

Annual Sustainability Report

FY 2025 - 26



Redefining Manufacturing for
Sustainable Future



www.harshaengineers.com

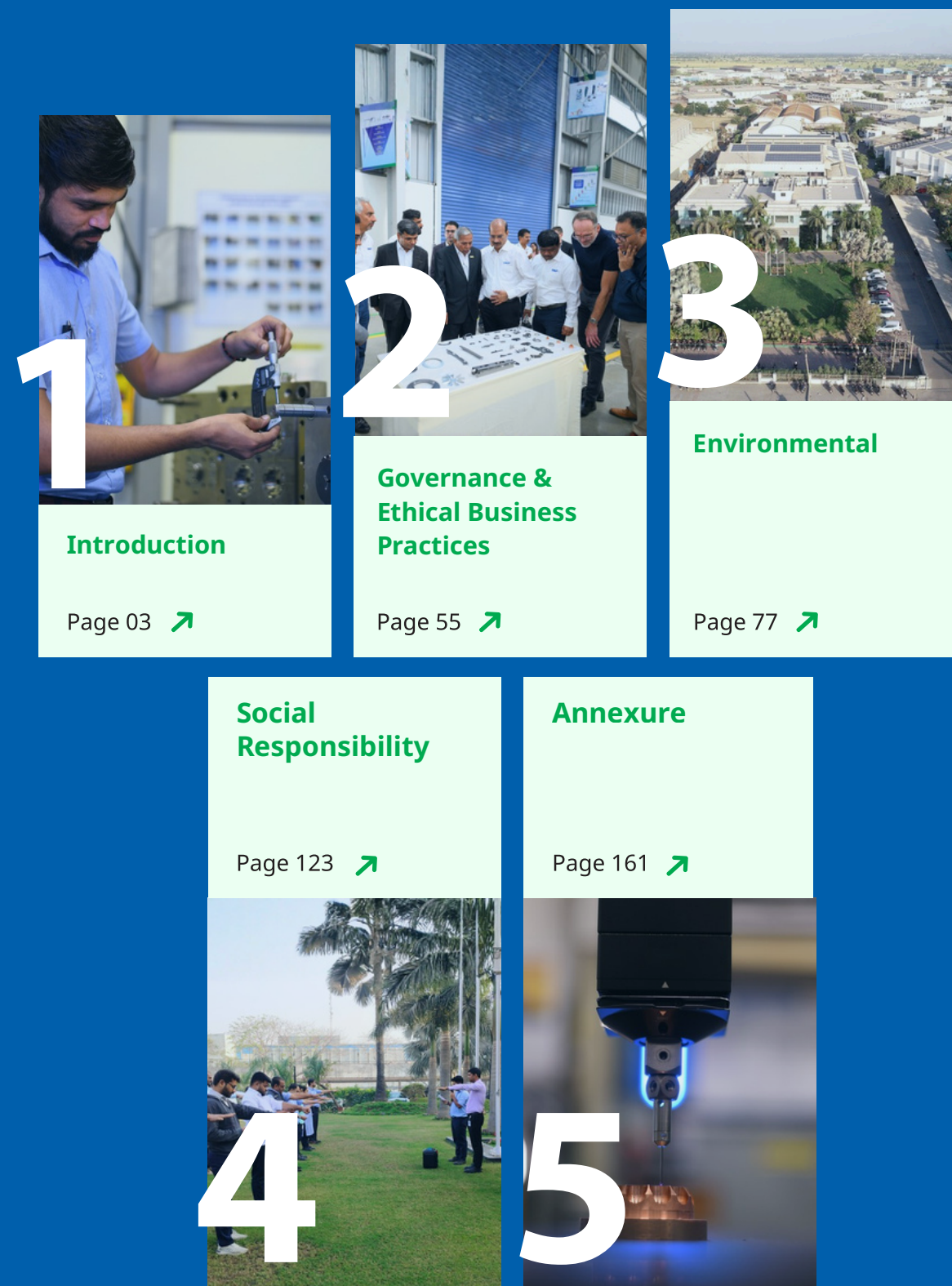


Table of Contents

Introduction

About this Report	05
Message from Chairman	09
Message from the CEO	11
About The Company	13
Journey of Growth & Strategic Milestones	15
Business Model - Precision Engineering & Components	17
Our Global Footprint	19
Value Creation Model	21
Product Portfolio	23
Innovation	26
Awards & Certifications	28
Sustainability Dashboard	31
Stakeholder Engagement & Double Materiality	33
Sustainability Strategy, Risks & Opportunities	49
UN SDG Alignment	51
Economic Performance & Value Creation	54

Governance & Ethical Business Practices

Governance Structure & Board Oversight	57
Board of Directors	59
Regulatory Compliance	63
Policies & Due Diligence	65
Business Ethics & Anti-Corruption	66
Risk Management & Internal Controls	69
Data Privacy, Cybersecurity & Information Governance	71
Stakeholder Engagement & Governance Transparency	75

Environmental Responsibility

Environmental Management Systems, Certifications & Disclosures	79
Environmental Compliance & Sustainability Reporting	83
Integrated Climate & Energy Management, Decarbonisation Strategy	87
Science Based Targets initiative (SBTi)	99
Sustainable Resource Use & Product Stewardship	107
Biodiversity	114
Environmental Supply Chain	117
Customer Health & Safety	120

Social Responsibility

Workforce & Employment	125
Employee Engagement	127
Occupational Health, Safety & Well-being Management Framework	128
Learning & Development	134
Diversity & Inclusion	141
Human Rights & Labour	145
Community Engagement	150
Innovation, Quality & Customer Value	156
SA 8000 Certification Commitments & Achievements	157
Our ESG & Sustainability Partner	159

Annexure

GRI Index	163
Assurance Letter	168



1

Introduction





About This Report

GRI 2 | ESRS 1 | ESRS 2 | BRSR

Organization Details (GRI 2-1 | ESRS 1)

We, Harsha Engineers International Limited (hereinafter referred to as "Harsha", "HEIL", "Harsha Engineers", "Harsha India", "the Company", "we", "our", or "us"), present our Annual Sustainability Report for the financial year April 1, 2025 to March 31, 2026.

This report reaffirms our commitment to embedding Environmental, Social, and Governance (ESG) principles into our business strategy, operational excellence, and long-term value creation.

Guided by this year's theme,



Redefining Manufacturing For A Sustainable Future



The Company continues to strengthen its sustainability journey by aligning with globally recognised standards, including ISO 14001 Environmental Management Systems and ISO 45001 Occupational Health and Safety Management Systems, ensuring robust governance, operational efficiency, and responsible growth. We are progressively integrating energy efficiency, resource optimisation, and climate-conscious practices into our manufacturing processes.

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

This report covers April 1, 2025 to March 31, 2026 summarizing our strategy, performance, key risks, and outlook, with due care for accuracy and completeness.

We report annually to ensure transparency and stakeholder engagement. For queries or feedback, please contact:

Company Secretary & Chief Compliance Officer
Kiran Mohanty

✉ Email ID: sec@harshaengineers.com

☎ Phone: 91-2717-618200

Reporting Frameworks and Standards (GRI 1 | GRI 2 | GRI 3 | ESRS 1 | BRSR P1)

This report has been prepared in accordance with internationally recognized frameworks and standards, ensuring transparency, comparability, and accountability of disclosures. It is structured in accordance with the Global Reporting Initiative (GRI) Standards (2021).

In addition, our commitment to responsible & forward-looking sustainability practices is reinforced through alignment with:



Global Reporting
Initiative (GRI)
Standards (2021)



European Sustainability
Reporting Standards
(ESRS)



SEBI's Business
Responsibility &
Sustainability Reporting

This integrated approach reflects our commitment to globally comparable, consistent, and future-ready sustainability reporting.



The United Nations
Sustainable
Development Goals
(UN SDGs)



Carbon Disclosure
Project (CDP) and
& Sustainability
Reporting



Science Based Target
Initiative (SBTi)

Sustainability
Assessment
Questionnaire
(SAQ)
Sustainability
Ratings

Evolving climate-
related and
global
sustainability
disclosure
practices

Reporting Principles and Approach (GRI 3-1 | GRI 3-2 | ESRS 2)

The preparation of this report is guided by the principles of double materiality, stakeholder inclusiveness, accuracy and completeness, consistency and comparability, and data verification and assurance to ensure reliable and meaningful ESG disclosures.

A structured double materiality approach is used to identify, assess, and prioritize material ESG topics aligned with our business strategy and stakeholder expectations.

Restatements of Information (GRI 2-4)

To enhance the accuracy, consistency, and comparability of reported data, certain previously disclosed information has been revised. All such revisions have been transparently communicated and detailed within the applicable sections of this document.

Assurance and Data Integrity (GRI 2-5)

The Company has established robust internal controls and validation mechanisms to ensure the accuracy and reliability of Sustainability data. Information disclosed in this report is compiled through standardised systems and subject to cross-functional review processes.

This report has been externally assured on a limited assurance basis by Growlity Inc., in accordance with the Global Reporting Initiative (GRI) Standards and the AA1000 Assurance Standard.





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

This report presents the sustainability performance and key environmental, social, and governance (ESG) initiatives of the Harsha (Changodar and Moraiya Plant) for the reporting period. The scope of this report is specifically limited to these two manufacturing locations and includes disclosures related to their operational activities, sustainability practices, resource consumption, workforce initiatives, and overall manufacturing performance.

In addition, the report also provides an overview of the Company's manufacturing operations, along with details pertaining to its subsidiaries and joint ventures, wherever applicable within the defined reporting boundary. The details of the manufacturing operations, subsidiaries, and joint ventures are as follows:



Subsidiaries

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



Joint Venture

- CleanMax Harsha Solar LLP



Manufacturing Facilities Including subsidiaries

- Changodar Plant : Ahmedabad, Gujarat, India
- Moraiya Plant: Ahmedabad, Gujarat, India
- Bhayla Plant: Ahmedabad, Gujarat, India
- Changshu Plant: Jiangsu Province, China
- Ghimbav Plant: Brasov, Romania

Forward-Looking Statements (GRI 2-22 | ESRS SBM-1)

This report includes forward-looking statements on sustainability strategy and goals, based on current assumptions and subject to risks and uncertainties. Actual results may differ due to market, regulatory, technological, and operational changes. The Company undertakes no obligation to update these statements unless required by law.

Commitment to Transparency (GRI 2-22 | ESRS 2)

Harsha Engineers International Limited is committed to transparency, accountability, and integrity in its sustainability disclosures, using this report to engage stakeholders, build trust, and demonstrate progress toward a responsible and future-ready organisation.



Message from Chairman

(GRI 2-22 | ESRS 2 GOV-1 | BRSR P1 | BRSR P4)

Dear Shareholders,

Harsha Engineers was built on the belief that Indian precision engineering can meet the expectations of the world's most demanding industrial markets. Over the years, this belief has shaped our discipline, our commitment to quality, and our approach to customer trust. Harsha's journey represents not only manufacturing capability, but also the responsibility that comes with operating in global value chains.

The theme of this year's Sustainability Report, "Redefining Manufacturing for a Sustainable Future," reflects the direction in which we believe responsible manufacturing must move. For us, this theme is not a declaration of arrival. It is a statement of intent and responsibility. Manufacturing excellence today is no longer measured only by precision, productivity, and delivery performance. It is increasingly measured by how efficiently resources are used, how transparently impacts are disclosed, how responsibly businesses engage with stakeholders, and how consistently they create long-term value.

The world in which manufacturing companies operate is changing rapidly. Our customers, regulators, investors, and communities are placing greater emphasis on climate responsibility, resource efficiency, supply chain transparency, ethical conduct, and social accountability.

These expectations are not separate from business performance. They are becoming an essential part of competitiveness, resilience, and trust. At Harsha, we recognise that sustainability must therefore be embedded into the way we think, govern, operate, and grow.

As a Company rooted in precision, we understand the value of discipline. During the year, we continued to strengthen our sustainability approach across environmental stewardship, responsible, manufacturing operations, people development, community engagement, and governance. Our progress included focused actions on renewable electricity, GHG emissions monitoring, water efficiency, waste management, workplace safety, ESG data quality, and transparent disclosure. These areas are discussed in detail in the respective sections of this report.

32

countries

3284

employees and workers

Governance remains central to this journey. Strong governance enables responsible decision-making, ethical conduct, risk awareness, and transparent disclosure. As sustainability expectations become more complex, Board-level oversight and leadership accountability will continue to play an important role in guiding Harsha's long-term direction.

Introduction

Governance & Ethical

Business Practices

Environmental

Social Responsibility

Annexure



The precision that defines our products must also define the way we measure, manage, and improve our sustainability performance.

We remain committed to strengthening our governance practices and ensuring that sustainability is treated not as a peripheral initiative, but as an integral part of business resilience and institutional trust.

Our sustainability reporting also reflects our commitment to greater transparency. By aligning our disclosures with recognised reporting frameworks and improving the quality of our ESG data.

I thank our employees, customers, suppliers, investors, communities, and all stakeholders for their continued trust and partnership. Together, we will continue redefining manufacturing with purpose, responsibility, and long-term conviction.

Warm regards,

Rajendra Shah

Chairman & Whole-time Director
Harsha Engineers International Limited





Message from the CEO

Dear Shareholders,

The expectations from global manufacturing companies are changing rapidly. Our customers today are not only evaluating us on quality, precision, delivery reliability, and cost competitiveness. They are increasingly looking at how products are made, how emissions are measured, how supply chains are governed, and how transparently we disclose sustainability performance. For Harsha Engineers, this shift is directly linked to customer confidence, market access, and long-term competitiveness.

As a precision engineering Company serving customers across **32 countries** including India, Harsha operates in global value chains where sustainability expectations are becoming increasingly important to business continuity and growth. Our products support applications across mobility, renewable energy, aerospace, and industrial machinery, placing us in sectors where performance, reliability, and responsible manufacturing are closely connected. The definition of a preferred supplier is expanding. It now includes the ability to demonstrate environmental responsibility, regulatory preparedness, product-level transparency, ethical conduct, and value chain resilience.

During 2025–26, we continued to integrate sustainability more closely with our business strategy and customer engagement priorities.

Our efforts focused on strengthening climate-related preparedness, improving sustainability data systems, enhancing product-level transparency, and responding to evolving customer and regulatory expectations. We responded and actively engaged with several customers on our sustainability performance, sharing insights and collaborating on shared goals. To support these engagements, we strengthened internal systems and processes to deliver more reliable, consistent, and timely disclosures. These improvements have enabled us to better meet the growing expectations of our global customer base. This integrated approach has not only enhanced our sustainability performance but also reinforced our commitment to creating long-term value for all stakeholders.

A key area of focus has been product-level carbon visibility. As customers increasingly seek to understand the embedded carbon footprint of the components they procure, Product Carbon Footprint assessment has become an important tool for transparency, decision-making, and customer confidence. During 2025–26, we made significant progress in product-level carbon transparency. We completed Product Carbon Footprint (PCF) assessments for multiple key product categories and covering a substantial portion of our relevant export product portfolio.



The next phase of manufacturing competitiveness will be shaped by quality, reliability, transparency, and the ability to prove sustainability performance with credible data

The insights gained are helping us identify specific areas for improvement and prioritize targeted emission reduction initiatives. By embedding carbon footprint analysis into our product development and sourcing processes, we are better equipped to develop lower-carbon solutions for our customers.

This initiative reflects our ongoing commitment to greater product-level transparency and supports our broader goal of decarbonizing our product portfolio. Moving forward

we aim to expand these assessments to cover an even larger share of our offerings, enabling more informed decision-making for both the Company and our stakeholders.

I thank our customers, employees, suppliers, investors, and partners for their continued trust. Together, we will continue building a business that delivers engineering excellence with transparency, resilience, and customer confidence.

Warm regards,

Vishal Rangwala

Chief Executive Officer & Whole-time Director
Harsha Engineers International Limited





About The Company

(GRI 2 | ESRS 1)

Redefining Manufacturing for a Sustainable Future

From advanced infrastructure to next-generation technologies, global industrial progress is powered by one critical discipline, precision engineering. At Harsha Engineers International Limited, this capability has evolved into a position of global leadership built on engineering excellence, manufacturing precision, and long-standing customer trust.

Established in 1972 and incorporated in 1986, HEIL is today recognised as India's leading player in the organised bearing cage market and among the world's leading manufacturers of bearing cages.

Headquartered in Changodar, Ahmedabad, Gujarat, India, we specialize in the design and development of manufacturing processes and precision tooling to meet our customers exact specifications. While we strictly follow the product designs and drawings provided by our customers, we take full responsibility for process design, tool design, manufacturing, and supply of high-quality precision-engineered components.

Our core portfolio includes bearing cages, stamped components, bronze bushings, and engineering assemblies that serve critical industrial applications across global markets. This approach enables us to deliver reliable, high-precision solutions while maintaining strong alignment with customer requirements and sustainability objectives.

With operations spanning India, China, and Romania, and customers across 32 countries including India, HEIL has established a globally integrated manufacturing and distribution network capable of delivering consistent quality, reliability, and operational efficiency at scale.

The Company serves leading OEM's across automotive, electric mobility, railways, wind energy, aerospace, industrial machinery, robotics, and medical equipment sectors.

HEIL's diversified product portfolio includes brass machined cages, steel stamped cages, polyamide cages, large-size bearing cages, bronze bushings, precision-stamped components, and engineered assemblies designed for high-performance industrial applications. Supported by advanced machining, stamping, moulding, and casting capabilities, the Company combines deep engineering expertise with operational excellence to meet evolving customer and market requirements.

The Company continues to strengthen its capabilities through automation, smart manufacturing systems, digitalisation of production processes, and continuous improvement practices aligned with Total Productive Maintenance (TPM). These initiatives enhance productivity, process reliability, operational efficiency, and manufacturing precision across global operations.

Business Model

(GRI 2-6, ESRS 2 SBM-1, BRSR P2 | BRSR P9)

UN SDG Goal Alignment :



HEIL's manufacturing footprint includes facilities at Changodar and Moraiya in India, Changshu in China, and Ghimbav, Braşov in Romania, Supported by an extensive warehousing and supply chain network serving customers across 32 countries including India.

Listed on the National Stock Exchange (NSE) and BSE Limited since September 2022, HEIL continues to strengthen its global presence through engineering excellence, customer-centric innovation, and future-ready manufacturing capabilities.



Vision

To be a Global Leader and the Preferred Supplier of Bearing Cages and Precision Components.

Core Values



Ethics and Integrity :
Building a Culture of Trust and Transparency



Do more with less :
Optimising resources, maximising impact



Excellence :
Not a goal, a way of working



Responsible :
Acting with purpose for people and the planet



Customer focused :
Quality and Innovation, centered around you

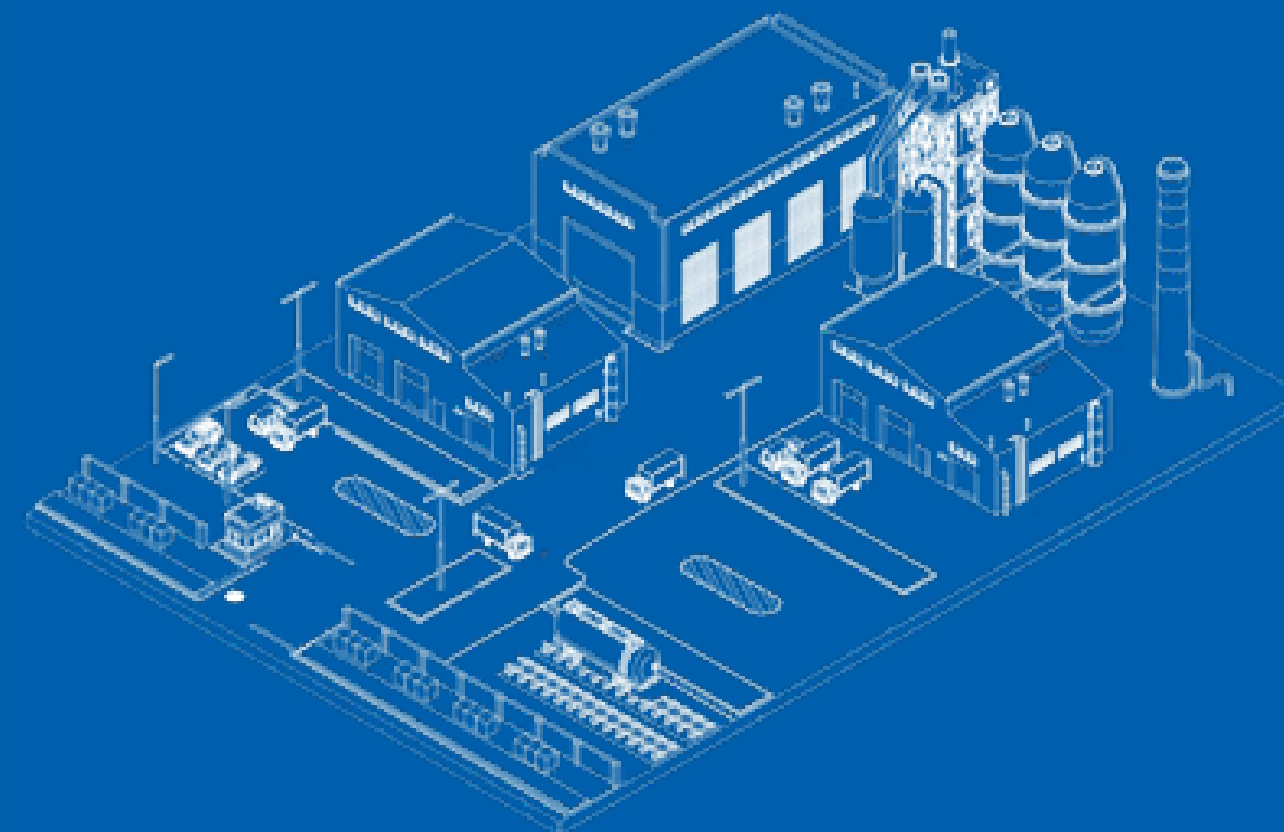




Journey of Growth & Strategic Milestones

(GRI 2-6 | ESRS 1)

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

Incorporated Harsha Engineers, establishing its precision engineering foundation.



2003

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



2004

Achieved ISO/TS 16949:2002 certification for automotive quality systems.



2008

Secured ISO 14001 certification for environmental management systems.



2009

Acquired equity stake in Aastha Tools Private Limited.



2010

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



2012

Commissioned large-size bearing cage machinery at Changodar, Ahmedabad.



2014

Acquired BECO TEK Precision Bearing Components (Suzhou) Co. Limited.



2016

Received TPM Excellence category A 2015 award and Expanded global presence by acquiring Johnson Metal SRL, located in Brasov, Romania



2018

Achieved IATF 16949:2016 certification.



2019

Received the TPM Excellence Award and commissioned a new plant in Changshu, China.



2021

Integrated the Engineering and Solar EPC businesses under a single entity following approval of the Scheme by the National Company Law Tribunal, Ahmedabad Bench and renamed as Harsha Engineers International Limited (HEIL)



2022

Completed the Initial Public Offer and listed equity shares on NSE & BSE on September 26, 2022



2023

Acquired land near Bavla for the Greenfield Project and Attained ISO 45001 certification and Acquired the TISAX label



2024

Secured a long-term sourcing contract with a global customer.



2025

Commenced commercial production at the new Bhayla facility and invested in a 10 MW ground-mounted solar project.*



2026

The Company was awarded TPM Special Award on March 20, 2026 at Kyoto, Japan M/s. Harsha Precision Bearing Components (China) Co. Ltd, Wholly Owned Subsidiary of the Company (Harsha China), has commenced a brown field expansion project at its Changshu Plant

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





Business Model - Precision Engineering & Components

(GRI 2-6 | ESRS 2 SBM-1)

Organisation Identity & Purpose

Harsha Engineers International Limited is a globally recognised precision engineering Company specialising in bearing cages and precision-engineered components for critical industrial applications.

Established in 1972 and listed on the NSE and BSE in September 2022, the Company has built a strong reputation for engineering excellence, quality manufacturing, and long-term OEM partnerships.

Headquartered in Changodar, Ahmedabad, Gujarat, India, when it comes to bearing cages, HEIL stands tall as India's largest manufacturer.

With years of dedication, advanced technology, and skilled craftsmanship, we create high-quality bearing cages that industries across India and around the world rely on every single day.

We have built a strong reputation not just at home, but also on the global stage. This achievement reflects our commitment to excellence, consistent quality, and continuous innovation in everything we do.

We blend modern technology with traditional Indian workmanship to produce components that make a real difference in machines and equipment worldwide. Every cage we make carries our promise of quality, durability, and performance.

We are constantly growing, improving, and expanding our capabilities so we can serve you better. Together with our dedicated team and valued customers, we continue to strengthen our presence and set new benchmarks in the industry.

Precision Engineering Segment

HEIL designs, manufactures, and supplies precision-engineered bearing cages and components to leading global OEM's across diversified industrial sectors.

The Company operates an integrated manufacturing and distribution network across India, China, and Romania, supported by 16 warehouses locations globally.

During the 2025 – 26, exports played a vital role in our Precision Engineering segment. A significant share of the revenue from this segment came from our international markets. This strong performance highlights our deep integration with our customers across the globe and clearly reflects our export - oriented business approach.

We are proud that our products are now reaching customers in many countries, earning their trust and confidence year after year.

By focusing on quality, timely delivery, and continuous innovation, we have successfully positioned ourselves as a reliable global supplier. Our journey from serving the Indian market to becoming an important player in international markets shows our commitment to growth and excellence. The Company's operations support critical industrial and mobility ecosystems including automotive, wind energy, railways, aerospace, robotics, medical equipment, and industrial machinery applications.

Integrated Value Chain

At Harsha Engineers International Limited, we take pride in operating a well-integrated and globally connected value chain. We bring together responsible sourcing, precision manufacturing, advanced quality systems, and efficient distribution to deliver reliable products that meet the evolving needs of our customers.

This end-to-end approach allows us to maintain high standards of quality, efficiency, and sustainability at every stage of our operations.

Upstream Activities

We build strong, long-term partnerships with our suppliers and implement strict quality assurance processes. Our focus remains on responsible sourcing practices that promote material efficiency, ethical procurement, and reduced environmental impact.

By working closely with our supply partners, we ensure a stable and sustainable flow of materials used into our production processes.

Manufacturing Operations

Our manufacturing facilities are equipped with modern technologies and we continuously invest in automation and follow Total Productive Maintenance (TPM) practices to achieve operational excellence and minimize waste.

Our manufacturing systems are designed to meet national and international quality benchmarks, ensuring consistency, reliability, and superior performance in every product we make.

Distribution & Customer Integration

We build long-term partnerships with our customers this helps us to provide reliable supply support for a wide range of industrial applications, strengthening our relationships with our customers across different sectors.

End-use Applications

Our precision components play a vital role in many advanced industries. They are used in electric vehicles, wind turbines, railway systems, aerospace equipment, robotics, medical devices, and various types of industrial machinery.

By serving these diverse and growing sectors, we contribute to the development of cleaner, smarter, and more efficient technologies around the world.

Business Outcomes

Through this integrated model, we have achieved steady progress in revenue growth, operational efficiency, and sustainability performance. We continue to increase the share of renewable electricity in our operations and maintain a strong, engaged global workforce.

Our governance practices are aligned with leading national and international standards, ensuring transparency, accountability, and responsible business conduct.

Our Commitment

At HEIL, our integrated value chain is more than just a business process, it is the foundation of our promise to deliver quality, reliability, and sustainability.

We remain committed to continuous improvement, innovation, and responsible growth so that we can create shared value for our customers, employees, communities, and the environment for many years to come.

This model reflects our journey as a responsible Indian manufacturer making a meaningful contribution on the global stage.

We look forward to building on this strong base and creating even greater positive impact in the future.





Our Global Footprint

(GRI 2-6 | ESRS 1)

From Ahmedabad to Changshu to Braşov, HEIL's precision-engineered bearing cages are supplied to leading bearing OEMs across 32 countries including India, supported by a robust distribution network with warehouses spread across 16 locations globally.



32 Countries including India are follows

Argentina	Czech Republic	Japan	Portugal	Switzerland
Austria	France	Macedonia	Romania	Thailand
Belgium	Germany	Malaysia	Slovakia	Turkey
Brazil	Hungary	Mexico	South Africa	Ukraine
Bulgaria	India	Philippines	South Korea	United Kingdom
China	Italy	Poland	Spain	USA
			Sweden	Vietnam

Sustainable Performance Indicators FY 2025-26





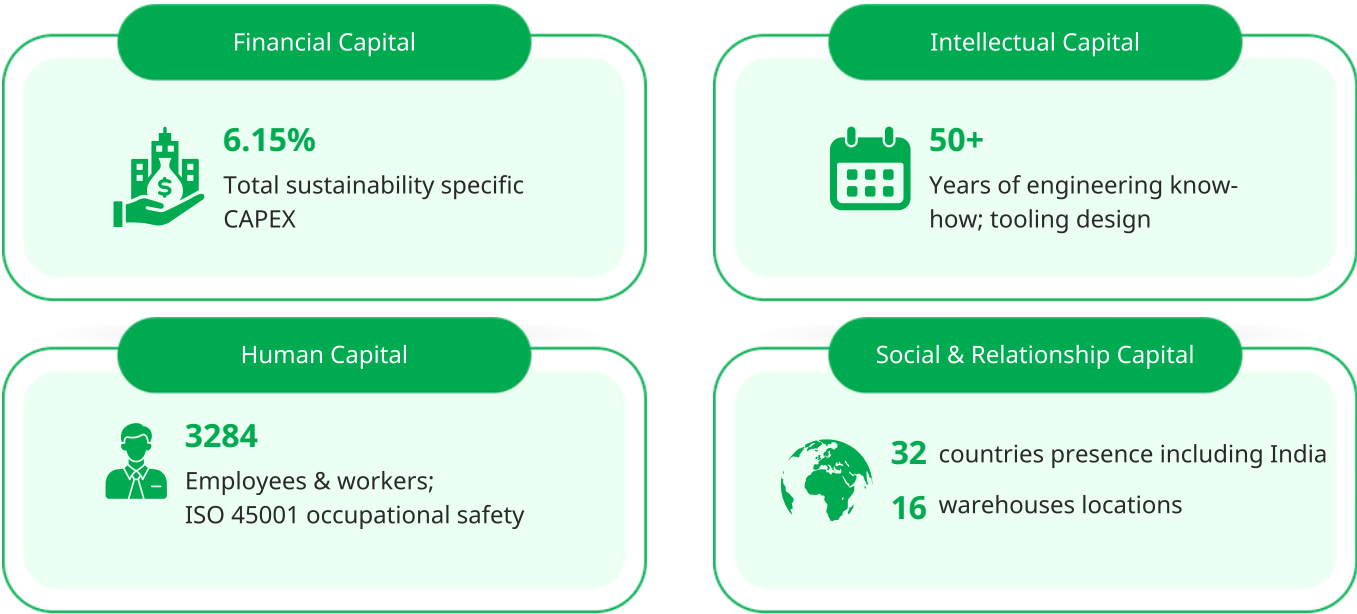
Value Creation Model

(GRI 2-6 | ESRS 2 SBM-1)

This document presents the Value Creation Model of Harsha Engineers International Limited for 2025–26 in a structured narrative and tabular format. It highlights the organisation’s capitals, strategic pillars, business segments, operational activities, value outcomes, sustainability commitments, and key metrics.

Inputs: Capitals & Value Drivers

The following table summarises the key aspects related to inputs (our capitals) within Harsha Engineers International Limited’s value creation framework.



All data presented are on a standalone basis and pertain exclusively to the Company's Changodar and Moraiya manufacturing facilities.

Strategic Pillars

Our main aim is to continue the integration of environmental, social and governance into our core business strategies and we also believe that responsible practices and sustainable practices are very important for building resilience, fostering innovation, and delivering enduring value to all our stakeholders in the years to come.

Business Segments

The following table summarises the key aspects related to business segments within Harsha Engineers International Limited value creation framework.

Precision Engineering : Brass bearing cages, Steel bearing cages, Polyamide cages, Stamped components



Impacting a Sustainable Future

The following table summarises the key aspects related to impacting a sustainable future within Harsha Engineers International Limited value creation framework.

Category	Details
Long-Term Value	Creating long-term stakeholder value through innovation, operational excellence and responsible business practices
Environment	Low carbon operations; Resource conservation; Circular economy
People	Empowered workforce; Safe & inclusive workplace
Governance	Ethical business practices; Strong compliance; Transparent reporting
Net Zero by December-2050	Building a cleaner and greener future

Key Metrics FY2025-2026

The following table summarises the key aspects related to key metrics 2025-26 within Harsha Engineers International Limited’s value creation framework.



Reporting Frameworks

The following table summarises the key aspects related to reporting frameworks within Harsha Engineers International Limited’s value creation framework.





Product Portfolio

(GRI 2-6 | ESRS 2 SBM-1)

Harsha Engineers International Limited (HEIL) is globally recognised as one of the leading manufacturers of bearing cages, with over five decades of precision engineering expertise. The Company serves customers across 32 countries spanning Asia, Europe, and the Americas, supporting critical industries through high-quality precision-engineered solutions.

HEIL's product portfolio reflects its strategic focus on precision manufacturing, operational excellence, innovation, and sustainability-led industrial growth.

Our products support a wide range of sectors including automotive, railways, wind energy, industrial machinery, robotics, medical equipment, aerospace, and e-mobility applications.

Product Segments Overview

7,278.07 lakhs+

bearing cages
manufactured

in 2025-26 by HEIL Standalone
(Engineering Division)

7,500+

products
manufactured

since inception

Manufacturing bearing cages
with diameters ranging from

**20 mm to
2,000 mm**

Supplying products to
each of the

Top 6

global bearing
manufacturers

Introduction

Governance & Ethical Business Practices

Environmental

Social Responsibility

Annexure





Precision Engineering Capabilities

HEIL's integrated manufacturing ecosystem across India, China, and Romania supports advanced precision engineering and globally aligned manufacturing operations through:

	Digitally integrated manufacturing processes
	Flexible & customised product development
	High-volume precision manufacturing capabilities
	Globally integrated supply chain and quality systems

Through continuous investment in engineering excellence and operational optimisation, HEIL continues to strengthen its ability to deliver reliable, high-performance components across global markets.

Product Lifecycle and Sustainability Integration

HEIL is progressively integrating sustainability considerations into product design, manufacturing processes, and lifecycle management to strengthen resource efficiency, reduce environmental impacts, and support low-carbon industrial transitions. Key sustainability-focused product initiatives during 2025–26 include:

- Strengthening readiness towards EU Carbon Border Adjustment Mechanism (CBAM) requirements
- Adoption of eco-design principles focused on durability, recyclability, and material efficiency
- Expansion of reusable and responsible packaging initiatives across product divisions
- Continuous process optimisation initiatives to improve operational efficiency and reduce lifecycle emissions

Through this approach, HEIL continues to strengthen its position as a globally competitive precision engineering company aligned with evolving sustainability expectations and responsible manufacturing practices.

Industry Sectors Served

The Company continues to align its product portfolio with evolving global demand for energy-efficient, lightweight, durable, and sustainability-oriented engineering solutions. HEIL's products support critical industrial and mobility applications across multiple sectors:

 Automotive and E-Mobility	 Wind Energy	 Railways	 Industrial Machinery	 Aerospace	 Robotics and Automation
 Medical Equipment	 Electrical and Engineering Applications				

Innovation

(GRI 3-3 | ESRS 2 SBM-3)

Innovation Strategy & ESG Integration

HEIL's innovation strategy is closely linked with its Double materiality assessment, its identified material topics and longterm sustainability targets.

- Climate change mitigation and decarbonisation initiatives
- Resource efficiency and circular manufacturing practices
- Product quality, operational reliability, and customer-focused innovation
- Digital transformation and smart manufacturing integration
- Sustainable supply chain and low-carbon material collaboration
- ESG data quality, traceability, and operational transparency

This integrated approach enables the Company to strengthen sustainability performance while supporting evolving customer, regulatory, and market expectations.

Advanced Manufacturing and Process Innovation

HEIL continues to strengthen its manufacturing ecosystem through Industry 4.0-aligned technologies, automation, and digitally integrated production systems focused on improving efficiency, quality, and operational consistency.

Key initiatives during 2025–26 included:

- Increased automation across manufacturing and inspection processes
- Deployment of digital manufacturing dashboards for operational and sustainability performance monitoring

- Advanced tooling and rapid product development capabilities through the in-house tool rooms
- Continuous process optimisation initiatives to improve productivity, yield, and resource efficiency

These initiatives support reduced operational losses, enhanced manufacturing precision, and improved sustainability performance across operations.

Sustainable Materials and Low-Carbon Innovation

We are deeply committed to advancing sustainable manufacturing innovation. We continuously explore and implement new ideas, technologies, and practices that help us reduce our environmental footprint while making our production processes smarter and more efficient.

From minimizing waste and conserving energy to optimizing the use of raw materials, every initiative we undertake is guided by a strong sense of responsibility towards the planet and future generations.

We focus on improving material efficiency by carefully designing processes that maximize the value of every resource we use and reduce unnecessary consumption. At the same time, we actively work on lowering emissions, managing water responsibly, and adopting cleaner technologies across our operations.

This journey of sustainable innovation is not just about meeting standards, it is about going beyond them. We believe that responsible manufacturing is both a moral duty and a smart business approach. By investing in greener solutions, we not only protect the environment but also create long-term value for our customers, employees, and communities. Our team takes pride in developing innovative ways to make our products while treading more lightly on the earth.

We remain dedicated to strengthening these efforts year after year, driven by the vision of building a cleaner, more sustainable industrial future. Through continuous learning, collaboration, and investment in sustainable technologies, we strive to set new benchmarks in responsible manufacturing and inspire positive change across our industry.





Digital Product Innovation and Lifecycle Intelligence

HEIL is progressively integrating lifecycle-based sustainability considerations into product development and manufacturing processes.

Key initiatives include:

- Expansion of Product Carbon Footprint (PCF) assessment methodologies across product families
- Integration of lifecycle assessment (LCA) principles into product development processes
- Strengthening product-level carbon data capabilities to support CBAM readiness and customer Scope 3 reporting requirements
- Collaboration with customers to develop durable, energy-efficient, and recyclable precision-engineered components

These initiatives support transparency, low-carbon product development, and sustainability-focused customer partnerships.

TPM and Operational Excellence

Total Productive Maintenance (TPM) continues to serve as a core operational excellence framework across HEIL's manufacturing operations.

TPM-driven continuous improvement initiatives support equipment reliability, energy efficiency, workplace safety, quality enhancement, and waste reduction.

HEIL's manufacturing excellence practices have been recognised by the Japan Institute of Plant Maintenance (JIPM) through the Awards for TPM.

The Company's strong culture of operational discipline and continuous improvement, along with the TPM Special Award Achievement, further reinforcing its commitment to world-class manufacturing practices and operational excellence.

Innovation Governance and Strategic Oversight

Innovation and sustainability initiatives at HEIL are governed through structured cross-functional collaboration involving engineering, operations, sustainability, and leadership teams.

The ESG Sub-Committee conducts quarterly reviews of innovation priorities, sustainability-linked investments, and key sustainability performance indicators to maintain alignment with the Company's long-term sustainability strategy and material topics.

HEIL also continues to strengthen collaboration with customers, suppliers, and industry stakeholders to support the development of low-carbon, resource-efficient, and future-ready manufacturing solutions.

Awards & Certifications

(GRI 2-28 | ESRS 2 GOV | BRSR P2 | BRSR P1)

HEIL's certifications, awards, and external sustainability alignments reflect the Company's continued commitment to operational excellence, responsible manufacturing, governance integrity, and stakeholder trust. These recognitions strengthen HEIL's globally aligned management systems and reinforce its position as a reliable and sustainability-focused precision engineering company.

International Certifications and Management Systems

These certifications support HEIL's focus on product quality, operational reliability, environmental stewardship, workplace safety, customer confidence, and compliance with global automotive and industrial standards.



ISO 9001:2015

Quality Management System



IATF 16949:2016

Automotive Quality Management System



ISO 14001:2015

Environmental Management System



ISO 45001:2018

Occupational Health & Safety Management System



TISAX Label

Automotive Cybersecurity and Data Protection





Memberships and Industry Associations

HEIL actively engages with industry institutions and sustainability platforms to support continuous improvement, knowledge exchange, and responsible business practices.

Industry Excellence Recognition



TPM Excellence Award

Japan Institute of Plant Maintenance (JIPM)



TPM Consistency Award

Japan Institute of Plant Maintenance (JIPM)



TPM Special Award

Japan Institute of Plant Maintenance (JIPM)

External Assurance

HEIL’s 2025–26 Annual Sustainability Report has undergone independent external assurance in accordance with the GRI Standards and the AA1000 Assurance Standard. The assurance process strengthens stakeholder confidence in the accuracy, reliability, and integrity of the Company’s sustainability disclosures.



Japan Institute of Plant Maintenance (JIPM)	National Stock Exchange of India Limited
Carbon Disclosure Project (CDP)	Science Based Targets initiative (SBTi)
ENX Association (TISAX)	NQC Supplier Self-Assessment Questionnaire (SAQ)
BSE Limited	

These engagements support HEIL’s commitment to industry collaboration, governance excellence, and sustainability leadership.





Sustainability Dashboard

(GRI 3-1 | GRI 3-2 | ESRS E1 | ESRS S1 | BRSR P1 | BRSR P3 | BRSR P6)

ESG

Environment

34,601

Ground Water Used (KL)

14,426

Third Party Water (KL)

21

Treated water reuse from ETP Changodar and Moraiya (KLD)

40

Treated water of STP Moraiya reuse (KLD)

35

Treated water of STP Changodar reuse (KLD)

1,144

Waste Generated (Metric Tons)

955

Total Waste Recycled (Metric Tons)

2.9

Total Rainwater Recharged at Changodar facility (Million Liters)

2.8

Total Rainwater Recharged at Moraiya Facility (Million Liters)

Governance

122,820

Turnover (Lakhs)

143,069

Net Worth (Lakhs)

0

Cases of Corruption (Cases)



At our Changodar facility, rainwater was recharged, accounting for 30% of the site's total water consumption. At our Moraiya facility, rainwater was recharged, representing 15% of total water use.

* We calculate all applicable Scope 3 categories. We currently disclose three categories of our Scope 3 GHG Emission and they are waste generated through our operations, upstream transportation, and downstream transportation in our ASR and BRSR.

For our CDP Climate Change submissions and upon request from our stakeholders we proactively disclose all applicable Scope 3 categories to ensure full transparency into our emissions profile. Additionally, as part of our current SBTi submission (September 2026), we are disclosing the complete set of all applicable Scope 3 categories in support of our science-based target validation.



24

Total Female Employees

125

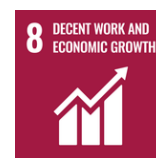
Total Female Workers

199.9

CSR Expenditure

20

Female Permanent Workers



659

Total Male Employees

2476

Total Male Workers

1055

Male Permanent Workers

1075

Total Permanent Workers

Social

277,381

Total Energy Consumed (GJ)

77,379

Energy from Renewable Sources (GJ)

49,026

Water Consumption (Kilolitres)

5,160

Scope 1 Emissions (tCO₂Eq)

8,276

Scope 2 Emissions (tCO₂Eq)

8,075

Scope 3 Emissions (tCO₂Eq) *





Stakeholder Engagement & Double Materiality

(GRI 2 | GRI 3 | ESRS 1 + ESRS 2 IRO-1 | BRSR P4)

Understanding what matters most to our business and to society is central to our sustainability approach. In 2025–26, we conducted a thorough Double Materiality Assessment. This process evaluated issues from two perspectives: their potential financial impact on Harsha means financial materiality and our impact on the environment, people, and society means impact materiality.

Double Materiality in sustainability reporting refers to the identification of environmental, social, and governance issues that have the potential to significantly affect an organisation's business, strategy, and performance, as well as issues that significantly impact our stakeholders.

In response to evolving global standards and increasing stakeholder demand for transparency, we conducted a comprehensive Double Materiality assessment in 2025 - 26. This dual lens ensures that our sustainability strategy addresses both business-critical risks and opportunities while recognizing our responsibility to minimize negative impacts and maximize positive contributions to society and the environment. We engaged a diverse group of stakeholders through structured questionnaires with refreshed, relevant questions to capture evolving expectations

Introduction

Governance & Ethical Business Practices

Environmental

Social Responsibility

Annexure



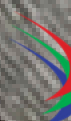
Internal Stakeholders

Included Non-Independent Directors, employees (particularly managers and above), members of the ESG Committee, and ESG Sub-Committee. We engaged with Non-Independent Directors, providing them with business-critical context and governance perspectives. We conducted comprehensive surveys and consultation sessions with our Managers and above-level Employees, recognizing their deep operational knowledge and their role in implementing sustainability initiatives. We also engaged with our ESG Committee Members and ESG Sub-Committee Members, who bring specialized expertise in sustainability governance and strategic planning. This broad internal engagement ensured that our double materiality assessment captured perspectives spanning governance, operations, human resources, and strategic planning.



External Stakeholders

Encompassed Independent Directors, external consultants, key suppliers, and valued customers. We engaged with our Independent Directors, who bring external perspectives and governance expertise. We consulted with specialized Sustainability Consultants who provided expert insights into sectoral best practices and emerging sustainability trends. We engaged extensively with our Suppliers, understanding their sustainability capabilities, constraints, and collaborative potential. And critically, we engaged with our Customers, whose evolving expectations around product sustainability, supply chain responsibility, and emissions transparency are increasingly shaping market dynamics.





Our Policies related to the environment and sustainability guides us daily and alignment with Indian regulations and global standards like



TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



After carefully compiling and analyzing the feedback, our team prepared a detailed double materiality matrix. Leadership conducted in-depth reviews to prioritize issues. We then finalized a focused set of Key Performance Indicators (KPIs) that align with our strategic objectives, stakeholder expectations, regulatory frameworks (including BRSR), and areas where we see the greatest need and potential for improvement.

We recognize that not every identified point translates into a formal KPI. However, this does not mean we ignore them. Whether formalized as a KPI or managed through day-to-day operational excellence and dedicated projects, we continue to address all material sustainability issues. Selecting specific KPIs allows us to set measurable goals, allocate resources effectively, track progress rigorously, and report transparently on high-priority areas.

At the same time, our broader sustainability program ensures continuous work across the full spectrum of environmental, social, and governance topics.

This balanced approach drives meaningful impact without losing sight of emerging or important secondary issues. Upon receipt of comprehensive feedback from this diverse stakeholder community, we prepared double materiality matrices that visually represent the relative importance of identified issues.

The process included rigorous analysis and discussion, followed by internal review to ensure alignment between our sustainability aspirations and our operational capacity. Equally important, we sought alignment with our suppliers and customers, recognizing that many of our most significant environmental impacts occur through our value chain partnerships.

We also identified areas requiring improvement, domains where our current practices fall short of our aspirations and where focused investment and innovation are required. In our double materiality assessment, we identified multiple priority areas for sustainability action.

Not all of these areas are structured as formal KPIs in our management system, but this does not diminish our commitment to progress in these domains. We view our KPIs as the core set of quantified commitments where we exercise direct control and can report clear progress.

However, our working agenda extends beyond these formal KPIs, we are actively engaged in improvement initiatives, innovation pilots, stakeholder engagement, and capability building across all double material issues, whether or not they carry formal KPI status. Our commitment to comprehensive sustainability extends across all dimensions of our material issues, recognizing that authentic progress requires both rigorous measurement and continuous improvement effort even in areas where standardized metrics are still developing.

We are proud of the progress we have made, improved CDP scores, robust GHG disclosures, responsible water management, ambitious Science based targets, and a stakeholder informed double materiality process. Yet we view this as just the beginning of our journey. Looking ahead, we will continue investing in renewable energy, circular economy practices, supply chain decarbonisation, and community initiatives.

We remain committed to engineering a future where our operations contribute positively to the planet, support thriving communities, and deliver lasting value to all stakeholders.

Together, as Team Harsha, we are building a more resilient, responsible, and sustainable organisation, one precise step at a time. We invite our stakeholders, partners, and communities to join us on this important journey toward net zero and a better tomorrow.

Our climate and water security strategy is carefully aligned with multiple global frameworks and India's evolving sustainability agenda, ensuring that our corporate action contributes to broader societal goals. By managing our emissions, securing our water supply, transitioning to renewable energy, and promoting circular economy principles, we contribute meaningfully to the global agenda for sustainable development.

India's National Climate Commitments: India has pledged to achieve net-zero greenhouse gas emissions by 2070 and to reduce emissions intensity by 45% by 2030 compared to 2005 levels. Our SBTi targets and net-zero 2050 commitment position us as a leader in accelerating India's climate trajectory and demonstrating that Indian businesses can lead global sustainability action.

India faces significant water stress, with many regions experiencing groundwater depletion and water quality degradation. Our commitment to operate within statutory water limits and to continuously improve water efficiency contributes to the preservation of this critical resource for India's future. At Harsha Engineers International Limited, we believe that sustainability is not a compliance obligation or a marketing positioning, it is a fundamental business imperative and a moral responsibility.

Our climate action, water security, and comprehensive sustainability approach represent our commitment to creating enduring value for all stakeholders while protecting the environment upon which our prosperity depends. We invite our customers, suppliers, investors, employees, and communities to join us on this transformative journey toward a sustainable, resilient, and thriving future.





Material Issues Topics	Risk or Opportunity	Rationale for Identification of Risk	Rationale for Identification of Opportunity
GHG Emissions (Scope 1, 2 & 3)	Risk and Opportunity	Rising climate regulations globally may create significant compliance and operational risks if our GHG emissions across Scope 1, 2, and 3 are not actively managed and reduced over time. Failure to align with emission reduction targets may also damage our reputation among customers, investors, and external organisations such as CDP and SBTi.	Proactive adoption of renewable electricity and carbon reduction initiatives improves our operational efficiency, reduces input costs, and strengthens long-term sustainability performance. Active GHG emission management enhances our customer and investor confidence and supports our commitments under SBTi and broader ESG frameworks including BRSR, CDP, and UN Goals.
Air Pollution Compliance	Risk	Our manufacturing operations generate air pollutants as part of production processes. If air emissions are not managed and maintained within statutory limits, it may lead to non-compliance with applicable environmental standards and create regulatory risks for us. Unmanaged air pollution can also adversely impact the surrounding ecosystem, community health, and our operational licence, leading to reputational and financial consequences	
Energy Management	Risk and Opportunity	Our manufacturing operations require significant energy consumption. If energy use is not actively managed, it leads to increase of operational costs, higher dependency on non renewable resources such as grid electricity, PNG etc., and that results to increase of GHG emissions across our operations. Unmanaged energy consumption also exposes us to energy price volatility and limits our ability to meet our Scope 2 neutral target by December 2030.	Investment in Renewable electricity and deployment of energy-efficient equipment help us to reduce energy consumption, lower operational costs, and actively support our climate goals. Reducing our dependency on grid electricity through Renewable energy projects also improves our energy security and positions us positively with customers, regulators, and sustainability frameworks.

In Case of Risk, Approach to Adapt or Mitigate	Potential Financial Implications
Scope 1: We have invested in the induction mould heating system, which has led to a reduction in PNG consumption and a measurable reduction in Scope 1 GHG emissions from our Foundry operations. Scope 2: We have invested in renewable electricity projects to increase the share of renewable electricity consumption, which reduces our dependency on grid electricity and directly lowers Scope 2 GHG emissions. Scope 3: We have initiated supplier engagement on sustainability through structured training programmes and have commenced a supplier sustainability assessment with our major suppliers. We have signed and registered on the SBTi portal with a near term and long term committed targets to achieve net zero by December 2050, aligning our climate strategy with global science-based pathways.	Positive: Energy savings, reduction in GHG emissions, stronger supplier engagement, and improve our ESG ratings. Negative: Carbon tax exposure, regulatory penalties, and higher compliance costs 
We are certified under ISO 14001 and implement its practices across our manufacturing facilities, which provides a structured framework for identifying, managing, and reducing air pollution risks. We regularly conduct environmental monitoring and compliance reviews at all manufacturing sites to ensure adherence to consent conditions and applicable statutory emission limits	Negative: Regulatory penalties, operational disruption including potential plant shutdown in the worst case, and corrective action costs arising from non-compliance. 
Electricity Consumption: We continuously execute energy efficiency projects such as switching to high-efficiency equipment, replacing manual controls with motion sensors, and upgrading motors from low-efficiency to high-efficiency variants, all of which reduce our grid electricity consumption. Renewable Electricity: We use electricity generated from our own renewable energy projects, which reduces grid dependency and lowers emissions in line with our plan to achieve Scope 2 neutrality from renewable sources by December 2030. Fuel Switching: We have initiated a transition from PNG mould heating to an induction mould heating system. While the switchover is not yet 100% complete, the portions converted have contributed to a measurable reduction in our Scope 1 GHG emissions.	Positive: Reduce electricity and fuel costs, lower GHG emissions, and improve energy security across operations. Negative: High energy expenses and increase GHG emissions if energy consumption is left unmanaged. 



Material & Chemical Management	Risk and Opportunity	Improper handling of raw materials and secondary chemicals used in our manufacturing processes may create risks across environmental, social, and governance dimensions: Environmental: Inefficient material use can increase waste generation, contribute to air and ground pollution, and damage the surrounding ecosystem. Social: Exposure to hazardous chemicals may result in occupational health risks for our workforce, including respiratory issues and other health concerns. Governance: Non-compliant chemical handling may attract regulatory penalties, compliance notices, and increased monitoring by authorities.	Efficient raw material usage and responsible chemical management improve our overall operational efficiency, reduce material losses, and support cost optimisation. Environmental: Responsible material management reduces waste generation, prevents ecosystem damage, and supports our sustainability commitments. Social: Safe chemical handling practices protect worker health, reduce absenteeism, and build a healthier and more productive workplace Governance: Strong compliance with material and chemical regulations helps us to avoid penalties, maintain operational continuity, and build stakeholder confidence.
Climate Transition Risk	Risk and Opportunity	As industries globally shift toward low-carbon manufacturing, delays in preparedness may expose us to a range of transition-related risks: Policy and Legal: Evolving carbon pricing mechanisms, including the EU Carbon Border Adjustment Mechanism (CBAM), may increase costs for emission-intensive operations. Technology: Failure to adopt modern, low-emission manufacturing technologies may limit our competitiveness and ability to meet decarbonisation goals. Reputational: Our stakeholders, including customers, investors, and external organisations, may lose confidence in us if we are not seen to be actively managing climate transition risks.	Early climate action and proactive sustainability investments improve our resilience, enhance our market position, and prepare us for future regulatory and customer requirements. Policy and Legal: CBAM preparedness with LCA compliance position us as a reliable partner for export-oriented customers requiring climate disclosure. Technology: Investment in low-emission technologies and efficient equipment reduces our carbon footprint and lowers long-term operational costs. Reputational: Demonstrated climate leadership strengthens stakeholder trust and supports our growth in sustainability driven markets.



We are certified under both ISO 14001 (Environmental Management) and ISO 45001 (Occupational Health & Safety), which together provide an integrated framework for responsible material and chemical management across all our operations. ISO 14001 guides us in managing environmental risks related to material use, waste minimisation, and pollution prevention ISO 45001 ensures safe chemical handling through structured PPE protocols, hazard identification, and controlled material storage and usage practices. Together, these certifications help us to manage our resources efficiently, minimise waste, prevent occupational exposure, and maintain compliance with applicable environmental and safety standards.	Positive: Reduce material losses, improve production yield, and enhance ESG performance through responsible resource management. Negative: Waste disposal costs, regulatory penalties, and safety incidents arising from improper handling of materials and chemicals. 
We are investing in renewable electricity projects and simultaneously in high-efficiency with low-emission equipments which reduce our Scope 1 and Scope 2 emissions and also align with our science-based targets. We have commenced Product Carbon Footprint (PCF) calculations and Life Cycle Assessment (LCA) as per ISO standards and the GHG Protocol, which strengthens our ability to respond to CBAM and customer disclosure requirements. We are actively progressing CBAM preparedness, including GHG emissions accounting and climate disclosure aligned with CDP and SBTi requirements, ensuring our export operations are future-ready.	Positive: Improve investor and customer confidence, stronger CBAM readiness, and improve market access in sustainability-driven supply chains. Negative: Loss of market access, regulatory penalties, and reduce export competitiveness if transition requirements are not addressed. 





Product End-of-Life Management	Risk and Opportunity	Lack of proper recyclability planning and end-of-life practices for our products may increase environmental concerns and create compliance risks linked to extended producer responsibility and circular economy regulations. Inadequate product end-of-life management may also impact our reputation with customers and stakeholders who increasingly demand evidence of responsible product lifecycle management.	Designing products with recyclability in mind and adopting circular economy practices improve our sustainability performance, reduce environmental impact, and position us positively within our statutory limits and customer expectations. Proactive engagement with end-of-life recyclability also enhances our brand value and supports alignment with ESG reporting frameworks including BRSR, GRI, ESRS, CSRD and customer sustainability requirements
Waste Management	Risk and Opportunity	Waste generated from our manufacturing operations may create environmental pollution, regulatory risks, and compliance challenges if not properly managed, segregated, and disposed of in accordance with applicable standards. Improper waste management may also harm the surrounding environment and community, and expose us to penalties from regulatory authorities.	Effective recycling and waste reduction initiatives support our circular economy goals, improve resource efficiency, and reduce our overall environmental footprint. Responsible waste management demonstrates our commitment to sustainability and strengthens our credibility with customers, regulators, and ESG rating organisations.
Water Management	Risk and Opportunity	Our manufacturing operations depend on water as an essential resource, and any disruption caused by water scarcity or inadequate supply may impact our operational continuity and production efficiency. Unsustainable water usage may also create regulatory and reputational risks, particularly in the context of increasing focus on water stewardship in sustainability frameworks like CDP Water Security and UN Goals	Rainwater harvesting, treated water reuse, and robust water monitoring systems improve our water efficiency, reduce water procurement cost, and strengthen our long-term operational resilience. Demonstrating strong water stewardship also enhances our sustainability credentials and supports compliance with BRSR and other disclosure requirements such as CDP

We are strengthening our circularity practices by focusing on proper recycling processes and ensuring responsible handling of product materials. We are also advancing awareness by providing training on circular economy principles across our operations and supply chain to improve resource efficiency and reduce environmental impact.	Positive: Reduce waste handling costs and improve brand value through circularity practices and sustainable product management. Negative: Regulatory compliance costs and reputational risk if end-of-life recyclability expectations are not met. 
We are strengthening waste segregation, recycling tracking, and waste management practices across all our operations to ensure compliance and resource recovery. We do not landfill any of our waste. All waste generated at our facilities undergoes recycling or co-processing, ensuring that materials are responsibly handled and do not contribute to environmental degradation.	Positive: Lower disposal costs and potential recycling revenue through responsible waste recovery and resource reutilisation. Negative: Regulatory penalties, waste disposal expenses, and environmental liability if waste is not managed in compliance with applicable standards. 
We have installed rainwater harvesting systems that allow us to utilise rainwater effectively, reducing our dependency on borewell water and third-party water procurement. - We operate a closed-loop water management system where treated water is fully reused within our plant premises. - We do not discharge any treated water outside our premises, and all water reuse is carried out in compliance with applicable consent conditions.	Positive: Reduce freshwater procurement cost and improve operational continuity through responsible water management. Negative: Treatment, compliance, and infrastructure-related costs associated with maintaining water management systems. 





EU CBAM / Carbon Tax Risk	Risk	Our export-oriented operations may face higher costs and additional disclosure obligations due to the EU Carbon Border Adjustment Mechanism (CBAM) and other evolving carbon border tax frameworks. Failure to adequately prepare for CBAM requirements may reduce our competitiveness in export markets and impacting our financial performance.	-
Employee Health & Safety	Risk and Opportunity	Our manufacturing activities involve the use of heavy machinery, exposure to noise, and various operational hazards that may affect employee health, safety, and wellbeing if not properly managed. - Workplace incidents may result in production downtime, regulatory action, and reputational consequences, particularly in the context of our obligations under ISO 45001 and applicable labour laws.	Strong PPE awareness programmes, regular safety training, and a proactive occupational health and safety culture improve workplace safety, reduce incidents, and enhance employee wellbeing across our facilities. A safe and healthy workplace also improves employee morale, productivity, and retention, which contributes to the long-term sustainability and stability of our operations.
Human Rights & Fair Labour Practices	Risk and Opportunity	Non-compliance with applicable labour standards and human rights obligations may create legal, operational, and reputational risks for us, particularly in the context of increasing scrutiny from customers, auditors, and sustainability disclosure frameworks. Weak labour practices may also result in employee dissatisfaction, high attrition, and potential adverse findings during customer sustainability audits and ESG assessments	Maintaining ethical labour practices and a strong culture of fairness, respect, and inclusion strengthens employee trust, reduces attrition, and supports a positive organisational culture. Demonstrated commitment to human rights and fair labour practices also improves our standing with customers, investors, and external supply chain sustainability

We are strengthening our CBAM readiness by advancing GHG emissions accounting, climate disclosure, and data management systems aligned with CDP and SBTi requirements. We have commenced Life Cycle Assessment (LCA) calculations as per ISO standards and the GHG Protocol, which provides the foundation for product-level carbon data required under CBAM. Our overall CBAM preparedness programme is actively progressing to ensure that our export operations remain compliant and competitive as carbon border regulations evolve.	Negative: Additional carbon tax liabilities, increase reporting obligations, and reduce export competitiveness if CBAM requirements are not addressed in a timely manner. 
We are certified under ISO 45001 and implement its practices across all our manufacturing operations, which provides a structured framework for hazard identification, risk assessment, and safety management. Our ISO 45001 system includes PPE protocols, controlled material handling procedures, regular safety training, and ongoing monitoring to ensure that workplace health and safety standards are consistently maintained.	Positive: Improve employee productivity, stronger workplace culture, and reduce frequency of workplace incidents. Negative: Medical expenses, compensation claims, and production downtime arising from workplace accidents or safety non-compliance. regulatory penalties, operational disruption including potential plant shutdown in the worst case, and corrective action costs arising from non-compliance. 
We have implemented a structured employee grievance mechanism that provides a confidential and accessible channel for employees to raise concerns regarding workplace conduct and labour practices. We have also rolled out employee wellbeing initiatives and maintain labour compliance practices across our operations, ensuring adherence to applicable statutory requirements and alignment with our sustainability commitments.	Positive: Improve employee retention, greater workforce stability, and enhance stakeholder confidence especially among our customers and ESG evaluators. Negative: Legal liabilities, reputational damage, and potential loss of customer relationships if labour standards are not upheld. 



Working Conditions & Employee Wellbeing	Risk and Opportunity	The quality of working conditions and employee wellbeing directly influences productivity, retention rates, and overall workforce satisfaction across our manufacturing operations. Inadequate attention to working conditions may lead to increased absenteeism, lower engagement, and difficulties in retaining skilled employees, which can affect our operational performance and sustainability goals.	Proactive employee wellbeing initiatives, a supportive work culture, and improved workplace conditions enhance employee engagement, increase productivity, and contribute to a more stable and motivated workforce. Demonstrating a genuine commitment to employee wellbeing also strengthens our reputation as a responsible employer and supports positive evaluations from customers and sustainability frameworks.
Regulatory Compliance & Costs	Risk and Opportunity	Increasing sustainability disclosure requirements and evolving environmental, social, and governance regulations require continuous investment in compliance monitoring, data management, and reporting systems across our operations. Failure to maintain up-to-date compliance with applicable standards may expose us to regulatory penalties, business disruptions, and erosion of stakeholder trust.	Strong compliance systems and robust internal monitoring processes help us maintain operational continuity, reduce legal exposure, and demonstrate accountability to our stakeholders. Proactive compliance management also positions us positively in sustainability assessments and supports smoother business operations across all our facilities.
Anti-Corruption & Business Ethics	Risk and Opportunity	Unethical business conduct, corruption, or non-compliance with anti-bribery standards may create significant regulatory and reputational risks for us, and can undermine stakeholder confidence in our governance practices. - Weak governance controls may also lead to fraud, financial losses, and adverse findings during customer audits or external ESG assessments.	Maintaining strong ethics, anti-bribery controls, and governance practices improves stakeholder trust, enhances our institutional reputation, and supports long-term business continuity and sustainable growth. Demonstrated commitment to business ethics also strengthens our relationships with investors, customers, and external organisations that assess governance quality as part of their sustainability evaluations.



We regularly conduct employee wellbeing programmes and occupational health and safety initiatives across our operations, including health check-ups, awareness sessions, and engagement activities. These programmes are designed to promote physical and mental wellbeing, create a safe and inclusive work environment, and reinforce our commitment to caring for our workforce beyond standard compliance requirements.	Positive: Higher employee productivity, reduce attrition, and lower hiring and training costs as a result of strong workplace wellbeing practices. Negative: Productivity losses, increase attrition, and higher recruitment costs if employee wellbeing is not adequately prioritised. 
We regularly monitor regulatory requirements and conduct compliance reviews across our operations to ensure that all applicable environmental, safety, and governance standards are consistently met. We have established a Sustainability Committee and maintain Board-level oversight of our ESG performance and compliance activities, ensuring that sustainability governance is integrated into our overall business management.	Positive: Reduce legal exposure, smoother business operations, and improve stakeholder confidence arising from strong compliance management. Negative: Regulatory penalties, litigation risks, and compliance-related expenses if standards are not maintained. 
We have implemented comprehensive governance systems that include anti-bribery controls, ethics policies, and internal compliance mechanisms to strengthen business integrity across all our operations. These systems are designed to prevent, detect, and address unethical conduct, and are reviewed periodically to ensure they remain aligned with applicable laws and our evolving governance commitments.	Positive: Improve investor confidence, stronger governance reputation, and continue business continuity through ethical business practices. Negative: Regulatory penalties, fraud-related financial losses, and significant reputational damage arising from ethics violations 





ESG / BRSR Reporting Transparency	Risk and Opportunity	Stakeholders including regulators, investors, and customers increasingly expect transparent, accurate, and comprehensive sustainability disclosures from us. Inaccurate, incomplete, or delayed reporting may negatively impact our credibility, create compliance risks, and undermine the confidence of key stakeholders in our ESG performance.	Transparent and credible sustainability reporting improves our standing with investors, customers, regulators, and external organisations that rely on ESG disclosures to evaluate our performance. Strong reporting practices also improve our sustainability ratings, support alignment with frameworks such as BRSR, GRI, and ESRS, and demonstrate our commitment to accountability and continuous improvement.
Supply Chain Due Diligence	Risk and Opportunity	Supplier dependency and sustainability gaps within our supply chain may impact business continuity, create compliance risks, and damage our reputation, particularly in the context of increasing customer and regulatory expectations around responsible sourcing. Supply chain disruptions or adverse findings during customer sustainability audits related to our suppliers may affect our ability to meet delivery obligations and retain key business relationships.	Supplier sustainability assessments, structured engagement programmes, and responsible sourcing practices improve our supply chain resilience and ensure alignment with our customers' sustainability requirements. Strengthening supply chain sustainability also supports our performance in customer assessments such as ASR and CDP, and demonstrates our commitment to responsible procurement aligned with UN Goals and SBTi requirements.

We are actively strengthening our sustainability data collection, management, and reporting systems to ensure accuracy, completeness, and consistency across all our ESG disclosures. Our reporting processes are being progressively aligned with GRI, BRSR, and ESRS frameworks to meet the expectations of diverse stakeholders including customers, investors, regulatory bodies, and external sustainability organisations.	Positive: Improve sustainability ratings, stronger investor and customer confidence, and enhanced credibility arising from transparent and accurate ESG reporting. Negative: Sustainability compliance penalties and reputational impact if disclosure standards are not maintained. 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS
We are strengthening supplier sustainability by conducting structured training programmes, sustainability assessments, and sustainability agreements with our key suppliers. Our supplier engagement activities are aligned with customer sustainability requirements including ASR, CDP, and SBTi, ensuring that our supply chain meets the expectations of our stakeholders and external organisations.	Positive: Stronger supplier relationships, improve supply chain resilience, and enhanced export readiness through responsible and sustainable sourcing. Negative: Risk of client rejection, supply disruptions, and audit non-compliance if supply chain sustainability gaps are not proactively addressed. 8 DECENT WORK AND ECONOMIC GROWTH 16 PEACE, JUSTICE AND STRONG INSTITUTIONS 12 RESPONSIBLE CONSUMPTION AND PRODUCTION





Sustainability Strategy, Risks & Opportunities

(GRI 2 | GRI 3 | ESRs 2 SBM-3, IRO-1 | BRSR P1 | BRSR P3 | BRSR P6 | BRSR P7)

At Harsha Engineers International Limited, sustainability is integrated into the core of our business strategy, operational philosophy, and long-term growth vision. As a global precision engineering company operating across critical industrial value chains, we recognise that sustainable manufacturing is no longer a future aspiration, but a business imperative.

Our sustainability strategy is built on the belief that long-term competitiveness, operational resilience, and stakeholder value creation are intrinsically linked with responsible environmental stewardship, strong governance practices, and inclusive social progress.

Operating in an evolving global manufacturing landscape shaped by climate transition, regulatory transformation, supply chain expectations, and technological advancement, HEIL continues to strengthen its ESG integration through a structured, future-focused sustainability framework.

The Company's sustainability strategy is anchored around the following strategic priorities:

- Climate action and decarbonisation
- Renewable electricity transition and energy efficiency
- Resource-efficient and circular manufacturing
- Water stewardship and responsible resource management
- Responsible governance and ethical business conduct
- Workforce wellbeing, safety, and capability enhancement
- Sustainable supply chain engagement and stakeholder collaboration

HEIL continues to advance its climate ambition through measurable and globally aligned decarbonisation initiatives focused on operational efficiency, renewable energy adoption, and emissions reduction.

Key climate and sustainability commitments include:

- Advancing a structured decarbonisation roadmap aligned with long-term Net Zero ambitions
- Progressive increase of renewable electricity usage across our manufacturing operation.
- Scope 2 emissions neutrality ambition through clean electricity transition initiatives
- Alignment with internationally recognised climate frameworks including the Science Based Targets initiative (SBTi)
- Adoption of globally accepted methodologies such as the GHG Protocol and ISO 14064 for emissions accounting and reporting
- Continuous improvement initiatives focused on energy optimisation, process efficiency, and reduction of operational environmental impacts

The Company further strengthens sustainability integration through:

- Industry 4.0-aligned manufacturing and automation systems
- TPM-led operational excellence and continuous improvement programmes
- Digitalisation and data-driven manufacturing optimisation
- Circular economy and waste reduction initiatives
- 100% reuse within or plant premises as per our consent and responsible water management practices
- ISO 14001 and ISO 45001 aligned management systems across operations

Sustainability Risks

HEIL continuously assesses sustainability-related risks that may influence operational continuity, financial performance, regulatory compliance, and long-term enterprise resilience.

To strengthen resilience, the Company integrates sustainability considerations into enterprise risk management, operational planning, governance oversight, and long-term strategic decision-making.

Key sustainability risks identified by the Company include.

- Climate change and transition-related risks
- Energy price volatility and dependency on conventional energy sources
- Water availability and resource stress risks
- Evolving environmental and sustainability regulations
- Supply chain ESG and compliance-related risks
- Changing customer expectations towards sustainable manufacturing
- Operational environmental and occupational health & safety risks
- Market and stakeholder expectations relating to climate disclosures and ESG transparency

Sustainability Opportunities

HEIL views sustainability as a strategic enabler of innovation, operational excellence, competitiveness, and long-term value creation. The transition towards sustainable manufacturing and low-carbon industrial ecosystems presents significant opportunities for the Company to strengthen efficiency, enhance stakeholder trust, and build future-ready operations.

Key sustainability opportunities include:

- Expansion of renewable energy and clean energy infrastructure
- Energy efficiency improvement and operational cost optimisation
- Growth in demand for sustainable and responsible manufacturing partners
- Advancement of low-carbon manufacturing capabilities
- Increased resource efficiency and circular economy integration
- Innovation through digitalisation, automation, and smart manufacturing systems
- Enhanced ESG performance, transparency, and investor confidence
- Strengthening long-term resilience through climate-aligned business strategies

Through this integrated approach, HEIL continues to strengthen its position as a globally competitive, responsible, and future-ready precision engineering company committed to sustainable industrial growth and long-term stakeholder value creation.





UN SDG Alignment

(GRI 2 | ESRs 2 SBM-3 | BRSR P1 to P9)

Elevating People

Focus Areas	Key Initiatives / Objectives	Relevant SDGs
Employee Learning & Capability Building	Technical skill enhancement, leadership development, operator capability training	 
Skill Development & Employability	Vocational training and youth skill enhancement initiatives	
Workplace Health & Safety	ISO 45001 systems, zero harm culture, safety awareness programmes	 
Employee Wellbeing	Health check-ups, wellness programmes, employee engagement initiatives	
Diversity, Equity & Inclusion	Women workforce participation, equal opportunity practices, inclusive workplace policies	  
Community Development	Education support, healthcare initiatives, rural development and social welfare programmes	    

Caring For Nature

Focus Areas	Key Initiatives / Objectives	Relevant SDGs
Climate Action & Decarbonisation	Net Zero commitment by December-2050, renewable energy integration, energy efficiency initiatives	   
Renewable Electricity Transition	Solar and wind energy integration across operations	 

Introduction

Governance & Ethical Business Practices

Environmental

Social Responsibility

Annexure

Energy Management	Energy optimisation and process efficiency	  
Water Stewardship	Rainwater harvesting, wastewater recycling	 
Waste Management & Circularity	Recycling, waste segregation, hazardous waste management and circular economy practices	 
Sustainable Manufacturing	Resource-efficient manufacturing and operational optimisation	 
Environmental Compliance	ISO 14001 environmental management systems	  

Responsible Value Chain

Focus Areas	Key Initiatives / Objectives	Relevant SDGs
Responsible Procurement	Supplier integrity expectations and ethical sourcing practices	  
Supply Chain Governance	Supplier engagement, compliance monitoring, business integrity requirements	 
Human Rights & Labour Standards	Prevention of child labour and forced labour across operations and value chain	
Product Quality & Reliability	IATF 16949 automotive quality systems and continuous improvement	 
Information Security & Data Protection	TISAX certification and cybersecurity governance	 





Ethical Governance

Focus Areas	Key Initiatives / Objectives	Relevant SDGs
Corporate Governance	Board oversight, governance frameworks and ethical leadership	
Risk Management & Compliance	Enterprise risk management and regulatory compliance systems	
Ethics & Anti-Corruption	Code of Conduct, whistleblower mechanism and integrity practices	
Transparency & Disclosure	ESG reporting, stakeholder communication and disclosure governance	 
Stakeholder Engagement	Engagement with investors, employees, customers, suppliers and communities	

Economic Performance & Value Creation

(GRI 201 | ESRS 2 SBM-1 | BRSR P8 | BRSR P9)

Harsha Engineers International Limited continues to create long-term value through engineering excellence, manufacturing precision, operational efficiency, and responsible business practices. As India's leading manufacturer in the organised bearing cage market and among the world's leading manufacturers of bearing cages, the Company serves customers across diverse industrial sectors through its globally integrated manufacturing network.

During 2025-26, HEIL strengthened its manufacturing capabilities through continued investments in automation, digitalisation, advanced production technologies, and process excellence. The commencement of commercial production at the Bhalya facility of Harsha Engineers Advantek Limited further enhanced the Company's production capacity and strengthened its ability to meet evolving customer requirements.

Supported by manufacturing facilities in India, China, and Romania, HEIL delivers high-quality precision-engineered products to customers across global markets. Through a strong focus on innovation, Total Productive Maintenance (TPM), quality excellence, and operational reliability, the Company continues to enhance stakeholder value while maintaining sustainable business growth.

Beyond business performance, HEIL contributes to economic development through employment generation, skill enhancement, supplier partnerships, technology advancement, and responsible operations. By integrating sustainability into its growth strategy and manufacturing practices, the Company remains committed to creating enduring value for customers, employees, suppliers, investors, communities, and society.

in Gujarat Zone

21st November, 2025

Ahmedabad





2

Governance & Ethical Business Practices





Governance Structure & Board Oversight

(GRI 2 | ESRS 2 GOV-1 | BRSR P1)



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

Mr. Rajendra Shah

Chairman & Whole-time Director

At Harsha Engineers International Limited (HEIL), strong governance practices form the foundation of responsible business conduct, operational excellence, and sustainable long-term growth. The Company continues to maintain a structured governance framework that supports transparent decision-making, ethical business practices, effective risk management, and accountability towards stakeholders.

The Board of Directors remains the highest governing body responsible for overseeing the Company's strategic direction, business performance, governance systems, sustainability priorities, and compliance obligations. Supported through Board Committees and management-level oversight mechanisms, the governance framework enables effective supervision of operational, financial, environmental, social, and governance-related matters across the organisation.

As a globally recognised precision engineering company with manufacturing operations across India, China, and Romania, HEIL continues to strengthen governance practices in alignment with applicable regulatory requirements, stakeholder expectations, and evolving sustainability priorities.

The governance structure operates through Board-level oversight, functional leadership accountability, and operational implementation mechanisms that collectively support responsible business management across the Company's manufacturing facilities and value chain.

During 2025–26, HEIL continued to strengthen governance implementation through:

- Enhanced focus on compliance and ethical business conduct
- Continued integration of ESG priorities into operational practices
- Reinforcement of enterprise risk management processes
- Strengthening of internal control mechanisms
- Increased stakeholder engagement and governance transparency
- Continued focus on responsible supply chain practices

The Company remained committed to maintaining high standards of governance, integrity, transparency, and accountability across all business operations.

Board Composition & Leadership Oversight (GRI 2-9, 2-10, 2-11 | ESRS 2 GOV-1 | BRSR P1)

HEIL's Board of Directors comprises Executive and Independent Directors with diversified expertise across manufacturing, engineering, operations, finance, governance, strategy, and business management.

The Board provides strategic guidance and oversight on operational performance, governance effectiveness, risk management, sustainability priorities, and long-term value creation.

The Board periodically reviews:

- Business strategy and operational performance
- Enterprise risk management processes
- Sustainability-related priorities and disclosures
- Regulatory compliance and governance effectiveness
- Internal financial controls and audit observations
- Occupational health, safety, and employee wellbeing
- Responsible sourcing and supply chain practices
- Stakeholder engagement and business continuity matters

Sustainability-related governance matters, including ESG priorities, climate-related considerations, and long-term business resilience, continued to be periodically reviewed through Board-level oversight mechanisms during 2025–26.

The Board continues to uphold high standards of corporate governance through independent oversight and accountable business management.





Board of Directors



Mr. Rajendra Shah
Chairman & Whole-time Director
Executive & Non Independent



Ms. Hetal Naik
Whole-time Director
Executive & Non Independent



Mr. Harish Rangwala
Managing Director
Executive & Non independent



Mr. Ambar Patel
Independent Director
Non-Executive & Independent



Mr. Vishal Rangwala
CEO & Whole-time Director
Executive & Non Independent



Mr. Pilak Shah
COO & Whole-time Director
Executive & Non Independent

Board Composition Snapshot

10	2
Total Board Members	Women Directors
5	6
Independent Directors	Board Committees

The presence of Independent Directors and Women Directors supports balanced governance oversight, diversity of perspectives, and strengthened stakeholder confidence.



Dr. Bhushan Punani
Independent Director
Non-Executive & Independent



Mr. Kunal Shah
Independent Director
Non-Executive & Independent



Mr. Ramakrishnan Kasinathan
Independent Director
Non-Executive & Independent



Ms. Priyanka Agarwal Chopra
Independent Director
Non-Executive & Independent

Board Committees & Governance Responsibilities

The Board is supported through various committees constituted in accordance with applicable regulatory requirements and governance best practices. These committees support effective governance oversight, accountability, compliance management, and risk supervision across business operations.

Audit Committee

The Audit Committee oversees financial reporting integrity, internal control systems, audit effectiveness, compliance management, and risk governance processes.

Key responsibilities include:

- Review of financial reporting processes
- Oversight of internal audit mechanisms
- Review of statutory audit observations
- Monitoring effectiveness of internal financial controls
- Review of compliance and governance mechanisms
- Evaluation of risk management practices





Nomination & Remuneration Committee

The Nomination and Remuneration Committee oversees Board composition, succession planning, leadership development, remuneration structures, and performance evaluation mechanisms.

The Committee supports:

Board diversity and governance effectiveness
Appointment and evaluation of directors and senior management
Leadership continuity & succession planning
Alignment of remuneration practices with organisational objectives

During 2025–26, HEIL continued to strengthen leadership continuity and talent governance practices through structured succession planning, leadership development initiatives, and integration of selected operational and ESG-related performance considerations within broader performance review and governance mechanisms.

Identified high-potential employees participated in capability development programmes focused on leadership readiness, functional competencies, and future organisational responsibilities. Periodic skill assessments and competency reviews supported workforce capability planning and long-term organisational preparedness across operational and functional areas.

Stakeholders Relationship Committee

The Stakeholders Relationship Committee oversees investor communication, shareholder grievance management, and stakeholder engagement mechanisms.

The Committee supports transparent communication processes and timely resolution of stakeholder concerns.

Corporate Social Responsibility (CSR) Committee

The CSR Committee oversees implementation and monitoring of the Company's CSR initiatives in alignment with legal requirements and community development priorities.

The Committee periodically reviews:

CSR strategy and programme implementation
Community development initiatives
CSR expenditure & programme effectiveness
Social impact priorities & outreach initiatives

Risk Management Committee

The Risk Management Committee supports Board oversight on enterprise-wide risk governance, operational resilience, compliance monitoring, and sustainability-related risk management across the organisation.

ESG Steering Committee (Sub Committee)

The ESG Steering Committee continues to support sustainability implementation and ESG coordination across the organisation through cross-functional engagement and monitoring mechanisms.

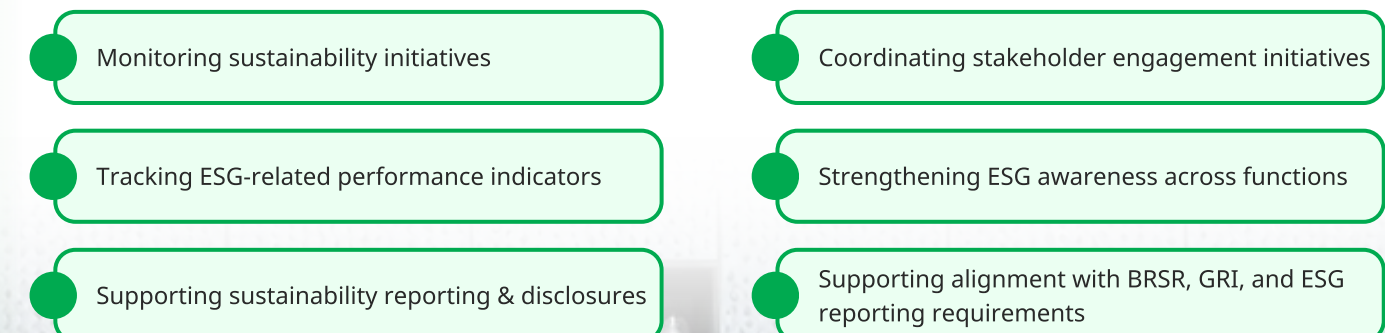
During 2025–26, the ESG Steering Committee continued to strengthen governance oversight on sustainability-related priorities through periodic review mechanisms, cross-functional coordination, and monitoring of ESG performance indicators across operations. Climate-related and resource management considerations continued to form part of broader sustainability governance discussions and operational review processes during the reporting period.

The Committee regularly engages with operational and functional teams to support implementation of sustainability priorities across business operations.

The Committee comprises representatives from



The Committee supports:





Regulatory Compliance

(GRI 2 | ESRS 2 GOV-1 | BRSR P1)

Stakeholders Relationship Committee

HEIL remains committed to complying with applicable laws, regulations, statutory obligations, and governance requirements across all business operations and jurisdictions in which it operates. Compliance with applicable laws and regulations continues to form an integral part of the Company's governance philosophy, ethical business conduct framework, and operational decision-making processes.



The Company maintains a zero-tolerance approach towards unethical behaviour and violations of applicable laws and regulations.



All employees, directors, suppliers, contractors, and business partners are expected to uphold the principles outlined.



The Company's Code of Conduct and governance policies while conducting business responsibly and transparently.



We recognise that strict adherence to laws, regulations, industry standards is fundamental to our business operations and our responsibility to all stakeholders.

HEIL's governance framework supports:

Compliance with applicable laws and regulations
Transparent and accountable decision-making
Ethical and responsible business practices
Independent oversight and governance effectiveness
Responsible risk management and operational resilience

The Company's Code of Conduct further reinforces expectations related to:

Compliance with applicable laws and regulations
Ethical and responsible business conduct
Prevention of conflicts of interest
Fair competition and responsible business practices
Confidentiality, data privacy, and information protection

Governance oversight continues to be strengthened through periodic internal reviews, compliance monitoring mechanisms, internal control processes, and cross-functional coordination across business operations. These governance practices support responsible decision-making, regulatory compliance, operational discipline, and accountability across the organisation.

Cross-functional coordination between compliance, finance, legal, EHS, human resources, and operational teams supports implementation of governance requirements, monitoring of compliance obligations, and strengthening of internal governance practices across operational locations.

During 2025-26, the Company continued to focus on strengthening policy awareness, governance transparency, and compliance effectiveness in alignment with evolving regulatory requirements, stakeholder expectations, and responsible business practices. We view regulatory compliance not as a burden but as an essential part of operating responsibly and building trust with our customers, employees, communities, and governments. By maintaining strong regulatory compliance, we protect our business from legal and financial risks, demonstrate our commitment to ethical and responsible operations, and contribute positively to the societies in which we operate.

Regulatory Compliance & Policy Governance (GRI 2-27)

HEIL remains committed to complying with applicable laws, regulations, standards, and statutory obligations across all business operations and jurisdictions in which it operates. The Company continuously monitors regulatory developments and strengthens governance systems to ensure timely compliance with evolving legal and disclosure requirements.

Key areas of compliance include

- Corporate governance regulations
- Labour and employment laws
- Environmental regulations
- Occupational health and safety requirements
- Financial and taxation regulations
- SEBI and listing requirements
- Data privacy and information security obligations
- ESG disclosure and reporting requirements

Cross-functional coordination between legal, compliance, finance, EHS, and operational teams supports proactive compliance management across the organisation.

During 2025-26, HEIL continued to enhance governance transparency through improved reporting practices, strengthened documentation processes, and increased alignment with global sustainability disclosure frameworks. The Company also continued aligning governance and sustainability practices with evolving disclosure frameworks, responsible business expectations, and broader ESG priorities through strengthened sustainability reporting practices and cross-functional compliance coordination.

By integrating regulatory compliance into our policy governance framework, we create a systematic, transparent approach to managing legal obligations, reducing risks, and operating responsibly. This integrated approach strengthens our organisational integrity, builds confidence with customers and regulators, and supports our vision of being a trusted global precision engineering manufacturer that operates with excellence and accountability.





Policies & Due Diligence

(GRI 2 | GRI 308 | GRI 414 | BRSR P1 | BRSR P5)

HEIL continues to maintain governance policies, workplace standards, and due diligence mechanisms designed to support ethical business conduct, responsible workplace practices, human rights protection, regulatory compliance, and responsible value chain management across operations.

Key governance and ethics policies continued during the reporting period include:

- EHS Policy
- Policy on Child Labour
- Grievance Redressal Policy
- Leave Policy
- Recruitment and Selection Policy
- Conveyance Policy
- Time-office Policy for Corporate Employees
- Whistle Blower Policy
- Mobile Handset and SIM Card Policy
- Workplace Discipline Policy
- Employee Confirmation Policy
- Policy on Forced Labour
- Prevention of Sexual Harassment Policy
- Human Rights and Working conditions Policy
- Policy on Gender Harassment at Workplace
- Non-Retaliation Policy
- Policy on Anti-Harassment
- Harsha's Code of Conduct
- Policy on Anti-Discrimination & Equal Opportunity
- Social Accountability Policy
- Supplier Business Integrity Policy
- Dividend Distribution Policy

These policies are periodically reviewed and strengthened to ensure alignment with evolving regulatory requirements, stakeholder expectations, responsible workplace practices, and governance best practices across the organisation.



Business Ethics & Anti-Corruption

(GRI 2 | GRI 205 | GRI 206 | BRSR P1)

Business Ethics, Integrity & Compliance (GRI 2-15, 2-23, 2-24, 2-26 | GRI 205 | GRI 206)

At Harsha Engineers International Limited (HEIL), ethical business conduct forms the foundation of responsible corporate governance and long-term stakeholder trust. The Company remains committed to maintaining high standards of integrity, transparency, accountability, and ethical business conduct across all operations and stakeholder interactions. We at Harsha Engineers are deeply committed to conducting our business with the highest standards of ethics and integrity. We have established clear policies and governance frameworks that prohibit corruption, bribery, fraud, and any form of unethical business practices across all our operations.

The Company maintains a zero-tolerance approach towards corruption, anti-competitive conduct, unethical behaviour, and violations of applicable laws and regulations. All employees, directors, suppliers, contractors, and business partners are expected to uphold the principles outlined in the Company's Code of Conduct and governance policies.

During 2025-26, HEIL continued to strengthen awareness and implementation of ethical business practices across operational locations through policy communication, leadership engagement, employee sensitisation initiatives, and compliance monitoring mechanisms. We require all employees, suppliers, and business partners to adhere to strict anti-corruption standards and conduct all transactions with transparency and honesty.

Our management and board of directors actively monitor and enforce anti-corruption policies, and we conduct regular audits to identify and address any potential violations. We maintain strict controls over financial transactions, procurement processes, and business dealings to prevent corruption and ensure fair competition. By maintaining strong anti-corruption measures, we protect our reputation, build trust with our stakeholders, and demonstrate our commitment to responsible business conduct in all markets where we operate.

Code of Conduct (GRI 2-23, 2-24, 2-27)

HEIL's Code of Conduct establishes the foundation for ethical business behaviour, professional accountability, regulatory compliance, and responsible decision-making across the organisation. The Code applies to all employees, directors, management personnel, and relevant business associates across operational locations and business functions. We believe that a strong ethics culture starts with a clear Code of Conduct that guides the behavior and decisions of all our employees. We communicate our Code of Conduct clearly to all employees through training, orientation programs, and regular reminders, ensuring that everyone understands what ethical behavior means in practice.

The Code reinforces the Company's commitment to integrity, transparency, fairness, workplace respect, and stakeholder engagement while guiding employees in conducting business in accordance with applicable laws, governance standards, and organisational values.

The Code outlines expectations related to:

- Ethical and responsible business conduct
- Compliance with applicable laws and regulations
- Prevention of conflicts of interest
- Fair competition and responsible business practices
- Confidentiality, data privacy, and information protection
- Workplace respect, diversity, and non-discrimination
- Prevention of corruption, bribery, and unethical conduct
- Responsible engagement with customers, suppliers, and stakeholders
- Reporting of unethical conduct and policy violations

Employees are expected to uphold these principles while performing their professional responsibilities and contributing to a culture of integrity, accountability, and workplace respect across the organisation.





HEIL continued to strengthen awareness regarding the Code of Conduct during 2025–26 through internal communication, policy dissemination, leadership engagement, and employee sensitisation initiatives across operational locations. Our Code of Conduct covers key areas including conflicts of interest, confidentiality, fair dealing with customers and suppliers, protection of company assets, and respect for laws and regulations. By building a strong ethics culture based on our Code of Conduct, we create a workplace where ethical behavior is expected, valued, and practiced by all, strengthening our organisational integrity and reputation.

Ethics Culture & Employee Awareness (GRI 2-23, 2-24, 2-25, 2-26)

HEIL continues to strengthen an organisational culture founded on ethics, integrity, accountability, and responsible workplace behaviour across all operational locations. The Company believes that ethical conduct and compliance awareness are essential for maintaining stakeholder trust, operational discipline, and sustainable business performance.

During 2025–26, HEIL continued to undertake awareness initiatives related to ethical conduct, policy compliance, workplace respect, and governance expectations through internal communication, leadership engagement, policy dissemination, and employee sensitisation initiatives across business functions. We recognize that preventing corruption and maintaining ethical business conduct requires ongoing education and awareness among all our employees.

Our training programs cover topics such as recognizing and avoiding bribery and corruption, understanding conflicts of interest, dealing fairly with customers and suppliers, and following proper authorization and approval procedures. We conduct regular anti-corruption awareness campaigns and communications to keep our employees informed about the importance of ethical conduct and the serious consequences of violations. By maintaining strong employee awareness and providing regular anti-corruption training, we create a well-informed workforce that understands the importance of ethical conduct and actively works to prevent corruption.

The Company also continued to reinforce awareness regarding ethical reporting mechanisms, professional conduct, workplace practices, and compliance expectations as part of its broader commitment to transparent and ethical business operations.

HEIL also continued to promote workplace inclusion and diversity awareness through focused sensitisation initiatives and employee engagement programmes. Awareness initiatives conducted during the reporting period supported greater understanding of inclusion, workplace respect, and equal opportunity principles across operational locations.

Through continued emphasis on ethics awareness and responsible behaviour, HEIL aims to strengthen a workplace culture that supports integrity, accountability, mutual respect, and responsible decision-making across the organisation.

Anti-Corruption & Responsible Business Conduct (GRI 205-1, 205-2, 205-3)

HEIL continues to maintain governance controls and compliance mechanisms aimed at preventing corruption, unethical conduct, financial irregularities, and anti-competitive practices across business operations. The Company's governance systems support transparency and accountability across procurement processes, financial reporting practices, approvals, vendor interactions, and operational decision-making.

During 2025–26, the Company continued to strengthen governance and compliance practices through:

- Internal audit and compliance review mechanisms
- Financial control and monitoring procedures
- Segregation of duties and approval processes
- Ethical procurement and responsible sourcing practices
- Compliance awareness and employee sensitisation initiatives
- Vendor due diligence and governance review practices

The Company also continued to encourage suppliers, contractors, and business partners to align with HEIL's expectations related to ethical conduct, workplace standards, responsible sourcing practices, and regulatory compliance across the value chain. We maintain ethical relationships with all our business partners, including customers, suppliers, and competitors, based on honesty, mutual respect, and fair dealing. We take responsibility for the impact of our business on the environment, our workforce, and society, and we work continuously to minimize negative impacts and maximize positive contributions. We maintain open channels for stakeholders to raise concerns about our business conduct, and we investigate and address any allegations of unethical or irresponsible behavior promptly and fairly.

HEIL remains committed to conducting business with integrity, fairness, transparency, and accountability across operations.

No significant incidents related to corruption or anti-competitive behaviour were reported during the reporting period.

Whistle Blower Mechanism & Grievance Redressal (GRI 2-25, 2-26)

HEIL maintains a formal Whistle Blower Mechanism to encourage employees and stakeholders to report concerns related to unethical conduct, policy violations, fraud, corruption, discrimination, harassment, or any misconduct without fear of retaliation.

The mechanism supports confidential reporting and ensures fair investigation and resolution of reported concerns. Employees and stakeholders can raise concerns through designated reporting channels established by the Company. The mechanism also enables reporting of concerns related to workplace practices, governance matters, compliance obligations, and sustainability-related issues across operations. Our commitment to whistleblower protection and grievance redressal demonstrates that we value integrity, respect our employees and stakeholders, and are committed to creating a workplace where concerns can be raised freely and addressed fairly.

The Whistle Blower framework is designed to:

- Promote a culture of transparency and accountability
- Enable confidential and secure reporting
- Protect whistle blowers against retaliation
- Facilitate independent review and investigation
- Ensure timely and appropriate corrective action
- Strengthen ethical governance practices

All reported concerns are reviewed through established governance procedures and escalated to appropriate authorities wherever necessary.

HEIL maintains structured grievance redressal mechanisms that enable employees to raise concerns through formal channels, including digital platforms, in-person reporting mechanisms, and employee representation processes. During 2025–26, no formal grievances were reported across categories including Health & Safety, Human Resources, Environment, Ethics, or other workplace-related matters.

The Company continued to strengthen employee awareness regarding ethical reporting mechanisms, responsible workplace behaviour, and transparent communication practices across operational locations.

0	0
Number of whistle blower complaints received (2024-25)	Number of whistle blower complaints received (2025-26)
0	0
No. of complaints reported on corruption & bribery (2024-25)	No. of complaints reported on corruption & bribery (2025-26)





Risk Management & Internal Controls

(GRI 2-12, 2-13 | ESRS 2 GOV-1)

HEIL continues to strengthen its Enterprise Risk Management (ERM) framework and internal control systems to support operational resilience, responsible decision-making, governance effectiveness, and sustainable long-term business growth. The Company's risk governance approach enables identification, assessment, monitoring, and mitigation of strategic, operational, financial, regulatory, environmental, social, and sustainability-related risks across business operations and the value chain.

The Board of Directors continues to provide strategic oversight on governance effectiveness, enterprise risk management, sustainability priorities, internal controls, and long-term value creation. Supported through Board Committees and management-level implementation mechanisms, the governance framework enables effective supervision of operational, financial, environmental, social, and governance-related matters across the organisation.

The Board continues to uphold high standards of corporate governance through transparent leadership, independent oversight, and responsible business management.

The Board periodically reviews:

Business strategy and operational performance

Internal financial controls and audit observations

Enterprise risk management processes

Occupational health, safety, and employee wellbeing

Sustainability-related priorities and disclosures

Responsible sourcing and supply chain practices

Regulatory compliance and governance effectiveness

Stakeholder engagement and business continuity matters

Risk Management Committee (GRI 2-12, 2-13 | ESRS 2 GOV-1 | BRSR P1)

The Risk Management Committee supports enterprise-wide identification, assessment, monitoring, and mitigation of strategic, operational, financial, environmental, and regulatory risks across the organisation. The Committee plays an important role in strengthening operational resilience, governance oversight, and proactive risk mitigation practices across HEIL's manufacturing operations and business functions.

The Committee periodically reviews:

- Operational and strategic risks
- Supply chain and procurement risks
- Compliance and regulatory risks
- Cybersecurity and information-related risks
- Business continuity preparedness
- Sustainability-related risk considerations

HEIL also continues to strengthen internal control mechanisms through periodic internal reviews, internal audits, management assessments, financial control procedures, and governance monitoring practices aimed at improving accountability, operational discipline, and governance effectiveness across operational locations.

By maintaining a strong Risk Management Committee and embedding risk awareness throughout our organisation, we create a proactive approach to managing uncertainties and protecting the interests of all our stakeholders. This disciplined approach to risk management strengthens our operational resilience and supports our vision of sustainable growth and excellence at Harsha Engineers.

Governance & Sustainability Integration (GRI 2-12, 2-13)

HEIL continues to integrate sustainability considerations into governance, operational planning, enterprise risk management, and stakeholder engagement processes. Environmental, social, and governance (ESG) priorities are increasingly being incorporated into broader business decision-making, operational resilience planning, and long-term organisational strategy.

We at Harsha Engineers believe that strong governance and sustainable business practices are interconnected and essential to our long-term success and responsibility to our stakeholders. We have integrated sustainability considerations into our governance framework, ensuring that environmental, social, and economic impacts are evaluated in all major business decisions and strategic planning. Our board of directors and management team provide oversight of sustainability initiatives and regularly monitor our progress toward environmental and social goals. We align our sustainability efforts with our core business strategy to create shared value for our organisation.

The Company continues to strengthen alignment between governance practices, sustainability priorities, and operational performance through enhanced focus on:

- Sustainability-related risk and opportunity assessment
- Long-term business resilience and continuity planning
- Responsible operational and supply chain practices
- ESG integration into governance and business planning processes
- Stakeholder-focused and sustainable value creation

Through continued strengthening of governance oversight, risk management systems, and internal control mechanisms, HEIL remains committed to improving operational reliability and supporting responsible and sustainable business growth across global operations.

By integrating governance and sustainability, we demonstrate our commitment to building a resilient business that operates responsibly, creates positive environmental and social impact, and delivers long-term value to all our stakeholders. This integrated approach reflects our vision of being a global leader in precision engineering while contributing to a more sustainable future.



Data Privacy, Cybersecurity & Information Governance

(GRI 418 | ESRS GOV-4, S4-2)

At Harsha Engineers International Limited (HEIL), information security, data privacy, and responsible digital governance continue to form an important part of operational resilience, stakeholder trust, and business continuity. As digitalisation and technology integration expand across manufacturing operations and business functions, the Company remains focused on strengthening systems, governance mechanisms, and employee awareness related to protection of operational and business-critical information.

HEIL recognises that information and digital systems are important organisational assets that require structured governance, operational discipline, and continuous monitoring. The Company therefore continues to strengthen information governance practices aimed at supporting confidentiality, integrity, availability, and responsible handling of information assets across operations.

Digital Trust, Defined by Governance (GRI 418-1)

HEIL continues to maintain governance frameworks, operational controls, and oversight mechanisms designed to support secure handling of information and responsible digital practices across operational locations.

The Company maintains systems and controls designed to support:

- Data confidentiality and integrity
- Secure IT infrastructure management
- Controlled access mechanisms
- Information security awareness
- Business continuity preparedness
- Protection of operational and customer information

Governance oversight on information security and digital governance is supported through enterprise risk management processes, internal control mechanisms, and cross-functional coordination involving IT, compliance, operations, finance, and management teams.

Periodic monitoring and governance reviews support implementation of information governance practices across operational and corporate functions.

Cybersecurity in Action: Strengthening Operational Resilience (GRI 418-1)

HEIL continues to strengthen cybersecurity preparedness through preventive controls, monitoring practices, secure access systems, and awareness initiatives aimed at reducing information security risks and supporting operational continuity. By implementing strong data privacy and cybersecurity measures, we demonstrate our commitment to protecting the information entrusted to us and maintaining the confidence of our customers, suppliers, and business partners worldwide.

The Company maintains a structured approach towards information security management through operational controls, access management practices, internal monitoring mechanisms, and responsible digital governance measures.



In an increasingly digital world, safeguarding information is not just a responsibility—it is the foundation of trust, resilience, and sustainable business success.

Key Safeguards Implemented



Controlled Access Management:

Access to systems and operational information is managed through role-based access protocols and authorisation controls aligned with business responsibilities.



Secure IT Infrastructure:

Internal systems and operational networks are supported through controlled infrastructure management and monitoring practices.



Information Protection Controls:

Governance mechanisms support protection, confidentiality, and responsible handling of operational and business-critical information.



Periodic Monitoring & Internal Controls:

Monitoring mechanisms and internal control processes support identification, review, and mitigation of information-related risks.



Business Continuity Preparedness:

Operational controls and continuity measures support resilience of critical business operations and information systems.



Information Security Awareness:

Employee awareness initiatives and internal communication programmes continue to strengthen understanding of cybersecurity risks and responsible digital practices.





Empowering People, Protecting Information

HEIL believes that employee awareness and responsible workplace behaviour play an important role in strengthening cybersecurity resilience and information governance practices across operations.

During 2025–26, the Company continued to strengthen awareness regarding:

- Responsible handling of operational and business information
- Confidentiality & data protection expectations
- Secure usage of digital systems and communication platforms
- Cybersecurity awareness and responsible digital practices
- Reporting of potential information security concerns and cyber risks

Awareness initiatives conducted during the reporting period supported improved understanding of information governance expectations, digital responsibility, and operational accountability across business functions and operational locations.

Fostering a Data-Aware Culture (GRI 418-1)

- HEIL continues to strengthen information governance practices in alignment with evolving operational requirements, stakeholder expectations, and responsible business practices.
- The Company remains focused on improving governance oversight, cybersecurity preparedness, operational discipline, and protection of digital information assets across operations.
- Periodic reviews, governance monitoring mechanisms, internal controls, and cross-functional coordination support continuous improvement in information governance and cybersecurity practices across the organisation.
- Our training programs cover practical topics such as secure file handling, password management, protecting customer and business information, and recognizing social engineering attempts.
- We celebrate and recognize employees who demonstrate strong security practices and contribute to our information protection efforts.
- By creating a workplace where data security is everyone's responsibility, we build multiple layers of protection that go beyond technology systems.

Transparency, Incident Preparedness & Governance (GRI 418-1)

- The Company continues to maintain governance and monitoring mechanisms designed to support timely response, operational continuity, and responsible management of information security risks across operations.
- We at Harsha Engineers are committed to transparency in how we handle data security incidents and maintain accountability in our information governance practices.
- By maintaining transparency about our security practices and being prepared for potential incidents, we demonstrate our commitment to responsible information governance and our dedication to protecting the interests of all our stakeholders.
- At Harsha Engineers, we view information security not as a burden but as an essential part of our commitment to operating with integrity, building trust, and ensuring the long-term success of our business.
- During 2025–26, no significant incidents related to:
 - Data privacy breaches
 - Cybersecurity incidents
 - Regulatory actions related to information security
 - Significant operational information loss

Data Privacy & Cybersecurity Indicators

Indicator	2024-25	2025-26
Number of data privacy complaints received	0	0
Number of cybersecurity incidents reported	0	0
Complaints to regulatory authorities related to data privacy	0	0
Significant data breaches reported	0	0





Stakeholder Engagement & Governance Transparency

(GRI 2-29)

HEIL believes that transparent stakeholder engagement is fundamental to responsible governance and long-term business sustainability. The Company engages with key stakeholders through structured communication channels to understand expectations, address concerns, and strengthen trust. We at Harsha Engineers are committed to maintaining open, honest communication with all our stakeholders and operating with complete transparency in our governance practices.

Stakeholder engagement mechanisms include:

Investor and shareholder interactions
Employee engagement forums
Customer discussions & feedback processes
Supplier interactions and assessments
Community engagement initiatives
ESG consultations & sustainability discussions
Regulatory and compliance communications
Grievance and feedback mechanisms

During 2025–26, HEIL continued to strengthen employee engagement and workplace communication through structured interaction platforms, departmental initiatives, employee dialogue forums, and town hall interactions that encouraged transparent communication, employee participation, and stronger alignment across business functions and operational teams.

Inputs gathered through stakeholder interactions, including employee engagement, supplier discussions, investor communication, customer engagement, and sustainability consultations, continued to contribute to governance review processes, materiality assessments, sustainability prioritisation, and broader organisational decision-making.

We engage regularly with our employees through town halls, team meetings, and feedback mechanisms to ensure they are informed about Company initiatives and have a voice in our organisation.

We work closely with our suppliers and customers to maintain ethical business practices and ensure mutual respect and fairness in all business relationships. Through our whistleblowing system and grievance mechanisms, we provide safe channels for stakeholders to report concerns and raise issues without fear of retaliation.



Governance Priorities for 2026–27

As HEIL continues its sustainability journey, the Company remains focused on further strengthening governance systems and ethical business practices across operations and the value chain.

Key governance priorities moving forward include:

- Strengthening ESG governance integration across business functions
- Enhancing sustainability data governance and disclosure quality
- Advancing climate-related governance and risk oversight
- Increasing responsible supply chain engagement
- Expanding ethics and compliance awareness initiatives
- Strengthening governance transparency and stakeholder communication
- Enhancing digital governance and cybersecurity preparedness
- Supporting continuous improvement in internal controls and risk management systems
- Continued alignment of climate governance and emissions reduction initiatives with globally recognised sustainability frameworks and target-setting approaches

Through a governance-led approach to sustainability, HEIL remains committed to responsible manufacturing, transparent operations, and ethical business conduct while creating sustainable long-term value for all stakeholders.

CDP and Ratings

Measuring What Matters : At Harsha Engineers International Limited (HEIL), we believe that progress is best validated through independent and credible assessments that reflect our commitment to responsible business practices, governance transparency, sustainability performance, and operational resilience. External assessments, customer evaluations, and disclosure platforms continue to support benchmarking, performance improvement, and stakeholder confidence across global operations and value chains.

Importance of External Assessments

HEIL continues to participate in external disclosure and assessment mechanisms to strengthen transparency, accountability, and continuous improvement across sustainability and governance practices. These assessments support:

- Alignment with evolving ESG frameworks and responsible business expectations
- Enhanced stakeholder confidence and transparency across global value chains
- Identification of improvement opportunities across governance and sustainability performance
- Strengthening of sustainability disclosures and reporting practices
- Benchmarking against industry standards and customer expectations





Environmental Responsibility





Environmental Management Systems, Certifications & Disclosures

(GRI 3-3 | ESRS 2 MDR-A | BRSR P6)

HEIL's Environmental Management Approach is structured to ensure systematic identification, monitoring, and management of environmental aspects across its manufacturing operations. The framework is designed to ensure compliance with applicable statutory and regulatory requirements while driving continuous improvement in environmental performance.

The Company's environmental management systems are aligned with internationally recognised reporting and management frameworks, including BRSR, GRI Standards, and ESRS, supporting consistent environmental governance, monitoring, and disclosure practices across all facilities.

The EMS framework is designed to systematically identify, assess, and manage environmental aspects associated with operations, while ensuring compliance with applicable regulatory requirements and alignment with global sustainability expectations. Environmental considerations are proactively incorporated into planning, procurement, production, and maintenance activities, ensuring that impacts are minimized at every stage.

The system promotes accountability across all levels of the organisation and emphasizes employee awareness, operational discipline, and risk mitigation. Continuous monitoring, periodic internal reviews, and management oversight ensure that environmental performance remains aligned with corporate commitments and evolving stakeholder expectations.

Our environmental management approach is integrated into our daily manufacturing operations, ensuring that environmental considerations are evaluated in how we run our facilities, manage our resources, and engage with our local communities. We maintain transparent environmental disclosures through our Annual Sustainability Report, Business Responsibility and Sustainability Report, and our participation in the Carbon Disclosure Project, enabling our stakeholders to understand our environmental performance.

Through our commitment to strong environmental management systems, credible certifications, and transparent disclosures, we demonstrate our conviction that environmental stewardship and manufacturing success are compatible and create long-term value for all our stakeholders and local communities.

ISO 14001 Environmental Management System (GRI 2-23, GRI 2-24)

HEIL's manufacturing operations are certified under ISO 14001 Environmental Management System, which provides a structured framework for managing environmental aspects and associated impacts. Through our ISO 14001 system, we have implemented clear processes for setting environmental objectives tailored to our manufacturing operations, allocating resources to support our environmental initiatives, establishing responsibility and accountability among our facility teams, and monitoring progress toward our environmental goals.

Our environmental objectives and targets cover key areas such as reducing energy consumption in our manufacturing equipment, minimizing waste generation from our production lines, decreasing water usage in our facility operations, controlling emissions from our manufacturing processes, and preventing pollution in our local community.

We communicate our environmental commitments and performance to all employees through training, awareness programs, and regular updates, ensuring everyone understands their role in achieving our environmental objectives.

We view our ISO 14001 certification not as a compliance checkbox but as a fundamental commitment to integrating environmental stewardship into how we manufacture precision bearing cages and stamped components.

Our environmental management system helps us identify opportunities to reduce operational costs through energy efficiency and waste reduction in our manufacturing processes, while simultaneously reducing our environmental footprint and contributing to climate change mitigation in our local region.

We regularly review and update our environmental management system to ensure it remains relevant and effective in addressing environmental challenges specific to our operations and in meeting evolving stakeholder and regulatory expectations.

Through our ISO 14001 certification, we demonstrate that environmental management is a core value at Harsha Engineers and that we are committed to continuous progress toward greater environmental sustainability in all aspects of our manufacturing operations.





ISO 14001 certification supports standardised environmental management practices = And the system ensures:

- Compliance with applicable environmental laws and statutory requirements
- Identification and control of significant environmental aspects and impacts
- Implementation of operational controls for environmental risk mitigation
- Periodic internal audits and management review processes
- Continuous improvement in environmental performance

Environmental Governance and Continuous Improvement (GRI 2-23, 2-24)

HEIL’s environmental management approach is supported by integrated governance systems covering compliance management, operational monitoring, and sustainability reporting. The Company continues to strengthen environmental controls through structured systems, periodic reviews, and cross-functional coordination.

This integrated framework ensures compliance with statutory requirements while supporting continuous improvement in environmental and energy performance across all manufacturing operations.

We believe that effective environmental management requires strong governance structures that ensure accountability for our operations, establish clear responsibilities for environmental management, and enable informed decision-making on environmental matters affecting our manufacturing.

We are committed to the principle of continuous improvement in our environmental performance and sustainability practices. We recognize that environmental challenges affecting our manufacturing operations are constantly evolving, new technologies and best practices for manufacturing facilities are continually emerging, and our stakeholders' expectations for environmental responsibility are continuously rising.

Therefore, we have embedded continuous improvement into the culture of our facility operations and our environmental management systems, creating a disciplined approach to identifying opportunities for improvement in our manufacturing, implementing changes to our facility operations, and measuring progress toward greater environmental sustainability.

ISO 50001 Energy Management System (Ongoing Implementation) (GRI 302-1 | GRI 302-4)

HEIL is in the process of implementing the ISO 50001 Energy Management System, aimed at strengthening structured energy management practices across manufacturing operations. While we are currently in the implementation phase and working toward certification, we have already begun systematically managing energy consumption across our manufacturing operations. We recognize that effective energy management requires sustained commitment, investment in manufacturing equipment and facility technology, and continuous monitoring and improvement of our energy use patterns.

The initiative focuses on:

- Monitoring and tracking of energy consumption
- Identification of energy efficiency improvement opportunities
- Reduction in energy intensity across operations
- Strengthening energy performance management systems
- Supporting long-term energy optimisation and decarbonisation efforts

The ongoing implementation reflects the Company's focus on improving energy efficiency and operational sustainability. Our energy management efforts contribute to our broader sustainability objectives including reducing greenhouse gas emissions from our operations, lowering operational costs, enhancing our competitiveness in precision manufacturing, and meeting customer and investor expectations for environmental responsibility

CDP Participation (GRI 305-1, 305-2, 305-5)

HEIL participates in the Carbon Disclosure Project (CDP) to strengthen its climate-related disclosures and improve transparency in environmental performance reporting. We are committed to transparency in our climate and environmental performance and actively participate in the Carbon Disclosure Project (CDP) to communicate our environmental efforts and progress to global stakeholders.

Our CDP participation allows us to benchmark our environmental performance against other manufacturers in our industry and to identify areas where we can improve our climate performance. The feedback and insights from CDP provide valuable guidance for strengthening our climate strategy and environmental management practices.

Through CDP participation, the Company:

- Reports greenhouse gas emissions across Scope 1, Scope 2, and Scope 3 categories
- Strengthens climate risk and opportunity assessment processes
- Enhances data transparency and governance systems
- Aligns disclosures with global reporting expectations
- Supports structured decarbonisation planning and target setting

CDP engagement reinforces HEIL’s commitment to structured climate disclosure and continuous improvement in environmental reporting practices. We view our CDP engagement as part of our commitment to contributing to global climate change mitigation efforts and demonstrating that responsible climate management at our operations is compatible with manufacturing success.

Through our transparent climate disclosure via CDP, we reinforce our position as a forward-thinking, environmentally responsible manufacturer committed to building a sustainable manufacturing business and contributing to a low-carbon future.





Environmental Compliance & Sustainability Reporting

(GRI 307 | ESRS E2 | BRSR P6)

Scope 2

neutrality by December-2030

In line with the goals of the Paris Agreement and global best practices in corporate climate action. To support this transition, we have committed to generating 100% of our electricity from renewable sources by December-2030.

Net Zero

by December-2050

We are proud to share that we have already achieved 65% of renewable electricity usage which is demonstrating that our transition is well underway and progressing meaningfully.

At Harsha Engineers International Limited, we place environmental responsibility at the heart of everything we do. Our approach to sustainability is built on strong governance, clear long-term targets, and a deep commitment to transparency and compliance. We oversee our environmental stewardship through a dedicated Environmental, Social and Governance (ESG) Steering Committee, which ensures that sustainability principles are embedded across all levels of our organisation and operations.

We are firmly committed to transitioning towards a low-carbon future. Our climate strategy is guided by science, aligned with global frameworks, and anchored to clear, time-bound milestones.

As part of our commitment to science-aligned climate action, we have successfully registered with the Science Based Targets initiative (SBTi). Our application has been approved, and we are on track to submit our detailed target information by September 2026. This registration reflects our dedication to setting emissions reduction targets that are grounded in climate science and consistent with limiting global warming to 1.5°C above pre-industrial levels.

HEIL maintains a structured environmental compliance system to ensure adherence to all applicable statutory and regulatory requirements governing water resource management, wastewater handling, and waste management practices across its manufacturing operations. The Company's environmental performance is systematically monitored, controlled, and reported in alignment with applicable consent conditions and regulatory frameworks.

Collectively, our multi-framework reporting approach reflects our commitment to operating as a responsible, transparent, and future-ready organisation — one that not only meets its current regulatory obligations but actively prepares for the disclosure expectations of tomorrow.

Water Resource Management and Compliance Reporting (GRI 303-1, 303-5)

We recognize water as a critical shared resource, and we manage it with the same level of care and accountability that we apply to our energy and emissions strategies. No liquid effluent is discharged into the surrounding environment. Our treated wastewater is put to productive use across multiple applications within our plants, including toilet flushing, solar panel cleaning, cooling tower operations, and the maintenance of our green spaces, gardens, and plantation areas. This closed-loop approach to water management reflects our commitment to resource efficiency and environmental protection.

- This closed-loop approach to water management is not only a reflection of our environmental values but also a demonstration of our strict adherence to our environmental consent conditions and all applicable regulatory requirements.
- By eliminating the discharge of treated wastewater entirely, we protect local ecosystems, preserve the quality of surrounding water bodies, and contribute meaningfully to the responsible stewardship of shared water resources.



HEIL manages water consumption in compliance with statutory approvals, regulatory permissions, and environmental consent conditions issued by competent authorities.

Water usage across manufacturing facilities is continuously monitored to ensure responsible consumption and regulatory adherence.

Hazardous Waste Management and Compliance Reporting (GRI 306-1, 306-2)

We recognize that effective hazardous waste management is a critical responsibility in our manufacturing operations. We have implemented comprehensive hazard waste management practices across our facilities in compliance with Indian hazardous waste management rules and regulations. Our approach prioritizes waste minimisation at the source through process optimisation and improved manufacturing practices to reduce the volume of hazardous waste generated from our operations.

- All hazardous waste generated at our facilities undergoes recycling and co-processing rather than being sent to landfills, ensuring that valuable materials are recovered and reused while minimizing environmental impact.
- We are committed to maintaining complete transparency and compliance in our hazardous waste management through comprehensive reporting to relevant regulatory authorities. Through rigorous hazardous waste management and transparent compliance reporting.
- We demonstrate to our regulatory authorities, customers, investors, and communities that we manage the environmental impacts of our manufacturing operations responsibly and are committed to protecting the local environment while maintaining operational excellence.
- Our hazardous waste management practices are aligned with globally recognised sustainability and reporting frameworks.





Sustainability Reporting and Regulatory Alignment (GRI 2-14, 307-1, 303-1, 306-2)

At Harsha Engineers International Limited, we believe that transparency, accountability, and robust disclosure are fundamental to building lasting trust with our stakeholders — including investors, regulators, customers, and the communities in which we operate. Our approach to sustainability reporting is structured, principled, and aligned with both national regulatory requirements and a comprehensive suite of internationally recognised frameworks, ensuring that our disclosures are thorough, credible, and decision-useful across all stakeholder audiences.

Our sustainability disclosures are firmly structured around the National Guidelines on Responsible Business Conduct (NGRBC), which form the governing foundation of our Business Responsibility and Sustainability Report (BRSR). Our sustainability reporting is further aligned with the Global Reporting Initiative (GRI) Standards, the world's most widely adopted framework for sustainability disclosure.

By reporting in accordance with GRI Standards, we ensure that our environmental, social, and governance performance data is structured, comparable, and accessible to a global audience of investors, customers, and sustainability-focused stakeholders.

In recognition of the growing importance of European sustainability regulation and its implications for global supply chains, we have proactively aligned our reporting with the European Sustainability Reporting Standards (ESRS) and the Corporate Sustainability Reporting Directive (CSRD).

The CSRD represents one of the most significant advances in mandatory sustainability disclosure regulation globally, requiring companies to report on a wide range of environmental, social, and governance matters under the principle of double materiality — capturing both the impact of sustainability issues on the business and the impact of the business on people and the planet.

Beyond our reporting frameworks, we have proactively adopted a range of international environmental standards and regulatory mechanisms to align with global decarbonisation requirements and client expectations.

While a full Life Cycle Assessment (LCA) is currently in progress, we calculate our Product Carbon Footprint (PCF) in alignment with ISO 14040:2006 and ISO 14044:2006 — internationally recognised standards for life cycle inventory analysis and environmental impact assessment.

These calculations provide a scientifically grounded basis for understanding and communicating the carbon impact of our products across their full value chain. We have also initiated carbon footprint reporting aligned with the Carbon Border Adjustment Mechanism (CBAM), the European Union's regulatory instrument designed to apply a fair carbon price on imports from carbon-intensive sectors.

Our overarching decarbonisation ambitions are anchored by our successful registration and approval with the Science Based Targets initiative (SBTi). This recognition confirms that our climate targets are grounded in the latest climate science and fully consistent with limiting global warming to 1.5°C above pre-industrial levels, in line with the Paris Agreement.

We are on track to submit our detailed target models and decarbonisation pathways to SBTi by September 2026, further strengthening the scientific credibility and transparency of our long-term climate commitments. By integrating these frameworks into a unified and coherent reporting architecture.

we ensure that our sustainability story is told with clarity, consistency, and confidence — across every stakeholder audience, every reporting jurisdiction, and every dimension of our environmental, social, and governance performance.

Commitment to Environmental Compliance & Continuous Improvement (GRI 307-1)

At Harsha Engineers International Limited, environmental governance is not a peripheral function — it is a board-level priority embedded at the very core of our organisational leadership and decision-making. We firmly believe that meaningful and lasting environmental progress begins with strong, accountable, and proactive governance, and this belief is reflected in the structures, systems, and commitments that guide our environmental management across all our operations.

Our governance framework is supported by two dedicated oversight bodies — the Enterprise Risk Management (ERM) Committee and the ESG Steering Committee — both of which play a central role in proactively overseeing our environmental performance, identifying and mitigating environmental risks, and ensuring strict adherence to all applicable statutory and regulatory requirements.

Our commitment to continuous environmental improvement is backed by ongoing capital expenditure (Capex) in environmentally friendly technologies and process optimisations. We consistently invest in innovations and upgrades that reduce our environmental footprint, improve our energy and resource efficiency, and support our broader decarbonisation objectives.

Across all these efforts — from board-level governance and regulatory compliance to capital investment in clean technologies and process innovation — what unites us is a shared and deeply held commitment to environmental excellence.

We view every regulatory requirement as an opportunity to go beyond the minimum, every technology investment as a step towards a cleaner future, and every governance decision as a reflection of our values as a responsible corporate citizen.

HEIL remains committed to maintaining full compliance with applicable environmental regulations and continuously strengthening its environmental management systems.

The Company continues to enhance monitoring mechanisms, operational controls, and reporting systems to ensure sustained compliance, improved resource efficiency, and environmentally responsible operations across all facilities.

We believe that true sustainability extends beyond our own operations and into the broader value chain. We are committed to building a supply chain that reflects our environmental values and supports our long-term sustainability ambitions.

Our Supplier Business Integrity Policy and Supplier Code of Conduct set clear expectations for all our suppliers. We require them to actively monitor their use of hazardous chemicals and maintain certifications under internationally recognised frameworks, including REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) and RoHS (Restriction of Hazardous Substances).

These standards ensure that our supply chain operates with the same level of environmental responsibility that we uphold within our own facilities. We view sustainability not as a compliance obligation but as a strategic imperative and a reflection of our values.

We will continue to invest in clean energy, advance our decarbonisation roadmap, strengthen our supply chain sustainability, and engage our stakeholders in building a more resilient, responsible, and sustainable future — together.





Integrated Climate & Energy Management, Decarbonisation Strategy

(GRI 302 | GRI 305 | ESRS E1 | BRSR P2 | BRSR P6)

At Harsha Engineers International Ltd., climate stewardship is being integrated into the core of precision manufacturing through renewable energy transition, operational efficiency, and low-carbon industrial innovation across our Changodar and Moraiya facilities.

Guided by our sustainability theme, “Redefining Manufacturing for a Sustainable Future,” HEIL continues strengthening its decarbonisation pathway through investments in solar energy, process electrification, lean manufacturing, and value chain climate integration.

UN SDG Alignment :



Climate Change and Water Security (GRI 305-1, 305-2, 305-5)

At Harsha Engineers International Limited, we firmly believe that sustainability is not just a responsibility but a core driver of our long-term success as a leading global precision engineering Company. Specializing in high-quality bearing cages and stamped components, we serve diverse industries including automotive, renewable energy, and industrial applications. Our commitment to environmental stewardship is deeply embedded in our operations, guided by our comprehensive ESG Policy and EHS Policy (which covers Environment Sections as well) which integrates global best practices with local and national realities in India.

These policies underscore our dedication to minimizing our environmental footprint while delivering precision-engineered solutions that support a more sustainable world.

Our active participation in the Carbon Disclosure Project (CDP) demonstrates our transparency and proactive approach to managing climate-related risks and opportunities. We align our efforts with the United Nations Sustainable Development Goals (UN SDGs). These align seamlessly with India's national priorities, including the National Action Plan on Climate Change, Perform-Achieve-Trade (PAT) scheme for energy efficiency, and policies promoting renewable energy and water conservation under the Ministry of Environment, Forest and Climate Change. We are pleased to share significant progress in our CDP disclosures. Our Climate Change score has improved from C to B, reflecting enhanced governance structures, more robust risk and opportunity assessments, ambitious target-setting and tangible emission reduction initiatives across our facilities. For the first time last year, we applied for the Water Security module and proudly achieved a B score.

These improvements are the result of collective efforts by our teams — from leadership commitment to on-ground implementation — including better data management systems, increased renewable energy integration, process optimisations, and stakeholder engagement.

Our ESG Policy has played a pivotal role by providing a clear framework for decision-making that prioritizes low-carbon technologies, resource efficiency, and climate resilience. Every improvement in scoring motivates us to raise the bar further, ensuring that our manufacturing excellence in bearing cages and stamped components goes hand-in-hand with environmental excellence.

We believe that sustainable business practices are not merely corporate obligations but fundamental responsibilities toward our planet and future generations. As a precision engineering company committed to manufacturing excellence, we recognize that our operational footprint carries significant environmental implications.

This is why we have embedded sustainability into the very fabric of our organisational strategy, governance, and day-to-day operations. Our journey toward environmental stewardship is guided by globally recognised frameworks, stringent regulatory compliance, and an unwavering commitment to reducing our environmental impact while creating shared value for all our stakeholders.

Our climate action strategy reflects our dedication to transparent, science-based emissions management and continuous improvement. In our recent disclosure to the Carbon Disclosure Project (CDP), we demonstrated significant progress in our climate performance. We are proud to report that our climate change score improved from C to B, marking substantial advancement in our climate governance, risk management, and emissions reduction initiatives.

Climate Change GHG Emissions Management and Scopes

Transparency in greenhouse gas (GHG) accounting forms the foundation of our climate strategy. We calculate and report our emissions in full alignment with the internationally recognised GHG Protocol Corporate Standard and ISO 14064 standards for GHG quantification and reporting. This ensures our data is accurate, verifiable, and comparable, building trust with investors, customers, regulators, and communities.





Scope 1 (Direct Emissions)

These arise from sources we own or control. These are greenhouse gas emissions directly generated from sources we own or control within our operational facilities.

- Key contributors include diesel consumed in DG sets for backup power, forklifts used in material handling, and our owned vehicle fleet.
- They are primarily originating from the combustion of fossil fuels in our diesel generator (DG) sets, which provide backup power to ensure uninterrupted manufacturing operations.
- Additionally, we track emissions from our diesel-powered forklifts used in material handling and logistics within our manufacturing facilities, as well as from our fleet of diesel-owned vehicles used for business purposes.
- We also account for Piped Natural Gas (PNG) used in our Foundry operations and the SRB Division.





Scope 2 (Indirect Emissions from Purchased Energy)

These arise from sources we own or control. These are greenhouse gas emissions directly generated from sources we own or control within our operational facilities.

- This emission arises from our consumption of purchased electricity from the grid to power our manufacturing facilities, offices, and support functions.
- We meticulously track our grid electricity consumption and calculate the associated emissions using appropriate emission factors.
- Importantly, we also account for and recognize the allocation of renewable electricity utilised through our own renewable energy projects. Our renewable energy figures reflect the electricity utilised directly from our own renewable installation.
- This accounting approach reflects our commitment to transition toward cleaner energy sources and quantifies the real impact of our renewable energy investments in reducing our overall carbon footprint.





Scope 3 (Value Chain Emissions)

These arise from sources we own or control. These are greenhouse gas emissions directly generated from sources we own or control within our operational facilities. These are arguably the most complex and far-reaching emissions, encompassing all indirect emissions occurring in our upstream and downstream value chain beyond our direct control.

As a responsible manufacturer with a global supply chain, we address all 15 categories of the GHG Protocol where applicable. Our Scope 3 inventory includes all 15 applicable categories outlined in the GHG Protocol, a comprehensive framework that ensures nothing is overlooked. These include emissions from the extraction and transportation of raw materials (upstream), waste generated through our operations, upstream and downstream transportation of our products and materials, business travel, employee commuting, and other indirect activities.

In our ASR and BRSR disclosures, we currently report the three applicable Scope 3 categories, namely waste generated through operations, upstream transportation, and downstream transportation, as disclosure of all Scope 3 categories is not mandatory under these reporting frameworks. We systematically calculate and disclose all applicable categories based on our operational context and the relevance to our business model.

- However, for CDP disclosures and specific customer requirements, we disclose all relevant and applicable Scope 3 categories. Going forward, we are further strengthening our disclosures by expanding the coverage of applicable categories, including alignment with SBTi requirements and evolving stakeholder expectations means whenever our customers demand transparency into the full scope of our emissions, we proactively disclose all applicable Scope 3 categories to them.
- All applicable Scope 3 categories are systematically identified, assessed, and calculated using the relevant methodologies and available operational data.
- We disclose only 3 categories in our ASR and BRSR. But we calculate all applicable categories and all of them on the global platform, in our CDP (Climate Change and Water Security) application, and to our customers. We are also applying to SBTi for near-term and net-zero targets. By September 2026, we will upload all calculated and applicable categories to SBTi. Once SBTi validates our targets, we will share full Scope 3 GHG emission details in our BRSR and ASR the following upcoming years.





Strong Linkage Between Climate Change and Water Security

Climate change and water security are fundamentally interconnected challenges. Rising global temperatures are altering precipitation patterns, intensifying drought conditions in some regions while increasing the frequency of extreme rainfall events in others. These changes have the potential to impact water availability and create material risks for manufacturing operations dependent on reliable water supplies.

Groundwater resources, which may serve as an important source during periods of erratic rainfall, are increasingly vulnerable to depletion if not managed responsibly. HEIL therefore recognises water security not only as an environmental imperative but also as a critical business resilience consideration, particularly within water-stressed regions of India.

The Company's climate and water strategies are closely aligned. By reducing greenhouse gas emissions through renewable electricity adoption, energy efficiency initiatives, and operational improvements, HEIL also contributes to reducing pressure on water resources. Renewable electricity usage, requires significantly lower water consumption compared to conventional thermal power generation. Similarly, improvements in operational efficiency reduce overall energy demand and the associated water consumption linked to power generation.

This integrated approach supports operational resilience, protects local ecosystems and communities, and reinforces the Company's broader sustainability vision. HEIL believes that environmental challenges are interconnected and therefore require integrated, long-term solutions rather than isolated interventions.

Verification and Assurance

Scope 1, Scope 2, and Scope 3 emissions data for 2025-26 have been independently verified by a third party under AA1000AS assurance standards, ensuring completeness, accuracy, and reliability of the Company's greenhouse gas inventory and climate disclosures.

Risk Management section (GRI 305-5, 2-12)

At Harsha Engineers International Limited, we approach risk management as a strategic and proactive discipline — one that is deeply integrated into our governance structures, operational processes, and long-term business planning. Our risk management framework is governed by two dedicated oversight bodies — the Enterprise Risk Management (ERM) Steering Committee and the ESG Steering Committee — both of which operate at the highest levels of our organisational leadership.

These committees are collectively responsible for proactively identifying, assessing, and managing a broad spectrum of organisational risks, ensuring that ESG considerations are fully and systematically integrated into our overall risk management approach. We have undertaken a thorough and structured assessment of our material business and ESG risks, identifying the areas of greatest strategic significance and implementing targeted mitigation measures to address them effectively.

Across all dimensions of our risk management framework — from material ESG risks and operational safety to business continuity and regulatory compliance — our approach is unified by a common philosophy: that risk management and sustainability are not separate disciplines but deeply interconnected pillars of a resilient, responsible, and future-ready organisation.

By integrating ESG considerations into every layer of our risk framework, we are not only protecting our business today but actively building the organisational capabilities and resilience needed to thrive in an increasingly complex and sustainability-driven world.

HEIL's climate strategy is focused on reducing operational emissions, improving energy efficiency, increasing renewable energy adoption, and strengthening value chain decarbonisation. The Company's long-term roadmap aligns operational growth with science-aligned climate action and responsible industrial transition.

Environmental Policy Commitments and Targets (GRI 305-5 | GRI 302-1)

Policy Commitment	Target	Timeline
GHG Emission Scope 2 Neutral	Become Scope 2 GHG neutral through 100% renewable electricity	By December-2030
PNG Consumption Reduction	Reduce PNG consumption by 50% through induction moulding	
100% Renewable Electricity	Achieve 100% renewable electricity consumptions across all facilities	
Net Zero Commitment	Achieve net zero emissions across full value chain (Scopes 1, 2, 3)	By December-2050

Climate Transition Risks and Strategic Opportunities (GRI 201-2 | GRI 305-5)

At Harsha Engineers International Limited, we recognize that the global shift towards low-carbon manufacturing is one of the most defining and consequential transitions of our time. Our climate transition risk assessment is conducted through a rigorous Double Materiality framework, which evaluates the impact of climate-related risks and opportunities on our business as well as our business's impact on the climate and broader environment.

Type	Aspect	Impact / Response	Financial Implication
Risk	Market & compliance risk	Delay in transitioning to low-carbon manufacturing leads to loss of market access and non-compliance with evolving global decarbonisation regulations.	Proactive low-carbon transition strategy; board-level compliance oversight; alignment with GRI, ESRS, CSRD, and CDP frameworks.
Risk	EU CBAM & carbon tax exposure	As an export-oriented manufacturer, the company faces higher costs and tax liabilities due to the EU Carbon Border Adjustment Mechanism (CBAM) and international carbon border taxes.	Dedicated CBAM preparedness programme; PCF calculations aligned with ISO 14040:2006 & ISO 14044:2006; carbon footprint reporting initiated.
Risk	Energy & emissions non-compliance	Failure to meet client audit requirements and evolving emissions norms creates the risk of losing key customer relationships and contracts.	GHG emissions tracking across Scope 1, 2 & 3; SBTi registration approved; detailed target submission due September 2026.
Risk	Supply chain ESG misalignment	Tier-3 vendors failing to meet ESG standards create risks to supply chain integrity, product safety, and customer trust.	Supplier Business Integrity Policy; supplier-level ESG assessments; mandatory REACH and RoHS compliance for all suppliers.





Type	Aspect	Impact / Response	Financial Implication
Opportunity	Energy cost savings	Renewable electricity adoption and energy efficiency improvements reduce operational costs and insulate the business from fossil fuel price volatility.	Over 50% renewable electricity achieved; target of 100% by December-2030; auto idle stop systems (~160 kWh/month saved); IE4 motors (~560 kWh/month saved).
Mitigation	Renewable electricity investment	Active investment in renewable electricity projects to reduce Scope 2 emissions, improve energy cost efficiency, and advance the decarbonisation roadmap.	Renewable electricity contribution achieved; 100% renewable energy target by December-2030.
Mitigation	CBAM preparedness	Dedicated programme to ensure full compliance with EU CBAM requirements and protect export competitiveness in European markets.	PCF calculations per ISO 14040:2006 & ISO 14044:2006; CBAM-aligned carbon footprint reporting initiated; third-party verified by Growlity Inc.
Mitigation	Business continuity & disaster management	Comprehensive contingency plan to safeguard operations and personnel during unforeseen events, ensuring organisational resilience and continuity.	Board-approved Business Continuity and Disaster Management Plan; communicated to all functional heads and employees organisation-wide.

HEIL continues to integrate climate resilience, energy transition, and operational decarbonisation into long-term business planning to support sustainable manufacturing growth and evolving stakeholder expectations.





Science Based Targets initiative (SBTi)

(GRI 305-5)



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

We are proud to announce that Harsha Engineers has committed to the SBTi framework and are in the process of formally validating both near-term and long-term emissions reduction targets. This commitment reflects our conviction that science-based target setting is the most effective approach to climate mitigation and demonstrates our leadership within the precision engineering sector.

We are on an ambitious pathway to align our climate action with the latest climate science through the Science Based Targets initiative (SBTi). This global initiative helps companies set emissions reduction targets consistent with the Paris Agreement's goal of limiting global warming to 1.5°C. Our Target Submission Form process is well underway.

Registration is complete, and we are preparing to submit our formal application by the September 2026 deadline. We utilize SBTi's approved target-setting tools and methodologies to ensure our targets are rigorous, credible, and achievable.

Near-Term Targets, typically spanning the next 5 to 10 years, require us to achieve substantial absolute reductions in GHG emissions across Scopes 1, 2, and material Scope 3 categories.

- These targets drive immediate actions such as scaling renewable energy, enhancing energy efficiency, engaging suppliers on decarbonisation, and innovating low-carbon manufacturing processes. They are fully aligned with our corporate sustainability goals, SBTi guidance, the GHG Protocol, and relevant ISO standards. Our near-term targets define the specific emissions reductions we must achieve over the next 5 to 10 years. These targets are carefully calibrated to align with our broader organisational goals and are grounded in the latest climate science, as interpreted through the SBTi guidance and the GHG Protocol and ISO standards.

- We are targeting meaningful percentage reductions in our absolute greenhouse gas emissions and emissions intensity (per unit of production or per unit of revenue). These targets will be achieved through a combination of operational efficiency improvements, renewable energy adoption, process optimization, and supply chain collaboration.
- Long-Term Targets extend our vision toward Net Zero by December 2050, these require deep decarbonisation, at least 90%+ absolute reductions across the value chain, with any residual emissions neutralised through high-integrity carbon removals. This long-term ambition integrates immediate action with strategic planning, ensuring we contribute meaningfully to a net-zero economy while maintaining our competitive edge in precision engineering.
- We have also completed the Race to Zero application.
- Once SBTi formally validates our targets, we will officially join this prestigious global campaign uniting businesses, cities, and regions in the race to a net-zero future. This milestone will further amplify our commitment and enable collaboration with like-minded organisations worldwide. Our long-term vision is to achieve net-zero greenhouse gas emissions by December 2050. Net-zero represents a state in which any remaining residual emissions are balanced by equivalent carbon removal or sequestration activities, resulting in zero net contribution to atmospheric greenhouse gas concentrations.
- Achieving this ambitious vision requires us to take immediate, concrete actions while simultaneously implementing transformative, long-term strategies that fundamentally reshape how we source energy, manufacture products, and engage with our value chain.
- Our long-term targets require us to pursue deep decarbonisation pathways that go beyond incremental efficiency improvements. This includes transitioning to 100% renewable electricity, electrifying our fleet of vehicles, implementing circular economy principles to reduce waste, investing in breakthrough technologies, and partnering with our suppliers and customers to decarbonize our full value chain.

- The journey to net-zero is ambitious but scientifically essential given the imperative to limit global warming to 1.5°C as established in the Paris Agreement.
- Our SBTi journey represents a transformative step. It embeds climate science into core business strategy, fosters innovation in product design and operations, creates cost efficiencies, attracts talent and investment, and strengthens relationships with customers who increasingly demand science-based climate performance.
- The credibility of our emissions targets rests upon rigorous, internationally recognised calculation methodologies. We employ the GHG Protocol (the most widely used international accounting tool for quantifying and managing greenhouse gas emissions) in conjunction with ISO standards specifically designed for greenhouse gas emissions data.
- These methodologies ensure that our Scope 1, 2, and 3 emissions are calculated consistently, transparently, and in a manner that enables credible comparison with other organisations and tracking of progress over time.

Our GHG Protocol Aligned Inventory encompasses all identified emission sources across our value chain. Our SBTi journey is progressing according to a clear timeline toward formal validation and recognition. We have already completed our registration with the Science-Based Targets initiative, positioning ourselves within a global community of ambitious organisations committed to climate action. To ensure the robustness and credibility of our targets, we are utilizing the SBTi Target Setting Tool, a comprehensive guidance document and analytical framework developed through the collaborative expertise of leading climate scientists, business leaders, and environmental organisations.

This tool provides us with detailed guidance on establishing targets that are stringent enough to contribute meaningfully to global climate goals while being achievable through realistic operational and strategic changes. The tool incorporates the latest climate science on emissions budgets, sectoral decarbonisation pathways, and best practices in target methodology. By leveraging this established tool, we ensure that our targets are not only internally ambitious but also externally credible and aligned with global climate imperatives.





Net Zero Commitment

Beyond our internal SBTi commitments, Harsha Engineers has also joined the Race to Zero campaign, a global initiative coordinated by the UN Climate Change High-Level Champions. The Race to Zero brings together businesses, investors, cities, and regions across the world, all committed to achieving net-zero greenhouse gas emissions by December-2050. By participating in Race to Zero, we pledge to set and pursue ambitious near-term and long-term emissions reduction targets, to regularly report our progress, and to collaborate with peers across our industry and globally to accelerate the transition to net-zero.

Our participation in Race to Zero amplifies our climate commitment and connects us to a powerful global movement. Once our SBTi validation is completed, our targets will be formally recognised as part of the Race to Zero initiative, positioning us among the leading organisations driving global climate action. This recognition serves not only as external validation of our ambition but also as a source of competitive advantage, signaling to our customers, investors, partners, and employees that we are among the serious climate leaders within our industry.

SBTi Progress Status (2025–26)

01	Net-zero Target	Long-term net-zero strategy covering Scope 1, 2 and 3 emissions	Committed
02	SBTi Registration	Formal registration completed with SBTi	Committed
03	Near-Term Targets	5 –10 year emissions reduction targets	In Development
04	Long-Term Net Zero	Net-zero pathway defined for 2050	Defined
05	Target Submission	Formal submission for SBTi validation	Planned by September 2026
06	Race to Zero	UN Race to Zero commitment	Application Completed

Our commitment to achieve net-zero greenhouse gas emissions by December-2050, reflects our understanding that limiting global warming to 1.5°C above pre-industrial levels is essential to avoid the most severe impacts of climate change. The IPCC (Intergovernmental Panel on Climate Change) has made clear that achieving net-zero by December-2050 is the pathway required to keep 1.5°C within reach.

Our organisational commitment aligns with this scientific imperative and with our responsibility to future generations. The net-zero transition will require transformation across our entire value chain.

We will need to fundamentally reimagine our energy systems, transitioning from fossil fuels to renewables. Our manufacturing processes will need to evolve, incorporating circular economy principles that eliminate waste and maximize resource efficiency.

Our supply chain will need to be engaged as partners in decarbonisation, with collaborative efforts to reduce upstream emissions. And our employees, customers, and communities will need to be engaged as co-creators of this sustainable future.

National Climate Alignment

Our climate strategy is anchored in our own science-informed commitments: achieving net-zero emissions by December 2050, attaining Scope 2 carbon neutrality by December 2030, and transitioning to 100% renewable electricity usage by December 2030, targets that position us ahead of and in active support of India's national climate ambition.

These commitments are pursued within the enabling environment of India's national climate frameworks. India has set a nationally determined contribution to reduce emissions and achieve net-zero emissions by 2070, our own net-zero target of December 2050 reflects a more accelerated decarbonisation pathway, reinforcing national progress while holding ourselves to a higher standard of climate accountability.

Making More with Less: Our Lean Way Forward (GRI 301 | GRI 302)

At Harsha Engineers International Ltd., our Lean philosophy extends beyond the shop floor. It serves as a framework for reducing environmental footprint, conserving resources, and eliminating waste across the value chain. The “Lean Way Forward” integrates TPM (Total Productive Maintenance), process optimisation, circular material flows, and smart energy management into a cohesive sustainability strategy.

Across process automation, energy efficiency, and material circularity, our lean manufacturing journey is driven by a clear and consistent vision: to build a manufacturing operation that is not only more productive and cost-efficient but also cleaner, smarter, and more sustainable. Every kilowatt-hour saved, every manual process automated, and every reusable box deployed is a step towards that vision.





Decarbonisation Plan: 2025-26 Initiatives

Action area	Initiative	Description & impact	Timeline & SDG
Energy & fuel	Induction mold heating foundry division	• PNG-based mold heating replaced with 1.5m and 3m induction mold heating systems, significantly reducing fossil fuel dependency and direct Scope 1 emissions. • Impact: Scope 1 intensity <0.15 tCO₂/tonne (target: 0.165)	
Electricity	Renewable energy — 100% target	• Active investment in solar rooftop and renewable energy projects to eliminate Scope 2 emissions and achieve full renewable energy transition across all facilities. • Progress: 50%+ achieved; 100% target by December-2030	Mid-term (by December-2030) 
Renewable Electricity	Scope 2 neutrality	• Full neutralisation of market-based Scope 2 GHG emissions • Target: Scope 2 neutral by December-2030	Mid-term (by December-2030) 
Energy & fuel	Net Zero commitment	• Long-term commitment to achieve Net Zero GHG emissions across Scope 1, 2, and 3, aligned with the Paris Agreement's 1.5°C pathway and SBTi corporate net zero standard. • Target: Net Zero by December-2050	Long-term (by December-2050) 

Resource Efficiency & Circularity

Action area	Initiative	Description & impact	Timeline & SDG
Resource & circularity	Returnable & reusable packaging	• Active tracking and promotion of returnable packaging boxes across inbound supply chain to reduce packaging waste and lower Scope 3 GHG emissions. • Progress: 10.56% of total inputs (up from 6.48% in 2024-25)	GRI 306 
Resource & circularity	Sustainable sourcing	• Structured sustainable procurement programme with supplier ESG assessments and value chain training on GHG emissions and environmental best practices. • Achieved: 40% of inputs sustainably sourced; 33% of value chain assessed (2025-26)	Mid term by December-2030, GRI 308 

Governance, Reporting & Regulatory Alignment

Action area	Initiative	Description & impact	Timeline & SDG
Governance & reporting	SBTi target submission	• SBTi application approved. Detailed science-based decarbonisation target models and pathways to be formally submitted, confirming 1.5°C alignment. • Deadline: September 2026	Near-term (2025–26), SBTi, CDP, 





Waste Water Stewardship

Water is a precious shared resource, and at Harsha Engineers International Limited (HEIL), its stewardship remains a priority. Water is fundamental to both manufacturing operations and life itself. The Company recognises that water scarcity and pollution can pose significant risks to operational continuity, supply chain resilience, and the communities in which it operates.

HEIL’s water security strategy is anchored in rigorous regulatory compliance, responsible water management, and proactive measures to enhance long-term water resilience. The Company operates in strict adherence to all statutory requirements governing water withdrawal, usage, and discharge, including applicable Consent and Approval frameworks issued by the Central Ground Water Authority (CGWA) and relevant state authorities. These regulatory frameworks establish limits on groundwater extraction and support the sustainable management of local water resources.

The Company views these requirements not merely as compliance obligations, but as essential safeguards aligned with the carrying capacity of local watersheds. Accordingly, HEIL implements comprehensive water management systems designed to optimise water use, minimise wastage, and ensure responsible treatment and management of wastewater.

Advanced water management practices, including water reuse, rainwater harvesting, and process optimisation initiatives, are deployed across operations to reduce freshwater dependency. Manufacturing processes incorporate water-efficient technologies, recycling mechanisms, and treatment systems that support responsible resource utilisation. Water consumption patterns are continuously monitored to identify efficiency opportunities and drive ongoing improvements in water-use performance.

At the flagship manufacturing facility, HEIL has achieved zero discharge outside the premises through effective reuse of treated water within operations, demonstrating the Company’s commitment to circular water management and responsible wastewater stewardship.

Water Quality Monitoring Parameters

HEIL continues to monitor wastewater quality through periodic testing and compliance assessments in accordance with applicable environmental regulations and consent conditions. Key parameters monitored include:



Continuous monitoring and operational controls support responsible wastewater management, regulatory compliance, effective reuse of treated water, and protection of surrounding ecosystems and groundwater resources.

Water Management Indicator	2024-25	2025-26
Rainwater Harvesting Systems	Operational	Operational
Wastewater Treatment Systems (ETP/STP)	Operational	Operational
Water Consumption Monitoring	Continuous Monitoring Maintained	Continuous Monitoring Maintained
Water Efficiency Improvement Initiatives	Continuous Improvement	Continuous Improvement
CDP Water Security Disclosure	B Score Achieved	Continuous Improvement

Water Targets & Vision 2030

HEIL’s long-term water stewardship vision focuses on strengthening operational water resilience, improving water-use efficiency, reducing freshwater dependency, and advancing circular water management practices across manufacturing operations.

Strategic Water Priorities Towards 2030

- Strengthen water efficiency across all manufacturing facilities
- Expand treated water reuse and recycling systems across operations
- Increase rainwater harvesting and groundwater recharge capacity
- Reduce freshwater consumption intensity per unit of production
- Integrate water security into climate risk and resilience planning
- Enhance water-related governance, disclosure, and monitoring systems
- Continue improving CDP Water Security performance and transparency

HEIL remains committed to building a resilient, resource-efficient, and environmentally responsible manufacturing ecosystem through integrated water stewardship practices aligned with its long-term sustainability and ESG objectives.

Borewell Water Consumption (GRI 303-5)

Groundwater extraction through borewells is undertaken strictly within the limits of approved statutory permissions. Consumption is monitored on a regular basis, and operational controls are implemented to ensure compliance with all applicable environmental regulations and consent conditions.

The Company adopts a proactive approach to understanding and managing water-related risks associated with groundwater dependency. HEIL has confirmed that none of its facilities are located in areas classified as water-stressed based on internationally recognised water risk assessment frameworks. Furthermore, the Company’s operations are not situated within or near ecologically sensitive areas, including wetlands, biodiversity hotspots, or other environmentally protected zones. This helps ensure that groundwater extraction activities do not adversely impact fragile ecosystems or protected environmental habitats.

To strengthen long-term water resilience and reduce dependence on groundwater resources, HEIL has implemented rainwater harvesting systems across its facilities. These systems enable the capture and utilisation of precipitation, providing a sustainable supplementary water source while supporting groundwater recharge.



Sustainable Resource Use & Product Stewardship

(GRI 301 | ESRS E5 | BRSR P2 | BRSR P6 | BRSR P9)

At Harsha Engineers International Limited, we believe that true product stewardship goes far beyond the boundaries of our own manufacturing facilities. It begins at the design table, extends through every stage of the product lifecycle, and continues all the way to responsible end-of-life management. Our approach to sustainable resource use is rooted in responsible product design and careful material selection.

We prioritize materials and design configurations that enable effective recycling, minimize environmental impact, and facilitate safe and responsible end-of-life disposal. We strictly adhere to the International Material Data System (IMDS) and REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) guidelines across our product portfolio.

Our Double Materiality assessment further reinforces the strategic importance of this area, explicitly identifying Product End-of-Life Management as a critical sustainability topic. While a comprehensive full Life Cycle Assessment (LCA) is currently in progress.

we have already initiated targeted and purpose-driven Product Carbon Footprint (PCF) calculations to understand, quantify, and systematically manage the carbon impact of our products across their lifecycle stages.

Our PCF assessments cover both cradle-to-gate and cradle-to-customer gate emission boundaries, providing a comprehensive view of GHG emissions across different stages of the product lifecycle and enabling us to identify and address key emission hotspots with precision and focus. To ensure the reliability, accuracy, and independence of our PCF data, all calculations are independently verified by our third-party assurance provider, Growlity Inc. — providing our customers, investors, and regulators with full confidence in the integrity of our reported figures. Our PCF methodology is rigorously aligned with globally recognised standards, ensuring that our calculations are scientifically credible, internationally comparable, and suitable for disclosure across all major sustainability frameworks. Specifically, our PCF calculations are conducted in strict alignment with:



ISO 14040:2006

Life Cycle Assessment:
Principles and Framework



ISO 14044:2006

Life Cycle Assessment:
Requirements and
Guidelines



GHG Protocol

Corporate Value Chain
(Scope 3) Accounting and
Reporting Standard

Product Carbon Footprint (GRI 305-5 | ESRS E1-5)

We view our environmental and carbon footprint data not merely as a reporting output but as a powerful tool for continuous operational improvement. The insights derived from our PCF assessments and broader environmental evaluations are being progressively and systematically integrated into our day-to-day decision-making processes and operational practices — ensuring that sustainability intelligence drives real, measurable change across our business.

Regulatory preparedness is a major strategic priority for us, particularly in the context of accelerating global climate transition requirements and the growing complexity of international environmental disclosure obligations.

We are proactively building the systems, data capabilities, and reporting frameworks needed to stay ahead of these requirements — protecting our business, our customers, and our market access.

Environmental Product Declaration (EPD) (GRI 305-5 | ESRS E1-6)

HEIL is building capability and structured data systems to enable Environmental Product Declarations in line with internationally recognised standards. EPDs will provide third-party verified, standardized environmental impact information, improving transparency, comparability, and customer confidence in product sustainability performance.

Carbon Border Adjustment Mechanism (CBAM) (GRI 305-5 | ESRS E1-5, E1-6)

As an export-oriented manufacturer with significant exposure to European markets, we face a direct and material risk from the EU Carbon Border Adjustment Mechanism (CBAM), which places a carbon price on imports from carbon-intensive industries. Our CBAM preparedness programme is actively ongoing and includes the initiation of CBAM-aligned carbon footprint calculations for our exported products.

By getting ahead of CBAM requirements, we are protecting our export margins, avoiding potential carbon tax exposure, and positioning ourselves as a preferred low-carbon supply chain partner for our European customers — turning a regulatory challenge into a competitive advantage.

Lifecycle Sustainability Vision (GRI 301-1, 301-2)

Engineer Efficiently :

Optimise material, energy, and process efficiency across manufacturing systems



Measure Lifecycle Impact :

Strengthen Product Carbon Footprint visibility and environmental performance evaluation



Reduce Environmental Burden :

Minimise waste generation, emissions intensity, and resource losses



Advance Circular Manufacturing :

Enhance recyclability, material recovery, and responsible resource utilisation



Enable Sustainable Industrial Growth :

Support long-term resilience through lifecycle-focused engineering and ESG integration





Across responsible design, precision engineering, carbon footprinting, lifecycle strategy, and regulatory preparedness, our product stewardship commitment is unified by a single, clear purpose: to manufacture products that are not only world-class in performance but also responsible in their environmental impact — from the first design decision to the final end-of-life stage. We are building a product portfolio, and a manufacturing organisation, that our customers, investors, and communities can trust — today and for the long term.

Our product stewardship and sustainable resource use practices are aligned with globally recognised frameworks including GRI Standards, ESRS, CSRD, BRSR, CDP, SBTi, IMDS, REACH, ISO 14040:2006, ISO 14044:2006, the GHG Protocol, and the UN Sustainable

Development Goals ensuring that our commitment to product sustainability is recognised, validated, and communicated with integrity across every platform and every audience.

HEIL continues progressing toward a more resource-efficient, climate-conscious, and lifecycle-driven manufacturing ecosystem aligned with its sustainability vision and global stakeholder expectations



WASTE MANAGEMENT (GRI 306 | ESRS E5)

Waste Management and Circular Economy (GRI 306-1, 306-2)

At Harsha Engineers International Limited (HEIL), waste management is not viewed as a compliance obligation but as a strategic opportunity to advance circular economy ambitions, improve resource efficiency, and generate tangible environmental and financial value.

The Company's waste management philosophy is guided by the principle that waste is not an inevitable by-product of manufacturing but a resource that has not yet found its purpose.

HEIL is progressively transitioning from a traditional linear take-make-dispose model towards a circular approach that minimises waste generation at source, maximises resource recovery, and retains materials in productive use for as long as possible.

This approach is embedded across all operational levels through structured governance systems, including the ISO 14001:2015 Environmental Management System and the Waste Disposal Standard Operating Procedure (SOP HEO810000010), which ensures consistent implementation across facilities.

The Company prioritises waste prevention and resource recovery over disposal, ensuring that waste is systematically minimised, segregated, and channelled into authorised recycling and recovery pathways in compliance with applicable regulatory frameworks, including the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016.



This positions waste management as both an environmental responsibility and a value-generating operational lever.

Advancing the Circular Economy

HEIL is actively strengthening its transition towards a circular manufacturing model that maximises material efficiency and minimises environmental impact.

A key initiative is the systematic promotion of reusable and returnable packaging across the supply chain. In 2025-26, reusable packaging boxes accounted for 10.56% of total input materials, compared to 6.48% in 2024-25, reflecting significant year-on-year progress in circular packaging adoption.

The Company also implements targeted waste stream management strategies based on the nature, risk profile, and recovery potential of each waste category to ensure optimal handling, compliance, and resource recovery outcomes.

Risks, Opportunities, and Financial Implications

Waste management is identified through HEIL's Double Materiality assessment as a critical sustainability topic with both operational risks and strategic opportunities.

On the risk side, inadequate waste management may result in regulatory penalties, environmental contamination, reputational impact, and potential disruption to operating licences. With evolving global regulatory frameworks, including CSRD, ESRS, and increasing customer ESG requirements, the importance of robust waste governance continues to grow. Conversely, effective waste management creates measurable financial value through reduced disposal costs, lower material losses, improved recycling yields, and emerging revenue opportunities from recovered materials.



Circular Economy Commitment

HEIL's waste management strategy reflects a clear commitment to building a manufacturing system where waste is minimised, resources are maximised, and circularity is embedded across design, manufacturing, and delivery processes.

The Company's waste management and circular economy practices are aligned with globally recognised frameworks, including GRI 306, ESRS, CSRD, CDP, and the United Nations Sustainable Development Goals as well as Race to Net Zero commitments.



Closed-Loop Circular Economy

(GRI 306-4)

The Company operates advanced closed-loop systems that reflect its commitment to resource circularity.

All wastewater generated across manufacturing operations is fully treated and reused within plant premises, achieving zero liquid effluent discharge outside facilities. This closed-loop water system reduces freshwater dependency and represents a key element of HEIL's circular resource management approach.

In addition, HEIL continuously strengthens its returnable and reusable packaging systems across the supply chain. The increased adoption of reusable packaging significantly reduces packaging waste generation at source and contributes to lower Scope 3 emissions, reinforcing the linkage between circularity and decarbonisation.

Engineering Circularity Across the Value Chain (GRI 306-2, 306-4)

HEIL considers circularity a foundational principle of sustainable manufacturing rather than an operational add-on.

Circular economy principles are integrated across product design, material selection, procurement, manufacturing, waste management, water stewardship, and supply chain engagement.

Waste Management Policy and Framework (GRI 306-2)

HEIL's waste management framework ensures environmental safety, regulatory compliance, and continuous improvement.

Waste is managed through authorised recyclers and co-processors in compliance with applicable hazardous waste management regulations, ensuring safe and responsible disposal of all waste streams.

The Company maintains a strong focus on waste prevention and resource recovery, consistently prioritising circular solutions over end-of-pipe disposal methods.

Waste Intensity Index

HEIL tracks waste intensity as a key indicator of operational efficiency and circular resource management.

Integration with Product Carbon Footprint (PCF) (GRI 306-1, 306-2)

HEIL integrates Product Carbon Footprint (PCF) assessments into its operations to evaluate lifecycle environmental impacts and identify emission reduction opportunities across the value chain.

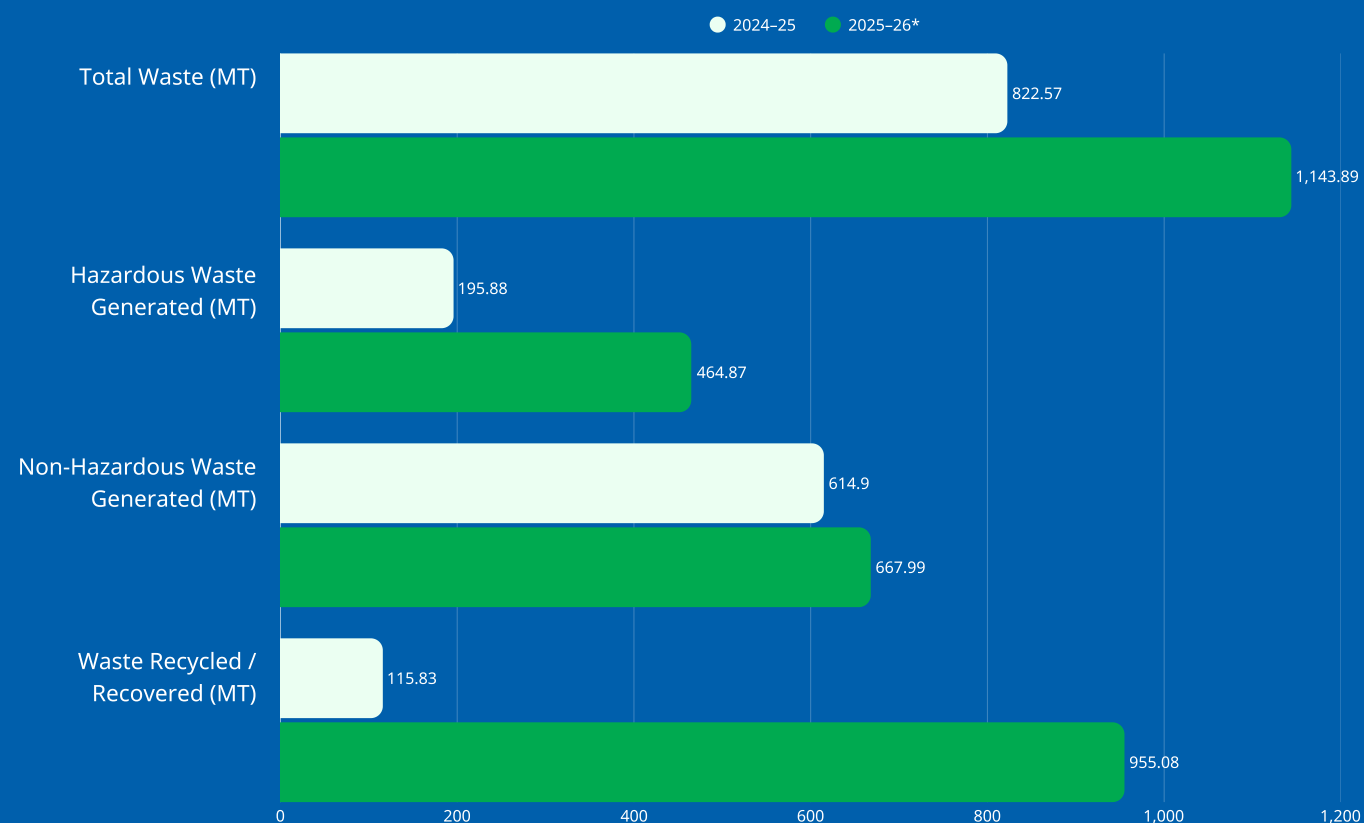
The PCF methodology is aligned with ISO 14040:2006, ISO 14044:2006, and the GHG Protocol, covering cradle-to-gate and cradle-to-customer gate boundaries. This enables the Company to manage lifecycle emissions, improve transparency, and strengthen competitiveness in global markets.

This approach also supports readiness for regulatory frameworks such as CBAM, ensuring compliance with evolving international carbon disclosure expectations.

Value Chain View: Closing the Loop Across Boundaries (GRI 306-2)

HEIL recognises that circularity extends beyond organisational boundaries. The Company actively engages its value chain to promote responsible resource use and improve circularity outcomes across upstream and downstream partners.

The Company's circular economy approach aligns with GRI 306, GRI 303, ESRS, CSRD, CDP, SBTi, ISO standards, GHG Protocol, and the UN Sustainable Development Goals (SDG 6, 9, 12, and 13), ensuring globally aligned sustainability reporting and transparency.



The Company continues to strengthen waste recovery performance, reduce disposal intensity, and enhance circular manufacturing practices through process efficiency and value chain collaboration.





Vision 2030 Outcome

Engineering a low-waste, resource-efficient, and circular manufacturing ecosystem aligned with HEIL's long-term ESG and sustainability commitments.

Continuous monitoring of waste intensity supports resource efficiency improvements, operational optimisation, and lifecycle-based manufacturing practices.

Waste Intensity per Rupee of Turnover

0.000000076 **0.000000093**

2024-25

2025-26



Biodiversity

(GRI 2 | GRI 303 | GRI 304 | ESRS E4 | BRSR P6)

Engineering Harmony with Nature

At Harsha Engineers International Limited, environmental stewardship remains an integral part of our sustainability vision and operational philosophy. As a precision engineering organisation serving global industries, HEIL recognises that long-term industrial growth must coexist with ecological responsibility. During 2025-26, the Company continued to strengthen biodiversity integration across its operations through water stewardship, greenbelt enhancement, resource conservation, and employee-driven environmental initiatives.

Water as a Medium for Ecological Preservation

(GRI 303-1, GRI 303-2 | GRI 304-2)

HEIL continues to promote responsible water reuse practices across manufacturing facilities through effective treatment and recycling systems. Treated water generated from Effluent Treatment Plants (ETP) and Sewage Treatment Plants (STP) is reused within plant premises, reducing freshwater dependency and supporting ecological balance around operational sites.

Reuse of treated water

- Conservation of groundwater resources
- Reduced environmental discharge
- Improved site-level water efficiency
- Support for greenbelt and sanitation requirements

Applications of Reused Water:

- Gardening and landscape development
- Solar panel cleaning
- Cooling tower operations
- Toilet flushing and sanitation utilities





Greening Our Footprint (GRI 304-3)

HEIL continued to strengthen greenbelt development initiatives across operational locations during 2025–26. Through systematic plantation activities and maintenance of green infrastructure, the Company seeks to improve local air quality, enhance ecological aesthetics, support carbon sequestration, and encourage biodiversity conservation within industrial ecosystems.

The Company prioritises the plantation of native and drought-resistant species that are better adapted to local climatic conditions and require lower water consumption. These initiatives contribute toward creating environmentally sustainable and climate-resilient manufacturing campuses. As part of its environmental engagement initiatives, HEIL continued biodiversity awareness and plantation activities across facilities during 2025–26. Employees actively participated in plantation drives organised within plant premises, reinforcing the Company's culture of shared environmental responsibility and sustainable development.

The plantation initiatives focused on:

- Increasing green cover within operational boundaries
- Enhancing local biodiversity and ecological balance
- Promoting employee participation in sustainability efforts
- Supporting long-term environmental stewardship objectives

Daily Biodiversity-Conscious Practices:

- Use of green landscaping within plant premises
- Reduction in chemical-intensive maintenance practices wherever feasible
- Development and upkeep of shaded green zones and tree canopies
- Water conservation through reuse and recharge initiatives
- Promotion of clean and environmentally responsible workplace practices

Embedding Biodiversity in Environmental Governance (GRI 2-12 | GRI 2-13 | GRI 304-2)

HEIL's environmental governance framework integrates biodiversity considerations within its Environment Management System (EMS). Environmental monitoring, compliance management, water stewardship, and greenbelt maintenance form part of the Company's broader sustainability oversight approach. During 2025–26, HEIL continued to strengthen employee awareness and operational accountability toward environmental protection through internal engagement, training, and sustainability-led practices.

Environmental Plantation Drive

HEIL employees enthusiastically participated in plantation initiatives conducted across operational campuses during 2025–26. These activities reflect the Company's continued commitment to environmental stewardship, employee participation, and sustainable industrial development.

The plantation drives contributed toward:

- Improvement of local environmental conditions
- Increased green cover within manufacturing premises
- Promotion of collective environmental responsibility





Environmental Supply Chain

(GRI 308 | ESRS E5 | BRSR P7 | BRSR P9)

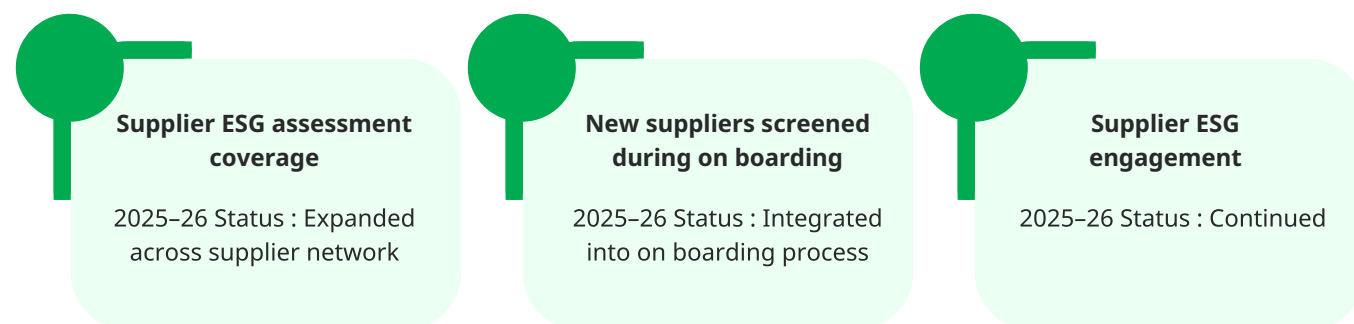
Strengthening Environmental Stewardship Across the Value Chain (GRI 308-1)

At Harsha Engineers International Limited, we understand that our environmental responsibility does not end at the gates of our own facilities. Our overall environmental footprint is significantly shaped by the activities, practices, and performance of our suppliers, contractors, and business partners across the entire value chain. Recognizing that supply chain sustainability gaps can directly impact our business continuity, regulatory compliance, and brand reputation, we have made the active integration of environmental stewardship into our value chain a core pillar of our broader sustainability strategy — and a non-negotiable expectation of every partner we work with.

Supplier ESG Screening & Environmental Integration (GRI 308-1)

We take a structured, criteria-driven approach to evaluating and engaging our supply chain partners against defined environmental standards. In 2025-26, we successfully sourced 40% of our total inputs sustainably — a clear and measurable demonstration of our commitment to responsible procurement and our ability to translate environmental expectations into supply chain action.

Our environmental integration across the value chain is governed by our Supplier Business Integrity Policy and Supplier Code of Conduct — two foundational frameworks that set clear, enforceable expectations for all our suppliers. These frameworks require suppliers to actively minimize their environmental impact by reducing GHG emissions, managing waste generation responsibly, optimizing energy and water consumption, and maintaining full compliance with all applicable local environmental laws and regulations.



Scope 3 Emissions, PCF & CBAM Readiness (GRI 305-3 | GRI 308-2)

Addressing indirect value chain emissions is a critical and growing component of our climate transition strategy. In 2025-26, we reported total Scope 3 emissions of

8,075

tCO₂eq
total Scope 3 emissions

an increase from the previous year that has prompted us to further intensify our efforts to map, understand, and proactively manage our indirect supply chain emissions.

As an export-oriented manufacturer with significant exposure to European markets, we are acutely aware of the financial and market risks associated with the EU Carbon Border Adjustment Mechanism (CBAM) and evolving international carbon border tax frameworks.

Our CBAM preparedness programme is actively ongoing, encompassing the strengthening of our GHG emissions accounting systems, the initiation of CBAM-aligned carbon footprint calculations for exported products, and the progressive extension of carbon disclosure requirements to relevant suppliers in our value chain. We are simultaneously aligning our broader climate disclosure systems with the requirements of CDP and the Science Based Targets initiative (SBTi) — ensuring that our climate strategy is science-aligned, independently validated, and fully transparent to all stakeholders.

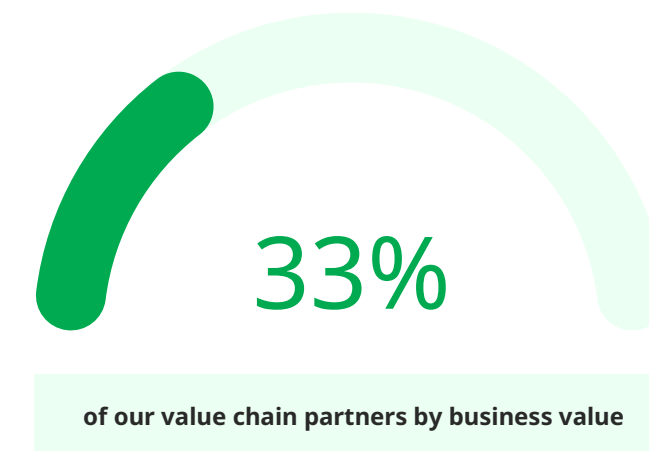
We embed circular economy principles deeply into our logistics and procurement operations to systematically curtail packaging waste and reduce the environmental footprint of our supply chain. A major and growing success in this area is the continuous tracking and scaling of returnable and reusable packaging boxes across our inbound supply chain.

Supplier Capacity Building & Collaborative Engagement (GRI 308-1)

We recognize that meaningful and lasting sustainability transformation across a supply chain requires more than mandating compliance — it requires genuine collaboration, knowledge sharing, and active investment in the capabilities of our partners. We take a deeply collaborative approach to supplier sustainability engagement, treating our value chain partners not merely as compliance subjects but as active participants in our shared sustainability journey.

These training sessions were focused on critical global sustainability requirements, including GHG emissions tracking, PCF calculations, and CBAM readiness — equipping our suppliers with the knowledge, tools, and practical frameworks they need to accurately measure and manage their own environmental impacts. We also actively shared insights from our own internal sustainability initiatives — including our renewable electricity investments, tree plantation programmes, and practical methods for reducing electricity, water, diesel, and PNG consumption — creating a positive and far-reaching ripple effect of sustainability awareness and action across our supply chain ecosystem.

During 2025-26, we provided dedicated sustainability training and capacity-building programmes to



Circularity & Waste Stewardship Across the Supply Chain (GRI 301-2, 306-2)

Our commitment to circularity extends well beyond our own operations. We actively extend our waste stewardship principles and circular economy expectations to our supply chain partners — legally encouraging them to manage waste responsibly, optimize resource usage, and reduce their overall environmental footprint in alignment with our own standards.

Governance & Operational Oversight (GRI 308-2, 2-12)

Our value chain sustainability efforts are governed at the highest levels of our organisation. The Enterprise Risk Management (ERM) Steering Committee and the ESG Steering Committee — both operating under board-level authority — proactively identify, oversee, and manage ESG risks across our supply chain, including supply chain vulnerabilities, climate transition impacts, and ethical business conduct risks.

Board-level compliance oversight ensures that value chain sustainability considerations are fully integrated into our strategic decision-making, capital allocation, and long-term business resilience planning.





Road Ahead

Looking ahead, we have established ambitious, time-bound objectives to fully transition our operations and value chain towards a low-carbon, sustainable business model. Our ultimate long-term goal is to achieve Net Zero GHG emissions across all our operations by December-2050, anchored by our SBTi-approved decarbonisation targets and aligned with the Paris Agreement's 1.5°C pathway. As critical intermediate milestones, we are targeting Scope 2 neutrality and 100% renewable electricity usage by December-2030, with detailed SBTi target models due for submission by September-2026. Through continuous innovation, sustained capital investment in clean technologies, rigorous supplier integration, and unwavering commitment to transparency and accountability, we are building a highly resilient, responsible, and future-ready organisation — one that successfully balances the demands of precision manufacturing excellence with the imperative of long-term ecological preservation.

Our value chain environmental stewardship practices are fully aligned with globally recognised frameworks including GRI Standards, ESRS, CSRD, BRSR, CDP, SBTi, ISO 14040:2006, ISO 14044:2006, the GHG Protocol, REACH, RoHS, and the UN Sustainable Development Goals, ensuring that our commitment to value chain sustainability is recognised, validated, and communicated with clarity and confidence across every stakeholder audience and every reporting jurisdiction.



Customer Health & Safety

(GRI 416, 417 | ESRS S4 | BRSR P9)

As an intermediary in the global supply chain, we manufacture precision bearing cages and automotive components strictly in accordance with the detailed print designs and technical specifications provided by our OEM customers. Operating within these exacting customer constraints, we remain deeply committed to engineering durable, efficient, and high-performance precision components that actively support our customers' own sustainability goals and contribute meaningfully to the longevity of the products in which our components are used.

We consider product safety an essential and non-negotiable dimension of our responsibility to society. Every product we manufacture is designed and produced to be used safely by our customers — without compromising on environmental impact, material integrity, or long-term performance reliability. This commitment to safety-by-design is embedded in our engineering processes, our quality management systems, and our organisational culture at every level.

Precision Engineered for Safety and Reliability Quality Assurance and Product Integrity (GRI 416-1)

We maintain world-class quality management frameworks across all our manufacturing operations to guarantee product integrity, operational excellence, and consistent adherence to the highest international standards. To further restrict hazardous chemical usage and ensure the environmental safety of our products, our manufacturing processes strictly adhere to the International Material Data System (IMDS) and REACH guidelines — ensuring full material transparency and compliance with chemical restriction requirements across our entire product portfolio.

Within our supply chain, we mandate that all materials are sourced exclusively from suppliers certified under REACH and RoHS (Restriction of Hazardous Substances) directives, upholding the highest standards of ethical, safe, and environmentally responsible sourcing at every tier of our value chain.

Lifecycle Responsibility and Customer Expectations (GRI 416-1)

Our Double Materiality assessment explicitly identifies Product End-of-Life Management as a strategic opportunity, recognizing that recyclable product designs directly improve sustainability performance and reduce waste handling costs — both for us and for our OEM customers. This recognition reinforces our commitment to embedding circularity and end-of-life thinking into our product development and engineering processes from inception. To meet the rapidly evolving ESG expectations of our customers — who are themselves subject to increasingly stringent sustainability reporting and supply chain disclosure requirements — we are utilizing Product Carbon Footprint (PCF) calculations to identify environmental hotspots across the product lifecycle and drive targeted, lifecycle-based innovations.

These PCF assessments, conducted in alignment with ISO 14040:2006, ISO 14044:2006, and the GHG Protocol, and independently verified by Growlity Inc., provide our customers with the credible, science-aligned environmental data they need to meet their own regulatory obligations and sustainability commitments.

Customer-Centric Operational Excellence (GRI 416-1)

We serve a diverse and demanding mix of domestic and international customers, primarily comprising leading global bearing manufacturers. Our approach to customer engagement is built on a genuine and consistent commitment to understanding the specific needs, expectations, and sustainability goals of each customer — and delivering timely, dependable, and high-quality service that consistently meets or exceeds those expectations.

When issues do arise, consumer complaints and feedback are systematically received and managed through our dedicated customer portal, ensuring that every complaint is captured, tracked, and responded to in a structured and timely manner.





All identified issues are addressed through detailed 8D (Eight Disciplines) problem-solving reports, which provide our customers with a transparent, root-cause-based account of the corrective actions taken — reinforcing our commitment to accountability, continuous improvement, and long-term customer trust.

Product Responsibility Governance (GRI 416-1, 416-2)

Product responsibility and customer trust are governed at the highest levels of our organisation. Our Enterprise Risk Management (ERM) Steering Committee and ESG Steering Committee provide board-level oversight of all product responsibility matters, ensuring that safety, environmental performance, and customer protection are embedded into our strategic decision-making and operational governance frameworks.

We evaluate 100% of our products against parameters relating to safe and responsible usage, recyclability, and relevant environmental and social considerations — ensuring comprehensive and consistent product responsibility coverage across our entire portfolio.

Our robust governance framework has yielded an outstanding product safety and reliability record for 2025-26. We reported zero voluntary or forced product recalls on account of safety issues during the reporting period — a testament to the rigorous quality assurance, engineering precision, and safety-by-design principles that govern every product we manufacture.

Across quality assurance, lifecycle responsibility, customer engagement, and product safety governance, our approach to product stewardship reflects a clear and enduring commitment: to manufacture products that are world-class in performance, responsible in their environmental impact, and trusted by every customer we serve.

We are committed to continuously raising the bar on product quality, safety, and sustainability — building a product portfolio and a customer relationship model that is as future-ready as it is excellent today.

Our product quality, safety, and lifecycle responsibility practices are fully aligned with globally recognised frameworks including ISO 9001:2015, IATF 16949, IMDS, REACH, RoHS, GRI Standards, ESRS, CSRD, BRSR, CDP, SBTi, and the UN Sustainable Development Goals. Ensuring that our commitment to product excellence and customer trust is recognised, validated, and communicated with integrity across every stakeholder audience.



HEIL Customer Safety & Reliability Pathway (GRI 416-1)

HEIL remains committed to delivering precision-engineered products that uphold customer trust, operational reliability, product responsibility, and long-term sustainability across the value chain.



Engineer with Precision

Strengthen manufacturing accuracy, quality consistency, and process stability



Assure Product Integrity

Enhance inspection systems, testing mechanisms, and quality governance



Support Lifecycle Responsibility

Integrate sustainability, durability, and resource efficiency considerations



Strengthen Customer Confidence

Deliver reliable, compliant, and high-performance engineering solutions



Enable Responsible Growth

Advance customer-centric manufacturing aligned with operational excellence and ESG commitments





Social Responsibility





Workforce & Employment

(GRI 401 | ESRs S1 | BRSR P3)



People-Powered Precision: Strengthening Capability Through Responsible Employment

At HEIL, people remain central to operational excellence, manufacturing precision, and long-term business resilience. Across manufacturing facilities, engineering operations, warehouses, and corporate functions, the Company remains committed to maintaining a workplace that supports technical capability, stable employment, employee well-being, and responsible workforce practices.

As a globally trusted supplier to leading bearing manufacturers, HEIL's workforce structure supports operational continuity, engineering excellence, and customer responsiveness across domestic and international markets. The workforce comprises both permanent and non-permanent employees and workers.

As of March 31, 2026 HEIL's total workforce comprised 683 employees and 2601 workers across its operations. The workforce structure reflects a balanced combination of technical expertise, manufacturing capability, engineering experience, and operational support functions.

Supplier Capacity Building & Collaborative Engagement (GRI 308-1)

HEIL's employment philosophy is founded on creating stable employment opportunities, strengthening future-ready technical capabilities, and maintaining a safe, respectful, and performance-oriented workplace culture. As a manufacturing-led organisation, the Company recognises that workforce stability and technical competency remain essential for maintaining product quality, operational excellence, customer trust, and supply reliability.

The Company is committed to creating stable employment opportunities and building a skilled workforce. It focuses on maintaining a safe, respectful, and inclusive work environment for all employees and workers, including differently abled personnel. The organisation promotes diversity and equal opportunity while ensuring compliance with all applicable labour and welfare requirements.

HEIL continues to prioritise the well-being of its workforce through various measures, including health insurance, accident insurance, and other welfare benefits. The Company strives to foster a performance-oriented culture that supports operational excellence and long-term business sustainability.

The Company also continued to prioritise employee health and well-being through regular occupational health initiatives and preventive healthcare measures across its operations. Periodic health check-up programmes were conducted for employees and workers to support workplace wellness, early health assessment, and overall workforce well-being. These initiatives form part of HEIL's broader commitment towards maintaining a safe, healthy, and employee-centric work environment across manufacturing and operational locations.



Differently Abled Workforce

Category	Male	Female	Total
Employees	3	0	3
Workers	18	0	18

HEIL remains committed to maintaining a workplace culture based on dignity, fairness, equal opportunity, and mutual respect. Equal opportunity practices are integrated across recruitment, employment practices, workplace conduct, and career development processes. The Company maintains zero tolerance towards discrimination, harassment, child labour, and forced labour in line with its Code of Conduct and responsible business practices.

The Company continues to support workforce capability development and responsible employment practices across manufacturing and support functions while strengthening employee welfare, occupational health, and inclusive workplace practices across its operations.

Going forward, HEIL will continue strengthening workforce data management systems, diversity monitoring practices, capability development frameworks, employee well-being initiatives, and responsible employment systems to support long-term sustainable growth and operational excellence.





Employee Engagement

(GRI 401 | ESRS S1 | BRSR P3)

During 2025-26, Harsha Engineers International Limited continued to strengthen employee engagement through a people-centric approach focused on learning, capability enhancement, workplace participation, and employee well-being.

The Company remained committed to fostering a collaborative, inclusive, and growth-oriented work culture that supports both professional development and organisational sustainability.

The organisation continued to promote employee participation through structured learning initiatives, cross-functional exposure, multi-skilled workforce development, and leadership readiness programmes.

These initiatives were aimed at enhancing workforce adaptability, technical competencies, and long-term employee growth across various operational and functional levels.

Harsha Engineers also continued its focus on maintaining a safe, equitable, and supportive work environment by encouraging continuous learning, responsible workplace practices, and inclusive employee engagement initiatives across the organisation.



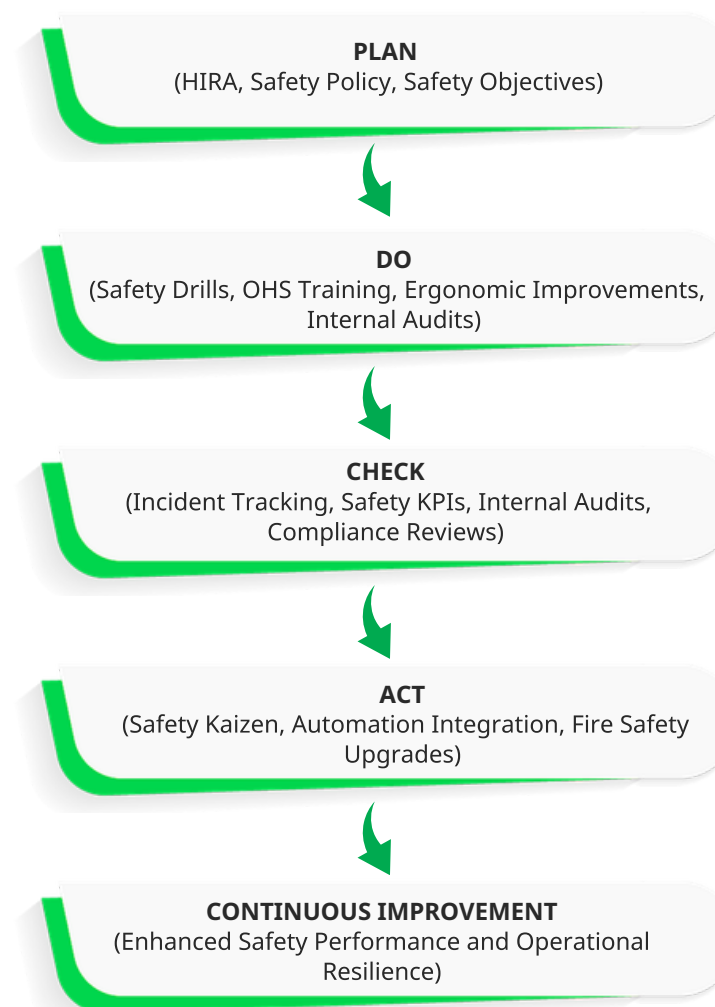
Occupational Health, Safety & Well-being Management Framework

GRI 401 | ESRS S1

At HEIL, the health, safety, and well-being of employees, workers, contractors, and visitors remain fundamental to operational excellence, responsible manufacturing, and long-term business sustainability. The Company continues to integrate occupational health and safety considerations across manufacturing operations through structured management systems, preventive risk controls, workplace safety awareness, employee participation, and continuous improvement initiatives.

As a precision engineering and manufacturing organisation, HEIL recognises that safe operations, disciplined workplace practices, and proactive risk management are essential to ensuring workforce well-being, operational continuity, product quality, and customer confidence. The Company therefore continues strengthening its Occupational Health & Safety (OHS) framework through certified management systems, structured governance mechanisms, safety capability development, and regular monitoring practices across all operational locations.

ISO 45001 PDCA Cycle at HEIL





Occupational Health & Safety Governance (GRI 403)

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- Hazard Identification and Risk Assessment (HIRA) processes
- Incident reporting and investigation mechanisms
- Preventive and corrective action systems
- Safety inspections and workplace monitoring
- Permit-to-work procedures for high-risk activities
- Emergency preparedness and response systems
- Contractor safety management practices
- Behavioural safety awareness initiatives
- Periodic safety reviews and compliance audits

The Company also conducts regular safety reviews across operational areas to monitor workplace risks, unsafe conditions, near-miss incidents, PPE compliance, and implementation of corrective actions. Findings from safety observations and inspections are reviewed periodically to strengthen preventive controls and operational discipline across facilities.

SHE Committee & Employee Participation (GRI 403-1)

HEIL promotes employee participation and workforce engagement in workplace safety management through safety committees, departmental safety interactions, awareness programmes, and operational safety reviews. Employees and workers are encouraged to proactively report unsafe conditions, near-miss incidents, and workplace hazards to support preventive risk management and continuous safety improvement.

Periodic toolbox talks, safety campaigns, mock drills, and operational safety awareness sessions are conducted across manufacturing locations to reinforce safe work practices and emergency preparedness measures. Safety observations and workforce feedback mechanisms continue to support employee involvement in strengthening workplace safety culture across operational functions. We encourage our employees to actively participate in safety initiatives by reporting hazards, suggesting improvements, and sharing their concerns without fear of reprisal.

Our team members are empowered to raise safety issues through regular committee meetings, suggestion programs, and open communication channels with management. We conduct regular safety audits, inspections, and risk assessments with employee input to identify and address potential dangers before they cause incidents. We recognize and appreciate employee suggestions that lead to improved safety practices and safer working conditions.

Health & Safety Performance (GRI 403-9)

The Company tracks and monitors occupational health and safety performance indicators across manufacturing operations through structured reporting systems aligned with GRI Standards and applicable regulatory requirements.

Safety Indicator	2025-26
Lost Time Injury Frequency Rate (LTIFR)	00
Fatalities	00





LTIFR Trend (Per one million person-hours worked)

Year	LTIFR
2024-25	00
2025-26	00

The Company continued strengthening workplace safety standards during the year through structured inspections, safety awareness initiatives, behavioural interventions, workplace risk assessments, operational controls, and preventive safety management practices across manufacturing facilities.

Safety Training & Capability Development (GRI 403-5)

HEIL continues to strengthen workforce safety awareness and operational discipline through structured safety capability development programmes conducted across manufacturing and support functions.

Safety learning initiatives are designed to improve hazard recognition, operational safety awareness, emergency preparedness, and compliance with workplace safety procedures.

Training programmes during 2025-26 covered:

- Workplace safety practices
- PPE usage and compliance
- Emergency response procedures
- Fire safety awareness
- Equipment and machine safety
- Permit-to-work systems
- Material handling safety
- Contractor safety induction
- Operational discipline and safe work practices

Safety training is delivered through classroom sessions, toolbox talks, operational demonstrations, digital learning platforms, and shopfloor awareness programmes. Contractor personnel are also required to undergo safety induction programmes prior to operational deployment within manufacturing facilities.

Contractor Safety Management (GRI 403-7)

HEIL continues strengthening contractor safety management systems across operational sites through structured induction programmes, PPE compliance requirements, permit-to-work systems, safety awareness sessions, and contractor performance monitoring mechanisms. Contract workers operating within manufacturing facilities are required to comply with site-level safety procedures and participate in safety training and emergency preparedness programmes. Periodic contractor safety evaluations and operational reviews are conducted to strengthen compliance with workplace safety requirements and operational discipline standards.

Occupational Health & Medical Surveillance (GRI 403-6)

The Company continues supporting occupational health management through periodic medical examinations, workplace health monitoring, employee wellness initiatives, and preventive healthcare measures across operational locations. Occupational health programmes focus on identifying and managing workplace-related health risks while supporting employee well-being and operational fitness. Periodic health check-up programmes and medical surveillance initiatives are conducted for employees and workers based on operational exposure and workplace risk profiles. Workplace health measures continue to include occupational health assessments, emergency medical response systems, first-aid facilities, and employee awareness initiatives across manufacturing operations.

Emergency Preparedness & Safety Systems (GRI 403-7)

HEIL continues to strengthen emergency preparedness systems across operational facilities through periodic emergency response drills, safety inspections, and workplace preparedness mechanisms. Mock drills covering fire response, evacuation procedures, emergency coordination, and first-aid response are conducted regularly across manufacturing locations. Safety infrastructure including fire detection systems, firefighting equipment, emergency exits, alarm systems, workplace safety signage, and emergency response arrangements are periodically reviewed and maintained to support operational readiness and workplace safety compliance.

Employee Well-being & Workplace Safety (GRI 403-6, 403-7)

HEIL recognises that workplace safety and employee well-being remain closely interconnected. The Company continues supporting employee well-being through workplace safety systems, welfare measures, ergonomic workplace practices, emergency response readiness, and employee awareness initiatives across manufacturing operations.

The Company's workplace well-being initiatives include:

- Periodic health and wellness programmes
- Workplace hygiene and safety monitoring
- Ergonomic workplace assessments
- Emergency medical response systems
- First-aid facilities and trained responders
- PPE management and workplace safety controls
- Awareness initiatives related to employee well-being and occupational health

Continuous Improvement in Safety Management

The Company continues strengthening workplace safety through preventive safety systems, operational learning mechanisms, corrective action tracking, and workforce participation initiatives. Internal audits and periodic safety assessments are conducted to review OHS system effectiveness and identify improvement opportunities across operational areas.

Findings from incident investigations, safety observations, workplace inspections, and audit reviews are monitored through structured corrective action mechanisms to support continuous improvement in operational safety performance.

Going forward, HEIL will continue strengthening workplace safety systems, contractor safety integration, employee participation mechanisms, occupational health monitoring, safety capability development, and data-driven safety management practices to support responsible manufacturing operations and long-term workforce well-being.





Employee Well-being & Workplace Safety (GRI 403-6, 403-7)

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Learning & Development

(GRI 404 | ESRS S1)



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Precision in People,
Capability for the
Future

At HEIL, workforce capability development remains a key enabler of manufacturing performance, product quality, productivity, and long-term business sustainability. As a precision engineering organisation serving automotive, industrial, and railway sectors, the Company recognises that continuous learning is essential to maintaining competitiveness in an increasingly technology-driven environment.

The Learning & Development (L&D) framework is designed to strengthen technical competencies, operational discipline, workplace safety awareness, quality systems, and responsible workplace practices across manufacturing and support functions.

Through structured training programmes and on-the-job learning initiatives, HEIL continues to enhance workforce capability, operational reliability, continuous improvement culture, and organisational resilience.

We believe that our people are our greatest asset, and we provide structured training programs and learning opportunities that help them build new skills, advance their careers, and reach their full potential.

Our learning and development initiatives cover technical skills in precision manufacturing, quality management, and equipment operation, along with safety awareness, compliance training, and professional development.

By fostering a culture where learning is valued and encouraged, we create an environment where our employees feel supported in their professional growth.

Through our commitment to learning and development, we build a capable, skilled, and motivated workforce that drives excellence, innovation, and success at Harsha Engineers and contributes to our vision of being a global leader in precision engineering and manufacturing.

During 2025-26, HEIL further strengthened its structured learning ecosystem across technical capability development, safety awareness, compliance learning, and functional skill enhancement across manufacturing facilities, reinforcing its commitment to building a future-ready workforce.





Talent Development & Continuous Learning (GRI 404-1, 404-2, 404-3)

The Company's learning philosophy continues to focus on strengthening workforce capability, operational excellence, manufacturing discipline, and continuous improvement across all functional areas. We are proud of the strong learning and development culture we have built at Harsha Engineers. Our comprehensive training programs cover technical skills, safety practices, compliance, and professional development to ensure our employees grow and succeed in their roles. By creating an environment where learning is valued and encouraged, we empower our team members to achieve their potential and contribute meaningfully to our organisation's growth and success. At Harsha Engineers, we recognize that our people are our greatest asset, and we are dedicated to supporting their professional development and career advancement through continuous learning opportunities.

Technical Capability & Manufacturing Excellence (GRI 404-2)

As a manufacturer of precision-engineered bearing cages and components, HEIL operates in highly quality-sensitive environments where process consistency, tooling precision, and operational discipline are critical to performance outcomes.

Accordingly, the Company continues to strengthen technical capability across production, tooling, maintenance, engineering, quality assurance, and shopfloor operations, ensuring alignment with global quality expectations and customer requirements.

Training programmes during 2025-26 focused on:

- TPM-driven operational excellence for productivity enhancement
- CNC machining and tooling capability strengthening
- Precision manufacturing practices for quality consistency
- Process control and operational discipline improvement
- Product quality assurance and defect reduction systems
- Lean manufacturing and waste minimisation practices
- Root-cause analysis and structured problem-solving approaches

These initiatives collectively support improved manufacturing stability, equipment reliability, and consistent product quality across operations. By strengthening the technical capabilities of our employees, we are able to deliver precision bearing cages and components that meet customer expectations and maintain our reputation as a trusted global manufacturer. We are committed to ongoing learning and improvement, which helps us stay competitive and provide the best products and services to our customers around the world.

Safety & Compliance Learning (GRI 404-2)

HEIL continued strengthening workplace safety and compliance awareness through structured learning programmes integrated into operational systems and manufacturing practices. At Harsha Engineers, we recognize that safety and compliance are fundamental pillars of responsible manufacturing and sustainable business operations. Our Safety & Compliance Learning program is designed to create a culture of safety awareness, ethical conduct, and regulatory adherence across all our facilities.

Training programmes during the year covered:

- Hazard identification and workplace risk awareness
- PPE usage and safe operational practices
- Emergency preparedness and fire safety response systems
- Machine safety protocols and operational safeguards
- Near-miss reporting and preventive action awareness
- Incident prevention, response, and corrective action systems
- Workplace conduct, ethics, and compliance awareness

These programmes reinforce a strong safety culture while ensuring regulatory compliance and responsible workplace behaviour across all operational locations.

Training coverage reflects structured capability development across managerial, technical, and shopfloor workforce categories, with strong emphasis on technical upskilling, safety training, and operational discipline.





Structured Learning Architecture (GRI 404-2)

During 2025–26, HEIL implemented a structured learning framework spanning technical, operational, safety, compliance, and quality domains, ensuring consistent capability development across functions. We have designed a structured learning framework that makes education clear, organized, and accessible to all our employees. Our learning architecture is built to be flexible and practical, allowing individuals to learn at their own pace through online platforms, training programs, and hands-on mentoring tailored to different roles and skill levels. We ensure that our learning programs are well-organized with clear objectives in quality management, technical skills, and operational excellence—values central to our TPM journey and our commitment to business excellence. By creating a strong foundation for learning, we help our team develop the competencies needed to maintain our reputation as a leading precision engineering company with five decades of excellence.

Category	Training Area	Focus
Technical	TPM & Operational Excellence	Manufacturing productivity and efficiency
Technical	Precision Manufacturing	Product quality and process stability
Technical	Tooling & Process Control	Process capability enhancement
Technical	Quality Systems	Operational discipline and defect control
Safety	Workplace Safety Practices	Risk prevention and safe operations
Safety	Hazard Identification & PPE	Safety compliance and awareness
Safety	Emergency Preparedness	Incident readiness and response
Compliance	Workplace Conduct	Ethical behaviour and discipline
Compliance	Ethics & Governance Awareness	Responsible business conduct

This structured model ensures alignment between skill development, operational performance, and compliance requirements.

Digital Learning & Capability Development (GRI 404-2)

HEIL continues to strengthen digital-enabled learning systems to improve accessibility, standardisation, and effectiveness of training delivery across locations. We are committed to helping our employees and communities develop the skills they need to succeed in today's digital and manufacturing world. We provide digital learning programs and training opportunities that support continuous growth and development in engineering, manufacturing processes, quality management, and business skills. We believe that by investing in capability development, we empower our workforce to gain confidence, advance their careers, and contribute to our Company's innovation and excellence. Through our digital learning initiatives, we create pathways for career advancement and personal growth for all our team members across our global operations.

The framework supports:

- Role-based competency development aligned to job requirements
- Structured technical refresher and upskilling modules
- Safety and compliance learning integration into operations
- Functional capability enhancement across departments
- Training effectiveness tracking and documentation systems
- Data-driven monitoring of learning participation and coverage

These systems enhance governance of learning processes while ensuring traceability and alignment with GRI 404 disclosure expectations.

Governance & Oversight (GRI 404-2)

Learning & Development initiatives are governed through HR, EHS, Quality, and operational leadership frameworks to ensure alignment with organisational priorities and compliance requirements.

Training needs are systematically identified based on:

- Skill-gap assessments across functions
- Operational and production requirements
- Compliance obligations and audit findings
- Continuous improvement and productivity priorities

Governance mechanisms include:

- Annual training planning and deployment
- Functional capability and skill-gap reviews
- Leadership and supervisory development programmes
- Safety and compliance training cycles
- Performance feedback and effectiveness review systems

This governance structure ensures that capability development remains directly linked to operational excellence and workforce productivity. We believe that strong governance and effective oversight are essential to running our organisation responsibly and ethically.

We have established clear policies, processes, and accountability structures that guide how we make decisions and manage our operations across all areas of our business.

Through transparent communication and robust oversight mechanisms, we demonstrate our commitment to being trustworthy, accountable, and responsible in everything we do.

Expanded Learning & Awareness Programmes (GRI 404-2)

During 2025–26, HEIL further strengthened its integrated learning ecosystem through structured programmes covering technical operations, safety systems, sustainability awareness, responsible business conduct, human rights, and continuous improvement practices.

Safety Awareness & Workplace Preparedness

Safety training programmes focused on strengthening awareness, prevention, and operational readiness across manufacturing locations.

Key initiatives included:

- First aid awareness and emergency response preparedness
- Safe material handling and operational discipline practices
- Chemical handling awareness including MSDS understanding
- Ergonomic practices and employee wellbeing awareness
- Workplace hazard identification and risk prevention

These initiatives strengthened proactive safety culture and reduced operational risks.

Sustainability & ESG Learning

HEIL enhanced workforce awareness on sustainability priorities and ESG expectations across operations.

Training covered:

- Climate change awareness and environmental responsibility
- ESG framework understanding across environmental, social, and governance pillars
- Greenhouse gas emissions (Scope 1, Scope 2, Scope 3) awareness
- Product Carbon Footprint (PCF) understanding
- CBAM awareness and global compliance relevance
- Resource efficiency covering energy, water, waste, and utilities

These programmes strengthened environmental awareness and aligned workforce understanding with evolving sustainability requirements.





Human Rights, Ethics & Responsible Workplace Conduct

HEIL conducted awareness programmes to strengthen ethical behaviour and workplace dignity.

Key focus areas included:

- Code of Conduct awareness and ethical standards
- Whistleblower mechanism awareness and reporting culture
- Prevention of Sexual Harassment (POSH) and respectful workplace practices

These initiatives reinforced transparency, accountability, and inclusive workplace behaviour.

TPM & Continuous Improvement Learning

Operational excellence continued to be strengthened through structured TPM-based learning.

Training covered:

- 5S workplace organisation practices
- Kaizen and continuous improvement systems
- Overall Equipment Effectiveness (OEE) awareness
- Jishu Hozen (autonomous maintenance) practices

These initiatives enhanced productivity, equipment reliability, and shopfloor discipline.

Employee Engagement & Workplace Communication

HEIL strengthened employee engagement through structured communication platforms aimed at improving transparency, collaboration, and organisational alignment.

Key initiatives included:

- Thrilling Thursday employee engagement programme
- Town hall meetings for leadership communication
- Skip-level interactions for direct feedback exchange

These platforms support open communication, employee participation, and continuous improvement culture.

Employee Wellness, Culture & Inclusion Initiatives

HEIL continued to promote workplace wellbeing, inclusion, and cultural engagement through structured employee initiatives during 2025–26.

Key programmes included:

- Republic Day celebration
- Blood donation camp
- International Yoga Day observance
- Women wellness initiatives
- Sound healing and wellbeing sessions
- Cultural festivals and celebrations
- Founder's Day commemorations

These initiatives strengthened employee morale, engagement, and organisational culture while promoting inclusivity and wellbeing.

HEIL continues to strengthen workforce capability through structured learning systems, technical upskilling programmes, safety and sustainability awareness initiatives, and employee engagement practices.

These efforts collectively support manufacturing excellence, responsible business conduct, and long-term organisational resilience.





Diversity & Inclusion

(GRI 405, 406 | ESR S1)



At HEIL, diversity, equity, inclusion, and equal opportunity remain integral to responsible employment practices and sustainable workforce management. The organisation continues to foster a workplace culture grounded in dignity, fairness, mutual respect, and non-discrimination across all operational locations.

HEIL recognises that workforce diversity strengthens organisational capability, improves employee engagement, enhances operational resilience, and supports long-term business continuity. Equal opportunity principles are embedded across recruitment, employment practices, learning and development, performance management, and career progression processes.

The workforce comprises employees and workers across varied age groups, educational backgrounds, technical disciplines, and functional areas, enabling a balanced mix of operational experience, engineering capability, and emerging talent across manufacturing and support functions.

Equal Opportunity & Inclusive Workplace (GRI 405-1, 406-1)

HEIL maintains equal opportunity practices across recruitment, training, compensation, employment conditions, and career development processes. The organisation enforces zero tolerance towards discrimination, harassment, child labour, and forced labour in alignment with its Code of Conduct, human rights commitments, and ethical business standards. Inclusion is further supported through initiatives that promote participation of differently abled individuals across suitable roles in operations and support functions. The organisation is progressively strengthening its DEI framework through awareness, engagement, and structured inclusion practices.

Key enablers include:

- HR-based diversity monitoring systems
- Structured hiring and employment review processes
- Employee grievance redressal mechanisms
- Human rights awareness initiatives
- Workplace conduct policies and training
- Regular employee communication programmes





Workforce Diversity Profile

Workforce by Gender — 2025-26

Category	Male	Female	Total
Permanent Employees	646	24	670
Other than Permanent Employees	13	0	13
Permanent Workers	1055	20	1075
Other than Permanent Worker	1421	105	1526
Total Workforce	3135	149	3284

Differently Abled & Gender Diversity — 2025-26

Category	Total
Differently Abled Employees	3
Differently Abled Worker	18
Total Differently Abled	21

Employee Listening & DEI Maturity (GRI 405-1)

HEIL has initiated structured employee engagement and feedback mechanisms through an organisation-wide employee survey conducted on a digital platform, with approximately 95% participation. The insights from the survey are currently under review and will be used to further strengthen inclusion, engagement, and workplace experience initiatives.

While formal DEI councils and employee resource groups are in an early stage of development, the organisation has implemented targeted inclusion initiatives.

These include awareness and sensitisation programmes focused on disability inclusion, delivered in collaboration with external institutions through experiential learning sessions designed to build empathy and understanding.

The organisation is also strengthening gender diversity through ongoing hiring practices and inclusive workplace engagement initiatives. Regular awareness programmes and employee interactions continue to reinforce respectful workplace behaviour and inclusion principles.

HEIL remains committed to progressively formalising DEI structures, including councils and employee groups, as part of its phased maturity roadmap. We ensure fairness in recruitment, training, promotions, and all aspects of employment.

Our policies strictly prohibit any form of discrimination based on gender, caste, religion, age, or disability. We believe that every individual deserves respect and equal chances to grow within the organisation. We maintain a zero-tolerance approach towards discrimination, harassment, and unfair treatment.

To support inclusion, we actively encourage the participation of differently abled individuals in suitable roles across our operations. We regularly conduct awareness programmes to promote respectful behaviour and inclusive practices among all our teams. These efforts help us build a workplace where everyone feels valued and respected.

We have put in place strong support systems such as grievance redressal mechanisms, human rights training, and clear workplace conduct policies. Regular communication and feedback processes allow us to continuously improve our inclusive practices. We are gradually strengthening our Diversity, Equity, and Inclusion (DEI) initiatives to create a more balanced and supportive work environment.



Talent Pipeline & Succession Planning (GRI 405-1)

HEIL is in the process of formalising a structured succession planning framework as part of its broader talent management strategy. This initiative is designed to identify and develop internal talent for critical roles, ensuring leadership continuity and organisational stability.

A total of 24 high-potential employees have been identified and are currently part of a structured development pipeline. These employees are enrolled in a Manager Development Program focused on strengthening leadership capabilities and preparing them for future leadership responsibilities. Capability development is supported through structured assessment mechanisms, including:

- Skill matrix reviews for associate-level employees
- Half-yearly performance and development reviews for staff employees
- Comprehensive annual performance and capability assessments

These systems enable continuous identification of skill gaps and targeted development planning across functions. We regularly assess employee capabilities through skill matrix reviews, half-yearly performance discussions, and comprehensive annual assessments.

These processes help us identify skill gaps and provide targeted development opportunities. This systematic approach supports both individual growth and long term organisational success.

Diversity, inclusion, and human rights practices are governed through integrated HR, compliance, and employee welfare frameworks. Workforce diversity metrics, grievance mechanisms, POSH compliance, and employee engagement initiatives are periodically reviewed through internal governance and monitoring systems.

Going forward, HEIL will continue strengthening its DEI maturity through enhanced workforce diversity monitoring, increased representation of women across roles, formalisation of DEI structures, expansion of inclusive hiring practices, and deeper employee engagement initiatives. The organisation will also continue advancing structured succession planning and capability development to support long-term organisational resilience and leadership continuity.





Human Rights & Labour

(GRI 407-412 | ESRS S2 | BRSR P5)

At HEIL, respect for human rights, fair labour practices, ethical employment standards, and workplace dignity remain integral to responsible business operations and workforce management. Human rights considerations are embedded across employment systems, contractor management, grievance mechanisms, workplace conduct frameworks, and supplier engagement processes.

The Company's approach is guided by applicable labour laws, international human rights principles, and internal governance systems across manufacturing and support functions. HEIL continues to ensure that labour and human rights aspects are systematically integrated into operational decision-making and workforce governance processes.

The organisation continues strengthening responsible employment practices through structured mechanisms covering equal opportunity, non-discrimination, prevention of child and forced labour, grievance systems, POSH compliance, contractor workforce monitoring, human rights awareness, and supplier ESG screening.

During 2025-26, no human rights violations or discrimination cases were reported in our organisation. Our commitment to human rights extends beyond our direct operations.

We encourage our suppliers and contractors to follow similar ethical standards through our Supplier Business Integrity Policy and due diligence processes. We believe that respecting human rights is not only a moral responsibility but also essential for building a sustainable and trusted business.

Moving forward, we will continue to strengthen our human rights framework through enhanced training, better monitoring systems, and closer engagement with our value chain partners. We aim to create a workplace where fairness, equality, and respect are deeply embedded in our culture.

Training for Empowerment GRI 412-2 | ESRS S2

Human rights training programmes have been strengthened to enhance employee awareness on ethical employment standards, workplace dignity, non-discrimination, and responsible conduct. These programmes are delivered through structured learning modules and periodic refresher sessions across

operational and support functions, ensuring widespread coverage and awareness

Our training initiatives cover important topics such as Prevention of Sexual Harassment (POSH), anti-discrimination, and human rights principles. We ensure that both new and existing employees receive appropriate orientation and refresher training. These programmes are designed to empower our workforce to contribute effectively while feeling safe and valued in the organisation.

We also focus on building technical and behavioural competencies through structured learning opportunities. By investing in continuous training, we aim to enhance employee confidence, performance, and long-term career growth. During the year, we conducted multiple awareness sessions to strengthen understanding of human rights and responsible workplace behaviour.

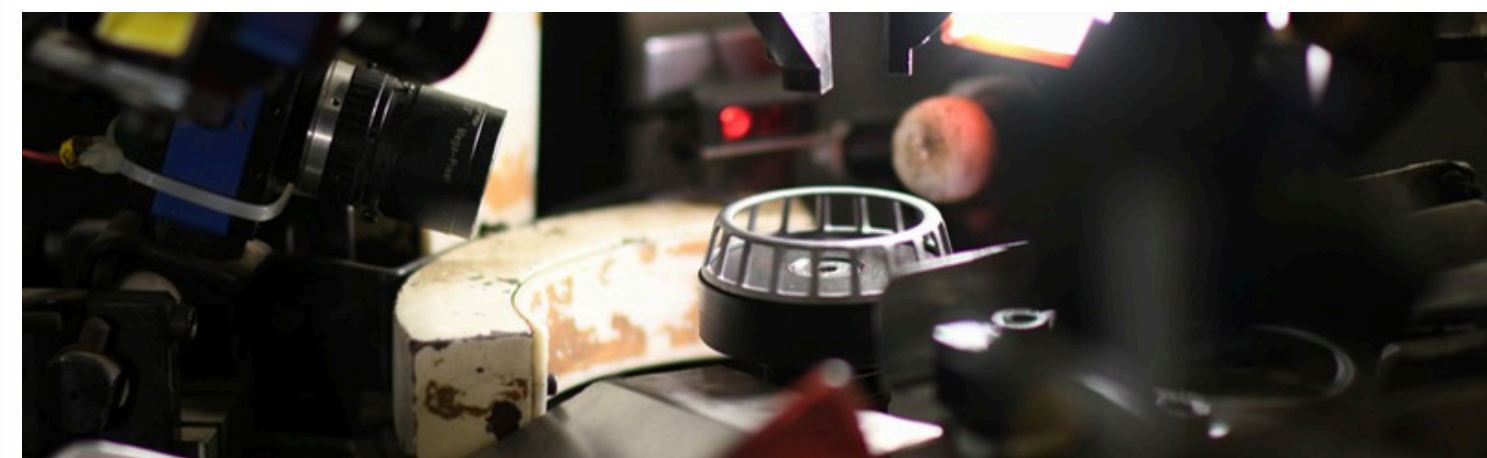
Freedom of Association & Collective Bargaining (GRI 407-1)

HEIL respects employees' rights to freedom of association and collective bargaining in accordance with applicable labour laws across its operational geographies. The organisation ensures fair representation, structured engagement, and compliant workforce participation mechanisms. We maintain an open and transparent approach in our interactions with employees and worker representatives. We encourage open communication and provide platforms for employees to express their views and concerns. Our focus is on building mutual trust and resolving issues through dialogue and cooperation.

We ensure that there is no discrimination or retaliation against employees who choose to exercise their rights to association.

We are committed to maintaining harmonious industrial relations and work collaboratively with all stakeholders for the overall benefit of the organisation and its people.

Going forward, we will continue to uphold and strengthen the principles of freedom of association and collective bargaining. We aim to foster a workplace environment based on mutual respect, trust, and constructive engagement that benefits both the Company and our employees.





Prevention of Sexual Harassment (POSH) (GRI 406-1)

HEIL maintains Internal Complaints Committees (ICCs) across applicable locations in compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Regular awareness and sensitisation programmes are conducted to strengthen understanding of respectful workplace behaviour and grievance mechanisms.

POSH Compliance — 2025–26

Indicator	Performance
Complaints received under POSH Act	00
Complaints resolved	NA

During 2025–26, Harsha Engineers International Limited received zero complaints under the Prevention of Sexual Harassment (POSH) policy, hence zero cases were pending or required resolution (not applicable), reinforcing the Company's commitment to a safe, respectful, and harassment-free workplace.

Supporting mechanisms include ICC governance, structured complaint handling, awareness programmes, and internal monitoring systems. Through continuous training, strong governance mechanisms, and a zero-tolerance approach, HEIL continues to foster an inclusive and respectful work culture free from any form of harassment or discrimination

Human Rights & Workplace Conduct (GRI 406-1, 412-2)

HEIL upholds strong human rights principles aligned with applicable labour laws and global standards. Human rights awareness is integrated into HR policies, compliance systems, and employee communication frameworks. Harsha Engineers International Limited is deeply committed to upholding the highest standards of human rights and ethical workplace conduct across all its operations. The Company has adopted a comprehensive Human Rights and Working Conditions Policy that aligns with internationally recognised principles. HEIL maintains a zero-tolerance approach towards child labour, forced labour, bonded labour, discrimination, and any form of exploitation.

The Company ensures equal opportunity in recruitment, training, compensation, and career progression, irrespective of gender, caste, religion, or disability.

The organisation continues to strengthen:

- Non-discrimination and equal opportunity practices
- Ethical workplace behaviour standards
- Human rights awareness and training
- Employee grievance mechanisms
- Respectful workplace culture

Looking ahead, Harsha Engineers International Limited remains committed to further strengthening its human rights framework through enhanced training coverage, continuous policy reinforcement, and greater integration of human rights due diligence across its operations and supply chain. By fostering a culture of dignity, equality, and respect, the Company aims to create a progressive and inclusive workplace that not only meets regulatory requirements but also sets a benchmark for responsible manufacturing in the industry.

Grievance Mechanisms & HR Oversight (GRI 2-25, 406-1 | ESR S2)

HEIL maintains structured grievance mechanisms to ensure transparent reporting, review, and resolution of employee concerns across all workforce categories. The system is supported through HR governance, compliance oversight, and non-retaliation principles. We at Harsha Engineers International Limited are strongly committed to maintaining a fair, transparent, and supportive work environment for all our employees and workers.

We have established clear and accessible grievance redressal mechanisms so that every person in our organisation feels heard and supported. Our grievance system allows employees and workers to raise concerns related to human rights, workplace conduct, discrimination, harassment, or any other workplace issues without any fear of retaliation. We ensure that all complaints are handled with complete confidentiality and in a timely manner.

Grievance Management —2025–26

Indicator	Performance
Human rights grievances unresolved	00
Discrimination complaints reported	00
POSH-related complaints reported	00

Prevention of Discrimination, Child & Forced Labour (GRI 408-1, 409-1)

HEIL maintains zero tolerance towards discrimination, child labour, forced labour, bonded labour, and any form of involuntary employment. These principles are embedded across HR systems, recruitment processes, and contractor management frameworks.

Preventive controls include age verification systems, workforce documentation checks, and supplier due diligence processes. We maintain a strict zero-tolerance policy towards any kind of discrimination based on gender, caste, religion, age, or disability. We ensure that every individual in our organisation is treated with dignity and respect. Our recruitment, training, promotion, and compensation processes are designed to provide equal opportunity to all.

We have implemented clear policies and robust internal controls to prohibit child labour and forced labour in our direct operations as well as in our supply chain. All employees and workers are made aware of these policies through regular training and communication programmes.

We conduct due diligence checks during hiring and supplier onboarding to ensure complete compliance with these principles. During 2025–26, no cases of discrimination, child labour, or forced labour were reported in our organisation.

Worker Welfare & Labour Compliance GRI 401-2, 403-7 | ESR S2

HEIL ensures compliance with statutory labour requirements and promotes workforce welfare across employee and contractor categories through structured governance systems and monitoring mechanisms. We are committed to providing fair wages, safe working conditions, and statutory benefits to every member of our workforce. We ensure timely payment of wages and compliance with all applicable labour laws and regulations.

Our focus on worker welfare includes providing necessary facilities, health insurance, accident insurance, and other statutory benefits. We strive to create a supportive environment where workers feel valued and motivated. Regular interactions and feedback mechanisms help us understand and address their needs effectively.

We extend our labour compliance commitment to our contractor workforce as well. We ensure that all contractors and their workers adhere to the same standards of welfare and compliance that we follow internally. This helps us maintain consistency and fairness across our entire operational ecosystem.

Human Rights in the Supply Chain GRI 414-1, 414-2 | ESR S2

HEIL integrates human rights and labour considerations into supplier engagement and ESG governance frameworks. Supplier due diligence processes ensure alignment with ethical labour standards and responsible business practices.

We at Harsha Engineers International Limited integrate human rights and labour considerations into our supplier engagement and ESG governance frameworks. We have rolled out a Supplier Business Integrity Policy and actively encourage our suppliers and contractors to align with our ethical standards and responsible business practices.

Governance of Human Rights & Labour Practices (GRI 2-23, 2-24, 2-25)

Human rights and labour practices are governed through integrated HR, compliance, operational, and ESG frameworks. Workforce monitoring systems, grievance mechanisms, contractor oversight, and supplier governance processes are periodically reviewed to ensure compliance and continuous improvement.

We at Harsha Engineers International Limited are committed to strong governance of human rights and labour practices across our operations and value chain.

We have established structured governance mechanisms to ensure effective implementation and oversight of human rights and labour standards. The Human Resources team, along with senior management and the ESG Steering Committee, provides active monitoring and review of all related practices.





We maintain zero tolerance towards any violation of human rights, discrimination, child labour, or forced labour. Regular internal assessments, policy awareness programmes, and grievance redressal mechanisms help us monitor compliance and address concerns effectively.

Our governance framework extends to the supply chain through the Supplier Business Integrity Policy and supplier due diligence processes. We encourage our suppliers and contractors to adopt similar standards of ethical labour practices and human rights protection. During 2025–26, we continued to strengthen our internal controls and awareness initiatives to ensure consistent adherence to these principles across the organisation.

Looking ahead, we will further enhance the governance of human rights and labour practices through increased training coverage, improved monitoring systems, and deeper integration of these principles into our business operations and supplier partnerships. We remain dedicated to creating a responsible, fair, and respectful workplace that upholds the dignity and rights of every individual associated with Harsha Engineers.

Forward Outlook

HEIL will continue strengthening human rights due diligence, labour compliance systems, contractor governance, grievance accessibility, and supplier ESG integration across operations and the value chain, reinforcing responsible employment practices and ethical workforce management. Looking ahead, Harsha Engineers International Limited remains committed to further strengthening our human rights and labour practices across the organisation and our value chain. We will continue to enhance awareness programmes, expand training coverage, and improve our monitoring and grievance redressal mechanisms to ensure a more inclusive and respectful workplace for all.

We aim to build a progressive work culture where every employee and worker feels valued, safe, and respected. Through continuous improvement in our policies, governance, and stakeholder engagement, we strive to set higher benchmarks in responsible labour practices and human rights governance.

In the coming years, we will work towards creating long-term positive impact by fostering an environment of fairness, equality, and dignity while aligning our practices with global standards and evolving stakeholder expectations.



Community Engagement

(GRI 413 | ESRS S3 | BRSR P8)



Precision with Purpose, Impact with Integrity

We are a responsible corporate organisation that firmly believes in giving back to the society from which we draw our strength and resources. As we grow as a business and expand our operations, we remain deeply committed to our responsibility toward the communities in which we work and live. Our Corporate Social Responsibility (CSR) initiatives are not merely programs that we undertake because of regulatory requirements or business obligations. Rather, they represent a genuine commitment from our organisation to address the pressing social challenges that exist in our communities and to make a meaningful difference in the lives of those who are most vulnerable and marginalised.

At Harsha Engineers International Limited (HEIL), community engagement is an integral part of the Company's philosophy of responsible, inclusive, and sustainable growth. The Company recognises that long-term business success is closely interlinked with the social, economic, and environmental development of the communities surrounding its operations.

HEIL continues to view community engagement not as a peripheral responsibility but as a strategic pillar of its sustainability framework. The organisation believes that industrial growth must generate shared value by improving access to essential services, strengthening social infrastructure, and enabling inclusive development outcomes.

We have the CSR Policy which is available on our website and the objective of this policy is to articulate our philosophy of social responsibility.

CSR Governance and Planning Framework

Our social initiatives are deeply integrated with our core business strategy. We believe that supporting communities is not separate from what we do in business it's central to it. By aligning our social programs with our business objectives, we create opportunities that benefit both the people in our communities and our organisation. This integrated approach allows us to empower individuals, strengthen local economies, and build resilience in the communities where we operate.





HEIL's CSR planning and execution is supported through structured governance mechanisms that ensure transparency, accountability, and alignment with strategic priorities.

Our organisation is committed to building stronger, more capable communities by taking a thoughtful and inclusive approach that recognizes the unique needs of each community we serve. We understand that every community is different, with its own challenges, opportunities, and aspirations. That's why we've developed a community-focused strategy that goes beyond a one-size-fits-all approach.

Through this shared approach, we work collaboratively with community members, local organisations, and other stakeholders to identify priorities and develop solutions that address real needs. We invest in education, skill development, employment opportunities, and infrastructure that help communities thrive. At the same time, these efforts create sustainable value for our business by building trust, strengthening our reputation, and establishing long-term partnerships with the communities we serve. Ultimately, our vision is to create a positive cycle where community development and business growth reinforce each other, leading to mutual prosperity across all the regions and areas where we operate

Supporting Communities Through CSR Interventions (GRI 413-1)

During 2025–26, HEIL continued strengthening its CSR portfolio through structured programmes designed to address critical social development priorities. The Company's interventions remained focused on inclusive development, capacity building, and long-term impact creation.

We are a responsible corporate organisation that firmly believes in giving back to the society from which we draw our strength and resources. As we grow as a business and expand our operations, we remain deeply committed to our responsibility toward the communities in which we work and live. Our Corporate Social Responsibility (CSR) initiatives are not merely programs that we undertake because of regulatory requirements or business obligations.

Rather, they represent a genuine commitment from our organisation to address the pressing social challenges that exist in our communities and to make a meaningful difference in the lives of those who are most vulnerable and marginalised.

At the heart of our CSR strategy lies a simple but powerful philosophy: we must focus our efforts on helping those who need our support the most. This means that our CSR initiatives are deliberately designed to reach and support vulnerable and marginalised groups in society.



Anandham – Welfare of Mentally Challenged People

Through our Anandham project, we have dedicated ourselves to providing welfare support to individuals who are living with mental health challenges. This project has enabled us to directly support and benefit 40 individuals who are struggling with various mental health conditions. Each of these individuals comes from a vulnerable background where access to mental health services and support is limited or non-existent.

Education and Welfare for Underprivileged and Needy Individuals through Make a Difference Education & Medical Welfare Foundation

We have entered into a meaningful partnership with the Make a Difference Education & Medical Welfare Foundation, which is a reputable organisation dedicated to providing education and medical welfare support to underprivileged communities. Through this partnership, we have been able to extend support to 89 underprivileged and needy individuals and students. This collaboration has allowed us to reach families who are struggling with poverty and lack the resources to ensure their children receive quality education and necessary medical care.

Direct Education and Welfare Support for Underprivileged and Needy Individuals

Through our direct education and welfare initiative, we have provided support to 75 underprivileged and needy individuals and students. This project reflects our commitment to being actively involved in the communities where we operate, rather than simply providing financial assistance from a distance. By directly implementing these programs, we gain a better understanding of local challenges, can respond more quickly to emerging needs, and can ensure that our support is culturally appropriate and contextually relevant.

Animal Welfare through Sant Vinoba Gram Swarajya Ashram

Through our partnership with Sant Vinoba Gram Swarajya Ashram, we have supported important animal welfare initiatives that have benefited 177 animals. It is important to understand that this figure represents individuals who are involved in animal care, animal protection, and animal welfare activities. This includes farmers, herders, animal caretakers, and others whose livelihoods are connected to animal husbandry and animal care.

Education and Skill Development for Students through Institute Management Committee (IMC) of ITI Bavla

Through our partnership with the Institute Management Committee (IMC) of ITI Bavla, we have contributed to providing quality skill development training to 41 students. ITI (Industrial Training Institute) Bavla is a vocational training institution that provides technical and skill-based education in various trades and professions. By supporting this institution, we are directly contributing to the creation of a skilled workforce that is ready to contribute productively to the economy.

Education and Skill Development for Students through LENCO Alumni Association

Our partnership with the LENCO Alumni Association for providing education and skill development opportunities to students. This project represents a significant scale of impact, having reached 750 students with quality education and skill development support.

One of the most striking and significant aspects of our CSR portfolio is that every single beneficiary across all six projects comes from vulnerable and marginalised groups. This is not accidental; it is the result of deliberate and conscious choices we have made about how to deploy our CSR resources. When we invest in supporting vulnerable and marginalised groups, we are not just helping individuals; we are contributing to the creation of a more inclusive, equitable, and just society





We are helping to break cycles of poverty and disadvantage. We are helping to reduce inequality. We are helping to create a society where everyone has the opportunity to live with dignity and to reach their full potential.

Beyond mere numbers, we are committed to ensuring that the support we provide makes a genuine, meaningful, and lasting difference in the lives of those we serve. We measure success not just in terms of how many people we reach, but in terms of the quality and depth of impact we create. We believe that the success of our business is intrinsically linked to the wellbeing of the communities we serve. Therefore, our commitment to CSR is not a burden or an obligation, but rather an opportunity to contribute to building a better, more equitable, and more compassionate society for all.

CSR Impact Snapshot — 2025–26 (GRI 201-1)

Indicator	Performance
Total CSR Contribution	199.93 lakhs
Human beneficiaries supported	995 Individuals
Animal welfare beneficiaries	177 animals
Beneficiaries from vulnerable & marginalised groups	100%
Key focus areas	Education and academic support for underprivileged students, enhancing employability through skill development and vocational training, supporting welfare and social inclusion programs for vulnerable communities, and advancing animal welfare and sustainable livelihood initiatives to foster long-term socio-economic development and community well-being.
Governance oversight	CSR Committee and Board of Directors

Building Capability Through Education & Skill Development (GRI 203-1)

HEIL recognises education and skill development as foundational drivers of sustainable socio-economic transformation. The Company believes that improving access to education and skill-building opportunities directly contributes to employability, productivity, and long-term community resilience.

During 2025–26, HEIL continued to expand its education and skill development interventions across multiple dimensions of learning and workforce readiness.

Harsha Engineers International Limited recognises that responsible businesses have a vital role to play in nation building by supporting inclusive growth, education, healthcare, skill development, and environmental sustainability.

During 2025–26, the Company continued its efforts in education and skill development as part of its CSR initiatives. The key focus areas included supporting underprivileged students and enhancing technical skills aligned with industry needs.

Strengthening Community Relationships Through Local Engagement (GRI 413-1)

Harsha Engineers International Limited remains committed to strengthening its CSR impact and community relationships in the coming years.

The Company will continue to:

- Focus on education, skill development, healthcare, and welfare of vulnerable & marginalised groups
- Expand need-based CSR interventions
- Strengthen collaboration with credible implementation partners
- Enhance monitoring and impact assessment of community projects
- Maintain regular dialogue and engagement with local stakeholders

Through its structured, transparent, and inclusive CSR framework, HEIL aims to generate long-term social value and contribute meaningfully to the sustainable development of the communities in which it operates.

HEIL adopts a stakeholder-centric approach in its community engagement initiatives. Local Communities are identified as a vulnerable and marginalised stakeholder group. The Company regularly consults local communities on social and developmental topics. This participatory and need-based approach helps in designing relevant programmes that address actual community requirements and create shared value.

Harsha Engineers International Limited maintains a structured governance framework for its Corporate Social Responsibility (CSR) activities.

CSR is applicable to the Company as per Section 135 of the Companies Act, 2013. The Company has a Board-approved CSR Policy that guides all its community development initiatives.

CSR projects are monitored by the CSR Committee of the Board. The Company ensures proper utilisation of CSR funds, implementation of projects in a transparent manner, and alignment with its CSR objectives. All major CSR beneficiaries during 2025–26 belonged to vulnerable and marginalised groups.

Harsha Engineers International Limited believes that strong, transparent, and mutually beneficial relationships with local communities are essential for long-term success and responsible growth. The Company recognises local communities as a key vulnerable stakeholder group and actively engages with them through its Corporate Social Responsibility (CSR) initiatives.

HEIL regularly consults local communities on social and developmental topics. This participatory approach helps the Company identify priority areas and design relevant programmes that create meaningful impact. During 2025–26, the Company demonstrated its commitment to local communities by supporting vulnerable and marginalised sections of society. All major CSR beneficiaries belonged to vulnerable and marginalised groups (100% in the supported projects).

The Company collaborated with credible implementation partners such as:

- Make a Difference Education & Medical Welfare Foundation
- Sant Vinoba Gram Swarajya Ashram
- Institute Management Committee (IMC) of ITI Bavla
- LENCO Alumni Association
- Aastha Charitable Trust (for Anand Dham project)

These partnerships helped address local community needs in education, skill development, healthcare, and welfare





Governance & Responsible CSR Oversight (GRI 2-12 | GRI 2-13)

Harsha Engineers International Limited maintains a structured governance framework for its Corporate Social Responsibility (CSR) activities. CSR is applicable to the Company as per Section 135 of the Companies Act, 2013.

The Company has a Board-approved CSR Policy that guides all its community development initiatives.

CSR projects are monitored by the CSR Committee of the Board. The Company ensures proper utilisation of CSR funds, implementation of projects in a transparent manner, and alignment with its CSR objectives. All major CSR beneficiaries during 2025-26 belonged to vulnerable and marginalised groups.

Stakeholder-Centric Community Approach (GRI 413-1)

HEIL adopts a stakeholder-centric approach in its community engagement initiatives. Local Communities are identified as a vulnerable and marginalised stakeholder group. The Company regularly consults local communities on social and developmental topics. This participatory and need-based approach helps in designing relevant programmes that address actual community requirements and create shared value

Forward-Looking Commitment

Harsha Engineers International Limited remains committed to strengthening its CSR impact and community relationships in the coming years.

The Company will continue to:

- Focus on education, skill development, healthcare, and welfare of vulnerable & marginalised groups
- Expand need-based CSR interventions
- Strengthen collaboration with credible implementation partners
- Enhance monitoring and impact assessment of community projects
- Maintain regular dialogue and engagement with local stakeholders

Through its structured, transparent, and inclusive CSR framework, HEIL aims to generate long-term social value and contribute meaningfully to the sustainable development of the communities in which it operates.



Innovation, Quality & Customer Value

(GRI 416, 417 | ESRS S4 | BRSR P7 | BRSR P9)

Innovation, quality, and customer focus remain central to Harsha Engineers International Limited's approach to sustainable growth and long-term value creation. Through continuous investments in advanced manufacturing technologies, automation, digitalisation, and process excellence, the Company continues to strengthen its capabilities in delivering high-precision engineering solutions that meet evolving customer requirements.

HEIL's manufacturing operations are supported by robust engineering expertise, advanced tooling capabilities, and Total Productive Maintenance (TPM) practices that drive operational excellence, product reliability, and continuous improvement. By integrating innovation into manufacturing processes and maintaining stringent quality standards, the Company ensures consistent product performance across its diverse portfolio of bearing cages, stamped components, bronze bushings, and engineering assemblies.

The Company remains committed to delivering value through quality, reliability, and responsiveness. Its globally integrated manufacturing network across India, China, and Romania enables efficient delivery of precision-engineered products to customers across international markets while maintaining high standards of manufacturing precision and operational consistency.

Through close collaboration with customers, continuous process enhancement, and a strong focus on quality excellence, HEIL continues to strengthen long-term partnerships and support critical applications across automotive, electric mobility, railways, wind energy, aerospace, industrial machinery, and robotics sectors. By combining innovation with manufacturing excellence, the Company remains focused on creating sustainable value for customers while reinforcing its position as a trusted global precision engineering partner.





SA 8000 Certification Commitments & Achievements

Our Commitment to Responsible Business and Employee Welfare

Our organization believes that business success goes hand in hand with our responsibility to our employees, the communities where we work, and society as a whole. We understand that ethical and sustainable business practices are at the heart of what we do and how we create value. Our pursuit of SA8000 certification shows our public commitment to upholding the highest standards of social responsibility and employee care.

We have successfully completed two certification audit cycles, proving our dedication to continuous improvement and accountability in all matters related to employee rights, human dignity, and ethical labour practices. We believe that every organization has a duty to ensure that its operations and supply chains do not exploit, abuse, or mistreat employees in any way.

We are committed to being a responsible company that puts employee dignity, safety, and well-being ahead of short-term profits. We do not see this certification as an endpoint but as an ongoing journey to create a workplace and supply chain that truly respects human rights, empowers employees, and benefits the communities we serve.

Our organization is strongly committed to upholding excellent standards of corporate social responsibility by following the SA8000 Standard and all relevant laws of lands. We recognize that responsible business practices create positive and lasting impacts on our employees, stakeholders, and communities. We believe that ethical business practices and social accountability are not just legal requirements they reflect our core values and our long-term commitment to sustainable and responsible operations. This ongoing cycle of certification, review, and improvement shows our commitment to exceeding SA8000 standards.

We see each certification round as a chance to better understand social accountability principles and improve our practices to protect employee rights and promote ethical business conduct throughout our value chain. We are dedicated to protecting the rights and well-being of all employees in our organization and supply chain through strong protective measures and constant attention.

We have an absolute prohibition on child labour in all its forms, with monitoring systems in place to ensure no minor is employed or exposed to hazardous work that could harm their education and development. We have zero tolerance for forced labour, bonded labour, or any form of compulsory work, and we actively work to eliminate human trafficking and involuntary servitude from our operations and those of our suppliers and subcontractors.

We are committed to providing safe, healthy, and clean working conditions through regular safety checks, audits, and ongoing improvements to our workplaces.

We ensure fair wages and benefits are paid on time and in full, based on applicable laws, agreements, and industry standards, guaranteeing that all Employees receive compensation that meets or exceeds legal minimum and fairly reflects their work. Through our two certification cycles, we have consistently maintained these Employee protections, implementing improvements from the first audit and expanding monitoring during the second cycle.

We are committed to creating a truly inclusive and fair workplace that is completely free from discrimination and harassment. Our policies guarantee equal opportunity and fair treatment in all employment matters, including hiring, training, pay, promotions, discipline, termination, and retirement, regardless of race, gender, religion, caste, origin, sexual orientation, political views, age, disability, marital status, or any other protected characteristic.

We recognize that real inclusion requires more than written policies it needs active commitment from leaders and all employees to build a culture of respect and dignity.

Our workplace is designed to be respectful and dignified for all employees, with zero tolerance for harassment, abuse, threats, intimidation, or harsh disciplinary practices.

We have clear code of conduct rules and fair discipline procedures that protect employees from unfair treatment while maintaining professional standards and accountability. Every employee has the right to work in an environment where their contributions are valued, their circumstances are respected, and they have opportunities to grow and advance based on their abilities and performance.

We invest heavily in continuous employee development through comprehensive training and education programs that improve professional skills, technical knowledge, and understanding of social accountability principles at all organizational levels. These programs are designed not just to improve business performance but also to give employees knowledge and skills that enhance their career prospects and overall quality of life.

We have demonstrated our commitment to these principles by maintaining zero discrimination cases and actively strengthening our inclusion efforts. We view discrimination prevention and inclusion as ongoing work that needs constant focus, thought, and improvement, and we remain committed to being a top employer for employees from all backgrounds.

We have set clear social accountability goals that include: achieving zero incidents of child labour in our operations and throughout our supply chain, preventing zero incidents of forced labour internally and in our supply chain, achieving zero reportable workplace accidents, achieving zero non-reportable accidents, improving workplace ergonomics (how workstations and equipment are designed), reporting zero discrimination cases, ensuring zero harassment or abuse incidents each year, achieving 100% compliance with wage and working hour laws, communicating our Supplier Code of Conduct annually to all partners, and maintaining proper acknowledgment of all grievances raised by employees.

To support our employees, we conduct ongoing training, education, empowerment, and motivation programs at every organizational level. These programs increase awareness about social accountability and support the professional growth of our workforce. We communicate our Supplier Code of Conduct to all our business partners so that our high social accountability standards are clearly understood and followed throughout our value chain.

We believe in continuous and open engagement with all stakeholders through honest communication, discussion, and teamwork. Through this comprehensive approach, our SA8000 journey supports long-term value creation for our employees, communities, and all stakeholders while ensuring we remain fully aligned with the highest standards of social accountability.

We believe in maintaining open and regular communication with all stakeholders, including employees, suppliers, customers, community members, and government bodies. We work closely with our supply chain partners to ensure they understand and follow SA8000 principles, and we provide support, training, and resources to help them achieve compliance and maintain high social accountability standards.





Our ESG & Sustainability Partner

Dear Shareholders,

We believe that sustainability is no longer a parallel business function, it is a strategic imperative that shapes resilience, innovation, and long-term value creation. Organizations that embed sustainability into their core business strategy are better positioned to respond to evolving stakeholder expectations, strengthen operational excellence, and create a lasting positive impact on society and the environment.

Our continued partnership with Harsha Engineers International Limited reflects this shared vision. Over the years, we have witnessed the organization's sustainability journey evolve from strengthening ESG disclosures to embedding sustainability into business strategy, governance, and climate action. It has been a privilege to support Harsha Engineers in this transformation by providing strategic guidance, technical expertise, and innovative sustainability solutions aligned with global best practices.

During FY 2025-26, Harsha Engineers made significant progress in strengthening its sustainability ecosystem. The organization enhanced its climate governance through the development of a comprehensive greenhouse gas inventory aligned with the GHG Protocol and ISO 14064, covering Scope 1, Scope 2, and applicable Scope 3 emissions.

It further advanced its climate transition journey through structured decarbonization initiatives, a Scope 2 neutrality roadmap, and its long-term Net Zero ambition while progressing towards the Science Based Targets initiative (SBTi). These milestones reflect a proactive approach to managing climate-related risks and opportunities in an increasingly low-carbon global economy.

Transparency and accountability remain fundamental to building stakeholder confidence. Harsha Engineers has continued to strengthen its ESG reporting framework through improved data governance, robust reporting processes, and participation in globally recognized initiatives such as the Carbon Disclosure Project (CDP). Simultaneously, the organization has reinforced its environmental management practices through its ISO 14001 certified Environmental Management System and ongoing efforts towards ISO 50001 certification, demonstrating its commitment to continual environmental and energy performance improvement.

Another notable advancement has been the expansion of Product Carbon Footprint (PCF) assessments using Life Cycle Assessment (LCA) methodology. These initiatives enable deeper insights into product-level environmental impacts, supporting informed decision-making, improved resource efficiency, and the development of more sustainable products.



Sustainability embedded in business strategy drives resilience, innovation, and long-term value creation.

Alongside this, Harsha Engineers has strengthened its focus on water stewardship, resource optimization, and circular economy principles, recognizing the interconnected nature of climate resilience and sustainable manufacturing.

A key milestone this year was the completion of Harsha Engineers' Double Materiality Assessment, enabling the organization to prioritize the sustainability issues most significant to its business and stakeholders while strengthening transparent ESG disclosures.

As sustainability expectations evolve, organizations must move beyond compliance towards measurable performance and continuous improvement. At Growlity, we remain committed to supporting this journey through strategic expertise, credible data, and practical solutions that enhance resilience and create long-term value.

Harsha Engineers' continued progress reflects its strong leadership and commitment to sustainable transformation. We are proud to support the organization as it advances its long-term sustainability and climate ambitions.

Dr. Nitin Dumasia
President & CEO, Growlity





5

Annexure





GRI Index

GRI Standard	Title	Page Number
2-1	Organization Details	05
2-2	Entities include in organization's sustainability report	07
2-3	Reporting period	05
2-4	Restatements of information	05
2-5	External Assurance	05
2-6	Activities, value chain and other business relationship	13, 17, 19, 21
2-7	Employee	125
2-8	Workers who are not employees	125
2-9	Governance structure and composition	57
2-10	Nomination and selection of the highest governance body	57
2-11	Chair of the highest governance body	57
2-12	Role of the highest governance body in overseeing the management of impacts	69
2-13	Delegation of responsibility for managing impacts	57
2-14	Role of the highest governance body in sustainability reporting	57
2-15	Conflicts of interest	65
2-16	Communication of critical concerns	75
2-17	Collective knowledge of the highest governance body	59
2-18	Evaluation of the performance of the highest governance body	59
2-19	Remuneration policies	59
2-20	Process to determine remuneration	59
2-21	Annual total compensation ratio	127
2-22	Statement on sustainable development strategy	07, 09, 11
2-23	Policy commitments	65
2-24	Embedding policy commitments	79
2-25	Processes to remediate negative impacts	67

GRI Standard	Title	Page Number
2-26	Mechanisms for seeking advice and raising concerns	75
2-27	Compliance with laws and regulations	63
2-28	Membership associations	27
2-29	Approach to stakeholder engagement	75
2-30	Collective bargaining agreements	-
3-1	Process to determine material topics	05
3-2	List of material topics	33
3-3	Management of material topics	49
201-1	Direct economic value generated and distributed	53
201-2	Financial implications and other risks and opportunities due to climate change	87
201-3	Defined benefit plan obligations and other retirement plans	129
201-4	Financial assistance received from government	53
202-1	Ratios Of Standard Entry Level Wage By Gender Compared To Local Minimum Wage	
202-2	Proportion of Senior Management Hired From The Local Community	
203-1	Infrastructure Investments And Services Supported	
203-2	Significant Indirect Economic Impacts	
204-1	Proportion Of Spending On Local Suppliers	119
205-1	Operations Assessed For Risks Related To Corruption	67
205-2	Communication And Training About Anti-Corruption Policies And Procedures	67
205-3	Confirmed Incidents Of Corruption And Actions Taken	67
206-1	Legal Actions For Anti-Competitive Behaviour, Antitrust, And Monopoly Practices	
207-1	Approach To Tax	
207-2	Tax Governance, Control, And Risk Management	
207-3	Stakeholder Engagement And Management Of Concerns Related To Tax	
301-1	Materials Used By Weight Or Volume	





GRI Standard	Title	Page Number
301-2	Recycled Input Materials Used	
301-3	Reclaimed Products And Their Packaging Materials	
302-1	Energy Consumption Within The Organization	81
302-2	Energy Consumption Outside Of The Organization	91
302-3	Energy Intensity	95
302-4	Reduction Of Energy Consumption	95
302-5	Reductions In Energy Requirements Of Products And Services	107
303-1	Interactions With Water As A Shared Resource	107
303-2	Management Of Water Discharge-Related Impacts	107
303-3	Water Withdrawal	109
303-4	Water Discharge	111
303-5	Water Consumption	113
304-1	Operational Sites Owned, Leased, Managed In, Or Adjacent To, Protected Areas And Areas Of High Biodiversity Value Outside Protected Areas	-
304-2	Significant Impacts Of Activities, Products And Services On Biodiversity	-
304-3	Habitats Protected Or Restored	-
304-4	IUCN Red List Species And National Conservation List Species With Habitats In Areas Affected By Operations	-
305-1	Direct (Scope 1) GHG Emissions	91
305-2	Energy Indirect (Scope 2) GHG Emissions	91
305-3	Other Indirect (Scope 3) GHG Emissions	93
305-4	GHG Emissions Intensity	95
305-5	Reduction Of GHG Emissions	97
305-6	Emissions Of Ozone-Depleting Substances (ODS)	97
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	97



GRI Standard	Title	Page Number
306-1	Waste generation and significant waste-related impacts	115
306-2	Management of significant waste-related impacts	115
306-3	Waste generated	115
306-4	Waste diverted from disposal	115
306-5	Waste directed to disposal	115
308-1	New suppliers that were screened using environmental criteria	-
308-2	Negative environmental impacts in the supply chain and actions taken	-
401-1	New employee hires and employee turnover	125
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	125
401-3	Parental leave	125
402-1	Minimum notice periods regarding operational changes	-
403-1	Occupational health and safety management system	83-87
403-2	Hazard identification, risk assessment, and incident investigation	83-87
403-3	Occupational health services	83-87
403-4	Worker participation, consultation, and communication on occupational health and safety	83-87
403-5	Worker training on occupational health and safety	83-87
403-6	Promotion of worker health	131
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	83-87
403-8	Workers covered by an occupational health and safety management system	83-87
403-9	Work-related injuries	83-87
403-10	Work-related ill health	83-87
404-1	Average hours of training per year per employee	133
404-2	Programs for upgrading employee skills and transition assistance programs	137
404-3	Percentage of employees receiving regular performance and career development reviews	-





GRI Standard	Title	Page Number
405-1	Diversity of governance bodies and employees	141
405-2	Ratio of basic salary and remuneration of women to men	141
406-1	Incidents of discrimination and corrective actions taken	143
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	145
408-1	Operations and suppliers at significant risk for incidents of child labour	145
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	145
410-1	Security personnel trained in human rights policies or procedures	145
411-1	Incidents of violations involving rights of indigenous peoples	145
413-1	Operations with local community engagement, impact assessments, and development programs	149
413-2	Operations with significant actual and potential negative impacts on local communities	-
414-1	New suppliers that were screened using social criteria	147
414-2	Negative social impacts in the supply chain and actions taken	-
415-1	Political contributions	163
416-1	Assessment of the health and safety impacts of product and service categories	119
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	163
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	71

Assurance Letter

Independent Assurance on Verification of Sustainability Information

Growlity/AR/26-27

Reporting Period - April 01, 2025 to March 31, 2026

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 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 (ASR), Business Responsibility and Sustainability Reporting (BRSR), ESG KPI Roadmap, and Carbon Disclosure Project (CDP) disclosure 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:

The assurance engagement was conducted with reference to the four principles of AA1000AS v3 – Inclusivity, Materiality, Responsiveness, and Impact – which were duly considered while performing this engagement. Based on our review, the Company has demonstrated materiality in disclosures, inclusivity in stakeholder engagement, responsiveness to key sustainability concerns, and consideration of impacts across relevant areas

- 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:
 - Changodar Unit 1 (Ahmedabad, Gujarat, India)
 - 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 2025-26.
- Review of responses, supporting evidence, and data provided in the CDP Climate Change questionnaire,

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including governance, strategy, risk management, targets, and Scope 1, 2, and 3 emissions.

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.

The Company is responsible for the preparation and submission of the ASR, BRSR disclosures, EcoVadis questionnaire responses, and CDP disclosures, including ensuring accuracy of the data, appropriateness of methodology, and completeness of supporting evidence.

Our Observations

The Company has demonstrated its commitment to sustainable development by reporting its performance on various material topics for FY 2025-2026. 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.

Areas for improvement include:

- Strengthening data accuracy through enhanced internal controls.
- Expanding disclosures on supply chain sustainability performance.
- Linking ESG performance more explicitly with strategic business outcomes

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.

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7. Our assurance does not extend to the mapping of the report with any reporting frameworks other than those specified above.

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. Details of Growlity's independence policies and procedures can be made available to stakeholders upon request by contacting us at contact@growlity.com

Restriction of Liability

This assurance statement has been prepared solely for the Company in accordance with the terms of our engagement. Growlity does not accept or assume any responsibility to any third party for the information contained in this statement. This assurance statement applies exclusively to the Company's ASR, BRSR, EcoVadis content, and CDP content as defined within the scope. It may not be relied upon by other stakeholders for different purposes. Growlity shall not be held liable for any decisions or actions taken by third parties based on this assurance statement.

Conclusion

On the basis of our limited assurance procedures, nothing has come to our attention that causes us to believe that the Company has not fairly presented sustainability information in its ASR, BRSR, EcoVadis disclosures, and CDP submissions for the reporting period, in all material respects.

Dr. Nitin Dumasia
President & CEO
Date: 5th May, 2026
Place: USA



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