



ESG *Impact Assessment Report*

April 2025



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A. ABOUT THE REPORT

This Environmental, Social, and Governance (ESG) Impact Report highlights the growing importance of ESG issues as they transition from being part of Corporate Social Responsibility (CSR) to becoming a fundamental business imperative. The reporting period for this report is from **October 1, 2022, to January 31, 2025**. The reporting boundary encompasses all operations and business segments of Arya Vaidya Pharmacy (AVP).

The assessment was conducted through a thorough desktop review and analysis of information provided by AVP 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 AVP.

An ESG Impact assessment of AVP has been conducted to monitor the company progress and ensure that the Company is operating and growing in sustainable manner.

B. 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 – **Arya Vaidya Pharmacy (Coimbatore) Ltd.** (“AVP” or “Company”) of Fund-II 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 AVP, covering its complete business operations.

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 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 through its Portfolios. The E&S Initiatives and Performances of AVP have been aligned and linked with the United Nations' Sustainable Development Goals (SDGs) and other global standards, wherever applicable.

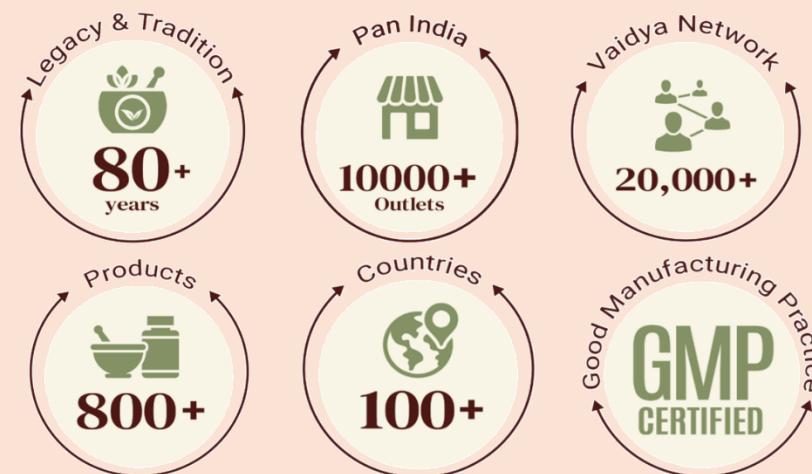
C. ABOUT ARYA VAIDYA PHARMACY (AVP)

The Arya Vaidya Pharmacy (Coimbatore) Limited was incorporated in the year 1940. The Company is involved in the business of Ayurveda and is headquartered in Coimbatore, in the State of Tamil Nadu. The Company has a network of doctors, supported by a strong sales and distribution network across the country.

With a rich history spanning over eight (8) decades, **The AVP (Coimbatore)** is a provider of authentic Ayurvedic treatments. It combines age-old Ayurvedic wisdom with traditional Indian herbal techniques, the brand has earned widespread trust. AVP operates its retail sectors, offering its premium products at popular destinations in Coimbatore, including **Nilgiris**, **Pazhamudir Nilayam**, and **Dennis Hypermarket**. Their range, enriched with homegrown botanical ingredients, continues to set industry standards.

The primary **objectives** for which the Company is formed are as follows:

1. To manufacture all kinds of Ayurvedic medicines and to conduct nursing homes based on the Ayurvedic systems of treatment to place well-known Ayurvedic medicines for diseases like Rheumatism, Paralysis, Neuralgia, Diabetes, Insanity, Blood pressure, etc., and the service of the public;
2. To educate the public in the science of Ayurveda to restore it to its proper role as the guardian of the health of the community.
3. To develop nursing homes on an extensive scale and make it possible to take in a very large number of patients and treat them most efficiently.



- To establish a fully equipped, efficient, and up-to-date laboratory to deal with the preparation of all kinds of Ayurvedic drugs, Tinctures, Oils, Pills, Choornams, Arishtas, Lehyas, Ghritas, etc., and for such purposes to enlarge, extend and develop gardens where Ayurvedic herbs are reared with a view to the successful working of the Ayurvedic laboratory.
- To employ Ayurvedic physicians in large numbers to bring within the reach of the poorest in the land the best that the science of Ayurveda is capable of.
- To prepare excellent toilet articles such as soaps, oils, etc., and other perfumery articles as well as disinfectants under Ayurvedic principles on a commercial scale and so on.

1. Product Details

Arya Vaidya has a line of wellness products, targeting immunity, pain relief, skincare, hair care, and digestive health. These products reflect AVP's cultural heritage through the guiding principles of **Vidya** (education), **Vaidya** (Ayurvedic practice), and **Vidhi** (rituals), reinforcing their commitment to holistic well-being and Ayurvedic traditions.

The Company manufactures **nearly 800+ products**, majorly authentic classical formulations, manufactured by AVP, blending the best of tradition and modernity while adhering to strict quality control and assurance mechanisms.

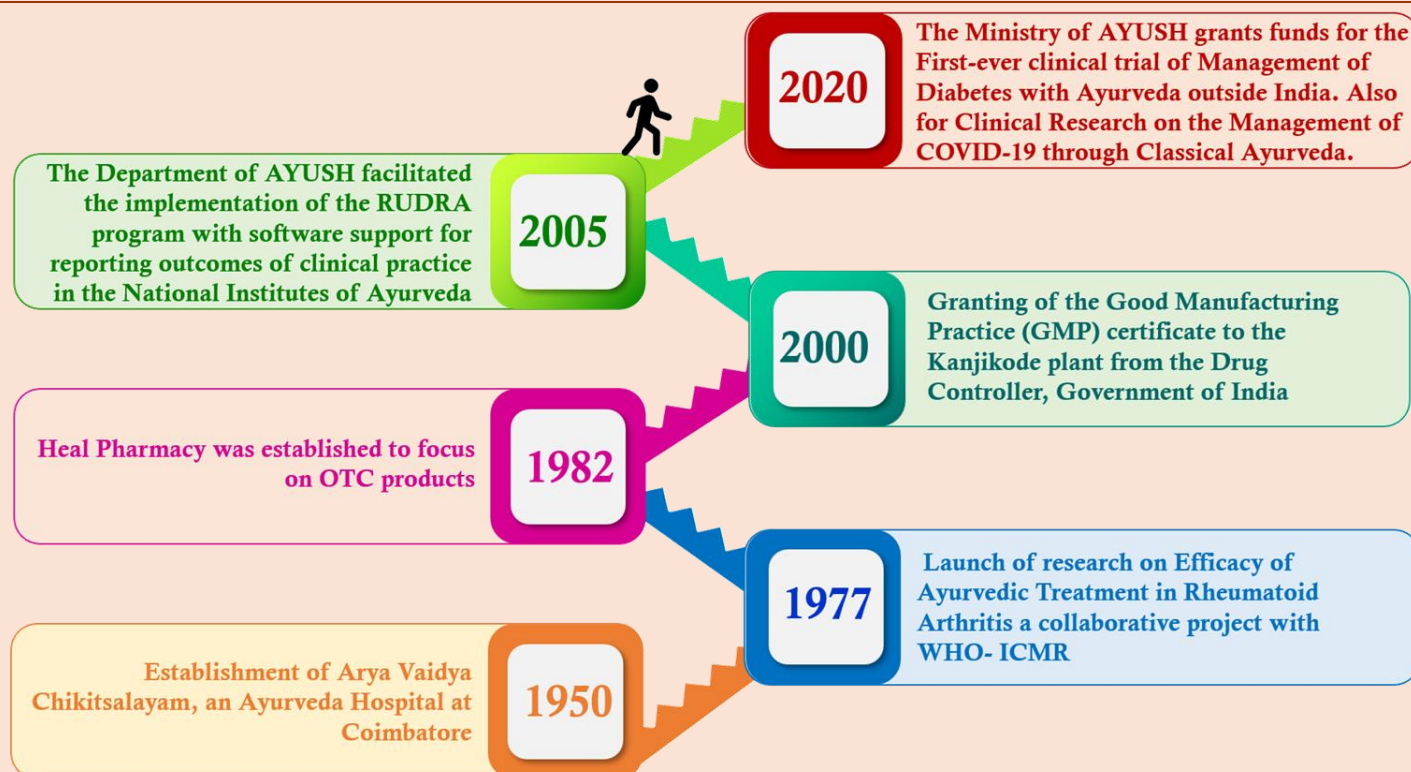


2. AVP's Facilities

AVP Hospitals	AVP Factory	AVP Treatment Centres
1) Arya Vaidya Chikitsalayam & Research Institute (AVC) - started functioning in 1957, and is located in Coimbatore city, Tamil Nadu. 2) AVP Mankari - started in the year 1980 and is located at Pathanjaliपुरi, Mankarai.	AVP's manufacturing facility is located at Kanjikode in Kerala and is GMP-certified. Arya Vaidya's facility is <i>ISO</i>	AVP's Treatment Centre is located in Kerala, Tamil Nadu, Maharashtra,

3) Saranya Ayurveda Hospital – NABH Accredited and ISO certified Hospital. The campus is located in Navakkarai, in Coimbatore.	22716:2007 certified and meets the World Health Organization's GMP standards.	Karnataka, West Bengal, and Andhra Pradesh.
4) AVC Ramanathapuram - started in the year 1957 and is now known as The Arya Vaidya Chikitsalayam & Research Institute (AVC). This Chikitsalayam is situated in Coimbatore City, in Tamilnadu.		
5) BAPS Yogiji Maharaj: started in the year 1996 and the Hospital is a NABH accredited and located in Ahmedabad, in the state of Gujarat.		

3. AVP's Milestones



4. Business Growth

The Company has embarked on active promotional campaigns through print, traditional media, remind media & New-age media like digital, Over-the-top (OTT) etc. The benefits of focused brand building and products promotions through such efforts are to unfold during the current financial year. The Exports markets now show signs of improvement and your Company is confident in increasing the sales and presence in the international markets.

The potential for further growth in Institutional Business is promising with business set to increase from 15% to 20%.

5. Research & Development (R&D)

The Company is working on **Research & Development (R&D)** of various new products, such as, for Domestic market New products:

1. Anticholestrol;
2. Diajith range with food and drug (a capsule or tablet);
3. Sallaki variant if required after the introduction of the first variant;
4. Tablet for Irritable Bowel Syndrome (IBS);
5. Applicap for inhalation;
6. Anti-Anxiety Drugs;
7. Change Conversion of more kashayams to tablets, as per requirement. CBD and E-com products, which includes anti-aging range;
8. Pre-clinical research on cardojith, lumbajith and livojith;
9. Product development for other clients, Anti-aging products for Hindustan Unilever (HUL).

6. Award and Recognitions

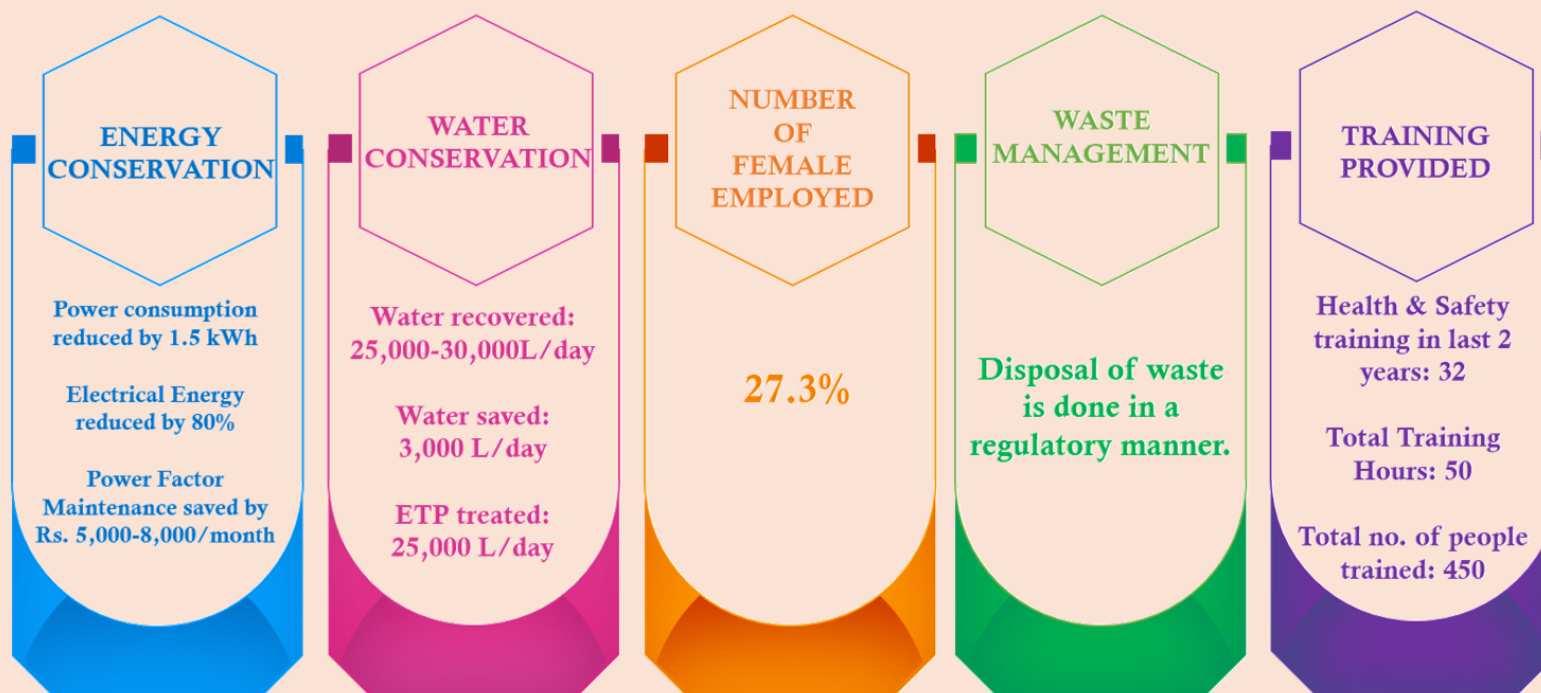
1. Safety Award by Kerala State Factories and boilers Dept. – 2022.
2. Safety Award by Kerala Safety Council - 2023
3. SMETA/ URSA 4 pillar audit on labor, health and safety, environmental, and business ethics standards - qualified by Unit II on 2024

7. Employee Details

Description	Total
Male	556

Female	209
Differently abled	0
Permanent	631
Contractual	144
Attrition Rate	25%

D. ESG OVERVIEW OF AVP



E. ENVIRONMENTAL ASPECTS

1. Environment Management System

The Company has established an Environment Management System (EMS) which provides a systematic approach for managing and continually improving the EMS and meeting its compliance obligations and needs.

The Company has developed an Environment Policy with the objective:

- To protect the environment by reducing emissions and avoiding activities that can harm the environment.
- Encourage judicious usage of energy and water by applying new technologies in the life cycle. and
- Biodiversity protection by engaging in different cultivation programs.



2. Regulatory Permits

The Company maintains a regulatory tracker which consists of details of all the permits obtained by the Company along with the validity date.

3. Risk Management Policy

The Company has a Risk Management policy to assess and ensure that the risk mitigation plans are in place and validates its status regularly.

4. Energy Conservation

The Company takes various steps for conservation of energy through regular maintenance of boilers and machinery to save energy consumption. The company has taken the following initiatives toward electrical energy conservation:

- 80% of CFL tubes change to LED tubes which results in 100 units/day savings;
- Power factor maintenance saves approximately Rs.5000 to Rs. 8000 per month.
- Condensed Water Recovery System (CRS) was introduced and thereby the power consumption has reduced by 1.5 kWh.

5. Air Monitoring Measures

The major sources of air emission are Boiler Chimney, Diesel generator stack, shredder (dust generator), The Company conducts periodic monitoring of ambient air as well as Stack emissions, and maintains the reports of the same.

6. Water Conservation

Water consumption

Water is consumed in operations i.e., pre-processing and production, and for drinking and sanitation purposes. The main source of water supply is groundwater extracted through a borewell. Daily water consumption is 100 cubic meters per day. To minimize water consumption, the facility has implemented the following measures.

- 1) Pressure cleaning pump system for the cleaning of production floor;
- 2) Automatic condensate recovery system in Boiler;
- 3) Battery system of production in the preparation of water-based extractions (kashayas).

Wastewater generated

Major source of wastewater generation in the Company is wash water from production and pre-processing. Approximately 25 cubic meters per day. Further, the Company has installed an Effluent Treatment Plant (ETP) for the treatment of wastewater. The Company also conducts wastewater monitoring periodically.

Measures taken to conserve water

The Company has taken the following initiatives for conservation of Water:

- a) A condensate water recovery system is introduced which reduces approximately 25000 L to 30000L of water recovery per day;
- b) Water pressure pump system was introduced for floor cleaning which saves approx. 3000 L water per day;
- c) ETP treated water is ~25000L per day, which is discharged to a storage sump, which is utilized for cultivation purposes.

7. Waste Management

		
Herbal Waste The Company is generating 1600 Tonnes of Herbal waste which is recycled as Herbal fertilizers in AVP's Fields.	Solid Waste The Company generates ~10 tonnes of cardboard waste and other solid waste is generated which is disposed of through local vendor.	E-Waste E-waste generated by the facility is disposed by the Company through authorized vendors. 647 Kg of waste generated last year i.e., 2023-2024.



Plastic Waste

84 Tonnes of Plastic waste is generated which is disposed through an authorised recycler. The Company recycles the quantity of plastic waste generated during business operations, as per the EPR norms through Central Pollution Control Board's (CPCB's) approved agencies.



Hazardous Waste

Major hazardous waste generated from the Company is used oil from DG set. The waste is collected in dedicated containers and stored properly in dedicated areas. It is disposed through a KSPCB-approved external agency at the same day of collection itself. 25 Litres of waste oil generated last year i.e., 2023-2024.

F. SOCIAL ASPECTS

1. Work Hours, Wages, and Overtime Practices

The Company ensures structured work hours (as per the *Factories Act 1948*). The total working hours of a day are eight (8) hours including one break to promote employee well-being. The Company complies with the State Specific *Minimum Wages Rules 1959*, ensuring that its employees are paid above the minimum wages. An overtime policy is implemented across all facilities, offering compensation in line with the *Factories Act 1948*.

2. EHS Training

The Company provides Health and Safety training to its employees (both on-roll and off-roll) and creates awareness among the employees.

3. HR Policies and Procedures

The Company has developed HR policies and procedures including policies related to Recruitment, Working hours, Leave, Overtime, prohibition of child labour, etc. A periodic review of policies is conducted to ensure they remain relevant and effective by incorporating necessary updates resulting from changing work conditions, amendments in statutory regulations, or any other significant factors.

The Company is having a policy for prevention of sexual harassment in accordance with the requirements of the *Sexual Harassment of women at workplace (Prevention, Prohibition & Redressal) Act, 2013*. **There are no complaints received by the company during the year.**

4. Accident/Incident Reporting

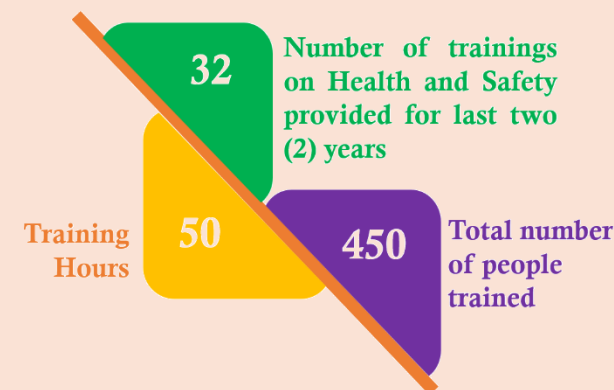
The Company maintains an accident/incident register in case any accident/incident occurs.

5. Job Creation

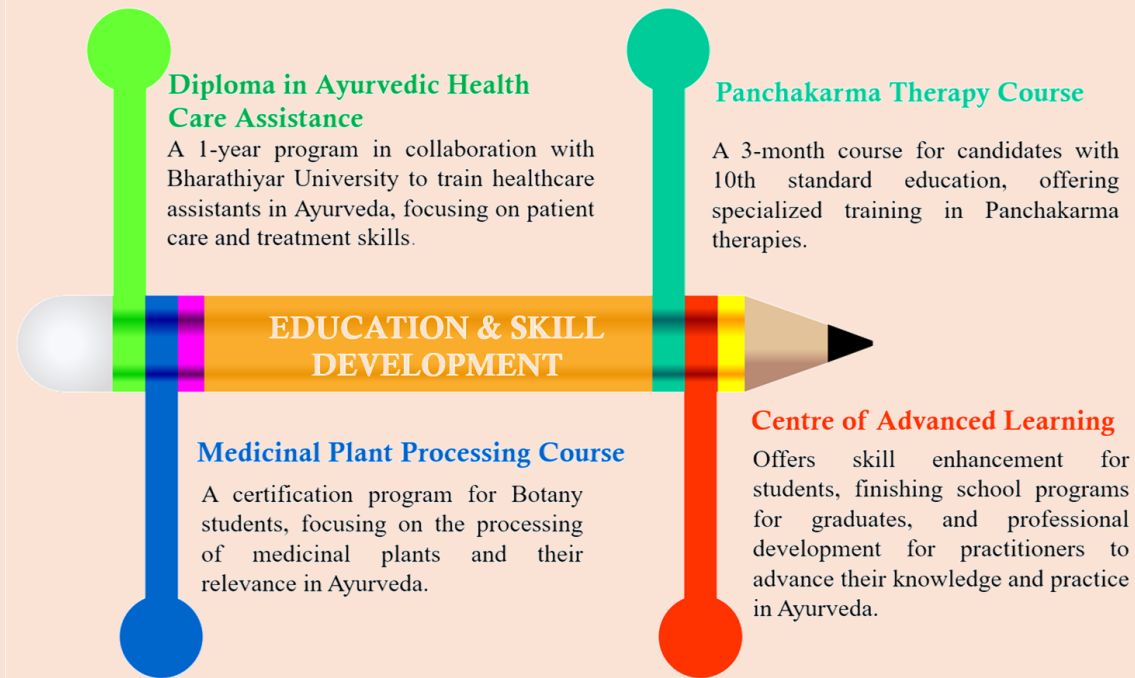
A total of eight (8) new jobs have been created in the last year i.e., 2023-2024.

6. Female Workforce

Total women employment is 27.3 % of the Total manpower.



7. Education & Skill Development



G. GOVERNANCE ASPECTS

1. Board of Directors

C. Devidas Varier <i>Managing Director</i>	R. Haresh <i>Partner, PHI Capital Director</i>	Porinju V. Veliyath <i>Founder, Equity Intelligence Director</i>
Sivadas R. Warriar <i>Director</i>	Dr. Ramkumar Kutty <i>Founder & Director, Punarvana Ayurveda Director</i>	Sudhakar Mallya <i>Director</i>
Krishnadas R Varier <i>Executive Director</i>	Dwarakanath Sylendranath <i>Director</i>	Ashima Suri <i>Director</i>

2. Grievance Redressal Mechanism

The Company has a robust grievance redressal policy for addressing the grievances/complaints of the employees. The Company also has a customer care cell to address the complaints and grievances of its customers/consumers

3. Transparency and Disclosure

AVP ensures transparency and accountability in its business operation. It displays proper contact information on the website to reach out for any query. The website also covers information about all the facilities of the Company and its products in detail.

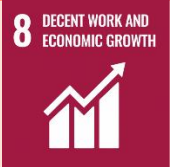
4. Data Privacy

The Company has security & access policies defined on the firewall setup across our corporate office, factory & Mangarai hospital. Any security threat will be Quarantined & notified by the firewall filter. The security threats are reported in the form of an automated email. Further, the Company has also displayed its privacy policy on the website.

H. MATERIALITY ASSESSMENT

AVP's ESG strategy aligns with the UN Sustainable Development Goals. As a group, the Company is committed to Eight (8) of the 17 UN goals most relevant to its business operations.

Relevant SDG	Material Issue	Mitigation Measures	Explanation of Alignment
 SDG 3: Good Health and Well-being Target 3.4 – Promote Mental Health and Wellbeing	Health diseases, lack of treatment.	Timely treatment of the disease.	AVP is a renowned healthcare and wellness company in South India focusing on herbal and natural remedies based on Ayurveda: a traditional system of medicine prevalent in the Indian subcontinent since ancient times and thus contributing towards healthcare and wellbeing sector.
 SDG 4: Quality Education Target 4.3: Ensure equal access for all women and men to quality technical, vocational and tertiary education	Lack of Knowledge, poor quality of education, low enrolment rates.	Proper Education on Ayurveda, Knowledge Treatment	AVP runs various educational and wellness programs and provides affiliated diplomas and degrees in Ayurveda.
 SDG 5: Gender Equality Target 5.1: End all forms of discrimination against all women Target 5.5: Ensure women's full and effective participation and equal	Discrimination, remuneration issues, etc.	Promote equality, inclusion, and diversity.	AVP is committed to providing Equal opportunity, fair wages, ESI, insurance, and a safe work environment for all employees. The company has employed 27.3 % of women employees in its total manpower.

Relevant SDG	Material Issue	Mitigation Measures	Explanation of Alignment
<i>opportunities for leadership at all levels of decision-making.</i>  SDG 6 Clean Water and Sanitation Target 6.4 - substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals Target 6.5 - implement integrated water resources management at all levels	Water Usage and Conservation	Water conservation practices	The Company has taken various initiatives to conserve water, as follows: 1. Pressure cleaning pump system for the cleaning of production floor; 2. Automatic condensate recovery system in Boiler; 3. Battery system of production in the preparation of water-based extractions (kashayas). 4. Installed ETP and reuse the treated water for cultivation purpose, as feasible.
 SDG 7: Affordable and Clean Energy Target 7.3 – Double the Improvement in Energy Efficiency	Energy Access and Management, Energy Loss	Energy consumption and Energy saving	The Company is focusing on Energy Conservation through per day saving of electrical energy. a) Electrical Energy reduced by 80% by 100 units/day savings; b) Power factor maintenance saves approximately Rs.5000 to Rs. 8000 per month; c) Power consumption has been reduced by 1.5 kWh. The Company undertakes regular maintenance of boilers & machinery to save energy consumption.
 SDG 8: Decent Work and Economic Growth Target 8.3 - Promote Policies to Support Job Creation and Growing Enterprises	Employee welfare-related issues, Lack of decent work opportunities, Lack of support for informal sector workers	Employee rights, equal swages, safe workplace conditions, awareness in the community regarding decent work and responsibilities	AVP is committed to providing Equal opportunity, fair wages, ESI, insurance, and a safe work environment for all employees.

Relevant SDG	Material Issue	Mitigation Measures	Explanation of Alignment
Target 8.5 - Full Employment and Decent Work With Equal Pay Target 8.8 - Protect Labour Rights and Promote Safe Working Environments			
 SDG 9: Industry, Innovation, and Infrastructure Target 9.1 - Develop Sustainable, Resilient and Inclusive Infrastructures Target 9.4 - Upgrade All Industries and Infrastructures For Sustainability Target 9.5 - Enhance Research and Upgrade Industrial Technologies	Environmental Impact and sustainability, Innovation in Product formation, industrialization, and economic growth	Environment, Efficiency in production, employee welfare	The Company emphasizes innovative production processes and better infrastructure. It is committed to sustainable infrastructure by the inclusion of new technologies focusing on energy conservation. Many facilities of AVP are ISO certified including Kanjikode Factory.
 SDG 12: Responsible Consumption and Production Target 12.5: Substantially reduce waste generation.	Waste Generation (herbal and other industrial waste), sustainable supply chain and sourcing	Waste reduction, resource optimization, raw material suppliers	The Company ensures proper disposal as per the regulatory requirement of all the waste generated from the operations including herbal waste, plastic waste, e-waste, and hazardous waste. The Company is committed to reducing waste generation and hence, takes certain initiatives to reuse and recycle the waste, such as, herbal waste being reused as fertilizers in the fields, and plastic waste being recycled through authorized vendors as a part of Extended producer responsibility.

I. ESG PROGRESS OF AVP

A comparative analysis is presented in the following Table, based on FY 2022 and the status of FY 2024.

S. No.	Parameters	Baseline (2022)	Status as on April 2025
1.	Female Employees	19.3%	- 27.3%
2.	New policies introduced	Only Risk Management Policy was available	- Environmental Policy, Environment Management System, and Risk Management Policy
3.	Energy Conservation	-	- Electrical Energy reduced by 100 units/day savings; - Power factor maintenance saves approximately Rs.5000 to Rs. 8000 per month;
4.	Water Conservation	-	- 25000 L to 30000L of water recovery per day; - saves approx. 3000 L water per day; - ETP treated water is ~25000L per day.

Note: In Environmental parameters, the baseline information has not been provided, however, progress of current year i.e. 2025 has been highlighted which reflects the Company's commitments towards ESG.

J. CONCLUSION

AVP has instituted an Environment Policy to protect the environment by reducing emissions and avoiding activities that can harm the environment, showcasing its commitment to ESG. The Company has also maintained a Regulatory Tracker along with a Risk Management Policy to assess and ensure that the risk mitigation measures are in place.

The various key initiatives taken by the Company include effective waste management, conducting periodic monitoring of ambient air, and water conservation, etc. With a focus on transparent governance and ethical conduct, the Company continually enhances its practices to create positive outcomes for society and stakeholders. The Company has developed various HR policies and procedures including policies related to Recruitment, Working hours, Leave, Overtime, prohibition of child labor, etc. The Company's ESG strategy is aligned with the UN Sustainable Development Goals (SDGs), which aim for decent work and economic growth, reduced inequality, and responsible consumption. It was observed that **Eight (8) out of 17 SDGs** are aligned based on the company's efforts and performances.