

Business Responsibility Report

About the Company

Vardhman Holdings Limited (VHL) is a Non-Banking Financing Company Non-deposit taking Systematically important (NBFC-ND-SI) registered with Reserve Bank of India. The Company is listed on National Stock Exchange of India Limited and BSE Limited at Mumbai. The Company is purely an Investment Company and does not accept any public deposit. The main source of Income of the Company is dividend and interest received on its investments. The Company has its two associate Companies i.e. Vardhman Textiles Limited and Vardhman Spinning and General Mills Limited.

About this Report

The Securities and Exchange Board of India (SEBI) as per its (Listing Obligations and Disclosure Requirements) Regulations,

2015 has mandated the inclusion of a “Business Responsibility Report” (BRR) as part of Company’s Annual Report for top 1000 listed entities based on market capitalization at the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The reporting framework is based on the ‘National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs)’ released by the Ministry of Corporate Affairs, Government of India, in July 2011 which contains 9 Principles and Core Elements for each of those 9 Principles. Following is the Business Responsibility Report of our Company based on the format suggested by SEBI. Detailed Business Responsibility Report for 2019-20 (available at: www.vardhman.com) is based on the 9 Principles enshrined in the NVGs.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company	: L17111PB1962PLC002463
2. Name of the Company	: Vardhman Holdings Limited
3. Registered address	: Vardhman Premises, Chandigarh Road, Ludhiana- 141010.
4. Website	: www.vardhman.com
5. E-mail id	: secretarial.lud@vardhman.com
6. Financial Year reported	: 2019-20
7. Sector(s) that the Company is engaged in (industrial activity code-wise)	: The Company holds a certificate of registration issued by the Reserve Bank of India to carry on business of Non-deposit taking systematically Important (NBFC-ND-SI) under section 45-IA of the Reserve Bank of India 1934. NIC Code- 6430
8. List three key products/services that the Company manufactures/ provides (as in balance sheet)	: The Company does not manufacture any product or provide any service. The Company is purely an Investment Company. It does not accept deposit from public.
9. Total number of locations where business activity is undertaken by the Company	
(a) Number of International Locations (Provide details of major 5)	: Nil
(b) Number of National Locations	: Nil
10. Markets served by the Company – Local/State/National/International	: Nil

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR): Rs. 319.15 Lakhs
2. Total Turnover (INR): Rs. 3923.67 Lakhs
3. Total profit after taxes (INR): Rs. 3329.76 Lakhs
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 10.93%
5. List of activities in which expenditure in 4 above has been incurred: The following activities are covered under CSR initiatives of the Company:
 - a. Promoting Healthcare
 - b. Promoting Art & Culture

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies? No
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s): Not Applicable
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in

the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]: No

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR: The Board is responsible for the implementation of the BR policies.
 - (a) Details of the Director/Directors responsible for implementation of the BR policy/policies
 1. DIN Number: 07650988
 2. Name: Mr. Vikas Kumar
 3. Designation: Director
 - (b) Details of the BR head

S. No.	Particulars	Details
1	DIN number	07650988
2	Name	Vikas Kumar
3	Designation	Director
4	Telephone number	0161-2228943
5	Email id	vikaskumar@vardhman.com

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have policies for:	Y	N	N	N	N	N	N	Y	N
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	NA	N	N	N	NA	N	Y	NA
3.	Does the policy conform to any national / international standards? If yes, specify?	N	NA	N	N	N	NA	N	Y	NA
4.	Is it a board approved policy? If yes, has it been signed by MD /owner / CEO /appropriate Board Director?	Y	NA	N	N	N	NA	N	Y	NA
5.	Does the Company have a specified committee of the Board/Director/ Official to oversee the implementation of the policy?	Y	NA	N	N	N	NA	N	Y	NA
6.	Indicate the link for the policy to be viewed online	Various policies of the Company are available on the website of the Company at http://www.vardhman.com/investor-desk#!company_information								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	NA	N	N	N	NA	N	Y	NA
8.	Does the company have an in-house structure to implement the policy?	Y	NA	N	N	N	NA	N	Y	NA
9.	Does the Company have a grievance redressal mechanism related to the policy to address stakeholders' grievances related to the policy?	Y	NA	N	N	N	NA	N	Y	NA
10.	Has the company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	Y	NA	N	N	N	NA	N	Y	NA

(b) If answer to the question at serial number 1 against any principal, is 'No', please explain why: (Tick up to 2 options)

No. Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1 The company has not understood the Principles									
2 The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3 The company does not have financial or manpower resources available for the task									
4 It is planned to be done within the next 6 months									
5 It is planned to be done within the next 1 year			√	√	√		√		
6 Any other reason (please specify)		*				*			*

* Being purely an investment Company, this is not applicable.

3. Governance related to BR

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year - Annually
- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

This is the Company's first BR Report. The link for viewing the same is available on Company's website. It will be published annually in the Annual Report.

functioning to achieve business excellence by enhancing the long term shareholder's value. Efficient conduct of the business of the Company through commitment to transparency and business ethics in discharging its corporate responsibilities are hallmarks of the best practices being followed at VHL.

The Composition of the Board of Directors of the Company is governed by the Companies Act 2013 and SEBI Regulations, 2015. As on March 31, 2020, the Company has 12 directors on its board (including the Chairman), of which 6 are independent, 1 is non-independent, 5 are non-executive non-independent directors.

To ensure accountability and monitoring, the Board has constituted various committees such as: Audit Committee, Nomination & Remuneration Committee, Corporate Social Responsibility (CSR) Committee and Stakeholders' Relationship Committee. The committees meet periodically during the year to supervise, review performance and advice on the necessary direction to be taken.

Code of Conduct: VHL has its Code of Conduct which extends to all directors and employees of the Company which aims at maintaining highest standards of business

SECTION E: PRINCIPLE-WISE PERFORMANCE**Principle 1: Corporate Governance for Ethics, Transparency and Accountability****1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs / Others?**

We are Committed to adopting the best corporate governance practices as manifested in the company's

conduct in line with the ethics of the Company, provides guidance in difficult situations involving conflict of interest & moral dilemma and ensures compliance with all applicable laws. All employees have to read and understand this code and agree to abide by it.

The Code of Conduct is available at the Company's website link https://www.vardhman.com/investor-desk#!company_information under the title '**Policies- Code of Conduct.**'

Vigil Mechanism/ Whistle Blower Policy: The Vigil Mechanism of the Company, which also incorporates a Whistle Blower Policy in terms of the Uniform Listing Agreement aims to provide a channel to the Employees and Directors to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Codes of Conduct or policy. The mechanism provides for adequate safeguards against victimization of Employees and Directors to avail of the mechanism and also provide for direct access to the Chairman/ Chairman of the Audit Committee in exceptional cases.

The Vigil Mechanism/ Whistle Blower Policy is available at the company's website link https://www.vardhman.com/investor-desk#!company_information under the title '**Policies- Vigil Mechanism.**'

- 2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof in about 50 words or so.**

During the financial year under review, 3 (three) complaints were received from the shareholders and all complaints were duly resolved.

Principle 2: Sustainability of Products & Services across Life-cycle

- 1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

The Company is a Non Banking Financing Company {Non- Deposit taking Systematically important (ND-SI)} registered with Reserve Bank of India. The Company is engaged purely in Investment activities. It does not produce any goods/ provide any services.

- 2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

Considering the nature of business of the Company, the detail in respect to the resource use (energy, water, raw material etc.) per unit of product is not applicable to the Company.

- 3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also provide details thereof, in about 50 words or so.**

As the Company is in Investment activities, the requirements regarding procedures in place for sustainable sourcing is not applicable to the Company.

- 4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

Not Applicable.

- 5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as 10%). Also provide details thereof in 50 words or so.**

Considering the nature of business of the Company, the requirement to have mechanism to recycle product and waste is not applicable to Company.

Principle 3: Employee Well-being

- 1. Please indicate the Total number of employees.**

The Company had 3 (three) employees as on 31st March, 2020.

- 2. Please indicate the Total number of employees hired on temporary/ contractual/ casual basis.**

During the financial year under review, no employee was hired on temporary/ contractual/ casual basis by the Company.

- 3. Please indicate the Number of permanent women employees.**

The Company had 2 (two) permanent women employees as on 31st March, 2020.

4. Please indicate the Number of permanent employees with disabilities.

The Company did not have any permanent employee having disability as on 31st March, 2020.

5. Do you have an employee association that is recognized by management?

The Company does not have any employee association that is recognized by the Management.

6. What percentage of your permanent employees is members of this recognized employee association?

Not applicable.

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1	Child labour/forced labour/involuntary labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

- (a) Permanent Employees- Nil
- (b) Permanent Women Employees- Nil
- (c) Casual/Temporary/Contractual Employees- Nil
- (d) Employees with Disabilities- Nil

Principle 4: Stakeholder Engagement

1. Has the company mapped its internal and external stakeholders? Yes/No

The Company recognizes employees and shareholders/ investors as our key stakeholders. The internal

stakeholders like employees of the Company are reached through regular engagements. The external stakeholders are reached through defined activities such as posting of quarterly results and regular updates at Stock Exchanges etc.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

Since the Company has only three employees and does not deal with public at large, this point is not applicable.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof in 50 words or so.

The Company being an investment company not accepting deposits does not deal with public at large.

Principle 5: Human Rights

1. Does the policy of the Company on Human Rights cover only the Company or extends to the Group/ Joint Ventures /Suppliers / Contractors/ NGOs/ others?

The Company adhere to all statutes which embody the principles of human rights such as prevention of child labour, prevention of sexual harassment, equal employment opportunities, rights to raise grievances over relevant issues etc. The Company is committed to foster a work environment in which all individuals are treated with respect and dignity.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

No complaint was received pertaining to human rights violation during the past financial year.

Principle 6: Protection and Restoration of the Environment

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures / Suppliers / Contractors/ NGOs/ others?

The Company does not have any specific policy on protection and restoration of the environment.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate

change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Since the business of the Company is purely making investments, it does not have any strategies/ initiatives to address global environmental issues.

3. Does the company identify and assess potential environmental risks? Y/N

Since the business of the Company is purely making investments, it does not call for any direct identification and assessment of potential environmental risks.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof in, about 50 words or so. If Yes, whether any environmental compliance report is filed?

Since, the Company is engaged in the activities related to investment, Clean Development Mechanism is not applicable to the Company.

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Our initiative to reduce waste generation at our offices include using jet hand dryers in washrooms to minimize usage of tissue rolls, printing on both sides of paper and generating awareness in employees to shift to paperless office model.

6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Being in the business of making investments only, the Company do not generate any emissions/ waste.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

The Company has not received any legal notices for causing any environmental issues.

Principle 7: Responsible Advocacy

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

The Company is not a member of any trade and chamber or association.

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

As the Company is not a member of any trade and chamber or association, this point is not applicable on the Company.

Principle 8: Supporting Inclusive Growth and Equitable Development

1. Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Through CSR (Corporate Social Responsibility) initiatives, the Company supports the principles of inclusive growth and equitable development. The Company has in effect, a detailed CSR policy monitored by a CSR committee appointed by the Board of Directors. CSR initiatives are developed with a key emphasis on promoting education, offering advanced healthcare facilities, contribution to rural development, conservation of environment etc. The areas of emphasis are covered in Schedule VII of the Companies Act, 2013.

2. Are the programmes / projects undertaken through in-house team / own foundation /external NGO / government structures/any other organization?

The programmes/projects are undertaken either directly by the Company or through implementing agency.

3. Have you done any impact assessment of your initiative?

The Company, in order to ensure that the benefit of CSR initiatives reaches the people who need to be supported, internally performs an impact assessment at the end of each financial year. This assessment helps us in understanding the efficacy of the programs in terms of delivering desired benefits to the community and gaining insights for improving the design and impact of future initiatives.

4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

The Company has spent an amount of Rs. 3.64 Crore during the financial year 2019-20 towards CSR related

activities. The details of projects undertaken are given in Annexure-III of Board' Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

We strive to continuously engage with surrounding communities and offer aid by understanding the problems being faced. Initiatives to be adopted are designed and delivered in a transparent manner, considering the inputs from the residents of the locality.

The Company's CSR policy is available online on its website at the following link: https://www.vardhman.com/user_files/investor/d2741c4bbc072fc76df0539a029aeab5b86073411436265583.pdf

Principle 9: Providing Value to Customers, Employees and Consumers

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year

The Company does not have any direct customer/consumer being a Non-deposit accepting Investment Company. The Company has a well-defined system of addressing shareholder complaints. All complaints are

appropriately addressed and resolved. There are no customer complaints/consumer cases pending against the Company as on 31st March, 2020.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)

Not applicable, since the Company is engaged in the Investment activities.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

During the last five years, no cases have been filed by any stakeholders against the Company regarding unfair trade practices, irresponsible advertising and/ or anti-competitive behaviour.

4. Did your Company carry out any consumer survey/consumer satisfaction trends?

No, the Company does not have any customers.