

# Business Responsibility Report

## About Vardhman

Vardhman Textiles Limited (VTXL) is the flagship company of Vardhman Group with diverse operations across sectors. Vardhman's humble beginning dates back to 1965 when the Group started its first manufacturing unit at Ludhiana in the state of Punjab with 6000 spindles and is today one of the largest textile companies of India manufacturing Cotton Yarns & Fabrics.

Through its integrated operations across textile value chain from Cotton to Fabric and to Garments, it touches lives of millions of people and assures quality product and services to its customers.

## 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 the National Stock Exchange of India Ltd. (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](http://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	: L17111PB1973PLC003345
2. Name of the Company	: Vardhman Textiles Limited
3. Registered address	: Vardhman Premises, Chandigarh Road, Ludhiana- 141010.
4. Website	: <a href="http://www.vardhman.com">www.vardhman.com</a>
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)	: Textiles, NIC Code 131
8. List three key products/services that the Company manufactures/ provides (as in balance sheet)	: Yarn and Fabric
9. Total number of locations where business activity is undertaken by the Company	
(a) Number of International Locations (Provide details of major 5)	: The Company has 2 Liaison offices at Hong Kong and Bangladesh
(b) Number of National Locations	: 17
10. Markets served by the Company – Local/State/National/International	: National / International

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR): ₹ 57.52 crore
2. Total Turnover (INR): ₹ 6,325.15 crore
3. Total profit after taxes (INR): ₹ 545.49 crore
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 3.53%
5. List of activities in which expenditure in 4 above has been incurred: Refer to Summary of CSR initiatives on page \_\_

**SECTION C: OTHER DETAILS**

1. Does the Company have any Subsidiary Company/ Companies? Yes
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): No
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

(a) Details of the Director/Director responsible for implementation of the BR policy/policies

1. DIN Number: 00340459
2. Name: Mr. Neeraj Jain
3. Designation: Joint Managing Director

(b) Details of the BR head

S. No.	Particulars	Details
1	DIN number	00340459
2	Name	Neeraj Jain
3	Designation	Joint Managing Director
4	Telephone number	0161-2228943
5	Email id	neerajjain@vardhman.com

**SECTION D: BR INFORMATION**

1. Details of Director/Directors responsible for BR: The Board Business Responsibility Committee is responsible for the implementation of the BR policies.

**PRINCIPLE - 1**

Corporate Governance for Ethics, Transparency and Accountability

**PRINCIPLE - 2**

Sustainability of Products & Services across Life-cycle

**PRINCIPLE - 3**

Employee Well-being

**PRINCIPLE - 4**

Stakeholder Engagement

**PRINCIPLE - 5**

Human Rights

**PRINCIPLE - 6**

Protection and Restoration of the Environment

**PRINCIPLE - 7**

Responsible Advocacy

**PRINCIPLE - 8**

Supporting Inclusive Growth and Equitable Development

**PRINCIPLE - 9**

Providing Value to Customers and Consumers

**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	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national /international standards? If yes, specify?	N	Y ISO 14001:2015 OHSAS 18001:2007	Y OHSAS 18001:2007	Y OHSAS 18001:2007	Y OHSAS 18001:2007	Y ISO 14001:2015 OHSAS 18001:2007	N	Y	N
4.	Is it a board approved policy?  If yes, has it been signed by MD /owner /CEO /appropriate Board Director?	Y, BOD	Y,CEO	Y, BOD	Y, BOD	N	Y, CEO	N	Y,BOD	N
5.	Does the Company have a specified committee of the Board/Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	N	Y	N
6.	Indicate the link for the policy to be viewed online	Refer Below								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the company have an in-house structure to implement the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy to address stakeholders' grievances related to the policy?	Y	Y	Y	Y	Y	Y	N	Y	Y
10.	Has the company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	N	Y	N

**(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)									

NA

**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?

Yes. The hyperlink for viewing the same is \_\_\_\_\_. It is published annually in the Annual Report.

**SECTION E: PRINCIPLE-WISE PERFORMANCE****Principle 1: Corporate Governance for Ethics, Transparency and Accountability**

We are committed to adopting the best corporate governance practices as manifested in the Company's 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 Vardhman.

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 7 are independent, 3 are non-independent, 2 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:** Vardhman has its Code of Conduct which extends to all directors and senior employees of Vardhman which aims at maintaining highest standards of business 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 senior 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](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.’

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

The Sustainable Business Model and the framework driving towards identifying and implementation of strategies that add value to the lives of numerous people linked, directly or indirectly, with the organization is a core strength of Vardhman. The image of Vardhman Group and its position in the society has been developed by proactively and effectively fulfilling our responsibility towards the world around us. The three facets of sustainability namely – social, environmental and economic play a pivotal role in formulating our plan of action. A blueprint developed in compliance with national and international standards for the industry, emphasising on initiatives towards Sustainable growth and development maps our journey.

This works with a long-term perspective, objectivity and apt understanding of the impact of choices made. Vardhman’s Sustainability Drive, backed with innovation, is one of several initiatives to broaden the perspective towards Sustainable development.

### Responsible Sourcing of Raw Material

Cotton is a natural fibre grown in the farms. Cultivating cotton involves skill as well as preparation. Testing soil for fertility, climatic conditions, geographic factors etc. is crucial to the production of this natural fibre. What is more challenging is to retain the fertility of the land where it is produced and ensure quality of the yield with every produce.

To combat these challenges, initiatives like Better Cotton Initiative, Organic Cotton, Fair-trade Cotton, Cotton made in Africa, Recycled Cotton, Artificial fibres etc. are on-going with the goal to improve the yield, introduce modified cultivating practices, reduce production cost, minimize the use of harmful pesticides and inorganic fertilizer, conserve natural resources like soil and water, provide decent working conditions and the right price of produce to the farmers.

### Rural Development

The spirit of India lies in its villages and without the development of rural India, the growth of the country can only be partial. Project Pragati is one of the primary rural development programs run under Better Cotton Initiative under which several villages have been adopted and thousands of farmers trained to increase the yield. The project not only offers livelihood to people in these villages but also an opportunity to connect with mainstream economy. Women and child care is also an important aspect of this project and every year we aim at bringing further improvements under this initiative.

We constantly strive to offer healthcare facilities, education, hygienic living conditions and ample opportunities to people living in villages.

For encouraging and promoting the cultivation of Extra Long Staple (ELS) cotton in Madhya Pradesh (M.P) which in turn would empower farmers, financial contribution was made to the Cotton Collaborative Project of Confederation of Indian Textile Industry - Cotton Development & Research Association (CITI-CDRA) to conduct research and identify better practices to increase the yield of ELS.

As a part of several sustainable cotton programs, run by global stakeholders, Vardhman Textiles consciously ensures that more than 15% of cotton sourcing is done from the sustainable cotton programs.

### Better Cotton Initiative

BCI is an approach to make cotton a sustainable commodity. The initiative aims are ensuring optimum use of resources, profitability for the producers and maintaining the soil’s fertility. The quality of cotton fibre relies highly on the crop management practices as contamination at initial level can prove to be harmful. This initiative caters to the agricultural, social, environmental and economic aspects besides promising prosperity to the textile industry.

Global standards, practices adopted by BCI farmers help

- minimizing the harmful impact of crop protection practices
- promoting water stewardship
- caring for health of the soil
- enhancing biodiversity and using land responsibly
- caring for and preserving fibre quality
- promoting decent work
- operating an effective management system

### Project Pragati

While BCI came into being in 2010, the adoption of villages by Vardhman started as early as 2003. Researchers and experts from Junagarh University and Krishi Vigyan Kendras were engaged to educate farmers about cultivating cotton crop long before BCI was formed. Punjab Agriculture University also came forward for the cause. In 2015, the initiative was given a proper framework and project Pragati was launched. The implementation of BCI’s crop management practices was first done in Gujarat. Starting with one Producer Unit (PU), 9 villages, 1758 farmers and 3787 hectares of land, this project witnessed significant growth over the years.

Year	2016-17	2017-18	2018-19	2019-20
Producer Unit	3	3	3	5

Year	2016-17	2017-18	2018-19	2019-20
Villages	47	48	51	80
Farmers	8327	9456	10047	13949
Learning Groups	223	252	268	379
Land	14719	15973	18254	24173
	hectares	hectares	hectares	hectares
Licence	3 year	Undergoing	Undergoing	3 PU get 3 year & 2 PU get 2 year
Production of BCI Bales	60,660	75,548	88,427	1,01,000

The activities implemented under this project are:

1. Creating awareness among the farmers and training them on various subjects like sowing techniques and optimum use of water etc.
2. Testing soil to understand the actual requirement of fertilizers/pesticides for the land.
3. Field demonstrations to show the difference between the yield from conventional methods and BCI methods.
4. Training the farmers to use personal protective equipment (PPE) to prevent any hazardous effect of pesticides.
5. Involving women in mainstream economy and spreading awareness about the importance of education, child labour etc.
6. Keeping the environment clean and green by planting trees and painting the walls with beautiful messages in villages.
7. Distributing cotton bags to farmers to reduce contamination while picking the crop in fields.

### Organic Cotton

Other than BCI, we source organic cotton that is grown without using any chemical fertilizers or pesticides, on land where the use of chemicals is abandoned for at least three years and from plants which have not been genetically modified. We have Organic Yarn certifications such as

- GOTS (Global Organic Textile Standard)
- OCS (Organic content Standard)
- GRS (Global Recycle Standard)

### Recycled and Manmade Fibres

Cotton, Polyester and other fibres are recycled to minimize the waste. In addition to the fibres purchased from outside, we

have processed more than 1350 tons of waste in FY 2019-20 to create recycled products.

Quality	In Metric Tons	Basic Value (In Lac)
Organic	Approx. 11510	Approx. 12900
BCI	Approx. 44820	Approx. 49302
Recycled Cotton	Approx. 60	Approx. 55
Recycled Polyester	Approx. 2900	Approx. 2175

Artificial fibres like Lenzing Modal and Tencil are renewable fibres made with an efficient close-loop technology. These fibres have negligible impact on environment as compared to their alternatives. Committed to sustainable forestry, these fibres are made with green technology and mark themselves as the future of textile industry. Major benefits of these manmade fibres are:

1. These fibres are made with wood pulp from trees which have the potential to rejuvenate themselves.
2. No chemical fertilizers or artificial irrigation facility required.
3. The raw material is sourced from sustainably managed semi-natural forests which become home to bio-diversity.
4. Low Chemical and Carbon footprint.
5. Fully biodegradable and compostable fibre.
6. Enhanced durability and lifetime of product.
7. Minimal Waste.

### Water

Water, being a resource without which life cannot survive on Earth, remains our major priority in terms of sustainability measures undertaken by us. To ensure proper treatment of waste water and its safe discharge, we monitor the effluent quantities and treat to keep them well-within the standards set by Central and State Pollution Control Boards.

### Water Treatment

We have 3 Effluent Treatment Plants (ETPs) and 8 Sewage Treatment Plants (STPs) which utilize advanced technology to annually treat about 5.65 million KL and 1.35 million KL of waste water respectively. The treated water at Budhni is recycled and reused, saving about 3.25 Million KL of fresh water annually. At Baddi, about 3.0 million KL of effluent from three units - Auro Textiles, Auro Textiles- 2 and Auro Dyeing is sent to Common Effluent Treatment Plant (CETP) for treatment.

### Water Recycle and Reuse

**99% Water Recovery and Zero Chemical Treatment:** At our largest integrated facility at Budhni, we have installed a Zero Liquid Discharge (ZLD) System with an Effluent treatment capacity of 11,000 KLD. This treatment plant at Vardhman

Fabrics, Budhni works solely on Bio-oxidation process. Despite the fact that there is no chemical treatment performed, the COD and BOD removal efficiency of the plant is 90-92% & 96-98% respectively. 8400 KLD of this biologically treated effluent is recycled through RO & MEE for reuse in the process. Rest of the ETP treated water is utilized for Green Belt Development. The recovery rate through RO & MEE is 99.0% and MEE recovered salt is disposed of at government authorized TSDF.

We have revamped and re-commissioned our in-house ETP at Baddi to significantly reduce the organic and inorganic pollutant load to the CETP achieving 85-90% COD and 91-95% BOD removal to treat around 1 million KL of effluent annually.

Along with meeting the prescribed standards of treated water, we have started using all of the STP treated water in plant operations, irrigation and horticulture. 25% of the processed water is reused in fabric processing and acrylic washing. It is our constant endeavor to improve this figure by continuously monitoring and researching on potential water saving opportunities.

### Water Recharge

So as to contribute towards replenishment of ground water we have been continuously investing in water conservation initiatives. Since 2005, we are working on ground water recharge and have till now installed 52 Rain Water Harvesting Systems (RWH) within our premises. These rain water harvesting systems have the capacity to recharge 1.75 million KL water annually.

### ENERGY CONSERVATION

We keep investing in energy-efficient technologies and renewable energy to improve energy security. With an emphasis on green energy and alternative sources of energy, we have successfully achieved a downward trend in energy consumption per unit of produce. Electricity is a major requirement for the industry and so is looking for measures to make optimum use of electric energy. With an approach for "Less input, more output", we constantly strive to minimize the energy consumption and maximize the output.

#### Sr. Energy Saving Measures implemented during FY 2019-20

- 1 Installation of Variable Frequency Drives on Supply Air fans, Suction fans, Cooling Towers, in Blow Rooms & Ring Frames. Fans run on reduced speed during winter season for energy saving.
- 2 Replacement of Old conventional Fluorescent Tube lights & Sodium Vapour Lamps with Energy Efficient LED Lights. Use of time switches and motion sensors for switching the lights on/off.
- 3 Replacement of Old Ceiling Fans with new Energy Efficient Fans.
- 4 Replacement of Old Transformers with New Energy Efficient Transformers.
- 5 Reduction of voltage drop in power cables by laying additional / higher size cables.
- 6 Installation of Active Harmonic Filters.
- 7 Replacement of old Air compressors with new energy efficient Centrifugal air compressors. Saving of compressed air by arresting leakages.
- 8 Replacement of multiple rewind and old motors with IE3 energy efficient motors.
- 9 Replacement of old water pumps with new energy efficient pumps.
- 10 Optimization of suction pressure of Blow Room & Carding FDP's by reducing suction pressure.
- 11 Running of Transformers at lower tap getting the required voltage at consumption point.
- 12 Modification of 3 Hisaka Fibre Dyeing Machines - installed VFDs for energy saving.
- 13 Reduction in power consumption of cooling tower by controlling CT fan speed with temperature sensors.
- 14 Replaced SP-FPO with Condenser (28.56 kW) to Magic Eye with Dustex (11.09 kW).
- 15 Reduction of Power consumption in Blow Room during BDT waiting time.
- 16 Replacement of electronic auto drain valve by Forbes Marshall make (Model: FMLDT 31) air balance mechanical type auto drain valve.
- 17 Compressed air moisture drain water re-used for Compressor Cooling.
- 18 Replacement of Murata 7-II and 238 Autoconers with Energy efficient Autoconers X 6.
- 19 Replacement of cooling tower fans from GRP to e-poxy coated FRP blade.
- 20 Reduced Compressed Air consumption on Looms by revising the standard settings. High pressure Centrifugal air compressor of 8 bar changed with new Compressor of 6 bar.

Total Energy Saved (in kWh) - 1,62,80,553

Savings in Amount (₹ Lakh) - 1,043.62

## Renewable Energy

Two major initiatives towards green energy undertaken by us are:

- **Biogas plants**

For solid waste management and generation of energy from renewable sources, we have established Biogas plants with a total capacity of 7MT/day at two of our locations – Auro Textiles, Baddi and Vardhman Fabrics, Budhni. Altogether, both plants have a capacity to generate 120 kg/day of biogas from organic waste. This gas is put to use at canteens and mess facilities for cooking, while the residual is used as manure for horticulture.

- **Composting**

The composting system set up for kitchen waste generates manure and is used for green areas at our premises.

## Solar Power

The project of installation of 8.75 MW of solar energy is expected to generate around 170 million KWh of green power. The installation of 7.5 MW ground mounted and 1.25 MW roof mounted solar panels will enhance the share of green energy in our energy mix. Solar powered kitchen automation equipment has been installed in four of our units. We utilize solar energy in water heaters at several of our hostels and residential campuses.

## Air

Climate change, emissions of greenhouse gases, depletion of ozone etc. are indicators of the deteriorating quality of air. We execute our responsibility towards restricting emissions by enhancing the energy efficiency of our processes as well as investing in low-carbon technologies. Over the years, a focused drive to improve the efficiencies of our operations has resulted in managing emissions to a significant extent. Some major initiatives taken are:

- Reduction in GHGs: Practices are adopted to reduce the emission of greenhouse gases such as Carbon Dioxide, Methane, Nitrous oxide etc.
- Sequestration: Trees, plants and other forms of vegetation play a great role in reducing the Carbon dioxide levels. For effective sequestration of Carbon dioxide, we promote afforestation, tree plantation and planting of various types of vegetation.

Plantation of trees and developing green belt remains our focus every year. Not only we maintain green areas within

our premises, but also take the responsibility of generating awareness in masses about the need for planting more and more trees. Our employees enthusiastically participate in this drive and we have, till date, planted over 4.5 lakh trees to combat air pollution.

## Principle 3: Employee Well-being

In a world where everything else is equal, human effort makes all the difference. We place immense value on our workforce and consider it our biggest, most valuable asset. At Vardhman, we have a culture of empowerment that values and respects individual potential and helps each one achieve it to the fullest. Our people own their jobs and not just perform them. We continuously strive to improve quality of work-life for total job satisfaction and social harmony for the employees.

1. Total number of employees. – 24,791 (including contractual manpower)
2. Total number of employees hired on temporary/contractual/casual basis. – 3,442
3. Number of permanent women employees. – 7,254 (does not include contractor female employees)
4. Number of permanent employees with disabilities- 33
5. Do you have an employee association that is recognized by management. – No
6. What percentage of your permanent employees is members of this recognized employee association? – N.A.
7. 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- 88%
  - (b) Permanent Women Employees- 90.20%



- (c) Casual/Temporary/Contractual Employees- 80%  
 (d) Employees with Disabilities- 60%

The policies on the principle of Employee well-being are available on the Company's website at the following link:-

Child Labour - [https://www.vardhman.com/user\\_files/investor/Policy%20on%20Prohibition%20of%20Child%20Labour.pdf](https://www.vardhman.com/user_files/investor/Policy%20on%20Prohibition%20of%20Child%20Labour.pdf)

Anti-Sexual - [https://www.vardhman.com/user\\_files/investor/Anti%20Sexual%20Harassment%20Policy.pdf](https://www.vardhman.com/user_files/investor/Anti%20Sexual%20Harassment%20Policy.pdf)

Bonded Labour - [https://www.vardhman.com/user\\_files/investor/Forced%20Bonded%20Labour%20Prohibition.pdf](https://www.vardhman.com/user_files/investor/Forced%20Bonded%20Labour%20Prohibition.pdf)

#### Principle 4: Stakeholder Engagement

Vardhman recognizes employees, local communities surrounding our operations, business associates (marginalized farmers, network of suppliers, agents and dealers), customers and shareholders/investors as our key stakeholders.

Vardhman identifies communities (with a focus on women and children from these communities) around our manufacturing facilities and small farmers in our inbound supply chain as disadvantaged, vulnerable & marginalized stakeholders.

Vardhman regularly undertakes initiatives to serve the interest of its disadvantaged, vulnerable and marginalized stakeholders. These are briefly described below:

Stakeholder group	Initiatives
Employees	<p>Our Employee policies safeguard employees against any kind of discrimination based on caste, creed, religion, geography, educational or social background, gender, age, family status, citizenship, disability, etc.</p> <p>We believe in the continuous people development through investment in the training &amp; development of our employees even in adverse business times.</p> <p>Women who form 25% of our workforce are given ample opportunities to accept greater roles at work and are treated with utmost respect. Ensuring the safety of women employees is a top priority for Vardhman.</p>
Local Communities around our manufacturing Locations	<p>Development and deployment of need-based community programs in the areas of health, education, skill development, sanitation, livelihood etc. as part of Corporate Social Responsibility (CSR) initiatives.</p>

Stakeholder group	Initiatives
Business associates	<p>Direct engagement with small and marginal farmers and providing free technical advice to them for improving yield of their cotton crop through deploying better farming methods. This provides an avenue for sustainable livelihood generation and capacity building for small farmers.</p> <p>We educate our agents about the new products and industry scenario and engage them in both formal and informal ways as they are the extended arms of Vardhman.</p> <p>Once in every two years we invite our dealers in customer meet and recognize their efforts in growing sales.</p>
Customers	<p>We provide a dedicated sales team to ensure pre to post sale services to our customer. Post sale service ensures smooth usage of our products and problem solving through a partnership approach has helped us forge long lasting relationships with our customers</p>

#### Principle 5: Human Rights

We subscribe fully to the basic tenets of human rights as defined in our Constitution. We adhere to the human rights principle of dignity of workforce regardless of the nation, location, language, religion, ethnic origin or any other status of an individual.

We have placed grievance redressal mechanisms in every manufacturing unit and we try to ensure a harassment free work environment along with workplace health and safety. A Labour Welfare Officer is placed in every manufacturing unit who is available in the plant round the clock to take care of ensuring the basic amenities to workers. Communication meetings between workers and senior officials are regularly conducted to redress the grievance of workers and maintain harmonious relations between the management and workers.

Prime importance is given towards maintaining better working conditions in the plants to take care of the health & safety of employees. We are certified under OHSAS 18001 by NSAI.

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

#### Principle 6: Protection and Restoration of the Environment

- Vardhman has implemented stringent standards and policies for Environment, Health and Safety in all its manufacturing units.

2. Changes in climatic conditions, issues like global warming and degradation of environment owing to over exploitation of resources are threats to existence of life on the planet. These challenges, however, are seen as opportunities to create sustainable products and manufacturing mechanisms at Vardhman. We invest heavily in developing future-ready technology and innovative solutions to minimize the strain textile industry puts on the environment. Alternative energy, optimum consumption and replenishment of natural resources are some of the initiatives undertaken to back our goal of sustainable development. A dedicated team has been deployed to devise and implement strategies to manage the environmental risks. In our endeavor to protect and restore environment, following steps have been initiated:

- a) Treatment of process effluent: We have established independent ETPs in major units and at other units, the effluent is treated at CETPs.
- b) Zero Liquid discharge (ETP, RO, MEE) system is installed at Budhni Unit to recycle entire waste water and make it fit for re-use in process.
- c) Sewage Treatment Plants have been installed for the treatment of domestic sewage at all the units.
- d) The treated STP water is consumed in process, gardening and flushing.
- e) Disposal of hazardous solid waste generated at the units is done only through CPCB/SPCB authorized disposal facilities.
- f) Ground water recharge is done through Rainwater Harvesting Systems.
- g) Boiler flue gases are passed through filter bags, ESP's or scrubber units.

These steps help in the reduction in raw water consumption, emission of greenhouse gases, generation of solid waste, effluent and other hazardous substances. Initiatives like these are effective in reducing the impact of industry on our natural resources and environment.

3. We accord highest priority to the safety of human lives. New recruits have to mandatorily pass through Safety training before they are posted on the shop floor. While there are regular refresher programs for employees at each level, visitors too are given security instructions before entering the premises so as to ensure workplace safety and minimize the probability of accidents.
4. All the hazardous waste generated is stored and disposed of as per the statutory norms. Each unit has requisite

facilities for proper management of e-waste, spent oil and ETP sludge. The disposal of such waste is carried out through CPCB/SPCB authorized recyclers & TSDF.

5. We have not registered ourselves under any project for Clean Development mechanism but have undertaken several initiatives on our own for clean, eco-friendly and sustainable growth.

**Clean Technology:** We utilize Aaga system, an organic composter to compost the food waste. By decomposing food waste generated from colonies, canteens, hostels etc., we have been meeting our cooking gas requirements through bio-gas plants at two of our locations – Auro Textiles, Baddi and Vardhman Fabrics, Budhni. These plants are capable of generating 120 kg/day of bio-gas. The remaining compost is used as manure in the green belt development inside the premises.

Solar water heaters have been installed at our hostels and campuses while Solar Kitchen Automation equipment are being used for cooking in four of our units.

**Energy Conservation:** Optimum utilization of resources as a principle is ingrained in all the processes at Vardhman. Energy conservation initiatives for reduction in power consumption and increasing efficiency are a regular feature.

**Reduction in water usage:** Treatment of wastewater and its utilization in gardening, process activities, flushing etc. results in reduction in the amount of usage of fresh water. For a limited natural resource like fresh water, conservation is a primary responsibility of the human kind. We make our contribution by regular metering, monitoring and controlling its consumption at all our sites.

**Water Conservation:** Our 52 Rainwater harvesting systems, ground water recharge initiatives and similar provisions allow us to conserve water. We have a capacity to recharge 1.75 million KL of water to the ground annually.

**Reduction in Office waste:** 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.

**Awareness Programs:** To spread awareness about environmental protection measures, every year we celebrate Earth Day, Environment Day, Environment Week and Water Saving Week. The activities held during such programs include Tree Plantation, Drawing Competition, Slogan Competition, Social Media Campaign etc.

**Plantations:** Plantation drives are carried out every year by us. To increase the green area around our factories, we have till date planted over 4.5 lakh saplings.

**Environment and Safety Certifications:** All units of the Company are ISO 14001:2015 and ISO 45001:2018 certified. The process of documentation and audit for upgrading OHSAS 18001:2007 to ISO 45001:2018 has been completed.

6. The emissions at our units are within the permissible limits of applicable State and Central Pollution Control Boards.
7. The EHS policy is available on the company's website at the link [https://www.vardhman.com/user\\_files/investor/EHS%Policy.pdf](https://www.vardhman.com/user_files/investor/EHS%Policy.pdf)

### Principle 7: Responsible Advocacy

Vardhman is a member of several industrial and trade associations. These are listed as under:

- a. Confederation of Indian Industries (CII);
- b. Federation of Indian Chamber of Commerce and Industries (FICCI);
- c. PHD Chamber of Commerce and Industries (PHDCCI);
- d. Confederation of Indian Textile Industry (CITI);
- e. Texprocil

Being an industrial house, our major areas of concern are those public policies which deal with industry/business. Therefore, most of the time, our submissions are related to economic policy changes and other issues, which affect the sustainability and competitiveness of the industry.

These platforms are utilized to update the industry concerns to the relevant government offices through seminars, delegations and memorandums. Through these forums, we also provide our inputs sought by the State & Central Governments related to the current problems faced by the industry, future prospects and policy imperatives required to overcome bottlenecks.

These forums are used to advance the cause of the industry and are not used to take up company specific issues.

### Principle 8: Supporting Inclusive Growth and Equitable Development

Through CSR (Corporate Social Responsibility) initiatives as well as an ingrained mechanism for sustainable development in core business activities, Vardhman supports the principle 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 at Vardhman are developed with key emphasis on promoting education, offering advanced healthcare facilities, contributing to rural development, conservation of environment etc. The areas of emphasis are covered in Schedule VII of the Companies Act, 2013.

A number of CSR programs are pursued within the close proximity to our units to enable effective supervision and maximize the impact of these developmental activities. While we equally participate in offering services for national causes, an emphasis is laid on ensuring that the intended effect of the initiatives taken delivered to the target communities. Programs under this principle are developed and executed by:

#### a) In-house teams

Our in-house teams remain vigilant and actively engaged with the marginalized farmers and local communities. These teams carry out need assessment and analyze the existing problems to formulate and implement suitable solutions benefitting the local population.

#### b) Trusts

Community development initiatives are performed by inducing trusts and organizations dedicated for the cause. Close monitoring for the optimum utilization of resources invested helps in ensuring positive outcome from such drives. In the state of Punjab, Himachal Pradesh and Madhya Pradesh, we have trusted entities that carry out developmental activities as per the directions of the Board.

#### c) Other organizations

For healthcare, education and such benefits to reach the masses, we collaborate with public and private organizations like hospitals, schools etc. These initiatives aim at presenting underprivileged sections of society with the right to quality healthcare facilities and opportunity to learn and grow.

### Women Empowerment and the Right to Equal Opportunity

Offering an equal opportunity to women employees; allowing them to share the responsibility of development of the nation is critical to the working culture at Vardhman. We see women as a human resource that if utilized to its optimum potential can contribute a great deal to the development of nation and therefore, take initiatives to augment women's participation in our workforce. We reach out to them, counsel their families, offer favourable working conditions and healthy lifestyle in order to connect them to mainstream economy.

## Impact Assessment

Vardhman, 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 the desired benefits to the community and gaining insights for improving the design and impact of future initiatives.

## Contribution in CSR (2019-20)

### Promoting Education:

1. Construction of Vardhman Block comprising of 10 Classrooms and separate toilets for girls & boys initiated at Government Senior Secondary School, Ladhowal, Ludhiana, Punjab. The project has an estimated cost of ₹ 1.75 crore.
2. Upgrading the infrastructure of Sri Aurobindo College of Commerce and Management, Ludhiana, Punjab. The project cost is ₹ 2 crore.
3. Construction of Mother Auditorium with a seating capacity of 800 being carried out at Sri Aurobindo College of Commerce and Management, Ludhiana, Punjab. The estimated Project cost is ₹ 14 crore.
4. Construction of a Girls Hostel at Auro Mira Vidhya Mandir – an institution providing education to tribal students at village Ketchla, Odisha, run by Auro Mira Service Society involving a cost of ₹ 40 lakh.
5. 400 Students' Desks worth ₹ 13.48 lakh provided to Govt. High School, Jamalpur, Ludhiana, Punjab and Government schools of Mandideep, Madhya Pradesh.
6. 15 Computers along with required furniture for computer lab provided to SA Jain Senior Secondary School, Malerkotla, Punjab at a cost of ₹ 8.80 lakh.
7. Financial aid of ₹ 32.40 lakh provided for renovation of Multi-Purpose Hall at Sri Aurobindo Public School, Baddi, Himachal Pradesh.
8. 1500 school uniforms for winter worth ₹ 7.10 lakh provided to tribal students of Sehore district, Madhya Pradesh.
9. Financial aid of ₹ 20 lakh provided to NGO Chetna working for differently-abled children for the construction of Research and Rehabilitation centre at Bilaspur, Himachal Pradesh.
10. Financial grant of ₹ 6.50 lakh provided to NGO Darpan for the construction of school building in Ludhiana, Punjab. The organization is working for children suffering from Autism.

### Promoting National Sports, Art & Culture:

1. Financial aid of ₹ 10 lakh given for Bhopal Literature & Art Festival – an event organized annually to promote local art and culture.
2. ₹ 1 lac contributed to Shoolni Mela Committee, Baddi, Himachal Pradesh for organizing district-level events to protect, promote and preserve local folk, tradition, customs, rituals and sports.
3. ₹ 1 lac provided to Nalagarh Heritage Society to establish a war memorial at National Heritage Building Nalagarh, Baddi, Himachal Pradesh.
4. Sponsored the training program for air rifle shooting of Ms. Malaika Goel - Silver Medallist, Commonwealth Games 2014, Glasgow. A sum of ₹ 10 lakh has been spent for the training.

### Rural Development:

1. Construction of a rainwater harvesting system at Indian Association of Muscular Dystrophy (IAMD), Solan, Himachal Pradesh worth ₹ 17 lakh.
2. Technical assistance provided to Cotton farmers for better farming practices and integrated pest management through Better Cotton Initiatives (BCI) Project Pragati in Rajkot- Gujarat, covering 80 villages and about 14000 farmers. The allocated budget for the project is ₹ 1 crore.
3. Constructed Public Toilets in Malerkotla, Punjab at a project cost of ₹ 7.5 lakh.
4. 8 Bus Shelters constructed in Malerkotla, Punjab and Budhni, Madhya Pradesh at a total cost of ₹ 34 lakh.
5. To encourage and promote the cultivation of Extra Long Staple (ELS) cotton in Madhya Pradesh (MP), financial contribution of ₹ 10 lakh was made to Cotton Collaborative Project of Confederation of Indian Textile Industry - Cotton Development & Research Association (CITI-CDRA), to conduct research on practices to increase the yield of ELS.

### Protecting Environment:

1. A sum of ₹ 12 lakh spent for developing green belts in Budhni & Mandideep (Madhya Pradesh) and Ludhiana (Punjab). 25,000 saplings were planted under this initiative.

2. Anti-Polythene Campaign organized to spread awareness about stopping the use of plastic at Baddi, Himachal Pradesh.
3. A similar campaign was organized in Bhopal with the slogan "Say No to Plastics" wherein a rally was carried out generating awareness about the harmful effects of plastic. The project cost was ₹ 1.00 lakh.
4. To spread awareness about safeguarding the environment and planting more trees, a rally was organized at Budhni, Madhya Pradesh. The project cost was ₹ 1.50 lakh.

#### **Welfare initiatives for Armed Force Veterans:**

1. Contribution of ₹ 30 lakh to "Bharat Ke Veer" Corpus Fund - A Government of India initiative to support the families of Brave hearts.
2. Financial support of ₹ 3 lakh to Bharat Ki Narri and widows of 4th Battalion - the Assam Rifles Battalion, Dagshai, Solan, Himachal Pradesh.
3. Blankets and woollen bed-sheets worth ₹ 2.50 lakh provided to Veer Nari & Ex-Servicemen.

#### **Promoting Healthcare:**

##### **Medical Equipment:**

1. Medical equipment worth ₹ 60 lakh including Auto Ref/Keratometer, Operation Microscope, YAG Laser Machine, Biochemistry Analyzer, CBC Machine and Non-Contact Tonometer provided to Bhagwan Mahavir Charitable Hospital, Lachaur, Jamui, Bihar.
2. YAG Laser Machine and other medical equipment worth ₹ 11.50 lakh provided to Vijayanand Diagnostics Centre, Ludhiana, Punjab.
3. Digital X-Ray & ECG Machine Equipment worth ₹ 9 lakh provided to Government Hospital, Budhni, Madhya Pradesh.
4. Pediatric Ventilators, Ventilators for ICCU, Digital X-Ray Machine, Electronic Hydraulic OT Table, C-ARM Machine and other medical equipment provided to District Hospital, Raisen, Madhya Pradesh at a cost of ₹ 66 lakh.
5. Ultrasound machine, Hydraulic labour table and other equipment worth ₹ 20 lakh provided to CHC Janjehli, Mandi, Himachal Pradesh.
6. Customized software & medical equipment provided for molecular laboratory at department of Clinical

Haematology, Christian Medical College & Hospital, Ludhiana, Punjab to support cancer care and stem cell transplantation at a project cost of ₹ 92 lakh.

##### **Medical Grants**

1. Poor Patient Fund of ₹ 18 lakh provided to the Department of Neurology at Christian Medical College & Hospital, Ludhiana, Punjab for the treatment of stroke patients belonging to low-income group.
2. Financial support of ₹ 36 lakh provided to Eye Bank Society, Postgraduate Institute of Medical Education and Research (PGIMER), Chandigarh for corneal eye transplantation of patients belonging to BPL families.
3. Cancer Treatment Fund of ₹ 30 lakh provided to Christian Medical College & Hospital, Ludhiana, Punjab for diagnosis and treatment of patients of economically weaker sections.
4. Contributed ₹ 25 lakh to Poor Patients Fund in Dayanand Medical College & Hospital, Ludhiana, Punjab.

##### **Health Check-up Camps:**

1. Health Check-up Camps organized for 600 villagers in Mahukalan, Pilikarar, Talpura, Khandabad, Devgaon and Pataalkho villages of Budhni, Madhya Pradesh. The project involved a cost of ₹ 2 lakh.
2. Similar health check-up camps were organized in villages of Baddi, Himachal Pradesh wherein 1200 villagers were examined. The budget for this project was ₹ 6.50 lakh.
3. Health check-up camps for 700 people organized in villages around the spinning unit VSGM at Ludhiana, Punjab.

##### **Contribution towards COVID-19**

1. A financial grant of ₹ 2 Crore provided to the State Governments of Madhya Pradesh, Punjab & Himachal Pradesh.
2. Masks, Personal Protective Equipment (PPEs), sanitizers, etc. worth ₹ 50 lakh provided to local government/ other hospitals, local administration and NGOs.
3. Food essentials distributed among needy people in Punjab, Himachal Pradesh and Madhya Pradesh.
4. Financial grant of ₹ 2 crore provided to PM CARES FUND (Prime Minister Assistance and Relief in Emergency Situations Fund).

5. COVID-19 testing equipment worth ₹ 35 lakh provided to MG Memorial Hospital, Indore.
6. Christian Medical College & Hospital, Ludhiana, Punjab provided with medical equipment & other essentials for the expansion of Isolation & Ventilation facility. The project cost was ₹ 1 crore.
7. A contribution of ₹ 25 lakh made in COVID-19 Fund of Postgraduate Institute of Medical Education and Research (PGIMER), Chandigarh for the treatment of BPL and marginalized sections.

At all our units, we strive to continuously engage with surrounding communities and offer support by understanding the problems being faced by them. Regular meetings and surveys are carried out to access the needs, priorities and expectations of the local community. Initiatives to be undertaken are designed and delivered in a transparent manner after evaluating 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/investor-desk#!company\\_information](https://www.vardhman.com/investor-desk#!company_information) with the title 'Policies-CSR and Amended CSR Policy 11.03.2016'

#### **Principle 9: Providing Value to Customers and Consumers**

Adding value is not always about money or discounts. Understanding our customer is the key to add value. We try to understand what drives value for our customers and offer best

quality products with a prime focus on developing memorable customer experience.

We take care of the expectations of our customers as well as other stakeholders. We implement practices to safeguard our environment and society. We consistently work to improve customer satisfaction and deliver value proactively by anticipating changes in customer's needs.

1. Pending customer complaints at the end of the financial year were of a routine nature and constituted 3-4%.
2. We disclose all the information on our labels in compliance with the legal requirements so as to enable customers to make an informed decision.
3. 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. As part of our stakeholder engagement strategy, Vardhman engages with its customers and carries consumer surveys for different products every year to know the customer satisfaction level so that necessary steps may be taken to enhance the same. There is a designated market research department which carries out these surveys and gives inputs to respective business teams for undertaking new developments besides remedial action, as may be required.