%	19.10%			











Harsha Engineers International Limited

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Health, Safety and Wellbeing

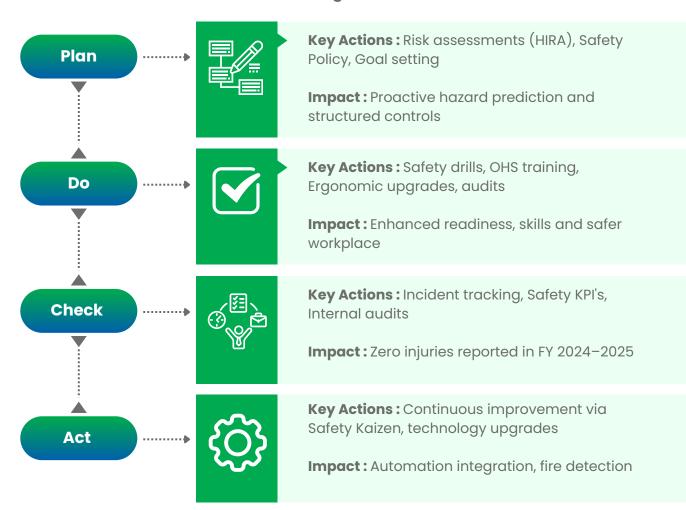
GRI 403-1 to 403-10 / S1-13

Precision in Safety, Commitment in Care

At Harsha Engineers International Ltd., safeguarding our people is not a protocol it is a principle. Guided by ISO 45001 standards, we embed health and safety across every action, workplace, and decision. Our safety strategy is structured around the globally recognized Plan–Do–Check–Act (PDCA) cycle to ensure systematic, proactive, and continuously improving safety outcomes across operations.



ISO 45001 PDCA in Action at Harsha Engineers



Looking Ahead

Safety Incident	*Category	FY 2024-2025	FY 2023-2024
Lost Time Injury Frequency Rate	Employees	0.00	0.00
(LTIFR) (per one million-person hours worked)	Workers	0.00	0.00
Total recordable work-related	Employees	0.00	0.00
Injuries	Workers	0.00	0.00
No. of fatalities	Employees	0.00	0.00
No. or latalities	Workers	0.00	0.00
High consequence work-related	Employees	0.00	0.00
injury or ill-health (excluding fatalities)	Workers	0.00	0.00

^{*}Including in the contract workforce

Annual Sustainability Report FY 2024-2025





Our Environment, Health, and Safety (EHS) system operates across plants and complies with ISO 45001 and applicable legal standards. We apply a robust HIRA (Hazard Identification and Risk Assessment) register that evaluates risk based on likelihood and severity. This enables:

- Mapping of high-risk workstations and operations
- Safety patrolling and hazard prediction
- Incident Tracking with a simplified worker-friendly format
- Prompt corrective action by line supervisors

Proactive Prevention, Not Reactive Protection

- Fire detection and sprinkler systems in critical zones
- Internal occupational health center with 24x7 nurse availability
- Ambulance support and hospital tie-ups within 10–15 minutes
- ESIC medical benefits extended to eligible employees

Emergency Preparedness: Ready at Every Level

To ensure readiness for every scenario from fires to medical emergencies we have implemented:

- Regular emergency Mock drills at plant locations
- Fire detection, Fire alarm and fire extinguishers at our plant location
- 24/7 availability of trained first responders and an on-site occupational health center
- Clearly defined roles and response procedures for different emergency levels

Our Mock drills, coordinated with mock evacuation procedures and signage upgrades, are tailored to site-specific risks and reviewed after each simulation for improvement.

Worker Participation and Reporting: A Culture of Safety Ownership

Creating a safe workplace begins with empowering our people. All employees including contract workers are encouraged to identify and report unsafe acts, conditions, or incidents through:

- Simplified, accessible near-miss reporting forms
- Daily safety walk-throughs by floor supervisors
- Participation in monthly Environment, Health and Safety (EHS) review meetings
- Promote peer-based awareness



No task is so urgent that it cannot be done safely.

Wellness and Protection Measures

Wellbeing Benefit	Permanent Employees	Other than Permanent employees
Health Insurance	14.93% of Male Employees	0%
Accident Insurance	100% of Male and Female Employees	100% of Male Employees
Maternity Benefits	100% of Female Employees	0%
Paternity Benefits	100% of Male Employees	100% of Male Employees

We also offer:

- Credit society loans
- Extended PoSH
- Awareness on occupational health through training and meetings

Leadership Oversight and Safety Governance

At Harsha Engineers International Ltd., safety governance is not a compliance checkbox it's a strategic commitment embedded within our ESG framework. Occupational health and safety (OHS) performance is tracked as a KPI's with Monthly reviews conducted by plant heads and functional leaders.

These updates are formally reported to senior management, ensuring that decision-makers are actively engaged in monitoring safety performance and risk mitigation. In FY 2024–2025, we maintained 100% compliance with BRSR and statutory reporting norms, reinforcing our zero-tolerance approach to lapses in safety.

Through strong leadership oversight, Harsha continues to institutionalize safety as a cornerstone of responsible manufacturing.

Continuous Learning for Safer Workplaces

Safety at Harsha is not just mandated it is internalized. Our robust training ecosystem ensures that every employee understands risks and their role in preventing them.

Training Sessions:

- Hazard identification and risk assessment
- Safe work practices and use of personal protective equipment (PPE)
- Fire safety response, Mock drills
- Ergonomics to prevent musculoskeletal disorders
- Stress management and mental health awareness



Looking Ahead

- Maintain Zero Harm Status: Continue zero injuries/fatalities across all operations
- **Safety Culture:** Foster a workplace where every employee prioritizes safety in daily operations.
- **Continuous Improvement**: Regular safety audits and updates to protocols based on best practices







Building a Just and Inclusive

GRI 408, 409, 412 / S3

Human Rights Due Diligence

Respect, Dignity and Fairness: Our Human Rights Commitment

At Harsha Engineers International Ltd., respecting and advancing human rights is foundational to our culture of responsibility. We believe every person who contributes to our success deserves a workplace free from discrimination, coercion, and inequality. Our approach is guided by the Universal Declaration of Human Rights and aligned with key principles of the International Labour Organization (ILO). While we have not conducted formal human rights due diligence, we have embedded human rights protections across our operations, policies, and partner expectations.

FY 2024–2025 Human Rights Performance at a Glance

Indicator	Employees Trained	Workers Trained
Human Rights Awareness Training	193	524
Sites Assessed for HR Compliance	100%	100%
Complaints of Discrimination or Harassment	0	0

Preventing Discrimination, Child and Forced Labour

We uphold zero tolerance for child labour, forced or bonded labour, and workplace discrimination. To ensure this, we have embedded clear policies and contractual clauses prohibiting any form of exploitation or inequality.

All our operations were comprehensively assessed in FY 2024–2025, and we are pleased to report zero violations across categories. Our prevention actions include mandatory onboarding modules on human rights expectations, continuous reinforcement through toolbox talks, clear definition of grievance protocols, and visible communication of workers' rights at plant locations.

Supervisors and HR SPOCs are trained to detect early warning signs and take immediate corrective action. Further, our Code of Conduct guided with ILO and aligned with indian labour law ensures consistent accountability across employee and contractor interactions.





We are committed to equal pay for equal work and transparent remuneration structures. All permanent employees are paid above minimum wage thresholds, with no gender-based wage disparity in eligibility. Gender-wise median wage figures are also tracked for all categories.

Category	Median Remuneration (Male)	Median Remuneration (Female)
Board of Directors	₹35,61,253	₹40,000
Key Managerial Personnel	₹94,39,119	₹86,80,002
Employees (excl. BoD and KMP)	₹5,44,223	₹3,71,840
Workers	₹2,99,196	₹2,39,705

Gross wages paid to female employees represented 2.28% of total wages paid by Harsha in FY 2024–2025, an increase from 1.95% in the previous year.

Freedom of Association and Collective Bargaining

Harsha Engineers supports every worker's right to freedom of association and collective bargaining in accordance with local laws. While we do not have formal unions at all sites, we maintain open communication forums, regular review meetings, and to address workforce concerns, fostering a collaborative environment.

Grievance Mechanisms and HR Oversight

There were no complaints reported in FY 2024–2025 across categories including discrimination, harassment, forced labour, and wage-related issues.

Nature of Complaint	Number of Complaints Filed (FY 2024–2025)	Pending Resolutions
Sexual Harassment	0	0
Discrimination	0	0
Child Labour	0	0
Forced Labour	0	0
Wage-related	0	0
Other Human Rights related	0	0

We have embedded safeguards in all redressal mechanisms to ensure there are no retaliatory consequences for complainants.

Training for Empowerment Harsha has expanded its human rights training coverage substantially.

The details of employees and workers as permanent or non permanent are given as below.

Category	FY 2024- 2025 Total	Covered	% Covere d	FY 2023– 24 Total	Covere d	% Covere d
Employees (Permanent)	562	190	33.81%	607	137	22.57%
Employees (Non- Permanent)	18	3	16.67%	0	0	0.00%
Workers (Permanent)	1084	263	24.26%	1124	84	7.47%
Workers (Non- Permanent)	1596	261	16.35%	1472	70	4.76%

Topics covered in these sessions included:

- **Prevention of Sexual Harassment (PoSH):** Rights-based awareness and redress mechanisms.
- Code of Conduct and Ethics: Behavioural expectations, compliance mandates.
- Workplace Non-Discrimination: Fair treatment irrespective of gender, caste, background.
- Freedom from Coercion and Harassment: Promoting respectful workplaces.
- Grievance Redressal: Channels, escalation mechanisms, and retaliation protections.

Supplier Responsibility and Inclusion

Human rights are embedded in our Supplier Code of Conduct, which is shared with all Supplier It outlines:

- Prohibition of child and forced labour
- Non-discrimination in hiring and employment
- Respect for working hours and compensation laws
- Safeguards for dignity, privacy, and equal opportunity

Although we did not conduct formal supplier audits in FY 2024–2025, our onboarding process includes acknowledgment of these expectations.





100% **Child Labour**

100% **Forced**

Labour

100% Sexual

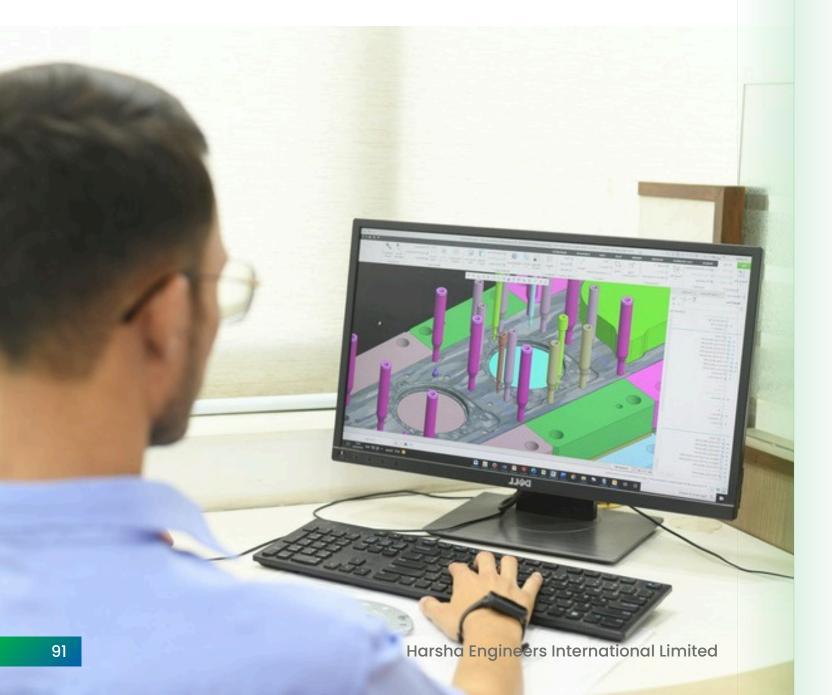
Harassment

100% Wage **Practices** 100% Discrimination

Looking Ahead: Our Human Rights Roadmap

We plan to strengthen our human rights strategy through:

- Strengthen human rights risk assessments across all operations and supply chains
- Implement robust tracking systems to measure progress and ensure accountability
- Digital integration of grievance redressal tracking
- Launching supplier risk mapping and compliance assessments



Ethical Supply Chain GRI 414-1, 414-2, 308-1 / S2

Building Integrity, Enabling Accountability

At Harsha Engineers International Ltd., ethical sourcing is more than a procurement function it is a reflection of our core values. We believe that building a trustworthy and transparent supply chain requires both stringent standards and proactive engagement. From supplier onboarding to partnership development, we embed integrity, fairness, and sustainability into every layer of our global value chain. Our policies align with GRI 308, 414, and relevant ESRS standards, creating a foundation of responsible growth.

Supplier Selection and Screening Criteria

All new suppliers at Harsha undergo a structured screening process designed to evaluate not just technical capabilities but also environmental and social responsibility. Our selection criteria include:

- Compliance with legal and regulatory standards (ISO 9001, ISO 14001, ISO 45001)
- Environmental practices including waste management, GHG emissions reduction, and resource use
- Social criteria such as wages, working hours, safe conditions, and non-discrimination
- Human rights safeguards including anti-child labour, freedom of association, and fair pay
- Integrity metrics: anti-corruption compliance, business conduct declarations

Embedding Integrity: Supplier Code of Conduct and Supplier Policies

Supplier Business Integrity Policy together serve as the ethical framework for our supplier relationships. Key provisions include:

- Prohibition of child labour, forced labour, and discrimination in any form
- Protection of workers' dignity, data privacy, and personal freedom
- Fair compensation aligned with legal minimums, including overtime
- Anti-corruption commitments: no bribery, kickbacks, or unethical practices
- Respect for working hours and occupational safety standards

These documents are shared with all our suppliers and acknowledged during onboarding.

Capacity Building and ESG Collaboration with Suppliers

We have initiated a broader engagement framework focused on capacity-building:

- Sharing of a supplier sustainability checklist to monitor GHG emissions and performance
- Providing training sessions on ESG expectations and responsible sourcing
- Encouraging suppliers to self-declare against our Code of Conduct

Additionally, we are developing a due diligence system to assess supplier compliance and monitor risks more effectively in the coming year.

ESG Risk Summary

We continuously monitor potential risks across our supply chain to uphold ethical integrity. Our key risk areas and mitigation approaches include:



Risk Area	Likelihood	Impact	Mitigation Strategy
Child & Forced Labour	Very Low	High	Policy enforcement and future audits
Environmental Compliance	High	High	Training and supplier environmental screening
Freedom of Association	-	Medium	Engaging suppliers on labour rights awareness
Social Screening & Criteria	Medium	-	Comprehensive onboarding evaluations
Business Integrity	-	-	Integrating anti-bribery, Anti-Money Laundering, and whistleblower protocols in all agreements

Due Diligence Roadmap and FY 2025–26 Priorities

Recognizing current gaps, we have laid out a structured roadmap to elevate our supplier accountability:

- Formalize and pilot an annual supplier social and environmental audit framework
- Expand training and capacity-building to cover 70% of our RM suppliers
- Digitalize the ESG self-assessment checklist and integrate it into procurement systems
- Initiate supplier emissions risk mapping aligned with SBTi principles



Community Engagement and CSR

GRI 413-1, 413-2 / S4

Precision with Purpose, Impact with Integrity



At Harsha Engineers International Ltd., corporate social responsibility is not just an obligation it's a promise to uplift lives, empower communities, and align our business growth with the needs of the vulnerable. Guided by our CSR Policy and Annual Action Plan, our interventions are targeted, transparent, and purpose-led. In FY 2024–2025, we expanded our community outreach by supporting inclusive education, life-saving healthcare, elderly care, and animal welfare touching lives where it matters most.

CSR Impact Snapshot | FY 2024-2025

- Total CSR Contribution*: ₹1.71 crore
- Focus Area: Welfare of vulnerable and marginalized groups
- Total Beneficiaries: 169 people and 300 animals
- 100% of human beneficiaries belonged to vulnerable groups

*Excludes 1.35 crore transferred to Unspent CSR Account towards an ongoing project.

Our CSR policy

Harsha Engineers' CSR Policy outlines the Company's strategic framework for contributing to social, environmental, and economic development. It prioritizes initiatives in healthcare, education and the welfare of marginalized groups. The policy ensures that all CSR activities align with Schedule VII of the Companies Act, 2013, and are guided by transparency, impact assessment, and long-term value creation. Projects are executed directly or through trusted implementing agencies, with oversight from the CSR Committee and Board. You can read the full policy here: **Harsha Engineers CSR Policy.**

Annual Sustainability Report FY 2024-2025

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CSR Action Plan Snapshot (FY 2024-2025)

Harsha's CSR Action Plan, CSR projects or programmed that are approved to be undertaken by the board in areas or subjects specified in Schedule VII of the Act. aligned with the Companies Act and Schedule VII. These projects or programmes are in line with our CSR policy and governed by the CSR committee. our initiatives ranging from residential facilities for challenged women to education, healthcare, animal welfare. Delivered directly or through trusted partners, all programmes are scheduled for completion by as disclosed in our CSR action plan (Implementation Schedule). This structured blueprint ensures transparency, budget discipline, and meaningful societal impact.

Key CSR Initiatives and SDG Alignment





Heart Surgery free of cost for needy people

Through our support, 25 underprivileged individuals underwent life-saving cardiac surgery at no cost. This initiative helped reduce healthcare inequality and provided a new lease on life to the beneficiaries.

Beneficiaries Table

Initiative	Beneficiaries	% from Vulnerable Groups
Education for Deaf Children and Trainees	127	100%
Free Cardiac Surgery	25	100%
*Anand Dham (Mentally Challenged and Elderly Care)	17	100%
#Animal Welfare (Cattle Shelter Infrastructure)	300 (animals)	0

^{*}The project is commenced in the financial year 2024-25 and will be completed in the FY 2025 - 26.

#This CSR Contribution was provided for constructing shed for 300 Cows.



Education and welfare of deaf Children and for trainees

We funded specialized Education and Welfare for 127 deaf Children and for Trainees. The program enhances their language skills, employment potential, and social confidence through inclusive pedagogical models.





Anand Dham: Care for Mentally Challenged and Dependent Adults

The development of a residential complex for 17 mentally challenged individuals Females and dependent elderly persons. This ongoing project offers safe, stable, and dignified long-term care.



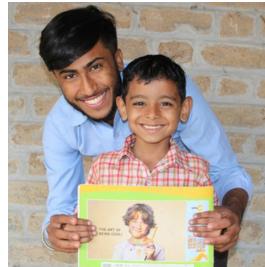
Animal Welfare

Our contribution helped to construct shelter for 300 cows, promoting animal care and ecological balance. This effort also generates local employment in animal husbandry.



















Governance, Policies & ESG Oversight

GRI 2-12 to 2-17 / GOV-2

Theme: Principles That Lead, Structures That Sustain

At Harsha Engineers International Ltd., governance isn't just a structural imperative it is our ethical compass. Our governance model is rooted in board-led accountability, clearly defined policy mechanisms, and ESG integration across leadership tiers. This enables us to uphold stakeholder trust, regulatory alignment, and sustainable growth in a dynamic global environment.

Board of Directors: Oversight with Vision

Our Board comprises a dynamic mix of executive and non-executive leaders who provide strategic direction and uphold accountability across all dimensions of our operations from financial stewardship to ESG excellence. Each member plays a distinct role in shaping Harsha's governance culture:



Mr. Rajendra Shah

Chairman & Whole-time Director

Rajendra Shah is a Mechanical Engineer with 52+ years in precision engineering and leads the company's management and finances. He also serves as President of the Blind People's Association, Ahmedabad.



Mr. Harish Rangwala

Managing Director

He is a Mechanical Engineer with over 52 years of experience in precision engineering, specializing in bearing cages & stamped components. He oversees the company's overall operations, including the Renewable Energy Division.



Mr. Vishal Rangwala

CEO & Whole-time Director

Vishal Rangwala holds degrees in Mechanical Engineering and Engineering Management. With 18+ years in precision engineering, he defines the Harsha Group's strategic direction and leads its marketing and corporate functions.



Mr. Pilak Shah

COO & Whole-time Director

Pilak Shah holds degrees in Mechanical Engineering and Integrated Manufacturing Systems Engineering. With 19+ years in precision engineering, he helps define the Harsha Group's strategic direction.



Ms. Hetal Naik

Whole-time Director

Hetal Naik holds advanced degrees in Mechanical Engineering and specializes in design engineering, lean manufacturing, and TPM. Associated with the company since 2015, she oversees employee health, safety, and TPM functions.



Mr. Ambar Patel

Independent Director

He is a Mechanical Engineer and Managing Director of Shilp Gravures Ltd. He holds key positions in various industry, banking, and social organizations, including GCCI and The Kalupur Commercial Co-operative Bank Ltd.



Dr. Bhushan Punani

Independent Director

He is an IIM Ahmedabad alumnus with a Ph.D. in Commerce and expertise in disability inclusion and rehabilitation. He serves as General Secretary of the Blind People's Association and ICEVI India and has held key advisory roles in national disability policy.



Ms. Priyanka Chopra

Independent Director

She is CEO & Managing Partner at IIMA Ventures and Venture Partner at Bharat Innovation Fund. With 12+ years in investing and early-stage ventures, she holds an MBA from Wharton and a master's in Electrical Engineering from Georgia Tech.

Harsha Engineers International Limited



Mr. Ramakrishnan Kasinathan

Independent Director

He is a Civil Engineer with advanced management degrees and extensive corporate experience. He currently works as an independent consultant specializing in supply chain and sourcing.



Mr. Kunal Shah

Independent Director

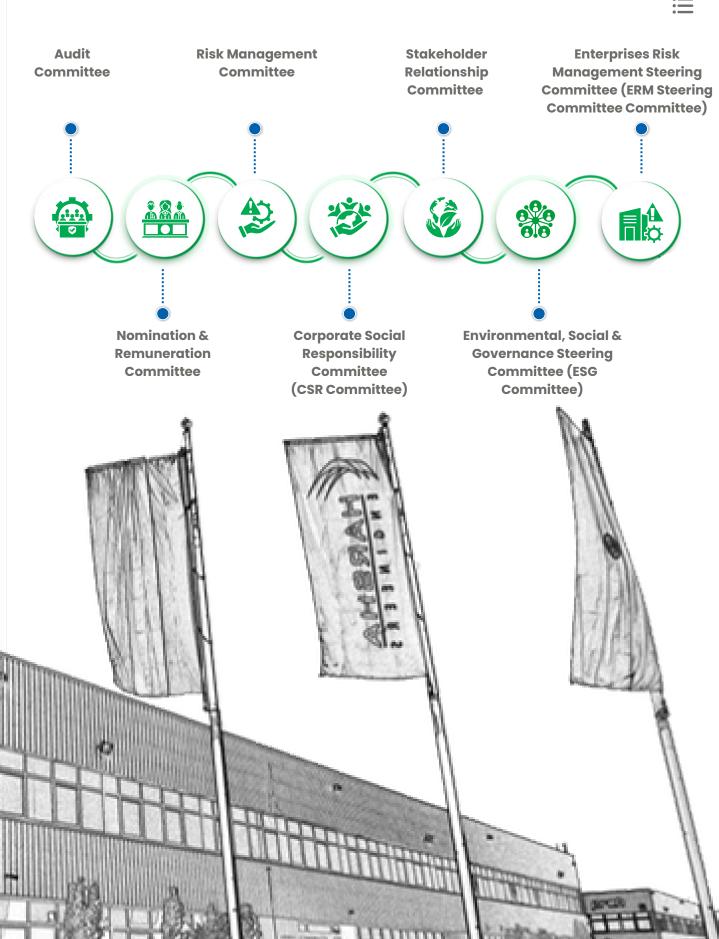
He is a Chemical Engineer with a master's in Information Systems. Corporate Affairs at AIA Engineering, he also cofounded Aurus and runs Theoden Ventures LLP, bringing extensive general management experience.

Conflict of Interest Management (GRI 2-15)

Harsha maintains a structured Conflict of Interest Policy requiring directors and senior management to disclose and manage potential conflicts transparently. Conflicts are reviewed annually and as situations arise, with declarations recorded and monitored to ensure independence in decision-making.

Board Committees: Focused Oversight

Harsha maintains a structured Conflict of Interest Policy requiring directors and senior management to disclose and manage potential conflicts transparently. Conflicts are reviewed annually and as situations arise, with declarations recorded and monitored to ensure independence in decision-making.



Risk Governance Structure (GRI 2-9)



 Code of Conduct for Directors and Senior Management

Policy Framework: Principles in Practice

- Code of Conduct Policy
- Whistleblower Policy
- Risk Management Policy
- Supplier Business Integrity Policy
- Corporate Social Responsibility Policy
- Corporate Social Respons
 Code for Fair Disclosures

- Human Rights & Working Conditions Policy
- Forced Labour Policy
- Policy on Child Labour
- Workplace Discipline Policy
- Sexual Harassment Policy
- Environment, Health and Safety Policy
- Dividend Distribution Policy
- Mobile Phone Usage Policy

These policies are either publicly available on our website or accessible to employees via the Company intranet. Training and induction modules are designed to ensure that all team members, from new hires to senior executives, are well-versed in these policies and empowered to uphold them.

Risk Management and Stakeholder Governance

At Harsha Engineers International Ltd., risk management is more than a compliance requirement it is a strategic enabler. Our Enterprise Risk Management (ERM) system is designed to proactively identify, assess, and mitigate both traditional and emerging risks, including those related to climate, compliance, workplace, and reputation. The Enterprise Risk Management & ESG Committee shall review the respective Risk Database annually and evaluate if any changes are requisite to the impact and likelihood assigned to the risks and, re-rate the risks if applicable as per the guidelines and ensure effectiveness of design and operating effectiveness of existing mitigating controls.

Risk Management Approach

Harsha has adopted a combined Enterprise Risk Management approach utilizing both top-down and bottom-up methods to identify and manage risks at the overall entity level. This hybrid approach allows the Company for a strategic view of risks provided by the top-down perspective, coupled with a granular understanding of risks from the bottom-up perspective. This combination helps ensure alignment between enterprise goals and operational realities, promoting a balanced risk management strategy. The risk management process adopted by Harsha, has been tailored to the business processes of the organization. Broadly categorizing, the process consists of the following stages/steps:

- Establishing the Context
- Risk Assessment (identification, analysis & evaluation)
- Risk Treatment (mitigation plan)
- Monitoring, review and reporting
- Communication and consultation



Board of Directors: Oversee the establishment and implementation of an adequate system of risk management across the company & comprehensively review the effectiveness of the company's risk management system on an annual basis.



Audit Committee : Monitors financial risks, internal controls, and compliance audits



Risk Management Committee: Coordinates enterprise-wide risk identification, prioritization, and response planning.



ERM Steering Committee: This committee identifies, assesses, and manages business risks across all operations to ensure organizational resilience and sustainable growth.



ESG Steering Committee: This committee oversees environmental, social, and governance initiatives to drive sustainability performance & ensure compliance with ESG standards and reporting requirements.





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ESG Governance Mechanism: From Vision to Execution

At Harsha Engineers, ESG is not a sidecar to our strategy it's in the driver's seat. Our ESG Governance is driven by a structured approach that embeds sustainability into every critical decision, from the boardroom to the shop floor.

ESG Steering Committee

Our dedicated ESG Steering Committee functions as the center hub of our sustainability vision. This cross-functional body includes leaders from operations, compliance, CSR, and risk, ensuring a 360° view of our environmental, social, and governance responsibilities. The committee:

- Reviews ESG material topics annually and integrates them into business planning
- Recommends ESG-linked KPI's for Board-level review
- Coordinates with the Enterprises Risk Management Steering Committee to assess climate, social and compliance risks
- Ensures compliance with BRSR, GRI, CDP and other regulatory reporting frameworks

Board-Level ESG Oversight

The Board of Directors is the highest authority responsible for ESG performance and disclosures. Through regular updates from the ESG Steering Committee on BRSR reporting, the Board:

- Approves sustainability objectives and related capital investments
- Oversees progress toward ESG-linked targets across operations

Strategy Integration

Our sustainability commitments are not static checklists they evolve with business growth. In FY 2024–2025, our ESG strategy focused on:

- Strengthening climate resilience by reducing energy intensity that leads to decrease in GHG emission
- Enhancing workplace safety and mental health support
- Training the Suppliers related to GHG Emission CO2 Calculation
- Improving policy transparency and stakeholder disclosure

ESG Statement from Board Leadership

The effects of climate change have highlighted the urgency of implementing resilient practices. At Harsha, we aim to deliver top-quality products sustainably, guided by a culture of ethics, diversity, and transparency. We continue to evolve our ESG strategy to meet new challenges and uphold our responsibility to people, planet and to achieve GHG Emission Scope 2 neutral by FY 2030 – 2031 and Net Zero by FY 2050 – 2051.

Stakeholder Engagement and Feedback Integration (GRI 2-29)

Stakeholder engagement is integral to Harsha's governance and ESG practices. We gather feedback through:

- Internal reviews, grievance channels, and employee forums
- ESG consultations with customers, employees and suppliers.
- BRSR feedback.
- Materiality Assessments

Insights from stakeholders are reported to the Board and committees, ensuring our strategies remain relevant, responsive, and inclusive.







At Harsha Engineers International Ltd., we believe that good governance begins with unwavering integrity. Our zero-tolerance approach to corruption is not just a policy it is a mindset embedded across leadership, operations, and value chain interactions. Through strong oversight, rigorous training, and transparent processes, we actively uphold a culture of ethical excellence that sustains our long-term credibility and stakeholder trust.

Governance Policies and Ethical Oversight

- In Business Ethics Policy (Anti-Corruption and Anti-Money Laundering): HEIL does not engage in or tolerate any of the bribery or corruption and Money Laundering. Everyone working for or with HEIL Employees, Board of Directors, Clients or Customers, Investors and Shareholders, Suppliers, Vendors, Government Agencies prohibited from making, offering, or receiving any payment or other form of encouragement which may interpreted as an attempt to secure business advantage for the company. HEIL respects Anti-Bribery / Anti-Corruption and Anti-Money Laundering laws and conducts its business in compliance with applicable laws. HEIL expects its employees of the organization to avoid any activity that could implicate the Company in any unlawful practice
- Code of Conduct for Employees: Senior leaders are bound by a detailed Code of Conduct that emphasizes professional integrity, compliance, conflict-of-interest avoidance, and confidential handling of sensitive information.
- **Supplier Business Integrity Policy:** We extend ethical expectations to our supply chain. All our suppliers are expected to adhere to our Supplier Integrity Policy, which prohibits bribery, enforces fair business practices, and mandates transparent dealings.

Compliance Management:

At Harsha, compliance isn't a checkbox it's a compass. It guides ethical conduct, fosters stakeholder trust, and ensures accountability across all levels. Our compliance architecture is built on structured oversight, responsible leadership, and continuous employee engagement.

Governance and Responsibility Matrix

Role / Function	Compliance Responsibility Area
Board of Directors	Ultimate oversight of ethics, governance, and anti-corruption practices.
Audit Committee	Periodic review of compliance risks, disclosures, and audit outcomes.
Business Heads and Managers	Frontline accountability for policy adherence within departments and supplier dealings
Employees	Adherence to all compliance policies and timely reporting of concerns.

Awareness and Training: Empowering Ethics from Within

Our training programs are designed to build awareness and accountability across all functions:

- Raise Awareness: Sessions educate employees about anti-bribery laws and Anti-Corruption and Anti-Money Laundering.
- **Promote Responsible Conduct:** Practical case studies help staff identify, avoid, and report corruption.
- **Tailored by Role:** Customized modules are delivered to different roles from plant workers to senior executives.
- **Encourage Transparency:** Our open-door culture promotes timely reporting of suspected violations.

In FY 2024–2025, 100% of employees in sensitive functions completed Anti-Corruption and Anti-Money Laundering.

Zero Tolerance, Zero Cases

We are proud to report that no cases of corruption or bribery were identified or reported during FY 2024–2025. Our disciplinary records reflect this clean slate:

0	0	0	0
Directors	KMPs	Employees	Workers

Routine assessments are conducted to identify potential corruption risks within departments, projects, and supplier relationships. Mitigation measures are proactively implemented to reduce exposure.

Reporting and Whistleblower Protection

This enables employees and stakeholders to report concerns or violations anonymously and confidentially. Our robust protection framework strictly prohibits any form of retaliation whether direct or indirect against individuals who raise genuine complaints or concerns in good faith. We are committed to creating a safe environment where ethical issues can be reported without fear, ensuring all reports are handled with complete confidentiality and appropriate follow-up action. Employees and partners can report suspected misconduct via:

- Direct communication with HR or management representatives
- Secure web-based reporting system accessible anytime

Strengthening the Value Chain

Our supplier contracts incorporate mandatory anti-corruption clauses. We:

- Screen all our suppliers on ethical performance
- Include compliance expectations in onboarding
- Share our Supplier Integrity Policy as a guiding document
- Plan to initiate ESG due diligence and factory visit protocols in the Upcoming years





GRI 418-1 / GOV-4, S4-2

Data Privacy and Information Security

GRI 418-1: Customer Privacy

ESRS GOV-4: Governance of Technology and Data Management ESRS S4-2: Consumer Protection and Responsible Digital Conduct

At Harsha Engineers International Ltd., data isn't just a digital asset it's a foundation of stakeholder trust. In an era where cybersecurity risks can affect business continuity and reputational strength, we uphold the highest standards of data privacy, protection, and compliance. Our strategy combines robust systems, vigilant governance, and empowered employees to secure the information entrusted to us ensuring Harsha remains resilient and responsible.

Digital Trust, Defined by Governance

We operate under a structured framework of policies and oversight mechanisms to safeguard customer and stakeholder data.

- Our Cybersecurity and Data Privacy Policy outlines the principles, roles, and safeguards for secure data handling. This policy is available on the Company intranet and is periodically updated by the IT and Compliance functions.
- Governance oversight is provided through our Enterprise Risk Management (ERM) and ESG Steering Committees, with regular reviews escalated to the Board of Directors.
- As part of our commitment to global standards, we have secured the TISAX label for information security.
- Harsha also maintains cyber insurance coverage to mitigate potential risks from external threats.

In FY 2024–2025, we proudly maintained a record of zero data breaches and zero consumer complaints related to data privacy or cybersecurity.

Cybersecurity in Action: Our Protective Ecosystem

We deploy a multi-layered security architecture designed to protect sensitive information at every stage.

Key Safeguards Implemented:

- **Data Encryption:** All customer and business data is encrypted at rest and in transit to ensure confidentiality.
- **Firewalls and Threat Monitoring:** Our systems are protected by industrial-grade firewalls and intrusion detection tools.
- Role-Based Access: Only authorized personnel can access data aligned with their job responsibilities.
- **Vulnerability Assessments:** Routine scans and testing ensure that security weaknesses are identified and remediated swiftly.
- **Secure Documentation:** Digital information flow internal or external is subject to security validation and access control.

- **Cyber Insurance:** A financial layer of protection has been implemented to address unforeseen cyber incidents.
- **TISAX Certification:** A globally recognized security framework, secured through external audits.

Empowering People, Protecting Information

We believe that an informed workforce is the best defence against cyber threats. That's why we invest heavily in ongoing data privacy and security training for all employees.

Key Outcomes from Training:

- Employees can now identify phishing attempts, password risks, and data handling vulnerabilities.
- Tailored modules help teams apply safeguards specific to their job functions.
- A strong culture of cyber hygiene and breach reporting is fostered across the organization.

Training is designed to address different levels from shop floor employees to senior executives ensuring everyone is equipped with actionable, role-relevant skills.

Fostering a Data-Aware Culture

Beyond technology, Harsha embeds privacy consciousness into our organizational DNA. Benefits of a Data-Secure Workforce:

- Reduced Human Error: Awareness minimizes accidental data leakage.
- Enhanced Security Posture: Teams act as the first line of defence.
- Stronger Compliance: Ongoing education supports adherence to privacy regulations.

Our data policy includes regular refresher courses, audits, and internal mock incident drills to strengthen employee confidence and system readiness.

Transparency, Zero Tolerance and Incident Preparedness

We uphold transparency as a fundamental principle in our privacy practices:

• In the event of a data breach (hypothetical or real), our incident protocol includes notifying affected parties, reporting to regulatory authorities, and activating recovery teams.

As of FY 2024-2025, we recorded:

O Data Privacy Cybersecurity Complaints Incidents (Voluntary/Forced) C Complaints to Regulators

We received zero complaints from either customers or regulatory bodies and faced no enforcement action.





CDP and Ratings GRI 2-27/EI

Measuring What Matters

At Harsha Engineers, we believe that progress is best validated through the lens of independent, credible assessments. Global benchmarks and customer evaluations affirm our commitment to transparency, resilience, and responsible practices.

Snapshot of Ratings and Assessments

Assessment / Rating	Performance	Remarks
CDP Climate Change Disclosure	C (2023), Target: B (2025)	Strong foundation established in our disclosure; roadmap defined for improvement
TISAX (Automotive Data Security	Label Achieved	Compliance with stringent information security standards; valid for the certification cycle
Customer Ratings	Positive Feedback / Approved Supplier	Maintained preferred supplier status for ESG performance
Credit Rating	CARE AA-; Stable / CARE A1+ (2023)	Recognized financial health and governance by independent credit rating agency
ESG Assessment by Growlity Pvt. Ltd.	Completed	Comprehensive ESG evaluation conducted by external sustainability experts

Why External Validation Matters

- Confirms alignment with global ESG frameworks and industry best practices
- Enhances transparency and stakeholder trust critical in global supply chains
- Provides actionable insights to drive continuous improvement

Looking Ahead

We aim to:

- Upgrade our CDP score to B or higher in FY 2025-2026.
- Explore additional independent ESG ratings to benchmark our progress globally.





Sustainability Case Studies GRI 203, 306 / E5

At Harsha Engineers, we see the increasing market complexity not as an obstacle but as an opportunity to strengthen our resilience, rethink our strategy, and lead with sustainability at the core. The Challenges, Opportunity, Impacts and Solutions are disclosed in the details in BRSR FY 2024 - 2025, Section A: General Disclosures, VII: Transparency and Disclosures Compliances in that Overview of the Company material responsible business conduct issues point no 26 and in this annual sustainability report also the detailed process of materiality assessment process, Double Materiality matrix and Material topics with its risk and opportunities analysis is also given.

The Challenge:

In FY 2024–2025, Harsha faced a confluence of external pressures that tested our adaptability:

- Rising market uncertainty driven by global economic fluctuations and supply chain volatility.
- Introduction of the EU Carbon Border Adjustment Mechanism (CBAM) requiring exporters like us to account for embedded carbon in products sold to Europe.
- Growing demand from global customers for suppliers with strong ESG performance and transparent disclosures.
- Need to address product-level emissions to remain competitive in markets where sustainability certifications increasingly influence procurement decisions.

The Opportunity:

We recognized that these challenges offered us the chance to:

- Future-proof our business by aligning with low-carbon and sustainable supply chain expectations.
- Position Harsha as a preferred partner for customers prioritizing ESG excellence.
- Build internal capabilities in climate risk management and carbon pricing mechanisms to turn compliance into competitive advantage.

Our Solutions: Turning Intent into Impact

To address these challenges head-on, Harsha implemented a suite of integrated solutions:

- CBAM Readiness: We are actively preparing for the EU's Carbon Border Adjustment Mechanism (CBAM) by assessing its impact on our operations and supply chain partners. Our teams are developing compliance frameworks and carbon tracking systems to meet CBAM reporting requirements and ensure seamless business operations
- Product Carbon Footprint (PCF) Assessment: We conducted PCF assessments for key product lines, quantifying cradle-to-gate emissions and identifying hotspots for improvement demonstrating transparency to customers and suppliers.
- Enhanced ESG Performance and Disclosures: Partnered with Growlity for an ESG performance assessment benchmarked to global standards. Submitted an expanded CDP (Carbon Disclosure Project) response aligned with TCFD & GRI. Strengthened governance through our ESG Steering Committee, embedding climate-related risks and opportunities into strategic planning.

• Supplier Engagement: We initiated supplier sensitization sessions to enhance GHG Emission Scope 3 transparency and began developing a supplier ESG toolkit to cascade expectations across our value chain.

The Impact: What We Achieved

- Bolstered trust with customers by transparently disclosing our climate risks and response mechanisms.
- Mapped material climate risks under our double materiality approach, informing our investment priorities.
- Positioned Harsha as a proactive, resilient, and future-ready supplier in an evolving global marketplace.

Next Steps: Continuing the Journey

Looking ahead, we plan to:

- Roll out a supplier ESG toolkit for key partners to enhance value chain transparency.
- Expand internal carbon accounting tools for real-time monitoring of GHG Emission.
- Strengthen scenario analysis to test resilience against various climate and market pathways.



Annual Sustainability Report FY 2024-2025





UN SDG's Alignment GOV-4

Pillars	Goals / Initiatives	1 poverty 小本中中市	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER GENDALITY
	Renewable electricity				
	Scope 1,2,3 GHG reductions and SBTi				
Environmental	Water reuse within the plant premise				
	Tree Plantation				
	Waste management				
	Zero Harm workplace		√		
	DEI programs and gender diversity				√
Social	Women in leadership mentoring Training and career development				√
	CSR Activity	√			√
Governance	Anti-corruption policy and supplier policy				
	ESG governance and disclosure				
	Information and data security				

G CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 action	15 UFE ON LAND	16 PEACE JUSTICE AND STRONG INSTITUTIONS
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GRI Standard	Discloser	Page no.
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403-9	Work-related injuries	84
403-10	Work-related ill health	84
404-1	Average hours of training per year per employee	76
404-2	Programs for upgrading employee skills and transition assistance programs	75
404-3	Percentage of employees receiving regular performance and career development reviews	76
405-1	Diversity of governance bodies and employees	77
405-2	Ratio of basic salary and remuneration of women to men	77
406-1	Incidents of discrimination and corrective actions taken	88
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-
408-1	Operations and suppliers at significant risk for incidents of child labour	-
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	-
410-1	Security personnel trained in human rights policies or procedures	-
411-1	Incidents of violations involving rights of indigenous peoples	-

GRI Standard	Discloser	Page no.
413-1	Operations with local community engagement, impact assessments, and development programs	94
413-2	Operations with significant actual and potential negative impacts on local communities	94
414-1	New suppliers that were screened using social criteria	92
414-2	Negative social impacts in the supply chain and actions taken	92
415-1	Political contributions	-
416-1	Assessment of the health and safety impacts of product and service categories	65
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-
417-1	Requirements for product and service information	-
417-2	Incidents of non-compliance concerning product and service information and labeling	-
417-3	Incidents of non-compliance concerning marketing communications	-
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-



Assurance Letter



Independent Assurance on Verification of Sustainability Information

Growlity/AR/2425-74

Reporting Period - April 01, 2024 to March 31, 2025

The Management and Board of Directors Harsha Engineers International Limited. Sarkhej-Bavla Road, P.O. Changodar, Ahmedabad – 382213

Independent Assurance Report

Growlity, Inc. (hereinafter referred to as "The Service Provider" or "Growlity") have been engaged by by Harsha Engineers International Limited. (hereinafter referred to as "The Company") to conduct a limited assurance engagement on the sustainability information presented in the Company's Annual Sustainability Report (hereinafter referred to as "ASR") and Business Responsibility and Sustainability Reporting (hereinafter referred to as "BRSR") for the specified reporting period. This critical task involved a thorough examination to verify the accuracy and reliability of the sustainability data disclosed in the report. The sustainability information provided within the report adheres to the comprehensive guidelines set forth by the Global Reporting Initiative's (hereinafter referred to as "GRI") Universal Standards 2021, ensuring that the reported data aligns with globally recognized sustainability reporting frameworks. This engagement by Growlity underscores the Company's commitment to transparency and accountability in its sustainability practices, highlighting its dedication to adhering to international principles for reporting on its Environmental, Social, and Governance (hereinafter referred as "ESG") initiatives.

Assurance Standard

The verification engagement has been planned and performed in accordance with the verification methodology developed by Growlity, which is based upon the "AA1000 Assurance Standard (AA1000AS v3)".

Scope of Assurance and Methodology

The verification was conducted to provide limited assurance conclusion on select non-financial sustainability disclosures whether the sustainability information the mentioned reporting period and to verify its alignment with reference to GRI Universal Standards 2021. We conducted, on a sample basis, review and verification of data collection / calculation methodology and general review of the logic on inclusion / omission of necessary relevant information / data and this was limited to:

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- Onsite and remote verification of data, on a selective test basis, for the following units / locations, through consultations with the site team and ESG committee members of the company:
 - 1. Changodar Unit 1 (Ahmedabad, Gujarat, India)
 - 2. Moraiya Unit 2 (Ahmedabad, Gujarat, India)
- Execution of audit trail of claims and data streams, on a selective test basis, to determine the level of accuracy in collection, transcription and aggregation processes followed;
- Review of company's plans, policies and practices, pertaining to their Environmental, Social & Governance Strategy, so as to be able to make comments on the fairness of sustainability reporting or disclosures.
- Review of company's approach towards materiality assessment disclosed in the report to identify relevant issues.
- Review of company's disclosures related to Business Responsibility & Sustainability Reporting (BRSR) Disclosures to SEBI, India for FY 2024-25.

Company's Accountability

The ESG Committee Representative at the company is responsible for preparing the ASR that is free from material misstatement in reference with the GRI and for the information contained therein. This entails specifically choosing and applying suitable methodologies for sustainability reporting, gathering and organizing data, and making well- founded assumptions or estimates as needed. Additionally, these representatives must ensure the implementation of adequate internal controls to facilitate the development of a sustainability report devoid of any significant errors, whether deliberate or accidental. The ESG Committee Representatives at the company are also responsible for preparing the designed report using graphics and relevant and responsible content.

Our Observations

The Company has demonstrated its commitment to sustainable development by reporting its performance on various material topics for FY 2024-2025. The Company has prepared report having sustainability information with reference to GRI Universal Standards 2021. The ASR includes a description of the Company's stakeholder engagement process, materiality assessment and relevant performance disclosures on the identified material topics. There is further scope to strengthen data/information management system to ensure uniform and accurate reporting or disclosures. Areas of further improvement wherever identified have been brought before the attention of the management & ESG Committee representatives of the company. These observations do not affect our conclusion presented in this statement.

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Guidelines for Utilization of This Statement

The Company is obligated to replicate the Growlity's Independent Assurance statement along with any attachments in their entirety, ensuring no alterations, deletions, or supplements are made. This statement is specifically designed to convey the outcomes of the commissioned evaluation to the Company, defining the boundaries of the engagement. It is important to note that Growlity has not taken into account the potential interests of any third parties regarding the chosen sustainability information, this assurance report, or the conclusions drawn by Growlity. Consequently, nothing within the scope of this engagement or statement grants any third-party entities any form of rights or entitlements.

Limitations

The assurance engagement outlined herein does not encompass the following areas:

- 1.Our assurance does not cover any data or information pertaining to the financial performance of the Company.
- 2.Our role is strictly limited to providing assurance services as detailed in this letter. We will not undertake any management functions or make decisions on behalf of the Company. It is the responsibility of the Company's management to make all decisions, including those related to the acceptance and implementation of our services.
- 3. Any data or information that falls outside the specified reporting period is not covered by our assurance scope.
- 4.Our assurance is limited to the operations and locations explicitly mentioned within the defined Assurance Boundary. Any data or information pertaining to operations outside of this boundary is excluded, unless specifically stated otherwise in this report.
- 5. The Company's statements expressing opinions, beliefs, aspirations, expectations, or future intentions, as well as assertions related to Intellectual Property rights and competitive matters, are beyond the scope of our assurance.
- 6. We do not cover the Company's strategy and any related disclosures expressed in the report.
- 7.Our assurance does not extend to the mapping of the report with any reporting frameworks other than those specified above.

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Our Assurance Team and independence:

Our assurance team, comprising of multidisciplinary professionals, has been drawn from our climate change and sustainability network and undertakes similar engagements with a number of significant Indian and international businesses. As an assurance provider, Growlity is required to comply with the independence requirements set out in "AA1000 Assurance Standard (AA1000AS v3)". Growlity's independence policies and procedures ensure compliance with this standard.

Conclusion

On the basis of our procedure for this limited assurance, nothing has come to our attention that causes us not to believe that the company has reported on material sustainability issues relevant to its business.

Dr. Nitin Dumasia
President & CEO
Date: August 18th, 2025

Place: USA





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