

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 1962 when it started its manufacturing location 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 with a capacity of over 1.10 million spindles, constituting about 2% of the country's yarn production, 1276 looms for weaving of fabrics and 140 Million Meter per annum of fabrics processing capacity.

Through its integrated operations across textile value chain from Cotton to Fabric and to Garments, it touches lives of millions of our associates 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 500 listed entities based on market capitalization at the Bombay Stock Exchange Ltd. (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 the those 9 Principles. Following is the first Business Responsibility Report of our Company based on the format suggested by SEBI. Detailed Business Responsibility Report for 2017-18 (available at: www.vardhman.com/) is also 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	: www.vardhman.com
5. E-mail id	: secretarial.lud@vardhman.com
6. Financial Year reported:	2017-18
7. Sector(s) that the Company is engaged in (industrial activity : Textiles, NIC Code 131 code-wise)	
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)	: 0
(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) : ₹57.43 crore
2. Total Turnover (INR) : ₹5851.37 crore
3. Total PAT (INR) : ₹545.76 crore
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) : 2.73%
5. List of activities in which expenditure in 4 above has been incurred: Refer to Summary of CSR initiatives on page 62-64

SECTION C: OTHER DETAILS

- Does the Company have any Subsidiary Company/ Companies? Yes
- 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
- 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

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

- Details of the Director/Director responsible for implementation of the BR policy/policies

- DIN Number : 00340459
- Name : Mr. Neeraj Jain
- Designation : Jt. Managing Director

- Details of the BR head

S. No.	Particulars	Details
1	DIN number (if Applicable)	00340459
2	Name	Neeraj Jain
3	Designation	Jt. Managing Director
4	Telephone number	0161-2228943
5	Email id	neerajain@vardhman.com

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 Ethics, Transparency & Sustainability Accountability	P2 Sustainability in life-cycle of products	P3 Employee Well Being	P4 Stakeholder engagement	P5 Promotion of human rights	P6 Environment Protection	P7 Responsible Advocacy	P8 Inclusive Growth	P9 Customer Value
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?	NA	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		Refer below	Refer below		Refer below		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?	N	Y	Y	N	Y	Y	N	N	N

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

Sr. 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)									

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 Company's Act 2013 and SEBI Regulations 2015. As on March 31, 2018, the Company has 11 directors on its board (including the Chairman), of which 6 are independent, 3 are non-independent, and 1 is non-executive non-independent director.

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 policy code of conduct is available at the company website at the link https://www.vardhman.com/investor-desk#!company_information with the name **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 at the following link: https://www.vardhman.com/investor-desk#!company_information with the name **Policies- Vigil Mechanism**.

PRINCIPLE

2

Sustainability of Products & Services across Life-cycle

Sustainability

The Vardhman group's brand and position in the society, brings with it, both responsibilities and opportunities to make the world a better place. Our global presence gives us an encumbrance to create sustainable business models that are environment friendly and in compliance with the national laws & international standards. The Group has evolved in the field of sustainability with its diversified initiatives in several directions.

Under the "Vardhman Sustainability Drive", the Group in addition to many on-going initiatives, has substantially augmented efforts in the field of Environment, Healthcare and Safety.

Rural Development

Under the Better Cotton Initiative, Vardhman Textiles collaborated with Punjab Agricultural University to study the techniques and conditions of farming which gave birth to the Village Adoption Program that started with one village and slowly increased to 95 Villages. Under this program Farmers could achieve 60 % higher yield than national average.

Responsible sourcing of Raw Material from Villages:

Cotton being a natural fiber which needs to be produced sustainably year after year without affecting the nature and fertility of land.

There are programs like Better Cotton Initiative, Organic Cotton, Fair-trade Cotton, Cotton Made in Africa, Cotton lead (USA Cotton) Recycle Cotton which have common goals viz., improving environment, decent working conditions, sustainable prices, increased financial profitability of farmers, optimum use of water, improved soil health and biodiversity.

Vardhman is part of several sustainable cotton programs being run by the Global stakeholders. Vardhman's share of sustainable cotton sourcing is more than 10% of overall cotton purchase.

Company is associated with Organic program in year 2004 and certified in Organic Yarn certification as GOTS (Global Organic Textile Standard), OCS (Organic content Standard), GRS (Global Recycle Standard).

Out of total buying of 42000 MT of man-made fibers and filaments 60% is covering from sustainable sources. In this either product is sustainable or the manufacturing process of suppliers is sustainable.

Almost all the cellulose fibers which are made from Wood pulp are sustainable and certified under FSC programs. Wood Cutting being done by suppliers is under sustainable processes. There are many other new products coming for developments which are sustainable in nature.

Project Pragati

We became a member of BCI in 2011 and became its implementing partner in Gujarat in 2015. At present, total project covers 10054 farmers on land of 18230 hectares in 51 villages.

In this project, company follows seven principles as per global definition of Better Cotton:

- * BCI Farmers minimize the harmful impact of crop protection practices
- * BCI Farmers promote water stewardship
- * BCI Farmers care for the health of the soil
- * BCI Farmers enhance biodiversity and use land responsibly
- * BCI Farmers care for and preserve fiber quality
- * BCI Farmers promote decent work
- * BCI Farmers operate an effective management system

Starting with just one producer unit and 1758 farmers, we today have 3 producer units with 9456 farmers associated with us.

2015	2016	2017
1 Producer Unit	3 Producer Units	3 Producer Units
9 Villages	47 Villages	48 Villages
1758 Farmers	8327 Farmers	9456 Farmers
47 LGs	223 LGS	252 LGS
3787 Hectares	14719 Hectares	15973 Hectares
1 Year License	3 Year License	Undergoing
Production of 23000 BCI Bales	Production 60000 BCI Bales	Exp rodution 75000-80000 BCI Bales

Under project Pragati, we train the farmers on various topics like pre-sowing, nutrient management, water management, pest & disease management, fiber quality & contamination etc., through group meetings, projectors & print material by specialists from Junagadh Agricultural University.

Such initiatives of ours have encouraged more and more farmers to get associated with us.

Water

Being on top of the essential requirements and an indispensable resource for any society, water has been our major priority in terms of sustainability measures undertaken by us.

Water Treatment

As a responsible organization, Vardhman has been always ahead in terms of technology when it comes to our Effluent treatment plants (ETPs) and Sewage treatment plants (STPs) which are 2 & 8 in numbers respectively. The effluent from four of the plants is getting treated through Common Effluent Treatment Plant (CETP).

Water Recycle and Reuse

100% recycling and zero waste: We have Zero Liquid Discharge (ZLD) System Installation at our largest integrated facility at Budhni. Due to this, annual saving of raw water is 216 Lac KL. The ETP's and STP's annually treat about 80 lacs KL & 6.7 lacs KL water respectively. The treated water is reused and recycled which saves 29.8 lacs KL water annually.

Our considerable achievement this year has been 100% reuse of STP treated water at all of our units. We have reached such levels of STP treatment that the treated water is being used in the process, irrigation or toilet flushing.

Water Recharge

We are focused on recharging maximum rain water in to the ground since 2005. We have set up 52 Rain Water Harvesting Systems (RWHS) within our premises. Rain water is directed from roof tops through channels and then collected in a collection pit with filter. Through this, the water is recharged into the ground through bore holes. Every year we recharge approx 120,000 KLs of water.

Energy Conservation

Towards Conservation of energy, we have moved on to recycling and generating alternative sources of energy in 2017-2018.

Electricity being the major input, we implemented the approach of “Less input, more output”. This includes reforms as small as replacement of high voltage consumption lamps with LED lights extending to the usage of latest and modern machines at units for minimum energy consumption giving maximum output in a given period. This has in-turn given us a better profitability as well.

Moving ahead, we have taken the following additional steps at operational level in the year 2017-18:-

- * Installation of variable Frequency Drives for Supply & Return Air Fans and water spray pumps of Humidification Plants.
- * Installation of APFC Panels to improve power factor.
- * Installation of AC drives on suction fan of KTTM and Auto Coner Winding Machines to maintain the required suction pressure.
- * Replacement of old power in-efficient distribution transformers with energy efficient ones.
- * Replacement of conventional blowers with energy efficient blowers in ETP plants.
- * Optimization of compressed air consumption by controlling leakages and modification of air distribution system
- * Replacement of old pumps & motors with energy efficient ones
- * Laying of additional LT cables to bring down the voltage drop

Renewable Energy

We have taken two major initiatives for use of renewable energy and solid waste management:

- * Biogas plants
- * Composting

We have been able to reduce our food waste generation by installing Bio-gas plant at two of our locations viz; Auro Textiles, Baddi & Vardhman Fabrics, Budhni. Each installation has a capacity of 5 MT/day and produces 80 kg/day bio-gas which is utilized in canteens and mess.

Apart from the above two campuses, a composting system has been set up at Ludhiana for kitchen waste wherein the manure generated is being used for management of green areas at our premises.

Solar Power

We foresee a good scope of natural energy utilization in the area of Solar Power which we shall be further emphasizing in the coming year.

For the use of solar power as a source of energy for non-factory operations, Vardhman shall make desired investments in order to make maximum contribution to the energy conservation pledge of the Group.

An inception in this regard has already been made by us in our MP region units where Solar Kitchen Automation equipment is being used for cooking that saves approximately ₹ 3.6 lacs worth LPG annually. Solar water heaters are being used in several hostels and residential campuses across the Group.

Air

The quality of Air that we breathe in has always received equal attention by Vardhman when we talk of sustainability. We have taken effective steps to control air emissions arising out of plant operations as well as kitchens.

- * Reduction in GHGs: Practices are adopted to reduce other greenhouse gases such as methane, water vapor, nitrous oxide etc.
- * Sequestration: Measures are taken to sequester carbon dioxide by promoting forestry, afforestation, tree plantation, or the planting of any kind of vegetation as trees and plants help in the sequestration of carbon dioxide.

Tree plantation has been our focus in the year gone-by wherein we have encouraged our employees to create a green environment.

Under the 6 crore sapling plantation drive of Govt. of Madhya Pradesh on 2nd July 2017- Guinness book of world record attempt, Vardhman contributed by planting 34,500 trees in Budhni.

In the past few years, Vardhman has done over 3.5 lac+ plantations.

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. Please indicate the Total number of employees. 22939 (Including contractual manpower).
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis. 2020
3. Please indicate the Number of permanent women employees. 4947 (does not include 466 contractor female employee)
4. Please indicate the Number of permanent employees with disabilities 57
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? NA
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 70%
- (b) Permanent Women Employees 72%
- (c) Casual/Temporary/Contractual Employees 66%
- (d) Employees with Disabilities- 55%

The policies on the principle of Employee well-being are available on the company's website at the following ChildLabour- 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%20Harasement%20Policy.pdf

BondedLabour- 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	Our Employee policies safeguard employees against any kind of discrimination based on caste, religion, geography, educational or social background, gender etc.

Stakeholder group	Initiatives
	<p>We believe in the continuous people development through investment in the training & development of our employees even in adverse business times.</p> <p>Women who form 24% 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	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.
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	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

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 any person.

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 condition 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

1. Vardhman's Environment, Health and Safety policy extends to all its group companies and manufacturing units.
2. Climate change, global warming and environmental degradation pose unique challenges as well as opportunities for Vardhman. We are continually investing in new technologies, implementing process improvements and innovating. To make progressive strides and guide us in our endeavor, we have deployed a dedicated team for devising and implementing strategies for managing these risks and opportunities. Few of the steps taken in this regard, are:
 - a) Effluent Treatment of all our industrial effluent either through our own ETP or CETP.
 - b) Zero Liquid discharge (ETP, RO, MEE) system at one of our units for recycling of treated water for process usage.
 - c) Sewerage Treatment Plant for the treatment of domestic sewage at all the sites.
 - d) Utilization of treated ETP & STP water for process, gardening & flushing activities.
 - e) Disposal of hazardous solid waste generated at CPCB/PCB authorized disposal facility only.
 - f) Using the best of rainwater harvesting practices within the industry premises to ensure ground water recharge.

g) All the boiler flue gases are passed through the bag filter and/ or scrubber units.

These steps lead towards reduction of raw water consumption, effluent generation, solid-waste generation, hazardous waste generation and Green House Gases emissions and help to reduce the overall impact on our natural resources and environment.

2. Vardhman identifies and assess potential environmental risks and provide training to employees.
3. We have group-wise facilities for proper management of e-waste, spent oil, and ETP sludge. All these hazardous waste are stored & maintained as per the compliance requirement and are disposed off through authorized recycler.
4. Vardhman has not registered any project related to Clean Development Mechanism project
5. Vardhman has taken various initiative e clean and sustainability initiatives such as:

* **Clean Technology:** We have been able to decompose food waste generated from Colony, Canteen & Hostels by installing Bio-gas plant at two of our locations (Auro Textile & VF Budhni). It produces 80 kg/day bio-gas which is utilized in canteens and mess.

In MP region, Solar Kitchen Automation equipment's is used for cooking. Solar water heaters are being used in hostels and campus.

* **Energy Conservation:** Energy efficiency initiatives such as switching to more efficient HVAC, lighting, and computing systems have been adopted. Replacement of florescent T8 (36 W) tube lights with T5 (25W) tube lights; Replacement of old motors with premium efficiency IE3 motors; Replacement of HPSV lamps with energy efficient LED street lights on boundary and road lighting; Conversion of electrical heating to steam heating in machines etc.

* **Reduction in water use:** We have been able to reduce our water usage by regular metering, monitoring and controlling of utilities consumption at all our sites.

* **Water conservation:** We have 52 Rain Water Harvesting Systems by which an annual recharge of approx 1,20,000 KL of water is done to the ground.

Reduction in office waste: Initiatives include installing jet hand dryer in washroom to reduce tissue paper waste.

* **Reduce food waste:** We used organic composter (Aaga System) to compost food waste from canteens, hostels and mess to use it as organic manure for green belt within the premises.

* **Awareness Programme:** Earth Day, Environment Day Environment Week and Water Saving Week which includes various activities like; Tree Plantation, Drawing Competition, Slogan Competition, Speech Competition etc. are celebrated.

* **Plantations:** Every year Vardhman Group undertake plantation drives to increase green area around our factories. In Madhya Pradesh and Himachal Pradesh, we have planted more than 50,000 saplings near our facilities.

* **All the group units of Vardhman is certified now certified by the revised ISO 14001:** 2015 and currently planning for the certification for the ISO 45001:2018 which will replace OHSAS 18001: 2007 (Occupational Health Safety Assessment Series).

6. All the emissions are within the permissible limit of State and Central Pollution Control Board.

7. There is no show cause/legal notices received by our units. Company's EHS policy is available on the website at the link https://www.vardhman.com/user_files/investor/EHS%20Policy.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; etc.

Being an industry-house, our major areas of concern are those public policies which deals 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 memorandum. Through these forums, we also provide our inputs sought by the State & Central Governments from time to time related to 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

1. Vardhman supports the principles of inclusive growth and equitable development through its core business as well as its corporate social responsibility initiatives.

Vardhman believes in being an equal opportunity employer. We offer equal roles and responsibility to women employees.

The company has a detailed CSR policy in place and the CSR activities are monitored by Board appointed CSR committee. The key focus areas of Vardhman's CSR programs are promotion of education, preventive healthcare, rural development, skill enhancement, Environment protection and other areas as defined in Schedule VII of the Companies Act 2013.

2. The major CSR programs are being pursued in the areas in close proximity to our manufacturing locations so as to enable supervision and maximum developmental impact. Programs under this principal are developed and executed by:
 - a. In-house teams for awareness building and contract farming projects with small and marginalized farmers and local communities.
 - b. Trusts for community development initiatives around our manufacturing facilities in Punjab, Himachal Pradesh, Madhya Pradesh and Gujarat.

- c. Other organizations- we also collaborate with other public and private organizations like hospitals etc. to provide healthcare initiatives to the underprivileged sections of the society.

3. Vardhman internally performs an impact assessment of its initiatives at the end of each year to understand the efficacy of the program in terms of delivery of desired benefits to the community and to gain insights for improving the design and delivery of future initiatives.
4. Vardhman's contribution towards community development projects carried under its CSR policy during the reporting period (2017-18) is ₹14.93 crore.

Few of the CSR initiatives are given below:

Area	Initiatives
Promoting Education	<ul style="list-style-type: none"> • 'Vardhman Block' constructed at Government Primary school located in Giaspura, Ludhiana has played a pivotal role in improving the educational environment of about 1400 students, majority of whom are children of the migrant labour employed in the nearby factories. The facilities provided include 14 brand new class rooms with 200 desks & benches, Safe drinking water and Clean & hygienic separate toilets for girls & boys. • Improving School environment, infrastructure & existing facilities by constructing classrooms, toilets, kitchen shed & boundary walls in various Government schools of Punjab, Himachal Pradesh and Madhya Pradesh. We have also constructed science lab, computer Labs, and libraries and provided computers, equipments desks and books to fill the educational gaps for better education environment. • The other initiatives undertaken by the Group include support for about 800 abandoned slum children studying at Nishkam Vidya Mandir, Ludhiana by renovating the entire school.

Area	Initiatives
Promoting healthcare	<ul style="list-style-type: none"> Supported the Mother & Child Hospital at Ludhiana by providing an ultrasound machine, water cooler and constructing washrooms for out-patients. This hospital caters the medical needs of nearby population of the area. An initiative to fight with Cancer & Hepatitis B & C we have signed a MOU with CMC Hospital and DMC for the treatment of these diseases and provided financial assistance to these organisation.
Drinking water & Sanitation	Number of projects were undertaken for providing drinking water and toilet facilities in various government schools in H.P. as well as construction of public toilets in the region.
Better Cotton Initiative	As a part of plan to transform cotton production, Vardhman become implementing partner with BCI in the state of Gujarat. The plan aims at providing technical assistance to farmers toward better farming and integrated pest management techniques. The project covers around 9456 farmers as of now.

5. Note on adoption of community development work by local communities

At Vardhman all our manufacturing units continuously engage with communities surrounding their operations through surveys and focused meetings. This is done to gauge the needs, priorities and expectations of the local community. Initiatives are thus designed and delivered in a transparent manner in line with inputs from the community itself.

The company's CSR policy and amended CSR policy is available on its website at the following link: https://www.vardhman.com/investor-desk#!company_information with the name **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 of developing memorable customer experience.

We take care of the well-being of our customers as well as the society. We take care of environment and implement practices that do not harm our society. We consistently work to improve customer satisfaction. We deliver value proactively by anticipating changes in customer's desired needs.

1. Pending complaints at the end of the financial year were of a routine nature and constituted 5-6% of complaints pending for yarn business and 2% for fabric business.
2. We disclose all the information on our labels in compliance with the legal requirements and let customers make an informed decision.
3. There is no case pending against the company regarding unfair trade practices.
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 customer satisfaction levels. There is a designated market research department which routinely carries out these surveys and gives inputs to business on taking remedial action, if required.