

# INDIA NIPPON ELECTRICALS LIMITED

## BUSINESS RESPONSIBILITY REPORT (BRR)

[Pursuant to Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

### Introduction

The primary goal of the Company is to create value for all its stakeholders vis-à-vis customers, Members, employees and the community at large who contribute their valuable resources for Company's success. To this end, Company's strategies and its operative conduct aims at efficiency in the use of resources and ethical conduct taking into account the impact of its actions on all stakeholders.

In this regard, this Business Responsibility Report is prepared to reflect the Company's core commitment to its stakeholders and also in Compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In preparing this report, the Company had adopted the National Voluntary Guidelines (NVG) on Social, Environmental and Economic Responsibilities of Business, 2011 framework which is designed to bring out the Company's performance in its interaction with environment and relevant stakeholders.

### Section A: General Information about the Company

1. Name of the Company	India Nippon Electricals Limited					
2. Year of Registration	1984					
3. Corporate Identity Number (CIN) of the Company	L31901TN1984PLC011021					
4. Registered office address	No. 11 & 13, Pattulos Road, Chennai-600002					
5. Website	<a href="http://www.indianippon.com">www.indianippon.com</a>					
6. E-mail id	<a href="mailto:investors@inel.co.in">investors@inel.co.in</a>					
7. Financial Year reported	2019-20					
8. Sector(s) that the Company is engaged in (Industrial activity code - wise)	<table border="1"> <thead> <tr> <th>NIC CODE</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>34300</td> <td>Manufacture of parts and accessories for motor vehicles and their engines</td> </tr> </tbody> </table>	NIC CODE	Description	34300	Manufacture of parts and accessories for motor vehicles and their engines	
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34300	Manufacture of parts and accessories for motor vehicles and their engines					
9. Three key products/ services that the Company manufactures/provides	<p>Electronic Ignition Systems for Two-wheelers/three wheelers and Portable engines.</p> <p>For further information on the full list of products, please refer to the Company's website as well as the inner wrapper of the Annual Report.</p>					
10. Total number of locations where business activity is undertaken by the Company:	The company has a Subsidiary outside India in Indonesia viz., PT Automotive Systems Indonesia. However, the Subsidiary is yet to start its operations and the Company is exploring ways to exit the Company.					
i. Number of International Locations -						
ii. Number of National Locations -	<p>The Company has three manufacturing locations as under:</p> <ol style="list-style-type: none"> <li>Hosur-Thali Road, Uliveeranapalli, Hosur, Tamil Nadu -635114, India.</li> <li>Madukkarai Road, Kariamanikkam, Nettapakkam Commune, Puducherry-605106, India.</li> <li>Masani Village, Rewari, Haryana-122106, India.</li> <li>B-36, Five Star Industrial Area, Kagal Hatknangale City, Kolhapur – 416216, Maharashtra, India</li> </ol> <p>The Company had ceased its operations at the fourth unit located at Kolhapur with effect from 23<sup>rd</sup> May, 2020</p>					
11. Markets served by the Company - Local/ State/National/ International	India, North America, Japan and Europe					



<b>Section B: Financial details of the Company</b>		
1.	Paid up Capital (INR)	Rs.1131 Lacs
2.	Total Turnover (INR)	Rs.50394.74 Lacs (Standalone)
3.	Profit after tax (INR)	Rs.5520.13 Lacs (Standalone)
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of net profit (INR)	Rs.120 Lakhs (Being 2% of the average net profits for the three immediately preceding financial years)
5.	List of activities in which expenditure in 4 above has been incurred	<ul style="list-style-type: none"> <li>- Eradicating hunger, poverty, promoting preventive health- care and sanitation and making available safe drinking water;</li> <li>- Promoting education, including special education and employment enhancing vocational skills especially among children, women and livelihood enhancement projects;</li> <li>- Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups;</li> <li>- Ensuring environment sustainability, ecological balance, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;</li> <li>- Rural development projects; and</li> <li>- Health care.</li> </ul>
<b>Section C: Other Details</b>		
1.	Does the Company have any Subsidiary Company / Companies?	The company has a Subsidiary outside India in Indonesia viz., PT Automotive Systems Indonesia. However, the Subsidiary is yet to start its operations and the Company is exploring ways to exit the Company.
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s)	Not applicable since the Subsidiary Company is yet to start its operations.
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]	Since suppliers and distributors are critical to the Company's operations the Company engages with all its suppliers through various channels and also ensures that they Comply with the ethical and compliance standards. They are provided awareness on environmental and social issues. Vendor meets are used as a platform to raise awareness on health & safety, environmental and community initiatives of the Company. However, none of the suppliers, distributors etc collaborate with the Company in specific Business Responsibility initiatives.

## Section D: BR Information

1. Details of Director / Official responsible for implementation of the BR policy/policies.

Sl. No.	Particulars	Director	BR Head
1.	DIN	00557711	N.A
2.	Name	Mr Arvind Balaji	Mr Ravinder Sharma
3.	Designation	Managing Director	President
4.	Telephone	044 28460073	04347 230239
5.	E-mail id	<a href="mailto:investors@inel.co.in">investors@inel.co.in</a> ; <a href="mailto:ravinder.s@inel.co.in">ravinder.s@inel.co.in</a>	

2. Principle-wise (as per NVGs) BR Policy / policies (Reply in Y/N)

The following nine areas had been adopted under NVG on Business Responsibility:

- P1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
- P2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
- P3 Businesses should promote the well-being of all employees.
- P4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- P5 Businesses should respect and promote human rights.
- P6 Businesses should respect, protect, and make efforts to restore the environment.
- P7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
- P8 Businesses should support inclusive growth and equitable development.
- P9 Businesses should engage with and provide value to their customers and consumers in a responsible manner

S. No.	Question	Business Ethics	Product Responsibility	Well being of employee	Stakeholders engagement	Human Rights	Environment	Public Policy	CSR	Customer relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have policy / policies for?	Y	Y*	Y*	Y*	Y*	Y	N	Y	Y*
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify?	Y	Y IATF 16949 : 2016	Y ISO- 45001 : 2018	Y	Y	Y ISO- 14001 : 2015	-	Y	Y ISO- 9001 : 2015
		All the policies of the Company are in compliance with national / international standards wherever applicable.								



4.	Has the policy been approved by the Board? If yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Mandatory policies viz., Code of Conduct & Business Ethics, Whistle Blower Policy, CSR Policy, Code of Conduct to regulate, monitor and report trading by Insiders have been adopted by the board and other operational internal policies are approved by the management which were taken note of by the Board.									
5.	Does the Company have a specified committee of the Board / Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y	Implementation of the Company's Code of Conduct and Business Ethics as well as the Whistle-Blower mechanism is overseen by the Ethics Committee. The Ethics Committee comprises of the Managing Director and other Senior Officials of the Company. The Ethics Committee in turn reports to the Audit & Risk Management Committee in respect of status of any violations and actions taken thereof and the overall Compliance with Company's Code of Conduct and Business Ethics. The Internal Complaints Committee handles Complaints relating to Sexual Harassment and recommends suitable action. Implementation and adherence to the Corporate Social Responsibility Policy is administered by the CSR Committee in line with the requirements of the Companies Act, 2013. The Environmental, Health and Safety (EHS) policy is overseen by the EHS function. All other policies have the oversight of the President and Managing Director of the Company.
6.	Has the policy been formally communicated to all relevant internal and external stakeholders?	All applicable polices have been communicated to relevant stakeholders and are available in the Company's website. The Company has engaged an external agency to provide familiarization and training programmes for all internal stakeholders regarding the Code of Conduct and Business Ethics, Whistle-Blower mechanism and the Policy on Prevention of Sexual Harassment. External stakeholders are sensitized by including relevant clauses in their contracts/ POs and communications. All the policies that are approved by the Board are available on the Company's website in the following link <a href="http://www.indianippon.com/policies">www.indianippon.com/policies</a> .									
7.	Does the Company have in-house structure to implement the policy / policies	As described above and elsewhere in this report, the Company has established in-house structures to implement these policies.									
8.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy / policies?	The Company has implemented a dedicated Ethics helpline with the help of an external agency to assist in reporting, handling and resolving issues reported. The Code of Conduct and Business Ethics specifies that violation of any of the Policies approved by the Board/ Management as reportable under the Ethics helpline mechanism established by the Company.									
9.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Implementation of the Company's Code of Conduct and other policies are reviewed through the internal audit function which is carried out by external professionals/ firms. Quality, Safety, Health and Environment related policies are subject to internal and external audits as part of certification process and continuous assessments. The Company also engages consultants on need basis to audit and suggest improvements in the functioning of Quality, Safety, Health and Environment related processes. Further, Internal Financial Control requirements are evaluated annually by internal and external auditors.									

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\* The policies are embedded in the Company's Code of Conduct and Business Ethics, Whistle-Blower Policy, Policy on Prevention of Sexual Harassment, Environmental, Occupational Health and Safety (EOHS) policy which *inter alia*, relates to safe and sustainable products, protection of environment etc.

2a If answer to Sr. No.1 against any of the Principle is 'No', please explain why: (Tick upto 2 options)

S. No.	Question	Business Ethics	Product Responsibility	Well being of employees	Stakeholders engagement	Human Rights	Environment	Public Policy	CSR	Customer relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principle	-	-	-	-	-	-	-	-	-
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3.	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6.	Any other reason (please specify)	P7 The Company through the various industry forums endeavors to promote growth and technological progress, economic reforms, inclusive development policies and sustainable business principles. Therefore, there is no need for the Company to have a Public Policy as envisaged under this Principle.								

### 3. Governance Related to Business Responsibility:

**(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assesses the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.**

MD/ President and Senior Management review the Business Responsibility performance of the Company through their monthly review meetings. The action points that emerge from the discussions at these meetings are reviewed in subsequent meetings to ensure their closure.

**(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

The Business Responsibility Report is available as part of the Annual Report and no separate report is published by the Company in this regard. The Business Responsibility report is published annually. And the same can be viewed at [http://indianippon.com/wp-content/uploads/2020/08/business\\_responsibility\\_report\\_2020.pdf](http://indianippon.com/wp-content/uploads/2020/08/business_responsibility_report_2020.pdf).



## Section E: Principle-wise Performance

### Principle 1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

- 1. Does the policy relating to ethics, bribery and corruption cover only the Company? No**  
**2. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others? Yes**

The Company acts with integrity in accordance with its Core Principles and Values of:

1. Commitment to Compliance
2. Commitment to Cultural Values
3. Commitment to Honesty and Ethics
4. Commitment to Stakeholders

#### **Commitment to Compliance**

- Company commits, both in its internal affairs and external relationships to operate in accordance with the Law in letter and spirit.
- Company will adhere to principles of fair competition and shall create an atmosphere where Policies, Procedures and Controls are adhered to.

#### **Commitment to Cultural Values**

- Company will honor and imbibe the culture and rich heritage of the founders of TVS Group.
- Company will undertake all activities to earn the trust of stakeholders and with respect for people and environment.

#### **Commitment to Honesty & Ethics**

- Company will handle all conflicts of interest between personal and professional relationships with utmost care so as to not compromise on stakeholder's value.
- Company will ensure full, fair, accurate, timely and understandable disclosures.

#### **Commitment to Stakeholders**

- Company will act to create value to our Customers, protect the dignity and rights of our Employees and treat all Suppliers fairly.
- Company's action shall always be in line with the goal of sustainable development and will strive to give back to community what it draws from the community.

Company's Code of Conduct and Business Ethics (CoC & BE) applies to Directors, Officers and Employees (Permanent Officer, Contract, Fixed Term Contract, Retainer, Staff, Workers, Trainee, Management Trainee, Permanent Field Staff) of the Company, its Holding, Subsidiary or Associate Companies (which, unless the context otherwise requires, are collectively referred to in this code as 'Company'). Directors, Officers and Employees of Holding, Subsidiary or Associate Companies shall be covered as far as they are involved in any business, commercial or corporate transactions related to INEL. Annual affirmation of Compliance with CoC & BE is taken from all those who are covered by the CoC & BE.

The CoC & BE is intended to guide the employees in treatment of one another, as well as their interaction with customers, suppliers, partners, public officials and other stakeholders. The Company ensures, through appropriate clauses in POs/ contracts/ periodical confirmations that external parties who deal with the Company comply with ethical conduct. All suppliers are expected, in their contracts, to understand and comply with this policy.

INEL is committed to transparency in its financial reporting. INEL cooperates fully with its auditors and under no circumstances withholds information from them. A robust system for financial controls and processes is maintained to ensure the accuracy and timeliness of financial reporting.

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The CoC & BE is implemented and monitored on a regular basis through several mechanisms:

- i. On-going training to employees
- ii. Whistle Blower policy
- iii. Sensitization sessions on prohibition of Insider Trading
- iv. Policy on Fair disclosure
- v. Regular updates to Senior Management

The Code of Conduct to regulate, monitor and report trading by insiders adopted for regulating, monitoring and reporting Insider Trading by designated persons covers all the aspects required under SEBI Insider Trading Regulations.

The Whistle Blower policy of the Company aims:

- To establish a vigil mechanism for employees, directors and third-parties to report genuine concerns or grievances including concerns about unethical behaviour, actual or suspected fraud or violation of the Company's CoC & BE.
- To provide adequate safeguards against victimization of employee(s), director(s) and third-parties who avail of the mechanism to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use.
- To provide for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases.

The Whistle Blower policy also takes care of suspected or actual leak of Unpublished Price Sensitive Information and process to be followed in such cases.

INEL is committed for highly ethical practices in dealing with suppliers, awarding business purely based on merit, strong internal control systems, well defined procedure and approval work flow for source selection and price settlements.

### **3. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

The Company has extended a dedicated Ethics Helpline wherein all the stakeholders (external and internal) can lodge their Complaint regarding unethical behaviour, violation of CoC & BE etc. Direct access to Chairman of Audit Committee is provided in case of serious issues of financial statement misrepresentation, fraud or violations of serious nature that would entail severe penalty or imprisonment to the Company and/or the Directors or of there is conflict of interest relating to Ethics Committee members. Ethics Committee follows a well delineated process of timely resolution of all Complaints which is spelt out in the Policy itself. All complaints summary are placed before the Audit Committee along with the action taken. Internal Complaints Committee handles sexual harassment related complaints. During the year, the Company had received 6 Complaints through Ethics helpline and all of them were closed with appropriate actions.

INEL also has an investor grievance mechanism to respond to investor grievances in a timely and appropriate manner. The investor grievances are reviewed at the Board level by the Stakeholders Relationship Committee and immediate action is taken to resolve the same. During the year the Company had received 4 Investor Complaints and 3 of them were resolved before 31<sup>st</sup> March, 2020 and the balance complaint was resolved during April, 2020.

Respective Product/ Marketing teams have established customer care cells which monitors all complaints received from customers/ end users of the Company's products.



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**Principle 2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.**

- 1. List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**
- 2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product**

The Company had taken steps to incorporate environmental concerns across its products and hence a general description of the steps is given below. As part of certain new projects, the Company had taken up for development, the following changes were incorporated in design to address environmental concerns.

- a) Removal of plating** – The Company had earlier used heavy metal based plating, which pollutes the environment and creates health hazards to the operating personnel. To address this, the Company had removed the heavy plating without affecting functional and quality requirements by planning of supply chain. This was introduced in all BS VI products across all the customers.
- b) Limiting use of heavy metals** - For connecting copper wires and terminations, the Company had used leaded solder wire which affects operating personnel health and environment as a whole. This process was changed by incorporating proven welding process.
- c) Depending on the customer request, the Company had designed and developed products that adopt lead free soldering process, wherever it is required, thus reducing the amount of lead used.

Apart from the above, the Company had transitioned all the major product lines to comply with BS VI emission standards which in itself is a significant contribution towards sustainability. The Company had used a platform based design approach to commonize the components/parts across different BS VI applications. This has helped to reduce the validation requirement for different application and hence saving power consumed by the validation equipment. The Company had eliminated heat treatment process to provide adequate strength to the taper, which consumes large natural energy. The design has been changed suitably for removal of boss by incorporating the feature in cup material itself. Similarly, for low power system, the Company utilizes aluminum wire instead of copper wire for weight reduction (without compromising the functional requirement) thereby reducing fuel consumption and effective utilization of natural resource.

Other initiatives of the Company towards product sustainability include:

- a) Product design has been optimized to reduce the weight; there by machining cycle time reduced will consume less energy.
- b) Weight reduction in plastic component, thereby limiting consumption of plastic material.
- c) Design optimization in existing products, there by reduction of raw material usage and production cycle time for effective utilization of both natural resource and energy.

- 3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?**

Yes. The Company ensures that its suppliers are atleast certified under the ISO14001 standards. The validity of the certificates of suppliers are tracked and monitored at regular intervals by effective reminders well in advance. The Company has taken many initiatives to ensure sustainable sourcing and as also identify, select and approve suppliers based on the guidelines of internationally recognized Automotive Quality Management System - IATF 16949:2016.



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**4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

Yes, towards localization of sourcing, the Company encourages suppliers proximity to our plants (100~125kms). The Tier-1 suppliers in turn source their requirements from smaller producers (Tier-2) located in their nearby areas. Few suppliers have set up manufacturing facilities near our plants (< 50 kms). The small producers and local community benefit from this.

The Company focuses on encouraging and enhancing capabilities of the supply chain through training and support for improving their productivity and quality. The training covers topics like quality management, productivity improvement and also our MSME suppliers have undergone training programs held by ACMA and reputed quality consultants. Currently, the Company is purchasing approximately 46 % of its requirements through local sources. The company also encourages local suppliers for supply of indirect material including canteen requirements. The current procurement from Micro & Small Scale Industries is approximately 29 % of buying value.

**5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

**6. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product**

**a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?**

**(a) Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

The Company has a mechanism of recycling products and waste. In manufacturing, the Company recycles Powder from coating plant which results in recycling of around 5%, using Dust Collection process and Metal & plastic waste forwarded for recycling plant <5%.

### **Process**

In process design all efforts have been taken to minimize the generation of waste by introduction of error proof mechanism (Poka – Yoke system), cyclone filtering system, D3 station where all the product scraps will be collected and taken up for rework & reuse. In the stator coil Power Coating cell Cyclone filtering system is introduced to collect all the waste EPOXY powders and is being filtered and reused. Across the company, around 74 Poka Yoke stations are installed to prevent waste generation.

The company has a system of capturing all the waste that is being generated in each and every station and the waste shall be moved to a central location called D3 where most of the defects will be reworked and reused. Presently the company is maintaining a Scrap level of 0.5%. All the metal scraps generated in CNC machines, plastic waste generated in Injection molding machines, copper waste generated in winding machines etc are being sent to recycling plants.

### **Packaging**

All efforts have been taken to minimize the Packaging material consumption during logistics planning. 92% of our supplies are being done through reusable plastic bins and carton box package is being restricted to only 8%. Also we encourage our vendor partners to supply the materials through reusable Bins only. Currently 50% of our receipts are only through reusable Bins.

### **Other wastes**

A portion of used thinners is distilled and reused back in the flushing during varnish plant maintenance. The treated sewage water is being used for gardening and landscape within the company premises to the extent of 100%. Powder sludge and waste containing oil is sent to Pollution Control Board approved incineration plant. Used engine oil which is removed from the DG sets is being recycled and reused. Other category of used oil viz., treated coolant, hydraulic oil is sent to authorized recycling agency. E-waste is being sent to Pollution Control Board approved suppliers.



The Company continuously works on improving the products to deliver fuel efficiency and control of emission which will help the economy in reducing reliance on fossil fuels and cut the carbon footprint. All type of hazardous waste like used oil, used chemical wastes, solder dross, coolant oil, Epoxy powder and oil choked cotton waste are sent to a Waste Management Limited facility located in Gummidi-pondi.

### **Principle 3 - Businesses should promote the well-being of all employees**

The Company gives utmost importance to employees' safety and welfare measures. Various policies and measures have been put in place with respect to the same. All the employees are provided with subsidized food (breakfast, lunch, snacks and tea) and transportation. Uniform is standardized across all levels/grades.

The Company has tie up with local multi speciality Hospitals in each of the locations where it operates. Occupational Health Centers (OHC) are available on 24/7 basis for medical/ health check-up of the Company's employees and to meet any emergency requirements. The Company also has tie ups with local multi speciality hospitals in each location. The Company has provided Mediclaim policy coverage for the benefit of its employees and their family members.

Crèche facility is in place for the benefit of employee's children. The Company gives training to all its employees on a rotational basis to equip them and deliver the best.

<b>Sl. No</b>	<b>Requirement</b>	<b>Details (as at 31<sup>st</sup> March, 2020 wherever applicable)</b>
1	Total number of employees on roll	566
2	Total number of employees hired on temporary / Contractual / casual basis.	1303
3	Number of permanent women employees	67
4	Number of permanent employees with disabilities	NIL
5	Employee association recognised by management?	The Company has 3 Labour Union representing the interests and welfare of all union employees / workmen.  Union elections are held once in 3 years as per the by-laws of the Union.  The Company maintains a good and cordial relationship with the Union.
6	Percentage of permanent employees who are members of recognised employee association	100% of permanent employees in the workers grade
7	Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment as at the end of last financial year and as at the end of current financial year	NIL
8	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?	(a) Permanent Employees - 72% (b) Permanent Women Employees - 64% (c) Casual/Temporary/Contractual Employees – 100% (d) Employees with Disabilities- Nil

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### Principle 4 - Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

#### **1. Has the company mapped its internal and external stakeholders?**

Yes. Investors, employees, customers, suppliers, government, regulatory authorities, trade union and local community constitute the internal and external stakeholders of the Company.

#### **2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?**

Yes, the Company has identified economically deprived children and women who are in great need of care and protection as disadvantaged, vulnerable and marginalised.

#### **3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

As part of the CSR activity, the Company is one of the major supporter of Swami Dayananda Educational Trust (SDET) which prioritizes development of economically deprived children and women. SDET addresses the three major challenges faced with respect to Education in Rural India – Lack of schools, inadequate infrastructure and lack of good teachers. SDET works to address and overcome these challenges by making available quality education to Children from many villages. SDET provides school buses to children coming from villages located further away in a safe and secure manner – with little interruption to their daily routines or studies. The educational institutions are staffed with experienced and dedicated teachers and equipped with latest pedagogical tools, including smart boards, libraries, and computer and science laboratories and sports facilities. All this comes at a very nominal cost as SDET subsidizes the expenditure. Scholarships are also given to students who come from financially challenged backgrounds.

Apart from SDET, the Company also contributes directly towards supporting local communities and those who are disadvantaged by sponsoring livelihood enhancement projects, treatment for disabled (like supporting Autism Rehabilitation) etc.

### Principle 5 - Businesses should respect and promote human rights.

#### **1. Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures / Suppliers / Contractors / NGOs / Others?**

The Company does not have a stated Human Rights Policy. The Code of Conduct and Business Ethics states out the principles of Human Rights recognised by the Company. All the employees are mandated to adhere and uphold the standards contained therein.

#### **2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

Refer to point 3 under principle 1 above.

### Principle 6 - Businesses should respect, protect, and make efforts to restore the environment.

#### **1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers / Contractors / NGOs / others.**

The Company's Environment and Occupational Health & Safety (EOHS) Policy is applicable for all the employees of the Company and all people visiting and working at its various units. The Company also provides support to suppliers, distributors and contractors in adopting the best practices and standards on Environment and Occupational Health & Safety. All manufacturing sites of the Company have been certified under ISO 14001:2015 (Environmental management systems) & ISO 45001:2018 (Occupational health and safety management systems) standards.



The Company actively promotes the certification of all its key stakeholders- suppliers, dealers and contractors under the above said standards for Environment and Occupational Health & Safety.

**2. Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.**

The Company's EOHS Policy has committed to combat climate change by improving energy efficiency and use of renewable energy. The strategies and activities carried out and the results achieved are explained in 6.4 & 6.5.

**3. Does the company identify and assess potential environmental risks? Y/N**

Yes. The Company is certified under ISO 14001: 2015 and ISO 45001:2018 standards and has laid down procedure for Risk identification, assessment, and mitigation.

**Risk Identification and Assessment**

The identification of risks and opportunities is through a formalized process across all manufacturing and supporting functions. The input for identification of risks and opportunities are:

- Significant aspects with score
- Significant aspects due to Emergency conditions, Legal requirements and Interested Party Concern.
- Internal and External issues.
- Environmental conditions.
- Needs and Expectations of Interested parties.

The Company also classifies the likely environmental impact of its activities into: emissions to air, releases to water, releases to land, use of raw materials and natural resources, use of energy, the energy emitted e.g. heat, radiation, vibration (noise), light, generation of waste and/or by-products and use of space.

**Risk Mitigation and Monitoring**

The severity of any particular risk is assessed along with the concerned departments qualitatively and the risk mitigation measures like adopting best available technology, implementation of objectives, improvement of compliance management process, adopting effective engineering controls are proposed and implemented.

Risks and effectiveness of its management are reviewed and reported to the top management based on severity.

**4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

**5. Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

**Renewable Energy**

The company draws 82.2% of its total energy requirement through various renewable energy sources like Solar & Wind Power.

- 1) Around 495 KW capacity of Roof top Solar system is installed.
- 2) Around 2.72 million units are consumed from wind energy plants.

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### Energy efficiency:

The following actions have been carried-out to promote energy efficiency:

- 1) 800KLD capacity of solar thermal Hot water system installed in canteen steam boiler to reduce electricity consumption.
- 2) Complete lawn is powered through Solar streetlights.
- 3) UV treated polycarbonates sheets are provided in the shop floor roofing to avail natural lighting in the plant during day hours.
- 4) A dedicated air compressor provided to key equipment's to reduce the power consumption during Sundays & holidays
- 5) Optimal utilization of plant and equipment's by implementing IOT based 'Energy Management System' & implementation of various energy saving projects have contributed in reduction of specific power consumption significantly.

Conventional lighting is changed over to energy efficient LED lighting across the Company. Further all expansion projects are with energy efficient LED lighting technologies including office areas. Buildings are designed with natural lighting and ventilation with daylight harvesting to conserve energy. Replacement of fluorescent lamp with LED lamp in all engine assembly lines has reduced power consumption by 30 %.Power consumption in compressor was reduced by optimizing system pressure.

Energy efficient motors are used in all places and the motors having capacity more than 10KW are equipped with Variable Frequency Drives as a standard feature.

Auto cut-off for hydraulic motors and compressed air are implemented across the Company and have resulted in energy savings. High energy consuming Broaching machines, Hydraulic Riveting machines converted with low energy consuming electrically operated machines.

At the dealers/ distributors end, we have dispensed with the use of polythene bags and have introduced duplex paper disposable environment friendly cartons. This has totally eliminated the use of polythene bags in after market warehouse.

### Environmental Conservation:

The Company had been actively involved in environmental conservation by sponsoring restoration programmes in the local communities where it operates. During the year, as part of the CSR initiative, the Company had undertaken tree plantation drive in and around the Hosur unit which will enhance the green cover ratio.

### 6. Are the Emissions / Waste generated by the company within the permissible limits given by CPCB/ SPCB for the financial year being reported?

Yes. All parameters of emission / waste generation by the Company conform to the prescribed norms.

### 7. Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

Nil. No show cause notices have been issued by the concerned authorities.

### Principle 7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

### 1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

Among others, the Company is member of the following:

- Confederation of Indian Industry (CII);
- Society of Indian Automobile Manufacturers (SIAM)
- Automotive Research Association of India (ARAI)
- Automobile Components Manufacturers Association (ACMA)
- Industrial Waste Management Association



**2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas (Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

The Company, through various industry associations, participates in advocating matters relating to advancement of the industry and public good.

The Company works closely with leading Industry Associations and Chambers of Commerce at International National, State and Local levels to advocate and pursue various causes that are in the larger interests of industry, economy, society and the public. From time-to-time these have been in areas such as economic reforms, corporate governance and transparency, affirmative action, education and skill development, women empowerment.

**Principle 8 - Businesses should support inclusive growth and equitable development.**

**1. Does the company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.**

Yes. As given in the CSR Report that is annexed to the Boards report.

**2. Are the programmes / projects undertaken through in- house team / own foundation / external NGO/ government structures / any other organization?**

Our CSR policy focuses on addressing critical social, environmental and economic needs of the under-privileged and downtrodden sections of the society. We adopt an approach that integrates the solutions to these problems into the strategies of the company to benefit the communities at large and create social and environmental impact. The policy includes contributing or adopting projects in the following areas of intervention defined in Schedule VII of the Companies Act:

- Livelihood enhancement projects
- Ensuring environmental sustainability
- Promoting education
- Other activities defined in Schedule VII as may be identified in future by the CSR Committee.

As stated earlier, the Company partners with Swami Dayananda Educational Trust (SDET) for livelihood enhancement projects and promoting education. For other activities, the Company identifies suitable organizations like NGOs/ Trusts to implement projects identified. From time to time, the Company also implements projects directly. During the COVID-19 pandemic, the Company had actively contributed to mitigate its effects which shall be reflected in the Business Responsibility Report of 2020-21.

**3. Have you done any impact assessment of your initiative?**

Yes. We believe that every activity should result in some impact. We have measurable parameters for all our activities in all the focus areas. These are constantly checked by our internal audit system. Our Employees also measure the impact our programmes have made.

**4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

The details of contribution are given as part of the CSR Report that is annexed to the Boards report.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?**

Yes.

In case of our engagement with SDET, the Company gets a detailed Annual and periodical updates on the projects supported. In case of other projects, our direct connect with beneficiaries at the grass root, and our integrated approach has ensured sustained impacts for the beneficiaries. Thus, our social change projects have become sustainable.

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### Principle 9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner.

The Company continues to provide value to its Customers by increased dealer engagement and improving service penetration, besides improvement in its products.

#### **1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?**

The Company regularly interacts with customers, conducts workshops for mechanics/ dealers/ distributors and collects their feedback. This has significant influence over its products and has led to many service improvements.

There are no consumer complaints pending under the Consumer Protection Act as on the end of the financial year. Apart from this, there are only two types of routine complaints we get:-

- a) Shortage / wrong spare parts supplies made to distributors sometimes due to error in packing
- b) Routine warranty complaints that is sent through the distributors for settlement.

In the case of shortage and wrong supplies made we have a standard procedure by which the short supply or wrong supply is made good to the distributor as and when it happens. As regards warranty, the defective parts are sent to the Company through the distributors and it is checked as per Standard Operating Procedure and the decision taken in line with it to settle the claims as per the merit of the claim.

#### **2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks.**

The Company is using user friendly MRP stickers for all aftermarket cartons. The company contact details are printed on cartons in addition to customer care contact details. We have printed detailed product catalogue for all products manufactured and is distributed to all the distributors, dealers and garages. We have also distributed, in person, more than 5000 catalogues to various garages on all India basis. These contain information that is relevant about the product that cannot be included in the labels and is desirable from the perspective of Customers.

The Company also distributes product related leaflets, stickers and posters as part of product sensitization measures. The Company regularly invites garage mechanics to our plant and conducts full day training program including plant visits, demo and training.

#### **3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

There have been no such cases in the last five years against the Company.

#### **4. Did your company carry out any consumer survey / consumer satisfaction trends?**

The Company regularly obtains feedback from consumers on areas of satisfaction & similarly on their concerns or areas of dis-satisfaction. The Company has been able to consistently improve its performance against the customer satisfaction indicators and have improved its ratings in various evaluations carried out by the major customers. In the aftermarket segment, the Company is in constant touch with dealers/ distributors and mechanics and collects their feedback.

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