

# 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 411 035
4	Website	<a href="http://www.bajajauto.com">www.bajajauto.com</a>
5	Email address	<a href="mailto:brr.response@bajajauto.co.in">brr.response@bajajauto.co.in</a>
6	Financial year reported	1 April 2016 – 31 March 2017
7	Sector(s) that the Company is engaged in	Automobile
8	Three key products/services manufactured/ provided by the Company	Motorcycles and Three and Four wheeler commercial vehicles
9	Total number of locations where business activity is undertaken by the Company	Akurdi, Chakan and Waluj (Maharashtra) and Pantnagar (Uttarakhand)
10	Markets served by the Company	India and 78 countries across the world
Section B	Financial details of the Company	
1	Paid up capital	₹ 289.37 crore
2	Total turnover	₹ 24,310.00 crore
3	Total profit after tax	₹ 3,827.56 crore
4	Total spending on CSR as percentage of PAT	Refer Annual Report on CSR activities
5	List of the activities in which expenditure in 4 above has been incurred	Refer Annual Report on CSR activities
Section C	Other details	
1	Does the Company has any subsidiary company/companies?	Yes (for details, refer Note 1 of Consolidated Financial Statements)
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 BR initiatives of the Company are limited to its own 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%]	No, the BR initiatives of the Company are limited to its own operations

Section D	BR information	
1	Details of Director(s) responsible for BR	
	(a) Details of the Director responsible for implementation of the BR Policy	
	DIN	07464437
	Name	Pradeep Shrivastava
	Designation	Executive Director
	(b) Details of the BR head	
	DIN (if applicable)	Not applicable
	Name	Kevin D'sa
	Designation	CFO
	Telephone number	(020) 6610 6601
	E-mail id	<a href="mailto:kpdsa@bajajauto.co.in">kpdsa@bajajauto.co.in</a>
2	Principle-wise BR policy/policies	Included in this report
3	Governance related to BR	Included in this report
Section E	Principle-wise performance	
1	Principle-wise performance	Included in this report

## Preface

Bajaj Auto Ltd. ('BAL' or 'the Company') presents its fifth 'Business Responsibility Report' (BRR), as mandated by Securities and Exchange Board of India (SEBI) and in line with the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' (NVEGs) as released by the Ministry of Corporate Affairs in July 2011. The business responsibility performance of the Company is assessed annually by BAL's Board of Directors.

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

Ethics, transparency and accountability are central to BAL's business philosophy. The Company believes that trust, integrity and credibility are key elements in creating value for its stakeholders. In order to ensure that these principles are adhered to, BAL adopted a Company-wide 'Code of Conduct' (CoC) in 2009. It describes integrity, cultural and good working norms as well as the process to address any violations. All BAL employees are required to adhere to the CoC's requisites and they are introduced to the same during induction.

The CoC also contains a 'Grievance Redressal Policy' and a 'Whistle Blower Policy' which enable employees to raise concerns to the Company's Management. No complaints were received with respect to the above two policies in the year 2016-17.

There is a separate CoC specifically applicable to the Company's Directors and Senior Management. It states 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 Management personnel have affirmed compliance with the CoC. A declaration to this effect, signed by the Managing Director, is given in the Annual Report.

The Company is also signatory to the Model Code of Conduct developed by Confederation of Indian Industry (CII). It seeks to promote ethical practices in business and was signed by the Company's Executive Director on 13 April 2016.

Additionally, BAL is an industry partner of the World Economic Forum's initiative, 'Partnership Against Corruption Initiative' (PACI), and has a policy of a zero-tolerance towards bribery.

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

BAL is a firm believer in the philosophy that aligning business actions with sustainability goals ensures long-term growth for the Company. It recognises that its business operations are dependent on the natural environment while simultaneously impacting it. Thus, it invests time and resources to ensure safety and resource efficiency at all stages of the product life, including product development, plant operations and supply chain management.

### Product sustainability

All BAL products are compliant with the environmental standards in the Indian Central Motor Vehicle Rules (CMVR), as applicable from time to time. This includes regulating the tail-pipe emissions of air pollutants such as Carbon Monoxide (CO), Hydrocarbons (HC), Nitrogen oxides (NOx) gases as well as particulate matter, as applicable. For such compliances, all BAL models are 'Type approval' certified by the Automotive Research Association of India (ARAI).

BAL also ensures compliance with the Conformity of Production (COP) requirements for emissions, under CMVR. All existing BAL models are BS IV compliant and certified by ARAI. Additionally, BAL ensures that models which are exported to various countries meet the varying environmental requirements applicable for each country.

In a preliminary study of BAL products, it was observed that their recyclability and recoverability rates were 87% and 94% respectively.

BAL is constantly working towards improving the fuel efficiency of its Two and Three-wheeler models. It has introduced a few high fuel efficiency models, which are one of the best in the class.

### Sustainable sourcing

BAL's 'Green Purchasing Policy' outlines the Company's requirements for energy, water and natural resource conservation for the entire supply chain. As per this Policy, all major vendors are being certified for ISO 14001 and OHSAS 18001 management systems.

An update is provided in the table below:

Vendor Cluster	ISO 14001/OHSAS 18001 certified Cumulative	
	FY2016	FY2017
Chakan	36	43
Waluj	52	61
Pantnagar	17	19
<b>Total</b>	105	123

All BAL plants have a cluster of vendors located in close proximity to the plant. BAL engages with its vendors through the 'Bajaj Auto Vendor Association' (BAVA). Currently, BAVA has 153 members out of which 123 are ISO 14001/OHSAS 18001 certified. Going forward, the Company plans to make such certifications a mandatory requirement for all future vendors who want to become BAVA members.

Cross audits are conducted among critical vendors by safety officers. These audits, along with regular BAVA meetings, enable mutual learning. They provide the members with a platform to share their experiences, initiatives and best practices on various topics related to environmental, health and safety (EHS), quality improvement and logistics efficiency.

Another supply chain sustainability initiative is BAL's 'Total Productive Maintenance' (TPM) Policy, practiced by Tier I and II vendors which has helped improve their operational, human and cost efficiencies. As on date, 17 Tier I vendor groups and 222 Tier II vendors are practising TPM. In order to encourage adoption of TPM, BAL TPM Awards have been instituted to recognise vendors who are the best performers in TPM.

To further ensure compliance with regulations and promote the adoption of good environmental practices among vendors, third party legal and environmental audit of vendors has been started in the Pantnagar, Waluj and Chakan clusters. Also, energy audit for one vendor in each cluster was undertaken in the presence of other vendors of the cluster. This helped all of them identify best practices in energy efficiency and loss elimination. As a result, energy saving to the tune of 54 lakh units (KWH) was achieved in the year 2016-17.

Enhancing the efficiency of processes has dual benefits, it reduces their environmental impact, while also effecting their cost efficiency in a positive way. To reduce the cost of logistics, BAL focuses on the 'Bill to Ship to' (B2S2) initiative which has now been extended to the Pantnagar cluster. BAL also conducts a 'Cluster Kaizen Competition' every quarter to extend its culture of continuous improvement to vendors.

As planned in the previous year, 'Swachh Bharat Abhiyan' was rolled out across all three clusters this year. The activities under this program have progressed according to the road map. The initial cleaning and fencing activity was completed around the periphery of units, totalling to more than 28 kms. Along with fencing, tree plantation was undertaken and more than 50,000 saplings were planted. More than 100 Swachhata rallies, involving 3,000 people, were organised to create awareness.

### **Waste reduction**

BAL makes continuous efforts to reduce the quantum of waste being generated, directly or indirectly, due to its operations. For this, it works closely with its vendors, who now supply more than 95% of the parts in reusable plastic bins and trollies. By adopting the philosophy of continuous improvement, the quantity of corrugated box material used for packaging has been reduced. Waste paint sludge generated in paint shops is burnt in incinerators to generate heat. This simultaneously reduces the quantity of waste that needs to be disposed and the energy that needs to be procured.

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

BAL believes that its employees are one of its greatest assets. Thus, it ensures the well-being of its employees by creating a safe, inclusive and positive work environment that nurtures a high performance culture for its workforce.

In the year 2016-17, BAL hired 1,715 employees, including 273 regular employees, 1,425 trainees and 17 contractual employees. This has taken the total headcount to 9,509. All four plants have Company recognised trade unions, and 48.73% of the employees are members of the same. Currently, BAL has 25 permanent employees with disabilities.

BAL encourages employment of women across the organisation. As on 31 March 2017, there were 362 women employees in BAL, including 128 regular employees and 234 trainees, representing a 12% increase over last year. The Company has a Policy on 'Prevention of Sexual Harassment at Workplace' (POSH) in place to ensure the safety and security of women employees. As part of the International Women's Day celebration, a programme called 'Shakti – Women in Focus' was conceptualised. This was the way to celebrate and engage the women workforce with the larger objective of positioning BAL as a woman friendly organisation. It underlined the fact that women employees in the Company are safe, both emotionally and physically and know that the environment at BAL is conducive to their development and growth. With inputs from different stakeholders, a week-long learning, engagement and recognition programme was simultaneously held across all the four locations. This programme also included short sessions on various relevant topics like POSH, personal finance, stress and work life balance, campus to corporate, self-defense and health & nutrition.

BAL believes that continuously enhancing the skills of its workforce goes a long way in increasing the overall productivity of the organisation. Therefore, it provides all its employees various avenues for skill upgradation. In the year 2016-17, more than 3,350 employees were trained through more than 235 training programmes, spanning 6,138 man-days. Over and above this, 11,836 man-days of training was conducted for workers and cell members through TPM pillars, which included Safety, Health and Environment related training of 5,477 man-days.

BAL's flagship programme for leadership development, 'Act to Adapt', which was designed in collaboration with IIM – Ahmedabad, continues to nurture future leaders for the Company. Further, all developmental efforts are aligned to the leadership competency framework (Anticipate – Align – Adapt – Act). The 'Relationship Management Program' was introduced this year for employees in higher positions. This enabled smooth transition of employees into their new roles.

The Company conducts regular audits for its contract labour suppliers, which ensures that they are compliant with all applicable norms.

In March 2017, BAL has also made the 'Charter of Fair and Responsible Workplace Guidelines' for contract labour and collaborative employee relations.

During the year 2016-17, there were no complaints filed or pending relating to child labour, forced labour, involuntary labour, sexual harassment or discriminatory employment.

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

BAL is an equal opportunity employer and ensures that there is no discrimination of any type for socially disadvantaged sections in the work place. To formalise its commitment, it launched the 'Code of Conduct for Affirmative Action' in 2006, which ensures that preference is given to people from socially disadvantaged sections of the society, provided merit and other business considerations are equal.

In line with affirmative action, in the year 2016-17, BAL recruited 1,715 new employees of which 142 (8.28%) belong to scheduled castes and scheduled tribes.

#### **Principle 5: Businesses should respect and promote human rights**

The Company is dedicated to uphold the human rights of all its internal and external stakeholders. It ensures compliance with all applicable laws pertaining to human rights. A legal compliance report is submitted to the Company's Board of Directors on a quarterly basis. There were no complaints on violation of human rights in the year 2016-17.

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

BAL continually strives to minimise the environmental impact of its operations through sustainable practices and responsible use of natural resources. Further, it is committed to creating and preserving a clean environment and society.

BAL is dedicated to the continual improvement of its safety, occupational health and environmental performance. It continues to remain in full compliance with all applicable regulations.

BAL's Safety, Health and Environment (SHE) Policy guides the decisions and operations of the Company. 'Safety' creates a safe working environment and ensures that the risk of accidents is minimised. 'Health' covers provision of individual health check-ups, worker training on hygiene and health practices, access to safe drinking water, noise reduction etc. 'Environment' refers to the initiatives that reduce air, water and land pollution, as well as management of hazardous waste and resource conservation.

Plant-wise highlights of key environmental initiatives are provided below:

**Chakan plant**

Certificate of Merit (Automobile Sector) - National Energy Conservation Award 2016 organised by Bureau of Energy Efficiency

2 MW Rooftop Solar plant being installed - phase I-1.2 MW completed

12% reduction in energy consumption of the paint shop by reduction in emission height and installation of energy efficient blowers. Also, heat energy required for pre-treatment process in paint shop is sourced through heat recovery at the in-house incinerator. This serves 30% of total heat energy requirement

4,000 cu. meter capacity of rain water harvesting pond restored

Kaizens have resulted in reduction of plastic consumption by 6,014 kg/year and Corrugated box material by 19,350 kg/year

Harvested rain water used for construction purpose during expansion of the plant

Green Building features incorporated during expansion-use of fly ash bricks, transparent roof for harnessing day light, use of wind ventilators for human comfort and use of energy efficient lighting

Chakan plant is certified with the latest version of ISO 14001, i.e. ISO 14001-2015

**Waluj plant**

Awarded National Award for Excellence in Water Management 2016 by Confederation of Indian Industry (CII)

Excellent energy efficient unit award at National Level by CII - GBC

Use of Renewable Energy increased by 41.27% to reach 58.47% of total energy consumed

20% reduction in intensity of water consumption (cu. meter/vehicle produced)

1.71% reduction in intensity of electricity consumption (KWH/vehicle produced)

Five rain water harvesting ponds with a combined capacity of 70,000 cu. meter have been constructed

Collaborated with vendors to help them reduce their water consumption by 75%

As part of the 'Swachh Bharat Abhiyan', cleaned more than 3,000 MT of garbage in association with vendors

**Pantnagar plant**

Using solar energy to dry the sludge has reduced the weight of the sludge by 75%, leading to reduction in disposal cost

Notwithstanding load increase of approximately 440 KVA, Kaizens have helped reduce power consumption by 401,100 units/year compared to last year

Kaizens have reduced PNG consumption by 35,052 SCM/year compared to last year

Kaizens have reduced water consumption by 10,850 kl/year compared to last year

**Akurdi plant**

31.32% of electricity sourced from renewable sources

R&D Centre is a IGBC Gold Certified construction with the following attributes:

1. Radiant cooling
2. 100% Day light usage
3. Electric vehicle charging points
4. Energy and water conservation devices and fittings
5. Recharge pit for ground water recharge
6. Source segregation of waste
7. Low emitting material used in construction and HVAC

1.11 MW rooftop solar plant installed in March 2017. Total installed solar capacity is 1.22 MW

221,622 KWH reduction in electricity consumption

25,000 cu. meter reduction in water consumption

Booklet distribution to raise awareness about electrical safety

### Other Initiatives

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100% of canteen waste at Akurdi, Pantnagar and Chakan is composted.

Rallies were organised at Chakan and Waluj to raise awareness about waste reduction.

Both Waluj and Chakan are water positive plants with patented rain water harvesting structures.

### All Four Plants

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Certified under ISO 14001, 9001 and OHSAS 18001.

Zero Effluent Discharge (outside plant).

All plants have shifted from thinner to water based paints.

All plants of BAL operate as per the 'Consent-to-Operate' provided by the respective State Pollution Control Board (SPCB) and are within permissible limits with regards to the emissions and waste generated. No show cause notice was received from the Central Pollution Control Board or the respective SPCB.

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

As a responsible member of various national as well as international associations, BAL actively engages in policy advocacy. BAL presents its views on the setting of new industry standards and regulatory developments pertaining to the automotive manufacturing industry. It covers areas such as governance and administration, economic reforms, inclusive development policies, among others.

Some of the key associations of which BAL is member are:

- Confederation of Indian Industry (CII)
- Society of Indian Automobile Manufacturers
- Association of Indian Automobile Manufacturers
- World Economic Forum
- Federation of Indian Export Organisations
- Business and Community Foundation
- Indian Federation of Green Energy
- International Road Federation - India Chapter
- The Automotive Research Association of India
- Maharashtra Chamber of Commerce, Industries and Agriculture
- NAFEMS Ltd.
- National Safety Council
- The Advertising Standards Council of India
- Forum of Free Enterprise
- Indian Merchant Chamber
- Bombay Chamber of Commerce and Industry

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

The Corporate Social Responsibility (CSR) activities of Bajaj Group are guided by the vision and philosophy of its founder, 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.

Bajaj Group believes that true and full measure of growth, success and progress lies beyond balance sheets or conventional economic indices. It is best reflected in the difference that business and industry make to the lives of people.

Through its social investments, Bajaj Group addresses the needs of communities residing in the vicinity of its facilities by taking sustainable initiatives in the areas of health, education, environment conservation, infrastructure and community development, and response to natural calamities. For society, however, Bajaj is more than a corporate identity. It is a catalyst for social empowerment and the reason behind the smiles that light up a million faces.

Its goodwill resonates in the two simple words that live in the collective consciousness of Indians-Hamara Bajaj.

### Guiding principles

The Bajaj Group believes that social investments should:

- **Benefit generations:** The Company believes in 'investment in resource creation' for use over generations. The Company tries to identify sustainable projects which will benefit the society over long periods.
- **Educate for self-reliance and growth:** To usher in a growth-oriented society and thereby a very strong and prosperous nation, by educating each and every Indian.
- **Promote health:** The Company believes good health is a pre-requisite for both education and productivity.
- **Encourage for self-help:** To guide and do hand holding for self-help, individually and collectively to create excellence for self and for the team.
- **Be focused:** The Company believes that activities should be focused around locations where it has a presence and hence can effectively guide, monitor and implement specific projects.
- **Target those who need it most:** Care for the sections of the society, which are socially at the lowest rung irrespective of their religion or caste or language or colour.
- **Sustain natural resources:** The Company encourages balanced development and ensure least adverse impact on environment – Growth with Mother Nature's-blessings.

### Our Activities

(Please refer to the **Annual Report on CSR activities** for a detailed list of partners and grant amounts)

#### 1. Education

- The two flagship projects for Bajaj Auto Ltd. have been the Bajaj Education Initiative (BEI) and the e-Learning Project. The BEI covers 76 low cost schools (a mix of private and government schools) in Pimpri-Chinchwad area of Pune, and supports them with infrastructure development and capacity building. The e-Learning Project has reached more than 1,550 schools till date - covering Maharashtra and Rajasthan. Both of these are implemented by Jankidevi Bajaj Gram Vikas Sanstha, our Group NGO.
- In addition, Bajaj Auto also supported school infrastructure development, vocational training for entrepreneurship, teach-to-lead as well as scholarships for meritorious students.
- Bajaj Auto is also supporting Bharatiya Yuva Shakti Trust (BYST) in training 25,000 young persons in Aurangabad and Wardha to create 1,000 entrepreneurs in five years. Over 177 entrepreneurs have been created in the first two years of the project.

#### 2. Environment and natural resources

- The extreme drought faced by many parts of the country, including in Maharashtra in 2014-15 and 2015-16, has highlighted the need for water conservation and increasing water availability. Bajaj Auto has been working with Jankidevi Bajaj Gram Vikas Sanstha (JBGVS) on this for a long time and has now expanded the size and scope of this activity to make it a focus area in the coming years.



- Bajaj Auto, in partnership with other Bajaj Group companies, is supporting JBGVS in launching the Bajaj Water Conservation Project (BWCP) at Aurangabad. BWCP aims to cover an area of 21,500 hectares over the next four years with JBGVS and is looking for partner NGOs to take up an additional 44,000 hectares.
- In addition, Bajaj Auto has supported Paani Foundation for water conservation work in Maharashtra.
- Bajaj Auto has continued its support to Swachh Bharat Abhiyan by taking part in 'Bajaj Majhi City Taka-Tak' programme run by CRT, Municipal Corporation, Aurangabad and CII. This programme aims to make Aurangabad a clean city, with minimal quantity of garbage going to landfills. Bulk of the wet garbage will be composted or used for bio-gas production and recyclable wastes will be sent to a recycling agency. The process is on and is likely to be completed by end of 2017.
- Starting 2016-17, Bajaj Auto also supported ICRIER in construction of a new green building.

### **3. Health**

- Bajaj Auto works with a wide array of partners on issues related to health. The supported projects include projects on mid-day meals, clean drinking water, sanitation, blood banks, and pathology lab services in remote mountain villages, breast cancer research and vision care.
- Bajaj Auto and YCM Hospital Pune, in collaboration with National AIDS Central Organisation, have also been operating the ART centre in YCM Hospital. This centre supports more than 5,000 patients currently.
- Bajaj Auto has also financially supported Sri Aurobindo Society, Puducherry, to set up the 'International Centre of Excellence for Integral Yoga'.

### **4. Women's empowerment and self-reliance**

- Bajaj Auto has supported IISER, one of India's leading research institutes, in constructing a dedicated hall of residence for women research scholars. Bajaj Auto has continued to support the Banasthali Vidyapeeth (a women's university) in setting up a Hostel, a Bajaj Centre for Automation and Bajaj Law School.
- Bajaj Auto also supports the Kailash Satyarthi Children's Foundation in its work on holistic development and empowerment of children.

### **5. Supporting armed forces and veterans**

- Bajaj Auto has contributed ₹ 1 crore to the Armed Forces Flag Day Fund. Bajaj Auto has also supported Paraplegic Rehabilitation Centre at Khadki, Pune, with 20 state-of-the-art wheelchairs.

### **6. Rural development and other projects**

- Bajaj Auto has supported Sevagram Pratishthan at Wardha for renovation of Babu Kutir and associated buildings. Bajaj Auto has also initiated a partnership with Raja Dinkar Kelkar Museum at Pune for renovation of the museum.
- Other supported organisations include Social Work Research Centre - Barefoot College (Tilonia), Development Initiative for Self-Help and Awakening – DISHA (Pune), Chinmaya Organisation for Rural Development (New Delhi), Prafulla Dahanukar Arts Foundation (Mumbai) etc.

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

BAL's philosophy 'Distinctly Ahead' provides guidance for its customer engagement process. BAL actively interacts with its customers through a variety of platforms such as call centres, web-based interfaces, dealer showrooms and service centres. The Company also organises service camps at various locations to interact with customers at a personal level and solve their issues.

BAL engages with its customers at different levels. In an endeavour to engage with its two-wheeler customers, BAL organises various riding activities in key markets. For its commercial vehicle customers, BAL has programmes to empower current and potential three-wheeler drivers. As part of its 'Driver Bane Malik' initiative, contract drivers are assisted in purchasing their own vehicles. The 'Swarozgar Campaign' encourages rural youth to enter the three-wheeler business.

The 'Certified Service Technician' programme helps local technicians by providing them the required tools and training. This helps the technicians increase their income, while simultaneously providing a wider network of trained technicians for BAL customers.

The Company conducts regular surveys with the dealers, brokers, roadside mechanics and its large network of retailers. It also tracks customer satisfaction trends at pre-defined intervals for significant product launches.

To ensure that its customers remain safe while driving its vehicles, BAL provides an owner's manual with each vehicle. The manual includes safety checking mechanisms, do's and don'ts and fuel saving tips, thus encouraging consumers to use BAL's vehicles in a responsible manner. During the year 2016-17, 124 cases were filed at the consumer forum, while 398 cases are pending as on 31 March 2017.

Hygiene factors in advertisements, such as displaying helmets being used by all passengers on bikes and disclaimers for advertisements with bikes performing stunts are ensured by the marketing department. BAL is a signatory to Advertising Standard Council of India (ASCI), who can evaluate and provide corrective recommendations for advertisements. There were no complaints received from ASCI in the year 2016-17.