

NURTURE TALENT
BUILD LEADERS

DO
GOOD
&
DO IT
WELL

EMPOWER PEOPLE
TO POWER PURPOSE

MAKE SAFETY A
CULTURE



OUTSMART LEGACY
SUSTAIN LEADERSHIP

PROGRAMMES
NOT PROJECTS

THE BEST INVESTMENTS
ARE IN ASSETS YOU DON'T OWN



INSTITUTIONALISE
INTERVENTIONS

CO-CREATE
TRANSFORMATIONS

EARN ETHICALLY
DISTRIBUTE EQUITABLY
INVEST AGGRESSIVELY

FUTURE-PROOF GROWTH
THROUGH PRODUCT & BUSINESS PORTFOLIO

THE FUNDAMENTALLY RIGHT

MANIFESTO

INNOVATE
TO CONSERVE



GO GREEN
GROW CLEAN



ENHANCE ENERGY
ACCOUNTABILITY
IMPROVE ENERGY
PRODUCTIVITY

RETHINK
THE ENERGY MIX



SEED AGRI-ECONOMIES
ENHANCE QUALITY • ENRICH QUALITY OF LIFE

RAISE BENCHMARKS. SET STANDARDS

HARVEST HIGH IMPACT AREAS AND
SEED CHANGE INTO THEM



WATT IS SAVED IS EARNED

ZERO WASTAGE
DISCHARGE



ADDRESS CRITICALITY
BEFORE IT BECOMES CRITICAL

WASTE TO

VALUE

NO BETTER
BUSINESS
COMPASS THAN A
CUSTOMER'S GOAL

CULTIVATE

WINNING CHEMISTRIES
WITH CUSTOMERS



FUNDAMENTALLY
RIGHT

Arvind
FASHIONING POSSIBILITIES

2014-16

SUSTAINABILITY
REPORT

C O N T E N T S



03 MESSAGE FROM THE CMD



06 COMPANY PROFILE



11 CORPORATE GOVERNANCE



15 SUSTAINABILITY AND US



23 COTTON



33 PEOPLE



59 MONEY



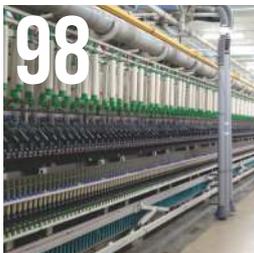
67 ENERGY



77 WATER



87 CHEMICALS



98 PRODUCT RESPONSIBILITY

105 REPORTING SCOPE

107 GRI INDEX

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**

COMPANY PROFILE

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.



**WE MANAGE
15 GLOBAL
APPAREL BRANDS
IN INDIA**

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.



**WE HAVE
REGISTERED 22
GLOBAL PATENTS
FOR ENVIRONMENTAL
SOLUTIONS**

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.



**OVER
80,000 ACRES
OF FARMLAND
UNDER ORGANIC &
BCI CULTIVATION**

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.



Vision

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.

Philosophy

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.

Strategic Growth Vision

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

Business Highlights

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

BUSINESS PROFILE

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.

DENIM



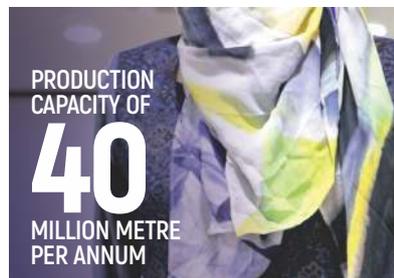
WOVENS



KNITS



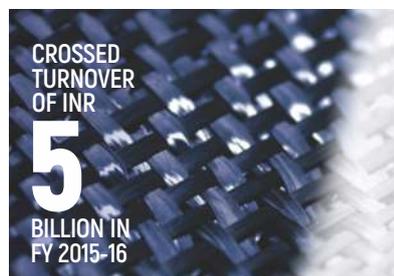
VOILES



GARMENT EXPORTS



ADVANCED MATERIALS



BRANDS & RETAIL



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.

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

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, Yeshwantpur and Chitradurga.

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.

CDP

Arvind Ltd. has reported at CDP (Carbon Disclosure Project) for two years in row now.

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.

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.

Occupational Health and Safety Assessment Series (OHSAS 18001:2007 Certifications)

All hazards and its associated risk have been identified across the Santej Facility. Any risk that deems to be high in the Hazard Identification and Risk Analysis (HIRA) are prioritised and taken in to management plan.

Global Reporting Initiative

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

WRI - India GHG program

As part of WRI's India GHG program, Arvind has established the textile working group for GHG emissions reporting and reduction.

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.

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.



CORPORATE GOVERNANCE



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.

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.

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.

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.

(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>)

Composition of the Board as on 31st March, 2016

Name of Director	Executive/Non-executive/Independent
Mr. Sanjay S. Lalbhai	Chairman & Managing Director
Mr. Punit S. Lalbhai	Executive Director
Mr. Kulin S. Lalbhai	Executive Director
Mr. Jayesh K. Shah	Whole-time Director & Chief Financial Officer
Dr. Bakul Dholakia	Independent Director
Ms. Renuka Ramnath	Independent Director
Mr. Dileep Choksi	Independent Director
Mr. Vallabh Bhansali	Independent Director
Mr. Samir Mehta	Independent Director
Mr. Nilesh Shah*	Independent Director

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

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.

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

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 & US

**SUSTAINABILITY,
WHEN STRATEGICALLY EMBEDDED AT SOURCE,
GETS CASCADED TILL THE
END OF THE VALUE CHAIN**

PUNIT LALBHAI & KULIN LALBHAI
Executive Directors | Arvind Limited



SUSTAINABILITY & US

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

FOCUSSED 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.



CUSTOMERS



INVESTORS



MEDIA



EMPLOYEES & WORKERS



LOCAL COMMUNITY



GOVERNMENT AGENCIES



SUPPLIERS



DISTRIBUTORS

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:

Stakeholder Category	Objective Engagement	Methodologies
CUSTOMERS	Develop a sustained relationship. Anticipate short - and long-term expectations.	<ul style="list-style-type: none"> • 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
INVESTORS	Understand concerns and expectations, create higher shared value.	<ul style="list-style-type: none"> • Regular dissemination of financial performance through newspapers and published accounts • In-depth interactions in analyst meets and investor presentations
EMPLOYEES & WORKERS	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.	<ul style="list-style-type: none"> • 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
LOCAL COMMUNITY	Maintain cordial relation with local communities.	<ul style="list-style-type: none"> • SHARDA Trust's activities • Interactions by IR department
MEDIA	Communicate key developments, milestone events, growth plans etc.	<ul style="list-style-type: none"> • Media interaction events, press conferences, media announcements of quarterly reports and major tie-ups
GOVERNMENT AGENCIES	Understand compliance and applicable regulations. Brief them on steps taken and discuss opportunities to collaborate on pressing issues.	<ul style="list-style-type: none"> • Personal meetings • Submission of relevant compliance documents • Presence in industry forums etc.
SUPPLIERS	Sharing of mutual expectations and needs, especially with regard to quality, cost and timely delivery, growth plans and sharing of best practices.	<ul style="list-style-type: none"> • Periodic interactions between Arvind's buying and sourcing teams • Two Supplier Days organised during the year • Training programmes, quality workshops

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



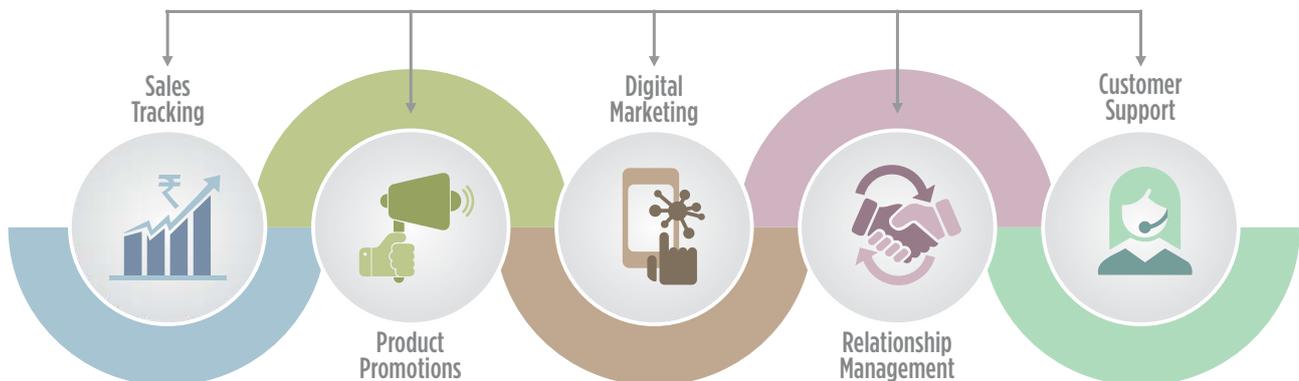
These farmers play a leading and influential role in our BCI farm project and hence enthusing them to further adopt sustainable practices will lead to a chain of good practice implementation.

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

Abhiviyakti, 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.

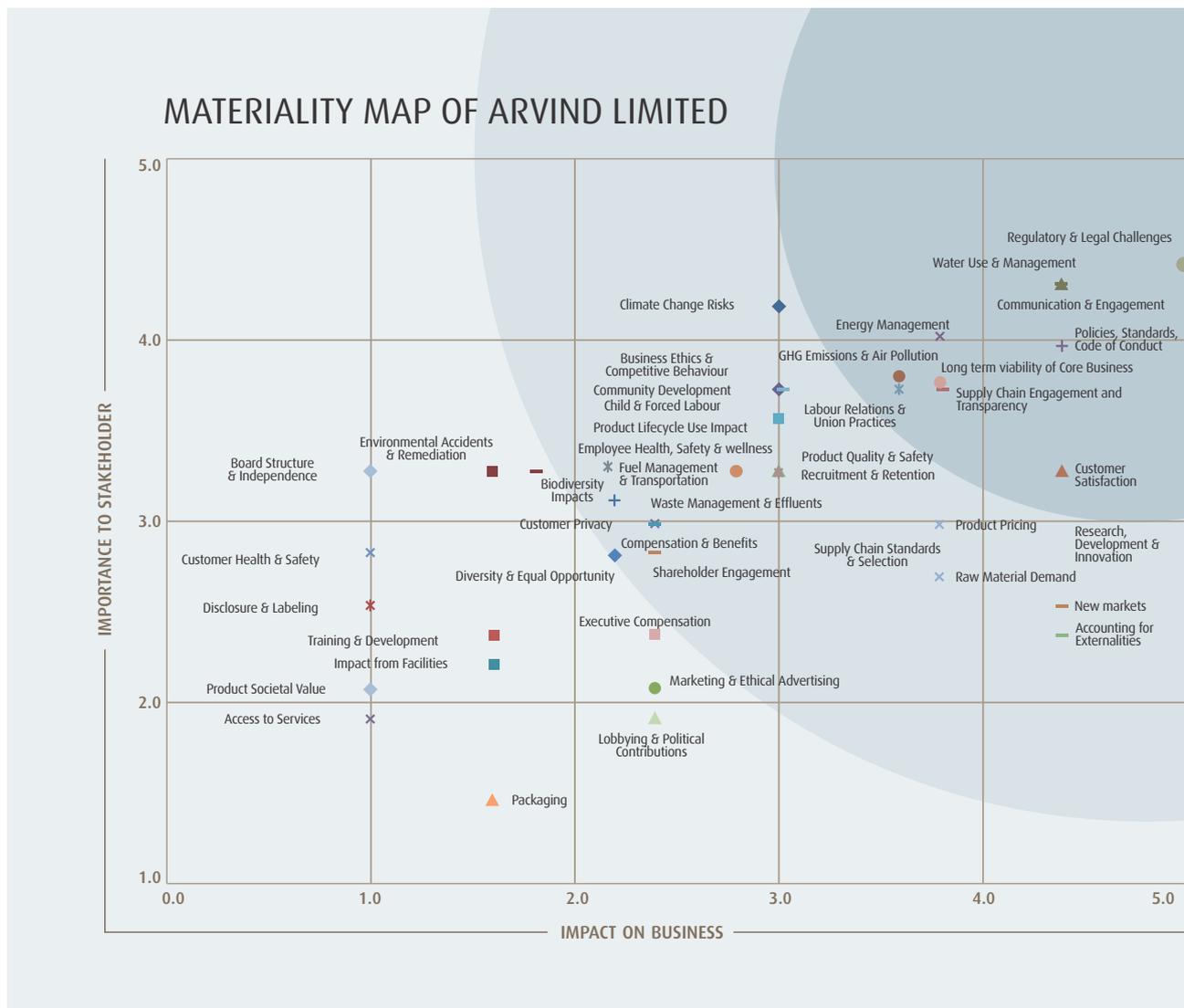
MATERIALITY

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.



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'.

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.

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.



COTTON

**HARVEST HIGH IMPACT AREAS
& SEED CHANGE
INTO THEM**

PRAGNESH SHAH
CEO | Cotton & Agri Business

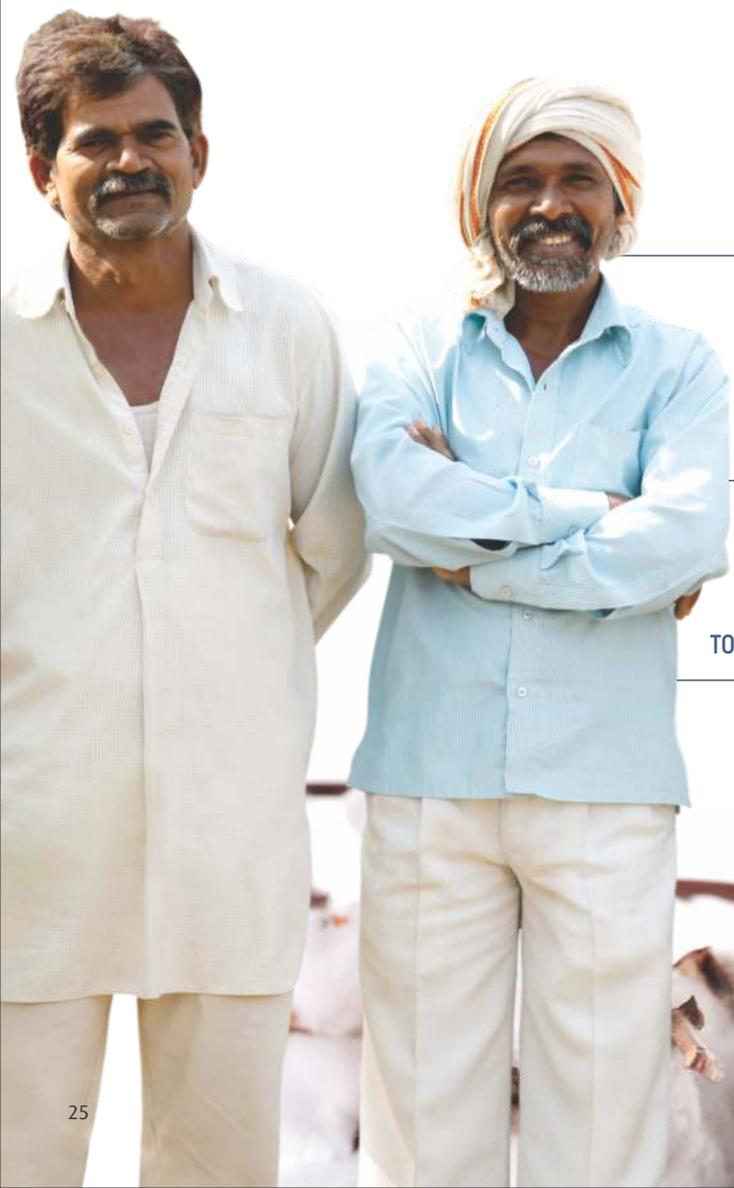


Cotton was cultivated in the cradles of the civilisation. And today, despite a number of natural and artificial fibres, cotton still continues to remain in vogue. Being one of the largest producers of textiles and garments in India, cotton continues to remain a key input material for us - something that 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.



52%

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

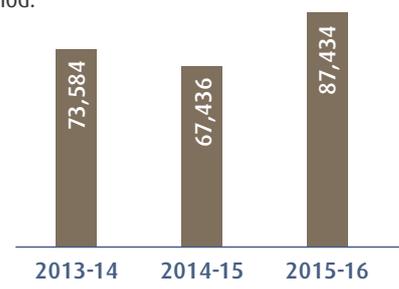
CONSUMPTION

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.

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

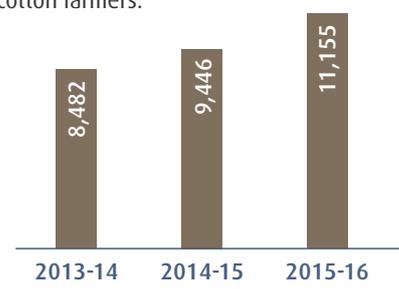


Compared to FY 2013-14, there was an 8% and 15% drop in the area under cultivation in FY 2015-16. But on the other hand, the cultivation of other crops increased by almost 38%.



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.

Farmers Engaged	FY 13-14	FY 14-15	FY 15-16
BCI	2,630	3,395	4,000
Organic Cotton	3,415	3,651	3,674
Other Crops	2,437	2,400	3,481
Total	8,482	9,446	11,155



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.



The challenge is to safeguard farmers' interest, while ensuring the supply.



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.



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

2011-12

2014-15

2007-11

2012-14

2015-16

Establishment of the on-ground team and support infrastructure on - adoption of an intensive engagement model with farmers to ensure authentic produce

Implemented irrigation schemes like farm ponds, check dams, and drip irrigation by mobilising external funding support

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

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 Initiative 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:



BCI is regarded as the stepping stone to Organic Farming.

- | | | | | | | |
|-------------------------------------|-------------------------------|---|------------------------------------|-------------------------------|---|--|
| 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



2014-15

LCA by PE International demonstrated that BCI scored significantly better than conventional cotton on all environmental aspects

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

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

2010-11

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

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

2008-09

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

The Road Ahead

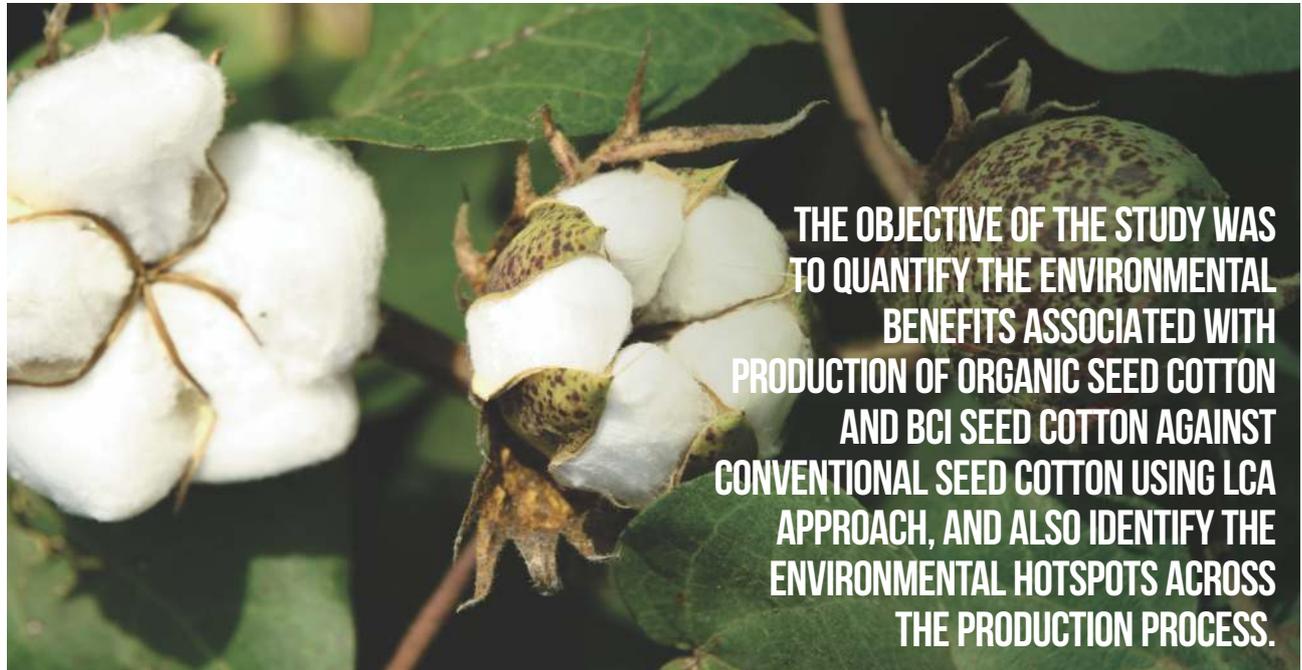
The LCA report from 2014-15 has already reiterated to us, the potential benefits of BCI farming. We have worked out a five-year plan to take BCI ahead and deeper into the Indian farmlands.

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 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.

Environmental Impact Category	Unit	Conventional Cotton Cultivation	BCI Cotton Cultivation	Organic Cotton Cultivation
Acidification Potential	kg SO ₂ -Eq.	14	12	3
Eutrophication Potential	kg Phosphate-Eq.	7	2	0.46
Global Warming Potential	kg CO ₂ -Eq.	731	435	295
Primary Energy Demand	MJ	5,375	2,510	1,351
Blue Water Consumption	kg	541,061	330,609	391,804

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.

TAKING CHILD LABOUR OUT OF FARMS

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 sensitise 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.



Outcome

**THERE HAS BEEN
A MARKED INCREASE
IN SCHOOL ATTENDANCE,
ESPECIALLY DURING
THE HARVEST SEASON.**



PEOPLE

THE BEST INVESTMENTS
**ARE IN ASSETS
YOU DON'T OWN**

VINAY BASSI
Group Head - HR & IR



EMPLOYEES

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

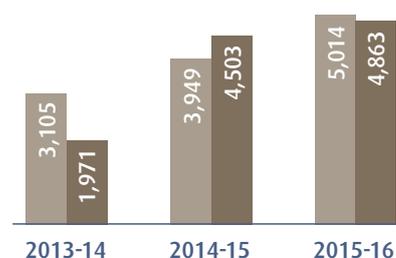
We are committed to the growth, development and well-being of our 31,000+ workforce. Towards these goals, we design and implement comprehensive employee engagement and development programmes, foster a conducive work environment, and consistently provide opportunities for professional and personal development.

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.



Training Snapshot*

	FY 13-14	FY 14-15	FY 15-16
Total Training Days	75	128	243
No. of Training Programmes	53	84	108
No. of Participants in Outbound Training Programmes	450	186	142



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

*For officer level employees only

■ Man-days of training given
■ Total no. of participants

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).

DEVELOPMENT PROGRAMMES

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

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.

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.

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.

NEEV – LAYING A STRONG FOUNDATION FOR PRODUCTIVITY

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.

INDUSTRIAL RELATIONS

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.

INITIATIVE

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.**



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

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	FY 13-14	FY 14-15	FY 15-16
Injuries	861	702	429
Man-days Lost	16,100	13,327	8,010
Frequency Rate	9.06	6.72	4.09
Severity Rate	169.52	127.72	76.46

Between FY 2014-15 & FY 2015-16,
no. of injuries came down by **56%** | no. of man-days lost decreased by **42%**

A CLEANER, HEALTHIER & SAFER WORKPLACE | NARODA

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

SAFETY & EMERGENCY PREPAREDNESS | SANTEJ

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

UPGRADATION OF OCCUPATIONAL HEALTH CLINIC | SANTEJ

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.



+ OCCUPATIONAL

Impact

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

	FY 2014-15	FY 2015-16
Total Workforce	27,512	30,742
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.

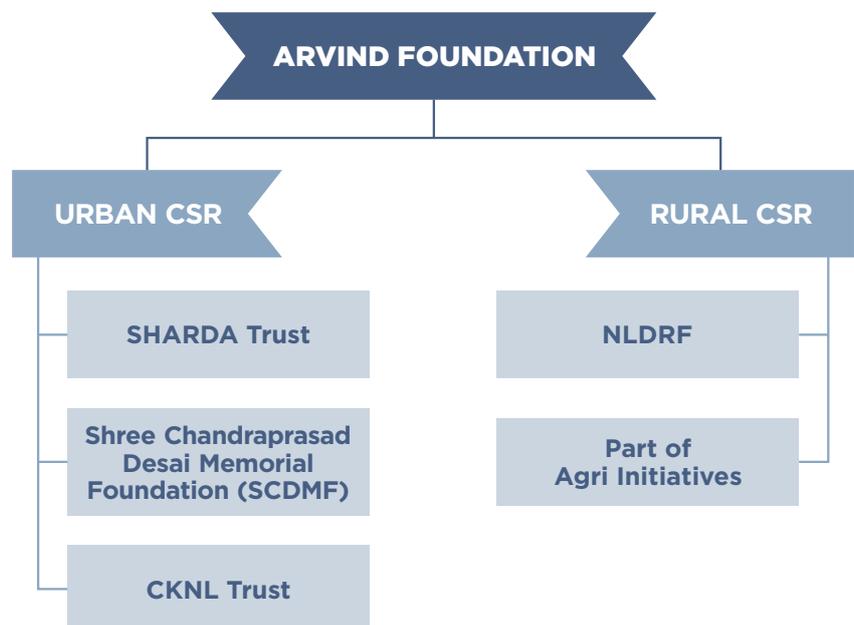
Our approach to Corporate Social Responsibility (CSR) is based on our conviction that corporations and society are interdependent. Social responsibility thus permeates all business functions creating a 'corporate social integration'.



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

<p>Partnership with the Local Government</p> <ul style="list-style-type: none"> • MoU with local school board • MSB allows use of infrastructure & provides electricity free of cost • Providing teaching hours 	<p>Supportive Infrastructure</p> <ul style="list-style-type: none"> • Upgrading school infrastructure • Establishing quality computer lab • Projection facility (LCD monitor) • Internet for faculty & students • Ergonomic furniture • Neat and clean classrooms 	<p>Innovative Method & Materials</p> <ul style="list-style-type: none"> • 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 	<p>Monitoring, Evaluation & Tracking</p> <ul style="list-style-type: none"> • 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:



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.

1,000+
students covered



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.

380
students from various schools

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.

405
students sponsored across
standards 8 and 12

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.

39
students were pursuing graduation
in their field of interest

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

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.

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.

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

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.

Komal
General nursing student at
Civil Hospital, Ahmedabad



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.



Swasth Foundation



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 ailment-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

Programme	No. of Batches	No. of Participants
Basic English Level - 1	3	23
Computer Familiarisation Programme	3	34
Musical Instruments		
Keyboard	4	23
Tabla	4	6
Harmonium	4	4
Guitar	18	65
Drum set	8	14

Total Batches

44

Total No. of Participants

169





MONEY

STRADDLE THE VALUE CHAIN WHERE
**VALUE CREATION
IS HIGHEST**

JAYESH SHAH

Wholetime Director & CFO | Arvind Limited

In March 2015,
Credit Analysis and
Research Ltd.
(CARE) awarded

A1+
rating

to Arvind Ltd.'s
commercial papers
worth

INR 7
billion

This is testament to
the strong growth
potential associated
with our diversified
brand portfolio and
the widespread retail
distribution network.

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.

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.**



**OUR PURSUIT OF
PROFITS IS POWERED
BY AN
UNCOMPROMISING
FOCUS ON INTEGRITY,
INCLUSIVITY AND
INNOVATION.**

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.

Time and again we have used capital for bringing innovation to textile industry besides using it in our daily operations. Starting with a share capital of ₹2.5 million in 1931, we floated a Euro issue of USD 125 million in 1990s after

liberalisation, to fuel the growth of denims and high quality fabrics in the international market. We made the first direct access in international debt market in 1995-96 to raise USD 15 million term loan to build our zero-discharge facility at Santej, Ahmedabad. Following debt restructuring in 2001-2002, we achieved the highest profitability in our history till then.

Money has been powering our growth even today, as we move from our capital-intensive textile business to an asset-light, consumer-centric model, which focusses on brands and retail.



8%

growth in revenues



5%

growth in profit before tax



5%

growth in Operating EBITDA



₹ 51,947 mn

economic value distributed

All figures for FY 2015-16

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.

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

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

**OVER THE LAST 5 YEARS,
WE HAVE ACHIEVED
ROBUST REVENUE GROWTH,
WHILE MAINTAINING
MARGINS, RETURNS AND
A STABLE LEVERAGE**

We started with a share capital of

₹ 2.5 million

in 1931

we floated a Euro issue of

USD 125 million

in 1990s after liberalisation, to fuel the growth of denims and high quality fabrics in the international market.



Going ahead, over the next five years, Arvind's value creation agenda will be driven by:

Growth

Maintain 15% overall top line growth

Profitability

EBITDA growth in tandem with top line

Business Mix

Sharpen and expand B2C plays

Returns

Tight management of capital employed

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 recommend dividend to its shareholders.

FY 13-14	FY 14-15	FY 15-16
23.50%	25.50%	24%
(₹2.35 per share)	(₹2.55 per share)	(₹2.40 per share)

We have been consistently declaring dividends over last five years

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:

R&D Expenditure (Naroda + Santej)	FY 13-14	FY 14-15	in INR million
			FY 15-16
Capital Expenditure	239.7	152.6	82.3
Revenue Expenditure	149.6	160.7	250.4
Total Expenditure	389.3	313.3	332.7

BUSINESS-WISE PERFORMANCE

BUSINESS

2014-15

2015-16

WOVEN FABRICS

Our fabric business delivered strong growth despite volatile external environment.



Achieved 8% growth in volume at

112[↑]
million meters

- highest ever volume till then.

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%.

Achieved 4.5% growth in volume at

116.9[↑]
million meters,

and 5% increase in revenues.

The average price realisation per meter remained flat as compared to last year.

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.

3%[↑]

Registered revenue growth

The volume grew by

26%[↑]

however, average price realisation fell by 19%. This is on account of changing product mix.

24%[↑]

Registered revenue growth

Arvind Goodhill Suit Manufacturing Private Limited, the joint venture company set up to manufacture suits, grew from

₹150 million

in 2015 to

₹490[↑] million

in 2016.



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.

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.

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.

Registered a significant growth of

32%[↑]
in revenue

Continued to demonstrate high growth trajectory and registered a growth of

10%[↑]
in revenues

VOILES

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

Registered a revenue growth of

10%[↑]

Registered a decline in revenue by

4%[↓]

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.

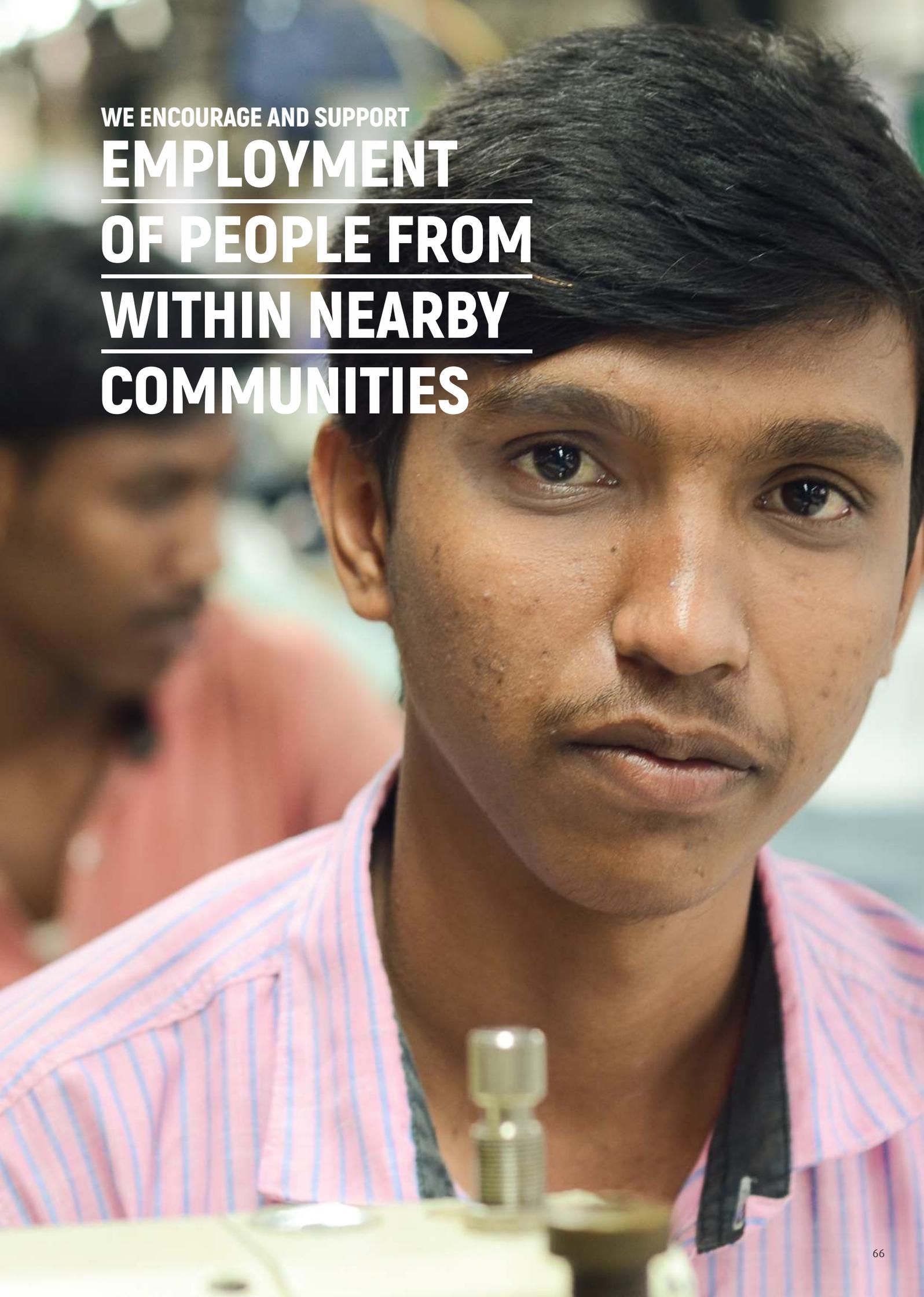
In the reporting period, almost all our significant (top ten by monetary amount) supplies were sourced domestically (i.e. from within the country).

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.

A close-up photograph of a young man with dark hair and a mustache, wearing a pink and blue vertically striped shirt. He is looking intently at a sewing machine. The background is blurred, showing another person in a pink shirt. The text is overlaid on the top left of the image.

WE ENCOURAGE AND SUPPORT

EMPLOYMENT

OF PEOPLE FROM

WITHIN NEARBY

COMMUNITIES



ENERGY

**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

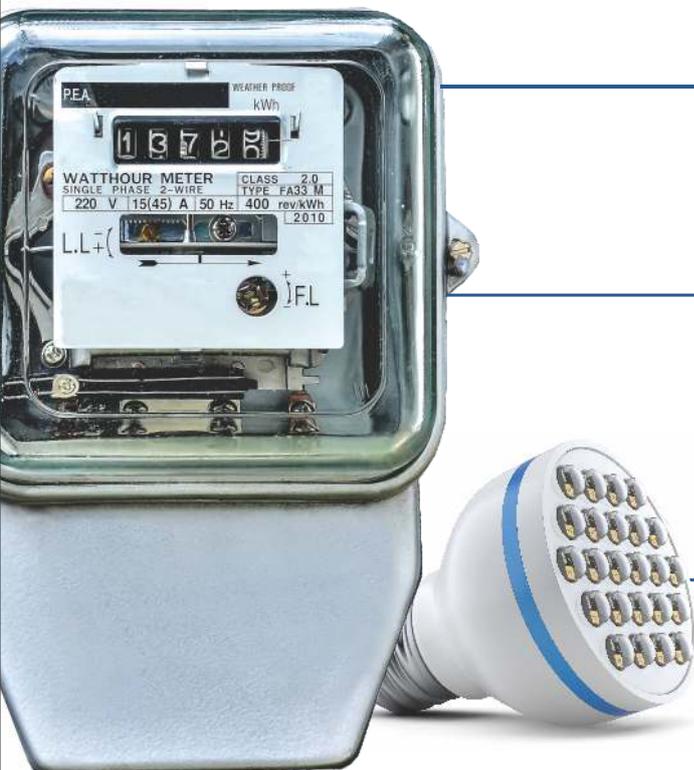
ANNUAL POWER SAVING THROUGH INTRODUCTION OF LED LAMPS AT SANTEJ

**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



We have put in practice a business-wide Energy Policy with a commitment to continually improve the energy performance of all units of Arvind. Objectives and targets are being set and reviewed to maximize the outcome of every unit of energy consumed. To ensure effective implementation of this policy, we have also instituted the Energy Conservation Cell which is overseen by the CEO.

OUR ENERGY STRATEGY

'LESS WATT PER METER'

This approach manifests into multiple tangible benefits.

1 Improved Energy Security

2 Reduced Energy Costs

3 Enhanced Productivity

4 Lower Emissions

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.

GOING AHEAD, WE WILL CONTINUE TO CONDUCT ENERGY AUDITS FOR ALL UNITS IN ORDER TO IDENTIFY AND IMPLEMENT FURTHER OPPORTUNITIES TO MINIMISE THE WASTEFUL USE OF POWER. WE ALSO AIM TO ADD RENEWABLE POWER TO OUR ENERGY MIX.

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

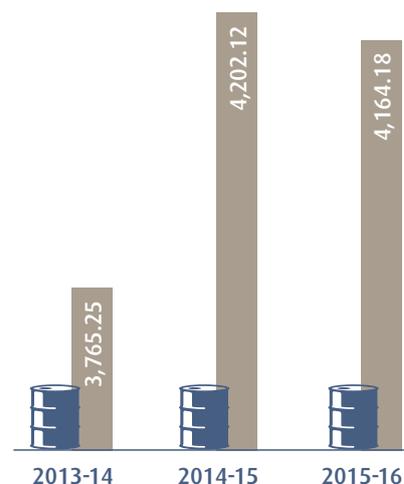
Indirect Energy
The electricity we purchase from the grid

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

in TJ

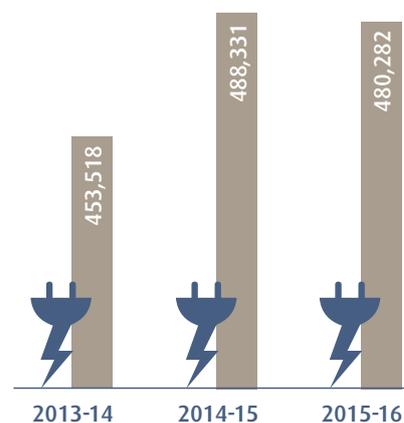
Units	FY 13-14	FY 14-15	FY 15-16
Woven & Knits (Santej)	1,926	2,580	2,566
Denim (Naroda)	1,496	1,300	1,227
Garments Export Division (Bengaluru)	103.6	78	101.32
Arvind Cotspin (Kolhapur)	1.31	1.12	0.86
Ankur Textiles (Ahmedabad)	238.34	243	269
Total	3,765.25	4,202.12	4,164.18



TOTAL INDIRECT ENERGY CONSUMPTION

in MWh

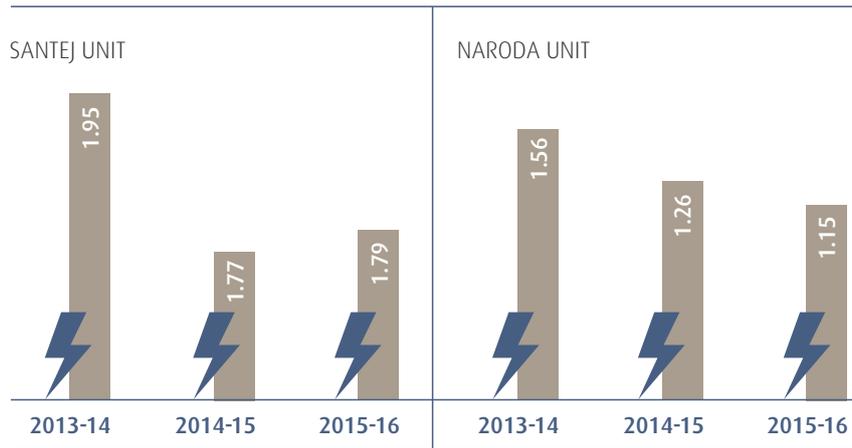
Units	FY 13-14	FY 14-15	FY 15-16
Woven & Knits (Santej)	227,184	244,157	262,913
Denim (Naroda)	125,060	137,797	114,057
Garments Export Division (Bengaluru)	5,864*	6,809	7,422
Arvind Intex (Ahmedabad)	40,430	39,979	38,314
Arvind Cotspin (Kolhapur)	31,764	35,736	34,932
Ankur Textiles (Ahmedabad)	23,216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



*Excluding Electronic City data

SPECIFIC ELECTRICITY CONSUMPTION

(in kWh/meter production)



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.

The apparel industry accounts for

10%
OF GLOBAL CARBON
EMISSIONS

TOTAL GHG EMISSIONS (DIRECT & INDIRECT)

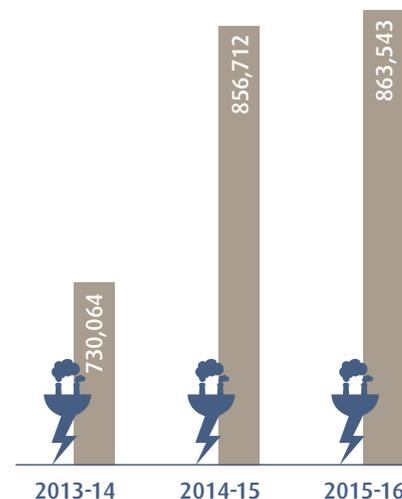
in TCO₂

Units	FY 13-14	FY 14-15	FY 15-16
Direct	321,670	417,214	431,290
Indirect	408,394	439,498	432,253

UNIT-WISE GHG EMISSIONS (DIRECT & INDIRECT)

in TCO₂

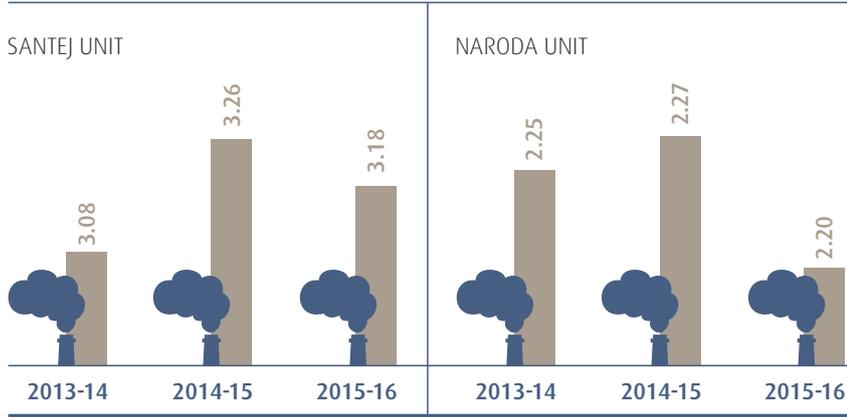
Units	FY 13-14	FY 14-15	FY 15-16
Woven & Knits (Santej)	383,272	448,284	468,083
Denim (Naroda)	230,342	247,122	218,011
Garments Export Division (Bengaluru)	7,602	48,121	65,046
Arvind Intex (Ahmedabad)*	36,387	35,981	34,483
Arvind Cotspin (Kolhapur)	28,589	32,245	31,503
Ankur Textiles (Ahmedabad)	43,872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



*The data for Industrial textile unit includes only indirect emissions

SPECIFIC GHG EMISSIONS

in kg CO₂/meter production



Downward trend
witnessed
in the specific
GHG emission
in FY 2015-16.

CONSERVATION



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

Action	Conservation
Replacement of 8,796 nos. 36-watt TFL with 18-watt LED lamps	3 mn kWh/Annum
Replacement of 1,096 nos. 250-watt, MV Lamp fittings with 120-watt LED	1.4 mn kWh/Annum
Installation of VFDs at various locations and processes	VFD with Pressure Transducer At three Auto Coner machines: 2.59 lac kWh/Annum conserved
	VFD without Pressure Transducer At Pressure Dryer of Dyeing Machine: 0.5 mn units/year conserved
Replacement of the existing pumps with new, energy-efficient pumps	48.8 kWh/Day
Installation of additional pumps with better ratings at the shirting pump house	7.65 lac kWh/Annum
Introduction of dynamic rinsing process (VIVO & miDori®) in the yarn dyeing section	Power savings of 0.07 kWh/kg of fabric rinsed
	Steam savings of 0.5 kg/kg of fabric rinsed
Implemented Karl Mayer dyeing and sizing technology in the indigo dyeing machines such that two warp sheets are dyed & sized in one passage	Power savings of 30% 30% and steam savings of 20%

Action	Conservation
Elimination of two cooling tower pumps by installing a HR PHE in the Gas engine	3.78 lac kWh/Annum
Installation of two energy-efficient compressors in the loom shed	8.1 mn kWh/Annum
Replacement of existing pump sets with energy-efficient pump sets in the Central ETP	6 nos. 30 kW pump sets replaced by 2 nos. 55kW pump sets - resulting in energy savings of 2.51 lac kWh/Annum
	6 nos. 110 kW pump sets replaced by 3 nos. 160 kW pump sets - resulting in energy savings of 1.4 mn kWh/Annum
Installation of O ₂ sensor and insulation improvement in steam boilers	Annual coal savings of 2,594 tonne
Installation of Economizer in 20 TPH boiler	1,689 tons of coal saved equivalent to 9.83 lac Kcal
Temperature optimisation of approximately 10°C at the Thermopack machine	Gas consumption reduced by 9.2%



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

NARODA UNIT

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

OUR INTERVENTIONS TO ENHANCE BOILER EFFICIENCY EARNED US RECOGNITIONS AT STEAMTECH 2016

BENGALURU UNIT

Action

Conservation

Replacing Fluorescent tube lights and metal halide lamps with LED dome light

171
kWh/Day

Replacing the mild steel impeller with FRP Impeller in three spray booth blower motor fans.

~35
Units/Day
(for three fans combined)

Migration from electrical energy to steam energy in 3D IR crinkling by replacing IR Lamps with steam line tubes

285
kWh/Day

Efficiency improvement of boiler by installing Air Pre Heater (APH) to pre-heat the air to be supplied to the boiler.

35
Units/Day

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







WATER

**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

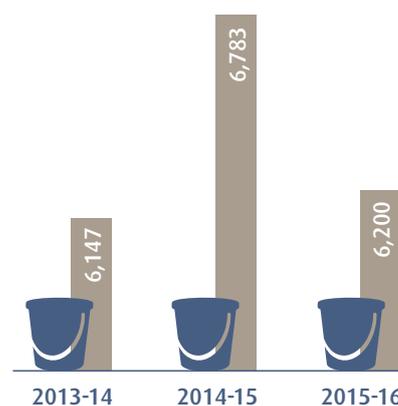
CONSUMPTION

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.

TOTAL FRESHWATER CONSUMPTION

in '000 m³

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



*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.



SPECIFIC WATER CONSUMPTION

In litre of water consumed/meter of production

Units	FY 13-14	FY 14-15	FY 15-16
Woven & Knits (Santej)	49.81	47.21	48.14
Denim (Naroda)	40.43	37.85	34.45
GED (Bengaluru) (in litre of water/garment manufactured)	50	38	42
Ankur Textiles	20.45	18.47	18.48

The Santej unit has been able to produce

MORE
USING
LESS
WATER

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

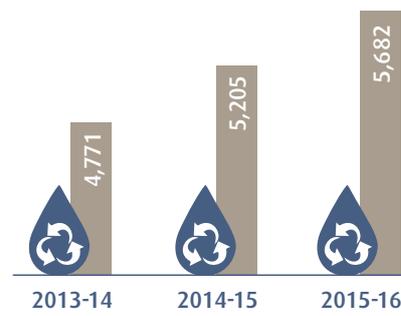
in '000 m³

Units	FY 13-14	FY 14-15	FY 15-16
Woven & Knits (Santej)	4,654	5,036	5,550
GED (Bengaluru)	63	114	99
Ankur Textiles	54	55	33
Total	4,771	5,205	5,682

Our Santej Plant has been a

ZERO

Liquid Discharge plant since inception in 1998.

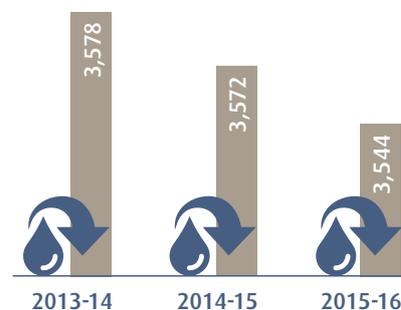


THE SANTEJ UNIT RECORDED AN 8% YOY INCREASE IN USE OF RECYCLED WATER DURING THE FY 2014-15 AND 10% DURING FY 2015-16.

TOTAL WATER TREATED & DISCHARGED

in '000 m³

Units	FY 13-14	FY 14-15	FY 15-16
Denim (Naroda)	2,747	2,852	2,781
GED (Bengaluru)*	133	125	163
Ankur Textiles	698	595	600
Total	3,578	3,572	3,544



*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.

▶ 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.

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.

▶ 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 m³
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 m³
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

The water recycling and reuse initiative at the rope dyeing machine results in savings of approximately

21,600
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 discharge. We modified the machine to recycle and reuse this water to the last wash tank resulting in savings of approximately 21,600 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.

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 cooling tower.

This process resulted in savings of approximately

28,800
m³/annum

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

BENGALURU UNIT

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.



**e-Soft
technology**

ensures

98%
water savings

80%
chemical savings

and
79%
energy savings

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:

Conventional Process

Three processes required:
Washer, spin dry and tumble dry

10g

of chemicals required
per garment

5 litre

water required per garment

0.38 kw/h

power consumed per garment

Full discharge of

**1,000
litre**

as wastewater

e-Soft Technology

Only one process
required

2g

of chemicals required
per garment

0.1 litre

water required per garment

0.08 kw/h

power consumed per garment

**ZERO
DISCHARGE**

*Note: Calculation is done for a load of
100kg, where 1 garment is 0.5kg*

REDUCING 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
- energy consumption
- chemical product use
- 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.

ANKUR TEXTILES, AHMEDABAD



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.



CHEMICALS

**NO BETTER
BUSINESS COMPASS THAN A
CUSTOMER'S GOAL**

AAMIR AKHTAR
CEO | Lifestyle Fabrics - Denim





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.

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

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.

SCREENING FOR HAZARD



With an objective to evaluate chemicals from a hazard perspective, 'GreenScreen for Safer Chemicals' was adopted for the 'Denim Laundry Operations' in FY 2015-16. GreenScreen provides a structured approach to evaluate a comprehensive set of 18 human and environmental health and safety end points, as related to chemical substances. We plan to expand the scope of GreenScreen in coming years.

HAZARD ENDPOINTS

Environmental Fate
Persistence | Bioaccumulation

Environmental Health
Acute Aquatic Toxicity
Chronic Aquatic Toxicity
Carcinogenicity | Mutagenicity & Genotoxicity | Reproductive Toxicity | Developmental Toxicity
Endocrine Activity

Human Health Group 1
Acute Mammalian Toxicity
Systemic Toxicity & Organ Effects
Neurotoxicity | Sensitization
Respiratory Sensitization
Skin Irritation | Eye Irritation

Human Health Group 2
Reactivity | Flammability

SPILL MANAGEMENT POLICY

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.

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.

INITIATIVES

INDIGENISED SPILL KITS



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.

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.

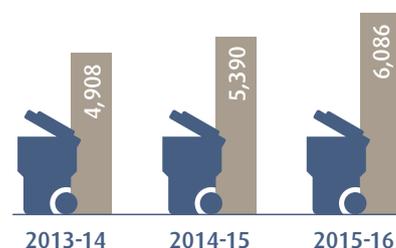
On the other hand, woven fabrics and garments business, both showed growth in volume of 4.5% and 28% respectively. New spindles were added to Santej unit during both years and some of the yarn production was also moved to in-house production from the outsourced yarn earlier. This resulted in an increase 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)

In Tonne

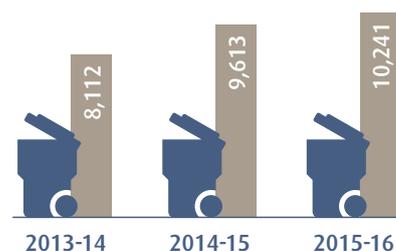
Units	FY 13-14	FY 14-15	FY 15-16
Woven & Knits (Santej)	1,870	2,226	2,978
Denim (Naroda)	2,502	2,673	2,543
Arvind Intex (Yarns) (Ahmedabad)	441	396	470
Arvind Cotspin (Kolhapur)	26.5	37.1	30.5
Ankur Textiles (Ahmedabad)	68.8	58	64.2
Total	4,908	5,390	6,086



Solid Waste (Soft)

In Tonne

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

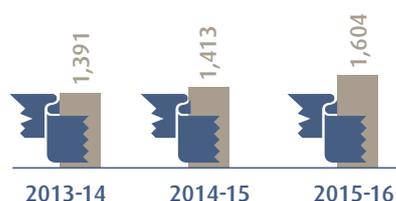


Note: Two spinning units were closed at Naroda during FY 15-16; hence solid soft waste got reduced. A large-scale spinning unit was installed at Santej, resulting in a jump in waste numbers there.

Solid Scrap Waste (Chindi)

In Tonne

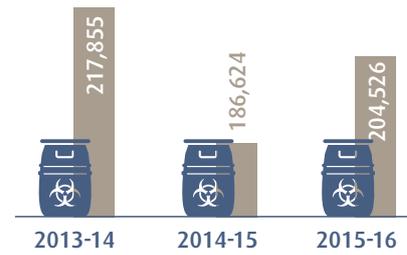
Units	FY 13-14	FY 14-15	FY 15-16
Woven & Knits (Santej)	733	617	903
Denim (Naroda)	330	347	333
Garments Export Division (Bengaluru)	237	352	283
Ankur Textiles (Ahmedabad)	90.86	97	85
Total	1,391	1,413	1,604



HAZARDOUS WASTE

Non-refillable Empty Containers Disposed

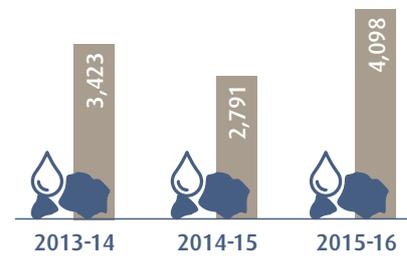
Units	FY 13-14	FY 14-15	FY 15-16
Woven & Knits (Santej)	122,638	139,163	149,830
Denim (Naroda)	95,217	32,419	42,196
Garments (Bengaluru)	--	1,600	466
Ankur Textiles (Ahmedabad)	15,434	13,442	12,034
Total	217,855	186,624	204,526



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

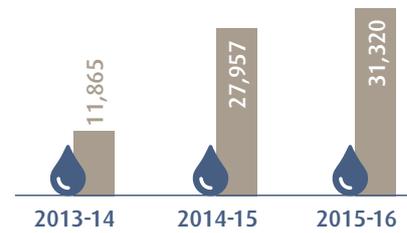
ETP Sludge

Units	FY 13-14	FY 14-15	FY 15-16
Woven & Knits (Santej)	1,721	779	965
Denim (Naroda)	1,141	845	1,254
Garments Exports Division (Bengaluru)	561	586	938
Ankur Textiles (Ahmedabad)	490.63	581	941
Total	3,423	2,791	4,098



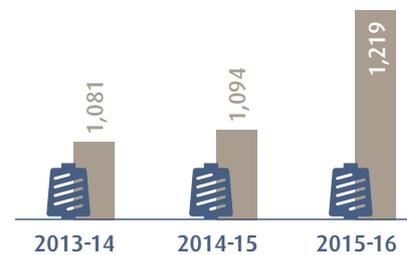
Used Oil

Units	FY 13-14	FY 14-15	FY 15-16
Woven & Knits (Santej)	9,136	16,400	14,100
Denim (Naroda)	2,729	11,557	17,220
Total	11,865	27,957	31,320



MISCELLANEOUS UNIT-SPECIFIC WASTE

Arvind Cotspin (Kolhapur)	FY 13-14	FY 14-15	FY 15-16
Comber Noil	857	881	1,007
Card Sweeping Waste	9.4	11.2	17.8
Flat Strip	214.9	202	194.6
Total	1,081	1,094	1,219

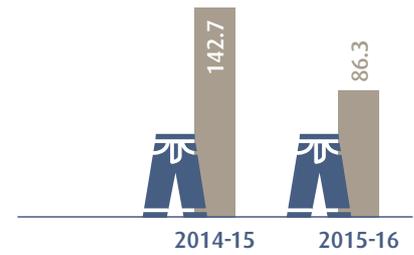


Wovens & Knits (Santej)

	FY 14-15	FY 15-16
Packaging Material	2,112.8	2,169.5
Recycled PVC	17.7	27.1
e-Waste	8.1	8.5
Recycled Plastic	110.2	127

Garments Export Division (Bengaluru)

	In Ton	
	FY 14-15	FY 15-16
Paper Waste	3.5	2.3
Plastic Can	34	73.4
Metal Scrap	11.1	7.2
Fabric End Bits	94.2	3.4
Total	142.7	86.3

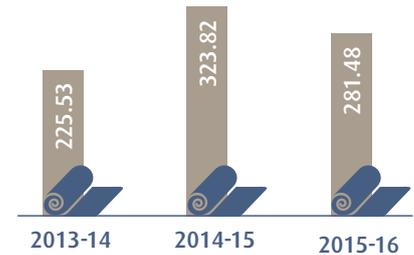


At our Bengaluru unit, grit generated during stone washing is upcycled and used to manufacture bricks. During FY 14-15 and 15-16, we manufactured 34,600 bricks. Each brick utilises 1.7 kg of waste pumice stone powder; hence we utilised approx. 58,820 kg of waste powder in manufacturing these bricks.



Ankur Textiles (Ahmedabad)

	In Ton		
	FY 13-14	FY 14-15	FY 15-16
Steel Scrap	82.26	192.84	127.21
Other Scrap like Plastic, Wood, Cone/ Carton and Other Waste	143.24	130.98	154.27
Total	225.53	323.82	281.48



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.

NO-STONE WASHING

AT BENGALURU UNIT

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**.

No-Stone System
33%
lesser water consumption

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.



Conventional Pumice Stone Washing System



Innovative No-Stone Washing System

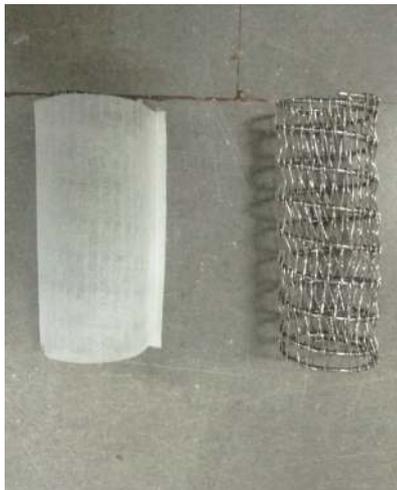
COMPARATIVE STUDY BETWEEN TRADITIONAL STONE WASH AND THE NO-STONE SYSTEM

Parameter	Traditional Stonewash	No-Stone System
No. of Garments	80 pieces	80 pieces
Garment Load	~ 80 kg	~ 80 kg
Pumice Stone Load	160 kg	0
Water Consumption	4,200 litre	2,800 litre
Chemical Consumption		
- ABS	1.35 kg	0.8 kg
- Enzyme	0.8 kg	0.4 kg



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 selvage 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

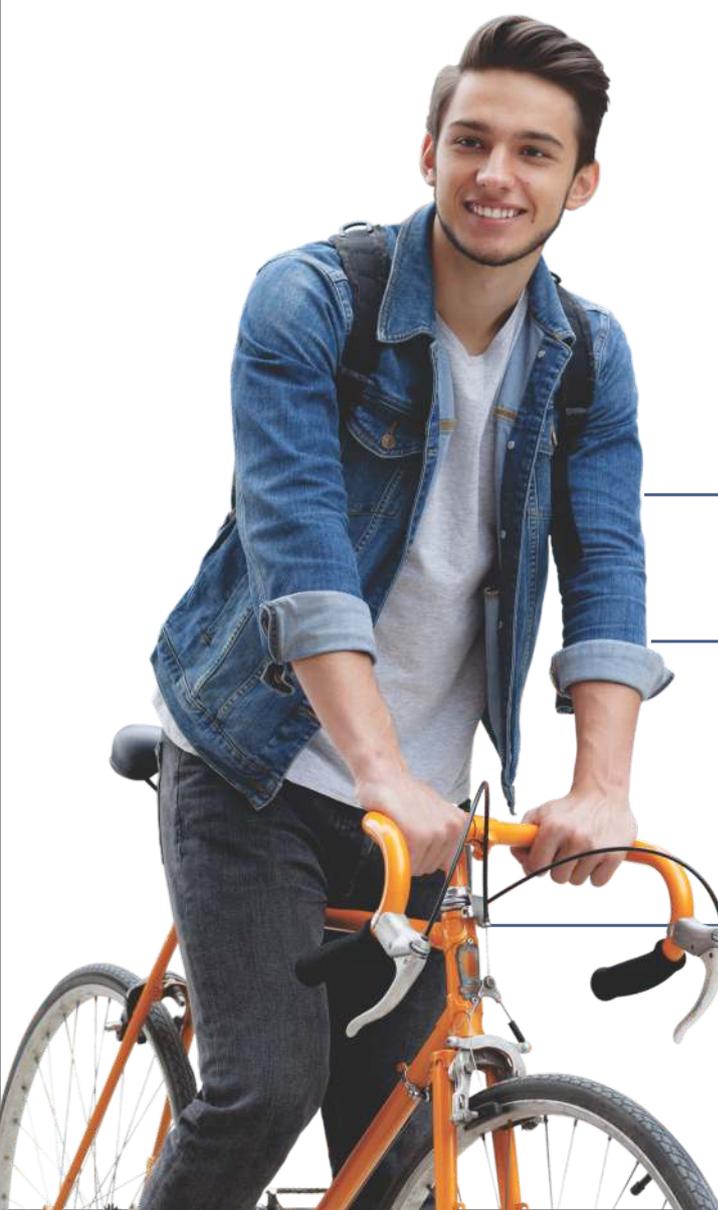
Easy Wash is a revolutionary innovation that allows removal of everyday stains with just a dab of water. Offering a unique blend of fashion and technology, every Easy Wash shirt combines the best of liquid repellence and stain release functions on the finest fabric. Chemicals used for Easy Wash have 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.**

PRODUCT RESPONSIBILITY

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.



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

7.9%

LESS ENERGY

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	RECYCLED POLYESTER	KHADI 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.	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 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.

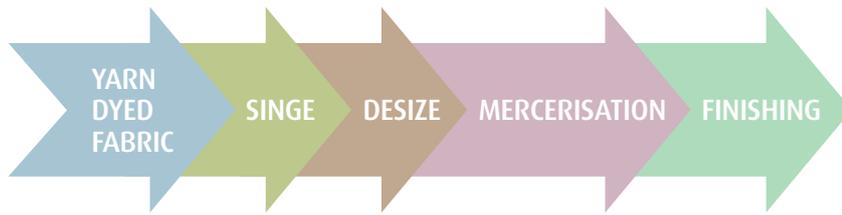
At Arvind, we use both types of post-consumer recycled fibres - natural and synthetic. Recycling is undertaken as per Global Recycling Standard (GRS) guidelines. Cotton fibres extracted from post-consumer waste are used in ring spinning to make sustainable denim. We also source recycled waste that is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



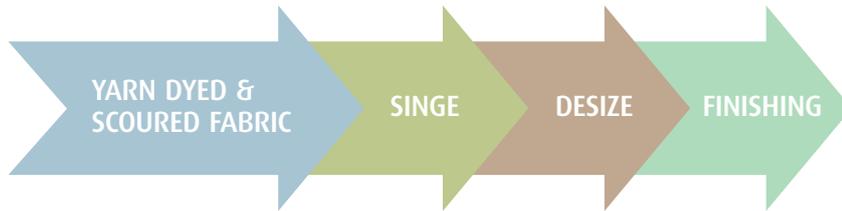
SUSTAINABLE YARN DYEING PROCESS

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.

NATURAL FINISH | REGULAR PROCESS



NATURAL FINISH | SUSTAINABLE PROCESS



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.

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

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.



Arvind Agribusiness is currently working with
**OVER
4,000
FARMERS**
to enhance their farm productivity while reducing financial risks

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.



Tencel[®]

Tencel[®] is a man-made, biodegradable fibre from wood pulp. The wood is sourced from trees grown in notified farms, where they grow faster, do not require any artificial irrigation and are not genetically modified.

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:

NEW
INTRODUCTIONS

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.



Dual Core spinning technology upgraded with more scientific controls.

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



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.



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

Introducing

new equipment and updating the existing machinery

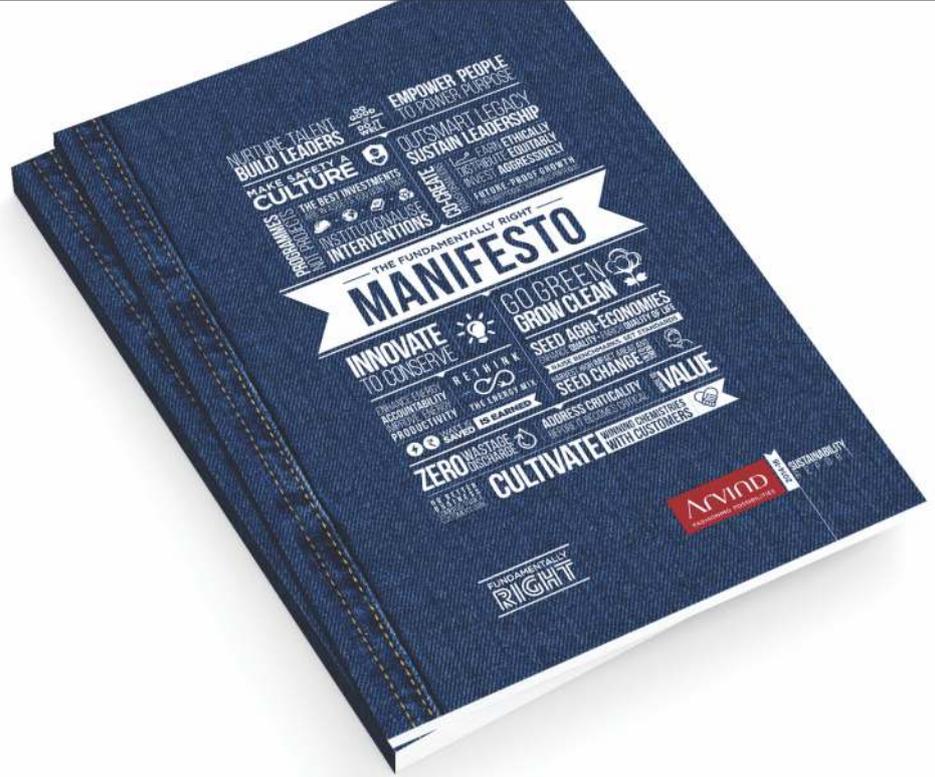
helps us stand true to our goal of being a technology and innovation-driven textile major.



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

It processes fabric at twice the speed; resulting in faster production.

REPORTING SCOPE



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.



THIS REPORT IS IN ACCORDANCE WITH THE G4 CORE GUIDELINES

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)

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.

II. Santej (Woven and Knits business)

III. Bengaluru

(Bommasandra, Electronic City & Mysore Road, collectively reported as Garments Export Division)

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

IV. Kolhapur (Arvind Cotspin)

V. Ahmedabad (Ankur Textiles)

VI. Ahmedabad (Arvind Intex)

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

HIGG INDEX 2.0

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.

Unit	2013	2014	2015	2016
Naroda	55	59	66	74
Santej	62	81	71	71
GED Mysore Road	64	63	63	93
GED Bommasandra	NA*	NA*	40	64
GED Electronic City	NA*	NA*	43	41

**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



Deciphering the Scores

Level 1 30 POINTS	Awareness, understanding & baseline performance
Level 2 30 POINTS	Planning & management
Level 3 40 POINTS	Implementing sustainability measures, demonstrating performance and progress



GRI G4 CORE CONTENT INDEX

G4 Disclosure	Disclosure Title	Level of Reporting	Location of Disclosure	Additional Explanation
Strategy & Analysis				
G4-1	Statement from senior decision-maker	Fully	Pg. 3	
Organisational Profile				
G4-3	Name of the organization	Fully	Pg. 5	
G4-4	Activities, brands, products, and services	Fully	Pg. 9, 10	
G4-5	Location of headquarters	Fully	Back Cover	
G4-6	Location of operations	Fully	Pg. 105	
G4-7	Ownership and legal form	Fully	Pg. 105	
G4-8	Markets served	Fully	Pg. 9	
G4-9	Scale of the organization	Fully	Pg. 9	
G4-10	Information on employees and other workers	Fully	Pg. 49	
G4-11	Collective bargaining agreements	Fully	Pg. 39	
G4-12	Supply chain	Fully	Pg. 28-29, 90-91	We have considered Cotton and Chemical as the main components of the supply chain.
G4-13	Significant changes to the organization and its supply chain	Fully		There were no significant changes to the organization's size, structure, ownership, or supply chain during the reporting period.
G4-14	Precautionary Principle or approach	Fully	Pg. 99, 100, 104	Arvind Ltd. applies the Precautionary Principle in operational planning, new product development to reduce or to avoid negative impacts on the environment.
G4-15	External initiatives	Fully	Pg. 10	
G4-16	Membership of associations	Fully	Pg. 10	
Identified Material Aspects and Boundaries				
G4-17	Entities included in the consolidated financial statements	Fully	Pg. 105	The units and businesses covered, comprise majority of our operations.
G4-18	Defining report content and topic Boundaries	Fully	Pg. 105	
G4-19	List of material topics	Fully	Pg. 21, 22	
G4-20	Explanation of the material topic and its Boundary	Fully	Pg. 105	
G4-21	Explanation of the material topic and its Boundary	Fully		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.
G4-22	Restatements of information	Fully		No major restatement of information occurred during the reporting period.
G4-23	Changes in reporting	Fully	Pg. 105	The reporting parameter has been changed from GRI G3.1 to G4
Stakeholder Engagement				
G4-24	List of stakeholder groups	Fully	Pg. 17	
G4-25	Identifying and selecting stakeholders	Fully	Pg. 17	
G4-26	Approach to stakeholder engagement	Fully	Pg. 18	
G4-27	Key topics and concerns raised	Fully	Pg. 21, 22	
Report Profile				
G4-28	Reporting period	Fully	Pg. 105	
G4-29	Date of most recent report	Fully		This is our second report. Our maiden report covered our sustainability performance till March 31, 2014.
G4-30	Reporting cycle	Fully	Pg. 105	
G4-31	Contact point for questions regarding the report	Fully	Pg. 105	

G4 Disclosure	Disclosure Title	Level of Reporting	Location of Disclosure	Additional Explanation
G4-32-a	Claims of reporting in accordance with the GRI Standards	Fully	Pg. 105	
G4-32-b	GRI content index	Fully	Pg. 107	
G4-32-c	External assurance	Fully		This report is not externally assured
G4-33	External assurance	Fully		This report is not externally assured
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	
G4-DMA-b	The management approach and its components	Fully	Pg. 11, 25, 35, 51, 61, 70, 79, 89, 92, 98-99	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-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	
G4-PR6	Activities, brands, products, and services	Fully		The organisation does not manufacture or sell banned or disputed products in any market.
Specific Disclosures on Material Aspect				
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	

ACRONYMS

ABS	Anti Back Stain
APH	Air Pre-Heater
BCI	Better Cotton Initiative
BCP	Business Continuity Planning
BOD	Biochemical Oxygen Demand
CDP	Carbon Disclosure Project
CMD	Chairman & Managing Director
CMP	Chemical Management Policy
CNG	Compressed Natural Gas
COA	Certificate Of Analysis
COD	Chemical Oxygen Demand
CSR	Corporate Social Responsibility
EIM	Environmental Impact Measuring
ERM	Enterprise Risk Management
ETP	Effluent Treatment Plant
FLMs	Front Line Managers
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
GRS	Global Recycling Standard
HIRA	Hazard Identification & Risk Analysis
IR	Industrial Relations
JV	Joint Venture
LCA	Life Cycle Assessment
MRSL	Manufacturing Restricted Substances List
MVRE	Mechanical Vapour Recompression Evaporation
NLRDF	Narottam Lalbhai Rural Development Fund
OHC	Occupational Health Centre
OHSAS	Occupational Health and Safety Assessment Series
PFCs	Perfluorochemicals
PFOA	Perfluorooctanoic Acid
PFOS	Perfluorooctane Sulfonate
PIL	Product Information Log
RSL	Restricted Substances List
SAC	Sustainable Apparel Coalition
SCDMF	Shree Chandraprasad Desai Memorial Foundation
SHARDA Trust	Strategic Help Alliance for Relief to Distressed Areas Trust
SHGs	Self Help Groups
STP	Sewage Treatment Plant
TDS	Technical Data Sheets
VFD	Variable Frequency Drive
ZDHC	Zero Discharge of Hazardous Chemicals
ZLD	Zero Liquid Discharge



Naroda Road,
Ahmedabad – 380025,
Gujarat, India.

For feedback related to the report or any queries,
please contact us at: sustainability@arvind.in



Printed on environment friendly FSC paper