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[SOCIAL ACCOUNTS- CYCLE 2]

1 April 2008- 31 March 2009

Acknowledgements

Last year, when we prepared our Social Accounts, we were exploring to see if it was, indeed, an approach that would fit with our organization. The process helped us understand and articulate the results of our work to all our stakeholders, and was very enriching.

In this second cycle of accounts, the focus was on internalizing the process of Social Accounting. Therefore, this time, most of the work has been done by ICPL staff, with the consultant only overseeing and guiding their efforts. I hope that next year on, we will be able to build on this experience.

My thanks to the stakeholders who responded to our survey, the panel members who have taken a day from their busy schedule to give us insights into how we can improve our accounts, the SAN UK chairpersons- Vatsala Ravikrishnan and Mike Swain, for making the process of Social Audit so pleasant, the staff members- Rathan Kumar, especially, who did all the important work of coordinating and conducting the surveys, our consultant Mrinalini Shastry, for guiding us.

Neelam Chhiber

MD, ICPL

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Glossary of Terms Used

| | |
|------|---|
| ICPL | Industree Crafts Pvt. Ltd. |
| ICF | Industree Crafts Foundation |
| SAA | Social Accounting & Audit |
| MVOA | Mission, Values, Objectives & Activities |
| SHG | Self Help Group |
| VAT | Value Added Tax |
| ESIC | Employee State insurance Corporation of India |
| PF | Provident Fund |

Introduction

ICPL prepared its first cycle of social accounts for the years 2002-2007 and had them audited in February 2008. These accounts were prepared by an external consultant and the same responded to the queries of the Social Audit Panel. Having set a precedent of transparency and accountability and having experienced the systemic benefits of Social Accounting and Audit, ICPL has prepared a second cycle of accounts. However, in this cycle, it was internal resources preparing the accounts and only mentoring and hand holding was provided by the consultant. The current Social Accounts pertain to the year April 1 2008- March 31 2009. 2008, was, in many ways, a watershed year for Industree. Two individual entities- Industree Crafts Pvt. Ltd.(ICPL) and Industree Crafts Foundation (ICF) had been in existence for some years, but a logical and clear distinction of work responsibilities emerged in 2008. The front end procurement and marketing operations (ICPL) were separated from the production and design aspects of the work (ICF). It was interesting to note that as the operational responsibilities seemed to separate, the coming together of social missions of both organizations was even more apparent. They were working towards the same objective, just from different ends! Thus, while there was a lot of interaction between the entities, the stakeholders that they catered to, and the ways in which they engaged with their stakeholders was very different.

Objectives of SAA process

- To report on developments within ICPL during the last year, especially with regard to its internal functioning
- To build on monitoring and evaluation systems brought in since the last year's accounts
- To track and monetize where possible, the social impact of its work
- To highlight the social commitment of the organization through external accreditation

Social Accounting Team

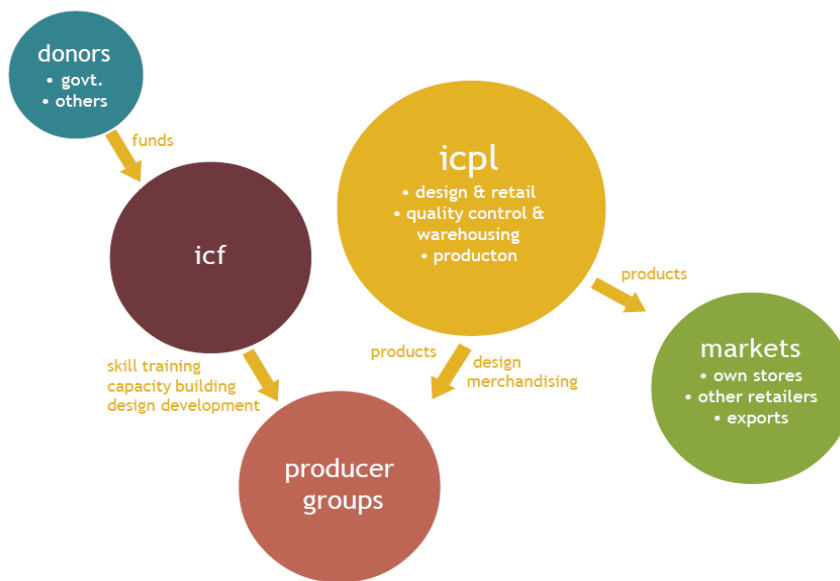
| Name, Designation | Role |
|---|---|
| Rathan Kumar Program manager ICPL | MVOA revision, Master Sheet preparation, Questionnaires Revision, Coordination of consultations, Tracking and Retrieving secondary data, Data Analysis, Key Aspects Checklist, Report Preparation |
| Neelam Chhiber MD ,ICPL | MVOA Revision, Key Aspects Checklist, Report Preparation |
| Mrinalini Shastry Consultant | MVOA Revision, Economic Impact Analysis, Key Aspects Checklist, Supervision of Master Sheet preparation, Questionnaires Revision, Consultations, Data Analysis, Report Preparation. |

Background Information

ICPL is a social enterprise based in Bangalore that distributes a wide range of apparel, food, furniture & home accessories hand-crafted by rural artisans. It specializes in using natural materials such as river grass, banana bark yarn and palm leaves amongst others to create objects of everyday use. Started over 10 years ago, ICPL sources from a network of over 100 producer groups and has developed production facilities in Bangalore as well as grass root facilities in Tirunelveli. A member of International Fair Trade, it has links with over 5000 artisans and directly employs about 87 people. Its aim is to work with craftspeople in a self-sustainable fashion - marketing rural skills to urban markets all over the world. It supplies to leading home companies of the world, such as Ikea and Pier Europe as also to major retailers in India.

Operational Model

ICPL gathers market insights and develops designs based on customers' preferences and functionality. ICF translates these designs into training programs for rural artisans. ICPL then sources products from



artisans trained by ICF and markets them in domestic as well as export markets. ICF is working on capacity building of artisans so that they can channelize their ICPL earnings and put them to better use through artisans groups (based on the SHG model) and become independent producing entities.

Organization Structure

In keeping with the scale of expansion in the last year, the organization structure has changed. Many producers who were on the rolls of the organization in the previous Social Accounting year have been spun off into independent production units, making ICPL a lighter and more focused organization. New members have been added to the board, the role of MD and CEO has been segregated, and several new departments have been created to cater to the varied demands of a multi-brand retail set up. Please refer to Annexure 1 for a detailed organization chart.

Scale of Operations this year

| | 2007-08 | 2008-09 |
|----------------------------|-------------------|-------------------|
| Number of artisans | 2756 | 3000 |
| Number of employees | 200 | 87 |
| Turnover | Rs.4, 42, 29, 433 | Rs, 3,56,44,779 |
| Profit | Rs. 413,061 | (Rs. 2,66,22,840) |

Previous Social Accounts

Dissemination of previous Social Accounts

- Excerpts from the Audited Social Accounts were incorporated into the Annual Report
- Workshops were conducted in Local Language with the producer groups in Virvannalur
- Publicity material, brochures, proposals etc. quoted from the Audited Social Accounts where relevant
- A link to the Audited Social Accounts was provided on the website

Recommendations of the panel from last years' social accounts

A wider range of stakeholders be consulted, especially relevant government departments, the wider NGO sector and contractors. An explanation be given for the choice of stakeholders consulted.

This year, NGO suppliers have been consulted as part of Social Accounts preparation. More information on stakeholders consulted and reasons for doing so are explained in the Scope and Methodology section later in the report.

More effort be put into documenting what the staff think about the values, performance and impact of ICPL

ICPL has 87 staff members across warehousing, retail stores, designers and office staff. 44 employees were asked to respond via a questionnaire- of these 26 responded. They have been consulted on the values and objective wise performance at a broad level in addition to responding on issues that were directly related to their work.

More conclusions and proposed action points are drawn out in the reporting on the objectives and activities of ICPL

An attempt has been made this time to include more quantitative data than the last cycle. Effort has also been made to be more precise in the conclusions drawn and recommendations made for action. Social Accounting is being viewed as an integral part of the planning process at ICPL now. As this becomes more and more integrated, the recommendations from Social Accounts gather more value.

Issues raised in last year's accounts

Currently leadership within ICPL is quite centralized and person dependent

The management structure at ICPL has undergone significant changes since last year (Please refer to organization chart in Annexure 1). There are more processes in place and most routine matters get addressed even if the top leadership is not present. This leaves the leadership to focus on the broader level issues of setting up the retail stores, spinning off producers and in the end, making the market link available to the rural artisan.

There is no formal process of reaching out to customers, especially, with regard to future product launches

This has not changed much in the last year in terms of marketing communications. There is still no formal process for reaching out to customers directly. However, advocacy efforts promoting sustainable consumption have been initiated. There is still scope for improvement in this area. More details are provided under performance reporting of Objective 3.

There is very little baseline data available to determine income and spending pattern trends

This year, with ICF leading the grassroots effort to mobilize and form artisan clusters, data for future years is expected to improve. One of ICF's initial tasks is to compile a baseline. More details are provided in the reporting on Objective 2.

Mission, Values, Objectives and Activities

As was envisaged in last year's Social Accounts, there has been a change in the framing of the MVOA. A new objective has been added, some activities have been altered/ given up and there has been fresh brainstorming on the values that ICPL stands for.

| Mission | | | |
|--|---|-------------|----------|
| To enhance and create artisanal livelihoods through marketing of contemporary designed artisanal produce | | | |
| Values | | | |
| NATURAL | FAIR | SUSTAINABLE | SENSIBLE |
| Objectives and Activities | | | |
| Objective 1 | Activities | | |
| To design, create, manufacture and trade in products made in an environmentally and socially sustainable manner by | <ol style="list-style-type: none"> 1. Gathering consumer insight 2. Developing a product line 3. Nurturing production at scale 4. Encouraging environmentally and socially sustainable production 5. Building a credible marketing campaign 6. Building a strong sales function | | |
| Objective 2 | Activities | | |
| To assist producers in gaining access to design, finance, technology, infrastructure as well as market linkages by | <ol style="list-style-type: none"> 1. Enhancing the design capabilities of producers 2. Facilitating access to technology of processes and materials 3. Building leadership capacity at producer level 4. Providing access to financial resources | | |
| Objective 3 | Activities | | |
| To create awareness and appreciation amongst the general public for sustainable consumption by | <ol style="list-style-type: none"> 1. Reaching out to customers through brand building efforts 2. Engaging in advocacy with customers | | |

Stakeholder Analysis

A stakeholder analysis was attempted for the first time in the previous Social Accounts. Some groups had been left out in that initial mapping. Also, some groups' involvement as stakeholders changed since then. The following is the stakeholder list for these social accounts.

| Stakeholder | Status | Total(Estimated number impacted since April 2008) | Sample | Remarks |
|---------------------------|---------------|---|--------|---|
| ICPL Board and Management | Consulted | 3 | 3 | 2 Board members and CEO |
| ICPL Staff | Consulted | 87 | 28 | Spread across Office, Designers, Merchandisers and Warehouse Staff-30% of universe |
| Retail Customers | Consulted | Unknown | 26 | |
| Export Customers | Not Consulted | 3 | | Exports were not the focus of ICPL in the social accounting year. Effort will be made in future to contact them |
| SUPPLIERS | | | | |
| Commercial suppliers | Not Consulted | 300 | NA | Mainstream exporters that ICPL procures from. They may/may not be fair trade, but follow all laws of the land. |
| NGO Suppliers | Consulted | 60 | 10 | NGOS through which ICPL reaches out to artisans. Selected at random.-17% of NGOs that have supplied to ICPL have been consulted as part of these Social Accounts. |
| Artisans | Consulted | 63 | 10 | Virvannalur |
| Spun- off producers | Consulted | 5 | 3 | 2 in and around Bangalore, 1 from Tamilnadu |

The commercial suppliers were not consulted because it was felt that they would be able to comment on the social aspect of ICPL's work. Likewise, export customers were not consulted as it is not a focus area for the company. ICPL does not really have any direct dealings with the Government beyond compliances. ICF deals with the Government; hence Government departments were not identified as a specific stakeholder of ICPL. The larger NGO community, which was identified as a stakeholder last year is represented through the NGO supplier group, hence a separate stakeholder group was not identified.

Scope and Methodology of the Social Accounts

These second social accounts cover the time period from April 2008 to March 2009. All figures are as on March 31, 2009. All organizational objectives and activities have been covered. All stakeholders have been consulted with the exception of export customers and commercial suppliers. The MVOA framework developed last year was re-visited; indicators refined over 2 rounds of discussion between the consultant and the ICPL team. Questionnaires were framed by the ICPL Social Accounting Team- most were modified from last year's questionnaires. A new questionnaire was developed for the NGO Supplier group (Please find attached questionnaires used as Annexure 2). All consultations were undertaken between June and October of 2009- most were conducted by the ICPL team. Feedback from Spun off producers, Board and Management and a few customers was collected by the consultant. All secondary data was extracted from various systems by the ICPL team. At points in these accounts, information from ICF was brought in wherever relevant to ICPL's work. Report writing was done primarily by the consultant with strong support from the ICPL team. An economic impacts analysis has been attempted with the 3 spin off producers that used to be working with ICPL earlier, but over the last year have become independent.

Environmental impact has not been addressed in as much detail as warranted- systems are still evolving, and we hope to cover these in the next cycle. We will also attempt to consult commercial suppliers in the next cycle as the survey itself would be a way of influencing their thinking, and educating them about the social aspects of ICPL's work. In the next year, we will attempt to consult customers all year long, and not confine ourselves to a special survey for the Social Accounts. We also intend to incentivize customers for responding to our survey. We hope to get views of many more customers in this manner.

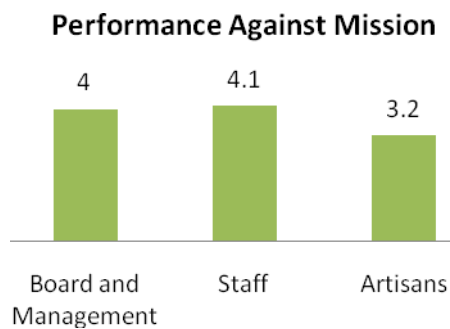
Sampling and Consultation Methodology

| Stakeholder/Topics Consulted on | Number Covered | Number Responded | Consultation Methodology | Remarks |
|---|----------------|------------------|--------------------------|--|
| Board and Management | | | | |
| Developments Since Last Year, Performance against Values and Objectives, ICF-ICPL Integration, Brand Positioning and Customer Awareness, Backward linkages to producer groups/artisans, Capacity building and financial support provided to Spun-off producers. | 3 | 3 | Structured Interview | Telephonically for 2 members, in person for 1. |

| | | | | |
|--|--|----------------|------------------|--|
| Staff | | | | |
| Performance against values and objectives, understanding of ICPL mission, Motivating factors in working for ICPL, Issues and Suggestions for changes, Operational aspects of engaging with producer groups, Effects of working with producer groups, Communication of ICPL Brand | 44 | 26 | Questionnaires | At the office and warehouses, mailed individually to randomly selected respondents. At the stores, sent to store managers with request to fill up. |
| Retail Customers | | | | |
| Performance against values and objectives, opinion on designs, communication materials, buying experience, customer support | Mailed to over 1000 customers in mailing list. Also interacted at store. | # 28 responded | Questionnaires | 75% collected as feedback from customers in store-responses collected from them and noted in the printed format (some are directly filled by the customers and some are by ICPL staff) ICPL staff. 25% responses through e-mail. |
| Export Customers | | | | |
| NGO Suppliers | | | | |
| Performance against Values and Objectives, Supplying experience with ICPL, ICPL Branding and Communications | 28 | 10 | Questionnaires | Selected at random. Some collected over e-mail. Some responded over telephone with the ICPL staff member noting responses on a questionnaire |
| Artisans | | | | |
| Broadly on performance against mission, Supplying experience to ICPL, Understanding of Brand of ICPL, Income increase effects, Suggestions for improvement | 30 | 10 | FGD | Sample selected randomly and across producer groups. Conducted by ICPL staff |
| Spun-off Producers | | | | |
| Broadly on performance against mission, Challenges faced in operating alone, difference perceived between earlier relationship and current relationship, support provided by ICPL, Future Plans, Areas of support for the future. | 4 | 3 | Group Discussion | One spun off producer in Tripura has not been consulted because the relationship has not really been as close as it has been with other producers. One of the producers could not attend the group discussion although he had wanted to. |

Report on Performance: Mission and Values

ICPL has undergone a change in terms of how it caters to its stakeholders. Where earlier they were dealing with products only in the limited space of natural fiber, they now retail a wide variety of ‘sustainable’ goods. In view of this, it was felt that what they stood for, and standards of behavior ought to reflect these changes. This was also tied into a branding proposition whereby the same values that you talk about at board meetings are continuously disseminated to other, less accessible stakeholders such as artisans or customers. As part of the social accounting process, all stakeholders have been



consulted on performance against values. NGO Suppliers and Customers were not consulted about performance against mission statement due to an oversight. They rated performance on a scale of 1-5, 1 being the lowest and 5 being the highest. Weighted averages have been taken for analysis and presentation. As can be seen from the graph, while the staff and management think they are doing well on the

mission statement, the artisans feel that more could be done. In the discussion on values, however, it is interesting to note that overall, internal stakeholders- management and staff have rated themselves lower than external stakeholders.

| Natural | | | Made of natural materials as far as possible | |
|----------------------|-------|----------|--|---------------|
| Board and Management | Staff | Artisans | Customers | NGO Suppliers |
| 4.1 | 3.8 | 4.1 | 4.1 | 4.6 |
| Fair | | | Subscribe to procurement through fair trade practices | |
| Board and Management | Staff | Artisans | Customers | NGO Suppliers |
| 4.5 | 3.8 | 4 | 3.4 | 4.6 |
| Sustainable | | | Consider environmental and social sustainability | |
| Board and Management | Staff | Artisans | Customers | NGO Suppliers |
| 3.5 | 3.4 | 4.2 | 3.6 | 4.4 |
| Sensible | | | Make sense to the artisan, the company and the customer | |
| Board and Management | Staff | Artisans | Customers | NGO Suppliers |
| 3.5 | 3.8 | 4.1 | 3.8 | 4.1 |

Objective-wise Report on Performance

Objective 1: To design, create, manufacture and trade in products made in an environmentally and socially sustainable manner

| Activity 1 | Quantitative Indicators | Qualitative Indicators |
|----------------------------|------------------------------------|--|
| Gathering Consumer Insight | Number of Market Surveys Conducted | Range of Stakeholders Consulted Frequency of consultation |

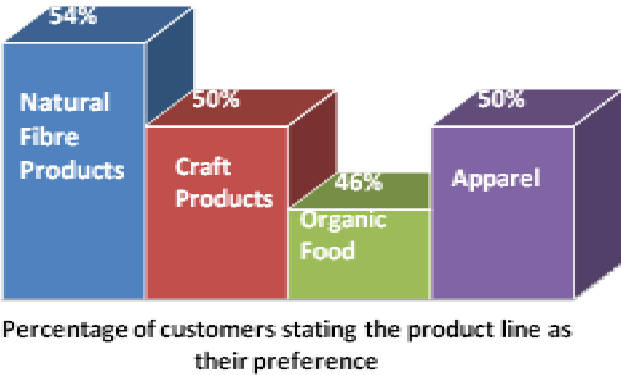
Being essentially a front ending retail company means that the unique capabilities of listening to customers and understanding their needs must be combined with the ability to translate that understanding into newer, improved products. There is no formal market survey in the sense of market research. However, the customer executives and staff at the stores are consulted weekly on which products are more popular, and if the customers have asked for any particular items to be stocked at the store. In the shop- in- shop format, these reviews are monthly. The monthly sales figures are another indication of popularity or otherwise of products. During the social accounting period, 41 visits / surveys by different staff of ICPL to different cities of India such as Delhi, Mumbai, Hyderabad, Jaipur, Jodhpur etc. (these include visit to showrooms), meeting retail shops like Central / Future group / Landmark, etc.

While there is a fair amount of market understanding in the form of 'intelligence', there does not seem to be any research done on what features, etc. *customers* might want in new products. In the earlier social accounts, since a lot of the customers were institutional, they would provide their requirements. Since the strategy now is to focus on retail, a more organized form of understanding customer requirements becomes important to have. An internal monitoring system which continuously gathers and analyses feedback from customers is being considered.

| Activity 2 | Quantitative Indicators | Qualitative Indicators |
|---------------------------|-------------------------------------|--|
| Developing a Product Line | Number of products designed | Customers' views about designs |
| | Number of products launched markets | Range of designs developed |
| | | Stakeholder preferences in current range of products |
| | | Stakeholder preferences for future range of products |
| | | |

This social accounting year, the products offered by ICPL in its retail format have increased dramatically. This is because of the addition of several other lines of products such as apparel, food, home linen etc. The actual number of products displayed in the store is 29140, across categories, which are sourced from a variety of suppliers- some commercial, some NGOs and some artisans directly. Of these 1503 are designed by ICPL in house designers which are then passed on to producer groups being trained by ICF. All product lines seem to

Customer's Preferences



have similar demand. Natural fibre products are what ICPL is well known for, and this is seen in customer preference of 54%. Similarly, organic food brands are several, and there are more outlets/ means of procuring this line. This is reflected in the lower customer preference for this line. When asked why they like products from ICPL, 15% of customers said the products were 'unique', and that the quality was

good-12%. Design attracted only a 4% response in comparison, which was unexpected. To a question on what they would like to see in future at the store, 19% customers said that they would like to see eco-friendly products- clearly, environmental sustainability is understood and appreciated among ICPL's current customer group. Their next preference-12% was for natural fibre products. It thus appears that the customers coming to the store currently are those that are aware of environmental sustainability and of ICPL's history in natural fibre. There also appears to be cross selling since although customers might have come in to buy natural fibre products, they are purchasing other categories of products as well.

| Activity 3 | Quantitative Indicators | Qualitative Indicators |
|-------------------------------|---|---|
| Nurturing production at scale | Number of production units trained | Nature of quality control systems at units |
| | Number of production units equipped | Nature of leadership development initiatives undertaken |
| | Number of production units delivering on time | |
| | Average lag time in delivering orders | |

There have been several changes in this activity on the field, with more delineation between the roles of ICPL and ICF. **9** groups of producers in and around the Bangalore area **have been trained by ICF, and set up** into Self Help Groups (SHGs). Of these, **5 have stabilised** and are supplying goods to ICPL on a regular basis. They have been provided with financial support and have moved up the value chain- from delivering goods on a 'piece rate' basis to becoming joint owners of the production units. One of the primary results of this from ICPL perspective is that now **89%** of producers are able to supply goods **on time**, and the ones that are unable to supply on time report a time **lag of 10 days**. This is a significant change from last year when ICPL had to incur losses even, due to late delivery of goods. Since the producers are responsible for making payments to their own suppliers and team members, they have found ways and means to complete work on time so they can collect their payments! In a sense the lack of comfort of a monthly/periodic payment is driving producers to work more efficiently.

All production units spun off and made independent this year have actually had a very long history of working with ICPL. As a result, they are familiar with the products that they supply to ICPL- quality has not become as much of an issue as it might have. Producers need to adhere to design in terms of colour, specifications etc., and are now paid only for goods that meet the standards. In the current social accounting period, no goods have been returned. **Only 11%** of producers surveyed have responded that they have 'quality checking artisans'. This is probably because they have not assigned anyone specific for quality- but would bear investigation to see what systems are in place on the field. Quality is also checked by the ICPL warehouse staff. One of the remarks made by the producers was **"We're all owners now, so we don't want to waste. That is why we work as far as possible to deliver goods which will not be sent back"**. Leadership development initiatives are taken in collaboration with ICF. It covers topics such as team work, entrepreneurship, common assets, organization building, and legal aspects etc. ICPL, while intending to connect the rural artisan with markets, does not have the expertise, funds or the mind space to build capacities at producer level. This is a crucial bridge and is provided by ICF. ICF builds artisanal clusters and provides them with design, production and leadership inputs. This enables artisanal clusters to become

more efficient and therefore more likely to withstand the pressures of commercial production. Stress on quality and on time delivery, branding and retailing are topics that are a focus, specifically for group capacity building and marketing.

| Activity 4 | Quantitative Indicators | Qualitative Indicators |
|--|-------------------------------------|---|
| Encouraging production through environmentally sustainable means | % of sustainable raw materials used | Nature of production processes at units |
| | | Nature of waste disposal processes |

Except for some trimmings, and the dyes that go into the process, all raw materials are sustainable. This is estimated at over 80%. It is not really possible to get an estimate of this from ICPL records as they are now procuring only finished goods, and are not purchasing raw materials. Most production processes are manual, and even when there are machines, they are not polluting. Waste disposal is still a concern. Fibre left over is burnt. Even members of the management team said that while effluent treatment plants etc., are part of the plan for each unit, due to the high cost of set up, it is not feasible for the next few years to do so. Besides, a comprehensive environmental impact evaluation will be required to get a proper understanding of where ICPL stands with regard to its environment commitment. It tries, currently, but will probably put in more organized effort as and when the immediate pressures of setting up retail stores are relieved.

| Activity 5 | Quantitative Indicators | Qualitative Indicators |
|--|----------------------------------|---|
| Building a credible marketing campaign | Number of export markets reached | Export customers' views on product support services and buying experience |

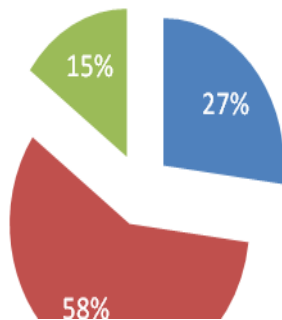
The focus of ICPL has moved from export markets to the domestic market. There are two reasons for this. The domestic market for 'sustainable' goods has increased with a greater awareness of green living and climate change. While export markets are lucrative, they require a level of discipline and capability that ICPL feels its producers are yet to achieve. They are also highly seasonal, and do not provide continuous income to producers. In view of this, the export marketing effort has reduced. This year importers from 5 countries have purchased products from ICPL. We have not contacted them as part of the Social Accounting cycle because we do not envisage many exports in the coming few years. This year, the turnover has not decreased greatly in spite of a dull market and the lack of large export orders. This is largely due to the presence of multiple categories of goods. It stands at Rs. 3.5 Crores, roughly.

| Activity 6 | Quantitative Indicators | Qualitative Indicators |
|----------------------------------|-------------------------------|---|
| Building a strong sales function | Number of standalone stores | Retail customers' views on product support services, buying experience etc. |
| | Number of Shop-in-Shop stores | Staff views on products, support services, buying experience etc. |

Retail sales are going to be the primary source of revenue for ICPL in the coming few years. Once this stabilizes, export sales will once again receive focus. ICPL currently operates 3 standalone stores under the brand of 'Mother Earth' –one each in Bangalore, Kolkata and in Delhi. It has immediate plans of starting these stores in Mumbai and Hyderabad. It also operates 47 stores in the shop-in-shop formats in leading retail stores such as Central, Landmark, Home Town etc.

How would you rate your buying experience from ICPL?

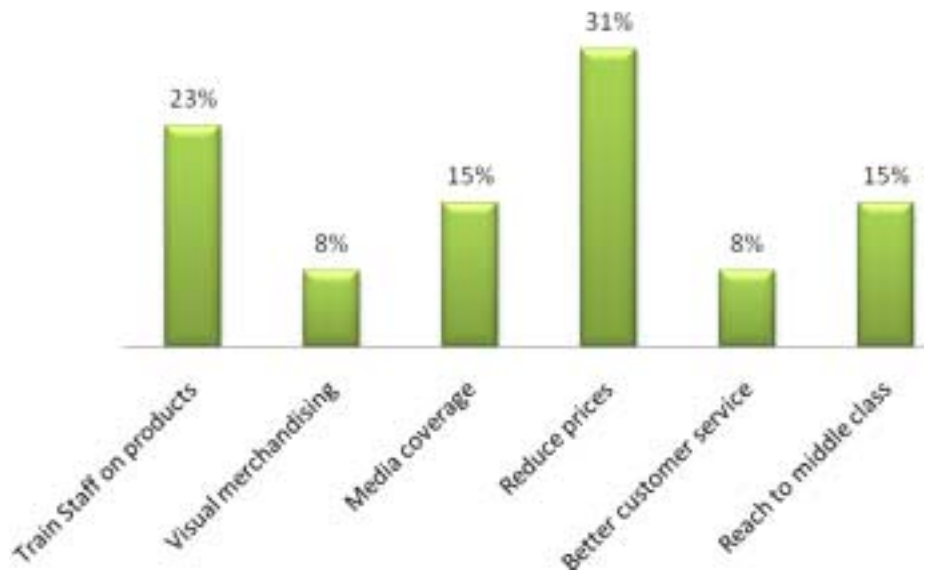
Could be better ■ Satisfactory ■ Exceptional



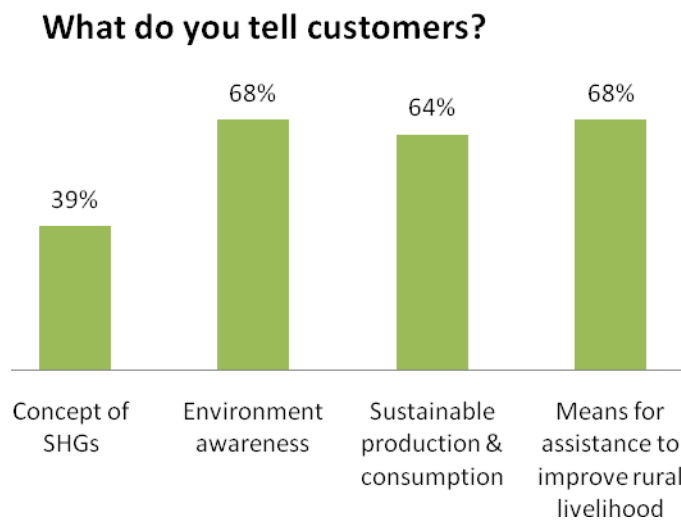
About **50%** of customers interviewed are **aware** that ICPL has promoted the brand '**Mother Earth**' and is operating stores under this name. **92%** customers interviewed have been **exposed to** some form of **communication** about ICPL and the brand Mother Earth. However, **42%** of these are at the Mother earth **store**. There really has been no concerted marketing effort made in this year, but it will be a focus area next year.

While most of the customers interviewed-73% are happy with the buying experience, there is a significant number of customers that feels things could be done better. Some of the suggestions in this direction are captured in the adjacent graph. It is clear that the **highest concern is to do with prices**. About half of the

What can be done to improve your buying experience?



customers responding to this question expressed that price was a factor in determining the buying experience from ICPL. When asked events/promotions ICPL could conduct, the maximum response of **33%** was for an **increased 'sale' period**. One of the customers even went as far as to say **"Everything is very expensive. I am not motivated to pay such a high price to help the artisan. I will pay 5%-10% more than actual prices in the regular market like Channasandra (Ramnagara) toys"**.



The other concern is training of employees. 64% of staff interviewed said that they interacted with the customer daily. A further 21% said they interact with the customer at least once a week. Interestingly enough, when the staff was asked to point out what training they needed, **46%** stated they wanted **more information about products**. Clearly this is a concern area for both stakeholders. When asked what they talk to customers

about, staff responses were quite spread out, covering most of the information one would expect from staff of a store such as Mother Earth. They probably are able to talk about general information on how products at the stores are produced, but need to understand more to be able to speak confidently about various crafts/ products specifically.

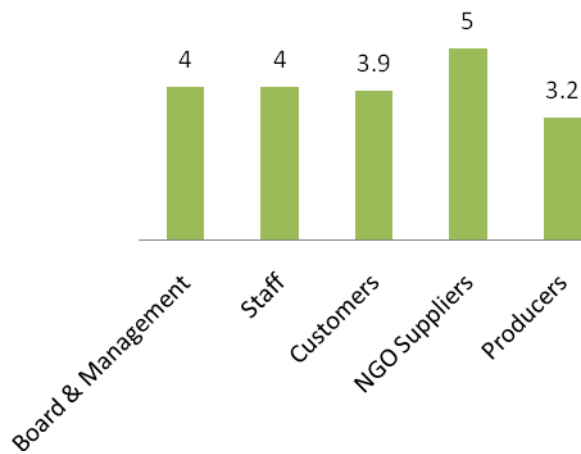
Feedback Commentary

Objective 1 is really about the day to day work of ICPL. The overall commentary about this is summarized below.

- Currently informal consultations are conducted with customers. Organized market research might be required a few years down the line
- ICPL prides itself on its design expertise. While customers do care about design or 'uniqueness' of a product, they also care about prices and information on where the products come from, what processes are used in their production etc.
- ICPL's current customers are those who are already aware of sustainable consumption. There is cross selling where a customer comes in to buy, food, for example, and also purchases craft products.

- Producers’ efficiency has increased with the spinning off strategy, although a fair amount of hand holding is still required.
- There do not appear to be many quality check systems at the producer level
- Environmental impact assessment is a need. Although the organization is aware of it, it will probably be on the agenda once the business stabilises
- Marketing efforts have not been made in the social accounting year in a planned manner. They are planned to be made in the next year
- Sales staff have also expressed a need to be trained on product information

Performance :Objective 1



When stakeholders were asked to rate performance on Objective 1, these are the results we got. Producers seem to feel that more can be done generally in this area, but some of that could also be attributed to the fact that not all producers like to be independent. The feeling that they were more secure earlier is prevalent amongst producers, and this could have resulted in the lower rating. The NGO suppliers probably need to be educated a little more on the environmental sustainability aspect of ICPL’s work, since that is an area that is lagging behind, and would mean that the rating is unwarrantedly high at

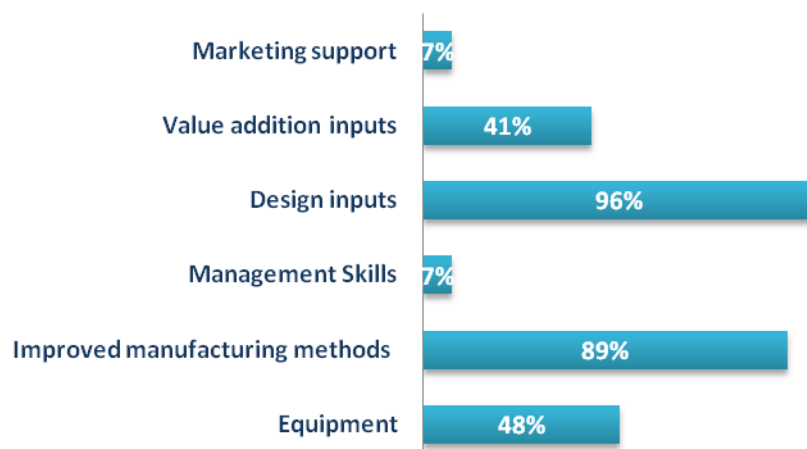
5. Overall, ICPL has been quite successful at linking artisans to markets, although there are issues that still need to be ironed out.

Objective 2: To assist producers in gaining access to design, finance, technology, infrastructure as well as market linkages

| Activity 1 | Quantitative Indicators | Qualitative Indicators |
|--|---|--|
| Enhancing design capabilities of producers | Number of enhanced designs passed on to producer groups | Producers' views on improved designs |
| Activity 2 | | |
| Providing facilitation access to technology of processes and Materials | Number of units set up with upgraded technology | Producers' views on upgraded technology |
| | Income increase if any | Changes in quality of life as perceived by producers |
| | | Increase in productivity |

ICPL has **4 designers** on its rolls working on improved designs that can be introduced into the stores. In the words of the CEO, **“Fashion is planned obsolescence. So we need to keep creating new products”**. The price that producers can get if the product is functional as well as aesthetic is logically more than the price that they would get for generic products. Being driven by this, one of the principal elements of ICPL’s strategy is design. In the social accounting year, **1503 new designs** have been passed on to various **craftspeople** across

What support have you received from ICPL?



the county. Of these **729** have been passed on the ICPL’s **spun off producers**. All producers consulted have said that they have learnt new skills by working with ICPL. Some of the areas of support producers have received are shown in the adjacent table. It is clear that design

and process inputs have formed the bulk of engagement that ICPL has had with its producers. **93%** of the producers felt that these **skills have been useful** to them in dealings with buyers other than ICPL. Specifically they have stated that new designs have been helpful, and that working with ICPL has increased their negotiation ability with other buyers.

85% of the producers have reported that they have experienced an **increase in income** after working with ICPL. Due to an absence of a baseline, it was difficult to calculate how much of a difference has actually been made. From the responses given where there was a pre-ICPL income and a post-ICPL income, it has been calculated that on an average, **income has increased by about 22%. The highest income increase was about Rs. 6000 per month while there was also a decrease of Rs. 2000 reported by one respondent.** The median income after supplying to ICPL is **Rs. 5000 per month.** To a question on whether they felt their **quality of life** had improved, **93%** producers said that it had while 4% said it had improved, but not significantly. ICPL staff members were asked if they felt the artisans were able to lead better life after associating with the company- **64%** responded in the affirmative. Ease of dealing with ICPL and marketing support were stated as the differentiating factors in supplying to ICPL.

| Activity 3 | Quantitative Indicators | Qualitative Indicators |
|---|--|--|
| Building leadership at producer level | Number of individual units spun off by ICPL | Producers' understanding of business |
| | Number of artisans employed by these units | Producers' views on support provided |
| | Turnover and profitability of these units | |
| Activity 4 | | |
| Providing access to financial resources | Investments in advances and other work capital paid to producers | Alternate sources of funding being explored by producers |
| | Loans given by ICPL to producers | |
| | Average time taken for settling payment to producers | |

Of the 9 units that ICPL was planning to spin off, **5 have stabilized** and are supplying on a regular basis to them. These units are located mostly in and around Bangalore, except for one unit. The leader of this SHG was actually stationed in Bangalore till last year, and used to work on a piece rate basis. Now he has moved back to his native village in Tamil Nadu and has formed an SHG of workers there. He also manages another SHG in Bangalore. The following is a summary of average monthly turnover and the number of artisans forming part of these groups.

| Name of the group | Formed | Location | Producers | Turnover (Rs.) |
|-------------------------------|--------|------------------------|-----------|---|
| Ashraya Self Help Group | 2008 | Bangalore | 30 | 6,73,311 (ICPL) 2,00,000 (Other buyers) |
| Green land SHG (Amman Crafts) | 2008 | Bangalore & Dharmapuri | 14 | 6,23,708 (ICPL) |
| Creative Krafts | 2008 | Krishnagiri | 30 | 15,55,990 (ICPL) 2,50,000 (other buyers) |

Access to Financial Resources

| Name of the group | Building Deposit | Working capital advances | Other Loans | Interest rate |
|------------------------------|------------------|---|--------------------------------|---------------|
| Ashraya SHG | 1,18,000 | 3,00,000 /- (worth of raw materials) | Machines worth of Rs. 6,00,000 | 0% |
| Greenland SHG (Amman Crafts) | | 95,000/- | Machines worth Rs.50,000 | 0% |
| Creative Krafts | | 1,00,000/- 3,50,000/- (worth of raw materials) | | 0% |

All producers had been given advances and loans for purchasing equipment etc., and were unanimous in accepting that without that support, they would not have been able to start out on their own. In addition to financial resources, they felt that it was ICPL's insistence that they become independent that they found helpful. In fact, ICPL's work in Virvannalur has been scaled down significantly since producer groups were reluctant to become independent. A small group of 15 women artisans has now been set up- they are employing a lady to manage their administrative work, and supplying to ICPL as a trial. Please refer to Annexure 3 for more details. **64%** ICPL staff members consulted stated that they knew what self-help groups were- however, **21% specifically stated that they didn't know what SHGs were.** This is an issue that definitely needs to be addressed- whether it is sales staff, merchandisers or

SHG: Small- homogenous group for face to face interaction and relationship. The membership of a group may range from 10-20. Ideal number of members would be between 15 -20. Membership should not be more than 20 because the group will then have to be legally registered. Economic homogeneity is very essential. (i.e. all belonging to the marginalized or poorer section of the community). Self- Help is based on and built upon Self-respect and Self Determination. It is not only Economic Independence, but also has a strong social aspect for bringing about social transformation.

designers, they must understand what the pieces add up to, and how their work contributes to the artisans.

Producers' willingness to take their business forward and their understanding of the environment surrounding their business is varied. When asked why they had set up their own

units when it was far more secure to just supply on a piece rate basis- **one** producer (Mr. Rajendra, Leader, Ashraya Self Help Group) said he could not envisage earning the Rs. 10,000-Rs. 12,000 he was getting as a job worker all his life. **His actual words were "Would I like to be a tailor till I die?"** Another (Mr. Selvam, Leader, Green Land SHG - Sri Amman Crafts) said that he had been supplying to ICPL since the time it had started, and since there was no other way, he was happy to go along with whatever the

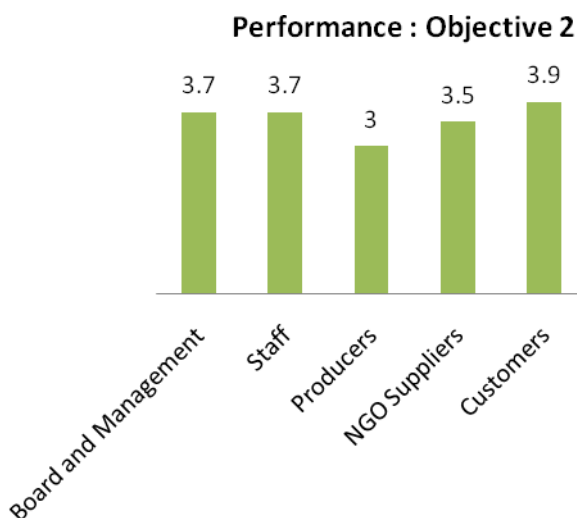
organization wanted him to do. He had moved back to his native village, and the **pride of bringing jobs back to his own place was a motivating factor for him**. Producers are slowly waking up to the fact that they can also supply to other traders, and need not be bound to ICPL. While one was already making plans to pitch for orders which would more than double his monthly orders, another was reluctant to talk to others since he felt ICPL would suffer. The one challenge that they are all facing is the lack of financial resources. Even with ICPL's backing and guarantees that they will purchase from these producers, banks and traditional financial institutions have been unwilling to give them loans. ICPL staff members were of the opinion that this was due to the poor atmosphere for SHGs in the state of Karnataka. Tamil Nadu did not seem to face as much of a problem. None of the producers have raised funds from organized sources outside of ICPL. Two of them were planning to and were exploring different ways and means.

Feedback Commentary

The significant change that has appeared since last year is the fact that producers are now willing to look at the option of being independent as viable. In all of last year's interviews, the maximum response was

“we want ICPL to give us more work”. This year it is heartening to note that that response has changed to “we want to pitch for more work”. This attitude change is only just beginning to emerge and certainly requires much more mentoring, and work on creating an atmosphere conducive to small, community owned businesses. Some of these are in ICPL's control while some are externalities. However, all of these issues will need to be addressed to give producers the sense of security and achievement

that ICPL is aiming to give them. Overall performance against this activity is rated at 3-4, on a scale of 5, that is to say that there is a fair amount of work to be done to make producers as independent and efficient as ICPL would like them to be, and indeed, and they would like to be themselves.



Objective 3: To create awareness and appreciation amongst the general public for sustainable consumption

| Activity 1 | Quantitative Indicators | Qualitative Indicators |
|--|--|--|
| Reaching out to customers through brand building efforts | Number of repeat customers at ICPL Stores | Customers' understanding of ICPL Brand |
| | Number of customers covered through newsletters, online platforms etc. | Content of communications materials, sales collaterals |
| Activity 2 | | |
| Engaging in advocacy with Customers | Number of non-ICPL brands promoted | Customers' response to advocacy drives |
| | Number of advocacy drives conducted | Non ICPL customers' awareness levels about sustainable consumption |
| | | Alliances built for advocacy |

ICPL has not tracked specific data about repeat customers- the stores have been set up a few months ago. As part of a sales and marketing survey, **65%** of the customers stated that it was at least their second visit to the Bangalore store. 2 persons even stated that it was their 10th visit to

[CUSTOMER COMMENTS]

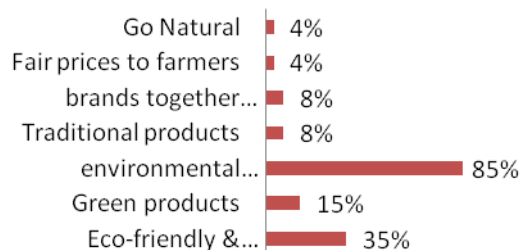
“FOR A CHANGE FEEL PROUD & NOT GUILTY AFTER SHOPPING”

“A UNIQUE CONCEPT -NEEDS ADVERTISING “

“IMPROVE FINISHING FOR BETTER SALES”

the store. There were two instances during interviews-one where a customer had come to the café the first time, and during the next visit was looking at apparel purchases, and another where the family

What do you think the purpose of ICPL is?



What sort of a store do you think Mother Earth is?



regularly (once a week) bought organic food from the store, and were looking at craft products. Another customer had run a Google search on a particular organic food brand and discovered the store- she was looking for gift items at the time of interviews. These point to the fact that because ICPL is now managing multi category retail, it is certainly helping 'converted customers' buy more sustainable products. The ICPL newsletter, under the brand 'Mother Earth' goes out to over 10,000 persons. The



Mother Earth group on Face Book has 525 members. Brochures, newsletters and shopping bag inserts all highlight the 'Sensible Shopping' statement. They also state the values around the seal 'Mother Earth'. In the newsletters regularly raise issues connected to fair trade, green buying, traditional crafts etc. in addition to informing customers about their partners and their work.

50% of the customers surveyed know that ICPL had scaled up beyond natural fibers as a category. When asked what kind of a store they thought Mother Earth was, these were

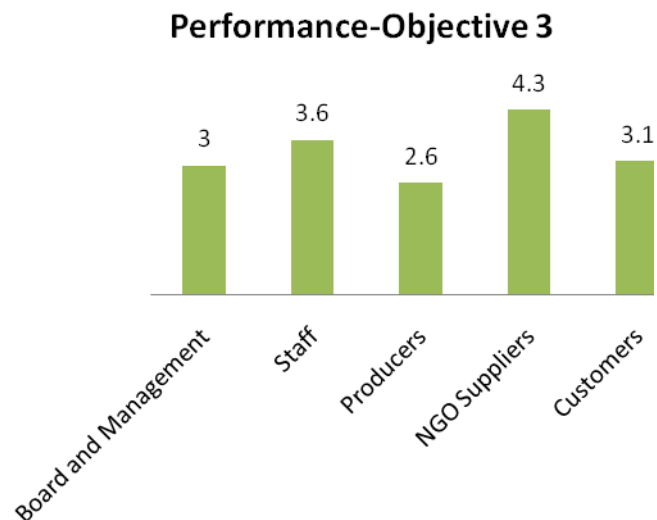
the responses. Environment consciousness is clearly on everyone's mind, and they associate Mother Earth with this. However, the Fair Trade and rural artisan links are not top of the mind for the customer. This seems to be a conscious strategy. To quote the MD, **"We never sell the NGO tag. To buy from us should be a matter of pride for our customers. These are first and foremost good products. It's good for the environment, it's good for the artisan and it's good for the customer. That is why we position Mother Earth as 'Sensible Shopping'"**

58% of customers consulted said that they had not received any communication such as a newsletter/event invitation. ICPL set up kiosks at various offices, public spaces in Bangalore and got **3000 people to sign the 'Green Pledge'** (Picture Adjacent). They distributed about **342 earthen pots** with seeds in them so people could go back and plant them in their gardens. This was done around the time of the Bangalore store opening. ICPL now plans to reach out to school children with quizzes, events

etc. The idea is to **target the next generation so that they can influence their parents' buying decisions** as well as take forward sustainable buying in future. Mother Earth stores stock **82% non-ICPL products**- i.e. products of other NGOs engaged in production with rural artisans/natural products/organic food etc. For the next cycle, awareness levels among customers who do not visit the stores are intended to be tracked through an internet survey

Feedback Commentary

In all, it is far more difficult to get a sense of performance on this objective in comparison to the other



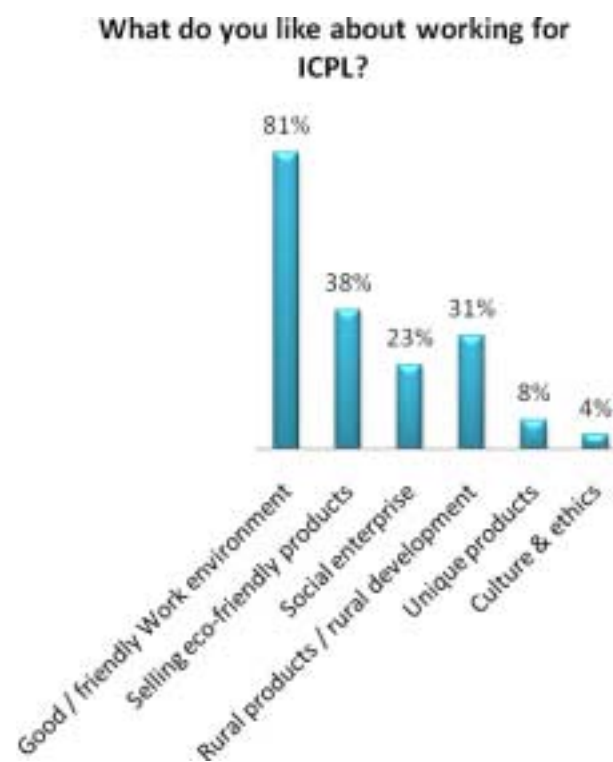
objectives. In spite of all the communications material, advocacy drives etc. one doesn't really know if the objective of promoting sustainable consumption is being achieved. Proxies have been used, and feedback sought, but results on this objective would be visible over the years. They need to be tracked continuously, and over a 3-5 year period, there will be enough data to get a better understanding of the success of advocacy efforts. That being said, there is a lot to be

done in terms of advocacy efforts themselves, and to combine advocacy with marketing so the effect is felt on the triple bottom line. There is a fairly wide distribution of opinion on performance against this objective. This is probably because the definition of success on this objective is more difficult to put a finger on. What is most important is that the customers feel that ICPL is able to perform to the level of 3/5

Other views of Stakeholders

Staff:

Close to 70% of staff interviewed were working at ICPL for less than 2 years. There was 20% which has been working with ICPL for over 4 years. 29% of staff surveyed had not received any training in the past one year. The highest number of employees- 29% has stated that they received training in customer interaction



| What is it you don't like about working for ICPL? |
|---|
| Communication Gap between HO and Stores |
| Taking work for granted |
| Health and Water Problem |
| Management |
| Accounts |
| Inconsistency in Decision Making |
| No Salary Increment |
| Unplanned Decisions |
| Differences in top management |
| Long distance from home to office |
| Not many products as per customer requirement |

and product information. The other topics mentioned by staff are Warehouse Management, Organic Food, and Social Audit.

“ICPL is a great place to work in with a lot of opportunities, a lot of transparency and more or less no hierarchy – one has to be open to change, to be able to take initiative and work hard to reap the benefits of being a part of the growth”

From the above graph and table, it may be inferred that staff enjoy coming to work because the work is challenging and the environment friendly. There are some specific issues that need to be addressed such as communication between offices, decision making and a ‘united front’ from top management. These will hopefully be addressed over the coming years. 89% of the staff felt that their role was clearly defined and that their appraisal system was in place. 57% felt that they needed more systems for them to perform better- like

| | | |
|---------------------------------------|-----------------------------|---|
| Better Customer Service | Team Work | Management Keeping Track of Employees' Work |
| Online system for reordering apparels | Ownership amongst employees | Sales Targets |
| Better Collections/Products | | |

Board and Management

On ICPL and ICF Integration

“We’re still very much hybrid. ICPL can’t do it alone. We need the non-profit more and more.”

“Both have grown immensely. We need to communicate with each other. Not enough linkage between us and us.”

“Their work is interrelated. It goes towards improving the supply chain”

On Future Plans of ICPL

“We’ll see a lot more people. Debt is priority. We have to leverage. ICF and ICPL will work together. We need to bring about empowerment in people.”

“We will see a lot more design coming in, an improved cash flow situation, more and more cross selling”

“Focus on domestic market. Whoever ICF trains should be able to supply to ICPL. That’s the only way both organizations can achieve their mission”

On how Social Accounting has helped

“The valuation helped us tell our stakeholders that we are much more than just a natural fibre company. It helped us get funds, and this in turn has helped us ‘dream big’”

“It helped us put investments in where our hearts and passion was. We did it last year because we’d not done it in the past- we need to do it now because we are expanding”

“It is something we’ll need to do continuously for the next few years. If you’re saying you’ll achieve something, you should measure it while you’re doing it. Otherwise an evaluation becomes history- and history doesn’t help!”

On the Mother Earth Brand

“We seem to get the visual message through whenever we have the opportunity. It’s a mind over matter thing. We need to woo customers away from factory”

“We’re now a good social/environmental brand. We don’t talk just natural fiber anymore because it’s incomplete. We now stand for sensible shopping”

“We need to constantly reinforce. Bring fair and sustainable together. It’s difficult to drum in to the customer.”

Key Aspects

| 1 Human Resources | | | |
|---|---------------------------|--|--|
| 1.1 Number of employees | Y/ N /NA | Date/Details/Comment | |
| Full-time | Yes | 87 employees as on 31.3.2009 | |
| Part-time | N | | |
| Consultants | YES 7 | Mr. Suman, Mr. Vibesh, Mr. S.R. Associates, Mr. Amit Banerjee, Mr. Ajay Batia, Mr. Praveen Sony, Mr. Deepak Bapat (7 consultants) – annexure 4 | |
| Volunteer | No | | |
| Contract Employees | No | | |
| 1.2 Number of members/shareholders (For Cooperatives/Companies etc.) | 4 (SHARE HOLDER S) | Mrs. Gita Ram Mrs. Neelam Chhiber Mr. R.S. Rekhi M/s. Future Ventures | |
| 1.3 Policies and Procedures in place | | | |
| Employee contracts | Y | Appointment orders (both parties signed) | |
| Employee job descriptions | Y | Job descriptions are mentioned in each employee's appointment letter | |
| Staff appraisals | Y | Yearly once appraisals | |
| Provident Fund | Y | Provident Fund (company contribution) is provided to the employee | |
| Health Insurance | No | | |
| Life Insurance | No | | |
| Grievance procedures | No | Will be considered for inclusion in next cycle | |
| Disciplinary procedures | Y | Staff discipline procedures (like In & Out), claiming expenditures / submission of accounts | |
| Equal opportunities | N | Industree is equal opportunities employer - no gender bias, policy to be included next year | |
| Safety protocols | Y | Warehouse & showrooms have been adhered to safety protocols (like fire emission), first aid box, etc. | |

| | | | |
|--|-------------------------------|-----|---|
| | Other | | |
| | 1.4 Consultations | | |
| | a. with paid employees | Y | As part of the Social Accounting process |
| | b. with volunteers | NA | |
| | c. with families of employees | No | |
| | 1.5 Facilities | | |
| | Crèche | No | |
| | Transport | No | |
| | Travel Allowance | Yes | Employees have been provided with travel allowance (with his / her salary) |
| | Medical Allowance | Yes | Employees have been provided with medical allowance breakup in their salary |
| | Subsidized Meals | No | |
| | Children's Allowances | No | |
| | Staff Outings | No | |
| | Other | | |
| | | | |

| 2 Good Governance and Accountability | | |
|---|---------------|--|
| | Y N NA | Date/Details/Comment |
| 2.1 Legal form of organization | | |
| Constitution (tick appropriate) | | |
| Sole trader | | |
| Partnership | | |
| Company limited by shares | Y | Pvt. Company – under Companies act |
| 2.2 Appropriate annual return filed [please state to which regulatory body] | Y | Registrar of Companies |
| 2.3 Annual General Meeting held | Y | 25/9/2008 |
| 2.4 Regular Board/Management Committee | | |
| <i>[please state number of meetings in year]</i> | Y | 18 Board meetings |
| Number of Board Members | 2 | |
| Composition of Board | | |
| 2.5 Advisory Council | NA | |
| Number of Advisory Council Members | | |
| Composition of Advisory Council | | |
| Frequency of Advisory Council Meetings <i>[please state number of meetings in year]</i> | | |
| 2.5 Annual Report published | Yes | Annual report (2007-08) is published. 08-09 is being filed in the week of October 26 th . |
| 2.6 Membership increased/decreased [delete as appropriate] | NA | |
| 2.7 Social Accounts prepared | Y | |
| 2.8 Social Accounts verified by Social Audit Panel | Y | |
| 2.9 Social Accounts reported to Stakeholders | YES | By email/website |
| 2.10 Consultations | Y | |
| a. with members of the organisation | NA | |
| b. with members of the Board or Management | Y | As part of Social Accounting |
| c. with Advisory Council members (if appropriate) | | |

| 3. | Financial Sustainability | Y/N/NA | Details |
|-----|--|--------|--|
| 3.1 | Annual Accounts prepared and filed <i>[please state with which regulatory body filed]</i> | Yes | Annual Balance sheet is filed with the Office of Income tax, Bangalore for the year 2008-09 |
| 3.2 | Balance sheet strengthened/weakened <i>[please delete as appropriate]</i> | | |
| 3.3 | Profit/loss for year <i>[please delete as appropriate and give figure]</i> | Y | 2007-08 Turnover: 4,42,29,433 Profit: 4,13,061 (before tax) 1,55,609 (after tax) 2008-09 Turnover: 3,56,44,779 Loss: 2,66,22,840 (before tax) 2,69,87,683 (after tax) |
| 3.4 | Plough Back/Reinvestment | NA | |
| 3.5 | Distribution of profits | NA | |

| | 5. Economic Impact | Y/N/NA | Date/Details/Comment |
|------------|---|--|--|
| 5.1 | Purchasing policies defined <i>[please attach]</i> | <i>N</i> | <i>Not defined, but practiced and intended. As far as possible from artisans and NGOs.</i> |
| 5.2 | Report on effect of purchasing policies available <i>[please attach]</i> | <i>No</i> | |
| 5.3 | Local multiplier effect of organization calculated <i>[please attach]</i> | <i>No</i> | |
| 5.4 | Other: <i>[please describe]</i> | <i>Economic Impact of Spin Off Producers Calculated. Discussed in the next section</i> | |
| | Additional Information | <i>Green Office Checklist will be included in next social accounts</i> | |

Economic Impact

Some indication of the economic impact created by ICPL is mentioned in Objective 2. This section is an attempt to take that analysis one step further, and to really understand whether the strategy of spinning off producers has actually worked in favour of the artisans. The actual economic impact is much higher when we look at the large set of artisans that supply to ICPL indirectly through other NGOs etc. About 3000 artisans are now earning an average of Rs. 5000 per month due to orders from ICPL. This itself amounts to Rs. 1.5 Crores. Since there is a closer mentoring relationship also involved, only the 3 SHG groups spun off in and around Bangalore in the previous year are being considered.

ICPL has been instrumental in training artisans from these three groups and in setting them up as individual units. The turnover from ICPL accounts for **88%** of the total turnover of these organizations. The artisans interviewed were all members of these 3 SHGs. From the post- ICPL income data given by the respondents in the Social Accounting survey, the median monthly income is **Rs. 5,000**. Please note that this is not incremental income. It is just the amount of money, on an average, each member of the SHGs has earned per month. This has further been annualized, multiplied by the number of members in each group and totalled to arrive at **Rs. 44, 44, 000** which is the **total annual earnings of the SHGs due to ICPL**.

Annual Earnings of SHG Members

| Name of the Group | Number of Artisans | Average Monthly Income (Rs.) | Annualized Income(Rs.) |
|---|--------------------|------------------------------|------------------------|
| Aashraya Group | 30 | 5,000 | 18,00,000 |
| Green Lands Group | 14 | 5,000 | 8,40,000 |
| Creative Kraft | 30 | 5,000 | 18,00,000 |
| Total Annual Earnings of SHG members due | | | 44,40,000 |
| Total Annual Earnings due to ICPL (88% of 44,44,000) | | | 39,07,200 |

Investments in producers' businesses

| Name of the group | Building Deposit | Working capital advances | Machinery Loans |
|---|------------------|--------------------------|------------------|
| Aashraya SHG | 118000 | 300000 | 600000 |
| Greenland SHG (Amman Crafts) | | 95000 | 50,000 |
| Creative Krafts | | 100000 | |
| Total | 118000 | 495000 | 650000 |
| Total Loans and Advances made by ICPL(Rs.) | | | 12,63,000 |
| Total Loans and Advances Paid up (Rs.) | | | 3,10,000 |
| Net Investments made in producers (Rs.) | | | 9,53,000 |

In addition to the technical training and counselling/mentoring, ICPL's support has been very strong in terms of the investments made in the business of the SHGs. This ranges from providing lump sum building deposit to investing in raw materials and machinery. A total of these **investments** in the social accounting year is Rs. 12, 63, 000. These debts have been interest free, and have been collected from the producers against payments that were made to them over the year. Ashraya SHG repaid loan of Rs.3,00,000, Greenland SHG repaid Rs.10,000 out of Rs.95,000. **Therefore, in the social accounting year 2008-09, a total amount of Rs. 48, 60, 200 has been paid to the independent spin off producer units in various forms.** This gathers perspective when one understands that it is 13% of the annual turnover of ICPL in the same time period. This impact might not, by itself look significant, but it must be seen in light of the plans of ICPL to spin off more and more such independent units every year. These income numbers are also set to increase as the demand from more and more Mother Earth stores increases the turnover of these units. For the next cycle, a thorough local economic impact analysis is planned. We will get data collection mechanisms in place so that we have a better baseline to refer to next year. ICPL has incubated these units and supported them. These units are meant to be a pilot for the organization so they can fine tune their scale up strategy and reach out to many more units. By 2013, ICPL intends to have 60% of its sourcing from independent producer groups.

Compliance

ICPL is a registered private company under the Companies Act, 1956. It is compliant with the following

1) Trade License

Trade license is issued by City Municipal Corporation for the business activity, this is one-time registration.

2) Shops & Establishment License

This is similar to the Trade license and this is also one-time registration with City Municipal Corporation

3) Labour License

Issued by Department of Labour, Govt. of Karnataka, this regulates the employment of Inter State migrant workers and to their conditions of service and other matter connected therewith. The Act applies to an establishment in which 5 or more Inter State migrant workers are employed. A migrant worker means any person who is recruited in one State under an agreement or otherwise for employment in establishment in another State. Every principal employer shall make an application to the concerned office of Dept. of Labour for registration by paying the prescribed fee to obtain the registration certificate. It is compulsory & one-time registration

4) 365 days Opening License

It is a special license from City Municipal Corporation to open showroom / establishment for 365 days a year.

5) VAT (Value Added Tax) Registration

VAT is a multi-stage tax levied at each stage of the value addition chain, with a provision to allow input tax credit on tax paid at an earlier stage, which can be appropriated against the VAT liability on subsequent sale. VAT is intended to tax every stage of sale where some value is added to raw materials, but taxpayers will receive credit for tax already paid on procurement stages. Thus, VAT will be without the problem of double taxation as prevalent in the earlier Sales tax laws.

- VAT is approved from Commercial Tax Department, Govt. of Karnataka, its one-time registration & every month we need to file statement of purchase & sales to the Department and also yearly return is also filed.

6) CST registration

The CST Act provides for levy on Inter-State sales and also defines what is 'Inter-State Sale'. However, the concept that revenue from sales tax should be collected by States has been retained. Thus, though it is called Central Sales Tax Act, the tax collected under the Act in each State is kept by that State only. This is provided in Article 269(1)(g) of Constitution of India. - - CST in each State is administered by local sales tax authorities of each State.

- CST is also one-time registration, monthly & annual return filing of inter-state sales & purchases

7) Professional Tax

Karnataka Tax on professions, trades, callings & employments act, 1976. Under this act, employer needs to be registered with Professional Tax Department. Under this act, all employers need to deduct tax depending on the salary and remit to the professional tax commissioner. Returns to filed monthly and also yearly filing of return.

8) PF registration

One time Registration with Employee Provident Found Organisation, under this act employer needs to remit to the Provident Fund a/c of the employee in PF Commissioner Office (12% employee contribution, 12% employer contribution & 1.16% by employer as service charges).

9) Employment State Insurance Corporation ESIC registration

This Act is administered by the Employees State Insurance Corporation which is made up of representatives of employees and employers. The funds under the Act come from employer (4.75%) and employee (1.75%) contributions. All employees are required to be insured under this Act, which provides benefits in case of sickness, maternity & employment injury and to make provisions for related matters to employees subject to a wage limit. As the name suggests, it is basically insurance scheme i.e. employee gets benefit if he / she is sick or disabled.

- Monthly payment to ESIC
- Half yearly return

10) Weights & measure License

The Dept. of Legal Metrology (formerly known as Dept. of Weights and Measures) is engaged in maintenance of accuracy in all weights and measures used in trade, commerce and industry. The department also ensures correct quantities for the price paid and protects consumer interest. Every person who intends to commence or carry on the use of any weight or measure in any transaction or for industrial production is required to get Registration from the Dept. of Legal Metrology. Application for Registration is to be made in Form I accompanied by fee of Rs. 5/- .Within 90 days from commencement of using weights & measures.

11) Companies Act, 1956

ICPL registered under Companies Act, 1956. ICPL has to follow all rules, laws & regulations of Companies Act, 1956

12) Income Tax

ICPL has to pay relevant taxes to Govt. Of India

13) Import & export code

This is one time registration activity with Director General of Foreign Trade, this licence allows export and import.

In addition, ICPL is a member of World Fair Trade Organisation (WFTO) (formerly International Fair Trade Association), Membership from 2006-07 and for the year 2008-09 it's renewed. ICPL also certified as fair trade organization by WFTO.

Issues for Action and Achievements

Achievements

ICPL has managed, quite successfully to set up a front end retail store with a strong supply chain of rural artisanal produce. It has moved some of its producers to the level of being able to operate independently, and has been able to attract environment and fair trade conscious customers to come into their stores and buy across categories.

Funding has come in and this has helped in operationalizing what seemed initially like a very good, but very difficult to do thing- to something that has been done. The most difficult step of setting up a viable producer owned supply chain has been taken. Now there is only moving forward to do!

However, there are certainly areas which ICPL needs to work on, to ensure that it stays true to its mission.

Issues for Action

- Environment Impact needs to be measured and tracked regularly. This is on the radar of customers- they care about how ICPL treats the environment and come to the Mother Earth stores because they think they are environment friendly. They are- ICPL just needs to measure track and communicate to what extent.
- More visible and aggressive marketing efforts are required to spread the word about Sensible Shopping among customers. Advocacy drives to make people think about environment, livelihoods and fair trade related issues too need to certainly move beyond just newsletters, and need to elicit more reaction from the target groups.
- An internal monitoring system that constantly gathers feedback from customers and feeds it into business decisions is required. Some automation in gathering and analysis could also be attempted.
- Spun off producers need financial linkages and a supportive environment. They also require a lot of mentoring and counseling to assume the risk and the responsibility that comes with being independent. There is a certain amount of (understandable!) reluctance that needs to be addressed.
- A more robust information system is needed for ICPL to actually track the benefits that the producers groups gain out of supplying to ICPL. With better baseline data and information on spending patterns, a more thorough economic impact analysis needs to be undertaken.

- Staff training, especially on information related to the products that they are selling is a need that has emerged strongly from staff as well as from customers. The day to day decision making and communication is also an area of concern.
- ICF and ICPL need to integrate better and need to share more information and experience. This doesn't mean that they dilute their mission or their commitment to their separate stakeholders. In fact, they will be able to cater much better to their stakeholders if they work together more efficiently. They will continue to do different things, but everyone concerned must appreciate and be comfortable with the 'hybrid' nature of IndusTree.

Plans for Dialogue with Stakeholders

Social Accounting is becoming more and more embedded in the systems at ICPL. Issues for action brought out by the accounts will feed into the planning process and will in turn be used in day to day operations. This apart, excerpts from the report will be used in the Annual Report of the organization. Both, the full version and a summary version of the report will be uploaded on our website. Findings of the social accounts will be communicated to stakeholders through the newsletter, blog and the Face Book group. ICPL will communicate with its producers separately, in local language where required and disseminate the relevant findings of the social accounts to them.

Strengths and Weaknesses of the Social Accounting Process and Plans for the Next Cycle

Since these are the second social accounts, the Social Accounting team was familiar with the nature of work involved, and also with the different data sources that would need to be referred to. The framework, the questionnaires, the lists of data sources were all there from the last time- we only needed to refine and alter where required. In that sense it was not a cumbersome process. These accounts are certainly an improvement over last year's accounts. ICPL spent about 8 months working on these accounts while the first accounts were prepared in a span of 2 months. Therefore, the Social Accounting team had the luxury of time and experience- the accounts took far less effort to prepare.

However, this year, there was much more of a sharing of responsibility. That is a good thing, and indicates that the organization is internalizing the Social Accounting philosophy and practice. But it also comes with the disadvantage that there is a scope for communication gaps, oversight (this happened with the consultation on mission) and in general far less control on the process. Last year, since it was essentially the first time such an analysis had been attempted, and it covered a 5-year timeframe, the income increment numbers were striking. This time, since the time period covered is only one year, the economic impact numbers are quieter but still describe empowerment and improvement in quality of life.

But as Social Accounts are written more and more regularly, they become more useful as a strategic planning tool- the difference is that they allow multiple stakeholders to influence policy instead of one or two more 'influential' stakeholders. The challenge is to keep one's mind open to new things that can develop out of a social accounting cycle rather than making repetitive statements and fail to throw light on issues of importance. ICPL can probably learn from organizations such as TraidCraft which have written accounts several times.

For the next cycle, a Local Multiplier Study would be appropriate since the spun off producers would have been able to stabilize, and it will help ICPL present this part of its strategy well to all stakeholders concerned. Environment Impact also needs to be focused upon to present a true 'triple bottom line' picture.

Financial Information

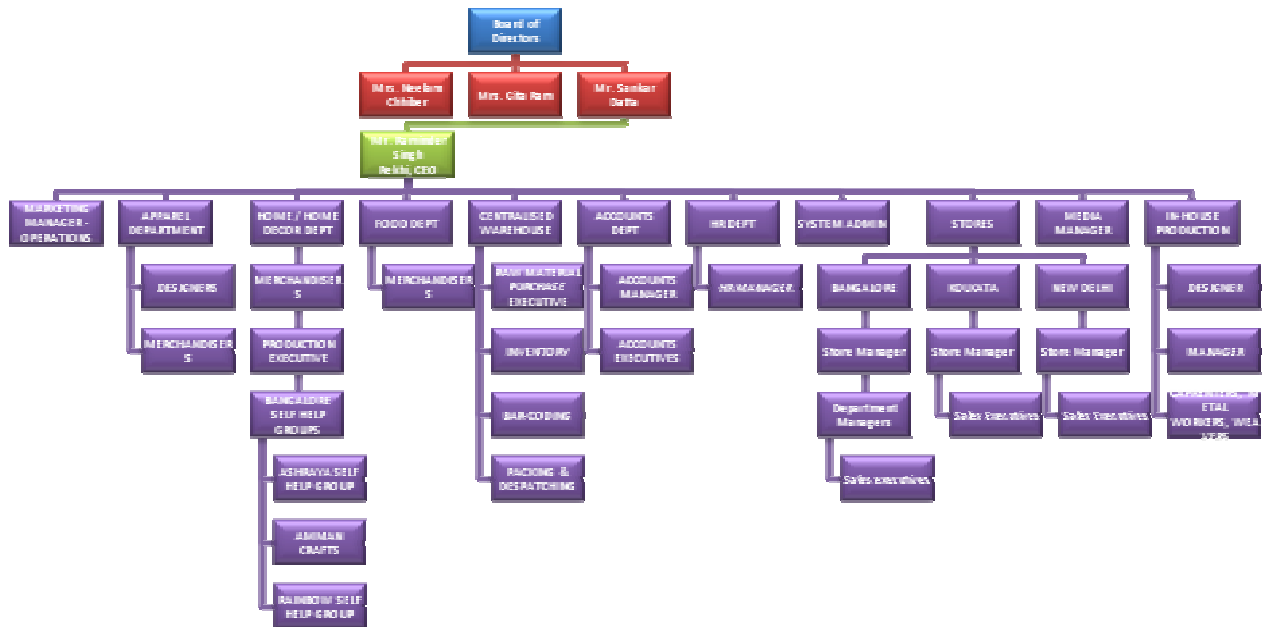
| ICPL - Balance Sheet as at 31st March 2009 | | |
|---|----------------------------|----------------------------|
| Particulars | As at 31.03.2009 Rs. | As at 31.03.2008 Rs. |
| <u>Source of Funds</u> | | |
| Shareholders' Funds | | |
| Share Capital | 88,00,000 | 42,00,000 |
| Share Application Money | 0 | 1,50,000 |
| Reserves and Surplus | 6,19,59,178 | 49,27,061 |
| Loan Funds | | |
| Secured Loans | 13,07,643 | 30,85,456 |
| Unsecured loans | 67,97,575 | 68,41,594 |
| | 7,88,64,396 | 1,92,04,111 |
| <u>Application of Funds</u> | | |
| Fixed Assets | | |
| Gross Block | 1,43,92,125 | 1,12,95,091 |
| Less: Depreciation | 51,77,102 | 37,49,774 |
| Net Block | 92,15,023 | 75,45,317 |
| Capital Work-in-progress | 1,18,66,552 | 0 |
| | 2,10,81,575 | 75,45,317 |
| Investments | | |
| | 6,400 | 6,400 |
| Current Assets, Loans and Advances | | |
| Inventories | 1,82,26,298 | 95,47,344 |
| Sundry Debtors | 1,02,81,166 | 48,81,492 |
| Cash and Bank Balance | 1,15,84,168 | 24,35,657 |
| Loans and Advances | 1,34,73,671 | 32,16,743 |
| | 5,35,65,303 | 2,00,81,236 |
| Less: Current Liabilities & Provisions | | |

| | | |
|--|--------------------|--------------------|
| Current Liabilities | 1,78,53,202 | 85,64,962 |
| Provisions | 1,44,606 | 84,117 |
| Net Current Assets | 3,55,67,495 | 1,14,32,157 |
| Deferred Tax Asset | 0 | 2,20,237 |
| Miscellaneous Expenditure <i>(to the extent not written off or adjusted)</i> | | |
| Profit & Loss A/c (Dr. Bal.) | 2,22,08,926 | 0 |
| | 7,88,64,396 | 1,92,04,111 |

| ICPL - Profit and Loss Account for the year ending 31st March 2009 | | |
|---|---------------------|--------------------|
| Particulars | Y.E. | Y.E. |
| | 31.03.2009 | 31.03.2008 |
| | RS. | RS. |
| <u>I. Income</u> | | |
| Export Sales | 58,85,843 | 1,42,84,972 |
| Local Sales | 2,88,45,248 | 2,95,26,570 |
| Interest Income (TDS - Rs. 43,074/-) | 5,72,881 | 1,57,278 |
| Other Income | 3,40,806 | 2,60,613 |
| | 3,56,44,779 | 4,42,29,433 |
| <u>II. Expenditure</u> | | |
| Material Cost | 2,12,94,435 | 1,50,10,821 |
| Manufacturing Expenses | 38,26,483 | 51,97,322 |
| Employees Remuneration and benefits | 1,87,97,269 | 94,07,309 |
| Administration and Office Expenses | 1,35,40,030 | 1,16,51,867 |
| Repairs and Maintenance | 6,97,634 | 4,59,454 |
| Interest | 26,84,440 | 9,96,916 |
| Depreciation | 14,27,328 | 10,92,683 |
| | 6,22,67,619 | 4,38,16,372 |
| III. Profit Before Tax | -2,66,22,840 | 4,13,061 |
| IV. Provision for | | |

| | | |
|--|---------------------|------------------|
| Deferred Tax | 2,20,237 | 1,74,363 |
| Fringe Benefit Tax | 1,44,606 | 83,089 |
| V. Profit After Tax | -2,69,87,683 | 1,55,609 |
| VI. Balance brought forward from previous year | 49,27,061 | 47,93,318 |
| VII. (Excess)/Short provision for tax of earlier years | 1,48,304 | 21,866 |
| VIII. Balance Carried to Balance Sheet | -2,22,08,926 | 49,27,061 |
| IX. Weighted average No of Shares outstanding used in calculating EPS | | |
| | 71,173 | 31,633 |
| X. Basic EPS of Face Value of Rs 100 Each (in Rs.) | -379.19 | 4.92 |

Annexure 1: Organization Chart



Annexure 2: Questionnaires

I. Employee Questionnaire

1. Name: _____ 2. Age: _____ 3. Sex: _____
4. Location (Home town): _____
5. How long have you been working for Industree? _____ Years _____ months
6. Please list two things you **like** about working with Industree
 - a. _____
 - b. _____
7. Please list two things you **do not like** about working with Industree?
 - a. _____
 - b. _____
8. USP of Industree as an employer _____
9. Please write down details of the training you have received in the last 12 months? _____
10. What training do you think you need to improve your skills / performance? _____
11. Are your role and responsibilities well defined and communicated properly? _____
12. Do you have a mechanism of appraisal of duties in place? _____
13. Have you ever felt the need of a system which would help you perform your tasks better? _____
14. Do you have any suggestion for bringing such a system in place? _____
15. How often do you interact with customers? _____
16. Do you know what a Self Help Group (SHG) is? _____
17. What do you inform to your customers at Mother Earth / Industree?
 - a. Concept of SHGs _____
 - b. Environment awareness _____

c. Sustainable production and consumption

d. Means for assistance to improve rural livelihood

e. Any other_____

18. Do you feel the primary producers are able to lead a better life after associating with Industree? Mark your comments.

19. Please fill in the following table as per the

| Employee details | Prior to Association with Industree | After Association with Industree |
|----------------------|-------------------------------------|----------------------------------|
| Annual Income | | |
| Daily Working Hours | | |
| Monthly Days of Work | | |

In the following questions please circle the most appropriate responses...

Here is our **Mission Statement**:

“To enhance and create artisanal livelihoods through marketing of contemporary designed artisanal produce”

20. Please say how well you thinking we are achieving the above Mission.

Very well quite well OK poorly very badly don't know

21. Here are our **Values**: - please say how well you think we are living up to them:

[Being Natural] - Very well quite well OK poorly very badly don't know
[Being Fair] Very well quite well OK poorly very badly don't know
(Being Sustainable) Very well quite well OK poorly very badly don't know
[Being Sensible] Very well quite well OK poorly very badly don't know

Comments:

22. Here are our **Objectives** – Please say how well you think we are achieving them

a. To design, create, manufacture and trade in products made in an environmentally and socially sustainable manner

Very well quite well OK poorly very badly don't know

Comments:

b. To assist producers in gaining access to design, finance, technology, infrastructure as well as market linkages

Very well quite well OK poorly very badly don't know

Comments:

c. To create awareness and appreciation amongst the general public for sustainable consumption

Very well quite well OK poorly very badly don't know

Finally, do you have any general comments?

II. Customer Questionnaire

1. Name of the customer
2. Organisation Name & email id:
3. Do you know Industree transformed into brand Mother Earth to scale up to different verticals like apparels, organic food & other crafts and also to reach more no. of rural artisans all over India?
4. Have you seen any communication material from IndusTree / Mother Earth? Please mark all relevant options
 - a. Newsletter
 - b. Website
 - c. Brochures
 - d. Media Coverage
 - e. Publications
 - f. At Mother Earth store
 - g. Any other _____
5. What do you think is the purpose of Industree/Mother Earth?
6. Do you think that the purpose of IndusTree / Mother Earth is communicated effectively through such communication material?
7. Have you been informed when new designs / products / events / activities / programmes have been launched at Industree / Mother Earth? If so, how many times have you been contacted?
8. What are the other events / programmes you want to see at Industree / Mother Earth store?
9. How frequently you receive communication (brochure / news letter, etc.) from IndusTree / Mother Earth about its activities?
10. How would you rate the buying experience from IndusTree?
 - a. Disappointing
 - b. Could be better
 - c. Satisfactory
 - d. Exceptional

11. What would you say could be done to improve the buying experience from IndusTree?

12. What is the USP of Industree/ME as a supplier?

13. What do you feel the cooperation from the sales staff / merchandisers regarding your queries / orders?

- a. Disappointing
- b. Could be better
- c. Satisfactory
- d. Exceptional

14. Which products do you prefer to purchase most from IndusTree?

- a. Natural fibre products
- b. Craft products (like leather puppetry, wood inlay, kalamkaari, madhubani, etc.)
- c. Organic food products
- d. Apparel products
- e. Any Other

15. Why?

16. Which products would you like IndusTree / Mother Earth to sell?

17. Has IndusTree / Mother Earth been able to respond to your support requests?

18. What is their average response time to a query/clarification?

19. Are you satisfied with the level of support provided by IndusTree / Mother Earth?

20. Here are our **Values**: - please say how well you think we are living up to them:

[Being Natural] - Very well quite well OK poorly very badly don't know

[Being Fair] Very well quite well OK poorly very badly don't know

(Being Sustainable) Very well quite well OK poorly very badly don't know

[Being Sensible] Very well quite well OK poorly very badly don't know

21. Here are our **Objectives** – Please say how well you think we are achieving them

- a. To design, create, manufacture and trade in products made in an environmentally and socially sustainable manner

Very well quite well OK poorly very badly don't know

- b. To assist producers in gaining access to design, finance, technology, infrastructure as well as market linkages

Very well quite well OK poorly very badly don't know

- c. To create awareness and appreciation amongst the general public for sustainable consumption

Very well quite well OK poorly very badly don't know

III. Producer Questionnaire

1. Name
2. Age
3. Group
4. How long have you been working or supplying for IndusTree?
5. Are you as an individual supplying to Industree / Mother Earth directly or through your an NGO / Self Help Group / Coop Society?
6. Have you received any form of support from IndusTree? Yes No
7. What form of support was it?
 - a. Equipment
 - b. Improved Manufacturing Methods
 - c. Management Skills
 - d. Design inputs
 - e. Value addition inputs
 - f. Any Other Skills (Please Specify)
8. How long did it last?
9. Have you learnt anything new by supplying regularly to IndusTree? Yes No
10. Has this knowledge helped you in your dealings with other buyers? Yes No
11. How?
12. Have you received working capital loan from Industree and @ rate of interest?
13. Is Industree helped you to be part of Self Help groups?
14. Are you able to deliver goods on time? Yes No
15. If not, usually by how many weeks/days?
16. Do you find that your income has increased after associating with IndusTree? Yes No

17. Have you seen any communication material from IndusTree / Mother Earth? Please mark all relevant options
- a. Website
 - b. Brochures
 - c. Media Coverage
 - d. Publications
 - e. At Mother Earth store
 - f. Any other _____

18. What do you feel the cooperation from the sales staff / merchandisers regarding your queries / orders?
 - a. Disappointing
 - b. Could be better
 - c. Satisfactory
 - d. Exceptional
19. How do you check the quality of your products?
20. Please describe a typical working day
21. Who heads your unit? How is this person identified? For how long has this person headed your unit?
22. Do you find that you are able to lead a better life after associating with IndusTree?
23. Is the selling experience to IndusTree any different from selling to other buyers? How?
24. Has IndusTree set up any working facilities for you? What are these? Do you find them useful? How?
25. Who are the usual visitors from IndusTree?
26. What do you think is the main purpose of IndusTree?
27. How is waste treated at the production facility?
28. Have you raised funds from outside? At what rate of interest? How was that borrowing experience?
29. Please fill out the following detail to the best of your knowledge

| | Prior to Association with IndusTree | After Association with IndusTree |
|-----------------------------|-------------------------------------|----------------------------------|
| Daily/Monthly/Annual Income | | |
| Daily Working Hours | | |
| Monthly Days of Work | | |

In the following questions please circle the most appropriate responses...

Here is our **Mission Statement:**

“To enhance and create artisanal livelihoods through marketing of contemporary designed artisanal produce”

30. Please say how well you thinking we are achieving the above Mission.

Very well quite well OK poorly very badly don't know

31. Here are our **Values**: - please say how well you think we are living up to them:

[Being Natural] - Very well quite well OK poorly very badly don't know

[Being Fair] Very well quite well OK poorly very badly don't know

(Being Sustainable) Very well quite well OK poorly very badly don't know

[Being Sensible] Very well quite well OK poorly very badly don't know

32. Here are our **Objectives** – Please say how well you think we are achieving them

a. To design, create, manufacture and trade in products made in an environmentally and socially sustainable manner

Very well quite well OK poorly very badly don't know

b. To assist producers in gaining access to design, finance, technology, infrastructure as well as market linkages

Very well quite well OK poorly very badly don't know

c. To create awareness and appreciation amongst the general public for sustainable consumption

Very well quite well OK poorly very badly don't know

IV. NGO Questionnaire

1. Name of the organization
2. Staff Strength
3. On a scale of 1-4 where would you rate the experience of dealing with IndusTree?
 - a. Dissatisfied
 - b. Indifferent
 - c. Satisfied
 - d. Highly Satisfied
4. What in your opinion is the purpose of IndusTree?
5. Have you seen any communication material from IndusTree? Please mark all relevant options
 - a. Website
 - b. Brochures
 - c. Media Coverage
 - d. News letters
6. Do you think that the purpose of IndusTree is communicated effectively through such communication material?
7. Areas of improvement-what can we do better
8. What is the USP of IndusTree/ME as a buyer?
9. Here are our **Values**: - please say how well you think we are living up to them:

[Being Natural] - Very well quite well OK poorly very badly don't know

[Being Fair] Very well quite well OK poorly very badly don't know

(Being Sustainable) Very well quite well OK poorly very badly don't know

[Being Sensible] Very well quite well OK poorly very badly don't know

10. Here are our **Objectives** – Please say how well you think we are achieving them

d. To design, create, manufacture and trade in products made in an environmentally and socially sustainable manner

Very well quite well OK poorly very badly don't know

e. To assist producers in gaining access to design, finance, technology, infrastructure as well as market linkages

Very well quite well OK poorly very badly don't know

f. To create awareness and appreciation amongst the general public for sustainable consumption

Very well quite well OK poorly very badly don't know

V. Management Questionnaire

In the following questions please circle the most appropriate responses...

Here is our **Mission Statement**:

“To enhance and create artisanal livelihoods through marketing of contemporary designed artisanal produce”

1. Please say how well you thinking we are achieving the above Mission.

Very well quite well OK poorly very badly don't know

2. Here are our **Values**: - please say how well you think we are living up to them:

[Being Natural] Very well quite well OK poorly very badly don't know

[Being Fair] Very well quite well OK poorly very badly don't know

(Being Sustainable) Very well quite well OK poorly very badly don't know

[Being Sensible] Very well quite well OK poorly very badly don't know

3. Here are our **Objectives** – Please say how well you think we are achieving them

a. To design, create, manufacture and trade in products made in an environmentally and socially sustainable manner

Very well quite well OK poorly very badly don't know

b. To assist producers in gaining access to design, finance, technology, infrastructure as well as market linkages

Very well quite well OK poorly very badly don't know

c. To create awareness and appreciation amongst the general public for sustainable consumption

Very well quite well OK poorly very badly don't know

3. Number of market surveys conducted

4. Number of producer units supplying to Industree / Mother Earth

5. How many producer units are nurtured with sales / marketing of their products?

6. How many producer units are provided with working capital & at what rate of interest currently?
7. Number of producer units delivering on time. Average time lag. Reasons for time lag. Consequences of such time lag
8. Number of 'marketing efforts launched
9. Number of enhanced designs passed on to artisans
10. Description of quality control systems at units
11. Description of leadership development
12. Description of management processes at production units
13. Feedback from management on collaterals
14. Benefits/Perceived Benefits of Tools Developed
15. Decision making process behind introducing new technologies
16. Incremental benefits of artisans while selling to Industree / Mother Earth
17. Perceived Benefits of Better value added designs
18. Feedback on utility of training and increased income potential if any
19. Description of facilities set up by ICPL for craftspeople
20. Description of information dissemination efforts through various media

Annexure 3: FGD Notes

FGD Date: 10 October 2009

Artisans present:

| Sl. No. | Artisan / weaver name | Age | Working with Industree from (years) |
|---------|---|-----|-------------------------------------|
| 1 | Mrs. Surekal Biwi | 50 | 7 |
| 2 | Mrs. Hamid | 45 | 5 |
| 3 | Mrs. Sabial | 40 | 5 |
| 4 | Mrs. Asma Biwi | 43 | 7 |
| 5 | Mrs. Anna Selvarani | 42 | 4 |
| 6 | Ms. Ahmed Meera | 40 | 5 |
| 7 | Ms. Sajiba | 41 | 4 |
| 8 | Ms. Sarita Biwi | 45 | 4 |
| 9 | Ms. Kalima Begum | 41 | 4 |
| 10 | Ms. Santana Lakshmi (Industree field assistant) | 35 | 4 |

Industree started its branch in Viravanallur to work with river grass traditional weavers in Villages Viravanallur, Arikesavanallur & Pattamadai.

| Sl. No. | | 2006-07 | 2007-08 | 2008-09 | Upto Sept2009 |
|---------|---|--------------|--------------|-------------|---------------|
| 1 | No. of artisans | 200 | 80-90 | 30 | 15 |
| 2 | Turnover of ICPL Branch (Sales figures) | Rs.20,58,640 | Rs.12,58,603 | Rs.6,16,868 | Rs.1,00,000 |
| 3 | Artisan income (Ms. Asma Biwi) per day wage * | Rs.65 | Rs.75 | Rs.80 | Rs.80 |
| 3 | Branch office Staff No. | 7 | 5 | 3 | 0 |
| 4 | Branch Overheads (branch staff salaries, rent, telephone, electricity expenses, etc.) | Rs.5,55,239 | Rs.3,61,857 | Rs.5,19,564 | Rs.1,51,500 |

* Data provided by the weaver through phone

Till 2006-07:

- ICPL created infrastructure like
 - Common Weaving Centre for weavers
 - Centralized Dyeing unit
 - Raw materials delivery at each artisan's home & or collection of the finished product or semi finished product
- ICPL used to work with each individual artisan paying them daily wages for their craft work (splicing, dyeing or weaving)
- Industree reached to peak 200 artisans since the exports & domestic business increased in fine river grass craft
- Incentives were also provided to each artisans for their improved performance in production & meeting the targets.

2007-08

- Industree advised the artisans to work as a group, they need to be formed into Self Help Groups to increase their confidence level and also business skills, so that artisans Group can bill to Industree branch in Viravanallur on a weekly basis. This was a first step to make artisans as independent micro enterprises
- Mr. Arokia Samy, Professional trainer from MYRADA had provided training in all 3 villages, we could able to manage to form 9 SHGs

2008-09

- Due to lesser orders from Industree, more than 180 artisans have left this craft and migrated to different activities like (beedi making / agarbatti making) and some are idle.
- Artisans feels their wages with Industree remains same (neither increased nor decreased)

Regular interactions with Industree staff are Mr. Devarajan & recently had a direct conversation with Neelam regarding doing business directly with Industree Head office. There is no learning from Industree in terms of new designs / value addition / production techniques compared to previous year.

At Present

Presently 15 weavers agreed to form a group and ready to do independent business directly with Industree Head office and now currently doing production for one order of Rs.50,000/-.

- These 15 artisans belong to Viravanallur, Arikesvanallur & Pattamadai. Artisans are happy to take this opportunity (other 180 artisans are not willing to take this, and ready to do only wage work / piece rate)
- These 15 Artisans hopes this direct business with Industree will help them better / fair wages and also felt they are happy to do business rather than doing wage work / piece rate.
- Not ready to supply to other traders / any other organizations due to they could not able to match Industree's paying norms (traders exploit artisans)

Requirements from Industree

- Regular order assurance of minimum of Rs.50,000/- worth of orders & monthly payment of the bills for their sustainable growth / their rotation.
- Links to other market channels (like Govt. exhibitions / any other organizations)

- Ready to expand or do more production if Industree gives more orders

Annexure 4: Consultant details

1. **Mr. Suman Krishnaswamy** manages the fields of accounts, financial management and foreign exchange. He has over 16 years of experience and in the last few years he has been also concentrating on automisation. He has been associated with Industree for the last 5 years, managing the Chennai operations. His area of operations are streamlining operational systems within the company related to purchase, stock flows, despatches, domestic customer relationships. Currently he is involved in overall supervision of all matters related to company law and statutory procedures, as well as company accounts. He is involved in the business planning and future projects of the company.
2. **Mr. Vibesh** Warehouse consultant
3. **M/s. S.R. Associates** ESI / PF consultant
4. **Mr. Amit Banerjee** Kolkata Branch Sales tax consultant
5. **Mr. Ajay Batia** Delhi Branch Sales tax consultant
6. **Mr. Praveen Sony** Ahmadabad branch sales tax consultant
7. **Mr. Deepak Bapat** Mumbai branch sales tax consultant