

Sustainable Through Time

2016-17

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Who We Are

Our Vision

Sustainable Business, Products, Environment and People

As a leading maker of two-wheelers in India, we believe that only those who keep sustainability at the heart of their business processes will survive and prosper. We strive to do this across our entire chain of suppliers, dealers and stakeholders by fostering a culture of lean practices.

Our approach has involved creating a sustainable business through a supportable manufacturing environment within our company and fostering a culture of sustainable development in society.

People matter to us. Our highly motivated employees make thousands of quality vehicles each day, and we do so in factories that are as green as possible. Factories where we continuously reduce both wasteful practises and waste generation. Factories where one-third of the area outside is set aside as forest cover, and as many as 300 species of birds, mammals, reptiles and myriads of insects and plants thrive.

This makes our employees very conscious of how they must produce vehicles which are as environmentally friendly as possible. They do so through green practises. We generate more than a quarter of our energy needs through solar power, and we have zero-liquid discharge at all our manufacturing units. As much as 93 percent of our new products are recyclable. We are proud of that, and still see room for improvement in the remaining 7 percent.

Our people-centric approach goes beyond our employees, suppliers, dealers and customers. At the community level, our foundation over the last 21 years, has been working in 5,000 villages covering 3 million people in India. We are helping them become self sufficient and prosperous.

Our vision is the transformation and empowerment of Indian village communities. This will enable them to become self-reliant and self-sustaining.

We start by assisting communities. However, the goal is for them to take over their own development once they see how. Typically then, within a generation they move from poverty to self-sufficiency and prosperity.

For example, what starts as a women's self-help group to augment incomes leads to a better quality of life and a better society. This means better harmony, better hygiene, less disease, more children at school and less domestic violence. That's almost an ideal village community.

Our people-centric approach goes beyond our employees, suppliers, dealers and customers. At the community level, our foundation over the last 21 years, has been working in 5,000 villages covering 3 million people in India. We are helping them become self-sufficient and prosperous.

Total Quality Management

To reach these goals, we adopted Total Quality Management. It's an approach whereby everything that we do is geared to improving products, processes, people and systems.

Each day TVS employees are confronted with these questions -- how are they making the environment and society a better place? How can they add more value?

When we apply this to making manufacturing greener, every employee constantly endeavours to reuse, reduce and recycle -- be that in the machinery we use, or the way we make products. In the future, as the emphasis on greener vehicles becomes even greater, the need for reusing, reducing and recycling will underpin good corporate citizenship.

Our industry is ultimately looking at making vehicles with zero emissions. So it's not just about greener manufacturing practises - it's creating the vehicle of the future that will keep the environment clean.

Climate change is not an imagined threat. To tackle it, all businesses have to work hard to cut greenhouse gases and reduce their carbon footprint. We have more than halved the greenhouse gas emissions at factories and intend to cut it further. We have afforested more than 175,000 hectares of degraded forest land. More than 500,000 trees are planted each year, in the villages where we do community work.

At the stakeholder level, we support our suppliers. Dealers and suppliers implement TQM in their businesses because they are partners in our business. We do this by extensive and rigorous education and training of all their leaders and employees. As an extension of us, they too must be held to high standards.

Today, each TVS employee follows continuous improvement not just at work but also at home. They reuse water at home, generate energy using solar panels and make vermicompost from waste.

At the community level, when we apply management principles, farmers learn rainwater harvesting and use drip irrigation to conserve water. The collective buying of seeds, fertilisers and pesticides improves their income. They also adopt mixed agriculture by rearing sheep, goats, poultry and cows which greatly increases their earnings.

A special mention is necessary here about women's self-help groups. As many as 139,000 women run micro enterprises and earn 6 billion rupees to supplement their household incomes. More importantly, they create the bond that holds their society together. They form the foundation of our sustainable community development program.

These are simple ideas, which when spread far and wide, will help future generations live healthy and prosperous lives. Prosperous communities means better citizenry and a good workforce.

Future-Proofing

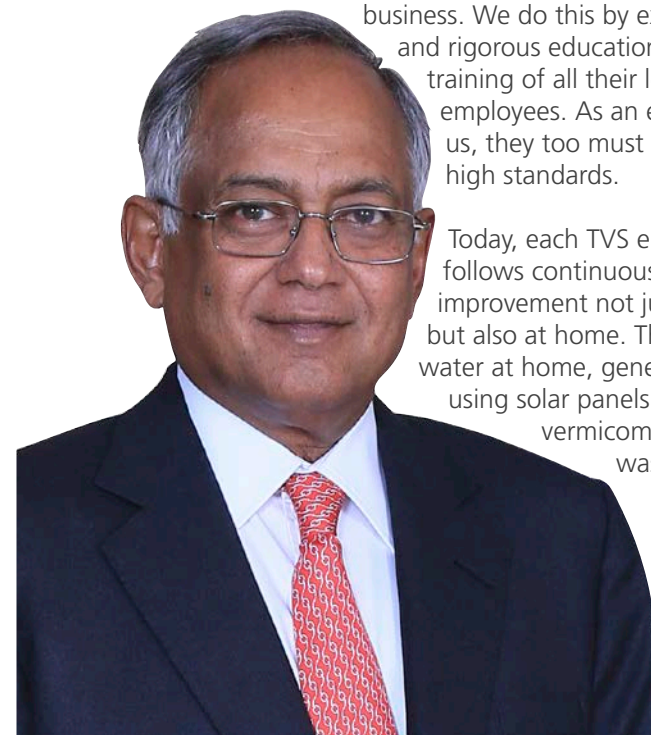
One of the biggest issues that we as a business, and several others, must grapple with is how to stay not just relevant but seminal to the market we serve. Today, disruption from technology and changing consumer preferences is more rapid than ever. The rate of change is exponential.

Advancements in technologies such as artificial intelligence, neural learning, and digitally-driven business models will result in shorter and brutal disruption cycles. Products will be replaced by services as has happened with private cars being replaced by Uber or hotels with Airbnb. This will also open endless opportunities and challenges for businesses.

For us, it means we provide our people with the right environment to participate in this future, encourage disruptive ideas and make the most of technology to serve our customers better.

We are also acutely aware that India's villages, so far removed from the pace of advancements in technology, must not be left behind. Our commitment to them is in helping them become self-sustaining communities -- the only lasting way to a better life.

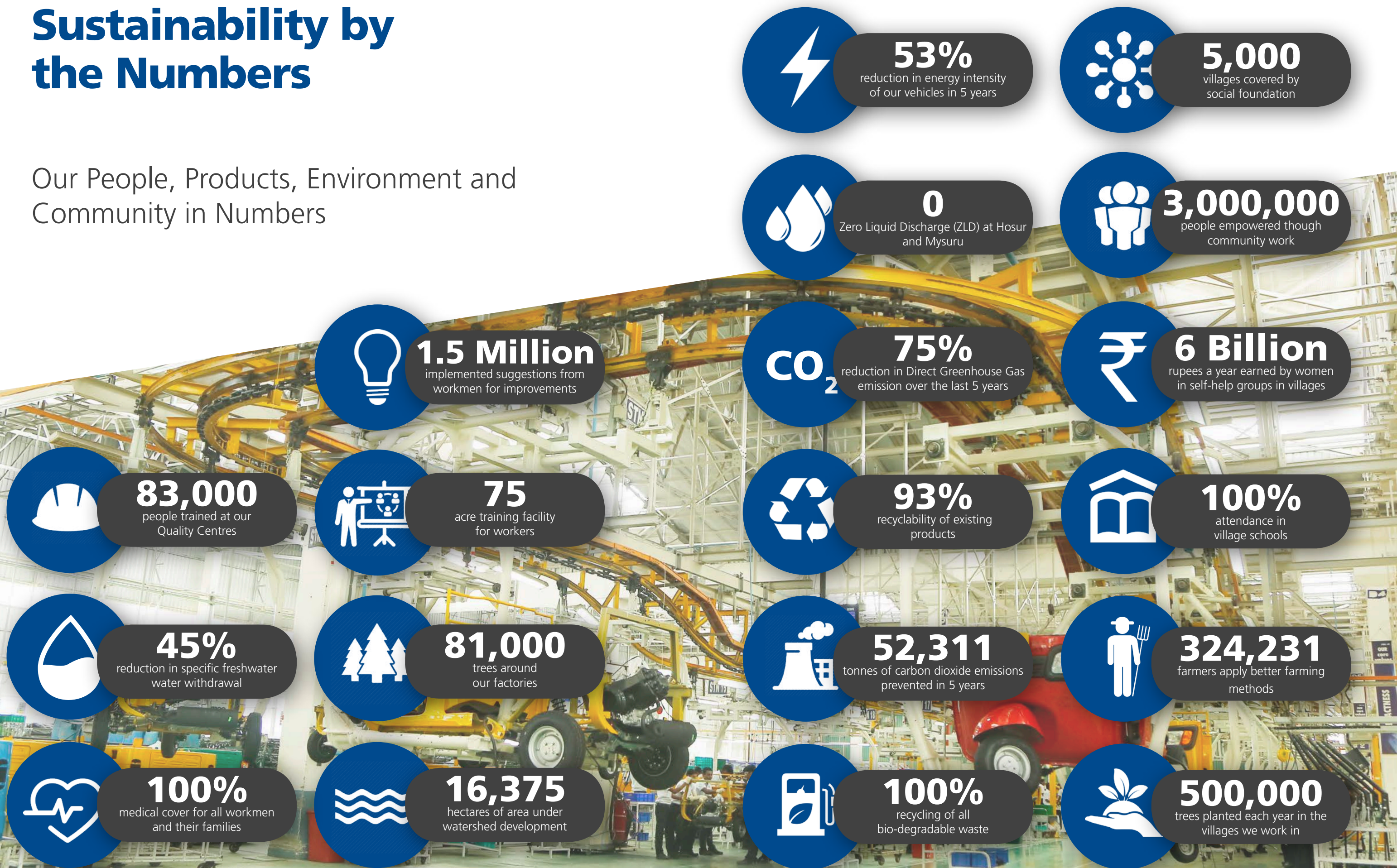
The way to respond to all these challenges is by creating a pipeline of leaders who are proactive, agile and responsive and by anchoring sustainability to everything we do. We view these actions as a means to guaranteeing a better future for all.



Venu Srinivasan
Chairman
TVS Motor Co Ltd.

Sustainability by the Numbers

Our People, Products, Environment and Community in Numbers



TVS Mission and Values

Mission

We are committed to being a highly profitable, socially responsible, and leading manufacturer of high value for money, environmentally friendly, lifetime personal transportation products under the TVS brand, for customers predominantly in Asian markets and to provide fulfilment and prosperity for employees, dealers and suppliers.

Trust

To earn unquestionable trust of all stakeholders in every action by demonstrating both transparency and fairness in all dealings.

Value

To add value to the Company and its stakeholders in every action and to focus on simplification.

Core Values

Exactness

To honour all commitments. To be fact based, accurate and precise in all words and deeds. To shun ambiguity. To embrace meticulous adherence to standards and compliance with processes.

Passion for Customers

Possess a strong emotional commitment to delight customers. Proactively understand and address customer needs with deep insight and customer intimacy.

Speed Without Haste

Develop integrated, robust, analysis-based plans and act with speed. Continuously learn and quickly adopt actions.



TVS Brands and Products

We are India's third-largest maker of two-wheelers with more than 30 million customers. Our aim is to make products that delight the customer.

We sell four categories of vehicles used for personal and multi-transportation - motorcycles, scooters, mopeds and three wheelers. Customers can choose from mopeds at the entry level to high-end bikes such as Apache.

As a vehicle maker we started with mopeds, a multi-utility, two-wheeler as a means of affordable transport for millions of Indians. Its success spurred us to innovate and introduce newer products in the marketplace from scooters to motorcycles and then three-wheelers.

We make vehicles that consistently win top awards in their categories. We do not chase awards, but we do chase top quality innovative products that offer easy and safe rides to our customers.

In scooters, our best selling brand is Jupiter, with more than a million customers. The Wego has won the JD Power Best Executive Scooter Award for two consecutive years

In bikes, TVS Sport commands a mileage of 95 kilometers per litre and has won the JD Powers Award for the Most Appealing Economy Motorcycle.



Motorcycles



Scooters



Mopeds



Three Wheelers

List of Products



Apache Series
RTR



TVS Phoenix
125



TVS Victor



Star City+



TVS Sport



TVS Jupiter



TVS Wego 110



Scooty Zest 110



Scooty Pep +



TVS XL 100



XL Super



XL Super
Heavy Duty



TVS King

New Product Launches



BMW G310



TVS Victor



TVS Apache RTR 200



TVS Jupiter ZX



TVS Wego 110



Scooty Zest 110



TVS XL 100

Locations at a Glance



Operating Locations

Headquarters

1. Chennai, Tamil Nadu, India

Manufacturing facilities

2. Hosur, Tamil Nadu, India

3. Mysuru, Karnataka, India

4. Nalagarh, Himachal Pradesh, India

5. Karawang, Indonesia

Employee strength

8,317

Dealers

877

Authorised service centres

3,315

Marketing Locations

Asia

India, Sri Lanka, Bangladesh, Nepal, Myanmar, Singapore, Indonesia

Middle East & others

Iran, Afghanistan, UAE, Kuwait, Yemen, Turkey, Lebanon, Iraq

Latin America

Colombia, Honduras, Guatemala, Peru, Dominican Republic, Mexico, Ecuador, El Salvador, Chile, Nicaragua, Costa Rica

Africa

Kenya, Uganda, Rwanda, Burundi, Tanzania, Somalia, Ethiopia, Egypt, Angola, Sudan, Seychelles, Nigeria, Guinea, Sierra Leone, Ghana, Congo, Mozambique, Zambia, Cameroon, Niger, Madagascar, Malawi, Algeria, Mauritius, Chad, Ivory Coast, Senegal, Gabon

Selling in

54 countries

Total vehicles sold

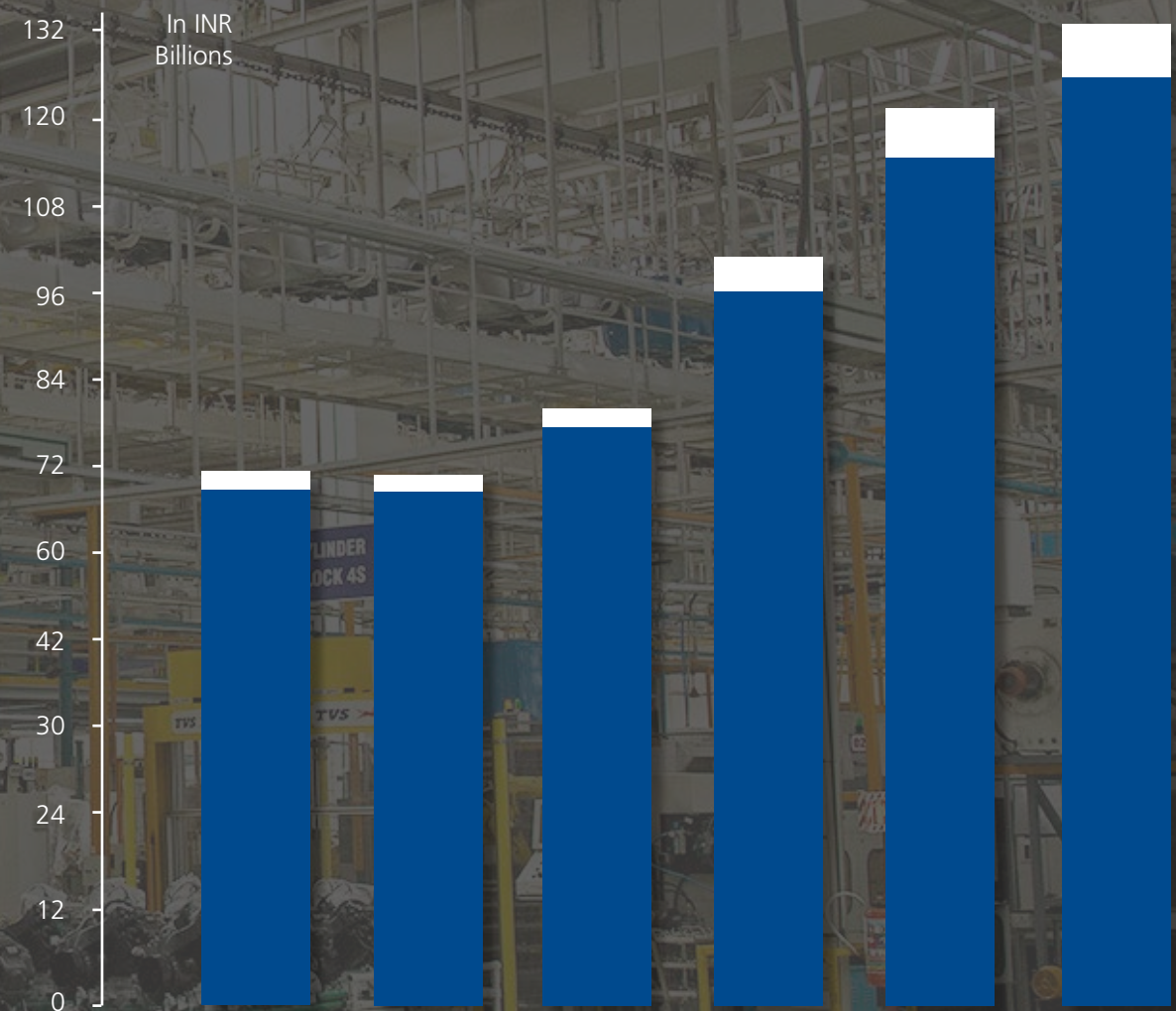
2,927,280

Revenue

13.36 billion rupees

Economic Value Created

We have steadily improved our sales to serve all our stakeholders better, from customers to employees, to the community. As we sell more of the vehicles we make, we are acutely aware of the need to give back to the community and to the people who make this happen - our employees. As a result, our spending on both our people and our social foundation has increased.



	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Economic value retained	2.97	2.71	2.83	3.99	6.02	6.85
Economic value distributed	69.77	69.22	77.09	97.31	115.93	126.78
Economic value generated	72.74	71.93	79.92	101.30	121.95	133.63

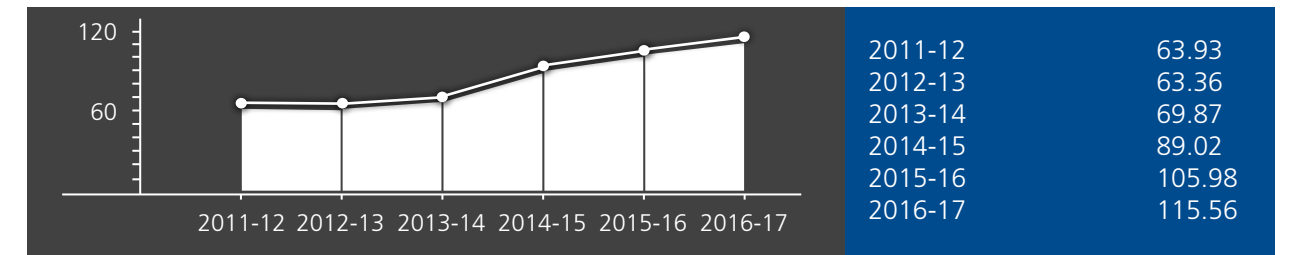
*the numbers are rounded off

in INR Billions

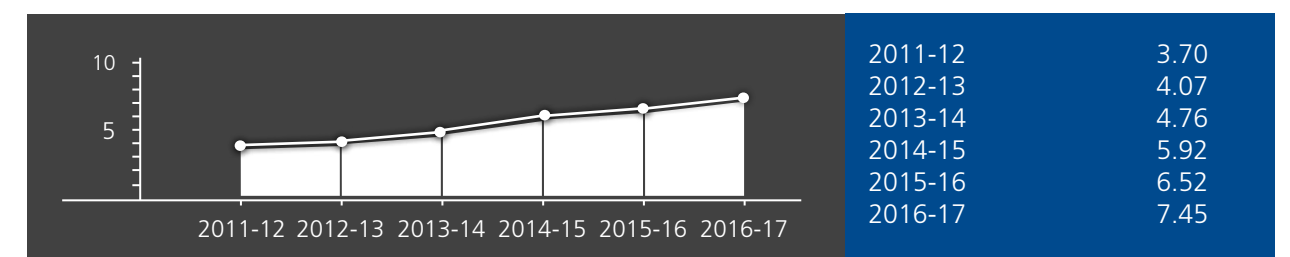
Economic Value Distributed

(in INR Billions)

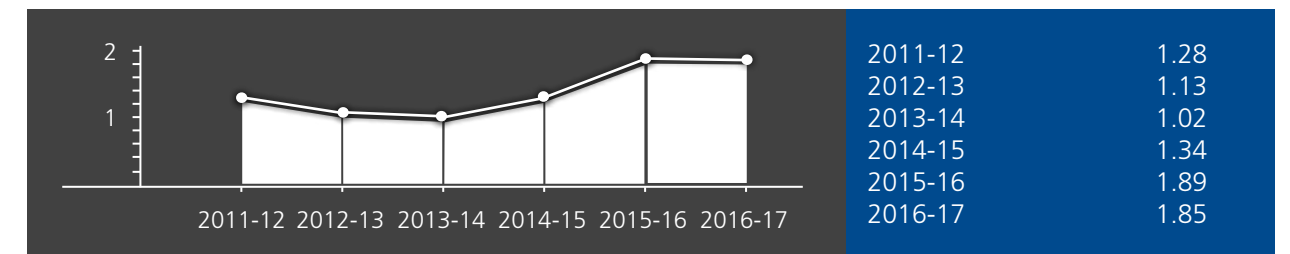
Operating Costs



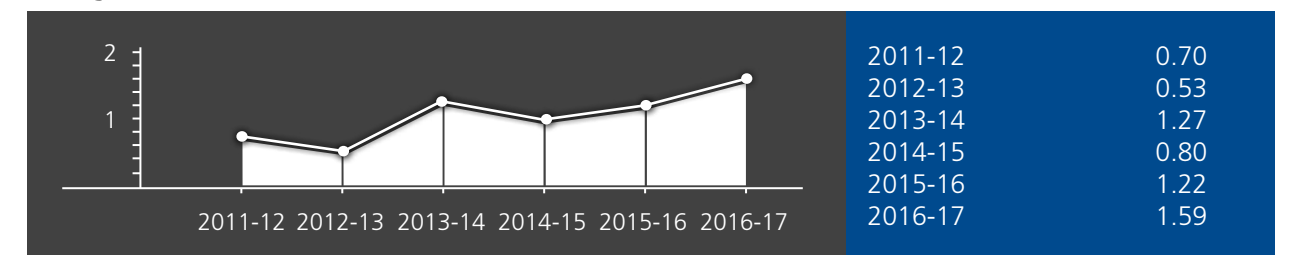
Employee Wages and Benefits



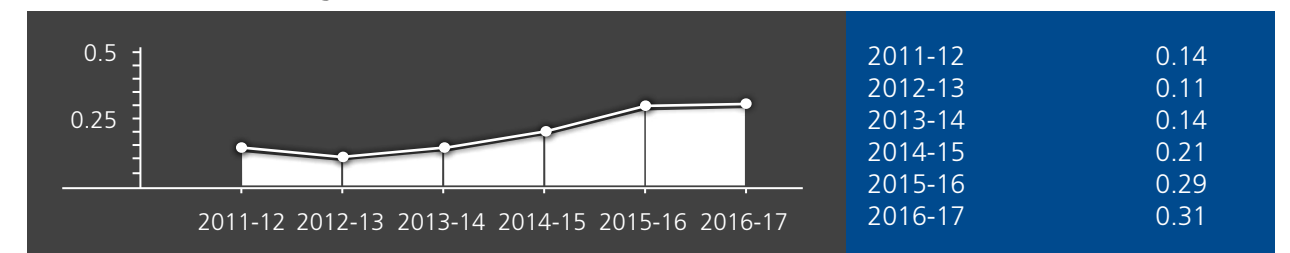
Payments to Providers of Capital



Payments to Government



Community Investments



Future Focus

We live in fast changing times where customers are getting more demanding and discerning. Everyday, everywhere, we have constant reminders of how fragile our environment is and how we are all responsible for our planet.

At TVS, we are committed to impress our customers by continuously adapting to changes to meet their expectations. In products, that implies each vehicle we make will be more fuel efficient and eco-friendly. We can get there by focusing on adding products that use renewable energy to our portfolio.

Transportation firms everywhere are developing such vehicles, be that four wheelers or even larger vehicles. Even airplane makers such as Airbus are looking at smaller, transportation vehicles or people pods. For us, the immediate future holds a firm focus on hybrid vehicles and electric vehicles, which would balance our customer needs and our quest to make eco-friendly products.

At the same time, we are also adopting new technologies for reducing the weight of the vehicles, and lessening friction which burns more fuel, or even using energy saving methods for conventional engines.

As we do this, rider safety and security are paramount. There is a greater burden on us to ensure this because our customers use our vehicles in all kinds of terrain and often in less-than-ideal driving conditions or poor motorable roads. By 2018, Anti-Skid Braking System (ABS) and Synchronous Braking will be a feature in each and every vehicle we make.

TVS is also committed to providing a safe and secure ecosystem for the vehicles by expanding its roadside assistance reach across every part of India in the near future and investing in connected vehicle technologies. This means our vehicles will be able to communicate with other vehicles over short distances and pick up emergencies much quicker.

As we continue in our endeavour to ensure minimal environmental impact even after the vehicle ceases to be roadworthy, we aim to increase the recyclability of all our products to our own benchmark.

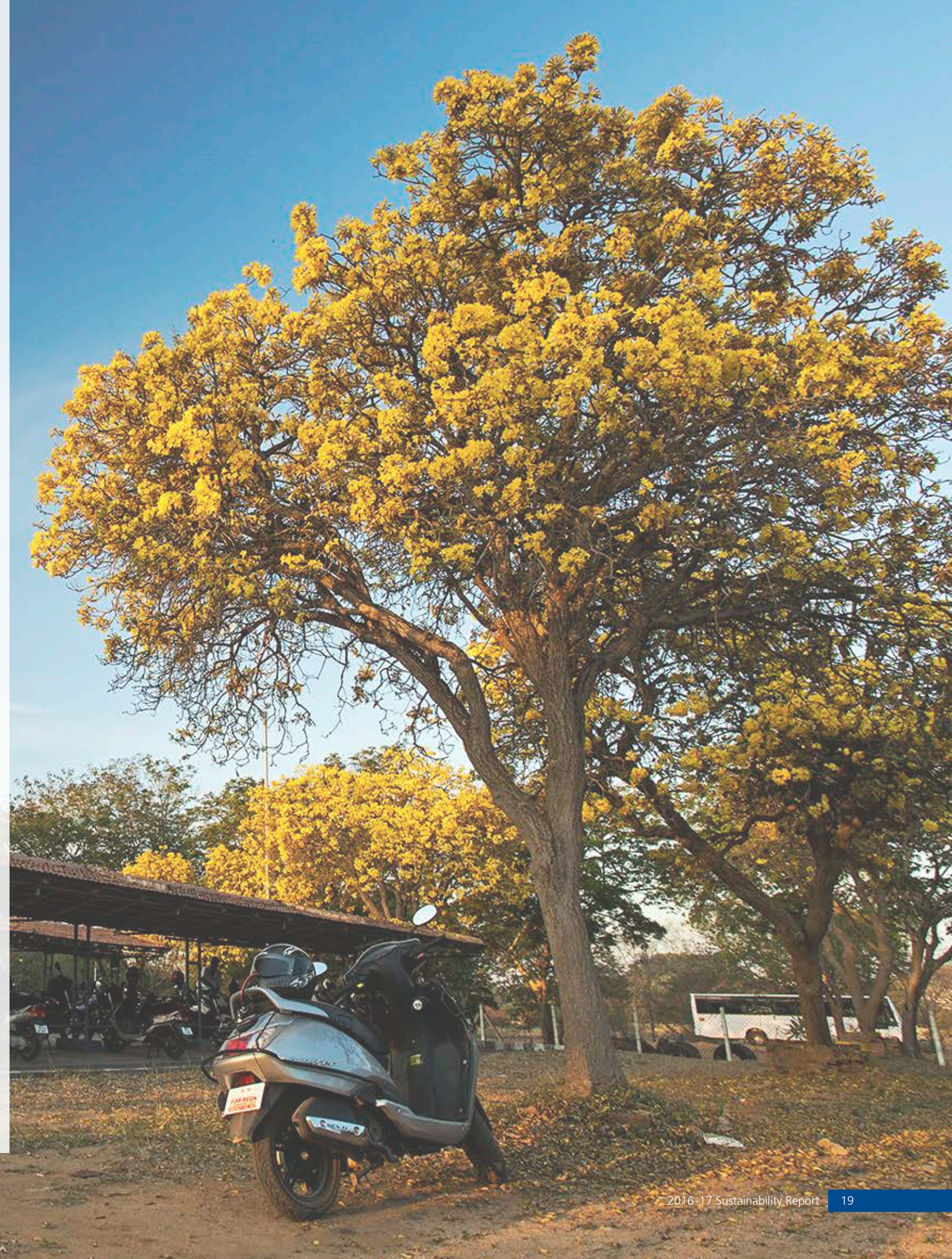
Our commitment to sustainability goes beyond the footprint of our products. We already use renewable energy for more than a quarter of our manufacturing needs. By 2020, half our energy needs will be met from wind and solar energy and by 2022, that should increase to 75 percent. By 2020, TVS will be five times the country average on share of renewable energy through its planned projects.

Our engineers are driven by the goal to consistently reduce power consumption by 10 percent every year. We will improve our water recycling efficiency to 90 percent from the current 75 percent before 2020. This will reduce the consumption of water.

There are other green initiatives underway and we depend on people to make this all happen. We intend to increase the women in our employment and add incentives for them to join us, especially in leading management roles.

Our community work has already spread to 5,000 villages. In the next stage of our outreach we are looking to expand the program by helping other companies adopt our model of sustainable development and take it to 50,000 villages. We are also open to using innovations that will work for the rural poor and help them become self sufficient.

Our efforts for the future are detailed in the remaining sections of this book, which showcases our commitment to sustainability and our 20-year trajectory in this area.





What We Do

Our Approach to Manufacturing

Our manufacturing processes have evolved over the years and are continuously improved. We follow the principles of Total Quality Management (TQM) in everything we do.

This means that we are very process driven, not just in how we make goods, but across the entire product life cycle from the drawing board to when the product is no longer roadworthy. The key feature of TQM is constant improvement. With TQM there is never a stage when we feel we have perfected the process or activity.

It means everyday, each TVS employee looks at how they can improve the work they do. Our goal then is not finite in terms of quality, it is infinite because there is always room to be better.

Internally, we call our version of this “The TVS Way,” which places trust, value and service at the heart of the process.

We are the only two-wheeler company to have won the Deming Prize, one of the world’s most prestigious awards for TQM.

Our Work in Numbers

53%

reduction in energy intensity of vehicles made in last five years.

93%

recyclable parts in new bikes.

1.5 million

implemented suggestions from workmen on process improvements.

2%

reduction in manufacturing costs each year from workmen-made improvements.

In manufacturing, we build on the TQM approach and apply it to three parameters.

1. Efficient Process

As a firm that is focused on sustainability, it’s important to reduce waste and errors. We try to ensure we have a process that is capable. By this we mean that we reduce the number of times we either have to rework a process or reject the goods made. We try to get it right the first time and then every time after that. Effectively, we reduce errors as we ramp up production and we start producing multiple variants in the same given time frame. So we have to get it right for 100,000 gear systems, just as we get it right on 100 gear systems. And we have to maintain the pace of work and the productivity of each employee while ensuring employee safety is not compromised.

2. Customer-Driven Manufacturing

The world has enough makers of goods. That includes vehicles. We can’t clutter our planet with products that customers no longer desire. So the key idea of sustainability is to make products based on what the customer wants more of. For us this means being incredibly responsive to user likes and dislikes, be it the features they want in our vehicles or the trending colours. We try to keep the inventory minimal, so we make what has been ordered and we implement engineering changes as soon as they have been vetted and tested. We are a flexible manufacturer. This also means that we have the ability to ramp up production when we know that seasonal demand may push sales.

3. Waste Reduction

The biggest issue we grapple with everywhere on the planet is waste. We all use too much of everything, when we are capable of using less. In manufacturing that means taking a hard look at everything from the power we use to the productivity of our labour force without sacrificing quality. It also means managing our logistics better and ensuring our products do not require too much maintenance or too many repairs. In our factories we try not to idle the machines, and we aim to shorten assembly time on the conveyor belt. We reduce our water and electricity use. And while we reduce usage we also try to reuse what we can, be that water or power generated from waste.



Our Breakthroughs

We constantly work to improve our products based on feedback and our desire to thrill our customers. As a result, we were the first bike maker in India to introduce several innovations in the marketplace. Our R&D team also works tirelessly for breakthroughs in technology to give safer, more fuel-efficient bikes.



TVS 50

India's first two-seater moped: a low cost personal transportation vehicle.



Scooty

India's first indigenous scooterette.



Victor

Multi-focus reflector for headlamp that improves safety, **dual mode digital ignition** for improved performance and mileage. India's first **indigenously developed** motorcycle.



Apache

Petal disc: Cools brakes as dense traffic requires frequent braking which heats up brakes. **ABS brake system:** First time in an Indian motorcycle. **Adjustable split handle bar:** Stylish and ergonomic comfort for different customers.



Scooty Pep +

Easy centre stand: Enables easy centre stand operation with least effort. **Puncture resistant tyres:** For enhanced safety and convenience.



Wego/Jupiter

Body Balance technology for a safe and comfortable ride. Lean-burn, low friction and intelligent ignition for best-in-class fuel efficiency. External fuel fill for convenience.



Star City+

Eco thrust engine: Lean burn, low friction and intelligent ignition.



TVS XL 100

First single-speed 4-stroke two-wheeler: Fuel efficient, multi utility and simple personal transportation.



TVS Victor

3V, 4-stroke engine: Fuel efficient and high performance. **Oil cooled combustion chamber (O3C):** For high thermal efficiency and Engine smoothness. **High intensity 60W head lamp:** For enhanced safety during night riding.



Apache RTR 200

4V and 4-stroke engine: High performance and high acceleration. **Oil cooled combustion chamber (O3C):** For high thermal efficiency and engine smoothness. **Synchro stiff Chassis:** For best-in-class performance in ride and handling.

Supplier Details

Total number of suppliers engaged	Estimated number of suppliers in supply chain	Estimated monetary value of payments to suppliers in billion Rupees	Suppliers in India	Suppliers overseas
146	146	82	121	25

Our Supply Chain

This is how our supply chain is developed and brought into production



TVS R&D and Innovations

Research & Development

We emphasize research and development. Our products have to keep pace with user lifestyle needs. So our approach is not just about making greener products. It's also about higher safety and delivering a better customer interaction. Ultimately, we want our users to have a great experience with our products.

The R&D team is constantly looking to introduce what we call "attractive qualities" in products. This could be adding a mobile charging unit to the motorcycle because everyone today uses a cellular phone. Or it could be something as simple as a tiny light in the storage space of a scooter, under the seat. It's a bit like a light in the boot of the car. We see this as a convenience.

Sometimes it is a simple but significant change. For example, giving our three-wheelers two headlights, like a car, instead of one. We know that for decades all such vehicles have run with just one headlight. It's an additional safety feature that is useful especially on poorly lit roads in developing markets.

We want to ensure that our innovations become a "must-have quality" so that eventually the customer can't imagine life without it.

Our research is also firmly focussed on making products that emit less, are cleaner and employ greener manufacturing methods. So a key element is making vehicles that consume less fuel. We try to apply our Total Quality Management (TQM) process to innovation. This ensures we work on advanced technologies to reduce fuel consumption. We use lighter parts without sacrificing performance.

Jupiter, our highest-selling scooter, has the best-in-class mileage in its segment. We never stray from our focus on customer safety. We were the first to introduce Anti-Skid-Braking (ABS) in India in our Apache bike.

We are keen to reduce dependence on fossil fuels, and so we are developing a hybrid scooter as well as designing engines to meet emission norms of the future.

At the design stage itself, we work with the aim of using as many recyclable parts as possible. Our efforts mean that 93 percent of the Apache, our top end bike, is recyclable.

Oftentimes, our innovation team supports manufacturing by finding greener ways to make the goods. This could be by designing parts that use less paint, and using paint that has less volatile compounds. It's about improving everything from the drawing board to customer experience and even the end-life of the product.

This improvement cycle runs from when we start envisioning the product to when it ceases to be roadworthy. Our aim is to ensure our products leave a smaller carbon footprint through smarter manufacturing and innovation.

In all this, though, we must achieve a fine balance by retaining focus on cost competitiveness while operating within the constraints of product performance.

We want to ensure that our innovations become a "must-have quality" so that eventually the customer can't imagine life without it.

Our focus on product excellence has helped us create valuable features such as a centre stand for our scooters which makes it easier to park the vehicle, especially for our female customers.

We were also the first to create "body balance" scooters in India. The technology allows two passengers to use the scooter and stay balanced. It eliminates wobbles even on uneven roads and keeps the centre of gravity of the scooter on the front. Overall, it's a stable, safer, easier ride.

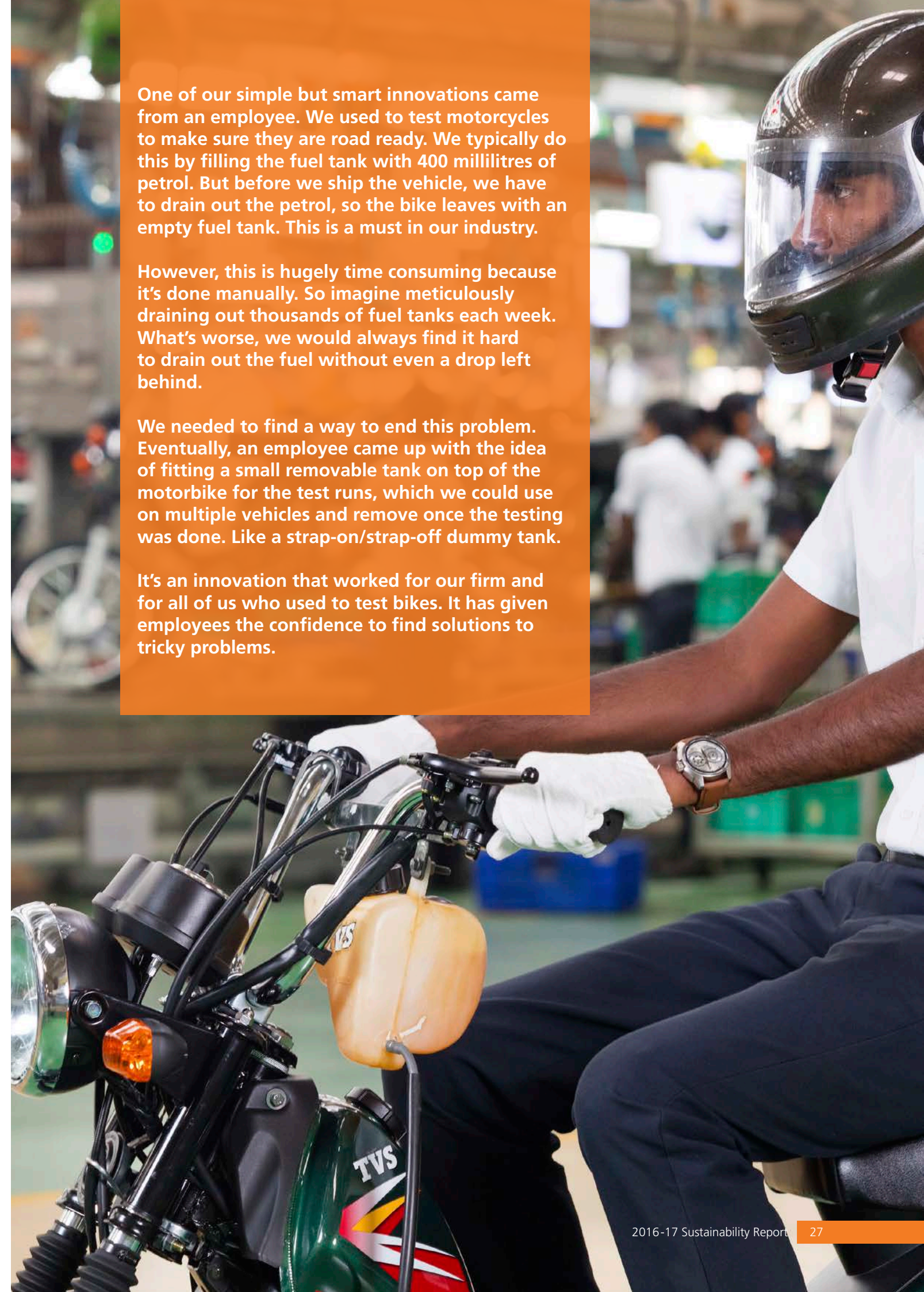
We also simulate road and driving conditions in-house, using sophisticated technology so we can improve safety under all types of road conditions.

One of our simple but smart innovations came from an employee. We used to test motorcycles to make sure they are road ready. We typically do this by filling the fuel tank with 400 millilitres of petrol. But before we ship the vehicle, we have to drain out the petrol, so the bike leaves with an empty fuel tank. This is a must in our industry.

However, this is hugely time consuming because it's done manually. So imagine meticulously draining out thousands of fuel tanks each week. What's worse, we would always find it hard to drain out the fuel without even a drop left behind.

We needed to find a way to end this problem. Eventually, an employee came up with the idea of fitting a small removable tank on top of the motorbike for the test runs, which we could use on multiple vehicles and remove once the testing was done. Like a strap-on/strap-off dummy tank.

It's an innovation that worked for our firm and for all of us who used to test bikes. It has given employees the confidence to find solutions to tricky problems.



Innovations Everyday

We do not limit our innovations to engineers. Sure, they work on the big ticket changes, but we firmly believe that every employee has the ability to innovate and improve quality.

Under our plan of continuous improvement, we have quality islands on the work floor. Under this program, each unit of specialised production - be that engine-fitting, or paint shop, or vehicle testing - is encouraged to improve productivity and processes.

We reward workers for finding solutions that help us achieve this on the shop floor. These innovations have helped us reduce costs in the manufacturing process. We pass on 5 percent of the cost

saving we make from worker innovations, to the employee who innovated. We also have an internal system of weekly awards that recognises the star problem solvers of the week.

**We work hard to innovate at TVS
where we have filed for as many as
1,000 patents.**

At TVS, employees have made as many as 1.5 million suggestions that we have been able to implement and through which we have been able to reduce costs. The employee also gets recognised and is awarded during the annual event for TVS employees. Peer recognition is a huge incentive for employees.



Product and Packaging

We are aware that we use a lot of packaging to get our products safely to our dealers. We encourage our dealers to recycle as much as possible. We have for example introduced collapsible plastic containers to encourage reuse. We also use metal containers instead of wooden boxes for goods that come in, because they have a longer life and are reusable.

Our spares are packed in cardboard which can be recycled.

"In automobiles, we are a society with plenty of mid-wives, but no undertakers. There is a huge mismatch between industry growth and the infrastructure of recycling. We are working to build a system so that the end-of-life of automobiles are recovered."

NS Mohan Ram,
Consultant,
TVS Motor Co Ltd.



End-life of Product

Our biggest effort in recycling, however, is a nationwide effort that is trying to find a solution for vehicles when they are disposed. In India, our biggest market, there is no standardised systematic plan for recycling or treating scrap. It's managed by thousands of small vendors who use unsafe methods to take apart vehicles, and some of these parts are refitted as spares in other vehicles.

An effective and efficient recycling regime can result in recovery of more than 2 million tons of high quality steel scrap and 150,000 tons of aluminum scrap by 2020.

This market practice is fraught with dangers and safety issues. With a huge surge in vehicles reaching end of life soon, these informal systems and practices are not viable and sustainable.

TVS has led automotive industry efforts for the disposal of end-of-life vehicles (ELVs) in an environmentally-friendly manner.

To ensure we reduce the environmental impact of these products, we have developed the blueprint

and guidelines for dismantling and shredding vehicles that are no longer roadworthy.

A demonstration centre has been set up along these lines in the National Automotive Testing Research and Development Infrastructure Project (NATRIP) in the southern state of Tamil Nadu. With this initiative we hope to kick-start standardised dismantling of used vehicles in keeping with international norms.

India's vehicle population is too high to ignore the dangers of poorly dismantled vehicles. Metals constitute a large proportion of a scrapped vehicle's weight. That includes 70 percent steel, nearly 7 percent of aluminum and about 1 percent of copper. Rubber and plastics account for up to another 7 percent.

An effective and efficient recycling regime can result in recovery of more than 2 million tons of high quality steel scrap and 150,000 tons of aluminum scrap by 2020.

We also ensure we are represented fully at forums looking at ways to address these problems and we encourage not-for-profit organisations in this space to be proactive in encouraging a more viable and safe way of treating scrap. We are actively contributing to India developing appropriate regulations and systems for this.

Marketing and Customer Satisfaction

Marketing

Our marketing focus is to ensure that we stick to the motto of “always delight the customer.” For us this starts by training the sales staff, even though they are employees of our dealers.

We firmly believe that the task of the salesman is to understand what customers need from the vehicle and then offer guidance on the best options to fulfil that. Offering test rides is an important part of our selling process as it gives customers a chance to experience the product before committing to a purchase.

In an increasingly connected world, we connect with customers using digital platforms to attract, engage and respond to their needs.

We also offer ‘pick-up and drop-off’ facilities for customers who want to get their vehicles serviced. We have also introduced express service bays at showrooms, where customers can get their bikes serviced in an hour.

In short, we have converted “attractive qualities” in the two-wheeler customer experience area, into “customer delight” and “must-have qualities.”

We offer multiple colour and feature variants for our vehicles -- it's an ultra delight factor for consumers especially younger customers who see it as a way to express their individuality.

Customer Satisfaction

Our approach to customers is to deliver products that exceed their expectations. So we stay in touch with our customers for feedback on what we can improve in the products they buy. Our TQM way of life starts right at the new product development stage. Our product design happens through customer insights accumulated by extensive customer research.

We are focussed on giving them a TVS experience when they purchase a product, so the same philosophy is applied at our dealerships with

continuous customer feedback and improvements in sales and service processes.

We engage regularly with our key dealers to talk about our products. This could be complex issues such as how to improve the ride quality for users, or even the look and feel of our vehicles. It often involves improving the technical aspects of vehicles and always addressing customer needs.

Our dealerships also offer world class vehicle servicing. We have been rated No.1 in India for Customer Service by JD Power in 2016 and 2017.

Sustainable at the Core

Our people focus means we help our dealerships maintain quality by training their staff. We help them plan their resources, update their technology, and even offer medical insurance to their staff.

Our core value is to treat our dealers as part of the TVS group, and offer them the same support and resources. This includes medical insurance for dealership staff.

Our core value is to treat our dealers as part of the TVS group, and offer them the same support and resources. This includes medical insurance for dealership staff.

Our dealerships are encouraged to be green, so they have sewage treatment plants on site. We firmly believe that when we take care of our dealers, they will take care of our customers.

We have also introduced some sustainable practises at dealerships, such as automatic washing that reduces the use of water by half, and needs only a third of the manpower.

We have Multi-Roller Test Benches (MRTB) that help test the mileage in the dealership, so the vehicle can be fine-tuned on the spot to improve efficiency and reduce emissions.

We Go the Extra Mile

At TVS we encourage our dealership staff to delight the customer not just with the product but by going the extra mile when it comes to customer service. To us, this means being there for the customer, when they least expect it. Here we share some moments that make us proud.



A Big Birthday Surprise

“I’m Pandurang Behar. I decided to buy a bike for my son on his birthday. I settled for a TVS bike and went to Anjekar Automobiles to buy the vehicle. I told them I needed the bike the next day as a gift for my son. They assured me they would have the bike ready and I took their word for it, but I was deeply skeptical.

So the next day I decided to go with my wife and son to the dealership to select the bike. I kept thinking there might be half a chance the bike wouldn’t be ready.

When I got to the dealership that evening, I was stunned. The bike has been scrubbed, polished and stood at the end of a red carpet. There were balloons all over, with a birthday message for my son, and the dealership had a birthday cake organised. I was speechless. My son told me it was the best birthday ever. I have to agree.”



Kindness of a Stranger

“I’m Kumaravel. It’s hard for any vehicle owner when they have a breakdown in the middle of the road. It happened to me too. My Scooty Pep got stuck and it just wouldn’t move. It was a busy road and I had a long day ahead of me.

I was feeling angry, frustrated and miserable and wondering what to do, when I saw someone pull up next to me and ask me if they could help. It was a technical expert from a TVS dealership who spotted me and decided to stop.

He looked at the scooter and realised what was wrong. He took it to a dealership nearby and got it fixed in 10 minutes. I couldn’t believe how he took the initiative to help me without me asking. He stopped as soon as he saw a TVS vehicle and a customer struggling with it. How many people do that? It’s a unique value, and one that I can never forget.”

Priceless Peace of Mind



“I ride a Scooty Pep+. I live in Karur and it was just another day for me that could have turned into a horrible nightmare. I can never thank the TVS dealership staff enough for what they did. As was customary, I took my Scooty for servicing to the dealership. I didn’t realise, until after I got home that all my important documents from my passport, to ID card to the registration papers for the vehicle had been misplaced by me. I couldn’t even remember what happened to them. It was then, very late in the evening that the sales manager from the dealership rang the doorbell. He stood there looking as anxious as me, with all my papers in hand, saying, “Mr Mayavan, I hope you are okay. We discovered this on the shop floor as we were closing for the day.”

I had left them behind at the dealership by mistake. I was in tears because I couldn’t have imagined the hardship if I had lost them for good.”

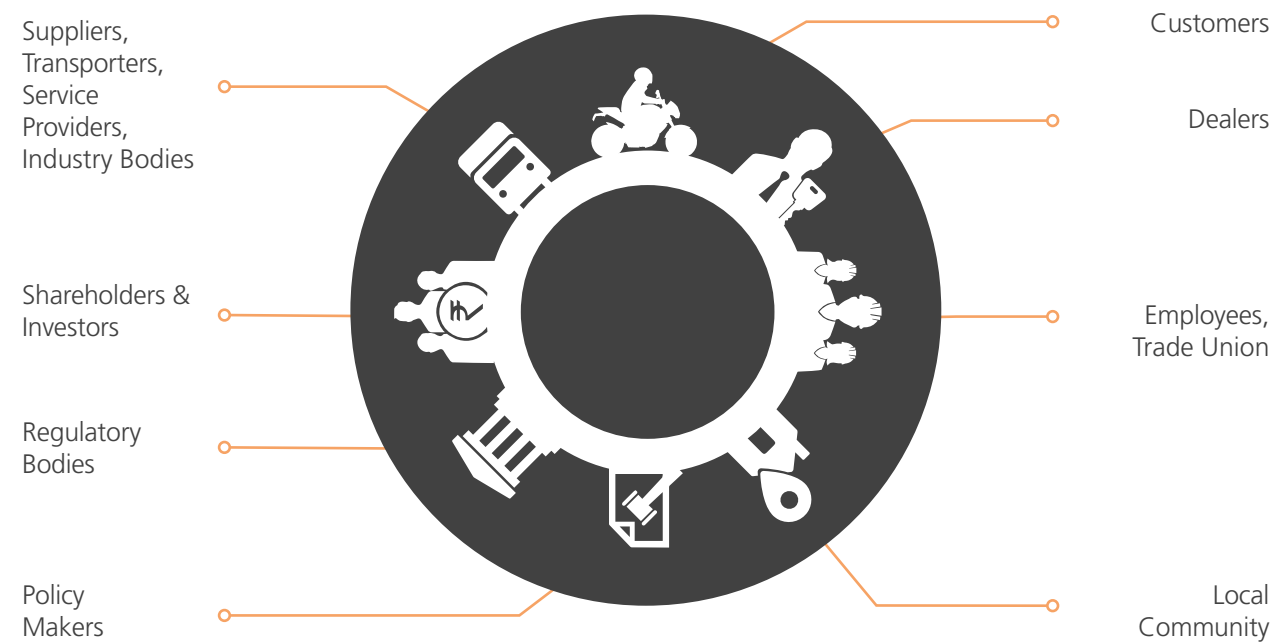
The Early Morning Surprise



“I’m Sunil Khandelwal. I live in Alwar, it’s a small town in Rajasthan. Last Diwali, I walked up and down many two-wheeler showrooms asking if they would deliver me a scooter at 6:30 a.m. on Diwali morning. Everyone refused because it’s a public holiday and no one turns up for work.

I was determined. In my head I wanted the scooter at 6:30 a.m. because it was an auspicious hour to buy new goods. I had almost given up until I reached the TVS showroom owned by Pankaj Chugh. He too admitted that the dealership would be closed, but told me he would get my scooter delivered. I was skeptical but decided to take a chance with him. I had nothing to lose. The next morning, on Diwali, Chugh stood outside my door with my Red Jupiter at 6:30 a.m. It was unbelievable.”

Our Stakeholders



Stakeholder Engagement

We are aware of the fact that not all stakeholders have a direct business engagement with us, but what we do affects them. Because of this, we care about our relationship with them in all our regions.

Our stakeholders play an essential role in our continued success. Over the years we have developed and nurtured fruitful partnerships based on mutual trust and ethics. We engage with a diverse set of stakeholders to foster dialogue, build trust and thereby ensure business sustainability. Our stakeholders' satisfaction - associated with us directly or indirectly - is top priority and we value their views.

We proactively engage with stakeholders formally and informally to: share information, discuss the company's sustainability priorities, programs and performance, and determine opportunities to collaborate towards common goals. Communication with different stakeholders is

conducted at site level. The CSR committee of the company and the Srinivasan Services Trust hold regular interactions with local communities.

Stakeholders' views, concerns and key expectations have been essential in shaping this report and in calibrating our strategy. This process helps us identify stakeholder expectations and to design our sustainability strategy balancing the different stakeholder needs and expectations.

How We Identified Material Issues

The issues examined for materiality in the current context has been constructed from four sources:

1. Issues identified as material based on sectoral guidelines
2. Issues flagged in peer reviews
3. Stakeholder engagement
4. Issues identified during discussions with the management and internal workshops

Stakeholder Engagement Framework

We are continuously expanding our proactive engagement with our stakeholder groups. Recognising that stakeholder engagement is an integral part of partnership building, we aim to institutionalise this structured approach through a formal process in the future.



Customers

Mode of Engagement:

Customer interaction, customer satisfaction surveys, market surveys

Frequency of Engagement:

Monthly

Key Concerns:

Product/service quality, timely delivery, fair pricing and fuel efficiency of vehicles



Dealers

Mode of Engagement:

Dealer management system, dealer meets, cluster meets, training on new products and company policies, periodic one-on-one meetings, visit to facility, periodic communication via e-mails and phone calls

Frequency of Engagement:

Monthly

Key Concerns:

Product quality, product handling, technological improvements, diverse customer requirement, trained manpower



Employees I

Mode of Engagement:

Performance appraisal, employee engagement survey, grievance handling process, training workshops

Frequency of Engagement:

Monthly, quarterly and annual as applicable

Key Concerns:

Career planning, communication on employee related policies



Employees II

Mode of Engagement:

In-house forums, meeting with President & CEO, plant safety committee meetings

Frequency of Engagement:

Monthly

Key Concerns:

Grievance redressal, occupational health and safety concerns, other benefits



Community

Mode of Engagement:

Community needs assessment, participation in village functions, gramasabha meeting, implementing community initiatives by SST

Frequency of Engagement: Continuous

Key Concerns:

Community health and hygiene, infrastructure, livelihood, education



Policy Makers

Mode of Engagement:

Policy advocacy participation, industry associations

Frequency of Engagement: As required

Key Concerns:

No specific concerns



Regulatory Bodies

Mode of Engagement:

Submission of reports, inspection visits, need-based meetings on regulatory directives

Frequency of Engagement: As required

Key Concerns:

Regulatory compliance and transparency in disclosure



Shareholders/ Investors

Mode of Engagement:

Investor forums, corporate communication, annual general meetings, annual reports

Frequency of Engagement: Quarterly and annual

Key Concerns:

Company strategy and performance, future plans, returns to shareholders



Vendors, Transporters and Suppliers / Service Providers

Mode of Engagement:

Supplier meets/supplier visits/supplier survey, supplier development group initiatives

Frequency of Engagement: Monthly

Key Concerns:

Supply chain communication on long range plan/ financial transactions/ rejections update/ scheduling, fluctuating order volumes, early involvement from suppliers to meet new product development targets, performance, rewards and recognition system

Precautionary Approach

At TVS, we continually manage our manufacturing to make it more flexible, cost competitive and to eliminate waste. This requires a fair deal of planning to identify risks and find solutions to minimise these risks.

Risk Identification

The identification of risks and opportunities is through a formalised process across all our manufacturing locations and group supporting functions, describing the event that may occur, its likelihood and the resulting impacts.

We identify risks material to our organisation and take into consideration the potential health, safety, environmental, social, reputational, legal and financial impact.

The severity of any particular risk is assessed according to the degree of harm, injury or loss from the most severe impact associated with a specific risk. In short, we consider the worst-case scenario.

Risk Management

We have a strong risk management framework in place along with a consistent monitoring system by the Board and senior management. We actively examine business activities to identify, assess and mitigate potential internal or external risks.

This procedure also helps us identify risks at an early stage so we can act appropriately. By understanding and managing our risks, we provide greater protection to our people, communities and assets.

By effectively managing risk we increase the confidence of our internal and external stakeholders, especially the communities in which we operate. We see this as vital to our continued growth and success.

Management Structure

A strong risk management structure and internal control system forms the backbone for our robust risk management practices. We have clearly defined a 'Risk Mitigation Committee' comprising the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) for periodic review of systems and policies to address the key risks and opportunities.

This committee provides a holistic view of the business, wherein risks are identified in a structured manner at two levels.

The bottom-up approach is done through workshops and various other forums with respective teams at various locations and in different corporate roles. The top-down approach helps us discuss all risks and opportunities at the top management level, so we can include it in the subsequent reporting process.

Our Philosophy

We believe that sustainability is a form of overall risk management. A focus on sustainability helps us examine the specific operational and financial risks faced by us. At the same time, it makes us aware of other overall risks including environmental impact, effect on employees and the community as a result of our operations.

In the future, we will be faced with more challenges and opportunities both from technology disruptions and changing user needs. In a rapidly changing world, our business processes are sure to grow even more complex. We are committed to continue the engagement with internal and external stakeholders to mitigate all risks and have appropriate strategies in place.

“Each day we look at stretching the boundaries. Within existing constraints, we have to balance the customer needs versus the limits of physics, cost competitiveness and performance competitiveness. We need to break the compromises we are making today.”

Jyotsna Chaudhary
Asst Manager, HR Partner,
R&D



Materiality Overview

Materiality is the heart of every Sustainability Report. It helps us understand what is important to our stakeholders, and to us. It's only after this priority has been set that we can work meaningfully to address key issues.

Our starting point for the materiality index is to carve out a list of stakeholders. We typically look at all our projects, products, processes, locations and those affected by it. We then try to estimate how our manufacturing has an impact on these stakeholders.

Once we have drawn up this list, we pinpoint issues that might be critical to them. It's an indicative one based on top concerns from previous stakeholder engagement, internal discussions, peer reviews, industry guidelines, global best practises, policy changes and regulator feedback.

The list of what's material can, and often does, change if any of the stakeholders identifies a change in the context or identifies an improvement in our existing process.

The stakeholder consultation process is an ongoing one based on interactions that we have on a regular and scheduled basis. To collect their feedback, our range of tools includes questions, surveys, internal meetings and feedback from public forums, issues highlighted in the media and public discourses.

We do seek the help of external consultants to help us frame the most critical questions to

stakeholders. This is to draw out the relevant answers that will help us construct the materiality index correctly.

Our engagement differs from stakeholder to stakeholder. For example, we find that we are better able to address the needs of the external community through issues that are flagged at village level meetings. For this we have to find solutions that are suitable for the local environment.

On the other hand, our engagement with employees comes from internal meetings, appraisals, those flagged by the union and so on. Solutions to this may come from universal good principles of labour management.

Once we have collected these details, we discuss it at great length in a capacity building workshop, where stakeholders rank what's most critical to them.

At the company level, this is then discussed with the management and the two lists - what's important to stakeholders, and what's important to the company are ranked in order of priority.

What we have shared in the materiality index is a culmination of these efforts, which is a continuous engagement process.



Materiality



Significance to Company

Important	Very Important
Effluent and Waste Management	Resource Efficiency
People Development and Motivation	Energy/Renewable Energy
Employee Wages and Benefit	Product Safety and Quality
Life Cycle Assessment	Product Innovation
Government Policies	Business Growth
Foreign Exchange	Industrial Relations
Health and Safety Practices at Supplier End	Emission and Climate Change
	Occupational Health and Safety
	Water
	Customer Satisfaction
	Product Competitiveness
	Environmental Practices at Supplier End

Significance to Stakeholder

Important	Very Important
Effluent Waste and Management	Employee Wages and Benefit
People Development and Motivation	Emission and Climate Change
Life Cycle Assessment	Occupational Health and Safety
Government Policies	Product Competitiveness
Foreign Exchange	Water
Energy/Renewable Energy	Customer Satisfaction
Resource Efficiency	Health and Safety Practices at Supplier End
Industrial Relations	Environmental Practices at Supplier End
Business Growth	
Product Safety and Quality	
Product Innovation	



Scope, Aspect & Boundaries of our Report

Scope:

The scope of the report includes performance data and information related to our Indian manufacturing operations at **Hosur, Mysuru** and **Nalagarh**.

The report does not include data of zonal and area offices as they are very small facilities. Also, the independent business units such as subsidiaries, suppliers, dealers and service centers are excluded from the scope of reporting.

We have prepared the report in accordance with CORE reporting principles of the GRI G4

guidelines. We have done this because this our first Sustainability Report and we would like to highlight those aspects that are really very important to us and our stakeholders. These are called the material aspects in the report. Our stakeholders include suppliers, vendors, dealers, transporters, workforce among others.

We have not engaged any external agency to collate the data for this report. Our environmental data is from our manufacturing sites. Our social and other workforce data is from our centralised database. Hence, this report is not externally assured. However, the financial data is from our audited annual results. All numbers in this report have been rounded to their nearest decimal.

Future Focus

For several decades we have used technology effectively to bring better products to users. We do understand, however, that the same technology can pose a threat if we do not track the changes that it brings everyday.

So our greatest challenge is to stay firmly ahead of the advances that affect our products. This could be in vehicles that use cleaner fuel, or even in the way personal transportation changes the world over, and in the markets we serve. Technological leaps now are exponential, and no manufacturer can be complacent by underestimating that disruption. It can be deep and disruptive. We have to be alert and in a state of constant preparedness for these changes.

As a result, we make sure that we constantly innovate - be it with hybrid vehicles or other engine technologies, with Anti-Skid Braking (ABS), or other safety features - so we can keep pace with changing consumer preferences.

The biggest challenge for any vehicle maker is to break the compromise between fuel economy and acceleration. We use state-of-the-art simulation as well as engine technologies to break this compromise and provide solutions which offer the best fuel economy and acceleration.

Similarly, we have solved the compromise between ride comfort and handling by using state-of-the-art vehicle dynamics technologies. Ultimately, technology will help us bring in better vehicles, faster.

This does mean more challenges to our manufacturing process. The push is to constantly ensure that our production lines can cope with the changes we make in vehicle design and technology. Our workers need to be able to make multiple variants seamlessly. And at the same time, we need to keep improving productivity without letting human fatigue get in the way.

To counter this, we are looking at low-cost automation of fatigue operations in machining and assembly through industrial engineering and ergonomic improvements.

Manufacturing is a complex process and as international norms get stricter, we will have to constantly ensure we can make the necessary

changes, especially with tighter emission norms. We also have to remain cost competitive despite these innovations, as we sell price-sensitive consumer durables.

The emphasis on producing greener vehicles also gives us the opportunity to work with our suppliers, on innovations such as pigmented parts so we can reduce our paint usage. Or with our in-house design team to minimise the plastic stickers on vehicles without robbing the look and feel customers want in a vehicle.

We will also have to ensure timely delivery of bikes, through an improved transportation system, so we are reducing our logistics carbon footprint.

Our extended partners and suppliers are being supported and encouraged to adopt Environment, Health & Safety(EHS) initiatives, with EHS certification and recertification as key criteria for selection of suppliers.

We also intend in the coming years to help monitor and assist them to have a lower carbon footprint and will be creating supplier guidelines that make this a core value for them.

We use recyclable containers and reduce our carbon footprint by sourcing parts locally where possible and have a milk-run model for moving material between suppliers and us. This ensures we minimise the number of trips our vehicles make for distribution.

While we are very process driven, we have no control over unforeseen events, be that through disruption in the supplier chain or natural disasters and other such events. Our manufacturing line has to have the flexibility to respond to such events and our dealerships the ability to manage customer expectations through this.

We are also aware of future risks such as customers wanting highly customised bikes, which may lead us to recalibrate how we manufacture vehicles that will meet their expectations while being competitively priced.





TVS & the Environment

Our Philosophy

As a maker of vehicles that burn fossil fuels, we are only too aware that the products we make have emissions. Our focus therefore in manufacturing has been twofold.

The first is to ensure that our manufacturing is as green as possible. To do this we pay great attention to our process and the consumption of materials. As much as possible, we stick with the philosophy of Reduce, Recycle and Reuse. This we apply to all aspects of manufacturing. Doing this means each department that uses a resource, finds ways to consume less of it, recycle it and reuse it -- from groundwater to plastics or even electricity.

Over the last 20 years we have also been working hard to identify the most environmentally detrimental aspects of manufacturing, to prioritize reducing those first.

We have realised that it's not always possible to completely eliminate some processes that we know generate hazardous waste. So we have to work away at reducing these substances, and then try and recycle what's left of it. That's why we constantly emphasise reduce, recycle and reuse.

In many cases we have had to scour the world for best practises and modify them to fit our process.

Some of our early practises, such as using solar energy for heating water or using vermi-composting to recycle food matter, have been fairly straightforward.

The emphasis on reduction has led to several remarkable breakthroughs such as natural lighting in some of our factories, and the use of renewable energy so that 30 percent of our electricity needs in the factories are met by solar or wind power. Bio-gas fires our kitchens that serve thousands of workers subsidised meals each day.

As much as possible, we stick with the philosophy of Reduce, Recycle and Reuse. This we apply to all aspects of manufacturing.

Our tougher challenges have come in areas such as recycling paint sludge. Sludge must be disposed carefully because it contains hazardous matter that can leach into the soil and affect groundwater. We have found solutions to this too.

We also create waste in our production process - but by applying the principles of continuous improvement, or TQM, we try to reduce and eliminate waste where possible. Our manufacturing facilities in Hosur and Mysuru have zero liquid discharge.

The second aim of our environmental focus has been to create products that consume less fuel. Our engineering and research department works tirelessly to make our products more fuel efficient without compromising on performance or cost competitiveness.

In part, we are kept on our toes by the ever stringent emission norms that affect our products. Because we sell our products in 54 countries, we

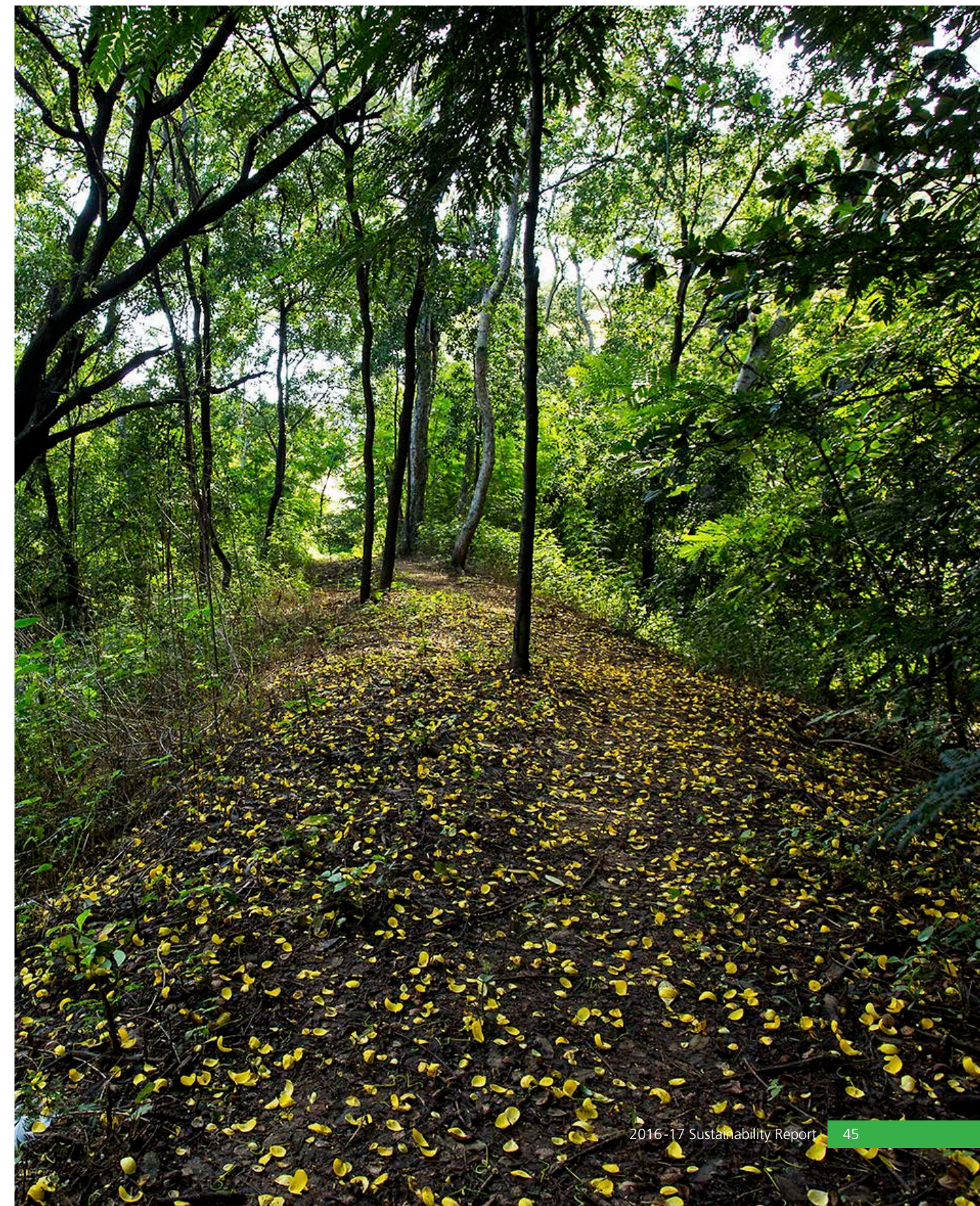
have to ensure that our products meet emission standards in these countries.

Our manufacturing facilities in Hosur and Mysuru have zero liquid discharge.

Still, our natural inclination to make more eco-friendly products has helped us develop advanced

technologies such as Variable Timing Ignition (VTI) control. The technology reduces the use of fuel in two-wheelers by optimising the engine operation based on the throttle position.

TVS Jupiter, our top selling scooter, has the best-in-class mileage in its category because of our innovations on the engine.



Our Green Achievements

We are constantly striving to make our manufacturing as green as possible. We try to produce less of a carbon footprint when we make goods and reduce the finite resources we consume, be that water or fossil fuels.

We have developed a robust green cover around our factories, so man, environment and machine co-exist harmoniously.

Our people don't harm animals, birds or plants around our premises, or inside our factories. We regularly consult with conservationists to maintain balance.

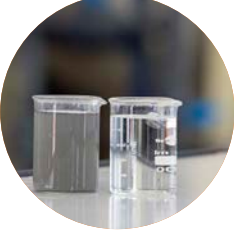
Here are the highlights of some of the things we have achieved.



More than 500,000 trees are planted each year in the villages in which we work
That's an average of 100 new trees in each village each year



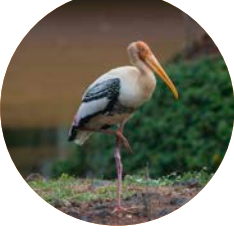
45% renewable energy used at flagship plant, Hosur, in FY 2017
At 27.84 Gigawatt-hour, we save enough green energy to light up 28,000 average family homes each year
*family of four



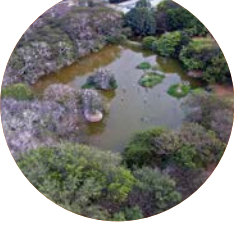
100% wastewater recycled and reused at Hosur & Mysuru factories in FY 2017
The 164 million litres of water we save is enough to fill 65 Olympic size swimming pools



Specific water usage cut by 45% during fiscal 2017
We use 505 million litres less water for manufacturing - enough for everyone in Northern Ireland to shower each day for a full year



More than 300 species of birds, animals and insects thrive in the green areas around our factories
That's about the same number of animals in the Singapore Zoo

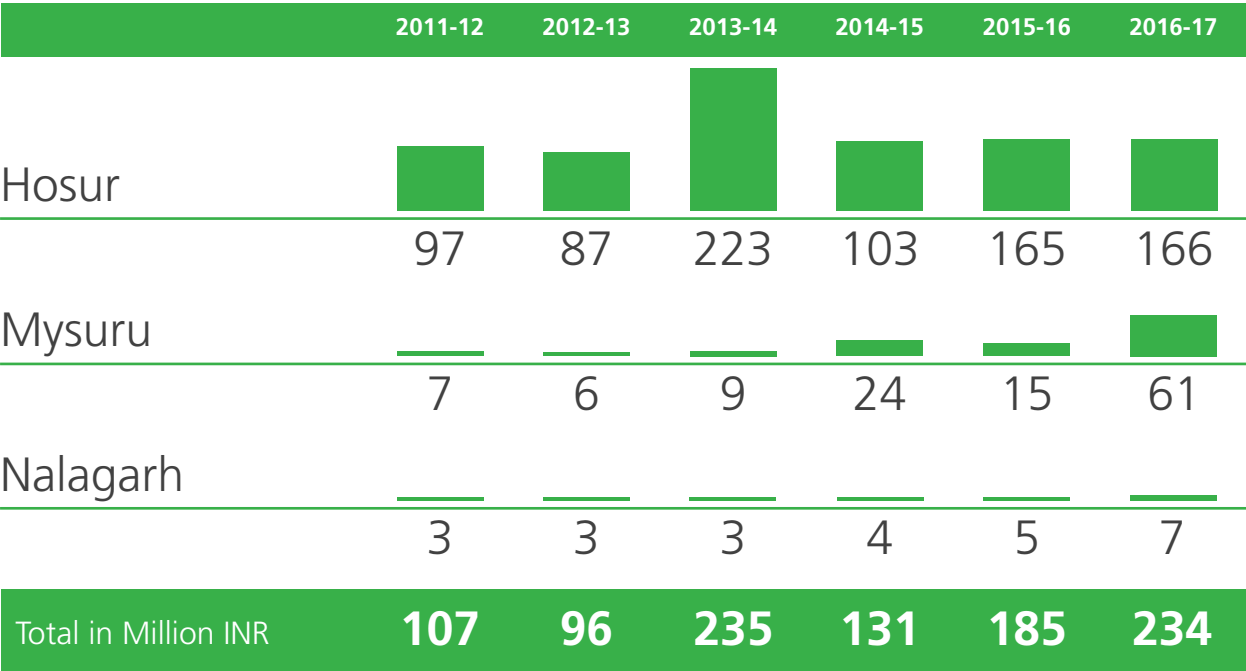


About 16,375 hectares of area under watershed development
That's almost like putting as many as 11,180 grounds such as the famous Lord's Cricket Ground, UK, side by side

How We Spend

Here is how much we spend to protect the environment. These numbers reflect the cost we incur on waste disposal, emissions treatment, and remediation costs, as well as prevention and environmental management costs.

Total Environmental Protection Expenditure and Investment by Type



The Materials We Use

At TVS, manufacturing involves getting components from suppliers and assembling the parts to engineer a vehicle. While we make several parts ourselves, we also depend on suppliers.

As much as 70 percent of the materials we use come from our suppliers, who meet our criteria for green practises at their premises and quality and ethical standards.

Our green effort remains to reduce those parts that are difficult to recycle, or are not eco-friendly. This is done through lean manufacturing, efficient tooling and the elimination of toxic coating for anti-corrosion. The elimination of, say, heavier parts to improve fuel efficiency is one such small step, as is the use of textured and coloured plastic parts to avoid paint work.

We transport our parts in plastic boxes that can be reused. We have improved stacking design so we can dispatch more vehicles per truck than previously. The choices we make are aimed at making environmental impact less hazardous.

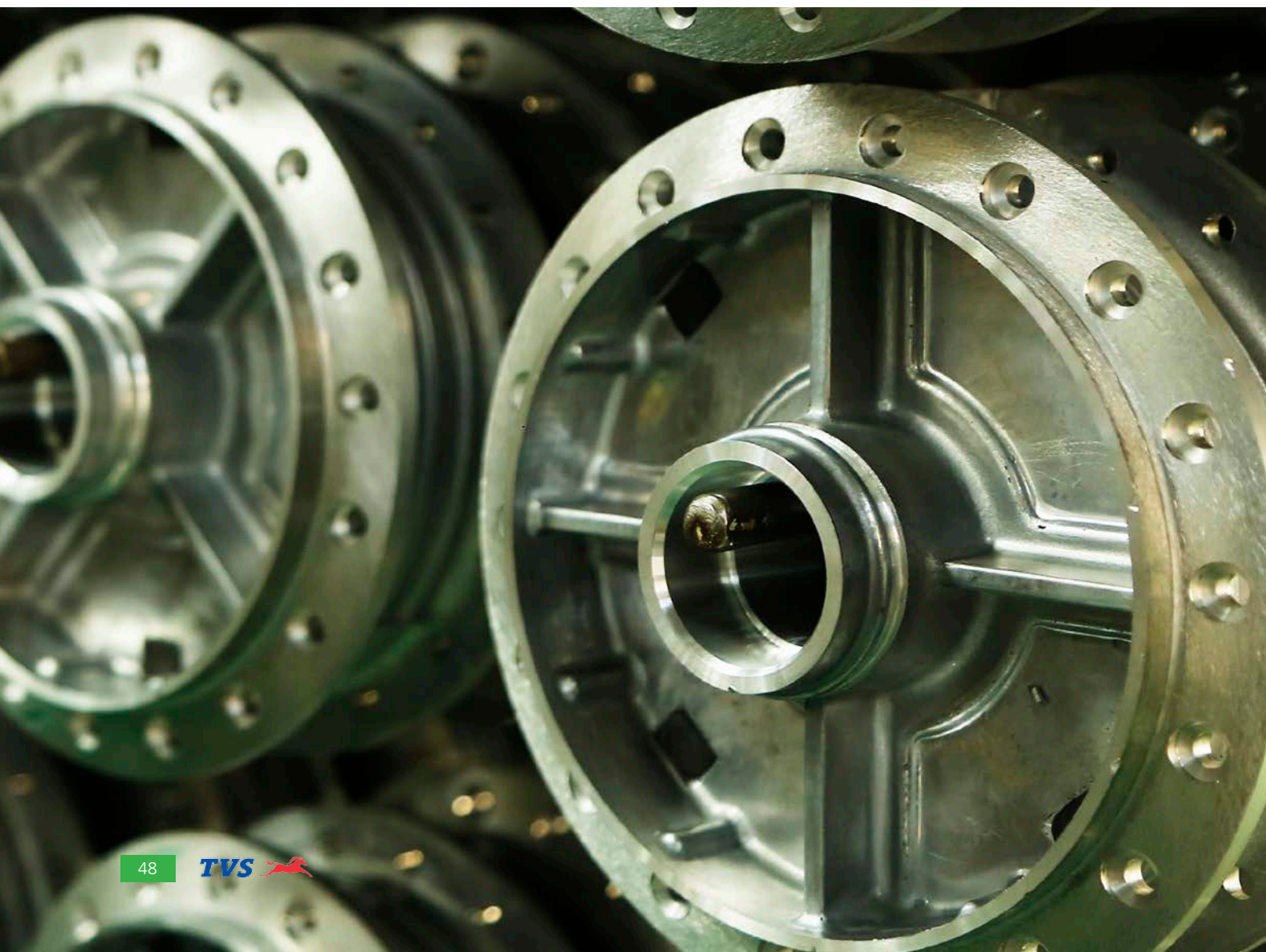
A great part of the design of the products is now driven towards recyclable parts and greener parts. Our brake pads and gaskets are free of asbestos.

Our biggest badge is that 93 percent of the parts of the Apache bike are recyclable and eco-friendly.

TVS Apache, our flagship motorbike is lighter and more fuel efficient each year. Our biggest badge is that 93 percent of the parts of the Apache bike are recyclable and eco-friendly. At this stage, however, we do not use any recycled input materials.

Main Materials Used in Manufacturing

Materials Consumed (tons)		2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Ferrous Metals	Steel Sheet	73,283	70,192	70,395	92,297	91,407	103,641
	Steel Tube	40,617	38,904	39,017	43,983	45,300	50,246
	Steel Bar	53,764	51,497	51,646	57,932	62,201	67,750
	Cast Iron	15,720	15,057	15,101	14,996	14,555	14,254
Sub total		183,384	175,650	176,159	209,208	213,463	235,891
Non-Ferrous Metals	Aluminium	33,347	31,941	32,033	45,398	49,072	52,581
	Lead	1,896	1,816	1,821	2,445	2,615	2,600
	Copper	1,063	1,018	1,021	1,240	1,284	1,321
	Nickel	179	172	172	142	133	155
	Zinc / Mazak	1,740	1,666	1,671	1,833	1,808	1,734
	Brass	490	470	471	553	568	566
	Platinum	0	0	0.11	0.01	0.13	0.14
	Rhodium	0	0	0.01	0.01	0.01	0.01
Sub total		38,715	37,083	37,189	51,611	55,480	58,957
Non Metals	Rubber	11,910	11,406	11,440	12,934	13,494	14,494
	Plastic	16,309	15,622	15,666	19,520	21,274	22,477
Sub total		28,219	27,028	27,106	32,454	34,768	36,971
Paints	Paints	5,249	5,027	5,042	5,924	6,277	7,019
Total		255,567	244,788	245,496	299,197	309,988	338,838



TVS & Energy Use

We consume energy from multiple sources in our manufacturing process, even though we have installed processes and systems that optimise energy use. This includes the use of fuel powered energy. In the last decade we have worked hard to introduce renewable energy at our biggest factories.

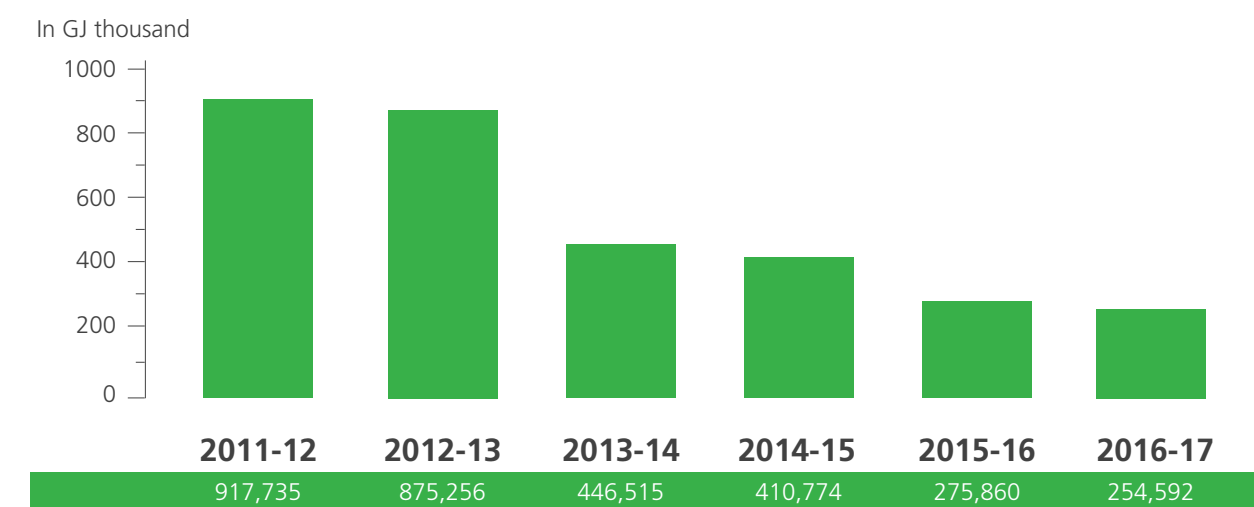
We started with simple ideas such as daylight harvesting to eliminate the use of bulbs for lighting. In more complex tasks such as engineering, we have introduced energy efficient equipment and improved processes which reduces the hours worked, saving electricity.

We use solar water heaters in our kitchens and also have a solar rooftop power plant in our Hosur and Mysuru factories.

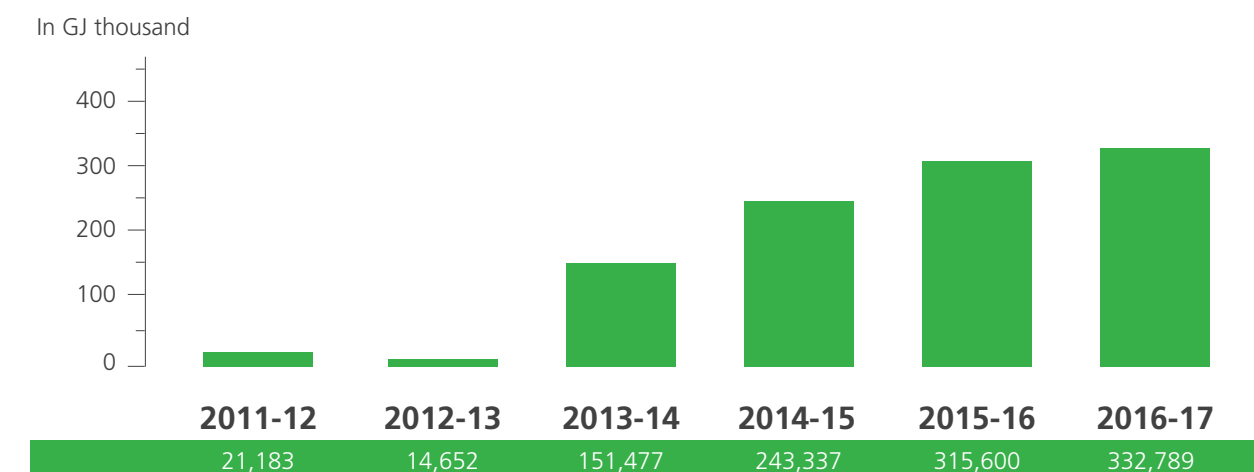
Over time, our employees have risen to the challenge and adopted their own ways of reducing the use of electricity. In our corporate offices where daylight harvesting has been a bit more of a challenge, we have individual pull cords above desks, so people who are away from their workstation switch off overhead lights when they are not needed. It may seem a small step, but we see it as a big behavioural shift. The change in attitude means they are more aware of using energy wisely.

Direct Energy Consumption (Giga Joules)

Total fuel consumption by fuel types used sitewise

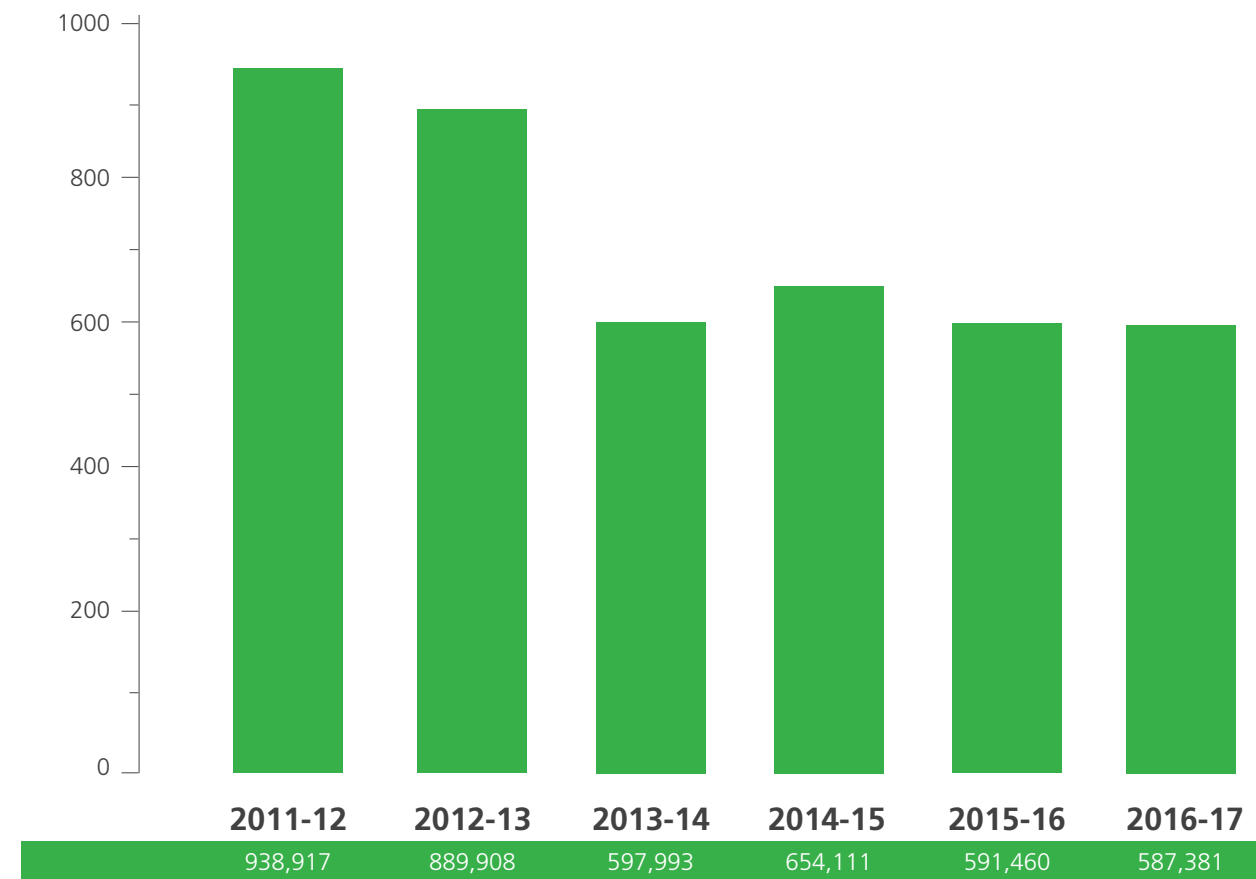


Indirect Energy Consumption (Giga Joules)



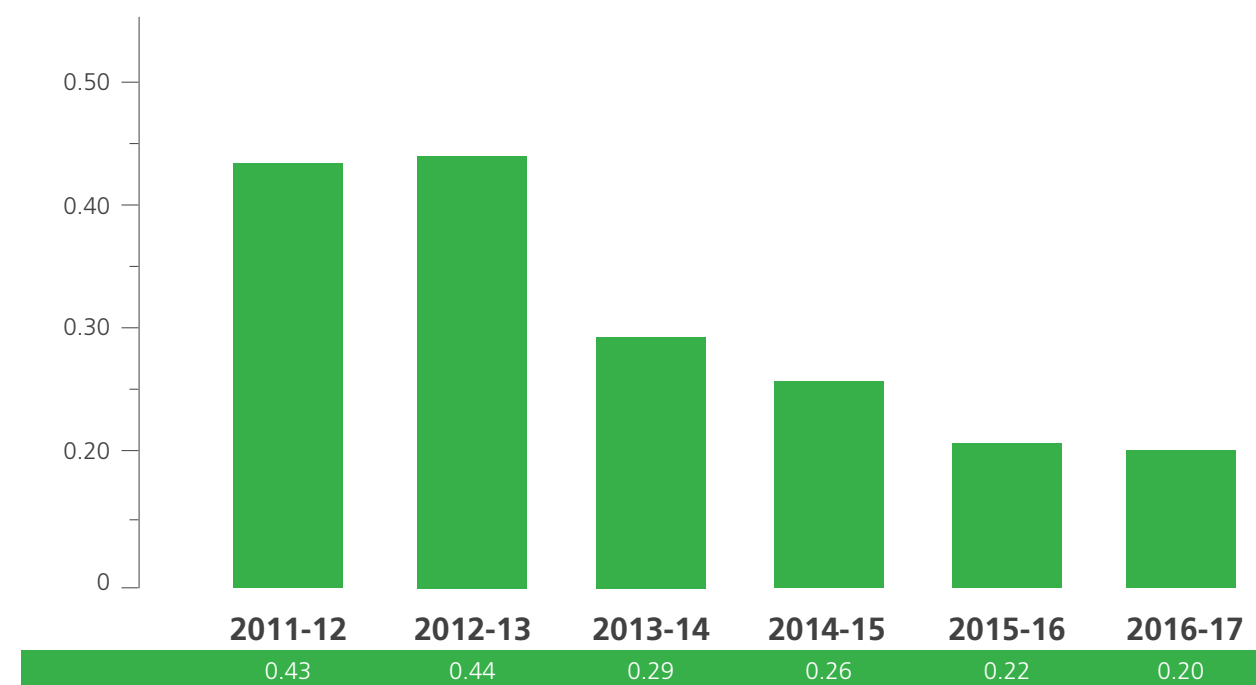
Total Energy (Direct + Indirect) (Giga Joules)

In GJ thousand

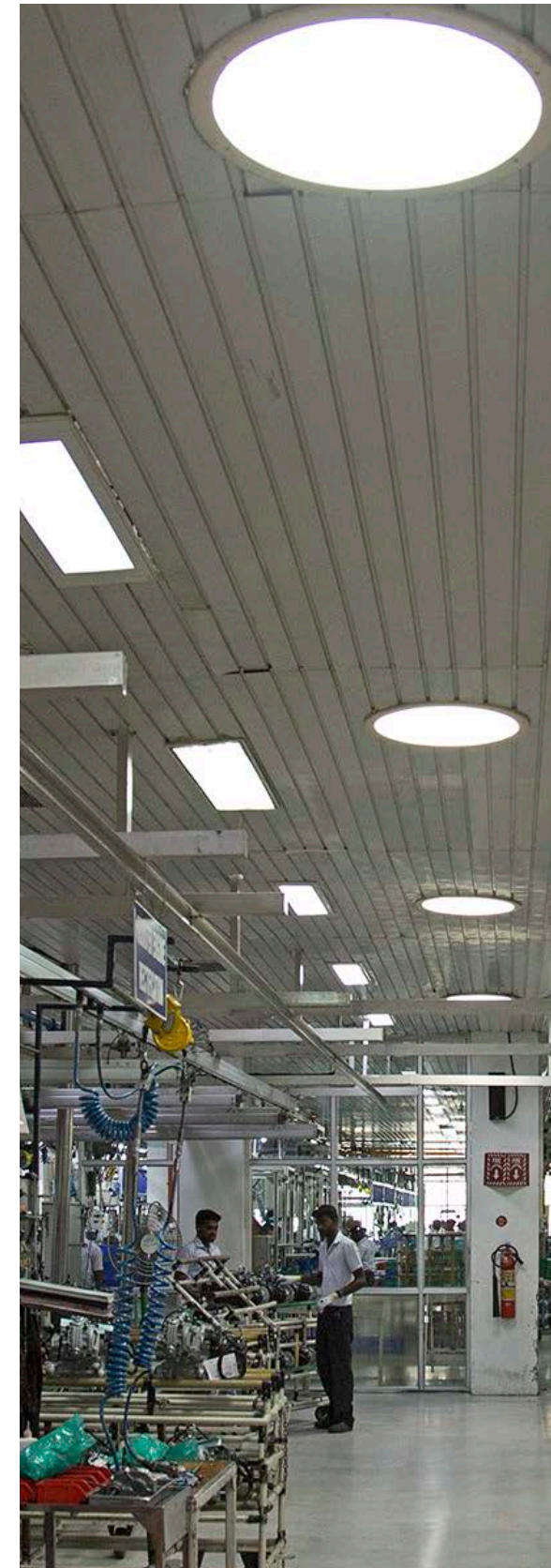


Energy Intensity

In GJ / vehicle



Some of our Energy-Saving Initiatives



Procurement of energy efficient rated equipment for all new and replacement orders

Replacement of high capacity conventional motors with energy efficient motors

Improved JIG designs in painting for improving delivery and reducing the operating hours and hence energy consumption

Optimal utilisation of process plants

Waste heat recovery from Heavy Fuel Oil (HFO) generators used for fuel heating, for pre-treatment such as degreasing, phosphate coating in paint plants and chiller heater for office air-conditioning

Energy conservation in air compressors by optimisation of air pressure, air demand, installation of timers for auto shut off and elimination of compressed air cleaning by installing centrifugal blowers

Replacement of conventional 250W metal halide lamps with 90W/120W LEDs

Pre-heating of diesel generators in hot standby mode with solar water heaters

Installation of occupancy sensors for lighting and air conditioners

Installation of power driven refrigerant heat pumps for hot and cold water for water heating at paint plants and air conditioning of engine assemblies

Replacement of reciprocating low efficiency air compressors with high efficiency screw compressors

Installation of solar air heaters for preheating in paint plant.

Installation of 7.2 MW wind power plant

Daylight harvesting and natural lighting in workplace.

Installation of biogas plant for treatment of food waste and utilisation in canteen

TVS & Water Usage

Water levels everywhere are falling, with increasing industrialisation, population growth and urbanisation. Water scarcity is increasing because there just isn't enough water to meet everyone's demands. In India, there are a number of water disputes between territories as the paucity grows apparent.

The management of water scarcity includes the better use of available water without wasting it, and treating used water for reuse.

Our industry uses a lot of water, especially in activities such as the paint shop or wash area, so it is incumbent upon us to ensure we do not pollute water bodies with the wastewater, and we limit the use of water from outside our premises.

We recycle water, where possible, and have reduced our specific water consumption as a result. We use membrane technology to generate high quality water for use in our processes.

We have taken considerable steps to eliminate water-intensive processes in our manufacturing. We reuse rinse water in our paint shops.

A key tool to recycling water is the process of Zero Liquid Discharge. We separate wastewater into organic and inorganic streams from our paint shop. We then apply biological processes to treat organic water and chemical processes to treat inorganic water. The treated effluent is recycled through reverse osmosis process. The water vapor from evaporation is condensed and returned to the process. We evaporate the RO reject water until the dissolved solids precipitate.

As a result of this treatment all wastewater from our manufacturing is purified. In short, we have Zero Liquid Discharge.

We also recharge groundwater through a series of well entrenched practises such as rainwater harvesting, recharge wells, percolation ponds, earthen check dams, farm ponds and contour trenches with recharge pits.

We use rainwater for gardening and building work. We have also adopted a web-based technology that helps us monitor groundwater levels at our Hosur plant.

Total Water Withdrawal (all 3 sites)

	Units	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Ground Water	KL	790,909	788,039	478,303	508,173	613,043	491,424
Municipal Water	KL	32,865	31,624	22,787	13,130	1,223	34,580
Tanker Water	KL	9,210	48,260	49,320	94,316	29,643	78,949
Total Water Consumption	KL	832,984	867,923	550,410	615,619	643,909	604,953
Specific Consumption	KL/Veh	0.38	0.43	0.27	0.24	0.24	0.21



We Have
Zero Liquid
Discharge

Percentage and Volume of Water Recycled

Effluent Generated	UOM	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Total Effluent Recycled	KL	106,728	118,925	168,377	152,023	153,546	164,058
Total Percentage Recycled	%	13%	14%	31%	25%	24%	31%

TVS & the Management of Emissions

In our business, dealing with emissions is a big challenge. That's not just for the vehicles we make but in how we make them. The impact from emissions runs through the environment be that in the Greenhouse Gases (GHG) produced by vehicles or fossil-based fuel we use for energy in our factories.

We are acutely conscious of the concerns over climate change as a result of greenhouse gases, which trap heat and make the planet warmer.

The recent Paris Climate Accord emphasises the need to cut down on air-conditioning that uses hydrofluorocarbons (HFC) to limit a further depletion of the ozone layer. Our factories already use natural ventilation where possible to reduce the need for air conditioning.

It is now well accepted that the largest source of greenhouse gases is electricity generation from fossil fuels, so we have now switched over to grid power at Hosur and Mysuru.

In addition, about 30 percent of our energy usage is from alternative energy sources such as solar

and wind power in order to decrease greenhouse gases.

Aside of this, volatile organic compounds (VOC) are an issue while spray-painting vehicles. These too contribute to air pollution. To reduce this we are shifting to powder coating and advanced robotic painting instead of water-based painting.

Where possible we are using textured and coloured plastic parts to avoid the use of paint altogether.

We also routinely do stack emissions testing for evaluating the waste gas emissions from our industrial facilities to meet environmental standards.

Stack testing measures the amount of specific regulated pollutants being emitted. It helps us meet compliance standards and maintain healthy air levels at our facilities. To limit sulphur dioxide emissions, fuel oil is being replaced with Liquid Petroleum Gas.

Direct and Indirect GHG Emissions (Units in tonnes of carbon dioxide equivalents)

GHG Emissions	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Total Direct GHG Emissions (tCO2e)	69,828	66,438	33,375	29,861	19,187	17,666
Total Indirect GHG Emissions (tCO2e)	4,413	3,419	24,076	46,093	60,556	52,322
Total GHG Emissions (tCO2e)	74,241	69,857	57,451	75,954	79,743	69,988

The GHG reporting has been carried out using GHG protocol developed by World Resources Institute (WRI) and World Business Council on Sustainable Development (WBCSD). For the calculations, the default emission factors from IPCC 2006 guidelines and grid emission factors by Central Electricity Authority (CEA) of India have been used.

GHG Emissions Intensity

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
GHG Emission Intensity (tCO2/veh)	0.034	0.034	0.028	0.030	0.030	0.024

Reduction of GHG Emissions

Compared to baseline year i.e., 2011-12, the total GHG Emissions have been reduced by 6 percent and GHG Emission Intensity reduced by about 30 percent.

Emission of Ozone-Depleting Substances (ODS)

Ozone-depleting substances, mainly R22 and R134a, are being used in chillers and room air conditioners. We are in the process of phasing out of R22 with R134a in all the air conditioning systems. We have designed our work areas to maximise the use of natural ventilation and reduce the need for air conditioning.

	2012-13	2013-14	2014-15	2015-16	2016-17
Total ODS Consumption (Kgs)	295	228	256	391	246

NOTE: This indicator is compiled because we use ODS in utilities. We indirectly estimate the emission in terms of quantity consumed during maintenance. Gases considered for compilation R22, R134 a, R404 a, R407 c, R410 a.

NOx,SOx and Other Significant Air Emissions

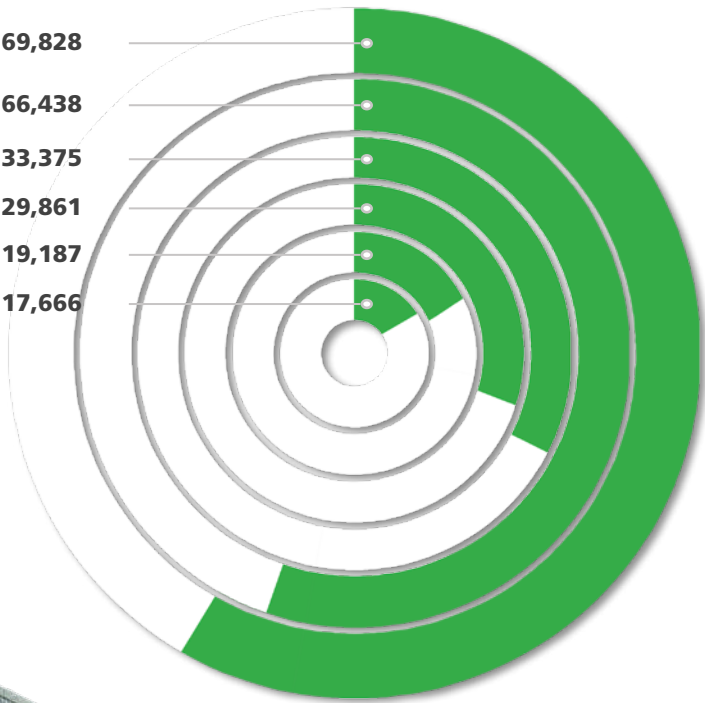
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Suspended Particulate Matter (SPM) in Tons/annum	150.03	134.91	100.61	86.7	66.23	78.49
Oxides of Nitrogen (NOx) in Tons/annum	13.94	12.55	9.11	6.65	7.88	1.79
Oxides of Sulphur (SOx) in Tons/annum	56.32	134.69	54.84	50.25	43.45	43.02

NOTE: The compilation of this indicator is done based on site specific data. Volatile Organic Compounds (VOCs) though significant are not reported, however, to know the concentration of emission, the online ambient VOC meter is installed near our paint plants.

Direct GHG Emission

(Tonnes of carbon dioxide equivalent)

2011-12, **69,828**
2012-13, **66,438**
2013-14, **33,375**
2014-15, **29,861**
2015-16, **19,187**
2016-17, **17,666**



Direct GHG Emission

▼ **75%**

Total GHG Emission

▼ **6%**

TVS & Waste and Effluents

Automobile manufacturing creates a significant amount of waste, both hazardous and non-toxic. We segregate our waste into these categories so that we dispose them without damaging the environment. Our primary focus is to ensure that the waste that we cannot dispose ourselves is sent to agencies that manage it judiciously.

We recover the waste through the process of recycling and reusing, and by always trying to ensure that we reduce our waste output. While disposing, we incinerate where possible or send it to authorised recyclers

Our biggest headache was the waste generated from the paint room, because paint sludge is hard to get rid of, while being highly toxic. Our current method of co-incinerating it in the cement industry has helped us dispose of this toxic waste at high temperatures that render it harmless.

We have previously sent sludge to Germany, where the metals are extracted and recovered, including valuable ones such as nickel, a kind of modern day mining. We also use some bio-degradable waste to generate bio-gas that runs our kitchens in the factories. Organic waste such as dry leaves, food waste is used to make compost through vermicomposting units at the factory premises. We then reuse this for our gardens and the forest cover that we look after.

We also use some bio-degradable waste to generate bio-gas that runs our kitchens in the factories.

Our initiatives to reduce wastage include the use of powder coating and the recovery of waste thinner through distillation and reuse in painting.

Total Waste by Type and Disposal Method

Hazardous Waste Type

Metric Tons							
Description	Type of Disposal	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Waste Thinner	Authorised recycler	179	182	171	214	356	349
Waste/Used oil/ Oil sludge	Authorised recycler	399	208	175	193	240	187
Paint Sludge	Co-incineration in cement industry	481	479	517	589	760	950
Acid/Chemical/ Paint/ Thinner containers	Authorised recycler	-	-	667	635	594	481
ETP Sludge	Co-processing in cement industry	236	296	256	253	321	352
Total Hazardous Waste		1,295	1,165	1,786	1,884	2,271	2,319

Non-Hazardous Waste:

Description		UOM	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Metals	Ferrous - MS Scrap	MT	5,022	4,257	4,011	5,164	4,576	2,444
	Non-Ferrous - Aluminium Scrap	MT	773	1,013	877	1,193	1,218	1,247
Non Metals	Wooden scrap	MT	1,280	1,153	1,584	1,671	1,391	1,836
	PVC scrap	MT	96	67	47	183	214	125
	Paper and Plastic	MT	4,048	3,638	3,978	5,047	6,533	7,418
Biodegradable	Biodegradable Waste	MT	100	114	116	176	164	249

All non-hazardous waste is disposed to authorised recyclers and biodegradable waste is composted. A part of food waste is used in biogas generation



TVS & Biodiversity

We do not operate in any environmentally sensitive areas and only have facilities in industrial areas earmarked by the government.

We have, however, created a complex eco-system around our industrial units because we believe that we have to give back to nature. Man and nature have to find a balanced existence. This is even more critical as the human population continues to consume natural resources, causing waste, pollution and depletion at alarming rates across the globe.

We consciously set aside and develop one-third of the area outside each of our factory buildings as green cover. We have a group of conservationists who work with us closely to restore the biodiversity in these habitats.

More importantly, we have a strict rule within the factory that no creature shall be harmed. To be able to implement this successfully, our people have undergone a change in attitude over the years.



We have a system of capturing and releasing back snakes be they venomous cobras, or sand boas from the forest that slither onto the factory floors.

Their empathy with the environment has led to a truly symbiotic relationship between man, machine and nature at our factories.

As many as 175 varieties of vegetation thrive around our factories.

We have a system of capturing and releasing back snakes, be they venomous cobras or sand boas, from the forest that slither onto the factory floors. We have also spent up to seven years clearing

out plants and bushes that were leaching the soil of nutrients and foreign to the habitat around Hosur, and rehabilitating the peacock population at Mysuru. It's not at all unusual to find peacocks inside our offices in Mysuru, sharing space with an office worker.

In all we have 18 farm ponds that support some 332 species of birds, animals and insects - almost the same as a city zoo. We have some 81,000 trees around our factories and 16,375 hectares under watershed management.



At the Hosur facility we have two man-made ponds adjacent to the factory, within the premises. It is today the largest breeding colony for the Painted Stork, around the southern belt. It's also a dwelling for other water birds such as the Spot-billed Pelican, Purple Swamphen, Common Coot, Spot-billed Duck and Darter, to name a few.

In all we have 18 farm ponds that support some 332 species of birds, animals and insects-- almost the same as a city zoo. We have some 81,000 trees around our factories and 16,375 hectares under watershed management.

"Our bikes were slipping on our test drive track because of bird droppings on the track. Since we have a rule to not harm animals or plants, we could neither cut down the trees, nor could we trap and remove the birds.

So, we thought long and hard and came up with an idea. We hung netting under the trees to catch the droppings.

That allowed us all to go about doing what we were meant to - the birds, the drivers and the trees."

P Venkatesan
Head, Estate Management



Future Focus

For two decades we have been firmly focussed on ensuring that we make goods in as green a way as possible. Our factories are surrounded by green cover where hundreds of species of animals, birds, vegetation thrive -- an everyday reminder to each and every employee for responsible manufacturing.

Our efforts have been geared to the reduction of our carbon footprint be it through greener products or practises. Currently as much as 29 percent of power required for our manufacturing units is drawn from renewable energy sources such as wind energy and solar energy.

Our efforts have been geared to the reduction of our carbon footprint be it through greener products or practises.

Our ambitious vision is to ensure that by 2020, this stands at 50 percent.

So by 2020, the share of renewable energy at TVS through its planned projects will be much higher than India's average. By the same year, we will be using Liquid Petroleum Gas or Compressed Natural Gas for paint and heat treatment in our factories. This means no more fossil fuels for these processes. And we will use electric power driven heat pumps instead of fuel based boilers in all relevant process applications before then.

We largely depend on groundwater to meet our water requirement. While water demand across various industrial sectors is on the rise, availability

of water is becoming a concern for an industry like ours.

We are aware of the fact that over the past few years access to water has become difficult and the problem is likely to increase in the coming years. Some of these issues are consumption driven as populations increase, and others driven by climate change and reduced rainfall as a result of these changes.

By 2020, the share of renewable energy at TVS through its planned projects will be much higher than India's average.

We have progressively eliminated water-intensive processes in our manufacturing operations and have achieved zero liquid discharge at our Hosur and Mysuru plants. It doesn't stop at that. We aim to reduce freshwater consumption by 30 percent mainly by reusing domestic wastewater in our manufacturing process, by enhancing recycling of process effluents and by collecting and reusing rainwater.

We also aim to achieve zero landfill of hazardous waste by 2022 in all our manufacturing sites.

We are proud of the work we have done in biodiversity and we will work to add species of both plants and animals. We are also planning to start a nature interpretation centre at our Mysuru factory for children, other organisations and nature enthusiasts.





TVS & its People

We are a manufacturer of vehicles, but people are at the heart of what we do. Employee welfare has always been important to us, going back to our creation more than a century ago. Our founders always insisted that all employees of the TVS group should feel supported and taken care of. This meant that every worker could lean on us whether in a crisis, to augment his career through training, education or improving his personal life through the concept of Home Kaizen. Ultimately we help our employees to become more productive members of society.

With more than 8,000 employees, our responsibilities have grown vastly over the years, but our approach remains the same. We strive not just to pay them for their work, but create an 'emotional deposit' in their hearts.

We take care of employees in the factory, but we are also compassionate to locals around our factory, so we always have a supportive environment for our workers, most of whom are hired locally. So while we may offer academic scholarships to deserving children of our workers, we offer this to students from the surrounding villages and districts as well. Even our training programs - such as teaching skills for livelihood - can be availed by the larger community through our social arm.

As an organisation we emphasise role modelling, so we work with the principle of same rules for all - whether that means that everyone from the CEO to the blue collar worker has to wash their plates after eating at the same canteen, or wearing the

same uniform, or going through the same security protocol while entering and leaving the premises.

Supplier and Dealer Labour Relations

We follow a very stringent supplier selection process to ensure that suppliers follow the regulations for the workers they hire. Our checks cover everything from employee benefits of these workers, to health and safety regulations and worker rights.

As an extra step we work closely with our suppliers to help them manage any worker concerns they have — this could be policy changes they want to implement, ways of improving productivity or even helping their workers with skills training and development or transitions into different roles. We especially hand-hold suppliers who may not have the required depth or resources or experience in managing labour issues. We assist in training through our training centres and hold regular workshops open to the workers of suppliers. We have an advanced training centre in the southern Indian state of Karnataka.

At the dealer end, we help train their employees in both soft skills and administration and product knowledge. We have extended some of our benefits, such as health insurance, to the employees of dealers. In some cases we have helped second generation dealer-owners transition into taking over and running the businesses in these dealerships, as they prepare to inherit the firm.

How We Care

At TVS we take great pride in how we work as a cohesive unit. As a company we do the best we can for our people with the resources we have.



2,465 tons of subsidised food provided to employees each year



Medical cover for dealership employees as well



75 acre training facility for our employees



Seven tie-ups with educational institutions



Secure housing and transport for women factory workers



40,000 people trained in 5 years



200 Home Kaizens implemented on average each year



1.5 million process improvements suggested by employees



On-site creche for women employees

Recruitment & Equal Opportunity

We do values-based recruiting which means when hiring we look for workers who will be able to advance the TVS values. This is mostly done at the interview stage after the candidate meets the academic or skill criteria for the role. In our assessment we look to see if the candidate is looking to provide solutions to problems they face in everyday life that are fair to all stakeholders.

We apply the principles of CARING, LEARNING, GROWING and EARNING as the benchmark for employees. So those who join us know they will get continuous support to enhance their careers. We recruit from the local community as much as we can and then train them to grow into new roles.

We have a flagship recruitment program called the ‘‘Collaborative Education Program’ (CEP) in which we have 40 students each year. Under this we identify students with potential and give them financial assistance for their study and living expenses. The students are selected through a rigorous process. They train with us during their summer breaks and after graduation they join us or our group companies.

By such time they have also been given the necessary soft skills for the role.

In our campus based hiring we aim to recruit women and men in a 50:50 ratio. Hiring women for the factory workshop has been a greater challenge for us. Many women and their families are reluctant to join because they imagine the conditions will be unsuitable for women in a heavy engineering workplace.

To ease their concerns, we have built women-only hostels near the factories and we offer subsidised food, housing, transportation and a secure space. We also encourage the families of these women to come and check their work environment.

We offer equality to the women in our workforce. They are given the exact same training and skill enhancement opportunities as men. We also do not discriminate on pay or benefits. Women and men are provided similar uniforms, medical facilities, governed by the same regulations and leave policies. For women who have young children, we have a fully staffed creche for their children on the factory premises.

Our Workforce at a Glance

A. Total Number of Employees by Employment Contract and Gender

Employment Type	2015-16			2016-17		
	Male	Female	Total	Male	Female	Total
Permanent	4,153	217	4,370	4,199	229	4,428
Apprentices & Trainee	2,993	426	3,419	3,457	432	3,889
Total	7,146	643	7,789	7,656	661	8,317

B. Total Number of Permanent Employees by Employment Type and Gender

Employment Type	2015-16			2016-17		
	Male	Female	Total	Male	Female	Total
Executives and Managers	2,019	216	2,235	2,012	228	2,240
Workers & Staff	2,134	1	2,135	2,187	1	2,188
Total Permanent	4,153	217	4,370	4,199	229	4,428

C. Total Workforce by Employees, Supervised Workers and by Gender

Workforce	2015-16			2016-17		
	Male	Female	Total	Male	Female	Total
Executives and Managers	2,019	216	2,235	2,012	228	2,240
Supervised workers	5,127	427	5,554	5,644	433	6,077
Total workforce	7,146	643	7,789	7,656	661	8,317

D. Total workforce by region and gender

Workforce by Region	2015-16			2016-17		
	Male	Female	Total	Male	Female	Total
Hosur Plant	5,376	560	5,936	5,728	567	6,295
Mysuru Plant	1,204	82	1,286	1,331	92	1,423
Nalagarh Plant	566	1	567	597	2	599
Total workforce	7,146	643	7,789	7,656	661	8,317

E. A small portion of the organization’s work is performed by employees and supervised employees of contractors

F. There are no significant variations in employment numbers such as seasonal variation.



Total Number of New Employee Hires by Gender

Category	Units	As on 31st March 2016		As on 31st March 2017	
		Males	Females	Males	Females
Executives and Managers	Nos	94	23	107	24
Workers and Staff	Nos	43	0	90	0
Total	Nos	137	23	197	24

New Employees Leaving the Firm Within 12-months of Joining

Category	Units	As on 31st March 2016		As on 31st March 2017	
		Males	Females	Males	Females
Executives and Managers	Nos	1	1	7	0
Workers and Staff	Nos	0	0	0	0
Total	Nos	1	1	7	0

Employee Turnover

Category	Units	As on 31st March 2016		As on 31st March 2017	
		Males	Females	Males	Females
Executives and Managers	Nos	142	16	146	27
Workers and Staff	Nos	73	0	40	0
Total	Nos	215	16	186	27

Remuneration at TVS

We offer remuneration based on qualification and performance. There is a transparent grading system in place that allows employees to discuss with their supervisors whether they have under-performed, met expectations, or exceeded them. This is a five tier grading system measured against previously defined targets for the employee.

All employee roles and pay is based on the system of measuring output, so employees are free to seek other roles in the organisation, get promoted, rewarded or transferred within the group companies.

We also offer career guidance to employees, including workmen and offer them an opportunity to rise through the ranks based on their own ability for greater productivity and innovation.

Our remuneration policies are designed to ensure equity, performance and the growth of each individual. Variable pay as a part of remuneration is available for managers with pay-outs depending

on the achievement of objectives. These objectives are set after discussions with the employee after evaluating that they are realistic and achievable.

The employee roles are based on an organizational structure and the intent is to align remuneration policies to the hierarchy of the organization.

We do benchmark our remuneration with other automobile companies with the help of external consultants on an annual basis and validate the median, so as to ensure that remuneration remains market competitive. Our reward differential ratio is 1:5.

We do not discriminate on the basis of gender, age, nationality, ethnic background, ideology or religion or disability under applicable laws at the workplace. Thus, recruitment, placement, promotion, transfer, compensation, training and other benefits are based on the merit, competency of the individual and the business needs of the Company.



Employee Benefits

We have a slew of programs for continuous employee engagement. We have a range of structured benefits for employees which includes best-in-class health insurance, continuous education programs, on-site creches, a highly subsidised canteen to provide balanced meals to all workers and a gymnasium. This is on top of our training and skilling programs, available to all employees.

The goal of these programs is to make our employees better citizens in every way - be that in productivity, thoughtfulness or fostering a sense of community.

We encourage them to follow the TQM principles at work and at home. We call it Home Kaizen. It broadly follows five principles, or what we call The 5 S's- sort, set in order, shine, standardise, sustain. This touches every aspect of daily life - be it in how they organise their shoes, their living room, their dining table, their vegetable patch, or their wardrobe. It calls for a change in mindset to continually strive to improve and live an orderly

life, especially in a country that has its fair share of chaos.

During our annual founder's day we reward employees who have innovated at home, whether it is adding solar panels or harvesting rainwater or establishing a community-based initiative. We use the day to tell employees how much we value their contribution and how we are working to ensure that our organisation remains valuable, competitive, compassionate and profitable.

We have a family day for all new hires - a parent program so parents understand the working conditions. And we have a contact program for newly weds, so spouses can see the work environment.

For workers with children, we offer scholarship programs for their education, based purely on the scholastic merit of the child.

We also run welfare programs throughout the year, be it for wellness or awareness.

“When I finished my hiring interviews and I asked for the list of benefits, I was told I would get full medical cover. Besides I also get medical cover for not just my immediate family, but my in-laws as well. To me that’s a huge plus, as quality healthcare is expensive.”

Ramprasad G
Asst Manager
Business Planning



Benefits for Full-Time Employees



Health Insurance



Disability Coverage



Accidental Insurance



Parental Leave



Employee State Insurance



Subsidised Food



Creche on Premises



Study Programs



Transport to the Factories



Marriage Allowance



Maternity Benefits

Health & Safety

Health and safety is critical in a complex manufacturing job. Carelessness can lead to serious injuries. Every employee is put through a safety standards training program upon induction and they are all provided safety equipment to wear inside the factory. We follow safety regulations laid down in The Factories Act by which we are governed.

We have also set up a ‘safety-simulation’ training facility as part of an ongoing program of safety awareness. New hires and existing employees train here routinely regarding the safety issues for their specific task and the work floor. We have a safety department at each of our plants and a plant safety committee.

We emphasise not just on process safety but also behavioural safety. Our safety performance is reviewed monthly by a central committee chaired by the CEO.

The plant safety committee aims to continually improve safety to ensure injuries are reduced and safety enhanced.

We have a Plant Safety Rating System (PSRS) which ranks safety standards in our facilities.

All our employees undergo regular health check-ups. Each month we have new initiatives on safety training, both inside and outside the factory. These address big and small issues such as wearing seat belts, quitting smoking or increasing walking and exercise.

Our better health initiatives include ensuring the food we serve in our canteens are monitored by nutritionists so they are balanced, low in fat, salt and sugar. In some canteens, we offer an ultra-lean menu for those looking for a stricter diet. We also have gymnasiums in all our factories.

There is a fully equipped health centre in each facility with attending doctors and staff and a fully fitted ambulance in each facility — both are operated 24/7.

We are also mindful of occupational health issues and routinely train staff on minimising the effects of repetitive work, constant sound, heat and other extremes they may be exposed to in an engineering manufacturing environment. Employees are encouraged to report lapses, however small, and offer solutions to have a safer work culture.

Safety Committee

Number of safety committees

3

Location reporting to CEO

1. Hosur
2. Mysuru
3. Nalagarh

Number of members

Hosur
Non Management - 25
Management - 25

Mysuru
Non Management -19
Management- 19

Nalagarh
Non Management -3
Management- 3



Types of injury and rates of injury, occupational diseases, lost days and absenteeism and total number of work-related fatalities by region and by gender

TVSM Employees	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
Near misses	419	150	150	201	177	184
Reportable injuries	7	5	2	5	4	6
Lost days	229	111	37	6,080	125	6,107
Lost day rate	2.07	1.04	0.34	45.15	0.87	37.70
Absentee rate	0	0	0	0	0	0
Fatalities	0	0	0	1	0	1
Injury rate	0.06	0.05	0.02	0.00	0.028	0.037
Minor injuries	8	6	6	4	5	6
First aid cases	321	215	188	226	191	215
Occupational disease cases	0	0	0	0	0	0
Occupational disease rate	0	0	0	0	0	0
Manhours worked	22,160,451	21,398,169	21,963,267	26,931,944	28,854,914	32,397,361

Contract labour	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
Near misses	57	16	11	27	37	32
Reportable injuries	5	0	3	4	3	6
Lost days	258	0	155	92	136	179
Lost day rate	4.94	0.00	3.70	1.97	2.98	3.66
Absentee rate	0	0	0	0	0	0
Fatalities	0	0	0	0	0	0
Injury rate	0.10	0.00	0.07	0.09	0.07	0.12
Minor injuries	2	0	1	1	2	0
First aid cases	50	22	25	45	29	42
Occupational disease cases	0	0	0	0	0	0
Occupational disease rate	0	0	0	0	0	0
Manhours worked	10,445,496	9,345,912	8,376,408	9,354,736	9,130,356	9,777,300

NOTE: Lost days are calculated based on IS 3786-1983

Workers with high incidence or high risk of disease related to their occupation:
Nil

Health and safety topics covered in formal agreements with trade unions:

- General Safety Awareness

- Simulated Safety Training

- Road Safety Training

- Fire Fighting Training

- Basic First Aid Training

Labour Relations

We follow the labour laws that are mandated by the government in the areas where we have manufacturing facilities. All our permanent employees are registered with a recognised workers union. The service conditions are determined through collective bargaining and co-determination.

We see the union as an enabler in the process of improving our manufacturing and work practises. We hold regular meetings with the union to ensure that all employee issues are discussed and resolved amicably. As a result, we deliberate with the union before we introduce policy changes and oftentimes take feedback and suggestions on improvements from them. Any changes in policy that would affect the workers is done only after exhaustive consultations.

We also do not believe in enforced disciplining of workers. We look for collaborative individuals who have an inherent sense of responsibility. While we are firm in how we carry out our day to day workforce management, fairness is at the root of how we manage people. This means that while we adapt to the changing needs of workers, their aspirations and expectations, they too partner with us to manage flexible manufacturing better. In real

terms, this translates into workers volunteering to work weekends during the peak season, in lieu of an extended break at a later period, or shorter hours during leaner production cycles. We see employee welfare as vital to growth, and we are proud to say we have had no industrial action in the recent past.

We hold regular meetings with workers, whether permanent or contractual to ensure we look after their welfare - be that in plant safety, education, training, improving productivity or skilling.

Our workforce participates in decisions which includes grievance redressal at plants, the kind of welfare programs such as the canteen menu or the route for collecting workers through the company bus. It also includes giving suggestions on improving safety.

No children are employed at our facilities.

We are constantly striving to improve the ratio of women workers in our facilities. To encourage mothers to return to the workforce we have a maternity leave policy.

Return to work and retention rates after parental leave, by gender

Maternity Leave Data

FY	No. of employees entitled to parental leave	No. of employees that took parental leave	No. of employees who returned to work after leave ended	No. of employees who returned to work after leave ended and were still employed after 12 months	Return to work rate	Retention Rate
2012-13	5	5	5	5	100%	100%
2013-14	11	11	11	11	100%	100%
2014-15	15	15	15	15	100%	100%
2015-16	9	9	7	7	78%	100%
2016-17	25	25	23	23	92%	100%

Paternity Leave Data

FY	No. of employees entitled to parental leave	No. of employees that took parental leave	No. of employees who returned to work after leave ended	Return to work rate
2016-17*	9	9	9	100%

Note: *This scheme was introduced during 2017 and effective from 1st March'17.



Training and Education

At TVS training is an integral part of the employability of each employee, be that a blue collar worker or executive. We don't put any limitations on where the employee wants to work provided he has the necessary skill set for it and is the best person for the job. In addition to the CEP program, we help employees build competency through regular training workshops, and fully funded fellowships and scholarships at leading educational institutions both in India and overseas. We also train for soft skills.

At the shop floor level, our emphasis on TQM encourages each employee to self-train in process improvement and have a solution-oriented approach to work. We encourage this kind of thinking by offering peer recognition and incentives.

We have tie-ups with several educational institutions in India, and overseas. Warwick University is considered among the top technology institutes in the world and we routinely send our engineers there for training and education.

Functional and behavioural competencies have been developed for each role ranked from beginner to expert. The training needs of each individual are identified from the annual competency assessment process and a learning management system is put in place to enable each employee to excel.

As part of their career development, we encourage manager level staff to further avail of a sponsored advanced study program. These can range from

specialised engineering degrees to doctorates at global institutions that excel in their area of specialisation. We use this to help employees advance not just their knowledge base but also leadership skills. This also gives them an out-of-factory exposure to best practises around the globe, encouraging them to apply these to our own manufacturing processes.

Manager Level Programs

- 1. Career development workshop for executive level
- 2. First Time Managers/ Excellerator- Internal faculty
- 3. Middle management program – Tie up with Pegasus
- 4. Sr Management – Bullet proof program through Crestcom
- 5. Leadership development :
 - a. CCL Singapore (Centre for Creative leadership)
 - b. Global Leadership Committee - Breakthrough Partners

We have tie-ups with several educational institutions in India, and overseas. Warwick University is considered among the top technology institutes in the world and we routinely send our engineers there for training and education.

We also have shop floor programs such as Quality Control Circles where each member tries to improve the quality of their work process. Through this network teams work with other functions, and offer suggestions to improve the entire workflow or process. We also send them for international quality circle conventions so they can showcase their achievements.



Average hours of training per year per employee by gender and by employee category

Units: Training Manhours

Category/ Level/Grade of Employees	2011-12		2012-13		2013-14		2014-15		2015-16		2016-17	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Executive Engineers	91,457	9,414	86,326	8,825	89,673	10,330	66,080	5,218	85,356	16,312	54,424	9,695
Managers	23,889	488	12,891	970	15,650	857	9,175	252	13,371	441	15,805	415
Senior Managers	6,325	87	4,442	35	4,974	79	1,551	26	2,294	26	2,372	75
Workers and Staff	42,942	-	41,785	-	24,621	-	21,660	5	19,791	-	54,415	-
Apprentices & Temporary workers	115,465	8,506	147,087	4,604	128,362	7,965	192,288	13,344	93,371	10,392	352,744	8,269

Programs for skill management and lifelong learning that support the continued employability of employees and assist them in managing career endings:

As a part of transition assistance for retiring employees, intimation is given six months prior to the date of retirement. Besides providing money management and investment training, we provide social training to all our employees for spending time that is fruitful to the self as well as to society. We also provide training programs as calendared towards skill enhancement and encourage job rotations towards multi skill development. This will help employees who intend to work after retirement. We offer severance pay to the employees as per the job contract and also extend need based informal help towards job placement.

Percentage of employees receiving regular performance and career development reviews, by gender and by employee category:

100 percent.

Promotions of our employees, revisions in their salary and remuneration depend on the performance evaluation and is purely based on the merit of an individual.

All our employees including workers receive performance reviews. Guidance on career development is provided for employees and workers based on their potential assessment. We also provide opportunities for job rotation to help the employees develop competence in other areas. All the permanent employees undergo an annual appraisal and performance bonus.

Home Kaizen

At TVS, continuous improvement is a way of life. We firmly believe that we get the best out of our employees when we have inspired an attitudinal change in them. This transformation goes beyond the factory to their homes, and to how they live and conduct their daily lives.

At the factory floor level, a TVS workman might voice his role like this: “I produce, I inspect and I maintain.” Once he leaves the workplace “Home Kaizen” takes over.

In Japanese, Kaizen means “change for the better.” When we combine that with TQM, which underpins everything we do, it is continuous change.

So at the most basic level, in the factory all employees are orderly in their conduct, be that in how office files are maintained, or how work tools are put back in the training room, or even simply the chairs in the meeting room. All employees know they have to stack the chairs and tidy up, returning the space to the state in which they found it.




At home, it could simply be returning their reading material to its original place in a neat and tidy manner, or their footwear. Even the smallest of tasks is influenced by this approach. At the next level, it’s about reducing, recycling and reusing - the same 3 R principles we follow in our factories.

As it evolves, it involves creating solutions to problems and improving safety, health and finances. Each year we identify employees who embrace Home Kaizen and reward them at our annual day. We started Home Kaizen in 1994.

Every three months, 250 family members are trained at our campus on various Kaizen opportunities at home. A quarterly competition is conducted to recognize the best efforts. All these Home Kaizen examples are displayed during annual events to sensitize and motivate every family member to participate.

We also track how the best innovations done at home can be deployed for the entire community.

How We Save Through Home Kaizen

	No. of Kaizens	Saving
 Water conservation	417 Houses	2,219,350 Litres
 Electrical energy saving	2,352 Houses	1,225,811 Rupees
 Fuel energy saving	64 Houses	99,450 Rupees



M Venkatesan

"I wanted to make the most of my solar water heater but I couldn't catch much of the sun during sunrise or sunset. To make sure we could get the most of any light, I installed two concave lenses to direct direct sunlight to the solar panel starting from early morning to late evening. We were able to get 10% more power doing this."



S Rajesh Kannan

"We do have a habit of using our cell phones while charging -- it's unsafe though. I modified the circuit in the charger with the relay. This disconnects power supply when the call is being attended while the phone is being charged."



M Naveenkumar

"I wanted to cool two rooms with a single airconditioning unit. So I fixed an exhaust unit between both rooms and ensured air circulation. It's worked really well for me."



R Swaminathan

"We had a lot of water draining off after being used at home. I decided to reuse the water by making an entire sanitary system which would direct this used water for the trees. As expected one of the trees in front of my house has grown to a full size because of this."

Future Focus

We understand that the biggest change in the future is going to be technology driven. It is widely accepted that technology will be an enabler and help find solutions to tricky problems. This technology will touch every industry, including healthcare, education, manufacturing and retail.

As a company that puts people at the heart of everything we do, our role is to ensure that all employees, be they in management or worker roles, are able to thrive in this environment.

This will mean we have to continuously adapt our training programs and provide a research and development program that can manage these changes.

We aim to offer staff the opportunities to work on the future with cutting-edge advancements. This could be through in-house programs, mentoring by experts or our advanced education programs.

Our goal will be to build a line of technology specialists who will continue to give us competitive advantages.

We also want our Institute for Quality and Leadership (IQL) to have multiple centres of excellence in various disciplines.

We know that increasingly, we have to build a digital organization that responds to an always-on customer and more digitally inclined customer and stakeholder.

At TVS, we want to ensure that we have a higher representation of women throughout the various departments and organisation hierarchy and would like to support more women to reach board level roles.

For any organisation to stay ahead in this future, leadership must be robust. We have to continuously build a leadership pipeline that is aligned to the core TVS values.





TVS & the Community

Our Roots

At TVS we believe that our manufacturing facilities cannot exist in isolation from the villages around us. We have a tradition of working with the immediate community that reaches back several decades. When we started our community work, it was mostly to support the people who lived around our manufacturing facilities.

The hinterland outside our factory walls is an area from which we recruit and on which we depend. There is a distinct advantage to having a harmonious safe environment in which we can make our products. Because of this view, we see it as incumbent upon us to ensure that these communities - the communities that make it

possible for us to go about our daily work - should be helped to improve their daily living. That's a truly symbiotic relationship.

Our initial focus in these villages was to help improve the basic quality of life with clean drinking water, medical facilities, proper schools and health centers for the villagers. It then graduated to helping the communities prosper by teaching them skills to augment their incomes so they could build better homes, give their children access to higher education and buy the goods and services that make life more comfortable. We now have 5,000 villages that we have adopted for our community work, which is a model of sustainable development. Our work touches villages far beyond our factory boundaries.

Our Impact

- Sustainable Development through self-reliance
- Transforming attitudes and enabling change
- Creating empowered prosperous communities
- 21 years of service and trust building
- Working in 5 states in India
- Covering 5,000 villages
- Touching the lives of 3 million people

How We Work

We apply the principles of Total Quality Management (TQM) that we have in our factories to these villages. It's a managed program of constant improvement which involves changing the attitude of the community.

This way they know that change must come from within and it is up to them to sustain that transformation.

In reality this means that villagers have to apply their skills, form self-help groups, learn the importance of team effort and find solutions to their problems themselves. We mentor and assist them to stay focussed and cohesive.

We work closely with communities and governments to empower India's underserved through awareness, skills and training programs.

Our social arm, Srinivasan Services Trust (SST), does this by helping villagers find solutions that are sustainable in areas ranging from economic development to infrastructure, healthcare and education.

At SST, we encourage them to embrace new attitudes and take ownership of changes that bring about lasting development. As a not-for-profit entity, SST mobilises resources necessary for

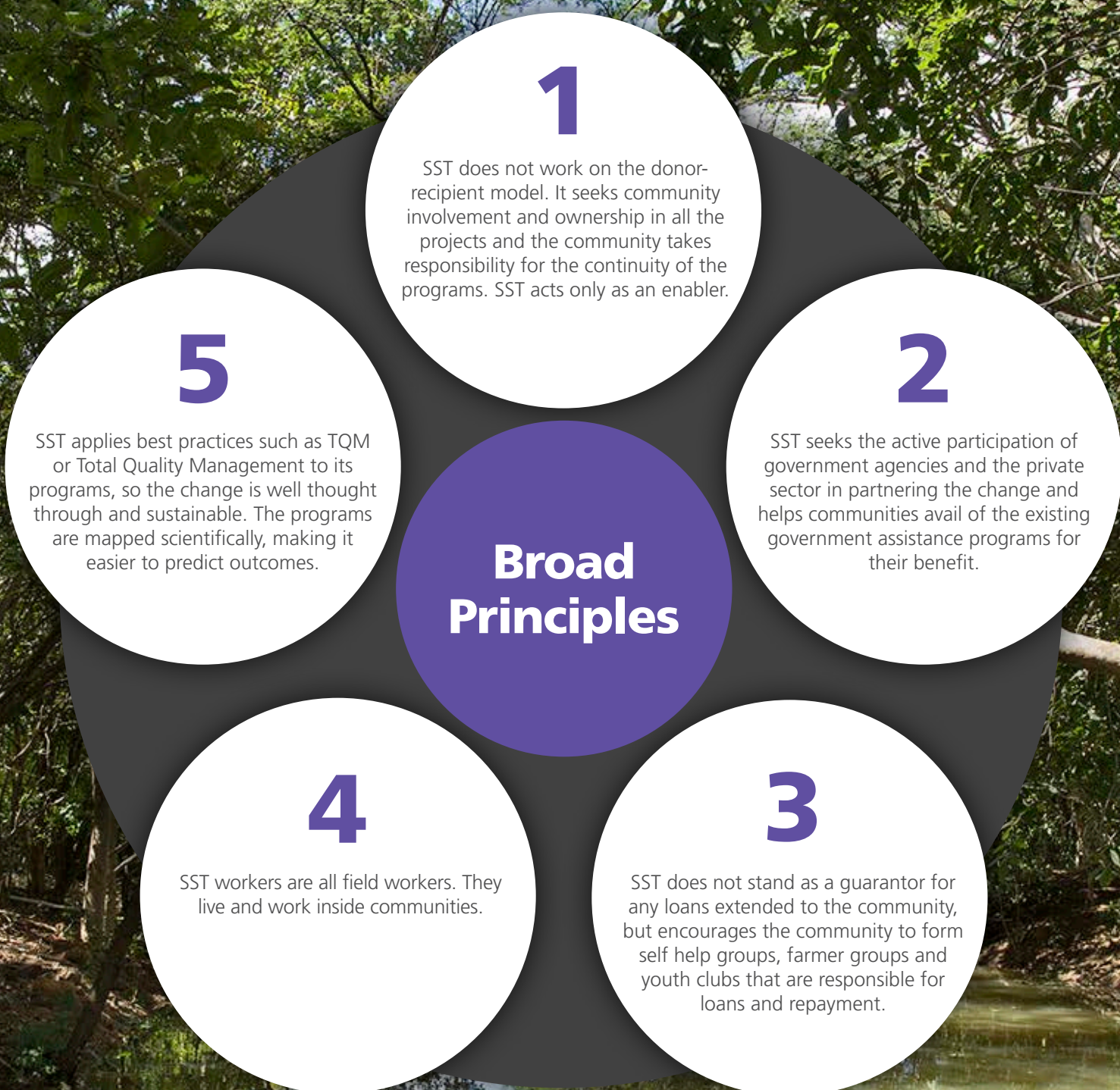
transformation. Each program needs reciprocal sustained participation from the communities we help.

Our underlying philosophy is that we are change agents, not donors. In all the work we do, whether it is identifying anaemia in women, correcting malnutrition in children or introducing better farming methods, we try to find solutions suitable for the local environment.

In India, this means that what works for one community, may not necessarily work for another because of the diversity in demographics, culture and resources. So we work with field staff that we train from the local communities. Often, the staff have grown up in the area, are acutely aware of the local challenges, are able to identify the change agents more quickly and already have the trust of the community. This makes it easier for us to introduce an approach of self-development. We have 280 field staff working and living in the villages we serve.

Typically it takes a few years to create awareness and alter attitudes. So by the end of the first year, communities accept they need to make changes. Usually it takes three to four years to see the impact in a village. Often in the fifth year, SST reduces its engagement with the community as the change becomes self-sustaining and the people take ownership of the new reality.





Our Mission & Goals

To take our model of empowerment and transformational change to more than 50,000 villages, so they become sustainable and self-reliant communities. We will reach this goal by partnering with both the government and other companies working together to create a prosperous rural India.

For more on SST explore: www.tvssst.org

Impact in Numbers

Income generated by self-help groups through micro enterprises

Rs 6.45 billion

Students going for higher education

97%

Infant mortality rate per 1,000 live births (vs national average of 38)

0.15

Hectares farmed with quality seeds

324,231

Women in income-generating activities

158,030

Attendance in school

100%

Villages having safe drinking water

74%

SST Achievements

Achievements by SST from 2000 to 2016 in 6 core areas

Economic Development

Rs 15,000

Per month minimum earnings for 352,521 families

11,485

Women self-help groups formed

Health

511,038

Women who have overcome Anaemia

96%

Malnourished children recovered

Education

100%

Enrolment in schools

5,953

Inter-school competitions conducted

Infrastructure

3,709

Villages with access to safe drinking water

350,915

Households that disposed liquid waste effectively without stagnation on roads/streets

Environment

351,979

Households segregating and treating solid waste

143,469

Compost pits formed

Social Development

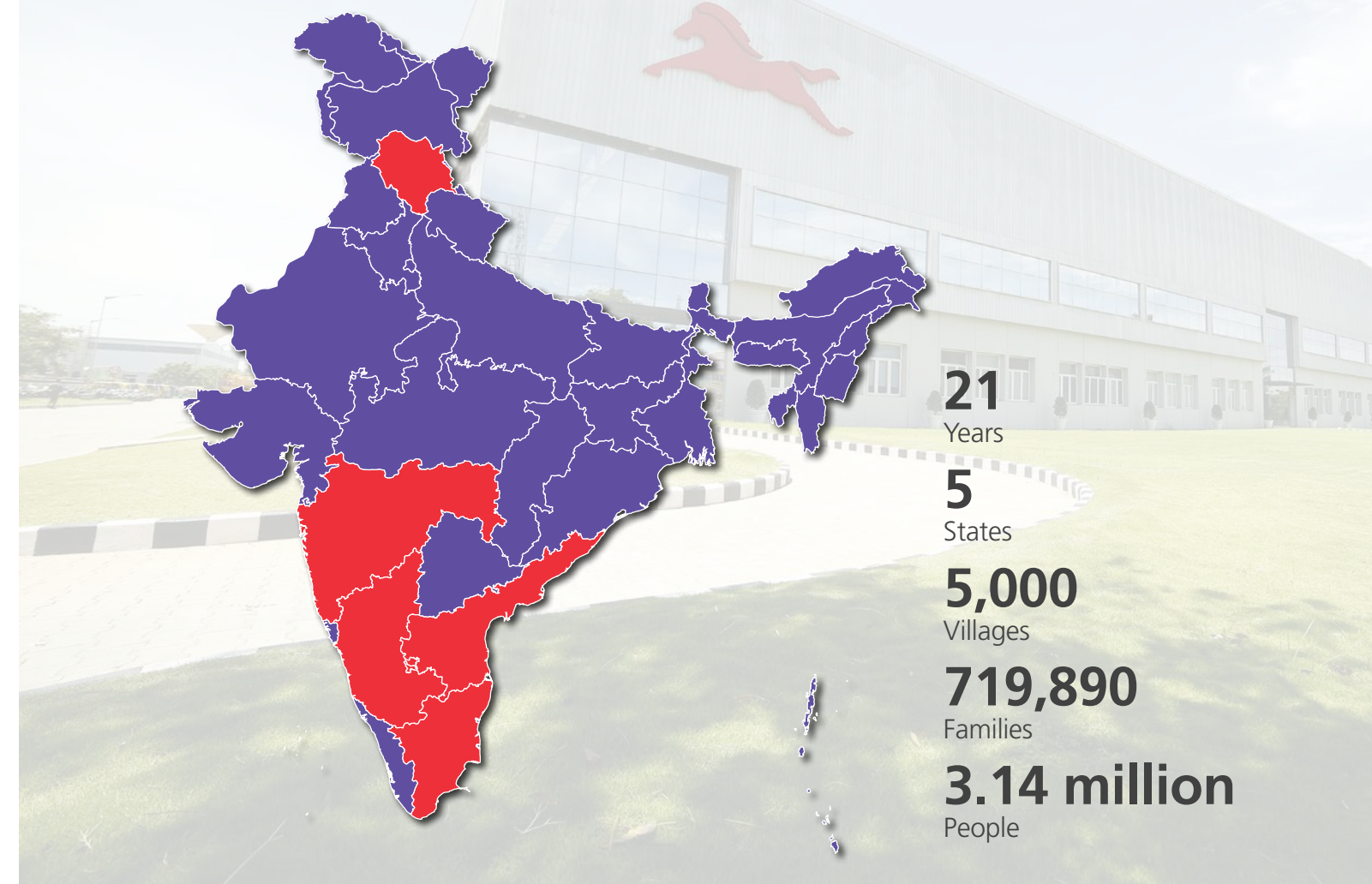
88%

Mothers volunteering in Balwaadis

85,672

Illiterate women made functionally literate

Working Locally



Himachal Pradesh

Villages	29
Families	1,506
People	9,036

Karnataka

Villages	510
Families	146,820
People	651,358

Maharashtra

Villages	439
Families	28,129
People	142,154

Tamil Nadu

Villages	3,928
Families	522,906
People	2,261,734

Andhra Pradesh

Villages	94
Families	20,529
People	80,308

*Red area marks the states where SST is active.

**This map is not to scale. It is only for graphic representation and it is not to be used in any other way.

Key Focus Areas

At SST we have identified six areas of work because while each community and individual has different needs, progress can only be sustained when the development process touches key aspects of everyone's life. We nudge communities to embrace better practises and a higher quality of life, and focus our efforts on these broad areas.



Economic Development

One of India's greatest challenges is severe income inequality. Several rural communities have been left behind in the march towards prosperity. We understand that for people to have faith that change is possible, a good starting point is better incomes, or even the ability to earn a living.

Typically, no one wants to remain poor, but many families and individuals do not have all the skills, knowledge or access to the means to earn a better wage.

So we start by finding ways to help people earn more. We do that through self-help groups, by skilling people and helping those with an occupation optimise their work through smarter practises, be that agriculture or livestock.

This means that we introduce better farming methods to farmers, so their yields improve and income shoots up. We also help individuals find and avail government assistance plans meant to empower them so they can live with dignity and move out of poverty.

Often, we train people so they can acquire the skills needed to earn money, be that in food gathering and packaging or poultry farming or tailoring and handicrafts.

Once they find they are able to earn enough to meet their daily needs, they look upon improving other aspects of their life -- usually it starts with better hygiene in their environment, schooling for their children and healthier food and timely medical help.

Women Empowerment

158,030

Women earning Rs 2,500 per month

168,340

Women in self-help groups

Agriculture

241,535

Farmers producing yield above state average

54,846

Hectares under drip irrigation

324,231

Hectares under quality seeds

Livestock

210,008

Families earning more than Rs 3000 per month from livestock

1,570,271

Animals treated at veterinary camps

Youth Development

56,153

Youth trained in vocational skills

Banking

92%

Households availing banking services vs national average of 58.7%



Education

In India, school dropout rates remain high. In many areas, school infrastructure is inadequate, and in others it has fallen to neglect. Often, the schools are understaffed and in remote, inaccessible areas. Simple issues, such a lack of toilets, keeps girls out of school. A shortage of quality teaching staff means many students never aim for higher education, because they feel functional literacy is enough.

SST is working with parents and government schools to eliminate imbalances. Our approach has been to create awareness through parent and teacher interactions, so that parents feel motivated to send their children to school and keep them there.

We are also helping schools be better places to learn in, by helping improve school infrastructure, mobilising quality teachers and offering career counselling.

We have also introduced e-learning in some communities, so children have a shot at uniform quality education. We are trying to catch them young, and by improving day-care centres in villages, we hope to teach them basics such as hygiene and nutrition at an early age.

We involve communities in helping maintain the school infrastructure and ensure that villagers invest in this, so they remain committed to these projects.

We also emphasise on education that goes beyond the classroom and teaches life-skills. With this, every child has the chance to a more confident future and is taught team-building and problem solving to give them an equal chance in society.

At our adult education centres we focus on functional literacy so older people can be more independent and avoid being victimised. It also instils in them the advantages of education for the younger generation.

Aanganwadis

3,834

Training Programs conducted for balwadi workers

99%

Regular attendance in aanganwadi

Infrastructure

1,620

Balwadi toilets constructed

1,305

School infrastructure improved

Adult Education

118,424

Illiterate women made literate

88%

Involvement of mother volunteers in balwadis

Literacy

0.86%

Drop out rate in SST village schools vs national average of 6.6%

3,571

Parent Teacher Association meetings conducted





Health

The focus of our health related programs is preventative health care so women and children can survive childbirth, avoid malnutrition and have access to regular health check-ups.

SST organises regular health camps that offer primary health care services to catch common deficiencies including anaemia. We create awareness on hygiene and sanitation to avoid communicable diseases.

Simple solutions such as providing clean drinking water and providing nutrition through government programs have vastly improved the well-being of communities.

Many communities have seen a sharp drop in medical intervention because they live in a cleaner place. Our approach means our villages have toilets with running water, so there is no open defecation. Our self-help groups collect and segregate waste and bio-degradable waste is converted into vermicompost.

In short, our village lanes are cleaner, with fewer disease breeding organisms. Over a period of time, this leads to a change in attitude where communities see the benefits of better hygiene.

Our emphasis on raising awareness has brought on changes that are permanent and advocated by community members themselves.

Nutrition

28,916

Nutrition demonstration programs conducted

Reducing Malnutrition

3.86%

Malnutrition in children below 5 years vs national rate of 29%

Better Health

5.09

Maternal mortality rate (per 100,00 live births) vs national average of 178

18.2%

Women who are anaemic vs 55.3% national average

0.15

Infant mortality rate (per 1,000 live births) vs national average of 38

Total Sanitation

82%

Households having latrines on premises vs national average of 46.9%



Infrastructure

The vast and geographically diverse terrain in India has resulted in blotchy infrastructure development. While cities have gleaming glass and steel towers, several villages have only mud homes, no electricity and unmotorable roads.

As a result, rural communities often feel isolated and left out of all the development gains in the rest of the country. Our approach has been to assist these communities in building better infrastructure.

We have discovered that communities take great pride in maintaining infrastructure once they are provided with basic facilities ranging from care centres for children, roads, community halls, schools and primary health care centres.

Typically, when communities have something at stake in these facilities, they are more involved in keeping them well maintained. SST partners with the villagers, schools and local bodies to improve infrastructure be it water catchment tanks, school buildings, adult literacy centres or communal toilets.

A village community that builds a toilet knows that each villager contributed to that. So it is then incumbent on each member of the community to take care of his investment.

Sometimes, this infrastructure involves building water catchment areas, desilting dams, building a boundary wall around a school or sprucing up a primary health-care centre. We let villagers prioritize their needs and then work with them and government agencies to provide the facilities.

This infrastructure ensures a better delivery of goods and services in these communities including the delivery of government-aided work. It then helps integrate the villagers with the rest of developing India.

Roads

571

Kms of road built

1,550 kms

Length of road free from garbage

Utilities

1,672

Schools with drinking water

Sanitation

133

Number of community toilets built

1,335

School toilets built

380,144

Individual toilets built





Environment

As the population grows, so does the pressure on natural resources. SST works hard with communities to encourage a range of conservation measures.

At the village level, the raft of problems ranges from a lack of water to poor waste disposal. So our approach to preserving the environment includes creating awareness about the challenges of climate change to introducing ways to survive these changes.

Several rural communities are agricultural communities, so we start by teaching farmers better methods, from drip irrigation which uses less water, to mulching which improves yields.

We also create awareness about soil erosion and deforestation and encourage the planting of trees in denuded patches.

Most of our villages understand waste segregation and do so -- it's uncommon even in India's biggest cities. We also teach them recycling and encourage them to find local solutions to their problems, be it in keeping their water-ways clean or harvesting rainwater.

We work with government agencies to help farmers with soil testing so they don't over-fertilize the land. We are also working with agencies for better sewage disposal and we plant thousands of trees in each village in order to encourage green cover.

Waste Management

351,979

Households that segregated and treated solid waste

23,257

Soak pits created

Afforestation

175,250

Hectares covered under afforestation

Soil Management

143,469

Compost pits formed

186 tons

Vermicompost produced per month

Water Management

2,770

Check-dams constructed/rainwater harvesting structures created

16,375

Hectares area covered under watershed development



Social and Cultural Development

The diversity of language, religion, class and caste in India, poses its own unique challenges to community work. There is no one-size-fits-all formula that can be applied even in geographies that lie within miles of each other.

At SST we consider trust as the greatest tool in convincing communities to work with us for sustainable change and development. All our staff use this principle in their interactions with villagers.

We try and hire community development officers from the local community itself and train them to apply our principles to helping communities become self-reliant.

This goes a long way in accelerating our program because local officers tend to be more aware of the issues and nuances at play within their communities. Since they tend to be from the local area, villagers associate that with greater accountability.

Our approach, honest, persistent and patient, has helped create communities who chose leaders and that live in harmony. The emphasis on team effort to achieve goals has helped obliterate other social differences between individuals.

We have also found that those seeking better lives do so much more effectively when they work with the local administrative bodies to find solutions for themselves. We often act as a bridge between the community and government agencies.

Once communities are able to solve problems, it gives them to confidence to move on to bigger better things. For us that's self-reliance and sustainable development.

Winning Trust

96%

Malnourished children recovered

511,038

Women recovered from anaemia

217,206

Household kitchen gardens created

Working With Local Bodies

25,474

Health awareness programs conducted

100%

Enrolment of children in school

719,003

People who underwent general health check ups

3,709

Villages that have access to safe drinking water



Future Focus

In a vast country such as India, a deep and sustained effort is needed to bring about the changes we desire, at a much larger scale. Our primary aim is to ensure that our award-winning model of sustainable development is adopted by more organisations with the resources and the commitment necessary for the task.

Our objective is to expand our model of sustainable development so it can serve as many of the poor as possible. We would like for this model to reach more than 50,000 villages with help from government agencies and organisations interested in social welfare.

It's a giant task, especially in India, where the diversity and social mosaic is amongst the most complex in the world. It's not a task that should be taken lightly, nor one that can be hurried. We are also aware that for us to truly empower the underserved, we need the continuous effort of change agents who see this as part of nation building for the rural communities.

As a business, we recognise the power of industry to help in the amelioration of the poor. Companies large and small, have demonstrated their ability to run very successful social programs right across India, cutting through the challenges in such a vast and populous country.

So our idea of community development in the future involves getting like-minded businesses to implement sustainable development programs in India's villages.

We are already working with some companies to do this and we believe that while each company can tweak and adjust the model to suit their goals, our role will be to share our knowledge and expertise to make that effort as impactful as possible. Our own model has been honed after 20 years of sustained work in village communities and

our learnings have been many. Helping companies navigate community work, can help them leapfrog the pitfalls that are typical to such work.

Some of the challenges in implementing our model might be to get companies and society to understand that corporate social responsibility is not charity. Certainly not our model.

Our task is to get communities to understand that no one can help them better than they themselves. This means the most disenfranchised have to gain the capacity, skills and confidence to improve their lives. Building their trust to help them get there is key to what we do and our vision of sustainable development.

It's tireless work for lasting change. It involves working to change the attitudes of communities. This requires money, but it also requires persistence and patience.

At the same time, we understand the power of technology and processes, because we are a manufacturing firm. Our goals for the future will have to include finding cost effective, eco-friendly solutions that work for rural India, be it better waste management or energy management. This could include sewage treatment solutions, energy conservation, hygiene, and potable water solutions.

We are also interested in targeting innovations in education and skills development that will address the paucity of staff and improve the quality of teachers in schools and enable remote learning.

As the world pushes the boundaries of technology, we cannot allow India's villages to be left so far behind that the benefits of technology -- including reducing inequality through a better distribution of good and services -- bypasses the poor.



Need to Know

Ethics & Integrity

Fairness, transparency and ethical conduct is at the core of our founding philosophy. At TVS Motor Co, we carry forward those traditions and lay great emphasis on robust corporate governance.

As part of this we insist on transparency, accountability and integrity from each employee and at every level. To help promote and sustain these values, we look for qualities of fairness, integrity and honesty in employees during hiring, once they have met the basic professional criteria. Our values and principles are then emphasised during induction, and reinforced through the TVS Way of doing business. This underscores our values of Trust, Value, Service and Exactness.

Along with this our code of conduct is explained to them. All communication is the language they are most comfortable with, even where it is a vernacular language.

We believe in ensuring corporate fairness, transparency, professionalism, accountability and propriety. All this is vital to sustainable growth and value creation for all stakeholders and shareholder accountability.

The Company constantly works to raise the bar on the TVS Way, with the continual improvement program of Total Quality Management. We encourage our workers to improve each aspect of their life, just like they would do at our manufacturing facilities. We reward workers who show the initiative for such improvement both on and off our premises.

The Company also has Code of Business Conduct and Ethics for members of the Board and senior management personnel, approved by the Board. The Code has to be signed by the Directors and the senior management personnel.

Board

As on 31st March 2017, the total strength of the board is nine. Mr Venu Srinivasan is the Chairman and Managing Director. The board is required to have fifty percent of its directors as independent directors and at least one woman director, according to the terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations].

Accordingly, the board has five non-executive independent directors (NE-ID) viz., M/s T Kannan, C R Dua, R Ramakrishnan, Prince Asirvatham and Hemant Krishan Singh and two non-executive non-independent directors (NE- NID), viz., M/s H Lakshmanan and Dr Lakshmi Venu. Mr Sudarshan Venu, joint managing director is the executive and non-independent director. Thus, the composition of the Company's board is in conformity with SEBI (LODR) Regulations.

The Board of Directors, delegates through board constituted Committees, for specific mandates and uses committees to optimize directors' skills and talents besides complying with key regulatory aspects.

- Audit and Risk Management Committee for overseeing financial reporting & risk management systems;
- Nomination and Remuneration Committee for selecting and compensating directors / Senior management personnel;
- Stakeholders relationship committee for redressing investors grievances; and
- Corporate Social Responsibility Committee for overseeing CSR initiatives and inclusive growth.

Conflict of Interest

The Company always seeks to achieve optimum performance at all levels in adopting and adhering to best corporate governance practices.

The Company has in place a Code of Business Conduct and Ethics for members of the board and senior management personnel (the Code) approved by the board.

Directors involved in any conflict or potential conflict situations shall exclude themselves from any discussion or decision relating thereto. Conflicts, if any, or potential conflicts, need to be disclosed to the higher management for guidance and appropriate action.

The Company's corporate governance philosophy has been further strengthened by adopting a Code of Practices and Procedures for fair disclosure of "Unpublished Price Sensitive Information" (UPSI) and a Code of Conduct to regulate, monitor and report trading by insiders in accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations 2015.

All related party transactions are at an arm's length basis and are in the ordinary course of business. During the reporting period, there were no transactions of material nature with the Directors, their relatives or management that had potential conflict with the interest of the Company.

Whistleblower Policy

The Company has always been committed to conducting its affairs in fair and transparent manner in accordance with the applicable laws.

The Company encourages and respects professionalism, integrity and ethical behaviour. The Company has adopted a Whistleblower Policy to provide a mechanism for all our stakeholders to report any genuine concerns, grievances relating to violations of any legal requirements, unethical behaviour, actual or suspected fraud within the company without fear of any punishment or unfair treatment.

Under this policy, any protected disclosure shall be reported to the Chairman of the Audit and Risk Management Committee. All employees have been provided with contact name, address, and e-mail address of the concerned person for reporting any matters directly. The policy is available on the Company's website.

There have been no complaints in this reporting period.

Precautionary Approach

Risk Identification

We have identified risks and opportunities through a formalised process across all our manufacturing locations and group supporting functions, describing the event that may occur, its likelihood and the resulting impacts.

We have identified risks material to our organisation and the potential health, safety, environmental, social, reputational, legal and financial impact of that.

The severity of any particular risk is assessed according to the degree of harm, injury or loss from the most severe impact associated with a specific risk.

Risk Management

We have a strong risk management framework in place along with a consistent monitoring system at the Board and Senior Management Levels. This enables active monitoring of business activities for identification, assessment and mitigation of potential internal or external risks.

It helps us identify risks at an early stage for appropriate actions management. By understanding and managing our risks, we provide greater protection to our people, communities and assets. Effective risk management also increases certainty and confidence in our internal and external stakeholders, especially the communities in which we operate and is vital to our continued growth and success.

The Company is always committed to the management of risk as an integral part of its operations, implementing strategies to minimize threats to the achievement of organizational goals and objectives, by assigning responsibility throughout the organization with each employee responsible for the management of risk as part of their job description.

We have a framework to inform the Board about the risk assessment and risk minimization procedures. Risks are controlled by Executive Management through this properly defined framework.

Internally, we have established robust business planning and risk management processes with stringent controls. These processes help us to maintain operational stability and ensure regulatory compliance.

We ensure reliable and effective financial reporting through integrated financial accounting systems with in-built controls.

The President and Chief Executive Officer (CEO) is responsible for realising the Company's goals in accordance with the charter approved by the Board.

Management Structure

A strong risk management structure and internal control system forms the backbone for our robust risk management practices. We have clearly defined a 'Risk Mitigation Committee' comprising Chief Executive Officer (CEO) and Chief Financial Officer (CFO) for periodic review of systems and policies to address the key risks and opportunities.

This committee provides a holistic view of the business, wherein risks are identified in a structured manner at two levels. The bottom-up approach is carried out through workshops and various other forums with respective teams at various locations and corporate functions. At another level, the top-down approach enables discussion of all risks and opportunities at the top management level, to be included thereafter in the subsequent reporting process.

We understand that risk management and sustainability are firmly entwined within the Company. We believe that sustainability is a form of overall risk management which not only considers the specific operational and financial risks faced by the Company, but also considers other overarching risks including possible impacts on the environment, employees and community due to our operations. Going ahead, both the global economy and our business processes are sure to grow even more complex. We therefore aim to further optimise the interplay between risk management, strategy and dialogue with internal and external stakeholders.

GRI Content Index for ‘In Accordance’ Core

GR 4 No.	OVERVIEW	PAGE NO.	REMARKS
Strategy & Analysis			
G4-1	Chairman's Statement	4	
Organisational Profile			
G4-3	Name	5	TVS Motor Company Limited.
G4-4	Brands and products	10-13	
G4-5	Location	14, 15	Headquarters location - Chennai, Tamil Nadu, India.
G4-6	Countries in which we operate		Operating locations - India and Indonesia.
G4-7	Ownership and legal form		We are a public limited company. Our shares are listed for trading on the National Stock Exchange of India Limited and Bombay Stock Exchange Limited. Please refer to the Annual Report for the shareholding pattern of the Company.
G4-8	Markets served	14, 15	
G4-9	Scale of the organisation		
G4-10	Employee profile	67	
G4-11	Percentage of employees covered by collective bargaining agreements		100% of our employees are covered by collective bargaining rights.We have recognised workers' union at the plants and all workers are covered as members of the registered union. We actively engage with our employees, whether permanent or contractual, to ensure their welfare. All major policy changes impacting workers are discussed with the employees' union and the changes are implemented as agreed upon after mutual discussions. We respect the right of all employees to join an association to voice their interests as employees, to organise and to bargain collectively or individually. We have internal labour unions at our plants and all permanent workers are covered by collective bargaining agreements.
G4-12	Supply chain	24,25	
G4-13	Change in structure, suppliers,ownership, locations, shares, or supply chain of the organisation		Not Applicable as this is our first report in public domain. As a result we will be citing "not applicable" where the query relates to previously published reports.
G4-14	Precautionary approach	37	
G4-15	External charters the organisation subscribes to		GRI, National Voluntary Guidelines for CSR reporting. Our manufacturing units are certified under ISO 14001: 2015 and OHSAS 18001:2007 standards
G4-16	Advocacy associations		"We hold memberships and public policy positions with – The Confederation of Indian Industry (CII), Society of Indian Automobile Manufacturers (SIAM), Bangalore Chambers of Industries and Commerce (BCIC), The Madras Chamber of Commerce & Industry (MCCI), Hosur Industrial Association (HIA), BBN Industries Association (BBNIA), National Institute of Personnel Management (NIPM), The National HRD Network (NHRD), The Employer' Federation of Southern India (EFSI), Karnataka Employer’s Association (KEA)."

GR 4 No.	OVERVIEW	PAGE NO.	REMARKS
Identified Material Aspects and Boundaries			
G4-17	List of entities included in the organisation's consolidated financial statements. Entities not covered by the report.	41	Entities covered in the consolidated financial statements: 1.Sundaram Auto Compenents Ltd. 2.TVS Housing Ltd. 3. TVS Motor Co(Europe) B.V. 4.TVS Motor Co.(Singapore) Pte Ltd. 5. PT TVS Motor Co(Indonesia) 6.Sundaram Business Development Consulting(Shanghai) Co Ltd. The scope of the report includes performance data and information related to our Indian manufacturing operations at Hosur, Mysuru and Nalagarh. The report does not include data of zonal and area offices as they are very small facilities. Also, the independent business units viz., subsidiaries, suppliers, dealers and service centers are excluded from the scope of reporting.
G4-18	Aspect boundaries		In accordance with CORE as detailed in the report.
G4-19	Materiality	40	
G4-20	Materiality aspect		The identified aspects are material to our Indian manufacturing operations at Hosur, Mysuru and Nalagarh.
G4-21	Aspect boundaries for material aspects		Not Applicable.
G4-22	Restatements of information from previous reports		Not Applicable.
G4-23	Significant changes from previous reporting periods in the Scope and Aspect boundaries		Not Applicable.
Stakeholder Engagement			
G4-24	List of stakeholder types	34-36	
G4-25	Stakeholder engagement selection basis		
G4-26	Approach to stakeholder engagement, including frequency by type and group		
G4-27	Stakeholder concerns and how the organisation responds to these		
Report Profile			
G4-28	Reporting period		Year ending 31st March, 2017 (FY 2016- 17).
G4-29	Date of most recent previous report		Not applicable.
G4-30	Reporting cycle		Annual.
G4-31	Contact for any queries or comments on this report		"contactus@tvsmotor.com"
G4-32	GRI CONTENT INDEX - CORE	41	GRI Content Index is "In accordance - Core".
G4-33	External assurance details		This report is not externally assured.
Governance			
G4-34	"Report on governance structure including committes of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts. "	37, 99	
G4-56	Values, principles, codes of conduct and codes of ethics	8,9	

GR 4 No.	OVERVIEW	PAGE NO.	REMARKS
Category : Economic			
DMA	Management approach	4, 4,18, 34, 38, 39, 42, 98	
EC 1	Direct economic value generated and distributed	16,17	
EC 7	Development and impact of infrastructure investments and services supported	86 to 94	
EC8	Significant indirect economic impacts, including the extent of the impacts	86 -94	
Category : Environment			
DMA	Management approach	44,45	
EN 1	Materials used by weight and volume	47,48	
EN 2	Percentage of materials used that are recycled input materials	47	
EN 3	Energy consumption within the organisation	49	
EN 4	Energy consumption outside the organisation	49	
EN 5	Energy intensity	50	
EN 6	Reduction of energy consumption	51	We have taken several measures for this.
EN 8	Total water withdrawal by source	52,53	
EN 10	Percentage and total volume of water recycled and reused	53	
EN 11	Operational sites in or adjacent to protected areas and areas of high biodiversity value	60-62	Nil
EN 12	Significant impacts of activities in and around protected areas or areas of high biodiversity value	60-62	Not applicable. We have not set up facilities in and around protected areas. However, we have developed habitats with more than 300 species around our factories.
EN 13	Habitats protected or restored		Habitats created.
EN 14	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk		Not applicable
EN15	Direct GHG emissions	54,57	
EN16	Energy indirect GHG emissions	55	
EN 18	GHC emissions intensity	55	
EN 19	Reduction of GHG emissions	55	
EN 20	Emissions of ozone depleting substances	55	
EN 21	NOx,SOx, other significant air emissions	55	

GR 4 No.	OVERVIEW	PAGE NO.	REMARKS
EN23	Total weight of waste	58	
EN24	Total number and volume of significant spills		Nil
EN 25	Weight of transported, imported, exported or treated waste deemed hazardous	58,59	
EN26	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected		Nil
EN27	Extent of impact mitigation of environmental impacts of products and services	31, 44-62	
EN29	Monetary value of significant fines and non-monetary sanctions for noncompliance with environmental laws		Nil
EN31	Total environment protection expenditures and investments by type	47	
Category: Labour			
DMA	Management approach	64, 65, 70, 74, 80	
LA 1	Total number and rates of new employee hires and employee turnover by age group gender and region	68	
LA 2	Benefits provided to full time employees that are not provided to part time or temporary employees	70	We provide several benefits to full time employees which are also extended to temporary employees. This includes subsidised food at the factory canteens. Our health centres are open to all employees. We provide uniforms, safety gadgets as required to all employees. Transport facility is subsidised and extended to employees. There are no part-time employees.
LA 3	Return to work and retention rates after parental leave, by gender	74	
LA 4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements		
LA 5	Percentage of total workforce represented in formal joint management- worker health and safety committees that help monitor and advise on occupational health and safety programs	73	50% management. 50% non management. Workers represent joint management committees viz., Safety committee, Works committee, Canteen committtee, Welfare committee, Sports committtee, Literary committee and other areas of interest.
LA 6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work related fatalities, by region and by gender		

GR 4 No.	OVERVIEW	PAGE NO.	REMARKS
LA 7	Workers with high incidence or high risk of diseases related to their occupation	73	Nil
LA 8	Health and safety topics covered in formal agreements with trade unions	72	
LA 9	Average hours of training per year, per employee	76	
LA 10	Programs for skills and lifelong learning that support the continued employability of employees and assist them in managing career endings	75	
LA 11	Percentage of employees receiving regular performance and career development reviews		100%
LA 13	Ratio of basic salary and remuneration of women to men by employee category		Common pay scale based on grades. No gender discrimination. In fact, we encourage gender diversity as a policy.
LA 16	Number of grievances about labour practises that were filed, addressed and resolved through formal grievance mechanisms		In Fiscal 2017 - 49 grievances were filed. The same number was addressed and fully resolved.

Category : Local Communities

DMA	Management approach	82-94	
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs		100%
SO4	Communication and training on anti-corruption policies and procedures	97-98	
SO8	Monetary value of significant fines and total number of of non-monetary sanctions for noncompliance with laws and regulations		Nil

Category :Product Responsibility & Customer Health & Safety

DMA	Management approach	20, 21, 26, 28, 30, 31, 32, 42	
PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement		100%
PR2	Total number of incidents of non compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by types and outcome		Nil

GR 4 No.	OVERVIEW	PAGE NO.	REMARKS
PR3	Type of product and service information required by the organisation for product and service information and labelling and percentage of significant product and service categories subject to such information labelling		
	The sourcing of components of the product or service		No
	Content, particularly with regard to substances that might produce an environmental or social impact		No
	Safe use of the product or service		Yes
	Disposal of the product and environmental and social impacts		Yes
	Others		Barcoded spare parts
PR4	Total number of incidents of non compliance with regulations and voluntary codes concerning product and service information labelling, by types and outcome		Nil
PR5	Results of surveys measuring customer satisfaction	32	
PR6	Sale of banned or disputed products		Nil
PR7	Total number of incidents of non compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship		Nil
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data		Nil
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services		Nil

Business Responsibility Report

Pursuant to Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Introduction

TVS Motor Company Ltd (TVS Motor or TVSM) is one of the largest two-wheeler manufacturers in India, with a revenue of Rs.13,363 Cr for the year 2016-17.

The Business Responsibility disclosures in this Report illustrate the Company’s efforts towards creating an enduring value for all stakeholders in a responsible manner. This Report is aligned with National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVG) released by Ministry of Corporate Affairs, and is in accordance with Regulation 34(2)(f) of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Report provides an overview of the activities carried out by TVS Motor Company Limited under each of the nine principles as outlined in NVG.

Section A: General Information About the Company

- 1. **Corporate Identity Number(CIN) of the Company:** L35921TN1992PLC022845
- 2. **Name of the Company:** TVS Motor Company Limited
- 3. **Address of the Company:** “Jayalakshmi Estates”, No. 29 (Old No.8), Haddows Road, Chennai - 600 006
- 4. **Website:** [http:// www.tvsmotor.com](http://www.tvsmotor.com)
- 5. **E-mail id:** contactus@tvsmotor.com
- 6. **Financial Year reported:** 2016-17

7. Sector(s) that the Company is engaged in (industrial activity code-wise): Manufacture of two-wheelers and three-wheelers	
NIC Code	Description
30911	Motorcycles, Scooters, Mopeds
30912	Three Wheelers
30913	Parts & Accessories

- 8. **List three key products/ services that the Company manufactures/provides (as in balance sheet):**
 - 1. Two Wheelers
 - 2. Three Wheelers
 - 3. Parts & Accessories(Please refer to our website: www.tvsmotor.com for complete list of our products)
- 9. **Total number of locations where business activity is undertaken by the Company:**
 - i. Number of International Locations:
TVSM does not have any manufacturing unit outside of India. However, its overseas subsidiary viz., PT TVS Motor Company Indonesia has a manufacturing facility in Karawang at Indonesia.
 - ii. Number of National Locations –
 - A. The Company has three manufacturing locations as under:
 - 1. Post Box No. 4, Harita, Hosur - 635 109, Tamil Nadu, India.
Tel : 04344 - 276780; Fax : 04344 - 276016
 - 2. Post Box No. 1, Byathahalli Village, Kadakola Post, Mysore - 571 311, Karnataka, India.
Tel : 0821 - 2596561; Fax : 0821 - 2596550 / 2596553
 - 3. Bhatian Village, Bharatgarh Road, Teh. Nalagarh, Solan District - 174 101, Himachal Pradesh, India.
Tel : 01795 - 220492/93; Fax : 01795 – 220496

- B. The Company has Area Offices across pan India.
- C. The registered office of the Company is situated at “Jayalakshmi Estates”, No. 29 (Old No.8), Haddows Road, Chennai - 600 006
- D. The sales and marketing office of the Company is situated at TVR Pride, No.383, 16th Main, 3rd Block, Koramangala, Bengaluru 560 034

10. **Markets served by the Company - Local/State/National/ International**

TVS Motor's vehicles and services cater to the entire Indian market. The Company's vehicles are already being marketed globally with foot prints in Asia, ASEAN, LATAM and African countries.

Section B: Financial Details of the Company

1. **Paid up Capital (INR):** Rs. 47.51 Crores
2. **Total Revenue (INR):** Rs. 13,363 Crores (Standalone)
3. **Profit After Tax (INR):** Profit of Rs. 558.08 crores (Standalone)
4. **Total Spending on Corporate Social Responsibility (CSR) as percentage of Net Profit (%):**
Rs.9.19 Crores (Being more than 2% of the average net profits for the three immediately preceding financial years)
5. **List of activities in which expenditure in 4 above has been incurred:**
- Eradicating hunger, poverty, promoting preventive healthcare and sanitation and making available safe drinking water;
 - Promoting education, including special education and employment enhancing vocational skills especially among children, women and livelihood enhancement projects;
 - Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups;
 - Ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintain quality of soil, air and water;
 - Rural development projects; and
 - Health care activities.

Section C: Other Details

1. **Does the Company have any Subsidiary Company/ Companies?**
The Company has Ten subsidiaries in India and abroad as on 31st March 2017.
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)**
Yes. The Company positively influences and encourages its subsidiaries to adopt Business Responsibility (BR) initiatives.
All the Company's subsidiaries are guided by the Company to conduct their business in an ethical, transparent and accountable manner.
It encompasses suppliers, customers, employees and other stakeholders.
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%]**
Suppliers, distributors are critical to our operations and supply chain sustainability issues can impact the operations. The Company engages with suppliers through various channels for operational issues and also

focuses on emerging and futuristic technologies.

The suppliers and vendors are provided awareness on environmental and social issues. The vendor meets are used as a platform to raise awareness on health & safety, environmental and community initiatives of the Company.

Special emphasis is laid on skill development and up-gradation of the dealer and channel partner resources.

Section D: BR Information

1. **Details of Director / Official responsible for implementation of BR Policy / Policies**

S.No	Particulars	Director	BR Head
1.	DIN	03601690	N.A
2.	Name	Mr Sudarshan Venu	Mr Manu Saxena
3.	Designation	Joint Managing Director	Vice President – Business Planning
4.	Telephone	044 2827 2233	04344 276780
5.	E-mail id	contactus@tvsmotor.com	contactus@tvsmotor.com

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

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

P1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

P2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

P3 Businesses should promote the well-being of all employees.

P4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

P5 Businesses should respect and promote human rights.

P6 Businesses should respect, protect, and make efforts to restore the environment.

P7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

P8 Businesses should support inclusive growth and equitable development.

P9 Businesses should engage with and provide value to their customers and consumers in a responsible manner.

S. No	Question	Business Ethics	Product Responsibility	Wellbeing of employee	Stakeholders	Human Rights	Environment	Public Policy	CSR	Customer relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have policy/ policies for?	Y	Y*	Y*	Y*	Y*	Y	N	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify?	Y	Y	Y	Y	Y	Y (ISO 14001:2015 / OHSAS 18001:2007)	-	Y	Y
		All the policies of the Company are in compliance with national/international standards wherever applicable.								

S. No	Question	Business Ethics	Product Responsibility	Wellbeing of employee	Stakeholders	Human Rights	Environment	Public Policy	CSR	Customer relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
4.	Has the policy being approved by the Board? if yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Mandatory policies viz., Code of Business Conduct and Ethics, Whistle Blower Policy, CSR Policy, Code to regulate, monitor and report trading by Insiders have been adopted by the board and other operational internal policies are approved by the management.								
5.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y
6.	Has the policy been formally communicated to all relevant internal and external stakeholders?	The implementation and adherence to the code of conduct for employees is administered by the HR Department. The CSR policy is administered by CSR Committee in line with the requirements of the Companies Act, 2013. The Environmental, Health and Safety (EHS) policy is overseen by Production Engineering and Enterprise Resource Management Departments.								
7.	Does the company have in-house structure to implement the policy/policies	Internal policies have been communicated to all stakeholders and the same are available on the Company's intranet. Mandatory policies are available on the Company's website in the following link www.tvsmotor.com/policies-adopted-by-the-board								
8.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/policies?	The Company has established in-house structures to implement these policies.								
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/policies?	The whistle blower mechanism provides employees to report any concerns or grievances pertaining to any potential or actual violation of the Company's Code of Conduct, which covers all aspects of BRR. In each of the policies formulated by the Company has an in-built grievance redressal mechanism.								
	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The implementation of the Company's Code of Conduct and other policies are reviewed through internal audit function. The Quality, Safety & Health and Environmental policies are subject to internal and external audits as part of certification process and continuous assessments. All policies adopted by the Company for ensuring the orderly and efficient conduct of business including adherence to Company's policies have been evaluated annually by an independent external agency as part of internal financial control requirement.								

* The policy is embedded in the Company's Code of Conduct and Quality and environment policies which inter alia, relates to safe and sustainable products.

2a If answer to Sr. No.1 against any of the Principle is 'No', please explain why: (Tick upto 2 options)

S. No	Question	Business Ethics	Product Responsibility	Wellbeing of employee	Stakeholders	Human Rights	Environment	Public Policy	CSR	Customer relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principle	-	-	-	-	-	-	-	-	-
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3.	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-

S. No	Question	Business Ethics	Product Responsibility	Wellbeing of employee	Stakeholders	Human Rights	Environment	Public Policy	CSR	Customer relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
4.	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6.	Any other reason (please specify)	P7 The Company through various industry forums endeavors to promote growth and technological progress, economic reforms, inclusive development policies and sustainable business principles. Therefore, there is no need for such policy.								

3. Governance related to BR

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

The CEO and senior management review the BR performance of the Company through their monthly review meetings. The action points that emerge from the discussions at these meetings are reviewed in subsequent meetings to ensure its closure.

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

This is the first BR Report and is published as part of the Annual Report for the financial year 2016-17. The same can be viewed at www.tvsmotor.com/pdf/TVS-Motor-Company-BR-Report-2016-2017.pdf.

Section E: Principle-Wise Performance

Principle 1: 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?

Yes. The Company (TVSM) acts with integrity in accordance with its core principles of Trust, Value and Service. TVSM has adopted a separate Code of Business Conduct and Ethics (CoBC) which specifically pertains to the Company's Directors and Senior Management one level below the Directors, including all the functional heads.

The CoBC is devised to enable the Directors and senior management personnel to strive to perform their duties with highest standards of integrity, accountability, confidentiality and independence. A declaration of the Directors and Senior Management towards annual affirmation to the CoBC is communicated to all stakeholders by the Chairman and Managing Director, through the Annual Report.

TVSM has a well-defined Code of Conduct (CoC) for its employees. All employees are provided a hard copy of the CoC during induction / training. The CoC is intended to guide the employees in treatment of one another, as well as their interaction with customers, suppliers, partners, public officials and other stakeholders.

The principles laid down under the CoC are implemented effectively to drive ethical behaviour at all levels. The Company ensures compliance of ethical standards by its vendors and contractors through appropriate clauses in its work contracts to which they are obligated. All suppliers working closely with employees are expected, in their contracts, to understand and comply with this policy.

TVSM is committed to transparency in its financial reporting. TVSM cooperates fully with its auditors and under no circumstances withholds information from them. A robust system for financial controls and processes is maintained to ensure the accuracy and timeliness of financial reporting.

The CoC is implemented and monitored on a regular basis through several mechanisms:

1. On-going training to employees
2. Whistle Blower policy
3. Prohibition of Insider Trading
4. Policy on Fair disclosure of material information
5. Regular updates to Senior Management

The code of conduct to regulate, monitor and report trading by insiders has been adopted for regulating, monitoring and reporting Insider Trading by employees and other connected persons.

Whistle Blower Policy provides a mechanism for stakeholders of TVSM to report their genuine concerns or grievances concerning violations of any legal or regulatory requirements either under the applicable statutes including instances of unethical behaviour, or suspected fraud or violation of CoC or ethics policy, incorrect or misrepresentation of any financial statements, reports, disclosures etc to the Management

There are adequate measures taken to ensure safeguards against victimisation of employees who avail whistle blower mechanism. There is also a provision for direct access to the Chairman of the Audit and Risk Management Committee in exceptional cases.

TVSM is committed to highly ethical practices in dealing with suppliers, awarding business purely based on merit, strong internal control systems, well defined procedure and approval work flow for source selection and price settlements.

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

During the year under review, the Company has not received any complaints with regard to violation of the Code of Conduct.

Principle 2: Product Life Cycle Sustainability

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

- 1) Conservation of resources by reducing the steel content in vehicles (like Apache, StaR City, Victor and Jupiter) without affecting performance, durability and statutory requirements.
- 2) Taken actions to reduce the vehicle exhaust emissions in all our products, adoption of advanced technologies for weight reduction, friction reduction and optimized fueling.

Our approach towards climate change mitigation focuses on product innovation to improve fuel efficiency and reducing the environmental footprint during product life cycle.

Valuable fossil fuel resources have been conserved by using fuel efficient oil and extending oil drain interval of our vehicles

- 3) For customer safety and health we have introduced ANTI-SKID Braking System brakes(ABS) / Combined Braking System brakes (CBS) in 3 of our products. Also better ergonomics is effected in all our products.

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?

- 1) By reducing the steel content up to 1.5 kg in many of the steel frames in the Company's products, 3.66 Million Metric tonnes of CO2 equivalent Global Warming Potential (GWP) is reduced annually

2) We have achieved significant reduction of Hydrocarbon and NOx emissions in all TVS models. This has helped in meeting BS IV emission norms.

3) Achieved improved ergonomics for rider comfort, seating posture considering joint angles to minimize strain to the rider in most of our 2-wheelers.

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

By development and use of lubricating oils (TRU4 premium and Synthetic), and extending oil drain intervals from 3000 km to 6000 km, both fuel and oil consumption have been reduced. About 5 Million litres of petrol fuel and 1.2 million litres of oil have been conserved annually. This amounts to reduction of about 11,500 Metric tonnes of CO2 equivalent GWP annually.

We have achieved significant increase in fuel economy of about 7.0 kmpl under standard conditions in our mopeds. By implementing this, 19.21 million litres of fossil fuel is saved and 44576 Metric Tonnes of CO2 emissions are avoided annually. The Company's 3 Wheelers with LPG / CNG etc., helps in reducing emission.

We continuously work on improvement of fuel economy. Over last two years, the fuel economy of TVS Sport model has increased by 3 kmpl under standard conditions. This amounts to 0.75 million litres of fuel savings and 1749 Metric tonnes of CO2 emissions reduction.

3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?

Yes. The Company has taken many initiatives to ensure sustainable sourcing and has encouraged its suppliers to get TS certification and ISO14001 certification.

Expiry dates of the certificates are being monitored regularly through SAP, and auto e-mail reminders are sent to suppliers 90 days in advance.

Periodical system audits at our tier 1 suppliers & special process audit @ tier 2 suppliers are being conducted for better control. Approved tier 2 supplier list is circulated to all tier 1 suppliers for doing special process, viz plating, painting, powder coating & heat treatment.

Formed Total Productive Maintenance (TPM) clusters with selected suppliers to promote TPM culture across suppliers. External consultants are engaged for TPM activities.

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 encourages major suppliers (Tier-1s) to set up manufacturing facilities closer to TVSM plant locations.

Major suppliers have set up manufacturing facilities near TVSM plants. The Tier-1 suppliers in turn source their requirements from smaller producers(Tier-2) located in nearby areas. The small producers and local community benefit from this.

TVSM focuses on building and enhancing capabilities of the supply chain through training and support for improving productivity and quality. The training covers topics like quality management, TPM etc

Currently, TVSM is buying more than 50% of its requirements through local sources. TVSM also actively encourages SHGs (Self Help Group) for supply of indirect material including some canteen requirements. The current procurement from Small Scale Industries is 10% of buying value.

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%).

Products

1. In the product design, efforts have been taken to increase product recyclability and, currently, it is about 90%. This enables the use of recycled input materials, reducing the demand for virgin material and contributing to the conservation of the global resource base.
2. The Company is working on using recycled Poly Propylene (100%) in some components. For example, cover bottom floor & cover fuel tank for 2 Wheelers are under implementation.
3. Recycled rubbers are implemented in two components of 3 Wheelers.

Process

1. In process design, all efforts have been taken to minimize the generation of waste viz., water based CED (Cathode Electro Deposition) paint process; powder coating, use of robots in painting, MQL(minimum quantity lubrication)etc.
2. Elimination of hazardous processes like copper plating, bonderising, black chrome plating etc.
3. Consequent to the use of renewable energy (e.g., wind & solar) & EB power, the in-house captive power plant operation is restricted to one day a month. This has resulted in drastic reduction of waste oil generation from captive power plant.

Waste

1. Used thinner is distilled and reused back in the paint process (overall 90%).
2. The process water in Hosur & Mysuru plants, is recycled upto 80% through Reverse Osmosis & Evaporator Plants. Both the plants are Zero liquid discharge.
3. The treated sewage is used for gardening within the premises (100%).
4. The solid wastes which are hazardous in nature viz., Effluent Treatment Plant sludge (100%) at Hosur and Mysuru sites and which cannot be used in our facility are sent to Cement Industry as raw material for Cement Manufacturing (Co-processing).
5. Paint sludge/waste containing oil is used for co-incineration (partial replacement to coal) in the cement industry.
6. Used engine oil (100%) which is removed from the 3W-Export vehicles is being recycled and reused.
7. Other category of used oil viz., treated coolant, hydraulic oil etc., is sent to authorised recycling agency (100%).
8. All other categories of wastes are disposed through authorized agencies.
9. Recyclable packing material are being evaluated for conservation of resources (reducing Carton boxes usage)

Principle 3: Employee Wellbeing

The Company gives top priority for the employees to ensure their safety and welfare measures. The Company has put in place various policies and measures to ensure the same.

All the employees are provided with subsidized food (breakfast, lunch, snacks and tea) and transportation. Uniform is standardized across all levels/grades.

Occupational Health Centre (OHC) is available on 24/7 hour basis and is operating for medical check-up/ health of the Company employees.

The Company has provided extended mediclaim policy coverage for the benefit of employees and their family members. Flexi-time benefit is also available for the employees.

Crèche facility is in place for the benefit of women employee's children.

The Company gives training to all the employees on a rotational basis to equip them and deliver the best. Learning Convention is conducted every year to promote and nurture learning in the Company.

1	Total number of employees on roll	5,267 as at 31st March, 2017
2	Total number of employees hired on temporary/contractual/ casual basis.	7,312 as at 31st March, 2017
3	Number of permanent women employees	272 as at 31st March, 2017

4	Number of permanent employees with disabilities	Nil
5	Employee association recognised by management?	The Company has one Labour Union representing the interests and welfare of all union employees / workmen. Union elections are held once in 4 years as per the by-laws of the Union. The Company maintains a good and cordial relationship with the Union.
6	Percentage of permanent employees who are members of this recognised employee association?	100% of permanent employees in the workers grade are members of this Union.
7	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.	NIL
8	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year? (a) Permanent Employees – 95% (b) Permanent Women Employees – 100% (c) Casual/Temporary/Contractual Employees – 100% (d) Employees with Disabilities- NIL	The Company has established TVS-IQL for training the employees and making them competent in the role they are performing along with training them to handle the next role in line. Safety training involving road safety, first aid and fire safety, etc., is conducted for the employees.

Principle 4: Stakeholder Engagement

1. Has the company mapped its internal and external stakeholders?

Yes. The Company has mapped its internal and external stakeholders in a structured way and carries out engagements with investors, employees, customers, suppliers, government, regulatory authorities, trade union and local community. The Company follows a system of timely feedback and response through formal and informal channels of communication to ensure that the stakeholder information remains current and updated.

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

Yes, the Company has identified marginalized and disadvantaged groups through need assessment in all the villages where it works by engaging with the local communities.

Such marginalized and disadvantaged communities includes villagers and economically deprived children and women who are in great need of care and protection.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders.

The Company goes beyond its business activities to create social impact through its diverse initiatives and is working towards improving lives of India's marginalised and vulnerable communities.

The Company has taken initiatives under CSR focusing on key areas of Economic Development, Health, Education, Infrastructure, Environment and Social & Cultural Development.

The Company continuously strives to achieve total inclusiveness by encouraging people from all sections of the community irrespective of caste, creed or religion to benefit from its CSR initiatives which would also be focused around communities that reside in the proximity of the Company's various manufacturing locations in the country.

Principle 5: 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 does not have a separate Human Rights Policy.

The Company has put in place a Code of Conduct which is applicable to all the employees to adhere and uphold the standards contained therein.

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

During the year under review, the Company has not received any complaint from any stakeholders.

Principle 6: Environmental

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 been certified with ISO 14001:2015 & OSHAS 18001:2007 and has been consistently promoting the certification of all its key stakeholders, suppliers, dealers and contractors.

The Company's Environment, Occupational Health & Safety (EHS) Policy commits to provide support to suppliers, dealers and contractors in adopting sound EHS practices.

- Towards achieving this commitment, the Company is supporting to its suppliers to obtain EHS certification and the same is monitored through on line system, regularly.
- Dealers are encouraged to use authorised recycling agency for disposal of waste oil/ battery.
- To conserve the natural resource water, automation is being implemented for vehicle washing at dealer end.

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.

By the Company's EHS Policy, we have commitment to combat climate change by improving energy efficiency and use of renewable energy. Following actions have been carried-out towards this-

- The Company has its own captive power plant (CPP) and towards reducing fossil fuel consumption, implemented "Waste Heat recovery system" in CPP between 2002- 2012. Total emission reduction due to this implementation at Hosur and Mysore along with other energy efficient initiatives is 11,410 ton of CO2 eq per annum.
- The Company has switched over from fossil fuel (CPP) to EB power during 2013. At this juncture as an alternate to EB power, the Company invested in 7.2 MW wind power. Over the years, the Company has invested in group captive mode to the tune of 20 MW and improved the share of wind power from 19%(2013) to 30% (2016)
- Through sustained efforts towards renewable energy, the Company has implemented Roof top Solar power 3.5 MW, Heat pumps 400 tons, Solar water heating 225 KW for engine preheating, solar air heating 46 KW and compressor waste heat recovery for its various process applications.
- With all these clean development mechanism (CDM) initiatives, the share of renewable energy usage is at 29% during 2016-17 and is being planned to take it to 50% by 2020 as company's vision.
- The Company has started "Life cycle assessment" of its products and services using GaBi Software through tracking and monitoring Global Warming Potential (GWP), energy consumptions, acidification etc.

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

The Company is certified under ISO 14001: 2015 standard and has laid down procedure for Risk identification, assessment and mitigation.

Risk Identification and Assessment

The identification of Risks and Opportunities is through a process across all manufacturing and supporting functions. The input for identification of Risks and opportunities are:

- Significant aspects with score equal to and more than 36.
- Significant aspects due to Emergency conditions, Legal requirements and Interested Party Concern.
- Internal and External issues.
- Environmental conditions.
- Needs and Expectations of Interested parties.

Risk Mitigation and Monitoring

The severity of any particular risk is assessed along with the concerned departments qualitatively and the risk mitigation measures like adopting best available technology, implementation of objectives, improvement of compliance management process, adopting effective engineering controls etc., are proposed, agreed upon and monitored to implementation/dropped if circumstances change.

4. Does the company have any project related to Clean Development Mechanism? If yes, whether any environmental compliance report is filed?

Please refer Principle Nos. 2 and 6.

With all these CDM initiatives, the Company premises are covered 30% with greeneries and attract migratory birds every year.

The Company periodically files returns to Pollution control board as per legal requirement.

5. Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Clean technology:

The Company has always been making progress on developing products with fuel efficient and environment friendly technologies.

The Company is in the process of developing new hybrid vehicles with high fuel economy and significant reduction in exhaust emissions. 3 Wheeler 'King' is equipped with engines which can be operated using CNG, LPG and Gasoline.

The Company has achieved significant reduction of Hydrocarbon and NOx emissions in all TVS 2&3 wheeler models. Our vehicles are BS IV compliant.

The Company has started life cycle assessment of its products and services using GaBi software through tracking and monitoring global warming potential, energy consumption, acidification etc.

Above initiative is apart from details shared in Principle 2, Question 2.5

All new paint plants are with direct fired gas based clean fuel technology.

Energy efficiency:

Conventional lighting is changed over to energy efficient LED lighting across the Company. Hosur – 100%, Mysore – 100%, HP – 100%

Further all expansion projects are with energy efficient LED lighting technologies including office areas.

Also all Company's buildings are designed with natural lightings and ventilation with daylight harvesting to conserve energy.

All motors used are energy efficient. High capacity motors (more than 10 HP) are equipped with Variable frequency drives as a standard.

Occupancy sensors for fans & lighting, Auto cut off for hydraulic motors and compressed air are implemented across the Company and has resulted in energy savings.

Please refer to the Annexures to the Directors’ Report for energy efficiency initiatives.

Renewable energy:
Details as mentioned in Principle 6 Question 4

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

Yes. All parameters of emission / waste generation by the Company conform to the prescribed norms.

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.**

Nil. No show cause notices have been issued by the concerned authorities.

Principle 7: Policy Advocacy

1. **Is your company a member of any trade and chamber or association?**

The Company is member of:

- Confederation of Indian Industry (CII);
- Society of Indian Automobile Manufacturers (SIAM)
- Automotive Research Association of India (ARAI)
- SIAM – HCG (Human Capital Group)
- Bangalore chamber of commerce
- Employee Federation of India
- Indo Japanese chamber of commerce and Industry
- National Safety Council

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

The Company, through various industry associations, participates in advocating matters relating to advancement of the industry and public good.

The Company works closely with leading Industry Associations and Chambers of Commerce at International National, State and Local levels to advocate and pursue various causes that are in the larger interests of industry, economy, society and the public. From time-to-time these have been in areas such as economic reforms, corporate governance and transparency, affirmative action, education and skill development, women empowerment.

The Company has a separate wing Srinivasan Services Trust (SST), which

- a) Works with Government education departments and local panchayats to improve education;
- b) Introduces new income generation activities, increase in agriculture and better Livestock management;
- c) Coordinates between local bodies, government and community to maintain a clean environment;
- d) Provides easy access to Primary Healthcare and adoption of proper sanitation, hygiene and nutrition; and
- e) Supports government bodies in developing infrastructure such as roads, drinking water facilities and more.

Principle 8: Inclusive Growth

1. **Does the company have specified programmes/initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.**

Yes. As given in the Annexure IV of the Directors’ Report for the year 2016-17.

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

SST, the CSR arm of the Company does its work by its own in house team.

Area	Implementing Agency
Promoting Education	Srinivasan Services Trust Sri Sathya Sai Loka Seva Trust
Economic Development, Health care, Quality education, Environment and Infrastructure	Srinivasan Services Trust
Providing free medical care including consultation, diagnosis, comprehensive treatment and follow-up to all patients totally free of charge.	Sri Sathya Sai Central Trust
Health care activities - Mental health and neurosciences	National Institute of Mental Health & Neurosciences

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

Yes. We believe that every activity should result in some impact. We have measurable parameters for all our activities in all the 5 focus areas viz., Economic development, Healthcare, Quality Education, Infrastructure Development and Conservation of Environment. These are constantly checked by our In-house internal audit system. External evaluation is also being done to validate the impact.

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

S.No	Project	Amount
1.	Promoting Education	Rs.919.50 Lakhs
2.	Economic Development, Health care, Quality education, Environment and Infrastructure	
3.	Providing free medical care including consultation, diagnosis, comprehensive treatment and follow-up to all patients totally free of charge.	
4.	Health Care activities - Mental health and Neurosciences	

4. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community?**

Yes, SST enables communities to take ownership of the development effort. For this their participation is essential. They participate both physically and financially. SST involves the community in all its efforts and make people reach the desirable levels of economic development, health, education and environment. By making them reach the desirable development status, the community is confident and is ready to take the responsibility of continuing with their effort.

Principle 9: Customer Value

The Company continues to provide value to its Customers by increased dealer engagement and improving

service penetration, besides improvement in its products.

The Customer Relationship Management (CRM) system – TVS Motor Dealer Online System (DON) has been successfully deployed at all dealerships across India.

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

TVSM sold 2.54 Crores two wheelers since 2001-02 to December 2016 and 1.29 lakhs three wheelers since 2007-08 to Dec'2016; 192 number of consumer cases are pending in District Forum and 51 number of appeals in State Commission are pending under Consumer Protection Act, 1986; Out of 3.83 crores vehicles sold, 243 consumer cases are pending, which works out to only 0.0006%. The Company has CRM through which the Company interacts with customers and collects their feedback, which has influence over its product and service improvements.

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)

The Company provides the important information about products to the customers on timely basis through our advertisements/leaflets, etc..

Necessary technical information and product usage instructions are provided in the Product Owner's Manual cum Service Booklet and it is provided to every customer on purchase of vehicle and contains information relating to safety, operation and maintenance of the vehicle. At the time of vehicle delivery, technical features of the vehicle are explained to the customer. Product related information is also available on the Company's website. Maintenance tips, service reminders are provided at regular intervals.

The service technicians/mechanics of the Company's dealers are trained in the Product Training Centers regularly. Regular audits are conducted by external agency to ascertain effectiveness of aftersales service provided by dealers to consumers. On a routine basis, the Company's service department managers visit the dealership service centers, gives onsite training to dealers' service mechanic/technicians, meeting the consumers and resolving customer's complaints over product usage. Right from the delivery of vehicle, throughout, the Company takes necessary customer care through well established after sales service system.

For grievance handling, the company has provided dedicated toll free helpline. Details are also provided for area offices address and contact numbers, where customers can contact.

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.

There have been no cases relating to unfair trade practices, irresponsible advertising and/or anti-competitive behaviour against TVSM in the last five years.

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

The Company proactively engages in understanding consumer needs and expectations so as to serve them better. The Company regularly obtains feedback from consumers on areas of satisfaction & similarly on their concerns or areas of dis-satisfaction. So as to avoid any bias in data collection independent world reputed third party agencies are engaged to hear the consumer voice without prejudice and report this back to the Company. TVS Brands have secured the top positions in customer satisfaction as well as in service satisfaction in a highly competitive industry and that so with consistency over the last few years.





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