

BUSINESS RESPONSIBILITY REPORT FOR FINANCIAL YEAR 2019-20
[Pursuant to Regulation 34(2)(f) of the Securities and Exchange Board of India
(Listing Obligations and Disclosure Requirements) Regulations, 2015]

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L50101PB1983PLC005516	
2	Name of the Company	SML ISUZU LIMITED (SMLI)	
3	Registered address	Village Asron, Distt. Shahid Bhagat Singh Nagar (Nawanshahr), Punjab - 144533	
4	Website	www.smlisuzu.com	
5	E-mail id	investors@smlisuzu.com	
6	Financial Year reported	1st April 2019 to 31st March 2020	
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	NIC Code	Description
		29102	Manufacture of commercial vehicles such as vans, lorries, over-the-road tractors for semi-trailers etc.
		29109	Manufacture of motor vehicles n.e.c.
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	a. Cargo vehicles (trucks) b. Passenger vehicles(buses) c. Special Application Vehicles	
9	Total number of locations where business activity is undertaken by the Company :		
	(a) Number of International Locations Distributors / Dealers: (b) Number of National Locations	The Company has Distributors / Dealers in following Locations: <ul style="list-style-type: none"> • Bangladesh • Nepal • Bhutan • Sri Lanka • Ghana <ul style="list-style-type: none"> • Manufacturing Plant at Punjab • 11 Zonal offices • 196 Dealer Network locations • 176 Service Network locations 	
10.	Markets served by the Company – Local / State / National / International	All	

SECTION B: FINANCIAL DETAILS OF THE COMPANY (FY 2019-20)

1.	Paid up capital	Rs. 14.47 crores
2.	Total Turnover	Rs. 1,154.16 crores
3.	Total Profit / (Loss) after tax	(Rs. 21.06 crores)
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Rs. 96.0 lacs (2% of average net profit of last three years)
5.	List of activities in which expenditure in 4 above has been incurred	a. Infrastructure for Schools b. Education support to Girls c. Vocational Education d. Preventive Healthcare & Sanitation e. Medical Infrastructure & Health Camps

SECTION C: OTHER DETAILS

- Does the Company have any Subsidiary Company/ Companies? No
- 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). NA
- 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

SECTION D: BR INFORMATION
1. Details of Director/Directors responsible for BR and BR Head
Director responsible for implementation of the BR and BR Head

DIN Number	-	08165797
Name	-	Mr. Yugo Hashimoto
Designation	-	Managing Director & CEO
Telephone number	-	0172-2666688
e-mail id	-	yugo.hashimoto@smlisuzu.com

2. Principle-wise (as per NVGs) BR Policy/policies
a) Details of compliance

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These are as follows:

Principle 1- (P1)	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
Principle 2- (P2)	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
Principle 3- (P3)	Businesses should promote the wellbeing of all employees

- Principle 4- (P4) Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- Principle 5- (P5) Businesses should respect and promote human rights
- Principle 6- (P6) Business should respect, protect, and make efforts to restore the environment
- Principle 7- (P7) Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
- Principle 8- (P8) Businesses should support inclusive growth and equitable development
- Principle 9- (P9) Businesses should engage with and provide value to their customers and consumers in a responsible manner

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for....	Y	Y	Y	Y	Y	Y	NA	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Relevant internal and external stakeholders were consulted, as deemed appropriate, during the formulation of the policies.								
3	Does the policy conform to any national/ international standards? If yes, specify? (50 words)	All the Policies have been developed considering relevant national & international standards and other applicable Regulations.								
4	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	The Board of Directors of the Company have approved, from time to time, entity level policies such as Code of Ethics & Conduct (for Directors and Senior Management), Whistle Blower Policy, Corporate Social Responsibility Policy, etc. in line with the Regulatory requirements. These policies are signed by respective officers authorized by the Board. Other policies & procedures are formulated having regard to business needs, controls and compliance with applicable laws & regulations and are approved and signed by the Managing Director & CEO.								
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	NA	Y	Y
6	Indicate the link for the policy to be viewed online?	Relevant external policies are available at the website of the Company viz. https://smlisuzu.com/Financials/CorporatePolicies.aspx								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
8	Does the company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	NA	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	NA	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	NA	Y	Y

b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: NA

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 BR performance of the Company will be assessed annually.

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

Business Responsibility Report will be published annually. This report can be accessed at web-link https://www.smlisuzu.com/Upload/AgmNotice/66816a89_BRR.pdf.

SECTION E: PRINCIPLE-WISE PERFORMANCE

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

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

The Company has a Code of Ethics & Conduct for its Directors, Senior Management and other employees that cover aspects inter-alia related to ethics, bribery and corruption, workplace responsibilities and conflict of interest. All Directors, Senior Management and other employees of the Company affirm compliance with this Code on annual basis. Further, such aspects of Code of Ethics & Conduct also extends to Vendors and Dealers of the Company.

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 the reporting year, 7 complaints were received from the shareholders, all of which were resolved to the satisfaction of the shareholders. These complaints pertain to non-receipt of dividend warrants, non-receipt of share certificates, non-receipt of Annual Report, etc.

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

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

The Company manufactures trucks, buses and wide range of special application vehicles.

The Company's products are designed with due consideration to various environmental norms including sustainability and emissions / noise regulations and optimum use of the resources. All the Company's existing models have been upgraded to meet BS VI emission norms, which will help in reducing the polluting contents in the environment.

The Company is having ISO 9001: 2015 (Quality Management System), IATF 16949: 2016 (Automotive Quality Management System), ISO 14001: 2015 (Environment Management System) and ISO 45001: 2018 (Occupational Health and Safety Management System) certifications.

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

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

The resources used (energy, water, raw material, etc) for the entire portfolio is monitored on regular basis to ensure optimum usage.

For energy efficiency initiatives' please refer to the Annexure F of Directors' Report.

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

Due to continuous focus on innovations in respect of fuel efficiency during upgradation / new launches of Company's products, there would be a reduction of energy used by consumers. However, tracking of such reduction is not possible as it is highly dependent on individual customer's driving habits / usage of the end product i.e. vehicles.

3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company's sourcing / usage practices are focused towards optimizing the weight of components with a view to consume lesser metals and other raw materials. Besides, other optimization areas include efficient logistics, savings in usage of energy, returnable packaging to minimize waste and maximize reuse. The Company endeavors to procure maximum components from the suppliers located near to the Company's manufacturing location. To improve quality & deliveries, the Company has system for direct on-line certification (DOL) with supply chain partners which is done through vendor visits and follow-up audits.

Further, supply chain partners are updated regularly about Company's sustainability focus.

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

The Company endeavors to procure goods and services from local supply chain partners including MSME (Micro, Small & Medium Enterprises) who meets Productivity, Quality, Cost, Delivery, Safety & Morale indicators (PQCDSM). The Company has robust system in place to induct new suppliers and ensures supplier assessment which covers evaluation of technical & manpower capabilities, sub-supplier base and financial stability. The suppliers, particularly MSMEs, are provided need based managerial and technical assistance which helps in improving their PQCDSM.

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

No, the Company do not recycle its products & waste on its own. The waste generated is sold to certified licensed scrap dealers for recycling.

Principle 3 - Businesses should promote the wellbeing of all employees

Employees' data as on 31st March, 2020 is provided herein below :

- | | | |
|--|---|------|
| 1. Please indicate the Total number of employees (on-rolls) | - | 1003 |
| 2. Please indicate the Total number of employees hired on temporary/contractual/casual basis | - | 1400 |
| 3. Please indicate the Number of permanent women employees | - | 16 |
| 4. Please indicate the Number of permanent employees with disabilities | - | 4 |
| 5. Do you have an employee association that is recognized by Management. | | |
| Yes, all permanent workers are members of SMLI Workers Union (affiliated with Centre of Indian Trade Unions (CITU)). | | |
| 6. What percentage of your permanent employees is members of this recognized employee association | - | 34% |

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.

No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the 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?

Skill upgradation forms part of our strategic plan where employees are identified based on the need and provided the training across all the levels.

- (a) Permanent Employees : 67%
- (b) Permanent Women Employees : 69%
- (c) Casual/Temporary/Contractual Employees : 47%
- (d) Employees with Disabilities : 100%

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

1. Has the company mapped its internal and external stakeholders? Yes/No Yes.
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.

Yes, the Company has identified disadvantaged, vulnerable and marginalized stakeholders.

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.

The Management always keeps in mind to serve the interests of disadvantaged, vulnerable and marginalized stakeholders in all its strategic and operational decisions. The Company also takes care of the needy, deserving, socio-economically backward and disadvantaged communities in and around its Manufacturing Plant, to the extent possible, through Company's CSR initiatives (Refer Annexure D of Directors' Report).

Principle 5 - Businesses should respect and promote human rights

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

The Company Policy on Human Rights underlines its approach towards human rights and action against any violation. The Company respects and recognize human rights of all relevant stakeholders & groups within and beyond the work place including that of communities, consumer and vulnerable & marginalized group.

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

During the financial year under review, no complaint has been received by the Company related to sexual harassment, discrimination and human right breaches.

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

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

The Company has policies for Quality, Safety and Environmental protection. Relevant policies are communicated to the Company's suppliers, contractors & other business associates for them to sync their own policies with the Company's, wherever applicable.

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

To minimize the impact of its products on the environment, the Company continuously improves its products in terms of fuel efficiency, material usage and recyclability. The Company also works on resource optimization, water and electricity conservation and waste reduction to reduce its environmental footprint. For details, refer Annexure F of Directors' Report.

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

Yes, the Company has a mechanism to identify and assess potential environmental risks.

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

The Company does not have any Clean Development Mechanism project at present.

- 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**

Yes and the details are provided at Annexure F of Directors' Report.

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

The Company ensure that the emissions, effluents and waste generated as a result of its operations are within the permissible limits prescribed by Central Pollution Control Board (CPCB) and State Pollution Control Board (SPCB).

- 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.**

No show cause / legal notice received from CPCB / SPCB during FY 2019-20.

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:**

Yes, the Company is an active member of the following Trade and Chamber or Association:

- Society of Indian Automobile Manufacturers (SIAM)
- Northern India Chamber of Commerce & Industry (NICCI)
- Engineering Export Promotion Council (EEPC) of India

- 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, as a member of SIAM, actively participates and engages with relevant Government authorities in industry's initiatives towards Governance & Administration, Economic reforms, Energy security, Sustainable business principles, etc.

Further, the Company also contributes through EEPC, when views are solicited on EXIM Policy and other Rules /Regulations governing export of engineering goods.

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, the Company has a Corporate Social Responsibility (CSR) Policy which derives its core values and covers various aspects as per requirements of the Companies Act, 2013. The key thrust areas of Company's CSR Policy are - promoting healthcare and sanitation, supporting education of girl child & underprivileged children, sponsoring vocational / technical education, etc.

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

The CSR programmes and projects are undertaken directly by the Company through in-house team.

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

Yes, impact assessment is carried out through personal visits of Company's CSR teams and personal interviews of relevant stakeholders.

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

The Company has spent Rs. 96.0 lakhs as part of its CSR initiatives. Details of CSR projects are provided at Annexure D of Directors' Report.

- 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.**

All CSR initiatives are perceived in consultation with the local community including Local Government authorities, wherever required, having regard to their needs and priorities. Accordingly, all CSR programs are well received by 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.**

During FY 2019-20, total 638 customers' complaints received out of which 635 were resolved as on 31st March, 2020 (3 complaints - 0.47% pending as on 31st March 2020 were resolved subsequently).

- 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).**

Product information as per mandatory requirements is displayed on product label.

- 3. Is there any case 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. If so, provide details thereof, in about 50 words or so.**

As on 31st March 2020, there is no case pending under the Competition Act.

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

Yes, the company carries out consumer surveys internally as well as through external firms, from time to time, to review market trends, consumer needs & customer satisfaction in terms of its products, service and sales.