BUSINESS RESPONSIBILITY REPORT

SECTION A  GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identification Number: L34102DL1982PLC129877
2. Name of the Company: Eicher Motors Limited
3. Registered Address: 3rd Floor, Select Citywalk, A-3, District Centre, Saket, New Delhi 110017, India
4. Website: www.eichermotors.com
5. Email Id: investors@eicher.in
6. Financial Year reported: 2015-16*
7. Sector(s) that the Company is engaged in (industrial activity code): Automobile
8. Three key products/ services that the Company manufactures/ provides (as in balance sheet): Motorcycles
9. Locations where business activity is undertaken by the Company: Two plants in Chennai, India; Technical Centres at Chennai, India and UK
10. Markets served by the Company – Local/State/National/International: India and over 50 countries worldwide

*The financial year under reporting is for a period of fifteen months commencing from January 1, 2015 and ending on March 31, 2016.

SECTION B  FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR): 27.16 Crores
2. Total Turnover (INR): 6,188.03 Crores
3. Total Profit after taxes (INR): 1,229.85 Crores
4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): Please refer annexure to the Board Report regarding CSR
5. List of activities in which expenditure in 4 above has been incurred: Please refer annexure to the Board Report regarding CSR

SECTION C  OTHER DETAILS

1. Does the Company have any subsidiary companies?: Yes
2. Do the Subsidiary companies participate in the BR initiatives of the parent Company? Then indicate the number of such companies.: Yes
3. Do any other entities (e.g. suppliers, distributors etc) that the Company does business with participate in BR initiatives of the Company?: The Company and its subsidiary VE Commercial Vehicles Limited have incorporated a Section 8 company, Eicher Group Foundation, for the purposes of implementing its CSR policy. Other entities that the Company does business with do not participate in BR initiatives of the Company.

SECTION D  BR INFORMATION

The Corporate Social Responsibility Committee of the Company comprises of Mr. S. Sandilya – Chairman, Non-executive and Independent Director (DIN 00037542), Mr. Prateek Jalan – Non-executive and Independent Director (DIN 02170139) and Mr. Siddhartha Lal – Managing Director (DIN 00037645). Terms of reference of the Committee include (I) Formulating and recommending to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 and (II) Recommending the amount of expenditure to be incurred on the activities referred to in CSR Policy and monitoring the CSR Policy of the Company from time to time. For further details on CSR, please refer to annexure 4 to the Directors Report.

The Managing Director and the top management of the Company periodically review the BR performance of the Company in the various business reviews in the context of various BR principles. Specifically, the CSR Committee of the Board reviews the social (CSR) performance of the Company as per the Companies Act 2013.

SECTION E  PRINCIPLE-WISE PERFORMANCE

PRINCIPLE 1: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY

1. Under this principle, the Company has the following Policies:
   a. Whistle Blower Policy – to provide an avenue for directors and employees to inform about any wrongdoing in the company and reassurance that they will be protected from reprisals or victimization for whistle blowing.
   b. Policy for Determining Materiality of Events and Information - The objective of this Policy is: (a) to ensure disclosure of any event or information which, pursuant to SEBI regulations is material, (b) to determine whether an event or information is material or not, and (c) to ensure timely, accurate, uniform and transparent disclosure.
   c. Code of Conduct for Directors & Senior Management – to ensure, inter-alia, protection of confidential information, preventing conflict of interest, ensuring that anti-bribery and corruption laws are complied with, and ensure compliance with all the applicable laws, regulations and Company’s policies.
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Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. Products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.
   a. Significant reduction in lead content in batteries: Reducing the battery capacity from 14 AH to 8 AH by introduction of Value Regulated Lead Acid batteries. This technology also prevents spillage of battery acid.
   b. Conceptualised & industrialised company most recently launched motorcycle, Himalayan, with reduction in the hazardous metal content.
   c. Alternative Fuel Technology: Design & development / Calibration of parts completed to meet fuel requirement with Ethanol blend of 22% and pilot lot being monitored in Brazil
   d. Designed and developed Automatic Headlamp ON (AHO) and have installed it in all motorcycles sold in the European market. This feature increases the conspicuity of motorcycles and thus, enhances rider’s safety.

2. Procedures for sustainable sourcing (including transportation)
The Company’s manufacturing locations at Thiruvottiyur and Oragadam have suppliers in close proximity producing critical components and nearly 60% of Supplier base is located within a 100 kilometer radius of the plants. The Company is in the process of increasing this steadily by encouraging suppliers to set up Plants in and around the company.

   All imports/exports are carried through Chennai Ports, where the Company’s manufacturing facilities are located. Hence, resources and energy used in their transportation is minimal.

   The Company has adopted Green Logistics Process in the entire supply chain using re-useable trolleys, bins and pallets thereby significantly eliminating use of packaging materials.

3. Steps taken to procure goods and services from local & small producers, including communities surrounding their place of work.
The Company’s Initiatives for procuring from local suppliers are mentioned in response to the previous question (Principle 2, question 2). Other than the above,
   a. The Company has a well-staffed Supplier Quality Assurance-cum-Supplier Technical Assistance Team that supports and works with the suppliers in process re-engineering, automation, productivity improvements, problem resolutions, training etc.
   b. The Company has deployed its engineers at key supplier locations to provide on-site assistance and support to them.
   c. Suppliers are supported by the senior management team visits to the suppliers’ facilities periodically to continuously review and monitor the progress in enhancing the quality and timeliness of supplies.
   d. The Company is establishing a supplier upgradeation cell to the focus on the growing needs of customer driven initiatives in product quality

4. Mechanism to recycle products and waste.
   **Product Waste:**
   Presently, there is no regulation for recycling of two wheelers in India. However, Royal Enfield participated in an initiative by the auto industry body SIAM in which a pilot scrapyard was created in Chennai. All Royal Enfield motorcycles are meeting the required recyclable requirements given in the Indian draft regulation of End-Of-Life Vehicles (ELV). All our existing and new models are designed considering the requirements given in draft regulation as a guideline to protect the environment.

   **Process Waste:**
   The Company has mechanism to recycle process waste and has been sending paint sludge for co-processing to cement industry which results in reducing secured landfills.

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

1. Total number of employees.

   | TABLE 01 | MANPOWER BREAK-UP AS ON MARCH 31, 2016 |
   | Sl. No. | Manpower category | Number |
   | 1. | Regular Manpower | 943 |
   | | (a) Assistant Manager and above | 943 |
   | | (b) Staff and executives | 697 |
   | | (c) Associates/ technicians/ permanent workmen | 242 |
   | | Total Regular Manpower (a+b+c) | 1,882 |
   | 2. | Apprentice/ Trainees | 3,482 |
   | 3. | Contractual/ temporary workers | 3,748 |
   | | Total Manpower (1+2+3) | 9,112 |

2. Total number of employees hired on temporary/ contractual/ casual basis.
The total contractual/temporary manpower employed was 3,748 as on March 31, 2016.

3. The number of permanent women employees.
There were 41 permanent female employees in the Company, as on March 31, 2016.

4. The number of permanent employees with disabilities.
There were 2 regular employees with disabilities as on March 31, 2016.

5. Employee association that is recognised by management.
The Company has internal and independent labour unions at its Thiruvottiyur plant and union elections are held as per statutory requirements.

6. Percentage of permanent employees is members of this recognised employee association.
100%. All permanent workers at the Thiruvottiyur plant are members of the labour union.

7. No complaints relating to child labour, forced labour, involuntary labour, sexual harassment were received in the last financial year.
8. Employees were given safety & skill up-gradation training in the last year.
The Company strives to cover majority of employees under training programmes. Training reach for the year 2015-16 has been 80.0% of the total regular employees of the Company.

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Category</th>
<th>Man-days per employee</th>
<th>Select examples of training</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Assistant Managers &amp; above</td>
<td>2.92</td>
<td>Managerial Skill Development program</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Team Building, Business Negotiation</td>
</tr>
<tr>
<td>2.</td>
<td>Supervisors &amp; above (Including JETs)</td>
<td>3.30</td>
<td>Product Knowledge, 7QC tools, PokeYoke, SS, Process FMEA, Design FMEA, Communication Skills, Statutory Compliance, Sales, Tax/Service Tax, Export &amp; Import Procedures, Selling skills</td>
</tr>
<tr>
<td>4.</td>
<td>Man-days per employee (average)</td>
<td>7.99</td>
<td></td>
</tr>
</tbody>
</table>

Safety training is a part of the induction process and all employees go through safety training, including firefighting training. For shop floor workers, periodic safety training is organised as per the annual safety calendar.

The Company has set up Training department for capability development of employees of the Company and its dealers and suppliers.

**PRINCIPLE 4: BUSINESSES SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALISED.**

1. Internal and external stakeholders mapped by the Company
   - The Company has identified six direct stakeholder groups:
     1. Employees and their families
     2. Local community and society
     3. Environment and regulatory authorities
     4. Customers and their families
     5. Shareholders and investors
     6. Dealers, suppliers and other business partners

2. The disadvantaged, vulnerable & marginalised stakeholders identified by the Company
   - The Company has identified the following vulnerable sections:
     1. Local community
     2. Socio-economically disadvantaged sections of the society

3. Special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders.
   - For the local community at Chennai, in the aftermath of the devastating floods, the Company carried out relief measures by distribution of relief kits. Repairing and reconstruction of identified damaged dwellings in local areas is under progress.
   - For socio-economically disadvantaged sections of the society, the Company is implementing following three CSR programmes:
     - **Skill development:** The Company is executing an initiative under which unemployed youth are being trained to take up jobs as technical assistants in the two wheeler industry. This program which started in 2015-16 will continue in 2016-17.
     - **Eradication of blindness and deafness:** The company has been supporting a reputed charity eye hospital with operations in North India.
     - **Road safety:** VE Commercial Vehicles Ltd. (VECV), a subsidiary company of Eicher Motors Ltd., runs a large nationwide skill building programme for mechanics and drivers of commercial vehicles.
       - Industry Institution tie up, an another unique project where VECV establishes state of art automobile labs to teach students latest Automotive technology to ITI/engineering students to make them ready for Industry. These labs are equipped with dynamic cut section models, practice units of automobiles. Nine such auto labs are supported by VECV and over 1000 candidates were trained during last year.
       - VECV supports a unique concept of Low Cost Driver Training Institute, by providing training content, and other support initiative. Four such centres trained over 500 drivers during last year. Another six centres were started in last quarter of 2015-16.

**PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS**

1. The Company doesn’t have a standalone Human Rights policy. Aspects of human rights such as child labour, forced labour, occupational safety, non-discrimination are covered by its various Human Resource policies.

**PRINCIPLE 6: BUSINESS SHOULD RESPECT, PROTECT, AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT**

1. The company does not have a specific environment policy. Many facets of respecting and protects environment are embedded in the company’s operations as also its products. These have been covered above.

2. Strategies/initiatives to address global environmental issues such as climate change, global warming, etc.
   - To minimise the environmental impacts of its products, the Company continuously improves products in terms of fuel efficiency, material use and recyclability. All the Company’s models are designed by taking the guidelines according the draft ELV regulation released for Two Wheelers in India.

3. Potential environmental risks
   - Potential environmental risks are identified as a part of the Company’s risk management identification process and these feature in the Company’s risk library. The Company regularly reviews its environmental risks and undertakes initiatives to mitigate them.
4. All emissions and waste generated by the Company are within the permissible limits given by CPCB/SPCB in 2015-16.

5. No show cause notices from SPCB or CPCB are pending as at end of the financial year 2015-16.

PRINCIPLE 7: BUSINESSES WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER

1. Trade and chamber or association that the Company is a member of:
The Company regularly engages with other industry members, expert agencies to contributes in policy making process to align with Global Standards.

2. Advocating through above associations for the advancement or improvement of public good.
The Company participates actively in committees set up by the automobile industry association Society of Indian Automobile Manufacturers (SIAM) and the government on future regulations, policies and implementation plans. Along with SIAM, the Company discusses issues pertinent to the automobile sector and jointly engages with the government. The Company provides the Bureau of Indian Standards (BIS) inputs for new regulations for vehicles, study new standards feasibility etc.

PRINCIPLE 8: BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

The Company supports inclusive growth and equitable development through its Corporate Social Responsibility (CSR) programmes. Details on the same have been shared in Principle 4.

2. The CSR programmes of the Company are overseen largely by in-house teams. Wherever needed services of NGO partners and other agencies with subject expertise are taken.

3. The CSR programmes and their impacts/outcomes are monitored and reviewed by the management periodically as also by the CSR committee of the Board.

4. Details on the Company’s CSR programmes on community development have been shared in Annexure 4 to the Directors Report.

5. Steps taken to ensure that this community development initiative is successfully adopted by the community To ensure successful implementation of community development programmes in collaboration with community members, the Company adopts following approach:
   a. Rapport building with community leaders and opinion makers
   b. Project identification in association with community members
   c. Involvement of community members in project implementation
   d. Maintaining continuous and close interaction with community members through field teams
   e. Impact assessment and perception survey to measure impact of social initiatives
   f. Necessary approvals are taken from the community prior to the start of work

PRINCIPLE 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER

1. Effective redressal mechanism is in place for addressing customer complaints and handling consumer cases. This is periodically reviewed by management team as well. The number of such cases are insignificant in comparison to the number of customers in fold.

2. The customers have access to the Company website which provides host of information on products and services. There is a well-defined process for vehicle delivery, during which time the customer is educated about the features of products & services, vehicle handling etc. Information is disseminated to customers through display boards at point of sale or service as well. A number of rides are conducted during which time lot of useful information is shared with customer on product and service while educating them on safe and secure ride.

3. Consumer surveys are conducted on a regular basis to drive continuous improvement. Some mechanisms through which the Company engages with customers are in Table 03, below:

<table>
<thead>
<tr>
<th>Engagement mechanism</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer meets</td>
<td>To gauge customers’ satisfaction level regarding products and services</td>
</tr>
<tr>
<td>Customer satisfaction feedback</td>
<td>To analyse customer feedback and take suitable measures for upgrading products and services. A survey is being set-up and is likely to be rolled out in second quarter of year 2016.</td>
</tr>
<tr>
<td>Mega Service Camps</td>
<td>A means to receive first-hand customer feedback and resolve complaints on the spot</td>
</tr>
<tr>
<td>Customer Care Cell Complaints</td>
<td>A 24x7 toll-free number has been set up for receiving and redressing customer complaints</td>
</tr>
<tr>
<td>Product Clinics</td>
<td>To collect product-specific feedback from customers</td>
</tr>
<tr>
<td>Free check-up camps and customer meets</td>
<td>To address customers’ concerns and complaints.</td>
</tr>
<tr>
<td>Customer feedback</td>
<td>A system of collecting feedback through feedback cards, e-mails, telephonic surveys etc.</td>
</tr>
</tbody>
</table>

4. No case has been filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year.