

Business Responsibility Report

Section A	General Information about the Company	
1.	Corporate Identification Number	L65993PN2007PLC130076
2.	Name of the Company	Bajaj Auto Ltd.
3.	Registered Address	Mumbai-Pune Road, Akurdi, Pune 411035
4.	Website	www.bajajauto.com
5.	Email	brr.response@bajajauto.co.in
6.	Financial year reported	1 April 2013 - 31 March 2014
7.	Sector(s) that the Company is engagement in	Automobile
8.	List 3 key products/services that the Company manufactures/provides (as in Balance Sheet)	Motorcycles, 3-wheeler commercial vehicles
9.	Total number of locations where business activity is undertaken by the Company: 1. In India - 2. International locations -	1. Four plants - Akurdi, Chakan and Waluj in Maharashtra state and Pantnagar in Uttarakhand 2. Indonesia
10.	Markets served by the Company	India and 60 countries across the world
Section B	Financial details of the Company	
1.	Paid up capital (INR)	289.37 crore
2.	Total turnover (INR)	20,855.92 crore
3.	Total profit after tax (INR)	3,243.32 crore
4.	Total spending on CSR as percentage of PAT (%)	Refer to CSR section of the Annual Report
5.	List of the activities in which expenditure in 4 above has been incurred	
Section C	Other details	
1.	Other information	Refer main report
Section D	BR information	
1.	Details of Director/Directors responsible for BR	Mr. Madhur Bajaj, Vice Chairman
2.	Principle-wise BR policy/policies	
3.	Governance related to BR	Refer main report

Introduction

The Securities and Exchange Board of India (SEBI) has mandated the top 100 listed entities, based on market capitalisation on the BSE and NSE, to include a Business Responsibility Report (BRR) as part of their Annual Report.

Bajaj Auto Ltd. (BAL) published its first BRR for the financial year 2012-13 as per the framework suggested by SEBI. This is the Company's second BRR for financial year 2013-14, presenting the key initiatives in line with the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' (NVGs), released by the Ministry of Corporate Affairs in July 2011.

BAL has a strong presence across India in the sports and commuter motorcycle segments as well as the commercial vehicle segment. It exports to 60 countries across Latin America, Africa, South Asia, Middle East and Europe. The Company's plants are located in the industrial estates of Waluj (Aurangabad), Akurdi (Pune) and Chakan (Pune) in Maharashtra and Pantnagar in Uttarakhand. It has an extensive network of dealers and distributors across India and in its export markets.

Section E Principle-wise Performance

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

BAL considers ethical conduct, transparency and accountability as a fundamental element in all its business activities. The Company has created a culture of integrity, trust and credibility and believes that this framework of values has facilitated the creation/building of an enhanced working world. BAL carries out business activities in line with these values and principles, which are set out in the Company's Code of Conduct (CoC). The Code serves as a common reference document for all of the Company's employees and is applied in the day to day decision making and in dealing with stakeholders. The CoC consists of good working norms, cultural norms and integrity norms, each aspect being elaborated alongwith the mechanism for dealing with violations of various norms.

BAL also has a separate Code of Conduct for its Directors and Senior Management. It specifies that "Directors and Senior Managers shall observe the highest standards of ethical conduct and integrity and shall work to the best of their ability and judgment". All Directors and Senior Managers confirm their compliance with this Code on an annual basis at the end of each financial year.

The CoC also encompasses Grievance Redressal Policy and Whistle-blower Policy which provide due mechanism for employees to raise grievances and bring forward any concerns to the Management's notice. The Grievance Redressal policy mechanism is meant for personal grievances that are not addressed through modes of counselling, feedback etc. Whistle-blower policy enables any employee to report to the Management any concerns about unethical behaviour, actual or suspected fraud or violation of CoC or Ethics Policy. The mechanism safeguards employees against victimisation and the policy has been appropriately communicated to the employees within the Company. An enforcement committee comprising of representatives from the Senior Management is in place to address the violation of norms and complaints and take appropriate action within a specified time frame. There were no shareholders/consumer complaints through the Grievance Redressal policy and Whistle-blower policy in 2013-14.

In support of the initiative taken by World Economic Forum (WEF), with a view to strengthening the efforts to counter bribery and corruption, the Company is a signatory to the "Commitment to anti-corruption" and is supporting the "Partnering Against Corruption - Principles for Countering Bribery" derived from Transparency International's Business Principles. This calls for a commitment to two fundamental actions viz. a zero-tolerance policy towards bribery and development of practical and effective implementation program.

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

BAL is conscious of the environmental impacts across the life cycle of its automobile products, and constantly works on improving sustainability performance within its sphere of influence in its value chain.

Reducing environmental impact

All products designed by the Company comply with the Indian Central Motor Vehicle Rules (CMVR) for specific environmental concerns. This includes regulating tail-pipe emissions of air pollutants such as Carbon Monoxide (CO), Hydro-carbons (HC), Nitrogen oxides (NOx) gases as well as particulate matter. In addition, several of its product lines, including Pulsar 200 NS, Discover 125 ST, Boxer BM 150 and Quadricycle RE 60 meet the stricter European regulations regarding emissions, noise and safety.

BAL has conducted an intensive study to identify cost effective solutions for different models in order to meet the new BS IV regulations for 2-wheelers, proposed to be implemented from April 2016. For internal evaluation of performance and durability, BAL carries out tests on representative models, partially modified to meet BS IV compliance standards.

All the models of BAL comply with BS III norms and are certified by the Automotive Research Association of India (ARAI). They also comply with mandatory COP (Conformity of Production) requirements. Models which are exported to advanced markets are compliant with Euro III emission norms.

Continuous efforts are carried out to improve drivability, driver ergonomics, fuel efficiency and durability of 3-wheeler models.

India's first Quadricycle

The RE 60 is a key product in our efforts to reduce our environmental impact. It has fuel efficiency over 35 km/l, which is about 80% better than typical small cars. It is also 30% lighter than the lightest car. RE 60 utilises DTS-i engine technology for clean combustion and has close control on fuel quantity by using a Fuel Injection system. Additionally, the product complies with and is certified for WVTA (Whole Vehicle Type Approval) by the European homologation authorities.

Sourcing

BAL has adopted a Green Purchasing Policy which outlines the Company's commitment to conserve energy, water and the natural environment across its entire supply chain. BAL continually endeavours to source key automotive parts from vendors who have incorporated environmental friendly and clean technologies and who actively pursue energy and water conservation as a management initiative. All major vendors are certified for ISO14001/OHSAS as per table given below.

Vendor Cluster	No. of vendors certified
Chakan	30
Waluj	37
Pantnagar	15
Total	82

From the various energy saving initiatives adopted at vendors end, 12 lakh units (kWh) have been saved in 2013-14 by casting vendor cluster. In addition, water conservation was taken up as a BAVA (Bajaj Auto Vendors Association) initiative at Waluj and Chakan Cluster. Reduction of 35% and 17% respectively has been achieved at Waluj and Chakan Cluster.

BAL has adopted a Total Productive Maintenance (TPM) policy in its operations, which has also been followed by its vendors for more than a decade. This has led to enhanced equipment efficiency, operating rates, human efficiency and cost efficiency. Until the last financial year, the TPM policy was being practised by Tier 1 vendors. It has now been extended to the Tier 2 vendors as well. As on date, 141 Tier 1 vendors and 33 Tier 2 vendors are practising TPM. BAL assesses its vendors on the improvement targets given to them on a yearly basis. Furthermore, in order to appreciate their efforts, BAL has adopted vendor recognition system. Based on the various productivity initiatives adopted by the vendors in their operations, they are awarded with BAL TPM or BAL TPM Excellence Award. Till March 2014, 87 vendors have been awarded TPM award and 36 vendors have been awarded TPM Excellence award.

BAL has formed the Bajaj Auto Vendors Association (BAVA) with the objective of extending good manufacturing practices, followed at BAL, to its vendors. It also helps in preventing interface losses between BAL and vendors. BAVA organises training programs for members on TPM techniques, quality improvement, daily work management, logistics improvements etc. 135 vendors out of 337 are part of BAVA. BAVA initiatives are driven by respective cluster monthly meeting with BAL plant and Purchase. The interaction also includes sharing of initiatives in terms of TPM, Energy and Technical Developments adopted by BAL/vendors.

BAL extends its high performance culture to vendors by conducting the 'Cluster Kaizen Competition' every quarter, in which vendors from different clusters are evaluated based on their new initiatives/good practices adopted and accordingly awarded for the 'Best Kaizen'.

The Company encourages procurement of goods from vendors who are based locally around its manufacturing locations. Presently 70% of the procurement is carried out locally at each plant, leading to a significant positive impact on the local economy and minimisation of transportation related greenhouse gas (GHG) emissions.

Principle 3: Businesses should promote the well-being of all

BAL strongly believes that the well-being and motivation of its workforce is an essential ingredient for a successful business and continuously focuses on employee engagement by implementing various policies and programs.

The permanent workforce at BAL grew by 2.3% reaching a figure of 8,219. The number of women employees in the permanent workforce went up to 66 (30% rise over last year). All the four plants have registered trade unions.

In a distinct initiative of identifying future leaders, more than 500 employees from the middle management level were evaluated through BAL's Leadership Competency Framework, resulting in structured development plans for these employees grouped under four methods: job rotation, special assignments for specific skill set development, coaching and training.

With a view of assuring better security for women across the organisation, the Prevention of Sexual Harassment (POSH) Policy was adopted.

BAL launched the Corporate Hospitalisation Benefit Scheme this year in collaboration with Bajaj Allianz Insurance, covering all its staff and their families for cashless treatment at a large number of networked hospitals, as well as reimbursement of expenses for treatment at other hospitals.

All unionised workers in BAL plants are covered under the Hospitalisation Welfare Scheme for critical illness. The scheme is helpful for the workers by providing them with financial support in case of any critical illness which requires significant funding for treatment. BAL has also started "Annual Health Check-up Scheme" for all employees who have attained age of 40 years. Based on the annual health check-up results, appropriate medical consultation from the renowned doctors is being arranged for the employees for necessary guidance and medication. Besides the health aspect, work-life balance is also taken into consideration and necessary inputs are shared with employees time to time. This has not only helped for assessment of the individuals' health but also encouraged our employees to adopt the healthy life style.

Around 70% of the permanent workforce received training through 262 programmes conducted internally and externally in classrooms and outbound format. Trainings for skill and knowledge improvement are imparted to all employees as part of a structured and well-defined development roadmap. Safe working condition is a key focus across all manufacturing activities; hence safety trainings form an important component of BAL's employee training program.

BAL follows a high-performance culture emanating from a structured goal setting process and transparent performance rewards. A high level of employee engagement has resulted in substantial drop in attrition rate in 2013-14.

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

BAL has historically believed in aligning business practices with societal needs and expectations. The Company strongly believes in working with the economically weaker sections of societies to support their growth and lead to the overall development of the nation. This objective is reflected in the extensive activities being carried out by the Bajaj Group's Public Charitable Trusts.

BAL has adopted a Code of Conduct for Affirmative Action since 2006. As per this code, the Company is committed to preferring a business partner belonging to a socially disadvantaged section of the society, given other business considerations being equal.

Further, the Company promotes the employment of disadvantaged/minority applicants, often relaxing its eligibility criteria for scheduled castes/scheduled tribes candidates during its campus recruitment. The recruitment figures reflecting this commitment are provided below:

Employee category	Permanent employees	Temporary employees (including trainees and contract employees)
Total recruitment 2013-2014	330	1,696
Number of female employees	12	158
Number of Other Backward Classes (OBCs)	81	464
Number of Scheduled Tribes (STs)	0	35
Number of Scheduled Castes (SCs)	13	150

Additionally, BAL has taken special efforts to increase the number of women employees at its plants. In our plants, female employees work on the engine and vehicle assembly lines as well as in other departments.

In 2012-13, BAL undertook a structured focus group to review its stakeholder engagement in which Senior Management representatives from all key corporate functions participated. Through this exercise, BAL identified customers, shareholders, employees, suppliers and dealers as its key stakeholder groups. The Company has strong and established systems to engage with these and other stakeholders in order to get their continual feedback and to respond proactively to their genuine expectations. Key details of BAL's engagement with its priority stakeholder groups are presented under various principles of this Business Responsibility Report.

Principle 5: Businesses should respect and promote human rights

The Company believes in respecting the human rights of all its internal and external stakeholders. It complies with all applicable laws of land pertaining to human rights. A legal compliance report is submitted to the Company's Board of Directors on a quarterly basis. No complaints on violation of human rights were received during the financial year.

Principle 6: Business should respect, protect, and make efforts to restore the environment

BAL is committed to the continual improvement of its safety, occupational health and environmental performance, and remains in full compliance with all applicable regulations in these aspects.

A Safety, Health and Environment (SHE) Policy, adopted by the Company, provides an overarching commitment and guidance to all of the Company's operations and activities. All manufacturing plants of BAL have undertaken various initiatives to reduce their environmental impacts. Some of the key initiatives are listed below:

Akurdi Plant	Chakan Plant
Zero discharge plant	Installed rain water harvesting structure to recharge rain water underground and certified as water positive
Use of drip irrigation/sprinkler systems for horticulture	5% reduction in specific energy consumption over last year
Canteen waste generated is utilised for bio-gas generation	Use of 5 star equipment
Water positive plant	
Water less urinals	Zero discharge plant
Installation of energy saving devices	Reduction in packaging material

Pantnagar Plant	Waluj Plant
Zero discharge plant	Minimum 5% Reduction in specific energy consumption with respect to last year
Installed 33 KV express feeder (continuous supply) to reduce diesel consumption	Zero discharge plant
Installation of energy efficient fan blowers	100 % recycling of industrial effluent
Installation of natural gas line in place of propane	Water positive plant
Installed two touch water tap dispensing system in canteen and washrooms	Rain water harvesting and ground water recharging

The emissions and waste generated from the four plants of BAL are within the limits as per the consent-to-operate provided to the respective plants by State Pollution Control Board. No show cause notice/legal notice was received from Central Pollution Control Board or State Pollution Control Board.

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

BAL assumes its industry advocacy responsibilities seriously and sincerely through its active membership in various national and international industry and trade associations. BAL keenly participates by putting forward its views on new standards or regulatory developments pertaining to the automotive manufacturing industry as well as the industry in India at large,

broadly in areas concerning Governance and Administration, Economic Reforms, Inclusive Development Policies etc. Some of the key trade bodies where BAL is a member are listed below:

Key associations

Society Of Indian Automobile Manufacturers
The Automotive Research Association Of India
World Economic Forum
Commonwealth Business Council
Confederation Of Indian Industry
The Advertising Standards Council Of India
Federation Of Indian Export Organisations
Indian Merchant Chamber
TPM Club India
CII Institute Of Quality
National Safety Council
Bombay Chamber Of Commerce And Industry
Quality Circle Forum Of India
Uttarakhand Productivity Council
Association Of Indian Automobile Manufacturers
Forum Of Free Enterprise
Mahratta Chamber Of Commerce, Industries and Agriculture

Principle 8: Businesses should support inclusive growth and equitable development.

The CSR activities of Bajaj Group are guided by the vision and philosophy of its Founding Father, Late Shri Jamnalal Bajaj, who embodied the concept of Trusteeship in business and common good, and laid the foundation for ethical, value-based and transparent functioning.

The Company and Bajaj Group generally implement various CSR initiatives through its employees Welfare Funds and Group NGOs/Trusts/Charitable Bodies operating at various locations in the country. It also enlists the help of Non-Group NGOs, Local Authorities, Business Associations, Social and Philanthropic Organisations of repute and Civil Society, wherever deemed necessary.

The key contributions of BAL and Bajaj Group towards 'inclusive growth and equitable development' are summarised below:

1. Affirmative action

The company believes that its success is interlinked with the well-being of all sections of the society and equal opportunity for all sections. The Company continues to ensure no discrimination of any type to socially disadvantaged sections in the work place. During the year under review, the Company recruited 2,026 new employees, of which 198 numbers (9.8%) belong to weaker sections of the society, in line with the affirmative action. At the end of the year, this percentage was 6.99%.

2. Education

Under Public Private Partnership (PPP), the Company has undertaken the upgradation of four Industrial Training Institutes (ITI) - two in Pune, one in Pantnagar and one in Aurangabad. Constant efforts are made to ensure to improve quality of the institutes.

Along with the Government and local industries, under Public Private Partnership (PPP), the Company has constituted an Institute Management Committee which oversees the continuous development at the four adopted ITIs. The Company has also continued to follow up with the concerned agencies for approval of required space in Aurangabad and in Haveli. At Ramnagar in Pantnagar, the total strength of students rose from 117 (in 2012) to 144 (in 2013).

3. Health

The Government of India - Ministry of Health and Family Welfare - National Aids Control Organisation (NACO) now Department of AIDS control (DAC) and CII have initiated a Public Private Partnership (PPP) in order to provide better healthcare to AIDS patients. The Company has set up an Anti-Retroviral Treatment centre (ART Centre) at Yeshwantrao Chavan Municipal Hospital (YCMH) in Pimpri, Pune with the cooperation of Pimpri Chinchwad Municipal Corporation for HIV patients.

Since August 2008, the ART Centre has registered 9,434 patients with 5,286 patients under Anti-Retroviral Therapy. During the year 1,695 cases were registered. This centre is a benchmark for new centres and is the largest centre run by an industry under PPP. In view of the exceptional quality of performance, MSACS (Maharashtra State AIDS Control Society) has awarded a certificate of appreciation to the centre, recognising its excellence in performance in HIV care.

4. Others

BAL encourages its employees to contribute towards the welfare of the society. In this regard, various programs are initiated at regular intervals. Few of them have been summarised below:

Blood donation camps were organised during the year at the plants in which 891 employees donated blood for the hospitals.

“Vastra Bhet” (Donation of used clothes): The company initiated a drive during “Joy of Giving Week” in October 2013 and organised a “Clothes Donation Drive” and collected 640 kgs of used clothes which were donated to needy people. It was a CII initiative wherein employees of BAL volunteered very enthusiastically to collect and dispatch the clothes to “Goonj”, an NGO working in underdeveloped areas.

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

BAL engages with its customers through various channels such as call centres, web based interface system known as “Customer Care Portal”, dealer showrooms and service centres.

In addition to these formal channels, BAL has also utilised social media to interact with their customers, for their Pulsar products, through the Bajaj Pulsar Facebook page. This platform allows customers to interact with the Company regarding the products. The page is also used to share updates and information pertaining to new bike models. This forum enables an open and transparent interface to exchange information, and is used by customers to discuss models. The page has attracted more than 1 million fans, which is the largest for any motorcycle brand in India.

At BAL, safety features are given supreme importance- from design to use. With every product, an owner’s manual is provided to a customer which contains comprehensive technical information, daily safety checks, fuel saving and safe driving tips and other dos and don’ts.

Every city has local sales and service support which works with dealers directly to resolve complaints related to sales and services, with the aim of delivering excellent customer service. Further, BAL has the highest number of service centres (around 4,200) across India, with the objective of providing services close to customer reach.

BAL undertakes free service camps which are organised either at a city level or at a dealership level. These camps are conducted at regular intervals and normally last for a week. Customers are informed about the camps well in advance either by SMS or hard copy postage mails.

The key objective of conducting the camps is to interact with regular customers and with the customers who are unable to avail our periodic services. At the camps vehicles are checked thoroughly by our Company engineers and subsequently recommendations for repair are also provided. In addition to this, customer education programs are also conducted wherein vendors are invited to share tips on maintenance, mileage and fuel saving.

BAL also has in-house research team to understand customer insights from conceptualisation to post launch satisfaction measurements. The results obtained by in-house team aid in new product development processes.

BAL promotes its products across all media and through events and road shows in a responsible and ethical manner. As a member of the Advertising Standards Council of India (ASCI), it is bound by the clauses laid out in the ASCI code. The claims made in advertisements are backed by research and where possible, certified by a recognised authority. Keeping our responsibility to society in mind, all advertisements with stunt sequences carry a disclaimer informing viewer that these were performed by professionals under controlled conditions and with protective gear and must not be tried by individuals.

The number of cases pending at the consumer forum at the end of March 2014 is 508, of which 136 were received this year. Of the 14,452 customer complaints received this year 92 complaints (0.64%) are pending resolution as on 31 March 2014.