GOOD FASHION FUND

Pratibha Syntex Limited

Pratibha

MEET OUR INVESTEES

A FIRST-OF-ITS-KIND IMPACT INVESTMENT FUND FOR THE TEXTILE MANUFACTURING SECTOR IN ASIA

Pratibha is a pioneer in the farm-to-fashion industry with a vertically integrated business model. The company's initiatives for traceability of garments and use of regenerative organic cotton set it apart from competitors in the industry.

6
PRODUCTION UNITS

>5000
WORKERS

$4.5 million
INVESTMENT RECEIVED IN 2021 / 2022

PRODUCTION FACILITIES

Pithampur, Madhya Pradesh, India

Replacement of old machines

Installation of new technology

USE OF FUNDS

Finances best-in-class technology in one spinning unit, the washing unit, and the wastewater treatment plant. In addition, funds solar rooftop of 1.2 MW.

EXPECTED IMPACTS

- Energy, water and material savings
- Strengthened operational systems
- Strengthened processes systems

FINANCED KEY EQUIPMENT

Rooftop Solar
rooftop solar panels for one production unit

Spinning

Bunch of cotton → Blow room → Carding → Drawing → Spinning → Cone winding → Yarn production

6 spinning equipment pieces:
carding, combing, ring frame, draw frame, autoconer, speed frame

Washing

1 continuous tumble dryer

Wastewater Treatment

Effluent Treatment Plant

1 membrane bioreactor (MBR) for zero discharge water treatment

DIRECT IMPACT

Good energy

74%

5,392,266 Kwh Reduction in power consumption (spinning equipment, dryer)

100%

9,090,596 Kgs of steam saved (from tumble dryer)

19%

2,603,432 Kgs of steam saved (from ZLD ETP)

Good water

100%

~40 million liters saved
Reduction in water consumption (continuous tumble dryer)
&
Contribution to 100% wastewater reuse (membrane bioreactor for the ETP)

Good materials

69%

Decrease in material waste (chemical sludge) generated in wastewater treatment
&
21% reduction in chemical use in the effluent treatment plant

CO_2 savings

10861.5 tons

CO_2 savings from GFF funded machines (total savings for the 3 year period)

*Numbers verified by GFF through its technical advisors
All figures for 3 year period from 2022 until 2024

"Good Fashion Fund's soft loan for machine upgradation is helping us accelerate our journey to minimize our environmental footprint. It has enabled us to measure and communicate ESG impact more holistically, while sharpening our focus on areas needing greater progress."

Shreyaskar Chaudhary,
Managing Director and CEO at Pratibha Syntex Limited

Good economy

The installation of key equipment has led to gross savings of INR 60, 71 mio

USD 727,160

2022 to 2024.

(does not include steam savings from tumble dryer and ETP)

Energy savings due to use of solar power and energy efficient equipment make up about 84% of those gains.

15% are generated by savings in freshwater use and 1% by landfill waste reduction.

The investment has made financial sense for Pratibha and the cost of GFF funding is comfortably serviced by the company, despite challenges related to an increase of the cost of borrowing due to rising benchmark rates and depreciation of the Indian currency, which led to a longer payback period.

FURTHER IMPACT

1. The GFF investment has had a catalyzing effect, contributing to and accelerating impacts foreseen in Pratibha's overall larger investment plan.

2. Building on the impacts achieved through the GFF investment, Pratibha has made additional investments in more energy efficient spinning equipment and has expanded on solar energy use from the initial 1.2 MW financed through GFF to currently 4.8 MW. The company has also phased out its coal fueled boiler and replaced it with a biomass boiler.

3. Periodic conversations with the GFF provide the manufacturer with food for thought for future investments. Pratibha has developed a pipeline of further improvements and innovations to work on, including developing biochar, carbon credits, investing more in sustainable agriculture and introducing technology for waterless dyeing.

GFF ADDITIONALITY

Financial
The GFF provided access to finance at a point in time where Pratibha did not yet have funds available for this type of investment, and has thus enabled the company to make improvements earlier than anticipated.

Technological
The GFF's robust due diligence process helped Pratibha's management review the company's own sustainability framework and becoming more detailed in financial, environmental and social governance.

ENVIRONMENTAL AND SOCIAL ACTION PLAN IMPLEMENTATION

While already being advanced in terms of environmental sustainability, Pratibha has taken additional positive measures to further improve its environmental performance through items defined in the environmental action plan that is part of the loan agreement with the GFF. **These include:**

- Update of the company's long-term environmental strategy.
- Establishment and maintenance of a comprehensive waste inventory in one production unit.
- Improvement of indoor air emission quality, reducing health risks for workers.
- Introduction of worker trainings on environmental impacts of chemicals.

SOCIAL IMPACTS

Pratibha performs well in comparison to the average textile sector in India with regards to social aspects. Staff from different hierarchies as well as workers express positive opinions about the company and a generally high satisfaction with their work environment. Yet, the GFF's due diligence process has resulted in a list of aspects that could still be improved.

Since investment start, Pratibha has made notable advancements in relation to the social action plan as part of the loan agreement with the GFF, especially on improvements in occupational health and safety. The company also shows commitment with regards to gender equality and the promotion of women workers to supervisory positions. In addition, Pratibha has gone beyond the items defined in the action plan and has invested in upgrading worker accommodations and is finalizing new accommodations for almost 900 women workers.

OPPORTUNITIES FOR FURTHER ACTION

- Pratibha continues to use the GFF E&S framework as a guiding tool for improving environmental and social performance.
- On the environmental side, given the strong performance of Pratibha there are few further actions to be completed over the GFF investment period, which is mostly finalizing the company's GHG Scope 3 Inventory, further improvements for hazardous waste storage, and a closer monitoring of noise levels at production units to still better protect workers.
- Aspects where further improvements are expected are related to enhancing awareness among workers on their rights and on the work of several existing committees, updating management policies and code of labour practices.

LESSONS LEARNED

1

IMPACT FINANCE AS ACCELERATOR:
An impact investment fund such as the GFF can help textile manufacturers to accelerate their investment plan implementation.

2

RAISING THE BAR:
The fund's financial, environmental and social sustainability frameworks can support manufacturers in strengthening their own strategies and systems beyond the actual investment.

3

KNOWLEDGE SHARING:
Periodic exchanges between the GFF and the manufacturer can provide valuable "food for thought" on further investments and improvements to be made at the company.

4

FLEXIBILITY AS VALUE ADD:
Financial benefits generated through savings on energy, water and materials can be influenced by unfavourable economic and market conditions, calling for a certain degree of flexibility in decision-making from both the fund's and the manufacturer's side.

The Good Fashion Fund (GFF) was launched in 2019 as a first-of-its-kind initiative with a mission to help create positive environmental and social impact in the textile manufacturing sector. It provides long-term USD loans to textile and apparel manufacturers in India and Bangladesh for the uptake of best-in-class and innovative technologies. Each investment should lead to at least a 50% reduction of one of the environmental goods in the production process: water, materials, or energy.

Along with each investment, through a due diligence process and the establishment of an environmental and social action plan that is part of the loan agreement, the GFF supports manufacturers to implement further environmental improvements and to enhance workers' conditions and rights. The GFF has a blended finance structure pooling investments from Laudes Foundation, The Mills Fabrica and Rabobank. The Good Fashion Fund is managed by FOUNT, an impact investment firm from the Netherlands.