

Kanpur Fertilizers & Chemicals Limited
Environmental, Social and Governance (“ESG”) Report
for Financial Year 2023-24

Environment

Environmental stewardship has always been an integral part of our ethos and continues to be a driving force behind our operations. We have undertaken various initiatives to reduce our ecological footprint and drive sustainability. During the reporting year, we have implemented several energy efficiency projects to curb greenhouse gas (GHG) emissions and promote the adoption of renewable energy. Remaining committed to encouraging eco-conscious practices, our water conservation efforts have substantially minimised freshwater intake.

1. Prudent energy management

We understand how crucial it is to optimise energy efficiency and reduce greenhouse gas emissions from our production processes. Over the years, our team has executed numerous energy-saving strategies and deployed several technological advancements aimed at minimising our carbon footprint.

i. Energy efficiency

We have a comprehensive energy management strategy in place to track and report our energy consumption and efficiency in accordance with the Energy Norms established by the FICC (Fertilizer Industry Coordination Committee). We submit energy consumption and production data to the FICC on a quarterly and annual basis, which forms the basis for subsidy release.

To ensure we comply with energy norms, we monitor plant performance round the clock and review production and consumption data regularly. Deviations, if any, are promptly addressed with corrective action.

ii. Some of our energy saving initiatives

We have enhanced our facility by installing energy-efficient burners in our primary reformer furnace and NG PA heaters. These installations are helping us reduce emissions from our stacks and improve the energy efficiency of our plant.

We have taken significant strides towards sustainability by implementing the GV low-heat process. This is not just a technical upgrade; it is our commitment to the environment. This new process is facilitating CO₂ recovery while also reducing our steam consumption.



To raise the percentage of renewable energy in our energy mix, we have installed solar panels in a phased manner and connected them to the grid. Our offices and plants now deploy LED lighting instead of traditional lighting, which has significantly lowered our energy consumption.

85 KWPH Solar power

Generated from a roof-top power plant connected to the grid.

Energy Intensity per Rupee of Turnover

FY 2022-23: 146.85 Kcal

FY 2023-24: 170.73 Kcal

The goal is to improve energy efficiency on a yearly basis in order to achieve the target for the fiscal year 2024-25. This will be achieved through sustained operations of plants and reduction in production loss due to plant upsets and equipment breakdown. We are continuously in touch with different Ammonia and Urea technology licensors to discuss, evaluate and explore potential areas for improvement and their feasibility.

Going forward, we aim to focus on the following for optimum energy management-

- a) Sustain plant operations and reduce production loss due to plant upsets and equipment breakdown. We have commissioned a 15 TPH NG Fired Boiler to improve operational efficiency and address steam limitation concerns.
- b) Improve equipment performance to achieve better efficiency and reliability.
- c) Explore the feasibility of adopting more renewable sources of energy.

Each of these initiatives may seem incremental, but the compounding effect over time has helped us make tremendous progress in curbing our carbon footprint. We remain dedicated to fostering energy efficiency and exploring new technologies that will enable us to manufacture in an eco-friendly manner; thereby realising our objective of achieving net zero emissions.

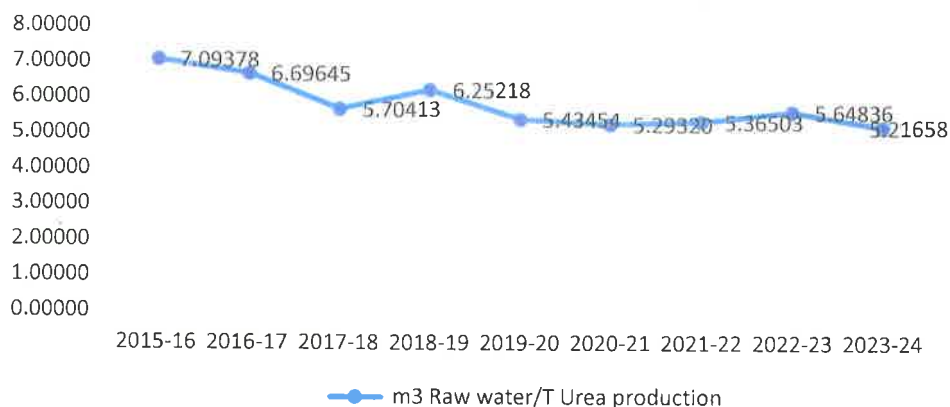
2. Effective water management

At KFCL, we are dedicated to minimising our water footprint and ensuring responsible water management. As we prioritise optimum water utilisation, we always seek ways to reduce, reuse and recycle water. Additionally, we track our water usage data and set reduction targets, all while consistently reporting on water consumption. We adhere to stringent pollution prevention and control principles, ensuring effluents undergo proper treatment before release.



I. Water Consumption

Downward Trend of Specific Consumption of raw water



ii. Conservation initiatives and future plans

We have implemented several water management initiatives to ensure responsible water use and conservation of this vital resource.

One of our key strategies is reducing freshwater intake. To achieve this, we have installed an Effluent Treatment Plant that leverages the Reverse Osmosis (RO) technology. This plant helps us recycle approximately 90 m³/hr of treated water back to our cooling towers.

In addition to the RO plant, we have also installed a Hydrolyser Stripper to treat process condensate. The treated effluents from this process are also recycled back to the plant, further reducing our need for fresh water.

The treated water is also utilised for dust suppression and greenbelt development, further reducing freshwater consumption and mitigating environmental impact. Domestic effluent is treated in a STP and the treated water is then used for irrigation within the plant.

We have constructed two water reservoirs within the plant premises for water storage, settlement of sediments and utilizing the rain water. These reservoirs, with capacities of 32 and 64 million gallons and collection surfaces of 34350 m³ and 56550 m³ respectively, collect rainwater for use as raw water in the plant. These reservoirs also help to recharge the groundwater table through percolation.

iii. Key highlights for water conservation in FY 2023-24

Wastewater treatment during FY 2023-24

7,66,507 m³

Wastewater treated from offsites



3,21,453 m³

Wastewater treated from Urea

Wastewater reused during FY 2023-24

2,34,393 m³

Reused as makeup in cooling tower

52,578 m³

Reused in coal yard and ash handling

3,97,560 m³

Reused as make up water to Cooling towers from Urea

iv. Efficiently managing water-related risks-

- Chemicals and hazardous wastes are handled and stored according to the MSIHC (The Manufacture, Storage and Import of Hazardous Chemical) Rules 1989 and the Hazardous Wastes Rules 2016.
- Effluent is contained in above-ground piping and hold-up tanks, which are designed to prevent soil and groundwater contamination.

Looking ahead, we aim to minimise water consumption to the lowest feasible level. As outlined in our energy efficiency measures, an increase in productivity will result in lower water consumption per metric tonne of product. We are dedicated to maintaining our effluent quality within the Minimal National Standards ("MINAS") formulated by Central Pollution Control Board ("CPCB").

3. Responsible waste management

We are an eco-conscious organisation and have always prioritised pollution prevention over pollution control. At KFCL, we are committed to protecting and enriching the environment and conserving natural resources. To strengthen our waste management system, we focus on identifying different categories of waste and developing proper disposal mechanisms.



Certified ISO 14001 Environment Management System

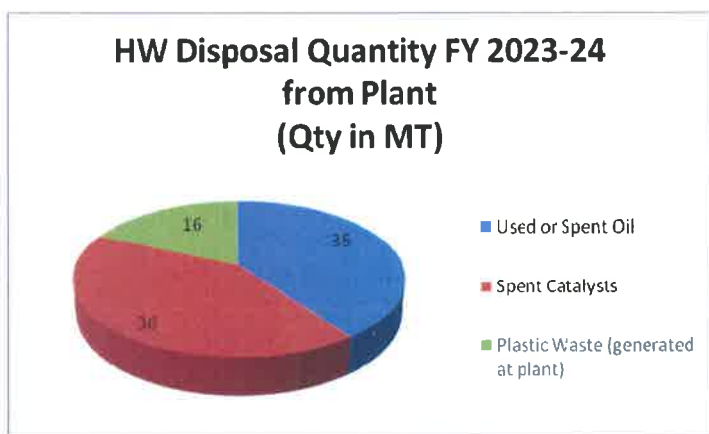
We have been authorised to store and dispose of hazardous waste in accordance with the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016. We ensure that Hazardous Waste (HW) is correctly tagged and that it is stored (until disposal) in strict conformity with applicable rules. Further, we track HW until it is disposed of within the specified waste disposal timelines.



Registered under the Plastic Waste Management Rules 2016 for Extended Producer Responsibility, we ensure the complete processing of plastic waste before their end-of-life disposal.

Waste segregation data

Sl.No	Category of Hazardous Waste	Quantity Sold (MT/Annum)
01	Used or Spent Oil	35
02	Spent Catalysts	36
03	Plastic Waste (generated at plant)	16



i. Sustainable waste management and resource optimisation at KFCL

Some of our waste management practices are mentioned below-

- We use **100%** recyclable HDPE (High Density Polyethylene) bags for packing
- We employ **environment-friendly logistics**
- 98%** of finished goods are transported via rail in covered wagons and the remaining **2%** are transported in covered trucks.

As part of our efforts to manage hazardous waste, we have taken the following measures-

- We undertake the disposal of catalyst and spent/used oil through the CPCB-authorized (Central Pollution Control Board)/MoEF (Ministry of Environment and Forests) agencies/vendors.
- We recover waste oil for reuse in the plant, reducing the need for fresh oil.
- We have signed an agreement for disposing of hazardous waste to the Common Hazardous Waste-treatment Storage Facility (CHW-TSDF) site of M/s Uttar Pradesh Waste Management Project.
- We have also signed an agreement for the disposal of Bio Medical Wastes to the Medical Pollution Control Committee (MPCO) in line



with UPPCB (Uttar Pradesh Pollution Prevention Control Board)/CPCB guidelines.

- e) We prepare an on-site DMP (Debris Management Plan) to minimise damage, covering select accidents and occurrences. Mock drills are also conducted and improvements are made wherever necessary.

4. Managing GHG emissions

Our focus extends beyond profitability to ensure that we conduct our operations responsibly. With rising awareness about climate change, we are also sharpening our focus on eliminating greenhouse gas emissions from our operations. Our priority is to not merely comply with regulatory standards but also to exceed them. We have executed robust strategies that aim to promote the adoption of responsible business practices, all with the objective of contributing to a healthier planet.

135

High efficiency burners installed in reformers

83.89% efficiency

AFBC(Atmospheric Fluidised Bed Combustion) boiler installed for more efficient steam generation vs. old CPP (Captive Power Plant) boilers

i. Monitoring GHG Emissions and ensuring compliance

Regular monitoring of stack oxygen content is carried out to control GHG emissions. We have set up online monitoring systems for tracking effluent and emissions from stacks. The data is then shared with the UPPCB and CPCB servers in real-time. Regular monitoring and analysis of effluent parameters and emissions are also conducted by authorised laboratories, and the reports are submitted to the UPPCB and CPCB.

ii. Initiatives undertaken to curb emissions

The three ammonia plants have primary reformer stacks, which contribute to the majority of our GHG emissions. To address this, we have taken several actions-

- a) The feedstock has been changed from Naphtha to Natural Gas (NG), a greener fuel. Owing to the lower carbon to hydrogen ratio of natural gas, less carbon dioxide is released into the environment.
- b) The primary reformers now use high-efficiency and low NO_x burners to reduce the Carbon dioxide and NO_x emissions.
- c) NG PA heaters have been installed to minimise stack emissions.
- d) A more efficient AFBC Boiler has replaced the less efficient CPP Boilers for steam generation.
- e) A 15 TPH Natural Gas Fired Boiler has been installed.
- f) To further reduce the level of CO₂ in the surrounding atmosphere, a large area has been made into a green belt and is being maintained.
- g) 4 Nos. Electric Cars purchased during FY23-24 to replace Diesel Cars which reduce emission of GHG gases substantially.



5. Preserving biodiversity

Conserving biodiversity is an ethical imperative we abide by for reaching our long-term sustainability goals. We aim to conserve nature and its resources by safeguarding habitats, reducing pollution, raising awareness and conducting research. We believe that when we nurture biodiversity, we invest in our collective future.

Some of our actions for biodiversity protection and restoration include-

i. Greenbelt development

In our endeavour to foster sustainability, we conduct reforestation drives and undertake biodiversity conservation initiatives. We have developed a greenbelt area and continue to expand it under the Greenbelt Development Programme. This has increased plant diversity and enhanced the avifauna habitat.

Greenbelt area developed near premises with native fast-growing trees as well as fruit bearing trees.

ii. Water management

Rainwater collected in the reservoirs is reused in the plant. The reservoirs help in sustaining habitats by maintaining stable water levels.

96 million gallons

Consolidated capacity of on-site water reservoirs

iii. Waste management

Effective waste management is our priority. We ensure that there is no disposal of wastewater on land. Hazardous wastes are stored in a designated area with impervious flooring and a shed. A spillage/leakage collection system is also in place to prevent rainwater contamination and potential overflow or spillages that could lead to land or soil contamination.

Social

As a responsible corporate citizen, we aim to create a meaningful social impact across our business activities and value chain. By empowering local communities with education, skills training and healthcare facilities while developing infrastructure in rural areas adjacent to our operations, we strive to generate positive social outcomes. Further, to preserve cultural heritage we undertake art restoration initiatives and empower people within and outside our operations.



For ensuring employee well-being, we adopt fair practices and policies to provide safe and inclusive working conditions. We organise training programmes to enable continued learning and development of our personnel, cultivating a culture of growth and offering upskilling opportunities. Moreover, we encourage supplier diversity, collaborate with partners to uphold ethical standards, adopt responsible procurement practices and sustainable supply chain management.

1. Prioritising occupational health and safety

At KFCL, we are dedicated to cultivating a culture of safety. Towards this end, our approach goes beyond adhering to regulations, including proactive risk management, ongoing enhancement and sharing collective responsibility among all team members. We enforce strong safety measures, offer comprehensive training and openly communicate with our personnel to enhance their awareness about workplace safety. Mentioned below are some of the measures we undertake to prioritise health and safety-

Comprehensive Policies: We have a robust Occupational Health and Safety (OHS) and Environment Policies in place. These policies cover regular safety training, hazard assessments and emergency response protocols.

24/7 Health Centre: Our Occupational Health Centre (OHC) operates round the clock within our premises. It is equipped to handle emergencies and promptly address the health needs of our employees.

Preventive Measures: Regular health check-ups are conducted at the OHC. During the pandemic, we organised vaccination programmes for all our team members.

Behaviour-based Safety: Our entire workforces undergoes training covering safety-best practices.

Risk Management: To prevent workplace accidents and illnesses, we-

- a) Set clear safety rules
- b) Provide safety training to all team members
- c) Regularly assess risks within our plant
- d) Maintain both onsite and offsite emergency plans.

i. Making training and development consistent

At KFCL, a culture of continuous learning and development is always encouraged as trained and developed employees are imperative for the success of any organization. In order to achieve this, various in-house and external training and development programmes are conducted throughout the year for our employees to develop their job-specific skills and enhance their knowledge.



ii. Training programmes



- a. **Orientation programme**- Through this, we welcome and inform new hires about our vision, values, culture, policies, procedures and structure.
- b. **Classroom training**- These types of training programs are conducted by internal faculties and through an Annual Training Calendar. The Annual Training Calendar allows departments to identify training needs and formulate training topics that cater to these specific needs. After finalization of training topics, Annual Training Calendar is prepared and the schedule is circulated to all concerned on annual and monthly basis.

Total 119 Nos. of Class Room Trainings were conducted during the financial year 2023-24 in which 1141 participants attended the trainings and total 171 training hours were imparted.

The training modules in 2023-24 were covered majorly from Ammonia Technologies - Different Processes, Compressors & Synthesis of Ammonia – Recovery, Different Technologies for Urea Manufacturing, Cooling Towers Operation, Water Treatment Plant, Electrical Emergency Power Supply System, Electrical Hazards, Safety & First Aid, Effluent Treatment Plant, Brief Description of CPP, CFB & AFBC Boilers, ESP Operation & Ash Handling Operation, Ammonia Storage System Logic and Process Interlock, Best Maintenance Practices in Fertilizer Plant, Environmental Management at Site, Behaviour Based Safety, Safety Work Permit System, Demo & Use of Fire Fighting Equipments, Demo & Use of Chlorine Emergency Kit, Procedure for Gas Analysis, Product Urea Analysis, Water Testing, Coal Sampling & Testing, Pollution Control in KFCL, Procedure for Soil Sample Testing, Quality Control of Product Urea, Energy Efficiency / Ammonia Loss /Steam Balance/ Power Consumption-Ammonia, Energy Conservation, Basic and Advance Excel, Controlling Contractor's Environmental Performance, Solid Waste Management at KFCL, Waste Oil Generation Control, Oil Reclamation and Disposal, Effluents Management in Ammonia Plant, Effluents Management in Urea Plant, Waste Catalyst Management, E-Waste Management, Management of Battery Rules, Environmental Monitoring at KFCL, EMS Awareness Programme for CPP, ISO Awareness.



- c. **On-the-job training** - On-the-job training is a practical training method focused on hands-on approach in a live training environment where employees learn applicable skills for their role in the workplace under the guidance of their supervisor or mentor.

Total 627 Nos. of On-the-Job Trainings were conducted during the financial year 2023-24.

Major topics covered under this category were BFW Turbine Start-up, Interlock System, CO2 System, Burner Management System, Ammonia Recovery, Primary Reformer Start-up, HSU Start-up, GA-702 for Suction Strainer cleaning, Ebara Pump, Inert Gas Plant, Oxygen Plant, Cooling Tower, Ash Handling Plant & Bag Filter Operation, CPP Boiler Aux. Trips Start-up & Export, Utility Section Aux. Trips Start-up & Cooling Tower, AFBC Boiler Aux. Trips Start-up & Export, New CHP & Old CHP Operation, CFB Boiler Aux. Trips Start-up & Export, Boiler Feed Pump & Deaerator.

- d. **Induction training** - Induction Training is designed for newly joined trainees that helps them to acquire the necessary technical skills & knowledge they need to perform their job duties and to quickly adapt with the working culture and systems.

This training program is designed by technical team and includes 15 days (90 hours) intensive training on the major topics related to all plant processes, functions, activities, safety and quality standards. This training program is conducted in batches and the frequency of this program depends upon the number of trainees joined in a time span.

2 Nos. of Induction trainings were conducted during financial year 2023-24 in which 34 trainees attended the trainings and 180 hours of training were imparted.

- e. **External Training Programs**

External training programs are conducted for helping our employees to learn new ideas, trends, better techniques in operations & maintenance and technologies in the Industry. This approach fosters innovation and enhances our business resilience.

During the financial year 2023-24, total 11 Nos. of External Trainings were conducted in which 173 participants attended the trainings and 170 hours of training were imparted in External Trainings.

External training programs covered in 2023-24 were Workshop Cum Training on Corrosion Engineering, Document Management System, Emergency Response / Rescue Training, Machine Safety, Basic Life Support & First Aid Procedures, NG Boiler Operations, Hazards Identification Techniques And Risk Assessment, First Aid Training, Role of Housekeeping To Improve Safety In Industries, Fertilizer Orientation Programme,



Conference On Chemical Biological, Radiological, Nuclear & Industrial (CBRNI) Disaster Management.

Training faculties for above training programs includes Fertilizer Association of India, Regional Labour Institute, Indian Red Cross Society, Microtech Boilers Private Limited, Geologix Technosoft, Govt. Officials and others.

- f. **Other training-** These include On-Site Emergency, First Aid and various Safety and Fire Mock Drills. These initiatives create awareness among employees and help them learn the proper responses in emergency situations.

iii. **Tracking and reporting on training performance**

We carry out trainings in accordance with the Annual Training Calendar and track them based on their schedules. A weekly report on the training sessions conducted is shared with the management, in addition to an Operational Review Meeting (ORM) organised every month. After each training session, each participant is urged to provide feedback in a specific format. The HOD then evaluates the trainee four to five weeks after the training is completed to assess its success.

2. Building a diverse team

We believe diversity to be the true game changer in our value creation process and therefore, we welcome people from varied backgrounds, cultures and expertise, to encourage creativity, innovation and resilience. Our strong commitment to inclusive recruitment not only enriches our teams but also strengthens our capacity to tackle complex problems. We recognise that diversity is not just an objective—it is our compass guiding us toward long-term success.

We prioritise creating an inclusive and respectful workplace for all our people. Here is how we achieve this-

- a) **Fair Recruitment Practices:** We promote diversity by ensuring our recruitment and hiring processes are fair and equal. Every candidate is given an equal opportunity.
- b) **Respectful Culture:** We treat all employees with respect, valuing their ideas and contributions. Equal growth opportunities are provided to everyone, regardless of their background.
- c) **Celebrating Traditions:** Our Holiday List includes festivals from various religions and cultures. Employees can take time off to celebrate their preferred festivals or cultural events.
- d) **Tracking and Reporting:** We continuously monitor our diversity and inclusion efforts. So far, there have been no adverse remarks from government officials or employees.



Equal Opportunities for Advancement:

Our focus extends beyond hiring to encompass talent development. We have put in place strategies that emphasise nurturing talent, irrespective of caste, colour, religion, or gender. Our objective is to help our employees realise their full potential and grow within our organisation.

We are committed to fostering a culture of inclusivity and equal opportunity, where everyone has a fair chance to succeed. We believe that by doing so, we are not only building a stronger organisation but also contributing to a more equitable society. We are excited about the journey ahead and look forward to seeing our people thrive and lead us into the future.

3. Adhering to labour practices and human rights

We maintain high standards of labour practices and human rights and have implemented several policies and practices to ensure the welfare and safety of our teams.

i. Policies in place

We have implemented various measures to protect our employees and their rights. We cover all eligible employees through statutory welfare schemes and have an emergency quick response first aid facility on the plant premises. Employees who work inside the plant or in vulnerable locations are supplied with personal protective equipment. We additionally offer subsidised mess and canteen facilities, as well as transportation services, to all interested personnel. Our team members receive regular safety training.

ii. Tracking and reporting

Our commitment to upholding labour laws and human rights is reflected in our proactive approach for compliance and continuous improvement. A management audit team is in place to monitor management deviations and suggest corrections. All employees are covered under a Group Personal Accident policy. We adhere to timelines for payment of wages and other statutory dues to all employees. Our internal audit team ensures that statutory and welfare obligations are met in time. We follow labour laws and rules to facilitate best labour practices. Also, we keep ourselves updated and follow all government directives, labour journals and gadgets to uphold human rights and adopt best labour practices.

iii. Future goals

Aiming to achieve zero employee conflicts, we have in place a well-notified grievance redressal procedure. We follow the Payment of Wages Act, Minimum Wages Act, Factories Act, Industrial Disputes Act, Employees Compensation Act and more. Safety compliance is periodically reviewed and additionally, we monitor accidents and near misses. The health condition of



all employees is tracked and medical advice on health matters is provided to minimise illness. Our ultimate goal is to achieve a zero-accident record.

4. Upholding our social responsibility

We are a part of the esteemed Jaypee Group. Aligning with our Group's overarching commitment to CSR, we fulfil several targeted Corporate Social Responsibility (CSR) projects for the betterment of society. We adhere to guidelines to ensure that we dedicate a portion of our profits to the implementation of social projects. Moreover, we ascertain that appropriate procedures and adequate reporting are in place to identify improvement areas for serving our communities better and creating maximum impact.

In terms of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 and based on calculation under Section 198 of the Companies Act, 2013 of the average net profits of the Company earned during the immediately preceding three financial years i.e., 2022-23, 2021-22 and 2020-21, the Company was not required to incur any expenditure on CSR activities during the Financial Year 2023-24.

However, during Financial Year 2023-24, the Company has voluntarily spent an amount of Rs. 42.67 Lakhs on CSR activities falling within the purview of Schedule VII to the Companies Act, 2013, as recommended by CSR Committee.

i. Planning and implementation

In line with our senior management's commitment to nurturing stronger communities and powering a greener tomorrow for all, we integrate CSR into our overall business strategy and operations.

As a company, we have two choices - we can either run things ourselves or team up with a trust, society, or another company that is not part of our corporate group. But, we are selective about who we work with. We only partner with groups that have at least three years of experience in managing similar projects.

Once we decide to work with these groups, we ensure that our expectations and objectives are well-defined. We plan the projects, the budget as well as track our progress and report results. Also, we are open to working with other companies on projects or Corporate Social Responsibility (CSR) activities. However, we ensure that each company can report on these projects independently. We adhere to the CSR Rules, which are part of the Companies Act, 2013 and stay abreast of changing regulations.

We are rolling out a series of projects across different districts in Uttar Pradesh. Our objective is to encourage education, sharpen vocational skills for better job opportunities, eliminate poverty and safeguard our national heritage, art and culture. All our initiatives mentioned are in line with



ii. Some of our CSR endeavours are-

- a) Initiatives for healthcare, education and sanitation.
- b) Our past CSR programmes encompass plantation activities, providing water coolers to schools and helping develop the infrastructure of schools in remote regions.
- c) We have renovated a government basic school, installed hand pumps in a nearby village and installed public lavatories in the village and city.
- d) In the last three years, we have voluntarily undertaken several CSR initiatives, including contributing to Covid Care, providing sports facilities to an Aanganwadi Centre in Kanpur and offering smart boards and lab equipment to schools.
- e) We also support farmers and villagers in developing sustainable livelihood options.

Governance

Our Corporate Governance philosophy prioritises transparency, accountability and integrity, ensuring ethical business conduct. Additionally, our Board of Directors guides our strategy, performance and sustainability initiatives. Board Committees provide focused oversight on audit, risk management and remuneration matters. Robust internal controls and regular audits help ensure compliance and address potential risks, ensuring that we fulfil our obligations to stakeholders.

Our policies on business ethics, anti-corruption and whistleblowing are instrumental in fostering integrity and transparency throughout operations. We mandate regular training for employees on governance practices and regularly engage with our shareholders, ensuring that shareholders have access to relevant information.

1. Led by a visionary Board of Directors

Our Board of Directors is responsible for identifying, evaluating and managing all significant risks and uncertainties that can impact us and may threaten our existence. The Risk Management Policy of the Company along with our overall Risk Management System and processes, govern how the associated risks are identified, managed and addressed.

- i) Shri Manoj Gaur (Chairman)
- ii) Shri Alok Gaur (Jt. Managing Director & CEO)
- iii) Shri Shyam Datt Nailwal (Director)
- iv) Ms. Sunita Joshi (Director)
- v) Shri Anil Mohan (Director)
- vi) Shri D.S. Ahuja (Director)
- vii) Shri Ajit Kumar (Director)
- viii) Shri Vinod Sharma (Director)



- ix) Shri K.V. Rajendran (Independent Director)
- x) Shri Narinder Kumar Grover (Independent Director)

* Subsequent to the year ended March 31, 2024, Dr. Pramod Kumar Agrawal has been appointed as an Additional Director (Independent) on the Board of the Company w.e.f. April 27, 2024, based on the recommendation of Nomination and Remuneration Committee.

i. Independent and Woman Directors

In line with the stipulations of the Companies Act, 2013, we are committed to appointing a specific number of Independent and Woman Directors to our Board. This commitment ensures diversity and helps foster inclusion. Our Independent Directors are individuals with no substantial affiliations with us, a factor that guarantees impartial decision-making. This approach is integral to our governance structure and underpins our dedication to unbiased and effective leadership.

The Board of Directors of the Company is held accountable for its actions by various mechanisms and its performance is often evaluated through structured processes in place, such as-

- a) We conduct an annual performance evaluation for the Board and its Committees, in which the Independent Directors, NRC Committee and Board carry out the evaluation of its own performance and that of individual Directors. The same is also included in the Board's Report.
- b) The Board is also accountable to the shareholders by engaging in General Meetings to address their concerns and resolve their queries.
- c) The Board is accountable for ensuring that we comply with relevant laws and regulations.

ii. Policies for identifying and managing conflicts of interest within the Board and management

We ensure effective corporate governance, which helps to craft and implement policies to identify and manage conflicts of interest within the Board and management. We are committed to maintaining the highest standards of ethical conduct and transparency:

- a) **Code of Ethics and Conduct-** We have adopted a comprehensive code of ethics and conduct that guides all our operations.
- b) **Annual disclosures-** Our Directors are required to make annual disclosures, which are documented in the Board Minutes. These disclosures include their financial interests, relationships and transactions that could potentially lead to conflicts of interest.
- c) **Independent Directors-** Our Board includes Independent Directors who are not influenced by personal or financial relationships with the Company. Their presence helps mitigate any potential conflicts of interest.
- d) **Policy on the appointment and remuneration of Directors-** We have instituted a Nomination and Remuneration Policy. This Policy outlines the



procedures for appointment and remuneration, along with the criteria for determining qualifications, positive attributes and other relevant matters.

- e) **Vigil mechanism**- We have established a vigil mechanism to foster an open work environment. This mechanism enables our Directors and employees to report any genuine concerns, grievances, misconduct, malpractice, fraud, or unethical behaviour without fear of retaliation. It provides adequate safeguards against victimisation and facilitates direct access to the Chairman of the Audit Committee. This mechanism is also accessible from our website.

iii. Board composition

Our Board of Directors is composed in adherence to the guidelines of the Companies Act, 2013. This ensures a well-structured and legally compliant Board composition.

To ensure the independence of our Board members and to keep them free from conflicts of interest, we have implemented the following measures:

- a) Every independent director provides a declaration at the first board meeting they participate in each financial year. This declaration confirms that they meet the criteria of independence as outlined in section 149(6) of the Companies Act, 2013.
- b) The Nomination and Remuneration Committee (NRC) assesses the independence of directors at the time of appointment or re-appointment. The Board also reassesses determinations of independence whenever a director discloses new interests or relationships.

To ensure that our Board members possess the necessary skills and experience to effectively govern the Company, we have adopted the following practices-

- a) The NRC and the Board review the required skills, knowledge and experience of the Board as a whole and its individual members every year. The objective is to have a Board with a diverse background and experience relevant to our operations.
- b) While evaluating the suitability of individual board members, the NRC considers factors such as understanding of our business dynamics, educational and professional background, personal and professional ethics, integrity, values and willingness to devote sufficient time and efforts in carrying out their duties effectively.
- c) The NRC evaluates each individual with the objective of having a group that best enables our organisational success.

These practices ensure our Board that is independent, skilled and capable of steering us ahead.



2. COMMITTEES OF THE BOARD

To provide detailed and necessary assistance in the Company's matters, the Board has constituted various Committees in accordance with the provisions of the Companies Act, 2013 (Act). The Board has a defined set of guidelines and an established framework for conducting the meetings of the said Committees. These guidelines seek to systematize the decision making process at the meetings in an informed and efficient manner.

i. AUDIT COMMITTEE

The constitution of the Audit Committee is in conformity with the requirements of Section 177 of the Act read with the relevant rules made thereunder. All the members of the Committee have adequate knowledge of financial and accounting matters.

Role of the Audit Committee, *inter-alia*, includes the following:

- i. Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ii. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- iii. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
- iv. Reviewing, with the management, the annual financial statements and Auditors' report thereon before submission to the Board for its approval, particularly with reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Act.
 - b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgement by management.
 - d) Significant adjustments made in the financial statements arising out of audit findings.
 - e) Disclosure of any Related Party Transactions.
 - f) Qualifications in the draft audit report.
- v. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- vi. Review and monitor the auditor's independence and performance and effectiveness of audit process;
- vii. Examination of Financial Statements and the Auditors' Report thereon;
- viii. Approval or any subsequent modification of transactions of the company with related parties;
- ix. Scrutiny of inter-corporate loans and investments;



- x. Valuation of undertakings or assets of the Company, wherever it is necessary;
- xi. Evaluation of internal financial controls and risk management systems;
- xii. Establish a vigil mechanism for Directors and employees to report genuine concerns in such manner as may be prescribed;
- xiii. Formulating the scope, functioning, periodicity and methodology for conducting the internal audit;
- xiv. Discussion with internal auditors of any significant findings and follow-up thereon;
- xv. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern;
- xvi. Reviewing the following information:
 - a) Statement of significant Related Party Transactions (as defined by the Audit Committee);
 - b) Internal audit reports relating to internal control weaknesses;
- xvii. Carrying out any other function as mentioned in terms of reference of the audit committee.

ii. **NOMINATION AND REMUNERATION COMMITTEE**

The constitution of the Nomination and Remuneration Committee is in conformity with the requirements of Section 178 of the Act read with the relevant rules made thereunder.

Terms of Reference

Role of the Nomination and Remuneration Committee, *inter-alia*, includes the following:

- i. Identify persons who are qualified to become Directors or senior management employees and recommend to the Board their appointment/ removal;
- ii. Evaluate every Director's performance;
- iii. Formulate criteria for determining qualifications, positive attributes and independence of a Director;
- iv. Recommend to the Board a policy relating to remuneration for the Directors, KMPs & other employees;
- v. To approve the extension or continuation of terms of appointment of Independent Directors on the basis of their performance evaluation;
- vi. To recommend/review remuneration of the Managing Director(s) and Whole-time Director(s) based on their performance and defined assessment criteria;
- vii. To perform such other functions as may be necessary or appropriate for the performance of its duties.



iii. **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The constitution of the Corporate Social Responsibility (CSR) Committee is in conformity with the requirements of Section 135 of the Act read with the Rules made thereunder.

Terms of Reference

The CSR Committee is constituted by the Board primarily to assist the Board in discharging the Company's social responsibilities by way of formulating and monitoring implementation of the framework of 'Corporate Social Responsibility Policy' and to recommend the amount of expenditure to be incurred on CSR activities.

3. Ensuring transparent reporting

Ensuring transparency and accuracy in financial reporting is crucial for sustaining the trust of our stakeholders, including investors, regulators and the public. Various practices are implemented to realise this objective. Here are some of the key practices-

- a) **Adoption of GAAP:** We ensure compliance with recognised accounting standards, including the GAAP (Generally Accepted Accounting Principles), which help guarantee uniformity and comparability in financial reporting. These standards offer a framework for documenting and presenting financial data, minimising the chances of misinterpretation.
- b) **Implementation of internal controls:** The establishment of strong internal controls aids in averting inaccuracies and fraudulent activities. These controls encompass the division of responsibilities, authorisation procedures and checks and balances to guarantee precision in financial reporting.
- c) **Conducting independent external audits:** Frequent external audits carried out by independent auditors offer an impartial evaluation of our financial statements. External auditors scrutinise financial records and internal controls to validate the correctness and fairness of the disclosed financial data.
- d) **Comprehensive financial statement disclosures:** We offer exhaustive and transparent disclosures in financial statements to assist stakeholders in comprehending the rationale behind financial reporting decisions. Disclosures encompass significant accounting policies, uncertainties and any potential risks or contingencies.
- e) **Establishment of whistle-blower programmes:** We have established systems for employees to voice concerns about financial reporting misconduct or irregularities, promoting transparency. Moreover, whistle-blower programmes aid in identifying and addressing concerns before they escalate.
- f) **Transparent communication with stakeholders:** We ensure prompt and transparent communication with stakeholders, including investors and regulators.



- g) **Deploying advanced technologies and automation:** By employing cutting-edge accounting software and automation tools, we diminish the risk of manual errors in financial reporting. Also, the implementation of best-in-class technologies helps augment the accuracy and efficiency of financial reporting processes.
- h) **Undertaking internal and external assessments:** Periodic internal reviews of financial statements by finance and accounting teams aid in identifying potential concerns. External parties, such as auditors, also review the financial reports to offer additional perspectives.
- i) **Providing regular training and learning opportunities:** We undertake continuous training for finance and accounting personnel, ensuring that they stay abreast of accounting standards and comprehend the significance of accurate financial reporting. Training also assists employees in recognising potential red flags and resolving concerns proactively.
- j) **Ensuring Board oversight:** The Boards of Directors play a pivotal role in overseeing financial reporting. Board committees, such as the audit committee, offer additional scrutiny and governance over financial reporting processes.

4. Stakeholder engagement

Engagement with stakeholders is a crucial aspect of our operations. We maintain open and transparent channels of communication with all our stakeholders, including investors, team members and the public.

We have adopted a multi-channel approach to share information with our stakeholders. This includes-

- a) **Website:** Our website serves as a comprehensive source of information, providing stakeholders with easy access to key details about our operations and financials etc.
- b) **E-mail:** E-mail communication allows for direct and timely interaction with stakeholders. It enables us to efficiently share updates and relevant information.
- c) **Annual Report:** The annual report provides a detailed overview of our performance over the past year. It includes financial statements, operational highlights and strategic insights, offering stakeholders a comprehensive understanding of our progress and future plans.

By leveraging these channels, we ensure that our stakeholders are well-informed and engaged.

5. Complying with legal and regulatory requirements

We recognise that adhering to all applicable laws and regulations is essential for exercising robust corporate governance. Our Board and management team prioritise ensuring compliance and upholding ethics in all operational aspects. We use a compliance software called 'Complinty' to track compliance with all applicable laws. This software holds every individual in the Company accountable for ensuring compliance. In case of



non-compliance, the concern is escalated to the designated senior official. Further, we address risk according to our Risk Management Policy.

To ensure the effectiveness of our compliance efforts and maintain proper documentation, we have adopted a systematic approach. Certificates certifying compliance with applicable laws are issued by designated persons, such as the Whole-time Director, Occupier, CFO, CS and other officials. These certificates are presented to the Board on a quarterly basis, ensuring that our compliance efforts are well-documented and transparent.

We ensure compliance with several legal and regulatory requirements, including the Companies Act, 2013, the Depositories Act, 1996 and the regulations and bye-laws framed thereunder, as amended from time to time. Also, we adhere to all industry-specific laws.

The enforcement of ethical norms and adherence to regulatory mandates involves a blend of various strategies, processes and supervisory measures, such as-

- a) **Guidelines and protocols:** These serve as a roadmap for our personnel and stakeholders, by clearly stating relevant rules and our expectations of them.
- b) **Ethical framework for Independent Directors:** This document delineates the values and principles that Independent Directors are expected to uphold.
- c) **Learning and development:** Frequent educational programmes are conducted to inform our team members about ethical norms and regulatory mandates. These sessions ensure that employees are cognisant of the rules and comprehend their roles in maintaining compliance.
- d) **Inspection and auditing:** Internal and statutory audits are conducted to assess and keep track of our adherence to ethical norms and regulations. We are also undergoing a Management Audit.
- e) **Secretarial and compliance units:** We have a specialised secretarial and compliance unit tasked with interpreting and executing the compliance mandates to ensure that the organisation operates within legal limits and adheres to ethical norms.
- f) **Board supervision:** The Board of Directors plays a pivotal role in supervising ethical behaviour and compliance.
- g) **Risk mitigation:** Considering ethical and compliance considerations while determining the organisation's comprehensive risk management strategy helps identify and alleviate potential risks. Regular risk evaluations can pinpoint areas where the organisation might be susceptible to ethical breaches or regulatory infringements.
- h) **Ongoing enhancement:** We are committed to periodically reviewing and updating our strategies for enforcing ethical norms and compliance.



Stringent Organisational Policies for Responsible Conduct

We have implemented several statutory and non-statutory policies to guide our operations and ensure compliance to applicable laws. Some of these policies include-

- a) Nomination and Remuneration Policy
- b) Risk Management Policy
- c) Whistle Blower Policy & Vigil Mechanism
- d) Corporate Social Responsibility (CSR) Policy
- e) Anti-Sexual Harassment Policy

These policies ensure that we operate in a manner that is compliant with legal requirements and aligned with best practices.

6. Proactively mitigating risks

We consider proactive risk mitigation to be essential for long-term success. By integrating ESG-driven risk assessment into our decision-making processes, we prioritise identifying emerging risks, enhancing our operations and developing strategies to mitigate potential threats. Whether addressing environmental challenges, social responsibilities, or governance practices, a commitment to sustainability helps us ensure resilience, drive responsible growth and make a positive impact on all stakeholders and the planet.

We are following a comprehensive risk management approach to identify, evaluate and mitigate potential risks effectively. The approach comprises the following key steps-



a) Establishing the Context

We begin by defining the objectives of the risk management process and understanding the nature of risks, including external factors beyond our control and internal factors within our operations.



External Risks:

- i) Economic slowdown and market fluctuations
- ii) Foreign currency exchange rate volatility
- iii) Threats to business continuity due to natural disasters, political instability, or social unrest
- iv) Changes in government policies or lack of political support

Internal Risks-

- i) Key personnel risks, such as sudden or prolonged absence of critical managerial staff
- ii) Non-compliance with applicable laws and regulations
- iii) Use of outdated technology
- iv) Inability to anticipate and meet customer requirements
- v) Financial risks

b) Risk Identification-

We identify potential risks by analysing the market environment, legal and regulatory landscape, socio-political factors and our strategic and operational objectives. Risks are categorised into various types, including environmental, business interruption, legal non-compliance, operational, investment, efficiency, profitability, asset health and subsidy risks.

c) Risk Evaluation-

The identified risks are evaluated against established risk criteria, considering factors such as associated costs and benefits, legal requirements, socio-economic and environmental implications. This evaluation helps determine the significance of each risk to the organisation.

d) Risk Mitigation-

Based on the risk evaluation, we select and implement appropriate risk treatment measures, which may include:

- i) Acceptance: Deciding to proceed with the existing risk if it is governed by external factors or if the cost of mitigation is higher than the risk implications.
- ii) Transfer: Transferring the risk to a third party, where necessary, through insurance or other risk-sharing mechanisms.
- iii) Reduction: Developing and implementing mitigation plans to reduce the impact of identified risks on the organization.

e) Risk Reporting and Communication-

We encourage effective communication and have reporting mechanisms for risk management. Key risks are discussed in committee meetings and if



necessary, presented to the Board of Directors for further guidance and oversight.

By following this structured risk management approach, we proactively identify, assess and address potential risks; thereby, ensuring business continuity, compliance and long-term sustainability.

