

ESG Impact Assessment Report of Dileep Craft Private Limited

<https://dileep.in/>



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ABOUT THIS REPORT

Environment, Social and Governance (ESG) issues are increasingly becoming mainstream. Sustainability has grown from Corporate Social Responsibility (CSR) to business imperative. An ESG Impact assessment of Dileep Craft has been conducted to monitor the company progress and ensure that the Company is operating and growing in sustainable manner.

The reporting period for this report is from **October 1, 2022, to September 30, 2024**. The reporting boundary includes all the operations and business segments of Dileep Craft.

The assessment was conducted through a thorough desktop review and analysis of information provided by Dileep Craft and data available in public domain. The observations of impact are primarily derived from an evaluation of the company's internal documentation, including reports, policies, and other relevant data/information provided by Dileep Craft.

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INTRODUCTION

INDUS Environmental Services Pvt. Ltd. (“INDUS”) has been engaged by PHI Capital (“PHI or Fund”) to conduct an **Environmental, Social, and Governance (ESG) Impact Assessment** for its portfolio company - **Dileep Craft Private Limited** (“Dileep Craft” or “the Company”) of PCGF 1.6 (Fund-III) against the Environmental and Social (E&S) goals and to assess the value creation that the fund creates through the portfolio in terms of ESG aspects. The assessment has been conducted through a desk based exercise and covers the overview of ESG impact of Dileep Craft, covering its operational manufacturing units, including **Dileep Industries Private Limited (DIPL, Jaipur)**, **Dileep Industries India Pvt Ltd (DIPL)** and **Dileep Potteries Private Limited (DPPL)** located in Jaipur, in the state of Rajasthan, India.

This comprehensive assessment aims to evaluate the Company’s adherence to sustainable practices and its ability to manage ESG risks and opportunities across its business operation. The main objective of this ESG Impact Assessment is to evaluate that how sustainability and responsible practices are integrated into business operations of the Company, including overall supply chain. This Report exhibits Fund’s values and commitment towards ESG aspects. The E&S Initiatives and Performances of Dileep Crafts have been aligned and linked with United Nations' Sustainable Development Goals (SDGs) and other global standards, wherever applicable.

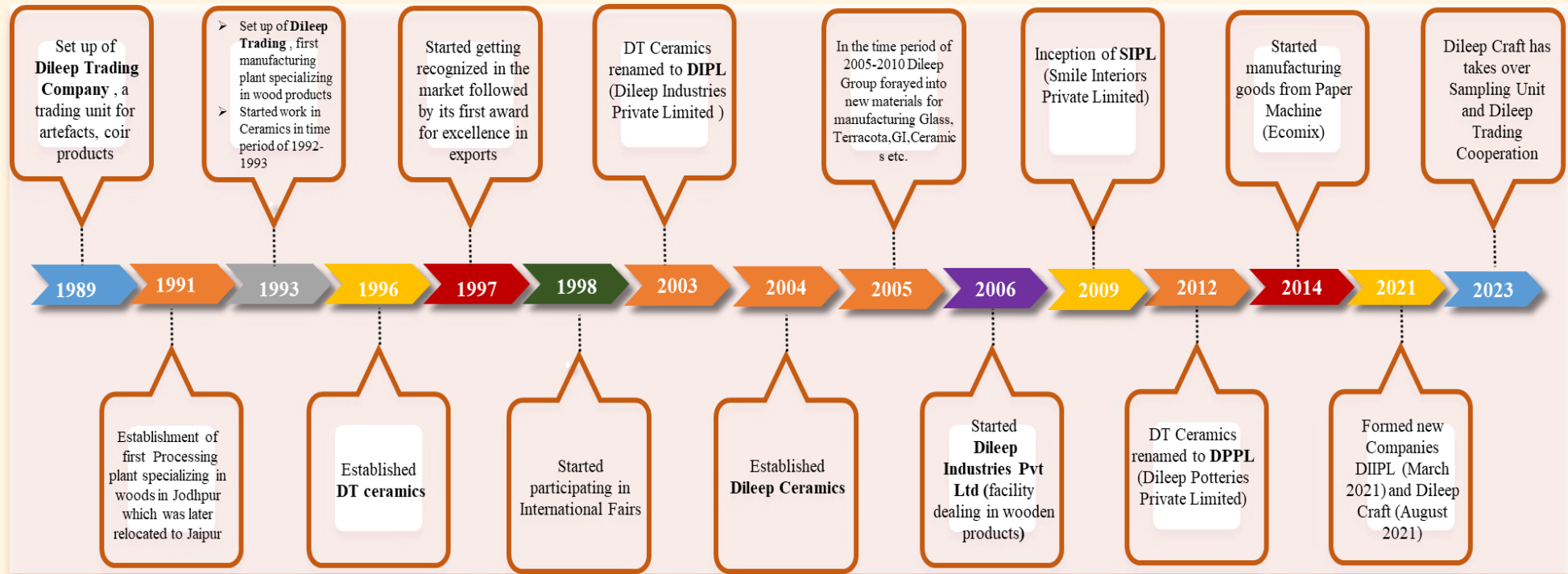
ABOUT DILEEP CRAFT

Dileep Craft was established in 1990, and has been involved in the handicraft manufacturing, trading, and export business, with its corporate office located in Jaipur, in the State of Rajasthan. The Company has grown to become a leading producer of wooden handicrafts, decorative items, home furnishings and other related products. Dileep Craft operates through two (2) primary business verticals: (i) the corporate vertical and the (ii) production vertical. The company’s products are primarily exported to markets in the United States and Europe, with a diversified clientele across more than 30 countries globally. The international presence has allowed Dileep Craft to establish itself as a key exporter of high-quality handcrafted goods.

Currently, the Company has its three (3) operational manufacturing facilities located in Jaipur, namely:

- i. Dileep Industries Private Limited (DIPL),
- ii. Dileep Industries Private Limited (DIPL),
- iii. Dileep Potteries Private Limited (DPPL).

HISTORY OF DILEEP CRAFT



PRODUCT PORTFOLIO

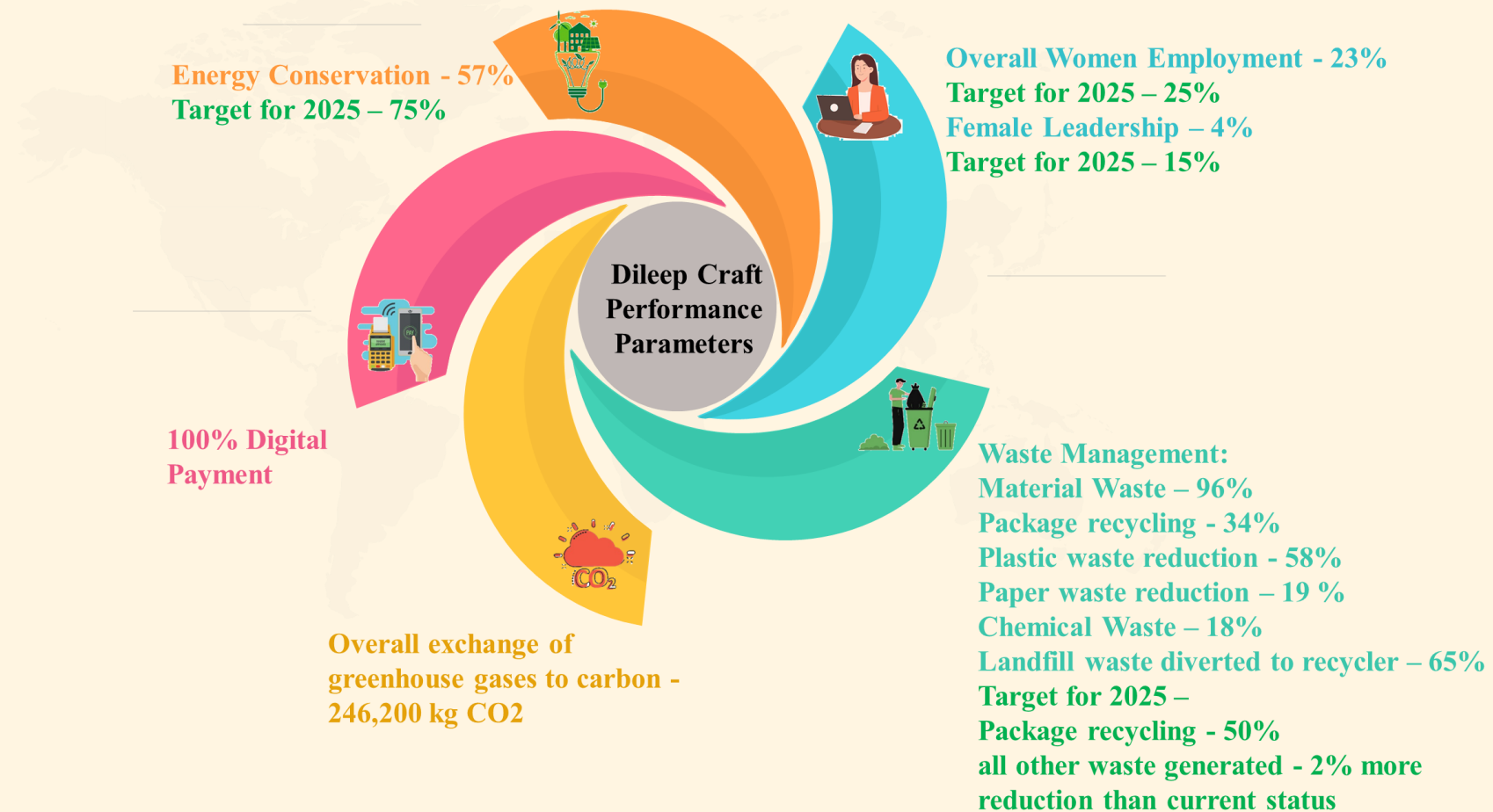
Dileep Craft offers a diverse range of handcrafted products. Their high-quality, sustainable offerings cater to evolving customer needs across regions and price points. Continuously innovating, they align with market trends while preserving the essence of Indian craftsmanship.

FURNITURE 	HOME DECORS 	KITCHEN & DINING  
▪ Accent Furniture ▪ Storage Furniture	▪ Home Accents ▪ Candles & Votives	▪ Dinnerware ▪ Storage panels ▪ Bakeware & Cookware ▪ Drinkware
LIGHTING ▪ Table Lamps ▪ Pendants	WALL DECOR  ▪ Alternative Wall Decors (Animal head, Wall Art) ▪ Functional Wall Decor (Mirror, clock, shelves)	HARDWARE  ▪ Knobs & Handles ▪ Hooks ▪ Accessories (Door stoppers, Switch Plates)

MANPOWER

Description	DIPL	DIPL	DPPL	Total
Male	33	260	180	473
Female	2	60	80	142
Differently abled	0	0	0	0
Permanent	2	155	20	177
Contractual	33	165	240	438
Attrition Rate	12%	15%	12%	13%

ESG PERFORMANCE OF DILEEP CRAFT



ENVIRONMENTAL COMMITMENTS

Dileep Craft is committed to minimizing its environmental impact through sustainable and responsible practices, ensuring alignment with evolving ecological needs. The company has implemented key initiatives, including recycling, reducing waste to landfill, harnessing renewable energy, and adopting water conservation measures. These efforts reflect the Company's dedication to optimizing resource use and integrating eco-friendly practices across its operations and supply chain.

Environment and Social Management System (ESMS)

Dileep Craft has established a comprehensive ESMS, consolidating the E&S related risks identification and management procedures commensurate to the existing operations and future expansion plans, to manage E&S aspects in a more systematic and structured manner and comply with legal requirements, aligning with IFC Performance Standards and other relevant good practices.

The ESMS incorporates the following elements: (i) Overarching E&S policy; (ii) identification of E&S risks and impacts; (iii) management programs; (iv) organizational capacity and competency; (v) emergency preparedness and response; (vi) stakeholder engagement; (vii) grievance redressal mechanism and (viii) monitoring and review.

Certifications

Dileep Craft is **ISO 9001:2015 (Quality Management)** and **ISO 14001:2015 (Environmental Management)** certified. The Company ensures conformance with international frameworks and environmental best practices i.e. DEG E&S Policy, IFC Performance Standards PS 1 (Assessment and Management of Environmental and Social Risks and Impacts), PS 2 (Labor and working conditions), PS 3 (Resource Efficiency and Pollution Prevention), PS 4 (Community Health, Safety and Security), PS 6 (Biodiversity Conservation and Sustainable Management of Living Natural Resource) – (As company procures wood from supplier).

Energy Management

The Company has made significant progress in integrating renewable energy into its operations. Solar panel installations at the facilities includes 160 KW at DIPL Jaipur, and 90 KW at DPPL Jaipur. Currently, 52% of the overall total energy requirements are met through renewable sources, with an ambitious target of 75% by 2025. Total energy conservation across all facilities is 6,54,321 KW. Also, the Company has installed PU Motors, IE3 Motors, BLDC Fans, and Power Factor Capacitors to machines. Pneumatic tools are used in the operation instead of power tools. Routine maintenance of machines is carried out.

Outcomes of Energy & Resource Management initiatives is highlighted in **Table-1**.

S.No	Type	Reduction Achieved	Key Initiatives
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Table 1 Energy Conservation Outcomes

1	Electricity	~2%	Maintenance improvements, training, and load separation during power cuts.
2	Diesel	~25%	Better maintenance, training, and load separation during power cuts.
3	Solar Energy	~40% (increased)	Maintenance improvements and transitioning to pneumatic tools.
4	LPG	~21%	Nozzle changes, scheduled maintenance, and employee training.

In **energy management**, the company has outlined 2026 targets, including a **75% increase in overall energy conservation**, a **2% reduction in electricity and LPG consumption**, and further improvements in diesel efficiency.

Water & Wastewater Management

Water: Water is mainly consumed for drinking and sanitation purpose. Main source of water supply is ground water extracted through borewells at all the facilities. Required permission from the concerned authority for ground water withdrawal are in place. Supplementary water supply is sourced through Rajasthan State Industrial Development and Investment Corporation Limited (RIICO), with verified billing documentation. Further, the Company has incorporated both traditional and innovative methods for water conservation. Company also ensures to track the water consumption all over the facility.

Waste water: Major source of waste water generation in the Company is through domestic utilisation of water. Disposal of domestic wastewater generation is ensured through septic tank. Further, most of the processes in the production area are dry, however, the effluent is generated from casting and molding operation and from glazing operation respectively mainly is DPPL. Also, effluent is generated through washing and cleaning of areas where chemicals, paints etc. are used. Therefore, to ensure safe disposal of wastewater, DPPL has installed two (2) Effluent Treatment Plants (ETPs) within the premises; 5.0 KLD and 3.0 KLD capacity for treatment of wastewater generated.

Waste Management

1. Municipal Solid Waste

Dileep Craft ensures the responsible disposal of municipal solid waste generated at its corporate office and manufacturing units. At the Corporate Office, paper waste is shredded before disposal to safeguard sensitive information, while all solid waste, including food waste, is transported to designated

dumping sites. At the manufacturing facilities, solid waste generated is sent to Rajasthan State Industrial Development and Investment Corporation Limited's (RIICO) dumping ground for disposal, in line with the *Solid Waste Management Rules 2016*.

2. Wood Waste

The facilities where wood is used as raw material sell wood waste and saw dust generated during production process, to a local vendor and maintain the record of the same.

3. E-Waste Treatment.

The Company has established mechanisms for the ethical handling of electronic waste. Any e-waste generated at the Corporate Office or manufacturing unit is systematically collected and disposed of through M/s Green Leaf Recycling Industries, an authorized recycler, under a long-term agreement contributing to sustainable recycling efforts.

4. Hazardous Waste

The Company ensures responsible management of hazardous waste across its

operations, demonstrating its commitment to sustainability and regulatory compliance.

At the Corporate Office, used oil from the Diesel Generator (DG) set is carefully handled by the maintenance provider.

At the manufacturing facilities, hazardous waste, including used oil, empty barrels, paint residue, contaminated cotton rags and chemical sludge, are generated. The Company has obtained hazardous waste authorization under *Hazardous and Other Waste(Management and transboundary*

movement) Management Rules 2016 and dispose the waste through authorized channels in accordance with the *H&OWM Rules 2016*.

Further, considering sustainable operation, the Company has formulated a chemical handling policy which includes all the chemicals used and disposal of waste chemicals etc.

These practices ensure that potentially harmful materials are managed with the highest standards of care, mitigating risks to both human health and the environment.

S.No	Type	Reduction Achieved	Key Initiatives
1	Material Waste	96%	Waste minimization strategies and enhanced efficiency practices.
2	Plastic Waste	58%	Design changes, awareness programs, and material reuse initiatives.
3	Paper Waste	19%	Packaging resizing and employee training on sustainable practices.
4	Chemical Waste	18%	Packaging optimization and improved safe handling awareness.

Table 2 Waste Management Data

Dileep Craft has set clear sustainability targets to reduce its environmental impact. For **waste management**, the company aims to achieve a **2% annual reduction in waste generation** by 2025, using 2021 as the baseline year.

Air Emissions

- Regular monitoring of DG sets for emissions such as Particulate Matter (PM), Nitrogen Dioxide (NO₂), Hydrocarbons (HC), and Carbon Monoxide (CO) is conducted at all the sites, to ensure compliance with environmental regulations. All monitored parameters are within the permissible limits, demonstrating that emissions from the DG sets are effectively controlled and meet regulatory standards.

- At manufacturing facilities, indoor air quality monitoring is also conducted in key work zones, including areas near sanding, wood cutting, and finishing sections, to ensure a healthy and safe working environment. Parameters such as Suspended Particulate Matter (SPM), SO₂, NO₂, and CO are consistently within the limits, underscoring the company's commitment to air quality and employee health.
- The Company reduces emissions by using dust collectors and paint booths, with regular air monitoring tests to mitigate air pollution. It also ensures compliance with low volatile organic compound (VOC) standards for paints, varnishes, and finishes, conducting tests every six (6) months at designated walk-in points to maintain environmental standards.

Carbon Reduction

The major initiative taken by the Company to reduce Emission is, Liquefied Petroleum Gas (LPG) is used instead of diesel.

Total Exchange of GHG to Carbon = 246,200 kg CO₂ (Carbon Reduction)

Responsibly Sourced Material

The Company has established a comprehensive and transparent procedure for sourcing raw material (wood), with a particular focus on traceability and compliance. Wood used in the furniture and other decorative products is sourced from both **Forest Stewardship Council (FSC)-certified** and non-FSC-certified suppliers. For FSC-certified wood, the Company ensures that only approved suppliers are selected, and quality checks are conducted. The Company sources 60% wood from FSC. For non-FSC-certified wood, a comprehensive set of permits and documentation is required, including farm origin documents, plant cutting permissions, transit permits, sawmill licenses, government auction slips, measurement slip from origin, Interstate movement permit, Measurement at arrival, E-way bill, Production records, Conversion records and GST invoice. This ensures that all wood sourced is legally harvested and complies with relevant regulations.

The Company's wood sourcing is aligned with sustainability goals, as evidenced by the Chain of Custody (CoC) system in place for wood used in manufacturing furniture and handicrafts. For rosewood, the Company uses wood certified under the Vriksh Timber Legality Assessment and Verification Standards, ensuring its legal and sustainable origin.

This transparent and well-documented wood procurement process ensures that sourcing practices of Dileep Craft are sustainable, legally compliant, and aligned with environmental best practices, mitigating any potential negative impact associated with raw material sourcing.



SOCIAL RESPONSIBILITY

The Dileep Craft is dedicated in fostering a positive social impact through its operations, not only by adhering to legal requirements but also by going beyond to create a safe, inclusive, and ethical environment for its employees and the communities it serves

HR Framework and Employee Policies

The Company has implemented a comprehensive HR framework at the corporate level and extended it to all of the facilities (DIPL, DIPL and DPPL). Framework includes key policies on employee orientation, code of conduct, leave, workplace safety, grievance redressal, non-discrimination, working hours, wages, employee compensation child labour restrictions, freedom of association and forced labour. Policies reflect the commitment of the Company towards fair labour practices. All the policies are approved by senior management and displayed on the notice boards, as required and regularly reviewed for effectiveness.

Worker Rights and Fair Employment Practices

Dileep Craft is committed to creating a fair, inclusive, and respectful workplace. It ensures freedom of association through displayed policy statements, empowering employees even without formal labor unions. A comprehensive non-discrimination policy guarantees equal opportunities for all its employees including contractual workers, regardless of gender, religion, or status.

To maintain a harassment-free environment, the Company enforces a thorough Prevention of Sexual Harassment (POSH) policy aligned with the *Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013*. Internal Committee (IC) is constituted and regular awareness sessions have established a secure workplace, with no harassment complaints reported to date.

Child Labor and Forced Labor

Dileep Craft maintains a strict no child labor policy, with evidence showing that age verification is conducted during recruitment. The Company ensures that no juvenile workers are employed, and child labor is strictly prohibited. A visible policy statement and posters are displayed at all facilities, reinforcing this commitment. Additionally, there are no instances of forced or bonded labor at any facility. The Company enforces a clear forced labor policy, which is upheld across all facilities, ensuring a transparent and ethical approach to labor.

Work Hours, Wages, and Overtime Practices

The Company ensures structured work hours (as per *Factories Act 1948*) across its facilities, with breaks provided to promote employee well-being. Attendance is managed through biometric systems for accuracy and transparency. The Company complies with the *Rajasthan Minimum Wages Rules 1959*, ensuring that on-roll and contractual employees are paid above the minimum wages. An overtime policy is implemented across all facilities, offering compensation in line with the *Factories Act 1948*. While overtime is generally discouraged to maintain work-life balance, employees are compensated as per statutory requirements.

Employee Benefits and Social Security

The Company provides comprehensive social security benefits to its employees, including coverage under the Employees' Provident Fund (EPF) and Employees' State Insurance (ESI) schemes, in compliance with statutory requirements. For permanent employees, group health insurance is offered across all the facilities, ensuring robust health and welfare support. The Company provides 26 weeks of maternity leave to its female employees, reflecting its commitment to supporting women.

Community Engagement and Corporate Social Responsibility (CSR)

The Company actively fulfills its obligations under the *Companies Act 2013*, by engaging in impactful Corporate Social Responsibility (CSR) initiatives coordinated at Corporate level. Key activities include:

- Constructing rainwater harvesting ponds to support water conservation.
- Providing financial assistance to local schools and children to combat child labor.
- Donating to technical education institutes to promote skill development.
- Offering financial and medical support to hospitals.
- Organizing blood donation camps and vaccination drives for workers' families and supply chain partners.
- Conducting medical and eye check-up camps in rural areas to enhance healthcare access.



EDUCATION



SANITATION



WATER
CONSERVATION



HEALTH

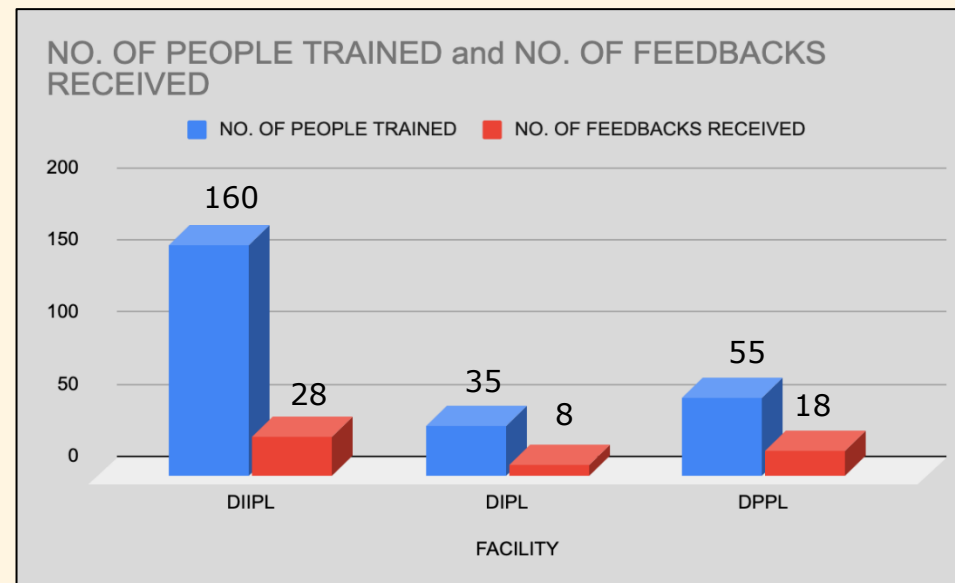


FINANCIAL
SUPPORT

EHS Training

Dileep Craft provides Environment, Health and Safety (EHS) training to its employees (both on-roll and off-roll) and create awareness among the employees. The Company through its training ensures a safe, healthy, and environmentally compliant workplace. Training provision contributes in minimizing risks, ensure regulatory compliance, and promote well-being in the work environment.

- **Number of Trainings Provided**
 Trainings were conducted **4 times a year** at each facility.
- **Total Training Hours**
 Each training session lasted approximately **30 to 45 minutes**, resulting in an average of **6 to 9 hours** of training at each facility annually. Cumulatively, this accounts for approximately **18 to 27 hours** of training across all facilities

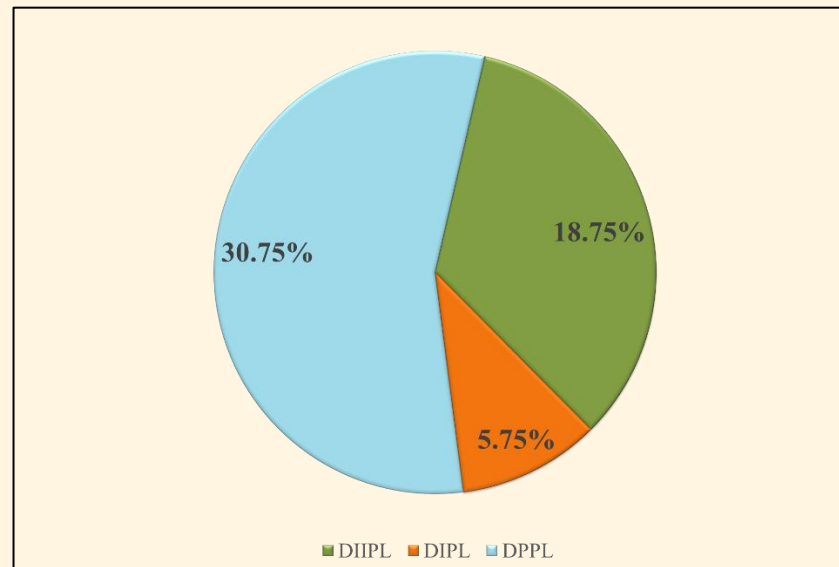


Accident/Incident Reporting

The Company has established accident/incident reporting format to report the accident/incident occurred and all the facilities maintain record of the accident/incident occurred. ***Zero accidents/incidents have been occurred facilities.***

Inclusion and Diversity

Dileep Craft is committed to fostering an **inclusive and supportive workplace for women**. It has increased the women employees by overall **35%** at production section, and provides transport facilities, tailored workplace arrangements, and active participation in committees such as **Health & Safety, Canteen Complaint, and ICC**, which hold monthly meetings. Women workers receive training on digital payments, Company policies, and self-defense, along with annual wage and awareness surveys in nearby villages. These efforts have created a favorable working environment, reflected in the steady rise in women's participation and satisfaction.



Percentage of women involvement in work across facilities

GOVERNANCE

The company upholds strong governance practices, ensuring centralized policy development, compliance mechanisms, and ethical oversight.

Policy Framework and Ethical Standards

The Company has developed comprehensive policies addressing anti-bribery and corruption, whistleblower mechanisms, employee conduct, and labor compliances. These policies are systematically documented, approved by senior management, and maintained through a master list, ensuring consistent implementation and control across facilities. Dileep Craft has a strong whistle-blower mechanism in place, providing employees with a confidential platform to report concerns, reinforcing the company's commitment to ethical behaviour.

Contractor, Third-Party Management, and Transparency

The Company executes formal agreements with third-party contractors, outlining compliance obligations, worker training, and performance monitoring. While procedures for contractor selection and oversight are in place, there are areas that require improvement to address identified gaps. In terms of transparency and accountability, the company ensures traceability and ethical sourcing through systems like the Chain of Custody (CoC) for wood procurement. Regular audits of compliance records, including salary slips, PF challans, ESI challans, and attendance logs, further reinforce accountability. The company also coordinates CSR initiatives at Corporate level, overseeing activities and expenditures.

Stakeholder Engagement & Grievance Redressal

The Company has established stakeholder engagement plan which reflects the methodology for engaging stakeholder (e.g. suppliers, employees, customers, investors, govt. authorities) and how the different level of stakeholders will influence and impact the organisation. The company has established a structured grievance redressal mechanism (GRM) to resolve employee concerns. A suggestion/complaint box is maintained at each facility to collect feedback and anonymous complaints, and grievance logs are regularly reviewed to ensure timely resolution. The company's commitment to worker welfare is further demonstrated by its ongoing efforts to enhance employee engagement through regular consultations and feedback loops.

Vendor Compliance and improvement measures

Dileep Craft conducts an annual self-evaluation of its **Factory Environmental Management (FEM)** and Facility Social & Labor Module (FSLM) data, verified by a third party. Over the last three years, FEM scores have improved from **55 in 2021 to 70 in 2023**, while **FSLM scores increased from 85 to 89.6**. In cases of non-compliance identified during third-party verification, the company promptly prepares and implements action and improvement plans.

Ethical Trading

Dileep Craft is committed to trade ethically, source responsibly, and work to prevent modern slavery and job creation throughout business operation and in supply chains.

The Company undergoes regular independent audits (such as Higg scoring, vendor assessment by clients etc.) at its sites and carries out regular audits of key suppliers, in-line with supply chain management plan documented. Every facility ensures to provide training regarding environment and labour welfare aspects during the Induction.

TARGETS IN PROGRESS

TARGETS	ACTIONS
INCLUSIVE HIRING	
Use gender-neutral recruitment practices	Use inclusive, task-focused job descriptions to attract diverse candidates. Avoid unrelated criteria like gender or personal details.
Establish promotion criteria rooted in clear, measurable skills, job performance, and achievements.	Create clear, standardized evaluation and promotion criteria, with objective reviews shared with employees.
FINANCIAL SECURITY	
Financial Literacy Trainings to workers	In process
Pay social insurance/ social security for all workers	Ensure all mandatory benefits (e.g., social insurance, medical, pension) are provided as per local laws, with proper documentation and deductions.
GENDER BASED VIOLENCE AND HARRASMENT	
Post anti-violence and harassment messages in visible areas	Display translated posters in high-visibility areas, outlining reporting processes and local support services to enforce zero tolerance policy.

These targets reflect the company's dedication to sustainability and operational excellence, aligning with global ESG benchmarks.

MATERIALITY ASSESSMENT

Dileep Craft ESG strategy aligns with the UN Sustainable Development goals. As a group, the Company is committed to 7 of the 17 UN goals most relevant to its business operations.

Relevant SDG	Material Issue	Mitigation Measures	Explanation of Alignment
 SDG 6: Clean Water and Sanitation <i>Target 6.1 - Safe and Affordable Drinking Water</i> <i>Target 6.4 - Increase Water-Use Efficiency and Ensure Freshwater Supplies</i>	Water Usage and Conservation	Water conservation practices	Dileep Craft has made its production process dry – no use of water. The water is only use for domestic purpose such as cleaning, handwashing, housekeeping, sanitation etc. Further, Company provides safe drinking water to all the employees/workers. For ensuring the same drinking water analysis is conducted in all the facilities.
 SDG 7: Affordable and Clean Energy <i>Target 7.2 - Increase global percentage of Renewable Energy</i> <i>Target 7.3 – Double the Improvement Energy Efficiency</i>	Energy Access and Management, Renewable Energy	Energy consumption and Renewable Energy transition	Dileep Craft is focusing on Transition to renewable energy through installation of solar panel in the facilities, and targets to reduce emissions, promotes sustainability, and ensure long-term energy security. Installation of solar panel will optimize the use of energy resources. Dileep Craft targets to covert 75% of energy to solar by 2026, Out of which 57 % of the target is already met.

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 SDG 8: Decent Work and Economic Growth <i>Target 8.3 - Promote Policies to Support Job Creation and Growing Enterprises</i> <i>Target 8.4 - Improve Resource Efficiency In Consumption and Production</i> <i>Target 8.5 - Full Employment and Decent Work With Equal Pay</i> <i>Target 8.7 - End Modern Slavery, Trafficking and Child Labour</i> <i>Target 8.8 - Protect Labour Rights And Promote Safe Working Environments</i> <i>Target 8A - Universal Access to Banking, Insurance And Financial Services</i>	Employee welfare related issues, Lack of decent work opportunities, Lack of support for informal sector workers	Employee rights, equal wages, and safe workplace conditions, awareness in community regarding decent work and responsibilities	Dileep Craft committed to provide Equal opportunity, fair wages, ESI, insurance and a harassment-free work environment for all the employees. The Company conducts awareness programs in nearby villages for job creation and growing enterprise. Also, ensure resource efficient business operations.
 SDG 9: Industry, Innovation, and Infrastructure <i>Target 9.1 - Develop Sustainable, Resilient and Inclusive Infrastructures</i> <i>Target 9.4 - Upgrade All Industries and Infrastructures For Sustainability</i> <i>Target 9.5 - Enhance Research and Upgrade Industrial Technologies</i>	Environmental Impact and sustainability, Innovation in Product formation, industrialization and economic growth	Environment, Efficiency in production, employee welfare	Dileep Craft emphasizes innovative production processes and sustainable sourcing practices. It is committed for sustainable infrastructure by inclusion of new technologies focusing on energy conservation.

 SDG 10: Reduced Inequalities <i>Target 10.1 - Reduce Income Inequalities</i> <i>Target 10.3 - Ensure Equal Opportunities and End Discrimination</i>	Gender inequality, Social Inclusion such as, wages, discrimination related issues, working hours	Gender-neutral recruitment, workforce diversity, equal remuneration, minimum wages, non-discrimination	Dileep Craft has documented policies related to gender equality and workforce diversity, promoting equal opportunities, working hours, code of conduct etc. and adhere to all the labour welfare regulations. The Company focuses on reducing inequality in all the aspects from recruitment of female employees, to working in organisation and distribution of wages and other benefits (i.e. Maternity, ESIC).
 SDG 12: Responsible Consumption and Production <i>Target 12.2: Sustainable Management And Use Of Natural Resources</i> <i>Target 12.5: Substantially reduce waste generation.</i>	Waste Generation (hazardous and other industrial waste), sustainable supply chain and sourcing	Waste reduction, resource optimization, raw material suppliers	Dileep Craft ensures sustainable sourcing of wood (raw material) from its suppliers with focus on traceability and compliance of the supplier. Proper chain of custody (CoC) is system in place for wood used in manufacturing furniture and handicrafts. The company has made notable reductions in material and plastic waste while optimizing resource use.
 SDG 13: Climate Action <i>Target 13.2 - Integrate Climate Change Measures Into Policies And Planning</i> <i>Target 13.3 - Build Knowledge And Capacity To Meet Climate Change</i>	Green House Gas Emission, Extreme Weather event	Emission reduction through renewable energy and operational improvements	Dileep Craft focuses on reducing emissions by transitioning to renewable energy sources and improving operational efficiency. The Company also ensures to provide training and create awareness among employees on the aspects impacting environment.

VALUE ADDITION- POST INVESTMENT

INDUS has conducted the first E&S Due Diligence Assessment of Dileep Craft and its facilities in March 2022 and thereafter Top-up ESDD in May 2023. The ESG integrated investment approach demonstrated significant value addition in Dileep Craft. Qualitative/Quantitative (as applicable) comparative analysis has been listed in Table-3. These ESG improvements not only enhanced the company's financial performance but also aligned with investor expectations for sustainable and responsible business practices, contributing to long-term value creation.

Table 3 ESG Comparative Analysis

S.No	Parameters	Baseline 2021	Status as on January 2025.
1.	Female Employment	Overall Employment of Female worker at Dileep Craft in year 2021 was ~14%.	Current status of overall women employment is 23% .
2.	Female Leadership	No baseline set for the year 2021. However, in the year 2023 was 4% Female Leadership was observed. For example, Lady supervisor in production area, Committee Member in Office.	Increase in Leadership (exact number not provided) by appointing more lady supervisors in DIPL, DPPL and DIPL. Target for 2025 is 15%
3.	Permits/Licenses/ Authorization	The Facility was missing on various Environment related permits such as, Ground water No Objection Certificate (NOC), Hazardous waste Authorization, Consent to Operate etc.	All the Facilities of Dileep Craft has obtained required permits/Licenses . It was verified during the closure of Condition Precedent (CP)/and Condition Subsequent (CS) of the Company in 2023-2024.
4.	ESMS Framework	No Environment and Social Management System (ESMS) Framework was available in the Company.	Dileep Craft has developed comprehensive ESMS Framework in the year 2024 and submitted the same to Fund/Investors for approval.
5.	HR Employee Handbook	In the year 2021-2022, the Company was having General HR related Policies.	Currently, the Company has all the HR and Employee Welfare related Policies and Procedures in line with regulatory requirement and ILO Conventions such as E&S Policy, Prevention of Sexual Harassment (POSH) Policy, Overtime Policy, Abolition of Child

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			Labour and Forced Labour etc.
6.	Labour Welfare	The Company was complying with all the regulations such minimum wages, overtime payment, PF & ESIC, Group Insurance etc.	As Company was already complying with all the Labour Laws, therefore, in last two years Company has taken various employee welfare related initiative such as: Increase in Female Employee, providing Maternity Benefit as per regulations, educating all the male/female workers regarding digitalization and taking salaries into bank account hence 100 % Digital Payment has been achieved.
7.	Energy Conservation	45% Renewable energy	Currently achieved 57% energy conservation and targeting to reach 75 % by the year 2026.
8.	Waste Management	In 2021 – No target was set for waste reduction	Status of waste reduction by 2024: Material Waste – 96% Package recycling - 34% Plastic waste reduction - 58% Paper waste reduction – 19 % Chemical Waste – 18% Landfill waste diverted to recycler – 65%
9.	Maintenance of Record	At the time of ESDD, it was observed that Company was ensuring to maintain record facility wise, however, few regulatory record such as record of waste management, grievance redressal record keeping was noted to be missing.	The Company is now keeping proper track of Grievances received, addressed, resolved and pending. Further, obtained waste management regulatory permit Authorization, hence, maintaining Record of waste management under the respective Rules.
10.	Self-Evaluation	No documented procedure of E&S monitoring	Currently, Company has developed proper

		and reporting developed at corporate level.	Monitoring and Reporting mechanism. Also, Company is conducting Vendor self-assessment and ensuring continuous improvement.
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CONCLUSION

Dileep Craft has made significant progress in its ESG journey this reporting period. It has taken proactive steps towards environmental sustainability by implementing energy conservation measures, reducing emissions, optimizing waste management, and conserving water resources. In addition to these efforts, the company has integrated social responsibility into its core values, driving impactful initiatives. Company has reduced their carbon emissions, increased the diversity of workforce, and strengthened the governance practices. The Company's ESG strategy is aligned with the UN Sustainable Development Goals (SDGs), which aim for decent work and economic growth, reduce inequality, responsible consumption. It was observed that 7 out of 17 SDGs are applicable based on the company's efforts and performances.