

ANNEXURE – E TO DIRECTORS' REPORT

BUSINESS RESPONSIBILITY REPORT

Section A: General Information about the Company

1.	Corporate Identity Number (CIN) of the Company	:	L50210PB1985PLC006473
2.	Name of the Company	:	Swaraj Engines Limited
3.	Registered address	:	Phase IV, Industrial Area, S.A.S.Nagar (Mohali), Punjab-160055
4.	Website	:	www.swarajenterprise.com
5.	E-mail id	:	selinvestor@swarajenterprise.com
6.	Financial Year reported	:	2019-20
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	:	Engines & its parts - 29104
8.	List three key products /services that the Company manufactures / provides (as in balance sheet)	:	The Company is engaged in the business of manufacturing Diesel Engines & its components.
9.	Total number of locations where business activity is undertaken by the Company		
	a. Number of International Locations	:	Nil
	b. Number of National Locations	:	1
10.	Markets served by the Company - Local / State / National / International	:	National

Section B : Financial Details of the Company

1.	Paid-up Capital (INR)	:	Rs. 12.13 crores
2.	Total Turnover (INR)	:	Rs. 786.08 crores
3.	Total profit after taxes (INR)	:	Rs. 71.04 crores
4.	Total Spending on Corporate Social Responsibility (CSR) in INR and as percentage of profit after tax (%)	:	Rs. 2.39 crores. As per Section 135 of the Companies Act, 2013, the CSR spend is 2.00% of average net profits of the preceding three financial years.
5.	List of activities in which expenditure in 4 above has been incurred	:	a) Promoting employment enhancement vocational skills b) Healthcare c) Environment

Section C : Other Details

1. Does the Company have any Subsidiary Company / Companies?

No

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).

Not Applicable

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%].

The Company has long lasting relationships with its suppliers. During the course of their association with the Company, necessary awareness is provided to enable them to adopt sustainable practices. The Company engages its major supplier base (more than 60%) through supplier meet and also appraises them on sustainability.

Section D : BR Information

1. Details of Director / Directors responsible for BR

- a. Details of Director / Directors responsible for implementation of the BR policy / policies

DIN Number	06890989
Name	Mr. Harish Chavan (w.e.f. 01-04-2020*)
Designation	Director

*For FY 2019-20: Mr. Subhash Mago (DIN 07797207), Whole-Time Director & Chief Executive Officer.

- b. Details of BR Head

DIN Number (if applicable)	Not Applicable
Name	Mr. Ajay Ghai
Designation	Sr. General Manager
Telephone number	+91 172 2234941-47
e-mail id	ghai.ajay@mahindrasel.com

2. Principle-wise (as per NVGs) BR Policy / policies

The Company's Business Responsibility is addressing the following 9 principles as per the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) and the same is supported by the Company's various policies, guidelines & manuals.

Principle 1 ("P1"): Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

Principle 2 ("P2"): Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

Principle 3 ("P3"): Businesses should promote the well-being of all employees.

Principle 4 ("P4"): Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

Principle 5 ("P5"): Businesses should respect and promote human rights.

Principle 6 ("P6"): Business should respect, protect, and make efforts to restore the environment.

Principle 7 ("P7"): Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

Principle 8 ("P8"): Businesses should support inclusive growth and equitable development.

Principle 9 ("P9"): Businesses should engage with and provide value to their customers and consumers in a responsible manner.

a. Details of compliance (Reply in Y/N)

Sr. No.	Questions	P1: Ethics and Transparency	P2: Product Responsibility	P3: Well-being of employees	P4: Responsiveness to stakeholder	P5: Respect Human Rights	P6: Environmental responsibility	P7: Public policy advocacy	P8: Support inclusive growth	P9: Engagement with customers
1.	Do you have a policy / policies for BRR	Y	Y Note 1	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	N Note 2	N Note 2	N Note 2	N Note 2	N Note 2	N Note 2	N Note 2	N Note 2	N Note 2
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	NA Note 3	Y	Y
4.	Has the policy been approved by the Board? If yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Y Note 4	N Note 4	N Note 4	N Note 4	N Note 4	N Note 4	N Note 4	N Note 4	N Note 4
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	Y
6.	Indicate the link for the policy to be viewed online ?	Y Note 5	Y Note 5	Y Note 5	Y Note 5	Y Note 5	Y Note 5	Y Note 5	Y Note 5	Y Note 5
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	Y	Y	Y	Y Note 6	Y	NA Note 3	Y	Y
10.	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	Y Note 7	Y Note 7	Y Note 7	Y Note 7	Y Note 7	Y Note 7	Y Note 7	Y Note 7	Y Note 7

Note 1: The Company complies with consumers' awareness through appropriate product labelling and operator manual & instructions supplied along with the final product (tractor) which ensure safe usage by the customer. However, Company's current control is limited till warranty period.

Note 2: While there is no formal consultation with all stakeholders, the relevant policies have evolved over a period of time by taking inputs from concerned internal stakeholders.

Note 3: This question is not applicable for influencing public and regulatory policy.

Note 4: The Code of Conduct for Directors & Employees of the Company is approved by the Board and the other relevant policies are issued by Director/CEO or being the group company of Mahindra & Mahindra Ltd., related policies for the group are referred.

Note 5: While the Code of Conduct for Directors & Employees of the Company, the Whistle Blower Policy and the Corporate Social Responsibility ("CSR") Policy are uploaded on the Company's website at <http://www.swarajenterprise.com/> policies, being a group company of Mahindra & Mahindra Ltd., other related policies for the group are available through its intranet site for information and implementation by respective internal stakeholders.

Note 6: The Company has a Whistle Blower Policy to address grievances.

Note 7: The execution of BR policies is overseen through internal processes, and Management/ Board oversight.

b. If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options) - Not Applicable

3. Governance related to BR:

a. **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO meet to assess the BR performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year:**

The Director/CEO reviews BR performance of the Company periodically during a period of 3-6 months.

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

The Company is publishing the BR Report for the first time and the same will be available on the website of the Company at www.swarajenterprise.com.

Section E : Principle-wise Performance

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

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

The Company has a Code of Conduct for Directors and all employees of the Company that covers issues, inter alia, related to ethics and bribery. It also covers all dealings with business associates. Affirmation on compliance with the Code of Conduct is taken from the Board and the Senior Management on an annual basis.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

During the reporting year, 31 complaints were received from the shareholders, all of which were attended to/resolved till date. These complaints pertain to non-receipt of dividend warrants, non-receipt of share certificates, non-receipt of Annual Report, etc.

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

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

The Company is primarily manufacturing diesel engines for fitment into "Swaraj" tractors being manufactured by Mahindra & Mahindra Ltd. ("M&M") and is currently supplying diesel engines in the range of 20 HP to 60 HP. The Company believes in developing sustainable products with optimum use of resources over the life-cycle of the product. The Company is committed to provide quality products having highest level of safety and environment friendliness. The Company's products are designed by giving due consideration to various environmental norms including emissions/noise regulations. The Company is having ISO 9001 : 2015 (Quality Management System), ISO 14001 : 2015 (Environment Management System), ISO 50001 : 2011 (Energy Management System) and ISO 45001 : 2018 (OHSAS) certifications.

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

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

The resource use is monitored per unit of equivalent engine manufactured. Performance for current and previous year on Specific Energy Consumption and Specific Water Consumption during production is appended below:

Resource Use	Unit of Measurement	Current Year 2019-20	Previous Year 2018-19
Specific Energy Consumption	Engines per GJ (Giga Joule)	2.505	2.524
Specific Water Consumption	KL/Engines	0.477	0.480

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

Due to constant focus on fuel efficiency, there would be a reduction of energy by consumers. However, tracking of such reduction is not feasible as it is highly dependent on individual customers driving habits/usage of the end product i.e. tractor.

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

The Company's sourcing practices are focussed towards optimizing logistics, returnable packaging to minimize waste and maximize re-use. The Company takes steps to ensure that its sourcing methods are sustainable. The Company's material procurement, majority of parts, is done within the country itself and majority of suppliers are located near to the Company's manufacturing location (within a radius of around 250 KMs) apart from Proprietary Part Suppliers which are common across industry. For any New Part Introduction, Production Part Approval Process (PPAP) is in place before start of the volume production (SOVP). Also supplier audits are conducted on selective basis every year to assess health check of supplier base. Supplier evaluation system is in place for inducting any new supplier. Continuous engagement with suppliers is ensured through supplier meets, business reviews etc.

- 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 has a practice of purchasing goods and services from local suppliers. The material sourcing, for majority of parts, is done within the country. The major factors influencing selection of Local Suppliers are price competitiveness & inventory management. The purchasing group shares its annual production plans with suppliers. The suppliers are provided need based, managerial and technical assistance to train them on practices and procedures that will ensure improvements in Productivity, Quality, Cost, Delivery, Safety and Moral (PQCDSM). Necessary assessments and technical support for special processes is provided during new product developments & VAVE activities.

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

It is the Company's ongoing endeavour to have a mechanism to recycle products and limit the waste arising out of production of engines. Majority of the Company's suppliers are supplying material into returnable packaging. The waste generated during machining of components is recycled by supplying the same to the Foundry of Mahindra & Mahindra Ltd.-Swaraj Division. Other scrap generated is disposed off through authorised scrap dealers.

Principle 3: Businesses should provide well-being of employees.

- Total number of employees: 762
- Total number of employees hired on temporary/third party contractual / casual basis: 419
- Number of permanent woman employees: 4

4. Number of permanent employees with disabilities: 3
5. Do you have an employee association that is recognized by management: Yes
6. What percentage of your permanent employees is members of this recognized employee association (Total Unionized Permanent Workmen/Total Permanent Workmen): 36.08%
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, and sexual harassment in the last financial year and pending, as on the end of the financial year.

Sr. No.	Category	No. of complaints filed during the financial year 2019-20	No. of complaints pending as on end of the financial year 2019-20
1.	Child labour/forced labour/involuntary labour	Nil	NA
2.	Sexual harassment	Nil	NA
3.	Discriminatory employment	Nil	NA

8. What percentage of your undermentioned employees were given safety & skill upgradation training in the last year?
 - (a) Permanent Employees: 92%
 - (b) Permanent Women Employees: 100%
 - (c) Casual / Temporary / Contractual Employees: 100%
 - (d) Employees with Disabilities: 100%

Note: Employees related data is as on 31-03-2020.

Principle 4: Businesses should respect the interest of, and be responsive towards all stakeholders, especially those that are disadvantaged, vulnerable and marginalized.

1. Has the Company mapped its internal and external stakeholders? Yes / No
Yes
2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?
The Company identifies such sections, if any, amongst the stakeholders and takes efforts to address their concerns.
3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.
The Company has identified avenues to be meaningfully engaged with the communities through structured projects for improving their livelihood through education, skill based trainings as well as health awareness programs. Under its Corporate Social Responsibility (CSR), the Company has been driving various projects to uplift the marginalized and vulnerable community. Details of key CSR initiatives have been elaborated under Principle 8.

Principle 5: Businesses should respect and promote Human Rights.

1. Does the policy of the Company on human rights cover only the Company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?
The Company respects human rights value and its efforts are directed towards adherence to applicable laws and to uphold the spirit of human right. The Company's policies inter alia Code of Conduct, Whistle Blower Policy and Policy on Prevention of Sexual Harassment at Workplace ensures that any of its violations are addressed objectively. The Company also engages its suppliers to adhere applicable regulations related to human rights.

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

No complaint was received during FY 2019-20.

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

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

The Company has a Sustainability Policy which covers responsibility to the environment.

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.

The Company's endeavour is to reduce carbon emissions, water consumption and increase in the use of renewable energy and enhance recycling of waste. The indicative list of various projects implemented in this regard is as under:

Energy Savings:

- Water cooled air dryer is replaced with air cooled dryer. Accordingly, now there is no need to run cooling towers while running of dryer, thereby saving in power consumption and carbon footprints.
- Energy efficient cooling tower has been installed for upcoming CRDI engine testing.

Water Savings:

- Ultra filtration of ETP discharge and its usage in lavatories leading to reduction in ground water extraction.

Waste Reduction:

- Introduction of online cleaning process of hydraulic oil resulting into reduction of its replenishment frequency.

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

Yes

4. Does the Company have any project related to Clean Development Mechanism (CDM)? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?

The Company does not have any CDM project at present.

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

Yes and the same are as stated under Sr. No. 2 above mentioned under Principle 6.

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

Yes

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

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

1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

While the Company is not having any direct membership of any trade/chamber/ association, as a group company of Mahindra & Mahindra Limited (M&M), its interests are represented through M&M who is holding membership in various trade associations including The Associated Chambers of Commerce and Industry of India (ASSOCHAM), Confederation of Indian Industry (CII), Employers' Federation of India (EFI), FICCI, Society of Indian Automobile Manufacturers (SIAM) and Tractor Manufacturer's Association (TMA).

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

The Company contributes through M&M when views are solicited on the related matters.

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

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

The Company has initiated various programs for inclusive growth and equitable development which include promoting employment enhancement vocational skills, health and environment. In accordance with the Companies Act, 2013, the Company has committed 2% (PBT), towards CSR initiatives and the major initiatives undertaken by the Company during FY 2019-20 are as under:

- (i) Skill Development Centre in collaboration with Technical Education and Industrial Training, Punjab
 - (ii) Medical Mobile Unit (MMU) in collaboration with GVK-EMRI to support nearby societies in health care matters by routine diagnosis and distributing medicines
 - (iii) Swachh Bharat Program in two nearby adopted villages in association with respective Gram Panchayats
 - (iv) Contribution to Health Care by providing Equipment/Infra to PGIMER - APC (Advance Paediatric Centre)/ PICU (Paediatric Intensive Care Unit) and GMCH, Chandigarh
 - (v) Skill Enhancement at Govt. ITIs (Diesel & Tractor Mechanic) by providing Engines / Infra
 - (vi) Covid-19 support by providing Masks, PPE Kits and related essential items
 - (vii) Other activities comprising of awareness campaigns towards Environment Sustainability / Safety, Blood Donation Camps etc.
2. Are the programs / projects undertaken through in-house team / own foundation / external NGO/ government structures / any other organization?

CSR initiatives are implemented either directly by the Company or through implementing partners which include NGOs having an established track record in carrying on the specific activity.

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

The Company is carrying impact assessment of major projects every year.

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

The Company's contribution to community development projects amounts to approximately Rs. 2.39 crores during the Financial Year 2019-20. Details of some of the major initiatives by the Company in FY 20 are given in Point 1 above.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

While implementing CSR projects, it is Company's endeavour that the initiative is successfully adopted and owned by the community. Below are few examples of the same:

Skill Development Centre: Out of 262 youth trained, about 60% also got placements

Medical Mobile Unit (MMU): Medical examination of 22397 people carried out

Swachh Bharat Program: Door-to-door garbage collection, maintenance of drainage, cleaning of roads, maintenance of public toilets etc. for over 15000 households in two adopted villages

Medical Equipments to Govt. Hospitals: For the treatment of public at large

Providing engines to Govt. ITIs: Approx. 250-300 students being imparted practical training through working models in each ITI

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

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

The Company manufactures engines with highest standards of inbuilt quality for fitment into various Swaraj brand tractors models manufactured by Mahindra & Mahindra Ltd. (M&M). In case any customer complaint related to engines fitted in these tractors is received by M&M, details of the same are shared with the Company for its suitable redressal. During FY 2019-20, 171 complaints were received and all were duly resolved.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)

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

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

Nil

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

No