



ESG Report 2024-25



Building on Purpose: Advancing Responsible Growth

Sustainability is an essential component of HEG Limited, as it relates to our role in creating a more efficient and responsible steel ecosystem. HEG’s position, as the leading manufacturer of graphite electrodes for Electric Arc Furnace steelmaking means that we are a part of production pathway that promotes resource efficiency, circularity, and lower environmental impact compared to the conventional steelmaking routes. This positioning places sustainability at the very center of our business model rather than at its periphery.

For HEG in FY 2024-25, there was continued evolution from foundational ESG disclosure to a more integrated and result-driven approach to sustainability. This was indeed an important step in our journey to consolidate our ESG strategy, extend the oversight of our governance engagement with these topics, and declare out commitments in the realms of environment, social, and governance issues. This is in recognition of our understanding of how long-term resilience and value-creation in businesses are becoming more dependent on the manner in which they factor in their responses to issues of sustainability.

The idea that responsible growth necessitates striking a balance between operational excellence and accountability to individuals, communities, and the environment serves as the foundation for our strategy. Integrating sustainability into our operations, risk management, and performance evaluation frameworks enables HEG to assist the shift to greener steelmaking while maintaining confidence with our stakeholders across the whole supply chain.

This FY 2024-2025 ESG Report enshrines our commitment to progressing and promoting openness, improvement, and a focus on a sustainable development goal. We remain committed to integrating sustainability within our business and making a material contribution to a more resilient and sustainable industrial future despite the evolution of our own sustainability journey.



ESG Highlights | FY 2024–25



Environmental



- Formalized ESG Strategy, Roadmap and Action Plan
- Scope 1, 2 and 3 Greenhouse Gases (GHG) emissions measured and disclosed
- Commitment to 25% reduction in Scope 1 and 2 emissions by FY 2030
- Battery operated forklifts and EV for transport adopted for selected operations
- 13.5 MW Hydropower at rated head and 3 MW Solar operational
- 2.4 MW Solar plant under installation (commissioning by June 2026)
- Zero non-compliance with air emission norms
- Zero Liquid Discharge (ZLD) operations maintained



Social

- Strengthened Occupational Health and Safety systems (ISO 45001)
- Zero fatalities
- Regular safety training, audits and emergency mock drills
- Emphasis on Human Rights and fair labor practices
- Engagement of employees through training, well-being and awareness initiatives
- Corporate Social Responsibility (CSR) initiatives across nutrition, education, healthcare and livelihoods



Governance



- Board-level CSR and ESG Committee responsible for ESG agenda
- ESG integrated into Enterprise Risk Management (ERM)
- Materiality assessment and stakeholder engagement conducted
- Effective governance framework and policy oversight
- Zero cases of corruption, conflict of interest, or regulatory non-compliance

Detailed disclosures against each ESG pillar are provided in the respective sections of this report.

Our Contribution to the United Nations Sustainable Development Goals (UNSDGs)

HEG Limited aligns its sustainability initiatives with the UNSDGs, redirecting more attention towards these goals whereby the Company can create meaningful environmental, social, and economic impact through its operations, governance practices, and community initiatives.



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Abbreviations and Acronyms

AAIM	Association of All Industries Mandideep	HIRA	Hazard Identification and Risk Assessment
AGM	Annual General Meeting	HODs	Heads of Departments
ARIS	Accident Reporting and Investigation System	IFRS	International Financial Reporting Standards
BRR	Business Responsibility Report	IRIS	Incident Reporting and Investigation System
BRSR	Business Responsibility and Sustainability Report	KMP	Key Managerial Personnels
CAPEXIL	Chemical and Allied Export Promotion Council of India	KPIs	Key Performance Indicators
CEMS	Continuous Emissions Monitoring Systems	LTIFR	Lost Time Injury Frequency Rate
CII	Confederation of Indian Industry	NEMA	National Electrical Manufacturers Association
CSR	Corporate Social Responsibility	NGRBCs	National Guidelines on Responsible Business Conduct
DE&I	Diversity, Equity and Inclusion	PHDCCI	PHD Chamber of Commerce and Industry
EHS	Environment, Health and Safety	POSH	Prevention of Sexual Harassment
EMS	Environmental Management System	PPE	Personal Protective Equipment
ERM	Enterprise Risk Management	R&D	Research and Development
ESG	Environmental, Social and Governance	RECs	Renewable Energy Certificates
ETP	Effluent Treatment Plant	SEBI	Securities and Exchange Board of India
FICCI	Federation of Indian Chambers of Commerce and Industry	SOPs	Standard Operating Procedures
FIEO	Federation of Indian Export Organisations	STP	Sewage Treatment Plant
FTE	Full-Time Equivalent	UHP	Ultra-High-Power
GHG	Greenhouse Gases	UNSDGs	United Nations Sustainability Development Goals
GRI	Global Reporting Initiative	ZLD	Zero Liquid Discharge
GVT	Global Vikas Trust		

Message from the Chairman , Managing Director and CEO

Building Resilience Through Responsible Leadership



At HEG Limited, sustainability is fundamental to the way in which we create long term value and not just a complimentary process to how a business operates. As global industries continue to evolve with climate change, regulatory requirements and stakeholder expectations, we recognize the growing necessity to incorporate these considerations into our strategy and operational decision-making processes.

During FY 2024-25, we undertook a major step by formalizing a structured ESG strategy, roadmap, and action plan. This marks a transition from intention stage to execution stage, with clearly defining our goals across climate action, energy efficiency, waste and water stewardship, occupational health and safety of employees, development and training of human capital, and excellence in governance.

Developing and setting goals to reduce Scope 1 and Scope 2 GHG emissions by 25% and increase the use of renewable energy by 25% by FY 2030 demonstrates our desire to produce a climate solution that complements our growth strategy. While at the same time placing emphasis on people through safe working conditions, ethical behavior, continuous development of skills, and active participation in community relations.

Strong governance structure continues to be the key to our success in pursuing this journey. The formation of the Board-level CSR and ESG Committee further enhances this. We remain focused on building trust with our shareholders, customers, employees, and society at large through our transparent reporting, risk management, and ethical business practices.

It is an ongoing journey. Even as we face challenges, we remain committed and confident that discipline and innovative and social responsibility efforts would allow HEG Limited to develop strength and collective value in the coming years.

Ravi Jhunjunwala
Chairman, Managing Director and CEO



Message from the Chief Sustainability Officer and Executive Director

From Framework to Action: Embedding ESG Across the Organization



FY 2024-25 marks a pivotal moment in the sustainability journey for HEG Limited. Over the course of this fiscal, from a foundational disclosure method, we have carefully articulated our transition towards structured ESG integration through a defined strategy, governance framework, and measurable targets within our key business interests.

Improving the quality of governance and accountability on ESG issues has been high on the agenda. The supervision of the Board-level CSR and ESG Committee, together with the use of an inter-functional ESG management council and operational coordination teams, helps to enable sustainability considerations to be integrated into decision-making.

In addition, we have carried out a materiality assessment and followed best practices in stakeholder engagement to ensure our ESG strategies keep pace and are attuned to what our shareholders expect of us. These inputs now have direct feedback in our risk management and strategic planning processes.

Environmentally, our focus remains on building the strength of emissions measurement, energy transition, and resource efficiency processes. In the social area, the improvement of health and safety in the working environment, the protection of human rights, associate engagement, and community development continues to be at the forefront of the Company's strategy in terms of responsible business operations.

However, looking forward, it's going to be all about execution, delivery, and enhanced disclosure. And, of course, we still firmly believe in being transparent, continuous improvement, and being climate-resilient, inclusive, and ethical in how we conduct our operations as we move forward to 2030.

Sustainability at HEG Limited is a team effort, and we have been committed to translating our ambition into action.

Manish Gulati
Chief Sustainability Officer & Executive Director



About the Report

HEG Limited (referred to as “HEG”, the “Company”, “we”, “our”, or “us”) is pleased to present its ESG Report for FY 2024-25, which highlights the Company’s approach, commitments, and performance across ESG dimensions. This report reflects HEG’s continued efforts to strengthen transparency, accountability, and responsible business practices, and further relies on the disclosures made via statutory reporting mechanisms.

This report, the “ESG Report”, highlights key ESG initiatives, management approaches, and outcomes relevant to HEG. It aims to present to the stakeholders the overall picture of the Company in the context of its sustainability efforts.

Reporting Period and Boundary

This ESG Report covers the period 1 April 2024 to 31 March 2025 (FY 2024-25). Unless otherwise stated, the disclosures pertain mainly to the operations of HEG Limited’s at the Graphite Electrode manufacturing facility, Thermal Power unit at Mandideep, Madhya Pradesh, and the Hydro Power Plant at Tawa Nagar, Narmadapuram, Madhya Pradesh, unless stated otherwise.

All quantitative and qualitative information included in this report relates to FY 2024-25, unless otherwise indicated by historical comparison or other contextual purpose. Sustainability initiatives and programmes described in the report may have occurred in part outside the reporting period but are included where these form part of explaining strategy, continuity, or progress.



01

About the Report

Reporting Frameworks and Standards

The ESG Report has been prepared with reference to the following frameworks and guidelines:



Other than the reporting frameworks mentioned in this report, HEG has taken into consideration the principles contained in the International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards, such as IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information' and IFRS S2 'Climate-related Disclosures'. The Company has designed its sustainability governance, strategies, and risk management based on these principles.

The structure of governance, strategy, risk management, and metrics in this report are broadly aligned with the core principles enunciated in IFRS S1 and IFRS S2. This reference does not represent full adoption or compliance with IFRS sustainability standards since IFRS sustainability reports are voluntary in India. The Company is only making its best endeavors to bring more consistency into its sustainability reporting.

The report includes inputs and data from HEG's Annual Report and BRSR disclosures to showcase interconnectivity and to provide enhanced narrative context, thematic clarity, and performance insights on material ESG topics.

Data Integrity and Reliability

HEG has established internal mechanisms and controls to ensure the accuracy, consistency, and reliability of the information reported within this ESG Report. This information is collated from various departments within the Company to ensure consistency of information through internal validation.

In those instances where the use of estimates, assumptions, or limitations is involved, appropriate mention has been made. The Company is, however, committed to enhancing its data management systems, as well as its transparency practices, based on the changing demands.

Management Responsibility and Governance

This ESG Report has been prepared and reviewed under the guidance of the management of the Company, with input from various functions and subject matter experts. The report has been prepared with reference to the reporting frameworks and standards outlined above and reflects the Company's ESG governance and oversight mechanisms.

HEG welcomes feedback on this report and encourages stakeholders to share their views and suggestions.

For any queries or feedback related to this ESG Report, please contact: hrmdp.comm@lnjbhilwara.com.



02

HEG at Glance

About HEG

HEG Limited is a flagship Company of the LNJ Bhilwara Group, incorporated in 1972, and the leading manufacturer of graphite electrodes in India. Graphite electrodes are a critical input for the Electric Arc Furnace route of steelmaking, which is increasingly preferred due to its energy efficiency and lower carbon footprint over other conventional routes for steelmaking.

HEG specializes in manufacturing Ultra-High-Power (UHP) graphite electrodes, designed to handle the electrical and thermal conductivity, structural strength, and reliability under extreme operating conditions. These electrodes support efficient steel production across global Electric Arc Furnace-based steel plants.

The World's largest single-site graphite electrode manufacturing facility operated at an installed capacity of 100,000 tonnes per annum at Mandideep, Madhya Pradesh. All the operations of HEG are vertically integrated, covering the complete manufacturing value chain right from raw material processing, extrusion, baking and graphitization to machining, inspection, and dispatch to maintain consistency in quality and operational control.

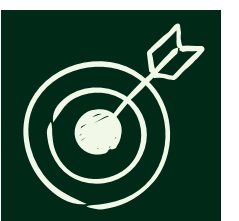


Vision

To be a globally acknowledged, top-league player in graphite electrodes and allied businesses, driven by growth, innovation, quality and customer focus.

Mission

To emerge as a leading international player in graphite electrodes and related businesses by leveraging core competencies and creating sustained value for customers, shareholders, employees and society.



HEG at a Glance

50+ Years of manufacturing excellence

~67% Revenue from exports

Presence in
35+ countries

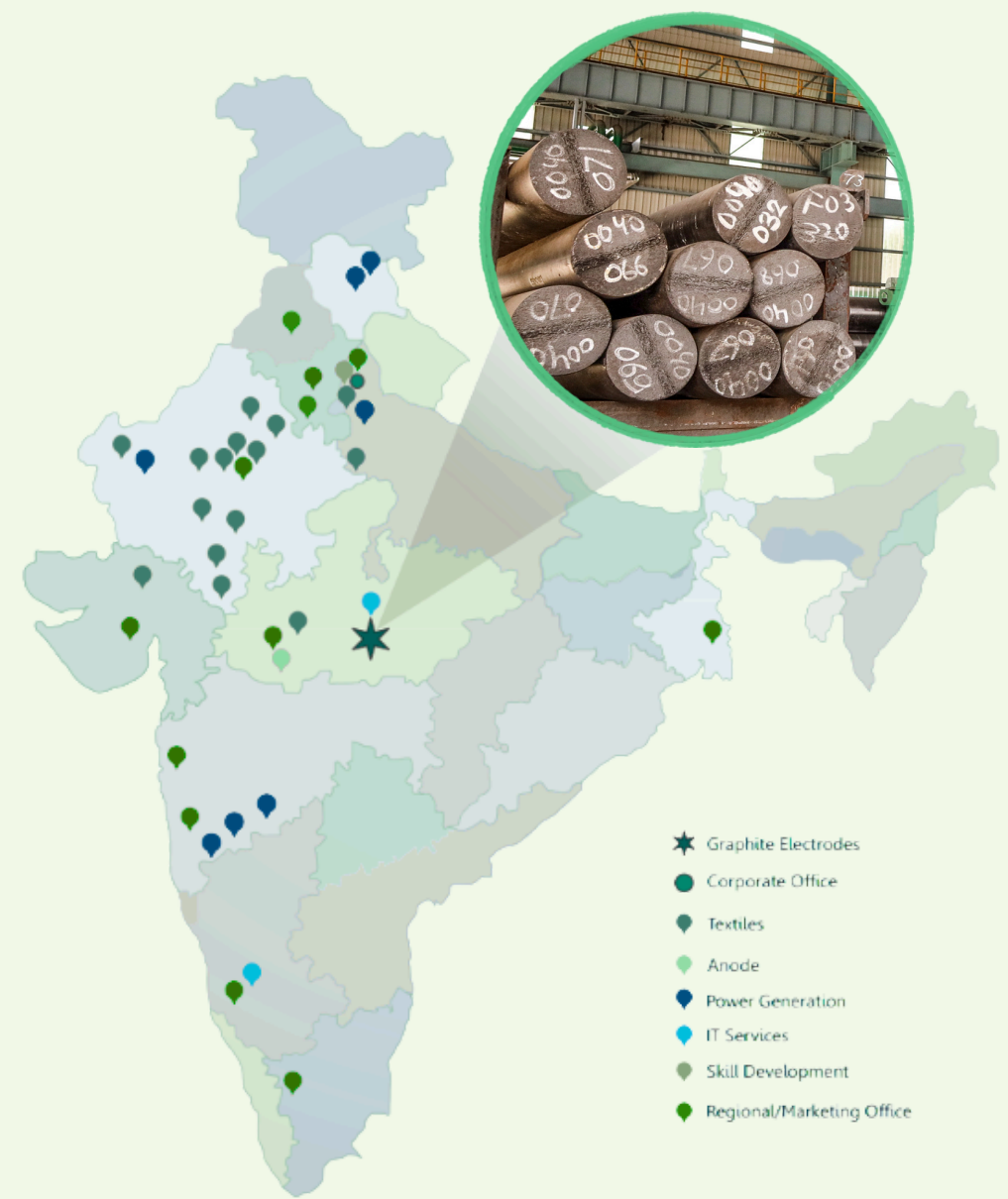
Workforce of over
1,150 employees and workers

Our Businesses and Geographical Presence

HEG Limited is part of the diversified LNJ Bhilwara Group, which has evolved from a single textile mill established in 1961 into a multi-business conglomerate with manufacturing and service interests across sectors.

Graphite electrode manufacturing remains HEG's core business. During FY 2024-25, the Company operated at approximately 80% capacity utilization. HEG has outlined plans to expand installed capacity to 1,15,000 tonnes per annum by FY 2028-29, aligned with long-term market demand and growth opportunities.

Geographical Spread Map



Market Presence

With over five decades of industry presence, HEG has established a strong global footprint, supplying products across North America, Europe, Asia, and the Middle East. The Company's long-standing relationships with leading global steelmakers reflect its reputation for product quality, reliability, and technical capability.



Proven choice of leading steel producers worldwide, HEG's product portfolio caters primarily to steel manufacturers operating Electric Arc Furnaces. The Company also supplies customized graphite and carbon products to a broad range of industrial sectors.

HEG's continued focus on innovation, stringent quality control, and customer engagement has enabled it to maintain a competitive position in a global market characterized by cyclical demand and evolving technological requirements.

Associations and Industry Engagement

HEG actively participates in industry and trade bodies, reflecting its engagement with policy dialogue, export promotion, and industry development. The Company is a member of:



These affiliations provide platforms for collaboration, advocacy, and engagement on trade, industry, and regulatory matters.

Awards and Recognition

HEG is pleased to be recognized for its unwavering commitment to excellence, innovation, and for being sustainable in all its activities. There have been various awards and certifications that have honored our efforts and have noted us as the leaders in the industry for which we cater. Below are some of the notable accolades we have received:

Dainik Bhaskar Industry Excellence Awards

HEG received the Industry Excellence Award 2025, presented by the Honorable Chief Minister of Madhya Pradesh, Dr. Mohan Yadav.

On 2 April 2025, our Executive Director, Mr. Manish Gulati, accepted the award on behalf of HEG Limited. This award highlights our commitment to excellence and innovation in the industrial sector.

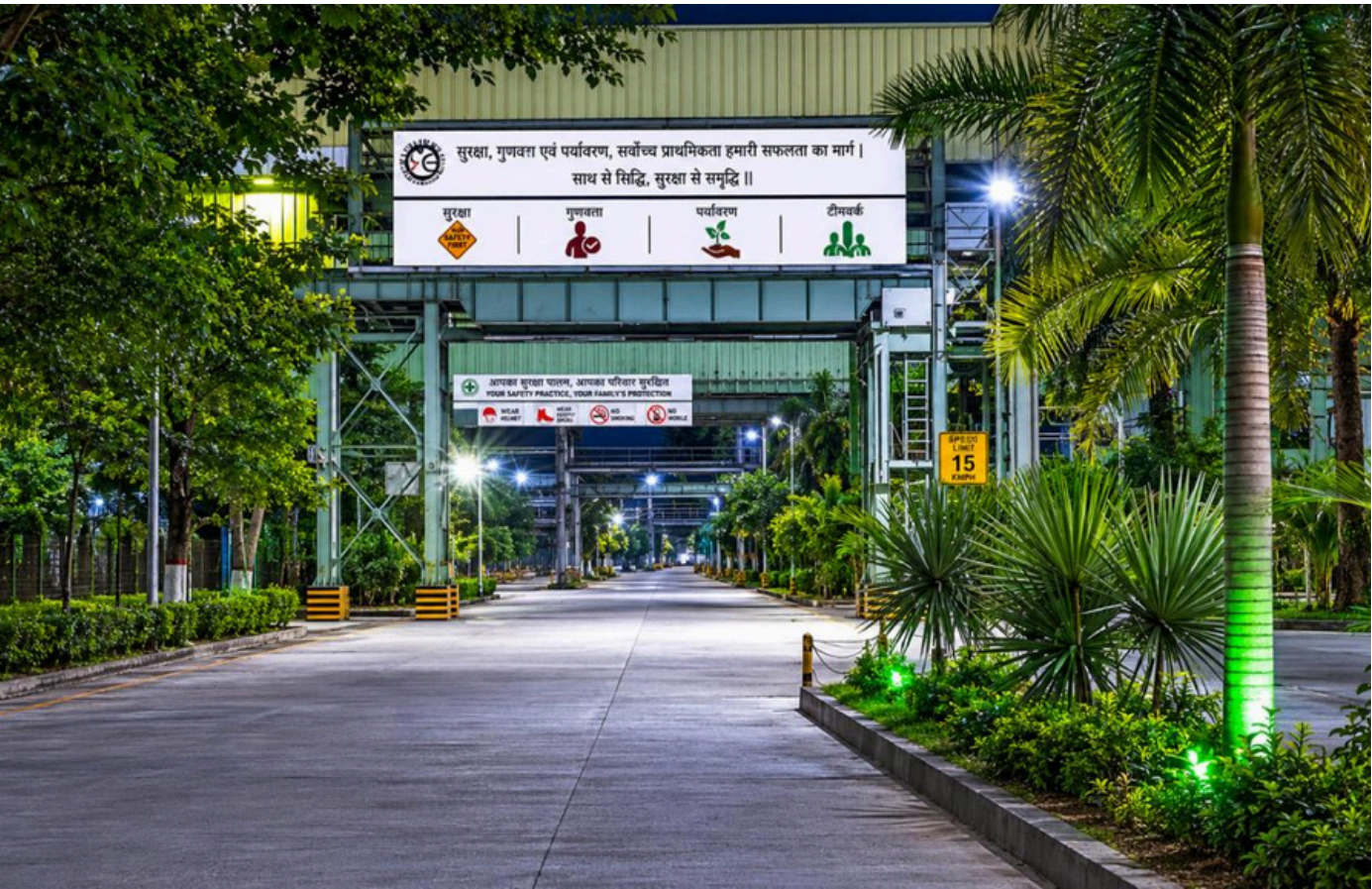


Certifications and Standards

HEG maintains internationally recognized management system certifications, reflecting its commitment to quality, environmental management, and occupational health and safety:



The Company also follows National Electrical Manufacturers Association (NEMA) standards where applicable.



Corporate Governance Philosophy

HEG Limited believes that good corporate governance is one of the most important cornerstones in creating long-term sustainable value and ensuring business resilience. The governance structure of HEG Limited is imbued with the values of integrity, transparency, accountability, fairness, and compliance with applicable laws and regulations in the decision-making processes of the organization.

The governance frameworks adopted by HEG are not only devised for statutory compliance but are also expected to enhance the confidence of various stakeholders in the Company by adopting good business practices. The Company is committed to constantly reviewing and amending the existing frameworks of corporate governance, as per the ever-changing regulations, industry practices, and demands of the stakeholders.

Governance Framework and Policies

HEG has developed a comprehensive suite of policies that serve as guidelines for its Board of Directors, Key Managerial Personnels (KMPs), and employees in respect of ethics, compliance, and risk. These organizational policies apply across the entire organization and are reviewed periodically.

Key Governance Policies Include

	Code of Conduct for Directors and Senior Management		Supplier Code of Conduct
	Code of Conduct for Employees		Whistle Blower Policy
	Business Ethics Policy		Business Continuity Policy
	Anti-Bribery and Anti-Corruption Policy		Quality Policy
	Policy on Prevention of Sexual Harassment (POSH)		

These policies collectively reinforce expectations around ethical behavior, responsible sourcing, compliance with laws, and accountability.

03 Strengthening Governance

Board Composition and Functioning

The Board of Directors of HEG is strategic and has oversight of the Company’s management to ensure its activities conform to the Company’s own goals and the interests of the various stakeholders. It has a balanced mix of Independent, Executive, and Non-Executive Directors, who contribute their various skills and insights to the Company. On issues concerning the makeup and diversity of the board of the Company, the Company follows its [Board Diversity Policy](#). This policy is designed to ensure the right mix of skills and diversity on the board of the Company.

Board of Directors



Ravi Jhunjunwala
Chairman, Managing Director and CEO
DIN: 00060972
(Chairman: Risk Management Committee & CSR and ESG Committee)



Riju Jhunjunwala
Vice Chairman, Non-Executive Director
DIN: 00061060
(Chairman: Stakeholders Relationship Committee)



Manish Gulati
Executive Director
DIN: 08697512



Dr. Kamal Gupta
Non-Executive Director
DIN: 00038490



Vinita Singhania
Non-Executive Director
DIN: 00042983



Satish Chand Mehta
Independent Director
DIN: 02460558
(Chairman: Audit Committee & Nomination and Remuneration Committee)



Sandip Somany
Independent Director
DIN: 00053597



Dr. Nand Gopal Khaitan
Independent Director
DIN: 00020588



Shekhar Agarwal
Non-Executive Director
DIN: 00066113



P.S. Dasgupta
Independent Director
DIN: 00012552

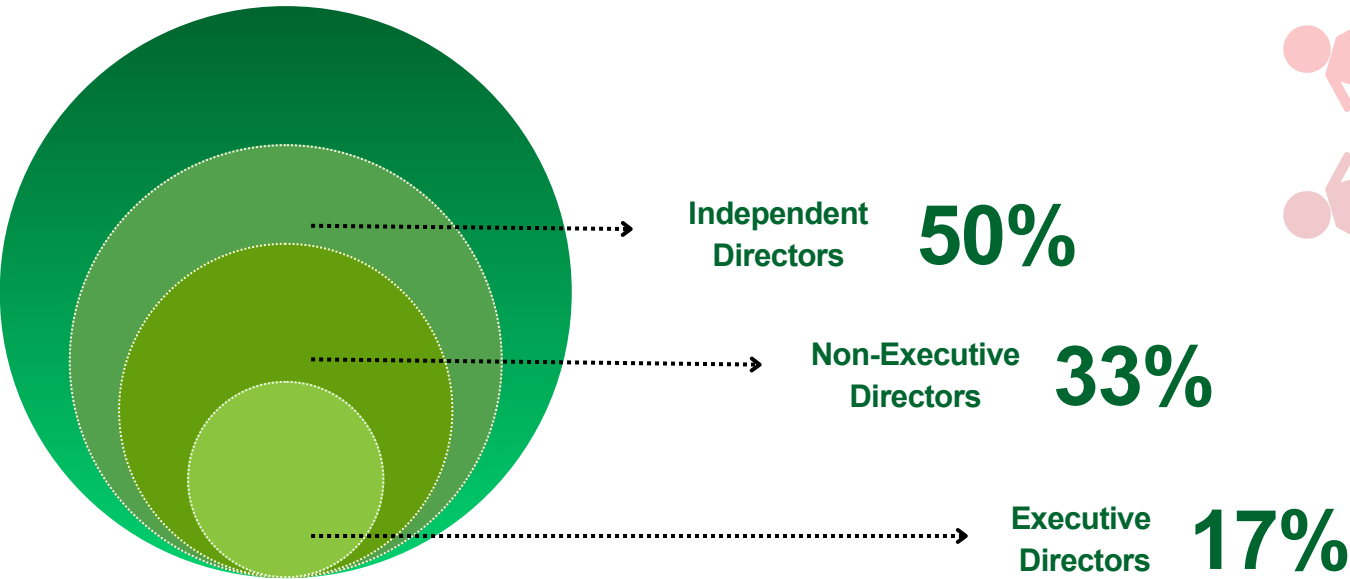


Jayant Davar
Independent Director
DIN: 00100801



Ramni Nirula
Independent Director
DIN: 00015330

Board Diversity



Board gender diversity:

Women Directors

17%

Men Directors

83%



The Board met regularly during the year, with an **average attendance of 90.41%**, reflecting active engagement and oversight. The **average tenure of Board members is approximately 10 years**, supporting continuity while maintaining independence and objectivity.

Board Skill Matrix

Name of Director	Knowledge on Company's businesses, Policies and culture, major risks / threats and potential opportunities, the industry in which the Company operates and advising on domestic market and overseas market	Behavioral skills - Attributes and competencies to use their knowledge and skills to contribute effectively to the growth of the Company	Business Strategy, Sales and Marketing, Corporate Governance, Forex Management, Administration, Decision Making	Financial and Management Skills	Technical / Professional Skills and specialized knowledge in relation to Company's business	Environment, Health and Safety (EHS) and Sustainability Knowledge of working on EHS and sustainability activities
Shri Ravi Jhunjunwala	✓	✓	✓	✓	✓	✓
Shri Riju Jhunjunwala	✓	✓	✓	✓	✓	✓
Shri Shekhar Agarwal	✓	✓	✓	✓		✓
Dr. Kamal Gupta	✓	✓	✓	✓		✓
Dr. Nand Gopal Khaitan	✓	✓	✓	✓	✓	✓
Shri Satish Chand Mehta	✓	✓	✓	✓		✓
Smt. Ramni Nirula	✓	✓		✓		✓
Smt. Vinita Singhania	✓	✓	✓			✓
Shri Jayant Davar	✓	✓	✓	✓		✓
Shri Manish Gulati	✓	✓	✓	✓	✓	✓
Shri Priya Shankar Dasgupta	✓	✓	✓	✓	✓	✓
Shri Sandip Somany	✓	✓	✓	✓		✓

Board Committees and Oversight

To enable focused oversight, the Board has constituted the following statutory committees, each operating under defined charters and mandates:

Audit Committee

The Audit Committee of HEG Limited is chaired by an Independent Director and plays a critical role in overseeing the integrity of the Company's financial reporting and internal control systems. The Committee provides assurance to the Board on the effectiveness of internal controls, compliance with applicable laws, and adherence to accounting standards.

Key responsibilities include:



During FY 2024-25, the Audit Committee met eight times.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is composed entirely of Independent Directors and operates in accordance with the Company's [Nomination and Remuneration Policy](#). The Committee is responsible for formulating and recommending policies relating to the appointment, remuneration, and evaluation of Directors, KMPs, and senior management.

Its mandate includes:



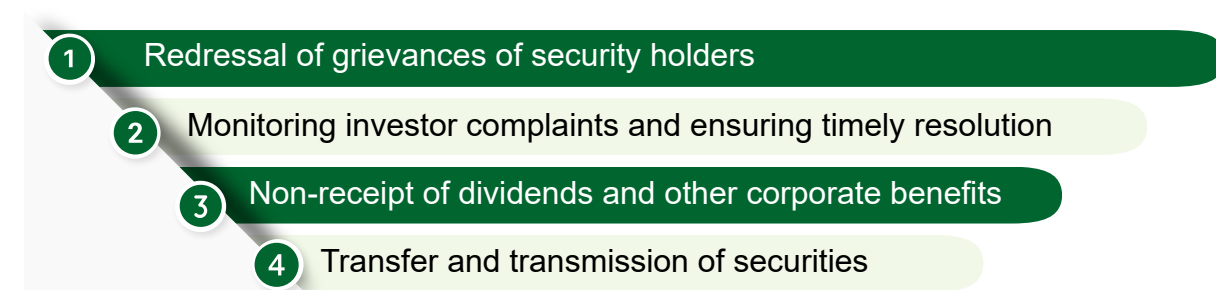
The Committee's objective is to attract, retain, and motivate talent in alignment with the Company's long-term strategy.

During FY 2024-25, the Committee held four meetings.

Stakeholders Relationship Committee

The Stakeholders Relationship Committee comprises four Directors, including two Independent Directors, a Non-Executive Promoter Director, and an Executive Promoter Director. The Committee functions in accordance with the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations.

The Committee oversees matters relating to:

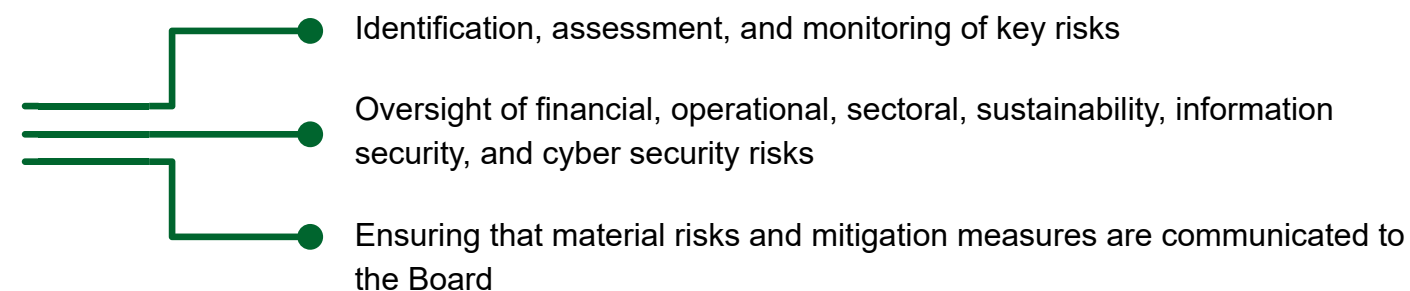


During FY 2024-25, the Committee met four times.

Risk Management Committee

The Risk Management Committee comprises four Directors, including two Independent Directors, an Executive Promoter Director, and a Non-Executive Director. The Committee oversees HEG Limited's enterprise risk management framework.

Its responsibilities include:

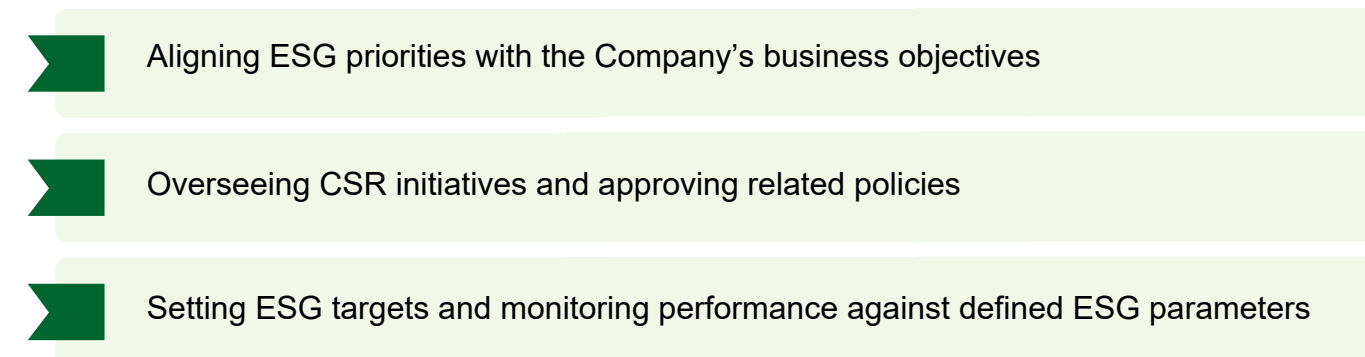


During FY 2024-25, the Committee met two times.

CSR and ESG Committee

The Board has constituted CSR and ESG Committee led by Executive-Promoter Director, to provide oversight and strategic direction on the Company's sustainability and ESG agenda.

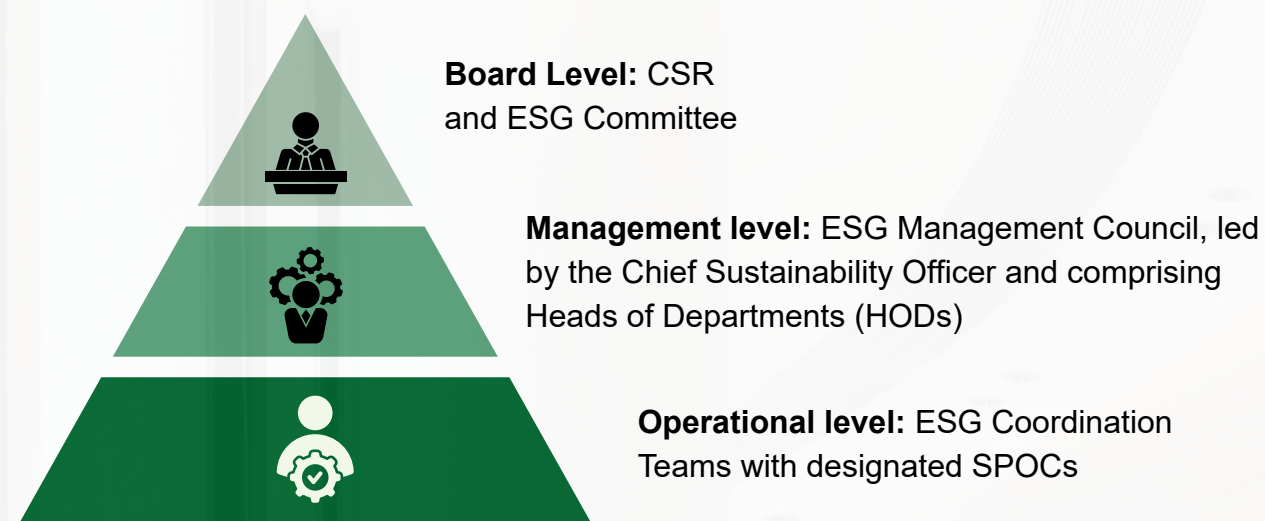
The Committee's responsibilities include:



The Board ensures integration of ESG considerations into decision-making through periodic reviews and by linking ESG-related performance objectives to the Key Performance Indicators (KPIs) of senior management. The Committee meets quarterly to review progress and guide the Company's sustainability performance.

Three-Tier ESG Governance Structure

The Board-level oversight is supported by a structured, three-tier ESG governance mechanism:



This structure supports:

-  **Risk Management**
-  **Stakeholder Engagement**
-  **Training and Awareness**



Ethics, Integrity, and Compliance

HEG promotes a culture of ethical conduct across the organization through its [Business Ethics Policy](#) and [Anti-Bribery and Anti-Corruption Policy](#). These policies establish clear expectations for ethical behavior and provide structured mechanisms for reporting concerns related to misconduct, corruption, or policy violations.

The Company maintains zero tolerance towards corruption.

No cases of corruption were reported during the last three reporting years.

The [Whistle Blower Policy](#) enables employees and stakeholders to report concerns confidentially and without fear of retaliation. The Company's Secretarial Department plays a key role in addressing shareholder queries and ensuring timely resolution of governance-related matters.

During FY 2024-25, the Company did not incur any fines, penalties, or regulatory sanctions relating to environmental, social, or governance matters.

Conflict of Interest Management

To manage and mitigate potential conflicts of interest, HEG has instituted a [Code of Conduct for Directors and Senior Management](#), which outlines disclosure requirements and safeguards. Directors and KMPs provide annual declarations regarding their interests and affiliations with other entities.

Related party transactions, where applicable, are governed by the Company's [Policy on Related Party Transactions](#) and are reviewed and approved in accordance with applicable laws and internal governance procedures, including oversight by the Audit Committee, to ensure transparency and arm's-length terms.

No conflicts of interest involving Directors and KMPs were reported during the last three years.

Ownership Structure

Government Ownership

As of 31 March 2025, no governmental institution holds more than 5% of the total voting rights of the Company.



Promoter and Promoter Group Ownership

As of 31 March 2025, the Promoters and members of the Promoter Group collectively hold 55.78% of the Company's shareholding, as disclosed in the Annual Report.

The detailed composition of the Promoter group is as follows:

Name of the Promoter/ Member(s) of the Promoter Group	Number of Shares	Shareholding (%)
Ravi Jhunjhunwala	3,595	0.00%
Riju Jhunjhunwala	6,780	0.00%
Rita Jhunjhunwala	9,380	0.00%
Rishabh Jhunjhunwala	9,035	0.00%
RLJ Family Trusteeship Pvt Ltd	2,500	0.00%
RSWM Ltd	1,591,955	0.82%
Redrose Vanijya LLP	55,873,775	28.95%
Norbury Investments Ltd	26,814,955	13.90%
Microlight Investments Ltd	23,327,895	12.09%

Risk Management and Enterprise Risk Management

Effective risk management at HEG Limited is integral to sustaining long-term value creation through operational resilience and responsible growth. The Company has instituted a structured ERM framework which runs on an annual cycle, which includes objective setting, continual risk identification, and the development of mitigation strategies to address identified gaps across business operations, financial performance, sustainability, and governance.

The Board of Directors oversees the ERM framework, supported by the Risk Management Committee, which periodically reviews key risks and mitigation plans. Functional heads and location heads are responsible for managing risks within their respective areas, ensuring timely implementation of mitigation actions. Risks with enterprise-wide implications are escalated to senior management and reviewed at the Head Office level, enabling a coordinated and consistent risk response across the organization.

Key Risk Areas

Risk	Risk Overview	Mitigation measure
Market Risk	The Company's performance is closely linked to demand conditions in the global steel industry, particularly Electric Arc Furnace steelmaking. Muted steel production and pricing pressures during FY 2024-25 impacted demand and realisations for graphite electrodes.	Continuous monitoring of market conditions, strong engagement with global customers, focus on cost efficiency and operational flexibility, and alignment of production levels with demand trends.
Raw Material Availability and Cost Risk	Availability and pricing of key raw materials, particularly calcined petroleum needle coke, may impact production costs and margins. Supply and pricing dynamics are influenced by global market conditions and contractual arrangements.	Management of procurement through contractual arrangements, close engagement with suppliers, inventory optimisation, and regular monitoring of raw material markets.
Price Risk (Inputs and Finished Products)	The Company does not have hedging mechanisms for raw material or finished product prices. Pricing of key inputs and graphite electrodes is governed by contractual and market-linked arrangements, which may result in short-term price volatility.	Use of annual quantity contracts for key inputs with periodic price discussions, order-based pricing for finished products, and monitoring of market trends to manage price exposure.
Foreign Exchange Risk	The Company has exposure to foreign exchange fluctuations arising from exports, imports, foreign currency loans, and certain expenditures.	Regular monitoring of foreign exchange exposure, natural hedging through balanced inflows and outflows, and disclosure of unhedged exposure in the financial statements.



Risk	Risk Overview	Mitigation measure
ESG and Regulatory Risk	Evolving regulatory requirements and stakeholder expectations relating to environmental, social, and governance matters may impact compliance obligations and operating practices.	Integration of ESG considerations into the risk management framework, oversight by the Risk Management Committee and the Board, and strengthening of compliance and monitoring systems.
Information and Cyber Security Risk	Increased reliance on digital systems exposes the Company to risks related to information security, data protection, and cyber incidents.	Oversight of information and cyber security risks through the Risk Management Committee, implementation of relevant Standard Operating Procedures (SOPs), and adoption of appropriate data protection and information security controls.
Business Continuity Risk	Disruptions to operations arising from internal or external events may impact business continuity and operational performance.	Business continuity planning as part of the risk management framework, periodic review of preparedness measures, and escalation of enterprise-level risks to senior management and the Board.
Occupational Health and Safety Risk	Workplace hazards may pose risks to employee safety and operational continuity if not effectively managed.	Implementation of a structured Hazard Identification and Risk Assessment (HIRA) process, safety committees at shop and plant levels, incident and accident reporting systems, and regular reviews to strengthen safety performance.
Human Rights and Social Compliance Risk	Risks related to non-compliance with applicable human rights standards, labor laws, or fair workplace practices across the Company's operations and workforce, which may impact employee well-being, compliance, and reputation.	Adoption of policies aligned with applicable labor and human rights requirements, oversight through governance mechanisms, employee awareness and training initiatives, grievance redressal mechanisms, and periodic monitoring of compliance.

Effective communication of crucial issues to the Board of Directors is imperative for maintaining awareness of matters that may influence the organization's performance, reputation, or compliance. These critical concerns are conveyed to the Board through comprehensive written reports, executive summaries, or detailed presentations during the committee meetings.

Product Quality and Stewardship

At HEG Limited, product quality remains a cornerstone of operational excellence and customer trust. The Company's quality management practices are embedded across the organization, extending from leadership to shop-floor operations, and aims to ensure consistent adherence to the standards defined by it at every stage of manufacturing.

Quality assurance at HEG follows a dual focus on process quality and product quality. Quality checks are conducted at each stage of production from raw material selection through manufacturing and post-production supported by regular quality training across operational levels.

Senior management and marketing teams regularly engage with key customers to obtain feedback on product performance and service quality. The feedback are analyzed by experts and, where warranted, integrated into the Company's operational processes to support continuous improvement and long-term customer relationships.

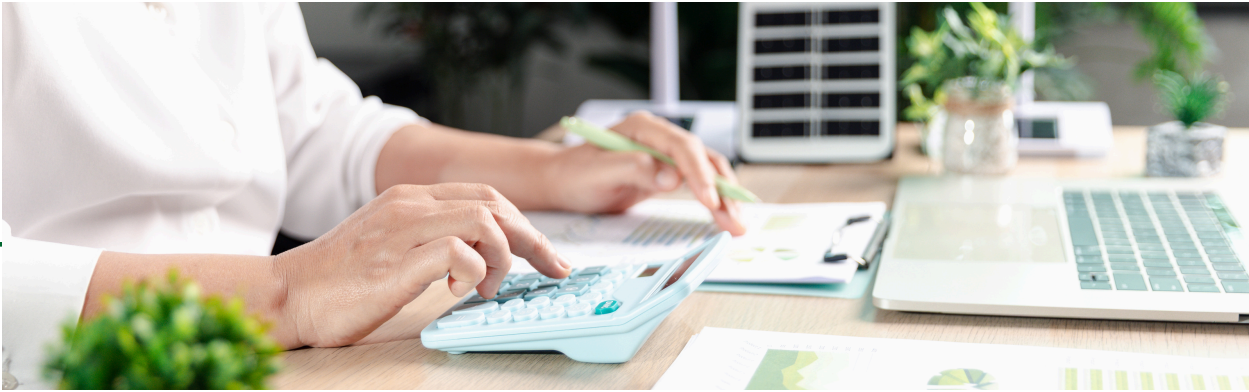
There were no product recalls reported by the Company for FY 2024-25.



HEG at Quality Circle Forum of India

At HEG Limited, maintaining excellence in quality management remains a core priority. For FY 2024-25, the Company has made a new milestone by participating in the 9th 'Bhopal Chapter Convention on Quality Concepts' (BCCQC-2024) organized by the Quality Circle Forum of India on 28 September 2024.

HEG Limited was represented by three teams, i.e., Team Prayatna, Team Jagrati, and Team Manthan, each of which received Gold Awards at the event. This achievement is testament to HEG's commitment to continued emphasis on quality management practices and involvement of its employees in quality improvement activities.



Supply Chain Management

HEG Limited understands that responsible supply chain practices are necessary for maintaining business continuity, legal compliance and long-term business resilience. Therefore, Company procurement processes are developed to ensure reliable procurement while meeting legal, ethical, and sustainability expectations.

The Company has refined its expectations of suppliers through a [Supplier Code of Conduct](#). This document encompasses principles related to ethical business practices, compliance with applicable laws, and responsible conduct. Supplier engagement and oversight form part of Company’s broader governance and risk management framework, with procurement decisions guided by defined internal processes and oversight mechanisms.

During FY 2024-25, 32.34% of input materials were sourced locally (within India), while 79.6% of input materials were sourced sustainably. Further, 79.60% of suppliers were screened against applicable environmental, social and governance criteria, marking an expansion in the coverage of the supplier screening compared to the previous year.

Economic Performance

The trend in the graphite electrode industry continues to be intimately connected with the prevailing trend observed in the global steel industry, particularly Electric Arc Furnace based steelmaking. In FY 2024-25, steel production as well as demand for steel in several key markets continued to slow down because of uncertainties in the macro-economic environment, geopolitical developments, and weak industrial activity. Consequently, it directly affected the demand and prices of graphite electrodes during the year.

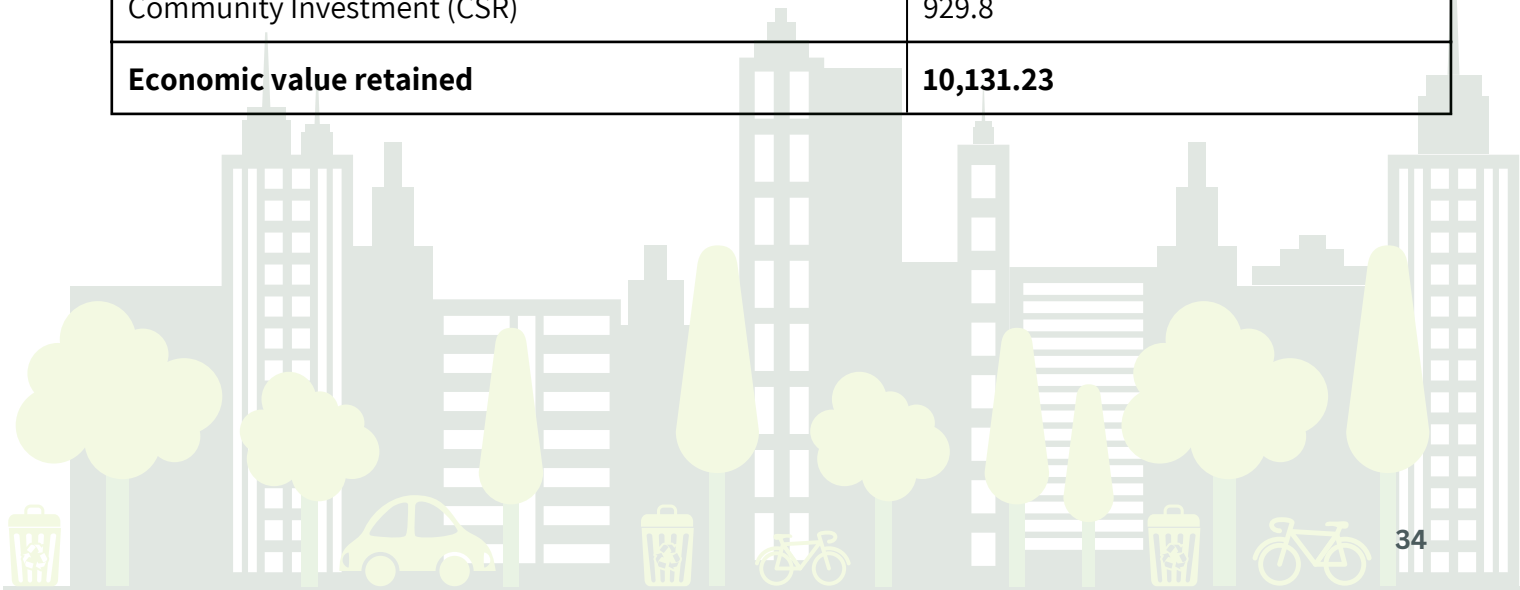
During the year, HEG operated its graphite electrode manufacturing facilities at approximately 80% utilization of its total installed capacity of 100,000 tonnes per annum. This expanded capacity, that went on stream in the previous year, got consolidated during FY 2024-25. Production levels were aligned to prevailing market demand, keeping in view the long production cycle associated with graphite electrodes.

HEG continues to follow a prudent financial management approach supported by disciplined capital allocation and strong internal control mechanisms. The Company remains committed to ensuring transparency in its business operations and adhering to all statutory and tax requirements within its zones of operations.

Direct Economic Value Generated and Distributed	FY 2024 - 25 (INR Lakhs)
Direct Economic Value Generated	227,938.70
Revenues	227,938.70
Economic Value Distributed	217,807.47
Operating Costs (Expenses)	202,509.35
Employee wages and benefits	9,718.25
Payments to Government (Income Tax)	4,650.07
Community Investment (CSR)	929.8
Economic value retained	10,131.23

Supplier Screening Coverage

Percentage of suppliers that were screened using ESG criteria



Data Security and Privacy

HEG Limited acknowledges the significance of information assets and protecting personal data security in an increasingly digital business environment. The Company deals with challenges posed by information security, data privacy, and cyber security as part of its broader governance and risk management framework, with oversight provided by Risk Management Committee.

Zero incidence of cyber security or data breach reported in the last three reporting years.

The Company has developed policies and procedures, including a Cyber Security Policy, to manage risks related to unauthorized access, data breaches, and cyber incidents. Data privacy is governed through compliance with relevant data protection laws and responsible management of personal data collected or processed for legitimate business operations.

Information Security risks are monitored periodically, and appropriate response mechanisms are in place to address potential incidents. These measures support the reliability of information system and help maintain stakeholder trust.



04 Stakeholder Engagement and Materiality Assessment

Stakeholder Engagement

Building Trust and Long-Term Value

HEG Limited believes that value creation and sustainable business performance depend on effective stakeholder engagement. The Company engages with its stakeholders to learn about their expectations, address their concerns about Company operations, and incorporate stakeholder perspectives into business decision making where necessary.

Stakeholder consultations are conducted in the normal course of business by relevant business heads, functional leaders, and Company officers. Engagement with stakeholders is guided by principles of transparency, ethical conduct, and accountability, and is undertaken through appropriate and established channels depending on the stakeholder group.

Approach to Stakeholder Engagement

Stakeholder Identification

The Company identifies key stakeholder groups depending on their contribution to value creation, regulatory requirements, and operational relevance. These include, but are not limited to employees, workers, customers, suppliers, shareholders, regulators, local communities.

Stakeholder Engagement

Management interactions, selective meetings, customer engagements, employee communication forums, interactions with suppliers, statutory disclosures, and, when required, periodic conference calls with key stakeholders are some of the ways that engagement is carried out. The nature and frequency of engagement vary based upon the group of stakeholders and the business context.

Understanding Stakeholder Concerns

Feedback, inputs, and concerns raised during stakeholder interactions are reviewed by the relevant functions. When necessary, issues of corporate or strategic importance are brought to the attention of senior management and the Board, either directly or through the relevant Board Committees, including the Audit Committee, the Risk Management Committee, the Nomination and Remuneration Committee, the CSR and ESG Committee, and the Stakeholders Relationship Committee.

Response and Integration

The Company endeavors to address stakeholder concerns in a timely manner and, where relevant, incorporate insights into business strategies, risk assessments, and sustainability-related initiatives, in line with applicable governance processes and regulatory requirements.

Stakeholder engagement also supports the identification and consideration of ESG related topics. Inputs received through consultations contribute to the Company’s understanding of key focus areas such as environmental efficiency, responsible sourcing, employee development, occupational health and safety, human rights, diversity and inclusion etc., and inform its approach to sustainable business practices.

Stakeholder group	Engagement mechanism	Purpose of engagement	Frequency	Key stakeholder concerns	How we create value for them
Employees and Workers	- Training programmes, workshops and skill development initiatives - Internal surveys and feedback mechanisms - Health and safety committees and interactions	- Employee development and capability building - Address workplace concerns - Promote safe and healthy working conditions	Periodic/As required	- Career growth and skill development - Workplace safety and well-being - Performance management and engagement	- Training and development opportunities - Competitive remuneration and benefits - Focus on occupational health and safety and employee well-being
Shareholders/ Investors	- Annual General Meeting (AGM) - Statutory disclosures and reports - Investor presentations and conference calls	- Provide transparency on performance and strategy - Address investor queries - Build long-term investor confidence	Periodic / Statutory	- Financial Performance - Governance and risk management - Long-term value creation	- Transparent disclosures - Robust governance practices - Focus on sustainable value creation
Customers	- Regular customer meetings and interactions - Senior management and marketing engagements - Feedback and grievance handling mechanisms	- Understand product performance and service expectations - Strengthen long-term relationships - Address customer feedback and concerns	Regular / Ongoing	- Product quality and reliability - Timely delivery - Responsiveness and service support	- Consistent product quality - Reliable supply and customer support - Continuous improvement based on feedback

Stakeholder group	Engagement mechanism	Purpose of engagement	Frequency	Key stakeholder concerns	How we create value for them
Suppliers and service providers	- Supplier interactions and meetings - Procurement and contract management processes - Supplier Screening under E,S and G criteria	- Ensure reliable supply of inputs - Promote compliance with ethical and sustainability expectations - Manage supply chain risks	Periodic / As required	- Fair and transparent procurement - Timely payments - Clarity on expectations and compliance	- Transparent procurement processes - Long-term business relationships - Clear expectations through Supplier Code of Conduct
Government/ Regulators	- Statutory filings and disclosures - Regulatory inspections and audits - Direct communications as required	- Ensure regulatory compliance - Address statutory requirements - Maintain transparent relations	As required / Statutory	- Legal and regulatory compliance - Timely and accurate reporting	- Compliance with applicable laws - Transparent and cooperative engagement
Media	- Press releases and official announcements - Media interactions through authorized spokespersons - Responses to media queries, as appropriate	- Communicate key corporate developments - Ensure accurate and timely dissemination of information - Maintain transparency with external audiences	As required	- Accuracy and timeliness of information - Corporate governance and performance updates	- Transparent and consistent communication - Timely disclosure of material information in compliance with regulatory requirements
Local communities and NGO	- Community interactions and CSR initiatives - Engagement through CSR projects and programmes	- Understand community expectations - Address social and environmental concerns - Support local development	Periodic	- Environmental impact - Employment opportunities - Community development	- CSR initiatives - Local employment and skill development support - Responsible operations

Materiality Assessment

A crucial component of HEG Limited's sustainability governance framework is materiality assessment. By identifying ESG issues that are most pertinent to stakeholder expectations and the Company's business performance, it facilitates well-informed decision-making. The process enables the Company to prioritize ESG issues. Further, it supports the integration of sustainability considerations into strategy, risk management, and operational planning.

HEG carried out its first formal materiality assessment in FY 2024-25. As the Company's ESG Report for FY 2023-24 was prepared and published during FY 2024-25, the completion of the materiality assessment was referenced in that report. The outcomes of this assessment continue to remain applicable for the ESG Report for FY 2024-2025.

Integration with Risk Management

The materiality assessment process is aligned with the Company's ERM framework and supports the identification of ESG-related risks and opportunities relevant to HEG's operations and value chain. The outcomes of the assessment are used to inform sustainability priorities, risk oversight, and governance processes.

Approach to Materiality Assessment

The materiality assessment undertaken during FY 2024-25 followed a structured approach:

Identification of ESG Topics



Stakeholder Engagement

Assessment and Analysis



Identification of ESG Topics- A long list of ESG topics was identified based on industry context, relevant sustainability frameworks and peer considerations, and internal functional discussions, and then refined to arrive at a consolidated list relevant to HEG.

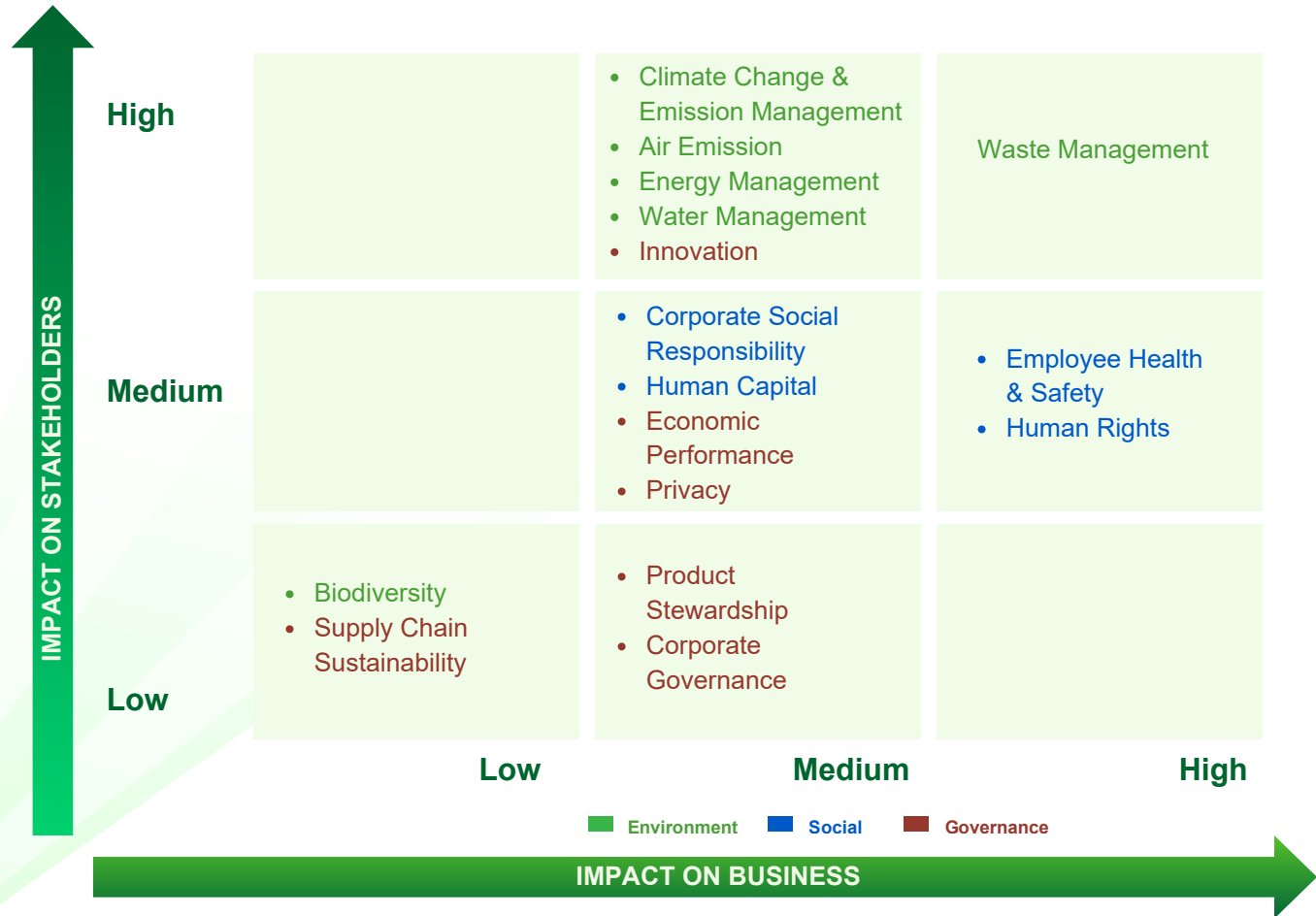


Stakeholder Engagement- Both internal and external stakeholder groups were consulted in order to understand their expectations and the relative importance of ESG topics.



Assessment and Analysis- Stakeholder feedback was analyzed alongside internal business considerations. Topics were evaluated based on their significance to stakeholders and their relevance to business performance and long-term value creation. The results were consolidated into a materiality matrix.

HEG’s Materiality Mlx



Material Topics and Relevance for HEG

The materiality assessment identified the following topics as material for HEG. The relevance below summarizes why these topics matter for the Company’s operations, risk profile, compliance needs, and stakeholder expectations.



Environmental	
Material Topic	Relevance for HEG
Climate Change and Emission Management	Relevant due to the carbon- and energy-intensive nature of graphite electrode manufacturing, exposure to evolving environmental regulations, and increasing expectations from customers and investors on emission management.
Energy Management	Effective energy management has a direct impact on cost effectiveness, operational stability, and environmental performance. Energy consumption is a major cost and operational factor in the production of graphite, especially during the graphitization process.
Water Management	Water is required for specific manufacturing purposes and for cooling processes. Qualified consumption of water, as well as proper management of wastewater, are critical to ensure that there are no potential challenges related to environmental standards and regulations.
Waste Management	Manufacturing processes generate various waste streams which must be handled and disposed of properly. Good waste management helps in cost optimization, compliance with rules, and environmental safety.
Air Emissions	Emissions of air from high temperature processes like combustion processes must be continuously monitored and controlled. Control is necessary to meet environmental standards and ensure there are no negative effects on health and the environment.
Biodiversity	The operational activities of a Company may have direct or indirect interactions with external environments. The biodiversity implications may be significant for compliance, risk management, and ensuring the Company's license to operate.

Social	
Material Topic	Relevance for HEG
Human Capital Development	The Company operates in a specialized and technologically oriented manufacturing sector. Having expert and trained manpower is an essential requirement for ensuring quality, efficiency, and reliability.
Employee/Worker Health and Safety	Graphite production entails high-temperature processing, heavy machinery, and materials handling. As a result, effective and proper safety management is critical to ensuring that accidents do not occur.
CSR	CSR applies where there may be a requirement to satisfy statutory duties and supporting social development in communities around operations, contributing to social acceptance and long-term operational stability.
Human Rights	Fair labor practices, along with dignified working conditions, are required for adherence to the prevailing labor laws. This further supports ethical behavior and helps mitigate operational and reputational risks.

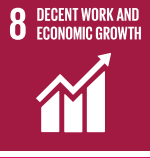
Governance	
Material Topic	Relevance for HEG
Product Stewardship	Technical performance and reliability are key for the customer's steel-making process. Responsible product stewardship builds trust, fosters relationships, and drives market competitiveness.
Supply Chain Sustainability	A sustainable and responsible supply chain is essential to ensuring continuity of operations, ethical sourcing, and regulatory compliance. Effective supplier management enhances resilience, reduces ESG risks, and supports long-term value creation for customers and stakeholders.
Corporate Governance	Strong corporate governance is fundamental to effective oversight, compliance with applicable regulations, and sound risk management, while sustaining the confidence of shareholders and other stakeholders.
Data Privacy and Cyber Security	The growing use of digital systems for operations and data management raises cyber and data security risks for the Company. Effective management of these risks is crucial for securing confidential information.
Innovation	Smarter processes and tech upgrades help boost efficiency, control costs, improve product performance, and stay aligned with shifting market and regulatory demands.
Economic performance	Continuous financial success is integral for successful investment in operations, managing risks, meeting stakeholder commitments, and ensuring business continuity.

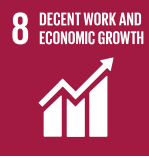
These material topics guide HEG's ESG strategy, governance focus areas, disclosures, and prioritization of initiatives, and provide a structured basis for monitoring progress over time.

Sustainability Vision and Targets

We have established specific targets for each material topic that align with the UNSDGs, addressing our key ESG concerns. This strategic approach enables effective monitoring of our progress and ensures transparency in our sustainability efforts, fostering stakeholder trust and demonstrating our commitment to global sustainable development.

ESG Pillars	Mapping with UNSDGs	Material Topic	Our Goals	Indicators to be tracked
Environmental Stewardship	 	Climate Change and Emission Management	Achieve a 25% reduction in Scope 1 and Scope 2 GHG emissions by 2030, with FY 2023-24 as the baseline year.	Scope 1 and Scope 2 emissions.
	 	Waste Management	Achieve zero waste to landfill by 2030 (FY 2023-24 baseline) through improved waste segregation, recycling, and disposal practices.	Total waste recycled / diverted from landfill.
	 	Water Management	Maintain ZLD across operations.	Percentage of wastewater recycled/reused.
		Air Emission	Maintain zero non-compliance with applicable air emissions norms.	No. of air emission non-compliances.
		Biodiversity	Continue tree plantation initiatives at and around operational locations.	Number of trees planted.
		Energy Management	Achieve 25% contribution of renewable energy in the total energy mix by 2030, with FY 2023-24 as the baseline year.	Share of renewable energy in total energy consumption.

ESG Pillars	Mapping with UNSDGs	Material Topic	Our Goals	Indicators to be tracked
Social Responsibility	     	Health and Safety	Work towards zero harm, and ensure annual EHS training for all plant personnels.	Lost Time Injury Frequency Rate (LTIFR), fatalities, major/minor injuries, number of employees trained.
		Human Capital Development	Increase training for skill development by 10% year-on-year and increase share of women employees to 10% in non-shop/non-production roles by 2028 (FY 2023-24 baseline); conduct annual employee satisfaction surveys.	Training coverage, number of women employees, survey participation.
		CSR	Comply with statutory CSR obligations and continue implementing CSR initiatives aligned with community needs.	CSR expenditure
		Human Rights	Ensure 100% coverage of human rights training for employees and workers annually.	Percentage of employees and workers trained.

ESG Pillars	Mapping with UNSDGs	Material Topic	Our Goals	Indicators to be tracked
Corporate Governance	  	Corporate Governance	Comply with SEBI requirements and ensure that at least 50% of the Board comprises Independent Directors.	Percentage of Independent Directors.
		Product Stewardship	Conduct annual customer satisfaction surveys to monitor product performance and service quality.	Customer satisfaction score.
		Supply Chain Sustainability	Assess 100% of key suppliers against defined E,S,G parameters.	Percentage of key suppliers assessed.
		Risk Management	Integrate ESG parameters into the ERM framework.	Number of ESG-related risks prioritized in ERM.
		Economic Performance	Ensure financial growth is achieved responsibly and sustainably, supporting reinvestment in operations and ESG initiatives.	Research and Development (R&D), Capex, and Opex linked to environmental and social initiatives.
		Data Privacy and Cyber Security	Maintain zero incidents of data breaches.	Number of data privacy or cyber security breaches.

Our ESG Journey and Aspirations

HEG Limited’s path towards ESG has involved a progressive and structured integration of sustainability considerations into its governance, risk management, and business operations. Over the years, the Company has strengthened its focus on its regulatory disclosure statements, improved its environmental management practices, and extended its focus on material matters pertaining to ESG topics.

ESG Journey Snapshot

Phase- FY 2022-23

Key ESG Milestones

- Transition from BRR to BRSR
- Increased use of natural gas in operations
- Disclosure of Scope 1 and Scope 2 emissions

Phase- Going Forward

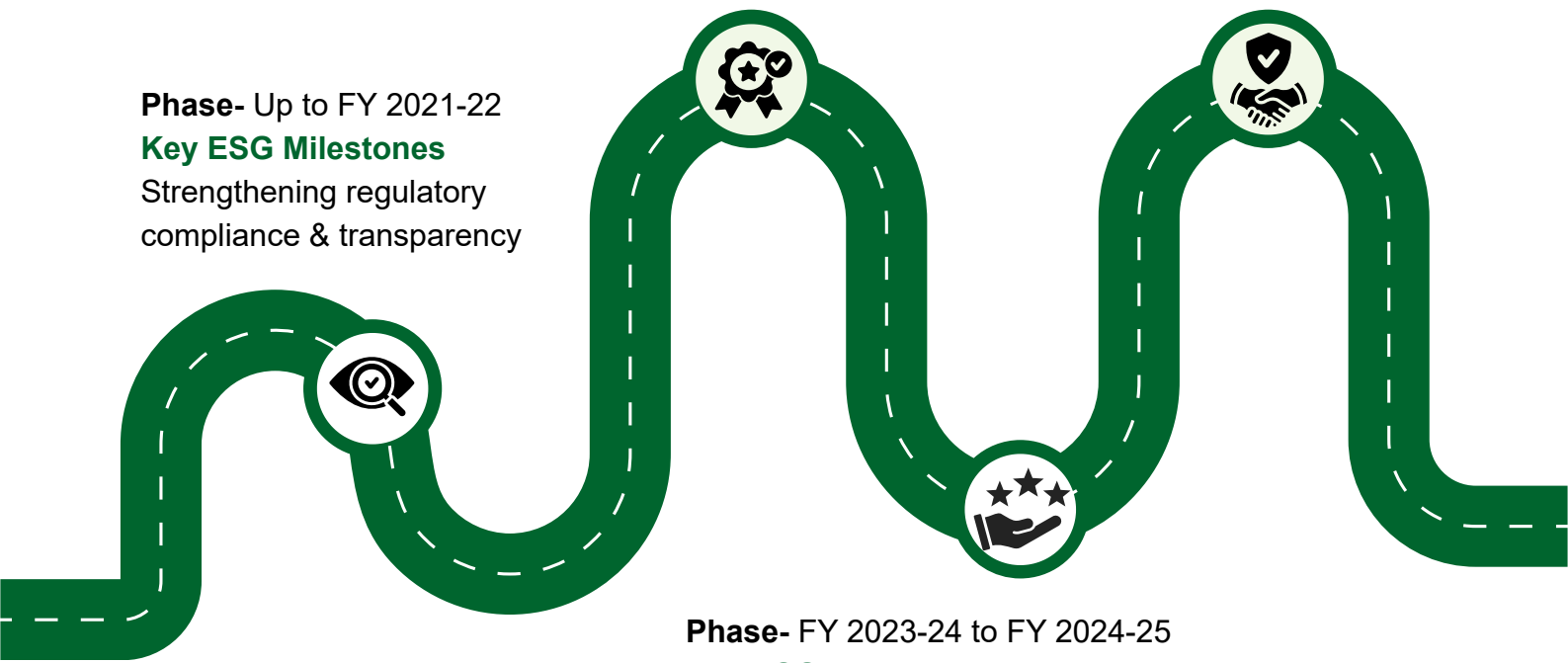
Key ESG Milestones

- Monitoring and reporting of progress against ESG targets
- Progressive enhancement of ESG data quality and disclosures
- Continued focus on environmental efficiency, workforce well-being, and governance

Phase- Up to FY 2021-22

Key ESG Milestones

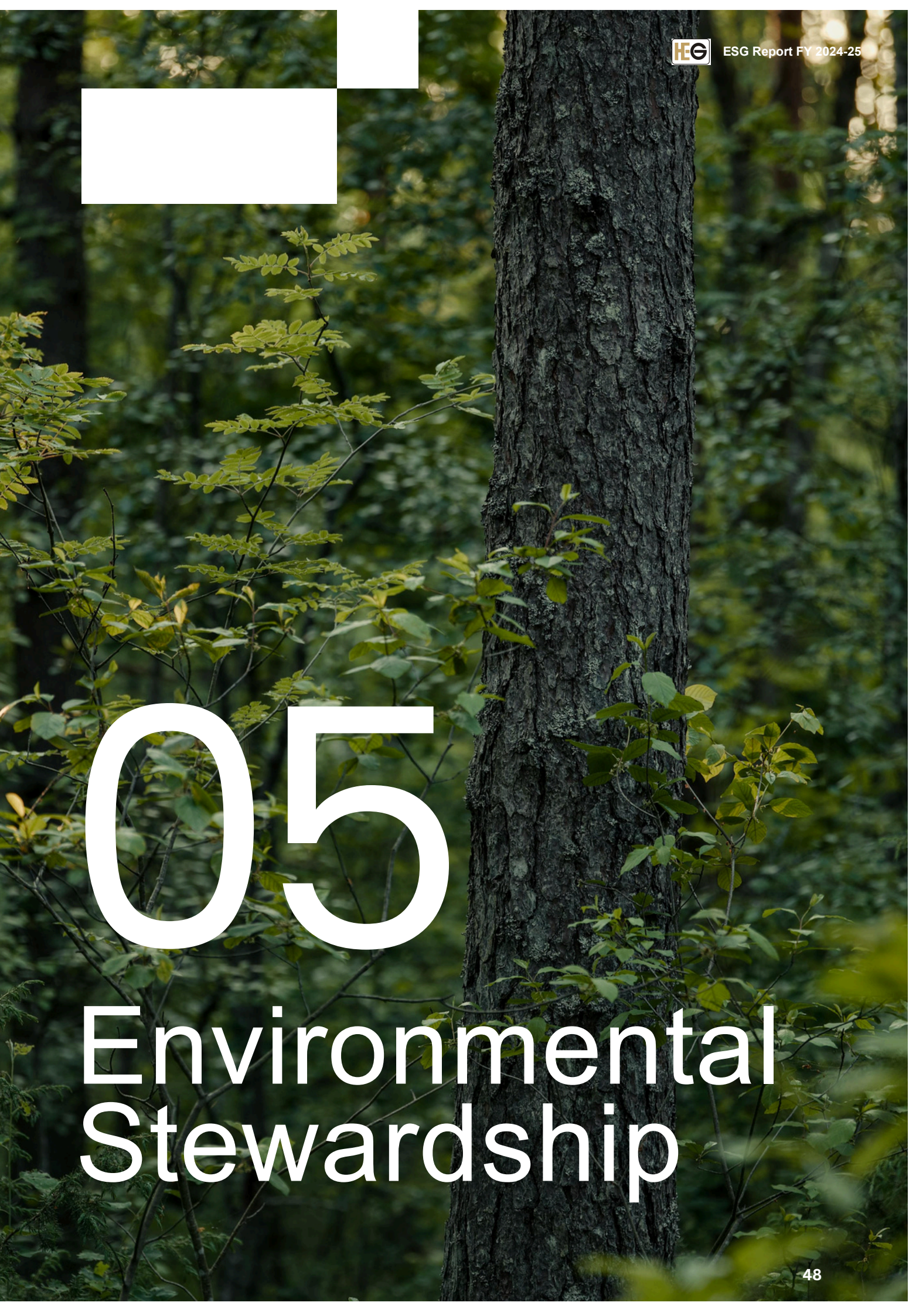
Strengthening regulatory compliance & transparency



Phase- FY 2023-24 to FY 2024-25

Key ESG Milestones

- Publication of ESG disclosures
- First formal materiality assessment completed
- Strengthened ESG governance and risk integration
- Formalization of ESG commitments, goals, and targets



05

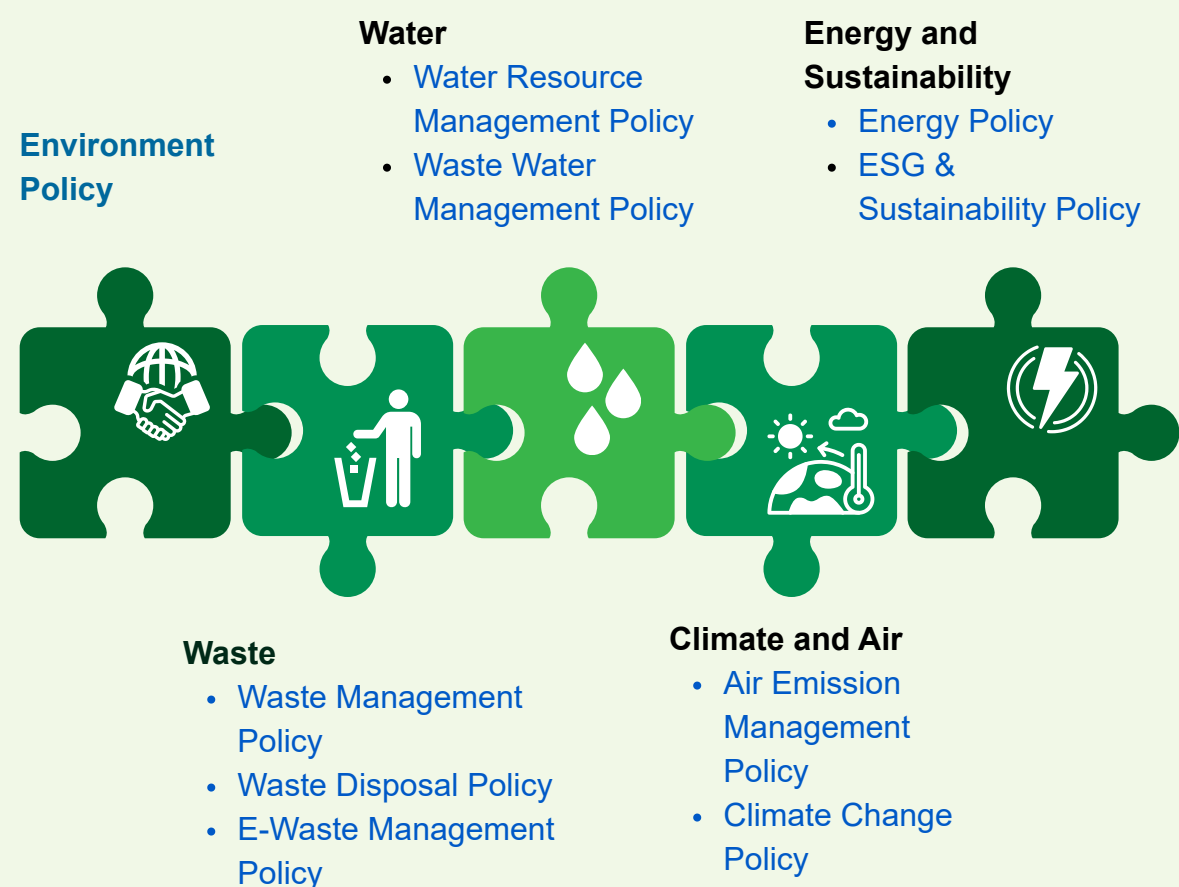
Environmental Stewardship

Environment Stewardship at HEG

HEG Limited believes that environmental management is an essential part of manufacturing activity that ensures business sustainability. As a graphite electrode manufacturer engaged in material and energy intensive processes, the Company emphasizes managing for environment through specified policies, monitoring programs, and improvement initiatives. This is done in consonance with legal requirements and best industry practices.

The Company's environmental management approach is based on a structured Environmental Management System (EMS) compatible with ISO 14001, supported by Board-level and management oversight. This framework enables systematic identification, assessment, and management of environmental risks and impacts across operations.

Environmental Policies and Governance Framework



Climate Change and GHG Emissions

HEG manages climate-related impacts through its [Climate Change Policy](#), with a focus on monitoring GHG emissions, improving energy efficiency, and supporting emission reduction initiatives.

GHG Accounting Approach

The Company prepares its annual GHG inventory in accordance with the GHG Protocol - A Corporate Accounting and Reporting Standard, covering Scope 1, Scope 2, and Scope 3 emissions, to support a comprehensive assessment of direct, indirect, and value-chain-related impacts.

GHG Emissions

Scope	Units	FY 23-24	** FY 24-25
Total Scope 1 emissions	MTCO2e	134,263 *	178,393
<i>Total Scope 1 emissions intensity in terms of physical output</i>	MTCO2e/MT	1.96	1.79
Total Scope 2 emissions	MTCO2e	266,839	306,219
<i>Total Scope 2 emissions intensity in terms of physical output</i>	MTCO2e/MT	3.89	3.07
Total Scope 3 emissions	MTCO2e	360,255	360,639
<i>Total Scope 3 emissions intensity in terms of physical output</i>	MTCO2e/MT	5.26	3.62

Boundary: Operations from Mandideep manufacturing plant and Tawa Hydro plant facility.

* Scope 1 emissions have been recalculated to include emissions resulting from packing grain loss.

** For intensity calculation, total Graphite output considered from FY 2024-2025.

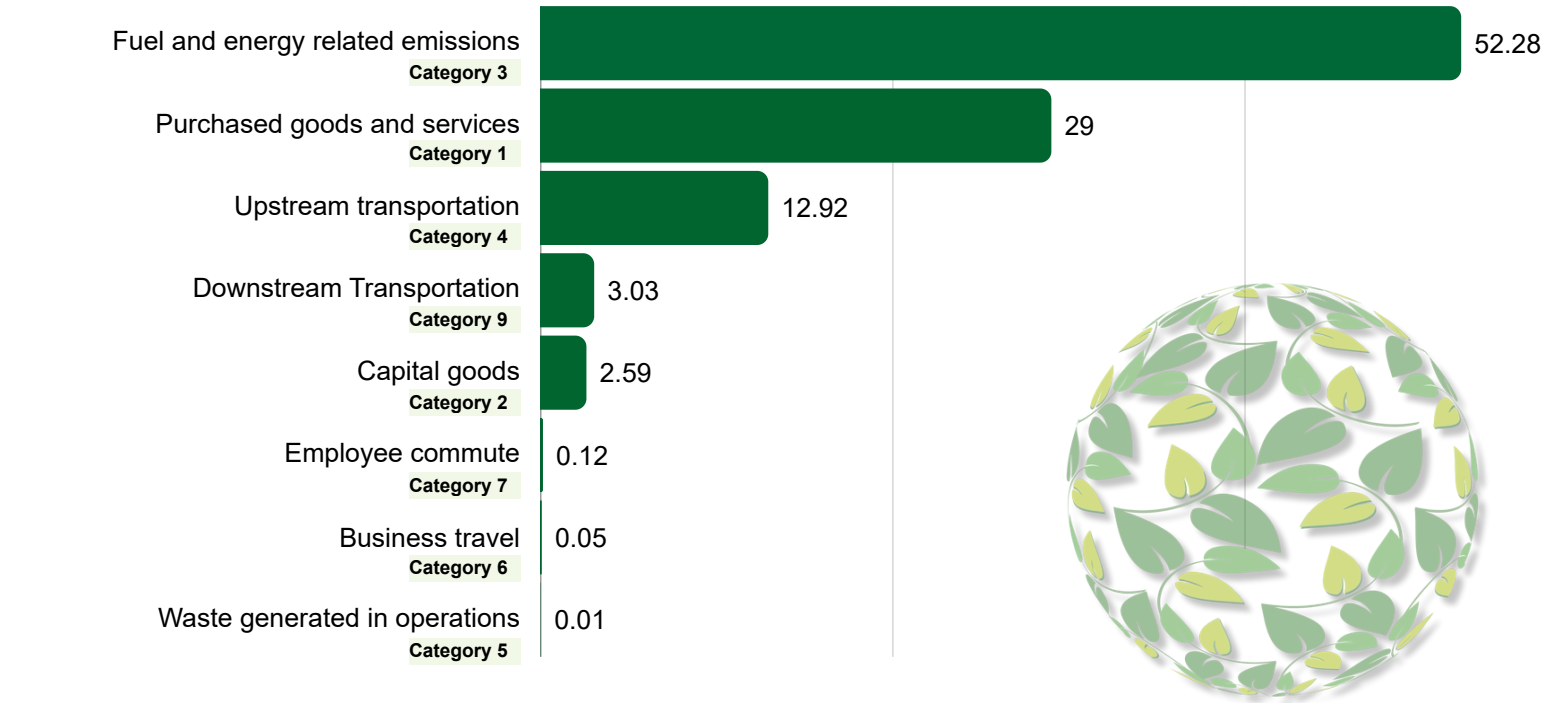
Scope 3 categories reported in FY 2024-25 (tCO2e)

Category	Scope 3	FY 2023-24	FY 2024-25
C1	Purchased goods and services	89,216	104,563
C2	Capital goods	4,775	9,332
C3	Fuel and energy related emissions	159,243	188,553
C4	Upstream transportation	102,437	46,577
C5	Waste generated in operations	50	46
C6	Business travel	112	196
C7	Employee commute	444	444
C9	Downstream transportation	3,977	10,928
	Total	360,255	360,639

Emissions Summary



Scope 3 Breakup



Air Emission Management

Air emissions are managed through the Company’s [Air Emission Management Policy](#), which defines procedures for monitoring, control, and regulatory compliance. HEG employs emission-control systems such as electrostatic precipitators, bag filters, scrubbers, and Continuous Emissions Monitoring Systems (CEMS) at applicable locations.

No instances of non-compliance with air emission standards during FY 2024-25.

Air Pollutants	UoM	FY 2023-24	FY 2024-25
Nox	MT per annum	34	51
Sox	MT per annum	113	149
Particulate matter (PM)	MT per annum	160	145

Energy Management

Energy management is a key operational focus at HEG Limited due to the energy-intensive nature of graphite manufacturing. The Company monitors energy consumption across operations, undertakes energy audits, and evaluates opportunities to improve efficiency and integrate renewable energy sources, in line with its [Energy Policy](#) and broader environmental objectives.

Energy Use by Source

Parameter	Unit	FY 2023-24	FY 2024-25
Renewable electricity consumption	GJ	14,310	14,920
Non-renewable electricity consumption	GJ	1,341,646	1,516,351
Total electricity consumption	GJ	1,355,956	1,531,271
Non-renewable fuel consumption	GJ	623,304	912,574
Total Energy Consumption	GJ	1,979,260	2,443,845
Energy intensity in terms of physical output	GJ/MT	28.9	24.5

The improvement in energy intensity during FY 2024-25 reflects operational efficiencies achieved despite an increase in overall energy consumption.

Renewable Energy Portfolio

HEG Limited owns and operates a 13.5 MW hydroelectric power plant, the generated electricity fed into the grid. Renewable Energy Certificates (RECs) associated with the power generated are available for use or trade. As at 31 March 2025, the cumulative total of 376,686 RECs were generated by the Company. Of these, 267,847 were redeemed, none were expired, and 108,839 were valid.

Moreover, HEG holds a 3 MW solar power plant. This supports the Company's efforts to diversify its energy mix. Its renewable energy portfolio will be further enhanced by the development of a new solar power plant with a 2.4MW production capacity, which is anticipated to be put into service by June 2026.

Water Management

The Water stewardship values of HEG Limited are driven by the [Company's Water Resource Management Policy and Waste Water Management Policy](#). These policies assist in the responsible use, conservation, and treatment of water. Water is primarily utilized for cooling, lubrication, and dust suppression during the manufacturing of graphite electrodes.

The Company monitors water withdrawal, consumption, and recycling of water closely to minimize reliance on freshwater while meeting operational requirements. Waste water from domestic and manufacturing activities is treated through Effluent Treatment Plants (ETPs) and Sewage Treatment Plant (STP). The treated water is reused for non-potable purposes such as gardening and other auxiliary applications, enabling operations to maintain Zero Liquid Discharge (ZLD).



Water Withdrawal, Consumption, and Discharge

Parmeter	Unit	FY 2023-24	FY 2024-25
Water Withdrawal	Kilolitres	428,531	394,428
Water Consumption	Kilolitres	428, 531	394,428
Water intensity in terms of physical output	Kilolitre / Metric tonne	6.3	4

Waste Management

HEG Limited operates under a comprehensive [Waste Management Policy](#) focused on waste minimization, segregation, recycling, and the proper disposal of waste in conformity with environmental laws. The waste is classified into hazardous, non-hazardous, e-waste, bio-medical, battery, and other applicable categories, with management aligned to statutory requirements.

Hazardous waste is managed through authorized recyclers and treatment, storage, and disposal facilities, while non-hazardous waste is encouraged for reuse and recycling wherever possible. Employee awareness and training programs promote appropriate segregation at the source and safe handling procedures throughout all operational areas. The Company engages only authorized vendors for waste transportation, recycling, and disposal. To facilitate compliance and traceability, it maintains appropriate records and documents.



Waste Generation and Management Metrics

Parameter	FY 2023-24	FY 2024-25
Total Waste generated (in metric tonnes)		
Plastic waste (A)	208.14	249.9
E-waste (B)	2.32	8.9
Bio-medical waste (C)	0.003312	0.0027
Construction and demolition waste (D)	5	-
Battery waste (E)	-	4
Radioactive Waste (F)	-	-
Other Hazardous waste (G) (Oil waste, oil drums waste, cotton waste and chemical waste)	40.44	65.1
Other Non-hazardous waste generated (H). (Garbage, paper waste, process waste, metallic scrap, electrical waste, old machinery, refractory waste, wood waste, horticulture waste)	9,160.50	4,423.40
Total (A+B+C+D+E+F+G+H)	9,416.41	4,751.30
Waste intensity in terms of physical output (Metric Tonnes/ Metric Tonnes)	0.14	0.05
Total Waste Recycled, Re-used or Other Recovery Operations (in metric tonnes)		
Category of waste	FY 2023-24	FY 2024-25
Recycled	1,332.77	2,508.30
Re-used	7,728.87	2,199.20
Other recovery operations	-	-
Total	9,061.64	4,707.50
Total Waste Disposed (in metric tonne)		
Category of waste	FY 2023-24	FY 2024-25
Incineration (Offsite)	0.0033	0.4
Landfill (Offsite)	349.76	43.2
Other disposal operations (Offsite)	5	0
Total	354.76	43.6

Capital Expenditure on Environment and Social Improvements

During FY 2024-25, we implemented capital expenditure initiatives focusing on enhancing environmental and social outcomes.

To improve workplace safety standards, the Company performed electrical safety upgrades, such as updating old electrical systems, panels, and power distribution boards. In addition, infrastructure revamping works, such as strengthening crane support columns and replacing plant sheeting were carried out with the aim of ensuring work safety at the facility.

Additionally, HEG made various investments in environmental and energy efficiency initiatives, including the installation of dust control systems, LED lighting, and oil contamination monitoring tools, contributing towards reducing emissions and consumption of energy. The modernization process for production equipment such as CNC controllers, furnaces, and old machines was done to ensure efficiency in processes, reduce downtime and minimize wastages.

The Company further implemented operational safety enhancements, including the replacement of unsafe equipment, improved ventilation systems, and mounting safety instruments to reduce workplace health risks. Technology and information systems were also modernized to support improved operational control, monitoring, and decision-making for operations.

Biodiversity and Green Cover

HEG's operations are not located in biodiversity-sensitive areas. While no formal biodiversity impact assessments have been conducted, the Company undertakes afforestation initiatives within and around its operational premises as part of its environmental stewardship efforts.

During FY 2024-25, 1,061 trees were planted as part of plantation drives aimed at improving green cover within operational locations.



06

Social Responsibility

Social Responsibility at HEG Limited

HEG Limited recognizes social responsibility as an important pillar for sustainable business and long-term value creation. The Company’s overall philosophy includes creating a safe, inclusive, and enabling work environment, strengthening the capabilities of human capital, and contributing positively to the communities in which it operates.

The Company’s social responsibility initiatives, which emphasize employee well-being, training, workplace safety, diversity, and ethical behavior, are governed by established policies, governance mechanisms, and statutory requirements. These initiatives fall in line with the overall sustainability strategy of Company and promote a culture of fairness, accountability, and respect.

Governance Framework and Policies

HEG’s social responsibility practices are underpinned by a suite of policies that articulate the Company’s commitment to ethical conduct, employee rights, workplace safety, and inclusive growth. These policies support the Company’s social responsibility and ESG practices and are applicable across all operational locations, under the oversight of the CSR and ESG Committee.

Key policies include:

- | | |
|---|---|
|  Equal Opportunity Policy |  Prevention of Sexual Harassment Policy |
|  Human Rights Policy |  Corporate Social Responsibility Policy |
|  Human Trafficking Policy |  Whistle Blower Policy |
|  Health and Safety Policy |  Ombuds Policy |

These policies support compliance with applicable laws, promote responsible workplace practices, and provide mechanisms for addressing grievances and concerns in a transparent manner.

Human Capital Development

HEG Limited considers its workforce as a key enabler of operational excellence and an integral part of its overall strategy to achieve operational efficiency and ensure long-term sustainability within its business. The Company's human capital development approach focuses on building a skilled, engaged, and motivated workforce that is aligned with evolving business requirements and industry dynamics. Through structured people management practices, HEG seeks to support employee capability development, engagement, and performance, while maintaining compliance with applicable labor laws and employment standards.

The Company's approach to human capital development is summarized below:

Focus Area	Description
Workforce Planning and Talent Management	Emphasis on the recruitment and retention of qualified staff in proportion to the business needs.
Learning and Skill Development	Sessions of training and development aimed at enhancing behavioral, functional, and technical skills.
Performance Management	Alignment of individual performance objectives with the organizational objectives through structured appraisal systems.
Employee Engagement	Motivational and participation programs to promote compliance with organizational values.
Compensation and Benefits	Fair and competitive incentive structure, and compliance with various laws concerning the workforce.
Employee Relations	Procedures to maintain legal compliance, addressing workplace grievances, and encouraging communication.
Health and Safety	Commitment to providing a safe and healthy working environment, including commitment to policies, awareness, and preventive practices. <i>Detailed disclosures on occupational health and safety are provided in the dedicated Occupational Health, Safety and Working Conditions section of this Report.</i>

This structured approach supports productivity, continuity of operations, and long-term organizational capability.

Workforce Composition

Workforce Bifurcation - Age and Gender - wise (Employees)						
	Male			Female		
Category	< 30 years	30 to 50 years	>50 Years	< 30 years	30 to 50 years	>50 Years
KMP	-	-	4	-	-	-
Leadership	-	36	18	-	-	-
Officer	12	85	5	-	5	2
Staff	82	58	27	9	5	-

Workforce Bifurcation - Age and Gender - wise (Workers)						
	Male			Female		
Category	< 30 years	30 to 50 years	>50 Years	< 30 years	30 to 50 years	>50 Years
Workers	207	426	133	-	-	-

Talent Management and Workforce Dynamics

	Below 30 years	30 to 50 years (Including 30 and 50)	More than 50 years
Employee Turnover			
FY 2023-24	64%	28%	8%
FY 2024-25	10%	7%	5%

Voluntary Turnover Rate

7% Male
15% Female



Talent Management and Workforce Dynamics (contd..)

Employees Hired	Below 30 years	30 to 50 years (Including 30 and 50)	More than 50 years
FY 2023-24	75%	25%	0%
FY 2024-25	71%	29%	0%

Internal Hiring and Hiring Cost

	FY 2023-24	FY 2024-25
Percentage of open positions filled by internal candidates (internal hires)	15%	8%
Average hiring cost/FTE Currency (INR - Indian Rupee)	2,412.80	4,772

Performance, Training and Career Development

Performance, training and career development are integral to HEG Limited's human capital management approach, supporting the Company's objective of building a capable, engaged, and future-ready workforce. The Company engages in systematic annual performance review processes for performance evaluation of employees, aligning individual goals with organizational goals and supporting professional growth.

Career development at HEG takes place through training and development initiatives, with a focus on improving technical, functional, and leadership capabilities. The Company provides learning opportunities across multiple formats, including on-the-job training, classroom-based programmes, and other skill enhancement initiatives extended across employee levels.

Based on their evaluated performance outcomes, feedback and the demands of the organization, employees are considered for skill development or upward role rotation, supporting workforce stability and succession planning.

During FY 2024-25, the average training hours per full-time equivalent (FTE) stood at 2.97 hours.

Through its training and development practices, HEG seeks to strengthen workforce capability, support operational efficiency, and enhance long-term organizational resilience.

Employees and Workers Covered by Performance and Career Development Reviews

Category	FY 2023-24		FY 2024-25	
	Male	Female	Male	Female
Employees	88%	84%	97%	90%
Workers	100%	-	99%	-



Leadership Development and Governance Training

In respect of FY 2024-25, HEG Limited conducted leadership sensitization programs for Directors and KMPs on ethics, transparency, accountability, governance, social responsibility, and environmental protection. Such initiatives continue to symbolize the Corporate Governance philosophy of the Company, which promotes strong transparency, accountability, and equitability in all business activities.

Employee Well-being and Work Culture

HEG Limited is of the strong belief that the welfare of all its employees and workers is a key part of a productive and spirited workforce. In this scenario, the approach followed at the Company remains conscious of fostering a supportive work culture among the employees and workers.

The Company provides a range of benefits, including health insurance, accident insurance, life insurance, retirement benefit, and parental benefit. Through organized wellness programs including stress management and healthy living programs, health screenings, and preventative health camps, the Company also encourages both physical and emotional well-being. Understanding the value of work-life balance, HEG provides flexible work schedules and, when practical, work-from-home choices.

Moreover, facilities such as cafeteria and gymnasium, further support employee relaxation and comfort. The Company, through such programs, seeks to create a positive working environment to enhance the level of engagement and performance of its employees.

Work Culture and Employee Engagement

At HEG Limited, working culture and employee engagement play a significant role in establishing a motivated and values-based organization with a sense of inclusiveness and motivation. Through various cultural and awareness-based initiatives, the Company seeks to instill a sense of responsibility and organizational pride among employees and workers, as outlined below.

National and Workplace Observances

76th Republic Day Celebration

HEG Limited marked the 76th Republic Day with a flag hoisting by the Executive Director, binding the employees together in a bond of comradeship and patriotism. The occasion underscored the need for individual responsibility, education, and business enterprise in the quest for excellence and growth. Employees were reminded of their national citizenship duties and obligations.



54th National Safety Day:

The Company observed National Safety Day with active employee participation, including a safety pledge, awareness sessions, and recognition of safety-themed creative contributions. The observance reaffirmed HEG's commitment to strengthening a proactive safety culture across all operations.



Session on HIV/AIDS Awareness

To encourage health education and awareness among staff members, HEG conducted an HIV/AIDS awareness workshop. In this workshop, they focused on creating a good understanding about prevention, clearing misconceptions, and encouraging informed health practices. The program supported HEG's commitment to creating a safe, inclusive, and encouraging work environment through dedicated communication and direct involvement.



Cultural, Spiritual and Family Engagement

Festive and Spiritual Celebrations:

On Durga Ashtami and Ram Navami, HEG Limited hosted group prayers and cultural events on the Company's campus. These celebrations encouraged spiritual harmony, ethnic inclusivity, and a sense of common tradition among employees.



Annual Family Sports Day:

The Annual Family Sports Day served to bring employees and their families together for recreational games, festivities, and leisure activities.

The event encourages the aspect of work-life balance, inclusivity, and stronger interpersonal connections beyond the workplace.



Marathon Run:

HEG Ltd organized the "Run for HEG" marathon on 1 January 2025 for its workforce, reflecting the Company's commitment to employee wellbeing, unity, and a healthy work-life balance. The event saw active participation from employees and fostered a strong sense of togetherness, accomplishment, and organizational pride, reinforcing HEG's focus on holistic employee development.



Recognition and Milestones

Long Service and Excellence Awards

HEG presents the Long Service and Excellence Awards to recognize the commitment and performance of its employees. By honoring dedication, loyalty, and career success, these awards foster a culture of appreciation and sustained involvement.



Thought Leadership and External Engagements

HEG Limited regularly engages in external forums to contribute to discussions on innovation, sustainability, and industrial development. Such participation enables the Company to be in tune with emerging trends in both policy and market dynamics, while also contributing industry insights into the graphite and advanced materials space.

Key engagements undertaken during the year are outlined below.

Global Investors Summit 2025:

The Company attended Global Investors Summit 2025, which is an event organized by the State Government of Madhya Pradesh, and was held in Bhopal, Madhya Pradesh on the 24-25 February 2025. The Summit was an opportunity to bring along policymakers, global investors, and world business leaders to examine and discuss investment opportunities and developmental aspects in the growing business fields.



AAIM Industrial EXPO 2025

HEG Limited actively participated in the prestigious Association of all Industries Mandideep (AAIM) Industrial Expo 2025, which brought together leading industrial players, innovators and professionals, providing an excellent platform for networking, collaboration and the showcasing of cutting-edge solutions. At the exhibition booth, the Company presented its latest developments, demonstrating its commitment towards excellence and innovation. The HEG team also discussed emerging trends and technological development with industry experts and its stakeholders.

Singularity Summit 2025

The Singularity Summit 2025, held in April 2025, presented an opportunity for extensive discussions on the landscape of growth equity investment in India, which entails keynote speeches and dialogues with key industry players and decision-makers defining the future state of the industry.



During the Summit, HEG Limited's Vice Chairman, Mr. Riju Jhunjhunwala, presented on the evolving battery ecosystem and the Company's role in supporting India's energy storage needs. The presentation highlighted HEG's plans to establish a 20,000-ton-per-year graphite anode facility in Madhya Pradesh and explore possible collaborations in Germany and Sri Lanka, in line with the growing demand for energy storage solutions in India, projected at 130-150 GW by 2030.

CSR and Employee Connect – Meet and Greet

As part of its commitment to enhancing employee engagement and awareness on social responsibility, HEG Limited conducted a CSR and Employee Connect - Meet and Greet activity during the FY 2024-25.

During the year, the Company organized an interaction with Mr. Mayank Gandhi, Founder and Managing Trustee of Global Vikas Trust (GVT), a key CSR partner. He presented a session on sustainable agriculture and rural development, enabling employees to interact with the CSR partners and learn more about the community development programs undertaken by the Company.



Building a Connected Workplace

With the above initiatives, HEG Limited is managing to improve the workplace culture, engage the employees, and develop an inclusive workplace with respect, safety, and shared values. These initiatives not only benefit the employees but also the organizational performance.

Diversity, Equity and Inclusion

HEG Limited views Diversity, Equity, and Inclusion (DE&I) as a crucial part of good people management practices because it understands the value of creating a just, respectful, and inclusive workplace. The Company’s strategy aims at offering equal opportunities, upholding dignity at work, and ensuring all employees are treated with equity.

Employment at HEG is determined by qualifications and merit. Race, color, age, gender, religion, ethnicity, disability, sexual orientation, and any other protected trait are not grounds for discrimination by the Company. These principles do, in fact, constitute part of the organization’s [Code of Conduct](#), [Equal Opportunity Policy](#), [Human Rights Policy](#), and [Human Trafficking Policy](#), which serve as guidelines for operations at all levels.

Recognizing the traditionally low representation of women in the graphite electrode manufacturing sector, HEG remains focused on strengthening inclusive workplace practices. The Company maintains a zero-tolerance policy regarding discrimination and harassment. The [Ombuds Policy](#) and [Whistle Blower Policy](#) provides an avenue through which the staff and the key stakeholders can voice out their concerns about the possible occurrence of discrimination. All complaints are addressed through appropriate procedures in place with applicable legal requirements.

There were no complaints of sexual harassment and discrimination during the FY 2024-25.

Pay Equity and Remuneration by Gender

HEG Limited monitors remuneration practices across employee categories to promote fairness and equity. Average remuneration by gender and employee category for FY 2024-25 is summarised below.



Employee Level	Average Women Salary	Average Men Salary
Executive level (base salary only)	-	205,598
Executive level (base salary + other cash incentives)	-	205,598
Management level (base salary only)	-	88,374
Management level (base salary + other cash incentives)	-	88,374
Non-management level (base salary only)	30,294	36,592

Inclusive Workplace Benefits - Maternity Support

HEG Limited offers maternity benefits according to Maternity Benefits Act, 1961. All eligible female workers have the right to maternity leave, health services, as well as their job security during maternity leave from work. This is to ensure equality among genders, as the Company promotes gender equality by offering services to women during maternity leave.

During FY 2024-25, none of the female employees made use of maternity leaves.

International Women's Day Observance

HEG Limited continued to observe International Women's Day in FY 2024-2025 as part of its ongoing initiatives to promote awareness, inclusivity, and respect in the workplace. The event was commemorated by recognizing the efforts made by female employees and their contribution to improving organizational performance and culture. The celebration provided an opportunity to reaffirm the Company's dedication to equal opportunity, gender inclusiveness, and a professional workplace in line with its DE&I values.



Industrial Relations and Collective Bargaining

HEG Limited accepts the fact that constructive dialogue and cooperation are essential for maintaining good industrial relations. The Company follows collective bargaining processes as provided under various labor laws, which aim at the resolution of employment-related issues through mutual negotiations in a well-defined, fair, and transparent manner.

Collective bargaining is applicable at HEG only at the level of workers and involves negotiation of employment terms and conditions between workers and management. The trade unions are formed to represent the workers, thereby provide a formal mechanism for engagement, voicing grievances, and dialogue on workplace rules and procedures.

This structured approach to collective bargaining with supports workforce stability, enhances trust between management and the workforce, and contributes to a positive working environment.

Occupational Health, Safety and Working Conditions

At HEG Limited, a high degree of importance is given to ensuring that its employees and workers are healthy, safe, and sound. The Company complies with the relevant provisions of the Factories Act, 1948 and has a system and procedure in place to promote safe working practices. HEG has a system established for its Occupational Health and Safety Management System according to the guidelines of ISO 45001:2018. This helps to address risks and prevent incidents. It therefore leads to continuous improvement in the health and safety aspect.

HEG's health and safety practices include risk identification, following safety procedures, and risk awareness among personnel. Training is a critical part of the safety management strategy of the Company. Its purpose is to reinforce knowledge of safety at work procedures.



Health and Safety Training

Training programmes related to health and safety and skill upgradation are extended to both employees and workers in line with operational requirements. During FY 2024-25, the Company conducted occupational health and safety training programmes with the objective of embedding education within its safety culture. These sessions helped create awareness among employees about occupational health and safety risks by sharing relevant information and skills related to potential workplace hazards. Through these initiatives, the Company demonstrates its commitment to strengthening a positive safety culture and enhancing the security and welfare of its workforce through continuous learning.

Employees - Training Coverage

Training Category	FY 2023-24		FY 2024-25	
	Male (%)	Female (%)	Male (%)	Female (%)
Health and safety measures	84%	79%	58%	29%
Skill upgradation	64%	21%	70%	62%

Workers - Training Coverage

Training Category	FY 2023-24		FY 2024-25	
	Male (%)	Female (%)	Male (%)	Female (%)
Health and safety measures	70%	-	80%	-
Skill upgradation	33%	-	55%	-

The Company has set a target to achieve 100% health and safety training coverage for both employees and workers, in line with its safety objectives.



Safety Performance

Key metrics such as recordable injuries, fatalities, and LTIFR are used by HEG to track workplace safety performance. Safety performance for FY 2023-24 and FY 2024-25 is summarized below:

Safety Incident	Category*	FY 2023-24	FY 2024-25
LTIFR (per one million-person bours worked)	Employees	0	0.584
	Workers	0.207**	0.246
Total recordable work-related injuries	Employees	0	1
	Workers	1	1
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

* Including the contract workforce.
** The previous year’s figure for LTIFR for workers has been rectified and recalculated.

Safety Systems and Controls



First Aid Training Program

HEG puts a strong emphasis on emergency preparation in the context of its occupational health and safety initiatives. The Company, in FY 2024-25, organized first aid training sessions for the associated personnel to make them aware of basic skills to respond in the event of a medical emergency pertaining to the workspace.





Safety Policy

The policy explains the management framework to be followed for managing occupational health and safety risks, outlines objectives for continual improvement, and makes known the responsibilities of employees and workers in respect of maintaining safety standards.

The [Safety Policy](#) is communicated throughout the organization and is available to the workforce, enabling them to gain better understanding and application of the stated safety practices.

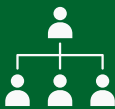




Hazard Identification and Risk Assessment

HEG adheres to a formalized HIRA process through internal Standard Operating Procedures. The process is incorporated for both routine and non-routine activities regarding identifying workplace hazards and risk assessment.

Appropriate control measures, based on the outcome of HIRA, are implemented to reduce risks and improve workplace safety. This structured approach provides proactive risk management and helps avoid occupational incidents.



Hierarchy of Controls

The hierarchy of controls forms part of the Company’s overall safety management system for managing occupational hazards. It prioritizes hazard elimination where possible, followed by substitution, engineering controls, administrative controls, and, as the final line of defense, the use of Personal Protective Equipment (PPE).

This structured approach is applied to implement effective risk reduction measures across operations.

Safety Committees



Safety governance within HEG is facilitated by Safety Committees formed at various levels within the organization. Safety Committees involve representatives of various organizational functions. They are relevant when it comes to reviewing safety performance, implementing safety systems, as well as improving communications relating to safety matters.

At the shop floor level, the Shop Safety Committees deal with issues related to safety, as well as with matters related to operations. At the plant level, a Plant Safety Committee is responsible for the overall safety governance, as well as the development of a pro-active safety culture.



Periodic Safety Audits and Inspections



HEG carries out safety audits and inspections of its facilities to assess compliance with safety procedures and identify room for improvement. This serves to verify whether or not the safety mechanisms work and whether there is observance of the safety guidelines.

The results of audit and inspection observations are employed to pursue remediation measures to improve the conduct of safe practices.

Emergency Preparedness and Mock Drills



To improve the level of emergency preparedness, the Company carries out mock drills for fires and other emergencies. This is done with the intention of testing the emergency response system of the Company.

Mock drills help employees and workers become more familiar with evacuation procedures, allocation of duties during emergencies, and procedures to be adopted during emergencies.

During FY 2024-25, HEG conducted a Disaster Preparedness Mock Drill as part of its safety preparedness initiatives, reinforcing emergency response awareness across operational areas.



Incident Reporting and Investigation



HEG has established systematic procedures pertaining to investigating work-related injuries and incidents/near misses:

Incident Reporting and Investigation System (IRIS):

This system covers the reporting and investigation of near misses, unsafe conditions, and incidents. It supports the analysis of root causes and the tracking of corrective and preventive actions to closure.

Accident Reporting and Investigation System (ARIS):

This system deals specifically with workplace accidents, ensuring systematic reporting, investigation, determination of the causes, and validation of corrective measures before case closure.

These systems help prevent the recurrence of incidents and support continuous improvement in safety performance.

Commitment to Continuous Improvement

HEG aims at ensuring minimal occupational health and safety risks and providing a safe working environment for employees. This is done through health and safety management systems and monitoring of health and safety performance. The Company continues to enhance its safety procedures in line with operating requirements and regulations.

Assessment of Offices and Plants

All HEG operation sites, whether manufacturing or office-based, are periodically reviewed against a set of criteria including occupational health and safety, working conditions, and human rights and labor standards. This is carried out using Occupational Health and Safety Management Systems that are certified under ISO 45001 guidelines - Internal Audits, Legal Site Audits, and Compliance Checks. The Company ensures that all operation sites are fully covered under such review systems.



Human Rights

HEG remains committed to upholding respect for and protection of human rights within its operations and business relationships. The approach to human rights within the Company is fostered through policy and governance frameworks, embracing principles of fair treatment, dignity, and respect for all individuals associated with operations.

Human rights considerations are incorporated into people management processes, including employee onboarding due diligence such as verification of age, identity, and employment eligibility, to prevent the risk of child labor or forced labor.

Cases on Sexual harassment are addressed in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, and the Company's POSH Policy.

Awareness and compliance are ensured through training and communication programs held from time to time on human rights issues and code of conduct. It is a requirement that all employees and contract staff, including security staff, adhere to the Code of Conduct and human rights requirements.

Human Rights Training

94% of permanent employees **35%** of permanent workers

received training on human rights-related topics during the reporting period, promoting awareness, compliance, and ethical employment practices throughout the Company.

TRAINING

In addition, 100% of security personnel received human rights training in FY 2024-25.

Human Rights Risk Management and Outcomes

In the FY 2024-25, HEG continued to identify, monitor, and mitigate the human rights risk associated with its operations which, was mitigated by the Company by taking corrective measures to close the risk systematically. The Company also continued to take preventive measures to mitigate the human rights risk associated with operations as well as the supply chain by providing awareness, capacity development programs, enhancement of safeguards, or modifying processes, as may be necessary.

During FY 2024-25, no cases of human rights violations were reported.

Grievance Redressal

HEG Limited has an effective grievance redressal system in place for ensuring that the concerns expressed by the employees, workers, and other stakeholder groups are addressed in an appropriate and unbiased manner, fostering trust and ethical conduct.

This mechanism is supported by the policies, including the [Code of Conduct](#), [Prevention of Sexual Harassment Policy](#), [Whistleblower Policy](#), [Equal Opportunity Policy](#), and the [Ombuds Policy](#). These policies outline the standards for behavior and parameters for submitting concerns.

At the workers' level, grievances are addressed through the union representation and structured engagement forums such as shop-floor meetings with management. Confidential reporting is enabled through grievance registers and boxes, while the Whistle Blower and Ombuds mechanisms allow concerns to be raised without fear of retaliation, supported by confidentiality and non-retaliation safeguards.

No employee or worker complaints regarding occupational health and safety, working conditions, or human rights issues were received during FY 2024-2025.

Community Engagement and CSR

The foundation of HEG Limited's community development is its belief that long-term business viability and the communities it serves are closely associated. The Company seeks to generate shared value by addressing societal needs and promoting inclusive and sustainable development through its CSR programs.



The Company’s CSR strategy focuses on healthcare, quality education, and livelihood development, besides aligning its interventions with local priorities and national development objectives. CSR initiatives are implemented through committed teams at both corporate and local levels, supported by engagement with community stakeholders and implementing partners. Need-based assessments are undertaken prior to implementing programmes in identified locations and interventions reviewed periodically at selected locations to maintain relevance and effectiveness.

During FY 2024-25, HEG undertook several CSR initiatives aimed at improving access to nutrition, education, livelihood, health, and social welfare. The Company’s CSR expenditure and outreach during the reporting period is summarized as under:

CSR Overview

Particulars	FY 2024-25
Total no. of CSR Initiatives	6
CSR Obligation (INR)	92,980,275
Total no. of people benefited through CSR	~78,000

Key CSR Initiatives

Nutrition and Education Support – Akshaya Patra Foundation

HEG Limited maintains its association with the Akshaya Patra Foundation and continues to support its shared vision for a world free from classroom hunger and empowering a brighter future for next generation through nutrition and education.

The Akshaya Patra kitchen supported by HEG in Bhopal and Raisen districts provides meals to around 50,000 students across 900 government schools and has served approximately 1.7 crore meals since its establishment. Akshaya Patra currently feeds 22 lakh children in over 24,000 schools, and in April 2024 achieved a milestone of 400 crore cumulative meals served, a feat recognized internationally, including at the United Nations Headquarters in New York.



Livelihood Development and Rural Transformation – Global Vikas Trust

HEG is appreciative of its partnership with GVT, a non-profit organization that is doing its part to improve the lives of farmers. Through its initiatives, GVT has supported around 30,000 farmers in India by enabling a shift towards fruits-based horticulture through the provision of affordable premium quality saplings, contributing to more sustainable and progressive farming practices.

Together with GVT, HEG is working for inclusive rural development, environmental conservation, and the establishment of resilient and self-reliant agrarian communities.



Promoting Access to Quality Education

HEG supports education across multiple levels, recognizing its role in long-term social empowerment.

Ashoka University:

HEG provides support to Ashoka University, India’s liberal arts and sciences institution, which offers scholarships to meritorious students from economically weaker backgrounds. This initiative reflects the Company’s commitment to widening access to high-quality higher education.



Graphite Higher Secondary School:

Since mid - 1970s, HEG Limited has promoted access to high-quality education in the Mandideep region. There was no formal education facility when the Company's plant began operations, it inaugurated the Graphite Higher Secondary School. It has grown over time to become one of the most important educational institutions in this area.



In response to the community's increasing needs, HEG has invested more than ₹22 crores to establish a new campus for the school, which opened its doors in 2023, and has expanded the current capacity from 1,300 to 2,500 students.

During FY 2024-2025, it saw outstanding academic achievements in Class 10 and Class 12 board exams.

Cultural Heritage Conservation – Sabhyata Foundation

HEG has collaborated with the Sabhyata Foundation for the purpose of conserving and restoring iconic sites like the Bhimbetka caves, Red Fort, Humayun's Tomb, Safdarjung Tomb, Purana Qila, Mehrauli Archaeological Park, and the Gandikota Fort. This is in a bid to preserve the Indian cultural heritage.

In order to keep the culture and history of the Indian community alive, the project works to promote participation, reinforce conservation strategies, and protect such sites for future generations.

Commitment Going Forward

With the help of its CSR activities, HEG remains committed to addressing the needs of the community in a proper and responsible manner. The Company is always focused on improving its community outreach initiatives and making a positive impact in the social development of the regions it caters to.

Planting the Seeds for the New Horizon

Sustainability remains a vital factor in HEG Limited's plans going forward, allowing for the generation of long-term, sustainable wealth. A major accomplishment during FY 2024-2025 was formalization of the Company's ESG plan, which was aided by critical strategies, enhanced governance frameworks, and greater responsibility. Moving forward, the emphasis will be on converting these promises into dependable and measurable performance outcomes throughout the value chain and operations.

Social Welfare – Apna Ghar Ashram

The non-profit Apna Ghar Ashram was founded in 2000 and is supported by HEG Limited. This organization's primary goal is to provide food, shelter, medical treatment, and rehabilitative programs to the impoverished and homeless. It operates across various states, providing respectful services to the targeted groups.



With the help of HEG, a committed Apna Ghar center was opened in Bhopal in the year 2019, catering to the needs of the initial 50 beneficiaries, called Prabhujans. This center later expanded to hold a total of 125 Prabhujans after the shift to a larger space.

During the last five years, HEG has been involved in the care and rehabilitation of around 550 Prabhujans, of which 150 have been reunited with their families. The project plays a significant role in social welfare in terms of reviving dignity and facilitating reintegration into society.

Environmental Protection and Climate Action



On the environmental front, HEG will also accord the highest priority to measures that lead to fulfilment of climate commitment and resource efficiency. This includes moving towards attaining the stipulated reduction of 25% in Scope 1 and Scope 2 GHG emissions and 25% increase in renewable energy usage by FY 2030. Such initiatives would be made possible through the harnessing of opportunities within operational efficiencies, the utilization of renewable energy, as well as the ongoing optimization of energy-intensive processes. Other initiatives which would continue to form the central focus of the Company's approach to the environment would include further solar power generation expansion, the optimization of water usage, further advancements within waste management practices, as well as the constant observation of air emissions.



Climate Transition Strategy and Scenario Perspective

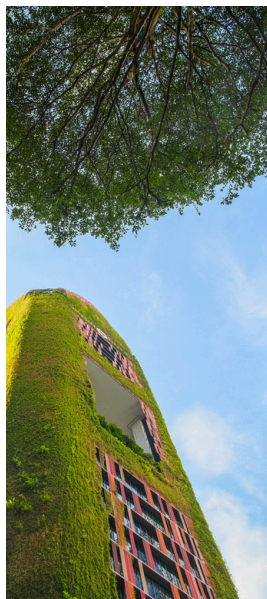
Based on its commitment to addressing climate change, HEG plans to outline its climate transition pathway on key levels of decarbonization with specified actions to be achieved. This pathway will be based on improving the efficiency of energy use, exploring the potential of renewable energy, and examining new low-carbon technologies available for graphite electrode production.

Going forward, HEG intends to enhance its climate risk assessment through a scenario-based perspective, enabling evaluation of potential impacts arising from regulatory developments, energy market dynamics, and evolving customer requirements, including opportunities associated with the global transition towards Electric Arc Furnace-based steelmaking.



Social Responsibility and Human Capital Building

From a social perspective, HEG will continue to focus on strengthening occupational health and safety, workforce capability, and employee welfare, with the objective of maintaining a safe and supportive workplace. Systematic employee engagement initiatives, human capital development programmes, and talent retention efforts will remain areas of emphasis, aligned with evolving stakeholder expectations and regulatory requirements.



Governance, Risk Management, and Accountability

Strong governance will remain integral to the sustainability journey of HEG. The CSR and ESG Committee, established at the board level, together with its support structure of management-level and operational-level ESG, will continue to offer guidance. The ERM framework will be further strengthened with an integration of ESG-related risks and opportunities.

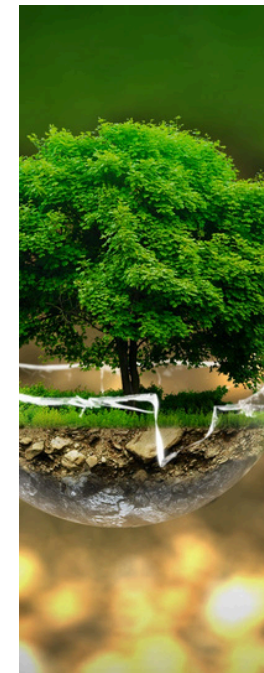
HEG, in its governance development process, plans to gradually enhance the accountability of the leadership regarding the sustainability outcomes, including the assessment of specific sustainability factors in the context of the top management's performance criteria when appropriate.



Alignment with Global Sustainability Disclosure Standards

Going forward, HEG Limited identifies the increasing relevance of international sustainability disclosure reporting for the investment and capital markets. The Company also has the intent to increasingly align with the Principles of the IFRS Sustainability Disclosure Standards, including the IFRS S1 and the IFRS S2, in the matter of disclosures on Governance, Strategy, Risk Management, and Sustainability Performance.

These will be implemented in a phased and pragmatic manner, keeping in mind the regulatory environments in India, readiness of in-house systems, and best practices.



ESG Data Governance, Assurance, and Transparency

The Company is committed to improving the quality, consistency, and reliability of ESG data made public through its sustainability reports. In the future, the Company seeks to further formalize the ESG data governance practices regarding ownership, internal controls, and validation processes.

In keeping with emerging regulatory requirements and demands from stakeholders, HEG is gearing up towards improving the credibility of its disclosures on ESG issues, including its preparedness for third-party validation of its select ESG disclosures in the coming period. The Company will be implementing an orderly and planned process towards improving systems and processes for ESG issues from the perspective of improving transparency and stakeholder confidence.



Commitment to Continuous Improvement

HEG understands that sustainability is a continuous process that is dictated by changing market dynamics, technology, and demands of stakeholders. The Company is committed to improving disclosure, measuring performance using measurable KPIs, and increasing engagement with stakeholders.

Through the integration of sustainability into strategy, operations, and the organization's culture, HEG aspires to make its contribution to the change towards more responsible industrial practices.

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