Annexure - VII

BUSINESS RESPONSIBILITY REPORT

INTRODUCTION

Balkrishna Industries Limited (BIL) is ecstatic to communicate its performance on the non-financial aspects through its Business Responsibility Report (BRR).

Securities and Exchange Board of India (SEBI) in 2015 mandated the top 500 listed companies by market capitalization to publish a 'Business Responsibility Report' as part of the annual report. This is in line with the Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations of 2015 (SEBI LODR).

The report outlines the organization's performance from the environmental, social and governance perspective.

SECTION A : GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	L99999MH1961PLC012185
2.	Name of the Company	Balkrishna Industries Limited
3.	Registered address	B-66, Waluj MIDC, Waluj Industrial Area, Aurangabad, 431136, Maharashtra.
4.	Website	www.bkt-tires.com
5.	E-mail id	shares@bkt-tires.com
6.	Financial Year reported	2017-18
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	NIC Code – 22119 – Manufacture of rubber tyres and tubes
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	The Company manufactures rubber tyres and tubes.
9.	Total number of locations where business activities are undertaken by the Company. i. Number of International Locations (Provide details of major 5) ii. Number of National Locations	Company's International Locations are at USA, Italy and Canada. Corporate office at Mumbai Four Tyre manufacturing locations (Two in Rajasthan, One in Gujarat & One in Maharashtra). In addition to this One Mould unit in Maharashtra and One Wind Power unit in Rajasthan for Captive use.
10.	Markets served by the Company - Local, State, National, International.	The Company sells its products in India as well as 130 countries worldwide through its distributors.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid Up Capital (INR)	₹ 3,866 Lakhs
2.	Total Turnover (INR)	₹ 4,46,446 Lakhs
3.	Total profit after taxes (INR)	₹ 73,925 Lakhs
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax(%)	₹ 1,655 Lakhs which constitute more than 2% of the average net profits of the last three financial years.
5.	List of activities in which expenditure in 4 above has been incurred	On Healthcare, Education and Rural Development

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies?
   Yes, the information of list of subsidiaries is given in Annexure – I to the Director's Report.
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)
   No. The subsidiary companies do not participate in the BR activities of the parent company.
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%]
   No. Other entities do not participate in the BR initiatives of the Company.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

a) Details of the Directors responsible for implementation of the BR policy:

Name	DIN Number	Designation
Mr. Khurshed Doongaji	00090939	Chairman of BR Committee, Independent Director
Mr. Arvind Poddar	00089984	Member
Mr. Laxmidas Merchant	00007722	Member
Mr. Sanjay Asher	00008221	Member
Mr. Rajiv Poddar	00160758	Member

Mr. Sachin Nath Chaturvedi was Chairman of BR Committee and he being disqualified under section 164(2) of the Companies Act, 2013 has vacated his office as a director of the Company w.e.f from 13th October, 2017 under Section 167 of the Companies Act, 2013.

b) Details of the Business Responsibility head:

Sr. No.	Particulars	Details
1.	DIN Number (if applicable)	00090939
2.	Name	Mr. Khurshed Doongaji
3.	Designation	Independent Director
4.	Telephone number	022-66663800
5.	Email id	shares@bkt-tires.com

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

Sr. No.	Particulars	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*
4	Has the policy been approved by the Board? Is yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
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	Y
6	Indicate the link for the policy to be viewed online?	Y+	Y+	Y+	Y+	Y+	Y+	Y+	Y+	Y+
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

(*) – The policies have been developed on the lines of the 'National Voluntary Guidelines on Social, Environment, and Economic responsibilities of businesses' established by the Ministry of Corporate Affairs, Government of India in 2011.

(+) –The policies are available for viewing on: https://www.bkt-tires.com/en/investors-desk/annual-reports.

b) If answer to Sr. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sr. No.	Particulars	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles	Not Applicable								
2	The Company is not at a stage where it finds it-self in a position to formulate and implement the policies on specified principles									
3	The Company does not have financial or man-power 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)									

3. Governance related to BR

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

The Business Responsibility Committee and the Board of Directors meet annually to discuss the performance related to BR initiatives.

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

Yes, the Company publishes its BR Report annually. The hyperlink is https://www.bkt-tires.com/en/investors-desk/annual-reports.

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? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

No, the Company policy relating to ethics, bribery and corruption covers all its employees and business associates. Also the Company has a well-defined Supplier Code of Conduct which clearly lays down our expectations in line with the organisations principles and ethical values.

2 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.

During this year, the Company has not received any complaint related to unethical practices across all its operations.

Principle 2: Sustainable products and services.

1 List up to 3 products or services whose design has incorporated social or environmental concerns, risks, and/or opportunities.

It is our constant endeavour to make our product and its associated process socially and environmentally responsible. We enhance the product design in a way that would minimize our social and environmental footprint. Rubber tyres being the only product which the Company manufactures, we ensure that the same is compliant REACH (Registration, Evaluation, Authorisation and Restriction of Chemical) Certification.

2 For each product, provide the following details in respect of resources (energy, water, raw material etc.) per unit of product.

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

Company has taken several initiatives at the production stage itself for process optimization, some of our key initiatives are as below:

- Use of coal which has low sulphur content in place of pet coke which also serves as an alternate fuel for steam generation;
- Isolation of the generator rooms by using acoustic panels to reduce the noise levels;
- Installation of VFD drivers on equipment and energy efficient pumps on cooling towers;
- Installation of LED lights on ongoing basis coupled with several other interventions has helped us to reduce the power requirement by 35.28 KWh/ton;
- Chartless recorders are used in Tire Curing Presses and paperless PMS system for employee evaluation in order to reduce the paper consumption;
- Use of Condensate Recovery system to recycle energy in the process.

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

Not applicable. As our products are used as tyres in off-highway vehicles.

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 follows a very structured procedure while collaborating with any local supplier or vendor. Our business exports majority of the products, making it important for us to meet the international requirements on Quality. While collaborating with any supplier, we conduct a thorough check on the quality of the raw material provided by the third party. This involves laboratory checks and other inspections. Once we obtain a clearance on the same the third party is placed on a probation for a certain period to ensure consistency before the signing a permanent contract.

We conduct regular audits at supplier's facilities to check the compliance of the facility as per ISO 9001/14001 certification. In case of any deviations, we suggest suppliers to follow company's guidelines for sustainable practices.

4 Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

Yes. Although the Company imports 70% of the raw material to meet the International business requirement, we also encourage local sourcing as and when feasible.

5 Does the company have mechanism to recycle products and waste? If yes, what is the percentage of recycling waste and products?

Yes, we have installed Effluent Treatment Plant (ETP) and Sewage Treatment Plant (STP) to recycle effluent from the manufacturing facilities which decreases our dependency on the raw water or ground water, further helping in cost savings. The Company also recycles second reject Reverse Osmosis (RO) water for horticulture and also ensures that all the e-waste is disposed via Government authorized vendors.

Principle 3: Businesses should promote the wellbeing of all employees.

1 Please indicate the Total number of employees - 2,712

2 Please indicate the Total number of employees hired on temporary/contractual/casual basis - 5,153

3 Please indicate the Number of permanent women employees - 23

4 Please indicate the Number of permanent employees with disabilities - NIL

5 Do you have an employee association that is recognized by management?

Yes. There is an employee association at our Aurangabad plant, Maharashtra.

6 What percentage of your permanent employees is members of this recognized employee association?

47% of the employees at our Aurangabad plant are member of such employee association.

7 Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Sr. No.	Category	No of Complaints filed during the financial year	No of complaints pending as on end of this financial year
1	Child labour/forced labour/involuntary labour	NIL	NIL
2	Sexual harassment	NIL	NIL
3	Discriminatory employment	NIL	NIL

8 What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

Category	Percentage who have received training
Management Employees (including women)	99%
Non-management employees	78%
Casual/Temporary/Contractual Employees	100%

Principle 4: Businesses should respect the interests of, and be responsive to the needs of all stakeholders, especially those who are disadvantaged, vulnerable, and marginalized.

1 Has the company mapped its internal and external stakeholders?

Yes, the Company has identified and mapped all its key internal and external stakeholders such as Employees, Distributors, Suppliers, Vendors, Customers, Communities, Investors and Government Regulators.

2 Out of the above, has the company identified the disadvantaged, vulnerable, and marginalized stakeholders?

Yes, Company in collaboration with external agency undertakes various initiatives for the disadvantages, vulnerable and marginalized stakeholders. We also support various programs for children and other communities in regards to educational and healthcare requirements.

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.

Yes, we have carried out various initiatives for the disadvantaged, vulnerable and marginalized stakeholders and few of them are Mid-day meal, providing stationary to the underprivileged students, vocational trainings for the differently abled people, etc.

Healthcare, being our major focus area, we strive to support the underprivileged people with right medical assistance and also support hospitals by providing them with medical equipments.

In our endeavour to provide constant support to those who are in need we regularly engage with them and understand their feedback to improve our ongoing projects.

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?

Yes, Company's supplier code of conduct lays down standards and guidelines for suppliers, vendors and other business associates to ensure protection of human right while they do business.

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

We have not received any complaints in the previous financial year.

Company has stringent mechanisms to monitor human right issues. Our policies like Whistle-Blower and Prevention of Sexual Harassment provides stakeholders a medium to communicate violations effectively. Company strives to provide a safe and worry-free environment to all employees and business associates.

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 extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

Yes, the Company has a defined Environment policy which is applicable to its employees, suppliers, business associates and other relevant stakeholders, we encourage our value chain partners to adopt our Environment Management Systems.

2 Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.?

Yes, Company understands the global issues such as climate change and has incorporated possible actions to address it. We have taken various initiatives to contribute towards mitigation of the environmental impacts due to its business operation. Use of Low sulphur alternate fuel for steam generate and Condensate Recovery system in Boiler for energy generation are few examples which helps us to reduce our environmental footprint.

3 Does the company identify and assess potential environmental risks?

Yes, 3 of our facilities have ISO14001:2015 certification which helps company in identifying environmental risks and develop strategies in the view of mitigating them.

4 Does the company have any project related to Clean Development Mechanism? If so, provide details thereof.

Yes, Company has installed a Wind farm which is connected to State Electricity Grid in West of Jaisalmer Town, of Rajasthan. This wind farm, has 4 wind turbine generators with a capacity of 1.25 MW each with a total capacity of 5 MW as per the 20 year Wheeling and Banking agreement with Jaipur Vidyut Vitaran Nigam Limited (JVVNL). Post assessment survey of the project as per VCS (Verified Carbon Standards) reveals that 24,911 Verified Carbon Units (VCU's) were issued in favor of Company.

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.

Yes, company proactively takes initiatives towards energy efficiency and also invests in renewable projects. In the reporting year we have undertaken various initiatives to reduce our environmental footprint such as,

- Installation of solar power plant of 1MW each a Chopanki and at Bhuj Plants;
- Developing a greenbelt by planting 12,600 trees;
- Energy efficient pump installation in cooling tower saving 48,300 Kwh/month;
- Replacement of conventional lights with solar tubes and LED lights saving 13,492 KWh per month;
- Separation of vacuum dewatering in the Tire Curing area thereby reducing the steam consumption by 4,519 KWh per month;
- Replacement of furnace oil (FO) with high speed diesel (HSD) as a fuel in DG sets to reduce toxic gases.

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 the emissions generated as a result of our business activities are within the limits prescribed by the State Pollution Control Board (SPCB) and Central Pollution Control Board (CPCB)

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.

We do not have any pending show cause notices from CPCB or SPCB as on 31st March, 2018.

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.

We are members of the following organizations:

- Federation of Indian Export Organizations (FIEO)
- Chemical and Allied Export Promotion Council of India (CAPEXIL)
- Bombay Chamber of Commerce (BCC)
- All India Rubber Industries Association (AIRIA)

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

The Company has lobbied through above mentioned associations for betterment, improvement and advancement of the sectors in the interest of the industry. This has helped us to receive updates on various Government notifications and legislative changes in the areas of Exim Trade, GST and Customs etc. for discussing issues on import-export activities with the Government.

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, we believe in inclusive growth and have always been committed to contributing to the community. The various initiatives undertaken in the reporting year are included in the Director's Report of our annual report FY 2017-18.

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

Company undertakes various initiatives for betterment of the society by collaborating external agencies like Akshay Patra Foundation, ISHA Education, Nair hospital, Shri Shankara Hindu Mission, TATA Memorial Centre, Indian Cancer Society, Deepshika, Rajasthani Sammelan Education Trust, Nargis Dutt Foundation, Healing Touch, Cankids Kidscan, Manav foundation and Srajak Sansthan.

By collaborating with above agencies we are also able to track the progress of the activities and gauge the impact.

3 Have you done any impact assessment of your initiative?

Company strives to ensure and create a profound impact through the various initiatives. Our regular engagements with beneficiaries assists us to assess the impact of the activity and serves as a way forward for our future programmes.

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

Enlist the initiatives undertaken by the Company for supporting inclusive development	Amount contributed directly in the initiative by the Company (₹ In Lakhs)
Healthcare	1,421
Education	174
Rural Development	60
Total	**1,655**

5 Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Company's CSR initiatives are rolled out directly or in partnership with nonprofit organisations. This helps in increasing reach as well as ensuring the adoption of initiative by communities. Project teams track the reach and take necessary steps to make it successful. In case of partnership with nonprofit organisations, the Company not only monitors the progress of the project but also obtains Fund Utilisation Report to ensure that the funds are effectively utilised for the benefit of the community.

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

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

One consumer case is pending as on 31st March 2018.

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 (additional information)

Yes, Company engraves all the relevant information on the product, in the view of customer awareness and end user safety.

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.

No, there are no cases filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising, or anti-competitive behavior.

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

We carry out spot survey at trade-fair and exhibitions to understand customer feedback for our product, we also carry out half yearly survey with our distributors to understand the market needs.