



FY 2023-24

ANNUAL SUSTAINABILITY REPORT



www.harshaengineers.com

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IN THIS REPORT

Organizational details

(GRI 2-1)

We, Harsha Engineers International Limited (referred herein after as Harsha, 'HEIL', 'us', 'our', 'we', 'the Company') is pleased to present our inaugural sustainability report, exemplifying our commitment to standard Environmental, Social, and Governance (ESG) principles through a comprehensive approach to growth with sustainability. This year's report is anchored by the theme, "Driving Sustainability: Precision in Motion with Purpose," which aptly represents our sustainability initiatives and their effective implementation.

This report is structured to aligned with the Global Reporting Initiative (GRI) standards: GRI 1: Foundation 2021, GRI 2: General Disclosures 2021, and GRI 3: Material Topics 2021. Our commitment is further reinforced by our alignment with the United Nations 17 Sustainable Development Goals (UNSDGs), through active participation in the Carbon Disclosure Project (CDP), SAQ Sustainability Ratings, and our disclosures on Business Responsibility & Sustainability Reporting (BRSR).

Entities included in the organization's sustainability reporting

(GRI 2-2)

The scope and boundary of the report covers our businesses and operations related to the manufacturing of precision bearing cages. With two manufacturing units, we are headquartered in Ahmedabad in the state of Gujarat, India.

Harsha Engineers International Limited

 Ahmedabad Unit 1 - Changodar
Address: Sarkhej-Bavla Road, PO Changodar, Ahmedabad – 382213.

 Ahmedabad Unit 2 - Moraiya
Address: Plot No. 427/431 Moraiya Farm, Sarkhej-Bavla Road P.O. Changodar, Ahmedabad 382213.

Reporting period, frequency and contact point

(GRI 2-3)

The information, initiatives, and metrics presented in this report pertain to the fiscal year 2024, covering the period from April 1, 2023, to March 31, 2024.

This report describes our business model, strategy, significant risks, opportunities, overall performance, related outcomes, and prospects for the year under review. We have made the best efforts to ensure the completeness and accuracy of the disclosed information.

Restatements of Information

(GRI 2-4)

Being the inaugural Sustainability Report of FY 2023-24, this report has no restatement of information as our scale and accounting methodology of indicators remain unchanged.

External Assurance

(GRI 2-5)

This report has been externally assured on a "Limited Assurance" basis by Growlity, Inc., in accordance with the Global Reporting Initiative (GRI) criteria and the AA1000 V.3 standard.

Forward Looking Statement

This report includes forward-looking statements about Harsha's future events and operating results. Based on assumptions and subject to risks, actual results may vary significantly. Readers should exercise caution and not rely heavily on these statements.





INTRODUCTION

DRIVING SUSTAINABILITY: PRECISION IN MOTION WITH PURPOSE

Commitment to Environmental Sustainability

Harsha recognizes the urgent need to address climate change and has taken significant steps to reduce greenhouse gas (GHG) emissions. Through meticulous planning and execution, we have implemented strategies to minimize our carbon footprint. Our adoption of renewable energy sources has played a crucial role in this endeavour, significantly decreasing our reliance on non-renewable energy and contributing to a cleaner environment. Our initiatives in water conservation and waste management have also yielded positive results. By employing advanced technologies and processes, we have optimized water usage and significantly reduced waste generation. Our waste management practices prioritize recycling and responsible disposal, ensuring minimal environmental impact.



Enhancing Social Responsibility

At Harsha, we believe that our employees are our greatest asset. We are committed to providing a safe, healthy, and supportive work environment. Our efforts to improve health and safety conditions have included rigorous training programs, regular safety audits, and the implementation of best practices to prevent workplace accidents.

Employee well-being is a top priority, and we have introduced numerous initiatives to enhance their quality of life. These include better facilities, wellness programs, and professional development opportunities. We believe that a satisfied and motivated workforce is essential for achieving our sustainability goals.

Upholding Strong Governance Practices

Our dedication to robust governance is reflected in our comprehensive approach to sustainability. Harsha has carried out extensive global disclosures on sustainability like CDP, SAQ and BRSR, ensuring transparency and accountability in our operations. Our internal and external audits have provided valuable insights and driven continual improvements in our sustainability performance. Our adherence to ESG principles has not gone unnoticed. We have been awarded and recognized by customers for our outstanding performance in sustainability.

Continuous Improvement through Audits and Training

To ensure on-going progress, we have established a rigorous system of internal and external audits. These audits help us identify areas for improvement and implement necessary changes to enhance our sustainability performance. We are committed to maintaining the highest standards of accountability and transparency.

Training is a key component of our sustainability strategy. We have conducted extensive training programs for our employees, equipping them with the knowledge and skills needed to contribute to our sustainability goals. Our training initiatives cover a wide range of topics, including environmental management, health and safety, and social responsibility.

Looking Ahead

As we look to the future, we remain committed to driving sustainability with precision in motion and purpose. We shall continue to explore new opportunities for reducing our environmental impact, enhancing social responsibility, and upholding strong governance practices. Our goal is to create long-term value for our stakeholders while contributing to a more sustainable and resilient world.



CHAIRMAN'S MESSAGE



MR. RAJENDRA SHAH
Chairman & Whole time Director

Dear Shareholders,

This year, as India celebrated its remarkable achievement in space exploration, we too have reached significant milestones in our journey towards sustainable business practices.

Harsha has emerged as a leader in integrating Environmental, Social, and Governance (ESG) principles into our operations. Our theme, "Driving Sustainability: Precision in Motion with Purpose," encapsulates our dedication to making a positive impact. Amidst global supply chain disruptions and economic challenges, our commitment to sustainability remains unwavering.

In FY 2023-24, Harsha has made substantial strides in reducing our environmental footprint. We have implemented a hybrid power project featuring a 2.7 MW wind turbine generator and a 0.675 MW AC/1.0125 MW DC solar power plant. This initiative is expected to produce approximately 900,000 KWH annually, significantly increasing our renewable energy consumption to about 40% of our total power usage and cutting down the carbon (greenhouse gas) emissions to combat climate change.

Our efforts in water conservation through rainwater harvesting and utilization of treated water from our Sewage Treatment Plant (STP) underscore our commitment to responsible water management and biodiversity conservation. These initiatives have not only enhanced operational efficiency but also contributed to our sustainable development goals, initiated by United Nations.

We have placed utmost importance on fostering a safe, healthy, and inclusive workplace environment. We have implemented robust health and safety programs, conducted regular safety audits, and provided comprehensive training to our employees. These initiatives have not only improved workplace safety but also enhanced the overall well-being of our workforce.

Furthermore, our focus on employee well-being includes initiatives such as wellness programs and professional development opportunities. By investing in our employees, we strengthen our organizational resilience and capacity for sustainable growth in the coming years.



“ *Amidst global challenges, our journey towards sustainable growth echoes our commitment to innovation, excellence, and environmental responsibility to deliver precision in motion with purpose!* ”

Transparency and accountability are fundamental to our governance framework. We adhere to rigorous global reporting standards and conduct regular internal and external audits to ensure compliance and drive continuous improvement in our sustainability performance. Our commitment to ESG principles has been recognized through awards and accolades, affirming our leadership in responsible business practices.

As we look to the future, our company is committed to advancing our sustainability agenda with renewed vigor. We will continue to innovate and invest in sustainable technologies, enhance our environmental stewardship, and promote social well-being. Our long-term goals include achieving Net Zero emissions and discharges by 2040 and enhancing the material efficiency with Life Cycle Assessment of our products.

I extend my sincere appreciation to our shareholders for their continued trust and support. I also commend our dedicated management team, employees, stakeholders, and partners for their invaluable contributions to Harsha's ESG & Sustainability journey. Together, we are shaping a sustainable future for generations to come.

MANAGING DIRECTOR'S MESSAGE



MR. HARISH RANGWALA
Managing Director

“
Leading with Sustainability: Together, we drive innovation and growth, creating lasting value for all.

Dear Shareholders,

We have integrated sustainable practices across our operations, optimizing our supply chain and reducing waste. By fostering a strong company culture centered around sustainability, we ensure that our entire team is working towards our shared objectives.

Our financial strategies prioritize eco friendly practices, ensuring healthy growth aligned with our sustainability commitments.

Looking ahead, we aim to achieve ambitious targets in renewable energy, water conservation, and sustainable downstream supply chain management through continuous innovation and improvement.

I extend my deepest appreciation to our employees, shareholders, and partners for their unwavering support. Together, we will continue to lead in sustainable engineering, creating lasting value for all stakeholders.

MESSAGE FROM THE CEO



MR. VISHAL RANGWALA
CEO & Whole-time Director

“
'Driving Sustainability: Precision in Motion with Purpose'. This theme reflects our commitment to integrating sustainable practices into our operations

Dear Shareholders, Partners, and Valued Employees,

Our investment in development & innovation has advanced our sustainability goals by prioritizing energy-efficient technologies and innovative products. This year, we have achieved significant reductions in our carbon footprint and implemented advanced waste management systems, thanks to our teams' efforts.

We have strengthened our governance and compliance frameworks to ensure transparency and accountability in our sustainability initiatives. Adhering to global reporting standards and conducting regular audits fosters integrity and stakeholder trust.

Our commitment to social responsibility includes initiatives promoting employee welfare, diversity, and inclusion. Investing in our workforce through skill development and professional growth has contributed to a positive work environment and organizational resilience.

Looking ahead, we aim to achieve ambitious sustainability targets through further investments in renewable energy, water conservation, and sustainable supply chain management. Innovation will remain the cornerstone of our strategy, enabling us to deliver high-quality products with minimal environmental impact.

CHIEF OPERATING OFFICER'S MESSAGE



MR. PILAK SHAH
COO & Whole-time Director

“
Sustainability is not merely an option, but rather a fundamental principle that directs our choices towards sustainable growth and long-term success.

Dear Shareholders, Partners, and Valued Employees,

At Harsha, our focus remains on aligning our operations with our sustainability goals and objectives.

This year, we've streamlined processes and set clear sustainability targets as Key Performance Indicators (KPIs) to enhance efficiency and integrate eco-friendly practices across all departments.

Automation and improved communication have boosted productivity while reducing our environmental impact.

I oversee our sustainability initiatives, ensuring we stay on course by tracking metrics and taking corrective measures. We've also prioritized building a sustainable supply chain, sourcing responsibly and promoting ethical practices.

Working closely with our CEO, I support strategic planning, balancing daily operations with our sustainability vision. Our commitment to continuous improvement drives us toward ambitious sustainability goals.

I extend my gratitude to our dedicated team and to our stakeholders for their support. Together, we'll lead in sustainable engineering, creating lasting value

MESSAGE FROM THE DIRECTOR



MS. HETAL NAIK
Whole-time Director

“
Inclusive, responsible business, reducing our carbon footprint, and upholding ethical governance for positive change and sustainability.

To Our Valued Stakeholders,

As we navigate the evolving landscape of sustainable development, our commitment to fostering an inclusive and responsible business environment remains steadfast. This year, we have strengthened our focus on equality and non-discrimination, ensuring a diverse and inclusive workplace where everyone can thrive.

Our dedication to environmental stewardship is evident in our ongoing efforts to reduce our carbon footprint and enhance resource efficiency.

We have made significant strides in adopting green technologies and sustainable practices across our operations, aligning with our goal to minimize our environmental impact and contribute positively to our planet. In terms of governance, we maintain the highest ethical and compliance standards. Our adherence to rigorous global reporting standards and ethical business practices ensures transparency and accountability in all our operations. Regular internal and external audits further reinforce our commitment to responsible governance and continuous improvement.

Overseeing operations, I have worked with senior staff to implement lean manufacturing initiatives, exploring operational excellence, enhancing productivity while minimizing environmental impact. As we advance our sustainability agenda, we remain focused on driving positive change through innovation, inclusivity, and ethical practices. Together with our dedicated team, stakeholders, and partners, we are building a sustainable future where equality, environmental responsibility, and ethical governance are at the heart of our success.

ABOUT HARSHA ENGINEERS : WHERE PRECISION MEETS SUSTAINABILITY

From towering skyscrapers to ground-breaking technologies, the marvels of our world rely on a strong foundation: precision engineering. This intricate discipline fuels innovation, efficiency, and reliability, constantly pushing the boundaries of what's possible. At Harsha, we've embraced this challenge, becoming India's undisputed leader in the organized bearing cage market.

Our unwavering commitment to meticulous craftsmanship ensures we consistently surpass expectations. We deliver high-quality precision components with a global reach, but our vision extends beyond manufacturing excellence.

A Legacy of Innovation

Drawing upon our rich legacy, we continue to push the boundaries of precision engineering. We are a technology-driven company with a strong focus on development & innovation, allowing us to develop innovative products that meet the evolving needs of our customers. Our in-house expertise in designing and developing advanced tooling empowers us to manufacture even the most complex bearing cages and stamped & machined components.

A Global Leader with Sustainability at Heart

Our dedication to sustainability transcends geographical boundaries. Our strategically located production facilities in Changodar and Moraiya, India, serve as the core of our operations, fostering a robust sustainability framework. To cater to a global market, we've established a subsidiary in Changshu, China, adhering to the same environmental standards as our Indian facilities. Furthermore, a wholly owned subsidiary in Ghimbav Brasov, Romania, allows us to efficiently serve Europe while minimizing our environmental impact. Beyond physical presence, we actively collaborate with local stakeholders in each region, fostering knowledge exchange and the development of sustainable solutions tailored to each market's unique needs. This comprehensive approach strengthens our global network dedicated to sustainable production and responsible business practices, ensuring long-term success and contributing to a more sustainable future for all.



IN ESSENCE

- Precision engineering is the cornerstone of progress, driving innovation, efficiency, and environmental responsibility.
- Harsha is a leading company leveraging this power to create a more sustainable future.
- Harsha exemplifies precision engineering excellence, consistently exceeding expectations with a commitment to sustainability.

VISION

“*Harsha aspires to be a global leader & preferred supplier of bronze bushing, bronze bushing and precision stamped components.*”

SUSTAINABILITY DASHBOARD



Environmental



2,18,680 GJ

Total Energy Consumed

5,827.28 GJ

Energy From Renewable Sources

6,617.71 TCO₂eq

Scope 1 Emissions

20,272.84 TCO₂eq

Scope 2 Emissions

7,008,537.68 TCO₂eq

Scope 3 Emissions

28,000 kl

Total Water Consumption

26,228 kl

Ground water Used

1,870 kl

Third-Party Water

100%

Water Recycled & Reused

5400 kl

Total Rainwater Harvested

781.60 MT

Total Waste Generated

584.11 MT

Total Waste Recycled



Social



89

Female Workforce

3,131

Male Workforce

452 employees

1,035 Workers

Received Skill Upgradation Training

₹ 6.72 Crores

CSR Allocation

2086

Education Programs

139 employees

785 Workers

Trained in Health and Safety

5282 hours

Total Health and Safety Training Hours

10

Safety Drills



Governance



₹ 1080.9 Crores

Revenue generated

₹ 40.74 Crores

Annual Tax Paid

ISO 14001

ISO Certification

IATF 16949

IATF Certification

0

Cases of Corruption

4

Board meetings held



MILESTONES IN SUSTAINABLE MOTION





2019

- Award for Excellence in Consistent TPM Commitment 2018 award received from Japan Institute of Plant Maintenance.
- Commissioning of new plant at Changshu, China.

2023

- Acquired/agreed to acquire a non-agricultural land spanning approximately 1,00,161 sq. mtrs near Bavla, for our Greenfield Project.
- The Company has successfully attained the ISO : 45001 certifications.

2022

The Company has completed Initial Public Offer and equity shares of the Company were listed on National Stock Exchange of India Limited and BSE Limited on September 26, 2022.



FROM DOMESTIC POWERHOUSE TO GLOBAL PLAYER

GRI 2-1

Geographic Reach with Sustainability in Mind

By strategically positioning facilities across a vast geographic area, we have secured a global presence that fosters economic growth and allows us to contribute to a more sustainable future. We are committed to minimizing Our supply chain network covers more than 30 countries and our warehouses are spread across more than 22 locations.

1. Asia

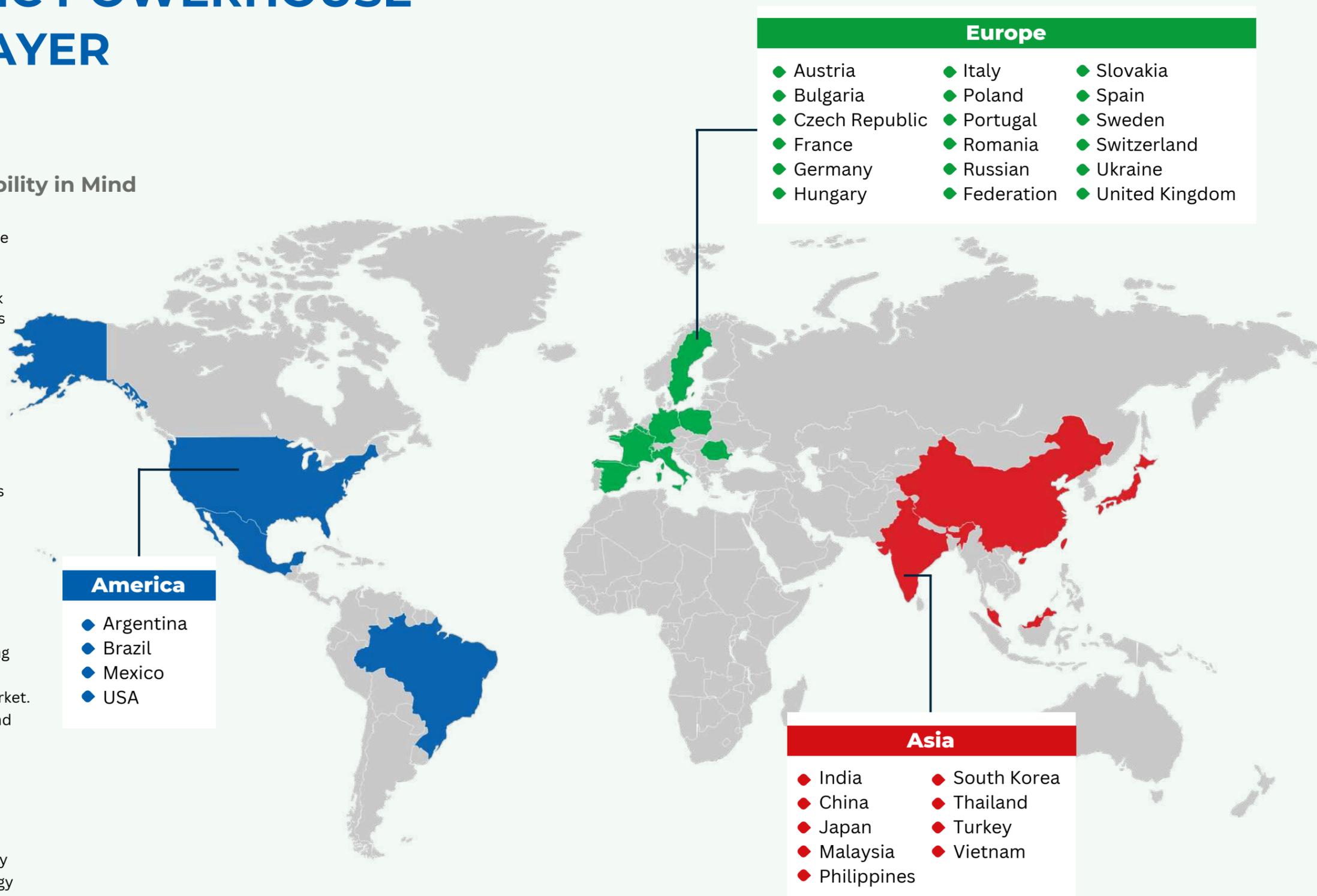
Harsha has established a presence in four Asian countries, with its core manufacturing base located in India at our facilities in Changodar and Moraiya, Ahmedabad. Our subsidiary in Changshu, China, further strengthens our Asian presence. This focus on a region with a large consumer base allows us to efficiently utilize resources and implement sustainable manufacturing practices throughout our operations.

2. Europe

With presence in nine European countries, including our step-down subsidiary in Ghimbav, Romania, Harsha offers efficient service to the European market. We prioritize sustainable transportation options and local sourcing whenever possible to reduce our environmental footprint.

3. North America and South America

Our presence in the USA, Mexico, and Brazil demonstrates our commitment to serving these key markets. We are actively exploring renewable energy solutions to power our facilities in these regions, contributing to a more sustainable future.



SUSTAINABLE SOLUTIONS THROUGH DIVERSE PRODUCTS

GRI 2-6

Harsha's commitment to sustainability extends beyond our operations and into the very products we offer. Our diverse product portfolio is meticulously designed with a focus on efficiency, longevity, and reducing environmental impact. In line with our sustainability goals, we have also initiated life cycle assessments for key products, to ensure that every stage of their life—from raw material extraction to end-of-life disposal—meets the highest environmental standards.

1. Steel Cages: Strong and Sustainable

- Optimum Material Selection:** Harsha leverages its expertise in technology to manufacture steel cages from various grades. This ensures the perfect balance between weight, strength, and minimizing friction and wear. This results into lower energy consumption during operation for our global customers (SDG - 12).
- Minimized Waste:** Our high-volume production capabilities, achieved through our stamping expertise, minimize material waste during steel cage formation processes (SDG - 12).

2. Brass Cages, Bronze Bushings, and Sand Castings: Expanding Durability

- Long-lasting Performance:** Brass cages offer superior rigidity, strength, and high-temperature tolerance. This translates to extended product lifespans and reduced replacement needs, minimizing resource consumption. Bronze bushings complement this focus on durability with excellent wear resistance, reducing maintenance requirements (SDG - 12).
- Sustainable Casting Practices:** Harsha utilizes sand casting, a versatile process that allows for the creation of complex shapes and minimise material waste. This reduces our environmental impact (SDG - 13).

3. Polyamide Cages: Lightweight Champions for Sustainability

- Reduced Weight, Increased Efficiency:** Polyamide cages are significantly lighter than traditional metal options. This weight reduction can contribute to improved fuel efficiency in applications like wind turbines, lowering environmental impact (SDG - 13).
- Corrosion Resistance by Design:** Polyamide's inherent resistance to corrosion eliminates the need for additional coatings, reducing reliance on potentially harmful chemicals (SDG - 12).

4. Stamped Components: Optimizing Production across Industries

- Waste Reduction in Manufacturing:** Our high-precision stamping process minimizes material waste compared to traditional machining methods. This translates to a smaller environmental footprint throughout the operations. HEIL specializes in high-quality metal stamping and assembly for component manufacturers, offering precision solutions for complex and simple designs.
- Enabling Sustainable Technologies:** Harsha's metal stamping capabilities can be applied to various components used in sustainable technologies, such as electric vehicles and renewable energy infrastructure. By providing these components, we indirectly contribute to a greener future (SDG - 12 & 13).



HARSHA ABAKUS SOLAR : EMPOWERING CLEAN ENERGY SOLUTIONS

Established in 2010, Harsha Abakus Solar Division (formerly known as Harsha Abakus Solar Private Limited) has emerged as a global leader in the renewable energy sector. We provide a comprehensive portfolio of solar energy and renewable energy products and services, driven by a commitment to address environmental and energy-related challenges.

Harsha Abakus Solar is a key contributor to our company's ESG & Sustainability goals. By harnessing the power of the sun, we empower our customers to reduce reliance on fossil fuels and contribute to mitigating climate change. As evidenced by the data in the accompanying image, our solar power solutions have demonstrably saved **1353 equivalent tones of CO₂ emissions**, equivalent to planting half million trees (SDG - 7, 8,9,11, & 13).

The environmental benefits of solar power extend beyond carbon reduction:

- **Reduced air and water pollution:** Solar energy generation processes do not release harmful pollutants into the air or water, unlike traditional fossil fuel power plants.
- **Water resource conservation:** Solar power generation requires minimal water compared to conventional energy sources like nuclear or thermal power plants.
- **Elimination of hazardous waste:** Unlike fossil fuels, solar energy does not create hazardous waste products that require complex and potentially harmful disposal processes.

Furthermore, solar power offers a reliable and sustainable source of energy, enhancing energy security and reducing dependence on foreign oil. This aligns perfectly with our commitment to promoting long-term energy independence and a secure future.



1353
tones of CO₂ saved

1388
Million Units Generated

54720
Homes Electrified

500
MW Commissioned

6824
Million Liters of
water saved

GREENER MANUFACTURING, BRIGHTER FUTURE

GRI 2-6, 2-28

Optimizing Processes through Technology

Harsha leverages state-of-the-art technology throughout the manufacturing process. Our well-equipped tool room features advanced machines like Hard Milling and Turning Centers, CNC Wire-cut and EDM machines, and high-precision measuring instruments. This allows us to design and produce bearing cages and stamped components with exceptional cost-effectiveness, quality, and flexibility. Utilizing leading tool design software like Pro Engineer and Hyper-works, we eliminate design discrepancies and ensure consistent precision from the outset.

A Culture of Continuous Improvement: TPM in Action

Harsha has been recognized for its excellence in manufacturing with the TPM Excellence Category A Award from the Japan Institute of Plant Maintenance (JIPM). This recognition reflects our unwavering commitment to the Total Productive Maintenance (TPM) philosophy. We foster a collaborative work environment through the "TEAM Concept" (Together Everyone Achieves More), emphasizing total employee involvement and ownership in productivity and maintenance initiatives.

Across our production facilities, TPM principles of sorting, set-in-order, sweeping, standardisation, and self-discipline are meticulously implemented, leading to a more optimised and efficient operations.

Innovation for unlimited Sustainability

Our dedicated Research & Development team is constantly seeking ways to improve our manufacturing processes while minimizing environmental impact. Their efforts have led to advancements that:

- Reduce human error, minimizing waste and rework.
- Enhance product precision, leading to increased efficiency and energy savings.
- Promote energy-saving practices throughout our product lines.

We leverage emerging trends like "very clean bearing" technology to develop cleaner cages that reduce noise pollution and optimize cage geometry to minimize friction and energy loss.

Quality and Environmental Responsibility

We take pride in achieving the highest quality standards while minimising our environmental impact. This commitment is reflected in our management systems and certifications:



ISO 9001:2015 Quality Management System: Ensures a robust quality management system focusing on continuous improvement, customer satisfaction, and defect prevention, leading to consistent production of high-quality goods.



IATF 16949:2016 Automotive Quality Management System: Addresses specific requirements of the automotive industry, ensuring rigorous quality control throughout the supply chain, contributing to safer and more reliable vehicles.



ISO 14001:2018 Environmental Management System: Helps us identify, manage, and minimize our environmental footprint, guiding us in waste reduction, resource conservation, and pollution prevention.



ISO 45001:2018 Occupational Health & Safety Management System: Demonstrates our commitment to providing a safe and healthy work environment for all employees.

A Diverse and Robust Infrastructure

Our versatile manufacturing infrastructure encompasses a mix of manual, semi-automatic, and fully automatic machines. This includes over 100 CNC machines capable of handling components from 50mm to 1200mm, alongside over 175 presses with capacities ranging from 4T to 1000T. Secondary equipment such as vibrio finishing machines, shot blasting machines, and phosphate layering equipment further enhance our production flexibility while minimizing resource consumption. By continuously innovating, promoting employee engagement, and prioritizing responsible practices, Harsha is committed to achieving manufacturing excellence in a sustainable manner. This ensures we remain competitive while minimizing our environmental footprint, contributing to a more sustainable future for generations to come.



Recognition for Excellence: Years of Achievements

We are thrilled to share a series of prestigious recognitions received throughout the past few years, reflecting our commitment to excellence across various aspects of our operations. These awards serve as a testament to the dedication and hard work of our entire team.

Supplier Recognition:

- **Most Improved Supplier Award from Timken:** Acknowledges our significant progress in exceeding expectations and strengthening our partnership.
- **Partner Performance Award (Best in Delivery) from JTEKT:** Highlights our commitment to reliable and timely deliveries, ensuring a seamless supply chain for our valued customer.
- **Outstanding Support to Materials Management India Strategy Award from ZF Group:** Celebrates our collaborative efforts in supporting ZF Group's Materials Management strategy in India.
- **Best Supplier Award across all categories from NBC Bearings:** Solidifies our position as a trusted and reliable supplier for NBC Bearings.
- **Intelligent & Agile Award from SKF:** Acknowledges our adaptability and innovative approach in the supplier landscape.

Beyond Supplier Performance:

- **Three Star Export House Status for 5 years from DGFT:** Underlines our consistent and significant contribution to India's export growth.
- **TISAX Label:** Signifies our robust information security management system, ensuring data protection and compliance with industry standards.
- **Rajya Shram Shri Award (2022-23) for Mr. Altaf D. Ghachi:** We are incredibly proud of Mr. Ghachi's well-deserved recognition for his outstanding contributions and dedication within the company.
- **Sustainability Award from Schaeffler:** Acknowledges our commitment to sustainable practices and building a greener future.

We are deeply grateful to our dedicated employees, whose hard work and commitment have been instrumental in reaching these heights. We also extend our heartfelt thanks to our partners, whose collaboration and support have been invaluable, and to our loyal customers, who have placed their trust in us and driven us to excel.

As we celebrate these successes, we remain committed to continuous improvement, always striving to enhance our services and deliver exceptional value.

Our goal is to continue this upward trajectory and achieve even greater successes in the years to come, ensuring that we consistently meet and exceed the expectations of all our stakeholders.



These awards represent significant milestones in our journey, marking our progress and achievements over the years.



BUILDING STRONG PARTNERSHIPS

GRI 2-25, 2-26, 2-29

Harsha recognizes that long-term success and sustainability are intertwined with strong stakeholder relationships. We believe in fostering open communication and collaboration with a diverse range of stakeholders whose interests are impacted by or can influence our operations.

Harsha identifies a broad spectrum of stakeholders, including:



Fostering Open Communication and Engagement

Harsha utilizes various communication channels to ensure accessibility and inclusivity:

- **Regular Meetings and Dialogue Sessions:** We facilitate open discussions on sustainability challenges and solutions.
- **Surveys and Feedback Mechanisms:** We gather stakeholder input through client satisfaction surveys, online reporting systems, and social media platforms.

- **Investor Briefings and Annual Reports:** We maintain transparency with investors regarding ESG practices and long-term value creation.
- **Community Outreach Programs:** We actively participate in initiatives that benefit local communities.
- **Industry Forums and Conferences:** We collaborate with industry leaders to shape sustainable practices within the engineering sector.

Transparency in Our Approach:

- **Sustainability Disclosures & Reporting:** We publicly disclose our sustainability performance through annual reports and dedicated sustainability reports.
- **Website:** Our website provides comprehensive information on our sustainability efforts and commitment to responsible practices.
- **Feedback Mechanisms:** We actively seek stakeholder feedback through various channels to improve our practices.

Grievance Redressal Mechanism:

Maintaining open communication and addressing concerns promptly are essential. Harsha has a well-defined grievance redressal mechanism for all stakeholders. This mechanism allows stakeholders to voice their concerns and seek resolution through multiple channels:

- **Community Liaison Officers:** Dedicated community liaison officers are available to directly address community concerns.
- **Employee Hotlines:** Confidential employee hotlines are available for reporting workplace issues.
- **Online Grievance Portal:** An online grievance portal allows for anonymous reporting for those who prefer this option.

We are committed to:

- **Empowering Stakeholders to Speak Up:** We provide clear channels for reporting concerns, including suspected violations, conflicts of interest, and critical sustainability matters.
- **Identifying Emerging Issues:** We proactively identify potential sustainability challenges through engagement and industry trends.
- **Timely and Accurate Information:** We strive to provide stakeholders with timely and accurate information on critical concerns, including potential risks and mitigation strategies.

- **Accessible Channels:** We ensure clear and accessible channels for raising concerns and seeking clarification.
- **Comprehensive Responses:** We address stakeholder concerns in a timely and comprehensive manner, ensuring transparency and accountability throughout the process.

Our Remediation Process

- **Identification:** We identify negative impacts through stakeholder feedback and internal assessments.
- **Action:** Corrective actions are promptly implemented to address and resolve issues.
- **Evaluation:** We monitor the effectiveness of these actions to ensure they effectively prevent recurrence.
- **Communication:** We transparently report on remediation efforts and outcomes to stakeholders.



Stakeholder Group	Communication Channels	Key Concerns	Response
Employees	Emails, internal meetings, engagement activities, internal portal, town-hall meeting, one-to-one interaction	Career development, workplace safety, and well-being.	Introduced comprehensive training programs, enhanced safety protocols, and wellness initiatives.
Shareholders	Email, Teleconference, Investor Presentation, Plant Visits, website ,AGM	Long-term value creation, corporate governance, and transparency.	Committed to delivering sustainable growth, maintaining high standards of governance, and ensuring transparency in communications. Provided detailed annual sustainability and financial performance reports.
Investors	Email, Teleconference, Investor Presentation, Plant Visits, website, Road shows	Financial performance, risk management, and sustainability initiatives.	Provided transparent reporting, managed risks effectively, and highlighted sustainability achievements.
Suppliers	Email, Meetings	Ethical sourcing, environmental impact, and fair practices.	Implemented a Supplier Code of Conduct and conducted regular audits to ensure compliance.
Customers	Email, Exhibitions, Meetings, Plant visits	Product quality, sustainability features, and innovation.	Developed high-quality, sustainable products, and introduced new features based on customer feedback.
Community members	One-to-one interactions	Environmental impact, job creation, and community support.	Invested in community projects, reduced environmental footprint, and created local employment opportunities.



OUR ESG & SUSTAINABILITY PARTNER

GRI 2-5, 2-28

Harsha has embarked on a transformative journey towards sustainability, and our partnership with Growlity has been instrumental in accelerating our progress. This strategic alliance underscores our commitment to operating responsibly and creating a positive impact on society and the environment. By leveraging Growlity's expertise, we have been able to significantly enhance our sustainability initiatives and achieve measurable results.

Growlity's role extends beyond advisory and consulting services on ESG & Business Sustainability management to encompass a comprehensive suite of services designed to drive sustainable performance. Their deep domain expertise has enabled us to identify material sustainability issues, set ambitious targets, transparency in BRSR disclosures, and develop effective strategies on decarbonization and ultimately pave the right path to achieve Net Zero as a long term objective.

Through rigorous assessments and data-driven insights, Growlity has provided the foundation for our sustainability roadmap.

Their guidance has been crucial in navigating complex sustainability challenges and ensuring that our efforts are aligned with best practices and industry standards.

Moreover, Growlity's capacity-building programs have empowered our employees to become sustainability champions. By equipping our workforce with the necessary knowledge and tools, we have fostered a culture of ownership and accountability for environmental and social performance. These programs have not only increased awareness but also motivated our employees to contribute to our sustainability goals, driving collective action for greener future.

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

DR. NITIN DUMASIA
President and CEO, Growlity

Their technical support in areas such as greenhouse gas emissions, especially for Scope 3 GHG emissions calculations using their platform ESGtech.ai, has been invaluable in quantifying our impact and identifying opportunities for improvement.

This has allowed us to take a comprehensive approach to managing our carbon footprint, ensuring that we address emissions across our entire value chain. With Growlity's assistance, we have implemented robust methodologies for emissions tracking and reduction, enhancing our overall environmental performance.

Together, we have also introduced the process to calculate the Product Carbon Footprint (PCF) using the Life Cycle Assessment (LCA) methodology. This has brought an unbelievable level of confidence in our operations, from leaders to shop floor workers. By adopting LCA, we are able to assess the environmental impact of our products at every stage of their life cycle, enabling us to make informed decisions that minimise our ecological footprint.



MATERIALITY



MATERIALITY ASSESSMENT

GRI 3-1

Materiality Assessment shapes way for purposeful growth at Harsha Engineers International Limited

Building on the spirit of "Unleashing Potential, Shaping Impact," HEIL prioritizes sustainability through a comprehensive Materiality Assessment. This strategic evaluation process delves into the core environmental, social, and governance (ESG) aspects of our organization, helping us explore and prioritize the issues that matter most.

Materiality Assessment: Understanding What Matters

A materiality assessment is a critical tool that allows us to identify the ESG issues with the most substantial influence on HEIL's performance and value creation. These issues are not only significant to our business operations, but also hold significant importance to our stakeholders.

HEIL's Collaborative Materiality Assessment Process

HEIL's materiality assessment process involved extensive stakeholder consultations to ensure a comprehensive and inclusive approach. Here's how we conducted the assessment:

- **Defining the Scope:** We considered industry ESG standards and ratings, alongside material issues identified by our peers within the sector, to establish a broad universe of potential ESG issues.
- **Stakeholder Engagement:** Engaging with a diverse range of internal and external stakeholders was crucial. Their valuable input played a key role in prioritizing the identified material issues.

By following this collaborative approach, HEIL's materiality assessment has identified the most critical ESG issues that will shape our sustainability roadmap. This roadmap will guide our efforts in creating long-term value for all our stakeholders while ensuring a sustainable future.

Our Methodology

Here's a breakdown of the key steps involved in HEIL's materiality assessment process:

1 Defining the Universe of Potential Material Issues:

We begin by establishing a broad range of potential ESG issues. This is achieved by incorporating indicators based on:

- **Peer Analysis:** We examine material issues identified by our industry peers.
- **Sectoral ESG Standards/Priorities:** We consider relevant industry-specific ESG standards and priorities.

2 Stakeholder Consultation & External Requirement Assessment:

- We actively engage with a diverse range of stakeholders, both internal and external, to gather valuable insights. This is done through surveys and other methods.
- Additionally, we assess the importance of each issue in relation to key external reporting requirements.

3 Identifying Relevant Issues: Objectives and Risks:

- We consider HEIL's vision, mission, business model, and strategies to identify key business objectives and potential risks.
- This step helps us evaluate material issues in the context of our specific organizational goals and potential challenges.

- **Stakeholder Importance:** Assessed through stakeholder engagement activities.
- **Business Impact:** Determined by its potential influence on achieving strategic objectives and mitigating risks.

The results of the materiality assessment are then reviewed and validated by HEIL's senior management.

4 Analysis of Results: Creating the Materiality Matrix:

Based on the information gathered through the previous steps, we create a materiality matrix. This matrix visually depicts the relative significance of each ESG issue from the perspectives of both:

5 Mapping Risks & Objectives with Material Issues:

Finally, we delve deeper to map how each material issue can contribute to our strategic objectives and the mitigation of key risks. This step ensures a clear understanding of how addressing these material issues align with HEIL's overall sustainability goals.



MATERIALITY MATRIX GRI 3-2

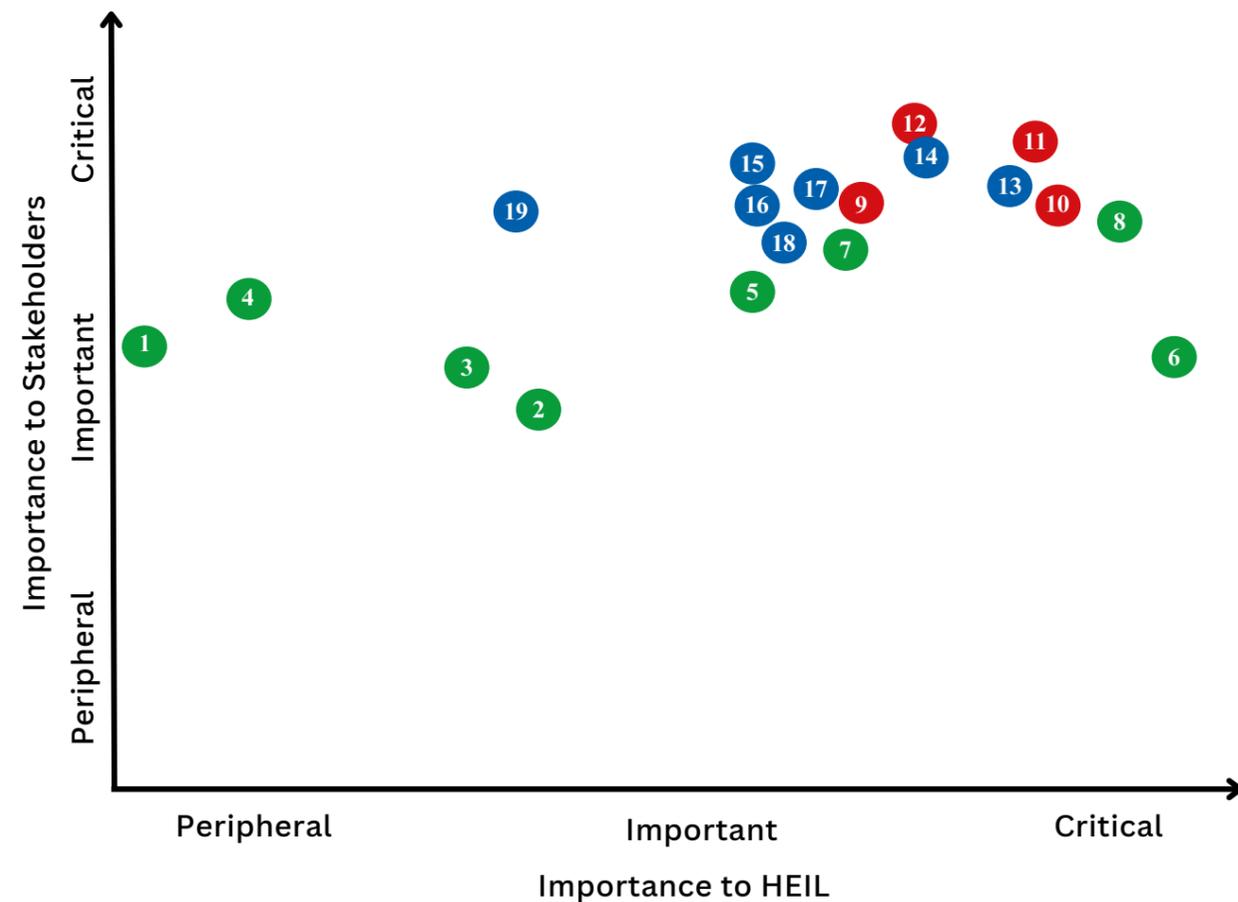
Charting the Course: A Look at HEIL's Materiality Matrix

The Materiality Matrix acts as a compass for HEIL's sustainability strategy. Imagine a grid where each environmental, social, and governance (ESG) issue finds its place based on two crucial dimensions:

Y-Axis: Importance to Stakeholders: This vertical axis reflects how critical each issue is to our diverse stakeholders. We gather this insight through extensive consultations, ensuring the concerns that matter most to them are prominently displayed on the matrix.

X-Axis: Importance to Business: This horizontal axis represents the direct influence each issue has on HEIL's long-term success and sustainability goals. By plotting these issues within the matrix, we can identify those with the most significant impact on our operations.

This visual landscape empowers us to prioritize the most critical ESG concerns. Issues positioned in the upper right quadrant hold the most weight, as they are both highly important to stakeholders (high Y-axis value) and crucial to HEIL's business (high X-axis value). By focusing on these high-impact areas, we ensure our sustainability efforts are impactful and address the issues that matter most to everyone involved.



Environment



Social



Governance

- 1. Biodiversity & Resources
- 2. Climate Transition Risk
- 3. Waste and Recycling
- 4. Product Design & Lifecycle Management
- 5. Product Quality & Safety
- 6. Emission Management
- 7. Energy Management
- 8. Water and Wastewater Management

- 9. Occupational Health and Safety
- 10. Employee Advancement & Development
- 11. Local Communities
- 12. Diversity & Equal Opportunity

- 13. Supplier Economic & Governance Performance
- 14. Economic Value Creation
- 15. Information Security
- 16. Corporate Governance
- 17. Compliance & Integrity
- 18. Anti-Corruption
- 19. Responsible Sourcing

GOVERNANCE



DIVERSE EXPERTISE: POWERING SUSTAINABLE GROWTH

GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-15, 2-16, 2-17, 2-18 405

Strong Leadership for a Sustainable Future

Our Board of Directors plays a critical role in guiding our sustainability journey. It comprises a diverse group of experienced individuals, with a strong balance between Executive and Non-Executive Directors. We are committed to exceeding regulatory requirements for independent directors, ensuring a variety of perspectives at the decision-making table. At least one member of the Board identifies as female, reflecting our dedication to diversity, equality and inclusion.

Board Expertise Aligned with Sustainability

Beyond strong character and professional experience, our Board members possess specific skills and knowledge relevant to sustainability. This expertise complements their backgrounds in areas like general management and business strategy. By integrating environmental, social, and governance (ESG) considerations into their decision-making, the Board ensures our company operates responsibly and contributes to a sustainable future.

Our Board of Directors (GRI 2-9, 2-11, 2-17, 405-1)

The Board is firmly committed to integrating sustainability into our company's core strategy and operations. They actively participate in discussions on sustainability and ensure it remains a top priority. This commitment is reflected in the Board's composition, which includes independent directors who bring diverse perspectives and expertise, including potentially those related to environmental and social responsibility.



Mr. Rajendra Shah

Chairman & Whole-time Director

Mr. Rajendra Shah brings a wealth of experience to Harsha, having served for 38 years in the precision engineering industry. He holds a mechanical engineering degree from Lukhdhirji Engineering College at Morbi, Gujarat in India.

Mr. Shah steers the overall management of Harsha with a focus on financial matters. His exceptional entrepreneurial skills were recognized with the prestigious AMA Atlas Dycechem 'Outstanding Entrepreneur of the Year Award 2001' by the Ahmedabad Management Association.

Demonstrating his dedication to philanthropy, Mr. Shah currently serves as the President of the Blind People's Association in Ahmedabad. He previously held the esteemed position of Chairman of CII Gujarat (2019-20), showcasing his leadership within the industry. Possessing extensive experience specializing in bearing cages and stamped components, Mr. Shah is a highly respected figure in the field.



Mr. Harish Rangwala

Managing Director

Mr. Harish Rangwala, a veteran mechanical engineer with over 38 years of experience, serves as a key driver of Harsha's commitment to sustainable practices. Since joining Harsha, Mr. Rangwala has leveraged his extensive background in precision engineering, particularly bearing cages and stamped components, to champion resource efficiency and environmental responsibility throughout the company's operations.

In his leadership role, Mr. Rangwala plays a critical role in integrating sustainability across both core operations and the burgeoning renewable energy division. His focus extends beyond simply minimizing environmental impact. He actively seeks opportunities to develop innovative solutions that optimize resource use, reduce waste, and promote circularity within Harsha's manufacturing processes.

Mr. Rangwala's leadership by example inspires a culture of sustainability within Harsha. He fosters collaboration between engineering teams, operational staff, and the renewable energy division to identify and implement best practices across the entire value chain. His dedication to sustainability is a cornerstone of Harsha's commitment to building a more environmentally conscious future.



Mr. Vishal Rangwala

CEO & Whole-time Director

Mr. Vishal Rangwala, a mechanical engineer with a strong background in both engineering and management, plays a key role in shaping Harsha's sustainability strategy. His diverse experience – over 15 years in precision engineering coupled with marketing leadership – allows him to bridge the gap between operational practices and market demands for sustainable products. In his current role, he champions the integration of sustainable practices across all functions, including marketing and corporate strategy.



Mr. Pilak Shah

COO & Whole-time Director

Mr. Pilak Shah, a mechanical engineer with expertise in integrated manufacturing systems from Nirma Institute of Technology and North Carolina State University, brings over 15 years of experience to the Harsha's boardroom. His focus on sustainability is evident since joining Harsha in 2006, where he spearheaded resource management initiatives.

Mr. Shah's on-going contributions are instrumental in shaping Harsha's strategic direction, ensuring a sustainability focus is applied to all decisions. His background in precision engineering, particularly bearing cages and stamped components, informs his valuable contributions to optimizing resource use and minimizing Harsha's environmental impact.



Ms. Hetal Naik

Whole-time Director

Ms. Hetal Naik, a mechanical engineer from L.D. Engineering College, holds a master's degree in mechanical engineering with a specialization in design engineering. She has been a vital part of Harsha since 2015, leveraging her extensive expertise in designing software, DFMEA, automotive engineering, lean manufacturing, Total Productive Maintenance and CSR.

She is responsible for ensuring the health and safety of all employees and individuals affected by the Company's operations and play a crucial role in managing the TPM function.



Mr. Ambar Patel

Independent Director

Mr. Ambar Patel holds a bachelor's degree in mechanical engineering from Gujarat University. Since October 29, 1993, he has been the Managing Director of Shilp Gravures Limited. He is also a Director on the Board of the Kalapur Commercial Co-Operative Bank Limited, where he chairs the MSME committee.

Additionally, Mr. Patel is an Executive Committee Member of the Gujarat Chamber of Commerce & Industry, Chairman of the Labor & Industrial Safety Committee, and President of the Santej Industrial Area Association. Beyond his professional roles, Mr. Patel actively serves as an Advisory Committee Member for the Health & Care Foundation and Aastha Charitable Trust.



Dr. Bhushan Punani

Independent Director

Dr. Bhushan Punani holds a bachelor's degree in Science (Dairy Husbandry) from B.N. Chakrabarty University in Kurukshetra, a bachelor of laws from Gujarat University, a post-graduate degree in management from IIM Ahmedabad, and a Ph.D. in commerce from Gujarat University. He also completed a special course on vocational rehabilitation from the University of Haifa, School of Social Work.

Dr. Punani serves as the General Secretary of the Blind People's Association in Ahmedabad and as the Vice President of ICEVI. He received the Distinguished Alumnus Award from IIM Ahmedabad in 2011 and has contributed to several national committees, including the Central Advisory Board on Disability, the National Advisory Committee on Accessible Election, and the Committee on Drafting National Law on Disability.



Mr. Ramakrishnan Kasinathan

Independent Director

Mr. Ramakrishnan Kasinathan boasts an extensive educational and professional background. He holds a bachelor's degree in civil engineering from the University of Madras, a diploma in basic finance from the Institute of Chartered Financial Analysts of India, an MBA from Anna University, and a master's degree in management from the Asian Institute of Management in the Philippines.

His career includes roles at ACT India, Johnson & Johnson Limited, Best & Crompton Engineering Limited, SKF India Limited, and Hindustan Zinc Limited, where he gained valuable industry expertise. Currently, he is a consultant at Nexium Private Limited, contributing his extensive knowledge and experience to the organization.



Mr. Kunal Shah

Independent Director

Mr. Kunal Shah holds a bachelor's degree in chemical engineering from Nirma Institute of Technology, Gujarat, and a master's degree in information systems from Stevens Institute of Technology, USA. Since December 2002, he has been with AIA Engineering Limited, serving as CFO from 2014 to 2017 and currently as Executive Director, Corporate Affairs. He is also an entrepreneur, having established his consulting firm, Theoden Ventures LLP, and co-founded Auras. With extensive experience in general management and finance, he brings valuable expertise to his roles.



Prof. (Dr.) Neharika Vohra

Independent Director

Prof. (Dr.) Neharika Vohra is a distinguished academic with a rich educational and professional background. She holds a bachelor's degree in psychology from Shushilavati Khosla D.A.V. College for Women in Rourkela, and a master's and Ph.D. from the University of Manitoba.

She has served as Vice Chancellor of the Delhi Skills and Entrepreneurship University and has been a professor at IIM Ahmedabad for two decades, making significant contributions to organizational behavior. She has also taught at Xavier Institute of Management, Bhubaneswar, and the University of Manitoba. Additionally, she is a member of the governing board of the Education Support Organization (Gyan Shala) in Ahmedabad. With over 23 years of teaching and research experience, her expertise lies in organizational behavior.

Cultivating a Board for Sustainability Leadership

GRI 2-10, 2-11, 2-15, 2-16, 2-17

Our Board of Directors plays a central role in navigating our sustainability journey. Through a rigorous selection process, we assemble a Board with a strong focus on sustainability expertise, alongside risk management and governance. This expertise is further bolstered by continuous learning and development programs, equipping all Board members with the necessary knowledge to effectively oversee all aspects of the company, with a particular focus on sustainability matters.

We are committed to upholding the highest standards of corporate governance. This includes a robust framework for identifying and mitigating potential conflicts of interest among Board members. All Board members are required to disclose any such conflicts, and we have a well-defined procedure for managing these situations to safeguard fair and objective decision-making.

Independent directors are appointed with clearly defined roles, responsibilities, and rights outlined in their formal agreements. They receive regular briefings and comprehensive company materials to ensure a thorough understanding of our practices, strategies, and industry trends. We maintain an open communication channel and foster a continuous dialogue with independent directors, promptly addressing any questions, concerns, or critical sustainability issues they may raise.

Transparency and Proactive Disclosure for Board Communication

To facilitate effective communication of critical concerns within the Board, we prioritize clear channels and proactive identification of potential sustainability risks. Here's an outline incorporating these aspects:

Facilitating Effective Board Communication on Sustainability

To ensure clear communication and proactive identification of potential sustainability risks within the Board, we prioritize the following:

- **Board Meeting Focus:** Sustainability was a dedicated agenda item at all Board meetings held this year, fostering in-depth discussions and strategic decision-making on this critical aspect. During the FY 2023-2024, 4 Board meetings were held, all of which complied with relevant regulations.
- **Internal Reporting Channels:** The Board leverages several channels to raise and address critical concerns:
 - **Board Meeting Discussions:** As mentioned above, sustainability is a dedicated agenda item for Board meetings, allowing directors to raise concerns and engage in constructive dialogue.
 - **Board Committee Structure:** A designated Board committee focuses on sustainability, providing a platform for in-depth discussions and escalation of critical issues to the full Board.
 - **Management Reports and Briefings:** Regular reports and presentations from management keep the Board informed about sustainability performance and potential risks.

Addressing Critical Sustainability Concerns

GRI 2-16

The Board is committed to a prompt and thorough review of all critical sustainability concerns raised by its members. A designated committee or the full Board, depending on the nature of the concern, will investigate the validity and significance of each issue. Here's an outline of the potential critical concerns categorized by area:

Category	Potential Concerns
Environmental	Emission Management
	Energy Management
	Water and Wastewater Management
	Waste & recycling
	Product Design and Lifecycle Management
	Product Quality & Safety
Social	Occupational Health and Safety
	Employee Advancement and Development
	Local Communities
Governance	Responsible Sourcing
	Corporate Governance
	Compliance & Integrity
	Anti-Corruption

- Implementing corrective measures to address the root cause of the concern.
- Revising policies and procedures to prevent similar issues in the future.
- Increasing transparency within the Board by sharing the nature of the concern and the steps taken to address it (while respecting confidentiality where necessary).

Board Committees

Six committees function under the Board:





Driving Sustainable Performance through Effective Oversight

GRI 2-12

The Board takes a proactive approach to sustainability by actively overseeing management's actions. This includes regular reviews of:

- **Sustainability Strategies:** Assessing the company's long-term sustainability goals and aligning them with overall business objectives.
- **Performance Metrics:** Evaluating progress on key ESG performance indicators (KPIs) like carbon footprint reduction, social responsibility initiatives, and governance best practices.
- **Risk Assessments:** Identifying and mitigating potential environmental, social, and governance risks that could impact the company's sustainability goals and long-term success.

Our Board Chair champions sustainability, fostering dedicated discussions on these critical topics during board meetings. This ensures that sustainability remains a core strategic priority for the company. The Chair's leadership also includes:

- **Setting the Sustainability Agenda:** Guiding the board's discussions and decision-making on sustainability matters.
- **Engaging with Stakeholders:** Facilitating communication and collaboration with key stakeholders on sustainability initiatives.
- **Holding Management Accountable:** Ensuring management prioritizes and actively works towards achieving the company's sustainability goals.

Clear Delegation and Accountability

GRI 2-13, 2-14, 2-18

Management responsibility for specific sustainability initiatives is delegated to appropriate teams with the expertise to implement them. The Board provides high-level guidance, holds management accountable, and reviews progress regularly. The Board is ultimately responsible for the accuracy and transparency of our sustainability reporting. They review and approve the annual report before its release. We conduct a regular evaluation of the Board's performance, including its effectiveness in overseeing sustainability-related issues. This evaluation process informs future improvements to governance practices.

By fostering a strong board and committee structure with diverse expertise and a commitment to on-going learning, we are well-positioned to provide effective oversight and drive continuous improvement in our sustainability efforts.



ETHICAL COMPASS: ADVANCING FAIR PRACTICES

GRI 2-23, 205, 206

In today's world, navigating the path towards a sustainable future requires a firm foundation in ethical practices. At Harsha, we recognize this, and believe that strong ethical ground rules are the cornerstone upon which we build a lasting future for our company, our communities, and the planet. These principles guide our decision-making and ensure all our actions align with long-term sustainability goals.

Creating a Fair Playing Field

GRI 206-1

At Harsha, fostering a competitive and ethical marketplace is core to our commitment to sustainability. We believe a level playing field benefits everyone – consumers, competitors, and the environment. Unethical practices like collusion or market manipulation can stifle innovation and lead to unsustainable business models.

To ensure fair competition, we:

- Implement a robust competition compliance program with regular training for employees on competition laws and regulations.
- Maintain a transparent and ethical supplier selection process that prioritizes fair pricing and responsible business practices.
- Advocate for fair competition policies within our industry through participation in industry discussions and relevant forums.

Through these efforts, we strive to create a marketplace that fosters innovation, environmental responsibility, and long-term value for all stakeholders.

Zero Tolerance for Corruption: Building a Culture of Integrity

GRI 2-23, 205-1, 205-2, 205-3

We are committed to conducting business ethically and responsibly. We believe a strong governance structure is essential for ensuring fairness and transparency throughout all levels of our operations. Our dedication to responsible practices is reflected in the following initiatives:

- **Operations assessed for risks related to corruption:** We conduct on-going assessments to identify potential corruption risks within our operations. This proactive approach allows us to implement targeted mitigation strategies and maintain a robust anti-corruption posture.
- **Communication and training about anti-corruption policies and procedures:** We have a comprehensive Anti-Bribery Policy that strictly prohibits any form of corruption. This policy is complemented by regular training programs for all employees at all levels. These programs ensure everyone understands their role in upholding ethical conduct and how to report any concerns.
- **Confirmed incidents of corruption and actions taken:** Maintaining a corruption-free environment is a top priority. While we are pleased to report no confirmed incidents of corruption in FY 2023-2024, any such instances would be investigated thoroughly with appropriate disciplinary action taken.

0 Reported Cases of Corruption & Bribery

Upholding High Ethical Standards

Our commitment to ethical conduct extends beyond anti-corruption efforts. We uphold the highest standards of professionalism, honesty, integrity, and ethical behavior as outlined in our Code of Conduct for Board and Senior Management Personnel. Directors and senior management are expected to comply with this policy to ensure the Company's success and reputation.

Performance Evaluations and Fair Disclosure

Performance evaluations are conducted for directors and committees, including independent directors, in accordance with applicable provisions. The Company also maintains a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, ensuring all employees, directors, and insiders handle such information on a need-to-know basis.

Disciplinary Actions Related to Corruption	
Category	FY 2023-2024
Directors	0
KMPs	0
Employees	0
Workers	0

Empowering Ethical Conduct: Anti-Corruption and Anti-Bribery Training

Harsha understands that a strong foundation in ethical behavior is crucial for maintaining a corruption-free environment. To achieve this, we prioritize on-going anti-corruption and anti-bribery training for all employees.

Our Training Approach:

Our comprehensive training programs are designed to:

- **Raise awareness:** Employees gain a clear understanding of anti-corruption and anti-bribery laws and regulations.
- **Empower responsible conduct:** We provide practical guidance on how to identify and avoid potential risks of corruption and bribery in everyday work situations.
- **Strengthen decision-making:** Training helps employees develop the skills to make ethical decisions and act with integrity in all interactions.
- **Encourage reporting:** We create a culture of openness by fostering trust in our reporting mechanisms for suspected misconduct.

Tailored Training:

We recognize that the specific risks of corruption can vary depending on roles and responsibilities. Therefore, we offer targeted training modules for different departments and employee levels. This ensures that everyone receives relevant and actionable information.

We are committed to continuous improvement and regularly update our training programs to reflect the latest regulations and best practices in anti-corruption and anti-bribery compliance.

Sustainability Driven Approach **GRI 2-23, 2-24**

Our commitment to sustainability is anchored in a robust framework of 18 factors as mentioned below.



Environmental

- GHG Management
- Energy Management
- Water Management
- Product lifecycle
- Biodiversity management
- Chemical and Hazardous Substance management
- Packaging management
- Logistic management
- Building and construction management
- Sustainable sourcing management

Social

- Working condition management
- Health and safety management
- Community Development
- Freedom of Association and Collective Bargaining
- Diversity, Equality and Inclusion
- Privacy & Data Security

Governance

- Intellectual property & GDPR

These uphold Responsible Business Conduct principles. These comprehensive factors guide us in ethical decision-making and responsible practices across our operations. We integrate these commitments into all levels of our organization through regular assessments, employee training, and performance monitoring. This ensures continuous improvement in upholding our RBC commitments and fostering a culture of trust and ethical conduct.



ALIGNING DATA PRACTICES WITH SUSTAINABILITY

GRI 418

Harsha prioritizes protecting the privacy and security of our customers' data. We understand the importance of safeguarding personal information entrusted to us and strive for the highest standards in data security practices.

Building a Secure Wall: Data Security at Harsha

GRI 418-1

We prioritize protecting the privacy and security of our customers' data. We maintain a comprehensive data security program encompassing robust measures like data encryption, access controls, and regular vulnerability assessments. To further safeguard against cyber-related risks, the company has also obtained Cyber Insurance. This commitment is reflected in our zero reported data breaches in FY 2023-2024.

Substantiated complaints received concerning information breaches	
From Outside Parties	From Regulatory Bodies
0	0

0 Reported Cases of Information Breaches

Building a Culture of Data Security

We prioritize data security by continuously training our workforce to protect customer information. To further safeguard our operations, we've secured Cyber Insurance for cyber-related risks and successfully obtained the TISAX label from the ENX portal, following an assessment by Bureau Veritas (India) Pvt. Ltd.

Investing in Employee Awareness

In FY 2023-2024, a total of 32 employees participated in our comprehensive data security and privacy training program. This program equips them to:

- **Identify Potential Security Risks:** Employees are trained to recognize potential security vulnerabilities in their daily tasks.
- **Implement Safeguards:** The program provides practical guidance on implementing appropriate safeguards to mitigate identified risks.
- **Report Suspicious Activity:** Employees are empowered to recognize and report suspicious activity that could indicate a data security threat.

Benefits of a Data-Aware Workforce

By fostering a culture of data security awareness, we achieve several key benefits:

- **Reduced Risk of Security Incidents:** Empowered employees are less likely to make mistakes that could lead to data breaches.



- **Enhanced Data Protection Posture:** A knowledgeable workforce becomes a vital line of defense against cyber threats.
- **Stronger Compliance:** On-going training helps ensure adherence to relevant data privacy regulations.

Training for All Levels:

Our training programs are designed to cater to the specific needs of different employee roles and departments. This ensures that everyone, from frontline workers to senior management, receives relevant and actionable information.

Data Security Training (Man-hours)	
FY 2022-2023	FY 2023-2024
-	317

272 Individuals trained in Data Security

Benefits of a Data-Aware Workforce:

By fostering a culture of data awareness throughout the organization, we achieve several key benefits:

- **Reduced Risk of Human Error:** Empowered employees are less likely to make mistakes that could lead to data breaches.
- **Enhanced Security Posture:** A knowledgeable workforce becomes a vital line of defense against cyber threats.
- **Stronger Compliance:** Regular training helps ensure adherence to relevant data privacy regulations.

Investing in employee training on data security demonstrates our commitment to building a robust security framework. We believe a data-aware workforce is essential for protecting customer information and maintaining trust.

Transparency & Communication

Transparency with our customers regarding data privacy is crucial. We maintain a clear and accessible privacy policy outlining how we collect, use, and protect customer data. In the event of a data breach, we will promptly notify affected customers and take necessary steps to resolve the incident.

Safeguarding customer privacy and data security remains a top priority. We will continue to invest in robust data security measures, employee training, and on-going monitoring to ensure the protection of customer information.

Cyber-security Measure

Data Encryption: All sensitive data is encrypted at rest & in transit to ensure confidentiality.

Firewalls: We utilize robust firewalls to protect our network from unauthorized access.

Access Controls: A system of user access controls restricts access to sensitive information based on job roles and responsibilities.

Employee Training: Regular training programs educate employees on cyber-security best practices, including password security and phishing awareness.

Third-Party Security Audits: We conduct regular audits with independent security experts to address vulnerabilities. The company has obtained the TISAX label after an assessment by Bureau Veritas (India) Pvt. Ltd.



BEYOND BEARINGS CAGES: IMPACT ON SOCIETY AND ECONOMY **GRI 201, 203**

Leading the way in sustainable practices is a core value for our company. We integrate these practices into our business strategy, recognizing their importance in creating long-term value for stakeholders, minimizing our environmental footprint, and contributing positively to society.

Driving Sustainability through Economic Impact and Innovation

GRI 201-2, 203-1

We are committed to building a sustainable future through our economic and environmental practices. Our workforce including full-time, part-time, and contract workers contributes significantly to the regional economy.

Additionally, we prioritize sourcing 75.56% of our materials from local suppliers, strengthening local businesses and communities.

Recognizing the impact of climate change, we actively reduce our environmental footprint. Energy efficiency upgrades across our facilities have resulted in a 47.52% reduction in energy consumption. We are also exploring renewable energy sources and developing sustainable product lines, like lightweight bearing cages for electric vehicles. Furthermore, on-going research and development focus on finding alternative materials and production processes with a lower environmental impact.

Balancing Financial Sustainability with Public Collaboration

GRI 201-1, 201-4

We strive for financial self-sufficiency and operate within the framework of applicable tax regulations. However, we recognize the potential benefits of government programs that support development & innovation initiatives and sustainable development practices aligned with our environmental and social responsibility goals.

- **Disclosure of Government Assistance :** To ensure transparency, we will disclose any financial assistance received from government entities in future Sustainability Reports. Following a calendar year basis, these disclosures will detail for each program or grant: a clear description, its specific purpose, the total amount received, and a breakdown of how the funds were utilized to achieve the intended program objectives. This commitment to transparency strengthens our stakeholder relationships and demonstrates responsible use of government support.
- **Commitment to Responsible Use of Funds :** Demonstrating responsible resource management, our company strategically directs any government assistance received towards projects with a clear sustainability focus. These funds accelerate the development of innovative, eco-friendly products and technologies. Additionally, they support investments in energy-efficient manufacturing processes, aligning with national sustainability goals.

We actively collaborate with government initiatives on environmental conservation efforts, ensuring our actions align with regional and national priorities. Finally, government assistance can also empower our workforce through up-skilling and training programs focused on sustainable practices. This approach guarantees that any government support translates into tangible environmental benefits, solidifying HEIL's commitment to a sustainable future.

- **Collaboration for Sustainability :** The company recognizes the potential for government assistance to be a collaborative tool for achieving shared sustainability goals. We actively seek partnerships with government agencies on initiatives that promote the development and adoption of environmentally friendly industrial practices, innovation in clean technologies and resource efficiency, and community development projects that create a positive social impact. By adopting a transparent approach to disclosing and utilizing government assistance, we aim to contribute to a collaborative environment that fosters sustainable development for the benefit of all stakeholders.

Potential for Indirect Economic Impacts

GRI 203-1

Recognizing the potential for broader economic influence beyond our direct activities, we are committed to gaining a deeper understanding of our indirect economic impacts. We are actively exploring options to quantify these impacts by the end of FY 2024-2025.

Potential Impact Categories: Our operations and procurement activities have the potential to generate a range of indirect economic impacts, including:

- **Job Creation:** Our Company's activities create jobs not only within our own workforce but also throughout our supply chain and the broader economy. This "multiplier effect" can significantly impact local employment level.

- **Income Generation:** Increased economic activity generated by our operations leads to higher income levels for various stakeholders. This includes wages paid to employees, profits generated for suppliers, and potential rental income for property owners in areas where we operate.
- **Investment:** Our presence in a region can stimulate investment in infrastructure, technology, and skills development. This can create a more attractive business environment and attract further investment, leading to long-term economic growth.
- **Infrastructure Development:** Our operations and procurement activities may create a demand for improved infrastructure, such as transportation networks, energy grids, and communication systems. This can lead to increased investment in infrastructure development by governments or private entities, benefiting the broader community.

Measuring Our Contribution

To quantify our indirect economic impacts, we're exploring two main avenues. We might commission a qualified third-party to conduct an input-output analysis, a technique that considers the interconnectedness of local industries to estimate the broader economic impact of our activities. Alternatively, we could leverage existing data sources like industry reports, government statistics, and economic modeling tools. This approach may require internal analysis to interpret the data and estimate our specific contribution. However, quantifying these impacts is complex. Obtaining reliable data on industry connections, choosing the right methodology, and isolating our company's specific impact from other economic actors in the region all pose challenges.

We acknowledge these limitations and are committed to developing a robust and transparent approach. In the coming year, we'll finalize either the commissioned study or data source utilization. We'll then gather necessary data, analyze it internally or with external experts, and transparently disclose our methodology, findings, and limitations in future sustainability reports.

By gaining a deeper understanding of our indirect economic impacts, we can contribute more strategically to the economic well-being of the communities we operate in.

Promoting Responsible Tax Practice

GRI 207-1, 207-2, 207-3, 207-4

Our company prioritizes transparency and accountability in all aspects of our operations, including tax practices. We are unwavering in our commitment to complying with all applicable tax laws and regulations in every jurisdiction we operate. Beyond legal compliance, we strive to be a responsible corporate citizen by paying all taxes due in a timely manner and avoiding aggressive tax planning strategies.

A dedicated tax policy statement outlines our principles, including our approach to transfer pricing, tax risk management, and engagement with tax authorities. This statement reflects our commitment to transparency and responsible tax practices. Additionally, we are prepared to develop a separate country-by-country report disclosing relevant financial information, such as revenue generated and taxes paid on a country-by-country basis, available upon request.

Ensuring Accurate Tax Reporting and Minimizing Risks :

We prioritize transparency and responsible conduct in our tax practices. We maintain a robust framework to ensure accurate tax reporting and minimize tax risks. This framework leverages a dedicated team of qualified tax professionals, implements internal controls for proper record-keeping and regulatory compliance, and conducts regular tax risk assessments to identify and mitigate potential issues.

we invest in training relevant personnel on current tax laws and best practices. This comprehensive approach allows us to contribute fairly to the public finances of the countries in which we operate.

Transparency through Engagement : Our company is committed to open communication with stakeholders on tax matters, ensuring transparency and fostering trust. We actively engage with stakeholders through various channels, including responding to inquiries from shareholders and investors regarding our tax practices, participating in industry discussions on tax policy and transparency, and supporting initiatives that promote greater corporate tax transparency.

Financial Transparency: A Breakdown by Country : The Company operates in multiple countries and is committed to transparency in all jurisdictions. We are prepared to develop a separate country-by-country report disclosing relevant information, including:

- Revenue generated in each country.
- Taxes paid in each country.
- Other relevant financial information on a country-by-country basis.

This report will be made available upon request.



ENVIRONMENT



GREEN GEARS FOR GREEN ENERGY **GRI 302**

In our pursuit of a sustainable future, minimizing energy consumption is crucial. We achieve this through a comprehensive energy management strategy, 'Power Shift,' which focuses on maximizing efficiency across our operations with innovative practices and technologies.

By strategically reducing energy use, we minimize our environmental impact and build a more resilient future.

Here's how we're achieving this Power Shift:

- **Cutting-Edge Technologies:** We have implemented advanced technologies like Variable Frequency Drives in air compressors to ensure they operate only at necessary speeds.
- **Operational Efficiency:** We've developed automated shutdowns for idle machinery and optimized filtration plant operations to minimize unnecessary energy use.
- **Continuous Innovation:** We are constantly seeking new ways to enhance efficiency, with projects like developing an Eco Ambulance and implementing IoT technologies for smarter energy management.

This focus on optimizing energy use positions Harsha as a leader in environmental stewardship. By strategically reducing consumption across our operations, we are building a more sustainable future.

Harsha remains committed to continuously optimizing energy use and exploring new frontiers in sustainable operations.

Energy Consumption Overview

GRI 302-1, 302-2

Harsha is dedicated to minimizing our environmental impact through continuous improvements in energy efficiency, reflected in our overall energy consumption metrics for the FY 2023-2024. Notably, we continue to refine our processes and implement new technologies to achieve even greater efficiency gains. Some of the key initiatives contributing to this achievement include:

- **Process Optimization:** We have analysed our production processes to identify and eliminate energy waste. This may include streamlining operations, optimizing equipment settings, and implementing preventive maintenance programs.
- **Energy-Efficient Technologies:** Harsha invests in energy-efficient technologies for our machinery and facilities. This could involve upgrading lighting systems with LEDs, replacing older equipment with more efficient models, or exploring the feasibility of renewable energy sources.
- **Employee Engagement:** We foster a culture of energy awareness among our employees by providing training programs on energy-saving practices and encouraging them to identify and report opportunities for improvement.

By implementing these initiatives, we are not only reducing our environmental footprint but also contributing to cost savings through lower energy consumption.

We are committed to continuous improvement in energy management. In the coming year, we will focus on:

- **Setting Ambitious Energy Reduction Targets:** Establishing clear and measurable goals for further reducing our energy consumption within the organization.
- **Exploring Renewable Energy Options:** Investigating the feasibility of integrating renewable energy sources, such as solar or wind power, into our operations.
- **Enhancing Monitoring and Reporting:** Strengthening our data collection and monitoring systems to gain deeper insights into our energy usage patterns and identify further optimization opportunities.

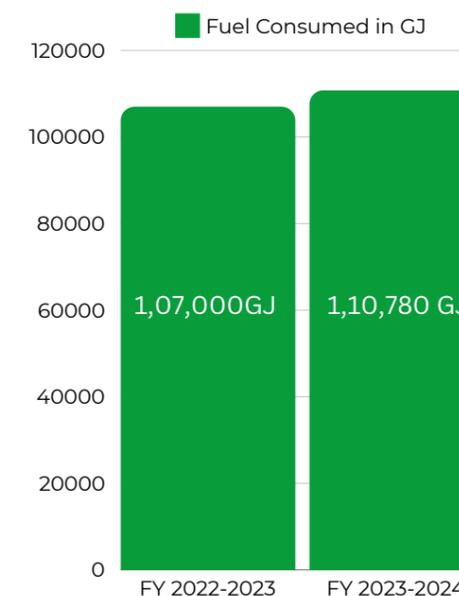
Beyond Our Walls: Minimizing Indirect Energy Consumption

Our environmental responsibility extends beyond the factory walls. We recognize the significant impact of indirect energy use across our value chain, from raw material extraction to product use.

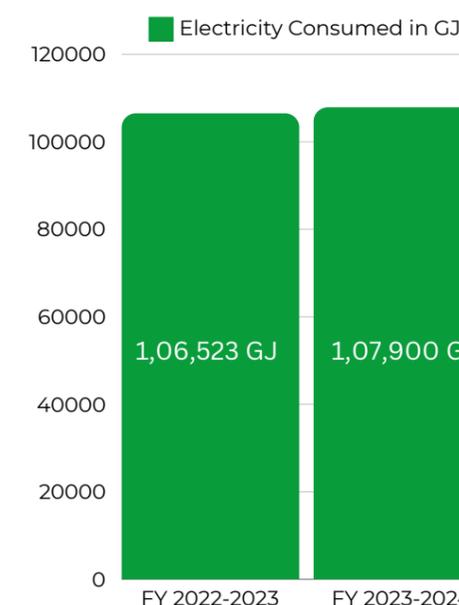
Two Key Initiatives:

- **Supplier Engagement:** We collaborate with our suppliers to identify and implement energy-efficient practices within their operations. This could involve sharing best practices for equipment upgrades or encouraging them to utilize renewable energy sources where feasible. By working together, we can minimize the environmental footprint across our entire value chain.
- **Energy-Efficient Product Design:** Harsha prioritises designing products that minimise energy use throughout their lifecycle. This approach translates to using lightweight materials, optimising functionality, and providing clear instructions for energy-conscious use by customers.

Total Fuel Consumed



Total Electricity Consumed (GJ)



Optimizing Energy Efficiency

GRI 302-3

Harsha prioritizes energy efficiency to reduce our environmental footprint. We've implemented cutting-edge solutions like Variable Speed Drives (VFDs) in air compressors, automated shutdowns for idle machinery, and intermittent operation of hydraulic power packs.

Additionally, our Chemical filtration plant utilizes automated shutdowns during idle periods.

Continuous Innovation is the key. We're exploring an Eco Ambulance, IoT integration, and a dedicated hybrid energy project.

Collaboration for a Sustainable Future:

Recognizing that collaboration is the key, Harsha actively explores partnerships with:

- **Industry Associations:** We work with industry associations to promote best practices for energy efficiency within our sector.
- **Customers:** We partner with customers to raise awareness about energy-efficient practices related to product use and disposal.
- **Sustainability Standards:** We align our approach with emerging sustainability standards that address indirect energy consumption.



Energy Efficiency Initiatives and Results

Improvement	Description	Energy Saved Each Month (kWh)
Smarter A/C & Lights at HQ	Automated on/off controls for office AC and lights	7,818
Optimized Cooling Tower	Upgraded motor controls for improved efficiency	5,429
Reduced Air Consumption in Presses	Installed valves to minimize compressed air use	13,104
Efficient Wastewater Treatment Plant	Upgraded controls for wastewater treatment motors	1,710
Eliminated Unnecessary Conveyor Operation	Implemented controls to turn off conveyors when not in use	728
Improved Conveyor System Efficiency	Upgraded controls for a conveyor system for better energy use	186.73
Reduced Compressed Air Loss	Installed sensors to prevent air waste in wastewater treatment	5,406
Optimized Conveyor Pump Operations	Upgraded controls for another conveyor system to reduce energy consumption	624
Adjusted Pump Pressure Settings	Optimized pump settings to minimize energy use	702



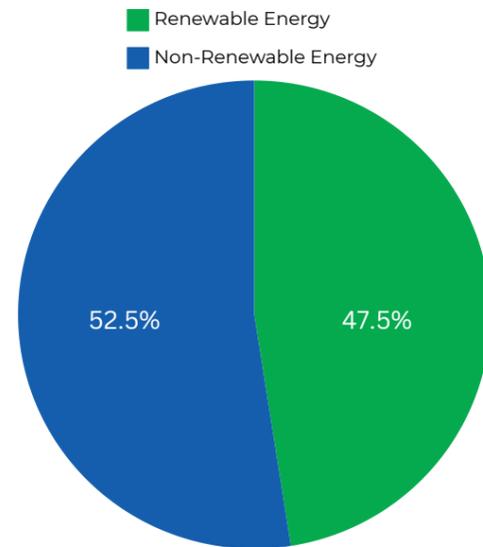
Expanding Renewable Energy Portfolio for a Sustainable Future

GRI 302-4

Harsha prioritizes a sustainable future by actively expanding our renewable energy portfolio and reducing our reliance on traditional fossil fuels. This diversified approach not only minimizes our environmental footprint but also enhances our energy security and long-term cost efficiency. Diversifying Our Renewable Energy Sources:

- **Solar Power:** We have a combined capacity of 2.604 MW across rooftop and ground-mounted installations strategically located across India. These installations generated a total of 4.4 million units of clean energy in FY 2023-24, significantly reducing our dependence on fossil fuels.
- **Wind Power:** Harsha leverages wind energy through facilities in Kalyanpur and Pipaliya, Gujarat. Our existing 1.25 MW windmill at Kalyanpur continues operation, generating reliable clean energy.

- **Hybrid Power Project:** In Pipaliya, we have commissioned a hybrid renewable energy project that includes a wind turbine generator (WTG) with a capacity of 2.7 MW, along with a solar power plant rated at 0.675 MW AC and 1.0125 MW DC. This combination of wind and solar power enhances the overall efficiency and sustainability of the project.



By significantly increasing our renewable energy usage, Harsha demonstrates its commitment to a sustainable future. We remain dedicated to expanding our renewable energy portfolio through diversification, geographical expansion, and embracing technological advancements.

Renewable Energy utilization increased to 47.52% in FY 2023 - 24, up from 15.4% in FY 2022 - 23.

Leading in Sustainability through Energy Efficiency and Renewables

Our commitment to sustainability is evident in our focus on both energy efficiency and renewable energy adoption. By optimizing energy use through advanced technologies and operational improvements, we minimize our environmental footprint and build a more resilient future. This diversified approach positions Harsha as a leader in environmental stewardship.

Designing Energy-Efficient Products for a Sustainable Future

GRI 302-5

Harsha prioritizes energy efficiency across our product lifecycle, integrating these considerations into the design process.

This focus translates to:

- **Lightweight Materials:** We utilise lighter materials to reduce energy required for product use, transportation, and operation.
- **Optimized Functionality:** We optimize product functionality to minimize energy needed for performance, employing innovative design features and streamlined components.
- **Clear User Instructions:** Harsha provides clear instructions to educate customers on energy-efficient operation and maintenance practices.

Empowering Customers as Sustainability Partners: Recognising the importance of customer behaviour, Harsha takes a two-pronged approach:

- **Customer Education:** We develop educational materials and communication channels to inform customers about energy-saving features and best practices for our products.
- **Collaborative Optimisation:** We collaborate with key customers to identify opportunities to further enhance energy efficiency through product design and user practices.
- **Measuring Progress for Continuous Improvement:** Harsha is committed to continual improvement in product energy efficiency. We are exploring methodologies for measuring and tracking energy savings achieved through design efforts, including:
- **Life Cycle Assessment (LCA):** Evaluating potential energy consumption reductions compared to industry benchmarks.
- **Customer Feedback Surveys:** Gathering feedback on product energy performance and experiences with energy-saving features.



DECARBONIZATION IN ACTION: A COMMITMENT TO A SUSTAINABLE FUTURE **GRI 302, 305**

Harsha prioritizes minimizing our environmental footprint and addressing climate change. We believe in continuous improvement and operational excellence to achieve sustainable development. Our ISO 14001-certified environmental management system provides a structured framework for effectively managing environmental aspects, including:

- **Energy Consumption:** We continuously assess and optimize energy use throughout our operations. While production capacity expansion in FY 2023-2024 led to increased energy consumption, we're actively decoupling growth from emissions through various operational improvements.
- **Emissions Control & Monitoring:** We have a comprehensive plan for emissions control and pollution prevention. We closely monitor our emissions footprint, and are actively seeking solutions to mitigate any increases associated with our growth.

Balancing Growth with Sustainability

GRI 302-1, 302-3, 302-4, 305-5

While expanding our production capacity in FY 2023-2024 was necessary to meet growing demand; we acknowledge the associated increase in emissions. We are committed to finding a balance between growth and environmental responsibility.

Our Sustainability Efforts

- **Energy Efficiency:** We are continuously implementing various energy-efficient practices throughout our operations to reduce overall energy consumption. This includes optimizing processes, upgrading equipment, and exploring opportunities for further efficiency improvements.
- **Renewable Energy Integration:** We are actively expanding our existing renewable energy sources and exploring the integration of additional resources to reduce reliance on fossil fuels. Here's a glimpse into our current renewable energy portfolio:
- **Hybrid Power Plant:** Our innovative Pipaliya project combines a wind turbine generator with a solar power plant, maximizing renewable energy output.

Solar Power: We have a combined capacity of 2.604 MW across rooftop and ground-mounted installations in India. These installations generated a total of 4.4 million units of clean energy in FY 2023-2024, and we are committed to expanding this capacity in FY 2023-2024.

- **Wind Power:** Our existing 1.25 MW windmill at Kalyanpur continues operation, and we are actively evaluating the feasibility of integrating additional wind farms.
- **Sustainable Practices:** We integrate sustainable practices across all operations, including water conservation measures, responsible sourcing, and a focus on product material compliance and sustainability.

We remain deeply committed to achieving net-zero emissions in the future. Innovation and collaboration are key to achieving this ambitious goal. By continuously improving our environmental performance, we can contribute to a more sustainable future for generations to come.

Strategic Investments in Reducing Carbon Footprint

GRI 305-1, 305-2, 305-3, 305-4, 305-5

Harsha has several projects aimed at reducing greenhouse gas (GHG) emissions. These projects are part of the capital expenditure (CAPEX) plan, which includes significant investments in energy-efficient equipment and initiatives designed to reduce overall energy consumption. The following key initiatives have been undertaken:

Robotic Automation

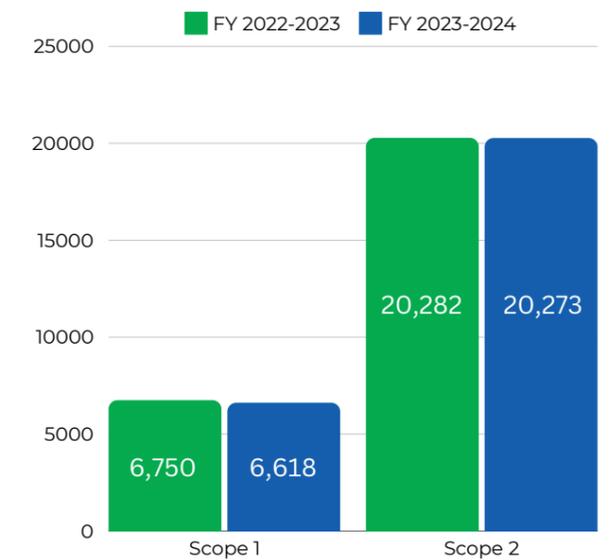
- **Description:** Implementation of robotic automation in manufacturing and other processes to enhance efficiency and reduce energy consumption.
- **Impact:** Robots can operate with greater precision and speed, leading to lower energy usage compared to traditional manual processes. This results in a reduction of GHG emissions due to decreased energy requirements.

IoT Implementation

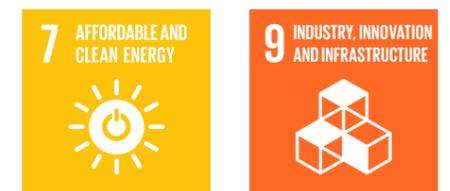
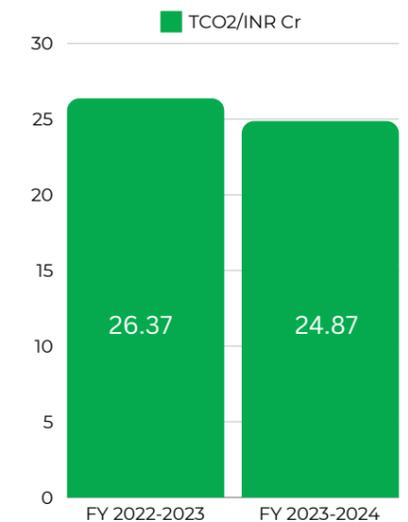
- **Description:** Deployment of Internet of Things (IoT) technologies to monitor and optimize energy use across operations.
- **Impact:** IoT devices provide real-time data and analytics, enabling more efficient energy management and reducing wastage. Optimized energy use leads to lower GHG emissions.

These projects collectively contribute to the entity's goal of reducing its carbon footprint and promoting sustainable energy practices. Through strategic investments and innovative technologies, the entity is making significant strides in mitigating the impact of its operations on the environment.

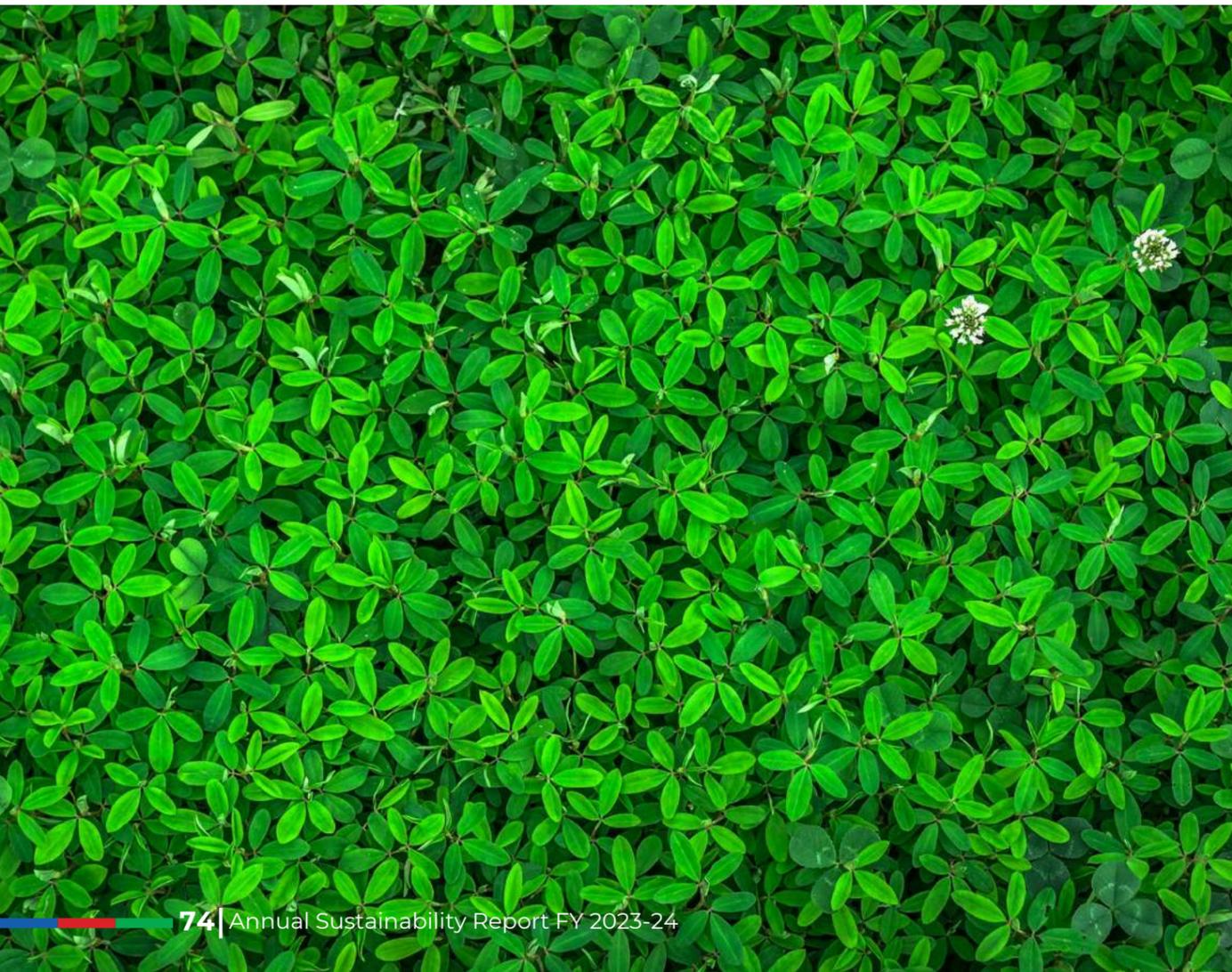
Scope 1 & Scope 2 GHG Emissions



Total Scope 1 and Scope 2 Emissions Intensity (per Crore rupee of turnover)



Parameter	Sources	GHG Emission (TCO ₂ Eq)
Scope 1	Stationary Combustion	6206.46
	Mobile Combustion	73.91
	Fugitive Emission	337.34
Total Scope 1 GHG Emission (TCO ₂ Eq)		6617.71
Scope 2	Purchased Electricity	20,272.84
Scope 3	Waste Generation	277.10
	Upstream Transport	549.61
	Downstream Transport	68,43,180.52
Total Scope 3 GHG Emission (TCO ₂ Eq)		68,44,007.23



BREATHING EASY: A COMMITMENT TO CLEAN AIR FOR SUSTAINABLE FUTURE

GRI 305

Safeguarding air quality is integral to our commitment to environmental stewardship and the well-being of our community. We implement robust strategies to minimize air emissions and comply with all applicable environmental regulations.

Environmental Management Approach

We have established a comprehensive Environmental Management System (EMS) as per ISO 14001 that prioritizes air quality.

This system ensures compliance with environmental laws, such as the Clean Air Act and local regulations, through standardized processes, necessary permits, regular monitoring, and accurate emissions reporting.

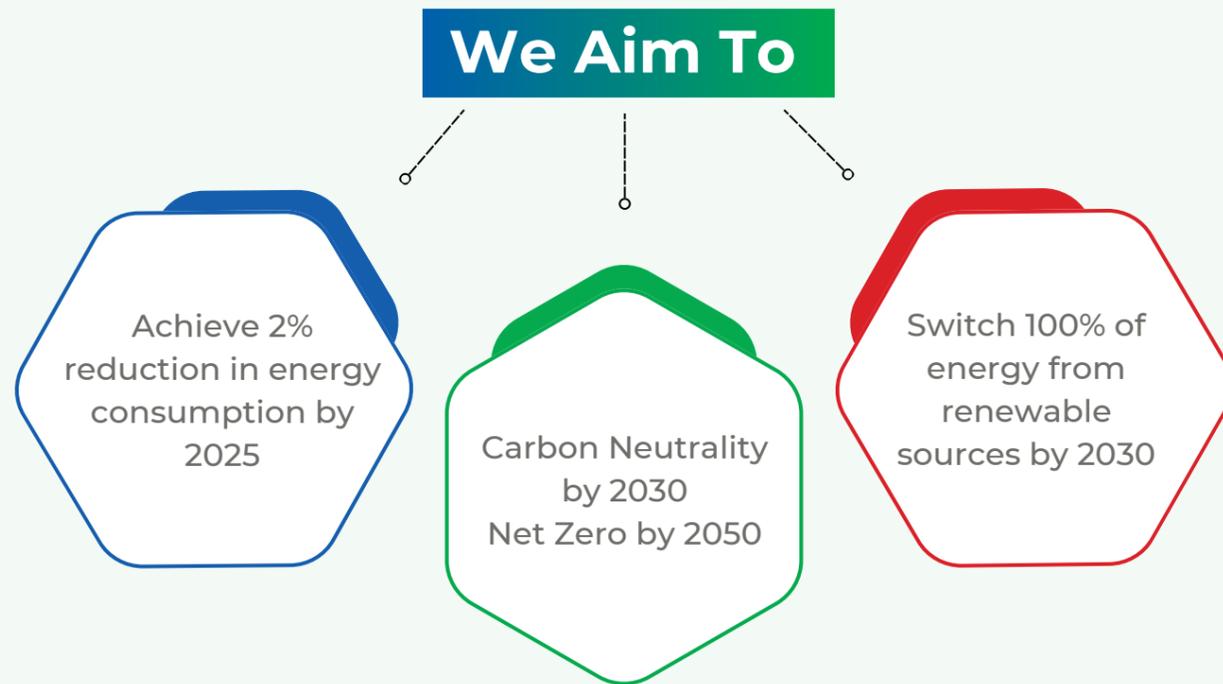
Emissions Reduction Strategies

- Energy Efficiency:** We prioritize energy efficiency across our operations because it directly reduces our reliance on fossil fuels. We implement various strategies to achieve this, such as upgrading equipment to more energy-efficient models, optimizing lighting systems, and employing combined heat and power (CHP) technology where feasible. Lower energy consumption translates to fewer air pollutants released during energy production.

- Process Optimization:** We continuously evaluate and improve our production processes to minimize the generation of air pollutants at the source. This might involve implementing process automation, using cleaner raw materials, or optimizing product design to reduce waste generation. By minimizing pollutants at the source, we lessen the need for expensive and energy-intensive end-of-pipe control technologies.

- Emission Control Technologies:** When complete elimination of pollutants isn't possible, we invest in appropriate emission control technologies to capture and mitigate pollutants before their release into the atmosphere. These technologies could include scrubbers, catalytic converters, or baghouses, depending on the specific type of pollutant we're targeting.

- Renewable Energy Integration:** We actively explore and integrate renewable energy sources such as solar and wind power into our operations. This reduces our reliance on fossil fuels for electricity generation and lowers associated air emissions. Additionally, we investigate opportunities for on-site renewable energy production through solar panels or wind turbines.



Combating NOx, Sox, and Other Air Pollutants

GRI 305-7

At Harsha, we understand the environmental impact of our operations, particularly regarding air quality. During the bearing manufacturing process, the combustion of fossil fuels can contribute to the emission of nitrogen oxides (NOx) and sulfur oxides (Sox), which have significant environmental and health impacts, including acid rain, smog, and respiratory issues.

Actions:

- **Monitoring and Tracking:** We invest in cleaner technologies and equipment to reduce our overall air emissions footprint.
- **Operational Practices:** We implement practices that minimize emissions, such as optimizing fuel efficiency and using cleaner burning fuels.
- **Cleaner Technologies:** We invest in cleaner technologies and equipment to reduce our overall air emissions footprint.

We invest in cleaner technologies and equipment to reduce our overall air emissions footprint.

Regular Monitoring and Reporting

We are committed to transparency regarding our air emissions. Our robust monitoring system continuously tracks emissions data, reported regularly to regulatory agencies and made available to the public through annual sustainability reports. This transparency demonstrates our commitment to air quality, tracks progress towards our goals, and maintains accountability to stakeholders.

Air Emissions (µg/m ³)		
Parameter	FY 2022-2023	FY 2023-2024
NOx	1.8	2.5
SOx	25	33
PM 10	59	65
PM 2.5	38	42

While our emissions have increased this year due to operational expansions, we are implementing measures to bring these numbers down and achieve our 2025 targets.

Investing in a Sustainable Future

Our unwavering commitment to minimizing air emissions signifies our dedication to contributing to cleaner air for everyone. Innovation and collaboration are key to achieving this goal.

Through continuous improvement in our environmental performance, we aim to create a more sustainable future for generations to come.



Compliance with Environmental Regulations

We are firmly committed to complying with all applicable environmental laws and regulations. Our comprehensive environmental management system ensures this commitment is upheld. During the reporting period, we maintained a perfect record of compliance with environmental regulations, demonstrating our dedication to operating responsibly and minimizing negative impacts on the environment.



CULTIVATING A BIODIVERSE TOMORROW

GRI 304

At Harsha, our dedication to sustainability and biodiversity is deeply embedded in our operational ethos. In line with our commitment to environmental stewardship, we have embarked on extensive tree plantation initiatives for the FY 2023-2024. These actions underscore our dedication to fostering a greener planet and enhancing the ecological health of the regions where we operate.

Biodiversity Initiatives Overview

For FY 2023-2024, we have focused on tree plantation across various key locations. Below are the details of these initiatives:

1. Changodar Plant:

- Corporate front gate: 5
- SRB Office back side road: 8
- LSB back side garden: 15
- Front side of tool room + DGBB entry: 6

2. Moraiya Plant:

- Main reception area front garden: 2
- Stamping office entry garden: 5
- ETP plant to brass BSR garden: 5
- BSR garden to brass shop reception garden: 7
- Foundry (back side) garden: 5

Total Tree Plantation for FY 2023-2024: 58 trees

Beyond the Leaves : The Unexpected Benefits of Biodiversity Initiatives

GRI 304-1, 304-2

We have strategically chosen locations within our operational sites and nearby areas for tree plantation to maximize the benefits of increased green cover and support local biodiversity. These efforts are part of our broader strategy to minimize our environmental footprint and support ecological balance.

Our plantation activities will sequester carbon dioxide, improve air quality, and create habitats for various species, contributing to overall environmental health and climate change mitigation. These green spaces will enhance the aesthetic value of our plant locations, providing recreational areas for employees and visitors and improving workplace well-being. Engaging local communities in our initiatives fosters a sense of ownership and responsibility towards environmental conservation, promoting awareness and stewardship.

Looking ahead, we plan to expand our biodiversity initiatives by increasing the number of plantation sites and incorporating more native species. Our long-term goal is to create a robust green belt around our facilities, contributing to regional biodiversity conservation efforts. Future projects will also focus on collaborating with environmental organizations to enhance the impact of our biodiversity programs.

Harsha is dedicated to driving sustainability with precision and purpose. Our biodiversity initiatives for FY 2023-2024 reflect our commitment to enhancing environmental health and supporting the communities where we operate. We will continue to prioritize and expand our efforts in promoting a sustainable and bio-diverse ecosystem, setting a benchmark for environmental responsibility in our industry.



MINIMIZING OUR WATER FOOTPRINT: THE POWER OF BLUE EFFICIENCY **GRI 303**

At Harsha, we recognize water as a precious resource essential for our operations and the environment. We are committed to responsible water management and minimizing our water footprint.

Water Conservation Strategies

GRI 303-1, 303-3, 303-5

- **Process Optimization:** We continuously evaluate and improve production processes to minimize water consumption.
- **Water-Efficient Technologies:** We invest in and utilize water-efficient technologies, such as low-flow fixtures and equipment upgrades, to optimize water use.
- **Water Recycling and Reuse:** We explore opportunities for water recycling and reuse whenever possible, reducing our reliance on freshwater resources.
- **Employee Engagement:** We raise awareness about water conservation through employee training programs, fostering a culture of responsible water stewardship.

To maximize resource utilization, we harness treated water from our Sewage Treatment Plants (STPs) for multiple purposes, including cleaning rooftop solar panels, flushing toilets, maintaining green spaces, and enhancing cooling towers' efficiency, all within the limits consented by the Gujarat Pollution Control Board (GPCB). Additionally, we have dedicated areas for groundwater replenishment, reinforcing our commitment to environmental sustainability.

We acknowledge water as a shared resource critical to environmental sustainability and community well-being. We actively engage with stakeholders, local communities, and regulatory bodies to ensure responsible water stewardship. By implementing robust water management practices and fostering transparent communication, we aim to mitigate risks and enhance water resilience in our operational areas. Our commitment to water stewardship underscores our efforts to sustainably manage water resources, promoting long-term environmental and social benefits.

Total Volume of Water Consumption	
Financial Year	Consumption (kl)
2022-2023	25,000
2023-2024	28,000

Water Withdrawal by Source (kl)		
Source	FY 2022-2023	FY 2023-2024
Surface Water	0	0
Ground Water	25,199	26,228
Third-Party Water	0	1870
Sea-Water / Desalinated Water	0	0
Others (Rainwater Storage)	0	0

Total Volume of Water Withdrawal (kl)	
Financial Year	Consumption (kl)
2022-2023	25,199
2023-2024	28,098

Water per Rupee of Turnover	
Financial Year	Value (kl/Crores ₹ of Revenue)
2022-2023	24.39
2023-2024	25.99

Effective Rainwater Harvesting Initiatives

GRI 303-1, 303-3

Recharging Wells

Harsha has implemented an effective rainwater harvesting system to enhance water management and sustainability. This includes the installation of four dedicated rainwater harvesting recharging wells.

Capacity and Flow Rate

To optimize the rainwater harvesting process, Harsha has installed a dedicated bore-well with impressive flow rates:

- One bore-well with a flow rate of 9,000 liters per hour (9 KL/h).
- Another bore-well with a flow rate of 6,000 liters per hour (6 KL/h).

Impact during Monsoon

During the monsoon season, these recharging wells have demonstrated remarkable efficiency:

- At the Changodar location, approximately 3 million liters of rainwater have been successfully recharged. This amount represents 33.02% of the total water consumption for this site.
- At the Moraiya location, around 2.4 million liters of rainwater have been recharged, accounting for 14.38% of the total water consumption for this site.

These initiatives reduce reliance on external water sources and sustain the local water table. For 2023–24, we constructed 2 rainwater harvesting recharging wells in Moraiya and 1 in Changodar. By capturing and recharging rainwater, Harsha promotes sustainable water management and contributes to environmental conservation.

Sustainable Water Management at Harsha

GRI, 301-2, 303-1, 303-2, 303-4

Harsha is committed to sustainable water management practices that prioritize the health of our oceans. We achieve this through a robust system that treats and recycles water from Sewage Treatment Plants (STPs). This system meticulously analyses water parameters to ensure complete treatment and strict adherence to stringent discharge standards that safeguard marine environments. This comprehensive approach guarantees the efficient utilization of water resources while minimizing environmental impact.

Treatment and Reuse for a Sustainable Future: Harsha's STP and ETP system prioritizes treating wastewater to meet or exceed regulatory standards for discharge or reuse. This multi-stage treatment process removes pollutants and contaminants that could harm marine ecosystems if released untreated.

Whenever possible, the treated water is recycled and reused within our facilities for various applications, minimizing freshwater consumption and reducing overall discharge.

Multiple Applications for Recycled Water

The recycled water from our STPs and ETPs finds sustainable applications throughout our operations, including:

- **Gardening:** Supporting lush green spaces within the premises, reducing reliance on freshwater for irrigation.
- **Cooling Towers:** Providing a sustainable source for cooling tower operations, minimizing freshwater use.
- **Toilet Flushing:** Contributing to water conservation efforts in restroom facilities.
- **Solar Panel Washing:** Ensuring the cleanliness and efficiency of solar panel installations using minimal freshwater

Location-Specific Utilization

GRI 303-4

1. Changodar Location:

At the Changodar facility, approximately 45,000 liters per day of STP water is reused. This utilization is carried out in strict accordance with the consent obtained from the Gujarat Pollution Control Board (GPCB), ensuring compliance with regulatory standards.

2. Moraiya Location:

Similarly, at the Moraiya location, approximately 55,000 liters per day of STP water is recycled and reused. This sustainable practice aligns with GPCB's consent, demonstrating Harsha's commitment to responsible water management.

Environmental Impact

- **Water Conservation:** By recycling STP water, Harsha significantly reduces its freshwater consumption, contributing to water conservation efforts.

- **Reduced Discharge:** The initiative helps minimize the discharge of wastewater into the environment, mitigating potential pollution and preserving water quality.

Maximizing Sustainability: Zero Liquid Discharge Initiatives at HEIL

GRI 303-2, 303-4, 306-1

As part of its comprehensive water management strategy, Harsha implements a Zero Liquid Discharge (ZLD) mechanism to effectively manage wastewater and minimize environmental impact.

Key Components of ZLD

1. Treatment and Recycling

Harsha employs advanced treatment processes to purify wastewater to the highest standards. This treated water is then recycled and reused within the facility.

2. Utilization in Various Applications

The treated water from the ZLD system is utilised for:

- **Solar Panel Cleaning:** Ensuring the optimal performance of solar panels through regular cleaning with recycled water.
- **Cooling Tower Makeover:** Supporting cooling tower operations with sustainable water sources, reducing freshwater consumption.
- **Plumbing:** Using recycled water for plumbing purposes, promoting efficient water use.
- **Gardening and Plantation:** Nurturing green spaces and promoting sustainable landscaping practices with recycled water.

Environmental Benefits

- **Water Conservation:** Harsha's ZLD mechanism minimises freshwater consumption by maximizing the reuse of treated water.

- **Pollution Prevention:** By eliminating liquid discharge, Harsha mitigates the risk of water pollution and preserves water quality in the surrounding environment.
- **Resource Efficiency:** Reusing treated water for various applications optimizes resource utilization and reduces the environmental footprint of operations.



REIMAGINE WASTE: COMMITMENT TO A CIRCULAR ECONOMY **GRI 301, 306**

We are committed to minimizing waste generation and promoting a circular economy throughout our operations. This commitment is reflected in our **85% waste recycling rate**, showcasing a proactive approach to resource conservation.

Strengthening Sustainability through Governance

GRI 306-1, 306-2, 306-3, 306-4, 306-5

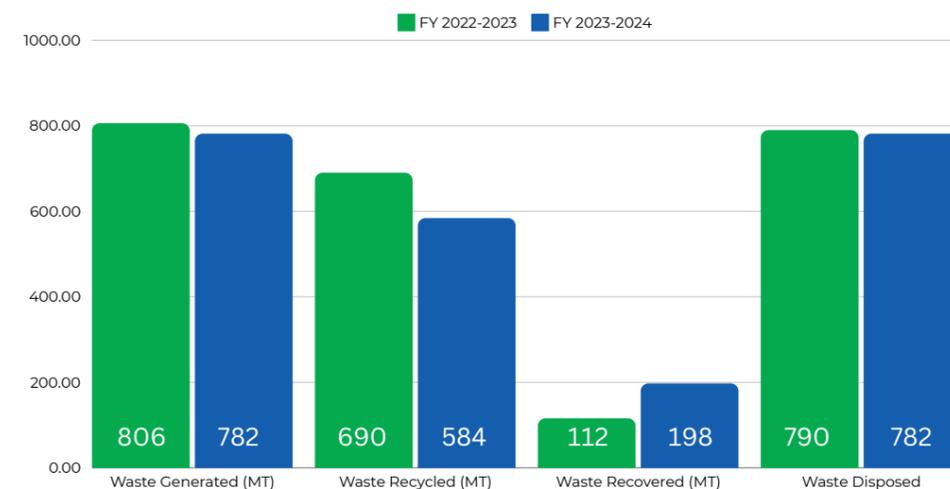
Key Initiatives:
Comprehensive Waste Management Framework: Guided by ISO 9001, IATF 16949, and ISO 14001 certifications, we have implemented rigorous waste management procedures. These certifications ensure that waste generation is minimized, hazardous waste is optimized during manufacturing, and all waste disposal is conducted through registered recyclers or co-processors.

Governance and Risk Management: Our governance framework integrates environmental considerations, social responsibility, and ethical business practices. A comprehensive risk management strategy enables us to identify, assess, and mitigate risks associated with waste management activities, ensuring sustainable business growth.

Operational Excellence: We enforce comprehensive operational control procedures that govern our waste disposal systems, ensuring adherence to environmentally sound practices. This includes obtaining Plastic Waste Processing Certification to comply with Extended Producer Responsibility (EPR) requirements under the Plastic Waste Management Rules, 2016.

Regulatory Compliance: All hazardous waste, e-waste, and non-hazardous wastes are meticulously handled through authorized waste recyclers, adhering to stringent regulatory standards.

Strengthening Sustainability through Governance



Circular Economy: Responsibility beyond Waste

GRI 301-3, 306-1, 306-2, 306-4

Ensuring Compliance and Safe Reclamation:

- **Registration:** Harsha is registered with the Central Pollution Control Board (CPCB), ensuring our waste collection plan aligns with the submitted EPR plan. This guarantees compliance with regulatory requirements.
- **Safe Disposal:** We adhere to strict protocols for waste disposal based on its type:
 - **Plastics (including packaging):** Disposed of through registered recyclers as per EPR norms.
 - **E-Waste:** Disposed of through registered e-waste recyclers.
 - **Hazardous Waste:** Co-processed in cement plants for safe disposal, with remaining hazardous waste and ETP sludge sent to registered recyclers.
 - **Other Waste:** Disposed of responsibly through authorized recyclers.

- **We recycled all 11.88 MT of plastic waste generated, exemplifying our commitment to a circular economy for plastic materials.**
- **E-waste recycling remains a success story for HEIL, with 0.645 MT of e-waste responsibly recycled in FY 2023-2024.**

- **Minimizing Waste Hazards:** By segregating and responsibly disposing of waste, we minimize the risk of accidents and injuries caused by hazardous materials or improper waste handling on construction sites.
- **Safeguarding Air & Water Quality:** Responsible disposal practices prevent hazardous materials from contaminating air and water sources, protecting public health in the communities where our projects are located.
- **Promoting a Healthy Work Environment:** Our safe waste handling protocols and focus on minimizing waste generation contribute to a safer work environment for construction workers and subcontractors.

Harsha believes responsible waste management is not just about the environment; it's about safeguarding the well-being of everyone involved in our projects.

Recycled Content Tracking

GRI 301-2

We track the amount of recycled content used in our products throughout the supply chain. This ensures we are meeting our sustainability goals and contributing to a circular economy.

Safeguarding Customers Through Responsible Waste Management

GRI 306-1, 306-2

Our commitment to a circular economy extends beyond resource conservation. We prioritize responsible waste management practices to ensure the health and safety of our customers and the communities we serve:

Reclaimed Products and Packaging **GRI 301-3**

HEIL is exploring the feasibility of reclaiming various components and packaging materials from used products to further reduce our environmental impact.

Category	Description	Potential Benefits	Current Status	Future Goals
Reclaimed Products	Steel Components	<ul style="list-style-type: none"> Reduced reliance on virgin steel Lower environmental impact of steel production 	<ul style="list-style-type: none"> Feasibility evaluation underway. Pilot programs may be implemented to assess: Technical feasibility of reclaiming steel from used bearing cages. Economic viability of the reclamation process. Quality standards for reintroduced steel components. 	Increase the use of reclaimed steel in HEIL products, focusing on applications where recycled content is acceptable.
	Brass Cages	<ul style="list-style-type: none"> Reduced demand for virgin brass Extended product lifecycle through reuse 	<ul style="list-style-type: none"> Research potential applications for reclaimed brass cages. Evaluate technical and economic feasibility of reclaiming brass cages. 	Explore feasibility and potential benefits of reclaiming brass cages for specific applications.
	Bronze Bushings	<ul style="list-style-type: none"> Reduced demand for virgin bronze Extended product lifecycle through reuse 	<ul style="list-style-type: none"> Research potential applications for reclaimed bronze bushings. Evaluate technical and economic feasibility of reclaiming bronze bushings. 	Explore feasibility and potential benefits of reclaiming bronze bushings for specific applications.
	Polyamide Cages	<ul style="list-style-type: none"> Reduced demand for virgin polyamide Extended product lifecycle through reuse (depending on material type and condition) 	<ul style="list-style-type: none"> Research potential applications for reclaimed polyamide cages, considering material type and degradation. Evaluate technical and economic feasibility of reclaiming polyamide cages based on material type. 	Explore feasibility and potential benefits of reclaiming polyamide cages based on material type.

Category	Description	Potential Benefits	Current Status	Future Goals
Reclaimed Packaging Materials	Cardboard Boxes	<ul style="list-style-type: none"> Reduces demand for virgin cardboard Minimizes packaging waste Supports a closed-loop system for cardboard materials 	<ul style="list-style-type: none"> Priority use of recycled cardboard boxes. Collaboration with suppliers for recyclability. 	Explore additional sustainable packaging options, such as bio-based materials or innovative packing peanuts.
	Pallets	<ul style="list-style-type: none"> Extends lifespan of pallets Reduces deforestation Promotes collaboration within supply chain 	<ul style="list-style-type: none"> Partnership with suppliers utilizing pallet recovery systems. 	Continuously evaluate opportunities for increased pallet reuse or alternative, sustainable packaging materials.

Reclaimed Products as Percentage of Products Sold	
Reclaimed Products	Packaging Materials
0	0

Reclaimed Products as Percentage of Products Sold	
FY 2022-2023	FY 2023-2024
0	0



RESPONSIBLE SOURCING FOR A SUSTAINABLE SUPPLY CHAIN

GRI 308

Environmental consciousness is integral to our entire supply chain. We are dedicated to building a safe and sustainable ecosystem with our partners. This commitment is outlined in our general purchasing agreement, which specifies sustainability requirements for all suppliers. We are proud that 46% of our value chain partners are compliant with ISO 14001, a globally recognized standard for environmental management systems. This collaboration ensures responsible practices throughout the lifecycle of our products, from raw materials to finished goods.

Building a Sustainable Future Together

GRI 308-1, 308-2

Compliance: We ensure all suppliers adhere to regulations regarding hazardous chemical content and restrict the use of raw materials from prohibited sources.

Sustainable Practices: We encourage our suppliers to prioritize sustainability initiatives that actively protect our ecosystem and preserve natural resources for future generations.

By adhering to these requirements, our suppliers become valuable partners in fostering a sustainable and environmentally conscious supply chain. Their commitment not only safeguards the environment but also aligns with our broader mission of creating a better future for all.

Measuring Progress: Environmental Sustainability

GRI 204-1, 308-1, 308-2

Local Sourcing: We prioritize sourcing from local suppliers whenever possible to reduce our transportation footprint. In FY 2023-2024, 79% of our input material was sourced from within the district and neighboring districts and 7.19% of input material is directly sourced from MSMEs/Small producers. We are committed to increasing this percentage in the coming year, further reducing our environmental impact.

Environmental Screening of New Suppliers: Environmental considerations are integrated into our supplier selection process. During FY 2023-2024, we screened all new suppliers (100%) using environmental criteria, including responsible waste management practices and energy efficiency.

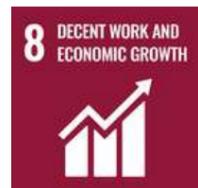
Addressing Environmental Impacts: We proactively evaluate and mitigate environmental impacts within our supply chain. To enhance our efforts, we will continuously monitor the effectiveness of our measures and pursue further improvements, such as adopting bio-based packaging materials in the coming year.

Continuous Improvement for a Positive Impact

By continuously monitoring and improving our sustainable procurement practices, Harsha aims to create a positive impact on the environment and society throughout our entire supply chain. We are committed to identifying and addressing any negative social impacts within our supply chain and strive for continuous improvement in the coming year.

Risk Assessment					
Risk Category	Risk Description	Likelihood	Impact	Risk Level	Mitigation Strategy
Environmental Compliance	Suppliers failing to comply with regulations regarding hazardous chemical content and raw material sourcing	High	High	High	Conduct regular audits of suppliers' environmental practices. Provide training and support for compliance with regulations.
Local Sourcing	Inability to meet targets for local sourcing, leading to increased transportation footprint	Medium	Medium	Medium	Develop partnerships with additional local suppliers. Optimize transportation routes to minimize environmental impact.
Environmental Screening	Failure to adequately screen new suppliers for environmental criteria	Low	High	Medium	Implement a standardized screening process for new suppliers. Provide training to procurement staff on environmental criteria.
Addressing Environmental Impacts	Ineffective mitigation of identified environmental impacts within the supply chain	Medium	High	High	Establish clear protocols for addressing environmental impacts. Monitor and evaluate the effectiveness of implemented actions.
Freedom of Association	Risks to freedom of association and collective bargaining within supplier facilities	Low	High	Medium	Conduct regular risk assessments of supplier facilities. Provide training and support for labor rights awareness among suppliers.

Risk Assessment					
Risk Category	Risk Description	Likelihood	Impact	Risk Level	Mitigation Strategy
Child Labor	Instances of child labor being found within the supply chain	Very low	High	Medium	Implement rigorous screening processes for all suppliers. Conduct regular audits of supplier facilities.
Forced Labor	Instances of forced or compulsory labor within the supply chain	Very low	High	Medium	Enhance supplier screening processes to detect indicators of forced labor. Implement whistle-blower mechanisms for reporting.
Social Criteria Screening	Inadequate screening of new suppliers based on social responsibility criteria	Low	High	Medium	Develop comprehensive guidelines for social responsibility screening. Provide training to procurement staff on social criteria.
Social Impact Mitigation	Failure to identify and address negative social impacts within the supply chain	Low	High	Medium	Establish channels for workers to report concerns. Implement grievance mechanisms for addressing social impact issues.



SOCIAL



COMMITMENT TO ETHICAL LABOUR PRACTICES & HUMAN RIGHTS

GRI 2-30, 402, 406, 407, 408, 409, 410, 414

We are unwavering in our dedication to upholding the highest standards of ethical labor practices and human rights. Believing that every worker deserves to be treated with dignity and respect, we are committed to ensuring fair and safe working conditions throughout our operations and supply chain. Our zero-tolerance policy for child and forced labor reflects our steadfast commitment to these principles.

Our comprehensive approach includes strict adherence to labor standards, proactive measures to prevent and eliminate exploitative practices, and continuous collaboration with stakeholders to build a future where everyone can thrive in a just and equitable work environment. Through rigorous supplier screening, robust training programs, and open communication channels, we work tirelessly to protect human rights and foster social responsibility across our entire supply chain.

Eradicating Exploitation: HEIL's Fight against Child and Forced Labor

GRI 409-1, 409-2

We believe in building a future where every worker is treated with dignity and respect. To achieve this, we have implemented a zero-tolerance policy for child and forced labor, both within our own operations and across our supply chains.

Our commitment to ethical labor practices is reflected in our Child Labor and Forced Labor policy. This policy outlines our core principles:

- **Protecting Human Rights:** We prioritize the fundamental rights of all individuals, ensuring fair and ethical treatment for every worker.
- **Adherence to International Standards:** We adhere to the strictest international labor standards, including those set forth by the International Labor Organization (ILO).
- **Zero Tolerance for Child and Forced Labor:** We have a multi-layered screening process for all suppliers, encompassing background checks and on-site inspections. This process ensures compliance with child labor laws and identifies potential forced labor risks. No incidents were identified in FY 2023-2024. However, we maintain strict zero-tolerance policies for both and will take immediate action if any violations are found.

Building a Brighter Future

Eradicating child and forced labor requires collective action. Here's how we're taking a proactive approach:

- **Training and Awareness:** We educate our employees and partners on identifying and preventing child and forced labor.
- **Open Communication Channels:** We foster open communication within our organization and with suppliers, encouraging prompt reporting of potential violations.
- **Collaboration with Stakeholders:** We actively engage with NGOs, industry partners, and government agencies to collectively combat this injustice.

Ensuring Social Responsibility in our supply chain

GRI 407-1, 408-1, 409-1, 414-1, 414-2

We are committed to maintaining ethical labor practices across our entire supply chain. Here's how we ensure a safe and fair work environment for all:

- **Zero Tolerance for Child and Forced Labor:** We have a multi-layered screening process for all suppliers, including background checks and on-site inspections, to ensure compliance with child labor laws. We also have a comprehensive screening process to identify potential forced labor risks. No incidents of child or forced labor were identified during FY 2023-2024. We maintain strict zero-tolerance policies for both and will take immediate action if any violations are found.
- **Freedom of Association and Collective Bargaining:** We actively identify and address potential risks to freedom of association and collective bargaining in our operations and supplier facilities. Annual risk assessments are conducted to evaluate these potential risks. Based on the FY 2023-2024 assessment, no significant risks were identified. We will continue to monitor these risks and take appropriate actions if necessary.
- **Social Criteria in Supplier Selection:** Social responsibility is a key factor in supplier selection. During FY 2023-2024, all new suppliers (100%) were screened based on social criteria, including adherence to fair labor practices and anti-discrimination policies.

Preventing Discrimination and Harassment

GRI 406-1

We are committed to creating a workplace free from discrimination and harassment for all employees. We achieve this through a comprehensive approach that emphasizes prevention, reporting, and confidentiality.

- **Preventing Discrimination:** We have a zero-tolerance policy for discrimination, as outlined in our comprehensive Anti-Discrimination Policy. This policy adheres to all relevant anti-discrimination laws. It clearly defines unacceptable behaviors and outlines a clear process for reporting, investigating, and addressing any incidents of discrimination. To further prevent such occurrences, we conduct regular training programs for all employee segments, equipping them with the knowledge to recognize and prevent discriminatory practices in the workplace.
- **Preventing Sexual Harassment:** We maintain a zero-tolerance policy towards sexual harassment, reflected in our "Prevention of Sexual Harassment" (POSH) policy, which adheres to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The policy outlines clear procedures for reporting, investigating, and addressing any incidents. We conduct regular training programs for all employee segments to further prevent sexual harassment. Thankfully, during the FY 2023-2024, we received no complaints regarding sexual harassment.
- **Training and Awareness Programs:** To further prevent sexual harassment, Harsha conducts regular training programs for all employee segments.

Segment	Total Number of Training & Awareness Programs Held on Sexual Harassment and Discrimination
Board of Directors	5
Key Management Personnel	5
Employees (excluding Board & KMP)	41

Confidentiality and Reporting Disclosure: The POSH policy, along with our whistle-blower policy, is readily available to all employees. We prioritize confidentiality throughout the investigation process for any discrimination or harassment complaints. We understand the sensitive nature of these issues and are committed to protecting the privacy of both the complainant and the respondent. Maintaining confidentiality encourages individuals to come forward with concerns and ensures a fair and impartial investigation. All cases are handled with discretion to safeguard the privacy of everyone involved.

0 Reported Cases of Discrimination

Human Rights Training for Security Personnel: Building Trust and Safety

GRI 410-1

At our company, we recognize the importance of both safety and human rights. We are committed to ensuring that our security personnel are not only trained in effective security practices but also well-versed in human rights principles and their application in everyday operations. This fosters a culture of trust and respect within our community.

Training Initiatives:

- **Human Rights Fundamentals:** Security personnel receive comprehensive training on core human rights principles, including the Universal Declaration of Human Rights and relevant international conventions. This training covers topics like non-discrimination, freedom of expression, and the right to peaceful assembly.
- **De-escalation Techniques:** Security personnel are trained in de-escalation techniques to minimize the use of force and resolve situations peacefully. This includes verbal communication strategies, active listening, and conflict resolution skills.
- **Use-of-Force Continuum:** A clear understanding of the use-of-force continuum is provided. This framework guides security personnel in applying the least amount of force necessary in any given situation.
- **Cultural Sensitivity:** Training programs incorporate cultural sensitivity modules to ensure security personnel interact with diverse populations respectfully and appropriately.

The Power of Human Rights Training

- **Improved Community Relations:** Building trust with the community is essential for effective security. Training in human rights fosters positive interactions and promotes a sense of safety for everyone.
- **Reduced Use of Force:** By prioritizing de-escalation tactics, human rights training helps minimize the need for force and contributes to a safer environment.

- **Enhanced Legal Compliance:** Understanding human rights principles ensures security personnel operate within the law and upholds fundamental rights.

23% Employees Trained in human rights issues and policies

5.9% Workers Trained in Human rights issues and Policies

Collective Bargaining Agreement

GRI 2-30

We recognize and respect the rights of our employees to collectively bargain and organize. We understand that collective bargaining agreements (CBAs) are vital tools for promoting fair labor practices and ensuring that the voices of our employees are heard and valued.

Our Approach to Collective Bargaining :

Our commitment to collective bargaining is guided by these core principles:

- **Respecting Employee Rights:** Employees have our full support to form, join, or abstain from unions without fear of retribution.
- **Fair Negotiations:** We engage in good-faith negotiations with employees, striving for mutually beneficial agreements that address all parties' needs.
- **Transparent Communication:** We foster trust and collaboration by maintaining open and honest communication channels between management and employee representatives.

Key Components of Our Collective Bargaining Agreements :

Our CBAs address a wide range of topics critical to employee well-being:

- **Wages & Benefits:** We negotiate competitive wages alongside comprehensive benefits packages that support employees and their families.
- **Safe Working Conditions:** Our agreements outline safe and healthy workplaces, providing employees with necessary protections and resources.
- **Work Hours & Overtime:** Clear guidelines on work hours, including overtime provisions, ensure fair compensation for employees' time and effort.
- **Grievance Mechanisms:** Robust grievance procedures allow employees to raise concerns and seek fair, transparent resolutions.
- **Job Security:** We prioritize workforce interests by addressing layoffs, retrenchments, and other employment changes through provisions that promote job security and stability.

Our On-going Commitment:

We are committed to continuously improving our collective bargaining processes and outcomes. This involves:

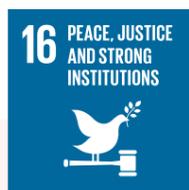
- **Regular Reviews:** We conduct regular CBA reviews to ensure their continued relevance and effectiveness in meeting evolving employee needs.
- **Training & Development:** We provide training for both management and employee representatives on effective negotiation and conflict resolution.
- **Stakeholder Engagement:** We actively engage with our internal and external stakeholders, fostering a collaborative approach to workplace relations.

Respecting Employee Rights and Fair Practices

GRI 402-1

We recognize the importance of keeping our workforce informed about significant operational changes that may impact their roles and lives. As part of our commitment to ethical labor practices and human rights, we adhere to a minimum notice period of 60 days before implementing any operational changes in India. This practice not only aligns with our values of transparency and respect but also helps to maintain trust and stability within our organization.

By providing this notice period, we ensure that employees have adequate time to prepare for and adapt to any changes, thereby minimizing potential disruptions and stress. This commitment reflects our broader dedication to fair treatment and open communication, reinforcing the principles of dignity and respect that underpin our approach to human rights.



FOSTERING EQUALITY AND INCLUSION

GRI 2-7, 2-10, 405, 406

Harsha thrives on a diverse and inclusive workforce, recognizing that valuing each employee's diverse skills and perspectives unlocks our collective potential for success. This commitment translates into concrete actions – comprehensive policies and initiatives fostering a thriving and inclusive workplace for all. We explore areas like gender representation, salary equity, and initiatives fostering an inclusive workplace culture.

Cultivating a Culture of Respect:

- **Awareness & Training:** Equipping employees with the knowledge to embrace diversity and inclusion, we conduct regular training sessions that address unconscious bias and highlight the benefits of a diverse workforce, fostering a respectful and inclusive environment.

Our commitment to diversity and inclusion is a continuous journey. Regular reviews and updates ensure our policies stay current with evolving workforce needs and reflect industry best practices. By weaving gender diversity and inclusion into the very fabric of our operations, we cultivate a supportive and dynamic work environment that fuels innovation and excellence. At Harsha Engineers International Limited, we recognize that a diverse and inclusive workforce is not only the right thing to do, but also a key driver of our success.

Gender Diversity in the Workforce

GRI 2-7, 405-1

Championing a culture of gender diversity, we at Harsha recognize its critical role in driving innovation and excellence. This commitment translates into concrete actions – comprehensive policies and initiatives fostering a thriving and inclusive workplace for all.

Investing in a Diverse Talent Pipeline:

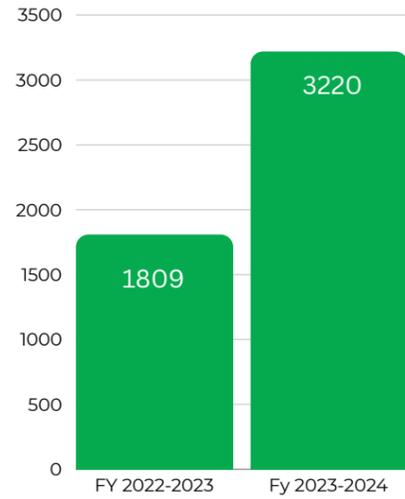
- **Inclusive Recruitment:** We actively promote gender diversity throughout recruitment, ensuring a fair and unbiased selection process that attracts a strong pool of female talent.
- **Work-Life Harmony:** Understanding the importance of a healthy work-life balance, we offer flexible work arrangements and generous parental leave policies, supporting employees in achieving both professional and personal goals.

Empowering Future Leaders:

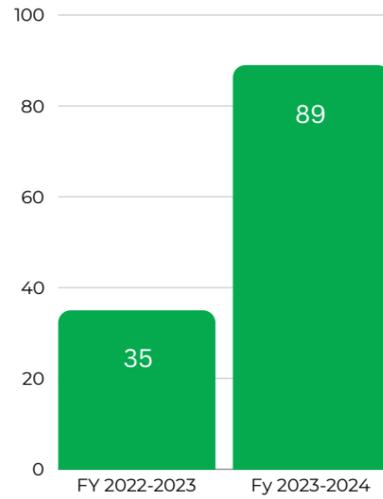
- **Leadership Development:** We invest in the future of female leadership. Tailored development programs empower women with the skills and opportunities they need to thrive and advance within the company.

Workforce	FY 2022-2023		FY 2023-2024	
	Male	Female	Male	Female
Board of Directors	8	2	8	2
Key Management Personnel	6	1	6	1
Employees	581	14	588	19
Workers	1,179	18	2,529	67

Total Workforce



Growth in Female Representation



Total workforce (Including differently abled)

Permanent Workforce		Other than Permanent Workforce	
Employees			
Male	Female	Male	Female
588	19	00	00
Workers			
1124	18	1472	49

Female Participation on the Board

GRI 2-10, 405-1

We're proud of our progress towards a diverse Board, with women currently holding 20% of seats. This includes a female Independent Director and a female Whole-time Director. This representation reflects our commitment to fostering an inclusive leadership team. Our dedication to diversity continues with the upcoming re-election of both Mr. Rajendra Shah and Ms. Hetal Ukani. This ensures leadership continuity while maintaining gender balance at the Board level. Their continued service strengthens Harsha as we build a more innovative and resilient organization that champions equality and inclusion.

This focus on diversity extends beyond the boardroom. Women also hold 14% of key management positions, highlighting Harsha's dedication to promoting equality and empowering women across the organization. This balanced representation reflects the company's belief that diverse perspectives are crucial for strong decision-making and effective corporate governance.

20% Board Female Representation

14% KMP Female Representation

Disability Inclusion as a Competitive Advantage

GRI 405-1, 406-1

A diverse and talented workforce isn't just the right thing to do, it's a strategic advantage. By championing accessibility, we ensure our workplaces are fully compliant with the Rights of Persons with Disabilities Act, 2016. This commitment welcomes a wider range of skilled individuals, fostering a talent pool rich in diverse perspectives. Our comprehensive Code of Conduct emphasizes equal opportunity and non-discrimination, ensuring a fair hiring and promotion process that allows all employees to reach their full potential. Dismantling barriers and fostering inclusion doesn't just create a respectful and collaborative culture, it empowers innovation and problem-solving. A broader range of perspectives leads to fresh ideas and solutions. Our commitment to a discrimination-free environment is unwavering, evidenced by zero reported cases in the FY 2023-2024. This focus on belonging strengthens employee engagement and fosters a sense of ownership, ultimately driving success for both our employees and our company.

The Value of a Multi-Generational Workforce

GRI 405-1

Beyond gender, we're committed to fostering a multi-generational workforce that leverages the unique strengths of all age groups. This reflects the communities we serve and positions us for success in today's dynamic business landscape. A multi-generational approach unlocks a wealth of skills and experiences.

Seasoned employees offer valuable knowledge and mentorship, while younger generations bring fresh perspectives and digital fluency. This diversity of thought fuels innovation and problem-solving. Experienced generations can tackle challenges with their established wisdom, while younger minds offer creative solutions and an eagerness to adapt. Our commitment to age diversity is evident in our inclusive recruitment practices and training programs designed to empower all employees, regardless of age, to reach their full potential. The table below provides a snapshot of our current age demographics, showcasing the vibrant tapestry of talent within our company.

Differently abled Employees and Workers (FY 2023-2024)

Permanent Workforce		Other than Permanent Workforce	
Employees			
Male	Female	Male	Female
3	0	00	00
Workers			
14	0	3	0

Bridging the Gap: Where Everyone Belongs

GRI 405-1, 406-1

Our vibrant workplace thrives on celebrating the unique talents and backgrounds of our team. Our annual Ethnic Day showcases this rich tapestry through cultural presentations and attire. Recognition programs like Long Service Awards foster a sense of belonging.

Employee well-being is core to inclusion. Our popular Colleague Wellness Program offers stress management and health resources. Tailored Women's Wellness Programs address specific needs. Work-life balance is prioritized with flexible arrangements and generous paid time off.

Building connections strengthens our team. National holiday celebrations foster patriotism and community. Cultural events like Garba nights, showcase heritage. Regular team-building activities build relationships and collaboration. We acknowledge achievements through Reward and Recognition Programs creating a motivating environment. Fun events further boost morale.

A diverse and inclusive workforce fosters innovation and success. By celebrating differences and building connections, we empower everyone to thrive.



Women's Day Celebration



Multiskilled Certification



VLFM Senior Manager Program



Training Workshop

Employee Engagement Activities



Inspirational Session - Successful Employee



Inspirational Session by Monk



MDP Closure



International Yoga Day

FAIR WAGES, BENEFITS AND WORKING CONDITIONS

GRI 2-19, 2-20, 201, 202, 401, 405

Our commitment to attracting and retaining top talent goes beyond a simple pay-check. We offer a comprehensive compensation and benefits package that fosters a culture of high performance, employee well-being, and a sustainable work environment.

Competitive Compensation

GRI 2-19, 2-20, 202-1, 405-2

We believe in open communication and responsible business practices. This commitment extends to our approach to employee remuneration, where we strive for fairness, transparency, and equity. Our company is committed to a nondiscriminatory approach to compensation. Employee pay is determined solely by skills, qualifications, and performance, ensuring a fair and equitable work environment for all.

Competitive Compensation

Our established approach to employee compensation applies to all levels, including Board members, key managerial personnel (KMP), and all other staff. This approach ensures that we benchmark salaries against industry standards and all employees receive at least the minimum wage. This guarantees fair market value as a foundation, while also rewarding exceptional contributions through merit-based compensation and incentive programs.

Category	Employees		Workers	
	Male	Female	Male	Female
Paid Above Minimum Wage	100%	100%	94%	6%
Paid at Minimum Wage	0%	0%	72%	28%

Addressing the Gender Pay Gap

We recognize the importance of transparency in addressing disparities in compensation practices. Our analysis reveals that, on average, there is no pay gap difference between male and female in similar roles within our organization. We are committed to closing this gap through targeted interventions and on-going monitoring.

Transparency in Remuneration Reporting:

We prioritize transparency in our compensation practices by disclosing several key metrics:

- **Board Composition and Remuneration:** We make public the names and designations of Board members and KMP. Additionally, we report the ratio of their remuneration to the median remuneration of all our employees, disaggregated by gender. This comprehensive disclosure provides a clear picture of compensation distribution across the company.
- **Reporting Remuneration Changes:** We report any increases or decreases in remuneration for directors, KMP, CEO, CFO, and Company Secretary during the FY 2023-2024. This information is compared to the median employee pay increase, demonstrating fairness throughout the organization.

- **Employee Remuneration Disclosure:** We disclose the median remuneration for employees other than directors and KMP, along with the average percentile increase in their salaries compared to managerial compensation. This transparency provides valuable insights into overall employee compensation trends.

This commitment to a fair and transparent remuneration system fosters employee trust, motivates high performance, and ensures a sustainable and equitable work environment for all. This aligns with our commitment to responsible business practices and global best practices.

Investing in Our People: A Benefits Package Designed for Long-Term Success

GRI 201-3, 401-2, 401-3

We believe a strong and engaged workforce is the foundation for long-term success. That's why we prioritize investing in our employees' well-being, financial security, and professional growth through a comprehensive benefits package and on-going support.

- **Empowering Well-being:** Our robust health insurance plan extends beyond healthcare, offering reimbursement programs, healthy food options, and subsidized wellness activities. This holistic approach fosters a healthy and vibrant workforce.
- **Securing a Stable Future:** Competitive salaries are complemented by a mandatory retirement savings plan with company matching contributions. We empower employees to plan for a secure future through educational resources and professional guidance.

- **Achieving Work-Life Balance:** Recognizing the importance of personal time, we offer a range of programs promoting a healthy work-life balance. This includes paid leave (parental, vacation, sick, and personal) and flexible work arrangements (flexible schedules and remote work options).

- **Fostering a Positive Work Environment:** We cultivate a respectful and inclusive culture where everyone feels valued and empowered to contribute their unique talents. Employee safety remains a top priority, and we provide the resources and training necessary to maintain a healthy and secure work environment. Open communication and collaboration are encouraged, ensuring everyone's voice is heard and valued.

- **Investing in Success:** Our commitment to employee well-being and professional development leads to a more engaged, productive, and successful workforce. By creating a rewarding work environment, we empower employees to reach their full potential, driving long-term success for Harsha.

Retirement Benefits		
Benefits	No. of Employees Covered	No. of Workers Covered
PF	100%	100%
Gratuity	100%	100%
ESI	34.45%	65.55%

Benefit Package Provided				
Employees				
Health Insurance	Accident Insurance	Maternity Benefits	Paternity Benefits	Day Care Benefits
10%	100%	3%	97%	0%

Workers				
Employees				
Health Insurance	Accident Insurance	Maternity Benefits	Paternity Benefits	Day Care Benefits
0%	100%	2%	98%	0%



EMPOWERING OUR WORKFORCE

GRI 2-7, 2-8, 401, 404

At Harsha, our employees are the cornerstone of our long-term success and sustainability strategy. We foster a culture of continuous learning and development, equipping our workforce with the skills and knowledge needed to excel in their roles and contribute to our environmental, social, and economic goals.

Investing in a Future-Ready Workforce is paramount. We offer specialized training programs tailored to specific positions, ensuring proficiency in core skills. Our on-going Internal Skill Development Program, led by industry experts, proactively identifies and addresses industry-specific skill gaps. This empowers employees to excel in their current roles and adapt to evolving trends.

We further invest in long-term employee growth through our "Multiskilling" program, equipping them with proficiency in multiple areas. This fosters adaptability and increases employee value. For instance, we train machine operators on various machines and provide team members with the skills to transition into leadership roles. Dedicated programs cultivate strong leadership from within, equipping aspiring leaders with the knowledge, tools, and strategic thinking capabilities to guide Harsha towards continued success.

Investing in Our People Creates Multiple Benefits

GRI 404-1, 404-2, 404-3

It fosters a sense of value and career advancement, leading to higher employee engagement and productivity.

A well-trained workforce can effectively identify and implement solutions to operational challenges, resulting in increased efficiency and a positive impact on our environmental footprint. By continuously developing employee skills, we ensure they are prepared to adapt to evolving industry trends and technologies. This ensures our long-term sustainability and strengthens our ability to contribute to a thriving global economy.

Our Commitment Extends Beyond Formal Training Programs

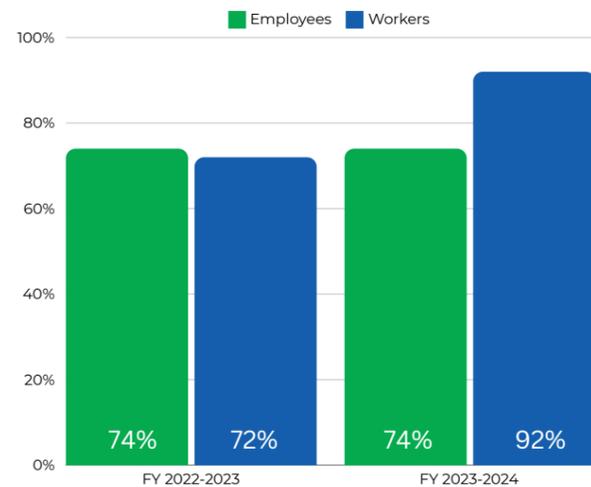
We cultivate a lifelong learning culture with an integrated skill assessment approach. Job rotations and internal transfers allow employees to gain diverse experiences and broaden their perspectives. This not only benefits individual growth but also allows us to assess skill development and identify areas for further training.

We provide a comprehensive learning ecosystem with access to various training programs, online resources, and development initiatives to support continuous learning. Performance reviews incorporate skill assessments to evaluate program effectiveness and identify potential skill gaps. This data informs future development plans aligned with current and future sustainability goals. We regularly conduct skills gap analyses to pinpoint areas where employees require additional training. Employee surveys are a cornerstone of our process, gauging program effectiveness, gathering valuable feedback, and allowing for continuous improvement of our training initiatives.

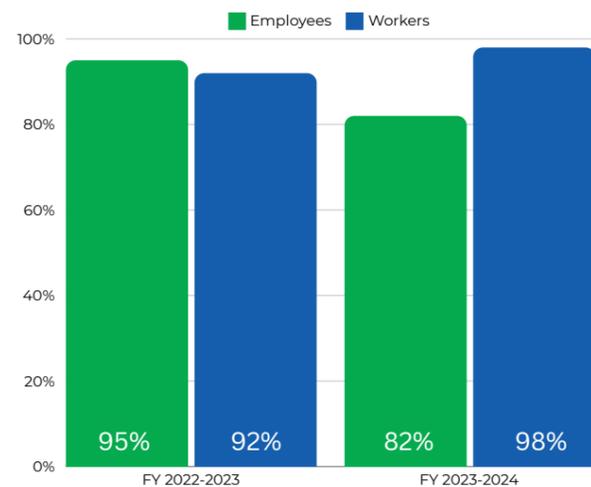
Sustainable Workforce, Sustainable Future

Our sustainability-focused programs equip employees with the knowledge and skills to integrate sustainability principles into their daily work. We provide skill development programs that empower employees with essential tools for a sustainable future. We invest in training programs that foster diversity and inclusion within the workplace. This creates a more engaged and creative workforce, leading to better decision-making for sustainable solutions.

Skill Upgradation Training



Employees receiving performance and career development reviews



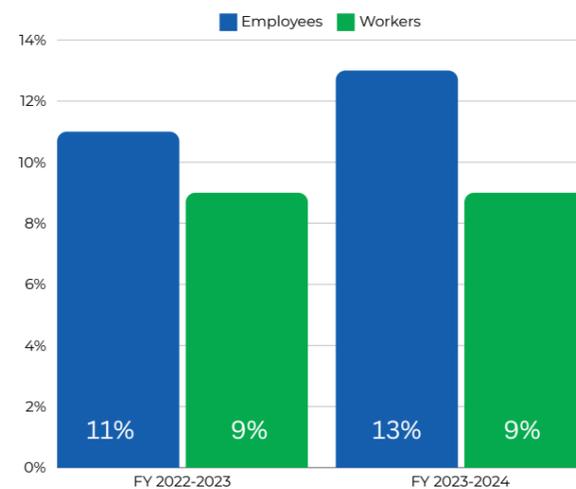
Building a Thriving Workforce: Minimizing Turnover for Long-Term Sustainability

GRI 404-1

At Harsha, a skilled and adaptable workforce is essential for long-term success and sustainability. We acknowledge a slight increase in our FY 2023-2024 employee turnover rate. We are actively addressing this through several key strategies:

- Proactive Retention:** We've expanded the frequency and focus of stay interviews to delve deeper into employee career goals, development needs, and overall satisfaction. This allows us to identify and address potential concerns before they lead to departures. Additionally, in-depth exit interviews provide valuable insights that inform improvements in work processes, compensation structures, and career development opportunities.
- Investing in Our People:** We offer a competitive compensation and benefits package. We are also expanding our career development offerings with a wider range of training programs, mentorship initiatives, and internal mobility options. These clear pathways for advancement empower employees to grow their skills, take on new challenges, and stay engaged in their careers at Harsha Engineers.

Employee Turnover Rate





Building a High-Performing and Inclusive Workforce

GRI 404-1

At Harsha, we recognise that a diverse and inclusive workforce is the cornerstone of innovation, creativity, and long-term success. We are committed to fostering a workplace that empowers all employees to contribute their unique talents and perspectives, regardless of background.

Empowering Excellence through Inclusive Recruitment

Recruitment : Our recruitment process prioritises skills, qualifications, and cultural fit for the role. We actively seek talent from diverse backgrounds and experiences, ensuring a fair and objective evaluation for all candidates. Factors like gender, caste, religion, or socioeconomic background are never considered. We strive for diverse interview panels and utilize standardised interview questions to mitigate unconscious bias and assess how a candidate's unique strengths complement our existing team. In some cases, we may anonymize resumes during the initial screening process to further reduce potential bias.

Empowering All Employees to Thrive : We are committed to providing equal opportunities for all qualified candidates. We actively encourage applications from diverse backgrounds and participate in job fairs and recruitment drives that promote inclusivity. We offer unconscious bias training to all employees, equipping them with skills to create a more inclusive environment. Additionally, we provide on-going resources and initiatives that foster understanding and respect for all individuals. This creates a sense of belonging and empowers employees to thrive in their careers.

On-boarding for Success: A Welcoming and Empowering Experience

GRI 404-1

We understand that a positive on-boarding experience is critical for integrating new employees and fostering a successful and engaged workforce. Our comprehensive three-layer induction program is designed to achieve this by:

- **Easing New Employee Anxiety:** From their first day, new hires are welcomed and supported, reducing anxieties associated with starting a new job. This sets the stage for a positive and productive working relationship that benefits both the employee and the company.
- **Equipping Employees for Success:** We provide new employees with the knowledge and skills necessary to excel in their roles. This includes in-depth training on departmental goals, processes, and how their individual role contributes to the company's overall objectives. Additionally, new hires receive comprehensive information about Harsha's mission, values, history, and organizational structure. This accelerated learning curve empowers them to perform at their best from the outset.
- **Fostering a Sense of Belonging:** Our program fosters a sense of connection within the organization. New employees are introduced to colleagues across departments, building relationships and creating a strong support network. This sense of belonging ensures they feel valued and integral to the Harsha's team, promoting higher engagement and long-term success.

The program is structured in three key phases:

- **Company-Wide Introduction:** This initial phase provides a comprehensive overview of Harsha's mission, values, history, organisational structure, and key departments. This informs new employees and connects them to the bigger picture within the company.
- **Departmental Induction:** This phase focuses on the specific goals, structure, and processes of the new employee's department. It ensures alignment with the overall organisational objectives while providing a deeper understanding of departmental functions and how individual roles contribute to the team's success.
- **Personalized Support:** Following the initial induction period (3-6 months), one-on-one interactions with a designated Business Unit HR (BUHR) representative occur. These personalized interactions address any questions or concerns, ensuring a smooth transition into the employee's role and setting them up for long-term success.

Committed to Ethical Temporary Staffing

GRI 2-7, 2-8

At Harsha, temporary workers play a valuable role in supporting our business goals. However, our commitment to ethical labour practices extends beyond our permanent workforce. This commitment is reflected in our comprehensive Contract Labour Management Policy, ensuring all workers are treated fairly and ethically.

- **Safety and Fair Compensation:** The safety and well-being of all workers is paramount. We provide temporary labourers with a safe working environment that complies with all health and safety regulations. Furthermore, temporary workers receive competitive wages and benefits aligned with industry standards, ensuring fair compensation for their contributions. We believe this fosters a positive work environment and aligns with our broader commitment to ethical labour practices.
- **Benefits of Ethical Temporary Staffing:** Our commitment to ethical practices benefits both temporary workers and Harsha. Temporary positions offer a chance for individuals to showcase their skills and gain valuable work experience in a fast-paced environment. This can potentially lead to permanent roles at Harsha, promoting talent development. Additionally, temporary work can be ideal for those seeking flexible schedules or exposure to different work environments. This flexibility allows individuals to explore career paths and refine their skillset. Ultimately, temporary positions are a win-win situation, offering valuable experience for individuals while providing our company with skilled talent to support on-going projects.
- **Partnering for Sustainability:** We collaborate with reputable temporary staffing agencies that ensure all temporary workers are qualified and meet our high standards. This strong partnership promotes ethical recruitment practices and fair treatment for all temporary workers. By prioritizing ethical practices throughout our workforce, we contribute to a sustainable and responsible workforce strategy.

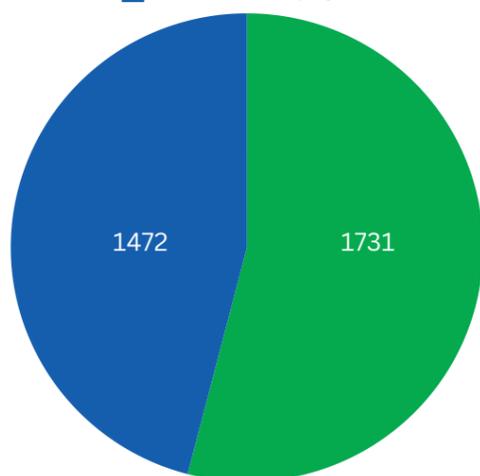
Benefit Package Provided to Other than Permanent Staff

Workers

Health Insurance	Accident Insurance	Maternity Benefits	Paternity Benefits	Day Care Benefits
0%	100%	3%	0%	0%

Employees

Permanent Employees
Contractual Employees



PROTECTING OUR PEOPLE

GRI 403

Our Occupational Health and Safety Management System (OHSMS) prioritize employee well-being across all facilities. This system encompasses comprehensive safety protocols, regular inspections, and continuous improvement initiatives. Key elements include a dedicated Environment, Health, and Safety (EHS) Committee, robust training programs, incident reporting, and emergency preparedness plans. We strive for zero accidents and pollution prevention. Our OHSMS aligns with legal requirements and strives for zero accidents and pollution prevention.

- **Comprehensive Occupational Health Services:** We offer on-site medical support, facilitate access to quality healthcare facilities, and collaborate with employees to proactively identify and mitigate potential hazards. This collaborative approach empowers employees to take ownership of their safety and well-being. Additionally, eligible employees benefit from government healthcare schemes, ensuring comprehensive health coverage.

Hazard Identification and Risk Management

GRI 403-1

We employ a systematic approach to hazard identification and risk management. A specialized team conducts regular danger prediction activities and risk assessments using a standardized Hazard Identification and Risk Assessment (HIRA) register. Safety patrols, near-miss reporting, and safe workstation mapping are integral to this process.

- **Prioritizing Mental Wellness:** Recognizing the growing importance of mental health, we offer a range of initiatives to support our employees' emotional well-being. These include mindfulness and stress management programs, yoga sessions, and access to mental health professionals. We further promote healthy habits through engaging wellness activities and educational talks, fostering a culture of resilience and well-being.

Prioritizing Employee Well-being

GRI 403-2, 403-3, 403-4, 403-7, 403-8

We prioritize the physical and mental well-being of our workforce, fostering a healthy and productive work environment. This commitment is reflected in our comprehensive approach. We offer extensive occupational health services, including on-site medical support and facilitating access to local hospitals. Additionally, eligible employees benefit from government healthcare schemes. Recognizing the importance of mental well-being, we prioritize it through initiatives like meditation sessions and stress management programs.

Creating a Supportive Work Environment

- **Empowering Employee Participation:** We believe that employee involvement is central to building a safe and healthy work environment. We actively encourage participation in safety initiatives and celebrate milestones like Environmental Day. This on-going collaboration allows us to continuously refine our programs and ensure a safe and healthy work environment for everyone.
- **Transparent Communication:** Our commitment to employee well-being extends beyond physical and mental health. We prioritize a supportive environment by providing clear and timely communication regarding any significant operational changes that might impact our workforce. This transparency fosters trust and allows employees to feel prepared and informed during times of transition.

Notice Periods and Transparency

We adhere to all legal requirements for notice periods related to operational changes. However, we strive to extend these minimums whenever possible, particularly when changes may affect employee well-being. Advanced notice allows for better planning and adaptation, minimizing stress and promoting a sense of security during transitions.

Multi-Faceted Communication: We utilize various communication channels to ensure employees are informed and have a voice in changes that may impact them. These include:

- **Employee health and wellness workshops:** Promoting open dialogue and providing resources to help employees navigate change.
- **Focus groups with employee representatives:** Ensuring employee perspectives are heard through in-depth discussions.
- **Internal surveys and feedback mechanisms:** Providing a platform for employees to express concerns and suggestions.
- **Direct communication from managers and HR:** Clear and consistent communication from leadership keeps all employees informed and supported during times of change.

Worker Participation is Key

In our commitment to a healthy and secure work environment, we prioritize a collaborative safety culture that empowers employees to be active participants. This manifests through several key initiatives. We encourage employee ownership through programs like "Safety Officer for One Day," where individuals take a proactive role in identifying and reporting unsafe conditions. Furthermore, comprehensive safety training equips employees with the knowledge and skills specific to their roles, ensuring proper equipment use and safe work practices.

We prioritize proactive risk management through regular safety inspections, audits, and a strong emphasis on incorporating worker feedback. This on-going dialogue allows us to identify and address potential hazards before they become incidents. To maintain a culture of vigilance, we conduct on-going safety awareness campaigns that keep employees informed of best practices and potential hazards. Additionally, dedicated Safety Week celebrations further reinforce our commitment to a safe work environment and provide opportunities to recognize safety achievements. By fostering this collaborative approach, we empower employees, continuously improve our safety culture, and contribute to a sustainable and healthy work environment.

Element	FY 2022-2023	FY 2023-2024
Dedicated Committee	Committee exists	Committee exists
Incident Reporting	System in place	System in place
Emergency Drills	8	10

Initiative	FY 2022-2023	FY 2023-2024
Regular Safety Inspections	System In Place	System In Place
Safety Week Celebrations	1000 Employee Participated	1200 Employee Participated

Worker Training on Occupational Health and Safety

GRI 403-5, 403-6, 403-8

Training is a cornerstone of our commitment to occupational health and safety (OHS). We believe a well-trained workforce is essential for preventing accidents and maintaining a safe work environment. In the FY 2023-2024, we significantly increased health and safety training participation, with 70% of our total workforce receiving instruction. This achievement demonstrates our dedication to continuous learning and fostering a culture of safety.

Our Training Approach:

We prioritize employee well-being by fostering a culture of safety that encompasses comprehensive training and proactive risk management.

Empowering a Safety-Conscious Workforce:

- We encourage employees to identify and report potential hazards, fostering a collaborative environment where everyone feels responsible for preventing incidents.
- We equip employees with the knowledge and skills they need through multifaceted OHS training:
- **Interactive Sessions:** Engaging and informative sessions tackle critical topics like:
 - Hazard identification and risk assessment
 - Safe work practices for various tasks and equipment
 - Proper use of personal protective equipment (PPE)
 - Work Ergonomics and Workstation Safety (preventing musculoskeletal disorders)
 - Fire Safety (prevention, extinguisher use, evacuation procedures)
 - Stress management and mental health awareness

- **Toolbox Talks:** Focused discussions led by supervisors address specific workplace hazards and safe work practices relevant to daily tasks.
- **Refresher Courses:** Regular refreshers ensure continuous knowledge retention and skill development on essential OHS topics.

Promoting Holistic Employee Wellbeing:

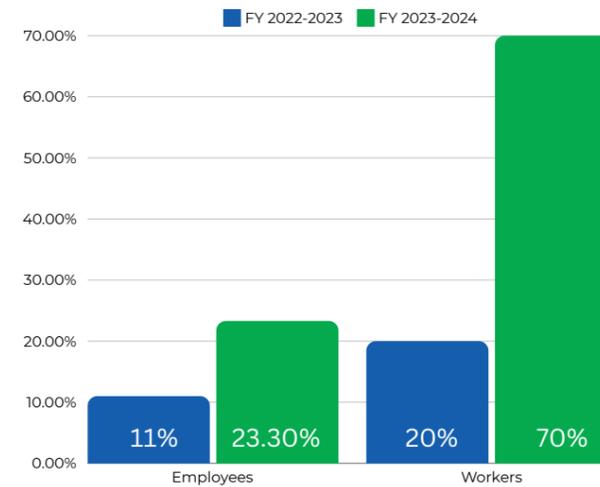
Beyond physical safety, we invest in overall well-being:

- **Preventative Measures:** We provide PPE and actively promote safe work practices to minimize risks of injury and illness.
- **Ergonomics:** We prioritize a healthy work environment by conducting assessments and implementing workstation modifications where necessary.
- **Emergency Preparedness:** Clear procedures and regular drills ensure a coordinated response in case of an incident.
- **Wellness Programs:** We encourage healthy habits through comprehensive programs promoting physical activity, healthy eating, and stress management, fostering a culture of overall well-being. These programs may include on-site fitness classes, healthy food options, and access to stress management resources.

Practice	FY 2023-2024
Mock Drills	10 drills conducted



Workforce Trained in Health & Safety



NO Work Related Injury Recorded

0 Work-Related Ill Health Recorded

Proactive Measures for a Healthy Workforce

GRI 403-9, 403-10

We prioritize preventing work-related injuries and illnesses through a comprehensive approach. Proactive safety protocols, regular inspections, and training programs empower employees to identify and mitigate risks, minimizing accidents. All incidents are tracked, investigated, and corrective actions are implemented to prevent recurrence, as evidenced by our decreasing Lost Time Injury Frequency Rate (LTIFR).

We further invest in employee well-being beyond physical health. We address work-related ill-health through a multi-pronged approach, including on-site medical support, connections with local hospitals, and access to relevant healthcare schemes, ensuring comprehensive medical care.

Additionally, we prioritize mental well-being with initiatives like stress management programs and meditation sessions, fostering a culture of overall well-being

Total Number of Lost Time Injuries (per one million-person hours worked)	
FY 2022-2023	FY 2023-2024
0.38	0



BUILDING BRIDGES, BUILDING BETTER

GRI 203, 413

At Harsha, we go beyond building bridges. We build stronger communities. We recognize that infrastructure connects people, facilitates trade, and unlocks economic opportunity. This understanding fuels our commitment to delivering high-quality engineering solutions that benefit both our clients and the communities we serve.

A Foundation of Social Responsibility

GRI 203-1, 203-2, 413-1

Our commitment goes deeper than construction projects. We have a comprehensive Corporate Social Responsibility (CSR) Policy that outlines our philosophy on creating positive social change. We believe in inclusive corporate development and take responsibility for fostering a just and humane society.

Our Guiding Principles:

- **Sustainable Practices:** We prioritize environmentally responsible construction methods to minimize our impact on the planet while creating long-lasting structures. This includes initiatives like tree plantation to promote a sustainable future.
- **Local Focus:** We actively seek opportunities to utilize local resources and labour during construction projects, injecting capital into the local economy, empowering communities, and creating local jobs.
- **Community Engagement:** Harsha fosters open communication throughout the project lifecycle to ensure our bridges meet the specific needs of the people and minimize disruption during construction.

Investing in Social Good:

Our commitment extends beyond infrastructure development. We are dedicated to giving back through:

- **Supporting Community Development:** We invest in initiatives that empower communities and create lasting positive impacts in the regions where we operate. This includes projects like donating medical equipment to local hospitals and clinics.
- **Focus on Vulnerable Groups:** A significant portion of our CSR spending is directed towards marginalized and vulnerable populations, aligning with our values of inclusivity.
- **Education is Key:** We believe in supporting education as a pathway to a brighter future. Our CSR initiatives include donations to schools and scholarships for deserving students.
- **Measurable Impact:** We are committed to tracking the impact of our CSR initiatives to ensure they are making a meaningful difference.

The CSR Committee of the Board is responsible for overseeing the execution of the Company's CSR Policy. Pursuant to the provisions of Section 135(1) of the Act, the Board has set up the CSR Committee. The details of the CSR Committee members and meeting held during the financial year 2023-24 are given as under:

Sr. No.	Name of Committee Member	Category	Position	Date of Meeting	Number of Meetings Held	Number of Meetings Attended
1	Mr. Rajendra Shah	Executive Director	Chairman	May 25, 2023	1	1
2	Mr. Harish Rangwala	Executive Director	Member		1	1
3	Dr. Bhushan Punani	Non-Executive Independent Director	Member		1	1

Supporting Vulnerable Communities

Harsha demonstrates its commitment to social inclusion through partnerships with organizations that support vulnerable groups.

- **Anand Dham:** In collaboration with Aastha charitable trust for welfare of the Mentally challenged, we support Anand Dham, a residential complex providing comprehensive care for individuals with mental health challenges, those facing aging-related needs, and those requiring support due to loss of parents.
- **Dr. Jeet Mehta Balshala Trust:** Through a dedicated CSR contribution, we empower students with mental challenges by supporting the Dr. Jeet Mehta Balshala Trust. This contribution enables the Trust to renovate essential physiotherapy centers and provide crucial equipment, enhancing the quality of rehabilitation and education.

Building a Brighter Future:

We believe that strong communities are the foundation for a thriving future. Here's how we're contributing:

- **Connecting People:** Our bridges become vital links, facilitating trade and fostering connections within communities.
- **Strengthening Communities:** Through local focus, social investment, and initiatives like healthcare donations and educational support, we empower communities and create a lasting positive impact.
- **Paving the Way for a Brighter Future:** We are dedicated to building a sustainable future for generations to come, through environmentally responsible practices and support for long-term community well-being.

HEIL remains committed to building bridges that connect people, strengthen communities, and contribute to a brighter future, together.

₹ 6.72 Cr contributed towards upliftment of vulnerable groups till now.





EMPOWERING SAFETY: PUTTING CUSTOMER HEALTH FIRST

GRI 416, 417

Customers' safety is our top priority. We are committed to fostering a culture of safety throughout everything we do, from the design and development of our products to manufacturing and after-sales support. Here's how we ensure the well-being of those who rely on our products and services:

Proactive Risk Assessment

GRI 416-1, 416-2, 417-1, 417-2, 417-3

We conduct comprehensive assessments to identify and mitigate potential health and safety hazards associated with all our products and services. This analysis considers potential risks during normal use, reasonably foreseeable misuse, and throughout the entire product life cycle, including disposal.

We strive for zero incidents. However, we acknowledge that even the most thorough processes may encounter unforeseen issues. We maintain a robust system for recording and investigating incidents to identify areas for improvement. Lessons learned from these incidents are actively incorporated into our design, manufacturing, and communication processes to prevent future occurrences.

Clear and Accessible Information:

We are committed to providing our customers' with clear and comprehensive information on the safe use and handling of our products. This includes:

- **Product Labelling:** Our products are clearly labelled with all relevant safety information, including potential hazards, warnings, and instructions for safe use and disposal.

- **Technical Documentation:** We provide comprehensive technical documentation that details product specifications, safe handling practices, and any precautions necessary for maintenance and repair.
- **Customer Support:** Our customer support team is readily available to answer our customers' questions and address any concerns regarding product safety.

Responsible Marketing Communications : Our marketing and advertising materials are developed with the utmost care to ensure they are truthful, not misleading, and do not downplay any potential safety risks associated with our products. We have a zero-tolerance policy for incidents of non-compliance concerning marketing communications and maintain a system for identifying and addressing any misleading or potentially unsafe messaging.

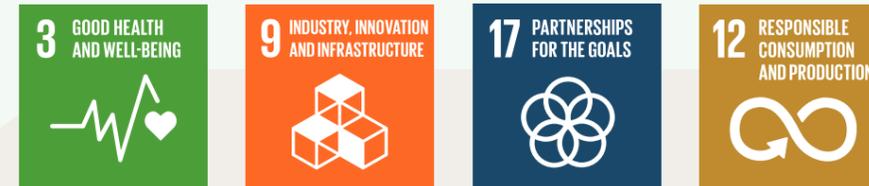
Customer Feedback and Satisfaction :

We actively seek customer feedback through surveys, focus groups, and a dedicated customer service hotline. This feedback is instrumental in:

- **Identifying Potential Safety Concerns:** customer feedback helps us identify potential safety issues we may have overlooked during the design and development process.
- **Improving Product Design and Functionality:** By understanding how our customers interact with our products, we can identify opportunities to improve product design features that enhance safety.
- **Enhancing Customer Satisfaction:** Understanding customer satisfaction with product safety information and support services is crucial for continuous improvement.

Working Together for a Safe Future

By prioritizing clear communication, proactive risk assessment, and continuous improvement based on our customers' feedback, we aim to build trust and ensure the safety of everyone who interacts with Harsha products. We are committed to fostering a culture of safety and working together with our customers to create a safer future.





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ASSURANCE STATEMENT



Independent Assurance on Verification of Sustainability Information

Growthity/AR/2324-46

Reporting Period - April 01, 2023 to March 31, 2024

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

Independent Assurance Report

Growthity, Inc. (hereinafter referred to as “The Service Provider” or “Growthity”) 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 (hereinafter referred to as “ASR”) and Business Responsibility and Sustainability Reporting (hereinafter referred to as “BRSR”) for the specified reporting period. This critical task involved a thorough examination to verify the accuracy and reliability of the sustainability data disclosed in the report. The sustainability information provided within the report adheres to the comprehensive guidelines set forth by the Global Reporting Initiative’s (hereinafter referred to as “GRI”) Universal Standards 2021, ensuring that the reported data aligns with globally recognized sustainability reporting frameworks. This engagement by Growthity 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 Growthity, 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. Growthity 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:

- 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 (Gujarat, India)
 - Moraiya (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 2023-24.

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

Our Observations

The Company has demonstrated its commitment to sustainable development by reporting its performance on various material topics for FY 2023-24. 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.

Guidelines for Utilization of This Statement

The Company is obligated to replicate the Growlity's Independent Assurance statement along with any attachments in their entirety, ensuring no alterations, deletions, or supplements are made.

This statement is specifically designed to convey the outcomes of the commissioned evaluation to the Company, defining the boundaries of the engagement. It is important to note that Growlity has not taken into account the potential interests of any third parties regarding the chosen sustainability information, this assurance report, or the conclusions drawn by Growlity. Consequently, nothing within the scope of this engagement or statement grants any third-party entities any form of rights or entitlements.

Limitations

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

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

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 global businesses. As an assurance provider, Growlity is required to comply with the independence requirements set out in **"AA1000 Assurance Standard (AA1000AS v3)"**. Growlity's independence policies and procedures ensure compliance with this standard.

Conclusion

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

Dr. Nitin Dumasia
 President & CEO
 Date: June 29th, 2024
 Place: USA





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