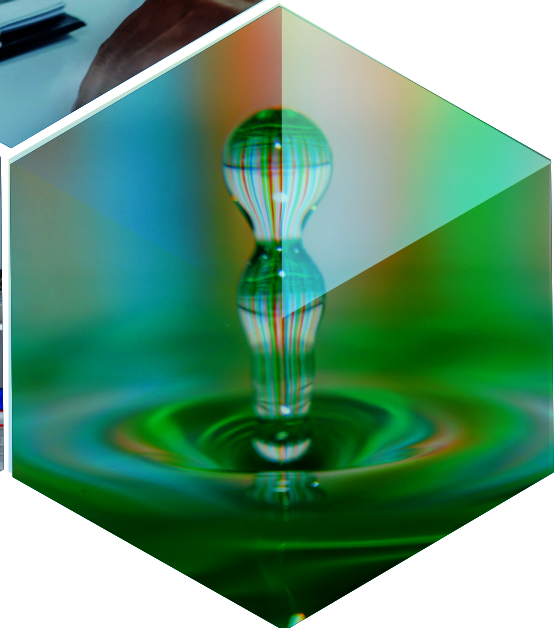
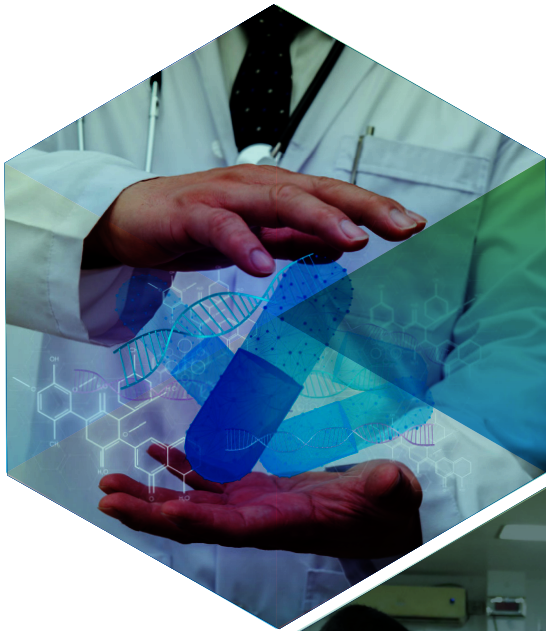




VASUDHA PHARMA CHEM LIMITED

Contributing to affordable health care...



Contributing to Affordable Health Care with Sustainability

SUSTAINABILITY
REPORT 2024

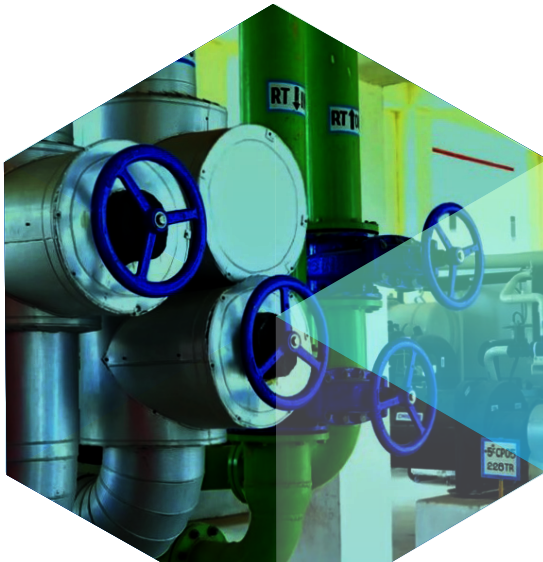




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About Our Company

Organizational Details

We are proud to present the inaugural edition of our Sustainability Report, aligning with our vision and commitment to becoming a leading player in global pharmaceutical solutions for a healthier world. This report provides an overview of our sustainability performance during FY 2023–24 (April 2023 to March 2024), outlining our goals, commitments, and progress against key performance indicators (KPIs) for our material sustainability issues.

Report Overview

This FY 2023–24 Sustainability Report has been prepared with reference to the Global Reporting Initiative (GRI) framework. Through this report, we aim to provide our stakeholders with a transparent view of our Environmental, Social, and Governance (ESG) performance, including key metrics, targets, and their impact. It highlights our contributions to the healthcare industry and our commitment to social and environmental well-being.

Reporting Boundaries and Scope

This report covers the ESG performance of **Vasudha Pharma Chem Limited (VPCL)** across its five manufacturing facilities and one R&D center. The financial performance is presented at a consolidated level.

VPCL is committed to fostering a sustainable future, and this report aligns with reference to the Global Reporting Initiative (GRI) standards, providing an overview of our sustainability initiatives and achievements. It encompasses VPCL's operations, integrating both financial and non-financial performance for the fiscal year 2023 – 24 (April 1, 2023, to March 31, 2024). The reporting scope includes all major business areas, including Research & Development (R&D) campuses and manufacturing facilities which are located in India.

Key Business Areas

Manufacturing Facilities:

Unit I: Hyderabad, Telangana
Unit II: Parawada, Anakapalli, Andhra Pradesh
Unit III: Parawada, Anakapalli, Andhra Pradesh
Unit IV: Parawada, Anakapalli, Andhra Pradesh
Unit V: Atchutapuram, Anakapalli, Andhra Pradesh

Research & Development Campus:

Parawada, Anakapalli, Andhra Pradesh

Reporting period, Frequency

The reporting period for this sustainability report is fiscal year FY 2023–24, spanning from April 1, 2023, to March 31, 2024 aligning with our financial reporting, with annual reporting frequency.

For any queries related to this report or the disclosed information, please contact:

Contact

Dr. R. Visalakshmi Devi

Head – Environment & Sustainability

Email: hes@vasudhapharma.com

We value open communication and encourage feedback from our stakeholders. If you have any questions, comments, or suggestions regarding this report, please feel free to reach out to us.





Sri M. V. Rama Raju
CMD, VPCL

A MESSAGE FROM OUR CMD

At VPCL, our commitment to sustainability is integral to our vision to deliver world-class pharmaceutical solutions while fostering a healthier planet and society. As we continue to navigate the complexities of the global healthcare landscape, we remain steadfast in our belief that sustainable practices not only enhance our business resilience but also contribute positively to the well-being of future generations.

Our commitment to Environmental, Social, and Governance (ESG) goals is driven by our desire to create long-term value for all our stakeholders. Throughout FY 2023-24, we have made significant progress in reducing our carbon footprint, promoting responsible sourcing, and prioritizing employee health and safety. We are proud to report measurable progress, including reduced energy consumption, lower waste generation, strengthened regulatory compliance, etc., all while maintaining the highest ethical business standards.



We remain committed to setting ambitious targets, addressing key ESG challenges, and enhancing our reporting transparency. With the dedication of our team, the support of our partners, and the trust of our stakeholders, we will continue to build a sustainable future that reflects our core values of integrity, responsibility, and innovation.”

In alignment with the Global Reporting Initiative (GRI) Standards, we continue to prioritize investments in clean energy, water stewardship, and community engagement. Our sustainability strategy is built on transparency, collaboration, and innovation—enabling us to contribute meaningfully to global environmental efforts and drive positive social change.

Looking ahead, we recognize that the road to sustainability is continuous. We remain committed to setting ambitious targets, addressing key

ESG challenges, and enhancing our reporting transparency. With the dedication of our team, the support of our partners, and the trust of our stakeholders, we will continue to build a sustainable future that reflects our core values of integrity, responsibility, and innovation.

Thank you for your trust and continued support.

Sincerely,
Sri M. V. Rama Raju
Chairman & Managing Director, VPCL



DISCOVERING OUR IDENTITY: THE VISION BEHIND VPCL

At VPCL, sustainability is at the core of our operations, emphasizing our commitment to environmental stewardship, economic growth, and social responsibility. As a leader in the manufacturing of Active Pharmaceutical Ingredients (APIs) and Intermediates, we prioritize the development of cost-effective and environmentally sustainable processes that meet the highest industry standard.

With five manufacturing facilities audited by international regulatory authorities, VPCL adheres to global environmental and quality compliance standards, including WHO GMP, USFDA, MFDS, COFEPRIS (Mexican MOH), KFDA and EDQM. Our commitment to regulatory excellence continues as CFDA compliance is underway across Units 1, 2, and 3. We have also successfully

- 01 Renewed ANVISA certification
- 02 Obtained a PMDA certificate
- 03 Renewed EU written confirmation for APIs
- 04 Received a Drug License from DCA, India



Commitment to Sustainable Manufacturing

VPCL is ISO 14001:2015 and ISO 45001:2018 certified, ensuring adherence to the highest environmental, health, and safety standards across our operations. Our dedicated R&D facility, established in 2017, focuses on developing sustainable pharmaceutical solutions

and minimizing the environmental impact of API manufacturing.

VPCL recognizes the importance of reducing its environmental footprint by focusing on:



As part of our forward-thinking approach, we continuously upgrade our facilities to cGMP standards and implement green chemistry principles, such as:

- 01 Less hazardous chemical syntheses
- 02 Safer solvents and auxiliaries
- 03 Designing for energy efficiency
- 04 Inherently safer chemistry for accident prevention

A Responsible Global Partner

Beyond operational sustainability, VPCL fosters a culture of corporate responsibility, ensuring the timely delivery of high-quality pharmaceutical products while maintaining competitive pricing. Our operations

not only support local economies but also contribute to global healthcare by providing affordable and accessible pharmaceutical products to multinational corporations and emerging markets alike.

VPCL's Core Priorities

- 01 Environment, Health & Wellness, and Safety – For a safe and sustainable workplace.
- 02 Quality – Upholding excellence through stringent standards and continuous improvement.
- 03 Quantity – Maintaining efficiency and productivity in operations.
- 04 Sustainability – Integrating eco-friendly practices for lasting environmental and social benefits.

RECENT ESG HIGHLIGHTS

At VPCL, our commitment to ESG principles is reflected in our continuous efforts to enhance sustainability, workplace safety, and operational excellence. Here are some of our key recent achievements:

Certifications & Recognitions



ISO 14001:2015 Certification
for Environmental Management – Awarded to VPCL Units I, II, III, and V.



ISO 45001:2018 Certification
for Occupational Health & Safety – Awarded to VPCL Units I, II, III, and V.



Achieved Ratings by EcoVadis
Recognizing our commitment to sustainability and responsible business practices, VPCL has achieved among Silver and Bronze ratings for the manufacturing units.

Awards & Industry Recognition

Best Management Award –
Telangana State Government
(2016 & 2023)

Best Management Award –
Andhra Pradesh State Government (2018)

Clean & Green and Safety Precautions Award –
Recognized by TSIC (2017, 2018 & 2019)



Accreditations

01

India Ratings & Research Pvt. Ltd. (Fitch Group):

- Long-Term Issuer Rating: "IND A+" with a Stable Outlook.
- Short-Term Rating: "IND A1+" with effect from 3/11/22.

02

DUNS & Bradstreet Rating:

5A2.

03

Export House Certification:

Accredited by the Government of India with a 4-Star (HHHH) rating.

04

AEO T3 Certification:

Authorized Economic Operator at Tier 3 status, reflecting robust trade compliance and supply chain security and also Government of India Accredited with 4 Star (HHHH) Export house certificate.

Approvals for the Manufacturing Units

- United States Food and Drug Administration (USFDA): Inspections done for Units I, II, III
- Mexican MOH (COFEPRIS) Inspections done for Units I, II,
- Ministry of Food and Drug Safety, South Korea(MFDS) Inspections done for Units I
- Pharmaceuticals and Medical Devices Agency, Japan (PMDA) Inspections done for Units I,II
- European Directorate for the Quality of Medicines & HealthCare (EDQM) Inspections done for Units I, II

Sustainability Commitments



Implementing the **Reduce, Reuse, Recycle (3R) Policy** across operations



Regular **EHS training and capability-building programs** conducted by **Johnson & Johnson, Sanofi, Novartis, Abbott, and other leading pharmaceutical companies.**

New Technologies Implemented at VPCL – Continuous Improvement

01

DM Rejected Water Utilization in Scrubbers – Minimized effluent generation by repurposing demineralized (DM) rejected water in scrubber systems, enhancing wastewater management.

02

Continuous Distillation in Batch Columns – Implemented continuous distillation in batch columns, resulting in reduced time cycles and increased productivity.

03

Column Principle in HVD Products – Optimized processes using the column principle in High-Value Drug (HVD) products, leading to reduced manpower load, lower overhead costs, and improved yield.

04

Dry Screw Vacuum Pump Implementation – Replaced steam jet vacuum pumps with dry screw vacuum pumps, significantly enhancing vacuum efficiency and optimizing energy use.

Ongoing Sustainability Initiatives in Manufacturing

VPCL is actively working on sustainability improvements across its manufacturing operations, focusing on efficiency, waste reduction, and resource optimization. Key initiatives under progress include:



Solvent Recovery Improvements –

Targeting a 5–10% reduction in solvent loss, enhancing solvent recovery efficiency through process optimization and improved recycling methods.



Yield Enhancement –

Aiming to narrow the gap between Theoretical Yield (TY) and Actual Yield (AY) by driving unit operation excellence, ensuring better resource utilization and minimizing process inefficiencies.



Occupancy Optimization –

Maximizing plant utilization with minimum process time, improving production efficiency without compromising quality.



Effluent Reduction –

Implementing process optimization techniques to reduce Chemical Oxygen Demand (COD) in effluents, leading to a lower environmental footprint and improved wastewater management.



Building Climate-Resilient Infrastructure

To prepare for climate-related impacts, we have invested in infrastructure enhancements, such as fire protection, detoxification systems, and scrubbers (double-stage and multi-stage) for emissions control. These initiatives not only ensure the safety and efficiency of our operations but also contribute to our climate resilience strategy by reducing potential vulnerabilities.

OUR ESG COMMITMENTS

CDP Climate Change Performance and Future Commitments

In FY 2023–24, we took a step towards climate transparency and accountability by submitting a comprehensive response to the Carbon Disclosure Project (CDP) Climate Change questionnaire, ensuring alignment with the latest reporting requirements.

For Units I, II, and III, our CDP Climate Change Score for the previous year (FY 2022–23) stands at D, reflecting the beginning of our journey in climate performance disclosure.

Looking ahead, **FY 2024–25** will be a pivotal year as we **formally commit to the Science-Based Targets initiative (SBTi)**. We aim to Develop ambitious

greenhouse gas (GHG) reduction targets, align with global best practices in emissions reductions and support the transition to a low carbon economy.

By integrating science-based emissions targets into our long-term sustainability roadmap, VPCL is taking proactive steps toward reducing our carbon footprint, strengthening our environmental commitments, and ensuring long-term business resilience in an evolving regulatory landscape. Our commitment to climate action, transparency, and accountability remains steadfast as we continue to elevate our ESG performance and drive impactful environmental progress.

A MESSAGE FROM OUR ED



At VPCL, we consider quality, safety and sustainability as important in all our operations. This year, our commitment to sustainable practices across our operations and value chain has strengthened, as we strive to further mitigate our environmental footprint, cultivate a diverse and inclusive workplace with good standards of corporate governance.

Our sustainability journey would be a collective effort involving every member of the VPCL. We have made progress in aligning our initiatives with global best practices to meet our sustainability commitments and disclosing as per international standards and regulations. We remain committed in our mission to build a strong, sustainable and equitable future through our unwavering support of our stakeholders and employees.

Ashok Srinivas Raju Mantena
Executive Director

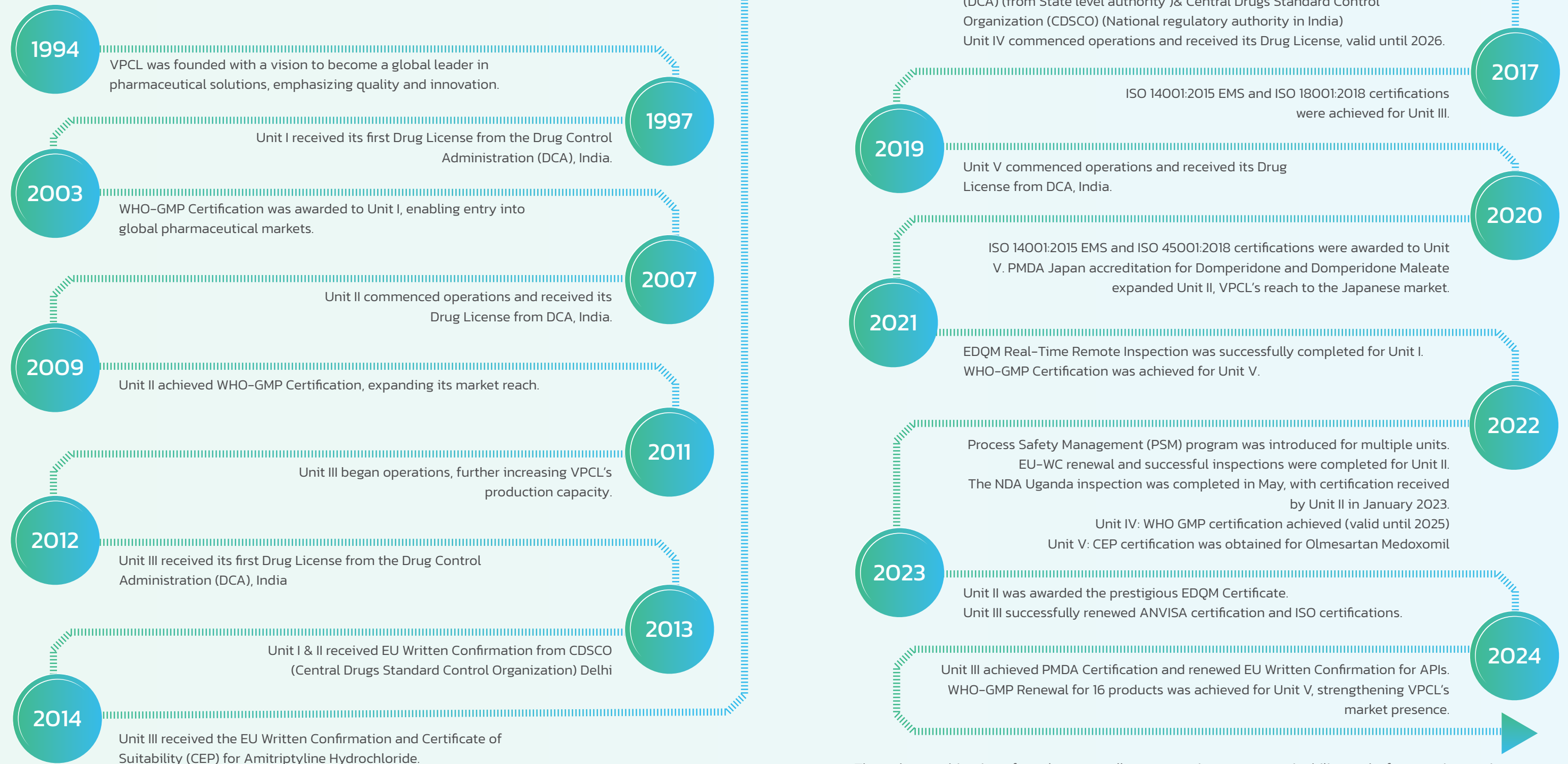
Other Commitments and Targets Set by VPCL

At VPCL, we are committed to sustainable growth, energy efficiency, and responsible operations. Our key commitments and targets reflect our dedication to reducing our environmental impact, optimizing resource efficiency, and strengthening ESG compliance.

- **Renewable Energy Transition**
VPCL is in the process of entering into a RE power agreement for transitioning to cleaner energy and reduce the dependency on the grid power. This initiative is targeted for implementation by end of 2026.
- **Expanding Renewable Energy Usage**
VPCL aims to source 40% of its total power consumption from renewable energy sources by the end of 2026, reinforcing its commitment to sustainability and carbon footprint reduction.
- **Energy Management Excellence**
VPCL is working towards obtaining ISO 50001 Energy Management System certification by the end of 2025, ensuring enhanced energy efficiency and sustainable operational practices.
- **Biomass Adoption**
In FY 2023–24, VPCL utilized biomass briquettes (1.06%) in boilers to reduce coal consumption. The company aims to increase biomass briquette usage by 20% by the end of FY 2024–25, further minimizing dependence on conventional fuels.
- **Green Energy Utilization**
1.18% of VPCL's total energy consumption in FY 2023–24 was sourced from green energy purchases, demonstrating its ongoing commitment to renewable energy adoption.
- **Yield Optimization**
VPCL is continuously improving process efficiency through regular process intensification, supported by R&D innovations, to bridge the gap between actual and theoretical yield, optimize resource utilization, and minimize waste generation.
- **Enhanced Solvent Recovery**
Prioritizing green chemistry, VPCL is enhancing solvent recovery in the development of new Routes of Synthesis (ROS) to improve resource efficiency and reduce environmental impact.

Sustainable Supply Chain Management:
VPCL is actively screening suppliers on ESG parameters and implementing sustainable supply chain initiatives to ensure responsible sourcing and improved environmental and social compliance across its value chain.

MILESTONES/ ACHIEVEMENTS



Through a combination of regulatory excellence, commitment to sustainability, and a focus on innovation, VPCL has evolved into a leading player in the pharmaceutical industry. Our journey is marked by continuous improvement, global partnerships, and an unwavering focus on delivering high-quality, sustainable pharmaceutical solutions.

Advancing our Sustainable Initiatives

2024-25: Product Carbon Footprint

- Currently reporting organization-level Scope 1, 2 & 3 emissions for the financial year.
- Planning to initiate product life cycle assessments (LCA) to better understand product-level emissions.

2025-26: Supplier Carbon Cascade

- Currently screening suppliers based on ESG parameters.
- Moving towards cascading Scope 3 carbon footprint tracking for key suppliers.

2025: M2030 / PSCI / Energize Enrollment

- For the last 5-6 years, we have been attending PSCI Supplier Conferences and Sustainability Sessions.

PIONEERING BREAKTHROUGHS FOR GLOBAL WELLBEING

Research and Innovation at VPCL

At VPCL, innovation is the driving force behind our efforts to achieve sustainable growth and create impactful healthcare solutions. Our state-of-the-art Research and Development (R&D) Centre, located in Visakhapatnam, Andhra Pradesh, spans 11,000 square

feet of advanced laboratory space and is approved by the Department of Scientific and Industrial Research (DSIR), Ministry of Science and Technology, Government of India.

This milestone has allowed us to diversify and expand our product portfolio, including:



Developing APIs for cardiovascular, contrast media, amino acids



Launching niche molecules for rare diseases

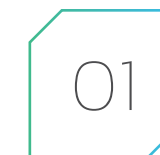


Expanding into APIs, nutraceuticals, and innovative formulations



Adopting green chemistry to create sustainable pharmaceutical solutions

Our R&D Centre is equipped with the latest technologies and a team of 150+ highly qualified scientists, specializing in:



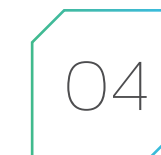
Patent navigation & analysis



Developing novel synthetic routes for improved yields and product quality



Impurity profiling & identification



Custom synthesis & new process development



Green chemistry & sustainable product innovation



Analytical chemistry & regulatory compliance



Safety & environmental management

With expertise across multiple disciplines, VPCL continues to drive pharmaceutical innovation, create intellectual property, and contribute to national and global healthcare advancements.

Innovative Solutions for Complex Challenges

At VPCL, we focus on developing cost-effective, high-quality solutions for complex pharmaceutical challenges. Our R&D team employs novel & advanced chemistry approaches, including:

- New polymorph development to improve drug efficacy
- Innovative synthetic processes for superior yield and scalability
- Early market entry strategies through process differentiation

By adhering to international quality standards, our R&D Centre ensures that our synthetic processes are: High-safety Eco-friendly, Regulatory compliant and Commercially viable.

Through continuous investment in research, we aim to innovate, optimize costs, and develop sustainable pharmaceutical solutions.

Commitment to Sustainable Development

Sustainability is embedded in VPCL's R&D and operations. We prioritize:

- Designing environmentally sound processes that are non-infringing
- Developing green and energy-efficient synthesis methods
- Aligning our R&D innovations with global sustainability goals

Our R&D initiatives focus on creating intellectual wealth, fostering regulatory compliance, and implementing best practices in safety, health, and environmental management—ensuring our contributions to society are both scientific and sustainable.

A Global Partner for Pharma Innovation

VPCL is recognized as a trusted outsourcing partner for leading global pharmaceutical and life sciences companies. By focusing on:



Sustainability



Innovation



Regulatory excellence

We continue to drive organizational and business excellence, strengthening India's healthcare and life sciences sectors.

Analytical Development Services

Our Analytical Development Services team ensures the accurate characterization of new drug substances by developing robust analytical methods for:



Physical & chemical property assessment



Compliance with global regulatory standards

Areas of Analytical Focus:



Enteric Coated (EC) formulations



Immediate Release (IR) formulations



Sustained Release (SR) formulations



Under Development technologies

Through advanced analytical techniques, VPCL ensures that every product meets stringent safety and quality benchmarks.

Commitment to Quality and Compliance

At VPCL, quality is at the core of our operations, recognizing the critical impact of pharmaceuticals on human lives. Our approach is built on:



Stringent moral & ethical values



Ongoing product quality enhancement



Regulatory & customer compliance

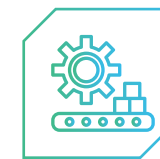
We implement current Good Manufacturing Practices (cGMP) across all sites, ensuring:



Consistent global quality standards



Timely product delivery at competitive prices



Sustainable manufacturing through backward integration

Our Quality Management System (QMS) covers:



Vendor qualification & raw material procurement



Production, testing, packaging, and dispatch



Equipment qualification & maintenance



Process & analytical method development



Comprehensive regulatory documentation

Continuous Improvement Approach:



Regular review meetings & cross-functional audits



Employee training & harmonized quality procedures



Stringent regulatory inspections (DCA, CDSCO, USFDA, EDQM, COFEPRIS, KFDA, PMDA)

These initiatives ensure that VPCL consistently meets global pharmaceutical quality and safety expectations.

Custom Synthesis and Contract Manufacturing

At VPCL, we provide long-term contract manufacturing solutions, catering to the evolving needs of our clients. Our strategic partnerships span the entire lifecycle of APIs and advanced Intermediates, from process development and optimization to validations, DMF filing, and commercial manufacturing.

VPCL's flexible business models ensure seamless integration with client requirements:

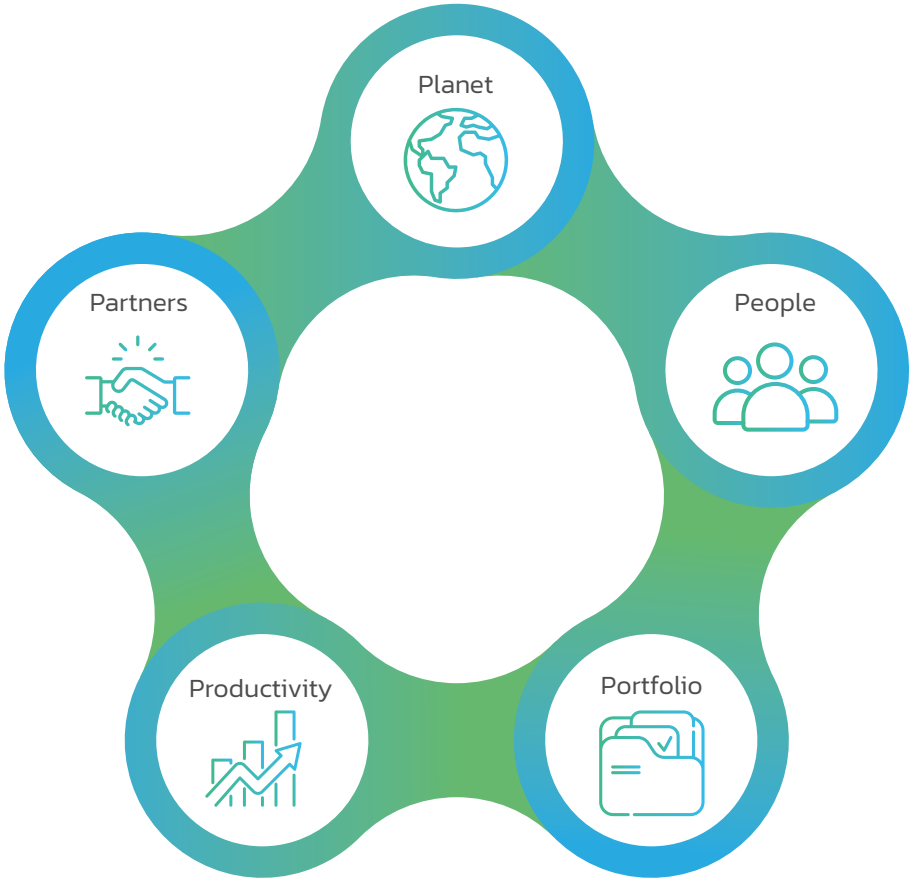
- **Process Optimization & Technology Transfer** – We provide process optimization and technology transfer services, ensuring smooth validation and DMF filing. Upon successful commercialization, we manage end-to-end large-scale manufacturing to deliver high-quality products efficiently.

- **Technology Absorption & Validation Support** – VPCL specializes in technology absorption, offering comprehensive validation support and DMF filings to facilitate a regulatory-compliant and streamlined market entry.
- **Commercial Manufacturing** – We have the expertise to scale up client technologies for full-fledged commercial manufacturing, ensuring consistent quality, efficiency, and operational excellence.

Our customized solutions align with VPCL's commitment to sustainability, optimizing resource utilization, minimizing waste, and driving energy efficiency. By fostering responsible manufacturing practices, we create long-term value for both our clients and the broader healthcare ecosystem.

Transformational Progress in ESG

A Five Pillars of VPCL's ESG Journey



OUR SUSTAINABILITY PILLARS

At VPCL, sustainability is at the heart of everything we do. We are guided by five key pillars—Planet, People, Portfolio, Productivity, and Partners—that reflect our commitment to responsible business practices and sustainable growth. These pillars form the foundation of our sustainability strategy and help us align with global standards and stakeholder expectations.



Planet

We aspire to be a responsible global citizen by actively contributing to the protection and preservation of our planet’s natural ecosystems. We recognize that our operations have an impact on the environment, and we are committed to minimizing this impact through continuous improvement in resource efficiency, emissions reduction, and waste management. Our focus extends to supporting ecological communities by reducing our carbon footprint, conserving water, and protecting biodiversity. Through responsible manufacturing practices and environmental stewardship, we aim to leave a positive legacy for future generations.



People

At VPCL, our people are our most valuable asset. We strive to create a great workplace where human values are respected, diversity is embraced, and individuals are empowered to reach their full potential. We are committed to fostering a safe, inclusive, and inspiring work environment where employees feel valued and motivated. By investing in employee well-being, professional development, and continuous learning, we ensure that our workforce remains agile, innovative, and future-ready. Our commitment to people extends beyond our own workforce to the communities in which we operate, where we seek to uplift lives and contribute to social progress.



Portfolio

As a global player in the pharmaceutical industry, we are dedicated to offering high-quality, reliable, and innovative products that meet the rigorous standards of regulators and global pharma companies. Our portfolio is built on the principles of safety, efficacy, and affordability, ensuring that we cater to the diverse healthcare needs of people worldwide. We are constantly enhancing our product offerings to ensure that they align with both market demand and sustainability criteria, thereby making a meaningful contribution to improving global healthcare outcomes.



Productivity

Productivity is a key driver of our business success. We are committed to achieving the highest levels of operational efficiency and productivity by continuously enhancing the skills of our workforce and upgrading our technologies. By fostering a culture of continuous improvement, we ensure that our processes are optimized for sustainability, cost-effectiveness, and innovation. Our focus on productivity not only helps us deliver better results but also supports our commitment to resource conservation and responsible manufacturing practices.



Partners

Our business thrives on strong, collaborative partnerships with our customers, suppliers, and other stakeholders. We believe in creating a supportive and transparent network where all partners are aligned in their commitment to sustainability and shared business goals. By working together, we enhance the value of our business, drive innovation, and contribute to the broader sustainability goals of the pharmaceutical industry. We are dedicated to fostering long-term, mutually beneficial relationships that promote ethical practices, quality, and responsible growth.

These five pillars—Planet, People, Portfolio, Productivity, and Partners—reflect VPCL’s holistic approach to sustainability. Through this integrated strategy, we aim to contribute positively to society, the environment, and the global economy, while ensuring that we remain at the forefront of sustainable pharmaceutical innovation.



MATERIAL ESG TOPICS AND STAKEHOLDER ENGAGEMENT

Stakeholder Engagement

Stakeholder Engagement at Vasudha Pharma Chem Limited (VPCL)

At Vasudha Pharma Chem Limited (VPCL), we recognize that our success is deeply connected to our stakeholders. Effective stakeholder engagement is critical to ensuring that we meet the expectations and concerns of those who are impacted by or have an influence on our business. Through continuous dialogue and collaboration, we aim to strengthen our relationships and address key material issues such as sustainability, compliance, employee well-being, and community development.

Our Approach to Stakeholder Engagement

Our stakeholder engagement process involves identifying, understanding, and addressing the needs of our stakeholders. We engage with a broad spectrum of internal and external stakeholders, ensuring that their perspectives are integrated into our sustainability strategies, business decisions, and performance evaluations.

We strive to create a platform for open

communication where feedback is encouraged, and actions are taken to meet shared goals. Engagement activities are tailored to each stakeholder group, ensuring that their unique needs and concerns are addressed.

Stakeholder Engagement Process

We identify stakeholders who have a direct or indirect influence on, or are impacted by, our operations and prioritize them based on their level of influence, interest, and potential impact on our business activities. Tailored engagement strategies are then developed for each stakeholder group, utilizing both formal and informal communication channels. Regular feedback is solicited from stakeholders, and their input is integrated into our business strategy and sustainability practices. We continuously monitor engagement outcomes and transparently report our progress through sustainability reports, newsletters, and ongoing communication channels.

Stakeholder Engagement Table

Stakeholder Group	Mode of Engagement	Frequency	Key Issues/Concerns	VPCL's Response
Employees	Employee surveys, town halls, training sessions, suggestion boxes, internal communications	Ongoing (monthly/quarterly)	Career development, health and safety, work-life balance, human rights, skill enhancement	Offering training, workplace safety programs, and career growth opportunities.
Customers (Pharma Companies)	Direct meetings, client feedback, product quality assessments, audits	Regular (as needed)	Product quality, regulatory compliance, cost-effectiveness, reliability	Continuous quality improvement, regulatory adherence, timely deliveries.

Stakeholder Group	Mode of Engagement	Frequency	Key Issues/Concerns	VPCL's Response
Suppliers and Vendors	Vendor assessments, performance reviews, contractual agreements	Ongoing (as needed)	Fair pricing, timely payments, long-term partnerships, sustainability criteria	Timely payments, long-term contracts, sustainability-focused procurement.
Regulatory Bodies	Compliance audits, certifications, regular communication	As required (depending on audits)	Compliance with local and international regulations, licensing	Full compliance with regulations, proactive engagement with authorities.
Shareholders	Annual General Meetings (AGMs), Sustainable Reports	Annually	Financial performance, ESG risks, long-term profitability	Providing transparent financial reports and sustainability disclosures.
Local Communities	Community outreach programs, CSR activities, impact assessments	Annual/As needed	Employment opportunities, environmental impact, community health and safety	Investing in community development projects, environmental protection initiatives.
NGOs and Advocacy Groups	Partnerships, collaborative programs, dialogue, reports	As needed	Environmental conservation, social responsibility, ethical practices	Collaboration on sustainability projects, transparent disclosures.
Government Authorities	Formal consultations, compliance reports, industry forums	Ongoing (as needed)	Legal compliance, taxes, environmental and social regulations	Regular reporting, compliance with environmental, labor, and tax regulations.
Industry Peers	Industry associations, conferences, collaborative initiatives	Bi-annual/As needed	Best practices, innovation, regulatory trends, sustainability goals	Participation in joint initiatives, sharing best practices, innovation.
Academic and Research Institutions	Collaborative research, knowledge sharing, internships, and partnerships	Annual/As needed	Research and innovation, skill development, industry trends	Supporting research initiatives, offering internships, and engaging in joint projects.
Media	Press releases, media interviews, sustainability reporting	Quarterly/As needed	Transparency, corporate governance, business performance	Providing accurate information through regular communication and reports.



Our Commitment towards Stakeholder Engagement

As we move forward, we remain committed to maintaining open and transparent communication with all stakeholders. We believe that by engaging with our stakeholders and listening to their feedback, we can align our business objectives with their

expectations, ensure sustainable growth, and make a positive impact on society and the environment. Our focus remains on creating shared value and ensuring that we continue to be a responsible and ethical company that drives positive change in the pharmaceutical industry.

Through ongoing collaboration and dialogue, VPCL will continue to strengthen relationships and create a better future for all.

Materiality assessment steps



Identification of potential Material Topics

We conducted a comprehensive review of Vasudha's sector peers, ESG indicators, and key standards (MSCI, SASB, GRI) to identify material topics that may present future challenges and opportunities.



Stakeholder Engagement & Surveys

Key stakeholders, including senior management, employees, suppliers, and NGOs, were mapped to assess their expectations and concerns, shaping Vasudha's ESG strategy and business decisions



Assess and prioritize material topics

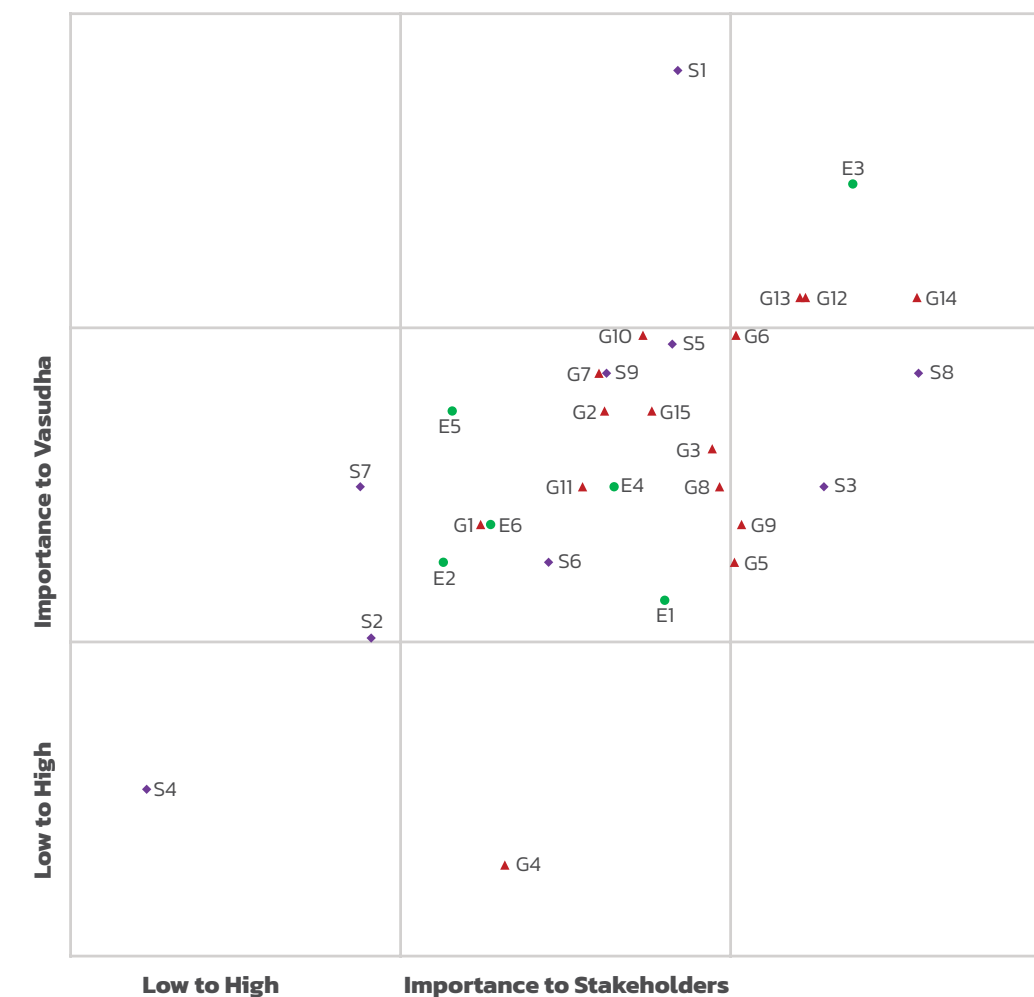
Through stakeholder consultations, we analyzed sector-specific ESG risks and opportunities, evaluating their potential impact on Vasudha's economic performance and long-term strategy.



Develop and validate the materiality matrix

Prioritized ESG topics were plotted on a materiality matrix, reflecting their significance to both Vasudha and its stakeholders, ensuring alignment with business objectives and sustainability goals.

Materiality Assessment



- | | | | | | |
|------|--|------|--|------|---|
| ◆ E1 | Energy and emission management | ● S1 | Health & safety | ▲ G1 | Sustainable procurement and supply chain management |
| E2 | Biodiversity | S2 | Community relation and management | G2 | Anti-bribery & Anti-corruption |
| E3 | Water and waste water management | S3 | Human rights and management | G3 | Ethical conduct and integrity |
| E4 | Waste management and circular economy | S4 | Diversity, Equity, and Inclusion (DEI) | G4 | Responsible tax |
| E5 | Climate change adaptation, vulnerability, and mitigation | S5 | Workforce and employment practice | G5 | Transparency and Accountability |
| E6 | Opportunities in environmental stewardship | S6 | Employee Retention and Engagement | G6 | Regulatory compliance |
| | | S7 | Labour management | G7 | Innovation and Collaboration |
| | | S8 | Training and education | G8 | Risk management |
| | | S9 | Customer relationship management | G9 | Economic Performance |
| | | | | G10 | Business model resilience |
| | | | | G11 | Direct Economic Value Generated |
| | | | | G12 | R&D Focus on innovation |
| | | | | G13 | Development of competing drugs |
| | | | | G14 | Cyber security & Data privacy |
| | | | | G15 | Responsible public policy advocacy |

RESPONSIBLE VALUE CREATION

At VPCL, financial discipline and strategic investment are integral to our sustainable growth journey. We prioritize responsible financial management, ensuring that resources are effectively allocated to support innovation, expansion, and environmental initiatives. Through diligent oversight and a commitment to fiscal responsibility, we drive value creation while maintaining a strong foundation for future growth. This approach allows us to not only meet immediate business goals but also to strengthen our ability to invest in sustainable, long-term projects that align with our commitment to corporate responsibility.

Economic Value Generated

GRI 201 – 1: Direct economic value generated and distributed
Units (Lakhs in values ₹)



REVENUE & SALES

1,15,418.93
Total Revenue



MARKET POSITION

50% 50%
Domestic International
Market Share

Based on
Market Price
Competitive Pricing Strategy



PROFITABILITY RATIOS

10.31%
Return on Equity (ROE)

10.88%
Return on Capital Employed (ROCE)



FINANCIAL STABILITY

0.10
Debt-to-Equity Ratio

7.06
Current Ratio

1.56
Working Capital to Ratio



EMPLOYMENT

3,430
Number of Employees

A NOTE FROM OUR LEADERSHIP



Looking back on another year, with pleasure, we reflect on the progress made towards integrating ESG into the core of our business development strategy. At VPCL, we believe that sustainable growth is not only a responsibility but an opportunity to drive innovation, foster stronger partnerships, and better positions us for long-term growth.

We will remain focus on growth that is responsible and sustainable by embedding them more deeply into our business development efforts. The road ahead presents us the exciting opportunities to drive positive change not only within the Pharmaceutical sector but also to our local and global communities.

Anand Mantena
Executive Director

Our Commitment to Environmental Sustainability and Health

Environmental Commitment & Vision

VPCL is committed to environmental leadership, ensuring sustainable growth and responsible resource stewardship. We go beyond regulatory compliance by setting ambitious internal standards and continuously

refining our processes to minimize environmental impact. Our proactive approach emphasizes accountability, assessing and improving operations to enhance sustainability across our value chain.

Environmental Strategy

Our strategy focuses on efficient resource use, waste minimization, and climate resilience. We employ advanced tracking systems to optimize water, energy, and waste management, ensuring compliance and improving efficiency. By adopting renewable energy

and transitioning to biomass fuels in select units, we have reduced our carbon footprint. Water stewardship remains a priority, with stringent monitoring of withdrawal, consumption, and discharge to protect local ecosystems.



Accountability for Environmental Management

We ensure transparency through sustainability reporting, engaging stakeholders, including communities, regulators, and partners, via regular disclosures. This year, our reports feature enhanced disclosures on water use, greenhouse gas emissions, and renewable energy, verified by third-party auditors.

Moving forward, VPCL remains committed to sustainable innovations, expanding renewable energy adoption, and advancing climate goals. We recognize that our success is tied to planetary well-being and strive to drive positive environmental change for future generations.

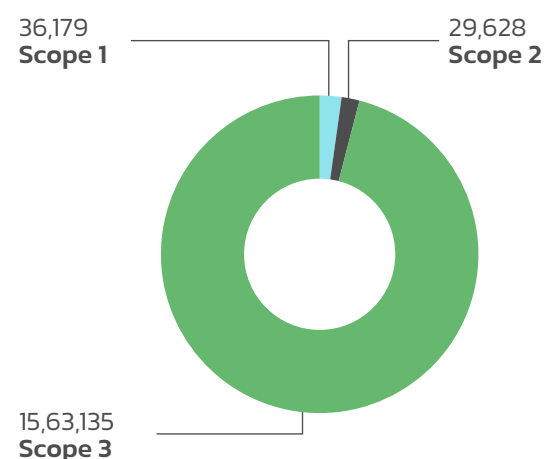
Climate Change & Carbon Footprint

Greenhouse gas (GHG) emissions inventory (Scope 1, 2, and 3)

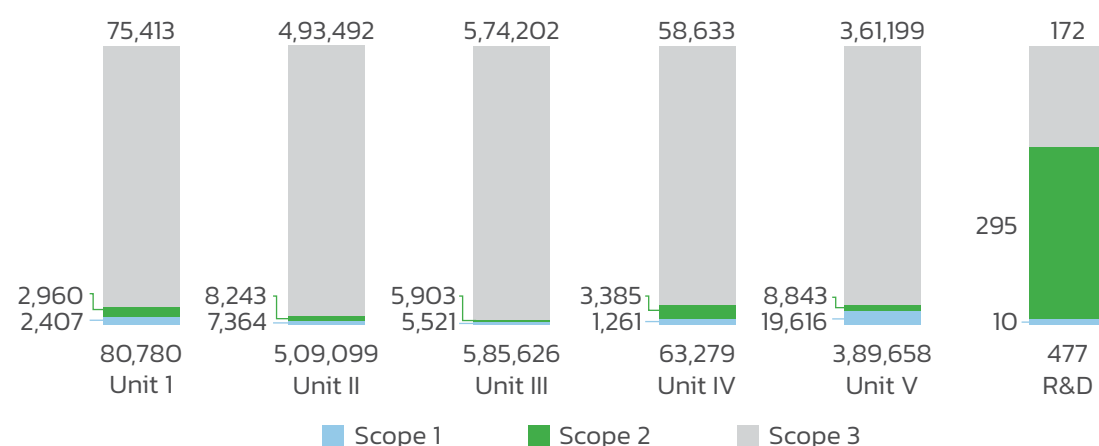
VPCL is taking great efforts to reduce its greenhouse gas (GHG) emissions from its business operations. We have been committed to sustainable business operational practices through strategic energy efficiency, purchase of renewable electricity, renewable energy certificates (RECs), etc. For our manufacturing and R&D facilities, we consume fossil fuels (such as coal, diesel, petrol, and furnace oil) and the grid electricity. Direct emissions arise from diesel generators, boilers using coal, diesel & furnace oil, owned vehicles consuming petrol and diesel, and refrigerant leakages from refrigeration & chiller units. The indirect emissions come from purchased grid electricity. We have been systematically tracking & inventorizing our GHG emissions, categorizing them under direct (Scope 1) and indirect (Scope 2 & 3) emissions. We follow WRI GHG Protocol Standard for GHG inventorization and use emission factors

data from the Indian Central Electricity Authority, DEFRA, GHG Protocol tool, and the United States Environmental Protection Agency (US EPA).

GRI 305-1,2: Scope 1,2 & 3 GHG emissions (MTCO₂e)



GHG Emissions (tCO₂)



Carbon Reduction Initiatives and Strategies



Transition to Sustainable Energy Sources

VPCL is actively transitioning to sustainable energy sources by replacing coal with biomass briquettes in boilers, significantly reducing emissions. In FY23-24, the company utilized biomass briquettes across Units I, II, and III, effectively avoiding approximately 329 tCO₂e of greenhouse gas emissions. This initiative highlights VPCL's commitment to decarbonization and sustainable energy solutions.



Renewable Energy Integration

As part of its renewable energy integration efforts, VPCL has purchased 500 MWh of renewable energy for Units II, IV, and V during the reporting period. This strategic move reduces the company's dependence on fossil fuels and contributes to lowering its overall carbon footprint. The organization's proactive approach to clean energy adoption aligns with its broader sustainability goals.



Emission Reduction Impact

The emission reduction impact of VPCL's initiatives is evident in its consumption of 180 tons of biomass briquettes across Units I, II, and III, resulting in a significant 329 tCO₂e reduction in emissions. These measures reinforce VPCL's dedication to implementing tangible carbon reduction strategies and minimizing environmental impact.

Climate Risk Assessment and Adaptation Plans



Operational Control

VPCL employs an operational control approach, maintaining full authority over implementing operational policies across all units. This centralized governance structure allows the company to directly manage operational risks through strategic business decisions, financial investments, and comprehensive policies, ensuring robust risk mitigation.



Stakeholder Transparency and Compliance

Transparency and compliance remain key priorities for VPCL, as the company aligns with financial and environmental reporting standards to meet investor, customer, and regulatory expectations. By guaranteeing compliance with all necessary environmental and regulatory requirements, VPCL enhances stakeholder confidence and accountability in its sustainability initiatives.



Proactive Climate Action

VPCL also takes proactive climate action by continuously assessing the impact of climate change on its business operations. The company implements priority-based risk mitigation measures to enhance long-term sustainability and resilience. Through these adaptive strategies, VPCL ensures that its business remains prepared for evolving climate challenges while reinforcing its commitment to sustainable growth.

ENERGY MANAGEMENT

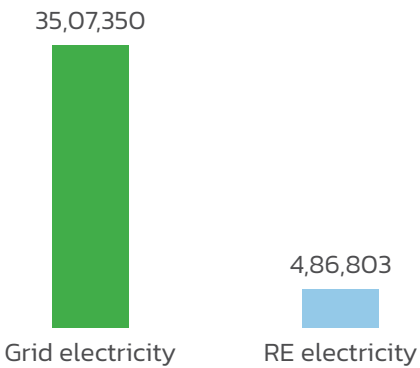
Energy consumption

As a part of our strategic plan, we have started to purchase renewable electricity (around 1.18% of total electricity in FY23-24) for 3 out of 5 of our units and are planning to increase the share of RE sources

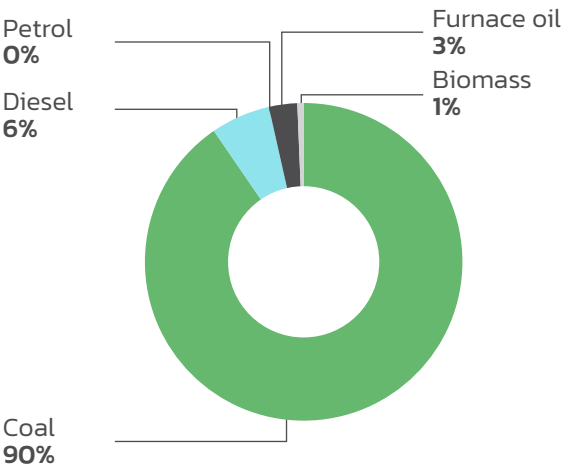
in electricity consumption over the next two years. Through this RE purchase, VPCL has avoided around 350 tCO₂/y.

GRI 302-1: Summary of Fuel consumption within the Organization

Electricity consumption (kWh)/y



GHG Emissions (tCO₂)



Renewable Energy Initiatives & Transition Plans



Increasing Renewable Energy Share

VPCL is actively working towards increasing its renewable energy share by integrating solar energy into its operations. This transition is aimed at reducing reliance on non-renewable sources and minimizing the company's carbon footprint. As part of this initiative, VPCL has finalized a power purchase agreement (PPA) for solar power procurement



Renewable Energy Certificates (RECs) Acquisition

To further support its renewable energy transition, VPCL is acquiring Renewable Energy Certificates (RECs) to offset its non-renewable electricity consumption. On January 31, 2024, the company secured 23 RECs for Unit IV, followed by an additional 99 RECs for Unit II on February 14, 2024. In total, VPCL has purchased 122 RECs, equivalent to 122 MWh.

VPCL is committed to sustainable business operational practices through strategic energy efficiency initiatives.

WATER STEWARDSHIP: CONSERVING OUR MOST VITAL RESOURCE

Sustainable water sourcing

VPCL relies on sustainable practices to manage water sourcing, consumption, and discharge across its operations. Water is a vital resource, and our commitment to efficient water management reflects our responsibility to mitigate environmental impacts. This section provides insights into water withdrawal, usage, recycling, and discharge methods within VPCL's operational framework. Our approach emphasizes compliance with local environmental standards, maintaining a sustainable water footprint, and contributing to regional water quality.

Water Sourcing and Withdrawal

VPCL sources water from multiple suppliers based on operational needs and regional availability, ensuring efficient and sustainable usage. In Andhra Pradesh, the company primarily relies on the APIIC

Pipeline, which supplies water for manufacturing and operational processes through the Andhra Pradesh Industrial Infrastructure Corporation. Similarly, in Telangana, VPCL utilizes the HMWS Pipeline, receiving water from the Hyderabad Metropolitan Water Supply to support its industrial operations.

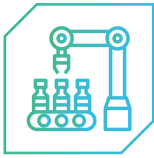
To enhance water security and maintain uninterrupted supply, VPCL also engages external vendors, including SVR and Usha Rani Water Supply. These vendors source water from the Hyderabad Metropolitan Water Supply and borewells located in Dundigal, ensuring a diversified supply network without overburdening local water resources. This strategic approach allows VPCL to sustain its operations while minimizing environmental impact.

GRI 303: Summary on water management

S. No	Water withdrawal source	Quantity of total water withdrawn (in KL)	Quantity of water withdrawn (in KL) in the water stress areas	Quantity of water withdrawn (in KL) with <1000 mg/l of TDS	Quantity of water withdrawn (in KL) with >1000 mg/l of TDS
5	Third-party water	1,92,244 KL + 18284.7KL	NIL	1,92,244 KL+ 18284.7KL	NIL

Water consumption, Usage and conservation efforts

Water usage within VPCL's facilities serves various purposes:



Manufacturing and Processing
Critical stages of production involve significant water utilization.



Cooling Towers and Boilers
Essential for maintaining operational temperature control.



Domestic Use and Gardening
Facility amenities and green areas depend on treated water, promoting internal recycling.

Water Efficiency and Conservation Initiatives

- Specific water consumption is one of VPCL’s core Key Performance Indicators (KPIs), directly influencing our water resource optimization plans. Our goal is to implement comprehensive water conservation measures across all facilities, with an emphasis on conducting regular water audits, investing in water-efficient technologies, and exploring water-smart solutions. These initiatives reflect our dedication to reducing water consumption and driving sustainable practices in line with our operational goals.
- To provide a holistic view of water usage trends, we are also implementing a system to track and report total water consumption. This process involves aggregating withdrawals from all sources, including municipal supplies and any recycled water, to gain insights into usage patterns and inefficiencies. Our first water-related data

submission to CDP represents a significant step in benchmarking our performance, and moving forward, we will consistently track and report on these metrics to demonstrate our year-over-year progress.

S. No	Facilities	Quantity of total water consumed (in KL)
1	Unit I	18285
2	Unit II	62322
2	Unit III	51860
3	Unit IV	15631
4	Unit V	61922
5	R&D	509

Water Management and Sustainability Initiatives

VPCL upholds efficient and responsible water management practices by deploying advanced flow meters across all operational sites. These meters enable accurate and continuous monitoring of water withdrawals, ensuring optimal usage and minimizing waste.

Water Sourcing & Verification:
The company primarily sources water from third-party suppliers, with internal flow meters verifying supply alignment and accuracy. This approach guarantees a steady, high-quality water supply, meeting the stringent standards required for pharmaceutical manufacturing.

Quality & Compliance:
To maintain water quality and compliance, VPCL conducts regular water testing to detect any fluctuations that could impact product quality. Site-specific monitoring ensures that operational needs are met efficiently. Additionally, all water suppliers adhere to Central Ground Water Board (CGWB) regulatory guidelines, reinforcing VPCL’s commitment to sustainable and compliant water sourcing.



RECYCLING INITIATIVES AND WATER DISCHARGE

Water Management Practices

Water is a vital resource for our operations, and we are committed to its sustainable management across all processes. Our approach encompasses responsible withdrawal, efficient consumption, and environmentally compliant discharge, as detailed below:

Water for our operations is sourced from **APIIC (Andhra Pradesh Industrial Infrastructure Corporation)** and **HMWS (Hyderabad Metropolitan Water Supply)** via a dedicated pipeline system. This method ensures a consistent and sustainable supply while minimizing dependence on natural water bodies and safeguarding local water resources.

- Water Recycling Initiatives**
VPCL emphasizes water reuse to minimize fresh water withdrawal:
- **RO Rejects and Steam Condensate:** Repurposed for cooling towers, boilers, and canteen water filtering, which is further used in gardens.
 - **STP-Recycled Water:** Treated water from the on-site STP is exclusively used for gardening, contributing to green initiatives without additional resource strain.

Regulatory Compliance for Water

Sustainable Water Management & Compliance



Responsible Water Treatment & Discharge
VPCL ensures sustainable water management and regulatory compliance by implementing stringent monitoring and treatment measures for water discharge. The company continuously tracks discharge volumes to maintain compliance with State Pollution Control Board (PCB) limits. Additionally, the Online Continuous Effluent Monitoring System (OCEMS) enables real-time tracking by both the Central Pollution Control Board (CPCB) and State Pollution Control Board (SPCB), reinforcing transparency and regulatory adherence.



Effluent Categorization & Treatment
Effluent streams are categorized and treated based on their composition, ensuring effective wastewater management. High Total Dissolved Solids (HTDS) and Low Total Dissolved Solids (LTDS) streams undergo tailored treatment processes, starting with pH neutralization as part of primary treatment. This step ensures compliance before further processing.



Regulatory Compliance & Quality Control
VPCL maintains strict regulatory compliance and quality control measures, ensuring effluent temperature does not exceed 45°C, as per PCB regulations. Key water quality parameters such as pH, Biological Oxygen Demand (BOD), Chemical Oxygen Demand (COD), and suspended solids are consistently monitored. Treated water is verified against Consent to Operate (CTO) standards before being discharged to the Common Effluent Treatment Plant (CETP). Through these initiatives, VPCL remains dedicated to minimizing environmental impact while upholding the highest standards in wastewater management.

VPCL remains committed to **minimizing environmental impact** and maintaining the highest standards in wastewater management.

Stakeholder Engagement in Water Management

VPCL actively engages with the local community to promote shared water stewardship:

- Village Water Treatment: VPCL supports neighboring communities by setting up water treatment plants, thereby enhancing access to safe drinking water.

Risk Mitigation and Compliance

VPCL prioritizes efficient water use, wastewater treatment, and strict compliance across its five manufacturing units and R&D center, recognizing water as a critical operational dependency. Water quality, availability, and discharge are closely monitored to mitigate risks and ensure regulatory adherence.

Product Safety and Compliance

VPCL’s intermediate pharmaceutical products comply with USDMF, CEP, and MFDS standards, ensuring hazard-free manufacturing and responsible industry practices.

Water Transparency and Reporting

VPCL’s first-year CDP water disclosure reinforces transparency. QA/QC processes ensure data accuracy, with future third-party verification planned. Real-time tracking aids in conservation efforts.

Future Commitment

VPCL invests in technology and process improvements to align with industry and environmental standards, driving water conservation, compliance, and sustainability.

MINIMIZING WASTE, MAXIMIZING RECYCLING

Waste Reduction Strategies



Controlled Waste Generation

Continuous monitoring ensures compliance with Pollution Control Board (PCB) norms, maintaining waste levels within specified limits.



Enhanced Waste Collection and Segregation

Waste is collected, segregated, and stored in designated areas per SOPs (EHS/SOP/035, EHS/SOP/018, and EHS/SOP/036), ensuring adherence to stringent safety and fire protection measures.



Process Optimization

Advanced techniques reduce waste in production, supported by regular training and adherence to waste management SOPs.

Wastewater Management

Water Discharge

We adopt environmentally responsible discharge practices to ensure compliance with regulations and mitigate impacts on ecosystems:



Common Effluent Treatment Plant (CETP), Atchutapuram Effluent Treatment Limited (AETL) & Jeedimetla Effluent Treatment Plant Limited (JETL): Treated waters from Unit II, III, IV and R&D are directed to the **CETP. Unit V treated waters are directed to AETL and Unit I to JETL**, ensuring all effluent meets regulatory standards before final discharge.



On-Site Effluent Management

Pre-treatment systems ensure wastewater is treated effectively before being sent to CETPs, preventing contamination and protecting the environment.

All wastewater generated is treated to meet stringent discharge standards before final disposal:



Effluent Treatment via CETP

High Total Dissolved Solids (HTDS) and Low Total Dissolved Solids (LTDS) effluents are separated and transported to the Jeedimetla Effluent Treatment Plant (JETL) in Telangana and Common Effluent Treatment Plant (CETP), Visakha Pharmacy, Atchutapuram Effluent Treatment Limited (AETL), Andhra Pradesh, equipped with systems for organic compound removal, multiple effect evaporation, and sludge treatment.



Discharge to HMWS & SB

CETP, AETL and JETL segregates treated effluent, with 70% reused for local industrie’s boiler and garden needs, while the remaining 30% is discharged to Sea after meeting the parameters of discharge standards prescribed by the Andhra Pradesh Pollution Control Board in Andhra Pradesh Units. To Amberpet HMWS & SB (Hyderabad Metropolitan Water Supply and Sewerage Board) with the permission of PCB HMWS & SB treated water sent to MUSI river in the presence of PCB approval in Telangana.

GRI 303 – Summary on water management

S. No	Water discharge destination	Quantity of total water discharged (in KL)	Quantity of water discharged (in KL) with <1000 mg/l of TDS	Quantity of water discharged (in KL) with >1000 mg/l of TDS
1	Seawater after treatment (Unit II, III, V and R&D)	HTDS: 68683 KL LTDS: 24242 KL	NIL	HTDS: 68683 KL LTDS: 24242 KL
2	Third-party water treatment (Unit I)	5300.5 KL		5300.5 KL



Continuous Effluent Monitoring and Improved Data Collection

VPCL ensures real-time effluent monitoring and monthly third-party sampling to uphold PCB compliance. Committed to enhancing data accuracy and transparency, we are refining our tracking

processes and plan to engage a third-party verifier for water-related data within the next two years to strengthen sustainability reporting credibility.

Monitoring and Compliance for Water Quality

VPCL applies a systematic approach to water quality testing:



In-House Testing

Chemical and microbiological assessments are conducted on a monthly and daily basis for potable and purified water, ensuring compliance and safety for all uses.



Third-Party Analysis

An annual analysis from external laboratories validates treated water standards.



Regulatory Standards

Effluent discharge adheres to norms specified in the Consent To Operation (CTO) by the Andhra Pradesh PCB, Telangana State PCB's supported by periodic monitoring via the Telangana State and Andhra Pradesh State PCB's Online Continuous Effluent Monitoring System (OCEMS).

Effluent Quality Control

Effluent quality standards are maintained through careful treatment processes:



HTDS and LTDS Processes

Both effluent types undergo pH adjustments, solid removal, and organic reduction at JETL (Hyderabad), Telangana and CETP (Anakapalli), Andhra Pradesh ensuring all discharged water meets regulatory norms. Hazardous waste from the treatment is safely disposed of at Treatment, Storage, and Disposal Facility (TSDF) facilities.



Priority Substances

Parameters such as pH, Chemical Oxygen Demand (COD), Total Dissolved Solids (TDS), and Ammonia Nitrogen are regularly monitored as priority substances to protect ecological sensitivity in discharge points.

Recycling and Resource Recovery Initiatives



Hazardous Waste Co-Processing and Recycling

Spent carbon, organic residues, and expired products are sent to PCB-authorized TSDF or cement industries for co-processing, using them as Alternate Fuel and Raw Material Facility (AFRF). Polyethylene bags and used oils are sent to authorized recyclers, reducing landfill disposal.



Solvent Recovery System

Internal solvent recovery system enables reclamation and reuse of solvents, reducing waste and conserving resources.



Dedicated SOPs for Hazardous Waste

SOPs guide hazardous waste collection, storage, and safe disposal, reducing environmental risks.

Managing Impacts from Waste and Regulatory Compliance



Secure Hazardous Waste Storage

Hazardous waste is segregated, stored in a sheltered, fire-protected area, and labeled as per regulatory requirements before dispatch to authorized disposal facilities (CWMP – RAMKY, RE-Sustainability, GM-Eco Services, Cement Industries, NA Enterprises).



Emission Control through Scrubbers

A double-stage/multi-stage scrubber system purifies emissions, minimizing harmful fume release. The detoxification room and fire safety measures (sprinklers, term cards) provide additional safeguards.



Robust Infrastructure

Facilities are built on concrete platforms to prevent soil contamination, with no reported spillage incidents.



Data Collection Protocols

Waste generation data is systematically collected using a waste transfer communication form, with daily records ensuring accurate tracking from source to disposal.



Performance Metrics and KPIs

Waste-related data is updated in Forms III, with hazardous waste collection and disposal records, and waste transfer manifests maintained.



Regulatory Reporting

- **Form IV:** Hazardous waste generation, storage, and disposal annual returns submitted to the State PCB before June 30 (Financial Year).
- **Form V:** Environmental Statement submitted to the State PCB before September 30 (Financial Year).
- **Monthly Reporting:** Waste management data is reviewed and submitted to the PCB monthly for compliance tracking and improvement.



Continuous Improvement and Compliance

Proactive measures, robust data systems, and partnerships with certified waste disposal agencies ensure responsible hazardous waste management and sustainable operations.

GRI 306: Waste Generation and Disposal

S. No	Waste Stream Description	Quantity of Waste Generated (MT)
I	Hazardous waste	5816.70
II	Non-Hazardous waste	1343.01
	Other wastes	
1	E-Waste	0.84
2	Bio Medical Waste	3.34

GRI 306: Waste Generation and Disposal

S. No	Waste Stream Description	Quantity of Waste diverted from disposal due to Recycle (MT) A	Quantity of Waste diverted from disposal due to reuse (MT) B	Quantity of Waste diverted from disposal due to other recovery operations (MT) C	Total quantity of Waste diverted from disposal (MT) A+B+C
I	Hazardous waste	2496.13	2166.63		4649.30
II	Non-Hazardous waste	342.04	37.77	0	379.80
III	E-Waste	0.79			0.79
IV	Bio Medical Waste				

S. No	Waste Stream Description	Quantity of Waste disposed through incineration (with/ without energy recovery) (MT) A	Quantity of Waste disposed through Landfilling (MT) B	Quantity of Waste disposed through other disposal operations (MT) C	Total quantity of Waste diverted from disposal (MT) A+B+C
I	Hazardous waste	10.93	9.59	1146.69	1167.20
II	Non-Hazardous waste			912.00	912.00
III	Bio Medical Waste	3.34			3.34

PROTECTING NATURE: PRESERVING BIODIVERSITY FOR GENERATIONS

Biodiversity forms the backbone of our planet’s ecological balance, and preserving it is critical for ensuring a sustainable future. At our facilities across Andhra Pradesh and Telangana, we are committed to protecting the natural environment and promoting sustainable practices that support biodiversity

conservation. Guided by the Global Reporting Initiative (GRI) 101 Biodiversity disclosure framework, we aim to address the key questions concerning biodiversity impacts, dependencies, and mitigation measures at each location.

Location-Specific Biodiversity Insights and Initiatives

Unit I: I.D.A Jeedimetla, Hyderabad, Telangana
Our facility at Jeedimetla is located in an industrial area with limited natural habitats. However, we recognize the importance of minimizing our ecological footprint. Key actions include: ensuring that effluent treatment processes are in compliance with environmental standards to prevent contamination of nearby ecosystems.

facilities. Approximately 20 kilometers from the site lies Kondakarla Ava, a renowned lake and bird sanctuary. This sanctuary is home to various species. While the Jawaharlal Nehru Pharma City is a significant industrial hub, there have been concerns regarding environmental impacts on nearby villages such as Thanam and Parawada.

Unit II: Thanam Village, Parawada, Anakapalli, Andhra Pradesh
Located within Jawaharlal Nehru Pharma City, this facility’s operations coexist with nearby ecosystems. Our biodiversity efforts here include: monitoring air and water quality to ensure minimal disruption to the local environment.

Unit V: Denotified Area, Rambilli, Atchutapuram, Anakapalli, Andhra Pradesh
Unit V of Vasudha Pharma Chem Limited is located in the Denotified Area of Rambilli, Atchutapuram, Anakapalli, Andhra Pradesh. This area is part of the Atchutapuram Special Economic Zone (APSEZ), which has been developed to promote industrial growth in the region.

Unit III: Thanam Village, Parawada, Anakapalli, Andhra Pradesh
Unit III of Vasudha Pharma Chem Limited is situated in Thanam Village, Parawada, Anakapalli, Andhra Pradesh. Approximately 15 kilometers from the site lies the Kondakarla Ava Bird Sanctuary, a renowned lake and bird sanctuary in the region.

R&D Center: Ramky Commercial Hub, Jawaharlal Nehru Pharma City, Parawada, Anakapalli, Andhra Pradesh
The R&D Center is situated within the Jawaharlal Nehru Pharma City (JNPC) in Parawada, Anakapalli, Andhra Pradesh. JNPC spans approximately 2,429 acres, with 353 acres dedicated to green belt development, underscoring a commitment to environmental sustainability. The green belt serves as a habitat for various flora and fauna, contributing to local biodiversity. The R&D Center benefits from this green infrastructure, which aids in maintaining ecological balance and supports the well-being of the surrounding environment.

Unit IV: Jawaharlal Nehru Pharma City, Thadi Village, Parawada, Anakapalli, Andhra Pradesh
Unit IV is situated within the Jawaharlal Nehru Pharma City in Thadi Village, Parawada, Anakapalli, Andhra Pradesh. This industrial area is designed to accommodate pharmaceutical manufacturing

Empowering a Diverse and Dynamic Workforce

Empowering a Diverse and Dynamic Workforce

At VPCL, our commitment to our employees and their well-being is a fundamental aspect of our social responsibility and sustainability efforts. We recognize that a strong, dedicated workforce is key to our

success, and we actively invest in policies, benefits, and initiatives that foster an inclusive, supportive, and resilient workplace.



Human Capital Management

GRI 2-7: Details of Employees Based on Gender

	Unit-wise information on employees in FY24						
	Unit I	Unit II	Unit III	Unit IV	Unit V	R&D	Total
Number of employees (head count / FTE)	405	982	647	312	961	123	3430
Number of permanent employees (head count / FTE)	225	549	334	163	470	109	1850
Number of temporary employees (head count / FTE)	180	433	313	149	491	14	1580
Number of non-guaranteed hours employees (head count / FTE)	0	0	-	0	0	0	0
Number of full-time employees (head count / FTE)	405	982	647	312	470	123	2939
Number of part-time employees (head count / FTE)	0	0	-	0	0	0	0

GRI 401-1: Details of Employees Hired

New Hires in FY24

Description	No. of new employees hired	Description	No. of new employees hired	Description	No. of new employees hired
By Age Group		By Gender		By Region	
Under 30 years old	607	Male	836	Within the state	796
30-50 years old	228	Female	20	Within the country	796
Over 50 years old	21				

Workforce Growth and Retention Strategies

In the past year, we achieved a 32% hiring rate, reflecting our dedication to building a skilled and dynamic workforce. Simultaneously, we had an employee turnover rate of 23%, which we are

addressing with enhanced retention initiatives, career development opportunities, and targeted engagement strategies aimed at creating long-term growth paths for our employees.

DIVERSITY, EQUITY & INCLUSION (DEI)

VPCL is committed to upholding human rights across its operations, ensuring a workplace that guarantees employees’ rights to personal security, safety, and freedom from harassment or abuse. The company maintains a strict Anti-Discrimination and Anti-Harassment policy, promoting equal opportunity and a harassment-free work environment. VPCL is an Equal Opportunity Employer, committed to fair treatment irrespective of age, sex, caste, creed, color, disability, religion, marital status, or national origin. A robust grievance mechanism supports employees in reporting any concerns, with the Grievance Committee responsible for unbiased investigation and appropriate actions, in line with the ‘POSH at Workplace Policy.’

Furthermore, VPCL encourages professional growth by offering a **Higher Education Scheme** for regular employees with over three years of continuous service. The company covers 50% of course expenses, capped at ₹50,000, for approved courses that align with organizational needs and employees’ aspirations. This benefit is disbursed in two installments: one at the start and another upon successful completion. Through such initiatives, VPCL fosters a respectful, inclusive, and growth-oriented work environment for all its employees.

VPCL upholds transparency and legal compliance by providing a minimum 21-day notice to employees and representatives for significant operational changes, defined as adjustments impacting service conditions. In line with the *Industrial Disputes Act of 1947*, this notice period allows for adequate preparation and is further reinforced by collective bargaining agreements that mandate a three-year term for negotiated provisions, including structured consultation and negotiation rights. This commitment ensures employees are informed and actively engaged in the change process, reflecting our dedication to fair and respectful labor practices.



COMMITMENT TO OCCUPATIONAL HEALTH AND SAFETY (OHS)

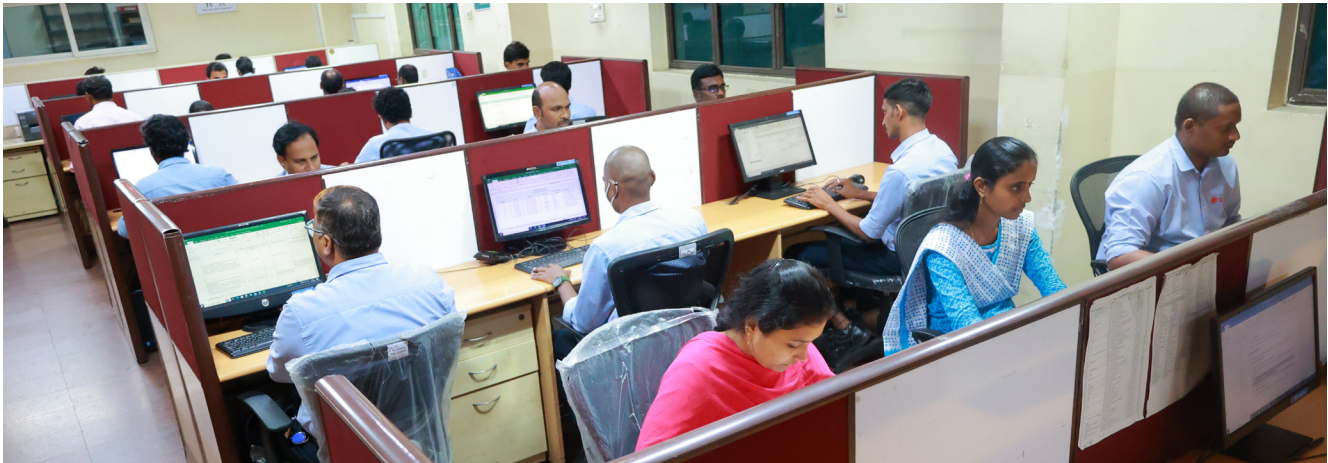
VPCL is committed to upholding the highest standards of occupational health and safety (OHS) for both employees and contract workers across all operational units, actively implementing OHS management systems such as ISO 14000 and ISO 45001. Compliance with legal requirements, including regulations set by the Inspector of Factories and Pollution Control Board, is a primary driver behind this implementation.

Vasudha maintains a legal register, updated monthly, to stay current with regulatory standards. The OHS system is based on internationally recognized risk management and safety standards, covering all employees, including those in hazardous areas, and offering regular medical examinations and industrial hygiene monitoring.

Supporting Employee Well-being with Holistic Programs

Comprehensive Safety Management System

- VPCL is committed to fostering a safe and healthy work environment through a comprehensive safety management system that covers all worksites, including manufacturing, chemical storage, and quality control areas. This system ensures that workplace risks are systematically identified, assessed, and mitigated, protecting employees and maintaining operational safety.
- Hazard identification and risk assessment are conducted using industry-standard methodologies such as Process Hazard Analysis (PHA), Hazard and Operability (HAZOP) studies, safety rounds, and job safety analyses. These assessments are carried out by trained EHS professionals and user department teams, with prompt corrective actions taken based on findings.
- Employees are encouraged to report hazards through multiple channels, including the Onsite Emergency Preparedness Plan, emergency siren codes and evacuation routes, and 24/7 trained Emergency Response Teams (ERT). These mechanisms ensure a swift and effective response to potential safety incidents.
- To strengthen workplace safety, VPCL reinforces safe work policies through EHS policies, toolbox talks, and regular safety committee meetings. Employees are also empowered with the right to refuse unsafe work without fear of reprisals, fostering a culture of safety, accountability, and continuous improvement.



Incident Investigation and Continuous Improvement



Incident Investigations
VPCL uses 5-Why analysis to identify root causes, ensuring corrective actions follow the hierarchy of controls.



Ongoing Improvement
Lessons from incidents are shared across all units to enhance OHS practices.



Health & Safety Monitoring
Regular health surveillance, medical exams, and risk assessments are conducted by qualified experts.



Confidentiality & Fairness
Workers' health data is protected, ensuring non-discrimination and a safe, inclusive workplace.

Participative Approach to Health and Safety

VPCL is deeply committed to ensuring a safe and inclusive workplace for all employees through its comprehensive Occupational Health and Safety (OHS) Management System. Employee involvement is integral to this system, with various committees—such as the Safety Committee and Canteen Committee—regularly collecting feedback to identify and address health and safety concerns. This participative

approach empowers employees to voice concerns, contribute to OHS policy development, and actively engage in shaping a safer workplace. Monthly safety meetings and quarterly joint management-worker safety committee meetings ensure that any concerns raised by workers are addressed promptly with management's support.

ADVANCING HEALTH AND WELLNESS BEYOND THE WORKPLACE

Promoting Employee Well-being

In addition to occupational safety, VPCL actively promotes overall employee well-being by providing access to a range of health services, from preventive screenings to wellness programs. All employees are covered under Mediclaim or ESI, providing access to necessary medical support. Health-related awareness sessions, interactive workshops, and educational

materials are available on-site to encourage a culture of health. VPCL's strict confidentiality and anti-discrimination policies ensure that personal health information is safeguarded, with access restricted to authorized personnel only. These initiatives reflect VPCL's commitment to creating a safe, supportive, and respectful environment for all workers.

Commitment to Industry-leading OHS Standards



Commitment to OHS Standards

VPCL upholds a rigorous commitment to Occupational Health and Safety (OHS), ensuring a safe and compliant workplace for employees and contractors.



Implementation of Industry Standards

Adopts ISO 45001:2018 and ISO 14001:2015, prioritizing preventive measures and risk assessments like HIRA and HAZOP to mitigate OHS risks.



Training & Capacity Building

Fosters a proactive safety culture through continuous training and capacity-building initiatives.



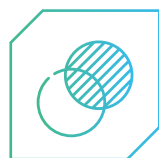
Monitoring & Continuous Improvement

Conducts regular inspections, audits, and health surveillance to assess OHS performance and drive improvements.



Incident Analysis & Compliance

Implements structured incident investigations, compliance reviews, and collaboration with stakeholders to strengthen safety practices.



Transparent Communication & Feedback

Ensures open communication with employees, contractors, and industry partners, integrating feedback mechanisms for timely resolution of safety concerns.



Workforce Safety Coverage

VPCL's OHS management system covered 100% of its workforce, including 1850 employees and 1580 contract workers, during the reporting period.



Incident Reporting & Prevention

While no employee fatalities, high-consequence injuries, or recordable injuries occurred, one contract worker fatality was reported in FY 23-24. VPCL remains committed to enhancing safety through engineering and administrative controls.



Commitment to a Safe Work Environment

The organization's robust OHS practices underscore its dedication to maintaining the highest safety standards and fostering a resilient, healthy workplace.

LABOR PRACTICES & HUMAN RIGHTS



Commitment to an Inclusive & Ethical Workplace

- VPCL fosters a respectful, inclusive, and safe work environment, ensuring employees' freedom of association without discrimination.
- A robust policy framework covers employee engagement, anti-discrimination, anti-harassment, workplace safety, anti-fraud, bribery prevention, and sustainable procurement.
- A dedicated committee reviews policy enforcement quarterly to ensure transparency and adherence.



Employee Welfare & Growth

- VPCL supports career progression through training, career development plans, and compensatory-off guidelines.
- Policies for maternity leave, work-from-home, and Covid-19 attendance reflect a commitment to employee well-being.
- Additional policies like Mobile & Sim-Card Policy, Superannuation Policy, and Conflict of Interest Policy ensure a productive and ethical work environment.



Fair Labor Practices & Policy Enforcement

- VPCL strictly prohibits child labor, forced labor, and human trafficking across all operations.
- Employees are not charged recruitment fees, and identity documents are never retained.
- HR verifies age documents during recruitment, and policies are displayed in work areas.
- An Enforcement Committee ensures compliance, providing regular updates to management.



Human Rights & Security Training

- 100% of security personnel, including third-party providers, receive formal training on human rights policies and security procedures.



Comprehensive Employee Benefits

- Full-time employees receive group Medclaim, personal accident coverage, healthcare, disability, maternity leave, and retirement benefits.
- Medical insurance covers employees, spouses, and children, with gratuity benefits for long-term security.
- VPCL promotes inclusive hiring, employing disabled individuals in QA and production while also retaining skilled retirees.



Parental Leave & Long-term Support

- In FY 2023–24, two female employees were entitled to parental leave, with one returning to work in September 2024.
- VPCL is committed to enhancing retention practices to support employees throughout their careers.



Building a Culture of Equity & Growth

- Through inclusive policies, ethical labor practices, and comprehensive benefits, VPCL fosters a workplace culture that values stability, growth, and social responsibility.



Policy Enforcement & Human Rights Commitment

- VPCL ensures strict compliance with ethical standards by educating employees and vendors.
- HR verifies age documents (Aadhaar, PAN, birth certificates) during recruitment, with policies prominently displayed in work areas.
- An Enforcement Committee (HR, management, cross-department representatives) monitors adherence and provides updates for necessary action.
- 100% of security personnel, including third-party providers, undergo formal training on human rights and security procedures to uphold ethical standards across all operations.

Description	No. of employees left (voluntary or involuntary)
-------------	--

By Age Group	
Under 30 years old	366
30–50 years old	247
Over 50 years old	10

Description	No. of employees left (voluntary or involuntary)
-------------	--

By Gender	
Male	619
Female	4

Description	No. of employees left (voluntary or involuntary)
-------------	--

By Region	
Within the state	614
Within the country	614

Summary of Employee Policies at Vasudha Pharma Chem Limited (VPCL)

Employee Training & Development

VPCL fosters an equitable and supportive workplace through structured training on HR policies, including Career Development, Higher Education, and Employee Recognition. Policies like Anti-Discrimination, Anti-Harassment, and Code of Ethics ensure a safe, inclusive environment. Induction programs cover Health & Safety, Quality Management, and role-specific training. A skills matrix tracks progress, ensuring alignment with strategic goals.

Remuneration Policy & Oversight

The Nomination and Remuneration Committee (NRC) designs policies that attract, retain, and reward talent while ensuring accountability and sustainability. Compensation is performance-linked, considering economic, environmental, and social impacts. NRC benchmarks salaries to market trends, aligning executive pay with strategic goals and ethical business practices.

Employee Welfare & Support Initiatives

VPCL provides financial aid during crises, such as ₹20,000 for funeral expenses in case of employee demise. HR ensures direct support to bereaved families. Employees are granted paid leave to offer condolences, and voluntary contributions are encouraged. Retirement is set at 60, with provisions for early retirement or consultant reappointment.

Employee Benefits & Union Engagement

VPCL’s Unit I in Hyderabad operates under a Union agreement, reinforcing fair labor practices. Policies support career growth, financial stability (Salary Advance), maternity benefits, and employee recognition. Initiatives like the Marriage Gift Policy and Reward & Recognition create a culture of care, aligning with sustainability and workforce well-being.

Empowering Growth through Continuous Learning

Employee Development and Skill Enhancement

VPCL offers extensive training to develop both technical and soft skills, including cGMP, safety, policy, soft skills, and behavioral training, alongside physical and mental well-being sessions. Training is available to all employees, tailored to role requirements, and includes internal, external, and online formats for continuous skill enhancement.

Transition Assistance for Employability

To support employability, VPCL provides a Career Development Plan (CDP), with job rotations for

diverse experience and succession planning for future leadership. Employees gain skills to ensure long-term growth and readiness for advanced roles.

Career Endings Management

For employees nearing retirement, VPCL offers re-appointment options under new terms to retain valuable expertise. In cases of employment termination, the company ensures fair severance and transition support, demonstrating a commitment to respectful career management.



GRI 404-1: Employees Summary on Average Hours of Training

S. No.	Description	No. of employees	Total hours of training received in the reporting year	Average hours of training received in the reporting year per type or category
--------	-------------	------------------	--	---

Gender

1	Male employees	405	982	647
2	Female employees	225	549	334

S. No.	Description	No. of employees	Total hours of training received in the reporting year	Average hours of training received in the reporting year per type or category
--------	-------------	------------------	--	---

Employee Category

1	Managerial	269	4475	17
2	Non-Managerial	2335	44335.5	19

GRI 404-3: Employees performance review and career development reviews

S. No.	Description	No. of employees	Employees received a regular performance and career development review during the reporting period	Percentage of male employees who received a regular performance and career development review
--------	-------------	------------------	--	---

Gender

1	Male employees	2188	1659	76%
2	Female employees	45	31	69%

S. No.	Description	No. of employees	Employees received a regular performance and career development review during the reporting period	Percentage of male employees who received a regular performance and career development review
--------	-------------	------------------	--	---

Employee Category

1	Managerial	268	257	96%
2	Non-Managerial	1474	1082	73%

Comprehensive Safety Training at VPCL

VPCL’s structured annual training program, based on hazard-specific risk assessments, ensures a strong safety culture. Covering both general and job-specific safety, sessions include onboarding inductions

and periodic refreshers, led by internal trainers and external experts. Training is communicated via emails, notice boards, and plant announcements, with effectiveness measured through quizzes and feedback for continuous improvement.

CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES

CSR Activities at VPCL

VPCL is deeply committed to making a positive impact on society through its CSR initiatives, focusing on education, health, shelter, socio-economic support, environmental sustainability, cultural heritage, and more. VPCL’s CSR framework aligns with the Companies Act, 2013, which mandates CSR activities, demonstrating its dedication to social welfare beyond compliance. Notably, VPCL has consistently exceeded the statutory CSR spending requirements as verified by the National CSR Portal.

At VPCL, our Corporate Social Responsibility (CSR) initiatives reflect our unwavering commitment to fostering socio-economic development, preserving cultural heritage, and supporting communities in need. Through strategic programs and meaningful contributions, we aim to create a lasting impact in the following areas:

- **Socio-Economic Development and Disaster Relief** – We actively contribute to the upliftment of underprivileged communities, addressing pressing social and economic challenges. Our efforts extend to providing relief and rehabilitation during natural calamities, ensuring timely support to affected individuals and families.
- **Samskruti: Preserving Heritage and Promoting Sports** – VPCL takes pride in supporting the protection of national heritage, art, and culture.

This includes initiatives like establishing public libraries, promoting traditional arts and handicrafts, and fostering rural sports, nationally recognized sports, and Olympic sports. These efforts aim to celebrate and preserve the rich cultural fabric of our nation while inspiring future generations.

- **Empowering Communities and Rural Development** – Through dedicated rural development projects, we work towards improving infrastructure, livelihoods, and quality of life in underserved regions.
- **Honoring and Supporting Armed Forces Veterans** – As a token of gratitude, we support armed forces veterans, war widows, and their dependents by contributing to programs that enhance their well-being and livelihood opportunities.
- **Technology and Innovation for Social Good** – VPCL invests in the future by contributing to technology incubators approved by the Central Government. These initiatives aim to promote innovation and entrepreneurship, driving solutions for societal challenges.

By embedding these initiatives into our CSR strategy, VPCL strives to drive sustainable growth, nurture cultural heritage, and uplift communities, thereby contributing meaningfully to the larger societal good.



Key CSR Programs

Total CSR Spend:
\$4,70,888 (₹3,91,60,624)

Program	Focus Area	Key Impact	2023-24 Expenditure
Akshara	Education	Financial aid for underprivileged students in higher education (Engineering, Medicine, PG, Vocational Skills)	₹1,33,97,500
Aarogya	Health	Medical assistance for financially disadvantaged individuals	₹1,30,35,004
Aashraya & Aadarana	Shelter & Care	Senior citizen support & empowerment of differently-abled individuals	₹88,18,120 (Combined)
Aparigraha	Environmental Sustainability	Conservation, agroforestry, ecological balance, and animal welfare	₹4,75,000
Akshaya	Disaster Relief	Relief fund contributions for communities affected by natural calamities	₹12,00,000
Samskruti	Heritage & Culture	Preserving heritage, arts, rural development, and supporting veterans & sports	₹22,35,000

VPCL’s Commitment:
Empowering lives, fostering sustainability, and preserving heritage!

Additional CSR Contributions



Environmental Initiatives
Sapling planting and establishment of water purification plants (600+).



Infrastructure Development
Building schools, colleges, hospitals, health centers, and social welfare hostels.



Skill Development
Talent promotion in arts and sports, and vocational training with the distribution of sewing machines to underprivileged women.

CSR Financial Overview (2023-24)

Total USD Spent on CSR Programs:
\$4,70,888 (₹3,91,60,624)

VPCL’s CSR Performance Rankings
(as per the National CSR Portal)

2022-23
Ranked 401
out of 13,571 companies

2021-22
Ranked 501
out of 11,013 companies

2020-21
Ranked 576
out of 9,935 companies



Empowering Governance and Proactive Management

Governance Commitment

In alignment with the company's commitment to environmental conservation, sustainability, and robust corporate governance, the Board of Directors (BoD) at their meeting held on June 24, 2024, at Unit IV, Visakhapatnam, resolved to establish an ESG-focused governance structure. To spearhead this initiative, the Board has constituted a **Core Committee** and a **Sub-Committee for Sustainability Reporting**, comprising members with fundamental expertise in ESG and sustainability.

The primary objective of these committees is to assist the Board in upholding the company's dedication to sustainability, including environmental conservation, climate change mitigation, health and safety, corporate governance, diversity, and overall reputation. Additionally, the committees are tasked with formulating and implementing processes and protocols, undertaking preventive actions, and conducting periodic assessments to effectively manage ESG-related risks and impacts on the organization.

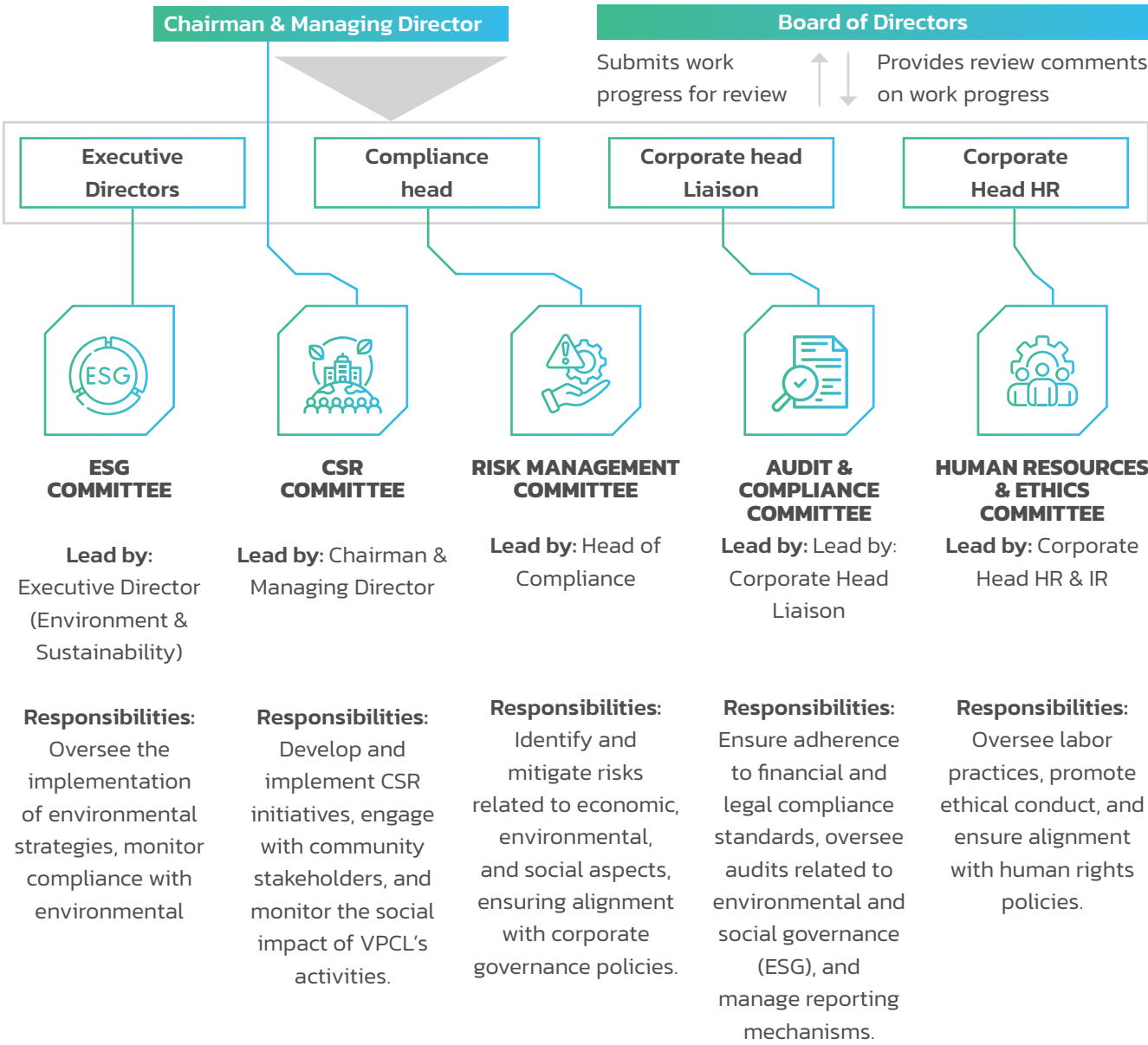


Governance Structure

Overview of Governance Structure

The governance structure of VPCL is designed to ensure effective oversight and management of the company’s economic, environmental, and social impacts. The highest governance body is led by the Founder Chairman & Managing Director, M.V. Rama

Raju, supported by a team of Executive Directors, senior management, and various specialized committees. This structure promotes accountability, transparency, and strategic alignment across all operations.



Formation of ESG Committee at VPCL

To strengthen its commitment to **sustainability, environmental conservation, and corporate governance**, VPCL’s Board of Directors established an **ESG-focused governance structure** on June 24, 2024, at **Unit IV, Visakhapatnam**.

Committee Structure & Objectives

Core Committee	Sub-Committee	Coordinator
Comprising key leadership, responsible for formulating ESG strategies, risk management, and sustainability reporting.	Supports the Core Committee with data, inputs, and operational insights from various business functions.	Dr. R. Visalakshmi Devi ensures seamless collaboration between committees.

These committees will meet periodically to assess ESG risks, enhance disclosures, and drive sustainability initiatives across **operations, governance, health & safety, diversity, and climate action**. While currently non-statutory, this governance structure reinforces **VPCL’s proactive ESG integration** across its operations.

Chair of the Highest Governance Body

Sri M.V. Rama Raju, **Chairman & Managing Director**, brings **46+ years of pharmaceutical expertise**, driving strategic decisions, production, and marketing. His dual role ensures seamless governance and operational leadership, with **conflict mitigation through independent oversight and transparency**.

Delegation of Sustainability Responsibilities

Sustainability responsibilities are **delegated across leadership roles**, including **Corporate HR, AVP, Corporate Head of Manufacturing, Sr. VP, and Apex Team Leaders (ATL)**. Employees across departments contribute to **impact management**, with structured monitoring through **PPM, PRM, and Corporate Heads Review Meetings**. The **Management Assurance Team** ensures continuous evaluation and enhancement of sustainability practices.

Role of the Governance Body

VPCL’s highest governance body defines the **company’s purpose, values, and ESG strategies**, ensuring **regulatory compliance, efficiency improvements, and sustainability integration**. They oversee **due diligence, GMP, EHS standards, and stakeholder engagement** through meetings and trade fairs, using feedback to refine product development and sustainability initiatives.

Governance and Oversight of Sustainability Reporting

At Vasudha Pharma Chem Limited (VPCL), the Board of Directors (BoD) oversees sustainability reporting, ensuring accuracy and alignment with the company's ESG commitments. In the June 24, 2024, Board meeting at Unit IV, Visakhapatnam, VPCL established a Core Committee and Sub-committee comprising Directors and ESG experts to oversee ESG disclosures and monitor performance on material topics like

environmental conservation, climate change, health and safety, governance, and diversity.

The Committee gathers inputs from key business functions—HR, Operations, Finance, Legal, Compliance, CSR, and IT—conducting regular assessments to identify ESG risks. It provides recommendations to the BoD, which reviews and approves the information, ensuring transparency and accountability in sustainability reporting.

GOVERNANCE POLICIES

List of Policies at Vasudha Pharma Chem Limited



Employee Welfare & Support Policies

- Employee Welfare Initiatives Policy
- Funeral Assistance Policy
- Voluntary Contributions Policy
- Retirement Policy
- Salary Advance Policy
- Union Agreement Policy



Compensation & Governance Policies

- Remuneration Policy
- Stakeholder Engagement in Remuneration Practices Policy
- Corporate Governance Policy
- Code of Ethics
- Nomination and Remuneration Committee (NRC) Policy
- Conflict of Interest Policy



Regulatory Compliance & Ethical Policies

- Regulatory Compliance Policy
- Legal Register and Compliance Monitoring Policy
- Anti-Corruption and Bribery Policy
- Whistleblower and Grievance Redressal Policy



Cybersecurity & Data Privacy Policies

- Cybersecurity and Privacy Protection Policy
- Asset Protection and Data Security Policy



Workplace Ethics & Labor Policies

- Workplace Ethics and Professional Conduct Policy
- Anti-Discrimination and Anti-Harassment Policy
- Prevention of Sexual Harassment (POSH) Policy
- Freedom of Association Policy
- Prevention of Child and Forced Labor Policy



Employee Growth & Recognition Policies

- Career Development Policy
- Training and Development Policy
- Career Development Plan
- Higher Education Policy
- Employee Recognition and Reward Policy



Work-Life Balance & Special Benefits Policies

- Maternity Leave & Benefit Policy
- Marriage Gift Policy
- Compensation Policy for Bereaved Family Members
- Guidelines for Employee Farewell
- Superannuation Policy



Labor & Contract Management Policies

- Contract Labor Management Policy



Health, Safety & Quality Policies

- Health & Safety Policy
- Fire Safety Policy
- Quality Management Systems Policy



Travel & Accommodation Policies

- Travel & Accommodation Policy
- Local Conveyance Policy

Employee Welfare & Support Policies



Employee Welfare Initiatives Policy

Provides financial and moral support to bereaved families in case of an employee's demise.



Funeral Assistance Policy

Grants immediate financial aid of ₹20,000 for funeral expenses in case of a fatal accident during employment.



Voluntary Contributions Policy

Encourages employees to contribute financially to bereaved families, ensuring transparency in contributions.



Retirement Policy

Sets the retirement age at 60, with provisions for early retirement due to health reasons and reappointment as consultants if expertise remains valuable.



Salary Advance Policy

Offers financial assistance to employees in need.



Union Agreement Policy

Recognizes the employee union at Unit I in Hyderabad and supports fair labor practices.

Compensation & Governance Policies



Remuneration Policy

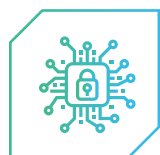
Aligns executive compensation with market standards, financial sustainability, and organizational performance.



Stakeholder Engagement in Remuneration Practices Policy

Ensures transparency in compensation decisions through shareholder engagement and independent remuneration consultants.

Cybersecurity & Data Privacy Policies



Cybersecurity and Privacy Protection Policy

Implements encryption, vulnerability assessments, and employee training to safeguard sensitive data.

Employee Growth & Recognition Policies



Career Development Policy

Supports continuous learning and professional growth for employees.



Reward and Recognition Policy

Encourages and celebrates outstanding employee contributions.

Work-Life Balance & Special Benefits Policies



Maternity Leave & Benefit Policy

Provides comprehensive support for working mothers.



Marriage Gift Policy

Acknowledges and celebrates employees' personal milestones.



Freedom of Association Policy

Ensures employees' rights to collectively organize and engage in labor unions.

Integrity at the Core of Our Business

Integrity is at the core of Vasudha Pharma Chem Limited's values, guiding ethical conduct, transparency, and accountability. Committed to legal compliance and fair practices, VPCL fosters an inclusive workplace and strong stakeholder trust, reinforcing its dedication to responsible corporate citizenship and long-term success.

Unwavering Ethical Standards

At Vasudha Pharma Chem Limited (VPCL), we uphold strong corporate governance by fostering a workplace that prioritizes ethical conduct, accountability, and compliance. Our governance framework is built on principles of transparency, integrity, and inclusivity, ensuring responsible business operations.

Commitment to Legal and Ethical Standards

VPCL mandates full compliance with national and local laws, reinforcing ethical business practices across financial management, operations, and stakeholder engagements. Our unwavering commitment to integrity fosters trust among employees, partners, and external stakeholders.

Employee Welfare and Workplace Well-being

We prioritize employee welfare, offering financial and moral assistance in extraordinary situations, such as the loss of an employee or their spouse. This initiative reflects our commitment to fostering a compassionate and supportive workplace.

Workplace Ethics: Respect, Inclusivity, and Professional Conduct

- VPCL upholds a **respectful and inclusive** work environment, strictly prohibiting discrimination, harassment, and abusive behavior.
- Employees are expected to maintain **high standards of professionalism**, including adherence to ethical conduct, dress codes, and a positive corporate image.
- Collaboration and teamwork** are actively promoted to strengthen interdepartmental efficiency and shared success.

Asset Protection and Data Security

- Employees are entrusted with the responsible use of **company resources**, including physical assets and intellectual property. This aligns with our **sustainability goals** and reinforces ethical resource management.
- Strict **confidentiality policies** are in place to safeguard proprietary and sensitive company information, ensuring data protection and privacy.

Anti-Corruption and Conflict of Interest Management

- VPCL maintains a **zero-tolerance policy** towards bribery and corruption. Employees are prohibited from accepting gifts beyond nominal gestures to preserve impartiality in business dealings.
- To uphold transparency, employees must disclose and actively **avoid conflicts of interest** that could compromise their professional integrity.

Accountability, Punctuality, and Governance Compliance

- Employees are encouraged to demonstrate **responsibility and punctuality**, with clear expectations regarding attendance and operational reliability.
- Transparent communication** is a core governance principle, ensuring accuracy, completeness, and trust in all internal and external interactions.
- VPCL ensures that all employees remain well-informed about corporate policies through **ongoing education and training**, reinforcing compliance with company values and regulatory requirements.

Sustainable and Responsible Employee Benefits

While VPCL provides **competitive employee benefits**, responsible utilization is encouraged to prevent misuse and ensure long-term sustainability. By embedding robust governance mechanisms, VPCL reinforces its commitment to ethical leadership, regulatory adherence, and an inclusive corporate culture, driving sustainable growth and long-term value for all stakeholders.

STAKEHOLDER ENGAGEMENT IN REMUNERATION PRACTICES

VPCL actively seeks stakeholder input on remuneration through surveys, feedback sessions, and annual general meetings, ensuring transparency and informed decision-making. Independent consultants

provide expert benchmarking insights, maintaining fairness and objectivity. Stakeholder votes on remuneration policies are documented, and concerns are addressed to foster trust and collaboration.

COMPLIANCE WITH LAWS AND REGULATIONS

At Vasudha Pharma Chem Limited, we prioritize full compliance with all applicable laws, regulations, and statutory requirements, ensuring that our operations align with the highest legal and ethical standards. We maintain a comprehensive legal register, updated monthly, to track and manage compliance with all relevant regulations set forth by regulatory bodies.

During the reporting period, we did not encounter any significant instances of non-compliance with laws and regulations. Our proactive approach to regulatory compliance has prevented any fines, monetary

sanctions, or non-monetary penalties. We are proud to report that there were:

- **No instances of fines incurred** for non-compliance with laws or regulations in the current or previous reporting periods.
- **No instances of non-monetary sanctions** related to regulatory non-compliance.

Our commitment to regulatory compliance reflects our dedication to responsible and ethical business practices, fostering trust with our stakeholders and the communities we serve.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) at VPCL oversees Director appointments, KMP and Senior Management remuneration, ensuring compliance with Section 178 of the Companies Act, 2013. Selection criteria include competency, diversity, independence, and sustainability commitment,

fostering a balanced and conflict-free governance body. Stakeholder input is integrated through consultations, ensuring decisions align with expectations. The NRC maintains diverse expertise in finance, legal, and sustainability, driving ethical leadership and sustainable growth.

Managing Conflicts of Interest

The organization recognizes various situations that may constitute a Conflict of Interest (COI), which could compromise an employee’s ability to act in the best interests of the company. Examples include using one’s position for personal gain, entering into transactions with entities where the employee or related persons have a financial interest, and accepting inappropriate gifts or favors. Misuse of organizational resources or personnel, as well as inappropriate involvement in hiring or evaluation processes, also constitute COI. Additionally, financial, business, or romantic relationships between co-

workers may lead to perceived or actual conflicts. Employees are expected to disclose such situations promptly to management to ensure transparency and maintain organizational integrity.

Critical concerns related to regulatory authorities and other significant matters are promptly communicated to the highest governance body through appropriate channels, including phone calls, email, formal correspondence, or in-person meetings, ensuring timely and effective decision-making.

ANTI-CORRUPTION AND ANTI-BRIBERY AT VASUDHA PHARMA CHEM LIMITED

VPCL upholds a zero-tolerance policy on corruption and bribery, ensuring strict compliance with ethical business practices. Our Anti-Corruption and Anti-Bribery Policy prohibits unethical conduct, including bribery, facilitation payments, and conflicts of interest. To reinforce integrity, mandatory training programs

educate employees on recognizing and reporting unethical behavior. Awareness initiatives, including workshops and regular communications, ensure a culture of transparency and compliance with regulatory standards.



PUTTING CUSTOMERS FIRST: A COMMITMENT TO EXCELLENCE

At Vasudha Pharma Chem Limited, we prioritize a customer-centric approach, aiming to consistently exceed client expectations by delivering safe, effective, and innovative solutions. Our commitment to excellence is embedded in every aspect of our operations—from stringent quality control measures to responsive customer service. By actively listening

to customer feedback and implementing continuous improvements, we strive to strengthen trust and build long-term relationships. Our robust quality assurance framework ensures that every product meets industry standards, and our dedicated teams work tirelessly to enhance customer satisfaction and support our client's unique needs.

FORTIFYING CYBERSECURITY AND PROTECTING PRIVACY

In today's digital landscape, protecting customer data and maintaining secure information systems are paramount. VPCL is committed to upholding the highest standards of cybersecurity and privacy protection to safeguard sensitive information. Our cybersecurity program includes rigorous data encryption practices, regular vulnerability assessments, and proactive monitoring to address

emerging threats. Employees undergo frequent cybersecurity training, reinforcing a culture of vigilance and responsibility. We comply with relevant data privacy regulations and ensure that personal information is managed with integrity, aligning with our ethical commitment to protect the privacy of all stakeholders.

DRIVING SUSTAINABLE GROWTH

Driving Financial Excellence for Sustainable Growth

At VPCL, financial discipline and strategic investment are integral to our sustainable growth journey. We prioritize responsible financial management, ensuring that resources are effectively allocated to support innovation, expansion, and environmental initiatives. Through diligent oversight and a commitment to

fiscal responsibility, we drive value creation while maintaining a strong foundation for future growth. This approach allows us to not only meet immediate business goals but also to strengthen our ability to invest in sustainable, long-term projects that align with our commitment to corporate responsibility.

Cultivating Unbreakable Bonds through Customer Care

Our customers are at the heart of everything we do, and we are deeply committed to delivering quality, value, and service excellence. VPCL emphasizes customer-centric practices that prioritize trust, transparency, and responsiveness. By consistently exceeding expectations and addressing unique needs,

we foster lasting relationships and nurture loyalty. This dedication to customer care underscores our belief in building mutually beneficial partnerships that go beyond transactions, reinforcing our pledge to put our customers first in every interaction.

Leading with Product Responsibility and Innovation

Innovation is key to VPCL's mission, and product responsibility is central to our business. We rigorously ensure that our products meet the highest standards of quality, safety, and regulatory compliance. Through ongoing investment in R&D, we not only drive innovation but also focus on creating solutions

that benefit communities and the environment. Our commitment to product responsibility empowers us to deliver transformative, reliable solutions that align with our vision of positive societal impact and sustainable growth.

Ensuring Ethical Sourcing with Supply Chain Transparency

We are dedicated to fostering a transparent and ethical supply chain that aligns with our corporate values and sustainability goals. By closely monitoring sourcing practices, we ensure that suppliers adhere to high standards of labor, environmental stewardship,

and business ethics. This commitment to transparency and integrity strengthens our supply chain, enhances accountability, and reflects our dedication to ethical practices that resonate throughout our entire value chain.

Empowering Growth through Strategic Partnerships and Alliances

At VPCL, we believe in the power of collaboration to drive innovation and growth. By forming strategic partnerships and alliances, we extend our capabilities, tap into new expertise, and amplify our impact across industries. Our alliances support knowledge-sharing

and expand our ability to deliver sustainable solutions to our customers and communities. Through these partnerships, we build a resilient network that fuels shared growth and a brighter, more sustainable future.

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