



INAUGURAL SUSTAINABILITY REPORT 2024-25

A LEGACY OF RESPONSIBILITY.
A FUTURE OF RESILIENCE.

INTRODUCTION

The textile industry stands at a defining moment. As one of the most resource-intensive sectors globally, it carries both responsibility and opportunity – to rethink how growth is achieved, how resources are used, and how value is shared across the ecosystem.

At Sutlej Textiles and Industries Limited, Sustainability is understood not as a separate agenda, but as a business imperative. It is embedded in how the Company plans capacity, manages resources, engages people, and prepares for long-term risks and opportunities.

Over the reporting period FY 2024–2025, Sutlej has continued to strengthen this integration. Investments in renewable energy, water stewardship, operational efficiency, and people-centric practices reflect a clear intent: to build a **resilient, responsible, and future-ready enterprise**.

Our maiden ESG report is a formalisation of the sustainability ethos nurtured by our founder Dr. K. K. Birla. Centred on Environmental, Social, and Governance (ESG) considerations, we cover critical matters influencing our stakeholders and operations and signal our ambition and intent, laying the groundwork for future targets. This Sustainability Report has been prepared to provide stakeholders with a transparent, comprehensive view of Sutej's sustainability performance, priorities, and progress during the period FY 2024–2025.

The report explains how sustainability considerations are integrated into business strategy, operations, and decision-making, and how they contribute to long-term value creation.

The terms "Sutej", Sutej Textiles", "we", "us", and "our" used in this Report refer collectively to Sutej Textiles And Industries Limited.

SCOPE

All of Sutej's 5 manufacturing facilities, and the Head Office.

REPORTING PERIOD

2024-25

APPLICABLE STANDARDS

- SEBI BRSR Framework
- GHG protocol for Scope 1 and Scope 2 calculations
- Aligned with United Nations Sustainable Development Goals

Disclosures are aligned to evolving global best practices to enhance comparability and relevance for investors, customers, and other stakeholders.

ABOUT THE REPORT



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HIGHLIGHTS

2025

Financial



Revenues (FY 2024-25) 2,664.97 CRORE



EBIDTA (FY 2024-25) 68.18 CRORE



Debt cost (FY 2024-25) 7.65%



Credit rating (FY 2024-25) IND A+
India Ratings and Research (Ind-Ra)



Rs. 100.75 lakhs CSR Spend

Non - Financial

ENVIRONMENTAL



2.77 mWp Solar Roof Top, 14,835 kWh/ day Energy saved.



15 tons/ day Fuel saved,
93.47% Total waste recovered
and reused.



0.45% Waste to landfill,
35.24% Percentage of materials
sustainably sourced.



5,520 KLD Zero Liquid Discharge,
Total Recycled Water in FY 24-25:
13,82,421.7 KL.



4.8M+ PET Bottles Recycled Daily,
120MT/day Recycled Polyester
Staple Fibre Produced.



9,616 MT Sustainable Cotton used,
49,055 MT Recycled Polyester
Used.

SOCIAL



1193 Total no. of training and
awareness programmes,
17.42% People Diversity and
Inclusion Representation of
women in total workforce.



0 complaints Under POSH,
100% insurance coverage
Workers.



66% increase Performance and
career development reviews,
Rs. 100.75 lakhs CSR spend.



Construction of Hospital wing,
9469 Tree plantation during
the year.

GOVERNANCE



06 Number of Board meetings
held, 0 Cases of Corruption
and Anti-Competitive
Practices.



25% Women representation
on Board, 62.5% Percentage of
Independent Board members.



21.19% Input material directly
sourced from MSMEs / small
producer, 99.15% Input
material sourced directly
from within the districts and
neighbouring districts.

CHAIRMAN'S REFLECTION

Dear Stakeholders,

The story of Sutej is inseparable from the story of modern India. Established in the years preceding Independence, our organisation was founded on a conviction that industry must serve a larger purpose, creating livelihoods, building communities, and contributing to national development. That conviction remains as central to our identity even today as it was at our founding.

From the beginning, our founders chose to build mills in underdeveloped regions where industrial opportunity was scarce. We provided employment to unskilled and semi-skilled workers, and recognised early that stable livelihoods required more than wages. Sutej invested in housing adjacent to its mills- offering dignity, safety, and continuity to workers and their families long before such practices gained wider recognition. We continue this tradition, incorporating residential infrastructure into every new facility.

Our commitment to responsible operations has always extended to the environment. Disciplined waste management, water conservation, open spaces, and biodiversity preservation were embedded into mill design from the outset. Over the decades, we have steadily expanded our tree cover, guided by the belief that industrial activity and environmental stewardship are not competing priorities- they are complementary ones.

As the organisation grew across generations, so did our governance philosophy. While the founding family remains custodian of the company's values, we have deliberately brought in professional management and independent directors- strengthening decision-making, broadening perspective, and embedding transparency and accountability at every level. This balance between legacy and professionalism has been central to our resilience.

The textile industry is undergoing significant transformation. We are investing in technology, people, and practices to ensure that Sutej remains relevant, responsible, and resilient for generations to come. This report reflects both our heritage and our intent: to build an enduring company that creates value not only for shareholders, but for every stakeholder whose trust sustains us.



C.S Nopany
Executive Chairman



Sustainability is not a new ambition for Sutej. It is the formal articulation of principles that have guided us for decades. What this inaugural report represents is a commitment to measure, disclose, and continuously improve- holding ourselves to the same rigour as we expect from our operations.

CEO's *Perspective*

Our Valued Partners,

Presenting Sutelj's inaugural Sustainability Report is both a professional milestone and a personal one. This report reflects a conviction we hold deeply that sustainability is not adjacent to business strategy. For a company with over nine decades of heritage in the textile industry, our responsibility is clear—to ensure that every dimension of how we grow, invest, and innovate is guided by sound environmental, social, and governance principles.

Over the past several years, we have translated this conviction into concrete action across the business.

Closing the loop on materials. We have commissioned a state-of-the-art recycled polyester staple fibre plant with a capacity of 120 tonnes per day, transforming waste PET bottles into high-quality fibres for captive consumption. This directly reduces our dependence on virgin raw materials and moves us meaningfully toward circular manufacturing.

Decarbonising energy. We are accelerating the adoption of renewable energy—rooftop solar, hybrid green power, and other clean energy measures—to progressively lower both our carbon footprint and energy costs.

Achieving water circularity. Zero Liquid Discharge systems across our facilities now enable 90–100% water recovery and recycling, complemented by rainwater harvesting, wastewater treatment, and ongoing tree plantation initiatives.

*Resilience
is
our
business
model..*

Scaling sustainable fibres and certifications. We are expanding our portfolio of sustainable fibres—recycled polyester, organic cotton, bamboo, Tencel, and hemp—backed by certifications including GOTS, GRS, OEKO-TEX, and SA-8000. Our customers expect products that are not only high-quality but verifiably ethical and eco-responsible.

Driving process innovation. Continuous improvements in energy conservation, adoption of eco-friendly dyes and chemicals, and process-level innovations are delivering measurable savings while reducing environmental impact.

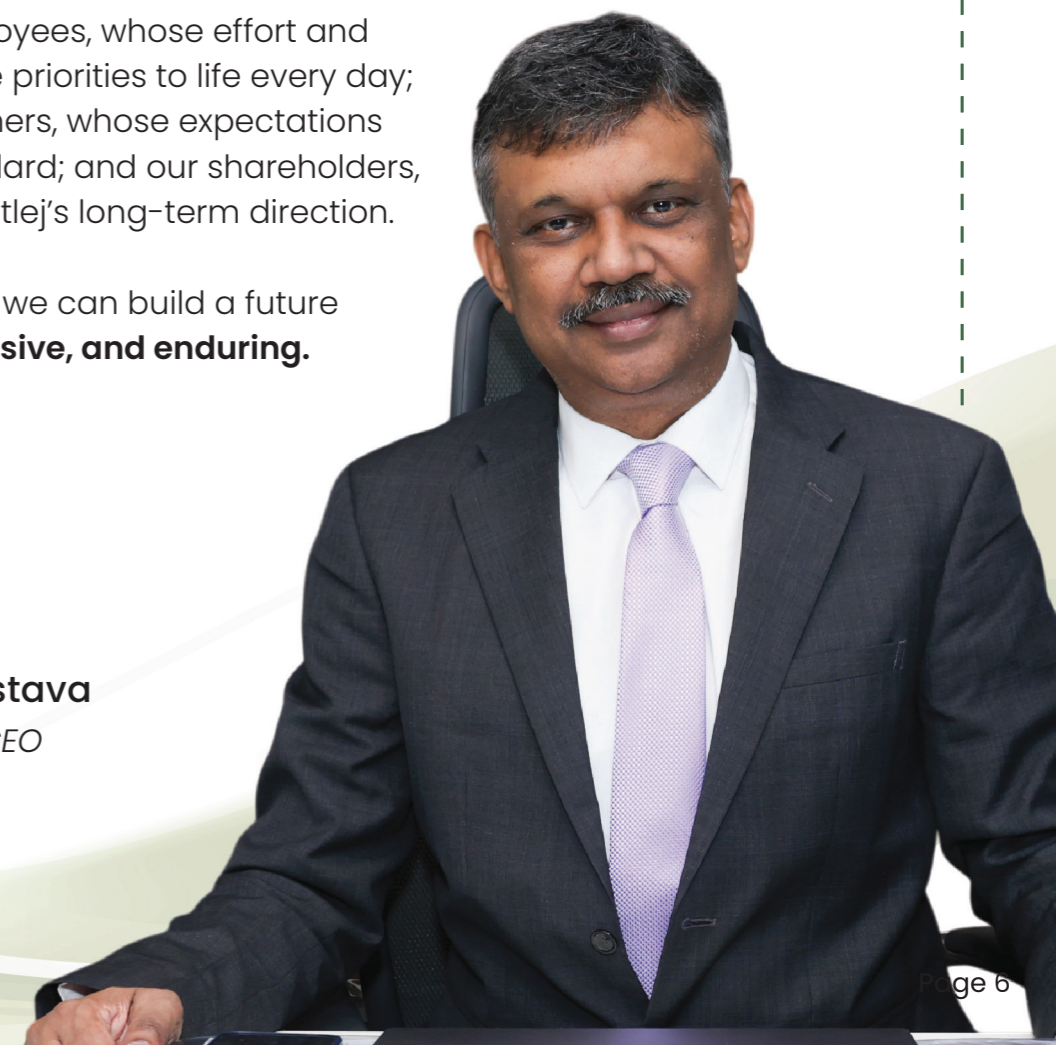
These are not discretionary initiatives. They are essential to aligning Sutelj with national priorities and the UN Sustainable Development Goals, and to ensuring that profitability and positive impact reinforce each other rather than compete.

This report captures where we stand today, acknowledges the work that lies ahead, and sets out the roadmap we intend to pursue—through focused R&D, transparent reporting, open stakeholder dialogue, and a relentless push toward a more circular textile economy. The journey is ongoing, and our ambition is to make each year's report a record of tangible progress.

I want to thank our employees, whose effort and commitment bring these priorities to life every day; our partners and customers, whose expectations hold us to a higher standard; and our shareholders, for their confidence in Sutelj's long-term direction.

Together, I am confident we can build a future that is **sustainable, inclusive, and enduring.**

Ashish Kumar Srivastava
Whole time Director & CEO



ONE SUTLEJ

Sutlej Textiles and Industries Ltd. is one of India's leading textile manufacturers with core operations in yarn manufacturing and value-added textile products and growing presence in home textiles. The Company has established a leadership position in the dyed yarn and cotton mélange yarn segments, built on decades of expertise in value-added yarn manufacturing. Promoted by Dr. K.K. Birla, the company has built a reputation over decades by focusing on quality, variety, and operational efficiency.

Sutlej's product portfolio is strategically anchored across three growth verticals value-added yarns, home textiles and green fibre. The Company has successfully diversified beyond its core spinning operations, with renewed focus and growing traction in the home textile segment, while its green fibre business aligns with the global shift toward sustainable textiles. This diversified positioning provides Sutlej with multiple revenue engines, resilience against single-segment cyclicity and a platform for future business adjacencies.

With manufacturing facilities spread across multiple Indian states, Sutlej emphasises modern technology, sustainability, and consistent innovation in its operations. The commitment to responsible sourcing, green production, and waste reduction align it with evolving environmental standards.

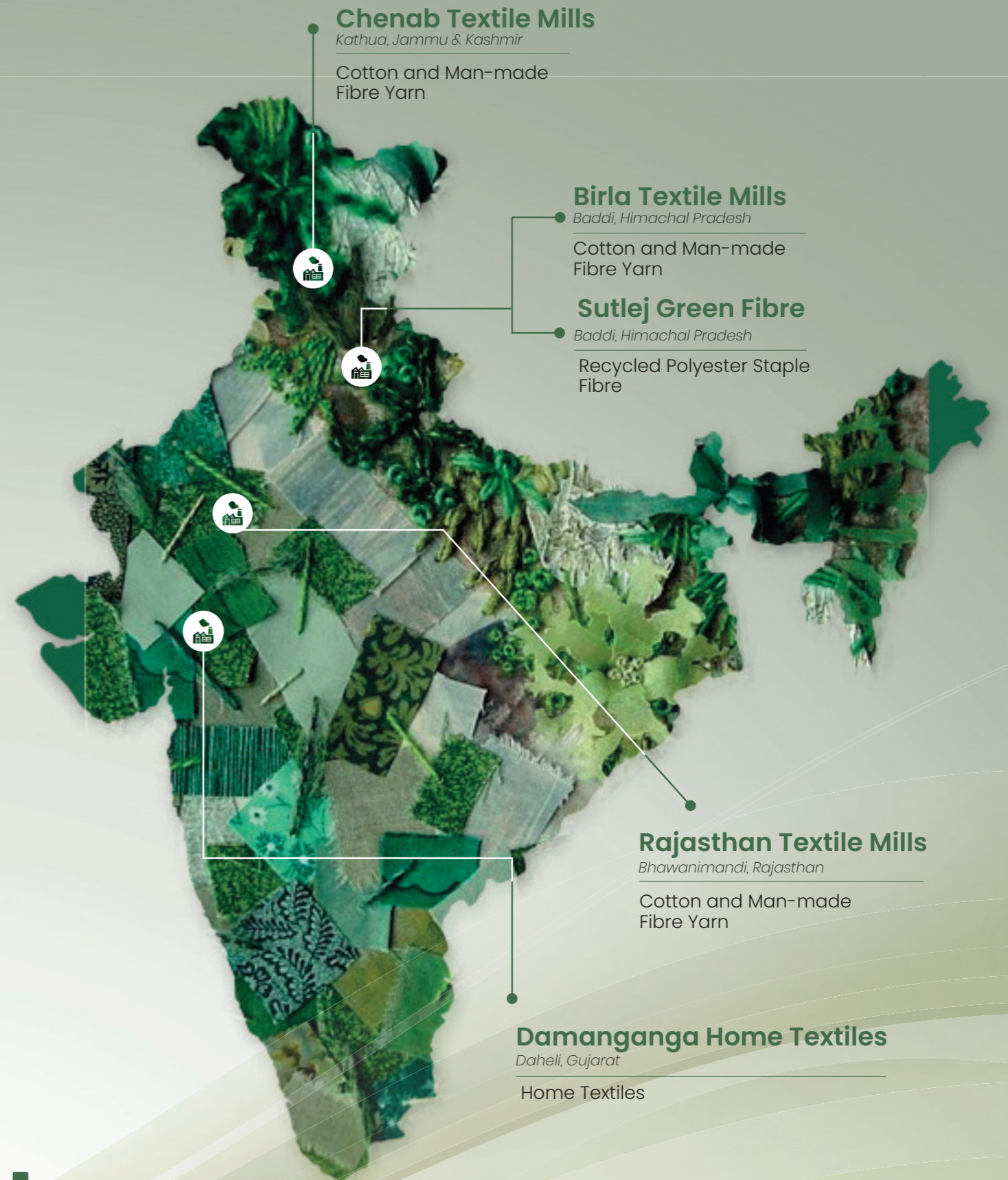
Backed by strong governance and a diversified customer base, Sutlej continues to play a key role in India's textile value chain while innovating to adapt to changing global demands.

Vision

Sutlej aspires to be the textile industry's most climate - conscious and customer - centric leader, pioneering sustainable innovation while preserving our legacy of craftsmanship.

Mission

Our mission is to ensure circular operations, promote sustainable textiles, and empower our workforce throughout the supply chain to deliver environment friendly and superior quality products to our customers that honour our 90-year legacy in excellence.



Sutlej has a strong global clientele and exports to more than 60 countries. It has presence across major developed and emerging economies like Australia, Argentina, Bangladesh, Bahrain, Belgium, Brazil, Canada, China, Chile, Egypt, France, Germany, Hong Kong, Italy, Morocco, Peru, Philippines, Poland, Portugal, Saudi Arabia, Sri Lanka, Turkey, United States of America, United Arab Emirates (UAE), United Kingdom, etc.



Transforming legacy into leadership

MILESTONES



1934

Founded and Promoted by the late Dr. Krishna Kumar Birla as Sutlej Cotton Mills Limited.

1963

Established Rajasthan Textile Mills (RTM) at Bhawani mandi, Jhalawar.

1970

Diversified into Synthetic Blended Yarn.

1981

Leased a spinning unit, Chenab Textile Mills (CTM), at Kathua in Jammu and Kashmir, from Texmaco to manufacture cotton and synthetic yarn.

1997

Purchased CTM.

2005

Sutlej Textiles and Industries Limited was incorporated through corporate restructuring.

2007

Introduced a new market segment of home textiles, reaching directly to the final consumer, with Daman ganga Home Textiles.

2008

Expanded CTM and DGF to manufacture polyester viscose (PV) dyed yarn. Increased cotton yarn capacity at RTM, and diversified the facility to support manufacturing of PV dyed yarn.

2011

Expanded CTM for Melange Cotton Blended Dyed Yarn.

2014

Expanded CTM for Value added Cotton Melange and Cotton Blended Dyed Yarn.

2015

Acquired Birla Textile Mills (BTM) in Baddi, Himachal Pradesh.

2017

Acquired Design, Sales and Distribution business along with brand of American Silk Mills (ASM).

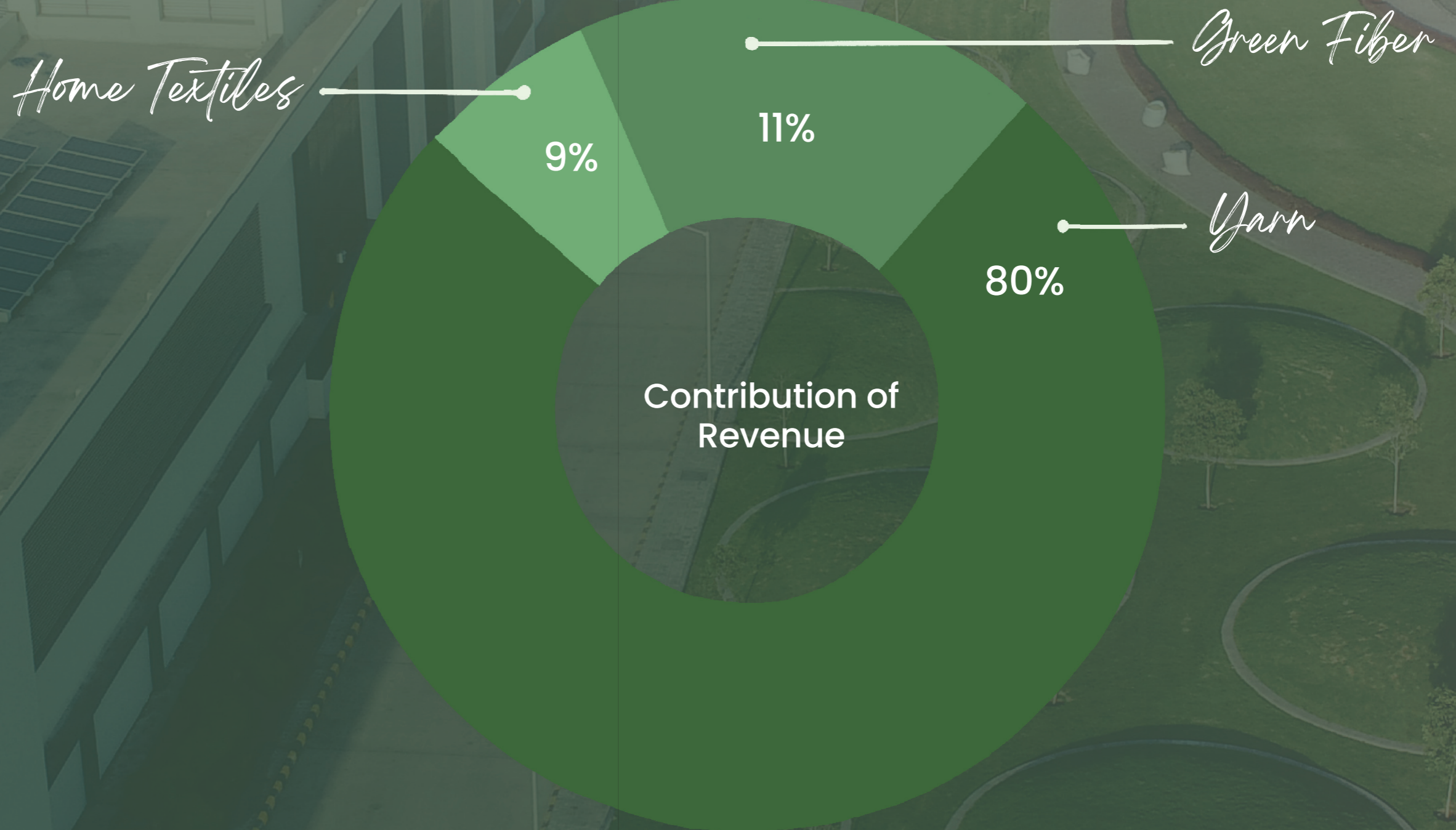
Invested USD 4.5Mn in Wholly Owned Subsidiary, USA.

2022

Backward integration, Sutlej Green Fibre (SGF) set up in Baddi, Himachal Pradesh, to convert plastic waste into recycled polyester staple fibre.

Launched NESTERRA Home Textiles Brand.

PRODUCT VERTICALS



FROM WASTE TO HOME: BUILDING AN INTEGRATED VALUE CHAIN

Every morning, 4.8 million plastic bottles began an unexpected journey. Instead of ending up in landfills or oceans, they arrive at Sutej Green Fibre, where by evening they have become recycled polyester staple fibre. Within weeks, that fibre is spun into yarn in our mills. Some of it travels further still – woven into curtains, upholstery, and fabrics that turn houses into homes.

This is the story of Sutej's integrated value chain: a journey from discarded waste to lived experience, measured not just in tonnes produced but in loops closed and homes touched.

However, it did not all begin with bottles. It began, more than ninety years ago, with cotton.

The Beginning: COTTON *Yarn*

In pre-independence India, cotton was the foundation of the textile economy. When Sutej began spinning in 1934, cotton yarn was our singular focus – and for decades, it was enough. It supported livelihoods, built infrastructure, and established our reputation for quality.

But cotton carried one persistent vulnerability: price volatility. Through the 1970s, as price cycles grew increasingly unpredictable, and the company faced a choice – remain committed to a single fibre and accept the swings, or experiment with alternatives.

The experiments began quietly. Could we blend cotton with polyester staple fibre? Could we preserve cotton's natural comfort while adding the durability and consistency of synthetics? Could we spin polyester with the precision we had built over four decades? Why not dye the fibre and then Spin?

Those experiments became capabilities. Those capabilities became diversification. Over the following decades, Sutej evolved from a cotton-exclusive spinner into a diversified yarn manufacturer working across cotton, synthetics, blends in greige, dyed and mélange – and eventually, sustainable alternatives.



Moving Backward
to Move Forward

Sutlej Green Fibre

By 2020, the global textile industry faced converging pressures. Virgin polyester prices moved with crude oil markets. Supply chains were exposed to geopolitical disruption. And global brands were demanding sustainable alternatives with verifiable traceability.

Plastic waste, meanwhile, was accumulating at an accelerating rate — PET bottles in particular representing both an environmental crisis and an untapped resource.

We were sitting on two problems that could solve each other. We needed stable, sustainable raw material. The world needed to do something about plastic waste. Why not connect them?

The decision to build Sutlej Green Fibre (SGF) was more than environmental responsibility — it was strategic backward integration. By producing our own recycled polyester staple fibre (rPSF), we could secure raw material supply, stabilise input costs, and build something rare in the textile industry: complete supply-chain traceability.

PET BOTTLES PROCESSED DAILY

4.8M

bottles / day at Green Fibre Facility, Baddi

100% capacity utilisation

REVENUE FROM RECYCLED PRODUCTS

11.76%

of total turnover

87% green fibre requirement met internally

87% self-serviced

PLASTIC DIVERTED FROM LANDFILL

43,200

MT / year

120 MT/day installed capacity

GRS + RCS Certified

EPR CREDITS EARNED

₹10.02 Cr

Extended Producer Responsibility credits — FY 2024-25

Only 3% waste to disposal

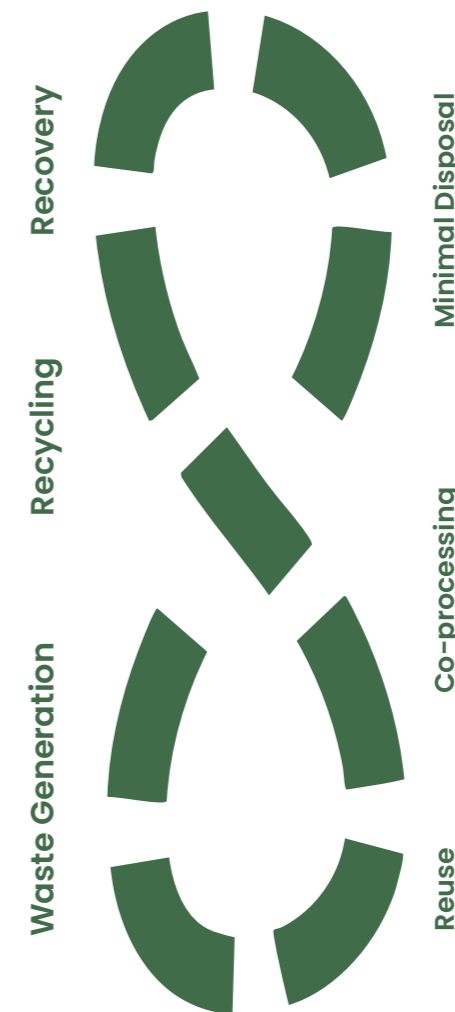
CLOSING
THE LOOP

Commissioned in 2021, SGF runs on a clear operational model: collect post-consumer PET bottles, clean and sort them, shred them into flakes, and melt-extrude them into textile-grade rPSF.

Today, the facility runs at full capacity. Approximately 4 million PET bottles enter every day and 1.5 billion bottles diverted every year.

But the strategic value lies in integration, not just volume. 87% of SGF's output flows directly into our own spinning mills — creating a closed loop from waste collection to finished yarn, entirely within our operations. The remaining 13% serves external customers in the sustainable fibre market, demonstrating that what we have built has value beyond our own needs.

Global Recycled Standard (GRS) and Recycled Claim Standard (RCS) certifications provide third-party verification of our processes. With sustainable yarn demand accelerating globally, capacity expansion will follow to meet the market demand.





Plastic bottles are not waste – they are raw material in the wrong place. We do not merely manufacture fibre – we close a loop the industry had left open.

Rohit Arora

*Executive President
RTM & SGF*

YARN BUSINESS

THE CORE EVOLUTION: FROM VOLUME TO VALUE TO VALUES

With raw material security addressed through backward integration, the yarn division could focus on a different kind of evolution: product diversification.

Nine decades after our first spindles turned, our yarn portfolio looks unrecognisable. Cotton remains significant — Organic Cotton (GOTS certified), Fairtrade Cotton (FLOCERT certified), Better Cotton Initiative, and Combed & Compact Cotton for premium applications.

Alongside cotton, we spin polyester (increasingly from our own recycled fibre), poly-cotton blends, and melange yarns at scale. These conventional yarns form the volume foundation of the business.

But the more strategic shift is what we have built alongside the conventional: 35+ sustainable fibre variants, none of which existed in our mills a decade ago. They fall into four families.

We are no longer simply spinners responding to orders. We are material innovators helping brands navigate the transition to sustainable textiles — with the certifications, traceability, and technical capability to make their commitments credible.

But yarn, however innovative, remains an intermediate product. To capture full value and meet end-use accountability, we needed to move closer to the consumer.

Recycled fibres — recycled polyester from post-consumer bottles; recycled cotton from textile waste.

Regenerative and natural fibres — hemp, linen, bamboo, soya bean fibre.


Advanced cellulosics — Lenzing partnership fibres including Ecovero™, Modal, SeaCell™, Smartcell™.

Bio-based functional fibres — coffee ground fibre, corn fibre (PLA), eri silk.

This diversity is not decorative. Fashion brands need traceable sustainable content. Activewear demands performance without environmental compromise. Baby clothing requires safety and responsibility together. Home textiles enter intimate spaces. Medical applications require purity. Industrial textiles solve technical problems.

The shift shows up in our operating metrics:

- 35% of total raw material inputs now come from sustainable sources.
- Our GOTS 6.0 certified dye house operates without AZO compounds, NPEO, APEO, or formaldehyde.
- Our BTM facility holds Regenagri Content Standard certification, tracking regenerative agriculture all the way.



The fastest-growing yarn segment is performance blends where sustainability and functionality converge: These are not niche products anymore. They are where the market is heading, and we intend to lead it.

Dhiraj Banka

*Chief Marketing Officer
-Yarns & Fabrics*

MOVING FORWARD

Home

Textiles &

Consumer Accountability

There is a fundamental difference between selling yarn to an apparel manufacturer and selling curtains to a consumer. Yarn is an input, judged on technical specifications – count, strength, evenness. Curtains are an experience, judged on aesthetics, durability, how they feel, and how they perform in actual living spaces. When Sutlej entered home textiles in 2006, that difference forced a new discipline. In yarn manufacturing, sustainability lives in process efficiency, chemical management, and supply-chain traceability – industrial, measured, largely invisible to end users. In home textiles, sustainability becomes visible. Every curtain, every piece of upholstery carries an implicit promise: safe enough for my family, durable enough to justify the price, made responsibly enough for me to feel good about it.

The vertical operates through two complementary channels. The B2B channel serves institutional customers – hospitality chains, contract furnishers, retail private labels – requiring consistency at scale, compliance without negotiation, and quality that survives commercial use. The B2C channel, launched in 2020 under the Nesterra brand, translates manufacturing capability into consumer-facing design. Nesterra reaches consumers through approximately 625 multi-brand retail touchpoints across India, supported by a B2B digital platform.

Within this vertical, a ready-made products category for export markets is in development – the next phase of value addition.

Home textiles currently contribute 9% of total company revenue.

THE SUSTAINABILITY LENS OF HOME TEXTILES

A

What defines Home Textiles?

What defines this vertical, however, is not the revenue contribution. It is the operating philosophy: less, but better. Walk through any fast-furniture showroom and you will see

PHILOSOPHY

OF

the opposite approach: cheap, replaceable, designed for obsolescence. Curtains that fade in six months. Upholstery that pills in a season. We invert this. What if products lasted long enough that people did not need to replace them? What if sustainability were not a green label, but the result of making things well enough that they reduce consumption through longevity?

LESS

In practice, this means products built from certified sustainable yarns from our own mills — traceable, tested, verified. Designs engineered for multi-year use, holding colour and resisting wear. Compliance with Oeko-Tex Standard 100 and strict chemical restrictions.

&

And manufacturing through select partners in clustered ecosystems, rather than sprawling supplier networks — enabling tighter quality control, traceability, and consistency batch to batch.

MORE

The home textiles vertical is not about maximising volume. It is about building trust, one home at a time.

The

INFRASTRUCTURE

Beneath: Why Certifications Matter ?

Twenty-plus international certifications can look like bureaucratic achievement. In practice, they are operational discipline made visible.

Every ISO standard, every third-party audit, every renewal cycle represents hundreds of internal processes executed consistently enough to pass external scrutiny. They are not marketing badges — they are evidence of systems that work even when no one is watching.

Our certification portfolio spans:

Environmental and energy management

- ISO 14001:2015, ISO 50001

Occupational health and safety

- ISO 45001:2018

Social accountability

- SA8000, SMETA, Fair Trade

Responsible sourcing and traceability

- GOTS 6.0, OCS, GRS, RCS, Regenagri Content Standard, FSC Chain of Custody, SVCOC, Oeko-Tex Standard 100

Quality systems

- ISO 9001, IS 17265, Usterised Quality Seal

These do three things. They validate claims — when we say “recycled,” GRS makes it verifiable, not promotional. They enable market access — many global customers require specific certifications as entry criteria. And they enforce discipline — maintaining certifications requires consistent process adherence, creating accountability loops that prevent drift.

They transform sustainability from aspiration to operation.

Smita Joshi

Vice President- Home Textiles

Home textiles enter people's homes, and that raises the level of accountability for us.

The home textiles buyer of today asks questions our customers 10 years ago never raised:

What chemicals were used? Where was water treated? Can you prove it? Our unit was built to answer every one of them.



The Integrated Value Chain

From 4.8 million bottles collected each morning to curtains hanging in bedrooms across India and beyond – this is Sutej's integrated value chain. Not three separate businesses, but three movements in a single transformation.

Movement	Transformation	Outcome
Upstream- Green Fibre	Waste becomes raw material. Volatility becomes stability. Dependence becomes sovereignty.	87% captive rPSF consumption with full traceability.
Core- Yarn	Volume meets value meets values. Conventional capabilities expanded with sustainable innovation.	35% sustainable inputs; 35+ certified fibre variants.
Downstream- Home Textiles	Materials become products. Products enter homes. Accountability becomes tangible.	9% revenue contribution; brand building; margin expansion

This integrated architecture delivers four strategic outcomes:

- **Margin resilience** – value captured at multiple stages, less vulnerable to single-point failures.
- **Supply-chain control** – reduced dependence on external variables; internal loops absorb external shocks.
- **Sustainability at scale** – embedded from waste collection to finished curtain, not confined to a single product line.
- **Strategic optionality** – a platform ready for technical textiles, performance materials, and deeper circular economy models.

We started spinning cotton ninety years ago. Today, we are spinning responsibility into every product we make.

The story is far from over. With sustainable textile demand accelerating globally, technical textiles emerging as the next frontier, and circular economy models maturing beyond pilot projects, the integrated architecture we have built positions us not just to participate in these shifts – but to help define them.

The question is not whether textiles can be sustainable. The question is whether they can be sustainable, competitive, and scalable – all at once.

Our three verticals, working as one, are built to answer **yes.**

Three movements, One Story

RECOGNITION & CERTIFICATIONS

Certifications and third-party recognitions play a vital role in strengthening the credibility of our sustainability efforts. These certifications represent more than compliance milestones; they reflect a disciplined approach to responsible manufacturing and continuous improvement. Through periodic third-party audits and structured management systems, Sutej ensures that environmental stewardship, occupational safety, ethical labour practices, product quality, and supply chain transparency are embedded into daily operations.

Independent verification strengthens stakeholder confidence by providing objective, comparable evidence of performance. It also enhances market access by aligning operations with internationally recognised standards. By maintaining and renewing these certifications, the Company reinforces its commitment to accountability, operational excellence, and long-term sustainable growth.

Environmental & Energy Management

- ISO 14001:2015 – Environmental Management Systems
- ISO 50001 – Energy Management Systems



Occupational Health & Safety

- ISO 45001:2018 – Occupational Health & Safety Management Systems



Social Accountability & Ethical Practices

- SA8000 – Social Accountability Management Systems
- SMETA Certification – Ethical Performance in Supply Chain
- Fair Trade Certification (FLOCERT)



FLOCERT
assuring fairness

SMETA
Sedex Members Ethical Trade Audit

Responsible Sourcing & Traceability

- Global Organic Textile Standard (GOTS 6.0)
- Organic Content Standard (OCS-IN)
- Global Recycled Standard (GRS)
- Recycled Claim Standard (RCS)
- Regenagri Content Standard & Chain of Custody
- Forest Stewardship Council (FSC) Chain of Custody
- Sustainable Viscose Chain of Custody Standard (SVCOC)
- Oeko-Tex Standard 100



These certifications reinforce Sutlej's alignment with international best practices across raw material sourcing, product safety, supply chain transparency, and environmental responsibility.

Process & Quality Certifications

- ISO 9001 – Quality Management Systems
- IS 17265 – Quality Standard for Polyester Yarn
- Usterised Quality Seal for Textile Spinning



These recognitions support product reliability, operational consistency, and customer confidence.

Sustainability and financial resilience are not parallel tracks — they converge. Our investment in Zero Liquid Discharge infrastructure, renewable energy procurement, and recycled fibre manufacturing reflects a clear financial logic: resource efficiency reduces operational costs, certified supply chains command price premiums, and strong ESG governance lowers our cost of capital over time.

FIBER

YARN

FABRICS

Sachin Karwa

Chief Financial Officer

SUSTAINABILITY AT SUTLEJ

Rooted in Responsibility

Driven by Purpose.

At Sutlej Textiles and Industries Limited, sustainability is not a recent commitment – it is a continuation of values that have shaped the organisation since its inception. Long before sustainability became a corporate mandate, Sutlej’s founders recognised that industry carries a responsibility beyond production and profit. The Company’s early decisions reflected a deep awareness of 3 Ps viz, *People, Place, and Purpose*. Mills were deliberately established in underdeveloped regions where industrial opportunity was limited. Employment was extended to unskilled and semi-skilled workers, creating livelihoods where few alternatives existed. In doing so, Sutlej became more than a manufacturing enterprise – it became a catalyst for regional economic development and social mobility.

Recognising the realities of migrant labour, the Company invested in residential infrastructure adjacent to its manufacturing facilities.

Accommodation, community spaces, and essential amenities were provided to ensure dignity, safety, and stability for workers and their families – decades before such practices were widely institutionalised. Even today, residential planning remains integral to the development of new facilities, reflecting a sustained commitment to workforce welfare.

Environmental stewardship was equally embedded in Sutlej’s early operations. Industrial growth was balanced with disciplined waste management, minimisation of resource consumption, and the generation of value from waste. Mill sites were designed with open spaces to facilitate natural water percolation and preserve ecological balance. Biodiversity on-site was protected, and tree cover progressively expanded. These measures were not reactive – they were foundational beliefs that industrial progress and environmental responsibility must coexist.



SUSTAINABILITY STRATEGY – FROM VALUES TO STRUCTURED STRATEGY

As Sutlej expanded in scale and complexity, governance systems evolved to support sustainable growth. Professional leadership, independent directors, and structured oversight mechanisms were introduced to enhance transparency, strengthen decision-making, and institutionalise accountability.

Today, sustainability at Sutlej is embedded within business planning, capital allocation, risk management, and operational processes. It is no longer implicit – it is defined, measured, and continuously improved.

OUR APPROACH IS BUILT ON THREE INTEGRATED PILLARS:

- 1. Responsible Resource Stewardship**
Optimising energy, water, and raw material use while advancing renewable energy adoption, circular manufacturing, and waste minimisation.
- 2. Inclusive Growth and Social Development**
Strengthening workforce welfare, enabling skill development, supporting education, and contributing to community well-being in regions of operation.
- 3. Ethical Governance and Accountability**
Ensuring transparency and traceability, regulatory compliance, supply chain responsibility, and effective risk management across the organisation.

Sutlej's sustainability strategy is aligned with:

- The United Nations Sustainable Development Goals (SDGs)
- The National Guidelines on Responsible Business Conduct (NGRBC)

These frameworks provide a robust and structured foundation for integrating environmental stewardship, social responsibility, and ethical governance across the organisation.

Alignment with SDGs and NGRBC ensures that our initiatives are:

- Purpose-driven
- Measurable and accountable
- Responsive to stakeholder expectations
- Aligned with national development priorities

Through this alignment, Sutlej strengthens risk management, enhances regulatory readiness, and supports responsible growth in a rapidly evolving business environment.

CREATING SHARED AND LONG-TERM VALUE

Sutlej views sustainability not as a cost centre but as a value-creation engine. Responsible energy and water management improve operational resilience. Circular fibre integration reduces raw material risk. Workforce welfare strengthens retention and productivity. Strong governance builds investor and customer confidence.

By embedding ESG considerations into strategic decision-making, Sutlej enhances its ability to navigate regulatory shifts, supply chain disruptions, climate-related risks, and evolving consumer expectations.

EVOLVING WITH INDUSTRY TRANSFORMATION

The textile sector is undergoing structural change driven by sustainability regulations, brand-level carbon commitments, and traceability requirements. Sutlej is responding proactively – investing in renewable energy capacity, expanding recycled fibre capabilities, strengthening certifications, and deepening supply chain transparency.

At the same time, the Company remains anchored in its founding belief: industrial progress must coexist with environmental balance and social inclusion.

A CONTINUUM, NOT A TRANSITION

Sustainability at Sutlej represents continuity rather than change. It is the formal expression of principles that have guided the Company's development across decades.

As we look ahead, our focus remains clear:

- Build resilience through efficient resource management
- Enable inclusive economic opportunity
- Strengthen governance systems
- Innovate responsibly
- Create enduring value for all stakeholders

Sutlej's sustainability journey is therefore both historical and forward-looking – grounded in legacy, guided by structure, and driven by long-term impact.

MATERIALITY ASSESSMENT – *Focusing on what truly matters*

At Sutelj, sustainability priorities are shaped through a structured materiality assessment that reflects both business realities and stakeholder expectations. In a sector as resource-intensive and globally connected as textiles, identifying the right focus areas is essential to ensuring resilience, regulatory readiness, and long-term value creation.

Materiality allows Sutelj to channel attention and investment toward the environmental, social, and governance themes that have the greatest impact on operations, reputation, and stakeholder trust.

A STRUCTURED AND INCLUSIVE PROCESS

The materiality assessment was undertaken through a comprehensive and consultative approach.

First, a broad universe of ESG topics was identified by reviewing global standards, regulatory frameworks, industry benchmarks, peer disclosures, and evolving market expectations. These themes spanned climate risk, resource management, labour practices, supply chain transparency, product responsibility, and governance systems.

Second, inputs were sought from diverse stakeholder groups. Their perspectives helped evaluate which issues were most significant from both operational and societal standpoints.

Finally, identified topics were prioritised based on their potential impact on business performance, compliance exposure, brand relationships, and long-term strategic positioning.

KEY THEMES EMERGING FROM THE ASSESSMENT

The materiality process reaffirmed that Sutelj's most critical priorities lie at the intersection of environmental stewardship, social responsibility, and strong governance.

ENVIRONMENTAL PRIORITIES

- Water management
 - Waste management
 - Energy management
 - GHG emissions and climate change
- These issues are central to operational continuity, regulatory alignment, and customer confidence in sustainability performance.

SOCIAL PRIORITIES

- Training & Development
 - Occupational health and safety
 - Employee Well Being
 - Community Relations & Engagement
- Given Sutelj's long-standing presence in developing regions, social impact remains deeply intertwined with business performance and regional development.

GOVERNANCE PRIORITIES

- Product Quality & Safety
 - Risk Management
 - Raw Material Sourcing and Supply Chain traceability
- Strong governance was identified as an enabling factor that supports environmental and social progress while strengthening investor trust.

INTEGRATION WITH STRATEGIC DIRECTION

The findings of the materiality assessment are embedded into Sutelj's broader sustainability strategy. They guide:

- Investment in renewable energy and circular fibre capacity
- Enhancement of water stewardship systems
- Strengthening of employee welfare and safety mechanisms.

- Expansion of certified and traceable product offerings
 - Reinforcement of governance and compliance frameworks
- By integrating material topics into corporate planning, Sutelj ensures that sustainability is not managed in isolation but woven into operational excellence and business resilience.

MOVING FORWARD

As Sutelj looks ahead, the materiality assessment serves as both a compass and a commitment. It clarifies where our responsibilities are greatest and where our actions can create the most meaningful impact. Sustainable growth, for Sutelj, is not pursued in isolation – it is built on disciplined resource management, empowered people, trusted partnerships, and principled governance.

The priorities identified through this process will guide investment decisions, operational improvements, innovation efforts, and stakeholder engagement in the years ahead. By concentrating on what truly matters, we strengthen resilience against emerging risks, respond proactively to regulatory and market shifts, and reinforce confidence among customers, investors, and communities.

Our path forward is deliberate and balanced – anchored in legacy, strengthened by structure, and driven by long-term value creation. Through focused execution and continuous improvement, Sutelj remains committed to building a business that grows responsibly, competes globally, and contributes positively to the ecosystems in which it operates.

Conscious Living

ENVIRONMENT

Our cotton and blended yarns are the product of decades of spinning expertise, but what distinguishes them today is what we can prove – origin, traceability, certification. In a market demanding transparency, our documentation is as important as our yarn count.

Upendra Pattnaik

Executive President- CTM & BTM

ENVIRONMENTAL **STEWARDSHIP**

At Sutej, environmental responsibility is anchored in a fundamental conviction: the future of our business is inseparable from the health of the environment and the well-being of the communities around us. Textile manufacturing is inherently energy and water intensive. We cannot change that reality, but we can—and must—change how we respond to it.

Over the years, we have invested strategically in solutions that reduce our environmental footprint while strengthening operational resilience. Our approach reflects a core belief: sustainable manufacturing is not a trade-off. It is a pathway to competitive advantage, operational efficiency, regulatory resilience, and earned trust with stakeholders.

Reduce

Reuse

Respect

Our actions reflect three core commitments:

- **Reduce** what we take from the environment
- **Reuse** and recycle what we can
- **Respect** the ecosystems and communities that enable our growth

Our environmental stewardship framework is anchored around three integrated pillars, mutually reinforcing and supported by continuous improvement through Kaizen and 5S methodologies:

WATER STEWARDSHIP

*securing shared resources
for generations ahead*

**WASTE MANAGEMENT
AND
RESPONSIBLE
CHEMICAL
MANAGEMENT**

*advancing circular
manufacturing*

**CLIMATE AND
ENERGY
TRANSITION**

*powering growth with lower
carbon intensity*

Environmental stewardship is ultimately defined by innumerable daily decisions—by people choosing efficiency over excess, reuse over disposal, and long-term value over short-term gain.

This is how sustainability becomes real and measurable.

BUILDING RESILIENCE BEYOND THE FACTORY GATE



WATER STEWARDSHIP

Water rests at the heart of textile production. From raw material and fibre preparation to dyeing and finishing, water is essential to both product quality and operational continuity. It also represents one of the most significant environmental footprints of our operations and a critical component of our double materiality assessment.

How we source, use, treat, and return water has direct implications for ecosystem health, local community resilience, business continuity, regulatory compliance, and our social license to operate. In our double materiality assessment, water stewardship emerged as the top environmental priority—reflecting both the financial materiality to our business and the environmental and social materiality to our operating

geographies. We recognise water as a finite, shared, and increasingly stressed resource. Our water management strategy is built on an integrated four-part approach: **Reduce, Recycle, Reuse, and Replenish**. We are committed to using water thoughtfully, protecting its quality to enable reuse, and working with local communities and ecosystems to ensure it remains available for all stakeholders—now and for generations to come.

Securing a Shared Resource for Generations



Reduce

Driving Process Efficiency and Technological Innovation

Water efficiency begins at the process design stage. Across our manufacturing units, we deploy advanced technologies to minimise freshwater consumption per unit of output—a key intensity metric for assessing decoupling between production growth and water stress.

Advanced Treatment and Closed-Loop Systems

Closed-loop systems significantly reduce water use during fibre preparation and PET bottle cleaning for Green Fibre production. These engineered systems capture and recirculate water, reducing both consumption and thermal load on treatment infrastructure.

During spinning and yarn manufacturing, optimal humidification control through Batliboi and LUWA systems improves atmospheric efficiency and reduces water loss through evaporation—a critical efficiency lever in humidity-sensitive processes.

21,780 KL condensate water recovered and re-circulated through high-capacity PPPPU pump installation at Damanganga Home Textiles.

1,815 KL hot water savings achieved through conservation systems at Damanganga Home Textiles **100% water reduction** by adopting transfer printing technology for polyester and poly-rich fabric constructions (compared to conventional pad-and-batch printing).



Optimising Chemical Dosing and Dye House Efficiency

Adoption of low-liquor-ratio dyeing machines significantly reduces water consumption per batch. These machines—operating at liquor ratios as low as 6:1 compared to conventional 12:1—lower not only water consumption but also chemical use and effluent load. This reduces both operational cost and environmental burden simultaneously.

Optimised chemical dosing through automated dispensing systems minimises excess usage, protects effluent quality, and enhances reproducibility. Real-time monitoring of dyebath parameters further refines efficiency.

Recycle and Reuse

Closing the Loop Through Advanced Treatment Infrastructure

Our infrastructure-led approach ensures that water remains a renewable asset within our operations. Rather than viewing wastewater as an end product, we treat it as a valuable input stream—captured, treated to fit-for-purpose quality, and reintegrated into manufacturing.

Zero Liquid Discharge Leadership

Rajasthan Textile Mills and Damanganga Home Textiles operate as Zero Liquid Discharge (ZLD) facilities, with a combined treatment capacity of 5,520 KL per day. Under ZLD protocols, 100% of industrial wastewater is treated, recovered, and reused internally for process applications, utilities, flushing, and horticulture. This represents a significant capital and operational commitment to resource circularity—no freshwater is lost to discharge, and no treatment burden is placed on downstream ecosystems.

Multi-Barrier Treatment Infrastructure Across Other Units

Across our remaining manufacturing sites, **Effluent Treatment Plants (ETPs)** and **Sewage Treatment Plants (STPs)** operate with varying capacities to ensure regulatory compliance and responsible discharge. Each unit's infrastructure is tailored to its feedstock and local water quality requirements:

At our **Kathua unit**, sewage treatment employs advanced **Membrane Bioreactor (MBR)** technology, enabling high-quality treated water suitable for reuse in boilers, humidification plants, wash lines, and gardening. MBR systems deliver superior microbial reduction compared to conventional activated sludge, justifying their higher capital cost through operational flexibility.

In **Baddi**, high-temperature effluents are routed through a heat recovery system before treatment, extracting thermal energy to reduce boiler fuel demand and improving overall resource efficiency. Treated effluent is then discharged to the Centralised Effluent Treatment Plant (CETP) in accordance with state regulations. Solid waste is sent to authorised Treatment, Storage and Disposal Facilities (TSDF) under regulatory supervision.

Across **Himachal Pradesh's hilly regions**, Centralised Effluent Treatment Plants serve as shared infrastructure, pooling treatment across multiple facilities and ensuring environmental protection under regulatory oversight.

Water Recycling Performance

Through our combination of ZLD operations, advanced treatment, and reuse systems, we have achieved significant water circularity:

- **13,82,421.7 KL** of water recycled in FY 2024-25.
- **47.65%** of freshwater requirement was recycled back into operations.

This recycling rate reflects a mature water management system. For context, in Indian textiles, recycling rates typically range from 30-50%, with leading manufacturers achieving 50%+. Our position in this range demonstrates operational maturity, though expansion remains possible through further technology investment and process reoptimisation.

Replenish

Restoring Aquifers and Supporting Communities

Our commitment to water stewardship extends beyond operational efficiency into ecosystem restoration and community resilience. We recognise that our licence to operate depends on leaving local water resources in better condition than we found them.

Rainwater Harvesting and Groundwater Recharge

Rainwater harvesting systems operate across all Sutlej manufacturing units, collecting and channelling seasonal rainfall to support groundwater recharge. By integrating harvesting infrastructure with green belt planning and open spaces, we enhance aquifer replenishment and build long-term site-level water resilience.

Across manufacturing sites and adjoining staff colonies, open spaces are preserved to facilitate groundwater percolation and recharge. Mature trees are retained wherever possible, and additional plantations support soil moisture retention and micro-climate stability—creating multiple environmental benefits from a single land-use decision.

In Himachal Pradesh, we provide potable water access outside factory premises, supporting nearby communities with reliable drinking water supply. This programme recognises that our water stewardship extends beyond the factory fence to the communities sharing our operating geography.

The KK Birla Park Model :Jammu

A Case Study in Ecological Restoration



Near our Jammu unit, we revitalised an old pond and its surrounding landscape to create the KK Birla Park, a botanical park that integrates ecological restoration with practical water security. This initiative exemplifies how industrial development and environmental regeneration can progress together.

9,996

sq. metres
Catchment Area

1,300

sq. metres
Pond Area

13,594

KL
Estimated Annual
Groundwater Recharge

This engineered recharge system channels rainwater from the surrounding catchment into a restored perennial pond. Beyond water security, the initiative strengthens local aquifers, improves soil moisture retention, enhances biodiversity through native plantations, and creates a green public space accessible to neighbouring communities. The park demonstrates that water stewardship and community engagement reinforce one another.

Governance & Strategic Accountability

Water performance monitoring is embedded into our ESG governance framework. Unit-level dashboards track real-time water consumption, recycling rates, and effluent parameters. Performance data feeds quarterly reviews with operational leadership and feeds into board-level sustainability oversight.

Specific water KPIs monitored include:

- Freshwater consumption per KL of output (intensity metric)
- Percentage of water recycled (circularity metric)
- Effluent discharge quality (regulatory and aspirational standards)
- Groundwater recharge from harvesting systems (replenishment metric)

Compliance with environmental regulations is a baseline expectation; our ambition extends beyond compliance toward long-term water resilience and positive impact. We track not only our own water use but also our contribution to local aquifer health—reflecting our belief that business success and watershed resilience are interdependent.

At Sutlej, water stewardship is not a standalone initiative. It is an operational philosophy embedded across site leadership, shift management, and shop-floor teams. By reducing consumption, recycling responsibly, reusing intelligently, and replenishing ecosystems, we ensure that water remains available not only for our manufacturing processes but for the communities and ecosystems that share this vital resource. Sustainable growth depends on water security. Our responsibility is to protect it today and for generations to come.





WASTE MANAGEMENT & RESPONSIBLE CHEMICAL MANAGEMENT

From Waste to Value: Advancing Circular Manufacturing



At Sutej, waste management is a strategic lever for resource efficiency and circular value creation, not merely a compliance obligation. We recognise that in a linear economy, waste represents lost material, lost energy, and lost financial value. In a circular economy, waste becomes a feedstock.

Our approach is guided by a structured 5R hierarchy—*Refuse, Reduce, Reuse, Repurpose, and Recycle*—that systematically shifts focus upstream: refusing unnecessary inputs before they become waste, reducing consumption before disposal becomes necessary, reusing materials before reprocessing them, and only recycling as a last resort before landfill.

This hierarchy is reinforced through:

- Certified environmental management systems (ISO 14001:2015)
- Traceability and certification standards (GRS, RCS, GOTS, OEKO-TEX)
- Third-party validation of waste reduction claims
- Regular internal and external audits

Circularity, we believe, must be supported by credible, independent verification. Claims without certification lack stakeholder confidence.

Refuse | Reduce

Replacing Virgin Inputs with Certified Recycled Fibre

The most impactful waste intervention is preventing waste at the material sourcing stage. Sutej's backward integration into recycled polyester staple fibre (RPSF) manufacturing represents a major circular milestone—moving waste prevention upstream into raw material procurement.

The Sutej Green Fibre Facility: Scale and Operations

Our Sutej Green Fibre facility in Baddi, Himachal Pradesh, converts post-consumer PET waste into high-quality recycled polyester staple fibre. This facility represents a significant capital investment in closing the loop: rather than exporting waste or relying entirely on external suppliers, we've built capacity to internalise the entire recycling value chain.

Operational Scale (FY 2024-25):

Installed capacity:
120 metric tonnes per day.

Actual utilisation:
100% capacity (reflecting strong demand and operational maturity).

Daily PET bottle processing:
4.8 million bottles.

Annual plastic diverted from landfill:
~43,200 metric tonnes equivalent

This volume has direct impact. By processing 4.8 million PET bottles daily, the facility diverts plastic waste that would otherwise persist in landfills or ocean systems. By reintroducing recycled content into the textile value chain, we reduce dependency on fossil-fuel-derived virgin polyester—lowering embedded carbon intensity while reducing pressure on petroleum reserves.

Financial and Environmental Returns

The business case for circular manufacturing is clear:

11.76% of Sutelj's total turnover derived from RPSF products, **87%** of total green fibre requirement serviced internally (reducing external procurement dependency), **Rs. 10.02 crore** earned through Extended Producer Responsibility (EPR) credits in FY 2024-25.

The EPR credit mechanism—where recyclers are compensated for waste diverted from landfill—validates the economic case for circular manufacturing and aligns financial incentives with environmental outcomes.

Certification and Credibility

The Green Fibre facility holds:

Global Recycled Standard (GRS) certification — validating recycled content integrity, chain of custody, and social/environmental criteria.

Recycled Claim Standard (RCS) certification — enabling verified communication of recycled content to downstream customers.

These certifications matter. They enable customers to confidently specify recycled content in their supply chains, create price premiums for sustainable products, and reduce greenwashing risk. A technician working in the facility captures the human dimension:

By substituting virgin polyester with certified recycled fibre, Sutelj reduces carbon intensity, enhances supply chain traceability, improves raw material security, and transforms waste into revenue-generating, value-added product. This is circular manufacturing at industrial scale.

”
WE HANDLE MATERIAL THAT WAS ONCE DISCARDED. NOW IT BECOMES FIBRE USED ACROSS THE WORLD. THERE IS PRIDE IN KNOWING OUR WORK REDUCES WASTE AND CREATES VALUE AT THE SAME TIME.

- Chaman Devi, Operator, SGF

Reuse | Repurpose

Extending the Lifecycle of Materials

Circularity at Sutelj extends beyond fibre manufacturing into internal process material recovery and ecosystem partnerships.

Internal Material Recovery Loops

Internal material recovery processes allow fused fibre residues to be transformed into intermediate material and reintegrated into production, reducing waste generation at source and improving material yield rates. Rather than disposing of process residues, we recapture them as production inputs. Pre-consumer yarn waste generated during spinning operations is repurposed as input for durable flooring products—extending fibre lifecycles and reducing virgin fibre demand within the broader textile ecosystem. This partnership with flooring manufacturers exemplifies cross-sector circular collaboration.

Sludge Co-Processing and Ash Recycling

Treated sludge from our effluent treatment operations is supplied to cement manufacturers for co-processing, serving as an alternative raw material and fuel source in cement kilns. This significantly reduces landfill disposal while contributing to resource substitution in another industry.

Boiler ash generated during operations is recycled at rates ranging from 60% to 100%, depending on unit processes and feedstock composition, significantly reducing landfill dependency.

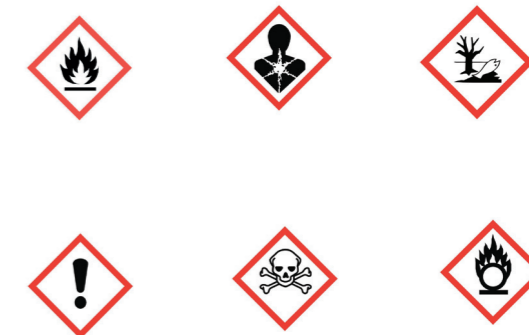
Waste Hierarchy Achievement

Across all operations, approximately **3% of total waste is sent for disposal**—reflecting the effectiveness of our segregation, recovery, and recycling systems. This achievement indicates a mature waste management culture where recovery is the default and disposal is the exception, not the norm.

RESPONSIBLE WASTE & CHEMICAL MANAGEMENT

Certified Systems and Governance

Environmental stewardship depends on systems, not intentions. Our waste and chemical management operates under certified frameworks that institutionalise best practice and enable third-party verification.



ISO 14001:2015 Environmental Management System

Waste management at Sutelj operates under a certified **ISO 14001:2015 Environmental Management System**, implemented across multiple units. This system institutionalises:

- Waste tracking and traceability
- Compliance monitoring and regulatory reporting
- Non-conformance management and corrective action
- Continuous improvement cycles and target-setting
- Regular internal and external audits

Certification against an international standard creates accountability. Management cannot claim compliance without demonstrated systems; auditors cannot approve facilities without verified evidence.



Hazardous waste handling and disposal

Hazardous waste is handled in accordance with all applicable regulatory norms through authorised Treatment, Storage and Disposal Facilities (TSDF). We maintain detailed records of hazardous waste generation, storage conditions, and final disposal methods. Regular audits of our TSDF partners ensure compliance with environmental and safety standards.

Advanced Treatment Technologies

Effluent and sludge treatment systems employ advanced biological and physical technologies:

UASBR (Upflow Anaerobic Sludge Blanket Reactor) systems — converting organic matter into biogas while stabilising sludge.

Bio Reactor aerobic treatment units — aerobic oxidation of residual organic compounds and nutrient removal. These technologies represent significant capital investment compared to conventional treatment but deliver superior effluent quality and enable water reuse.

Chemical stewardship through certified products

Chemical stewardship plays a critical role in reducing waste toxicity and enabling safer reuse and treatment. Our facilities certified under the **Global Organic Textile Standard (GOTS)** utilise approved dyes and chemicals free from:

- AZO compounds (which break down into carcinogenic amines)
- NPEO and APEO phenols (endocrine disruptors)
- Formaldehyde and heavy metals

This restricted substance approach eliminates classes of chemicals that would compromise treatment effectiveness or pose environmental or health risks.

Additionally, **OEKO-TEX® Standard 100 certification** across multiple units ensures product safety and restricted substance compliance throughout the value chain, reducing hazardous waste risks and liability.

Automated dosing systems minimise excess chemical usage, reduce effluent load, improve batch reproducibility, and lower overall chemical cost per unit of product—aligning environmental and economic interests.

Continuous Improvement Governance

Waste management performance is monitored under our certified management systems and supported by structured 5S discipline and Kaizen-led continuous improvement initiatives. These frameworks ensure waste reduction is embedded into everyday operational behaviour rather than driven by isolated projects or external pressure.

Performance metrics tracked include:

- Total waste generated per KL of effluent treated (intensity metric)
- Percentage of waste diverted from landfill (circularity metric)
- Hazardous waste generation and disposal compliance (safety metric)
- Recycled content in products (circular procurement metric)

Waste at Sutlej is not an endpoint—it is a resource stream, managed responsibly, certified independently, and reintegrated into value creation. This is the operating philosophy that transforms waste from a liability into an asset.



At our Home Textile unit, every metre of home textile we ship carries something invisible: the commitment that no industrial wastewater left this facility.

Chandrashekhar Thete
Vice President - Operations - DGHT

CLIMATE ENERGY TRANSITION

Powering Growth with Lower Carbon Intensity



Energy sits at the core of textile manufacturing. From fibre processing and spinning to dyeing, finishing, and utilities, energy consumption directly influences both operational efficiency and environmental footprint.

As a diversified textile manufacturer operating across multiple product categories and geographies, Sutlej recognises that responsible energy management is central to climate resilience, long-term competitiveness, and sustainability.

Fuel and electricity consumption form the bulk of our Scope 1 (direct) and Scope 2 (indirect) greenhouse gas emissions. Our climate and energy strategy is anchored in two complementary, mutually reinforcing pillars:

Together, these pillars enable us to reduce energy intensity independent of production growth, lower emission intensity, and progressively transition toward a more climate-aligned manufacturing model. The combination of efficiency (demand reduction) and decarbonisation (source substitution) is necessary; neither alone is sufficient.

- **Less Input per Output** - *reducing energy intensity and demand.*
- **Low-Carbon Energy Integration** - *transitioning to cleaner energy sources.*

Less Input per Output

Efficiency as the First Fuel

The most sustainable unit of energy is the one not consumed. Our "Less Input per Output" philosophy focuses on reducing energy intensity—measured in kWh or MJ per unit of output—across all operations before expanding energy supply.



Energy Management Framework

Our manufacturing site operates within a structured energy management framework supported by :

Real-time monitoring systems tracking consumption by process, shift, and facility, Periodic internal and third-party energy audits identifying efficiency opportunities, Defined reduction targets aligned with production plans and operational baselines, Continuous review through data-driven dashboards feeding into operational decision-making.

In parallel, we adopt a bottom-up perspective that actively involves people at all levels to drive sustained and continuous improvement in energy performance. Our workforce is trained, empowered, and engaged to directly contribute to energy conservation and optimisation initiatives—identifying improvement opportunities, proposing solutions, implementing measures, and tracking results.

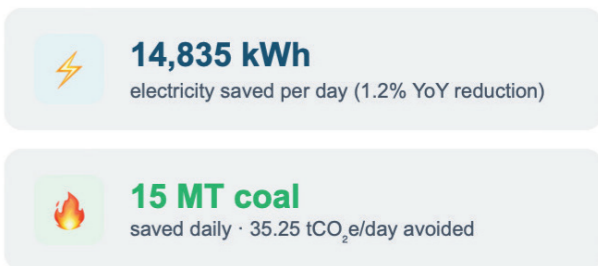
FY 2024-25 Efficiency Results

Real-world efficiency achievements from **FY 2024-25** demonstrate the cumulative impact of process optimisation:

- 14,835 kWh** per day of electricity saved through equipment upgrades and process efficiency improvements (**1.2%** reduction year-on-year)
- 15 MT** per day of coal savings through operational optimisation and boiler tuning **~35.25** tonnes per day CO₂ equivalent reduction from reduced coal combustion.

To contextualise: these daily savings aggregate to annual reductions of **5.41 million kWh** (electricity) and **5,475 MT** (coal), equivalent to the annual energy consumption of approximately **500-700** households. For a company of Sutlej's scale, this **1.2%** annual efficiency gain is meaningful progress, though the opportunity set for further gains remains substantial.

DAILY ENERGY SAVINGS



Kaizen result — Chenab: intensity 1.108→1.064 Units/KL (4% ↓), sludge 113→80 g/KL

Kaizen

Led Optimisation Chenab Textile Mills

- Installation of Variable Frequency Drives (VFDs) on air blowers — enabling speed modulation rather than fixed-speed operation

- Aeration optimisation in bioreactors - matching air supply to biological oxygen demand

- Equalisation tank airflow control — reducing idle aeration periods

Results FY2024-25 vs FY2023-24

47,809 ⚡
energy units saved

1.108 to 1.064 Units/KL ⚡
Energy intensity reduced

113 g/KL to 80 g/KL ⚡
Sludge reduced

36,837 KG ⚡
hazardous sludge reduction

Micro-level operational discipline—where shop-floor teams identify and implement incremental improvements—delivered measurable impact. At Chenab Textile Mills, focus areas included:

5S Discipline: Foundation of Process Stability

Our 5S framework—*Sort, Set in Order, Shine, Standardise, Sustain*—forms the foundation of shop-floor discipline and operational efficiency.

Sort

Eliminate unnecessary materials and equipment, reducing clutter and improving material flow.

Set in Order

Arrange tools and materials for ergonomic access and rapid identification.

These improvements demonstrate how structured efficiency—combining technology (VFDs), operational discipline (aeration tuning), and continuous improvement (Kaizen) — drives both energy savings and environmental gains (reduced sludge handling and disposal burden).

Shine

Deep cleaning and inspection, revealing leaks, loose connections, and equipment wear.

Standardise

Establish and document best-practice procedures, training, and checklists.

Sustain

Continuous reinforcement through audits, visual management, and culture.



By systematically organising workspaces, eliminating unnecessary materials, and maintaining clean, standardised environments, 5S reduces:

- Leakages and spillages (material loss).
- Excess inventory (tied-up capital and safety hazards).
- Equipment inefficiencies (preventive maintenance enabled by visibility).
- Energy loss (damaged insulation, leaking steam traps, air leaks identified through deep cleaning).

The 5S discipline strengthens process stability, enabling better resource utilisation and lower operational footprint across manufacturing units. Sustainability at Sutej is behaviour-driven, embedded into daily operational practice—not driven by external audits or compliance pressure.

Low-Carbon Energy Integration

Transitioning Toward Cleaner Energy Sources

While efficiency reduces demand, transforming energy sources reduces emission intensity. Our Low-Carbon Energy Integration strategy focuses on:

- Increasing renewable electricity procurement (solar, wind, grid-based renewable energy credits)
- Phased substitution of coal with biomass (wood chips, agricultural residues, grass straws)
- Boiler and combustion optimisation (reducing excess air, improving fuel efficiency, waste-to-energy exploration)
- Equipment modernisation (boiler upgrades, motor efficiency)

Renewable Electricity Expansion

At Rajasthan Textile Mills (RTM) -

■ **2.2 MW rooftop solar capacity** installed, enabling on-site clean electricity generation

■ **13,903 GJ renewable electricity consumption** in FY 2024-25 (combining on-site solar and grid-based renewable purchases)

■ **Progressive equipment conversion** to support biomass substitution — upgrading boilers and combustion systems to operate on multiple fuel types

The combination of on-site solar (capital investment, high reliability, zero marginal fuel cost) and renewable grid purchases (capital-light, scalable, supports external renewable capacity) enables diversified, resilient renewable energy strategy. India's renewable energy sector is expanding rapidly; grid carbon intensity is decarbonising. Strategic renewable procurement aligns operational needs with sector transformation.

Biomass Substitution and Fuel Transition

We are investing in low-carbon technologies by switching and upgrading equipment to replace coal with renewable and waste-derived fuel sources:

■ Our **Bhawanimandi unit** has implemented wood chips as a substitute for coal, reducing reliance on fossil fuels and supporting demand for forest management residues.

■ **Boiler system modernisation** enables operation on biomass fuels, primarily wood chips, and integration of agricultural residues (grass straws) as alternative renewable inputs.

These efforts align our operations with long-term sustainability and energy resilience objectives, decoupling manufacturing from coal-price volatility and fossil fuel supply risk.

Low-Carbon Transition in Context

India's energy landscape is transitioning. Coal continues to provide approximately 70% of India's electricity; however, renewable capacity is growing at 10-15% annually. Strategic investments in renewable procurement (solar, wind) and fuel substitution (biomass) position Sutej to benefit from this transition, reduce energy costs in the long-term, and align with climate commitments.

GREENHOUSE GAS EMISSIONS & CLIMATE PERFORMANCE

Addressing greenhouse gas emissions is fundamental to building a resilient and sustainable future. With cotton as a critical input, climate-related risks (water stress, temperature extremes, policy uncertainty) have significant impact on our business. As a responsible organisation, we recognise that our operations contribute to GHG emissions and that managing and

reducing our climate footprint is essential to long-term environmental, social, and economic sustainability.

Scope 1 and Scope 2 Emissions

Parameter	Scope 1	Scope 2
GHG Emissions (tCO2e)	1,22,042.4	3,22,948.22
GHG Intensity on Turnover (tCO2e/Rs. Crore)	168.41	
GHG Intensity on Output (tCO2e/MT)	4.49	

Scope 1 and Scope 2 calculated as per Greenhouse Gas (GHG) Protocol Corporate Standard

Understanding These Numbers: Context and Scale

Scope 1 emissions (122,042 tCO2e) arise from fuels we burn directly—coal, wood chips, natural gas, and diesel in boilers, generators, and vehicles under our ownership and control. For a diversified textile company operating five manufacturing units, this magnitude is typical for the industry, though variation exists based on fuel mix and energy efficiency.

Scope 2 emissions (322,948 tCO2e) arise from purchased electricity. This significantly exceeds Scope 1 because: India's grid carbon intensity (approximately 720-750 gCO2/kWh in FY 2024-25) reflects coal's continued dominance in the generation mix, Our electricity consumption is substantial (spinning, humidification, effluent treatment, cooling, compressed air systems). We have not yet achieved high levels of renewable electricity procurement.

Scope 2 represents our largest single emission source and our greatest opportunity for decarbonisation as grid carbon intensity declines and renewable procurement expands.

Intensity Metrics and Decoupling

The intensity indicators—emissions per rupee of turnover and per metric tonne of output—are more insightful than absolute numbers because they track decarbonisation progress independent of production growth:

168.41 tCO₂e per Rs. Crore turnover

indicates the carbon intensity of our revenue

4.49 tCO₂e per MT of output

indicates the carbon intensity of our production

Comparing these metrics year-over-year enables us to distinguish between growth-driven emissions increases and efficiency-driven emissions reductions. As an inaugural report, we lack historical comparison; going forward, these metrics will show whether we are decoupling operational growth from carbon growth.

Our Scope 3 Journey

This inaugural report covers Scope 1 and Scope 2 emissions. Scope 3

(value chain emissions—including raw material production, transportation, product use, and end-of-life) represents a larger total footprint for textiles, estimated at 60–80% of total value chain emissions. We recognise that comprehensive climate accounting requires Scope 3 measurement. Our Scope 3 assessment is underway, with focus on:

- Cotton production and fibre supply
- Upstream transport and logistics
- Product use phase (if applicable to B2B customers)

We commit to including Scope 3 results in future reports as our measurement capability matures and supplier data becomes available.

Nature-Based Climate Action

Carbon Sequestration Through Greening

At Sutlej, open spaces for groundwater recharge and greening to reduce carbon footprint go hand in hand. Trees provide multiple co-benefits: carbon sequestration, soil health improvement, biodiversity habitat, and community engagement.

With "**ek ped maa ke naam**" (one tree in mother's name), we have inspired the next generation to participate in a sustainable future by planting, nurturing, and protecting trees in staff and worker colonies. This initiative recognises that environmental stewardship is participatory and intergenerational.

FY 2024–25 Tree Plantation Results:

3,034 trees planted across our five manufacturing units
2,251 trees planted across staff colonies adjoining our manufacturing units
4,000+ trees planted in villages and towns neighbouring our manufacturing units
Total: 9,285+ trees planted across the Sutlej ecosystem in a single

These initiatives enhance biodiversity, improve micro-climates and urban heat island effects, and contribute to long-term carbon sequestration. At maturity (20–30 years), a mature tree sequesters approximately 20–50 kg of CO₂, depending on species and climate. Our 9,285 trees, at maturity, could sequester approximately 185– 465 MT of CO₂ cumulatively—equivalent to offsetting roughly 0.1–0.15% of annual emissions. Nature-based solutions are important but are not sufficient substitutes for operational decarbonisation; they complement, not replace, efficiency and renewable energy investments.

Beyond carbon, tree planting strengthens community engagement. Children planting saplings develop environmental consciousness early; workers participating in greening initiatives experience pride in tangible environmental contribution. This is how sustainability becomes embedded in organisational culture.



CONTINUOUS IMPROVEMENT CULTURE

5S and Kaizen as Operating Philosophy

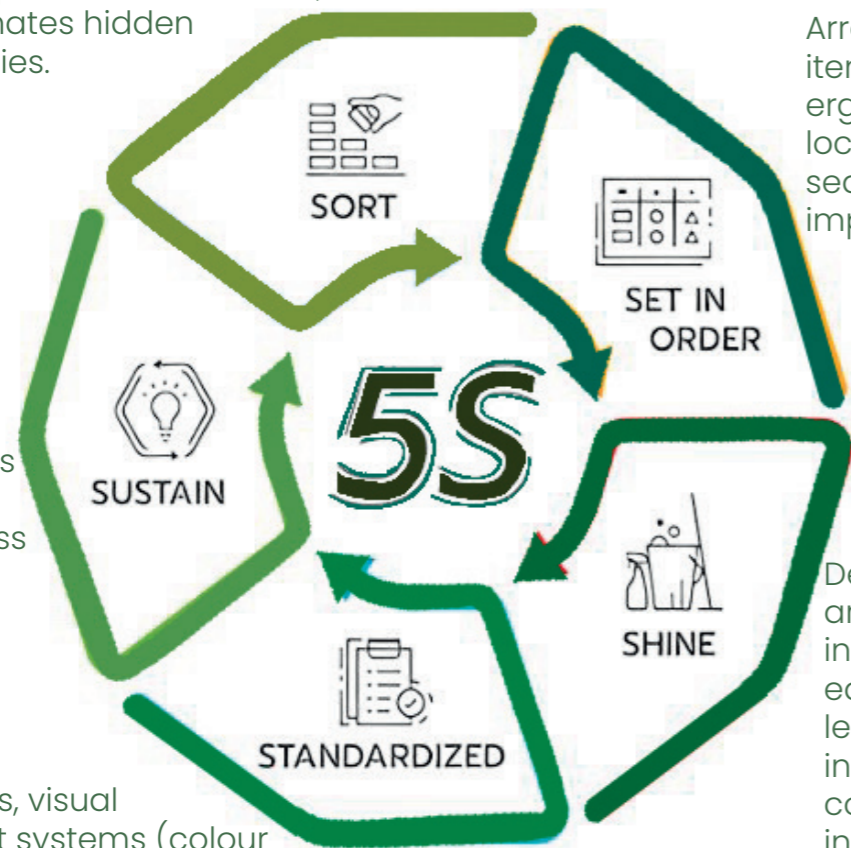
At Sutlej, environmental performance is not achieved through standalone projects but through a disciplined culture of continuous improvement embedded across operations. Our structured adoption of 5S and Kaizen methodologies ensure that sustainability outcomes are sustained, measurable, and scalable, creating institutional resilience that survives personnel changes and market fluctuations.

The discipline of 5S directly enhances sustainability outcomes:

- Reduced leakages and material loss (water, chemicals, condensate)
- Better preventive maintenance (equipment reliability, fewer emergency shutdowns requiring energy-intensive restart procedures)
- Visible inefficiencies (steam leaks, air leaks, electrical waste) that become targets for elimination
- Safer working conditions, reducing accident-related interruptions and productivity loss

Removing unnecessary items from workspaces reduces clutter, improves material flow, and eliminates hidden inefficiencies.

Arranging essential items in logical, ergonomic locations reduces search time, improves efficiency.



Documenting best-practice procedures, checklists, and training standards ensures consistency across shifts.

Deep cleaning and visual inspection reveal equipment wear, leaks, loose insulation, and corrosion invisible during routine operations.

Regular audits, visual management systems (colour coding, standard work boards), and culture reinforcement through recognition.

Process stability from 5S enables better resource utilisation and lower operational footprint. Sustainability at Sutlej is behaviour-driven, not compliance-driven.

KAIZEN PHILOSOPHY

Incremental Innovation & Employee Engagement

Guided by the principle of **"Zero Defect. Zero Accident. Zero Breakdown,"** our Kaizen culture encourages incremental improvements driven by employees at all levels. Rather than relying solely on large capital investments or consultants, we prioritise continuous micro-innovations—small ideas, implemented rapidly, generating cumulative impact.

Kaizen recognises that: Frontline operators see inefficiencies invisible to management. Small improvements, compounded over time, rival major capital projects in impact. Employee engagement in improvement drives ownership and sustainability.

Our initiatives reflect a bottom-up culture where operational teams actively identify opportunities to reduce waste, optimise energy, improve process reliability, and enhance safety. Examples from across our units:

- Technicians identifying heat recovery opportunities in dyeing processes
- Operators recognising patterns in steam trap failures before major losses
- Maintenance teams proposing equipment modifications reducing water or energy consumption
- Junior staff suggesting workflow changes that improve material yield.

Sustainability at Sutlej is therefore behaviour-driven, not project-driven.

Through 5S discipline and Kaizen-led innovation, environmental improvement becomes a daily operational practice—not a programme that starts and stops—reinforcing efficiency, resilience, and long-term value creation.



Strategic Outlook

CHARTING THE PATH FORWARD

As we look ahead, our climate and energy transition is neither a distant aspiration nor a completed journey. We recognise the scale of the challenge: climate change impacts on cotton supply, energy cost volatility, regulatory evolution, and customer expectations all demand continued evolution. Our priorities for the medium term (next 2-3 years) include:

Energy Efficiency and Intensity Reduction

Continued reduction in energy intensity per unit of output remains our highest-priority lever. We target a 2- 3% annual reduction in energy intensity through process optimisation, equipment upgrades, and operational discipline. This pathway does not require capital-intensive transformation—it reflects disciplined execution of known efficiency opportunities.

Renewable Energy Capacity Expansion

Expanding on-site renewable energy (solar, potentially wind) and increasing grid-based renewable energy procurement. Our target is to achieve 40% renewable electricity by 2030 (from current levels), reducing Scope 2 emission intensity and improving energy cost stability.

Accelerated Biomass Substitution

Progressively replacing coal with sustainable biomass (wood chips, agricultural residues)

across our boiler fleet. This requires capital investment in boiler upgrades and supply chain development for biomass feedstocks, but delivers long-term fuel cost stability and local employment benefits.

Enhanced Emissions Data Monitoring and Verification

Maturing our Scope 3 emissions measurement and commencing third-party verification of all GHG data. Credible emissions reporting requires independent assurance; we commit to third-party verification in future disclosures.

Strengthened Alignment with Global Climate Frameworks

Evaluating alignment with Science-Based Targets initiative (SBTi) methodology and considering commitment to a formal near-term (2025-2030) emissions reduction target. Industry-level climate commitments create accountability and enable peer benchmarking.

Supply Chain Climate Integration

Engaging key suppliers (particularly cotton farmers and dye houses) in climate action, recognising that value chain emissions dwarf operational emissions. This requires collaborative approaches and support for supplier capability building.

Decoupling Growth from Carbon: Our Vision

Sutlej's Climate and Energy Transition strategy seeks to decouple

operational growth from carbon growth— enabling us to expand production, revenue, and employment while reducing absolute emissions and emission intensity. This is not a choice between growth and sustainability; it is a requirement for long-term business resilience.

We recognise that this inaugural report establishes a baseline. In future reports, we will demonstrate progress toward these commitments, acknowledge gaps where they exist, and adjust strategy based on learning and changing external landscape.


The pathway is clear. The commitment is real. The work has begun.



Our social approach

is anchored in three priorities

P **People** *valuing the individuals who power our operations*
P **urpose** *giving meaning to work and community contribution*
P **rogress** *ensuring shared prosperity across our ecosystem*

A woman in a blue uniform and green headscarf is working at a textile machine in a factory. She is wearing a white face mask and has her hands on the machine. The machine has a digital display showing '1-07'. In the background, another worker is visible, and the factory floor is filled with machinery and spools of thread.

When I walk our manufacturing units, I am struck by how much our people understand — intuitively — that conserving resources is not separate from running a good operation. It is the same thing. The energy we save each day, the PET bottles our Green Fibre facility recycles daily, the water we recirculate, these are not sustainability metrics. They are operational metrics. That is exactly how it should be.

Ranjan Chaudhary
(Chief Operating Officer)

A promise

that continues

For over nine decades, Sutlej has grown with the people who have been part of its journey.

From the workers who helped build our first mills to the employees and communities who support our operations today, our story has always been shaped by human relationships, trust and shared aspirations. The foundation of Sutlej's progress lies in the belief people have placed in us—the confidence of employees who dedicate their skills and efforts each day, the trust of communities that welcome our presence, and the commitment of

partners who grow with us. This enduring trust has sustained Sutlej for more than nine decades, nurtured by the faith of our people and strengthening with every generation.

Our journey reflects a commitment to responsibility, inclusion and shared prosperity. From creating employment opportunities in developing regions to building residential communities for migrant workers, investing in skills development,

and supporting local infrastructure, we have consistently ensured that growth is accompanied by positive social impact. At Sutlej, social responsibility is not an initiative but a long-standing commitment embedded in how we operate and grow. Our workforce, surrounding communities and value chain partners remain central to our sustainability journey.

By investing in people, fostering safe and inclusive workplaces, and engaging constructively with local

communities, we aim to create lasting value that extends beyond the factory gates. Together, our social approach pillars reflect our promise to nurture a workplace where people feel valued and empowered, where purpose gives meaning to their contribution, and where progress can be shared for generations to come.

People and their

Empowering the Workforce that
Drives Our Progress

Our employees and workers are the driving force behind our operational excellence and long-term resilience. We believe that when people feel supported and valued, they contribute their best ideas, energy and commitment. People

well-being at Sutlej
extends beyond
workplace safety to

encompass physical, mental and
social health. We believe that

when employees feel healthy, secure and
balanced in their personal and professional
lives, they contribute meaningfully to the
organisation's growth.

Healthcare and Wellness

Our people practices therefore focus on providing a
supportive environment that promotes both
productivity and personal fulfilment.

Our people benefit from medical insurance coverage,
regular health check-ups and preventive healthcare
initiatives. At Chenab Textile Mills, additional wellness
initiatives strengthen this commitment, including
weekly homeopathic consultations, free medical
camps for employees and their families, and health
awareness programs that encourage preventive
healthcare and healthier lifestyles.

Beyond healthcare, we actively encourage a culture
of wellness and community engagement.
Recreational activities and sports tournaments are
organised regularly across our facilities, fostering

well-being

camaraderie, improving morale and
encouraging physical fitness.

Community and Belonging

Our approach to well-being also
recognises the importance of social
connection and community life,
particularly for employees who live
away from their hometowns.

Cultural events,
celebrations and
bonding initiatives

throughout the year help create a
sense of belonging and strengthen the
social fabric of our workplace
communities.

One of the distinctive features of Sutlej's
people philosophy is our long-standing
practice of building residential
communities adjacent to manufacturing
facilities. These townships provide safe
living environments with access to
essential services and recreational spaces,
helping employees—many of whom
relocate from other states—build stable
lives.

**EMPOWERING
PEOPLE**



A Home Away from Home

“

When I moved here from another state, company housing helped my family settle comfortably. My children attend nearby schools and we feel part of a close-knit community.

- Anil Kumar Singh, Utility, RTM

WOMEN'S SAFETY AND EMPOWERMENT

See the Diversity, Equity and Inclusion section below for comprehensive coverage of women's safety infrastructure, recruitment initiatives and gender equity programs.

PEOPLE IMPACT HIGHLIGHTS

59%

of permanent employees live in company provided accommodation.

93%

of residential workforce relocated from outside the state.

14%

of housing units accommodate families.

86:14

worker-to-staff residential ratio.

For many employees, these communities represent more than housing they represent belonging and opportunity.

Diversity Equity Inclusion

Building a Workplace of Respect and Opportunity

We believe diversity strengthens organisations and communities alike. Our diversity, equity and inclusion approach ensures that individuals are treated fairly and provided equal opportunities to contribute and grow.

Current Workforce Composition

Women represent 17.42% of our workforce across all levels and locations. While we recognise this is below the Indian textile industry

Women Workforce Representation



average and below our own aspirational target of 30%, we see this as a baseline from which to drive meaningful improvement. The textile sector's historical gender composition reflects broader economic and social factors, yet we are committed to accelerating progress through targeted recruitment, retention and advancement initiatives.

Women's Safety and Empowerment Infrastructure

We are committed to creating an inclusive and respectful workplace where everyone feels safe and empowered. Our comprehensive safety and support infrastructure for women includes:

These physical safety measures are complemented by robust grievance redressal mechanisms and Internal Complaints Committees that reinforce our zero-tolerance policy toward harassment and discrimination.

Safe transportation arrangements with dedicated timings.

Well-lit premises with CCTV monitoring across all areas.

Female security personnel deployed at key locations.

Separate, secure residential facilities for women employees.

On-site crèche facilities for working mothers.

Special recruitment initiatives to mobilise women workers from surrounding communities.

Through mentorship opportunities, leadership development programs and inclusive workplace policies, we continue to strengthen gender equity. We actively encourage women to pursue advancement and provide targeted support for female supervisors and technical specialists. Our aim is to increase women's representation across all levels, particularly in skilled and supervisory roles where barriers to entry have historically been highest.

The gap between our current representation (17.42%) and our 30% target reflects both the reality of our sector and our commitment to change. Our recruitment initiatives specifically target women from local communities, and we are working to reduce barriers to employment and progression that may discourage women from applying or advancing.

Gender Equity & Career Development





HUMAN RIGHTS ETHICAL LABOUR PRACTICES

Respecting Dignity Across the Workforce

Sutlej is committed to maintaining ethical labour practices and protecting the rights and dignity of all employees and workers. Our operations adhere to internationally recognised standards of responsible employment.

SA8000 Social Accountability Certification

Our commitment to ethical labour practices is reinforced through **SA8000 Social Accountability certification**, a comprehensive standard that ensures compliance with rigorous international requirements relating to:

Labour Rights:

Ensuring freedom of association, right to collective bargaining, and fair representation.

Working Conditions:

Establishing maximum working hours, rest periods and safe working environments.

Child Labour Prevention:

Rigorous prohibition on child labour with verified age verification processes.

Forced Labour Prevention:

Strict safeguards against forced labour, debt bondage or any form of coerced work.

Discrimination & Harassment Prevention:

Zero tolerance for discrimination on the basis of gender, age, caste, religion or other grounds.

Wages and Benefits:

Ensuring timely payment of fair wages that meet legal minimums and sector standards.

Health and Safety:

Compliance with occupational health and safety requirements.

Audit & Verification

Our SA8000 certification is verified through independent third-party audits conducted annually. These audits include worker interviews, document reviews and facility inspections to ensure ongoing compliance and identify areas for continuous improvement. Through transparent employment practices, strong grievance mechanisms and clearly defined workplace policies, we ensure that all employees and workers are treated with fairness and respect. We maintain comprehensive documentation of employment terms, have clear processes for dispute resolution, and provide workers with accessible channels to raise concerns without fear of retaliation.

Human Capital Development

Learning That Powers the Future

In a rapidly evolving textile industry, continuous learning is essential for both individual development and organisational competitiveness. Sutlej invests in structured training programs that equip employees with the technical, operational and leadership skills required to succeed in an increasingly complex operational environment.

Training programs cover all levels of the organisation—from Board members and senior management to operational teams on the shop floor. Our approach recognises that capability development is a shared responsibility across the organisation.

Training Frame

work by Level

Our training investments focus on building durable skills that enable employees to progress within the organisation and develop resilience in a changing industry.



PARTNERSHIPS *in Skill* DEVELOPMENT

Our training ecosystem is strengthened through partnerships with national skill development programs:



PRADHAN MANTRI KAUSHAL VIKAS YOJANA (PMKVY)
Government-backed skill training program.



NATIONAL APPRENTICESHIP PROMOTION SCHEME (NAPS)
Apprenticeship pathway for youth.

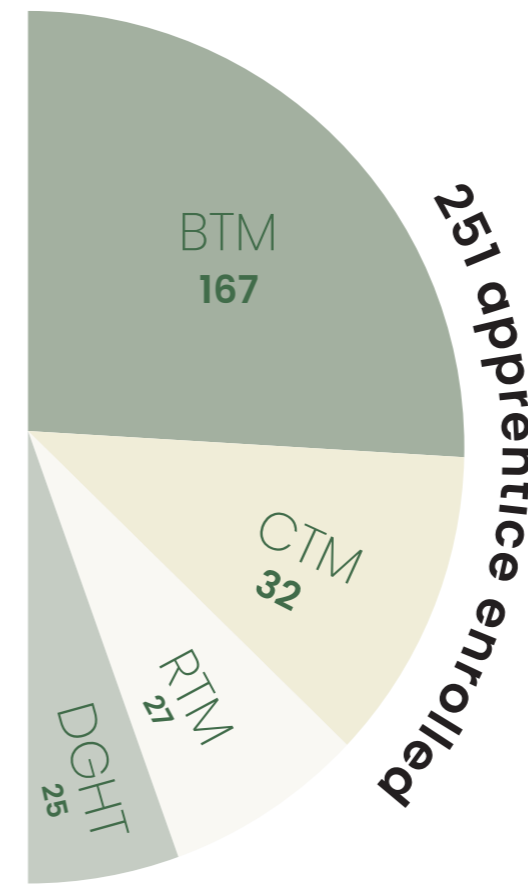


SANKALP SKILL DEVELOPMENT INITIATIVE
Sector-specific training.



SAMARTH TEXTILE SECTOR CAPACITY-BUILDING SCHEME
Industry-aligned upskilling.

In coordination with local authorities, including the Employment Office, we conduct joint recruitment drives in nearby communities to promote the inclusion, empowerment and socio-economic advancement of local youth. We design training programs for freshers in line with NAPS, engaging unskilled and semi-skilled youth as apprentices and giving them sector-specific skills and work experience. Our process helps bridge skill gaps and boost youth employability in the textile sector.



GRADUATE ENGINEER TRAINEE (GET) PROGRAM

Our GET program runs across multiple locations, providing structured pathways for engineering graduates to transition into professional roles. Graduates are assigned dedicated mentors and buddies at their locations, to facilitate onboarding, help them align with the organisational culture, and support skill development in manufacturing operations. This program strengthens our technical talent pipeline and builds a cohort of future leaders.

SAHAYOGI—PEER MENTORSHIP PROGRAMME

Sahayogi is an assimilation program for new joinees, providing them a single point of contact for all their queries and exposure to the company's culture, values, ethics and identity in an informal and friendly manner. Employees

NAPS *Apprenticeship* PARTICIPATION

These initiatives help bridge skill gaps while enabling young people from surrounding communities to build meaningful careers in the textile sector and contribute to their family's economic advancement.

STRUCTURED *Development* PROGRAMS

volunteer as Sahayogis to guide and support new joinees through their first month at Sutlej.

The Five-Step Sahayogi Process:

- Informal interaction and relationship-building within three days of joining
- Experience — Departmental orientation and exposure after two weeks
- Closure — Support in defining Key Result Areas (KRAs) and addressing queries within one month
- Intention — Structured feedback from the new employee, Sahayogi and manager
- Celebration — Quarterly recognition of Sahayogi volunteers for their contributions.

This initiative promotes knowledge sharing, team cohesion and smoother integration of new talent, ensuring that new joiners feel welcomed and supported from day one.

Career Progression:

Internal Promotion: 14% of vacancies filled internally, reflecting our commitment to developing talent from within and providing career advancement opportunities to existing employees.

In the textile industry, diverse processes such as spinning, weaving, dyeing and chemical handling present varied and significant risk profiles. We are committed to providing a safe and healthy workplace for all employees and workers by proactively identifying, assessing and mitigating workplace hazards.

Our OHS management systems are certified to ISO 45001:2018, an internationally recognised standard that establishes systematic requirements for identifying hazards, assessing risks, implementing controls and continuously improving safety performance. This certification demonstrates our commitment to maintaining best-practice standards across all our facilities.

Occupational Health & Safety

PROTECTING OUR MOST VALUABLE ASSET

Recognition & Commitment

Chenab Textile Mills, Kathua received the **National Safety Council's SURAKSHA PURASKAR** award, recognising our unwavering commitment to leadership in occupational health and safety. This external recognition reflects the dedication of our workforce and management to maintaining OHS Management Systems and Processes.

We implement multiple processes and systems to manage occupational health and safety effectively:

- **Hazard Identification and Risk Assessment (HIRA)** – Systematic identification of potential hazards and evaluation of associated risks.
- **Job Safety Analysis (JSA)** – Detailed analysis of work activities to identify hazards and control measures.
- **Permit-to-Work systems** – Structured authorisation process for high-risk activities.
- **Near-miss reporting and investigation** – Encouraging workers to report near-miss incidents for learning and prevention.
- **Daily health and safety patrols** – Regular facility inspections by supervisors and safety committees.
- **Occupational health check-ups** – Regular medical screening for workers in hazardous roles.

We also implement structured risk assessments, standard operating procedures, daily equipment checks,

routine safety inspections, preventive maintenance programs, incident reporting and investigation mechanisms, emergency preparedness and response plans, and continuous safety training.

Safety Performance Metrics

Zero complaints recorded regarding workplace health and safety conditions.

These metrics provide quantifiable evidence of our safety performance and our commitment to continuous improvement towards our target of LTIFR ≤ 0.5 and zero fatalities.

Safety Culture and Worker Engagement

We promote a strong safety culture through regular awareness campaigns, worker participation in safety committees, and performance monitoring of defined safety metrics. Our formal recognition programs reward exemplary contributions in critical areas, including fire prevention, accident avoidance and the advancement of overall safety standards.

“

At our unit, safety meetings are not just instructions from management. Workers actively share observations and report near-miss incidents. When one of my suggestions on machine guarding was implemented, it made me realise how seriously the company values employee participation.

- Karunakar Malik, Machine Operator, CTM

Worker participation in safety decision-making is fundamental to our approach. We believe that those closest to the work often have the most valuable insights for hazard prevention and control improvement.

Emergency Preparedness & Community Coordination

Inter-Agency Coordination : Birla Textile Mills Case Study

Occupational safety extends beyond our facility boundaries. At Birla Textile Mills, we have developed strong collaborative relationships with local emergency response agencies to ensure readiness for industrial emergencies.

Our preparedness initiatives include:

- Mock drills at external locations with support and guidance from Himachal Fire Service and NDRF (National Disaster Response Force).
- Skill building, safety awareness and enhanced preparedness for fire emergencies and gas leaks.
- Collaborative approach with local authorities and community members to ensure coordinated response capabilities.
- Recognition by Government of Himachal Pradesh for the support provided by our staff to combat fire emergencies in Baddi.

Through these measures, we strive to minimise workplace incidents, enhance employee well-being and drive continual improvement in our OHS performance across all operations.



Community Relations and Engagement

Growing Together with Our Communities

For more than nine decades, we have grown alongside the communities that surround our operations. From the very beginning, our founders believed that industry should not exist in isolation—it should contribute to the social and economic development of the regions in which it operates. This philosophy continues to guide our engagement with communities today.

Across generations, Sutej has remained committed to building relationships based on trust, transparency and shared progress. Many of our manufacturing facilities were established in developing regions where industrial opportunities were limited. Over time, these locations have grown into vibrant economic ecosystems supported by employment, local businesses and community infrastructure.

Our engagement with communities is more than a responsibility—it is a promise to listen, collaborate and ensure that our presence contributes positively to the lives of people living around our facilities.

A Community-Centric Approach

Corporate Social Responsibility (CSR) at Sutej follows a decentralised and locally responsive model. Each manufacturing facility works closely with nearby communities and local administrations to identify priority areas for development and implement initiatives that address real needs on the ground.

This approach ensures that our community initiatives remain relevant, inclusive and impactful. By maintaining continuous dialogue with stakeholders, we strive to build initiatives that foster long-term social value rather than short-term interventions.

Our approach to CSR implementation is guided by four key principles:

- **Listening** to communities to understand their priorities and development needs.
- **Collaborating** with local administration and institutions to enhance project sustainability.
- **Directly implementing** initiatives while involving beneficiaries and community members in the process.
- **Encouraging employee volunteering** to strengthen the relationship between the organisation and surrounding communities.

Responsible and Impact Oriented CSR Deployment

Our CSR programs are designed to ensure that resources are utilised effectively and reach the communities that need them most.

Key highlights of our *CSR* deployment approach:

96 %

of CSR initiatives implemented in areas surrounding our manufacturing units, ensuring localised impact and community ownership.

75 %

of CSR funds deployed through direct implementation, strengthening transparency and accountability.

5 %

CSR expenditure exceeding statutory obligations, reflecting our commitment beyond compliance.

Focus Areas of Community Investment

Our CSR initiatives support several key areas aligned with national priorities and the United Nations Sustainable Development Goals (SDGs).

CSR Focus Area	Investment (Rs. Lakhs)
Healthcare and Sanitation	42.09
Rural Development and Social Welfare	41.25
Animal Welfare	6.27
Promotion of Sports Activities	6.05
Promotion of Education	5.09
Total CSR Expenditure	100.75

Through these investments, we strengthen essential social infrastructure and support initiatives that improve quality of life in surrounding communities, reflecting our belief that sustainable business requires thriving communities.

Community Impact in Action

Several initiatives undertaken during the year illustrate how this commitment translates into tangible impact:

Strengthening Healthcare Infrastructure—Sarigam, Gujarat

Sutej supported the development of a new hospital wing at the N. R. Agarwal Rotary Hospital in Sarigam, implemented in partnership with Rotary and Tabib Seva Sahayak Mandal. This initiative has expanded access to healthcare services for local residents and strengthens the region's capacity to serve its growing population.

Supporting Education and Sanitation—Rajasthan and Himachal Pradesh

Infrastructure development including sanitation facilities and school improvements in Bhawanimandi (Rajasthan) and Garrer (Himachal Pradesh) has created better learning environments for students and improved public health outcomes.

Encouraging Sports and Youth Engagement—Jammu & Kashmir

Support for the Police Martyrs North Zone T-20 Cricket Tournament in Kathua promoted youth participation in sports and strengthened community engagement, while honouring the service of police personnel.

राजकीय वरिष्ठ माध्यमिक पाठशाला

भटौली कलाँ जिला सोलन (हि.प्र.)

Machines follow instructions.
People set the pace, the discipline
the consistency behind them.

Gaurav Jain
Chief Human Resource Officer

Celebrating Culture, Strengthening Community: Chhath Puja at Kathua

Community engagement at Sulej extends beyond development initiatives—it also encompasses celebrating traditions that bring people together. The annual Chhath Puja celebration at Chenab Textile Mills (Kathua) reflects this spirit of cultural inclusion and shared identity.

Every year, the festival is celebrated with great enthusiasm, transforming the mill township into a vibrant gathering space for employees, their families and the wider community. Employees from both worker and staff communities, along with their family members, actively participate in the festivities.

The celebration welcomes local residents from Kathua and neighbouring areas, creating an inclusive environment where people from different backgrounds honour tradition and strengthen community bonds.

The scale of participation reflects the event's significance—approximately 10,000 to 15,000 participants attend annually, making it one of the largest Chhath Puja celebrations in the region.

The event receives strong support from the local administration, ensuring smooth coordination and a safe environment for all attendees. For many employees who have relocated from different parts of the country, the event recreates the warmth of home and reinforces a sense of belonging within the Sulej community.

Case Studies

Empowering the Next Generation Through Education

At Sulej, the belief that people are the foundation of progress extends beyond the workplace to the families who support our employees. For many years, the Company has proudly operated a Scholarship Program for Employees' Children, designed to recognise academic excellence and encourage young students to pursue their educational aspirations.

The program supports students who achieve strong academic performance in 8th, 10th and 12th grades, rewarding dedication and perseverance. Beyond financial assistance, the program carries a deeper message— that the organisation stands beside its employees not only in their professional journeys but also in the dreams and ambitions of their families. Over the years, this initiative has inspired many young achievers to pursue higher education and build successful careers.

Inspiring Journeys from the Sulej Community

ahead





Carrying Forward a Legacy

-The Story of the Anwar Singh Family



Mr. Anwar Singh, formerly a Checker in the Auto Coner department at Chenab Textile Mills, dedicated many years to the organisation. Today, his son Mr. Akhilesh Singh continues this legacy as a Training Instructor, representing a new generation of skilled professionals shaped by both family values and institutional support.

From Mill to Software Engineering

-The Story of Mr. Chhote Lal's Son



Mr. Chhote Lal, a Training Instructor at Chenab Textile Mills, encouraged his son to pursue academic excellence. With continuous family support and recognition through the scholarship program, his son achieved remarkable success—topping both 10th and 12th standards in Kathua, clearing the Joint Entrance Examination (JEE) and completing his studies at NIT, Srinagar. Today, he works as a Software Engineer at a leading IT company, demonstrating how family encouragement combined with institutional support can open doors to transformative opportunities.

Values That Shape Success

-The Rajinder Jha Family



Mr. Rajinder Jha, a Finishing Master at Chenab Textile Mills, has always embodied discipline and commitment. These values are reflected in the achievements of his sons—one currently employed with PNB Bank and the other with UCO Bank. Their accomplishments stand as a testament to the power of strong family support, disciplined upbringing and access to opportunity.



Serving the Nation and the Organisation

—The Ramesh Tiwari Family



Mr. Ramesh Tiwari, who serves as the Pujari at the temple at Chenab Textile Mills, represents the diverse roles that form the Sutlej community. His family reflects a remarkable spectrum of dedication and service— one son proudly serves the nation in the Indian Air Force, while another contributes to Sutlej's operations as an Incharge in the Dye House. Their journey highlights how the organisation's extended family contributes not only to industry but also to the nation and society at large. These stories represent more than individual achievements—they reflect the collective progress of the Sutlej community. When the children of our employees succeed, the future of our communities grows stronger.



Three *One Legacy* Generations

Over the years, Sutej has grown not only as an organisation but as a community. Many families have remained closely connected with the Company across generations, reflecting a deep bond built on trust, opportunity and shared progress.



The Family of Late Smt. Taro Devi

—Kathua

The story of Late Smt. Taro Devi exemplifies the multi-generational commitment that characterises Sutej's community. She worked in the Doubling Section with dedication and was widely respected for her hard work. Her son, Mr. Rajkumar, now serves as a Checker, carrying forward the values of discipline and responsibility his mother demonstrated. Their legacy has proudly entered its third generation, with Mr. Rajkumar's son, Mr. Ram Paul, joining the organisation as a Jobber. Their journey reflects how Sutej has become a place where families grow together with the organisation, generation after generation.

These stories represent more than continuity—they embody a promise carried forward by the people and families who have made Sutej's journey their own. When families choose to remain connected with the organisation across generations, it reflects a bond built on opportunity, respect and shared progress.

The Barik Family

—Odisha

The Barik family exemplifies multigenerational commitment to the textile sector. Late Shri Satrugan Barik served in the Blow Room department for many years, making significant contributions through his technical expertise and dedication. His son, Mr. Kunna Barik, continues this legacy as a Training Instructor, sharing knowledge and guiding younger employees in their professional development. Mrs. Sukanti Barik, wife of Mr. Kunna Barik, serves as a Lady Security Guard, while their children have also become part of the organisation—working in the Ring Frame and Auto Coner departments respectively. What began with one individual's commitment has now become a multi-generational connection, with several family members contributing to different functions across the mill.

Way Forward

As we look to the future, the principles of People, Purpose and Progress will continue to guide our social journey. For more than ninety years, we have grown through the dedication, trust and belief of our people. This enduring relationship remains the foundation on which we will build the next phase of our progress.

In the years ahead, we remain committed to advancing our social performance against clearly defined targets :

Gender Diversity:

Progress towards 30% women in our workforce, with emphasis on recruitment and advancement in technical and supervisory roles.

Occupational Safety:

Achieve LTIFR \leq 0.5 and maintain our target of zero occupational fatalities across all operations.

Human Capital Development:

Deliver an average of 4 hours of training per employee per month, with priority on technical skills and safety competency.


Community Impact:

Sustain CSR investments that exceed statutory obligations and deepen engagement with surrounding communities.

We will continue strengthening opportunities for our employees and their families through investment in skills development, workplace well-being, inclusive practices and safe working environments. At the same time, we will deepen our engagement with communities around our operations, ensuring that our growth contributes meaningfully to social development and shared prosperity.

Our focus will be on nurturing the next generation of talent, fostering a culture of respect and belonging, and creating pathways that allow individuals and communities to grow alongside the organisation. By continuing to place people at the centre of our decisions, we aim to build a workplace and ecosystem where aspirations can flourish and communities thrive.

Guided by the trust that has sustained Sutej for decades, we move forward with renewed commitment—to honour the belief of our people, to uphold our purpose and to ensure that the progress we achieve continues to benefit generations to come.



Sustainability without
governance is aspiration
without accountability.

Manoj Contractor
Company Secretary & Compliance Officer

GOVERNANCE

Anchored in
DISCIPLINE
 Strengthened by
STRUCTURE
 Driven by
ACCOUNTABILITY

Corporate Governance

In a sector navigating climate risks, regulatory evolution, and changing consumer expectations, governance is the stabilising force that enables sustainable growth. At Sutej, governance is not treated as a regulatory requirement—it is a strategic enabler of resilience, credibility, and long-term competitiveness.

Our governance framework integrates strategic oversight, ethical conduct, disciplined risk management, and responsible sourcing practices. It ensures that sustainability considerations are embedded into decision-making at every level—from shop floor operations to Board deliberations.

Governance
Framework

The Board of Directors serves as the apex governing body responsible for guiding strategy, ensuring accountability, overseeing risk, and protecting stakeholder

interests. It advances the Company's sustainability vision by embedding responsible leadership, ethical conduct, and long-term value creation into its strategic oversight.

During FY 2024-25, the Board convened six meetings, reflecting active engagement in reviewing business performance, risk exposure, and strategic priorities. Board composition aligns with the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

With 62.5% Independent Directors, the Board benefits from strong, objective oversight that reinforces transparency and accountability. The presence of 25% women directors strengthens inclusive leadership and diverse decision-making. No cases of corruption or anti-competitive practices were reported.

Key Governance Attributes:

- Independent Directors bring cross-sector expertise and strategic guidance.
- Separation of oversight and executive management responsibilities.
- Defined roles across Audit Committee, Risk Management Committee, and CSR Committee.

- Periodic Board evaluation and performance review processes.
- Formalized governance charters and committee mandates.

The Board reviews business strategy, operational performance, risk exposure, compliance matters, and ESG progress at regular intervals. Sustainability and risk are increasingly integrated into strategic discussions to support long-term resilience.

GOVERNANCE

Structure for
Sustainability

Our governance framework brings structure, accountability, and consistency to how sustainability matters are identified and managed across various businesses. This framework clarifies roles and responsibilities, integrates environmental, social, and governance considerations into existing decision-making processes, and enables informed oversight at executive and Board levels.

**RISK
 MANAGEMENT
 COMMITTEE**

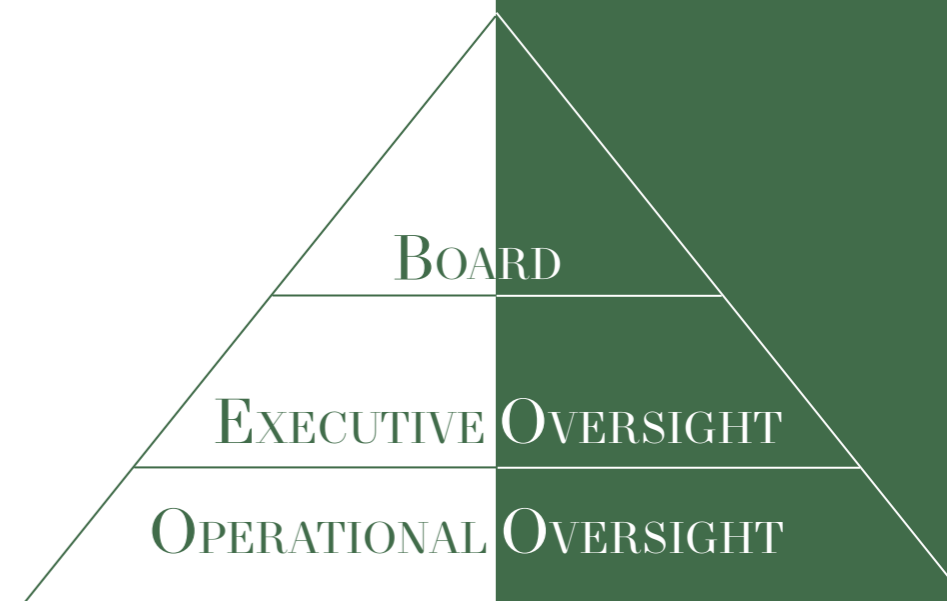
Oversees enterprise-wide risks including sourcing, market, and sustainability risks.

Maintains company-wide risk register.

Defines risk appetite and mitigation strategies.

Meets at least biannually.

Chaired by an Independent Director with the CEO as permanent member.



Board-Level Oversight

CORPORATE SOCIAL RESPONSIBILITY

- Entirely comprised of Independent Directors.
- Oversees ESG initiatives and sustainability reporting.
- Approves annual CSR action plan.
- Reviews environmental and social materiality factors.

EXECUTIVE OVERSIGHT

The Chief Executive Officer provides overall strategic direction, integrating sustainability priorities with long-term business growth and stakeholder value creation. The Chief Financial Officer reinforces financial discipline, risk prudence, and transparent disclosures, ensuring that ESG commitments are supported by responsible capital allocation and robust internal controls.

The Chief Operating Officer, along with Unit Heads, oversees operational risk management across manufacturing units, embedding environmental efficiency, quality assurance, and workplace safety into day-to-day processes. This ensures that sustainability considerations are systematically integrated into operational performance metrics.

The Corporate Sustainability Lead coordinates

ESG execution across the organisation, aligning unit-level initiatives with corporate sustainability goals, regulatory requirements, and reporting frameworks. The Sustainability Lead serves as the critical link between operational teams and Board-level oversight.

The Compliance Team provides an additional layer of assurance, monitoring adherence to statutory regulations, internal policies, and sustainability commitments.

OPERATIONAL OVERSIGHT

Operational governance is designed to identify risks at their point of origin and translate real-time insights into informed leadership decisions. The Raw Material Head continuously assesses sourcing requirements and monitors supply security. Purchase Representatives stationed across markets track price movements, crop conditions, and availability trends.

Vice Presidents overseeing Domestic and International Markets, monitor product quality, customer preferences, retention dynamics, and competitive positioning. At each manufacturing unit, designated Environmental and Social SPOCs review sustainability performance monthly, tracking resource efficiency, safety metrics, and workforce well-being. This multi-layered framework ensures that operational risks are detected early, systematically escalated, and reviewed by executive leadership and the Board.



Policies & Ethical Governance

Policies serve as the operating blueprint for ethical conduct, responsible sourcing, and sustainable growth. Our governance architecture is supported by a comprehensive suite of policies that define expectations, guide behaviour, and institutionalise accountability. These policies establish clear standards for conduct, risk management, resource stewardship, and social responsibility, ensuring that our actions comply with applicable laws and reflect industry best practice.

Ethical Conduct and Accountability

Our Code of Conduct establishes clear standards for integrity, fairness, and lawful behaviour across the organisation. The Whistle Blower Policy provides a secure channel for confidential reporting, reinforcing zero tolerance toward corruption or unethical practices. Zero cases of corruption or anti-competitive practices were reported during the year.

Inclusive and Safe Workplace

Through our Human Rights Policy, Equal Opportunity Policy, and Policy for Prevention of Sexual Harassment, we affirm our commitment to dignity, safety, and non-discrimination. These policies align with SDG 5 and SDG 8, supporting equitable participation and decent work.

Sustainable Operations and Responsible Procurement

The ESG Policy integrates environmental and social considerations into strategic planning. The Sustainable Procurement Policy extends these commitments into the supply chain, promoting traceability, ethical sourcing, and environmental responsibility. 99.15% of input materials sourced locally strengthens regional partnerships and reduces transport footprint.

Risk and Digital Governance

The Risk Management Policy formalises identification, mitigation, and monitoring of enterprise risks, including sustainability risks. The IT Policy and Privacy Policy safeguard digital assets and stakeholder data, reinforcing cybersecurity resilience.

Stakeholder and Community Engagement

The CSR Policy and Business Responsibility Policy articulate our commitment to inclusive growth, community development, and transparent engagement.

Policy Framework

Policy Category	Key Policies	Governance Objective	SDG Alignment
Ethical Conduct	Code of Conduct, Whistle Blower Policy	Promote integrity, transparency and zero tolerance for misconduct	SDG 16
Board & Leadership	Board Diversity Policy, Remuneration Policy	Strengthen accountability and inclusive leadership	SDG 5, 16
Human Capital	Human Rights Policy, Equal Opportunity Policy, POSH Policy, Grievance Redressal Policy	Ensure dignity, equity and workplace safety	SDG 5, 8
Sustainability	ESG Policy, Sustainable Procurement Policy, CSR Policy, Business Responsibility Policy	Embed ESG in strategy and operations	SDG 12, 13, 17
Risk & Compliance	Risk Management Policy	Identify and mitigate enterprise risks	SDG 16
Digital & Privacy	IT Policy, Privacy Policy	Protect data and ensure cybersecurity resilience	SDG 9, 16

Alignment and Implementation

All policies are periodically reviewed to align with regulatory developments, market dynamics, and stakeholder expectations. Policies are communicated across business units with regular training, internal audits, and adherence monitoring. Policy compliance is embedded into performance evaluations and oversight mechanisms, providing a clear link between governance principles and day-to-day operations.



Cotton is not a commodity for us — it is a climate-exposed input that requires active risk management from field to factory.

Our multi-geography procurement, forward-cover discipline and supplier relationships are what keep our yarn quality consistent regardless of what the monsoon does.

Jitender Kumar

Vice President-Raw Materials

Risk & Crisis MANAGEMENT

Embedding Resilience across the Value Chain

At Sutej, risk management is not a reactive function—it is a forward-looking discipline integrated into strategy, sourcing, operations, and market engagement. In an industry shaped by climate variability, commodity cycles, regulatory evolution, and shifting consumer expectations, sustainable growth depends on the ability to anticipate disruption and respond with agility.

The Company operates a structured Enterprise Risk Management (ERM) framework that identifies, evaluates, and mitigates risks across market, operations, raw materials, financial, human resources, and regulatory landscapes. Risks are periodically reviewed by senior management and escalated to the Board-level Risk Management Committee (RMC), ensuring alignment between operational realities and strategic oversight.

Strategic Objectives of the RMC :

- Establish and maintain a robust, company-wide risk management framework
- Define clear accountability and escalation pathways for risk ownership
- Periodically review and update the enterprise risk register
- Approve mitigation strategies
- Articulate and communicate the Company's risk appetite

A critical focus area for the RMC is strengthening oversight of sourcing risks and market dynamics to safeguard long-term competitiveness and business continuity. Structured crisis management protocols are in place to respond effectively to operational disruptions, environmental incidents, supply chain interruptions, or market volatility, ensuring continuity and transparent stakeholder communication.



Managing Risk from Field to Factory

In textile manufacturing, risk begins at the fibre stage. Cotton and synthetic fibres are influenced by climate patterns, agricultural productivity, geopolitical shifts, and commodity markets. Sutej integrates risk mitigation into procurement strategy, committed to responsible sourcing practices that uphold human rights, protect the environment, and promote ethical business conduct throughout our supply chain.

Environmental responsibility is a key consideration in sourcing decisions. We prioritise materials that reduce environmental impact, including responsibly sourced natural, man-made, and recycled fibres, and certified non-hazardous chemicals. By increasing traceability across our supply chain and collaborating with suppliers, we aim to minimise our footprint while supporting resilient, sustainable relationships with our direct and indirect suppliers.

Key Raw Material Risks

- Climate Risk
- Seasonality Risk
- Price Volatility Risk
- Quality Variation Risk

Sutlej adopts a multi-layered approach to sourcing risk management:

- Geographic Diversification: Procure from multiple sourcing regions to reduce exposure to localized disruptions.
- Supplier Diversification: Maintain relationships with multiple suppliers across fibre types and sourcing geographies.
- Structured Procurement Planning: Align procurement volumes with production planning and demand forecasts.
- Cost Management: Monitor pricing trends and manage procurement costs through strategic timing and contract negotiations.
- Active Market Monitoring: Track crop conditions, price movements, and supply availability to inform procurement decisions.
- Quality Assurance Protocols: Implement rigorous testing and inspection to ensure material specifications.
- Third-Party Certifications & Audits: Verify supplier compliance through external audits and certification frameworks.
- Traceability & Documentation: Maintain detailed records of fibre origin, processing, and material movement.

RISK MITIGATION Strategies

Sourcing Certifications

 FLOCERT assuring fairness Fair Trade FLOCERT	 Organic Content Standard
 Global Recycled Standard	 Recycled Claim Standard
 SMETA <small>Sedex Members Ethical Trade Audit</small> SMETA Ethical Performance	 FSC Chain of Custody FSC® C165306

Product **QUALITY & SAFETY**

Risk Mitigation through Operational Excellence

Product quality and safety are central to our operations and essential to maintaining the trust of our customers and business partners. We apply stringent quality management systems across all production stages—from raw material selection to processes and finished goods inspection. Responsible sourcing of fibres, stringent monitoring, use of GOTS-approved chemicals and dyes, and in-process controls help us deliver quality, durability, and performance while safeguarding consumer health.

By reducing defects, recalls, and non-compliance incidents, we protect brand value and strengthen customer confidence. Our agility and innovative mindset enable us to respond effectively to changing customer expectations and regulatory requirements, supporting stable market access, long-term customer relationships, and sustainable business growth.

Product Certifications

 Usterised Quality Seal	 IS 17265 Quality Standard for Polyester Yarn
 regenagri Regenagri Content Standard—Chain of Custody	 Oeko-Tex Standard 100

Mitigating Market & Competitive Risks

Product Quality Risk: Strong sourcing and quality assurance systems reduce rejection rates and compliance failures.
Consumer Trend Risk: Continuous investment in product innovation and speciality blends enables responsiveness to evolving sustainability expectations.
Competitive Risk: A diversified domestic and export customer base mitigates concentration risk. Domestic sales contribute 65% of total revenue, and no single export geography accounts for more than 18%, reinforcing geographic resilience. Exports to over 60 countries further balance exposure.

Integrated Resilience

Risk management at Sutlej extends beyond crisis response. It is embedded across procurement strategy, production systems, certification frameworks, traceability mechanisms, and market diversification.

By integrating responsible sourcing, operational excellence, and consumer safety within our ERM framework, we build a resilient value chain that supports:

- Sustainable production systems
- Ethical supply partnerships
- Stable market access
- Long-term stakeholder trust

Through disciplined oversight and proactive mitigation, Sutlej advances its contribution to SDG 12, SDG 15, and SDG 17, ensuring that growth remains responsible, resilient, and future-ready.

DATA PRIVACY & CYBERSECURITY

In an increasingly digital operating environment, safeguarding information assets is fundamental to sustaining stakeholder trust and ensuring operational resilience. Sutlej has established structured systems and policies to protect personal data, secure enterprise applications, and mitigate cyber risks across all its locations.

Data Privacy Framework

Sutlej's Privacy Policy outlines its commitment to protecting personal information collected through its website and digital interfaces. Personal data and user preferences are collected only where voluntarily provided and are used for legitimate business purposes, service fulfilment, and communication. The Policy clearly states that personal information is neither sold nor rented to third parties and may only be disclosed under lawful obligations or with explicit consent. The framework aligns with the Information Technology Act, 2000 and applicable rules governing electronic records. Updated policies are communicated transparently, ensuring that users remain informed of material changes. Contact channels are provided to address privacy-related concerns, reinforcing accountability and responsiveness.

Information Security Governance

The Company's IT Security Policy establishes a structured Information Security Management framework, applying across premises, servers, operating systems, ERP systems, and network infrastructure. The Policy is designed to safeguard the confidentiality, integrity, and availability of information. Responsibility for policy execution rests with the Chief Information Officer (CIO), supported by Corporate IT and Local IT Heads. Governance is reinforced through an IT Steering Committee and an IT Approvals & Policy Committee comprising senior leadership

including the CEO, CFO, and Corporate IT Head. This structure ensures that cybersecurity considerations are embedded into business process changes and digital transformation initiatives.

Endpoint protection solutions (including enterprise-grade anti-virus systems) are implemented across units, with daily threat definition updates and automated scans. Logs and alerts are monitored daily, and firmware patches are applied periodically to address emerging vulnerabilities. An external cyber security audit is conducted annually to independently assess vulnerabilities and strengthen controls.

Business Continuity, Backup, and Disaster Recovery

Sutlej maintains a comprehensive Data Backup and Disaster Recovery Policy to ensure operational continuity. Server data is backed up daily, monthly, and annually, with storage across separate secure devices. Restoration testing is conducted periodically to validate reliability.

A dedicated Disaster Recovery (DR) server has been established at an alternate location with real-time data replication to mitigate the impact of system failures. DR drills are performed annually to test readiness and ensure seamless transition during disruptions. Major incident management protocols cover power failures, network outages, server failures, and fire incidents. Redundant internet links, UPS systems with 3-4 hours of backup, fire detection systems, and clean agent sprinklers in server rooms further enhance resilience. Through structured governance, layered controls, periodic audits, and continuous monitoring, Sutlej integrates cybersecurity into its broader risk management framework. By protecting information assets and strengthening

digital resilience, the Company reinforces stakeholder confidence and supports secure, sustainable growth in an increasingly interconnected textile value chain.



Public Policy, Industry Memberships and Advocacy



Collaborating for a Responsible and Competitive Textile Sector

As a responsible corporate citizen, Sutlej actively engages with leading trade and industry bodies to contribute constructively to policy dialogue, sectoral development, and sustainable manufacturing practices. These memberships strengthen our ability to anticipate regulatory developments, align with evolving global standards, and participate in shaping a resilient textile ecosystem.

Sutlej is associated with the following key national and industry platforms:

- Federation of Indian Chambers of Commerce and Industry (FICCI)
- Confederation of Indian Textile Industry (CITI)
- The Cotton Textiles Export Promotion Council (TEXPROCIL)
- Federation of Indian Export Organisations (FIEO)

- Manmade and Technical Textiles Export Promotion Council (MATEXIL)
- Indian Spinners' Association (ISA)
- IMC Chamber of Commerce and Industry
- British Safety Council (India)

Through these associations, Sutlej participates in structured dialogue on:

- Export competitiveness and trade facilitation
- Sustainable fibre sourcing and traceability standards
- Environmental compliance and circular economy transitions
- Responsible chemical management and product safety
- Labour standards, workplace safety, and skill development
- Industry digitisation and transparency frameworks

Engagement through export promotion councils such as TEXPROCIL and MATEXIL supports alignment with international buyer expectations. Participation in broader chambers like FICCI and IMC enables cross-sector collaboration on industrial policy and sustainable growth. Membership in the British Safety Council (India) reinforces our commitment to occupational health and safety excellence, strengthening governance in line with global best practices.

Responsible and Transparent Advocacy

All public policy engagement is conducted in accordance with the Company's Code of Conduct and ethical governance standards. Sutlej does not engage in political contributions or lobbying activities that compromise integrity. Our participation in policy platforms is guided by transparency, constructive dialogue, and long-term industry advancement.

Advancing Sustainable Development

By collaborating with industry peers, policymakers, and global trade platforms, Sutlej supports the evolution of a textile sector that is competitive, compliant, and increasingly sustainable. Public policy engagement at Sutlej is therefore an extension of our governance philosophy, strengthening institutional trust while enabling responsible growth across domestic and international markets.

If it does not meet
global standard, it does
not enter global
markets.

Narinder Thapa

Chief Business Officer



Digital Product Passports

Product Lifecycle Assessment

Preparing for the next era of transparency



DIGITAL PRODUCT PASSPORTS — STRATEGIC READINESS

-  **EU ESPR Regulation**
Creating mandatory DPP requirements for textile exporters
-  **Fibre Traceability**
Strengthening origin-to-finished-goods tracking
-  **ERP Integration**
Linking sustainability data with operational systems

At Sutej, sustainability is increasingly driven by data, discipline, and decision-making clarity. We have strengthened our sustainability measurement framework by operationalising structured product-level Life Cycle Assessments (LCAs) and introducing Digital Product Passports (DPPs) for our key product categories. This initiative marks an important shift—from broad sustainability commitments to measurable, product-level impact intelligence.

Global textile markets are moving toward enhanced product transparency through Digital Product Passports (DPPs). These digital records provide structured information on product composition, environmental footprint, origin, and recyclability.

Sutej is progressively preparing its systems to align with emerging DPP requirements by:

- Strengthening fibre traceability mechanisms
- Digitising supply chain documentation
- Integrating ERP and sustainability data systems
- Capturing certification-linked product attributes
- Enhancing batch-level material tracking

The adoption of DPP-ready systems will enable customers to access reliable information. This transition supports regulatory readiness, particularly in markets advancing circular economy and product transparency mandates.

Global textile markets are increasingly demanding traceable, impact-verified products. Structured lifecycle assessment and Digital Product Passports position Sutej to meet these expectations with confidence.

By integrating product-level environmental intelligence into core manufacturing systems, Sutej is transitioning from compliance-led reporting to value-driven sustainability management. The result is improved transparency, stronger stakeholder trust, and enhanced resilience in a rapidly evolving regulatory and market landscape.

Lifecycle assessment at Sutej is no longer a theoretical exercise—it is a live, operational system shaping product design, customer engagement, and decarbonisation strategy.

Looking Ahead

As sustainability expectations evolve, lifecycle transparency will increasingly define market access and brand credibility. Sutej's approach is proactive—embedding lifecycle intelligence into sourcing, production, and digital systems rather than responding reactively to regulation.

Through structured Product Lifecycle Assessment and preparation for Digital Product Passports, Sutej is strengthening its ability to deliver high-quality, traceable, and responsible textile products that meet the demands of a transforming global marketplace.

Sustainability at Sutej is therefore not confined to processes—it is built into the journey of every product we create.



THE WAY FORWARD

Dear Stakeholders,

Over the years, Sutlej has grown by combining industrial discipline with a long-term view of resources, people, and the communities around our operations.

Responsible manufacturing, resource discipline, and long-term thinking have shaped our decisions, and that is where our legacy was built on. As expectations from global businesses evolve, these principles must translate into clearer targets, stronger governance, and measurable impact.

The next phase of Sutlej's journey will focus on strengthening environmental performance, advancing circular practices, and ensuring that sustainability remains embedded across our operations and value chain. Our responsibility is to ensure that growth is achieved with discipline, transparency, and long-term thinking.

Arhant Nopany

Arhant Nopany

Non-Executive Director

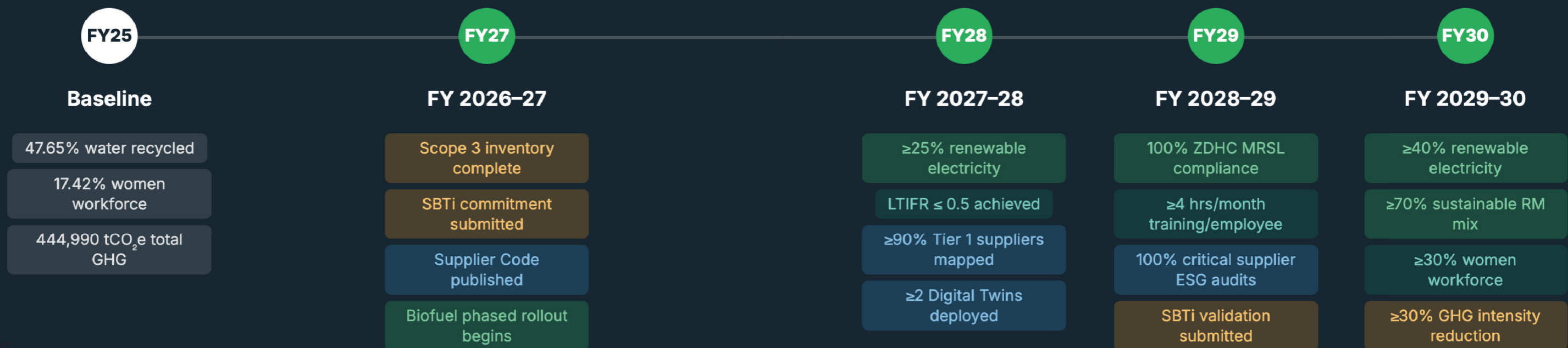
Sustainability & Goals, targets Implementation Roadmap

Our sustainability journey is guided by a clear commitment – to create long-term value while balancing environmental stewardship, social responsibility and strong governance. Built on a FY 2024–25 baseline with a 2030 horizon, our goals are aligned with global best practices and the United Nations Sustainable Development Goals (SDGs), ensuring that our progress contributes meaningfully to broader global priorities.

These targets are not standalone ambitions – they are supported by a structured implementation roadmap, clear accountability mechanisms and continuous performance monitoring, enabling us to translate commitments into measurable outcomes.

- 7** Environmental KPIs across water, waste, energy & materials
- 4** Social KPIs across people, safety, training & community
- 3** Governance & digital KPIs for sourcing & transparency
- 3** Climate & emissions targets aligned with SBTi pathway

IMPLEMENTATION MILESTONES TIMELINE



1. Environmental Targets



KPI	FY30 Target	Implementation Pathway
Renewable Energy	≥40% renewable share; ≥25% by FY28	Renewable integration
Biofuel Transition	100% biofuel in boilers	Phased rollout from FY27
Water Stewardship	≥25% fresh water reduction	ZLD, rainwater harvesting, recycled water, process optimisation
Chemical Management	100% ZDHC MRSL compliance by FY29	Chemical substitution, supplier alignment
Waste to Landfill	Zero hazardous waste to landfill	Co-processing, recycling, waste-to-energy
Sustainable Cotton	≥50% certified cotton	BCI, Organic, Fairtrade sourcing
Sustainable Raw Materials (RM)	≥70% sustainable RM mix	Recycled polyester, sustainable viscose, certification mix, Recycled/BCI/Organic RM

4. Climate & Emissions Targets



KPI	FY30 Target
Scope 1 & 2 Emissions	≥30% intensity reduction from FY25 by FY30
Scope 3 Emissions	Inventory by FY27; ≥15% reduction by FY31
SBTi Status	Submit commitment by FY27; submit for validation by FY29

2. Social Targets



KPI	FY30 Target	Implementation Pathway
Gender Diversity	≥30% women workforce	Specific targets for supervisory / managerial roles
Health & Safety	Zero fatalities; LTIFR ≤0.5 by FY 28	Behavioural safety + digital tracking
Training	≥4 hrs/month/employee by FY 29	Technical, safety, ESG, leadership training
Community / CSR	≥2% with measurable impact KPIs	Education, health, skill development

3. Governance & Digital Targets



KPI	FY30 Target	Implementation Pathway
Supply Chain Transparency	≥90% Tier 1 and ≥50% Tier 2 suppliers mapped by FY 28	ESG supplier assessment
Digital Twin Deployment	≥2 units by FY28; all major units by FY31	Industry 4.0 integration
Responsible Sourcing	100% critical supplier ESG audits by FY29	Supplier Code by FY27

MOVING FORWARD

Our sustainability goals represent more than metrics - they reflect our intent to transform the way we operate, produce and grow. By aligning with the SDGs, embedding execution into daily operations, and holding ourselves accountable through measurable outcomes, we are building a business that is both future-ready and responsible.

As we move toward 2030, this roadmap will guide our actions, strengthen stakeholder trust and ensure that our progress contributes meaningfully to the world around us.

Because we believe, sustainability is not just about targets - it is about delivering on them, consistently.

Conclusion

This Sustainability Report reflects our journey of responsibility, resilience and renewal - built over more than nine decades of trust, relationships and shared progress. From our early years to the present, our growth has been shaped not only by business performance, but by the belief that sustainable success must create value for people, communities and the environment alike.

Across this report, we have outlined our efforts to strengthen environmental stewardship, empower our people, and uphold strong governance practices.

From advancing resource efficiency and climate action, to investing in employee well-being, community development and ethical business conduct, our approach is guided by the understanding that sustainability is not a destination, but a continuous journey.

At the heart of this journey lies a simple yet enduring truth - the trust that our stakeholders place in us. Our employees, customers, partners, communities, financial intuitions and shareholders have been integral to our progress, and it is this collective belief that continues to inspire us to do better, act responsibly and grow sustainably.

Strengthening Accountability through Engagement

We recognise that meaningful progress requires ongoing dialogue. As we continue to formalise and strengthen our sustainability framework, we remain committed to transparent communication and stakeholder engagement.

We welcome insights, perspectives and suggestions that will help us improve and evolve as a responsible organisation.

Conclusion

The textile industry is undergoing a period of significant transformation, shaped by changing consumer expectations, regulatory developments and the urgent need to address environmental challenges.

In this evolving landscape, Sutlej is committed to building a future that is both competitive and responsible.

Building a Sustainable Future Together

As we look ahead, we remain grounded in the values that have defined Sutlej for more than ninety years. The **journey forward will continue to be shaped by our people, strengthened by our purpose, and measured by the progress we create together.**

Because for us, this is not just a report -

IT IS A REFLECTION OF A PROMISE THAT CONTINUES.

Acknowledgement

This inaugural Sustainability Report represents both a milestone and a beginning for Sutlej Textiles and Industries Limited. It is the product of a collective effort across our organisation, reflecting the shared commitment of our people, partners, and stakeholders toward building a responsible, resilient, and sustainable enterprise.

We extend our sincere gratitude to our **employees and workers** – the people who bring our sustainability ambitions to life every day. Their dedication, integrity, and belief in our shared purpose form the very foundation of this journey. Across operations, functions, and locations, it is their choices – to conserve, to innovate, to care – that make sustainability real at Sutlej.

We thank our **Board of Directors and leadership team** for their strategic vision and steadfast commitment to embedding sustainability into our long-term business strategy. Their oversight ensures that environmental, social, and governance priorities are not peripheral concerns but integral to how we plan, invest, and grow.

Our appreciation extends to our **customers, suppliers, and business partners**, whose collaboration strengthens sustainability across our value chain. Their rising expectations push us to do better, and their trust affirms the path we have chosen.

We are equally grateful to the **communities around our operations** – in Jammu, Himachal Pradesh, Rajasthan, Gujarat, and beyond – for their trust, support, and partnership over the years. Their engagement keeps us grounded in our purpose and responsive to local needs. Our growth has meaning only when it contributes to theirs.

We extend a **special acknowledgement to our in-house design team** for their creativity, dedication, and meticulous efforts in bringing this report to life. Their work reflects the spirit and substance of our sustainability journey.

We acknowledge the **role of regulators, industry bodies, and sustainability standard-setters** whose frameworks, expectations, and insights guide us toward higher standards of transparency, accountability, and performance. In particular, we recognise the guidance provided by the GRI Standards, the BRSR framework, and the United Nations Sustainable Development Goals in shaping the structure and ambition of this report.

As we publish our first sustainability report, we do so with humility about how far we still have to go, and with conviction about the direction we have chosen. We remain committed to learning, improving, and working together – because **sustainability at Sutlej is built on relationships, and on a promise that continues.**



Hearts, Hands & Minds Behind This Report

An in-house effort powered by the dedication, trust, and quiet conviction of our team. Together, we made this possible.

Notes

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Sustainability

at Sutej is not just about what we do -
it is about how we grow, who we grow with,
and the legacy we leave behind.