

# CHANGING THE WORLD TOGETHER

SUSTAINABILITY REPORT 2021 | 2022





## **01. WE ARE A SUSTAINABLE ORGANIZATION**

BKT - The Sustainable Organisation	08
Highlights from FY 2021-22	18
Governance, Ethics and Compliance	26
Materiality and Stakeholders	31

## **02. WE CONTRIBUTE TO SUSTAINABLE MOBILITY**

Responsible Business Performance	38
Product & Technology	42
Internal Case Study	51

## **03. WE ARE COMMITTED TO A SUSTAINABLE ENVIRONMENT**

Environmental Stewardship	58
Sustainable Process Transformation	71

## **04. WE CARE FOR A SUSTAINABLE SOCIETY**

Our People	76
Our Communities	86

## **05. ANNEXURES**

Performance Data Dashboard	100
Materiality and KPI map	104
Assurance Statement	108
GRI Standards Index	112

## Management Thoughts on Sustainable Leadership



**Arvind Poddar**  
Chairman and Managing Director

"The focus of BKT's philosophy lies in its care and concern for all its stakeholders. This is reflected in the motto 'sharing is caring' - a secret and the reason why we have been Growing Together for so long.

The company has grown at the same pace as the expansion of its five state-of-the-art production sites in India, which are the hallmark for successful corporate operations and activities. Even though our industrial success has always been based on innovation, we have built and grown our projects by means of what are considered today the three pillars of sustainability: Environment, Social, and Governance

Based on traditional values that are part of our original culture, we have focused on human and environmental aspects at all times. To emphasize our commitment towards these values, we have initiated our latest sustainability campaign called 'Leaf. Our Energy'. It conveys a clear message: there is no future without the breeze of sustainability.

BKT is aware of humanity's fundamental need of living in a healthy environment, of preserving natural resources, reducing waste, and of finding an ecological balance among all our processes. Being sustainable for BKT hence not only means being financially stable, technically advanced, anticipating market needs, or understanding economic changes. Yet, sustainability is like a lens that allows us to evaluate new materials, energy-saving processes, initiatives to recycle raw materials, and so forth. We actually consider it of fundamental importance to focus on people, their well-being and on both their personal and professional growth. At BKT we evaluate short, medium- and long-term sustainability risks and opportunities. We formulate a sustainability strategy based on this thinking.

In the face of COVID-19, when every business was subject to change, the continuity of our operations was much appreciated by all our internal and external stakeholders. This was possible because of our team's ability to adapt to the prevailing situation and to perform to their full potential. The recent pandemic has also been a good opportunity to reinvent ourselves. We focused on improving and optimizing all our plants even more, aiming for the best performance possible. We used this time strategically to answer current challenges and possible future ones.

The spread of COVID-19 worldwide implied new kinds of challenges for the company. It was important to continue operations and maintain our customers across different geographic areas. Each day brought a new challenge, which demanded our attention and resources in a different way. In these intense times, the BKT Team excelled in delivering high-level performances. Our plants, indeed, operated at full capacity adhering to all COVID-19 protocols and government regulations. We found and encouraged alternative ways of working.

In some countries it might appear as normal, but in India, which was heavily hit by the pandemic, BKT was one of the first companies to directly arrange the COVID-19 vaccine making sure that all employees and their family members received full vaccine coverage in the shortest possible time. The pandemic and all its correlated devastating forces have generated new emotions in us. Perhaps for the first time in the modern era, we have seen the deep fragility of the human race if faced with illness, uncertainties of life, and an invisible enemy. Meanwhile, we rediscovered the true meaning of Community. We put all our strengths and all the means at our disposal together to help each other as much as we could.

One of America's most quoted motivational writers, **William Arthur Ward**, once said: '**Adversity causes some men to break; others to break records**'. And we feel grateful and proud that we have been able to break records in times of adversity."

"The COVID-19 outbreak was a unique and unprecedented challenge for all of us - both physically and mentally. It is well known that important lessons in life are taught through difficult times, and that every cloud has a silver lining. At BKT, we managed to overcome everything thanks to the superb performance by all our team members. We enjoy challenges since they help us grow by the day. It is our values, strategic plans, and each individual's thoughts that make us ready to roll into the future to strive for even greater mutual success.

Despite the challenging times, we are proud to inform you that we were able to commission critical projects such as the Carbon Black and Super Giant OTR plants despite all unfavorable circumstances. Our deep appreciation goes to our engineers who installed and commissioned large and critical equipment entirely on their own without any external assistance. This also conveyed the positive message that the pandemic was no stumbling block for BKT.

On the contrary, we took the situation as an opportunity to stand out. Because we BKTians strongly believe that challenges are part of life. What really matters is the way we master such challenges and move ahead. With a spirit of confidence to overcome any adversity, we have increased our operations to achieve peak performance that will open new opportunities and challenges. It was our belief in human capability that prepared us to deal with the inevitable.

Our manufacturing plants are where we shape the future of our company. It is the place where magic happens, where we create the products to cater for our clients' needs. And it is those products that speak for us all over the world and convince customers because of their high quality and durability. Substantial investments made in infrastructures enabled us to meet the demand and strengthen our position in global markets. These essential infrastructural developments play a key role in promoting and introducing new technologies, facilitating innovation in all our processes to enable the development of new and highly technological tires. Manufacturing operations are in a transformation process to improve business agility.

Our emphasis lies on promoting a new set of leadership skills to manage and motivate our team as a resource that will drive our strategic agenda. We believe that frequent recognition and employee engagement are the cornerstones for our corporate success.

BKT keeps faith in fundamental values such as sharing, generosity, and strength that permeate our business activities worldwide. We have taken initiatives to foster Community Wellbeing because we are aware that solidarity and social responsibility are of profound importance. Generous compassion is one of the values, on which BKT has been founded, and that help us look towards the future without fear. Our ambitions are the drive for tangible policies that enable us to take early actions and being proactive.

BKT is always prepared for the ever-changing market demands. We accept new challenges as soon as they come up making the best out of them. Because challenges do not mean difficulties, but challenges are opportunities to grow. We always strive to protect and strengthen our brand reputation to increase customer and public confidence.

Always Growing Together".



**Rajiv Poddar**  
Joint Managing Director



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# BKT The Sustainable Organisation

Six Decades Serving Global Markets

**A large Indian public company, a multinational Off-Highway tire manufacturer, a market-leader in specialty segment.**

*A large Indian public company, a multinational Off-Highway tire manufacturer, a market-leader in a specialty segment.*

**TURNOVER**  
**INR 8,180.56 crores**  
**USD 1,079 million**

**TOTAL INCOME**  
**INR 8,697.31 crores**  
**USD 1,147 million**

**PROFIT AFTER TAX**  
**USD 186 million**

**MARKET CAP**  
**USD 5,448 million**

*As a four-star Indian Export House, BKT is a globally operating, established and responsible Company, providing top performance products and creating highly positive value to its stakeholders.*

**MARKETS SERVED**  
**160+**

**CORPORATE OFFICE**  
**Mumbai**

**GLOBAL MARKET SHARE**  
**~5%**

**EXPORTS**  
**80% | domestic market: 20%**

*We are a pioneer in technology thanks to local workforce and in-house facilities.*

**Our six manufacturing facilities in India include five tire plants, one mold plant, and an integrated in-house carbon black plant.**

*Our six-decade-long experience and a strong corporate culture combined with state-of-the-art technology make BKT a well-balanced Company with focus on future sustainability.*

**SUBSIDIARIES WORLDWIDE**  
**6**

*We produce 846 metric tons of tires per day.*

**NEW TIRE SIZES INTRODUCED EVERY YEAR**  
**70-100**

*Our product range is market leading with over 3,200 Off-Highway tires in numerous speciality segments.*

**Each tire undergoes 500+ quality tests during its production cycle.**

*First in India to obtain REACH compliance. First in India to set up an ultra-large OTR radial tire plant in FY 2021-22.*

**SALARIED EMPLOYEES**  
**3,229**

**WAGED WORKERS**  
**6,578**

**TOTAL WORKFORCE**  
**+9,800 people**

**STAFF TURNOVER RATES IN THE INDUSTRY**  
**One of the lowest**

**Balakrishna Industries Ltd. is a publicly traded Company, listed on BSE & NSE, India. Our Company standing indicates consistent performance supported by customer testimonials and patronage.**

**Customers**

Our clientele includes prestigious OEMs such as Caterpillar, Dynapac, JCB, John Deere, CNH, CLAAS, SDF, Bomag, Mahindra, Tafe, etc.

**Market Segments:** Agriculture, Industrial, Construction, Mining, Earthmoving (OTR) and others.



**Markets**

160+ countries across Europe, North and South America, Australia and New Zealand, Middle East, Africa, Asia. Our local markets in India includes UP, Punjab, Haryana, Maharashtra, MP, Chattisgarh, Bihar, Jharkhand.

**Our financial performance** extremely satisfying to our investors and shareholders based on increasing market capitalization, consistent dividends, and strong scores across financial metrics.

**Our value creation approach** involves all stakeholders as part of our success thanks to continuous CSR investments, employee care, responsible environmental activities and a strong governance.

**Offices**

- Registered Office: B-66, Waluj MIDC, Waluj Industrial Area, Aurangabad 431 136 (Maharashtra)
- Corporate Office: BKT House, C/15, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (W), Mumbai – 400 013 (Maharashtra)

**Our five tire manufacturing sites**

- B-66, Waluj MIDC, Waluj Industrial Area, Aurangabad 431 136 (Maharashtra)
- F-19/20, Gut no 62, 65, 66, Waluj MIDC, Village Wadgaon Kolhati, Aurangabad 431 136 (Maharashtra)

- SP-923, RIICO Industrial Area, Phase-III, P.O. Bhiwadi 301 019 District - Alwar (Rajasthan)
- A-300-305 & E-306-313 RIICO Industrial Area, Chopanki P.O. Bhiwadi 301 707, District - Alwar (Rajasthan)
- Bhuj Bhachau Road, S.H.No.42, Village Padhdhar, Taluka Bhuj 370 105, District - Kutch (Gujarat)

**Carbon Black Plant:** Bhuj Bhachau Road, S.H.No.42, Village Padhdhar, Taluka Bhuj 370 105, District - Kutch (Gujarat)

**Wind Farm:** Village Soda Mada, Tehsil: Fatehgarh, District - Jaisalmer (Rajasthan)

**Mold Plant:** C-21, M.I.D.C, Phase No. I, Dombivali (E) 421 203, District - Thane (Maharashtra)

**6 Subsidiary Companies** with 100% holding

- BKT TYRES LTD. BKT House, C/15, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400013
- BKT TIRES (CANADA) INC. 55 York Street, Suite 401, Toronto, Ontario M5J 1R7, Canada
- BKT USA INC. 2660 West Market St. Suite 100, Fairlawn (Akron) OH 44333, USA
- BKT EUROPE S.R.L. Viale Della Repubblica, 133 20831 Seregno (MB) Italy
- BKT EXIM US, INC. 960 Holmdel Road, Suite 2-02, Holmdel, NJ 07733
- BKT TIRES, INC. 960 Holmdel Road, Suite 2-02, Holmdel, NJ 07734

# Our Vision for Responsible Growth



We aim at:

INCREASING SALES VOLUME

To 360,000 MT in FY 2022-23

RAISING OUR MARKET SHARE

from ~ 5 to 10% by 2025



Our growth expectations are based on the recent expansion of production capacities

FY 2021-2022:

setup of India's first ultra-large radial OTR tire plant at Bhuj

THE BHUJ PLANT IS NOW LAID OUT FOR a total capacity of 360,000 MT to be achieved by FY 2022-23



Responsible growth includes environmental stewardship

ALL PLANTS WILL BE

ZLD (zero liquid discharge)

DECREASE OF GREENHOUSE GAS EMISSIONS

-25%

ALL PLANTS

will be fed by solar power



Our main 10-year goals:

TO ACHIEVE

20% waste reduction

TO ACHIEVE

8-10% reduction of resources

# Sustainability Commitments

## Sustainability Reporting

As a responsible global corporate citizen, BKT has committed to global and national frameworks in terms of business responsibility.

National framework: We produce BRR in our annual report in line with SEBI guidelines.

Global framework: Since FY 2019-20 we have committed ourselves to Sustainability Reporting based on GRI Standards.

As a thorough preparatory step to reporting, in FY 2019-20 and FY 2020-21 we issued internal sustainability reports for our own learning aptitude validated by both audits and assurance.

We are hereby presenting our externally assured sustainability report FY 2021-22 in accordance with the Core option of GRI Standards. This is our first publicly shared (annual) sustainability report.

Scope and boundaries: Economic, Social and Environmental performance during FY 2021-22 are covered in the report.

Economic category: Global

boundary matching corresponds to the entities included in our annual report boundaries, comprising global operations and wholly owned subsidiaries. It also includes our carbon black plant. No changes in the capital structure which might have a bearing on this report.

Social and environmental category: India operations only (since our major CSR and environmental initiatives and impacts are focused in India where our production plants are located).

Boundary of material topics shared in the annexures.

The report content has been defined according to GRI principles and content development guidance and input received from internal stakeholders and managers combined with our internally and externally audited data dashboards.

Contact person: Mr. A.K. Sharma: anil.sharma@bkt-tires.com



## Being Sustainable

**A company like BKT grows in proportion as to the value it is attributed, as to the reputation attributed by the community.**

This is why it is important to us to let know that all processes we adopt, all our technologies, all our tires are the result of an extraordinary business opportunity realized by the consent of all stakeholders. This strong and incontestable consensus will further grow if we go ahead making Sustainability a priority in our future.

This is why we have a sustainable approach in all our activities and operations, in our processes, in our strategies that aim at promoting and sustaining both economic and social wellbeings as well as environmental protection.

We firmly believe that our presence as a company on this planet shall have a purpose, shall be useful to people in order to make our contribution to sustainable development that is available to everybody.

**As a responsible global corporate citizen, BKT has committed to global and national frameworks in terms of business responsibility.**



# Sustainability Commitments



QUALITY POLICY



COMPLIANCE



ENVIRONMENTAL POLICY



HEALTH AND SAFETY POLICY



CERTIFICATIONS FOR EXCELLENCE



ETHICS POLICY



EMPLOYEE WELFARE POLICIES



ZERO COMPROMISE ON ETHICS



CLEAN TECHNOLOGY



CSR POLICY



CODE OF CONDUCT



GREEN ENERGY



SUPPLIER CODE OF CONDUCT



ENVIRONMENTAL MANAGEMENT SYSTEMS



WHISTLEBLOWER AND VIGIL MECHANISM POLICY



PRECAUTIONARY PRINCIPLE ENDORSEMENT

# Sustainability Highlights

- We manufacture tires in a highly responsible manner referred to all processes from the selection of materials to the final product stage, including quality controls and logistics.
- We focus on durability to extend our tire's lifecycles, making them more sustainable to our customers.
- We reuse raw materials to make our tires more sustainable products.
- Continuous process optimization is based on sustainable innovations.
- Our 1:1 material input-output ratio with 99% efficiency indicates minimal process losses.
- Our logistics plans embed emission reduction strategies.
- We turned toward green energy in 2004 when we set up our first wind farm in Rajasthan.
- We soon envisaged a stronger commitment to renewable energy by setting up our solar power plant at Chopanki in 2017.
- 2019: We started the transition from coal-fired boilers to gas-fired boilers at Bhiwadi and Chopanki as a new step in emission reductions, which is now completed at 100% conversion.
- Our staff turnover rate is one of the lowest in the industry ranking (approx. 5.09 % in FY 2020-21 and 6.89 % in FY 2021-22) testifying our sustainable workforce.
- Our CSR efforts have consistently induced social changes at grassroots levels.
- Based on our CSR Policy, the Board's CSR Committee brings in the needed direction and focus on Community care.

**We have set up a Business Responsibility and Sustainability Committee of the Board to focus on business responsibility and reporting aspects.**



# Highlights FY 2021-22



## Business & Governance

- Turnover USD 1,079 million.
- Strong business performance despite the pandemic.
- Carbon Black plant, a backward-integration project, providing autonomy, major quality, cost and sustainability benefits.
- 100% of our carbon black requirements are met in-house.
- REACH compliant products without no harmful substances.
- High customer satisfaction, trust and renewals.
- Substantial investment in R&D.
- 100% customer retention.
- No product recalls.
- Ongoing digital transformation.
- Vendor audits intensified in FY 2021-22.



## Social

- 3,229 salaried employees and 6,578 wageworkers.
- Low staff turnover rate.
- Cordial employee relations. No incident of unrest.
- Zero complaints about unethical issues.
- No cases of child or forced labor, no POSH-related complaints, no, discrimination or other human rights violation.
- Safe Working Conditions.
- 100% training for employees and workers, and constant skilling.
- Community care with continued focus on education, food, and health including Covid-19 care.



## Environmental

- Internal Covid-19 care: employee care, establishment of intensive care and high-dependency care units on site.
- External Covid-19 care: food grains, PPEs, and safety gears.
- CSR spending: INR 24.89 crores
- USD 3.28 million (11 lakhs above the 2% mandate).
- Continuous resource preservation.
- Our 3-year trend in raw material, energy and water consumption is in decline.
- Green energy continues to meet our energy requirements (solar plants and windfarm).
- 33% green energy coverage achieved in the region of Bhuj.
- Bhuj plant: zero liquid discharge.
- 14.9% waste reduction over the last 3 years.
- Substantial investments in:
  - low-sulphate alternative fuel;
  - condensate recovery systems;
  - gas-fired boilers to eliminate coal and contain emissions.
- 2.5 % usage of recycled material out of total raw material.
- 100% substitution of coal-fired boilers with gas-fired boilers at Bhiwadi and Chopanki plants.
- Minimum process waste.
- No notices on environment-related regulations.

# Being BKT

In a nutshell

## Tires are our business...

While the group foundation dates back to the 1950s, Balkrishna Industries Limited (BKT) started its Off-Highway tire business in 1987. For over 30 years, BKT has successfully focused on specialist segments such as agricultural, construction and industrial as well as earthmoving, port and mining, ATV, and gardening applications.

## ...but your business is at our core.

BKT has always been at the forefront when it comes to sustainable tire manufacturing, and the numerous awards received speak volumes. BKT takes care of its people, their well-being, and the environment they live in.

Being Sustainable is our traditional and modern mindset. Manufacturing tires is easy from a technical viewpoint. The real challenge is producing them responsibly.

BKT has taken up this challenge. BKT is attentive to people and the environment, in which they live.

**Being Sustainable is our traditional and modern mindset. Manufacturing tires is easy from a technical viewpoint. The real challenge is producing them responsibly.**



Our founding purpose was manufacturing niche products to meet specific customer needs while caring for our employees at work. Later we adopted a game changer attitude.

With the spirit of flying high and looking beyond current horizons, we have always surpassed our set goals by means of continuous innovation in products, technology, and processes - never forgetting the human element.

Now we are backed by the confidence of our stakeholders thanks to our strong and spiritual leadership having turned a niche market into our main business.

## Vision

TO ACHIEVE A LEADERSHIP POSITION IN THE GLOBAL OFF-HIGHWAY TIRE MARKET

## Mission

GROWING TOGETHER

## Core Values

OUR TRADITIONAL VALUES QUALITY, TRUST, EXCELLENCE, INNOVATION, AND LEADERSHIP MERGE NOW UNDER THE UMBRELLA OF SUSTAINABILITY

# Some BKT Milestones

## Current Scenario

**~5%**

MARKET SHARE IN THE GLOBAL OFF-HIGHWAY TIRE MARKET

**~20%**

PRODUCTION SERVING INDIA

**~25%**

MARKET SHARE IN EUROPE



CONTINUOUS EXPANSION PLANS TO FACE THE EVER-GROWING MARKET DEMAND



**1987** >>  
1st Plant in Aurangabad inaugurated by our Founder Chairman, Late Mr. M P Poddar.

**1995** >>  
Off-Highway tire production start.  
Launch of implement and tractor front tires.

**2002** >>  
Second tire plant established in Bhiwadi, a brownfield plant.

**2003** >>  
Production of ATV, Gardening and Earthmover Tires.

**2004** >>  
Launch of radial AGRIMAX tires.  
Setup tire mould manufacturing plant at Dombivli (Maharashtra) for captive use.

**2006** >>  
Establishment of third production plant at Chopanki (Rajasthan) as a greenfield project.

**2008** >>  
Launch of EARTHMAX tires, a radial OTR tire range.

**2009** >>  
Turnover crossed INR 1000 crore.

**2015** >>  
Inauguration of our largest state-of-the-art production site at Bhuj, a greenfield project.

**2018** >>  
CAPEX announcement for Wāluj and Bhuj.

**2019** >>  
Manufacturing start of 51" giant OTR tires at Bhuj.

**2020** >>  
Backward integration project: In-house Carbon Black plant provides autonomy and tailored performance of this essential raw material.

# The Cornerstones of Being BKT

**Growing Together – our motto of mutual growth stimulates and motivates our people.**



## Balance

- Being truly glocal embodying the 'Think Global, Act Local' strategy.
- Blending traditional values of family culture with professional work ethos and modern cutting-edge innovation.
- Remaining true and loyal to our past while reinventing and repositioning ourselves.
- Learning from the past for future breakthroughs.
- Local knowhow and technology for global markets.
- Balancing multiple stakeholder interests.
- Appreciating the human touch in a high-tech environment.

## People-Centric Culture

- Keeping alive the founder's mantra to focus on our employees' needs.
- Feeling responsible for our employees' wellbeing.
- Mutual respect and trust between leaders and employees.
- Growing Together – our motto of mutual growth stimulates and motivates our people.
- Being a great team moving in the same direction by creating synergies.
- Open communication culture.
- Encouragement for experimentation, acceptance of failures, and constant motivation for excellence.
- Workers' safety first before any production or productivity need.

## Responsible Company

- Binding governance philosophy, core values, structures and inbuilt processes.
- 100% compliance.
- Clean record without violations, sanctions, or breaches of any kind.
- High level of employee engagement, lowest turnover along with resilient engagement even during the pandemic.
- Commitment to value creation on multiple bases such as business growth, and care for employees, communities and not least our Planet.
- Responsible and sustainable product manufacturing by means of sustainable processes.
- Green energy, plantations, and resource conservation initiatives.
- Positive impact on communities through CSR endeavors.



# Governance, Ethics and Compliance

**Material Topic**  
Ethics and compliance

- Material Goals**
- To maintain 100% compliance
  - To maintain a no-violation status

## Our approach

We believe that zero tolerance and zero breach in ethical matters is a must.

FOR THE PURPOSE OF STAYING ALWAYS ON THE RIGHT SIDE OF LAW AND ETHICS, WE HAVE DEVELOPED POLICIES AND SYSTEMS THAT REFLECT OUR GOVERNANCE AND CORPORATE PHILOSOPHY.

OUR STRATEGY INVOLVES BUILDING AWARENESS AND A RESPONSIBLE TEAM. CONTINUOUS EVALUATION AND MONITORING ARE IMPORTANT STEPS TO ENSURE THE ALIGNMENT WITH BOTH OUR GOVERNANCE VALUES AND VISION.

ONCE AGAIN, WE ACHIEVED OUR GOAL OF 100% COMPLIANCE AND NO-VIOLATION STATUS IN THE PAST FINANCIAL YEAR.

The core values guiding our governance are deeply rooted within our organization:  
*Quality, Trust, Innovation, Excellence, Leadership.*

OUR GOVERNANCE PHILOSOPHY AND APPROACH REFLECT TRUSTEESHIP, INTEGRITY, TRANSPARENCY, ACCOUNTABILITY.

## Ethics is a watchword at BKT

We do not tolerate any sort of discrimination throughout our operations and conduct. Our ethical approach and anti-corruption practices are reflected in our Governance Policies and Code of Conduct as well as in the zero incidence of violation. All our people are well-trained in matters of ethics, integrity, human rights and similar topics. Our Procurement is committed to compliance and our **Supplier Code of Conduct** keeps any possible violations at bay. Our compliance records are consistently excellent indicating 100% adherence throughout operations.

Our Board of Directors and Board Committees are led by highly accomplished and committed leaders. The Board upholds the values and sets both direction and strategy for the three central points in our business, namely Economic, Social and Environmental.



A set of specific policies, systems, and guidelines - among these Whistleblower Policy, POSH, Supplier Code of Conduct - enable us to implement and put into practice organization wide all directions by the Board fostering individual responsibility and behavior.

**Our policies on anti-corruption, health and safety and human rights are applicable to all employees and are extended to our temporary workforce as well.**

In addition, we have a CSR Committee at Board level leading and overseeing our CSR agenda, initiatives and actions. The committee frames the CSR Policy, recommends action plans, reviews actions and monitors their implementation. The CSR Committee met four times in the last year.

**All our people are well-trained in matters of ethics, integrity, human rights and similar topics.**

**Our commitment to business responsibility is reflected in having set up at Board level a Committee on Business Responsibility & Sustainability, which frames our business responsibility policies, reviews and implements BRSR reporting. The Committee is chaired by a non-executive independent Director.**

→ Details of our governance structure, composition, Committees, and policies are available in our Annual Report <https://www.bkt-tires.com/Integrated Annual Report 2021-22.pdf>

→ For BRR details and all the policy please visit <https://www.bkt-tires.com/ww/en/investors-desk>

**Our advocacy platforms include the following memberships:**

FEDERATION OF INDIAN EXPORT ORGANIZATIONS (FIEO)

CHEMICAL & ALLIED EXPORT PROMOTION COUNCIL OF INDIA (CAPEXIL)

ALL INDIA RUBBER INDUSTRIES ASSOCIATION (AIRIA)

CHIEF HUMAN RESOURCES OFFICER FORUM (CHRO)

THE EUROPEAN TIRE & RIM TECHNICAL ORGANIZATION (ETRTO)

THE TIRE & RIM ASSOCIATION (T&RA)

BHIWADI MANUFACTURERS ASSOCIATION (BMA)

CHAMBER OF MARATHWADA INDUSTRIES AND AGRICULTURE (CMIA)

BOMBAY CHAMBER OF COMMERCE (BCC)



**Human rights and related aspects**

Responsible Business principles are reflected in our firm attitude to human rights, the prohibition of child labor and forced labor, and in promoting the freedom of associations – these are the bases of our Code of Conduct.

Our vendor audits, started this year, recognize BKT’s inclination to human rights.

All our employees and workers including security personnel have received specific awareness training on human rights.

Non-discrimination and equal opportunity are customary across all functions.

Our CSR endeavors are sensitive to possible fallouts, which have not yet occurred, and the protection of rights of communities, in particular those of native people if they are present within our reach.

**Compliance**

Our compliance stance is evident in our good governance factsheet:

FY 2021-22

- Zero complaints on unethical practices.
- No cases/complaints on child labor/forced labor,
- No cases on POSH or discrimination.
- No notices on violations of environmental or social regulations. No cases nor sanctions related to unfair trade practices, advertising or anti-competitive behavior.

- Adherence to compliance in all domains: economic, social and environmental regulation.
- Six customer cases pending redressal in the financial year.
- ISO9001:2015 for Quality Management, and ISO 14001:2015 for Environmental Management help us put our compliance stance to practice.
- All the emissions generated by BKT production plants are perfectly within the limits prescribed by the State Pollution Control Board (SPCB) of the Indian States we operate in, and by the Indian Central Pollution Control Board (CPCB).
- BKT was the first tire manufacturing Company in India to obtain REACH certification in 2009 as per EU standards.

**Risk Mitigation**

Our Company has implemented strong risk mitigation measures due to which non-covid risks are fairly mitigated by means of strong governance, high technology, operational excellence, market expansion, deeper penetration into market segments, backward integration, a high range of SKUs, highly engaged employees with the lowest turnover rate, and excellent industrial relations.

As an Indian Export House, we are subject to the risk of foreign currency fluctuations but on the other hand we also enjoy a natural hedge, since most of our revenue is in foreign currency.

**Even though Covid-19 posed serious health risks** to our employees we took care of our

**Responsible Business principles are reflected in our firm attitude to human rights, the prohibition of child labor and forced labor, and in promoting the freedom of associations – these are the bases of our Code of Conduct.**

people by means of responsive measures. Food, health care, testing, isolations and intensive care as required were all managed smoothly by our agile and vigilant internal teams. We also catered for the needs of our local regions and externally full of humanitarian spirit and altruism.

We are aware of **the global and local risks the pandemic** has posed to most businesses. For our industry as a whole, this involved raw material shortage due to the shutdown of manufacturing units and supply chain disruptions across the world, raising costs of raw materials and logistics.

Lockdowns across the globe also pulled down the demand. By leveraging our strength we were able to brave the storm, and our organization has demonstrated a strong risk management as well as strong business resilience despite all adversities during the past two years.



**POSITIVE OUTLOOK**

**In post-covid times, recovery has definitely livened up demand, and our long-term prospects remain highly positive, backed by strong fundamentals.**

# Materiality and Stakeholders

Materiality determination is a crucial exercise for both our organization and stakeholders. In regular brainstorming session among top management and stakeholders, we determine material topics for the year ahead from global, national and industry-related viewpoints. The analysis includes mainly our risk assessment framework, sustainability challenges and our business strategy. Stakeholder feedback represents a key input to formulate

connections to policy and strategy as well as updates based on the material topic identification.

There is a mutual and reciprocal interrelation between business and stakeholders influencing each other and building a two-dimensional assessment process. The outcome is a set of topics spreading across economic, social and environmental categories.

Analysis and reflection in relation to the assessment conducted

In the year FY 2021-22, indicated the need to consider the same set identified in the year before with some slight revisions. The previous six material topics have been expanded to a set of nine. Each material topic includes a set of material goals that we pursue with conscious approach, strategy, monitoring mechanisms and performance evaluation - all of which are included in this report.

## Material Topics identified for FY 2021-22





# Our Stakeholders

**“Growing together” is our motto for mutual growth, reflecting also our inclusion philosophy.**

Stakeholders are a natural and integral part of all our actions at BKT.

Key stakeholders are identified, selected and prioritized based on their **influence, involvement and impact** on BKT as well as vice versa.

**We consider key stakeholders all our customers, employees, workers, vendors, shareholders and investors, government bodies, civil society, media and our communities.**

Our mutual approach consists in sharing and spreading information and intellectual resources, as well as achievements, progress and knowledge in addition to caring about people, environment, and society.

Feedback from our stakeholders is acquired through both formal and informal channels of communication such as surveys,

telephone calls, meetings, video calls, discussions, periodic meetings, reviews etc.

Our **shareholders and investors** receive periodical updates even beyond the regular annual meetings. Our **suppliers** can contact us anytime and receive frequent communication and updates.

Our **customers** and partners can rely on preferred communication through various channels such as meetings, workshops, exhibitions, newsletters, product advertising campaigns, corporate print and digital media and TV campaigns.

**BKT Europe**, our subsidiary in Italy, provides special customer experience an experiential opportunities to our customers. All stakeholders can get more insights into our company through our website, social media channels and news streaming activities.

Our employees dispose of formal and informal communication and engagement channels. They can participate in Success Stories, an engagement initiative at BKT, and in National and social festivals as well as several wellbeing initiatives.

We engage with our communities within the scope of our CSR projects embracing health, education and rural development.

We closely align and cooperate with the **government and regulatory agencies** and enjoy a compliant status on regulatory policies.


We are members of All India Rubber Industries Association (AIRIA), Bombay Chamber of Commerce (BCC), Chemical and Allied Export Promotion Council of India (CAPEXIL), Federation of Indian Export Organization (FIEO) and other associations for our advocacy positions and efforts.

Our media presence is moderate and humble, true to our philosophy of simplicity and humility with great service.

*Please refer to annexures for details on material goals that drove our sustainability performance in FY 2021-22*



**Our mutual approach consists in sharing and spreading information and intellectual resources, as well as achievements, progress and knowledge in addition to caring about people, caring, environment, and society.**



# WE CONTRIBUTE TO SUSTAINABLE MOBILITY

Responsible Business Performance

38

Product & Technology

42

Internal Case Study

51

SUSTAINABLE MOBILITY HAS COME INTO VOGUE AS A KEY WORD IN THE SECOND DECADE OF THE 21ST CENTURY.

**Sustainable mobility involves everyone at every corner of the world, from the richest to the poorest, from short to long distances, from private to public and material transportation - on the road, on waterways and in the air.**



**As a tire manufacturer, we are glad and proud that we have both the privilege and responsibility to directly contribute to sustainable mobility.**

It is indeed our business to provide mobility to our customers by means of Off-Highway tire that are produced in a both responsible and sustainable manner.

Sustainability starts from raw materials selection and

includes internally recycled components. **All operations and processes embed sustainable innovations, efficient material management and clean technologies, thus making key processes highly sustainable in their intent and implementation.**

In addition, we focus on both resource conservation and emission and waste reduction.

BKT products are enhanced through cutting-edge technology and high-quality processes for an extended product life-cycle. Moreover, our tires are designed to cater for customers' specific needs in a variety of applications in multiple sectors and segments.

In a nutshell, **we produce sustainable tires** to be fitted on our customers' sustainable equipment for more and more sustainable operations, providing durable performance, and making hence a true and effective contribution to Sustainable Mobility.

This is why Sustainable Mobility is a key topic in this Report.

# Responsible Business Performance

**Our approach to economic performance has always been inclusive as to our motto “Growing together”.**

THE ECONOMIC VALUE WE GENERATE AND DISTRIBUTE FINDS SEVERAL CHANNELS FOR EQUITABLE GROWTH.

We are a responsible Company, which creates:

- economic value for our ecosystem
- considerable social value through employee care
- indirect economic benefits through CSR
- environmental value through resource conservation and innovation.

Thus, we create sustainable value across three bottom lines. Our market presence is that of a Global Company with a local reach as well.

## TURNOVER

**INR 8,180.56 crores**  
**USD 1,079 million**

## TOTAL INCOME

**INR 8,697.31 crores**  
**USD 1,147 million**

## EBITDA

**INR 2,406.10 crores**  
**USD 317 million**

## SALES VOLUME

**288,795 MT**  
**27% growth**

## ROCE

**25% for two years**  
**consistently**

## PROFIT AFTER TAX

**USD 186 million**

## CERTIFICATIONS

Plant	Certificates		
BKT-Bhuj	ISO 9001:2015	ISO 14001: 2015 ISO 45001-2018	ISO 17025:200 (NABL) DSIR Registration for R&D
BKT-Chopanki	ISO 9001:2015	ISO 14001:2015	ISO 17025:200 (NABL) DSIR Registration for R&D
BKT-Bhiwadi	ISO 9001:2015	ISO 14001:2015	
BKT-Waluj	ISO 9001:2015	ISO 14001:2015	



**Our business involves the challenge to provide a large variety of specialty products some of them in low volume for each variant or size in order to cater for our customers' specific needs. This combination requires a both capital- and labor-intensive investment.**

We leverage our technological strength and people engagement skills to the hilt, coupled with high capex investments, in order to **turn this challenge into an advantage.**

Over the time we shifted from bias to radial tires with increasing

dimensions, and our latest move from giants to ultra-large OTR radial tires for earthmoving and mining applications are just some the examples of our farsighted business approach. No matter the challenges in the Off-Highway tire segment, the focus on our strengths enables us to master all.



**Digitization**

**WE STARTED THE JOURNEY OF DIGITIZATION IN 2018. BY FY 2021-22, WE REALIZED THAT DIGITIZATION WAS FUTURE- PROOFING OUR ORGANIZATION IN MANY WAYS, SAVING TIME, COSTS, INCREASING TRANSPARENCY, EFFICIENCY AND CUSTOMER SATISFACTION.**

Our initiative of digitization continued to pick up pace and scale in FY 2021-22. Our commitment expanded over a new digital platform in 2021.

We digitized invoice signatures of our vendors. Banking transactions such as remittances came under our digitization. As we stand on further plans on our digital journey for the year ahead, we look forward to sharing our story of digitization in the year to come.

**High Growth Performance**

FY 2021-22 was characterized by high growth throughout all major business indicators: sales volume, revenue, profits, EBITDA, PAT - **all figures had a considerable upswing** despite the globally pervasive challenge, and continued to maintain the five-year trend of upward movement.

Our relentless **pursuit of excellence** and growth based on strong fundamentals and sharp focus on scale, agility and resilience yielded yet another year of superlative performance across bottom lines right amidst the challenge and the aftermath of the Covid-19 pandemic.

Our **open mindset and steering ahead** guides us successfully through all external adversities. Our people are our greatest asset, who support us with their team spirit on our path ahead.

We are pursuing **great expansion** plans to cater for the increasing market demand:

- Expanding the capacity of our captive carbon black plant from 138,000 MTPA to 200,000 MTPA.
- Adding 20 MW capacity to our captive power plant.
- Setting up a brownfield plant at Bhuj for ultra-large OTR radial tires - the very first in the country.

**We are on a modernization path:**

- Through several new installations across our locations.
- Upgrading our machinery, systems and processes at Bhuj and Bhiwadi & Chopanki.



**We are determined to raise the bar and reach the goal of inclusive and responsible growth in the near future to create additional value to all our stakeholders.**

# Products & Technology

**Material Topic**  
Products and Technology

- Material Goals**
- Innovation
  - 5% revenue on R&D
  - Increasing SKUs
  - Capacity expansion
  - Customer satisfaction

## Our approach

Our approach to product and technology is driven by the spirit of innovation in a sustainable manner.

OUR STRATEGY IS TO COMBINE OUR PROCESS KNOW HOW WITH EXECUTIONAL EXCELLENCE TO ACHIEVE HIGHEST QUALITY, TOP PRODUCT PERFORMANCE, AND GREAT CUSTOMER SATISFACTION.

Consistent and dynamic monitoring is part of our quality and control systems.

- Ongoing modernization: Installation of bladder turn-up tire building machines in our plants.
- Capacity expansion at Bhuj plant for agri radial tires: 180 MT.
- One of the widest tire ranges in the segment: over 3,200 products
- High customer satisfaction remains, with 100% retention.

## Our Off-Highway tires serve varied domains such as agricultural, industrial, earthmoving, mining, port, ATV, and gardening industries.

EXCELLENCE IN OUR PRODUCTS IS A RESULT OF SEVERAL SUCCESS FACTORS: STATE OF THE ART TECHNOLOGY, RESEARCH, INNOVATION, QUALITY CONTROL SYSTEMS, ENGAGED AND EXPERT WORKFORCE.

## Our Unique Selling Proposition

BKT's strength lies in its extraordinary ability of customization. A tire that does not respond to the specific requirements of a specific customer segment would have a short lifespan.

Customization must take into account each

customer's business, the machinery used, the soil or terrain on which it operates, the weight being transported, and numerous other big or small variables – each of them important. Our high degree of customization turns into customer satisfaction and contributes to sustainable mobility.

## USP overview

- Highest quality standards
- REACH compliant
- Lowest rejection rate in Industry (~0.25% on sale value)
- Highest customization levels: 3200+ SKUs to choose from
- 500+ quality tests done across our product cycle
- Sustainable life cycles with enhanced lives of products
- Sustainable processes embedded; recycled materials used (2.5%)
- 70-100 new products produced each year
- Short production cycles
- Produced by highly engaged, long-retained workforce
- Commanding customer trust and premium range
- Our product involves sustainable innovation in circularity: we use recyclable material by turning into a product which goes into the tires as an input material.

## Product range

AT BKT the range of products is vast as we cater to multiple segments of the market by producing multiple product categories. Also, within the product types, we provide a vast range of SKU's/variants for customers to choose from.



# Stakeholder Voices: Customers



## Domestic customers

*The Company works with us through distributors but BKT team is directly in touch with us in every situation and solves every issue of the dealer. We are growing with BKT because BKT team has policy, discipline, relationship management and quality. I have no words about BKT, this is really a great company for our future.*

**J.S Tyre, Amritsar**

*Strong on technology, with highest amount of traction among all tractor tires to ensure their forward motion in muddy terrain surfaces. Vast range, availability, great services, efficient communication are the unique strengths. We get great feedback from the customer.*

**Shiv Kameshwar Trader, Akhnoor**

*BKT team takes strict action against any issues of the dealer or customers. BKT is very good in technology. And they invent new tyres, offer very good range of agri tyre products and customer service.*

**Kisan Tyre, Rohtak**

*Customers' loyalty towards BKT gives us repeat and referral business. No other company can beat BKT in the range of variety, particularly off highway tires in agriculture. We feel relaxed that BKT does not bother us with insurmountable targets and selling pressure.*

**Vicky Tyre, Barnala**

*Company policy towards dealer partners is unmatched and constant interaction by the highest officials in the BKT Company is superb. Also support by the Company for dealer network in area and fair and transparent management are important factors.*

**Vishal Tyre, Jagadhri**

**Our Customer Research brings in customer feedback through several channels in addition to a dedicated communication channel. Inputs come in from customer meetings, workshops, exhibitions, product advertising campaigns, corporate print and TV campaigns, bulletins and news and one-on-one interactions etc. as well as from our network of importers and distributors, resellers, repair shops and the users of the tires.**

## International customers

*BKT is a loyal Company that we can trust in a professional and personal way. We value loyalty, commitment and engagement. BKT is unique and strong in its commitment and loyalty with distributors. Also in terms of product quality, evolution capacity and the brand awareness.*

**José Aniceto & Irmão, Portugal**

*I can say today, with no doubt, the product quality of BKT is excellent. Range of products is unique in this industry.*

*I noticed, particularly in recent years, a growing focus in BKT on product quality and a more careful attitude before releasing new sizes. A clear, transparent and consistent selling policy, strong and close personal relationship, mutual trust are some of the strong points.*

**Univergomma Spa, Italy**

*Unique facet is, even after growing as big as they are now, BKT remains a family-orientated business, which has a professional attitude with a family touch.*

*BKT is always ahead of the game with world class technology. I believe BKT has the biggest range when it comes to off highway tyres. Even during covid, they have surprised us with great constant connect, updates and customer service*

**Tradefaire International Pty Ltd, Australia**

*Good value for money is a good base for a long-term business relationship with BKT.*

*Their monitoring of new trends in the tire industry and launching of new products in line with these trends in short term is a unique feature*

**Gumiimpex GRP, Croatia**



**Always believing in innovative technology development, we have developed several products in-house over the years. The year FY 2021-22 saw the launch of two prestigious products, especially.**

**Ultra-giant OTR tire of loaders and heavy loading dump trucks for mining applications**

*These come with prestigious sizes. (size 40.00R57 SR 468.)*

**We are the first in India to set up an ultra-large OTR radial tire plant.**

**Sustainability advantage:** Earlier these tires were imported by Indian mine owners but now are available domestically. This means saving of shipping fuel and a carbon foot print reduction for the country.

The life of the new radial tire is much longer than that of a corresponding bias tire size, thereby reducing the disposal of ELT tires (saving the environment), reducing mining equipment downtime and providing instead increased productivity in coal mines.

**Rubber Track for harvester application**

**Sustainability advantage:** Imports will be avoided in the country, thus saving shipping costs and fuel for Indian tractor manufacturers and reducing carbon footprint overall.

The ELT (End of Life Tires) components are less as compared to normal tractor tires. In this case, steel belt and metal parts can be reused by the iron and steel industry, thus saving the environment through the circular mode.



**MADE IN INDIA**

NUMBER OF NEW PRODUCT VARIANT LAUNCHED IN FY 2021-22:

<b>43</b> Radial	<b>21</b> Bias
<b>17</b> ASR	<b>3</b> Solid



**High level of customer satisfaction**

- HIGH LEVEL OF CUSTOMER SATISFACTION CONTINUED DURING THE PANDEMIC TOO.
- NO PRODUCT RECALLS SO FAR IN THE HISTORY OF BKT.
- NO CUSTOMER ATTRITION EXPERIENCED IN THE REPORTING YEAR.





Our historical milestones in our diversification and customization journey were the result of our spirit for taking up new challenges, deploying new technologies and processes.

Innovation is the sum of advanced technology and executional excellence. It is the drive for successful product performance and increased market share.

**We approach technology with a learning mind-set. Our strategy emphasizes on technology for customers' contextual needs and aligning R&D, innovation and production processes towards the objective. Monitoring our technological outputs and outcomes with a sense of purpose and passion is a central strength to our success.**

THE HIGH LEVEL OF CUSTOMIZATION, THE QUALITY PERFORMANCE OF OUR PRODUCTS, THE SUSTAINABLE LIFE CYCLE, OUR MARKET LEADERSHIP AND CUSTOMER TRUST ARE ALL EVIDENCE OF OUR TECHNOLOGY LEADERSHIP AND ITS IMPACT.

**Some of our firsts in technology:**

- OUR DOMBIVILI MOULD PLANT WAS A FIRST OF ITS KIND IN INDIA WHEN SET UP IN THE YEAR 2004.
- WE WERE THE FIRST COMPANY IN INDIA TO MANUFACTURE ALL STEEL RADIAL OTR TIRES.
- IN THE ALL STEEL RADIAL OTR SEGMENT, WE MANUFACTURE THE BIGGEST TIRE AT OUR STATE-OF-THE-ART BHUJ FACTORY.
- ALL OUR PRODUCTS ARE BASED ON LOCAL WORKFORCE AND IN-HOUSE TECHNOLOGY.
- THE PLANT AT BHUJ HAS A MODERN TEST CIRCUIT (2.5 KM LONG – ONE OF THE LONGEST IN THE WORLD) TO CHECK TIRE PERFORMANCE AND DRIVING COMFORT ON A RANGE OF STANDARD FOR BUMPY ROAD SURFACES.



### Special features of our technology leadership:

- CUSTOMER-CENTRIC APPROACH TO TECHNOLOGY
- INDIGENOUS TECHNOLOGY FOR PRODUCT DEVELOPMENT
- INNOVATION ACROSS THE VALUE CHAIN
- CUSTOMIZATION: WIDEST RANGE OF SKUS: 3,200+
- NEW PRODUCT DEVELOPMENT CAPABILITY : 70-100 EACH YEAR
- ABILITY TO DEVELOP PRODUCTS IN MINIMUM TIME: 45 DAYS
- HIGH LIFE CYCLE OF OUR PRODUCTS



## BKT's production has a high degree of automation, but at the same time, the high level of customization demands skilled manpower.

### Executorial Excellence

BKT's production has a **high degree of automation**, but at the same time, the high level of customization demands **skilled manpower**. Highly skilled manpower, efficient processes must complement technological processes. Without executorial excellence high tech processes cannot be leveraged.

The combination of efficient process design, the high safety standards, optimized materials management and excellent employee engagement turns into executorial excellence.

Executorial Excellence is indeed a key drive for us being pioneers in technology. And our products speak for themselves.

# Internal Case Study

## HOW BACKWARD INTEGRATION CAN BE A DRIVE FOR SUSTAINABILITY

### About the project

Being visionary leaders in the industry, BKT implemented a strategy of backward integration during FY 2016-17. We obtained the approval for a Carbon Black Plant in 2018 and commenced the project work. Environmental Clearance issued by MoEF & CC; the Government of India enabled us to set up Carbon Black Plant of 11,500 TPM capacity.

The plant was ready in 2019, rendering BKT self-reliant on a hitherto imported carbon black and reached full capacity in the current financial year.

### PRODUCTION MILESTONES

- **July 2019:** Line 1 operational hard grade production with capacity 72,000 MT/year
- **March 2020:** Line 2 operational soft grades production started - Production capacity 58,000 MT/year
- **March 2022:** We installed capacity of 138,000 MT/year



Our Carbon Black Plant

## Key Features

- CARBON BLACK IS A QUASI-GRAPHITE FORM OF ELEMENTAL CARBON FUSED TOGETHER IN A GRAPE LIKE 'AGGLOMERATE' STRUCTURE.
- THE BASIC PRINCIPLE INVOLVES THE CRACKING OR "PARALYSIS" OF NATURAL GAS OR LIQUID
- HYDROCARBON IN A LIMITED SUPPLY OF AIR TO FORM CARBON BLACK PARTICLES. THESE PARTICLES AFTER A NUMBER OF FURTHER STAGES OF FORMATION AND TREATMENT TAKE THE FINAL PELLET FORM.
- FURNACE BLACK PROCESS WITH ONE OF THE MOST MODERN AND HEAVILY INSTRUMENTED CARBON BLACK PLANT.
- STATE-OF-THE-ART PROCESS CONTROLS AND PATENTED REACTOR DESIGN FOR CONSISTENCY AND COMPLIANCE TO QUALITY STANDARDS.

## Strategy of backward integration

The strategy of backward integration through setting up our own captive carbon plant has proved to be a

strategically beneficial for the organization in many ways, also catapulting BKT in a leadership position within both the national and global industry, while accruing multiple sustainability benefits.

## Double strategic advantage

Self-reliance for carbon is an empowering endeavour for the tire manufacturer, for whom 30% of the raw material has been carbon, especially while the grows rapidly.

2016 onwards the global markets showed a concerning spike in coal prices and issues in availability of carbon black.

**Producing our own carbon black in house was a single strategic stroke with double benefits: fully proofing our supply for the growing business and reducing the costs and environmental footprint of imports and transport.**

Another important decisive factor was a marked reduction in the fossil fuel usage and emissions through transport.

In a nutshell, it was a **decision towards sustainability, reducing impacts.**

As a responsible manufacturer, we have adopted this decision by means of commitment and huge investments.

## The right timing and risk mitigation

In addition to the double advantage, there is another interesting side to our story of backward integration:

**The timing of our decision** could not have been any better, as the pandemic were to show subsequently.

The Covid pandemic brought in its wake, an alarming disruption of global supplies in general, and for our industry in particular, with raw material manufacturers shutting down, prices increasing and also logistical challenges.

When the industry was going through these nightmares, we at BKT were already producing 72,000 MT/year Carbon Black in 2019, upping it to 108,000



MT/year. **The risks were thus mitigated to a large extent by BKT's proactive and visionary decision of backward integration.**

## Leadership position

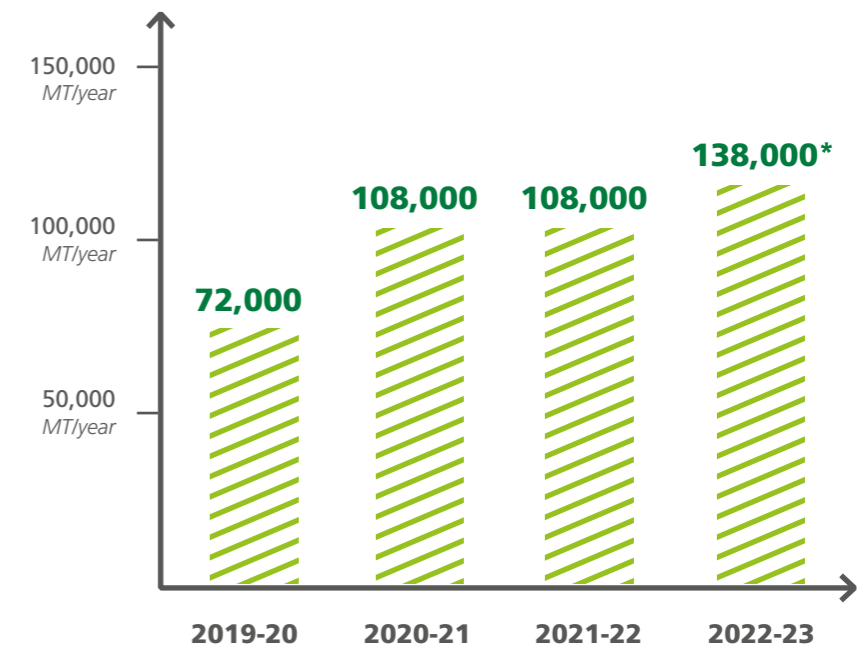
BKT is a pioneering leader in the industry today being able to meet all internal carbon black needs through its own production plant onsite - thanks to the visionary foresight, business acumen and courage.

An integrated carbon black plant can produce a variety of carbon black grades as to the specific tire manufacturing needs. This reduces market dependence and decreases the imports of specialty carbon black.

## Results

- We meet **100% of our carbon requirement in house** through our Carbon Black Plant at Bhuj.
- In addition, we **sell 30% of our production** (which exceeds our needs) to external markets for rubber, plastics and ink industries.
- Setting-up our carbon black plant has led to **shipping fuel reduction, in-house availability, and logistic cost/fuel savings.**

## OPERATIONAL CAPACITY



\*Projected

**A CIRCULAR MODEL FOR SUSTAINABILITY**

**Our Carbon Black plant is a 100% energy efficient system built and set for zero loss of resources.**



TO MANUFACTURE CARBON BLACK, WE BUY WASTE FROM ANOTHER INDUSTRY (A REFINERY), MAKING OUR PRODUCTION A PART OF A CIRCULAR SYSTEM ACROSS INDUSTRIES. CBFS (CARBON BLACK FEED STOCK) WHICH IS A BY-PRODUCT OF PETROCHEMICAL INDUSTRY IS BEING RE-USED BY OUR CARBON PLANT AS RAW MATERIAL THUS HELPING TO PROTECT THE ENVIRONMENT.

WE BUY OUR RAW MATERIAL (CBFS) FROM THE REFINERIES OF RELIANCE, IT IS A WASTE MATERIAL FOR THEM. WE PROCESS IT TO GENERATE CARBON BLACK.

**Advantages**

- **REDUCED COAL DEPENDENCY FOR FUTURE POWER GENERATION, SINCE OFF GAS GENERATED IN CARBON BLACK PROCESS WILL BE USED AS FUEL (90% STEAM FROM OFF GAS AND 10 % STEAM FROM COAL).**
- **CARBON BLACK PLANT IS A ZERO-DISCHARGE PLANT: INTERGRADATION OF ALL STREAM OF INDUSTRIAL WASTE WATER (EFFLUENT) HELPS US ACHIEVE ZERO LIQUID DISCHARGE.**

The process also generates off- gas, which serves as a replacement for coal in our boilers, to generate steam, also giving us a source for internal purposes such as feeding our turbines for power generation, vulcanization of tires and curing our tires.

Heat generated from the reactor is being utilized for production of steam (waste heat recovery boilers), and the produced steam is being utilized for the preheating of Carbon Black Feed Stock Oil (CBFS) of carbon black prior to feeding in reactors.

This forms an energy chain of sorts, optimizing energy usage.

Our final product from this plant, carbon black, is a product with no waste or scrap, for all of it is usable as different grades of the product.

The polythene packs used for packing and transport is sold to authorized resellers.

**Integrated model**

BKT has developed in-house technology to integrate carbon black manufacturing with tire plants and power generation, and also developed green area, water body and energy conservation measures to make it **one of the most environmentally sustainable carbon black plant in the world.**

Before the existence of our captive carbon plant, expenditures incurred on buying carbon whilst the resulting environmental footprint we might have generated in importing and transporting across our four tire plants would have been much higher.

Not to mention the inventory carrying costs for carbon, which we now circumvent with just-in-time supplies.

**Today, we have avoided and prevented those serious costs and impacts to both our business and the Planet.**

A captive Carbon Black Plant provides us with additional advantages of customizing carbon grades as to our own specifications more readily and easily. R&D at carbon plant closely cooperates with our main R&D Department to align the specifications perfectly. This way, we can further develop new grades of carbon as we need, as we grow.

**Moving forward**

- We are looking at eliminating polythene covers and wooden pallets used in packing and transport by going in for bulk carriers.
- We may also venture into selling our excess carbon

to newer industries in the form of special grades of carbon.

- Now we are also working towards use of mobile silos, which will eliminate the usage of jumbo bags and help save environment since no scrapping or reselling is needed.

**The three entities (Carbon Black, our captive power plant set up and tire plant) get interlinked at Bhuj, through our own integration technology, in a seamless flow of carbon, power and the final product, making it a well-integrated system that optimizes all resources, brings business benefits and an impressive environmental benefit.**



**WE ARE COMMITTED TO A  
SUSTAINABLE  
ENVIRONMENT**

Environmental Stewardship

58

Sustainable Process Transformation

71

# Environmental Stewardship

AS ENDORSERS OF THE PRECAUTIONARY PRINCIPLE, BKT PURSUES PATHS OF RESOURCE CONSERVATION WITH A KEEN COMMITMENT.

**We are aware of short, medium and long-term sustainability risks including climate change, and we align our strategy to the global purposes of risk mitigation and resource conservation.**

Our policy structure stays conducive and supportive of this pursuit. At the core of our business, all our process including product design, production processes, material management and packaging are all aligned to the purpose of resource conservation. Around this responsible core domain, we endeavor to conserve energy, water and materials while reducing emissions, waste generation and landfill loads.



## Recognitions for environmental endeavors

### FY 2021-22

BKT PLANTS HAVE RECEIVED NATIONAL AND STATE ENERGY AWARDS FOR MANY YEARS. THE YEAR 2021-22 SAW OUR CHOPANKI PLANT BAGGING BOTH NATIONAL AND STATE LEVEL ENERGY CONSERVATION AWARD.



**The awards received in the previous years testify our constant commitment.**

- NATIONAL ENERGY CONSERVATION AWARD 2013 - 2ND PRIZE
- RAJASTHAN ENERGY CONSERVATION AWARD 2015 - CERTIFICATE OF RECOGNITION
- RAJASTHAN ENERGY CONSERVATION AWARD 2016 - 1ST PRIZE
- RAJASTHAN ENERGY CONSERVATION AWARD 2017 - 2ND PRIZE
- NATIONAL ENERGY CONSERVATION AWARD 2018- 2ND PRIZE
- RAJASTHAN ENERGY CONSERVATION AWARD 2018 - 1ST PRIZE
- NATIONAL ENERGY CONSERVATION AWARD 2021 - CERTIFICATE OF MERIT
- RAJASTHAN ENERGY CONSERVATION AWARD 2021 - CERTIFICATE OF RECOGNITION

### Material Topic

### Material Goals



#### Energy and emissions

- REDUCTION IN NON-RENEWABLE ENERGY CONSUMPTION
- INCREASING RENEWABLE ENERGY PRODUCTION THROUGH SOLAR PLANTS AND WINDMILLS
- MULTIPLE PROJECTS FOR IMPROVING ENERGY EFFICIENCY ALONG THE VALUE CHAIN



#### Water

- CONTINUOUS CONSERVATION
- RAIN WATER HARVESTING - GROUNDWATER RECHARGE PLANTATION DRIVE



#### Waste

- WASTE REDUCTION
- ALL PLANTS TO ACHIEVE ZLD (ZERO LIQUID DISCHARGE)



#### Materials

- MAINTAINING EXCELLENT MATERIAL USAGE LEVELS
- CONSTANT INNOVATION IN PROCESSES

### Score Card on Trends in Resource Savings

#### Total power savings per annum



#### Total energy savings per annum



#### Water consumption savings per annum



# Energy and emissions

**Our approach** is to reduce dependence on non-renewable energy and to reduce emissions.

OUR STRATEGY HAS BEEN TO DEPLOY WIND AND SOLAR ENERGY SOURCES AND TAKE UP SEVERAL PROJECTS CONSTANTLY AT PLANTS FOR THE PURPOSE OF REDUCING EMISSIONS. EMISSION REDUCTION OCCURS IN MULTIPLE WAYS THROUGH PROCESS INNOVATION AT OUR PLANTS. WE DEPLOY THE KAIZEN PRINCIPLE (CONTINUOUS IMPROVEMENT) THROUGHOUT OUR STRATEGY.

WE FOCUS ON CONSTANT MONITORING OF GREEN ENERGY PRODUCTION PROCESSES AND THEIR OUTCOMES, AND WE METICULOUSLY IMPLEMENT EMISSION REDUCTION PROJECTS.

**We reduced our non-renewable energy usage by 16.38% in FY 2020-21. Our windfarm in Rajasthan has an installed capacity of 5MW per day, feeding our Bhiwadi plant.**

- OUR SOLAR PLANTS AT BHUJ AND CHOPANKI (1 MW CAPACITY EACH) FURTHER SUPPLEMENT OUR EFFORTS IN GREEN ENERGY.
- WE PLAN TO UPGRADE OUR SOLAR CAPACITY TO 5.5 MW IN THE FUTURE.
- OUR EXTENSIVE GREEN BELTS CONTINUE TO CONTAIN EMISSIONS.
- OUR MULTIPLE PROJECTS AT PLANT LEVEL AND CLEAN TECH SOLUTIONS PROVIDE ADDITIONAL SAVINGS IN ENERGY AND EMISSIONS.

## Key initiatives

- SHIFT FROM PET-COKE TO COAL-FIRED AND THEN TO GAS-FIRED BOILERS.
- SHIFT FROM FURNACE OIL TO LIGHT DIESEL OIL (LDO) WHICH REDUCES NOX AND SOX EMISSIONS.
- SHIFT FROM COAL-FIRED BOILERS TO LNG-GAS-FIRED BOILERS.
- VFD INSTALLATIONS.
- GREEN INITIATIVES WASTE HEAT RECOVERY SYSTEMS.
- NEW ENERGY-EFFICIENT PUMPS.
- LED LIGHTINGS TO REPLACE CONVENTIONAL LIGHTINGS.
- VARIOUS OTHER INITIATIVES ACROSS OUR PLANTS.

**Our approach is to reduce dependence on non-renewable energy and to reduce emissions.**





# Green Initiatives

## Green Belt at Bhuj

Since we strongly believe in the importance of green belts, we early started green cover projects when at our Chopanki and Bhiwadi plants.

Our largest plant at Bhuj scaled further up our greening initiative as the large areas inside and outside the premises provided us with an even ampler scope.

We planted trees, additional shrubs, grass in and around our Bhuj plant, and many endangered species took shelter in the habitat we created on a huge scale.

We have now developed a green belt in an area of more than 4 lakh square meters.

Maintaining such a huge green belt in a dry area like Kutch is a challenge especially in hot summer seasons, when we need more and more additional water for the survival of trees and landscaping.

More than 1 Lakh trees planted and cared for.

57,895 trees out of the total inside the Bhuj plant area

and 43,059 trees outside the premises.

- The number of matured trees (with girth more than 10 cm) is 30,196 as on Dec 2021 and absorbing 1184 tCO<sub>2</sub>e.
- Potential capacity of CO<sub>2</sub> absorption will be approx. 3500+ tCO<sub>2</sub>e (once all 1 lakh trees are fully grown).



33.5 % of our plant area is greened at Bhuj location with our tree plantation.

We have also taken up Project Smriti Van, and CESVI project which are collaborative projects that stand for tree protection.

## Water Management

**Our responsible approach is to reduce ground water consumption despite our increasing business growth. Reduce-reuse-recycle-recharge has been our successful strategy. Our monitoring mechanism ensure continuous our progress on an upward curve.**

OUR RAIN WATER HARVESTING SYSTEMS, ETPS AND STPS, AND LARGE WATER RESERVOIRS ARE ESSENTIAL INITIATIVES TO CONTINUOUSLY IMPROVE WATER CONSERVATION. RAIN WATER HARVESTING PONDS AT BHUJ MEET 3% OF THE WATER DEMAND, ALSO HOSTING MANY AQUATIC SPECIES SUCH AS STORK, FISHES ETC.

### This year

- WATER CONSUMPTION FURTHER REDUCED BY 3.47% OVERFY 2020-21.
- RAIN WATER HARVESTING - GROUNDWATER RECHARGE STARTED AT CHOPANKI.
- WE ADDED MORE TREES AT BHUJ TO COVER OVER 33% OF TOTAL AREA.
- BHUJ, OUR LARGEST PLANT, IS A ZERO-WATER DISCHARGE LOCATION.

### Benefiting communities

The entire green belt within the Bhuj plant and the residential colony are fed by our treated water supplies.

At Bhiwadi and Chopanki, we enlarged the ponds for the benefit of the villagers.

Seven ponds outside our premises were deepened to further improve their water retention capacity.

### Challenges of Rain Harvest in Arid Regions

Kutch (Gujarat) is an arid region where collection and utilizing of rain water is a precious contribution towards the country.

**We increased rain water holding capacity up to 56,700 m<sup>3</sup>** by constructing an unlined pond and allowed water to freely percolate to recharge the underground water table.

But due to lower percolating capacity of the soil in this region, our rain water harvesting ponds were in nearly full condition throughout the year. That meant the pond could not receive, capture and make use of the rain in the monsoon season.

So, we opted for installed filtration and a pumping system at the pond along with a piping network. It enabled us to transfer accumulated rain water to our industrial water treatment installation.

- **We started utilizing accumulated rain water at the average rate of 100-140 m<sup>3</sup>/day which is approx. 3% of our fresh water requirement.**



**We increased rain water holding capacity up to 56,700 m<sup>3</sup> by constructing an unlined pond and allowed water to freely percolate to recharge the underground water table.**

### Waste Management

**Our approach to waste management is highly responsible. We focus on minimizing waste generation and a responsible disposal.**

As a manufacturer we are particularly sensitive to the issue of waste generation not only during production but also during packaging and transport stages.

**“No waste leaving the premises”** is our motto. Our strategy is indeed to scrutinize all aspects of our value chain and to put into practice risk mitigation mechanisms accordingly.

We consider constant monitoring and **measuring** an imperative duty. The results can be seen on the basis of various metrics as shared below.

- 14.9% waste reduction in the last three years.
- Our waste generation stands at a low level: 7.7 kg/MT process waste.
- Complete recycling of all generated waste - except for hazardous waste, which is disposed of according to safety norms.
- Zero landfill status at all the plants.
- Transporting our products in what our industry jargon calls ‘naked condition’ is a good practice we adopt to ensure minimizing waste at the transport stage.
- Rubberized friction fabric is recycled for making particular types of product.
- Additional reduction in process waste by 8.8% compared to the previous year.
- We are striving for all plants to go ZLD by 2025.

## Material Management

**We consider our approach to material management as a part of a smart business. The strategy aims at achieving higher efficiency through strategic planning and other mechanisms. Choosing the right vendors, right materials, right usage and right measurement are an essential part of a successful strategy.**

MONITORING METICULOUSLY ALL METRICS OF EFFICIENCY IS IMPORTANT TO MAINTAIN A CONSISTENTLY HIGH MATERIALS-YIELD RATIO.

Material management is at the core of our business. The main question is: 'How can we manufacture our products in the most responsible and sustainable way?'

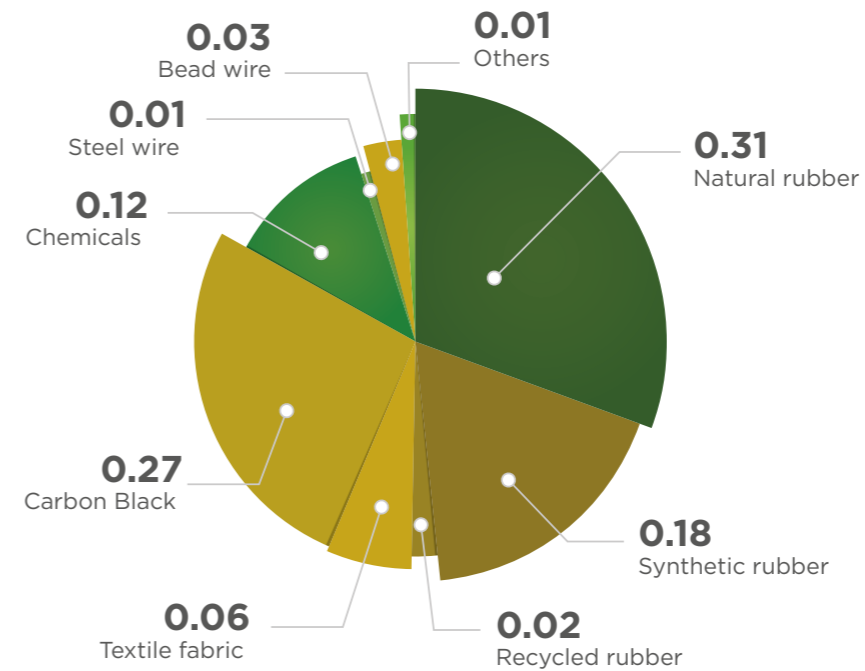
Material management for sustainability is an art that includes optimization by means of efficient systems and methods and accurate measuring.

It is also a skill to find the right balance between the degree of automation and human handling, which we have mastered in a way to achieve both accuracy and expert touch. Our talent-force which constantly innovates for improving continuously our materials management.

**Our 1:1 yield ratio with 99% accuracy is one of the best possible achievements in our industry. It stands for maximum material usage efficiency with no waste a sustainability outcome we achieve routinely.**

We source locally and also import a variety of raw materials such as natural rubber, synthetic rubber, carbon black, chemicals, nylon cord, bead wire, brass coated steel, and others.

## Material Input for FY 2021-22 in Percentage



In-bound and out-bound processes ensure efficiency in material usage: Incoming raw material packaging is sold to resellers as scrap. In our out-bound operations, the polythene scrap generated (polythene is used for covering components/ carcasses) is sold to resellers who transform it into plastic granules for recycling.

Our products are dispatched in 'naked condition', avoiding material usage for product packaging.

We constantly look for innovation in material management in addition to research into new materials through our R&D.

Research is in full swing to move towards natural, chemical-free components such as dandelion, nanocellulose and graphene as well as technologies based on nanocomposites. The development of new, sustainable materials will turn into a significant future strategic advantage.

## Impacts

- THE USE OF RECYCLED RUBBER SIGNIFICANTLY IMPROVES OUR SUSTAINABILITY IMPACT FACTOR IN A SIGNIFICANT WAY, BASED ON THE PRINCIPLE OF CIRCULAR SUSTAINABILITY.
- 2.5% OF OUR TOTAL MATERIAL IS RECYCLED MATERIAL.
- WE ALSO PURCHASE LOCALLY RECLAIMED RUBBER: 0.021MT/MT OF CURED TIRE.
- OUR CARBON BLACK PLANT USES 100% CBFC, A WASTE PRODUCT FROM REFINERIES - ANOTHER INDUSTRY.

## Procurement

Being a good corporate citizen, our sense of responsibility extends to our entire value chain, particularly to our vast supply chain.

Spread across geographies, our vendors form a network of our trusted partners.

Our procurement domain has over 100 suppliers across the world providing us with raw materials and other products.

We have 27 key suppliers, i.e. 80% of our suppliers.

We believe in local purchases, and thereby control the logistic carbon footprint. We rely on local sourcing whenever feasible. All consumables are sourced locally.

We spent 40% on procurement from domestic suppliers.

Our Supplier Code of Conduct along with set standards, vendor screening and accurate quality control warrant excellent results in terms of quality, efficiency and sustainability.

In FY 2021-22 we intensified vendor audits to improve checks and balances in our supply chain management.

We regularly check for compliance on ISO 9001 and ISO 14001.

### Process transformation for sustainability

Conversion from coal-fired boilers to gas-fired boilers is a process change we have already fully implemented at two of our locations: Bhiwadi and Chopanki. The result are significant reductions in emissions and a clear improvement of the sustainability impact.

### Sustainability Impact FY 2021-22

<b>PRODUCTION</b>	<b>CO<sub>2</sub> EMISSION BY GAS</b>
<b>285,952 MT</b>	<b>18,124 ton</b>
<b>EQ. TOTAL GAS CONSUMPTION</b>	<b>CO<sub>2</sub> EMISSION BY COAL</b>
<b>9,439,436 SCM</b>	<b>24,861 ton</b>
<b>EQ. COAL CONSUMPTION</b>	<b>REDUCTION OF EMISSIONS</b>
<b>16,935,459 kg</b>	<b>6,738 ton</b>

# Sustainable Process Transformation

## A FEW SAMPLE CASE STUDIES

### Converting Steam Coal Boiler to Gas Boiler Bhiwadi

From a sustainability point of view in terms of environmental and social responsibility, BKT moved forward to replace coal with gas as a substitute source of eco-friendly fuel with low CO<sub>2</sub> emissions.

We noticed that our coal boilers led to increased Co<sub>2</sub> emissions (23,370 tons in FY 2019-20; 26,000 tons in FY 2020-21).

A replacement by green fuel through gas boilers needed a process shift. After thorough training, a major breakdown analysis, and a water analysis, we drew new flow-line diagrams of the boiler-burner sequence, implemented the transition and calculated the boiler efficiency. Improved sustainability impacts are evident in the outcomes.

#### RESULTS IN FY 2021-22

Reduction in Coal Consumption by **16,935 t**

Electricity saving: **12.56 L kWh**

Cost Saving: **INR 1 Cr**

Reduced emission by **6,738 t of CO<sub>2</sub> in FY 2021-22**

Noise level reduced during operation by **12 dB**.

High efficiency as compared to coal-fired boiler. (Peak demand and sudden load variation can be managed)

*We implemented the transformation at our Chopanki plant as well*

## Reduction in Water Consumption Waluj

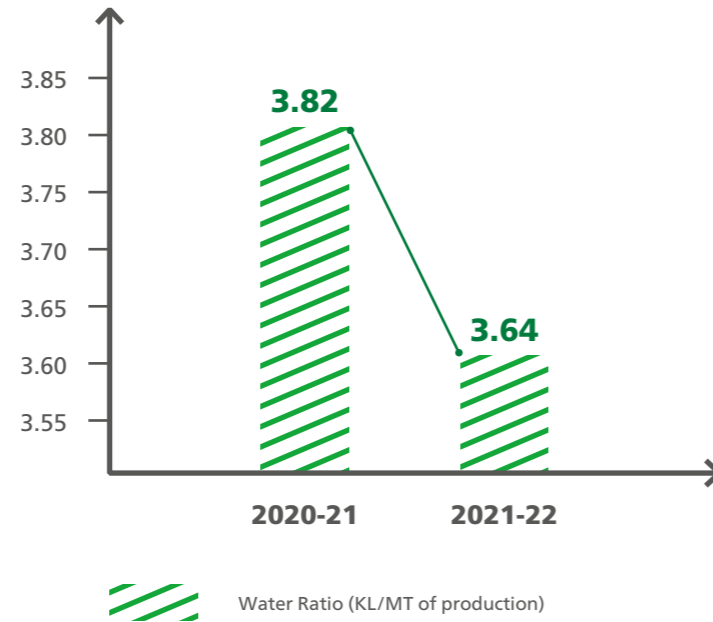
### Implementation:

We have resorted to a wide range of water conservation methods: Attending to leakages on a regular basis, we monitor the water usage across the plant on a daily basis and controlling its use; reusing STP water for urinal flushing, gardening, CT makeup (after treatment by softener), and use of ZLD plant have contributed to reduce the water ratio effectively.

### Results:

- Decrease in the water ratio (Water consumption per unit of production)
- Cost Savings

### WATER RATIO (KL/MT OF PRODUCTION)



## Heat Waste Recovery Chopanki

High steam consumption due to heat wasted in drain processes was an issue we studied for resolution. After careful consideration, we opted for waste heat recovery from the drain water to reduce fuel consumption.

### Outcomes:

- Long term benefit to business & sustainability: Reduction of LNG consumption at gas boiler.

Energy saving from Project (LNG)  
**49,000 SCM/year**

Financial implications (Cost INR)  
**10 Lakh**

Financial implications (Savings INR)  
**20 Lakh/year**

## Reduction in GT/Carcass Scrap Bhiwadi

We analyzed the causes for higher GT/carcass scrap. Off-center turn up, air under the tread or sidewall, transit damage, excess OD, and machine failure were the main issues.

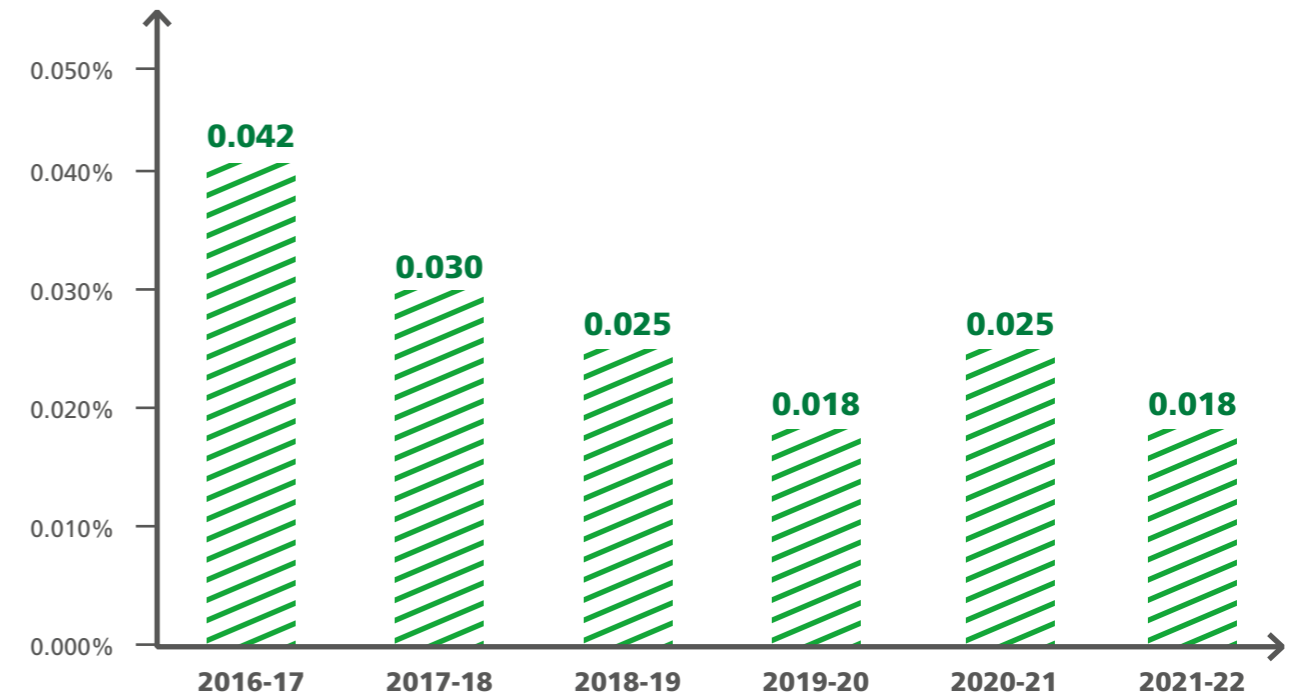
We started daily review meetings, performed defect analyses of all held-up materials for actual

reasons and action plans, checked drum vs. BPR alignment to avoid off-center turn-ups, ensured various checks and improvements and made sure that carcass circumference is not more than technical specification/guidelines, and finally we improved storage conditions.

### Results:

- Reduction in GT and carcass waste: 1.967 MT
- Cost Saving: INR 4.3 Lakhs/year (approx.)

### GT AND CARCASS SCRAP





**WE CARE FOR A  
SUSTAINABLE  
SOCIETY**

Our People

76

Our Communities

86

# Our People

**Material Topic**

Employee Wellbeing

**Material Goals**

- Maintain a low turnover and high engagements
- Continuous training and upskilling

Health and Safety

- Increasing SKUs
- Capacity expansion
- Customer satisfaction

## Employee Wellbeing

**Our approach to employee wellbeing is based on our people-centric philosophy since the foundation of our Company. It is a traditional value for us.**



**Our strategy involves constant dialogue, mitigating employee concerns, fostering career growth, providing genuine care, and feeling concern for our employees and their families. Covid-19 care has meant an additional responsibility.**

We are involved in monitoring our employees' wellbeing through constant dialogues, and feedback .

We achieved high engagement and lowest turnover levels in the industry. Despite COVID-19 restrictions, a considerable number of working hours were spent for formal and informal sessions. A part of our daily meetings.

**Over three decades ago, our Founder stated:**  
*“When a person walks into our organization, he or she must feel happy to come to work; when leaving, he or she must do it with a heavy heart waiting to return the next day with greater enthusiasm.”*

**Our founder sowed the seeds of our people-centric approach** to business, our human touch alongside our technology pursuit, and our culture of nurturing a close-knit environment as akin to a large family at work.

This idea and vision can be found underlying in all our policies, and in our approach and conduct to favor employee engagement.

Having consistently one of the lowest staff turnover rates in the industry for several years is evidence of our successful employee engagement.

- **Our turnover rate was 5.5% in FY 2019-20, 5.09% in FY 2020-21 and 6.89% during FY 2021-22.**
- **Most cordial relationship experienced between management and the trade union at Waluj with seamless work on the shop floor and smooth communication.**
- **One employee association exists at Aurangabad, with 33% members.**
- **Long-term agreements with unions at 2 plants, no union in other plants.**
- **Most of our senior personnel have had their longest tenures at our Company.**
- **We also have senior leaders who have re-joined our Company, testifying the value of the culture we have built.**

### Some extrinsic factors behind our high engagement

- Performance management systems.
- Attractive benefit schemes and increments.
- Rewards and recognition systems drive high engagement and performance.
- Inclusion of workmen in benefit schemes, Safety training to all.
- Skill upgradation programs.

### Humane approach behind our high engagement

*"All workers should be treated and respected as individuals"* is the spirit and ethos which drives our industrial relations.

- **Ethos of respecting workers.**
- **Pro-labor stance.**
- **Fair wages, respect for human rights.**
- **Long-term wage settlements with workers.**
- **Supervisory team well trained in sensitive dealing with the workforce.**



### Care is a two-way street!

When we keep our workforce comfortable and absorb the cost, they pay us back in productivity!

We keep ambient temperature at a comfortable level on our shop floors, adding 20% to our energy costs, in line with our people-comfort focus. Our workforce has demonstrated increasing levels of productivity in response.

**“We don’t work for the boss but for the brand.”**

BKT OPERATIONS AND RELATIONS ARE LIKE INVISIBLE GLUE THAT BINDS ALL OF US IN A STATE OF BELONGINGNESS THAT IS AKIN TO A FAMILY.

WE FIRMLY BELIEVE IN THIS STATEMENT. IT IS OUR CULTURE AND WE LIVE IT DAY AFTER DAY. THIS IMPLIES A RESPECTED LEADERSHIP AND THAT THE PURPOSE OF WORK TRANSCENDS TO FULFILLING THE BRAND PROMISE. IT IS THIS ALIGNMENT WHICH GIVES A MEANINGFUL IDENTITY TO OUR PEOPLE.



**THE EMPLOYEE HOUSING COLONY AT OUR BHUJ LOCATION**

**18 km from Bhuj City, Kutch, Gujarat, the company has built a modern and sprawling residential complex for employees of the Bhuj plant. The colony is the result of our both inclusive and strategic thinking and acting.**

The colony keeps our employees close to our production center, close to our care services and developed infrastructure. It cuts down their travel time and curtails emissions and increases both engagement and productivity for our operations.

The colony is built as a self-contained mini-town with many facilities such as a super market, a club house, a sports area, recreation facilities, a park and a temple.

There are bachelor hostels for **200 young people** and houses of varied sizes (1 BHK, attached houses and bungalows) within the colony. The place is populated with **420 families** at present.

Toddlers attend a preschool, young children study up to UKG on the premises, while older children commute in BKT buses to city schools.



**Quality of life is made carefully comfortable here. 80-90% of our Bhuj employees find their home in our colony.**

We plan to expand the housing capacity even more in times to come.

**Talent Development**

**We are a company with high-tech innovation and an SKU range as wide as 3200+ variants.** We are at the forefront of technological skills. Therefore, there is a high demand to join our skilled and expert talent pool. We have continuous programs in skilling and upskilling our workforce, along with accurate monitoring systems to assess gaps and implement remediation measures.

Training, coaching, mentoring are the crucial pieces of our talent development pursuit.

Annual structured performance review and career development review, senior leadership development programs among other activities are the items of our talent development agenda.

**YOUNG TALENT BKT CADRE DEVELOPMENT**

**Campus to Corporate Program brings in new talents every year ensuring fresh wind and new thinking.**

Over **100 young people** are introduced to all functions: Technology, Production, Engineering, Marketing & Sales, HR and Commercial. Putting them on a fast-track growth, our senior leaders mentor and coach them to take over critical positions in a span of 3-5 years.

Our collaborations with the most prestigious educational institutions bring us best talent from segments such as Graduate/ Diploma Engineers, MSc, BSc, Rubber Technologists, MBAs from Operations, Marketing, HR, IT and Finance streams.



# Health and Safety

Our approach to Health and Safety is based on the "Safety first" principle.

OUR STRATEGY INVOLVES CONSTANT SENSITIZATION AND AWARENESS SESSION CONDUCTED AT ALL LEVELS. MONITORING THE AWARENESS AND IMPLEMENTATION OF ALL GUIDELINES IS DONE ON A CONSTANT BASIS.

We achieved our material goals in the current year. Despite enhanced capacities, the accidents were minimal. *Safe machine operations and fire prevention measures were our top priority.*

ANY UNSAFE PRACTICE WAS THOROUGHLY EXAMINED AND CORRECTIVE ACTIONS WERE IMPLEMENTED.

## "Production can halt if required - safety first"

Safety is the first priority for us at BKT, and each morning starts with a safety related review.

We have put in place a range of monitoring mechanisms to keep safety under high vigilance at all times.

Our trend of safe working and minimal injuries speaks of our successful safety planning, prevention and actions.

## Drivers of our excellence in H&S

- H&S policy
- Guidance by our H&S Committee
- OHSAS systems at all locations
- Management's 'safety first' stance
- Thorough safety trainings
- Rigorous implementation
- Constant communication regarding safety
- Periodic assessment of health and safety risks
- Emergency preparedness - safety drills

## Safety interventions

- Safety committees and safety patrols in action
- Safety awareness programs to educate and sensitize the workforce
- EMS awareness programs, safety orientation, health and hygiene awareness
- Training on emergency preparedness and response plan
- Health and nutrition sessions
- Theme-based campaigns, National Health Safety Week
- Annual health checkups, half-yearly checkups for those involved in hazardous processes

- H&S POLICY APPLICABLE ORGANIZATION WIDE.
- PRO-SAFETY APPROACH TAKEN BY THE TOP MANAGEMENT.
- EACH DAY STARTS WITH A REVIEW ON SAFETY.
- SAFETY COMMITTEE LEADS AND GUIDES H&S ASPECTS.
- OHSAS CERTIFICATION ACROSS PLANTS HELPS DEPLOY OUR PRO-SAFETY STANCE ON THE GROUND.
- OCCUPATIONAL HEALTH CENTERS PROVIDE ALL NEEDED SUPPORT ON THE FLOOR.
- SPECIFIC COVID-19 MEASURES : EMPLOYEE FAMILY VACCINATION, IN-HOUSE ICU SETUP; OUR H&S APPROACH WAS INCLUSIVE, ALERT AND RESPONSIVE DURING THE DIFFICULT TIMES.
- WE SET UP COMPLETE COVID-19 CARE UNITS AT BHUJ FOR OUR EMPLOYEES AND THEIR FAMILIES TO TAKE CARE OF COVID-RELATED EMERGENCIES.



# Stakeholder Voices: Employees



*I learn a lot of things. New Technology learning of latest machinery will be part of my personnel and professional growth. The culture of BKT is about consistency in hard work to achieve and grow together.*

**Ajay Kothari, 4 years**

*Any words which try to describe the culture of BKT are very small and fall short. Excellent management support, freedom for work, wellbeing of every employee, CSR, care during the Corona crisis to mention a few. I am proud to say I am employee of BKT.*

**Mahendra Borkhetria, 4 years**

*In addition to employee wellbeing support and CSR activities, BKT's value and belief system are quite strengthening. The organization is transparent in sharing the knowledge and information.*

**Manish Bharti, 3 years**

*BKT culture is motivative, inspirational and co-operative. Experienced, senior team is always helpful professionally and personally. BKT provides the best package, training and work environment to its employees.*

**Rahul Yadav, 4 years**

*The new project (agri radial) is a great opportunity to learn about machine specification and many other things. BKT is a Company where we can work freely, and can share our ideas. I have seen top management's full support. This is the Company where we have to just align with company goal and not to worry about other things since company takes full care of employees properly in every manner.*

**Shatrugan Singh, 3 years**

*The on-going learning programs emphasis on practical exposure which add deep learning and seamless application of learning on the job. Training programs typically involve advancing employee's knowledge and skill sets and instilling greater motivation to enhance job performance.*

**Shiv Chaudhary, 4 years**

*Growing together as a real value. The wide range of products, world class technology, unmatched quality, work culture, and job satisfaction are some of the factors which keep me excited for my job all the time. Usage of high-quality raw material, non-polluting environment, extremely hygienic and safe working conditions are a part of our life. Performance of an individual is recognized by reward and recognition. Top management treats all its employees with utmost respect and goes out of its way to provide support in case of any need.*

**Manohar Lal Jamwal, 16 years**

*I feel proud to work for a company with such excellent track record and a strong example of leadership in the industry. BKT is the place where slogans become the dream-like reality – "GROWING TOGETHER" to "MOVING TOGETHER". The culture of BKT is one of the best in industry. The bonding with each other among the employees feels like family, one TEAM, one Dream!*

**Jigar Joshi, 10 years**

*BKT as a whole is a family and we all BKT'ians are like a gamut, which has a unique culture and ethics which are very rare to be seen in organizations. Top Management has always given freedom to each and every employee for giving his opinions which are well taken into consideration if required for further improvement in the system.*

**Ashok Yadav, 14 years**

*There is freedom of work and total trust. There is very transparent communication, excellent CSR activities, all employees get treated like family members. Uniqueness lies in product lines, system adherence equipment from world's best manufacturers, quality held in top priority, and excellent products given to the market.*

**Sawant Raosaheb H, 10 years**

*Management is always encouraging us to lead, taking our suggestions, and discussing about what's going in their mind. There is no restriction in learning; anybody can go and ask the doubt in other sections of the Company and clear one's doubts. Unique in product range, world class infrastructure, and in taking good care of employees and their families.*

**Vishwanath Chauhan, 11 years**



# Our Communities

**Material Topic**  
Community care

**Material Goals**

Pursue health, sanitation, medical care and food themes  
Maintain engagement with surrounding villages

INR 11 LAKHS ABOVE THE 2% REGULATORY MANDATE IN INDIA  
**INR 24.89 crores - USD 3.28 million**

**Our CSR approach to communities believes in providing the needed care to people and in raising the awareness to improve the quality of life. CSR is an extension of our spirit of service and is a non-strategic expression of our values.**



**Our strategy is to cooperate with trusted NGOs and focus on the well-planned execution of projects.**

Part of our efforts in keeping in touch with the developments on the ground and **monitoring** the effects regularly.

We met our material goals by pursuing all our key topics related to CSR activities and by maintaining engagements with our village communities. Our people supported us by maintaining engagements with our CSR endeavors.

**During the crisis of the pandemic and its aftermath BKT grew like one family. 'First people, then the business goals' was our motto and action plan during the last two years.**

THE COVID-19 CRISIS BROUGHT FORTH THE BEST IN US: A RESILIENT AND STRONGLY-BONDED BUSINESS, CARING WITH COMPASSION FOR OUR PEOPLE.

THE PANDEMIC CHALLENGE TURNED INTO AN OPPORTUNITY TO REAFFIRM OUR FAMILY VALUES, TEAM SPIRIT AND CARING HEARTS.

WE FOUND A MEANING IN THE MIDST OF THE CRISIS, EVIDENCE OF CARE IN THE EMERGENCY, AND SOLIDARITY IN STRESSFUL TIMES.



**CSR at BKT takes a two-pronged form:** quality health care at the door step of the needy and enhancing awareness about health, education and improving quality of life.

The broad context for this approach stems from our concern about the negligence of rural health and wellbeing in our country. We believe in contributing to rural uplifting by improving the lives of the communities around our operational sites.

*Our CSR precedes the CSR mandate in India. It was actually in 1987 that our CSR activities began (even under a different name in those years) when we decided to support a hospital in Aurangabad. We support the entity till date. That is the sustainable nature of our CSR.*

*Later, we began supporting the agricultural communities around our Bhiwadi and Chopanki plants (2006- 2010).*

*Subsequently, in 2010, we better focused, structures and chartered our CSR intents by setting up the BKT Foundation. Those were the pre-CSR mandate times when BKT strived to change proactively and responsibly lives of the marginalized segments of the society.*

*From 2014 onwards, due to regulations, we started reporting on CSR and created a board level committee.*

**Context-specific need-based community care through NGO partners is the model we adopt.**

Family values of inclusiveness and care for growth of people around us make us a responsible organization for communities.

BKT shares the responsibility which rests on the shoulders of the healthcare sector especially, in the context of Covid-19. It resulted in providing support to doctors, nurses, healthcare staff, hospitals, medical materials, infrastructures at hospitals, equipment sourcing, apart from direct economic support.

Our CSR efforts as a response to the pandemic was especially marked by a **spirit of individual donating.**

Our family values stopped us from abandoning the projects in the face of the pandemic. Instead, we rose to the crisis like a family does, and redoubled our efforts.

Not only our business continued to contribute its CSR funds, but it was heartening to see **our people coming forward to contribute** monetarily as well towards the food, nutrition and other activities.

Our partners from 11 countries moved forward too and made their contributions. **The Founder family** doubly matched it.

**Our subsidiaries** in Italy and the US added to the CSR efforts in different ways.

**Thus, in times of the pandemic and its aftermath, our CSR was a combination of our business contribution and our people's generosity.**

In addition to our organizational CSR endeavors, we contributed to the Prime Minister's Citizen Assistance & Relief in Emergency Situation Fund.



**CSR at BKT takes a two-pronged form: quality health care at the door step of the needy and enhancing awareness about health, education and improving quality of life.**

# Projects and Initiatives: FY 2021-22

## State: Gujarat

### Place: Bhuj

- Contribution for plantation of 30,000 trees using the Japanese Technique Miyawaki method for Smritivan Memorial Project.
- Contribution for building Cow Dhaliya (with Slab) size 177\*19 and height 10 ft. in Bhuj.
- Contribution for serving Two Lakh meals to support the Covid-19 patients, their relatives, doctors and other medical and para-medical staff in Bhuj.
- Contribution in various education, infrastructures, rural development and health related projects for the benefits of villagers nearby Bhuj.
- Provided 1000 Nos. Rapid Test Kits to primary health center and 5 Nos Oxygen Concentrator and 1 Oxygen plant capacity (15.6m<sup>3</sup>/hr vs. 20m<sup>3</sup>/hr) to District Administration under the Covid-19 relief program.

## State: Maharashtra

### Place: Aurangabad

Contribution to Dr. Babasaheb Ambedkar Caidyakiya Pratiishthan ( BAVP ) for expansion of the hospital infrastructure, the Trust has undertaken to build an additional floor (3rd floor) which will host 4 General Wards comprising of 120-beds, OPD for Super Specialists, ICU for Neurology, Multi- purpose hall and additional admin infrastructure.

### Place: Mumbai

- Contribution to Tata Memorial Centre (TMC) for build up new 550-bedded State of Art Cancer Centre on Haffkine land at Parel, Mumbai.
- Contribution to Tata Memorial Centre (TMC) for acquisition of 4 Reporting Stations in radiology department for treatment of cancer patients.
- Contribution for the provision of quality, holistic, inclusive education to the students and in-service teacher education to the teachers and teacher educators. The education will be provided to around 500 students ranging from pre-school to Grade 10 of Gokhale Road South Mumbai Public School.
- Contribution for diagnosis, heart surgeries and treatment of various heart ailments with an intention to improve lives and health of underprivileged children.
- Contribution for instruments and appliances used in optical surgery for HBT Medical College & Dr. R N Cooper Municipal General Hospital.
- Contribution for rural development activities carried out for supporting the cause of the underprivileged in and around Panvel.



- Contribution in Corpus Funds for supporting and rehabilitating People with Parkinson's and their caregivers in India. Services include regular Multidisciplinary Therapy programs, Counselling, Patient welfare, Programs for the homebound and Training of allied health professionals and community health workers.
- Contribution for the provision of quality, holistic, inclusive education to the students and payment of fees for the needy students in Gopal's Garden High School, Borivali.
- Contribution towards Corpus fund, the income from which will be used for the medical support to the economically weaker patients viz. subsidized medication cost for 3 patients per year, subsidized surgical intervention being prosthetic hip or knee replacement for upto 1 patients per year.
- Provided ERBE VIO 3 machine for department of Gastroenterology in B Y L Nair Charitable Hospital, Mumbai, this electrosurgical unit will be used during ERCP for sphincterotomy , various hemostatic procedures in patients with upper and lower GI bleeding using Heater probe, APC etc.
- Provided Laparoscopy System in R N Cooper Munivpal General Hospital for gynecological surgeries, Laparoscopy being one of the latest mode of surgeries has been universally benefiting patients across the globe providing minimal scars, faster recovery, shorter hospital stay and best patient compliance.
- Provided Medical Equipment EMCO Cardiohelp system to Asian Heart Hospital, the Cardiohelp system is a compact heart-lung support system suitable for all indications requiring extracorporeal circulation for cardiopulmonary support.

**State:  
Maharashtra**

**Place: Navi Mumbai**

- Contribution for free meals to Cancer patients and their family members residing at Arogya Bhawan in Vashi.

**Place: Pune**

- Contribution for construction and renovation work in Poynad Balgram in Bandhan village.
- Contribution for overall care, education, health, nutrition and development of 100 children of SAMPARC Poynad Balgram, Bandhan Village, Shel-Pimpalgaon and Gangani centers.

**Place: Thane**

- Provided 30 Nos Desktop Computer Systems with all needed accessories for Computer learning facilities to all students of Siddhart College of Arts, Commerce and Science at post. Boradpada-Chargaon, on Badlapur-Mhasa Road, Tal. Ambarnath.

**Place: Waluj**

- Sponsoring the capital expenditure of the purchase of ISO Oxygen tanker and handling over to the Health Department, Government of Maharashtra.



**State:  
Rajasthan**

**Place: Bhiwadi**

- Contribution for capital expenditure of the 6 Bed ICU with Tech Enablement at City Nursing Home, Bhiwadi, District Alwar, Rajasthan.
- Contribution for construction of Rest room and toilets for 40 female police women at police line, Bhiwadi.

**Place: Jaipur**

- Providing Forus screening camera and Laser equipment, babies are born premature and needs screening for ROP. The technology backup and the camera is helpful in regular follow up of kids for subsequent screening, track the disease progress and to convince the parents for treatment.

**State:  
U.P.**

**Place: Varanasi**

- Medical Expenses for blood cancer treatment of Master Vinayak Maheshkumar Shah at Homi Bhabha Cancer Hospital.

**State:  
Jammu  
& Kashmir**

**Place: Srinagar**

- Contribution for supporting the installation of Pediatric Retinal Imaging System at G B Pant Children Hospital, Government Medical College, Srinagar for use pediatric patients.

**Pan India**

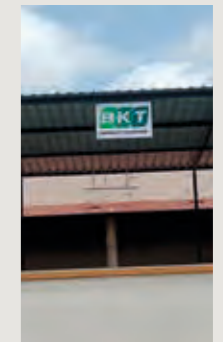
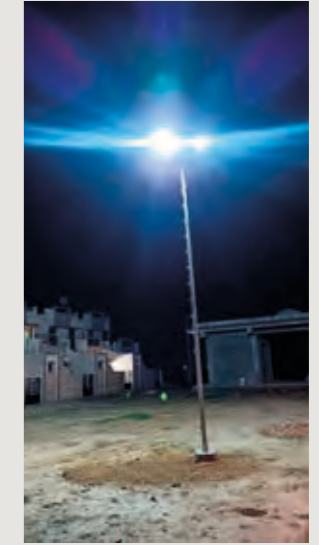
**India**

- Provided Bed sheet, PPE Kits, Mask, Hand Gloves, Head Gear and Protective Face shield, distributed in various hospitals and for needy people.

# CSR Appreciation Letters









# ANNEXURES

Performance Data Dashboard	100
Materiality and KPI map	104
Assurance Statement	108
GRI Standards Index	112

# Performance Data Dashboard

PERFORMANCE INDICATOR	UOM	FY2019-20	FY2020-21	FY2021-22
Total Production	MT	194478	231745	285952
<b>MATERIALS</b>				
Raw material consumed (MT)	MT	194936	233661	287483
Resource productivity (Raw material MT/Ton of Tire)	MT/MT	1.01	1.01	1.01
Recycled Rubber Ratio	MT/MT	0.021	0.02	0.02
Recycled product rate	%	2.08	2.03	2.01
<b>ENERGY</b>				
Total energy consumption	Mkcal	613223	665296	687063
Energy consumption (fuel)	Mkcal	442452	479122	540530
Energy consumption (purchased electricity)	Mkcal	170771	181165	140143
Energy consumption per unit of production	Mkcal/MT	3.15	2.87	2.40
Reduction volume of energy consumption	%	-	0.002	0.0016
<b>Energy saved per ton of prodn (over previous year)</b>	<b>Mkcal/MT</b>	<b>-</b>	<b>0.28</b>	<b>0.47</b>
<b>WATER &amp; EFFLUENTS</b>				
Total water withdrawal	kl	801343	800537	952927
Water withdrawal (groundwater)	kl	367989	353311	402885
Water withdrawal (water supply & industrial water)	kl	433354	443026	537532
Water withdrawal (rainwater)	kl	0	4200	12510
Volume of recycled water	kl	338217	436540	533725
Total water discharge	kl	0	0	0
<b>Water saved per ton of prodn (over previous year)</b>	<b>kl/MT</b>	<b>-</b>	<b>0.67</b>	<b>0.12</b>

PERFORMANCE INDICATOR	UOM	FY2019-20	FY2020-21	FY2021-22
<b>GHG EMISSION</b>				
Greenhouse gas emissions (Scope 1)	tCO <sub>2</sub> e	118931	196131	222414
Greenhouse gas emissions (Scope 2, market based)	tCO <sub>2</sub> e	207022	189122	229472
Greenhouse gas emissions (Scope 3)	tCO <sub>2</sub> e	-	-	-
CO <sub>2</sub> emissions (Scope 1 + Scope 2)	tCO <sub>2</sub> e	325953	385253	451886
GHG emission per MT Production	tCO <sub>2</sub> e/MT	1.68	1.66	1.58
NOx emissions	mg/Nm <sup>3</sup>	-	370.87	132.33
SOx emission	mg/Nm <sup>3</sup>	-	426.63	50.55
<b>EFFLUENT &amp; WASTE</b>				
Total volume of water discharge	kl	0	0	0
Volume of recycled water	kl	338217	436540	533725
Total weight of waste generated	MT	-	111.74	169.8
Hazardous waste generated	MT	-	527.34	275.92
Hazardous waste transported	MT	-	163.34	227.8
Hazardous waste treated	MT	-	-	-
Volume of waste landfilled	MT	86	92.5	78.4
<b>ENVIRONMENT MANAGEMENT</b>				
Sites with ISO14001:2005 certification	No.	4	4	4

PARTICULARS	FY2019-20	FY2020-21	FY2021-22
<b>EMPLOYMENT</b>			
<b>Total employees as on 1st April (Genderwise M/F, Agewise &lt;30, 30 to 50, &gt;50) "</b>			
<b>Agewise</b>			
Below 30	-	402	782
30-50 Years	1,125	1,500	1,739
Over 50 Years	282	409	404
<b>Gender</b>			
Male	1,876	2,275	2,885
Female	28	28	39
<b>Workers</b> (Monthly rated and daily rated, trainees)	875	885	941
<b>Others</b> (Contract, trainees, apprentices, etc)	3,547	1,090	1,361
Number of employees leaving the organization in the year	150	92	208
Number of employees joined the organization in the year	141	187	586
<b>LABOR MANAGEMENT</b>			
<b>Minimum notice period duration in weeks</b>			
Minimum notice period regarding significant operational changes	9-21 days	9-21 days	9-21 days
Consultation opportunities on the changes during notice yes period (yes/no)	yes	yes	yes
<b>OCCUPATIONAL HEALTH &amp; SAFETY</b>			
Workers training hours or participation details on OH&S	27,0143	11,056,396.91	12,338,256
Percentage of workers covered under OH&S system (Permanent/ Temp)	100	100	100
<b>TRAINING &amp; EDUCATION</b>			
Average hours of training per year per employee (M/F)	216.87	288.7	282.9
<b>NON-DISCRIMINATION</b>			
<b>Incidents of discrimination and corrective actions taken</b>			
State the total number of incidents of discrimination	NIL	NIL	NIL
State the actions taken in response to the incident of discrimination	NIL	NIL	NIL

PARTICULARS	FY2019-20	FY2020-21	FY2021-22
<b>RIGHTS OF INDIGENOUS PEOPLE</b>			
Nos of identified incidents of violations involving the rights of indigenous peoples	NIL	NIL	NIL
<b>PUBLIC POLICY</b>			
<b>Public Policy - Political Contribution</b>			
Total monetary value of financial and in-kind political contributions made directly and indirectly by the organization by country and recipient/beneficiary. (Estimation process)	NIL	NIL	NIL
<b>ECONOMIC PERFORMANCE (RS IN CRORES)</b>			
<b>Economic value generated</b>			
Revenues	5031.26	5919.37	8697.31
<b>Economic value distributed</b>			
Operating costs	3043.45	3362.58	5092.47
Employee wages and benefits	285.82	325.94	380.43
Other than Operating costs	554.15	666.44	1232.99
Payments to providers of capital - Finance Cost	7.27	9.82	7.86
Payments to providers of capital - Dividend	512.72	231.98	560.62
Payments to government -Current	292.30	369.16	519
Payments to government - Deferred	(114.44)	6.45	24.78
Community investments	17.73	23.6	29.09
<b>Economic Value Retained</b>	432.26	923.40	850.07
<b>EMPLOYEE BENEFIT PLAN</b>			
<b>Financial Benefits Plan &amp; Retirement Plan</b>			
Benefit plan obligation, liabilities	57.52	64.73	70.34
Percentage of salary contributed to retirement plans	20.12	19.86	18.49
<b>INDIRECT ECONOMIC IMPACTS</b>			
Infrastructure investment (Significant), Services supported	21.23	22.32	24.78
Significant Indirect Economic Impacts	17.73	23.6	29.09
<b>INDIRECT ECONOMIC IMPACTS</b>			
Percentage of Local procurement as per definition of local	61.03	58.24	49.86

# Materiality and KPI Map

Sr. No	Material topic	Why material?	GRIS KPIs	Boundary (I=Internal; E=External)
1	Materials management	<ul style="list-style-type: none"> <li>• Critical to production</li> <li>• Natural rubber is a valuable natural resource</li> </ul>	<b>Material</b> 301-1 Material used by weight & volume	I
2	Energy & Emissions	<ul style="list-style-type: none"> <li>• Critical to operations</li> <li>• One of the sustainability focus area</li> </ul>	<b>Energy</b> 302-1 Energy Consumption within orgn 302-3 Energy Intensity 302-4 Reduction of energy consumption	I&E
3	Emissions	<ul style="list-style-type: none"> <li>• Critical to clean environment &amp; healthy society</li> <li>• Managed as per compliance &amp; compliance +</li> </ul>	<b>Emissions</b> 305-1 Direct (Scope 1) GHG emissions 305-2 Energy indirect (Scope 2) GHG emissions 305-4 GHG emissions intensity 305-7 Nitrogen oxides (NOx), sulphur oxides (Sox), and other significant air emissions	I&E
4	Water & Effluents	<ul style="list-style-type: none"> <li>• Critical to operations</li> <li>• One of sustainability focus areas</li> <li>• One of the basic human need</li> <li>• Shrinking availability</li> </ul>	<b>Water &amp; Effluent</b> 303-1 MA - Interaction with water as a shared resource 303-2 MA - Mngmt of water discharge related impact 303-3 Water withdrawal 303-4 Water discharge 303-5 Water consumption	I
5	Waste	<ul style="list-style-type: none"> <li>• Critical to clean environment &amp; healthy society</li> <li>• Managed as per compliance &amp; compliance +</li> </ul>	<b>Waste</b> 306-1 MA - Waste generation & significant waste related impacts 306-2 MA - Management of significant waste related impacts 306-3 Waste generated 306-5 Waste directed to disposal	I&E

Sr. No	Material topic	Why material?	GRIS KPIs	Boundary (I=Internal; E=External)
6	Technology, Innovation, R&D	<ul style="list-style-type: none"> <li>• Purpose, core strength, commitment to customers</li> <li>• Competitive advantage, market differentiator</li> <li>• Sustainable choice, customer centric</li> <li>• Advanced manufacturing technology</li> </ul>	<b>Economic Performance</b> 201-1 Direct economic value generated & distributed 201-3 Defined benefit plans & obligations <b>Indirect Economic Impact</b> 203-1 Infrastructure investments and services supported 203-2 Significant indirect economic impact <b>Procurement Practices</b> 204-1 Proportion of spending on local suppliers <b>Anti-Corruption</b> 205-1 Operations assessed for risk related to corruption 205-2 Communication & training about anti-corruption policies & procedures 205-3 Confirmed incidents of corruption & actions taken 206-1 Anti competitive behavior related legal actions	I&E
7	Ethics & Compliance (Refer to BRR)	<ul style="list-style-type: none"> <li>• Part of philosophy and value system of the organization</li> <li>• Foundation / cornerstone of our operations</li> <li>• Our commitment to all our stakeholder</li> </ul>	<b>Employment</b> 401-1 New employee hires & employee turnover 401-2 Benefits provided to fulltime employees that are not provided to temporary/ part time employee 406-1 Discrimination -incidences and corrective actions 408 Operations assessed for risk of Child labor 409 Operations assessed for risks of forced labor 415-1 Political contributions 418 Complaints regarding breaches of customer privacy 419 Non compliance.w.r.t. regulation, fines, sanctions	I

Sr. No	Material topic	Why material?	GRIS KPIs	Boundary (I=Internal; E=External)
8	Health & Safety	<ul style="list-style-type: none"> <li>• Our people are our core asset</li> <li>• Growing together is a corporate value</li> </ul>	<p><b>Labor/Management Relations</b></p> <p>402-1 Minimum Notice Periods regarding operational changes</p> <p><b>Occupational Health &amp; Safety</b></p> <p>403-1 MA - Occupational health &amp; safety management system</p> <p>403-2 MA - Hazard identification, risk assessment &amp; incident assessment</p> <p>403-3 MA - Occupational health services</p> <p>403-4 MA - Worker participation, consultation &amp; communication on health &amp; safety</p> <p>403-5 MA - Worker training on occupational health &amp; safety</p> <p>403-6 MA - Promotion of worker health</p> <p>403-7 MA - Prevention &amp; mitigation of occupational health &amp; safety impacts directly linked by business relationship</p> <p>403-8 Workers covered by Occupational health &amp; safety management system</p> <p><b>Diversity &amp; Equal Opportunity</b></p> <p>405-2 Ratio of basic salary and remuneration of women to men for employee category</p>	I

Sr. No	Material topic	Why material?	GRIS KPIs	Boundary (I=Internal; E=External)
9	Employee Wellbeing	<ul style="list-style-type: none"> <li>• Integral to our business</li> <li>• Core value - growing together</li> <li>• Teamwork</li> <li>• Employees seen as family</li> </ul>	<p><b>Security Practices</b></p> <p>410-1 Security personnel trained in human rights policies &amp; procedures</p> <p><b>Human Right Assessment</b></p> <p>412 MA</p> <p>412-1 Operations that have been subject to human rights reviews or HR impact assessment</p> <p>412-2 Employee training on human rights policies or procedures</p>	I
10	Community Care	<ul style="list-style-type: none"> <li>• Our social responsibility</li> <li>• Part of our purpose</li> <li>• National priority</li> </ul>	<p><b>Local Communities</b></p> <p>413-1 Operations with local community engagement, impact assessment &amp; development programs</p> <p><b>Indirect Economic Impact</b></p> <p>203-1 Infrastructure investments and services supported</p> <p>203-2 Significant indirect economic impact</p> <p>411 Rights of indigenous people violated</p>	I

# Assurance Statement



## Independent Assurance Statement

### INTRODUCTION

DNV represented by DNV Business Assurance India Private Limited ('DNV') has been commissioned by the management of Balkrishna Industries Limited ('BKT' or 'the Company', Corporate Identity Number (CIN) L99999MH1961PLC012185) to undertake an independent assurance of its Sustainability Report 2022 ('the Report') in its printed format for the reporting period 1<sup>st</sup> April 2021 - 31<sup>st</sup> March 2022. The sustainability disclosures in this Report have been prepared based on the material topics identified by Balkrishna Industries Limited and related topic-specific Standards from the Global Reporting Initiative ('GRI') Sustainability Reporting Standards ('GRI Standards') for its Core option of reporting.

Our assurance engagement was planned and carried out during June 2022 - August 2022, and we performed our assurance (Type 2, Moderate level) activities based on AccountAbility's AA1000 Assurance Standard v3 and DNV's assurance methodology VeriSustain™<sup>1</sup>. The intended user of this assurance statement is the Management of Company. We disclaim any liability or responsibility to a third party for decisions, whether investment or otherwise, based on this Assurance Statement. We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion and this process did not involve engagement with any external stakeholders. The assurance engagement considers an uncertainty of ±5% based on materiality threshold for estimation/measurement errors and omissions.

The reporting boundary encompasses BKT's operations in India (Tire manufacturing plants at Bhuj, Chopanki, Bhiwadi and Waluj, mould plant at Dombivli and the carbon black plant at Bhuj). The reported data on economic performance, and other financial data are based on audited financial statements issued by the Company's statutory auditors and subject to separate independent audit process.

### RESPONSIBILITIES OF THE MANAGEMENT OF BALKRISHNA INDUSTRIES LIMITED AND OF THE ASSURANCE PROVIDER

The Management has the sole responsibility for the preparation of this Report and are responsible for all information disclosed in the Report as well as the processes for collecting, analyzing and reporting the information presented in the Report. Balkrishna Industries Limited is also responsible for ensuring the maintenance and integrity of its website and any referenced disclosures on sustainability performance. In performing this assurance work, DNV's responsibility is to the Management of Balkrishna Industries Limited; however, this statement represents our independent opinion and is intended to inform the outcome of the assurance to the stakeholders of the company. DNV's assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith and free from misstatements. We were not involved in the preparation of any statements or data included in the Report except for this Assurance Statement.

### BASIS OF OUR OPINION

We planned and performed our work to obtain the evidence considered necessary to provide a basis for our assurance opinion, and as part of the assurance process, a multi-disciplinary team of sustainability and assurance specialists reviewed sustainability disclosures related to BKT's operations in India. We adopted a risk-based approach, that is, we concentrated our assurance efforts on the issues of high material relevance to BKT's business and its key stakeholders. We undertook the assessments covering sample locations within the boundary of report, covering its corporate office and operating units in India (Bhuj (Gujarat), Bhiwadi and Chopanki (Rajasthan), Waluj and Mould plant in Dombivli (Maharashtra)) in line with DNV's assessment methodology.

<sup>1</sup> The VeriSustain protocol is based on the principles of various assurance standards including International Standard on Assurance Engagements 3000 (ISAE 3000) Revised (Assurance Engagements other than Audits or Reviews of Historical Financial Information) and the GRI Principles for Defining Report Content and Quality, international best practices in verification and our professional experience; and is available on request from [www.dnv.com](http://www.dnv.com)  
Project No: PRJN-399374-2022

We carried out the following activities:

- Reviewed the approach to stakeholder engagement and materiality determination process and its outcomes as brought out in the Report.
- Interviews with selected senior managers responsible for management of sustainability issues and review of selected evidence to support topics disclosed in the Report. We were free to choose interviewees and validated information through discussions with persons responsible for data and information management and those with overall responsibility to deliver the Company's sustainability objectives.
- Assessments with data owners and managers of each sampled sites of BKT, to review processes and systems for preparing the sustainability data, and implementation of sustainability strategy and management approach as per selected GRI Standards.
- Review of internal audit findings and outcomes for sampled performance disclosures.
- Review of supporting evidence for key claims and performance data in the Report on a sample basis.
- Review of the processes for generating, gathering and managing the specified performance data related to identified material topics and, for a sample, checking the data consolidation in context to the Principle of Completeness as per DNV VeriSustain.
- An independent assessment of BKT's reporting against the chosen GRI topic-specific Standards and the reporting requirements of GRI 102: General Disclosures 2016 for Core option of reporting.

### OPINION

On the basis of the verification undertaken, nothing has come to our attention to suggest that the Report does not properly adhere to the GRI Standards: Core option of reporting, including GRI 102: General Disclosures 2016, GRI 103: Management Approach 2016 and disclosures related to the following GRI topic-specific Standards which have been chosen by BKT to bring out its performance against the identified material topics:

- GRI 205: Anti-corruption 2016 – 205-1; 205-2
- GRI 301: Materials 2016 – 301-1;

- GRI 302: Energy 2016 – 302-1;
- GRI 303: Water and Effluents 2018 – 303-2, 303-3, 303-4;
- GRI 305: Emissions 2016 – 305-1, 305-2;
- GRI 306: Waste 2020 – 306-1, 306-2;
- GRI 307: Environmental Compliance 2016 – 307-1;
- GRI 401: Employment 2016 – 401-1;
- GRI 403: Occupational Health and Safety 2018 – 403-5, 403-8;
- GRI 406: Non-discrimination 2016 – 406-1;
- GRI 410: Security Practices 2016 – 410-1.

### OBSERVATIONS

Without affecting our assurance opinion, we also provide the following observations evaluating the Report's adherence to the Reporting Principles of the GRI Standards and principles of AA1000AS:

#### Inclusivity

*The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability.*

The Report brings out the processes adopted for stakeholder engagement, that is, to identify its various stakeholders, which include customers, suppliers, employees, shareholders, trade unions, government, statutory bodies, industry peers, local community, global regulators, media, NGOs and financial institutions.

The Report also brings out the frequencies of engagement with each stakeholder group, and the key concerns arising out of the engagement processes during the reporting period along with the mode of engagement in place towards identifying and responding to the needs and expectations of these stakeholders as per the requirements set out in GRI Standards.

**Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Inclusivity.**

#### Materiality

*The process of determining the issues that is most relevant to an organization and its stakeholders.*

The Report brings out the outcome of materiality assessment, i.e. nine material topics that has been identified, along with the changes in relative materiality from the previous reporting periods. Materiality review exercise has been carried out considering internal and external inputs and reviewed by management team of BKT incorporating significant risks, and reporting principles of GRI standard; further relevant topics from GRI topic specific Standards were identified to disclose the sustainability performance for the identified material topics.

**Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Materiality.**

**Responsiveness**

*The extent to which an organization responds to stakeholder issues.*

The Report brings out the processes through which BKT responds to stakeholder concerns, that is, descriptions of policies, strategies, management approach, including setting of goals and initiatives for sustainable development. The Report also brings out General Disclosures about Company and responses to identified material topics through chosen GRI topic-specific Standards.

**Nothing has come to our attention to believe that the Report does not meet the requirements related to the Principle of Responsiveness.**

**Impact**

*The level to which an organisation monitors, measures and is accountable for how its actions affect its broader ecosystems.*

The Report articulates the processes through which BKT identifies, evaluates and manages key impacts (internal and external) caused by its operations. Further, the Report also brings out its management approach and related strategies to mitigate potential and actual operational impacts in short, medium and long term.

**Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Impact.**

**Specific Evaluation of the Information on Sustainability Performance**

We consider the methodology and the process for gathering information developed by BKT for its sustainability performance reporting

to be appropriate, and the qualitative and quantitative data included in the Report was found to be identifiable and traceable; the personnel responsible were able to demonstrate the origin and interpretation of the data and its reliability. Nothing has come to our attention that the information provided to us was inconsistent, inaccurate and unreliable, or that the Report is not a faithful description of BKT's reported sustainability activities for the reporting period.

**Reliability**

*The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.*

The Report brings out established process and systems including standard operating procedures to collate and analyse qualitative and quantitative sustainability performance related to its identified material issues on a quarterly basis for management reviews and has also set in an internally audit process to enhance reliability of reported disclosures. The majority of data and information verified through our assessments and reviews with BKT's data owners of each sampled sites were found to be accurate and reliable. Some of the data inaccuracies identified during the verification process were found to be attributable to transcription, interpretation and aggregation errors and the errors have been identified, communicated and corrected.

**Nothing has come to our attention to believe that the Report does not meet the principle of Reliability.**

**ADDITIONAL PRINCIPLES AS PER DNV VERISUSTAIN**

**Completeness**

*How much of all the information that has been identified as material to the organisation and its stakeholders is reported?*

The Report brings out BKT's General Disclosures and sustainability performance related to the nine environmental, social and economic-related topics that it has identified as material for reporting during 2022, along with descriptions of management approach and overall strategy. The reporting boundaries predominantly cover its corporate office and operating units in India, that is, Bhuj (Gujarat), Bhiwadi and Chopanki (Rajasthan), Waluj and Mould plant in Dombivali (Maharashtra). The Report also included the sustainability performance of its carbon black plant in Bhuj.

**Nothing has come to our attention to suggest that the Report does not meet the Principle of Completeness with respect to scope, boundary and time.**

**Neutrality**

The extent to which a report provides a balanced account of an organization's performance, delivered in a neutral tone.

The Report brings out BKT's sustainability performance during the reporting period in a neutral tone in terms of content and presentation, along with descriptions of key risks and concerns faced by the Company during the reporting period.

**Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.**

**STATEMENT OF COMPETENCE AND INDEPENDENCE**

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO IEC 17021:2015 - Conformity

For DNV Business Assurance India Private Limited

**Vadakepath, Nandkumar**

Digitally signed by Vadakepath, Nandkumar

**Date: 2022.08.15 17:04:30 +05'30'**

Nandkumar Vadakepath  
Lead Verifier  
DNV Business Assurance India Private Limited, India.

**Radhakrishnan, Kiran**

Digitally signed by Vadakepath, Nandkumar

**Date: 2022.08.15 14:41:14 +05'30'**

Kiran Radhakrishnan  
Technical Reviewer  
DNV Business Assurance India Private Limited, India.

15th August 2022, Mumbai, India.



*DNV Business Assurance India Private Limited is part of DNV – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. www.dnv.com*

<sup>2</sup> The DNV Code of Conduct is available on request from www.dnv.com (<https://www.dnv.com/about/in-brief/corporate-governance.html>)



# GRI Standards Index

GRIS: Disclosure No.	Disclosure Description	Page No.
<b>GENERAL DISCLOSURES - CORE</b>		
<b>Organizational Profile</b>		
102-1	Name of the Organization	8
102-2	Activities, brands, products & services	11
102-3	Location of Headquarters	11
102-4	Locations of operations	11
102-5	Ownership & legal form	10
102-6	Markets served	11
102-7	Scale of the organization	8-9
102-8	Information on employees & other workers	102
102-9	Supply chain	70
102-10	Significant changes to the organization & its supply chain	NONE
102-11	Precautionary principle or approach	16
102-12	External Initiatives	86-93
102-13	Membership of Associations	28
<b>Strategy</b>		
<b>Ethics &amp; Integrity</b>		
102-16	Values, Principles, Standards & norms of behavior	21
<b>Governance</b>		
102-18	Governance structure	26-30

GRIS: Disclosure No.	Disclosure Description	Page No.
<b>Stakeholder Engagement</b>		
102-40	List of stakeholder groups	32
102-41	Collective bargaining agreements	82-83
102-42	Identifying & selecting stakeholders	32
102-43	Approach to stakeholder engagement	32-33
102-44	Key topics & concerns raised	31
<b>Reporting practice</b>		
102-45	Entities included in the consolidated financial statement	14-15
102-46	Defining report content & report boundaries	14-15
102-47	List of material topics	31
102-48	Restatement of information	No Restatement
102-49	Changes in reporting	14-15 (NONE)
102-50	Reporting period	14
102-51	Date of most recent report	14
102-52	Reporting cycle	14
102-53	Contact point for questions regarding the report	14
102-54	Claims of reporting in accordance with the GRI standards	14
102-55	GRI content Index	110-111
102-56	External Assurance	104-109
103-1	Material topics and boundaries	102-103
103-2	Management approach and its components	26, 42, 62, 63, 64, 65, 66, 67, 68, 69, 72, 76, 86, 87
103-3	Evaluation	100-101

GRIS: Disclosure No.	Disclosure Description	Page No.
<b>SPECIFIC DISCLOSURES</b>		
<b>ECONOMIC</b>		
<b>Economic performance</b>		
201-1	Direct economic value generated & distributed	101
201-3	Defined benefit plans & obligations	101
<b>Indirect Economic Impact</b>		
203-1	Infrastructure investment and services provided	86-93
203-2	Significant indirect economic impact	86-93
<b>Procurement Practices</b>		
204-1	Proportion of spending on local suppliers	70
<b>Anti-Corruption</b>		
205-1	Operations assessed for risk related to corruption	Nil
205-2	Communication & training about anti-corruption policies & procedures	100%
205-3	Confirmed incidents of corruption & actions taken	Nil (No cases)
<b>ENVIRONMENT</b>		
<b>Materials</b>		
301-1	Material used by weight & volume	100
<b>Energy</b>		
302-1	Energy Consumption within orgn	100
302-2	Energy consumption outside orgn	100
302-3	Energy Intensity	100
302-4	Energy reductions	100
<b>Water &amp; effluents</b>		
303-2	Water consumption/withdrawal sources	100

GRIS: Disclosure No.	Disclosure Description	Page No.
303-3	Water recycled	100
303-4	Water discharge	100
<b>Emissions</b>		
305-1	Direct (Scope 1) GHG emissions	101
305-2	Energy indirect (Scope 2) GHG emissions	101
305-5	Emissions reductions	58-59, 101
305-7	Nitrogen oxides (NOx), sulphur oxides (Sox), and other significant air emissions	101
<b>Waste</b>		
306-1	Water discharge by quality & destination	101
306-2	Waste by type & disposal method	101
<b>Environmental Compliance</b>		
307-1	Non-compliance with environmental laws and regulations	NONE
<b>SOCIAL</b>		
<b>Employment</b>		
401-1	New employee hires & employee turnover	102
401-2	Benefits provided to fulltime employees that are not provided to temporary/ part time employee	102
<b>Labor-management relations</b>		
402-1	Minimum Notice Periods regarding operational changes	9 to 2 months
<b>Occupational H&amp;S</b>		
403-5	Worker training on OHS	83
403-8	Workers covered by Occu health & safety mngmt sys	100%
<b>Diversity &amp; Inclusion</b>		
405-1	Diversity of governance bodies & employees (Annual Board report)	AR

GRIS: Disclosure No.	Disclosure Description	Page No.
<b>Non- discrimination</b>		
406-1	Incidents of discrimination & corrective actions	Nil (No incidents)
<b>Security</b>		
410-1	Security personnel trained in human rights policies & procedures	100%
<b>Community</b>		
411-1	Violations w.r.t. rights of indigenous people	None
413-1	Operations with local community engagement, impact assessment & development programs	Nil (CSR engagements exist; no third party impact assessments)





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