While actions always speak louder than words, well-articulated words result in sustained high impact actions. Fundamentally Right is Arvind’s bespoke approach to sustainability which focuses on input management rather than tailpipe intercessions. The six key material inputs are cotton, people, money, energy, water and chemicals.

**THE FUNDAMENTALLY RIGHT MANIFESTO**

Is a declaration of our core values and beliefs across these six inputs. It functions both as a statement of principles and as a call to action for all our employees. A compass for strategic decisions, the Manifesto is a vital step forward in ensuring cogent implementation of the input management approach across the entire value chain.
MESSAGE FROM THE CHAIRMAN & MANAGING DIRECTOR

Dear Stakeholder,

Arvind is an organisation with a rich legacy of responsible stewardship. While, it is built on a strong foundation of time tested values, it continues to remain modern in both outlook and decisions.

It is this synergy of age-old wisdom, modern management practices and new-age technology that has steered Arvind successfully through its sustainability journey and helped it deliver on its vision of ‘enriching lifestyles’.

Keeping pace with the accelerated need for sustainability across the globe, we took large and rapid strides to make our operations more sustainable. Last year we unveiled our sustainability philosophy ‘Fundamentally Right’, this year to turn intent into wide-scale action, we are releasing our sustainability manifesto. The objective is to enable our 30,000+ employees, to translate the ‘Fundamentally Right’ philosophy into practise in their day-to-day decisions across all six key inputs - Cotton, People, Money, Energy, Water and Chemicals.

Cotton is the most commonly grown non-food plant in the world, accounts for two and a half per cent of arable land, and provides income for more than 250 million people worldwide. Add to it, the water intensive nature of the crop, large-scale use of fertilizers and pesticides, genetic modification, plus certification concerns and we have a complex environmental and social challenge. To gain deeper insights into the efficacy of various cultivation methods, during the reporting period, we undertook a detailed lifecycle analysis of BCI, Organic & Conventional Cotton and charted new five-year roadmaps.

There exists a tight fit between Arvind’s mission of ‘Enriching Lifestyles’ and the overarching purpose of the Sustainable Development Goals. Energy is one parameter that is crucial for achieving almost all of the Sustainable Development Goals – from eradication of poverty through advancements in health, education, water supply and industrialisation, to combating climate change. We continued to invest in processes, practices and technology to enhance our energy efficiency, and thus during the reporting period, Arvind became the first Indian company to be awarded the ISO-50001:2011 certification in the ‘Composite Textile Industry-Denim Fabric’ category. The goal is to follow a globally benchmarked approach to achieve continual improvement of energy performance, including energy efficiency, energy use and consumption.

The world is changing, stakeholder demands are changing even more rapidly. The only way to keep delivering, is to ensure that our key assets - our people, are equipped with new skills and methodologies.

Thus, training was given added impetus during the reporting period and we introduced a range of programmes across hierarchies. Through a combination of intensive training and implementation of safety best practices, we recorded a 56% reduction in injuries.

We made prudent and strategic investments in potentially high-growth industry segments like brands and e-commerce. Additionally, we have also taken a major position in Ethiopia and are building capacity for 2.8 million garments per month over the next couple of years.

Arvind continued to contribute actively to the holistic upliftment of those on the margins of society. Our flagship programme ‘Gyanda’ which provides education to thousands of urban poor children, grew its footprint. We also mainstreamed a new initiative ‘Arvind Clinics’ to provide quality healthcare at extremely affordable rates.

This report delves deep into our triple bottom-line performance and I hope you find it interesting and informative.

Regards,

Sanjay S. Lalbhai
Chairman & Managing Director
With our co-creation strategy and an asset-light business model, we are slowly but surely transforming from a textile and garment producer into an end-to-end solutions provider for the entire textile value chain.
ARVIND LTD., THE GROUP’S FLAGSHIP COMPANY, IS AMONGST THE TOP 5 ORGANISED DENIM MANUFACTURERS IN THE WORLD AND ONE OF THE PIONEERS OF DENIM IN INDIA
With a market cap of USD 1.3 billion and 85 years of rich business experience, Arvind is one of the oldest and most respected conglomerates in India. The Group has varied business interests, ranging from textiles, retail and advanced materials, to environmental solutions and real estate.

We started life as a spinning and weaving unit in 1931 and have grown over the years. But one thing has remained constant: Change. In mid-1980s, when several large composite mills in the country were in crisis due to the introduction of power looms, we adopted the ‘Reno-vision’ business strategy that focussed on international markets and high-quality premium fabrics. Within a decade, we were among the top three denim producers in the world.

In the last two decades, we have introduced some of the biggest clothing brands to cater to the changing needs of the aspirational Indian. The growing presence in the readymade garment domain has now put Arvind on the top as one-stop solution provider for leading global and domestic apparel brands.

In the last few years, we have also played a part in transforming the way clothes are made and worn, by collaborating with international brands and enhancing the scope of sustainable fibres. Year after year, we continue to bring world-class technologies and best practices to Indian textile industries; at the same time, we also continue to indigenise and innovate better equipment and production processes.

It has been our constant endeavour to be a responsible corporate citizen - not just for the society, but also for the environment. In 2010-11, we became one of the first implementation partners of the Better Cotton Initiative (BCI) in India. BCI seeks to enhance the profitability of farmers, while simultaneously minimising the environmental impact of cotton farming. We have also been one of the proponents of organic cotton cultivation amongst Indian cotton farmers. Through Arvind Foundation and SHARDA Trust, we undertake comprehensive, long-term programmes in the field of education, healthcare and skill-building.
We will enable people to experience a better quality of life by providing, enriching and inspiring lifestyle solutions.

This underlying theme of enhancing lifestyle runs across the broad spectrum of all business activities at Arvind.
WE BELIEVE
In people and their unlimited potential; in content and in focus on problem solving; in teams for effective performance and in the power of intellect.

WE ENDEAVOUR
To select, train and coach people to obtain higher responsibilities; to nurture talent and to build leaders for the corporations of tomorrow; to reward, celebrate and activate all intellectual business contributions.

WE DREAM
Of excellence in all endeavours; of mutual benefit and prosperity; of making the world a better place to live in.

TO BE THE LARGEST INTEGRATED TEXTILES AND APPAREL PLAYER IN INDIA WITH LEADERSHIP POSITION IN SEVERAL GLOBAL MARKETS

MATURE BUSINESSES
Denim Fabric
Woven Fabric

ESTABLISHED GROWTH BUSINESSES
Garmenting | Knits Fabric
Brands | Retail

FUTURE BETS
Technical Textiles
Custom Clothing
E-commerce

2014
Buys 49% stake in Calvin Klein in India.
Set up joint venture (JV) with Goodhill Corporation of Japan for launch of formal suits

2015
Gap partners with Arvind Lifestyle Brands to enter India
Launched Arvind Composites Business
Launched The Children’s Place - the first-of-its-kind in kids’ fashion retail format in India
US apparel brand Aéropostale teams up with Arvind Lifestyle to enter India

2016
Ventured into footwear market
Launched ‘True Blue’, co-branded with cricket legend Sachin Tendulkar
Signed a deal to manage the Indian operations of cosmetics and beauty retailer, Sephora
Started operations in Ethiopia

To know more about our journey over the years, refer to Arvind Sustainability Report 2013-14
Arvind today is synonymous with a vast range of lifestyle products - be it fabrics or brands. Our business divisions bring in the best technology and expertise to produce some of the finest fabrics and exacting dresses for some of the world’s most quality conscious brands. In addition to consumer textile and garmenting, we have diversified business interests comprising advanced materials, retail, engineering, real estate, sustainable agriculture and telecom.

All our businesses are aligned to the Group’s philosophy of providing better quality of life by providing inspiring lifestyle solutions.

**AWARDS & RECOGNITIONS**

Awards not only acknowledge success, but also the ability, struggle, effort and above all, excellence put in by the organisation. We have received numerous awards and recognitions, from various industry bodies and government agencies over the years.

Some of the key ones are listed below:

- Ministry of Power, India
  MOST ENERGY EFFICIENT TEXTILE UNIT IN INDIA TO SANTEJ UNIT
- SEEM Award - 2nd edition
  GOLD AWARD FOR NARODA UNIT

In September 2015, we created a new value department chain 'Unlimited' from the existing Megamart chain. The Unlimited chain will sell premium brands and will also focus more on mass-priced franchise brands.
CHARTERS, PRINCIPLES AND COALITIONS

Our long-standing commitment is to be a responsible organisation. Towards the purpose, we have embraced globally best sustainability practices, and have signed several international charters, principles and coalitions.

**Sustainable Apparel Coalition**

We are a founding member of The Sustainable Apparel Coalition (SAC). Higg Index, one of the key focus areas of SAC, helps gauge environment and social impact of the apparel industry. During the reporting period, we expanded the assessment to total four more units in Bengaluru: Bommasandra, Electronic City, Yeshwantrpur and Chitradurga.

**Better Cotton Initiative**

We have collaborated extensively with BCI in the production and sourcing of our most valued raw material - Cotton. Details of our collaboration with BCI are presented in the Cotton section of this Report.

**Global Organic Textile Standard**

We have received the GOTS Standard 3.0 certification for our fabrics, fibres and yarns products.

**International Organization for Standardisation - ISO 9001, ISO 14001**

Our operations are ISO 9001: 2008 (Quality Management Systems) and ISO 14001: 2004 (Environmental Management Systems) certified.

**Social Accountability International - SA8000 Standard**

We have adopted Social Accountability Management System as per the SA8000: 2008 Standard, and have been externally audited by Bureau Veritas.

**Global Reporting Initiative**

This Report represents our first attempt at presenting sustainability disclosures, using the GRI G4 Sustainability Reporting Guidelines.

**CII - Sustainable Plus**

Applied for the CII’s Sustainable Plus label for Organisations and achieved the gold label for 2015-16 year.

**Carbon Pricing Leadership Coalition**

Arvind is one of the five corporates in India, to be part of this global coalition of corporates, initiated by the World Bank.

**Water Resources Group**

Arvind is part of the WRG, funded and founded by IFC and UN, and is engaged with them in improving the livelihood of cotton farmers in Maharashtra.

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CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PHILOSOPHY

Corporate governance at Arvind is a value-based framework to manage every aspect of business in a fair and transparent manner. We use this framework to maintain accountability in all our activities, and employ democratic and open processes. We have evolved guidelines and best practices over the years, to ensure timely and accurate disclosure of information regarding our financials, performance, leadership and governance of the Company.

Our corporate governance philosophy is based on the following principles:

• Satisfy the spirit of the law, and not just the letter of the law. Corporate governance standards should go beyond the law
• Be transparent and maintain a high degree of disclosure levels. When in doubt, disclose
• Make a clear distinction between personal conveniences and corporate resources
• Communicate externally, in a truthful manner, about how the Company is run internally
• Have a simple and transparent corporate structure driven solely by business needs
• The Management is the trustee of the shareholders’ capital, and not the owner

EVERY PRINCIPLE NEEDS A PROMULGATOR, A PROMOTER AND A PROTECTOR. FOR ARVIND, THESE ROLES ARE ABLY PERFORMED BY OUR BOARD OF DIRECTORS.

TRUST IS THE FOUNDATION OF SUSTAINABLE DEVELOPMENT. TRUSTWORTHY RELATIONS BETWEEN THE ORGANISATION AND ITS STAKEHOLDERS IS KEY TO SUSTAINING IN TODAY’S COMPETITIVE BUSINESS ENVIRONMENT.

We have promoted and practised the tenets of good corporate governance since inception. Have garnered the trust of our investors by employing funds judiciously, yet competitively, and generating a steady stream of returns. We have reiterated the credibility & capability of our leadership time and again, by looking beyond the bend and acting before the herd.
BOARD OF DIRECTORS & BOARD COMMITTEES

The Board at Arvind is responsible for providing strategic guidance & oversight, regarding management decisions as well as selecting and making changes in the management, whenever necessary. It oversees implementation of the corporate governance practices and ensure that these principles are followed in making key decisions, to protect the long-term interests of the stakeholders.

As of 31st March 2016, the Board comprised 10 Directors, of whom 6 were independent and non-executive. The appointment of the Board members is based on their credentials and there is no discrimination due to caste, creed, minority community or other indicators of diversity.

The independent, non-Executive Directors, including one female director, are leading professionals from varied fields, who not only bring in vast experience and independent judgment to the Board’s discussions and deliberations, but also enable the separation of ownership and control.

Composition of the Board as on 31st March, 2016

<table>
<thead>
<tr>
<th>Name of Director</th>
<th>Executive/Non-executive/Independent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Sanjay S. Lalbhai</td>
<td>Chairman &amp; Managing Director</td>
</tr>
<tr>
<td>Mr. Punit S. Lalbhai</td>
<td>Executive Director</td>
</tr>
<tr>
<td>Mr. Kulin S. Lalbhai</td>
<td>Executive Director</td>
</tr>
<tr>
<td>Mr. Jayesh K. Shah</td>
<td>Whole-time Director &amp; Chief Financial Officer</td>
</tr>
<tr>
<td>Dr. Bakul Dholakia</td>
<td>Independent Director</td>
</tr>
<tr>
<td>Ms. Renuka Ramnath</td>
<td>Independent Director</td>
</tr>
<tr>
<td>Mr. Dileep Choksi</td>
<td>Independent Director</td>
</tr>
<tr>
<td>Mr. Vallabh Bhanshali</td>
<td>Independent Director</td>
</tr>
<tr>
<td>Mr. Samir Mehta</td>
<td>Independent Director</td>
</tr>
<tr>
<td>Mr. Nilesh Shah*</td>
<td>Independent Director</td>
</tr>
</tbody>
</table>

* Mr. Nilesh Shah was appointed as an Independent Director with effect from 6th May, 2015.

BOARD COMMITTEES

At Arvind, the Board of Directors has constituted five Board Committees and determines the terms of reference of these Committees from time to time. Meetings of these Committees are convened by the respective Committee Chairman/Company Secretary. At each Board Meeting, minutes of these Committees are placed before the Directors for their perusal and noting.

Audit Committee The Audit Committee comprises three Non-executive, Independent Directors, with an Independent Director acting as the Chairman.

Remuneration Committee In addition to reviewing and recommending the compensation and benefits of the Executive Directors, the Remuneration Committee also administers and supervises the Employee Stock Option Schemes, and reviews HR policies and initiatives. The Committee comprises three Non-executive, Independent Directors.

Investors’ Grievance Committee The Investors’ Grievance Committee looks into the redressal of investor grievances pertaining to shares, debentures and bonuses etc. It also looks at means to strengthen investor relations. The Committee has four members: two Non-executive Directors and two Executive Directors.

Management Committee The Management Committee’s primary role is to look after the day-to-day business activities of the Company within the Board approved direction/framework. The Committee comprises two Executive Directors.

Corporate Social Responsibility Committee The CSR Committee oversees the implementation and monitoring of the CSR policy, in compliance with the CSR objectives and policy of the Company. It comprises the managing director, an executive director, the CFO and is headed by an independent director.

(For more information about the specific roles and responsibilities of the Board and its committees, please see the Corporate Governance Report section of our 85th Annual Report for FY 2015-16 on our website at http://www.arvind.com/investorrelations/annualfinancialreport.htm)
THE CODE OF CONDUCT

The Code of Conduct is an integral component of Arvind's culture, and a visible guideline for an employee’s behaviour in the organisation. We actively promote it to enable users take day-to-day decisions in conjunction with the company’s ethics, vision and mission.

The Board has adopted the following codes in accordance with SEBI (Prohibition of Insider Trading) Regulations, 1992:

- Code of Conduct for Directors and Senior Management Personnel
- Arvind Code for Prevention of Insider Trading
- Arvind Code of Corporate Disclosures

WHISTLE BLOWER POLICY

Through our Whistle Blower Policy, we provide our employees with a safe medium of registering the issues or complaints of wrongdoing within the Company, without the fear of any repercussions.

The Policy provides a framework and avenue for all directors, employees, business associates and other stakeholders, to report instances of unethical/improper conduct in good faith of the Company. The Policy is also committed in adhering to the standards of ethical, moral and fair business practices. All disclosures are diligently overseen by a dedicated Whistle Blower Committee, appointed by the Board/Audit Committee.

Our Whistle Blower Policy is freely available on our corporate website at http://arvind.com/pdf/Whistleblower/Whistleblower%20policy.pdf

RISK MANAGEMENT

Risk is an inherent part of business, but it can be mitigated through a robust risk management mechanism. We have a strong Enterprise Risk Management (ERM) framework which enables us to take certain risks to remain competitive and achieve higher growth, and at the same time mitigate other risks to maintain sustainable results.

Under the framework, we have laid down a Risk Management Policy which defines the process for identification of risks, its assessment, mitigation measures, monitoring and reporting. While our employees and the Executive Management team continuously assess the identified risks, the Audit Committee reviews the identified Risks and its mitigation measures annually.

Through diligent deliberation and extensive engagement with concerned stakeholders, we have identified 17 Risks. These have been divided into following categories:

6 STRATEGIC RISKS This includes geographical concentration of our manufacturing capacity, fluctuation in cotton prices, business continuity and succession planning

8 OPERATIONAL RISKS This includes labour unrest, customers credit risk, customers’ concentration and fluctuation on foreign exchange rates

3 REGULATORY RISKS This includes bilateral/multilateral trade agreements, government policies with respect to textiles and Regulatory compliances

We also have in place, an Internal Control System that is commensurate with the size, scale and complexity of our operations. Our Internal Audit department has professionals with adequate experience and expertise in internal controls, operating system and procedures. In discharging their role and responsibilities, the department is supported by an external audit firm.

PUBLIC POLICY ADVOCACY

As one of the largest players in India’s textile industry, we continually engage with the government, regulating authorities and non-profit organisations, to shape policies that define the industry. Following are some of the key industry associations we are actively involved in:

- The Cotton Textiles Export Promotion Council
- Apparel Export Promotion Council
- Agriculture & Processed Food Products Export Development Authority
- Federation of Indian Export Organisations
- Confederation of Indian Industry
- Gujarat Chamber of Commerce & Industry
- Confederation of Indian Textile Industry
- Denim Manufacturers Association
- Textiles Committee
- Ahmedabad Textile Mills Association
- Sustainable Apparel Coalition
CASE STUDY

KEEPING A KEEN EYE ON LEGAL COMPLIANCE

Challenge
We consider legal compliance as one of the cornerstones of an effective and efficient Corporate Governance framework. Traditionally, a select group of professionals used to monitor the compliance status of the Company. In the last 5 years, we have recorded exponential growth and have expanded into new businesses and geographies. Additionally, over the years, legislations and regulatory requirements have also been changing dynamically. All these factors necessitated a structured monitoring mechanism.

Intervention
In early 2014, we commissioned a large global consulting firm to help us create a new, more comprehensive compliance monitoring mechanism.

Through collaboration, we created a customised repository of legal compliances applicable to our large businesses, identified roles in the organisational hierarchy that would be responsible for ensuring the compliance and prepared an online dashboard to review the status of legal compliances.

To drive this project, a small task force was constituted in early 2015. The responsibilities of the special task force included:

- Working with the implementation partner during the implementation phase
- Supporting the qualitative review of database and imparting training to users
- Engaging with individual employees on a one-on-one basis to help inculcate the practice of reporting the compliance status in the new reporting tool

In early 2016, the new framework was rolled out for Textile, Garments and Brands businesses. A comprehensive tool has been created with features like:

- Weekly notification for compliances that would become due in the next week
- Reminder for pending compliances as well as notification for compliances that are fulfilled but not updated in the system
- Provision to update the status of compliance in the tool with an option to uploading the proof of compliance (like copy of challan, return, extract of register etc.)

The details provided by the concerned individual are reported to their HOD for review and approval. An online dashboard is available with senior management to review the status of legal compliance across businesses, locations, departments, legislation category, and period etc.

Impact & Way Forward

The new legal compliance framework has been stabilised across the Textile business; i.e. Denim, Woven and Voiles. Garmenting and Brands are slowly catching up.

The online tool is now able to provide a real-time status of legal compliances, identify concern which allows the management to take prompt actions.

Sustaining such a framework has its own challenges. There are constant changes in legislations, ownership, roles and responsibility, businesses, addition of new employees. Besides, there is a need for conducting regular training and refresher modules. To meet these challenges, we have created a dedicated team that is responsible for monitoring the status of updates, follow up with individuals to update the status for pending items, training/re-training, addressing requests for change in mapping and auditing the compliances on a sample basis.
SUSTAINABILITY, WHEN STRATEGICALLY EMBEDDED AT SOURCE, GETS CASCADED TILL THE END OF THE VALUE CHAIN

PUNIT LALBHAI & KULIN LALBHAI
Executive Directors | Arvind Limited
Sustainability at Arvind, is a core philosophy as well as the unique selling proposition that helps us to create and maintain enduring bonds with our clients, globally. As sustainability gains greater importance for our clients, we remain well poised to match up to their emerging expectations and perform at par with international benchmarks.

By adopting input management as our preferred approach to sustainability, we are not just ensuring that our business remains fundamentally right but also contributing towards achieving the sustainability goals of our clients and staying true to the expectations of our varied stakeholders.

STAKEHOLDER ENGAGEMENT

FOCUSED ENGAGEMENT WITH STAKEHOLDER GROUPS HELPS US UNDERSTAND THEIR NEEDS AND IMPROVE OUR POLICIES, PRACTICES, DECISIONS AND DISCLOSURES BASED ON THEIR FEEDBACK.

STAKEHOLDER IDENTIFICATION

The first step to garner the right interactions and solicit the right insights, is to identify and involve the right stakeholders. With this view, in FY 2013-14, we collaborated with Ernst & Young LLP for a structured identification of stakeholder groups as a way forward to our sustainability journey.

Based on various parameters that impact the sustainability of business such as dependency, responsibility, tension and influence, we have zeroed in on the following key stakeholder groups.
ENGAGEMENT MECHANISM

The stakeholder identification process was followed by reconstitution of our engagement mechanism. Diverse communication platforms were institutionalised for each stakeholder group, with the objective of communicating our company policies and expectations, and collecting timely feedback from stakeholders.

In the reporting period, we continued to engage with all our stakeholders in a two-way dialogue through a host of channels:

<table>
<thead>
<tr>
<th>Stakeholder Category</th>
<th>Objective Engagement</th>
<th>Methodologies</th>
</tr>
</thead>
<tbody>
<tr>
<td>CUSTOMERS</td>
<td>Develop a sustained relationship. Anticipate short - and long-term expectations.</td>
<td>• Periodic one-to-one interactions with key customers • Customer satisfaction survey • Personal meetings by our design and technology teams with customer groups at regular intervals throughout the year • B2B customer portal launched during reporting period to facilitate a continuous dialogue</td>
</tr>
<tr>
<td>INVESTORS</td>
<td>Understand concerns and expectations, create higher shared value.</td>
<td>• Regular dissemination of financial performance through newspapers and published accounts • In-depth interactions in analyst meets and investor presentations</td>
</tr>
<tr>
<td>EMPLOYEES &amp; WORKERS</td>
<td>Understand their career ambitions, job satisfaction parameters, support career growth, training and development. Share organisation’s vision, short-term and long term goals, workplace needs and expectations.</td>
<td>• Structured interactive appraisals, career path guidance, training programmes, employee rewards and recognition (Arvind Stores), development programmes • ‘Abhivyakti’, employee engagement survey was conducted during reporting period</td>
</tr>
<tr>
<td>LOCAL COMMUNITY</td>
<td>Maintain cordial relation with local communities.</td>
<td>• SHARDA Trust’s activities • Interactions by IR department</td>
</tr>
<tr>
<td>MEDIA</td>
<td>Communicate key developments, milestone events, growth plans etc.</td>
<td>• Media interaction events, press conferences, media announcements of quarterly reports and major tie-ups</td>
</tr>
<tr>
<td>GOVERNMENT AGENCIES</td>
<td>Understand compliance and applicable regulations. Brief them on steps taken and discuss opportunities to collaborate on pressing issues.</td>
<td>• Personal meetings • Submission of relevant compliance documents • Presence in industry forums etc.</td>
</tr>
<tr>
<td>SUPPLIERS</td>
<td>Sharing of mutual expectations and needs, especially with regard to quality, cost and timely delivery, growth plans and sharing of best practices.</td>
<td>• Periodic interactions between Arvind’s buying and sourcing teams • Two Supplier Days organised during the year • Training programmes, quality workshops</td>
</tr>
</tbody>
</table>
I N I T I A T I V E S

BROADENING THE FARMERS’ PERSPECTIVE

We invited farmers involved in the Akola BCI Project to visit Arvind’s Ahmedabad unit. A two-day visit was structured to make the farmers fully aware about the activities carried out to manufacture the garments. The objective was to:

- **ENCOURAGE FARMERS TO GROW COTTON BY ADOPTING SUSTAINABLE PRACTICES**
- **MAKE THEM UNDERSTAND AND APPRECIATE THE TEXTILE VALUE CHAIN**
- **EMBED THE IMPORTANCE OF CONTAMINATION-FREE COTTON (CLEAN COTTON)**
- **SHOW THEM THE PROCESS FLOW FROM BALES TO SPINNING, WEAVING, FABRIC AND TO GARMENT**
- **MOTIVATE THE FARMERS AND APPRECIATE THEIR ASSOCIATION**

These farmers play a leading and influential role in our BCI farm project and hence enthusing them to further adopt sustainable practices will lead to a chain of good practice implementation.

This visit achieved the set objectives and also gave them an overview of the company. The interaction with the management and other concerned people, showed them the current scenario and the direction of the future.

**AS AN IMPORTANT STAKEHOLDER OF THE BCI PROJECT, THE VISIT REINFORCED AND RENEWED THEIR OUTLOOK REGARDING THE RESPONSIBLE METHODS OF FARMING.**

PROVIDING BETTER PLATFORM TO CUSTOMERS

**CUSTOMER PORTAL**

Business growth runs parallel with customer satisfaction. To serve our customers in a more effective and delightful way, Arvind’s denim business launched a customer portal which allows them to get all the company related news, photos of the latest collection of denim products and their detailed specifications online. The customers can register and track their order/development inquiries, complaints, and sample requests among other facilities at the click of the button.

**This platform will go a long way in further serving, retaining and attracting valuable customers.**
EMPOWERING EMPLOYEES WITH THE FREEDOM TO EXPRESS

Abhivyakti, an employee engagement study was conducted with a view to undertake a work climate analysis. Employees were encouraged to share their feedback on the organisation including their satisfaction quotient as well as their expectations. Towers Watson, a leading global professional services company, assisted us in this study and its analysis.

Potential areas assessed in this analysis include leadership & direction, working conditions, training and development, sustainable engagement, inclusion and corporate responsibility among others. Based on the feedback, separate reports were presented before the Board of Directors, the Chairman & Managing Director (CMD) and the various Business Heads, while the managers were assigned with the areas of action for their teams. This study was developed on a unique ask-analyse-act paradigm and is enabling us the opportunity to build on our strengths and open doors to rooms for improvement.

4,340 EMPLOYEES PARTICIPATED IN THIS WORK CLIMATE ANALYSIS STUDY

REVAMPING THE IT INFRASTRUCTURE

At Arvind, we are constantly innovating to enhance our people, processes and systems in our quest for making our operations and their business outcomes more effective and beneficial for all. During the reporting period, the entire business procedure at Arvind was integrated to modern IT systems in order to foster an environment of increased transparency and informed decision-making.

A consolidated IT system backed by a robust ERP system leads to better communication and reduces the risk of errors. It augments productivity as people and other resources can engage in other tasks in the operations.

Here are some of the IT initiatives undertaken during the reporting period:

- Introduction of data centre consolidation with an uptime of 99.98% at Gandhinagar and Bengaluru has led to better prevention and reaction mechanism in Business Continuity Planning (BCP) and Disaster Recovery (DR)
- Real-time data access and recovery is made possible with Business Intelligence dashboards across our operations and businesses. Better transparency and ready availability of relevant data catalyses optimum management control, strategic planning and effective decision making.
- Intranet for all our internal communications and IT integration and automation of our administrative and HR procedures has resulted in paperless offices.
- Restricted and conditional access to sensitive information imparts a high level of security to the entire business information and statistics at Arvind.
- Being in the textile business, our carbon footprint is a factor that is continuously monitored and regulated. Virtualisation of servers based on the cost-effective X86 architecture has hugely reduced our power consumption and overheads.
What our stakeholders expect from us, form the foundation of our business decisions. Over the years, it has become increasingly clear that stakeholders are placing greater emphasis on social and environmental parameters in the same breath as financial performance. It is therefore significant to listen to them carefully and engage with them on material issues.

For a large business like ours, it is only natural to have diverse stakeholders each with distinct priorities and interests. Materiality analysis helps us identify the matters that matter the most to Arvind.

In FY 2013-14, a formal materiality process was devised to identify the issues important to our stakeholders and our business, in consultation with Ernst & Young. For more information about our Materiality Process, please refer to the Sustainability & Us section in FY 2013-14’s sustainability report.

In the reporting period, we reanalysed and validated our materiality to identify and incorporate emerging issues, if any. Our materiality matrix (presented here) comprises a universe of sustainability issues raised by our stakeholders as well as our leadership team. These material issues have been plotted against an x-axis (representing impact on business) and a y-axis (representing issues important to stakeholders). Those on the top right corner of the materiality map represent the highest significance to Arvind.
COTTON
Sustainable Sourcing
Cotton sourcing is crucial to our operations. Not just in terms of quantity and supply, but also in terms of sustainability. We harness methodologies and promote responsible farming techniques like organic farming and Better Cotton Initiative to ensure that cotton farmers, the communities and mother Earth reap the benefits of our fabrics.

Supply Chain Engagement and Transparency
We meet our suppliers periodically to ensure transparency and clear communication in the supply chain. We organised Supplier Day twice during the reporting period, to elaborate and familiarise our supplier group with Arvind’s sourcing policy, sustainability practices and code of conduct.

WATER
Water Use and Management
We have identified and implemented ways to reuse and recycle water and to minimise our water footprint. Our water conservation and recycling initiatives have helped us to lower our dependence on water resources in our key units.

During the reporting period, we implemented a breakthrough Public-Private-Partnership project at Ankur Textiles, where we extract process water from sewage waste taken from nearby communities through the local municipality’s wastewater network. More details in water section.

ENERGY
Energy Management
Energy efficient technologies deployed across our units and offices help us to keep a keen eye on our energy consumptions

Greenhouse Gas (GHG) Emissions & Air Pollution
We strive to reduce the GHG footprint of our business by adopting green manufacturing technology and reducing our energy consumptions

CHEMICALS
We use the right chemicals judiciously and responsibly. It is our constant effort to find substitutes that have a smaller environmental impact. We treat not only the effluents but also extract useful salts from them; such that they can be reused.

PEOPLE
Labour Relations and Union Practices
We have clearly spelt out guidelines to ensure that we engage in fair labour practices. This includes payment of minimum wages, protection of human rights, prevention of child/forced labour and encouragement of health and safety best practices.

MONEY
Long-term Viability of Core Business
We try to be fundamentally right in our approach to run our business. This ensures that our core business interests remain protected and are sustainable.

Based on factors such as risks, returns and relevance, we further distilled this materiality matrix and identified six key material issues and four allied material issues which are grouped under ‘others’.

OTHERS
Communication and Engagement
Continuous communication and engagement take place with our key stakeholders like customers, investors, and employees. Details of this engagement are elaborated in the stakeholder engagement section.

Policies, Standards and Code of Conduct
We have policies, standards and code of conduct for our business processes, engagements with customers & stakeholders as well as product manufacturing and services. Please refer to the corporate governance section in this report for more details.

Customer Satisfaction
We try to anticipate short and long-term expectations of our customers. Our design and technology teams meet the customer groups at regular interval throughout the year.

Regulatory and Legal Challenges
All our operations and business processes are as per the legal and regulatory processes approved by the Government under the Companies Act 2013 in India.
HARVEST HIGH IMPACT AREAS & SEED CHANGE INTO THEM

PRAGNE SH SHAH
CEO | Cotton & Agri Business
Cotton was cultivated in the cradles of the civilisation. And today, despite a number of natural and artificial fibres, cotton still continues to remain in vogue. Being one of the largest producers of textiles and garments in India, cotton continues to remain a key input material for us - something that is essential for us to be fundamentally right.

With the demand for garments growing, sustained supply of this vital ingredient, in sufficient volumes and at competitive rates, is material to us.

**SO WE ARE INVESTING TOWARDS CREATING AN ECOSYSTEM WHICH SECURES OUR INPUT, SAFEGUARDS FARMERS’ INTERESTS AND ENHANCES FARM YIELD.**

Cotton farming is an extremely resource intensive process. At Arvind, we believe that the solution lies in making the farming process more efficient and responsible.

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**INCREASE IN THE NUMBER OF BCI FARMERS BETWEEN FY 2013-14 AND FY 2015-16**

**LCA OF ORGANIC & BCI COTTON**

Reiterates the sustainability benefits of responsible cotton farming

**COMPREHENSIVE FIVE-YEAR PLAN**

To drive BCI ahead and to develop genuinely organic cotton seeds

**ZERO CHILD LABOUR**

At our organic and BCI cotton farms through the strict implementation of anti-child labour policy
CONSUMPTION

The consumption of cotton is predicted to increase, as the global textile industry is projected to grow at a CAGR of 4-5% over the next 10 years. Moreover, the expanding Indian middle class and increasing disposable incomes are poised to grow the Indian textile industry at a CAGR of 9-10% over the next decade. This translates to a corresponding progress for us; but also means a continuous climb in cotton requirement. This cotton supply should not only be smooth and of high quality, but also sustainable for the farmers and the environment.

In the last two years, output at our Better Cotton Initiative (BCI) project farms as well as organic farms stagnated as the farmers opted for alternative cash crops. Nonetheless, we still remain confident of the long-term merits of both these cultivation methods and are determined to continue encouraging them in the times to come.

Here is how our Akola-based Organic & BCI farm projects performed during the reporting period.

<table>
<thead>
<tr>
<th>Area Under Cultivation (in Acre)</th>
<th>FY 13-14</th>
<th>FY 14-15</th>
<th>FY 15-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>BCI</td>
<td>12,069</td>
<td>14,750</td>
<td>11,119</td>
</tr>
<tr>
<td>Organic Cotton</td>
<td>15,899</td>
<td>17,197</td>
<td>13,507</td>
</tr>
<tr>
<td>Other Crops</td>
<td>45,616</td>
<td>35,489</td>
<td>62,808</td>
</tr>
<tr>
<td>Total</td>
<td>73,584</td>
<td>67,436</td>
<td>87,434</td>
</tr>
</tbody>
</table>

Compared to FY 2013-14, here was an 8% and 15% drop in the area under cultivation in FY 2015-16. But on the other hand, the cultivation of other crops increased by almost 38%.

Across the market, India saw a decrease of 13% in organic cotton production as a result of farmers moving away from cotton in favour of more lucrative crops. India’s domestic and international market for organic food, flowers, and pharmaceutical extracts (such as marigolds) is growing rapidly, making this trend particularly prevalent amongst organic cotton farmers.

<table>
<thead>
<tr>
<th>Farmers Engaged</th>
<th>FY 13-14</th>
<th>FY 14-15</th>
<th>FY 15-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>BCI</td>
<td>2,630</td>
<td>3,395</td>
<td>4,000</td>
</tr>
<tr>
<td>Organic Cotton</td>
<td>3,415</td>
<td>3,651</td>
<td>3,674</td>
</tr>
<tr>
<td>Other Crops</td>
<td>2,437</td>
<td>2,400</td>
<td>3,481</td>
</tr>
<tr>
<td>Total</td>
<td>8,482</td>
<td>9,446</td>
<td>11,155</td>
</tr>
</tbody>
</table>
OUR APPROACH TO SUSTAINABLE COTTON

We need to ensure an uninterrupted supply chain, while remaining watchful that the cotton farmers, the community and the mother Earth reap the benefits as well. To make cotton farming sustainable and responsible, we need to understand and address the challenges across all three bottom lines.

**ECONOMIC**
The challenge is to safeguard farmers’ interest, while ensuring the supply.

**SOCIAL**
The need of the hour is to find more effective and efficient methods of farming, enhancing farm yield and reducing social evils like child labour.

**ENVIRONMENTAL**
The task on hand is to find environmental friendly processes, to meet the continuously increasing demand.

We believe that what comes out depends on what goes in.

As one of the implementers of Better Cotton Initiative in India and as one of the early proponents of organic farming, we invest in safeguarding the soil’s sustainability and securing the farmers’ interests; such that we can expect a continual supply of our raw material. We call this ‘responsible sourcing’ and it is ensured by ‘the Arvind Agribusiness Contract Farming Process’.

Based on variables such as the quality of soil, access to irrigation and other surrounding conditions, we help farmers choose the correct option between Organic Cotton cultivation and Better Cotton Initiative (BCI).

*Note: To know more about our contract farming process, please refer to Arvind Sustainability Report, 2013-14.*
ORGANIC COTTON

Organic cotton farming is the process of growing cotton as it was always meant to be – devoid of any genetic modification, without any artificial fertilizers or pesticides and in harmony with the cycles of nature. This not only protects the soil and groundwater; it also reduces the overall cost. Rotational cropping of leguminous crops like pulses, and scientific practices improve the yield per acre over time.

In addition to spreading awareness about the benefits of organic farming, we also help farmers in forming Self Help Groups (SHGs) and create a self-sustainable, mutual support system, where peer-power is harnessed for problem solving and mobilising funds.

THE STORY TILL NOW

- Inception of Organic Cotton Farming project to provide genuine organic fibres to customers
- Timely completion of certification by reputed third party agencies. First ever case of backward integration for organic fabrics at farm level
- Globally, challenging time for organic cotton; dearth of availability of organic seeds; widespread mixing of BT genes with the organic seeds available in the market

- 2006-07
  - Establishment of the on-ground team and support infrastructure on – adoption of an intensive engagement model with farmers to ensure authentic produce
- 2011-12
  - Implemented irrigation schemes like farm ponds, check dams, and drip irrigation by mobilising external funding support
- 2014-15
  - We reworked our strategy for Organic Cotton and put the expansion of farm area on hold. The future of Organic Cotton Farm project would depend on availability of genuine seed and demand for Organic Cotton from customers
- 2007-11
- 2012-14
- 2015-16

The Road Ahead

The term ‘Organic’ has been widely used, misused and abused to an extent that now the term itself has become suspect. In 2014-15, after recovering from the widespread contamination that occurred in organic cotton farms, we decided to go back to the drawing board and chart out an action plan that reinstates organic back to its old and trustworthy glory.

Action Plan 2016-2020

- Research and commercially develop of genuine organic seeds
- Enhance farmer income and foster social development
- Encourage sustainable irrigation practices
- Train, build capacity and implement organic farming practices
- Add new dimension and work stream to strengthen genuine produce by ensuring availability of organic seeds
- Partner with external agencies for reinforcement (for e.g. Lindsay Corporation for irrigation)
BCI COTTON

The Better Cotton Initiatives seeks to grow responsible cotton through carefully controlled application of water and use of approved fertilizers and pesticides; thereby, dramatically reducing the environment footprint of cotton farming.

Arvind is one of the largest implementation partners of BCI in India. We see great merit in BCI as an intermediate step towards responsible farming because of advantages like:

1. Reduced cost of production
2. More profit per acre
3. Better nutrient, pest & disease management
4. Enhanced water efficiency
5. Improved soil health
6. Healthier and more inclusive community
7. Better work ethics for farm workers

We have formed learning groups to educate farmers on various techniques, enable them to harness economies of scale, and help them to collaborate and share knowledge.

THE STORY TILL NOW

2008-09
BCI established as a global, not-for-profit organisation. Better cotton standards published

2009-10
'Better Cotton Fast Track Programme' launched as an independent investment vehicle managed by IDH (the Sustainable Trade Initiative). Arvind joins BCI as an implementation partner. Starts implementation of BCI in the Akola region, in partnership with local farmers. First BCI project in India

2010-11
First BCI bale produced from India, from the Arvind farm project in Akola

2011-14
Expanded the BCI programme to a larger area. Increased uptake of BCI in the mills at Ahmedabad. Marketing of BCI cotton to other spinning mills in India

2015-16
Defined a future-looking roadmap for manufacturing of clean, contamination-free and sustainable cotton in India with the help of state-of-the-art farm mechanisation and irrigation techniques

The Road Ahead
The LCA report from 2014-15 has already reiterated to us, the potential benefits of BCI farming. We have worked out a five-year plan to take BCI ahead and deeper into the Indian farmlands.

Action Plan 2016-2020
• Enhance yield & fibre quality, ensure safe handling of chemicals and build a reliable supply of clean cotton from India
• Improve water linkages and sustainable irrigation practices
• Train, build capacity and implement BCI principles more robustly
• Work on child education, health, child labour and forced labour
• Add new dimensions to ensure availability and traceability of cotton
• Partner with external agencies for reinforcement with Lindsay Corporation for irrigation, Bayer for high-yield seeds, insecticides & pesticides and John Deere for mechanised sowing & harvesting of the cotton crop
EVALUATING THE BENEFITS FROM RESPONSIBLE COTTON

The best way to plan for the future, is to know exactly where one stands in the present. We have been supporting organic farming since 2006 and have been a BCI implementation partner since 2008. So in FY 2014-15, we commissioned PE Sustainability Solutions to conduct an environmental Life Cycle Assessment (LCA) comparison of three types of cotton we cultivate - conventional, BCI and organic.

THE OBJECTIVE OF THE STUDY WAS TO QUANTIFY THE ENVIRONMENTAL BENEFITS ASSOCIATED WITH PRODUCTION OF ORGANIC SEED COTTON AND BCI SEED COTTON AGAINST CONVENTIONAL SEED COTTON USING LCA APPROACH, AND ALSO IDENTIFY THE ENVIRONMENTAL HOTSPOTS ACROSS THE PRODUCTION PROCESS.

The assessment was done in line with the principles of ISO 14040/44 standard for the different cotton cultivation routes and the primary data was collected from farming sites owned by Arvind Group for BCI cotton and organic cotton cultivation in the state of Maharashtra, India. The functional unit of the study is 1 ton of seed cotton at the farm gate.

The table below represents the environmental impacts of one ton of seed cotton across the three systems of cultivation under study: organic system, BCI system and conventional cotton.

<table>
<thead>
<tr>
<th>Environmental Impact Category</th>
<th>Unit</th>
<th>Conventional Cotton Cultivation</th>
<th>BCI Cotton Cultivation</th>
<th>Organic Cotton Cultivation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acidification Potential</td>
<td>kg SO₂-Eq.</td>
<td>14</td>
<td>12</td>
<td>3</td>
</tr>
<tr>
<td>Eutrophication Potential</td>
<td>kg Phosphate-Eq.</td>
<td>7</td>
<td>2</td>
<td>0.46</td>
</tr>
<tr>
<td>Global Warming Potential</td>
<td>kg CO₂-Eq.</td>
<td>731</td>
<td>435</td>
<td>295</td>
</tr>
<tr>
<td>Primary Energy Demand</td>
<td>MJ</td>
<td>5,375</td>
<td>2,510</td>
<td>1,351</td>
</tr>
<tr>
<td>Blue Water Consumption</td>
<td>kg</td>
<td>541,061</td>
<td>330,609</td>
<td>391,804</td>
</tr>
</tbody>
</table>

Note: 1 - The term ‘potential’ indicates that the impacts could occur if the emitted elements would (a) actually follow the underlying impact pathway and (b) meet certain conditions in the receiving environment while doing so. 2 - Blue water is water that has been sourced from surface or groundwater resources.

BCI shows 14% less acidification potential, 71% less eutrophication potential, and 40% less global warming potential as compared to conventionally grown cotton. It also consumes 53% less energy and 39% less blue water than conventional cotton.

On the other hand, Organic cotton goes one step further by showing 75% less acidification potential, 77% less eutrophication potential, and 32% less global warming potential as compared to BCI. And although it consumes 46% less energy than BCI, it consumes about 19% more blue water.

The results confirm that BCI and organic cotton production system are extensive cultivation systems that are well adapted to available resources and natural conditions. The result has encouraged us to continue supporting BCI and organic cotton with more fervour.
**Challenge**

Despite being the second largest producer of cotton in the world, India is still dominated by a large number of small farms; usually less than 2 acres. This small size makes automation economically unviable for majority of the farmers. The only option left is manual labour.

Cotton farms in India have also involved child labour during various stages of farming: sowing, weeding and cotton picking. What makes child labour at farms different from other situations, is the fact that quite often the children work on the farms owned by their own family. Although in such situations, the work environment is slightly better than in conventional child labour, it is still robbing the children off their childhood and education. Child labour in cotton farms also have an adverse health impact on children over a period of time.

**Intervention**

At the inception of the supply chain project of Organic and BCI cotton farming at Akola, we did a detailed study by conducting field surveys in different villages, to analyse the issue of children working in the farms.

To ensure its discontinuation, we set up a dedicated team which is based in the farming area to sensitize farmers about the adverse impact of involving child labour, and benefits of education and schooling through:

- Regular training programmes, conducting events like street plays, essay competition, film screening, children’s summer camps, etc.
- Formation of child group and its awareness training, learning group awareness training
- Interactions with labourers to ensure that they don’t send their children to work in farms
- School visits & interaction with school authorities

Our procurement policies are in line with our no child labour policy. We are also implementing mechanisation projects to reduce manual labour, thus impacting child labour. Regular visits and monitoring at the farms and the schools, ensure that no child below 18 years is employed in the farm.
THERE HAS BEEN A MARKED INCREASE IN SCHOOL ATTENDANCE, ESPECIALLY DURING THE HARVEST SEASON.
THE BEST INVESTMENTS ARE IN ASSETS YOU DON'T OWN

VINAY BASSI
Group Head - HR & IR
To say that, good talent is a necessary condition for success across each of the triple bottom-lines, is like repeating a well-known truth. The key lies in how well one executes what is universally known to be fundamentally right.

**AT ARVIND, TALENT MANAGEMENT STRATEGIES ARE DEVELOPED IN ALIGNMENT WITH BUSINESS STRATEGY, RATHER THAN IN RESPONSE TO IT.**

This collaborative approach ensures a tighter fit among talent, job profile, expectations and delivery. Integral to this purpose led employment is a culture that respects individual needs and ambitions, fosters a high standard of living and encourages work-life balance.

**8,963**

MAN-DAYS TOTAL TRAINING GIVEN DURING THE REPORTING PERIOD

**56%**

DECREASE IN INJURIES BETWEEN FY 2014-15 & FY 2015-16

**PROJECT NEEV**

A COMPREHENSIVE, COMPETENCY-BASED STANDARD FOR IDENTIFYING EMPLOYEE POTENTIAL & STRUCTURING CAREER GROWTH

**BS OHSAS 18001:2007**

CERTIFICATION FOR SANTEJ UNIT
TRAINING & DEVELOPMENT

We are committed to the growth, development and well-being of our 31,000+ workforce. Towards these goals, we design and implement comprehensive employee engagement and development programmes, foster a conducive work environment, and consistently provide opportunities for professional and personal development.

Training and development programmes at Arvind are formulated to help employees acquire new skills, sharpen existing ones, and evolve as professionals, enhanced performance and productivity, boost employee satisfaction, which in turn increases retention.

<table>
<thead>
<tr>
<th>Training Snapshot*</th>
<th>FY 13-14</th>
<th>FY 14-15</th>
<th>FY 15-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Training Days</td>
<td>75</td>
<td>128</td>
<td>243</td>
</tr>
<tr>
<td>No. of Training Programmes</td>
<td>53</td>
<td>84</td>
<td>108</td>
</tr>
<tr>
<td>No. of Participants in Outbound Training Programmes</td>
<td>450</td>
<td>186</td>
<td>142</td>
</tr>
</tbody>
</table>

27% increase in the man-days of training given in FY 2015-16

*For officer level employees only

TO GIVE OUR WORKERS A LARGER SENSE OF PURPOSE AND ENCOURAGE THEM TO ASPIRE FOR MORE, WE REFER TO THEM AS FRONT LINE MANAGERS (FLMS).
When we develop potentials that have never been tapped, we unlock productivity and passion that has never been seen. We conduct a wide array of development programmes across the organisational hierarchy.

**Pragati - Development Programme for Supervisors**

Pragati helps supervisors set expectations of their roles and responsibilities, manage self and others. The programme enhances self-awareness, inculcates skills to manage Front Line Managers (FLMs) at the workplace, helps develop better relationships for better results and boosts overall capability to become effective in their current role.

We plan to train 450 supervisors under Pragati. In 2015-16, we trained 20.

**Continuing Education**

Towards the end of 2015-16, we introduced a progressive continuing education policy for all management cadre employees. It encourages them to take-up higher studies and thereby upgrade their knowledge and skills. The programme is at a nascent stage right now, but we expect it to grow in the coming years.

26 employees are currently enrolled for new higher-education courses under this programme.

**iRise - Junior Manager Development Programme**

iRise is focused towards enhancing the overall capability of individual contributors and shift managers and help them perform their role more effectively. The initiative is termed as iRise as it signifies the rise of an individual in terms of undertaking more responsibility by becoming more accountable to the organisation.

43 managers were trained under iRise in 2015-16.

**iGnite - Manager Development Programme**

iGnite equips managers with the requisite competence to achieve the strategic objectives of the organisation, build skills for effective problem solving and decision making, plus develop interpersonal and leadership skills for better team management.

60 managers were trained under iGnite in 2014-15. In 2015-16, an additional 34 managers were trained.

**Samvad - Dialogue for Development**

An initiative aimed at identifying and creating a high potential talent pool. Every year under Samvad, we identify and assess select employees from senior management and take them through a structured development journey.

The programme includes sharing individual reports and feedback to the employee by a coach. It also includes creation of a development plan and talent review with the business head.

**iLead - Leadership Development Programme**

These programmes aide the senior management executives to hone their leadership skills, develop an attitude for success, and mould them into able professionals who can positively transform business results.

40 leaders undertook iLead in the reporting period.
In the reporting period, we embarked on a new employee-excellence journey with the introduction of NEEV - a comprehensive, company-wide, competency-based standard to identify employee potential, grade their performance, and chart for them a structured career growth plan.

As part of the NEEV Framework, employees have been segmented in five distinct groups based on their organisational roles.

1. Strategic leaders CEO / CXO / Corporate Function Heads
2. Functional leaders Leading Large/Multiple Functions, direct reportees to CEO, CXO, Specialists
3. Team managers Managers who have first level managers reporting into them
4. First level managers Managers who manage one or many Independent contributors
5. Individual contributors Managing work in individual capacity

Requisite levels of competencies that an employee must possess under each of the group have been well-spelt out. The competencies provide an employee behaviour map, as well as identify skills that will be valued, recognised and rewarded. Training need identification, appraisal and career progression – all stem from the employee’s competency proficiency level.

Introduced during the reporting period, NEEV will be cascaded across the organisation in a phased manner.

The core objective of the industrial relations function is to strike a harmonious balance between personal and organisational goals. Well-meaning intent, fairness and transparency are the key enablers in this journey.

We have recognised worker unions at both our manufacturing operations – Naroda and Santej and our Industrial Relations (IR) department organises a variety of events and activities across locations to engage with the FLMs and keep them enthused.
We have structured policies and processes under the various management standards pertaining to prohibition of employment of child & forced labour; freedom of association and right to collective bargaining; grievances redressal mechanism; working hours; remuneration; health & safety; discrimination; engagement & welfare initiatives; disciplinary proceedings etc. All such policies & processes have been communicated to all stakeholders (internal / external) in most amicable way. Also, we review the same from time to time and communicate the changes, if any, to all concerned stakeholders well in advance.

**A TEST OF IR EFFECTIVENESS AT SANTEJ**

Our Santej facility operates around the clock and in three shift operations. To keep the operations running smoothly, we have dedicated Industrial Relations professionals to oversee the shop-floor activities on a continuous basis.

In addition, division-wise union representatives of the Textile Labour Association are also on-hand 24x7 to ensure smooth operations and effective redressal of grievances.

Yet sometimes, despite our best intentions and robust practices, there are undesirable outcomes.

In one such instance, a section of the FLMs suddenly went on a strike at the Santej plant, in October 2015. On closer examination, it was found that the agitation was being fuelled by an external labour union that had no legal affiliations with the FLMs at Santej. The strike was thus deemed illegal by both the state government as well as the honourable industrial tribunal.

But while the judiciary was taking its course, the IR team swung into action and initiated a dialogue with the FLMs on strike. The issue was amicably resolved in two days with the FLMs coming back to work unconditionally.

**UPGRADATION OF FLM CANTEEN AT NARODA**

During the reporting period, we completely overhauled and upgraded the FLM canteen at Naroda.

- A larger and better designed seating area
- Enhanced hygiene standards in the cooking area as well as the seating area
- Card-based access system for better management and accounting

**HUMAN RIGHTS**

To protect human rights is to ensure that people receive decent, humane treatment. We have a well-defined human rights policy that upholds the human rights of our employees and FLMs. We don’t discriminate against our employees and they are free to join unions or association for the protection of their interests.

We do not employ children at workplaces and do not use forced labour in any form. During the year, there were no instances of reported human rights violations or gender discrimination.
SAFETY

WE CONTINUOUSLY INVEST IN THE SAFETY AND HEALTH OF OUR FLMs AS WE BELIEVE THAT PEOPLE ARE OUR BIGGEST ASSETS AND THEIR WELL-BEING IS FIRST ON OUR PRIORITY LIST.

In the textile industry, due to the inflammable nature of our raw materials, fire is a key risk. A comprehensive fire protection system has been implemented at all our facilities with the objective to prevent fire in the first place and in case of any incident, mitigate its spread and extinguish it at the earliest.

Additionally, we have introduced SOPs that are common to many industries, but are not usually seen in textile facilities. This includes work permit systems, use of industry-grade Personal Protection Equipment like safety shoes and masks. We also iterated our focus on safety to everyone in the production line by starting a series of weekly safety meets to take stock of on-ground situations and address them in a timely manner.

Safety Performance

<table>
<thead>
<tr>
<th></th>
<th>FY 13-14</th>
<th>FY 14-15</th>
<th>FY 15-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Injuries</td>
<td>861</td>
<td>702</td>
<td>429</td>
</tr>
<tr>
<td>Man-days Lost</td>
<td>16,100</td>
<td>13,327</td>
<td>8,010</td>
</tr>
<tr>
<td>Frequency Rate</td>
<td>9.06</td>
<td>6.72</td>
<td>4.09</td>
</tr>
<tr>
<td>Severity Rate</td>
<td>169.52</td>
<td>127.72</td>
<td>76.46</td>
</tr>
</tbody>
</table>

The Santej unit received BS OHSAS 18001:2007 certification during the reporting period.

Between FY 2014-15 & FY 2015-16, no. of injuries came down by 56% and no. of man-days lost decreased by 42%.
Challenge
To boost safety, productivity and overall morale by enhancing cleanliness at workplace and at the shop-floor where thousands of employees and FLMs work every day. The challenge is compounded because the shop-floor is inhabited by three sets of FLMs as the manufacturing facility operates all three shifts.

Intervention
We launched the ‘Swachh, Swasth, Surakshit’ (Clean, Healthy, Secure) programme at Naroda with an aim to:

| Improve cleanliness/hygiene and bring in greater process discipline on the shop-floor | Rewards and recognition for quality, 6S, ideas/suggestions and attendance | Improve the FLMs’ morale and ownership |

Healthy competition is a continual source of motivation and therefore we gamified cleanliness and safety. Created teams and introduced a system of audit, points and rewards.

- Multiple teams have been formed across various processes
- Each team has a supervisor or a foreman whose job is to ensure that the team maintains optimum levels of cleanliness, safety and quality in their respective shop-floors
- Regular as well as surprise audits are conducted and the groups are given points on all three aforementioned parameters
- Based on the scores and feedback of department heads, every month the best performing team, the best 6S zones and the best individual contributors are identified and felicitated with certificates and a rolling trophy
Outcomes

CLEANER SURROUNDINGS

IMPROVED ENTHUSIASM FOR WORK

GREATER OWNERSHIP OF THEIR OWN WORKSPACE

ENHANCED MAINTENANCE SCHEDULES
COMBATING FIRE INCIDENTS SANTEJ

Challenge
In textile factories, most of the materials - raw materials, semi-finished and finished goods are flammable. Even the processes are prone to instigate fire. It is therefore of utmost importance that fire prevention is well-implemented and in the unlikely event of fire, well-thought out protection is available.

Intervention
A state-of-the-art fire protection system has been installed at our Santej facility. It includes equipment to actively detect fire and well-established systems to control a fire if it were to ever occur. Also part of the exercise was the rationalising of components to curb the spread of the fire and training the staff.

Salient Points of the Fire Protection System
- Extra vigilance to manage fire triggers viz. phasing out loose electrical wire.
- Strengthening access to firefighting equipment and reinforcement of mock drills
- Mutual aid with Vadsar Air Force Base to assist one another in the event of any emergency
- Conducting various fire awareness drive viz. fire demonstration and training
- Installation and revamping of fire hydrants systems as well as interconnection of fire hydrants systems
- Segregation of materials incompatible with one another
- Implementation of permit to work system for hot work fire safety

STEAM INERTISATION SYSTEM
Steam inertisation system has been installed at various processing machines at Santej facility to mitigate the spread of accidental fires. Extra steam lines measuring 1-inch in diameter have been grouped from the main steam lines so that even a layman can use them in the event of fire.

Earlier, the facility witnessed frequent fire incidences in the processing machines due to their temperature exceeding 150°C.
Outcome

65.75% REDUCTION IN FIRE INCIDENTS

IN FY 2015-16 AS AGAINST FY 2014-15
Challenge
The process of converting fibre into fabric is a complex one and does expose the workforce to a number of occupational hazards. Thus, for our Santej unit the commitment to achieve ‘Zero Accidents’ was followed with a checklist of challenges right from ensuring robust safety policies, processes, and infrastructure to embedding safety awareness among workforce.

Intervention
The only way to bring about a lasting impact in our safety performance, is to root out hazards at the bud. A comprehensive safety management plan has been implemented at Santej which incorporates best practices to address all key enablers of safety excellence: policies & processes, infrastructure management, awareness & training, implementation & audit, emergency preparedness.

Salient features of safety management
- Rigorous safety inspections covering all units at least once in a month
- Implementation of ‘permit to work’ system for high risk activities viz. working on heights, Confined space entry, etc.
- Conductance of safety committee meeting for deliberation on various safety issues, and inspection reports
- Corrective/preventive actions on scores of unsafe conditions/actions
- Extensive trainings to FLMs as well as staff employees in accordance with their need
- Counselling of ER members on various safety aspects
- Provision of requisite Personal Protective Equipment
- Comprehensive accident investigation system to find out root cause for preventing accident reoccurrence
STRENGTHENING OF WORK PERMIT SYSTEM

Various ongoing maintenance and construction related activities were major contributors to the overall accident numbers. We implemented a work permit system during the reporting period, which helped us govern the safety measures that are required for a particular task according to the risk analysis carried out by Safety Department for that particular work.

We also implemented ‘Lock-Out-Tag-Out’ procedures for any maintenance activity to be carried out in hazard prone areas.

INTRODUCTION OF WEEKLY MEETINGS & DEPLOYMENT OF PPE

Upon analysis of several incidents from 2013-14, it was observed that a lot of injuries could have been avoided if the workmen were adhering to the stipulated use of PPEs. One of the key intervention implemented over 2015-16 was strict enforcement and counselling on adherence to PPE usage which included upgrade of several PPE to better quality materials - especially safety shoes, ear plugs and masks.

Additionally, a weekly meeting of all the department heads is being organised to discuss the accidents and incidents during the past week, their investigation reports and corrective action taken in view of the incidents.

These two initiatives led to improvement in working conditions by eliminating unsafe conditions as well as PPE helped in reduction in injuries.

Outcomes

55.08% REDUCTION IN AFR
52.25% REDUCTION IN ASR

IN FY 2015-16 AS AGAINST FY 2014-15

AFR - Accident Frequency Rate | ASR - Accident Severity Rate
Challenge
The occupational health centre at Santej was capable of handling only primary treatments and in case of major injuries, ailments or emergencies, the patients were required to be shifted to other health facilities in Kalol or Ahmedabad city which are approximately 45 minutes to one hour away.

Intervention
During the reporting period, in accordance with the Rule 68-U of Gujarat Factories Rules-1963, we upgraded our Occupational Health Centre (OHC) into a state-of-the-art facility that can also cater to more severe medical emergencies.

Facilities at the OHC
- A ward of 6 beds, and medical stock to treat various occupational injuries and ailments
- Equipment to conduct advanced tests like pulmonary function, ECG, Audio metric, Vision test etc.
- A medical team consisting of a full time as well as part-time doctors assisted by a nursing staff of 7 members.
- An additional ambulance with all requisite medical emergency equipment
- In-house medical checkup (Pre-employment, Periodic) of all employees (Approx. 1,500 employees completed till date)
- Availability of first aid treatment with cardio pulmonary resuscitation to patient suffering heart attack, electrical shock
- Treatment of occupational injuries with minor operation i.e. Stitches on cut wound, first line treatment of head injury, burns injury treatment, etc.
- Provision of transferring serious patients through ambulance

We have also opened the usage of this upgraded OHC to workers of neighbouring factories.
Today, the OHC provides treatments of varying degrees and severity to about 1,000 employees per month - not only work-related, but also for regular ailments.
## Employee Snapshot - Arvind Limited

### Total Workforce

<table>
<thead>
<tr>
<th></th>
<th>FY 2014-15</th>
<th>FY 2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Workforce</td>
<td>27,512</td>
<td>30,742</td>
</tr>
</tbody>
</table>

### Workforce by Level of Employment

- Officers (Senior, Middle, Junior Management) | 3,474 | 4,083 |
- Others (Short Term Contracts, Trainees etc.) and Workmen (Excluding Fixed Term Contract) | 24,038 | 26,659 |

### Workforce by Type of Contract

- Permanent Employees | 27,512 | 30,742 |

### Workforce by Gender

- Male | 20,046 | 21,880 |
- Female | 7,470 | 8,884 |

### Workforce by Age Group (Officers only)

- <30 years | 930 | 1,290 |
- 30-50 years | 2,207 | 2,494 |
- >50 years | 341 | 303 |

### Attrition Rates

- Officers | 23% | 22% |
- Senior Management | 14% | 14% |
- Middle Management | 11% | 9% |
- Junior Management | 26% | 24% |

### Attrition Rates by Gender (Officers only)

- Male | 22% | 21% |
- Female | 38% | 30% |

### Attrition Rates by Age Group (Officers Only)

- <30 years | 37% | 32% |
- 30-50 years | 18% | 17% |
- >50 years | 21% | 16% |

### Attrition of Workforce (Non-officers)

- 55% | 45% |
SOCIETY

OUR CSR VISION

TO IMPACT POSITIVELY, THE QUALITY OF LIFE OF PEOPLE, THROUGH INITIATIVES OF SOCIAL, ECONOMIC, HEALTH, EDUCATIONAL, INFRASTRUCTURAL, ENVIRONMENTAL & CULTURAL ADVANCEMENT.

Just like democracy, for a company to be sustainable, it has to be of the people and for the people. So while ‘of the people’ is our unwavering employee focus, ‘for the people’ is our unflinching commitment to local communities and the society at large.

Our approach to Corporate Social Responsibility (CSR) is based on our conviction that corporations and society are interdependent. Social responsibility thus permeates all business functions creating a ‘corporate social integration’.

Arvind Foundation

We are committed to put in place a strategy to ensure financial sustainability to all our CSR initiatives. We plan to achieve this through creation of a large corpus fund over a period of time.

In August 2015, we incorporated Arvind Foundation as a Section 8 Company to act as the umbrella organisation to all our CSR efforts.

In line with Section 135 of Companies Act, 2013, we spent INR 72.7 million on our CSR activities during FY 2015-16. This includes INR 51.4 million invested in the corpus of Arvind Foundation.
SHARDA TRUST AND OTHER TRUSTS

The Strategic Help Alliance for Relief to Distressed Areas Trust (SHARDA Trust), set up in 1995, is the organisational base for our urban CSR programmes. As a registered public charitable trust, the broad objective is to improve the quality of life of the urban poor in India.

SHARDA TRUST’S MODEL

Partnership with the Local Government
- MoU with local school board
- MSB allows use of infrastructure & provides electricity free of cost
- Providing teaching hours

Supportive Infrastructure
- Upgrading school infrastructure
- Establishing quality computer lab
- Projection facility (LCD monitor)
- Internet for faculty & students
- Ergonomic furniture
- Neat and clean classrooms

Innovative Method & Materials
- Teaching Eng, Comp & Maths
- Teaching approach based on student’s strength
- Real life example, practical knowledge
- Subject’s reinforcement
- Teaching by trust’s teachers
- Using computers in teaching

Monitoring, Evaluation & Tracking
- Teaching days, schedules, curriculum, tests & evaluation criteria pre-defined
- Tracking student’s attendance & performance
- Following up irregular & weak students
- Interaction with parents

NAROTTAM LALBHAI RURAL DEVELOPMENT FUND (NLRDF)

Working on programmes of social renewal for rural and tribal poor since over 35 years. It is structurally working under a Board of Trustees, the Chairman of which is directly responsible for the overall policy direction and guidelines for the trust. NLRDF carries out operations in various sectoral areas like Education & Skill Building, Agriculture & Animal Husbandry, Rural Infrastructure and Health & Well-being.

Education & Skill Building
Adult education, vocational training of handicapped persons, non-formal education

Agriculture & Animal Husbandry
Irrigation projects, horticulture, fodder development, animal husbandry, biogas plants, strengthening rural industries

Rural Infrastructure
Rural electrification (street and agriculture related), roads, watershed development

Health & Well-being
Medical services, health care, nutrition, sanitation & disease control, AIDS awareness and prevention, women empowerment, women & child development, relief & rehabilitation after calamities

SHREE CHANDRAPRASAD DESAI MEMORIAL FOUNDATION (SCDMF)

Based in Bapunagar, Ahmedabad conducts vocational skill development courses to enable social, economic and cultural development of the industrial areas. It has so far trained about 250 urban youth and has facilitated placements for a majority of them.
1,300+ students covered through the Gyanda Programme in FY 2015-16
FOCUS AREAS OF SHARDA TRUST

We believe in spearheading programmes, and not projects. The objective is to institutionalise systemic change, not symptomatic band-aid. We aim to make a lasting difference to the lives of people, even if it sometimes takes years in the making.

Our corporate headquarters and two of our biggest manufacturing facilities are based in and around Ahmedabad, and thus most of our initiatives are centred in these regions. To ensure that we don't spread ourselves too thin we have zeroed in on three impact areas:

1. EDUCATION
2. PRIMARY HEALTHCARE
3. DEVELOPING VOCATIONAL SKILLS

EDUCATION

Education is the most powerful tool in the fight against poverty and social evils. An educated generation will be the last generation in poverty. It is also a gift that once given stays with the recipient for their entire life.

GYANDA PROGRAMME

Broadly, there are three kinds of education models:

• Formal schools set up by local and national governments
• Informal education facilitated through volunteers, educationist or NGOs
• Tuition classes that supplement school education and concentrate on specific subjects

Setting up schools or tuition centres involves large investment in land and infrastructure. The quantum of investment results in few schools and limited impact. Volunteering efforts may be noble in intention but are limited in longevity.

Mindful of the limitations of each of the education models, the education experts at SHARDA Foundation designed the Gyanda programme - a new hybrid model that is mix of supplementary education and formal school set-up. Arvind Ltd. has been supporting the Gyanda Programme since its inception in 2006.

Leveraging existing infrastructure

Gyanda has been specially designed to supplement the education of children studying in Municipal Schools and support them to complete the school and college education. The aim is to improve their academic performance and overall personality while ensuring that children don't drop out and complete their basic education from classes 5 to 12. A financial support programme has also been developed to aid underprivileged students.

Approach

• Increase the enrolment of children of the urban poor into the programme
• Inject technology in municipal schools by providing computer laboratories, projection facilities and internet access for staff and students in schools
• Lay emphasis on efficient and effective functionality of the programme, leading to substantial impact in student lives

The Gyanda programme is unique because no other supplementary education model tracks the performance of all its students while maintaining direct contact with the parents for the entire schooling journey of 6-8 years and beyond for higher education.
Interventions

**Primary School Programme** This programme works with the students of class 5, 6 and 7 studying in a number of municipal schools in Ahmedabad through two-hour long support classes on Gujarati, Maths, English and Computers conducted by SHARDA teachers within the municipal school premises and also through an education support centre where students from multiple schools attend.

**Secondary School Programme** The academic curriculum expands tremendously after class 8 and requires a lot of personalised attention and subject-wise coaching. We conduct 3-hour classes for these students after school hours. Currently, there are 2 centres where these classes are conducted.

**Admission Facilitation & Financial Support** We facilitate admissions in higher classes in various schools as per the merit and choice of the students. Exceptions are also made for students who have shown great interest and perseverance in studies. We also provide comprehensive support which includes payment of education fees, financial support to buy uniforms, books and stationery.

**Scholarships to Pursue Professional Degrees** We even lend financial support to meritorious and needy students for pursuing higher education in professional streams like commerce, engineering, nursing etc.

**Impacts**

In 2016, Gyanda completed a decade of public service, and we undertook an extensive study to gauge the impact of the programme on the lives of the students and the community they come from.

**MAJOR FINDINGS OF THE STUDY**

- A comparison of the successful Gyanda students with their peers (siblings/cousins) revealed that there was a 70% drop-out rate amongst peers not exposed to Gyanda.

- Students who dropped out ended up as manual labourers, doing unskilled jobs or serving as household help, etc. The Gyanda students who continued their education are on their way to become Engineers, Teachers, Accountants, Psychological Counsellors, in the field of IT and similar careers in the organised sector.

- All female peers who dropped out, were married between the age of 14-19. Gyanda girls, have continued their study and intend to marry at an appropriate age of 23-24.
Had SHARDA Trust not been there to support me, I would have got married after class VII and might have had 2 children by now like all my female cousins. I now aspire to be a psychological counsellor and I want to indulge in social work and do something for women.

Afsana  
MA (Sociology) Student, wants to be a teacher

A major difference has come in me through education. Previously, I used to feel that I was useless. The school and SHARDA Trust teachers gave me confidence. Now, I am able to recognise myself and feel strong in society.

Komal  
General nursing student at Civil Hospital, Ahmedabad

If I would have not been educated, then I would have found it difficult to live amongst the educated people staying around me. And, I too would be vending vegetables like my parents.

Ruksana  
Pursuing MA in Psychology at LD Arts College

Future Plans

Going forward, we want to identify, assess and prevent drop-outs before they happen. One way of doing this is to monitor gradual drops in marks scored and attendance. For this, we are working on a software that will track each student and monitor academic and attendance data in real time.

We plan to integrate a Finishing School Programme in Gyanda. This programme will work on improving their presentation skills, confidence and other life skills required to excel in the professional world.

As of 2015-16, 1,300+ students are part of the Gyanda Programme. WE INTEND TO EXPAND THIS TO 6,500 STUDENTS BY 2020. This would make up approx. 10% of the school-going population of Ahmedabad.
PRIMARY HEALTHCARE

Healthcare in India continues to be a trade-off between availability, affordability and quality - if it is available and affordable, the quality is suspect; and if it is available and of good quality, it is seldom affordable. Even in urban areas, there are pockets where healthcare services are not easily available or affordable.

Keeping this in mind, SHARDA Trust signed an MoU with Swasth Foundation to set up primary health centres, called Arvind Clinics, in the urban slum areas of Ahmedabad. Swasth is Mumbai’s largest non-governmental provider of primary healthcare and dental care and has a rich experience of working in diverse business and social scenarios.

ARVIND CLINICS

The Arvind Clinics are designed to act as one-stop solutions for all primary medical needs of people. These clinics will provide following services at highly affordable charges:

Doctor (consultation) A trained doctor will be available to diagnose the ailment and differentiate between minor cases and severe ones

Dental care It has been found that dental problems is one of the major ailments-groups in impoverished areas. A dentist with a basic dental engine set-up will be available to handle such cases

Diagnosis (Pathological Tests) Many a time, pathological tests end up becoming costlier than doctor’s consultation. Moreover, when the doctor prescribes a test, there is always a chance that the patient will neither get them done due to cost constraints, nor will they come for follow-up visit. To prevent this, Arvind Clinics will provide in-house diagnostic services at very affordable rates.

Drug (Strip Packed Quality Medicines) For minor ailments, the medicines will be provided through a pharmacy within the clinic set-up

Daytime Care Provision for daytime observation, when required

> AS PER OUR CALCULATIONS, THE MODEL WILL COST A PATIENT ABOUT INR 100 WITH DIAGNOSIS AND THREE DAYS’ WORTH OF MEDICINES - WHICH IS ABOUT ONE-THIRD OF WHAT THEY ARE SPENDING NOW.

Three Arvind Clinics are expected to be functional in Ahmedabad within a period of 18 months, starting from April 2016. In all, 10 such centres have been envisaged for the city. Each centre is expected to serve about 40 patients per day - thereby serving 10,000 - 12,000 patients every year.
DEVELOPING VOCATIONAL SKILLS

The youth are the workforce of today and growth engines of tomorrow. But for them to fully actualise their potential, they need to be equipped with the right knowledge and skill set to be able to contribute to the growth of the nation.

Our Youth Advancement Programme, one of our newer initiatives, aims to provide the youth of Ahmedabad a learning platform to acquire knowledge and skills. It is carried forward in four phases:

- IMPART KNOWLEDGE
- DEVELOP SKILLS
- INCULCATE VALUES
- MEASURE PERFORMANCE

Our journey is skill building as a social initiative, has only just begun. But we envision rich dividends from these programmes in the years to come.

To begin with, we are spearheading programmes like:

- Basic English
- Computer Familiarisation
- Musical Instrument Training

Dashboard of Youth Advancement Programme | 2015-16

<table>
<thead>
<tr>
<th>Programme</th>
<th>No. of Batches</th>
<th>No. of Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic English Level - 1</td>
<td>3</td>
<td>23</td>
</tr>
<tr>
<td>Computer Familiarisation Programme</td>
<td>3</td>
<td>34</td>
</tr>
<tr>
<td>Musical Instruments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Keyboard</td>
<td>4</td>
<td>23</td>
</tr>
<tr>
<td>Tabla</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Harmonium</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Guitar</td>
<td>18</td>
<td>65</td>
</tr>
<tr>
<td>Drum set</td>
<td>8</td>
<td>14</td>
</tr>
</tbody>
</table>

Total Batches: **44**

Total No. of Participants: **169**
STRADDLE THE VALUE CHAIN WHERE VALUE CREATION IS HIGHEST

JAYESH SHAH
Wholetime Director & CFO | Arvind Limited
Capital is the fundamental building block of any corporate. A key resource essential for a business to start up, scale up, branch out, think beyond as well as leap forward.

This 360° asset building strategy not just ensures enough muscle to manoeuvre through the diverse expectation of our clients, maximise value for our stakeholders and maintain leadership position but also enables us to pay key contribution to the growth of textile industry as well as to the country’s development.

At Arvind, we put money where our heart is and follow a ‘financial prudence first’ strategy. For 85 years now, we have been using different financial tools to access capital for expansion and growth.

WE CAREFULLY INVEST IN EXPANSION OF OUR CAPACITIES, NURTURING OUR TALENT POOL, ADVANCING IN TECHNOLOGY, EMPLOYMENT GENERATION AND GIVING BACK TO THE COMMUNITY AS WELL AS THE ENVIRONMENT.
ECONOMIC VALUE

Strong financial performance is key to sustainable growth. The more value we generate, the more we can distribute to our stakeholders and the more we can invest in sustainable innovation. Value creation is hence material for Arvind as it directly affects our stakeholders including employees, local communities, and investors.

Here is a summary of our economic value generated, distributed and retained in the reporting period.

<table>
<thead>
<tr>
<th>Units</th>
<th>FY 13-14</th>
<th>FY 14-15</th>
<th>FY 15-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Value Generated (A)</td>
<td>48,599.10</td>
<td>53,529.40</td>
<td>55,135.80</td>
</tr>
<tr>
<td>Economic Value Distributed</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Operating Costs</td>
<td>36,460.60</td>
<td>39,841.90</td>
<td>41,015.60</td>
</tr>
<tr>
<td>- Employee Benefits and Wages</td>
<td>5,088.40</td>
<td>5,710.70</td>
<td>6,519.00</td>
</tr>
<tr>
<td>- Payment to Providers of Capital</td>
<td>2,964.40</td>
<td>3,200.60</td>
<td>3,111.20</td>
</tr>
<tr>
<td>- Payments to Government (Indian)</td>
<td>472</td>
<td>1,001.90</td>
<td>1,301.50</td>
</tr>
<tr>
<td>Economic Value Distributed (B)</td>
<td>44,985.40</td>
<td>49,755.10</td>
<td>51,947.30</td>
</tr>
<tr>
<td>Economic Value Retained (A-B)</td>
<td>3,613.70</td>
<td>3,774.30</td>
<td>3,188.50</td>
</tr>
</tbody>
</table>

Note: During the reporting period, we received government subsidies worth INR 222.1 million.

We started with a share capital of ₹2.5 million in 1931

we floated a Euro issue of USD125 million in 1990s after liberalisation, to fuel the growth of denims and high quality fabrics in the international market.

Over the last 5 years, we have achieved robust revenue growth, while maintaining margins, returns and a stable leverage.
Going ahead, over the next five years, Arvind’s value creation agenda will be driven by:

<table>
<thead>
<tr>
<th>Growth</th>
<th>Profitability</th>
<th>Business Mix</th>
<th>Returns</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintain 15% overall top line growth</td>
<td>EBITDA growth in tandem with top line</td>
<td>Sharpen and expand B2C plays</td>
<td>Tight management of capital employed</td>
</tr>
</tbody>
</table>

**DIVIDENDS**

Dividend pay-outs not only signal financial strength of the company, but also its maturity in consistent sales and profits. In the reporting period, Arvind continued to recommended dividend to its shareholders.

<table>
<thead>
<tr>
<th>FY 13-14</th>
<th>FY 14-15</th>
<th>FY 15-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>23.50%</td>
<td>25.50%</td>
<td>24%</td>
</tr>
<tr>
<td>(₹2.35 per share)</td>
<td>(₹2.55 per share)</td>
<td>(₹2.40 per share)</td>
</tr>
</tbody>
</table>

**R&D**

In today’s globally competitive market where organisations need to keep innovating, R&D becomes a crucial component in developing new competitive advantages. We have two R&D centres - at Naroda and Santej, which fuel our drive for new products, processes and technologies. These centres are fully recognised and approved by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India.

Our R&D centres are fully recognised and approved by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India.

The details of capital and revenue expenditure incurred on Research and Development are as under:

<table>
<thead>
<tr>
<th>R&amp;D Expenditure (Naroda + Santej)</th>
<th>FY 13-14</th>
<th>FY 14-15</th>
<th>FY 15-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Expenditure</td>
<td>239.7</td>
<td>152.6</td>
<td>82.3</td>
</tr>
<tr>
<td>Revenue Expenditure</td>
<td>149.6</td>
<td>160.7</td>
<td>250.4</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>389.3</td>
<td>313.3</td>
<td>332.7</td>
</tr>
</tbody>
</table>
## BUSINESS-WISE PERFORMANCE

### WOVEN FABRICS

Our fabric business delivered strong growth despite volatile external environment.

<table>
<thead>
<tr>
<th>Business</th>
<th>2014-15</th>
<th>2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achieved 8% growth in volume at</td>
<td>112\textsuperscript{↑} million meters</td>
<td>116.9\textsuperscript{↑} million meters, and 5% increase in revenues.</td>
</tr>
<tr>
<td>- highest ever volume till then.</td>
<td>The average price realisation per meter grew by 1%. Driven by both increase in volume as well as selling price, the revenue grew by 9%.</td>
<td>The average price realisation per meter remained flat as compared to last year.</td>
</tr>
</tbody>
</table>

### GARMENTS

Garments, which is part of Arvind’s verticalisation strategy, continued its growth momentum; the revenues will likely be higher next year with expected commencement of full scale operations at the upcoming plant in Ethiopia.

<table>
<thead>
<tr>
<th>Business</th>
<th>2014-15</th>
<th>2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>3%\textsuperscript{↑} Registered revenue growth</td>
<td>24%\textsuperscript{↑} Registered revenue growth</td>
<td>Arvind Goodhill Suit Manufacturing Private Limited, the joint venture company set up to manufacture suits, grew from ₹150\textsuperscript{million} in 2015 to ₹490\textsuperscript{↑} million in 2016.</td>
</tr>
<tr>
<td>The volume grew by 26%\textsuperscript{↑} however, average price realisation fell by 19%. This is on account of changing product mix.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
KNITS
This business segment posted an encouraging growth graph. Future looks even more promising because the business is expanding its capacities following the footsteps of woven fabric business.

VOILES
The reporting period was a mixed bag for the Voiles business.

DENIMS
We stand among the largest denim manufacturers in the world, yet experienced muted growth in the face of bottlenecks in production. Witnessed muted growth in volume at 106 million meters. The average price realisation per meter though grew marginally.

Continued to demonstrate high growth trajectory and registered a growth of 10% in revenues

Witnessed de-growth in volume to 101 million meters, as well as in revenue by 3%. This is on account of bottlenecks in capacity utilisation due to changes in product mix. The average price realisation per meter grew marginally during the year, partially due to conscious effort to avoid low margin product categories.

This is on account of bottlenecks in capacity utilisation due to changes in product mix. The average price realisation per meter grew marginally during the year, partially due to conscious effort to avoid low margin product categories.

LOCAL PROCUREMENT AND HIRING
Sustainable and responsible local procurement is one of the methods we use to build a resilient supply chain and bring about a significant social and economic contribution to the community. By procuring locally, we are doing a lot of things together: we are creating employment for the community’s workforce, developing the skill base, creating industrial diversity and growth by generating demand, supporting sustainability of businesses and economy through supply of goods and services, and alleviating environmental concerns by reducing distances.

In the reporting period, almost all our significant (top ten by monetary amount) supplies were sourced domestically (i.e. from within the country).

We also encouraged and supported employment of people from within nearby communities. Our senior management consists entirely of Indian citizens, and our employees and workmen are predominantly from the communities where our manufacturing facilities are located.

While local procurement is something we deeply believe in, we still have to source a sizeable quantity of cotton from outside India. This is because quite a few of our customers demand for particular varieties of cotton like Egyptian, Australian and Brazilian owing to their special characteristics. Nonetheless, we continue to engage local talents to process these cottons.

Moreover, we are also collaborating with local farmers and technology companies to replicate cotton of similar qualities within India in the coming years.
WE ENCOURAGE AND SUPPORT
EMPLOYMENT
OF PEOPLE FROM
WITHIN NEARBY
COMMUNITIES
WATT IS SAVED IS EARNED

SUSHEEL KAUL
CEO | Lifestyle Fabrics, Knits & Woven Fabrics
Ecological imbalance, sluggish pace of progress, increasing energy costs, and spiralling health issues – the implications of use, overuse, and abuse of energy are not just hindering the environment but also the business and the society.

At Arvind, we believe that energy is both an enabler and a bottleneck for business growth. While it largely remains as an inimitable resource, the demand-supply deficit may cause hiccups in the long-term business continuity.

**OVER THE YEARS, WE HAVE BEEN SUCCESSFUL IN IMPROVING OUR ENERGY PRODUCTIVITY BY INVESTING IN ENERGY EFFICIENT PROCESSES AND PRACTICES.** The aim is to entrench a ‘continuous conservation culture’.

60,400 kWh
**CUMULATIVE POWER SAVINGS IN BENGALURU THROUGH DAYLIGHT HARVESTING SYSTEM - FY 2014-15 AND FY 2015-16**

3 million kWh
**ANNUAL POWER SAVING THROUGH INTRODUCTION OF LED LAMPS AT SANTEJ**

**ISO-50001:2011 CERTIFICATION**
Arvind is the first Indian company to get the certification in the ‘Composite Textile Industry-Denim Fabric’ category

11.78%
**DECREASE IN GHG EMISSIONS (DIRECT+INDIRECT) AT NARODA IN FY 2015-16**
Going ahead, we will continue to conduct energy audits for all units in order to identify and implement further opportunities to minimize the wasteful use of power. We also aim to add renewable power to our energy mix.

**OUR ENERGY STRATEGY**

**'LESS WATT PER METER’**

This approach manifests into multiple tangible benefits.

<table>
<thead>
<tr>
<th>1</th>
<th>Improved Energy Security</th>
<th>2</th>
<th>Reduced Energy Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Enhanced Productivity</td>
<td>4</td>
<td>Lower Emissions</td>
</tr>
</tbody>
</table>

In the reporting period, our operating unit at Santej achieved an encouraging reduction in specific electricity consumption.

As compared to FY 2013-14, the energy use per meter of production reduced by **8%** at Santej.
AT ARVIND, ENERGY PRODUCTIVITY FOCUSES ON ACHIEVING GREATER ECONOMIC OUTPUT FROM EACH INDIVIDUAL UNIT OF ENERGY. THIS HELPS ACHIEVE THE DUAL OBJECTIVE OF DE-LINKING ECONOMIC GROWTH FROM COMMENSURATE GROWTH IN OUR ENVIRONMENTAL FOOTPRINT.

CONSUMPTION

ENERGY

At Arvind, we primarily depend on energy in three forms: coal, electricity and Compressed Natural Gas (CNG). Accordingly, we measure the energy consumption of our operations in two broad categories:

**Direct Energy**
*The energy we generate ourselves through combustion of fuels such as coal and CNG*

**Indirect Energy**
*The electricity we purchase from the grid*

Greater disclosures lead to better measurement which in turn leads to better management. Starting this report, we have reinforced our energy accountability by including several smaller units in to our reporting boundary.

### TOTAL DIRECT ENERGY CONSUMPTION

**Units**

<table>
<thead>
<tr>
<th>Units</th>
<th>FY 13-14</th>
<th>FY 14-15</th>
<th>FY 15-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Woven &amp; Knits (Santej)</td>
<td>1,926</td>
<td>2,580</td>
<td>2,566</td>
</tr>
<tr>
<td>Denim (Naroda)</td>
<td>1,496</td>
<td>1,300</td>
<td>1,227</td>
</tr>
<tr>
<td>Garments Export Division (Bengaluru)</td>
<td>103.6</td>
<td>78</td>
<td>101.32</td>
</tr>
<tr>
<td>Arvind Cotspin (Kolhapur)</td>
<td>1.31</td>
<td>1.12</td>
<td>0.86</td>
</tr>
<tr>
<td>Ankur Textiles (Ahmedabad)</td>
<td>238.34</td>
<td>243</td>
<td>269</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,765.25</strong></td>
<td><strong>4,202.12</strong></td>
<td><strong>4,164.18</strong></td>
</tr>
</tbody>
</table>

### TOTAL INDIRECT ENERGY CONSUMPTION

**Units**

<table>
<thead>
<tr>
<th>Units</th>
<th>FY 13-14</th>
<th>FY 14-15</th>
<th>FY 15-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Woven &amp; Knits (Santej)</td>
<td>227,184</td>
<td>244,157</td>
<td>262,913</td>
</tr>
<tr>
<td>Denim (Naroda)</td>
<td>125,060</td>
<td>137,797</td>
<td>114,057</td>
</tr>
<tr>
<td>Garments Export Division (Bengaluru)</td>
<td>5,864*</td>
<td>6,809</td>
<td>7,422</td>
</tr>
<tr>
<td>Arvind Intex (Ahmedabad)</td>
<td>40,430</td>
<td>39,979</td>
<td>38,314</td>
</tr>
<tr>
<td>Arvind Cotspin (Kolhapur)</td>
<td>31,764</td>
<td>35,736</td>
<td>34,932</td>
</tr>
<tr>
<td>Ankur Textiles (Ahmedabad)</td>
<td>23,216</td>
<td>23,853</td>
<td>22,644</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>453,518</strong></td>
<td><strong>488,331</strong></td>
<td><strong>480,282</strong></td>
</tr>
</tbody>
</table>

*Excluding Electronic City data*
SPECIFIC ELECTRICITY CONSUMPTION

<table>
<thead>
<tr>
<th>Units</th>
<th>2013-14</th>
<th>2014-15</th>
<th>2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Santej Unit</td>
<td>1.95</td>
<td>1.77</td>
<td>1.79</td>
</tr>
<tr>
<td>Naroda Unit</td>
<td>1.54</td>
<td>1.26</td>
<td>1.15</td>
</tr>
</tbody>
</table>

Note: Two spinning units were closed at Naroda during FY 15-16, resulting in reduced specific energy consumption.

EMISSIONS

The apparel industry accounts for 10% of global carbon emissions. As an integral part of this industry, we assume our responsibility towards restricting emissions by enhancing the energy efficiency of our processes as well as investing in low-carbon technologies.

The nature of our operations is such that we only produce carbon dioxide. Over the years, a focused drive to improve the efficiencies of our operations has resulted in managing emissions to a significant extent. A case in point is the downward trend in the specific GHG emissions witnessed by our Santej and Naroda units.

TOTAL GHG EMISSIONS (DIRECT & INDIRECT) in TCO₂

<table>
<thead>
<tr>
<th>Units</th>
<th>FY 13-14</th>
<th>FY 14-15</th>
<th>FY 15-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct</td>
<td>321,670</td>
<td>417,214</td>
<td>431,290</td>
</tr>
<tr>
<td>Indirect</td>
<td>408,394</td>
<td>439,498</td>
<td>432,253</td>
</tr>
</tbody>
</table>

UNIT-WISE GHG EMISSIONS (DIRECT & INDIRECT) in TCO₂

<table>
<thead>
<tr>
<th>Units</th>
<th>FY 13-14</th>
<th>FY 14-15</th>
<th>FY 15-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Woven &amp; Knits (Santej)</td>
<td>383,272</td>
<td>448,284</td>
<td>468,083</td>
</tr>
<tr>
<td>Denim (Naroda)</td>
<td>230,342</td>
<td>247,122</td>
<td>218,011</td>
</tr>
<tr>
<td>Garments Export Division (Bengaluru)</td>
<td>7,602</td>
<td>48,121</td>
<td>65,046</td>
</tr>
<tr>
<td>Arvind Intex (Ahmedabad)*</td>
<td>36,387</td>
<td>35,981</td>
<td>34,483</td>
</tr>
<tr>
<td>Arvind Cotspin (Kolhapur)</td>
<td>28,589</td>
<td>32,245</td>
<td>31,503</td>
</tr>
<tr>
<td>Ankur Textiles (Ahmedabad)</td>
<td>43,872</td>
<td>44,959</td>
<td>46,416</td>
</tr>
<tr>
<td>Total</td>
<td>730,064</td>
<td>856,712</td>
<td>863,543</td>
</tr>
</tbody>
</table>

*The data for Industrial textile unit includes only indirect emissions.
Downward trend witnessed in the specific GHG emission in FY 2015-16.

When it comes to energy conservation, every watt counts. Our teams, across units, remain on a vigil to continuously improve the processes and ferret out alternatives in order to use less energy per unit of produce. Our conservation efforts span both thermal and electrical energy.

Over and above enthusing our employees to continuously conserve, we also enhance the energy conservation awareness of our vendors through trainings, workshops and seminars. This empowers us to conserve beyond our sphere of operations and thereby contribute to the climate narrative on a larger scale.
Presented below is a glimpse of some of the key interventions:

**SANTEJ UNIT**

<table>
<thead>
<tr>
<th>Action</th>
<th>Conservation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Replacement of 8,796 nos. 36-watt TFL with 18-watt LED lamps</td>
<td>3 mn kWh/Annum</td>
</tr>
<tr>
<td>Replacement of 1,096 nos. 250-watt, MV Lamp fittings with 120-watt LED</td>
<td>1.4 mn kWh/Annum</td>
</tr>
<tr>
<td>Installation of VFDs at various locations and processes</td>
<td></td>
</tr>
<tr>
<td>VFD with Pressure Transducer</td>
<td>2.59 lac kWh/Annum conserved</td>
</tr>
<tr>
<td>VFD without Pressure Transducer</td>
<td></td>
</tr>
<tr>
<td>At three Auto Coner machines:</td>
<td></td>
</tr>
<tr>
<td>At Pressure Dryer of Dyeing Machine:</td>
<td>0.5 mn units/year conserved</td>
</tr>
<tr>
<td>Replacement of the existing pumps with new, energy-efficient pumps</td>
<td>48.8 kWh/Day</td>
</tr>
<tr>
<td>Installation of additional pumps with better ratings at the Shirting pump house</td>
<td>7.65 lac kWh/Annum</td>
</tr>
<tr>
<td>Introduction of dynamic rinsing process (VIVO &amp; miDori®) in the yarn dyeing section</td>
<td>Power savings of 0.07 kWh/kg of fabric rinsed</td>
</tr>
<tr>
<td>Steam savings of 0.5 kg/kg of fabric rinsed</td>
<td></td>
</tr>
<tr>
<td>Implemented Karl Mayer dyeing and sizing technology in the indigo dyeing machines such that two warp sheets are dyed &amp; sized in one passage</td>
<td>Power savings of 30% 30% and steam savings of 20%</td>
</tr>
<tr>
<td>Elimination of two cooling tower pumps by installing a HR PHE in the Gas engine</td>
<td>3.78 lac kWh/Annum</td>
</tr>
<tr>
<td>Installation of two energy-efficient compressors in the loom shed</td>
<td>8.1 mn kWh/Annum</td>
</tr>
<tr>
<td>Replacement of existing pump sets with energy-efficient pump sets in the Central ETP</td>
<td>2.51 lac kWh/Annum</td>
</tr>
<tr>
<td>6 nos. 30 kW pump sets replaced by 2 nos. 55KW pump sets - resulting in energy savings of</td>
<td></td>
</tr>
<tr>
<td>6 nos. 110 kW pump sets replaced by 3 nos. 160 kW pump sets - resulting in energy savings of</td>
<td></td>
</tr>
<tr>
<td>Installation of O, sensor and insulation improvement in steam boilers</td>
<td></td>
</tr>
<tr>
<td>1,689 tons of coal saved equivalent to 9.83 lac Kcal</td>
<td></td>
</tr>
<tr>
<td>Temperature optimisation of approximately 10°C at the Thermopack machine</td>
<td></td>
</tr>
<tr>
<td>Gas consumption reduced by 9.2%</td>
<td></td>
</tr>
</tbody>
</table>

SANTEJ UNIT RECEIVED TOP HONOURS AT THE NATIONAL ENERGY CONSERVATION AWARD FOR CONSERVATION EXCELLENCE IN THE TEXTILE SECTOR - SECOND YEAR IN A ROW.
## Action

<table>
<thead>
<tr>
<th>Action</th>
<th>Conservation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Switched to LED streetlights in place of HPMV lights</td>
<td><strong>200 kWh/Day</strong></td>
</tr>
<tr>
<td>Introduced self-driven, energy-efficient turbo ventilation exhaust fans instead of electrically operated options</td>
<td><strong>1,080 kWh/Day</strong></td>
</tr>
<tr>
<td>Installed a Variable Frequency Drive (VFD) in cooling tower motor and energy-efficient pump for water supply</td>
<td><strong>450 kWh/Day</strong></td>
</tr>
<tr>
<td>Introduced VFD for microtech boiler</td>
<td><strong>600 kWh/Day</strong></td>
</tr>
<tr>
<td>Tube lights replaced by energy efficient LED lights</td>
<td><strong>860 kWh/Day</strong></td>
</tr>
<tr>
<td>Introduction of new humidification plants with VFD air washer pump</td>
<td><strong>1,200 kWh/Day</strong></td>
</tr>
<tr>
<td>Optimum utilization of air compressors and installation of zero air loss trap/auto drain valves to prevent air drain</td>
<td><strong>552 kWh/Day</strong></td>
</tr>
<tr>
<td>Replaced DC with AC in finishing machines to reduce energy consumption</td>
<td><strong>360 kWh/Day</strong></td>
</tr>
<tr>
<td>Reduced coal consumption in 2 FBC boiler by increasing efficiency</td>
<td><strong>2.5 MT coal/Day</strong></td>
</tr>
<tr>
<td>Installed transparent roof sheet at the Denim Plant</td>
<td><strong>68,086 kWh/Year</strong></td>
</tr>
</tbody>
</table>

---

Our interventions to enhance boiler efficiency earned us recognitions at Steamtech 2016.
### BENGALURU UNIT

<table>
<thead>
<tr>
<th>Action</th>
<th>Conservation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Replacing Fluorescent tube lights and metal halide lamps with LED dome light</td>
<td><strong>171 kWh/Day</strong></td>
</tr>
<tr>
<td>Replacing the mild steel impeller with FRP Impeller in three spray booth blower motor fans</td>
<td><strong>~35 Units/Day (for three fans combined)</strong></td>
</tr>
<tr>
<td>Migration from electrical energy to steam energy in 3D IR crinkling by replacing IR Lamps with steam line tubes</td>
<td><strong>285 kWh/Day</strong></td>
</tr>
<tr>
<td>Efficiency improvement of boiler by installing Air Pre Heater (APH) to pre-heat the air to be supplied to the boiler</td>
<td><strong>35 Units/Day</strong></td>
</tr>
</tbody>
</table>

### INITIATIVES

#### TURNING INCINERATORS INTO HEAT HARNESSERS - SANTEJ UNIT

Heat recovery is an established approach to harness the power of steam, a key energy source in textile operations. Incinerators are great tools not just to manage waste, but also to generate thermal energy. Building on this approach, we installed heat exchangers in steam boiler nearby the incineration system for generating steam. With a capacity worth 2,000 litre/hour at a 70°C rise temperature, the exchangers will further add to the heat recovery strength of Arvind. Total capital cost of this intervention is INR 12 Lac, and the energy returned on the investment is 400 kg of coal saved per day.

#### HARNESSING THE POWER OF NATURE - SANTEJ, NARODA & BENGALURU UNITS

Mother nature offers resources aplenty. The trick is to leverage them effectively. At Arvind, we seek to harness the power of sun, in the most natural and productive manner. Some of our units, wherever feasible, have incorporated skylights to let the nature light in and brighten the spaces. This has effectively reduced the need for artificial lighting resulting in energy savings of 570 kWh per day.

In order to minimise the usage of artificial lights in the washing area of our Bengaluru unit, we installed a daylight harvesting system comprising light tubes and skylights. This has resulted in around 90% power saving. Between April 2014 and April 2016, the unit reported power savings of more than 60,400 kWh.

---

**Skylights**

- have effectively reduced the need for artificial lighting resulting in energy savings of **570 kWh** per day.

**At Bengaluru, daylight harvesting system resulted in**

- 90% power saving
DEMONSTRATION IS THE BEST FORM OF ADVOCACY

ASHISH KUMAR
CEO | Lifestyle Apparel
Water is an important resource in textile production. The textile industry ranks among the top ten water consuming industries, and natural fibre processing has a larger water footprint than artificial fibres.

WE UNDERSTAND THAT WATER IS NOT SOMETHING THAT CAN BE COMPLETELY SUBSTITUTED IN THE MANUFACTURING PROCESS IN THE FORESEEABLE FUTURE, BUT IT CAN BE CONSUMED MORE JUDICIOUSLY AND RESPONSIBLY.

To optimise our water footprint, we have adopted

**Efficient treatment & recycling mechanisms**

**Well-thought-out conservation projects**

**Smarter monitoring**

**Identification and plugging of leaks in pipes as well as processes**

---

**17.42%**

DECREASE IN FRESHWATER CONSUMPTION AT NARODA

**100%**

PROCESS WATER REQUIREMENT SOURCED THROUGH TREATED MUNICIPAL WASTEWATER AT BENGALURU

**10.88 mn m³**

TOTAL WATER TREATED & REUSED IN THE PROCESS DURING THE REPORTING PERIOD

**6.5 litre/kg of knit fabric**

WATER SAVED AT SANTEJ THROUGH ONE-BATH BIOPOLISHING & DYEING

**800 kl/day**

COMMUNITY SEWAGE WATER TREATED AND RECYCLED AT ANKUR TEXTILES
CONSUMPTION

Our production volume grew across both woven and denim segments during the reporting period of FY 2014-15 and FY 2015-16. But through a combination of conservation, recycling and process innovations, we ensured that our freshwater consumption didn’t increase at a commensurable rate.

<table>
<thead>
<tr>
<th>Units</th>
<th>FY 13-14</th>
<th>FY 14-15</th>
<th>FY 15-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Woven &amp; Knits (Santej)</td>
<td>1,541</td>
<td>1,465</td>
<td>1,537</td>
</tr>
<tr>
<td>Denim (Naroda)</td>
<td>4,140</td>
<td>4,126</td>
<td>3,407</td>
</tr>
<tr>
<td>GED (Bengaluru)*</td>
<td>201</td>
<td>217</td>
<td>269</td>
</tr>
<tr>
<td>Arvind Intex (Ahmedabad)**</td>
<td>136</td>
<td>131</td>
<td>138</td>
</tr>
<tr>
<td>Arvind Cotspin (Kolhapur)**</td>
<td>129</td>
<td>120</td>
<td>117</td>
</tr>
<tr>
<td>Ankur Textiles</td>
<td>826</td>
<td>724</td>
<td>732</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,147</td>
<td>6,783</td>
<td>6,200</td>
</tr>
</tbody>
</table>

*GED: Garments Export Division; comprising Mysore Road, Bommasandra and Electronic City units
**Arvind Intex and Arvind Cotspin have only domestic water usage

At Santej, although production volumes increased during reporting period, the total freshwater consumption did not cross FY 2013-14 levels. Thus, the Santej Unit has been able to produce more using less water.

IN FY 2015-16, THE NARODA UNIT ALSO DECREASED ITS FRESHWATER CONSUMPTION 17.42% AS A RESULT OF SUSTAINED WATER CONSERVATION DRIVES.

The Bengaluru unit, despite a slight increase in consumption over the reporting period, continues to remain a low water consuming unit due to various efficiency measures being undertaken every year. A large proportion of this water is the treated wastewater sourced from the municipal sewage treatment plant.

<table>
<thead>
<tr>
<th>Units</th>
<th>FY 13-14</th>
<th>FY 14-15</th>
<th>FY 15-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Woven &amp; Knits (Santej)</td>
<td>49.81</td>
<td>47.21</td>
<td>48.14</td>
</tr>
<tr>
<td>Denim (Naroda)</td>
<td>40.43</td>
<td>37.85</td>
<td>34.45</td>
</tr>
<tr>
<td>GED (Bengaluru) (in litre of water/garment manufactured)</td>
<td>50</td>
<td>38</td>
<td>42</td>
</tr>
<tr>
<td>Ankur Textiles</td>
<td>20.45</td>
<td>18.47</td>
<td>18.48</td>
</tr>
</tbody>
</table>
EFFLUENT MANAGEMENT

Over the years due to persistent efforts and newer initiatives, we have achieved a consistent rise in the recycling and reuse of wastewater in various processes across our plants.

TOTAL WATER TREATED & REUSED IN PROCESS

<table>
<thead>
<tr>
<th>Units</th>
<th>FY 13-14</th>
<th>FY 14-15</th>
<th>FY 15-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Woven &amp; Knits (Santej)</td>
<td>4,654</td>
<td>5,036</td>
<td>5,550</td>
</tr>
<tr>
<td>GED (Bengaluru)</td>
<td>63</td>
<td>114</td>
<td>99</td>
</tr>
<tr>
<td>Ankur Textiles</td>
<td>54</td>
<td>55</td>
<td>33</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,771</td>
<td>5,205</td>
<td>5,682</td>
</tr>
</tbody>
</table>

THE SANTEJ UNIT RECORDED AN 8% YOY INCREASE IN USE OF RECYCLED WATER DURING THE FY 2014-15 AND 10% DURING FY 2015-16.

TOTAL WATER TREATED & DISCHARGED

<table>
<thead>
<tr>
<th>Units</th>
<th>FY 13-14</th>
<th>FY 14-15</th>
<th>FY 15-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denim (Naroda)</td>
<td>2,747</td>
<td>2,852</td>
<td>2,781</td>
</tr>
<tr>
<td>GED (Bengaluru)*</td>
<td>133</td>
<td>125</td>
<td>163</td>
</tr>
<tr>
<td>Ankur Textiles</td>
<td>698</td>
<td>595</td>
<td>600</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,578</td>
<td>3,572</td>
<td>3,544</td>
</tr>
</tbody>
</table>

*Excludes the Electronic City unit as at this unit all the wastewater is treated and reused in process, flushing & gardening

THE NARODA UNIT SAW A 4% INCREASE IN WATER DISCHARGED DURING THE YEAR 2014-15, FOLLOWED BY A MARGINAL REDUCTION IN FY 2015-16.
Our Santej unit is equipped with a wastewater treatment plant which recycles up to 98% of our effluent.
WATER MANAGEMENT & CONSERVATION INITIATIVES

SANTEJ UNIT

Our Santej unit is equipped with a Wastewater Treatment Plant which recycles up to 98% of our effluent. Thus, the net withdrawal of the water from bore wells is limited to evaporation and consumption losses. But there is always room for improvement. If we cannot enhance the quantum of water conserved, we can conserve the amount of energy used to conserve this water. Thus, during the reporting period, we introduced technologies and process that make water conservation more energy-efficient.

INITIATIVE

ELECTRO OXIDATION PROCESS
To enhance energy efficiency and reduce sludge generation, Electro Chemical Oxidation was introduced as a pilot project in the ETP at Santej. In this process, the pollutants are broken down through oxidation at the anode and are transformed into non-toxic substances. Thereby, the effluent’s COD (Chemical Oxygen Demand) is reduced substantially.

ONE BATH BIO-POLISHING AND DYEING
Bio-polishing is a finishing process that enhances fabric quality by decreasing the pilling tendency and fuzziness of (cellulose) knitted fabrics. In the regular process, the fabric undergoes a number of baths like pre-treatment, dyeing and bio-polishing. Thereafter it goes for finishing and is finally packed. Each bath consumes substantial quantities of water.

- This technology is simple, eco-friendly, energy-efficient and has low maintenance cost. The treated wastewater can be then effectively reused for dyeing application. Plans are afoot to scale up the process in future.
- We have devised and incorporated a sustainable process where bio-polishing and dyeing happen in the same bath saving water, steam, energy and time. Single bath bio-polishing and dyeing is carried out for almost 95% of piece dyed fabrics.

WE HAVE ESTIMATED THAT THIS PROCESS SAVES ABOUT 6.5 LITRE OF WATER PER KG OF KNIT FABRIC PROCESSED AND 21 TONNES OF STEAM PER MONTH.

WATER CONSUMPTION AT SANTEJ UNIT HAS BEEN REDUCED BY ENHANCING THE UTILISATION OF MACHINE EFFICIENCY AND THROUGH A COMBINATION OF STEPS SUCH AS:

Creating awareness about draining and flushing during changeover from dark shade to light shade, such that unnecessary flushing doesn’t happen.

Each machine operator has been trained to optimise utilisation of water; this training and behavioural change has helped us save around 300-400 m$^3$ of water per day.

In sanforiser, the water required to cool the blanket is now being collected in trough and is reused in the process; resulting in savings of 150 m$^3$ water per day.
**NARODA UNIT**

The Naroda unit is our oldest, and continues to remain one of the most important in terms of productivity. During the reporting period, a number of water conservation initiatives and equipment upgrades were commissioned at the unit.

**INITIATIVES**

**RECYCLING WATER OF THE EOU MONFORT RUBBER**

The water used for rubber cooling was previously being discharged to the ETP. This water is now being recycled in the same unit after cooling through a cooling tower.

This process resulted in savings of approximately 28,800 m³/annum.

**REUSE OF EOU SUCKER MULLER WATER**

A condensate recovery pump was installed for the slasher dyeing machines to facilitate the reuse of water.

This resulted in the generation of a condensate quantity of 5,400 m³/annum at a temperature of 80°C.

**CONSERVATION BY MATCHING DEMAND AND SUPPLY**

Raw water header pressure did not align to the drop in demand at process leading to wastage of water. A VFD (Variable Frequency Drive) was installed to synchronise the water pressure based on the demand.

This has resulted in water saving of 17,280 m³/annum.

**RECYCLING OF WATER IN THE ROPE DYEING MACHINE**

Water in the pre-wash zone was being drained after usage leading to inefficiency in water usage and leaving a room for improvement. It was observed that the water being drained is still of usable quality and can be used in-situ before finally being discharged. We modified the machine to recycle and reuse this water to the last wash tank resulting in savings of approximately 21,600 m³/annum.
When it was commissioned in 2005, the Mysore Road Garmenting Unit at Bengaluru was the first such unit in the area to use 100% treated water sourced from the local municipality through a specially built pipeline. Even today, no groundwater is used at this unit. Yet, the scope for rationalising consumption always remains. During the reporting period, following technologies and processes were introduced to conserve water.

**INITIATIVES**

**E-SOFT NANOBUBBLE TECHNOLOGY**

In a conventional softening process, textile products go through a washer containing water and chemicals before being spin dried and tumble dried. Each cycle consumes a huge quantity of water. Keeping in mind our need to rationalise water consumption, we have introduced 'e-Soft technology' at our Bengaluru unit.

This ensures 98% water savings, 80% chemical savings and 79% energy savings. E-Soft is based on nanobubble technology which not just negates the need for a separate bath, it also makes spin drying unnecessary and minimises the tumbler drying cycle.
THE E-SOFT SYSTEM IS LOW MAINTENANCE, EASY TO CLEAN AND ENSURES ZERO DISCHARGE.

In comparison to the conventional softening process, e-soft presents the below benefits:

<table>
<thead>
<tr>
<th>Conventional Process</th>
<th>e-Soft Technology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Three processes required: Washer, spin dry and tumble dry</td>
<td>Only one process required</td>
</tr>
<tr>
<td>10g of chemicals required per garment</td>
<td>2g of chemicals required per garment</td>
</tr>
<tr>
<td>5 litre water required per garment</td>
<td>0.1 litre water required per garment</td>
</tr>
<tr>
<td>0.38 kw/h power consumed per garment</td>
<td>0.08 kw/h power consumed per garment</td>
</tr>
<tr>
<td>Full discharge of 1,000 litre as wastewater</td>
<td>ZERO DISCHARGE</td>
</tr>
</tbody>
</table>

Reduction in water consumption:

- **Conventional Process**: 5 litres per garment
- **e-Soft Technology**: 0.1 litre per garment

Reduction in energy consumption:

- **Conventional Process**: 0.38 kw/h per garment
- **e-Soft Technology**: 0.08 kw/h per garment

As sustainability becomes an integral part of how we do business, it has been cascaded beyond our bigger business units, to smaller and newer units as well.

**SEWAGE TREATMENT PLANT**

During the reporting period, to decrease our dependency on groundwater, we commissioned a Sewage Treatment Plant (STP) with capacity to treat 1,500 kl sewage water every day at Ankur Textiles.

At this STP, we take sewage waste from nearby communities, outside our facility and treat it to salvage clean water for use in our process.

Currently, we are treating:

- **800 kl** sewage water in the STP and are thereby saving around
- **650 kl** of groundwater

In the near future, we are aiming to eliminate our dependence on groundwater completely.

**REDDUCING WATER CONSUMPTION THROUGH EIM**

The Garment Unit at Bengaluru has been using Environmental Impact Measuring (EIM) software to monitor and control its washing activities since last three years. This software analyses the environmental impact of a garment finishing process across parameters such as:

- water consumption
- chemical product use
- energy consumption
- worker health

It also measures the impact of the total process and benchmarks the results against a defined environmental threshold.

This enables us to compare the environmental impacts of various finishing processes. Our customers can also request access to the environmental information of the washing formulas for their orders.
NO BETTER BUSINESS COMPASS THAN A CUSTOMER’S GOAL

AAMIR AKHTAR
CEO | Lifestyle Fabrics - Denim
Our goal is to ensure that our fabrics and garments are safe for end consumers, and their manufacturing is safe, for our employees, surrounding communities and the environment.

We follow a lifecycle approach to ensure comprehensive chemical management:

1. Encourage the farmers to reduce or eliminate harmful chemical fertilisers and pesticides in cotton cultivation by promoting BCI, organic cotton
2. Make improvements in the production process to reduce consumption of chemicals
3. Substitute the hazardous chemicals from the chemical recipe with minimal discrepancy in the final output
4. Limit the discharge of hazardous chemicals as well as recover salts from the wastewater

As a sustainable supply chain partner, we work in conjunction with our clients and help them not only fulfil market expectations but also assist them to exceed their sustainability goals.

The look, the feel, the hues, the unique properties - much of what turns a fabric into fashion comes from chemicals. Understanding the power of chemicals, leveraging its goodness and minimising its ill effects - these are core to making us fundamentally right.

Our Goal
Ensure that our fabrics and garments are safe for end consumers, and their manufacturing is safe, for our employees, surrounding communities and the environment.
POLICIES & PRACTICES

A robust system of policies and practices towards managing chemicals has been put in place to ensure most effective means to controlling hazards and mitigating risks.

CHEMICAL MANAGEMENT POLICY

Our Chemical Management Policy (CMP) is updated on an annual basis in line with product Restricted Substances List (RSL) and Manufacturing Restricted Substances List (MRSL) requirements. The CMPv2, updated in August 2015, propagates good practices in below areas:

- Processes and guidelines on chemical purchase, usage, storage and disposal
- Assessment of chemical hazard to environment and human health
- Chemical Safety Management
- Transparency on chemical use - from purchase to disposal
- Practice of best available technologies

The policy is shaped by three factors:

**External** - Brand requirement of customer organisations

**Internal** - Management focus on EHS. This includes adherence to ZDHC roadmap of ensuring zero discharge of hazardous chemicals by the year 2020, Higg Index 2.0, Sustainable Apparel Coalition and worker safety

**Regulatory** - Certifications like GOTS, OEKO-TEX and REACH

CHEMICAL PURCHASE POLICY

We continue to be committed towards eliminating the 11 chemical groups of priority substances from our processes.

While we have put in place practices to restrict the use of these substances at our operations, we are well aware that they may be present in the chemicals we procure from our suppliers. We have hence instituted a Chemical Purchase Policy to screen our supply chain.

We ensure that all chemicals used, have below documents in system:

- Material Safety Data Sheet / Technical Data Sheets (TDS)
- Technical Data Sheet / Technical information
- GOTS / Non-GMO certificate, wherever applicable
- REACH SVHC candidate list
- ZDHC MRSL compliance declaration
- Certificate of Analysis (COA)
- Product Information LOG (PIL) covering BOD / COD / EC50 / IC50 / Bio-degradability / GHS classification of chemical
- Declaration of RSL on fabric
- Declaration of RSL and MRSL component in chemical / dye

In order to enhance the ease of access and in a move to reduce paper usage, we have started receiving Certificates of Analysis in soft copy. All HODs have access to these COAs.
Unplanned or uncontrolled release of hazardous chemical is an occupational hazard that is, unfortunately, a possibility in any industry that involves chemical. But like all accidents, its probability can be minimised. Even in case of an untoward occurrence, the extent of damage can well be contained if SOPs are in place.

Our Spill Management Policy is aimed to ensure cautious management of hazardous material spills. The policy is applicable to all departments, employees, contractors, and visitors.

**SPILL MANAGEMENT POLICY**

All departments handling hazardous chemical are equipped with spill kits. The challenge that we usually face in procuring these spill kits is that the replacement of the kits is both time consuming and costly, because good quality, industrial grade spill kits are usually imported.

To find a way around this, we have indigenised one of the most critical and most used components of the spill kit known as ‘barrier’. Designed to perfection, the effectiveness of these indigenised barriers is at par with the commercial ones.

This innovation is helping us to curtail the cost of the kit per department, and most importantly, it is eliminating the possibility of running out of access to the spill kit.

**INDIGENISED SPILL KITS**

In addition to giving a comprehensive SOP to deal with major and minor spills, the policy also elucidates the dos and don'ts to handle spills of special chemicals like organic material, alkali and acids.

**AUTO DOSING FOR MORE SAFETY AND QUALITY**

It is our conscious endeavour to ensure safety and control over the chemicals and dyes which are an indispensable part of our manufacturing processes. Our Woven & Knits Unit at Santej involves high levels of chemical consumption. Previously, these chemicals had to be manually sorted, mixed as per the required recipe and loaded onto machines for further processing. This manual intervention had the potential to cause both health hazards as well as human errors.

In order to protect our workers and to ensure the consistency across production batches, we introduced SCADA-based auto dosing system. Auto dosing dispenses both solid and liquid chemicals and dyes in accurate quantities at pre-determined intervals - thereby lending speed and efficiency to bulk production.

As a result of this intervention, our Santej Unit now has:

- Steady reduction in the direct human exposure to hazardous chemicals and dyes; ensuring better employee health and safety
- Increased precision in accuracy and quantity; leading to better quality and minimum wastage
- Complete traceability of order history
- Due to the measurable benefits of the auto dosing system, we are in the process of incorporating it at our Bengaluru unit also.
WASTE GENERATION & MANAGEMENT

WASTE GENERATION

Waste is a by-product of the production process and thus, to some extent, its quantity depends on our output. In FY 2015-16, denim production at Naroda witnessed a minor de-growth in volume on account of bottlenecks in capacity utilization due to changes in product mix.

On the other hand, woven fabrics and garments business, both showed growth in volume of 4.5% and 28% respectively. New spindles were added to Santej unit during both years and some of the yarn production was also moved to in-house production from the outsourced yarn earlier. This resulted in an increase in non-hazardous solid waste. More specifically, spinning capacity increase has led to the soft waste increase at Santej which almost doubled year on year over the previous reporting period.

### NON-HAZARDOUS WASTE

#### Solid Waste (Hard)

<table>
<thead>
<tr>
<th>Units</th>
<th>FY 13-14</th>
<th>FY 14-15</th>
<th>FY 15-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Woven &amp; Knits (Santej)</td>
<td>1,870</td>
<td>2,226</td>
<td>2,978</td>
</tr>
<tr>
<td>Denim (Naroda)</td>
<td>2,502</td>
<td>2,673</td>
<td>2,543</td>
</tr>
<tr>
<td>Arvind Intex (Yarns) (Ahmedabad)</td>
<td>441</td>
<td>396</td>
<td>470</td>
</tr>
<tr>
<td>Arvind Cotspin (Kolhapur)</td>
<td>26.5</td>
<td>37.1</td>
<td>30.5</td>
</tr>
<tr>
<td>Ankur Textiles (Ahmedabad)</td>
<td>68.8</td>
<td>58</td>
<td>64.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,908</strong></td>
<td><strong>5,390</strong></td>
<td><strong>6,086</strong></td>
</tr>
</tbody>
</table>

#### Solid Waste (Soft)

<table>
<thead>
<tr>
<th>Units</th>
<th>FY 13-14</th>
<th>FY 14-15</th>
<th>FY 15-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Woven &amp; Knits (Santej)</td>
<td>1,773</td>
<td>3,728</td>
<td>6,271</td>
</tr>
<tr>
<td>Denim (Naroda)</td>
<td>2,497</td>
<td>2,254</td>
<td>998</td>
</tr>
<tr>
<td>Arvind Intex (Yarns) (Ahmedabad)</td>
<td>3,366</td>
<td>3,116</td>
<td>2,474</td>
</tr>
<tr>
<td>Arvind Cotspin (Kolhapur)</td>
<td>285</td>
<td>303</td>
<td>280</td>
</tr>
<tr>
<td>Ankur Textiles (Ahmedabad)</td>
<td>191.04</td>
<td>212</td>
<td>218</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,112</strong></td>
<td><strong>9,613</strong></td>
<td><strong>10,241</strong></td>
</tr>
</tbody>
</table>

Note: Two spinning units were closed at Naroda during FY 15-16, hence solid soft waste got reduced. A large-scale spinning unit was installed at Santej, resulting in a jump in waste numbers there.

#### Solid Scrap Waste (Chindi)

<table>
<thead>
<tr>
<th>Units</th>
<th>FY 13-14</th>
<th>FY 14-15</th>
<th>FY 15-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Woven &amp; Knits (Santej)</td>
<td>733</td>
<td>617</td>
<td>903</td>
</tr>
<tr>
<td>Denim (Naroda)</td>
<td>330</td>
<td>347</td>
<td>333</td>
</tr>
<tr>
<td>Garments Export Division (Bengaluru)</td>
<td>237</td>
<td>352</td>
<td>283</td>
</tr>
<tr>
<td>Ankur Textiles (Ahmedabad)</td>
<td>90.86</td>
<td>97</td>
<td>85</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,391</strong></td>
<td><strong>1,413</strong></td>
<td><strong>1,604</strong></td>
</tr>
</tbody>
</table>
## HAZARDOUS WASTE

### Non-refillable Empty Containers Disposed

<table>
<thead>
<tr>
<th>Units</th>
<th>FY 13-14</th>
<th>FY 14-15</th>
<th>FY 15-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Woven &amp; Knits (Santej)</td>
<td>122,638</td>
<td>139,163</td>
<td>149,830</td>
</tr>
<tr>
<td>Denim (Naroda)</td>
<td>95,217</td>
<td>32,419</td>
<td>42,196</td>
</tr>
<tr>
<td>Garments (Bengaluru)</td>
<td>--</td>
<td>1,600</td>
<td>466</td>
</tr>
<tr>
<td>Ankur Textiles (Ahmedabad)</td>
<td>15,434</td>
<td>13,442</td>
<td>12,034</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>217,855</td>
<td>186,624</td>
<td>204,526</td>
</tr>
</tbody>
</table>

Note: In FY14-15, Naroda started ordering Liquid Indigo in large containers leading to huge reduction in containers; in FY15-16, a portion of indigo was resumed in smaller sized containers due to business compulsions; resulting in more containers.

### ETP Sludge

<table>
<thead>
<tr>
<th>Units</th>
<th>FY 13-14</th>
<th>FY 14-15</th>
<th>FY 15-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Woven &amp; Knits (Santej)</td>
<td>1,721</td>
<td>779</td>
<td>965</td>
</tr>
<tr>
<td>Denim (Naroda)</td>
<td>1,141</td>
<td>845</td>
<td>1,254</td>
</tr>
<tr>
<td>Garments Exports Division (Bengaluru)</td>
<td>561</td>
<td>586</td>
<td>938</td>
</tr>
<tr>
<td>Ankur Textiles (Ahmedabad)</td>
<td>490.63</td>
<td>581</td>
<td>941</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,423</td>
<td>2,791</td>
<td>4,098</td>
</tr>
</tbody>
</table>

### Used Oil

<table>
<thead>
<tr>
<th>Units</th>
<th>FY 13-14</th>
<th>FY 14-15</th>
<th>FY 15-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Woven &amp; Knits (Santej)</td>
<td>9,136</td>
<td>16,400</td>
<td>14,100</td>
</tr>
<tr>
<td>Denim (Naroda)</td>
<td>2,729</td>
<td>11,557</td>
<td>17,220</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>11,865</td>
<td>27,957</td>
<td>31,320</td>
</tr>
</tbody>
</table>

### MISCELLANEOUS UNIT-SPECIFIC WASTE

#### Arvind Cotspin (Kolhapur)

<table>
<thead>
<tr>
<th>Units</th>
<th>FY 13-14</th>
<th>FY 14-15</th>
<th>FY 15-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comber Noil</td>
<td>857</td>
<td>881</td>
<td>1,007</td>
</tr>
<tr>
<td>Card Sweeping Waste</td>
<td>9.4</td>
<td>11.2</td>
<td>17.8</td>
</tr>
<tr>
<td>Flat Strip</td>
<td>214.9</td>
<td>202</td>
<td>194.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,081</td>
<td>1,094</td>
<td>1,219</td>
</tr>
</tbody>
</table>

#### Wovens & Knits (Santej)

<table>
<thead>
<tr>
<th>Units</th>
<th>FY 14-15</th>
<th>FY 15-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Packaging Material</td>
<td>2,112.8</td>
<td>2,169.5</td>
</tr>
<tr>
<td>Recycled PVC</td>
<td>17.7</td>
<td>27.1</td>
</tr>
<tr>
<td>e-Waste</td>
<td>8.1</td>
<td>8.5</td>
</tr>
<tr>
<td>Recycled Plastic</td>
<td>110.2</td>
<td>127</td>
</tr>
</tbody>
</table>
Garments Export Division (Bengaluru)  

<table>
<thead>
<tr>
<th></th>
<th>FY 14-15</th>
<th>FY 15-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paper Waste</td>
<td>3.5</td>
<td>2.3</td>
</tr>
<tr>
<td>Plastic Can</td>
<td>34</td>
<td>73.4</td>
</tr>
<tr>
<td>Metal Scrap</td>
<td>11.1</td>
<td>7.2</td>
</tr>
<tr>
<td>Fabric End Bits</td>
<td>94.2</td>
<td>3.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>142.7</td>
<td>86.3</td>
</tr>
</tbody>
</table>

At our Bengaluru unit, grit generated during stone washing is upcycled and used to manufacture bricks. During FY 14-15 and 15-16, we manufactured 34,600 bricks. Each brick utilises 1.7 kg of waste pumice stone powder; hence we utilised approx. 58,820 kg of waste powder in manufacturing these bricks.

Ankur Textiles (Ahmedabad)  

<table>
<thead>
<tr>
<th></th>
<th>FY 13-14</th>
<th>FY 14-15</th>
<th>FY 15-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steel Scrap</td>
<td>82.26</td>
<td>192.84</td>
<td>127.21</td>
</tr>
<tr>
<td>Other Scrap like Plastic, Wood, Cone/Carton and Other Waste</td>
<td>143.24</td>
<td>130.98</td>
<td>154.27</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>225.53</td>
<td>323.82</td>
<td>281.48</td>
</tr>
</tbody>
</table>

WASTE MANAGEMENT

As a responsible corporate, it has been our constant endeavour to be an asset to the society and not a liability. Instrumental to this, has been the focus we have maintained on measuring, assessing and minimising our waste creation and disposal.

INITIATIVE

SALT RECOVERY THROUGH ZERO LIQUID DISCHARGE

Our Santej unit is a Zero Liquid Discharge (ZLD) unit. In 1998, the unit invested in ZLD technology to set up an Effluent Treatment Plant (ETP) with a capacity to treat 17,500 cubic meter of textile effluent per day. In FY 2014, we installed Mechanical Vapour Recompression Evaporation (MVRE) plants in the effluent recycling system for low cost evaporation and recovery of salts dissolved in the effluents.

This has enabled us to recover water as well as mixed salt. This recovered salt has substituted glauber salt and vacuum salt used in the dyeing of yarn and fabric. In FY 15-16, 1,232.14 metric tonne of salt was recovered from the wastewater treatment system and was reused in the process.
Stone washing is used to give a newly manufactured garment a worn-in (or worn-out) appearance. During the stone washing process, pumice stones work like sandpaper to abrade the denims, removing some of the dye particles and enhancing their worn, faded look. This process also makes the denim softer and more flexible.

Along with its benefits, stone washing also poses sustainability challenges. After the stone washing process, the denim is required to be washed several times in order to completely get rid of the grit. This washing process includes chemicals like Anti Back Stain (ABS), enzymes and detergents. Over and above increasing chemical and water consumption, stone washing also enhances carbon footprint, as the stones need to be imported from places like Turkey, Indonesia and Greece. In order to address these challenges, we have innovated and created a No-Stone System.

We have replaced the pumice stone with an abrasive drum coating, fastened to the internal drum of the washing machine which can create a number of finishes through flexible abrasion adjustments.

### COMPARATIVE STUDY BETWEEN TRADITIONAL STONE WASH AND THE NO-STONE SYSTEM

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Traditional Stonewash</th>
<th>No-Stone System</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Garments</td>
<td>80 pieces</td>
<td>80 pieces</td>
</tr>
<tr>
<td>Garment Load</td>
<td>~ 80 kg</td>
<td>~ 80 kg</td>
</tr>
<tr>
<td>Pumice Stone Load</td>
<td>160 kg</td>
<td>0</td>
</tr>
<tr>
<td>Water Consumption</td>
<td>4,200 litre</td>
<td>2,800 litre</td>
</tr>
<tr>
<td>Chemical Consumption</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- ABS</td>
<td>1.35 kg</td>
<td>0.8 kg</td>
</tr>
<tr>
<td>- Enzyme</td>
<td>0.8 kg</td>
<td>0.4 kg</td>
</tr>
</tbody>
</table>
NO-STONE SYSTEM NOT ONLY ELIMINATES CONVENTIONAL PUMICE STONE FOR GARMENT WASHING, BUT ALSO REDUCES CHEMICAL CONSUMPTION, WATER USE, AND CARBON FOOTPRINT.
REDUCTION IN HARD WASTE

The hard waste generation in textile industry occurs after the spinning process. Hence, this waste not only contains valuable raw material but has also been processed using valuable resources. It is our continuing endeavour to minimise the generation of hard waste at our facilities.

• Introduced the use of non-woven filters based spring packages instead of PP packaging
• In the past, soft winding was performed on weight basis. The process has been changed to length basis; resulting in decreased warping waste
• In selvedge cutting, the edge trimmers have been optimised with adjusted cutter positions. This resulted in reduction of waste amounting to 1,000 kg/month
• Previously, roll identification mark was mentioned horizontally on each roll. This marking is now being mentioned vertically, thereby preventing around 10 cm of fabric width from being cut. Considering an average roll length of 165 m at shirting unit, this translates into fabric savings of 165,000 sq.cm. per roll

REDUCING WASTE THROUGH AUTOMATION

To minimise the manual errors during packaging, we have introduced automated packing machine that can be programmed and monitored through microprocessor interface. This machine works on the functions like auto rolling, cutting, sampling, labelling & palletizing. In addition to eliminating manual errors in marking or weightage, it also saves on the packing time.

GOING PFC-FREE IN WATER-REPELLENT FINISHES

Since many decades, perfluorochemicals (PFCs) have been used in water-repellent finishes and in waterproof membranes in outdoor apparel. The two most commonly used compounds are perfluorooctane sulfonate (PFOS) and perfluorooctanoic acid (PFOA). PFOS is a persistent, bio-accumulative and toxic to mammalian species.

Our PFC-free finish is the sustainable water repellent finish where usage of PFOA and PFOS is eliminated. In comparison with C6 & C8 chemistry, PFC-free products have very soft handle and good abrasion resistance. Their washing durability is also high with excellent low temperature curing. This ensures that PFC is not released to environment and thus would eliminate the health risk to human beings and animal species.

EASY WASH

Easy Wash is a revolutionary innovation that allows removal of everyday stains with just a dab of water. Offering a unique blend of fashion and technology, every Easy Wash shirt combines the best of liquid repellence and stain release functions on the finest fabric. Chemicals used for Easy Wash have excellent water repelling characteristics, are durable to laundering and give comfort to wear. The Easy Wash fabric helps to reduce the impacts at consumer end by enhancing the life of fabric as well as reducing need to wash garments with detergents frequently.
Instead of every season, today, fashion changes every month. Consumers are buying more clothes than ever before. Prices are travelling south. And demand is zooming north. Production ramp-ups to fulfil this demand entails two costs - the stated price on the tag, and the unstated natural cost borne by the environmental resources. Sustainable fabrics are the need of the hour. Fabrics that satisfy the current demand; while ensuring ample resources for tomorrow.

AT ARVIND, WE ARE GEARED NOT ONLY TO CATER TO THE INCREASING DEMANDS OF GARMENT MANUFACTURERS AND CONSUMERS, BUT ALSO TO THE ENVIRONMENTAL AND SOCIETAL DEMANDS OF ETHICAL PRODUCTION AND COMMUNITY DEVELOPMENT.

Our product portfolio gives our customers an array of options to enhance the sustainability quotient of their offerings. It is an outcome of the diligent choices we make in selection of the right raw material, and adoption of production processes that consume natural resources judiciously.

PRODUCT RESPONSIBILITY

CO-CREATION STRATEGY HELPS US FORGE LONG-TERM MUTUALLY ENRICHING PARTNERSHIPS WITH OUR CUSTOMERS

CELLULOSE FIBRE BLENDS ARE NOT ONLY ENVIRONMENT-FRIENDLY BUT ALSO CONSUMER-FRIENDLY

NEO-DYEING TECHNOLOGY HELPS REDUCE OUR ENVIRONMENTAL FOOTPRINT

LESS ENERGY 7.9% 21.59% LESS FRESHWATER CONSUMPTION

POST-CONSUMER RECYCLED FIBRES ARE REUSED IN RING SPINNING TO MAKE SUSTAINABLE DENIM
Partnering through Co-Creation

There is a great need in the industry today for large and experienced textile manufacturers like us to expand our role and assist in design and development. This results in a win-win situation - the customer frees up bandwidth for marketing, positioning and retailing; while we get to engage with the customer at a deeper level and forge stronger long-term partnerships.

ARVIND IS SPEARHEADING THE STRATEGY OF CO-CREATION.

Our Co-Creation strategy can be divided into three distinct but equally important phases:

Co-Construct
This involves finalising the most appropriate fabric for a specific requirement. This can be either done using our technical design services for fabric development or by delving into our vast library of available fabrics.

Co-Wash
Once the correct fabric has been identified, our garment experts employ different wash treatments to enhance and customise the feel and look of the fabrics. Our advanced wash lab at Naroda is equipped with state-of-the-art machinery, capable of high-end wash output through both - dry and wet processes.

Co-Design
Now that the fabric as well as the look and feel have been decided, our garment and fashion experts collaborate with the customer’s design teams and create design options keeping in mind the prevalent fashion trends. Our master craftsmen then give form and silhouettes to the prototype of each design option.

Co-creation has enhanced our understanding of markets and domain expertise and shall propel us as a preferred partner for more global customers, in the years to come.

SUSTAINABLE PRODUCT PORTFOLIO

Arvind has a rich history of responding with products that cater to the need of the hour. With an urgent global need to combat environmental impacts and the rising demand for green fabrics, Arvind has developed a wide and diverse sustainable product portfolio.

NEO-DENIM
Neo Denim is produced using sustainable Neo-dyeing technology which is a closed-loop dye inject technology in Nitrogen environment. Sustainable characteristics of Neo Denim:

**Eliminates**
Dye Drainage
The dye is injected directly on the fabric, hence there is no dye box and thus no dye drainage.

**Reduces**
Dye Consumption
Optimises dye consumption as there is hardly any excess dye.

**Reduces**
Water Consumption
The excess dye from fabric surface can be washed off at a later stage with minimal water.

The Neo Technology can also be used to apply sulphur dye which imparts deep dark saturated shades that make the fabric very versatile.
Validation of Neo-Dyeing Technology's Sustainability Potential

During the reporting period, PE International conducted an environmental Life Cycle Assessment (LCA) of Neo-dyeing and conventional dyeing. The methods used were in congruence with ISO 14040:2006 and ISO 14044:2006.

Based on the study results, it has been quantified that the Neo-Dyeing (Pre-Dyed Fabric) has

- **5.31%** lesser acidification potential
- **14.75%** lesser eutrophication
- **0.19%** lesser global warming potential
- **4.18%** lesser human toxicity potential
- **7.90%** lesser primary energy demand
- **21.59%** lesser freshwater consumption as per the CML 2001 Impact Assessment method.

CORDUROY DENIM

Corduroy Denims are corduroy fabrics specially treated using the new Foam Indigo Dyeing technology, and used for denim manufacturing. Foam finishing is a wet processing technology that uses air in form of dispersion foam for media application. It saves energy by more than 50% and brings down chemical consumption by 10 to 40%. Moreover, the fabric wears longer and fades gradually just like denim.

RECYCLED POLYESTER

As part of our ReNEW process, we produce recycled polyester from discarded PET bottles which would otherwise choke up landfills. It is estimated that recycling 1 ton of PET saves an equivalent of about 4.7 barrels of oil. Producing recycled polyester also consumes 86% less water compared to virgin polyester.

KHADI DENIM

Khadi Denim is hand spun, hand hank dyed in natural indigo and woven on a handloom. It sports all the properties of natural denim like comfort, softness, and ageing. Additionally, the natural indigo injects anti-inflammatory, anti-fungal & anti-bacterial properties into the fabric. During the reporting period, we initiated commercial shipments of Khadi Denim to both, large-format brands like Levi's and niche boutique brands.

In addition, our green portfolio offers versatile fabrics like:

- **Scafé Denim**: Made from recycled coffee grounds
- **Linen Denim**: One of the few fabrics that remain strong even when wet
- **Excel Denim**: Made from choicest selection of wood pulp, a natural and renewable resource
- **Advanced Denim**: Manufactured using a ground-breaking technology that reduces water and energy consumption by up to 92% and 30% respectively

INITIATIVE

POST-CONSUMER WASTE RECYCLING

With fast fashion speeding up trends and shortening seasons, clothing is getting dated sooner than later and pressure on landfills is increasing by the hour. Extracting fibre from these discarded garments helps reduce the load on landfills and eases demand on natural resources.

At Arvind, we use both types of post-consumer recycled fibres - natural and synthetic. Recycling is undertaken as per Global Recycling Standard (GRS) guidelines. Cotton fibres extracted from post-consumer waste are used in ring spinning to make sustainable denim. We also source recycled waste that is certified by Control Union.
SUSTAINABLE YARN DYING PROCESS

A typical yarn dyeing process comprises a number of stages with mercerization being one of them. This stage consumes a sizable quantum of water, steam and power. We have introduced a sustainable process of natural finish in yarn dyeing where not only the mercerization stage gets eliminated, but also the bleaching and dyeing steps.

We have also introduced yarn combinations; one where dyeing is eliminated for 25% yarn portion (75% yarn dyed & 25% scoured yarn in fabric), and the other where dyeing is eliminated for 35% yarn portion (65% yarn dyed & 35% scoured yarn in fabric).

Through sustainable yarn finishing, following environmental benefits that have been realized.

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Savings by eliminating Mercerization</th>
<th>Savings in Yarn Combination I</th>
<th>Savings in Yarn Combination II</th>
<th>Total Savings with Yarn Combination I</th>
<th>Total Savings with Yarn Combination II</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water (litre / kg yarn)</td>
<td>8.4</td>
<td>13</td>
<td>18.2</td>
<td>21.4</td>
<td>26.6</td>
</tr>
<tr>
<td>Steam (kg / kg yarn)</td>
<td>4.3</td>
<td>1</td>
<td>1.4</td>
<td>5.3</td>
<td>5.7</td>
</tr>
<tr>
<td>Power (Kw / kg yarn)</td>
<td>4.3</td>
<td>1</td>
<td>1.4</td>
<td>5.3</td>
<td>5.7</td>
</tr>
</tbody>
</table>

Note: Yarn Combination (1), where dyeing is eliminated for 25% yarn portion | Yarn Combination (2), where dyeing is eliminated for 35% yarn portion

Additionally, in the sustainable process route, bleaching and dyeing steps have also been eliminated; resulting in water savings of 18 litre per kg of yarn processed and energy savings of 5 kg of steam per kg of yarn processed.
THE RIGHT RAW MATERIAL

Cotton continues to remain the fabric of choice for consumers and is thus the most important raw material for us. Since 2007, Arvind Agribusiness has been driving the cause of sustainable agriculture. As an implementer of the Better Cotton Initiative (BCI) project and an early proponent of organic farming in India, Arvind Agribusiness is currently working with over 4,000 cotton farmers to enhance their farm productivity while reducing financial risks.

For more details about the sustainable sourcing of cotton, please refer to the Cotton chapter.

While we are reducing the environmental footprint of cotton farming, we are also promoting alternative fibres. These fibres retain the look, feel and durability of a natural fibres like cotton and wool, but are produced at a considerably less load to the environment when compared to cotton. Prime amongst these is Tencel® - a man-made cellulose fibre.

Arvind Agribusiness is currently working with OVER 4,000 FARMERS to enhance their farm productivity while reducing financial risks.
Over and above being 100% biodegradable, Tencel® has a host of desirable properties:

- **A UNIQUE NANO-FIBRIL STRUCTURE AND A VERY SMOOTH SURFACE**
- **EXCELLENT WET STRENGTH AND WET MODULUS**
- **VERY HIGH ABSORPTION CAPABILITY**

During the reporting period, we introduced following new blends to enhance the versatility of our finished products:

- **Tencel®-Cotton blend**
  
  With a mixture of Tencel®, the strength and regularity of cotton improves considerably, resulting in a more attractive fabric with better performance values.

- **Tencel®-Wool blend**
  
  The addition of Tencel® to wool enhances the softness and makes the blend easily washable.
RESPONSIBLE PRODUCTION

Being a manufacturer, production efficiency is vital for both - customer satisfaction plus environment stewardship. To harmonise both these goals, we employ the best of talent and the latest in technology, so that we can ramp-up production without a commensurate increase in our consumption footprint.

Year after year, we have sharpened our production efficiency by introducing new equipment and updating existing machinery. Staying ahead on the technology curve helps us enhance the quality of finished products, reduce consumption of water and energy as well as optimise the utilisation of dyes and other chemicals. It also helps us stand true to our goal of being an innovation-driven textile major.

Major technology introductions and upgradations done during the reporting period:

New-age washing machine, dryer (Yilmak), 3D machine (Metod), brushing dummy (Fabcare) and curing ovens (Mectek) added to the Arvind Denim Lab.

These technologies help us implement our Co-Creation strategy more effectively.

New warping machine with upgraded technology and higher capacity added in the Warping and Dyeing area.

These machines perform better plus have lesser down-time; which in turn reduces our turnaround time.

Dual Core spinning technology upgraded with more scientific controls.

This enhances our capability to produce superior, high-quality performance yarns; thereby strengthening our portfolio.

Introduction of Next-generation Stable Foam Coating technology.

We can now offer textile solutions for rapidly growing sectors like general industrial manufacturing, infrastructure, transport, energy and personnel protection.

A new sanforizing machine (Monforts) with double rubber cylinder installed.

It processes fabric at twice the speed; resulting in faster production.
This second sustainability report of Arvind Ltd. builds on the maiden report and further elucidates our economic, social and environmental performance to an array of stakeholders. It continues to be in line with our approach to sustainability – that of being fundamentally right by focusing on our core inputs, and has been prepared through a stakeholder engagement process.

We have adopted the reporting parameters suggested by the Global Reporting Initiative (GRI) and thus, this report is in accordance with the G4 CORE guidelines. The GRI content index table at the end of this report shows the definition of each reported disclosure element as well as its location within the report.

The performance disclosures contained in this report pertain to the period between April 01, 2014 and March 31, 2016. We are determined to report our triple bottom line performance on a regular basis.

REPORTING BOUNDARY

For all profile disclosures, economic performance and employee indicators: Arvind Limited.

Environmental performance data is limited to major manufacturing operations at:

I. Naroda (Denims business)
II. Santej (Woven and Knits business)
III. Bengaluru (Bommasandra, Electronic City & Mysore Road, collectively reported as Garments Export Division)
IV. Kolhapur (Arvind Cotspin)
V. Ahmedabad (Ankur Textiles)
VI. Ahmedabad (Arvind Intex)

The community section of the report describes the corporate social responsibility (CSR) activities carried by the Strategic Help Alliance for Relief to Distressed Areas (SHARDA) Trust under the aegis of our newly constituted Arvind Foundation.

No other entities, such as subsidiaries, associates, joint ventures, vendors etc. are within the reporting boundary.

Your valuable inputs will help us gauge the efficacy of the present report and make future reports more engaging and informative. Please send your feedback to: sustainability@arvind.in
The Higg Index 2.0, developed by the Sustainable Apparel Coalition (SAC), is a set of indicator-based assessment tools that asks practice-based, qualitative questions to gauge environmental sustainability performance and drive behaviour for improvement across three modules: Facility, Brand, and Product.

As a member of the SAC, we have adopted the Facility module of Higg Index and have assessed our major manufacturing units on their environmental parameters. The units are scored across material areas like environmental management system, energy & GHG, water use, wastewater, air emission, waste management and chemical management.

<table>
<thead>
<tr>
<th>Unit</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Naroda</td>
<td>55</td>
<td>59</td>
<td>66</td>
<td>74</td>
</tr>
<tr>
<td>Santej</td>
<td>62</td>
<td>81</td>
<td>71</td>
<td>71</td>
</tr>
<tr>
<td>GED Mysore Road</td>
<td>64</td>
<td>63</td>
<td>63</td>
<td>93</td>
</tr>
<tr>
<td>GED Bommasandra</td>
<td>NA*</td>
<td>NA*</td>
<td>40</td>
<td>64</td>
</tr>
<tr>
<td>GED Electronic City</td>
<td>NA*</td>
<td>NA*</td>
<td>43</td>
<td>41</td>
</tr>
</tbody>
</table>

*The Bommasandra and Electronic City units started adopting the Higg Index in 2015

Enhancing Performance

We aim to enhance our current scores by:

- Pursuing long-term targets on environmental strategy
- Working with suppliers on environmental impacts
- Substituting groundwater with STP water
- Improving the chemical management system
## GRI G4 CORE CONTENT INDEX

<table>
<thead>
<tr>
<th>G4 Disclosure</th>
<th>Disclosure Title</th>
<th>Level of Reporting</th>
<th>Location of Disclosure</th>
<th>Additional Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-1</td>
<td>Statement from senior decision-maker</td>
<td>Fully</td>
<td>Pg. 3</td>
<td></td>
</tr>
<tr>
<td><strong>Organisational Profile</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-3</td>
<td>Name of the organization</td>
<td>Fully</td>
<td>Pg. 5</td>
<td></td>
</tr>
<tr>
<td>G4-4</td>
<td>Activities, brands, products, and services</td>
<td>Fully</td>
<td>Pg. 9, 10</td>
<td></td>
</tr>
<tr>
<td>G4-5</td>
<td>Location of headquarters</td>
<td>Fully</td>
<td>Back Cover</td>
<td></td>
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<tr>
<td>G4-6</td>
<td>Location of operations</td>
<td>Fully</td>
<td>Pg. 105</td>
<td></td>
</tr>
<tr>
<td>G4-7</td>
<td>Ownership and legal form</td>
<td>Fully</td>
<td>Pg. 105</td>
<td></td>
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<tr>
<td>G4-8</td>
<td>Markets served</td>
<td>Fully</td>
<td>Pg. 9</td>
<td></td>
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<tr>
<td>G4-9</td>
<td>Scale of the organization</td>
<td>Fully</td>
<td>Pg. 9</td>
<td></td>
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<tr>
<td>G4-10</td>
<td>Information on employees and other workers</td>
<td>Fully</td>
<td>Pg. 49</td>
<td></td>
</tr>
<tr>
<td>G4-11</td>
<td>Collective bargaining agreements</td>
<td>Fully</td>
<td>Pg. 39</td>
<td></td>
</tr>
<tr>
<td>G4-12</td>
<td>Supply chain</td>
<td>Fully</td>
<td>Pg. 28-29, 90-91</td>
<td>We have considered Cotton and Chemical as the main components of the supply chain.</td>
</tr>
<tr>
<td>G4-13</td>
<td>Significant changes to the organization and its supply chain</td>
<td>Fully</td>
<td>Pg. 105</td>
<td>There were no significant changes to the organization’s size, structure, ownership, or supply chain during the reporting period.</td>
</tr>
<tr>
<td>G4-14</td>
<td>Precautionary Principle or approach</td>
<td>Fully</td>
<td>Pg. 99, 100, 104</td>
<td>Arvind Ltd. applies the Precautionary Principle in operational planning, new product development to reduce or to avoid negative impacts on the environment.</td>
</tr>
<tr>
<td>G4-15</td>
<td>External initiatives</td>
<td>Fully</td>
<td>Pg. 10</td>
<td></td>
</tr>
<tr>
<td>G4-16</td>
<td>Membership of associations</td>
<td>Fully</td>
<td>Pg. 10</td>
<td></td>
</tr>
<tr>
<td><strong>Identified Material Aspects and Boundaries</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-17</td>
<td>Entities included in the consolidated financial statements</td>
<td>Fully</td>
<td>Pg. 105</td>
<td>The units and businesses covered, comprise majority of our operations.</td>
</tr>
<tr>
<td>G4-18</td>
<td>Defining report content and topic Boundaries</td>
<td>Fully</td>
<td>Pg. 105</td>
<td></td>
</tr>
<tr>
<td>G4-19</td>
<td>List of material topics</td>
<td>Fully</td>
<td>Pg. 21, 22</td>
<td></td>
</tr>
<tr>
<td>G4-20</td>
<td>Explanation of the material topic and its Boundary</td>
<td>Fully</td>
<td>Pg. 105</td>
<td></td>
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<tr>
<td>G4-21</td>
<td>Explanation of the material topic and its Boundary</td>
<td>Fully</td>
<td>Pg. 105</td>
<td>The report structure has been derived from the material issues. Hence, every impact - direct and indirect of every material issue has been described in detail, in the report.</td>
</tr>
<tr>
<td>G4-22</td>
<td>Restatements of information</td>
<td>Fully</td>
<td>Pg. 105</td>
<td>No major restatement of information occurred during the reporting period.</td>
</tr>
<tr>
<td>G4-23</td>
<td>Changes in reporting</td>
<td>Fully</td>
<td>Pg. 105</td>
<td>The reporting parameter has been changed from GRI G3.1 to G4</td>
</tr>
<tr>
<td><strong>Stakeholder Engagement</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-24</td>
<td>List of stakeholder groups</td>
<td>Fully</td>
<td>Pg. 17</td>
<td></td>
</tr>
<tr>
<td>G4-25</td>
<td>Identifying and selecting stakeholders</td>
<td>Fully</td>
<td>Pg. 17</td>
<td></td>
</tr>
<tr>
<td>G4-26</td>
<td>Approach to stakeholder engagement</td>
<td>Fully</td>
<td>Pg. 18</td>
<td></td>
</tr>
<tr>
<td>G4-27</td>
<td>Key topics and concerns raised</td>
<td>Fully</td>
<td>Pg. 21, 22</td>
<td></td>
</tr>
<tr>
<td><strong>Report Profile</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-28</td>
<td>Reporting period</td>
<td>Fully</td>
<td>Pg. 105</td>
<td>This is our second report. Our maiden report covered our sustainability performance till March 31, 2014.</td>
</tr>
<tr>
<td>G4-29</td>
<td>Date of most recent report</td>
<td>Fully</td>
<td>Pg. 105</td>
<td></td>
</tr>
<tr>
<td>G4-30</td>
<td>Reporting cycle</td>
<td>Fully</td>
<td>Pg. 105</td>
<td></td>
</tr>
<tr>
<td>G4-31</td>
<td>Contact point for questions regarding the report</td>
<td>Fully</td>
<td>Pg. 105</td>
<td></td>
</tr>
<tr>
<td>G4 Disclosure</td>
<td>Disclosure Title</td>
<td>Level of Reporting</td>
<td>Location of Disclosure</td>
<td>Additional Explanation</td>
</tr>
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<td>--------------</td>
<td>----------------------------------------------------------------------------------</td>
<td>--------------------</td>
<td>------------------------</td>
<td>------------------------</td>
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<tr>
<td>G4-32-a</td>
<td>Claims of reporting in accordance with the GRI Standards</td>
<td>Fully</td>
<td>Pg. 105</td>
<td></td>
</tr>
<tr>
<td>G4-32-b</td>
<td>GRI content index</td>
<td>Fully</td>
<td>Pg. 107</td>
<td></td>
</tr>
<tr>
<td>G4-32-c</td>
<td>External assurance</td>
<td>Fully</td>
<td></td>
<td>This report is not externally assured</td>
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<tr>
<td>G4-33</td>
<td>External assurance</td>
<td>Fully</td>
<td></td>
<td>This report is not externally assured</td>
</tr>
</tbody>
</table>

**Governance**

| G4-34        | Governance structure                                                             | Fully              | Pg. 12                 |                        |

**Ethics and Integrity**

| G4-56        | Values, principles, standards, and norms of behavior                              | Fully              | Pg. 7, 8, 13            |                        |

**Specific Standard Disclosures**

| G4-DMA-a     | Explanation of the material topic and its Boundary                                | Fully              | Pg. 22                 | The DMAs have been spread out across the report. Every core input section begins with Arvind Management's approach on that particular materiality issue. |
| G4-DMA-b     | The management approach and its components                                      | Fully              | Pg. 11, 25, 35, 51, 61, 70, 79, 89, 92, 98-99 |                        |
| G4-DMA-c     | Evaluation of the management approach                                           | Fully              |                        | We have management systems such as ISO-14001 for Environment, OHSAS-18001 for Health & Safety & SA8000 for Labour/social related issues. All these management systems and associated policies are reviewed every six months by management committees that have been formed for each of these systems. In these meetings management reviews the effectiveness of the systems and also provides direction for doing things differently in case needed. |

| G4-EN34      | The management approach and its components                                      | Fully              |                        | No grievances regarding environmental impacts filed through formal grievance mechanisms during the reporting period. |
| G4-LA16      | The management approach and its components                                      | Fully              |                        | No grievances regarding Labour practices were filed through formal grievance mechanisms during the reporting period. |
| G4-HR12      | The management approach and its components                                      | Fully              |                        | No grievances regarding Human Rights were filed through formal grievance mechanisms during the reporting period. |
| G4-SO11      | The management approach and its components                                      | Fully              |                        | No grievances regarding social impacts were filed through formal grievance mechanisms during the reporting period. |
| G4-PR5       | "Approach to stakeholder engagement Key topics and concerns raised"             | Fully              | Pg. 17, 18             | The organisation does not manufacture or sell banned or disputed products in any market. |
| G4-PR6       | Activities, brands, products, and services                                      | Fully              |                        |                        |

**Specific Disclosures on Material Aspect**

<p>| G4-EN3       | Energy consumption within the organization                                      | Fully              | Pg. 71                 |                        |
| G4-EN6       | Reduction of energy consumption                                                | Fully              | Pg. 72-76              |                        |
| G4-EN8       | Water withdrawal by source                                                      | Fully              | Pg. 81                 |                        |
| G4-EN10      | Water recycled and reused                                                       | Fully              | Pg. 82                 |                        |
| G4-EN23      | Waste by type and disposal method                                               | Fully              | Pg. 92-94              |                        |
| G4-EN28      | Reclaimed products and their packaging materials                                | Fully              | Pg. 94, 97             |                        |
| G4-LA1       | New employee hires and employee turnover                                       | Fully              | Pg. 49                 |                        |
| G4-LA9       | Average hours of training per year per employee                                 | Fully              | Pg. 36                 |                        |
| G4-LA10      | Programs for upgrading employee skills and transition assistance programs       | Fully              | Pg. 37                 |                        |
| G4-EC1       | Direct economic value generated and distributed                                | Fully              | Pg. 62                 |                        |
| G4-EC4       | Financial assistance received from government                                  | Fully              | Pg. 62                 |                        |</p>
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABS</td>
<td>Anti Back Stain</td>
</tr>
<tr>
<td>APH</td>
<td>Air Pre-Heater</td>
</tr>
<tr>
<td>BCI</td>
<td>Better Cotton Initiative</td>
</tr>
<tr>
<td>BCP</td>
<td>Business Continuity Planning</td>
</tr>
<tr>
<td>BOD</td>
<td>Biochemical Oxygen Demand</td>
</tr>
<tr>
<td>CDP</td>
<td>Carbon Disclosure Project</td>
</tr>
<tr>
<td>CMD</td>
<td>Chairman &amp; Managing Director</td>
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<td>ETP</td>
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