

# INTEGRATED SUSTAINABILITY REPORT 2015-16



Enriching Lives



## Towards Sustainable Future

**KIRLOSKAR BROTHERS LIMITED**

A Kirloskar Group Company



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## CMD's Message

I am happy to present KBL's Sustainability report 2015-16 in the 7th consecutive year of reporting. As in earlier years, this Report prepared as a pro-active disclosure of KBL's Triple Bottom Line performance, is independently assured and based on the international guidelines recommended by the Global Reporting Initiative (GRI).

KBL will continue the responsible practices of corporate governance, transparency, accountability and will go beyond maximizing profits to address the interests of all stakeholders.

We live in a rapidly changing environment, where new challenges are emerging all the time. A company has to adapt to these changes and make prudent adjustment to its policies and actions if it has to sustain itself over time. KBL had initiated an exercise of reviewing its strategy which can take it to higher levels of growth and profitability through 2015-2020. We have reoriented our strategies to achieve the vision of becoming one of the most admired engineering companies in the world.

Kirloskar Brothers continued its pursuit of Vision 2020 through a structured program of organic and inorganic growth opportunities. KBL's subsidiary Kirloskar Pompen BV completed the acquisition of Dutch pump manufacturer Rodelta Pumps International B.V. Rodelta specializes in the manufacture of American Petroleum Institute (API) and Non API pumps for oil and gas, pulp and paper, water, marine and chemical applications. Initiatives were taken to align business with stated objectives by restructuring of the organization. A Project Execution Cell was formed to ensure project closures as per the objectives and schedule to consolidate our financial position.

Expansion in infrastructure and real estate development, erratic monsoon climate and scarcity of water across areas in the country, fluctuations in ground water level, rising population and urbanization, and a healthy

economic outlook stimulates the growth of the Indian pumps industry.

It has been a definitive year of positive change for the country. The 'Make in India' initiative of the Prime Minister of India signals recognition of the far-reaching economic and social impact of the manufacturing sector. At Kirloskar Brothers Limited, we have been walking on the path of Make in India for the past 115 years. With other Asian economies slowing down and international financial agencies predicting India to be the fastest growing large economy, all eyes are on India to drive global manufacturing. Make in India will help Indian companies enhance their business opportunity in global market.

We have achieved sales revenue of Rs 16562 Million in FY 2015-16, which is 1.8 % higher than the previous year. While KBL continues to enjoy the leadership position in the Indian pump market, it also strengthened its global presence through its subsidiary companies - SPP Pumps Ltd, Braybar Pumps, Syncroflo and Rodelta Pumps.

This year our Kirloskarvadi plant has been awarded Silver Plaque and Kondhapuri Plant with Bronze plaque in CII GreenCo Company rating. Our other plants Dewas, Kaniyur and Sanand have already received the Silver rating in earlier assessment. By this achievement KBL becomes one of leading pump manufacturing companies in the country working on Green initiatives.

As part of our Safety Excellence Journey aimed at goal of zero injuries to our employees and all stakeholders associated with operations, we have worked to create a Safety Culture across the organization. During the year, we achieved Lost Time Injury Frequency Rate (LTIFR) of 1.39.

To ensure a positive environmental footprint, KBL has adopted a low-carbon growth strategy which focuses on



enhanced use of renewable energy sources as well as reduction in specific energy consumption. Endeavours to reduce specific water consumption and augment rainwater harvesting activities at our plant locations and corporate office contributed to the imperative need to ensure water conservation. Our Specific Water Consumption for 2015-16 is 16.9 KL / Rs. Mn and it is reduced by 9.1% over previous year. Energy is a material issue for our manufacturing plants and renewable energy is a key focus area. Apart from sourcing wind power we are also exploring use of existing rooftop areas for in-house solar power generation. Energy conservation continues to be a key focus area from cost reduction and climate change perspective. All our plants continue to be certified to environmental and safety management systems.

We have been practicing Social Accountability from many years and getting SA 8000 certification identifies us as more responsible organization towards society. KBL's community development agenda is aligned with our competencies and business needs while working on areas that also matter to the communities in which we operate. All these initiatives are channelized through "Vikas Charitable Trust" a dedicated wing of KBL for conducting CSR activities. It is my strong belief that Business can play an immensely constructive and meaningful role. Businesses possess the innovative capability, creative capacity and entrepreneurial vitality to stimulate transformational change by harnessing these strengths to co-create much larger societal value.

This Sustainability Report is once again a dedication of our pledge to contribute to a secure, sustainable and inclusive future.



Sanjay C. Kirloskar  
Chairman and Managing Director



# SUSTAINABILITY CONTEXT

Our sustainability agenda focuses on social, environmental and economic dimensions based on our values. Fairness in dealing with stakeholders and commitment towards environment are the core values we follow in KBL. The primary purpose of our business is to develop a sustained and constructive relationship with all its stakeholders to improve its quality of life. As a responsible organisation KBL promote environmental friendly products and execute infrastructure projects as a nation building activity for enriching lives. We are continuously making efforts to reduce our carbon footprint; we have all the necessary certifications, product approvals from renowned national and international bodies. Our focus area is not only cost reduction but also to maintain competitive edge to ensure our business is sustainable. We would like to plan for balanced growth in a manner which will help us to achieve our economic, societal and environmental targets.

KBL social development programs bring about a perceivable improvement in attitude, culture and values amongst our employees and community in order to improve quality of their life. Conservation of natural resources and commitment to green environment is our motto. We are committed to conserve the environment and natural resources while designing our products, manufacturing and business processes. We constantly strive to upgrade our technologies, use of eco-friendly practices and deploy contemporary operations and processes.

Principle	KBL Demonstrates this through
Accountability and Transparency	Financial reporting, Sustainability Reporting, Corporate Governance practices, Internal and external audits, Lakaki Business Excellence assessment, GreenCo assessment
Ethical behaviour	Implementation of Code of Ethics and Values
Respect for stakeholders interests	Engagement with stakeholders and action plans to address the needs and expectations
Respect for the rule of law	Monitoring of compliance reports and educating concerned people, implementation of intellectual property protection system
Respect for international norms of behaviour	Compliance to all regulatory norms at international operations
Respect for human rights	Empowerment of women in manufacturing plants, Focus on employee safety, engagement with employees, Code of ethics and implementation of SA 8000



# KEY IMPACTS, RISKS AND OPPORTUNITIES



As a diversified business entity, KBL continues to focus on a system-based approach to business risk management. Accordingly, management of risk has always been an integral part of the Company's 'Strategy' and straddles its planning, execution and reporting processes and systems.

The risk management process typically involves identifying particular risk events or circumstances relevant to the organisation's objectives, assessing them in terms of likelihood and magnitude of impact, determining a response strategy, and monitoring them on a regular basis.

The Corporate Risk Management Committee, through focused interactions with business Sectors, facilitates the identification and prioritisation of strategic and operational risks, development of appropriate mitigation strategies and conducts periodic reviews of the progress on the management of identified risks. By identifying and proactively addressing risks and opportunities, the objective is to build and maintain sustainable, robust business models and to protect and create value for all the stakeholders, including shareholders, employees, customers, regulators, and the community.

A robust and comprehensive framework of strategic planning and performance management ensures realisation of business objectives based on effective strategy implementation. The annual planning exercise requires all business Sectors to clearly identify their top risks and set out a mitigation plan. Business Sectors are required to confirm periodically that all relevant risks have been identified, assessed, evaluated and that appropriate mitigation systems have been implemented.

To ensure adequate Internal financial control, a strong and independent Internal Audit function at the corporate level carries out risk focused audits across all businesses, enabling identification of areas where risk management processes may need to be strengthened. The Audit Committee of the Board reviews Internal Audit findings, and provides strategic guidance on internal controls.



## Risks

Risks	Strategic & Operational Initiatives
Delays in project execution	Robust pre bid risk assessment for capturing political and geographical risks Preparing robust schedules for major deliverables, resources, etc. Impart training to Site managers in PM, Risk and EPM to improve project delivery capabilities
Delay in delivery of Goods to customer	Cross functional documentation cell to validate the clear order status in SAP Strengthening of supply chain Effective implementation of planning, methods engineering, optimal resource management and maximizing the output. Dashboard monitoring of On Time Delivery Index.
Cost competitiveness	Develop a strong Value engineering process. Aim to develop critical and niche products to increase the margins Develop a strong supply & marketing chain management process
Cost overrun	Use of robust project management & risk management tools for operational excellence towards cost control & schedule adherence. Knowledge management - Capturing & implementing learning, particularly from projects in on-going & future Projects. Strengthening supply chain for project business
Strain on working Capital	Positive cash flow is ensured before accepting the project order Cross Functional Team for analyzing inventory levels at plant, TOC and Bucketing implementation Improve the effectiveness of SMDS to control inventory levels for Small pump Business
Delay in speed to market	Restructuring and improving processes for speedier introduction of new products



## Opportunities



Opportunities	Strategic & Operational Initiatives
Growing potential in emerging economies	Business plans made to increase sales in international markets.
Enhanced awareness among all users, on need for LLC , energy saving	Promote Lowest cost of ownership concept Provide products and solutions that help customers reduce their carbon footprint. Energy audit services & solutions
Growth in Manufacturing Sector due to make in India Initiatives	Reduce product gap and develop complete product range for the identified new market
Growth Potential in Solar Business	Provide Solar energy solutions for operating large pumping systems. Tie up to provide integrated systems
Increasing Opportunities in small Hydro Projects	Focus on business with suitable offerings for small hydro projects as GOI has launched National mission for accelerated development of Projects
New opportunities in emerging nuclear sector	Networking with Nuclear establishments in India Leverage N/NPT certification to position Globally Focus selectively on overseas market with support from key International Players



# ORGANISATION PROFILE

## **G4-3: Name of the Organization**

Kirloskar Brothers Limited

## **G4-4: Brands, Products and Services**

We have following products in our manufacturing range:

Pumps: End Suction Pump, Monobloc Pump, Split Case Pump, Submersible Pump, Multistage Pump, Sump Pump, Vertical Turbine Pump

Special & Engineered Pump: Canned Motor pump, Concrete Volute Pump, Canister Pump, Metallic Volute Pump

Valves: Butterfly Valve, Sluice valve, Non Return Valve, Kinetic Air Valve, Foot Valve, FM/UL Approved Gate Valve, Cast Steel Gate, Globe, Check Valve, Ball Valve, Steam Trap Device, Forged Steel Gate, Globe, Check Valve, Suction Diffuser and Triple Duty Valve

Turbines: Francis Turbines, Kaplan Turbines Pelton wheel Turbines

Packaged Systems: Pressure Boosting Hydro-Pneumatic System (HYPN), Eterna (Pressure Booster System) Fire Fighting System, HVACR System (Heating Ventilation Air Conditioning and Refrigeration System), Condition Monitoring System, Solar Pumping System.

### **Services:**

Energy Audit Services

We pledge to "REDUCE, REUSE, and RECYCLE"

The world is moving towards a sustainable energy future with an emphasis on energy efficiency and use of renewable energy sources. With this objective in mind, Kirloskar Brothers Limited has started the Energy Conservation Cell wherein a team of Certified Energy Managers & Auditors carry out Performance Measurement of Pumps & Motors, called Pumping Energy Audit.

Our capabilities -

Fully equipped with 12 sets of sophisticated instruments like Ultrasound Flow Meter, Power Analyzer, Stroboscope, etc

Competent team of energy professionals

This year we introduced Thermodynamic flow meter in our fleet of instruments. This instrument overcomes all the limitations of ultrasonic flow meter like availability of straight length of discharge pipeline, scaling inside the pipeline etc. This instrument works on thermodynamic principle and more accurate.

For our customers, this year we have started offering the services and implementation of the recommendations on ESCO basis. Recently we bagged one such order from Notified Area Authority GIDC, Vapi. for revamping their pumping station at Vapi.

In ESCO proposals in addition to efficiency enhancement of pumping systems we are also working on the solar power substitution for the pumps. These proposals may be full or partial solar energy substitute based on feasibility of the project.

This year we intend to get more such orders from water bodies, fertilizer plants, power plants, irrigation sectors etc.



## Product Range





#### G4-5: Location of Organisation's Headquarter



Registered Office  
Udyog Bhavan, Tilak Road,  
Pune-411002, India.

Corporate Office  
Yamuna, Survey No. 91/(3-7),  
Baner, Pune-411045, India.

#### G4-6: Name & No. of countries of Operations

This can be found at link:

<http://www.kirloskarpumps.com/contact-global-presence.aspx>

#### G4-7: Nature of Ownership

Kirloskar Brothers Limited is a public limited company listed on 2 stock exchanges; Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

#### G4-8: Markets served

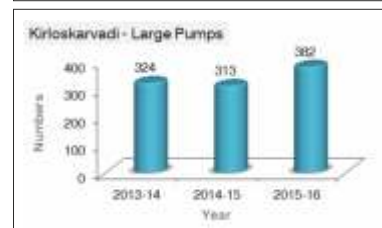
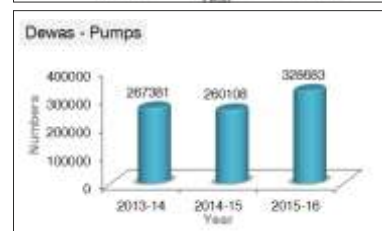
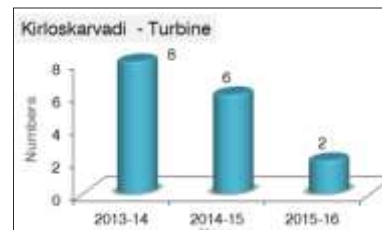
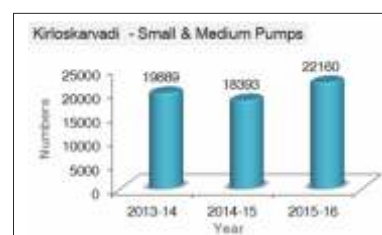
One stop shop for optimised pumping solution from concept to commissioning across market segments

- BUILDING AND CONSTRUCTION
- CUSTOMER SERVICE & SPARES
- DISTRIBUTION
- MARINE & DEFENCE
- OIL & GAS
- INDUSTRY
- IRRIGATION
- POWER
- VALVES
- WATER RESOURCE MANAGEMENT

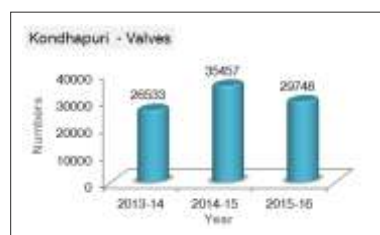
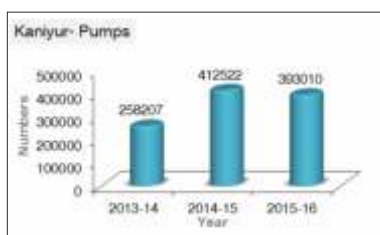
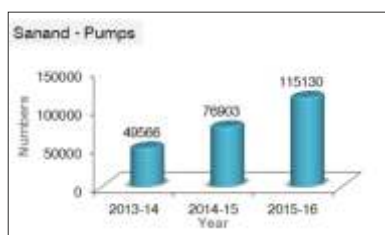
#### G4-9: Scale of the organisation

Total Employee	3824
Total Operations	5
Net Sales	16562 Rs. Mn

Number of products sold by each operation location is given as below







**G4-10: Total number of Employees**

Role/level wise distribution	2013-14			2014-15			2015-16		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Staff	1283	77	1360	905	76	981	923	79	1002
Workmen	1043	0	1043	965	8	973	944	19	963
Trainees	4	15	19	12	4	16	17	6	23
Temporary	26	80	106	181	43	224	328	34	362
Apprentice	138	26	164	149	11	160	129	5	134
Operator Trainees	10	43	53	0	0	0	0	0	0
Earn & Learn	109	0	109	21	0	21	1	0	1
Associate Trainee	16	0	16	2	0	2	31	8	39
Total	2629	241	2870	2235	142	2377	2373	151	2524
Contract Manpower			1281			1287			1300
Total Manpower			4151			3664			3824

Region	2013-14			2014-15			2015-16		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Coimbatore	16	64	80	24	110	134	47	105	152
Dewas	776	24	800	790	18	808	802	10	812
Kirloskarvadi	1850	37	1887	1833	11	1844	1927	21	1948
Kondhapuri	166	22	188	170	1	171	160	0	160
Pune	864	65	929	432	76	508	442	75	517
Sanand	155	22	177	166	33	199	198	37	235
Shirwal	25	0	25	0	0	0	0	0	0



#### **G4-11: Percentage of Employees covered by collective bargaining agreements**

Permanent, on roll bargainable workmen are covered by collective bargaining agreements.

#### **G4-12: Supply Chain**

Table describes the categories of partners and suppliers in the value chain for KBL.

This partnership has resulted in sustainable benefits for the partners as also to KBL based on joint development projects, technological and financial support to these partners.

KBL has developed long term relationships with key suppliers and partners. This is a result of mutual trust and respect for each other.

<b>Partners / Suppliers</b>	<b>Sustainable benefit to KBL</b>
Dealers	Increasing market share of KBL. Customer satisfaction.
Authorized Refurbishment Center (ARC)	Convenient and timely service support to customers Increase in spare and replacement business.
Suppliers of Foundry Raw Material and Bar Material	Cost, Delivery, Quality benefits, Price Stability.
Finish machined items, casting suppliers, fabricators and machining vendors	Cost, Quality improvement, Delivery, Productivity Improvement, Flexibility.
Bought -out items	Quality, Delivery, Product Performance, Cost
Ancillaries	Capacity enhancement, New Product development, Branding.
Group Companies and Subsidiaries	Strengthen Brand Image, Quality, Cost, Business growth, Delivery, Flexibility
Pattern / Die makers / Tools / Gauges / other consumables	Support for New Product Development, Delivery, Quality, Service
Service providers like Transport, Canteen, security, manpower providers, etc.	Quality Service
Technology providers, Joint Ventures	Latest technological competitive edge.



#### **G4-13: Changes in the Organisation's Structure**

We are embarking on a journey of accelerated growth, to achieve our goals we need to focus our energies and resources, in view of this some changes are done in the organizational structure.

Formation of new departments:

Export Excellence cell responsible solely for supporting export enquiries and orders.

India Sales Excellence Cell a single window of support for engineering and costing requirements of domestic enquiries and orders.

Product Portfolio Management to manage the global product portfolio of KBL and prioritize the new products for development and portfolio rationalization.

Sales and Operation Planning Cell (S&OP) will manage the on time delivery of products in full quantity for Kirloskarwadi plant.

International Distribution and Channel Development Cell for distributor reach and development, systems and training for small pump business in international region.

#### **G4-14: Precautionary approach/ Principle addressed by the organisation**

While KBL acknowledges this principle and believes in the Principle 7 of UN Global Compact the operations of KBL do not have any environmental impacts which would require precautionary measures. KBL has proactively implemented Energy Conservation initiatives for the last 25 years. Other initiatives and achievements related to environment are mentioned in environmental performance section of this report.

#### **G4-15: Economic, Environmental & Social charters or principles to which organisation subscribes.**

CII Code for Ecologically Sustainable Business Growth

#### **G4-16: List of memberships of associations**

- Public Affairs Forum of India

- Federation of Andhra Pradesh Chambers of Commerce and Industry
- Fire and Security Association of India
- Confederation of Indian Industry (CII) – Western Region
- Federation of Indian Chambers of Commerce and Industry (FICCI)
- Indo American Chamber of Commerce
- Indian Council of Arbitration
- Mahratta Chambers of Commerce Industries and Agriculture (MCCIA)
- Engineering Export Promotion Council
- Indian Pump Manufacturers Association
- National Institute of Personnel Management
- Hydraulic Institute
- Exim Cell of Federation Indian Export Organisation
- Central Board of Irrigation & power
- Indo German Chambers of Commerce
- Chambers Of Indian Industries
- Southern India Engineering Manufacturers' Association
- Indian Institution of Foundry

#### **G4-17: List of entities in organisation's consolidated financial statements.**

Complete list is available in 96<sup>th</sup> Annual Report 2015-16

<http://www.kirloskarpumps.com/investors-financial-information-annual-reports.aspx>

Entities covered in this report are mentioned in aspect boundary section.



# MATERIALITY ASPECTS

## (G4-18 - G4-21)

KBL has a structured approach to address stakeholders' concerns, in line with the Company's policy on stakeholder engagement. The approach draws upon the long term stable relationships built with key stakeholders such as shareholders, customers, suppliers, employees, local communities and regulatory bodies. Recognising that stakeholder engagement is an integral part of enriching partnerships, KBL has institutionalised these existing relationships through appropriate processes.

At KBL, materiality is defined as factors that have an impact on stakeholders and issues that are relevant to the company's business. We have identified the relevant materiality issues that have an effect on the ability of Kirloskar Brothers Limited to create value. It is based on the topic that has an impact on our own organization as well as our stakeholders in economic, environmental and social parameters.

We have conducted a survey of senior management and selected suppliers to identify and prioritize key material aspects based on the Reporting Principle and Guidance for Defining Content in the G4 Sustainability Reporting Framework. This report reflects the material issues which have significant Economic, Environmental and Social impacts that can influence the decisions of our stakeholders.

### IDENTIFYING KEY ASPECTS

The materiality assessment process is based on a structured approach:

1. Identification of aspects relevant to the company through survey of senior management
2. Identification of aspects relevant to the stakeholders through survey of suppliers

3. Aspects relevant to KBL were categorized based on different criteria - impact on business and impact on the relevant stakeholders
4. These criteria were then measured on a criticality scale (as shown in the materiality matrix) which help isolate and prioritize the key material aspects
5. Following prioritization, the material aspects were reviewed by KBL's senior management and are considered while making strategic decisions.

The methodology that we employ ensures that we are able to identify the direct and indirect impact we have on creating, preserving, economic, environmental and social value for us, our stakeholders and society at large.

In order to ensure that the interests of relevant stakeholders are protected, we have established various stakeholder engagement processes. (ref. Stakeholder Engagement section in this report)

### Aspect Boundary

The boundary of reporting is for the listed entity named "Kirloskar Brothers Limited" (KBL). It includes the following facilities:

1. Corporate Office, Yamuna at Pune which covers the corporate functions and the Project Management division
2. Manufacturing plants at Kirloskarvadi, Kondhapuri, Dewas, Sanand and Kaniyur

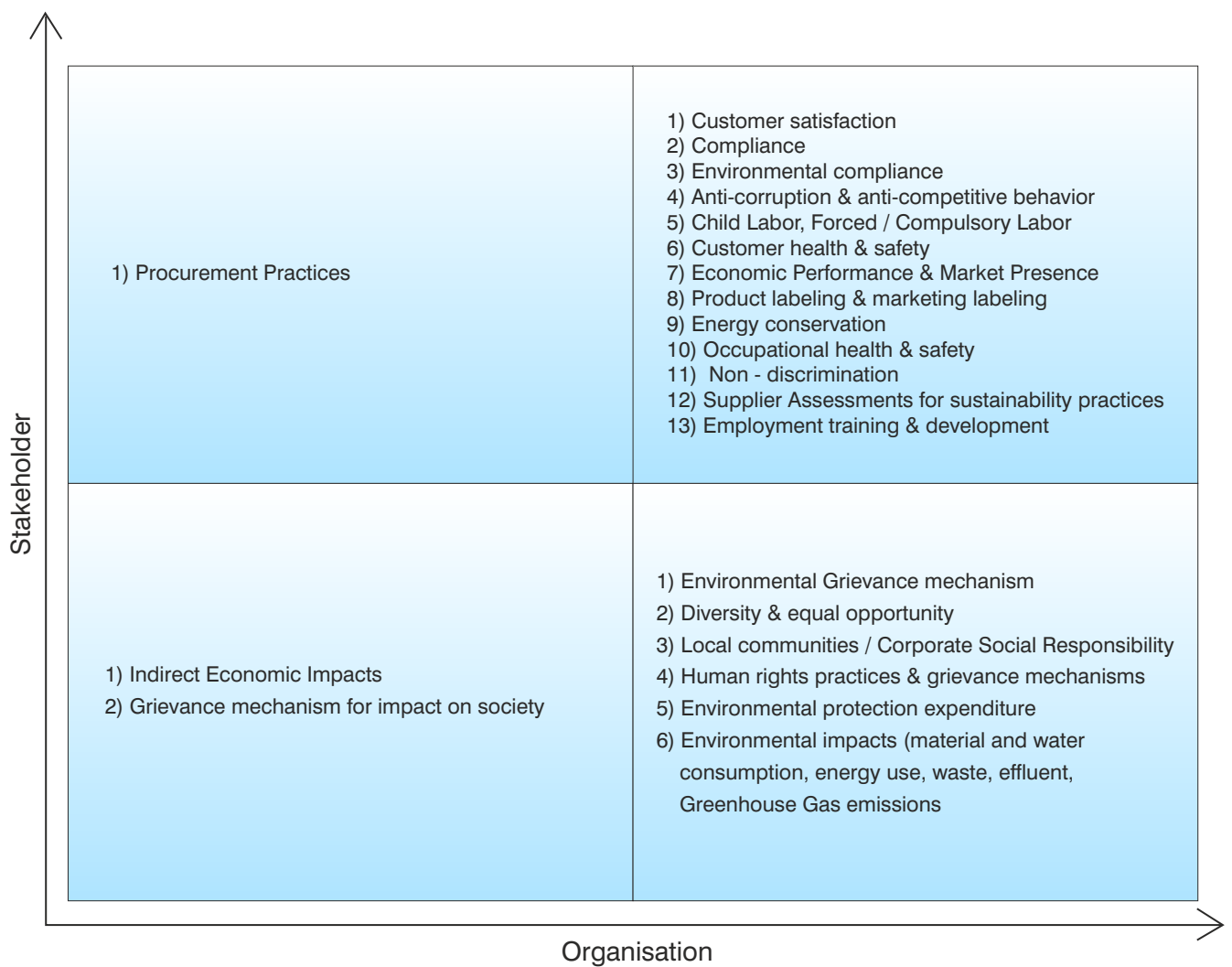
It excludes the subsidiary companies of KBL in India and outside India.

The report covers all relevant stakeholders associated with the above reporting boundary.



## Material Aspects

A Materiality Matrix, as presented was developed outlining the material topics critical to stakeholders and to the business.





Material	Objective	Aspect	Relevance
Customer satisfaction	Create Value for customers	Social-Product Responsibility	Assess customers' needs and expectations through surveys, analyse repetitive complaints, develop customer intimacy through personal interactions and address them through Corrective and Preventive actions
Compliance	Adherence to the statutory, legal and regulatory requirements	Social-Product Responsibility	Ensure 100 % compliance with applicable laws and regulations related to health and safety impacts of products
Environmental compliance	Adherence to the requirement of ISO 14001 EMS	Environment	No adverse impact on society from the operations of plant, No effluents discharge to outside the boundary. Management of waste, effluents and spills
Anti-corruption & anti-competitive behaviour	Compliance with KBL code of ethics	Social	Ensure management of business in a fair and a transparent way in line with KBL values through effective governance. Conduct business with uncompromising integrity and professionalism.
Child labour, Forced/ Compulsory labor	Compliance to SA 8000 requirement	Social	Effective implementation of SA8000. Policy in place against employing child labor, forced/compulsory labor
Customer health & safety	Product safety for customers	Social-Product Responsibility	Assess the product health and safety issues for improvement and no negative impact on customers during its usage phase
Economic Performance & Market Presence	Create and deliver value to stakeholders	Economic	Economic performance is the most important of the business results for all stakeholders. Ensure compliance with minimum wage at significant locations of operation.
Product labelling & Marketing communication	Product traceability and user guidance manual	Social-Product Responsibility	Procedures and documents communication to provide information to customers for product



Energy conservation	Compliance to ISO 50001 EnMS	Environment	Energy conservation initiatives. Use of Renewable energy. Implementation of management programmes. Participation in K-group, National /state level competition and further improvement based on feedback.
Occupational health & safety	Compliance with OHSAS 18001	Social – Labor practices and decent work	Ensure high standards of Occupational health and safety management of entire workforce at all locations
Non-discrimination	Protect from any form of discrimination	Social – Human rights	Ensuring compliance with SA 8000. Principle of freedom from discrimination in all aspects of employment relationship.
Supplier Assessments for sustainability practices	Suppliers adhering to sustainability approaches	Social - Environment	Supplier assessment for their current practices and up-gradation. New supplier selection with revised evaluation process which also addresses sustainability parameters.
Employment training & development	Impart training for development	Social – Labor practices and decent work	Talent management programme for development and retention of employees.

#### G4 -22: Restatements

No restatements are made from the previous report

#### G4 -23: Changes in scope & aspect boundaries

There is no significant change in the reporting period



# STAKEHOLDER ENGAGEMENT

(G4-24 - G4-27)

Components of stakeholder engagement and management:

- Stakeholder Identification
- Stakeholder analysis
- Communication
- Engagement

Following is the list of stakeholders we are engaged with. We have described the various modes of engagement and feedback mechanism in below table. The feedbacks received from them are treated as vital inputs which shapes the strategy of the company and action plans.

Mode & Frequency of Engagement	Purpose	Requirement Highlights	Priorities undertaken
<b>Shareholder / Investors</b>			
Annual General meeting Website Publication (Annual), Feedback form (continuous basis), Quarterly Earning Call Updates on NSE & BSE	To communicate company's financial status, future plans and strategies to build trust of investors	Continuous Engagement	Continue to have engagement for building trust, Improve corporate Governance
<b>Customers</b>			
Perception Survey (Annual), special events, seminars, exhibitions and meets (regular), Visits of customers to our premises (Annual), Toll free service (regular)	Customer experience their perception and expectations	Quality products, Order execution and delivery on time, Service and Maintenance, technology up gradation (energy efficient products), Business and Commercial Support, Sales Team, Sustainability Assessment	Project Management Office Refurbishment Centers Increase service Centers Warehouse facility at Kiroloskarvadi Streamlining of Customer Relationship Management (CRM) 7.1
<b>Employees</b>			
Engagement Survey Feedback session, Speak out session, Knowledge sharing session	To improve their satisfaction level and understand their expectation level	Positive attitude and behaviors leading to improved business	Competency mapping, Functional Training, Career Development activities



Suppliers and vendors			
Vendor perception Surveys (Annual)	Understand needs and expectations of suppliers/ vendors,	Capture the requirements & area of improvements	Portal where payment status is available to suppliers. Web Portal based on share point for monitoring of entire procurement activities. RTGS transfers system to be used for payments in suppliers. Purchase order terms & condition standardization, system and process improvement at vendor end
Supplier improvement programmes	Upgrade suppliers' capabilities	Develop partnering relationship	
Dealers and Distributors			
Apex dealers meet (Annual), One to one meet (regular), Dealer portal (Regular), Survey once in a two years, Dealer audits, Gen-Next Program	To develop understanding about business operations and implement business plans into action, Meet the expectations of next generation	Business support, Channel Management, Commercials	Improve Channel management process, Implement channel partner intimacy program, Appoint new dealers
Society			
Perception survey, One to one interactions & Awareness programs (Regular), Vikas Charitable trust activities (Regular), Summer internships and, Industrial visits for students	To know the needs, expectations, requirements and concerns of the society and develop action plans.	Self-Employment opportunities Better education Promote Gender Equality and Empowerment Reduce Child Mortality Improve Maternal care Promote Environmental Sustainability	Health Employability Education Environmental Awareness



# REPORT PROFILE

## **G4-28: Reporting period**

KBL prepares the sustainability report annually covering financial year (1<sup>st</sup> April to 31<sup>st</sup> March of every year)

## **G4-29: Date of recent previous report**

The date of most recent previous report is 3rd July 2015.

## **G4-30: Reporting cycle**

Our Reporting cycle is Annual

## **G4-31: Contact point for the report or its contents**

Mr. Babu Kottarath

Divisional Manager-Corporate Quality

[kn.babu@kbl.co.in](mailto:kn.babu@kbl.co.in)

## **G4-32, G4-33 : 'in accordance' option, External assurance**

The report provides details disclosure on business performance, practices and material topics 'in accordance-Comprehensive with the Global reporting Initiative guidelines-G4

Please refer GRI index on page no. 72 and Assurance Statement on page no. 93

The report has undergone external assurance by an independent assurer namely Ernst & Young LLP. The assurance statement forms a part of this report and placed at the end after GRI Index.

The assurance is done in accordance with the International Standard on Assurance Engagements 3000 ("ISAE 3000") and principles of AA 1000 AS 2008. Further scope and basis of assurance is described in assurance statement provided by Ernst and Young LLP. No other relationship exists between Kirloskar Brothers Limited and Ernst and Young LLP.



# GOVERNANCE

**G4-34: Governance structure**



The respective committees independently function in the area assigned to them. The terms of references of each committee have been given are:

## **Audit & Finance Committee:**

The Audit Committee functions according to its terms of references, containing its powers, scope and role in accordance with the provisions of Companies Act, 2013, Regulation 18 of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 applicable to the Company. The same is reviewed from time to time. Whilst, the full terms of references are available in Annual report which is displayed on Company's website.

## **Nomination & Remuneration Committee:**

The Nomination and Remuneration Committee of the Company is empowered to formulate the Remuneration policy for Directors, Key Managerial Personnel and Senior Management. The Committee also recommends the appointment of Directors. Suggested disclosures as

per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are made in Annual Report.

## **Stakeholders' Relationship Committee:**

The Stakeholders' Relationship Committee of the Board is empowered to oversee the redressal of investors' grievances pertaining to share transfers, non-receipt of annual reports, dividend payments, and issue of duplicate certificates, transfer of shares and other miscellaneous grievances. The status of complaints and their redressal is disclosed in the Annual Report.

## **Corporate Social Responsibility Committee:**

Corporate Social Responsibility Committee formulates CSR policy and monitors the expenditure on CSR in terms of the policy mentioned above in accordance with the provisions of Companies Act, 2013.



**G4-35: Process for delegating economic, environmental and social topics to senior executives and employees.**

The economic topics are primarily delegated to the business sector heads and the manufacturing plant heads and heads of corporate functions. They have direct relation with economic activities of the business operations of the company. Responsibility of environmental topics related to energy, use of natural resources, managing waste and certain social aspects related to people safety, people development and community initiatives is delegated to the manufacturing plant heads. Policies related to social topics are delegated to head of corporate human resource management function.

**G4-36: Executive level position responsible for economic, environmental and social topics reporting to highest governance body**

Company has appointed an executive level position responsible for economic, environmental and social topics directly report to either CMD or the Director who are part of highest governing body.

**G4-37: Processes for consultation between stakeholders and the highest governance body.**

CMD and Directors continually interact with stakeholders. For example they visit customers, suppliers, and joint venture partners, representatives of local bodies, educational institutions, government, media and employees. In addition the business sector heads, corporate function heads and manufacturing plant heads also interact with the various stakeholders through multiple channels/platforms.

There is a dedicated email id provided to the shareholders to communicate with the Company and to register their grievances/ complaints. The Company addresses the same promptly.

**G4-38: Composition of the highest governance body and its committees.**

The composition of highest governance body is provided in the link below

<http://www.kirloskarpumps.com/investors-board-of-directors.aspx>

**G4-39: Chair of the highest governance body.**

Yes – Chairman of the board of directors is also holding the executive position as Managing Director. This arrangement provides the organization leadership, which will help organization to achieve its vision based on core values.

**G4-40: Nomination and selection processes of the highest governance body and its committees.**

The Company has formulated Board Diversity policy which sets out the approach towards diversity on the Board of Directors of the Company.

The process of selection of highest governance body can be found on link provided below.

[http://www.kirloskarpumps.com/pdf/Independent%20Director%20letter\\_website.pdf](http://www.kirloskarpumps.com/pdf/Independent%20Director%20letter_website.pdf)

Appointments including reappointment, of all Directors are confirmed by the Shareholders.

**G4-41: Processes for the highest governance body to ensure conflicts of interests are avoided and managed.**

To ensure that, no conflict of interests arise among the highest governing body, transparency in operations is maintained, with the help of various disclosures under governance. Proper and timely disclosures are made to public through stock exchanges and circulation in exchanges and circulation in newspapers. Every year the Board members and senior management personnel provide declaration on their compliance with the Code of conduct.



**G4-42: Highest governance body's and senior executives roles in development, approval and updating organisation's purpose, value or mission statements.**

The highest governance body sets the tone for the organization, and has a major role in defining its purpose, values and strategy.

Senior Leadership team i.e. apex committee and directors develop the Mission, Vision and Values of the organization through brainstorming session and consensus amongst the team of function, sector, plant, and distribution heads. The interpretations of Mission Vision and Values components are established with specific goals in the vision to reality workshop. The same is communicated to all levels of employee through various channels of communication. Each new entrant is also made aware of Mission, Vision and Values during induction program. During establishment of Annual Operation Plan and Long Range Plan of respective sectors and functions based on the environmental analysis for strategic fit for internal capability is checked. It is ensured that the identified objectives are aligned with the vision.

**G4-43: Measures taken to develop and enhance highest governance body's knowledge of economic, environmental and social topics.**

Quarterly meeting of the highest governing body reviews the economic, environmental and social topics. They are actively involved in review of the annual business plan prepared every year which includes the environment scan which is based on PESTEL model (Political, Economic, Social, Technological, Ecological and Legal) and therefore covers various aspects of economic, environmental and social topics.

**G4-44: Processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics.**

Performance evaluation of the Board of Directors and Board and its committees, is carried out as per the requirements under Companies Act 2013 and SEBI Listing Regulations Board has formulated an Evaluation policy and evaluation framework for this activity. Each board member evaluates the performance of other board members and finally performance of board and committees as a whole.

**G4-45: Highest governance body's role in identification and management of economic, environmental and social impacts.**

The board of directors reviews the progress of the business plan during the quarterly review. They also review the process of identification of risks and opportunities and provide their own inputs for the identification of risks and opportunities. The board also reviews the status of actions planned to mitigate the risks.

In addition to the above they also review the feedbacks received from stakeholders and the actions initiated based on these feedbacks. The board participates in the Annual General Body meeting where shareholders provide their views. They also interact with the financial analysts.

The board also reviews the reports of the findings of internal audits and audits conducted by outside agencies. They also deliberate on assessments conducted by Lakaki Business Excellence and the CII Assessment for the implementation of business excellence model. In addition board also reviews the organizations performance for economic, environmental and social performance.



**G4-46: Highest governance body's role in reviewing the effectiveness of organisation's risk management processes.**

The Company has constituted Risk Management Committee which conducts its meeting periodically. The committee identifies the risks and ranks them as per the impact and likelihood factors. Actions are planned to mitigate the impact of these risks. The status of actions on identified risks is reviewed by the board in its quarterly meeting.

**G4-47: Frequency of highest governance body's review of economic, environmental and social impacts, risks and opportunities.**

The board of directors reviews the economic, environmental and social impacts, risks and opportunities during the quarterly review.

**G4-48: Highest committee or position that formally reviews and approves organisation's sustainability report and ensures material aspects are covered.**

CMD reviews the contents of the sustainability report and provides his inputs on improving the contents of the sustainability report. He ensures that all the material aspects are covered in the report.

**G4-49: Process for communicating critical concerns to highest governance body.**

The Company has developed whistle blower policy for all stakeholders, where stakeholders can directly report any concern related to them. This policy is uploaded on the Company's website. Complaints if any, received under whistle blower is communicated to the Chairman of the Audit Committee.

Whistle blower policy is available on company website; it is uploaded at following link

<http://www.kirloskarpumps.com/pdf/investor-information/policies/whistleblowerpolicy.pdf>

**G4-50: Critical concerns communicated to highest governance body and mechanism used to address and resolve them.**

Mitigation plan for any critical issue or concern is prepared by concern committee and same is discussed with board. Board provides their feedback and suggestions to resolve the issues. This year there were no critical concerns communicated.

**G4-51: Remuneration policy's for the highest governance body.**

Company has developed Remuneration policy; it is uploaded on Company website on following link.

<http://www.kirloskarpumps.com/pdf/investor-information/policies/Remuneration%20Policy.pdf>

**G4-52: Remuneration consultants involved in process of determining remuneration.**

No remuneration consultant is appointed.

**G4-53: Report how stakeholder views taken into account regarding remuneration.**

We follow the robust performance appraisal for awarding the salary increment to the employees.

**G4-54: Ratio of the annual total compensation for the organisation's highest paid individual to the median of the annual total compensation for all employees.**

Refer Annexure V of the Board Report 2015-16

**G4-55: Ratio of percentage in annual total compensation for the organisation's highest paid individual to the median percentage increase in annual total compensation for all employees.**

Data is of confidential nature hence cannot be disclosed



**G4-56: Organisation's values, principles, standards and norms of behavior such as code of conduct and code of ethics.**

KBL believes in conducting business which is based on values. The company has adopted following values which it strives to imbibe in all its employees:

- Developing and working with mutual trust
- Building and nurturing teamwork
- Fairness in dealing with stakeholders
- Quality in everything
- Commitment towards environment

Company has Code of Ethics which is communicated to all employees. This code in e-book format is available on the company website to all stakeholders including employees

<http://www.kirloskarpumps.com/we-are-kbl-value-proposition-code-ethics.aspx>

In order to ensure that all employees understand the code of ethics – an online examination is conducted every year for all staff employees. It is mandatory that all staff should complete the examination.

**G4-57: Internal and external mechanisms for seeking advice on ethical and lawful behaviour and matters related to organisational integrity.**

Our objective is to conduct business with integrity at all times and promote a culture of respect for all stakeholders. Our code of ethics and policies ensure that we are committed to the highest ethical standard and comply with application laws and regulations where we operate.

**G4-58: Internal and external mechanisms for reporting concerns about unethical or unlawful behaviour and matters related to organisational integrity to highest governance body.**

The company has whistle blowers policy which provides mechanism to identify any practice which is not ethical or legal, which is uploaded on company website. Company also has ethics committee at its head office and plant locations with regional ethics counsellor. Any internal concerns can be communicated to regional ethics counsellor. Company also have mail id for reporting any concern- [ethics.helpdesk@kbl.co.in](mailto:ethics.helpdesk@kbl.co.in)



# DISCLOSURES ON MANAGEMENT APPROACH

## CUSTOMER FOCUS APPROACH

For us Customer experience is what differentiates us from our competitors. Customer value and mapping their satisfaction on various experiential parameters are the key areas concentrated for improving the satisfaction level.

Customer perception survey is being conducted at defined intervals to understand their needs and expectations. Action plan is prepared on the less scored attributes for improvement. Focus on customized service opportunities by using AMC proposals, training sales managers and conducting technical seminars at customer premises, are few approaches to improve our customer service.

## COMPLIANCE

KBL's code of ethics clearly states we must abide by the laws, rules, regulations and KBL policies that apply to our business practices.

Our compliance system covers a multitude of statutory obligations which ensures that all applicable laws and regulations are complied with. Operational and financial controls have been tightened across KBL to prevent acts or behavior that deviate from the Company's stated policies of fair and ethical practice.

## ENVIRONMENTAL COMPLIANCE

KBL ensure a result-oriented and coherent approach towards raising the environmental awareness and performance, we Identify opportunities for reducing negative environmental impact and enhancing positive environmental impact. All our manufacturing locations are certified for ISO 14001 (Environmental Management Systems). We strictly comply with applicable legal and other requirements which relate to environmental aspects.

Environmental consent and compliance to laws is essential for the sustainability of the organisation. All our manufacturing plants maintain updated legal Register and compliance to these requirements are reviewed at defined frequency.

In line with KBL's commitment to CII Code for ecologically sustainable business growth, our manufacturing plants have implemented initiatives related to GreenCo rating launched by CII. Our Kirloskarvadi and Kondhapuri manufacturing locations have been awarded GreenCo silver rating and bronze rating respectively in this year.

## ANTI-CORRUPTION/ANTI-COMPETITIVE

KBL's Code of Ethics includes clause on honesty, integrity and ethical conduct. All senior management personnel and employees are expected to comply with the letter and spirit of the Code of Ethics.

The Code of ethics is signed by the topmost personnel of the organisation. The Code of ethics is available on the Company's website/internal portal.

We remain committed to behavior that is in consonance with the principles of ethics and fair practices. We will not be party to any act or measure that compromises or is likely to compromise our values. We also comply with relevant statutory requirements including anti-competitive behaviour.

## CHILD LABOR, FORCED / COMPULSORY LABOR

KBL abides by the Government of India legislation with regard to child labour. We also formulated an Anti-Forced and Child Labour Policy that covers its manufacturing operations. The minimum age for recruitment is 18 years for all categories of employees.



KBL is SA8000 certified organisation through which it has adopted policies and procedures that protect basic human rights of employees

### **CUSTOMER HEALTH AND SAFETY**

We as a manufacturer have a moral obligation to make sure that our customer is not harmed in any way by our product. . We conduct rigorous tests throughout our research, product development and marketing process to ensure the safety and quality of our products. We take care of health and safety aspects at all stages of product life cycle. Regular customer and third party inspections and numerous field tests ensure that our product complies with stringent requirements of the critical applications and certifications such as FM/UL and CE. As N/NPT certified, we strictly adhere to laid down the systems and procedures for nuclear applications. Safety information and relevant procedures are documented and communicated to the customers and also to end users to ensure there are no safety or health incidents during usage.

### **ECONOMIC PERFORMANCE AND MARKET PRESENCE**

One of the KBL's objectives is sustainable growth and development. The company recognises that its long term development depends on maintaining balance between need of its customers, employees, shareholders and the environment. We aim to improve our economic performance considering stakeholders need and expectations.

Market presence: Sales growth, market shares, product reliability.

Customers-: Quality of product, on time delivery, innovative products and speedy service.

Employees: Retention of employees, safety at work, training, diversity

Economic performance: Operating margin, level of investments

Environmental performance: environmental management system, methods for reducing the usage of natural resources.

Our economic growth targets are to improve the productivity by using existing resources effectively and investing in new resources.

### **PRODUCT LABELING AND MARKETING COMMUNICATIONS**

Product labeling plays an important role in communicating product information and establishing corporate brand identity within product user in target market. Our logo, Kirloskar "Enriching Lives", is the most valued asset and we follow the corporate identity guidelines to maintain the uniformity and consistency of Kirloskar brand across all labeling and communications. Also, to promote products and services, we astutely use various marketing tools like brochures, websites, advertisements and exhibitions which give impetus to brand visibility and highlight our innovative and sustainable product listing.

### **ENERGY CONSERVATION**

We have taken initiatives to reduce the use of energy generated from fossil fuels. To support this objective, we have made long term agreement with power trading company for supply of wind energy besides using wind energy generated from our own wind mills. We are also exploring use of existing rooftop areas for in-house solar power generation. Energy conservation continues to be a key focus area from climate change perspective.



To improve the energy performance at manufacturing plants, we have implemented ISO 50001 Energy management system at our three manufacturing plants.

We have also taken into consideration the environmental aspects while designing our products. We have designed Lowest Life Cycle Cost pumps which ensure lower cost for the entire life cycle of the pumps. Product basket of Dewas plant has five star rating pumps by Bureau of Energy Efficiency (BEE).

#### **OCCUPATIONAL HEALTH & SAFETY:**

We understand the need for increased and sustained action to protect occupational safety and health to reduce the human suffering, financial loss and environmental degradation. Considering the same KBL have designed the strategies and measures to prevent, control and eliminate occupational hazards and risks.

A large part of KBL's workforce is engaged in the manufacturing operations. This makes employee's health and safety a top priority for KBL from the point of view of sustainability of its human resource.

We have a structured Occupational Health and Safety Management System. A detailed Hazard Identification and Risk Assessment (HIRA) exercise is carried out for each area and safety related targets are set accordingly for each Plants. We have formed safety committees at manufacturing plants as per the guidelines of the Factories Act 1948 comprising an equal number of worker and management representatives.

All our plants are OHSAS 18001 certified. In line with this we have implemented the safety practices at our project sites to ensure that there are no unsafe conditions or unsafe acts.

#### **NON-DISCRIMINATION**

KBL ensures that there is no discrimination against any employee on grounds of race, colour, religion, caste, sex, age, marital status, nationality or any other factor

under applicable laws and contemporary practices at the workplace. Recruitment, placement, promotion, transfer, compensation, training and other benefits are based on the merit and competency of the individual and business needs of the organisation.

KBL has instituted an Anti-Sexual Harassment Policy. The responsibility of ensuring adherence to the policy lies with the top management, directors, Plant heads and senior management, as well as all employees.

#### **SUPPLIER ASSESSMENT FOR SUSTAINABILITY PRACTICES:**

Our Sustainability efforts have gone beyond our own operations to meet the customer sustainability expectations. We have included the social, environmental and economic aspects in our supplier evaluation process and make sure they comply with all these aspects. Promoting acceptable working conditions, environmentally responsible management and ethical behaviour is part of our commitment, we monitor supplier compliance through a system of regular audit which is conducted by our internal auditors.

#### **EMPLOYMENT TRAINING AND DEVELOPMENT:**

After assessing the need for training, KBL provides its employees extensive training and learning opportunities through well-designed and customised training programmes that are rolled out throughout the year.

The training delivery methodology includes trainer based training, multimedia based training and experiential/on-job training.

Promotions and revisions in salary and remuneration are based on performance assessment and merit of the individual. For managerial cadre, KBL provides two types of career growth opportunities: fast track, and normal track growth. All regular employees undergo a mid-year and annual appraisal.



# ECONOMIC PERFORMANCE

## G4- EC1: Direct economic value generated and distributed



Economic Value Distributed	2013-14	2014-15	2015-16
Materials	11,696	10,471	10,701
Operation	2,980	3,232	3,453
Employee Expenses	1,524	1,702	1,825
Finance Cost	409	413	372
Taxes and Duties	221	-30	-54
Dividend	231	41	40

## G4- EC2: Financial implications and other risks and opportunities for the organization's activities due to climate change

There are no financial implications for mitigation of risk due to climate change

## G4-EC3: Coverage of the organization's defined benefit plan obligations

The employees' gratuity fund scheme, provident fund scheme managed by a Trust and pension scheme is the Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Actuarial gains and losses are recognized immediately in the Profit & Loss Statement. In case of funded plans,

the fair value of the plan's assets is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs. Past service cost is recognized as expenses on a straight-line basis over the average period until the benefits become vested.

The Company pays contribution to a recognized provident fund trust in respect of all locations except Dewas factory.

## G4 – EC4: Financial assistance received from government

Please refer 96th Annual report

## G4 – EC5: Ratios of standard entry level wage by gender compared to local minimum wage

We are abiding by the minimum wage act so there is no deviation in the wage payment and the clause is validated with internal audit.

The wages and salary of our on roll employees/workmen are paid fairly higher than minimum wages.



#### **G4 – EC6: Proportion of senior management hired from the local community**

For our organization definition of local is country of operation. 100% employees from Senior Management group are recruited from local community

(Senior management = Employees from A band to C band) Total employees recruited in senior management category are 12.

- 1) Pune- 7
- 2) Kirloskarwadi- 4
- 3) Coimbatore-1

#### **G4–EC7: Development and impact of infrastructure investments and services supported**

No significant investments were made in development & infrastructure.

#### **G4 – EC8: Significant indirect economic impacts, including the extent of impacts.**

Refer to section on KEY IMPACTS, RISKS AND OPPORTUNITIES

#### **G4 – EC9: Proportion of spending on local suppliers at significant locations of operation**

Plants	Rs.Mn
Kirloskarwadi	3381
Kondhapuri	452
Dewas	1746
Sanand	860
Coimbatore	691

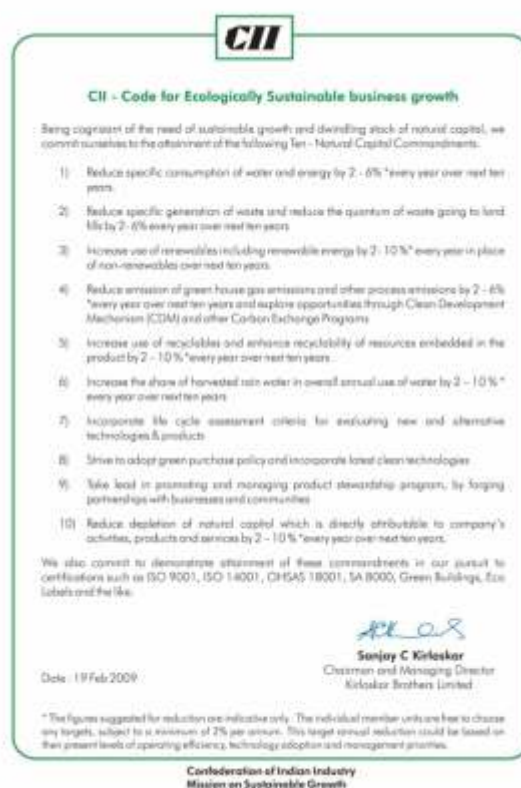


# ENVIRONMENT PERFORMANCE

Kirloskar Brothers Limited is committed to sustainable development and strives to operate without eroding the livelihood base of future generations. We have signed "CII - Code for Ecologically Sustainable business growth" which shows our commitment to reduce environmental impact. We strive to consistently improve environmental performance of manufacturing operations, products and supply chain. KBLs efforts in the environment sphere are guided by its Environment Policies. These policies convey the Company's commitment towards reducing the pressure on the environment due to business activities and products, working collaboratively with customers, suppliers, and the surrounding community for environmental issues and focuses on continual reduction in the use of natural resources. The Policy also gives importance to training and communication. We have policy for Energy, Water, Environment, Health and Safety. KBL has in place a comprehensive environmental management system ISO 14001 certified, that nudges the company towards environmentally friendly goals. The Environment Management System (EMS) is managed by the company's management team which oversees all aspects of the system.

## G4-EN1: Materials used by weight or volume

KBL pays attention to optimum utilisation of raw materials in manufacturing of our product. The major materials used are castings, forged parts, plastic, paints, thinners etc. Table below gives details of materials used during reporting year 2015-16



Materials	Weight/volume
Metals (MT)	18740
Non-metals (MT)	3338
Lubricants (KL)	328

Metals consist of all types of Pig iron, Cast Iron, Steel and other metals. Nonmetals consist of Cement, Lime stone, Rubber, Plastic and Other non-metals. Whereas lubricant consists of oils, paints and thinners etc. Values are reported for all the manufacturing locations.



#### **G4-EN2: Percentage of materials used that are recycled input materials**

Materials that are recycled input material fall largely in two categories namely for product and for packaging. We are using 644 MT of recycle material. In Kondhapuri plant we have started using corrugated boxes instead of wood for packaging, which resulted in reduction in 30% of wood consumption

#### **G4-EN3: Energy consumption within the organization**

KBL acknowledges the global concern on climate change and recognizes energy as one of the most important resource used in manufacturing and distribution. We demonstrate our commitment by following our Energy policy for all operational locations. We are committed to continually improve our energy performance through various initiatives and programs that are aligned with our vision for sustainable development. Our energy policy can be seen on our company website (link given below)

<http://www.kirloskarpumps.com/pdf/quality-policy-details/ISO/Energy%20Policy.pdf>

Regular supply of high quality electricity is critical for manufacturing industry. Increase in energy costs impacts the cost of manufacturing that ultimately makes product costlier for the customers. Generation of electricity also leads to emissions that harm the environment. KBL takes at most care for utilizing optimum energy to reduce its impact on environment.

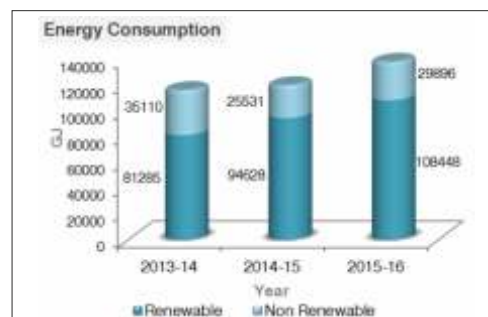
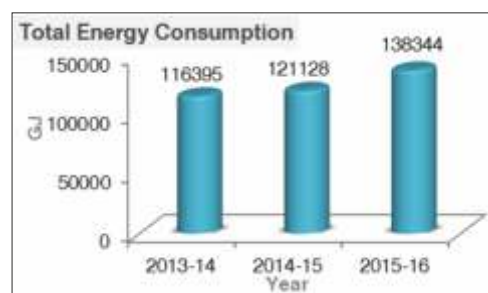
We largely consume energy from electricity and fuel. We have renewable energy in the form of wind and solar, non-renewable energy in the form of electricity from state electricity board and non-renewable fuels. Total energy consumption, which includes renewable as well as non-renewable energy, within the organization for FY 2015-16 is 138344 GJ which is 12 % higher than previous year

We had consumed 30% of renewable energy in FY 2015-16, Our 2 windmills in Nashik are under maintenance, and this resulted in loss of about 3 months of renewable wind energy in its peak time of availability.

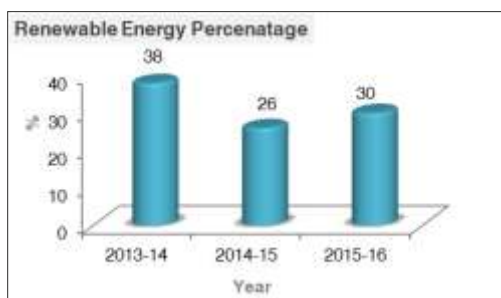
We are using Kirloskar Solar Pump in Corporate office, Pune. 16 GJ of solar energy was generated during the year 2015-16 for cooling tower water circulation system of corporate office.

Non - renewable fuels used in manufacturing are diesel and coke. Coke is majorly used in furnace for melting of metal whereas diesel is used in running the DG sets and vehicles used for material movement. Knowing the impact of harmful air emissions due to the use of coke and diesel, we aimed at reducing its use at the source and strive to reduce its consumption and utilize it at optimum level.

Charts below provides energy consumed over the past three years, distributed in Renewable and non-renewable type



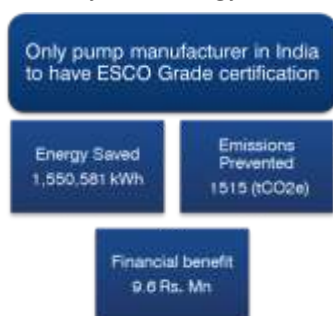




#### G4-EN4: Energy consumption outside of the organization

The world is moving towards a sustainable energy future with an emphasis on energy efficiency and use of renewable energy sources. With this objective in mind, Kirloskar Brothers Limited has started the Energy Conservation Cell wherein a team of Certified Energy Managers & Auditors carry out Performance Measurement of Pumps & Motors, called Pumping Energy

- An Energy Audit Study helps an organization to understand and analyze its energy utilization and identify



areas where energy use can be reduced. Kirloskar Brothers Limited offers a unique Energy Audit Program which helps customers in electricity consumption.

- It helps to decide on how to budget energy use, plan & practice feasible energy conservation methods that will enhance their energy efficiency; minimize energy wastage and thereby reduce energy costs.

- Some organizations have already implemented the recommendations and are benefitted up to 30% energy savings demand.

During the year 2015-16 we have saved around 1,550,581 kWh of energy and prevented the emission of 1515 tCO<sub>2</sub>e at customers end.

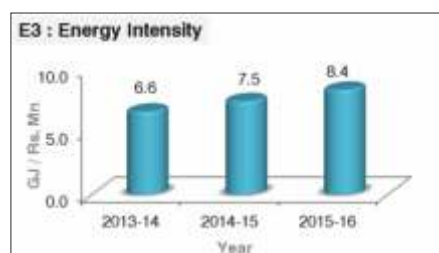
Along with energy audit we plan to align usage of solar energy so that our clients can have benefits of both Energy Efficient Equipment and Renewable Energy supporting them for sustainable development.

Moving towards use of solar energy in large pumping station, we have worked out exclusive Hybrid solution for GIDC Vapi pumping station where 500 Kw solar power plant will feed the power to the grid which is equivalent to 10% daily consumption. This project is under execution.

Apart from Energy Audit initiative Kirloskar Brothers limited also supplies Solar pumps for Agricultural usage. In FY 16, 1049 pumps of average capacity of 3 HP are installed and commissioned which saves 16,994 kWh and prevented the emission of 16.9 tCO<sub>2</sub>e.

#### G4-EN5: Energy intensity

The company's main sources of energy are electricity, diesel, and liquefied petroleum gas. The expenditure on energy is significant because of the nature of its business activities. Electricity is obtained mainly from the national grid. This is supplemented by the use of environmentally friendly 'in-house' generators. Energy intensity ratio is calculated by dividing absolute total energy consumption by production value in Rupees Million. This ratio includes energy used within the organization.





#### G4-EN6: Reduction of energy consumption

We have ENCON competition which is conducted every year for Kirloskar group of companies. The energy conservation projects are evaluated and best performance award given to Kirloskar Group Company's manufacturing units. The energy performances of all the participating units are audited by external auditor and the winners are selected. Company also participates in energy conservation competitions outside organization. This year Kondhapuri plant has received "State Level Award for Excellence in Energy Conservation and Management" from Maharashtra Energy Development Agency (MEDA). Kirloskarvadi Plant has received "National Energy Management Award 2015" from CII



During the year, the Company continued its energy conservation drive with a focus on reducing energy consumption and improving efficiency through new technology and various new initiatives.

#### Energy conservation efforts:

Some of the activities carried out during the year towards energy conservation are mentioned as under:

- Purchase of Wind power
- Installation of electrostatic paint booth at new three phase line
- Installation of level sensor at canteen Roof
- Air leakage prevention 15% to 10 % in manufacturing
- Reduced 5 % temperature through roof top insulation paint in manufacturing Shop Floor
- Unnecessary Tube light disconnected e.g. Staff Canteen, manufacturing first floor office and manufacturing. Engineering. Office etc.

#### G4-EN7: Reductions in energy requirements of products and services

Star label is the label given for energy efficient products. Dewas Plant has received star labelling for 8 pump models and Sanand plant for 14 pump models.

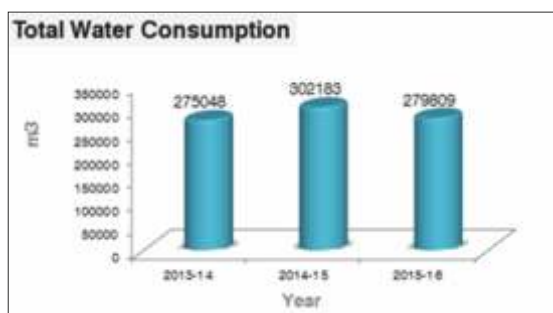
#### G4-EN8: Total water withdrawal by source

Kirloskar Brothers Limited recognizes the social, economic and environmental values of water and increasing concern for conservation of water resources. We understand that water is key resource and need to be used responsibly. The company's processes ensure the measurement, management and recycling of water used within the operations. Water optimization helps conserve a natural resource that is critical to society.



Waste water is treated to comply with regulatory requirements before being released into the environment to ensure that there are no harmful effects to the community. Our water policy can be seen on our company website (link given below)

<http://www.kirloskarpumps.com/pdf/quality-policy-details/ISO/Water%20Policy.pdf>



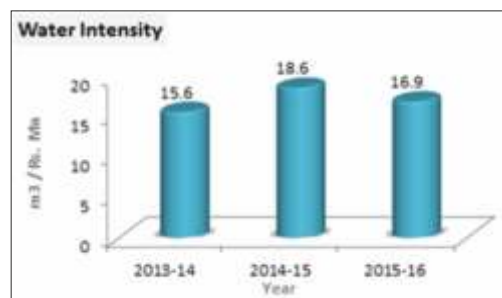
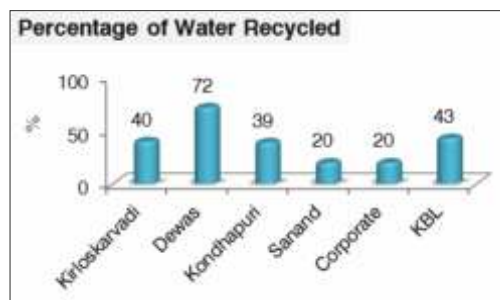
#### G4-EN9: Water sources significantly affected by withdrawal of water

We largely consume groundwater. All our gardens are irrigated by waste water received from factory or office which is treated and recycled. Overall KBL uses 43% of recycle water in FY 2015-16, which is increased in percentage from 27 % for year 2014-15



#### G4-EN10: Percentage and total volume of water recycled and reused

We have increased use of recycled water and we intend to go further ahead in this journey.



#### G4-EN11: Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas

All manufacturing units are located in Industrial Development areas notified by Govt. of India. They are not located adjacent to protected areas and areas of high biodiversity value outside protected areas.



**G4-EN12: Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas**

All manufacturing units are located in Industrial Development areas notified by Govt. of India. None of our activities have direct impact on biodiversity in protected areas and areas of high bio-diversity value.

**G4-EN13: Habitats protected or restored**

All manufacturing units are located in Industrial Development areas notified by Govt. of India. We protect habitat developed in the company premises.

**G4-EN14: Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk**

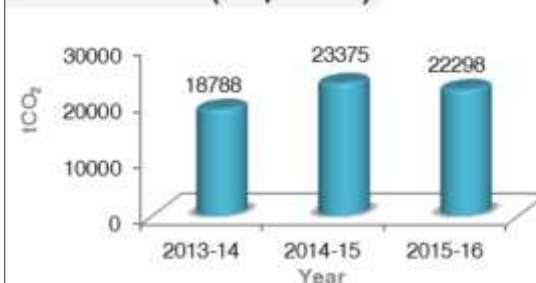
All manufacturing units are located in Industrial Development areas notified by Govt. of India. None of our activities have direct impact on biodiversity in protected areas and areas of high bio-diversity value.

**G4-EN15: Direct greenhouse gas (GHG) emissions (Scope 1)**

**G4-EN16: Energy indirect greenhouse gas (GHG) emissions (Scope 2)**

The Company's major source of greenhouse gas (GHG) emissions is fossil fuel combustion for power generation and operational activities (Scope 1) and use of electricity for its operations (Scope 2). The total scope 1 and scope 2 emissions were 3233 tCO<sub>2</sub> and 19065 tCO<sub>2</sub> respectively for FY 2015-16. Presently, the Company doesn't calculate its scope 3 emissions. This year our GHG emissions has reduced by 4.5 %

**GHG Emissions (Scope 1 & 2)**



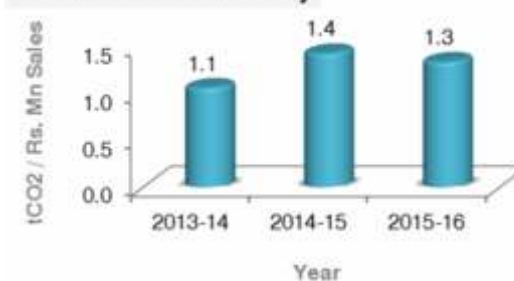
**G4-EN17: Other indirect greenhouse gas (GHG) emissions (Scope 3)**

This year we haven't measured our Scope 3 emissions

**G4-EN18: Greenhouse gas (GHG) emissions intensity**

GHG intensity is the ratio of emissions (scope 1 and 2) to the sales value of that particular year

**GHG Emissions Intensity**





#### **G4-EN19: Reduction of greenhouse gas (GHG) emissions**

Intensity of greenhouse gas emission is calculated based on emissions (EN15 and EN16) due to use of energy or generation of energy (EN3) from non-renewable sources. The company will continue to monitor its carbon footprint and ensure that there is a progressive reduction in years to come.

#### **G4-EN20: Emissions of ozone-depleting substances (ODS)**

Ozone depleting substances are detrimental to the planet as they deplete the earth's protective ozone layer. In the case of KBL, ozone depleting substances are not significant as refrigerants are used in a limited way in offices and manufacturing plants. The office and manufacturing areas in the Company have air conditioning, which majorly used non ozone depleting substances for cooling.

#### **G4-EN21: NOX, SOX, and other significant air emissions**

The air emission stacks are monitored regularly as prescribed in the consent. All the emissions are within the permissible limits as mentioned by state pollution control boards. In FY 2015-16, 33 tons of SPM and 1.2 tons of SOx were emitted.

#### **G4-EN22: Total water discharge by quality and destination**

All the sewage and effluent from offices and manufacturing units is recycled and reused. It is reused largely for maintaining the green cover in the respective campuses and for flushing in toilets. Due to this use, we have not released significant amount of untreated wastewater into the municipal sewage systems. However the water quality of recycled water is within the permissible limits mentioned by state pollution control

board. This year we have used 43 % of recycled water and thereby saved same amount of fresh water.

#### **G4-EN23: Total weight of waste by type and disposal method**

We are conscious about waste generated in our campus and we intend to reuse, recycle or disposed it in a sustainable manner. We ensure that the waste, hazardous or non-hazardous, is disposed with the authorized vendor. We are constantly improving our waste management systems.

Waste	Unit	Quantity
<b>Hazardous</b>		
Paint sludge	MT	9.2
Used Oil	Liters	6745
Oil soaked Cotton waste	MT	58
Used batteries	Nos.	2489
E-waste	Units	1712
<b>Non Hazardous</b>		
Food Waste	MT	19
Metal Waste	MT	0.2
Paper Waste	MT	30
Plastic Paper Waste	MT	10
Burn Sand	MT	2606
MS – Light Scrap	MT	283

#### **G4-EN24: Total number and volume of significant spills**

There were no significant spills in the reporting period.



**G4-EN25: Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally**

Hazardous wastes generated in various production processes like oil, non-ferrous metal, hazardous waste as defined in Schedule - 4 of Hazardous waste (management & handling) Amendment Rules 2003, are sold only to recyclers/ re-refiners/re-processors registered with the Ministry of Environment and Forests (MoEF) / Central Pollution Control Board (CPCB). We do not ship hazardous waste internationally.

**G4 - EN26: Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff**

All manufacturing units are located in Industrial Development areas notified by Govt. of India. Hence, this indicator is not applicable.

**G4-EN27: Extent of impact mitigation of environmental impacts of products and services**

As our commitment towards greener future and as a responsible organization we own product responsibility even at end-of-life of our product and therefore we have rolled out Product Recycle Programme for our customers. Kirloskar Brothers Limited is the first pump company in India to have this programme.

Refer to EN 2 to EN4, EN6 to EN10 for Energy and water related issues.

**G4-EN28: Percentage of products sold and their packaging materials that are reclaimed by category**

We manufacture pumps from small pumps for domestic applications to engineered pumps for large projects.

We are making efforts to increase the use of packaging material which are recyclable. We have started using such recyclable products for packaging in our plants. Health of our customers and channel partners are of prime importance. In this regard we switched to new packaging, which complies with standards like Restriction of Hazardous Substances Directive (RoHS) and International Standards for Phytosanitary Measures No. 15 (ISPM 15).

RoHS: It restricts the use of the six substances like Lead (Pb), Mercury (Hg), Cadmium (Cd), Hexavalent chromium (Cr6+), Polybrominated biphenyls (PBB) and Polybrominated diphenyl ether (PBDE) as they are hazardous.

ISPM 15: Its main purpose is to prevent the international transport and spread of disease and insects that could negatively affect plants or ecosystems.

**G4-EN29: Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations**

There is no incidence of any fine or non-compliance with respect to any national, regional and local regulations associated with environmental issues.

**G4-EN30: Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce**

Environment impacts of transporting products and services are provided in section EN 27. In case of transporting of members of workforce to the manufacturing unit or office and back home, company has provided bus facilities. These company buses act as a mass transportation and also take care of the safety of employees.



#### **G4-EN31: Total environmental protection expenditures and investments by type**

In FY 2015-16, Rs. 3, 16,000 of expenditure incurred for protection of environment.

#### **G4-EN32: Percentage of new suppliers that were screened using environmental criteria**

Our supplier evaluation process involves assessment of suppliers for environmental performance. This criterion is a part of evaluation format. Currently 100% suppliers are assessed based on the environmental criteria.

#### **G4-EN33: Significant actual and potential negative environmental impacts in the supply chain and actions taken**

We create awareness on energy conservation at supplier end. We share our knowledge and ENCON experience with them motivating them for energy conservation. As mentioned in other sections we have supplier screening mechanism where Environment conservation is one of the aspects. Only suppliers having proper processes in place are considered and continued as supplier for KBL.

#### **G4-EN34: Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms**

There was no material grievances filed



# SOCIAL PERFORMANCE

## Labour Practices and Decent Work

### G4- LA 1

#### Total number and rates of new employee hires and employee turnover by age group, gender and region

New employee hired:

Age-wise Distribution	2013-14			2014-15			2015-16		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Less than or equal to 30 yrs	35	3	38	55	6	61	54	5	59
31-50 yrs	20	4	24	35	1	36	54	5	59
Greater than 50 yrs	1	0	1	7	0	7	7	0	7

Location	Females			Males		
	2013-14	2014-15	2015-16	2013-14	2014-15	2015-16
Coimbatore	0	0	1	0	0	4
Dewas	0	2	2	13	12	10
Kirloskarvadi	0	0	0	9	36	29
Kondhapuri	0	0	0	9	10	6
Corporate	7	5	7	22	30	63
Sanand	0	0	0	3	9	6

Note: Sanand plant counted in FY 13-14 for both the tables

Attrition data :

Age-wise Distribution	2013-14			2014-15			2015-16		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Less than or equal to 30 yrs	28	5	33	31	5	36	26	4	30
31-50 yrs	46	0	46	18	2	20	29	4	33
Greater than 50 yrs	15	0	15	2	0	2	2	0	2



Attrition data :

Location	Females			Males		
	2013-14	2014-15	2015-16	2013-14	2014-15	2015-16
Coimbatore	0	0	0	0	0	0
Dewas	2	0	1	11	1	8
Kirloskarvadi	0	1	0	20	18	12
Kondhapuri	0	0	0	9	7	2
Corporate	3	6	7	49	24	34
Sanand	0	0	0	4	1	1

#### G4-LA 2

##### **Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation:**

To improve employee's satisfaction level benefits provided are:

Medi claim benefit -Medical coverage for all employees the amount of which are fixed according to the band of employee, all permanent employees are covered under this policy, employee + 3 family members (spouse, children, parents) are covered under this claim. All permanent workmen are covered in medi claim as per agreed term and condition of wage agreement.

Annual medical checkup is done for all employees and their spouses who are above 40 yrs and employees who are above 30 yrs. medical checkup is done for alternate yrs.

To encourage employees to maintain good health by using the facilities at health clubs membership fees of health club are reimbursed which differs according to band.

For strengthening the women empowerment across the organization, company advocates the policy for women employment and to avoid the attrition rate of female

employees due to natural reasons like marriage and family expansion we started with Sabbatical leave which is given for 1 year.

Employees Death Benevolent Fund Scheme has been introduced and implemented as special welfare measure assistance to the employee's family in real distress and misfortunes when they lose earning member of the family. Under this scheme, contribution from all permanent staff and workmen category of employee from KBL & its Indian subsidiaries collected and donated to the dependent family member of deceased employee.

Employees 'share a vision' stock option scheme provides the shares of organization to the employees on basis of their performance.

Other welfare benefits/facilities provided to the employees are:

- Gymnasium
- Badminton Hall
- Swimming Pool
- Hospital
- Cafeteria/Canteen
- Table Tennis



- Family get together
- Temple at Kirloskarwadi
- Cultural Shows
- Sports Events
- Housing Colony at Kirloskarvadi
- School for Children

- Lectures on Work life Balance
- Lectures on Stress Management
- Health Club
- Play Ground
- Wedding gift

#### G4- LA 3

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

	2015-16	
	Male	Female
Number of employees entitled to parental leave,	N.A.	14
Number of employees that took parental leave	N.A.	14
Number of employees who returned to work after parental leave,	N.A.	5
Number of employees who returned to work after parental leave ended who were still employed twelve months after their return to work, by gender	N.A.	6
Return to work and retention rates of employees who took parental leave,	N.A.	54.54%

#### G4- LA 4

##### Minimum notice periods regarding operational changes

We have a joint council committee and all operational changes are done with mutual understanding and sharing well in time.

#### G4- LA 5

##### Percentage of total of workforce represented in formal joint management –worker health and safety committees

We have a safety committee as per a statutory norm which is equally represented by employees and managers.

#### G4- LA 6

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

All our manufacturing plants are certified for Occupational Health and Safety Assessment Series (OHSAS) standards 18001 and Environment Management System (ISO 14001). Our corporate office and four plants at Sanand, Kaniyur (Coimbatore), Kirloskarwadi, Dewas are certified for SA8000.

Safety inspections of all manufacturing plants, project sites and corporate office are being carried out frequently to find out short falls and improvements.



We are in the process of implementation of BBS system at our manufacturing locations. BBS is Behavioral Based Safety it is a supplementary tool introduced for enhancing the effect of existing practices. It understands the KBL's strategy to reduce the accidents by identifying and eliminating unsafe acts and conditions by recognizing perception and attitude that influences the unsafe behavior of the persons working. This is introduced in our Sanand, Coimbatore and Dewas plants and will be fully implemented this year and will be introduced in Kirloskarwadi and Kondhapuri plant.

We do monitor leading indicators along with lagging indicators for plants. Safety targets are considered based on leading indicators.

We have started safety round by senior persons in manufacturing plants as a part of 'Lead with Safety' to percolate safety culture from top management to lower management.

#### G4- LA 7

##### **Report whether there are workers who are involved in occupational activities who have a high incidence or high risk of specific diseases.**

No workers are involved in occupational activities having high incidence or high risk of specific diseases, which prevents to maintain the organization's social license. Also we do not work where there is high risk of communicable diseases or such in professions that have a high incidence of specific diseases.

We conduct our hazard identification and risk analysis as a part of our OHSAS 18001 to check for the significant risk in terms of occupational health and safety at a regular frequency. No such significant risks have been reported. Every year medical checkup is done as per statutory directions.

Safety Parameters	Gender	2013-14	2014-15	2015-16
No. of Fatalities	Male	0	0	0
	Female	0	0	0
No. of Lost Time Incidence Cases ( LTI)	Male	9	8	11
	Female	4	1	0
No. of Minor injuries including First Aid Cases	Male	63	106	70
	Female	23	26	10
No. of Near-misses	Male	52	48	110
	Female	28	4	9
Frequency rate	Male	0.6	1.06	1.39
	Female	0.2	0.13	0
Severity rate	Male	12.4	37.2	40.02
	Female	0.5	10.6	0
Man Days Lost (Hrs)	Male	441.0	280	315
	Female	47.0	78	0
Occupational disease (No.)	Male	0.0	0	0
	Female	0.0	0	0



#### G4- LA 8

##### Health and Safety topics covered in formal agreements with Trade union

There is a formal bilateral agreement with trade unions to cover health and safety issues under the following heads.

- Medical Allowance.
- Mediclaim/Hospitalization Policy
- Death Benefit Fund
- Safety at Work place
- Use of PPE
- Group Personal Accident Insurance Policy
- Group Term Insurance Policy
- Workmen Compensation Insurance Policy

#### G4- LA 9

##### Average Hours of Training per year per employee by gender and employee category



#### G4- LA 10

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

Our training needs assessment identifies the gap between current training initiatives and employee skill sets. These gaps are analyzed, prioritized and turned into KBL's objectives. The ultimate goal is to bridge the gap between current and desired performance and meet the business requirement through the development of a training program. We anticipate future skill-needs and prepare our employees to handle more challenging tasks, our career development policy, cross functional projects and action learning projects are some ways used to develop the enhancement of functional, professional & personal competencies and skills of individuals. Separate career Progression scheme has been implemented in Dewas plant for all permanent workers for their skill upgradation, same scheme has been designed for kirloskarwadi, Kondhapuri, Sanand and Coimbatore plant.



Program Title
Polished Professional
Personal Effectiveness
Ulta -Pulta Marketing
Understanding Global Culture
Building culture
Train the Trainer
Advance Excel
Lean Six Sigma green belt
Operation of CNC machining Centers
Pressure Vessels Design & Fabrication
Support Level Developmental Program
Three Phase Induction Motor
CII Assessor Training Programme
Product Knowledge

**Skill up-gradation programs for continued employability and Transition assistance programs for separating employees**

Program Title
Indirect taxation - Excise & Service Tax
Dolphin Software
Procurement Sensitisation
Go To Market Primer
Campus to Corporate
Fundamentals of Pumps
SAP - Material Management module
Best Practices of CSS Sales Engineers
Environment Health & Safety (EHS)
Personal Effectiveness
Order taking guidelines, Design, Costing
Electric Motors training by CGL
Support Level Development Programme
Finance for Non-Finance Managers
EnMS Awareness
Salesforce.com Training Program
Basics of Contract Management.
LAKAKI Business Excellence Module.
7 QC Tools
EXCISE, Service Tax, VAT
Letter of Credit & bank Guarantee
Geometrical, Dimensioning & Tolerances
Advance Pro-E and Windchill Training
Six Sigma
Product Knowledge
FM/UL and NonFM/UL Fire Fighting Pump
Negotiation Skills
All India Conference On Pumps
Building Attitude
CII Assessor Training Programme



#### G4- LA 11

##### **Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.**

For developing the potential of our human resource and retaining their productivity mid-year review is done through the appraisal system. 100% of staff employees are considered for regular performance and career development review.

Following table shows plant wise staff employees who received performance and career development reviews.

Location	Female	Male	Grand Total
Sanand	0	29	29
Coimbatore	3	8	11
Dewas	5	521	526
Kirloskarvadi	5	772	777
Kondhapuri	0	50	50
Pune	57	325	382
Grand Total	70	1705	1775

#### G4- LA 12

##### **Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity**

Details of board members are available on our website.

<http://www.kirloskarpumps.com/investors-board-of-directors.aspx>

#### G4- LA 13

##### **Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation**

KBL is a merit based organization we do not discriminate on gender basis and equal remuneration is given to employees of similar category.

#### G4- LA 14

##### **Percentage of new suppliers that were screened using labor practices criteria**

New supplier selection process involves screening of parameters including labor practices at supplier premises. Our evaluation form contains check points for health and safety of labor, wages and compensation, operating environment and basic facilities like drinking water etc. Those suppliers who fail to comply with labor practices requirement are asked to implement the same. We don't issue vendor codes to suppliers who fail to implement the labor practices and human rights check points in evaluation criteria. We make sure that all our new suppliers are gone through screening of labor practices at their premises. A supplier re-evaluation process is done for existing suppliers, in which we re-ensure that suppliers are adhering to human rights and Labor practices compliances. KBL is committed for same through SA8000 certification.

#### G4-LA15

##### **Significant actual and potential negative impacts for labour practices in the supply chain and actions taken**

We recognize conducting labor practices assessments as an important part of evaluation in order to ensure stable and ethical procurement. We have found no negative impact for labor practices in supply chain, we



as an organization support and respect the protection of human rights. No non conformities have been reported in the internal or external audit of SA8000 for this year.

#### **G4 LA 16**

##### **Number of grievances about labor practices filed, addressed and resolved through formal grievance mechanisms**

We have a robust grievance mechanism which helps us to have a stronger and stable workforce. This solves their problems, complaints and considers their suggestions to management through different channels. Speak out session for managerial in which they are given opportunity to raise their grievances. Whistle Blower Policy helps employees to report to the management, instances of any unethical behavior, actual or suspected fraud or violation of the company's code of conduct, Buddy system helps new employees to learn their jobs and roles in better way, to make them understand the various processes and system of the organization. Different committees are formed like safety, canteen and joint council committee to resolve grievances and relatively improvement activities are discussed.

	<b>Kirloskarwadi</b>	<b>Kondhapuri</b>	<b>Dewas</b>	<b>Sanand</b>	<b>Coimbatore</b>
Number of grievance filed by labor	37	0	63	0	0
Number of grievance addressed	37	0	51	0	0
Number of grievance resolved	33	0	12	0	0
Number of grievance resolved prior	0	0	0	0	0



## Human Rights

### G4 HR 1

**Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening**

KBL has not executed any investment agreements which contravenes human rights clauses

### G4 HR 2

**Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained**

We have appointed ethics counsellors for all our manufacturing locations that look after the implementation of Code of ethics.

#### Ethics training data

Employee category	% of employee trained
Senior Management	100
Middle Management	100
Junior Management	99.7

All permanent and contractual employees have been trained through human rights awareness sessions as a part of the SA8000 certification.

### G4 HR 3

**Total number of incidents of discrimination and corrective actions taken**

KBL renders policy on non-discrimination under SA8000 on grounds of gender, race, caste, birth, religion, national or social origin, and any other types of disabilities. No cases have been registered.

### G4 HR 4

**Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights**

Our corporate office and plants are SA8000 certified except Kondhapuri. Human Rights Policy of KBL sums up in brevity, its outlook on workmen and relevance of Trade Union: "KBL is committed to protect the Human Rights of its Employees while dealing with them in all the activities falling under the relationship of 'Employer' and 'Employee'. KBL respects the right of its eligible employees to organize for the purpose of Collective Bargaining as well as their right to support or oppose the Labor union recognized by KBL.

### G4 HR 5

**Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor**

All our manufacturing divisions, service divisions lay down the norms for not engaging children for Labor / work by direct employment or outsourced through contractors with a view to avoid exploitation of children for work. KBL respects the definition of Child Labor as mentioned in the guidelines of International Labor Organization. We will not engage any person under the age of 18 years (legal age of employment) for any operations or services (as presented in law) unless it is part of government approved job training or apprenticeship.

Our commitment to human rights extends to the deepest levels of the supply chain. We ensure that our suppliers abide by human right clause by evaluating the incidents of child labor at the time of supplier evaluation.



#### **G4 HR 6**

**Operations and suppliers considered to have significant risk for incidents of forced or compulsory and measures taken by the organization in the reporting period intended to contribute to the elimination of all forms of forced or compulsory labor.**

We ensure that Forced & Compulsory Labor System is not adopted in any of our plants and thereby avoid the chances of exploitation of labors. Decision to seek employment rests with the individual only, and it is completely voluntary. KBL does not and will not allow or encourage forced or compulsory labor in any of its processes and practices. During the supplier evaluation process we ensure that no forced labor incidents are performed at supplier end.

#### **G4 HR 7**

**Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations**

All security personnel are trained for SA 8000 certification which covers human rights clause.

#### **G4 HR 8**

**Total number of incidents of violations involving rights of indigenous peoples and actions taken**

No incidence was recorded in the reporting period.

#### **G4-HR 9**

**Total number and percentage of operations that have been subject to human rights reviews or impact assessments**

KBL's corporate office, Pune and our plants at Kirloskarwadi, Dewas, Sanand and Kaniyur are certified for SA8000 management system and reviews are conducted twice in a year against set agenda points.

We have appointed ethics counsellors for all our manufacturing locations that look after the implementation of code of ethics. We have constituted the Ethics committee to ensure the enforcements of code of ethics amongst the employees of Kirloskar Brothers Limited and all other stakeholders.

#### **G4-HR 10**

**Percentage of new suppliers that were screened using human rights Criteria**

Evaluation of all suppliers is based on environment (Central Pollution Control Board norms, disposal of hazardous waste, recycling of waste, use of non-conventional resources, corporate social responsibility, compliance to Child Labor Act ) and safety (awareness level, use of PPE and on site safety conditions, protection of equipment's) clause.

#### **G4-HR 11**

**Significant actual and potential negative human rights impacts in the supply chain and actions taken**

We assess the level of operations of suppliers through pre-selection and supplier audits. Pre-selection includes a supplier questionnaire to be filled by supplier and evaluation is done accordingly. We use the supplier questionnaire to identify issues related to labor practices, human rights, health and safety, and environment. In human rights, the elimination of child and forced labor and discrimination are important points considered. If non-compliances are found, we require the supplier to make a plan for corrective actions and we monitor the implementation of it. We have found no negative impacts in supply chain for 2015-16.

#### **G4 HR 12**

**Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms**

There are no reportable grievances in this year.



## Society

### G4 – SO1

#### Percentage of operations with implemented local community engagement, impact assessments, and development programs

KBL is committed to the communities where we live and work with the objective of “Enriching Lives” through sustained results in social, economic and environmental parameters. We are engaged in “Corporate Social Responsibility” by improving the lives in terms of education, health, safety, environment, employment opportunities and social support of the local communities. We conduct Society perception survey and engagement activities at our manufacturing locations. Based on the survey feedback from society respective locations prepare action plan based on need of local community. We work with “Vikas Charitable trust” to enhance society engagement initiatives. Our operations at different locations conduct the rural health checkup camp & workshops for Women and senior citizens.

### G4 – SO4

#### Communication and training on anti-corruption policies and procedures

All employees are trained in organizations anti-corruption policies and procedures through Code of Ethics. This is our fourth year when we have conducted Code of Ethics examination through e-learning portal developed. Code of ethics covers guidelines on anti-corruption, anti-competitive behavior, legal compliance, public policy, fairness in dealing with all our stakeholders etc.

AIDS awareness program was also conducted by distributing pamphlets, taking rallies.

### G4 – SO2

#### Operations with significant actual and potential negative impacts on local communities

There are no significant potential or actual negative impacts on our local communities. We do not dispose any hazardous wastes in nearby area and also do not pollute the water.

### G4 – SO3

#### Total number and percentage of operations assessed for risks related to corruption and the significant risks identified

We conduct the Ethics exam for all our employees and awareness session for our stakeholders.

Location	Senior Management		Middle Management		Junior Management	
	No. of Employees	% Of employees	No. Of Employees	% Of employees	No. of Employees	% Of employees
Pune	54	100	138	100	234	99%
Kirloskarvadi	12	100	77	100	251	100
Dewas	5	100	27	100	102	100
Coimbatore	1	100	1	100	12	100
Sanand	1	100	5	100	26	100
Kondhapuri	2	100	11	100	43	100



#### **G4 – SO5**

##### **Confirmed incidents of corruption and actions taken.**

No incidence have been reported

#### **G4 – SO6**

##### **Total value of political contributions by country and recipient/beneficiary.**

There are no financial or non-monetary grants made to any political party during the reporting year.

#### **G4 – SO7**

##### **Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes**

No legal action has been instituted against the Company for anti-competitive behavior, anti-trust and monopoly practices, during this reporting period.

#### **G4 – SO8**

##### **Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations**

There is no incidence of any fine or non-compliance with respect to anti-competitive behavior, anti-trust and monopoly practices.

#### **G4 – SO9/SO10**

##### **SO9**

##### **Percentage of new suppliers that were screened using criteria for impacts on society**

##### **SO10**

##### **Significant actual and potential negative impacts on society in the supply chain and actions taken**

KBL encourages its suppliers to subscribe to concern for responsibility towards society. We have found no negative impact in society due to supply chain. Most of our suppliers are in Industrial area therefore risk of impact on society is less.

#### **G4 – SO11**

##### **Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms**

No grievance has been reported in this year



# PRODUCT RESPONSIBILITY

## G4-PR1

### **Percentage of significant product and service categories for which health and safety impacts are assessed for improvement**

All our plants are OHSAS 18001 certified. We focus on identifying and eliminating unsafe and unhealthy practices. We conduct rigorous tests throughout our research, product development and marketing process to ensure the safety and quality of our components and products, we take care of health and safety aspects at all stages of product life cycle. We keep vibrations/noise, coating painting as per the standards. All our products contain the caution notice for operating the product, as of now OECD guidelines are not application for pumps.

## G4-PR2

### **Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes**

There have been no cases of non-compliance with respect to the control of compliance with regulatory requirements and voluntary codes on the health and safety impact of our products.

## G4-PR3

### **Type of product and service information required by the organization's procedures for product and service information and labelling, and percentage of significant product and service categories subject to such information requirements**

KBL believes information should be available in an accurate and easy way to the customers to ensure customers' peace of mind and trust in the products and services we provide. All information related to product is provided to the customers through product brochures and Installation and Operations manuals which is also

available on the website. Our products conforms to standards like IS, Factory Mutual (FM), Underwriters Laboratories (UL) and all the required information related to product is provided to customers.

## G4-PR4

### **Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes**

There were no incidents of non-compliance with regulations and voluntary codes concerning product and services information and labelled.

## G4-PR5

### **Results of surveys measuring customer satisfaction**

We conduct customer satisfaction survey for our business verticals. We are implementing action plans identified based on analysis of survey result. The feedbacks can be referred in section on stakeholder engagement of this report.

## G4-PR6

### **Sale of banned or disputed products**

We do not have any product in market which is banned.

## G4-PR7

### **Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes**

No incidents are found



#### **G4-PR8**

##### **Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data**

No such complaints have been made. The Company respects customer privacy.

#### **G4-PR9**

##### **Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services**

There were no fines for non-compliance with laws and regulations concerning the provision and use of products and services.



# CORPORATE SOCIAL RESPONSIBILITY

At KBL, we understand the importance of taking Corporate Social Responsibility to the next level of PSR (Personal Social Responsibility). The great green awakening is making company after company take a serious look at its own impact on the environment. Society has now higher expectations of corporate houses taking more public responsibilities than it did a few years ago.

Various initiatives are taken by us for contributing to our social responsibility.

- Training programs on common medical ailments held at schools, annual medical check-ups of students and senior citizens.
- Counselling teenage girls on adolescence health issues
- Competitions for nearby schools on Elocution, science model, ollas
- Summer camp for kids
- Yoga Workshop for Kids
- Tree plantation and sapling distribution at school
- Awareness session on AIDs.
- Industrial Visits of college students
- Career Guidance for students





# KBL EVENTS

## KBL Stall at Make in India



## ACHEMA event in Frankfurt, Germany



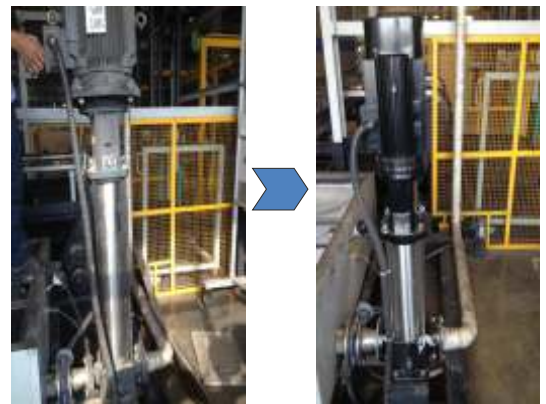


# CASE STUDIES

## To reduce energy consumption in CED coating and Water Treatment Plant in Sanand Plant

We have the process of washing components for CED coating using washing machine and Waste water treatment plant. Initial installation of pumps used for these processes were of higher capacity and the units consumed higher energy. We took the initiative of changing these pumps to optimum level of capacity to fulfill process need.

The first stage of project involved studying the existing system and process require to check the required pressure & head/discharge. We selected most appropriate pump model of Kirloskar make to suit the process requirement. After finalizing the pump model, we replaced the existing pumps with selected Kirloskar pumps. Final testing was carried out for process requirement and voltage, current, temperature, pressure, discharge were monitored. It was checked and validated that all the process requirement and objective have been met using new pumps. All parameters were checked, confirmed and new system was started for regular operation. After this project we have saved about 35400 kwh/Year of Energy and saving in cost Rs. 283200 / Year.



## Reduction in air consumption at Kondhapuri Plant

Various initiatives were taken to minimize the compressed air usage in the production process. Survey was conducted to identify the leakage points. During the survey air leakage was found in the old underground pipeline between Air receiver tank and shop No.1. Modification in the piping layout carried out and new pipeline connection provided from shop No.3 to shop No.1 to meet the process requirement. Saving from this project is 43944 kWh/year

## Reduction in wood consumption for packaging material

We have taken various initiatives to reduce the consumption of wood used for packaging of products. Following are the actions implemented to reduce the consumption:

- Reuse of corrugated / wooden boxes of Actuators for dispatch of material/parts
- Conversion of wooden boxes received with incoming material to make in suitable sizes for dispatch of material / parts
- Use of corrugated boxes for 50 MM to 800 MM BFV packing instead of wooden boxes
- Result of above initiatives –
- Reduction of yearly wood consumption by 30 %





# STRATEGY

KBL's mission and vision serve as a guideline for preparing a long term strategy through configuration of resources within the challenging environment, to meet the need of markets and fulfil stakeholder's expectations.

Our Strategic planning starts with analysing the strength of our businesses' position and understanding the important external factors that may influence that position. The process involves developing company objectives and strategies to achieve the Vision of the organization.

## **Our Objectives :**

- Customer satisfaction
- Market-share improvements
- Revenue goals
- Improved brand awareness.
- Competitive advantage

Kirloskar Brothers continued its pursuit of Vision 2020 through a structured program of organic and inorganic growth opportunities.

KBL's subsidiary Kirloskar Pompen BV completed the acquisition of Dutch pump manufacturer Rodelta Pumps International B.V. Rodelta specializes in the manufacture of American Petroleum Institute (API) and Non API pumps for oil and gas, pulp and paper, water, marine and chemical applications.

Initiatives were taken to align business with stated objectives by restructuring of the organization.

- A Project Execution Cell was formed to ensure project closures as per the objectives and schedule.
- Export Excellence cell responsible solely for supporting export enquiries and orders.
- India Sales Excellence Cell a single window of

support for engineering and costing requirements of domestic enquiries and orders.

- Product Portfolio Management to manage the global product portfolio of KBL and prioritize the new products for development and portfolio rationalization.
- Sales and Operation Planning Cell (S&OP) will manage the on time delivery of products in full quantity for Kirloskarvadi plant.
- International Distribution and Channel Development Cell for distributor reach and development, systems and training for small pump business in international region.

Measures were taken to improve the channel footprint and productivity by providing support for enabling secondary sales. We have launched Technical communication pertaining to the company's pumping systems.

We have initiated Customer awareness programmes to educate about the design standards, usage of materials for manufacturing and selection of pump for a given application.

We made significant penetration in critical applications market with prestigious orders and approvals. Our products and packaged systems are being appreciated by customers in Europe, North America, the Middle-east, North Africa and South-East Asia.

The company continued to lay emphasis on segments such as process based chemical industries. Technologically advanced ROMAK (RMK) process pumps were launched. RMK pump is magnetic drive pump comprising permanent magnets. These pumps are meant for process industries and capable of



handling various types of clear and clean chemical liquids without any suspended particles.

KBL has the largest installed base of pumps in India and we are closely working with customers to meet their requirements of spares and after sales support. To improve upon customer satisfaction and cater to service requirement of the engineered pump customers, "Engineered Service Division" (ESD) was formed. ESD looks after large engineered pumps in the segments of water, power, irrigation and oil and gas.

To achieve Vision 2020 it is pertinent to focus on international business. The three prolonged approach adopted for the international business is effective prioritisation of international orders and enquiries, adherence to customer deadlines and on-time support and delivery.

Our dedicated approach of obtaining approvals from Global Engineering Procurement and Construction (EPC) companies paid rich dividends. The approvals helped us grow our foot print in global market. A good example is Saudi Aramco. As an approved vendor of Saudi Aramco, many prestigious global orders of Saudi Aramco were received in the last few years. Marketing of Concrete Volute Pump (CVP) is being done. The first international order for CVP pump was secured from Bangkok Metropolitan Administration (BMA), Thailand.

We have established structured mechanism to monitor our environmental performance through measurement of use of resources such as energy, water and materials. Our manufacturing plants continue to focus on use of renewable energy like wind power. Apart from sourcing wind power we are also exploring use of existing rooftop areas for in-house solar power generation

To enhance the environmental performance to higher levels our manufacturing plants continue to participate in

GreenCo rating system of Confederation of Indian Industries. This year our Kirloskarvadi plant has awarded Silver Plaque and Kondhapuri Plant with Bronze plaque in CII GreenCo company rating. Our other plants Dewas, Kaniyur and Sanand have already received the Silver rating in earlier assessment. By this achievement KBL becomes one of leading pump manufacturing company in the country working on Greener front.

We continue our pursuit to achieve Safety Excellence at our manufacturing plants, projects sites and offices by imparting awareness trainings and through periodical safety audits/ safety rounds.



## SECTOR SPECIFIC STRATEGIES



### Power

- Promote Lowest Cost of Ownership Concept (CVP/MVP/CEP/LLC)
- Enhance Presence in International Market
- Leverage present track record to win and execute major projects.
- Marketing of value added solutions
- Leverage certifications such as ASME N/NPT Stamp



### Irrigation

- Promote Value added products such as LLC/CVP /MVP
- Strengthen Partnership with Key suppliers to increase cost competitiveness
- Develop institutional business for higher volume of business
- Provide customized and innovative system engineering solutions
- Work with reliable civil partners to execute project ahead of schedule
- Selective in participating in Projects



### Water Resource Management

- Promotion of LLC Pumps and Auto Prime Pump sets.
- Develop Project based partnership with Contractors
- Focus on business through energy audit-ESCO Model
- Brand Promotion and Approval activities in Indian sub-continent
- Maintain leadership position in municipal water supply market.
- Market customized and innovative solutions



### Marine and Defence

- Focus on special products and indigenised solutions to Defense Sector
- Market innovative products like Self priming Pumps, Romak Pumps and Solar pumps
- Leverage network of channel partners
- Brand Promotion and Approval activities in Indian sub-continent
- Promote value added products like LLC and Auto Prime market.





### Industry

- Maintain leadership position in the utilities market
- Balancing of Product Mix
- Strategic Tie ups with Critical suppliers
- Creating PTR for new products
- Focus on AUTO PRIME and Pontoon mounted Pumps
- Market value added solutions such as Lowest Life Cycle Cost Pumps
- Strengthen channel partners network



### Building & Construction

- Focus on HYPN market
- Formation of FM/UL Cell
- Focus on Indian subcontinent business
- Maintain leadership position in infrastructure and Fire Fighting Pump market
- Market value added solutions



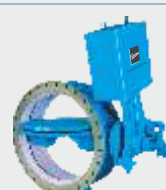
### Distribution

- Export Business expansion in SAARC
- Introduction of New product range for Retail segment to gain market share
- Online visibility via Digital Marketing through portals like Snapdeal, Pumpcart, Alibaba, IndiaMart etc.
- Re-positioning of the products based on value proposition



### Customer Service & Spares

- Sector specific service teams to be setup for focused customer service
- Deepening and widening spares distributor network
- Deliver consistent levels of service to all customers
- Create awareness to use genuine spares



### Valves

- Increase market share of existing product
- Establish strategic tie ups with EPC players
- Increase market reach
- Promote new products such as suction diffuser and triple duty valve

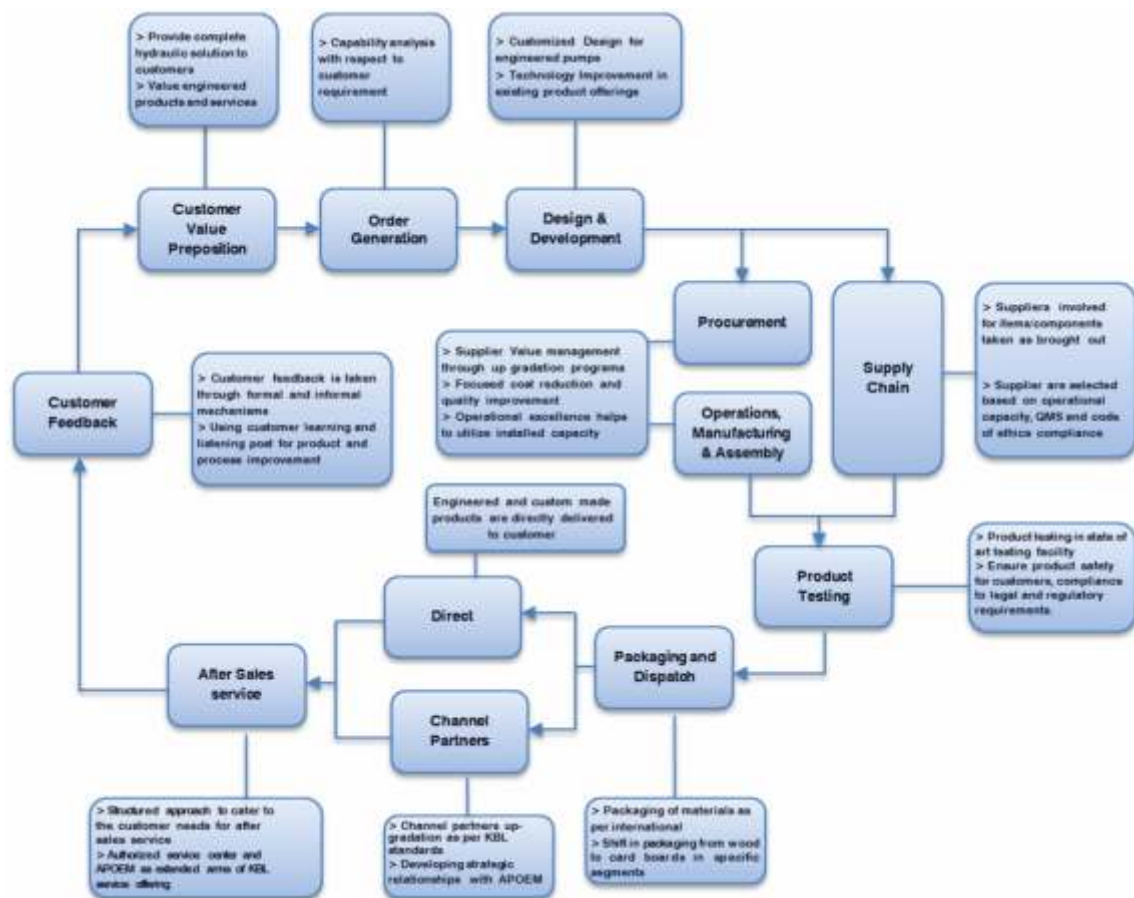


# BUSINESS MODEL

As per the International Framework on integrated reporting "Business Model" is defined as given below:

An organizations business model is its system of transforming inputs, through its business activities, into outputs and outcomes that aims to fulfil the organization's strategic purposes and create value over the short, medium and long term.

KBL uses capitals both in monetized and non- monetized form to generate outputs and outcomes of significant importance. Business activities include the planning, design and manufacture of products or the deployment of specialized skills and knowledge in the provision of services. Encouraging a culture of innovation is often a key business activity in terms of generating new products and services that anticipate customer demand, introducing efficiencies and better use of technology, offering lowest Life Cycle Cost Products, substituting inputs to minimize adverse social or environmental effects, and finding alternative uses for outputs."







The value is created for the customers through the "Value Propositions" and the business activities are performed to deliver value to our customers. The value proposition through various approaches enables KBL to differentiate in the market place (through product differentiation, market segmentation, delivery channels and marketing) and gain competitive advantage.

APPROACH	VALUE PROPOSITION	CUSTOMERS
<b>Pumps and Pumping solutions</b>		
<p>We capture the inputs of our customers through direct engagement. Based on the information about prospective projects, we work towards providing a customized solution. For standard designs we have developed very user friendly Dolphin software for product selection. Our long relationship with our contractors and consultants for projects is an added advantage. We have developed various value propositions in our products which gives us competitive advantage. On receipt of order the production of pumps is undertaken at the manufacturing plant. The final products are delivered to customer to the best satisfaction.</p>	Auto-prime which requires no priming or foot valve.	Chemical Process Industries
	Lowest Life Cycle Cost	Sugar and Allied Industries
	FM/UL certified products	Pharmaceutical
	Condition monitoring	Mining
	Multi-stage Multi-outlet pumps	Steel Plants
	Branded Pump-sets with coupled motor or diesel engines	Metro Rail
	Reliable product	Airports
		Residential and Commercial Buildings
		Hospitals
		Hotels
		Irrigation Projects
		Power Projects
		Water Supply
		Water Treatment
		Agriculture
		Oil & Gas
<b>Valves</b>		
<p>Two different channels for catering to the customers. First is bidding for tenders which we get through our contractors. Project business comes through business vertical of the company.</p>	Wide range of product offerings	Water Supply
	* Quality and reliability	Water Treatment
	* Customized material of construction based on the customers' application requirement	Power projects- cooling water
		Irrigation projects - flow control
		Industries
		Oil and Gas



### Projects Business

Following are the business activities performed by the business sector:

Pre-bid qualification  
Tendering  
Contract Review  
Project Planning  
Erection and Commissioning  
Performance Guarantee Testing  
Project handover  
Operation and maintenance

Total pumping solution to customer  
Energy Efficiency and Lowest Life Cycle Cost Pumps ( LLC)  
Proven expertise in the field  
New technology for STP and WTP  
Cost competitiveness

Municipal Corporations  
Rural Development Boards  
Water Authority Boards  
Public and Private Industries  
Public Sector Undertakings such as NTPC, Power Grid etc.  
Government - Hydel and Thermal power projects  
Oil & Gas

### Customer Service and Spares

Service: We provide proactive commissioning support to our customers/end users. We also have authorised Service centers (ASCs) and Authorised Refurbishment Centers (ARCs) which are extended arms of KBL for providing service.

Spares Business: Our service dealers and company representatives visit existing customers to understand the requirements of spares

\*Service: 24X7 service through trained service engineers  
\*Dealer network at each industry location- ISO certified dealers  
\*Delivery of product within 72 hours for stock and sale products  
\*Interchangeability  
\* Quick Response resulting in minimal downtime  
\* Failure analysis and technical support to ensure longer life  
\* Training on complaint analysis and diagnostics to mechanics and engineers at customers end.

Coal Mines  
Power Plants  
Steel Plants  
Sugar Mills  
Refineries  
Chemical and Process industries  
Pharmaceutical industries



# FUTURE OUTLOOK

## Global scenario

The European Industrial Foundation estimates the global pump market to be around \$47 billion. The centrifugal pump market is predicted to be around \$ 29 billion. The global pump market is estimated to grow at a compounded annual growth rate of nearly 3.7 percent for the period 2015-20. The estimated growth rate for the period 2015-20 is 3.7% which is relatively lower in comparison to 4.9% registered during 2009-14. The drop is the outcome of weakness in oil, gas and mining markets.

Although growth will be healthy across the globe, the drivers of growth will vary by region. Advances in developing areas such as China and India will result from industrialization, as investment in water infrastructure and electricity generation grows. In developed areas, continued advances in manufacturing output will provide growth in the process manufacturing market.

Advances in pump demand in the water infrastructure market will result from two key factors: in developing nations, access to water supply and sanitation will be increased; in developed nations, aging water infrastructure will need repair and upgrade. For example, many current water systems across the world have pipelines that are over 50 years old. These trends will increase demand for water infrastructure equipment such as pumps.

Among product types, growth in process manufacturing activity will boost gains for positive displacement pumps. The centrifugal pump segment will benefit from growing demand for more versatile, low-maintenance pump models. The development of improved pump designs and the use of new materials will spark pump demand across product types.

## Indian Pump Industry

Economic growth in India is anticipated to be stronger than China for the year 2016. Government allocated 221,246 crore on account of the capital expenditure outlay for infrastructure during fiscal 2016-17. Consequently, the market will be driven by investments in Municipal Water and Wastewater, Agricultural applications, Nuclear Power generation and General Manufacturing Industry. Market for pumps in India may attract competition from global players and put industry margins under stress. Softening of commodity prices globally may provide some cushioning for manufacturers.

EIF estimates the pump market in India in 2016 to be 11178 crores and is expected to reach 14255 crores in 2020 at a compounded annual growth rate of 6.3%.

Low-cost manufacturing and domestic demand have created an attractive environment for most international players. These companies have also introduced the latest technologies for energy efficiency and high performance. Macroeconomic turbulence likely to have a negative impact on infrastructure investment, leading to a reduction in demand for pumps and a pressure to reduce prices.

## Water Resource Management

According to a McKinsey Global Institute (MGI) report, India's urban population is projected to increase from 340 million in 2008 to 590 million in 2030. The water infrastructure segment will be boosted by continued urbanization of the population and concerted efforts to expand access to public water supplies, in both urban and rural areas. Moreover, the government has committed to an effort to improve the nation's water infrastructure, increasing access to safe water, especially outside large metropolitan areas, and improving both the rate and quality of wastewater treatment.



The projects such as Ganga Action Plan, Amrut Yojana and Smart City expected to generate demand for solutions in the field of water supply and wastewater management. The Government has selected first batch of 20 cities in the current year for implementation under the Smart City project. This opens up a huge opportunity in each aspect of smart city planning, project execution and management.

KBL is closely working with consultants to promote appropriate solutions and products like Concrete Volute (CV) pumps and the Auto Prime concept.

### **Irrigation**

We are focusing our marketing activities in Africa and South East Asia regions to tap the business potential, this resulted in the brand recognition and translated in greater acceptance of the product. In India, the country strategic Partnerships are being forged to create win-win situations. The positioning of the organization enabled it to get many orders of Vertical Turbine as well as Metallic Volute pumps. Strengthening of internal systems helped in reduction of risks. The selective approach for orders coupled with favourable payment terms is helping sector to steer in the direction of growth.

### **Power**

Industry-led growth requires at least 10-times more energy per unit of value added compared with growth led by the services sector. In view of the “Make in India” campaign to promote manufacturing and the “24x7 Power for All” drive for universal, round-the-clock electricity supply likely to bring back the growth momentum in this sector.

Power generation capacity has surged over recent years, but the outlook for the sector is clouded by the precarious financial situation of local distribution companies and large losses in the transmission and distribution networks. India has 45 GW of hydropower

and 23 GW of wind power capacity, but has barely tapped its huge potential for renewable energy. Government is, however, aiming high in this area, with a target to reach 175 GW of installed renewables capacity by 2022 (excluding large hydropower), which is a steep increase from today's level of 37 GW. Solar power is a key element of the government's expansion plans.

There is a noticeable move in policy focus on the sources of power. The government is encouraging hydro, renewable and gas-based projects, as well as adoption of clean coal technology.

The government proposes to increase fourfold India's nuclear power generation capacity to 20 Gigawatt (GW) by 2020. To reduce dependency on imported coal, a Public Private Partnership (PPP) policy framework is being devised with Coal India Limited to increase coal production. KBL is well poised to take advantage of the impending opportunities with certifications of authorization from The American Society of Mechanical Engineers (ASME) and proven capability in the thermal power generation space.

### **Industry**

The appearance of several roadblocks on the domestic front and a demand slowdown globally and in emerging markets has forced sectoral players to rethink their short- and long-term strategy. Despite the situation outlined above, figures for the next couple of years are encouraging. India has been declared a bright spot in the landscape of global economic development by both the World Bank and International Monetary Fund (IMF). The World Bank has projected growth in India at 7.8% in 2016–17 and at 7.9% in 2017–18, recognising the progress the country made with infrastructure improvement and the government's endeavours to boost investments, particularly in urban infrastructure. We have initiated the process of seeking approval and



registration of KBL with various global EPC and consultants to tap the business opportunity in this sector. These actions support the organic growth projected in the process pumps business. Our new products offerings like Mag drive, Air cooled thermic fluid and canned motor pump were well received by the customers.

### **Building and Construction**

Building and construction sector is catering to the Total pumping solution requirements of Metro Rail projects. With leadership in the Indian fire market, the marketing team is rapidly increasing our foot print in non-fire pumping applications. We are expecting further growth for the Hydro-pneumatic (HYPN) system business in the coming years. We have launched iPad and Tablet controlled HYPN system, a first of its kind in India. Inroads were also made into the Heating Ventilation and Air Conditioning (HVAC) system market.

We have formed a unique Factory Mutual (FM) and Underwriters Laboratory (UL) (FM/UL) Service cell to cater to the service and training requirements. Customized solutions to meet the water supply needs for townships were developed. The differentiating factors are sustainable energy efficiency, space saving and prompt service, all these attributes being crucial in the building and construction arena.

### **Oil and Gas**

The oil refining capacity in the country is estimated to be around 223.3 Million Metric Tonnes Per Annum (MMTPA). By 2017, the oil refining capacity is projected to reach 310 million tonnes. The oil and gas sector directed its efforts towards addressing the package requirements of institutional customers. Fire water pumps package for various refineries are one of the avenues for business growth in this sector. We are also

leveraging past references of Fire water pumps supplied to refineries to gather orders for Fire water pumps for Air Liquid application and Jockey Pumps.



# VALUE CREATION

Financial Capital	Significance																													
	Financial strategy is optimum utilization of financial resources to create sound financial structure by proactive advisory support to achieve & sustain organic and inorganic growth and build a sound accounting structure to achieve excellence & innovation. KBL is listed company in 2 stock exchanges in India with 65% is promoter's shareholding. Balance shareholding includes Indian Public, Mutual Funds, Insurance Companies and Private Corporate bodies. It uses the financial capital generated through its internal operations and also through borrowing to meet the working capital requirements.																													
	Inputs																													
	The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company																													
	Outcomes																													
	<table><tr><th>Aspect</th><th>Measure</th><th>2015-16</th><th>2014-15</th><th>2013-14</th></tr><tr><td>Net Sales</td><td>Rs. in Million</td><td>16,562</td><td>16,257</td><td>17,598</td></tr><tr><td>Net Worth</td><td>Rs. in Million</td><td>8042</td><td>7,963</td><td>8,001</td></tr><tr><td>Dividend</td><td>Rs. in Million</td><td>25 %</td><td>25 %</td><td>125 %</td></tr><tr><td>Interest</td><td>Rs. in Million</td><td>372</td><td>413</td><td>409</td></tr><tr><td>Net Profit</td><td>Rs. in Million</td><td>118</td><td>85</td><td>477</td></tr></table>	Aspect	Measure	2015-16	2014-15	2013-14	Net Sales	Rs. in Million	16,562	16,257	17,598	Net Worth	Rs. in Million	8042	7,963	8,001	Dividend	Rs. in Million	25 %	25 %	125 %	Interest	Rs. in Million	372	413	409	Net Profit	Rs. in Million	118	85
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Interest	Rs. in Million	372	413	409																										
Net Profit	Rs. in Million	118	85	477																										
	Our Actions																													
	<p>KBL generates financial value for its stakeholders. It distributes this financial capital to shareholders as dividend, payment to suppliers for the materials and services, salaries to employees and taxes to the government. Our policies helps to :</p> <ul style="list-style-type: none"><li>▪ Ensure / Support / Report ROCE &amp; Cash Generation</li><li>▪ Maintain and Submit timely, accurate &amp; qualitative data to assess financial position and to take preventive &amp; corrective measures</li><li>▪ Provide meaningful Financial Statements and MIS</li><li>▪ Ensure budgetary control</li><li>▪ Ensure statutory or regulatory compliances across company</li></ul>																													



Human Capital	Significance																				
	KBL considers talent of people as one of the assets. It has developed Human resource policies which ensure attracting and retaining the talent. KBL has vision to be most preferred employer. The talent of the employees and partners is developed through structured training and development process																				
	Inputs																				
	<ul style="list-style-type: none"><li>▪ Empowered leaders demonstrating company’s value driven behavior</li><li>▪ Brand name in market</li><li>▪ Safe and healthy work environment with more focus on work life balance</li><li>▪ Inspired workforce with relevant skill and knowledge</li></ul>																				
	Outcomes																				
	<table><tr><th>Aspect</th><th>Measure</th><th>2015-16</th><th>2014-15</th><th>2013-14</th></tr><tr><td>Total Employees</td><td>Numbers</td><td>3824</td><td>3664</td><td>4151</td></tr><tr><td>New Employments</td><td>Numbers</td><td>125</td><td>104</td><td>63</td></tr><tr><td>No of Female Employees</td><td>Numbers</td><td>151</td><td>142</td><td>241</td></tr></table>	Aspect	Measure	2015-16	2014-15	2013-14	Total Employees	Numbers	3824	3664	4151	New Employments	Numbers	125	104	63	No of Female Employees	Numbers	151	142	241
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No of Female Employees	Numbers	151	142	241																	
Our Actions																					
<p>KBL has developed process of aligning the team and individual level goals which are aligned to the strategy of the organization. Involving employees in cross functional teams for improvement initiatives aims for effective utilization of its human capital.</p> <p>The training needs of employees are prioritized as per business needs. People are developed through continuous on -job, classroom trainings, knowledge sharing, job rotation, job enrichment, job enlargement, delegation to national / international subsidiaries, career development, webinar, internal trainings, industrial visit to learn best practices and enhance their competencies.</p> <p>KBL implements a wide range of activities and methods which demonstrate how seriously it takes its responsibility towards employees. One essential basic tool that it uses in this connection is the employee engagement survey. The consistent application of our occupational health and safety policy has enabled us to reduce accident rates at all our manufacturing plants.</p> <p>We provide employees with comprehensive compensation and benefit programs to meet their healthcare needs, professional development needs. Our philosophy is to provide competitive pay while rewarding employees for individual and business performance.</p>																					



Social and Relationship Capital	Significance
	KBL continues to build its relationships with the suppliers, customers and society through various initiatives. It actively builds networks through its participation in industry bodies like CII, FICCI, IGBC and educational institutions like IIT, IIM and reputed universities in USA and UK. Relationships are built with suppliers, dealers, consultants and contractors. KBL consider “Corporate Social Responsibility” as a commitment to contribute for sustainable development of society to improve their lives in terms of education, health, safety, environment, employment opportunities and social support, KBL works with Vikas Charitable Trust to implement social initiatives
	Inputs
	<ul style="list-style-type: none"> <li>▪ Confidence of our stakeholders in our business</li> <li>▪ Mutual agreements and relations with our suppliers</li> <li>▪ Open channel communications and positive relations with local communities</li> <li>▪ Positive relationship with our workforce and unions</li> <li>▪ Collaborative relations with our customers</li> </ul>
	Outcomes
	<p>While we work on many activities to uplift society, some of our priority events are :</p> <ul style="list-style-type: none"> <li>▪ Eradicate Extreme Hunger &amp; Poverty</li> <li>▪ Promote Gender Equality and Empowerment</li> <li>▪ Combat HIV/AIDS, Malaria and other diseases</li> <li>▪ Ensure Environmental Sustainability</li> <li>▪ Economic development of Society</li> </ul>
	Our Actions
	<p>A long term relationship with customers and suppliers has resulted in trust and they continue to work with KBL. This relationship has resulted in joint development programs for mutual benefit and growth. KBL has established strong image as a responsible corporate citizen in communities where it operates</p> <p>As a Corporate citizen, our Company has also been committed to comply with all statutory laws and regulations applicable to it. Secretarial Department submits periodic statutory compliance statement to the Board based on Certifications by functional heads. We comply to all Legal &amp; Regulatory requirements 100% with continually improving our EHS Management &amp; performance</p>



Intellectual Capital	Significance
	KBL has developed intellectual capital of designing, manufacturing and testing of pumps which cater to requirements of various segments of the business. Capability to design engineered Concrete volute pumps, Metallic Volute Pumps, Lowest Life Cycle Cost Pumps and total Pumping system solutions as per customer specific requirements are the intellectual capital of the company. KBL has implemented global management
	Inputs
	<ul style="list-style-type: none"> <li>▪ KBL values and high competent people</li> <li>▪ Highly skilled project management workforce to carry out project business in fluid management</li> <li>▪ World class designs and systems in fluid management products and services</li> <li>▪ Intangible assets</li> </ul>
	Outcomes
	KBL's expertise of designing and manufacturing custom designed pumps developed over many years is the output in terms of intellectual capital. It has also developed systems and process for manufacturing of these pumps and capability to test and commission these pumps at the customer sites.
	Our Actions
	<p>In order to maintain our technological leadership in the domestic &amp; global market we continuously identify areas of technology development which is required to support the organization's overall strategy.</p> <p>KBL has maintained its technology leadership position in the business for more than two decades. We are continuously focusing on productivity, quality &amp; cost.</p> <p>KBL has identified areas of technological development in local and global market e.g. shut down cooling pump, primary pressuring pump, primary coolant pump, emergency core cooling pump, GK series etc.</p> <p>Continues focus on productivity, quality &amp; cost is our primary objective. The manufacturing process at Coimbatore plant is achieved the process time of 20 sec per pump assembly.</p>



Natural Capital	Significance					
	KBL products use natural resources like materials - metals and non - metals for pump components, tools and consumable materials for manufacturing processes, power and fuel and water. KBL strives to reduce its non- renewable content of the power and fuel. KBL invests in developing energy efficient products and pumping solutions					
	Inputs					
	Aspect	Measure	2015-16	2014-15	2013-14	
	Total Energy Use	GJ	138344	121128	116395	
	Total Water Use	m <sup>3</sup>	279609	302183	275048	
	Specific Electricity Usage	GJ/Rs. Mn Sales	8.4	7.5	6.6	
	Specific Water Usage	m <sup>3</sup> /Rs. Mn Sales	16.9	18.6	15.6	
	Renewable Energy	%	30	26	38	
	Outcomes					
	Aspect	Measure	2015-16	2014-15	2013-14	
	GHG Emissions	tCO2	22298	23375	18788	
	<ul style="list-style-type: none"> <li>This year our GHG emissions has reduced by 4.5 %</li> <li>In FY 2015-16, 33 tons of SPM and 1.2 tons of SOx were emitted.</li> <li>Overall KBL uses 43% of recycle water in FY 2015-16, which is increased in percentage from 27 % for year 2014-15</li> </ul>					
	Our Actions					
	<p>KBL energy efficient pumps and pumping systems help reduce the impact on GHG emissions. KBL's solar pumps help reduce impact on natural capital. The pumping energy audit and energy saving solutions impact on reducing the carbon foot print at the customer's end.</p> <p>To reduce energy consumption, energy audits are conducted at all plants. It results into energy conservations projects which help us to further work on energy optimization.</p> <p>In order to reduce energy consumption energy audits are conducted at all plants. Further we initiated actions to implement Energy Management System (ISO-50001) in all plants.</p> <p>Corporate office in Pune has the honor of receiving the Platinum Rating from LEED certification from Indian Green Building Council, is an example of KBL 's commitment to ensure that its environmental impact are minimized</p>					



<b>Manufacturing Capital</b>	Significance
	KBL has 6 manufacturing plants - namely Kirloskarvadi, Dewas, Kondhapuri, Shirwal, Kaniyur and Sanand. It has "Yamuna" a platinum rated green building as its corporate office in Pune. KBL has established infrastructure including design and development software, in-house foundry, machines for manufacture of pump components, Assembly and testing of pumps. It also has residential colony for its employees at Kirloskarvadi
	Inputs
	<ul style="list-style-type: none"> <li>▪ Customer requirements and specifications</li> <li>▪ International codes and standards</li> <li>▪ Government rules and regulations</li> <li>▪ Statutory and regulatory requirements</li> <li>▪ Customer feedbacks</li> </ul>
	Outcomes
	KBL's output in terms of manufactured capital is pumps and pumping systems which are installed in various segments like domestic, agriculture, industry, building and construction, power, water, irrigation, Oil & gas and Defense.
	Our Actions
	<p>KBL processes across the operational chain are designed based on our vision &amp; mission to achieve our strategic objectives.</p> <p>The process owners monitor the process measures at regular intervals and functional reviews are conducted to ensure that the objectives are met</p> <p>Our business is structured around core competency of Pumps, Valves and Turbines. Simultaneously we are in the Engineering Procurement and Construction (EPC) Business for providing pumping solutions on Turnkey basis</p> <p>In the year 1991 we have adopted ISO 9001 model and aligned our process with the international standard requirement. Later we have adopted OHSAS 18001, ISO 14001, EnMS 50001, SA 8000 standards to improve our processes.</p> <p>We have adopted business excellence model, where we participate in CII Business Excellence Award program and we also have our internal LAKAKI business excellence model to assess our own capabilities</p>



# GRI

## Reporting Framework G4

### Content Index

General Standard Disclosures	Disclosure Requirement	Page No.	Status/Omission	External Assurance
G4-1	Statement from the most senior decision-maker of the organization	1	Fully	Yes
G4-2	Key impacts, risks, and opportunities	4	Fully	Yes
<b>Organizational Profile</b>				
G4-3	Name of the organization.	7	Fully	Yes
G4-4	Primary brands, products, and services.	8	Fully	Yes
G4-5	Location of the organization's headquarters	9	Fully	Yes
G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	9	Fully	Yes
G4-7	Nature of ownership and legal form.	9	Fully	Yes
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	9	Fully	Yes
G4-9	Scale of the organization	9,10	Fully	Yes
G4-10	Total number of employees by employment contract and gender	10	Fully	Yes
G4-11	Percentage of total employees covered by collective bargaining agreements.	11	Fully	Yes
G4-12	Organisations's supply chain.	11	Fully	Yes
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	12	Fully	Yes
<b>Commitments to External Initiatives</b>				
G4-14	Precautionary approach or principle addressed by the organization.	12	Fully	Yes
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	12	Fully	Yes
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations	12	Fully	Yes



General Standard Disclosures	Disclosure Requirement	Page No.	Status/ Omission	External Assurance
G4-17	a. Entities included in the organization's consolidated financial statements or equivalent documents. b. Entity included in the organization's consolidated financial statements or equivalent documents not covered by the report.	12	Fully	Yes
G4-18	a. Process for defining the report content and the Aspect Boundaries. b. Organisation reporting principles for defining report content.	13 - 16	Fully	Yes
G4-19	List all the material Aspects identified in the process for defining report content.	13 - 16	Fully	Yes
G4-20	a. For each material Aspect, report the Aspect Boundary within the organization, as follows: <ul style="list-style-type: none"> <li>Report whether the Aspect is material within the organization</li> <li>If the Aspect is not material for all entities within the organization (as described in G4 -17), select one of the following two approaches and report either: <ul style="list-style-type: none"> <li>The list of entities or groups of entities included in G4 - 17 for which the Aspect is not material or</li> <li>The list of entities or groups of entities included in G4 - 17 for which the Aspects is material</li> </ul> </li> <li>Report any specific limitation regarding the Aspect Boundary within the organization</li> </ul>	13 - 16	Fully	Yes
G4-21	a. For each material Aspect, report the Aspect Boundary outside the organization, Report whether the Aspect is material outside of the organization	13 - 16	Fully	Yes
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	16	Fully	Yes
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	16	Fully	Yes

G4-24	List of stakeholder groups engaged by the organization.	17-18	Fully	Yes
G4-25	Identification and selection of stakeholders with whom to engage.	17-18	Fully	Yes
G4-26	Organisations approach to stakeholder engagement	17-18	Fully	Yes
G4-27	Key topics and concerns raised through stakeholder engagement	17-18	Fully	Yes



General Standard Disclosures	Disclosure Requirement	Page No	Status/Omission	External Assurance
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	19	Fully	Yes
G4-29	Date of most recent previous report (if any).	19	Fully	Yes
G4-30	Reporting cycle (such as annual, biennial).	19	Fully	Yes
G4-31	Contact point for questions regarding the report or its contents.	19	Fully	Yes
G4-32	a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option (see tables below). c. Report the reference to the External Assurance Report, if the report has been externally assured. (GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.)	19	Fully	Yes
G4-33	Organization's policy and current practice with regard to seeking external assurance for the report.	19	Fully	Yes



General Standard Disclosures	Disclosure Requirement	Page No	Status/Omission	External Assurance
G4-34	Governance structure of the organization	20	Fully	Yes
G4-35	Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	21	Fully	Yes
G4-36	Appointment of an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	21	Fully	Yes
G4-37	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	21	Fully	Yes
G4-38	Composition of the highest governance body and its committees by: <ul style="list-style-type: none"> <li>Executive or non-executive</li> <li>Independence</li> <li>Tenure on the governance body</li> <li>Number of each individual's other significant positions and commitments, and the nature of the commitments</li> <li>Gender</li> <li>Membership of under-represented social groups</li> <li>Competences relating to economic, environmental and social impacts</li> <li>Stakeholder representation</li> </ul>	21	Fully	Yes
G4-39	Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	21	Fully	Yes
G4-40	Nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including: <ul style="list-style-type: none"> <li>Whether and how diversity is considered</li> <li>Whether and how independence is considered</li> <li>Whether and how expertise and experience relating to economic, environmental and social topics are considered</li> <li>Whether and how stakeholders (including shareholders ) are involved</li> </ul>	21	Fully	Yes



General Standard Disclosures	Disclosure Requirement	Page No	Status/Omission	External Assurance
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether *conflicts of interest are disclosed to stakeholders, including, as a minimum: *Cross-board membership *Cross-shareholding with suppliers and other stakeholders *Existence of controlling shareholder *Related party disclosures	21	Fully	Yes
G4-42	Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	22	Fully	Yes
G4-43	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	22	Fully	Yes
G4-44	a. Processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment. b. Actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	22	Fully	Yes
G4-45	Highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities.	22	Fully	Yes
G4-46	Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	23	Fully	Yes
G4-47	Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	23	Fully	Yes
G4-48	Highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	23	Fully	Yes
G4-49	Process for communicating critical concerns to the highest governance body.	23	Fully	Yes
G4-50	Nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	23	Fully	Yes
G4-51	Remuneration policies for the highest governance body and senior executives, How performance criteria in policy relate to their economic, environmental and social objectives	23	Fully	Yes



General Standard Disclosures	Disclosure Requirement	Page No	Status/Omission	External Assurance
G4-52	Process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management.	23	Fully	Yes
G4-53	How Stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	23	Fully	Yes
G4-54	Ratio of the annual total compensation for the organization's highest -paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest -paid individual) in the same country	23	Fully	Yes
G4-55	Ratio of percentage increase in annual total compensation for the organization's highest -paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	23	Fully	Yes
G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	24	Fully	Yes
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	24	Fully	Yes
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistle blowing mechanisms or hotlines.	24	Fully	Yes
<b>Disclosures on Management Approach</b>		<b>25-27</b>		



General Standard Disclosures	Disclosure Requirement	Page Number	Status/Omission	External Assurance
Generic Disclosures on Management Approach				
G4-EC1	Direct economic value generated and distributed	28	Fully	No
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	28	Fully	No
G4-EC3	Coverage of the organization's defined benefit plan obligations	28	Fully	No
G4-EC4	Financial assistance received from government	28	Fully	No
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	28	Fully	No
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	29	Fully	No
G4-EC7	Development and impact of infrastructure investments and services supported	29	Fully	No
G4-EC8	Significant indirect economic impacts, including the extent of impacts	29	Fully	No
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	29	Fully	No



General Standard Disclosures	Disclosure Requirement	Page No	Status/Omission	External Assurance
G4- EN1	Materials used by weight or volume	30	Fully	Yes
G4-EN2	Percentage of materials used that are recycled input materials	31	Fully	Yes
G4-EN3	Energy consumption within the organization	31	Fully	Yes
G4-EN4	Energy consumption outside of the organization	32	Partially	Yes
G4-EN5	Energy intensity	32	Fully	Yes
G4-EN6	Reduction of energy consumption	33	Partially	Yes
G4-EN7	Reductions in energy requirements of products and services	33	Partially	Yes
G4-EN8	Total water withdrawal by source	33-34	Fully	Yes
G4- EN9	Water sources significantly affected by withdrawal of water	34	Fully	Yes
G4- EN10	Percentage and total volume of water recycled and reused	34	Fully	Yes
G4- EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	34	Fully	Yes
G4 -EN12	Significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	35	Fully	Yes
G4-EN13	Habitats protected or restored	35	Fully	Yes
G4-EN14	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	35	Fully	Yes
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	35	Fully	Yes
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	35	Fully	Yes
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	35	Not reported	Yes
G4-EN18	Greenhouse gas (GHG) emissions intensity	35	Fully	Yes
G4-EN19	Reduction of greenhouse gas (GHG) emissions	36	Fully	Yes
G4-EN20	Emissions of ozone-depleting substances (ODS)	36	Fully	Yes
G4-EN21	NOX, SOX, and other significant air emissions	36	Fully	Yes
G4-EN22	Total water discharge by quality and destination	36	Fully	Yes
G4-EN23	Total weight of waste by type and disposal method	36	Fully	Yes
G4-EN24	Total number and volume of significant spills	36	Fully	Yes
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	37	Partially	Yes
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	37	Fully	Yes



General Standard Disclosures	Disclosure Requirement	Page No	Status/ Omission	External Assurance
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	37	Fully	Yes
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	37	Fully	Yes
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	37	Fully	Yes
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	37	Fully	Yes
G4-EN31	Total environmental protection expenditures and investments by type	38	Partially	No
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	38	Fully	Yes
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	38	Fully	Yes
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	38	Fully	Yes



General Standard Disclosures	Disclosure Requirement	Page No	Status/Omission	External Assurance
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	39-40	Fully	Yes
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	39-40	Fully	Yes
G4-LA3	Return to work and retention rates after parental leave, by gender:	41	Fully	Yes
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	41	Fully	Yes
G4-LA5	Percentage of total workforce represented in formal joint management –worker health and safety committees that help monitor and advice on occupational health and safety programs	41	Fully	Yes
G4-LA6	Type of Injury and rates of injury, occupational diseases, lost days, and absenteeism and total number of work related fatalities by region and by gender	41-42	Fully	Yes
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	42	Fully	Yes
G4-LA8	Health and safety topics covered in formal agreements with trade unions	43	Fully	Yes
G4-LA9	Average hours of training per year per employee by gender, and by employee category	43	Fully	Yes
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	43-44	Fully	Yes
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	45	Fully	Yes
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	45	Fully	Yes
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	45	Fully	Yes
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	45	Fully	Yes
G4-LA15	Negative impacts for labor practices in the supply chain and actions taken	46	Fully	Yes
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanism.	46	Fully	Yes



General Standard Disclosures	Disclosure Requirement	Page No	Status/Omission	External Assurance
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	47	Fully	Yes
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	47	Fully	Yes
G4-HR3	Total number of incidents of discrimination and corrective actions take	47	Fully	Yes
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	47	Fully	Yes
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	47	Fully	Yes
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor and measures to contribute to the elimination of all forms of forced or compulsory labor	48	Fully	Yes
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	48	Fully	Yes
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	48	Fully	Yes
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	48	Fully	Yes
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	48	Fully	Yes
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	48	Fully	Yes
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	48	Fully	Yes



General Standard Disclosures	Disclosure Requirement	Page No	Status/Omission	External Assurance
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	49	Fully	Yes
G4-SO2	Operations with significant actual and potential negative impacts on local communities	49	Fully	Yes
G4-SO3	Number and percentage of operations assessed for risks related to corruption and the significant risks identified	49	Fully	Yes
G4-SO4	Communications and training on anti-corruption policies and procedures	49	Fully	Yes
G4-SO5	Confirmed incidents of corruption and actions taken	50	Fully	Yes
G4-SO6	Total value of political contributions by country and recipient/beneficiary	50	Fully	Yes
G4-SO7	Number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes of completed legal actions, including any decisions or judgments	50	Fully	Yes
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	50	Fully	Yes
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	50	Fully	Yes
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	50	Fully	Yes
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	50	Fully	Yes



General Standard Disclosures	Disclosure Requirement	Page No	Status/Omission	External Assurance
G4- PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	51	Fully	Yes
G4 –PR2	Total number of incidents of non –compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	51	Fully	Yes
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labelling, and percentage of significant product and service categories subject to such information requirements	51	Fully	Yes
G4-PR4	Total number of incidents of non –compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	51	Fully	Yes
G4-PR5	Results of surveys measuring customer satisfaction	51	Fully	Yes
G4–PR6	Sale of banned or disputed products	51	Fully	Yes
G4-PR7	Total number of incidents of non –compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	51	Fully	Yes
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	52	Fully	Yes
G4-PR9	Monetary value of significant fines for non –compliance with laws and regulations concerning the provision and use of products and services	52	Fully	Yes



National Voluntary guidelines alignment with Sustainability report			
Principle	Core Element	Sustainability Report Parameter	Page No
Principle 1 : Businesses should conduct and govern themselves with Ethics, Transparency and Accountability	Businesses should develop governance structures, procedures and practices that ensure ethical conduct at all levels; and promote the adoption of this principle across its value chain	Governance Structure, Society and Human Rights	20,47,49
	Businesses should communicate transparently and assure access to information about their decisions that impact relevant stakeholders	Stakeholder Engagement	17
	Businesses should not engage in practices that are abusive, corrupt, or anti-competition	Prevention of corruption, Whistle Blower Policy, Code of Ethics	23,47,49
	Businesses should truthfully discharge their responsibility on financial and other mandatory disclosures.	Annual Report	
	Businesses should report on the status of their adoption of these Guidelines as suggested in the reporting framework in this document.	Mission statement, company values and codes of conduct	24
	Businesses should avoid complicity with the actions of any third party that violates any of the principles contained in these Guidelines	Society and Human Rights	47,49
Principle 2 : Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	Businesses should assure safety and optimal resource use over the life-cycle of the product – from design to disposal – and ensure that everyone connected with it- designers, producers, value chain members, customers and recyclers are aware of their responsibilities.	Product Responsibility	51,52
	Businesses should raise the consumer's awareness of their rights through education, product labeling, appropriate and helpful marketing communication, full details of contents and composition and promotion of safe usage and disposal of their products and services.	Marketing and Communication. Product Responsibility Customer Interaction	51,52



	In designing the product, businesses should ensure that the manufacturing processes and technologies required to produce it are resource efficient and sustainable.	Product Responsibility	51,52
	Businesses should regularly review and improve upon the process of new technology development, deployment and commercialization, incorporating social, ethical, and environmental considerations.	Product responsibility	51,52
	Businesses should recognize and respect the rights of people who may be owners of traditional knowledge, and other forms of intellectual property.	Human Rights, Society Engagement	47,49
	Businesses should recognize that over-consumption results in unsustainable exploitation of our planet's resources, and should therefore promote sustainable consumption, including recycling of resources.	Environment performance	30
Principle 3 : Businesses should promote the wellbeing of all employees	Businesses should respect the right to freedom of association, participation, collective bargaining, and provide access to appropriate grievance redressal mechanisms.	Support to Freedom of Association and Collective bargaining agreement, Whistle blower policy	11,23
	Businesses should provide and maintain equal opportunities at the time of recruitment as well as during the course of employment irrespective of caste, creed, gender, race, religion, disability or sexual orientation.	Non-discrimination and Workforce Diversity	29,47
	Businesses should not use child labour, forced labour or any form of involuntary labour, paid or unpaid.	Child labor, Forced and Compulsory Labor	47
	Businesses should take cognizance of the work-life balance of its employees, especially that of women.	Labor Practices and Decent Work Environment	39
	Businesses should provide facilities for the wellbeing of its employees including those with special needs. They should ensure timely payment of fair living wages to meet basic needs and economic security of the employees.	Benefits to Employees	40



	Businesses should provide a workplace environment that is safe, hygienic humane, and which upholds the dignity of the employees. Business should communicate this provision to their employees and train them on a regular basis.	Health and Safety	52,53
	Businesses should ensure continuous skill and competence upgrading of all employees by providing access to necessary learning opportunities, on an equal and non-discriminatory basis. They should promote employee morale and career development through enlightened human resource interventions.	Training and Awareness	54,55,58
	Businesses should create systems and practices to ensure a harassment free workplace where employees feel safe and secure in discharging their responsibilities.	Employee Engagement, Labour Practices and Decent Work Environment, Human rights	42,43
Principle 4 : Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized	Businesses should systematically identify their stakeholders, understand their concerns, define purpose and scope of engagement, and commit to engaging with them	Stakeholder Engagement	17
	Businesses should acknowledge, assume responsibility and be transparent about the impact of their policies, decisions, product & services and associated operations on the stakeholders	Stakeholder Engagement	17
	Businesses should give special attention to stakeholders in areas that are underdeveloped.	Society Engagement	49
	Businesses should resolve differences with stakeholders in a just, fair and equitable manner	Stakeholder Engagement	17



Principle 5 : Businesses should respect and promote human rights	Businesses should understand the human rights content of the Constitution of India, national laws and policies and the content of International Bill of Human Rights. Businesses should appreciate that human rights are inherent, universal, indivisible and interdependent in nature	Human rights	47
	Businesses should integrate respect for human rights in management systems, in particular through assessing and managing human rights impacts of operations, and ensuring all individuals impacted by the business have access to grievance mechanisms.	Human rights	47
	Businesses should recognize and respect the human rights of all relevant stakeholders and groups within and beyond the workplace, including that of communities, consumers and vulnerable and marginalized groups.	Human rights	47
	Businesses should, within their sphere of influence, promote the awareness and realization of human rights across their value chain.	Human rights	47
	Businesses should not be complicit with human rights abuses by a third party.	Human rights	47



Principle 6 : Business should respect, protect, and make efforts to restore the environment	Businesses should utilize natural and manmade resources in an optimal and responsible manner and ensure the sustainability of resources by reducing, reusing, recycling and managing waste.	Environmental Performance	30
	Businesses should take measures to check and prevent pollution. They should assess the environmental damage and bear the cost of pollution abatement with due regard to public interest.	Emissions reduction initiatives	35
	Businesses should ensure that benefits arising out of access and commercialization of biological and other natural resources and associated traditional knowledge are shared equitably.	Initiatives to reduce greenhouse gas emissions and reductions achieved. We also have energy audit services which helps customers to save energy and emissions	35
	Businesses should continuously seek to improve their environmental performance by adopting cleaner production methods, promoting use of energy efficient and environment friendly technologies and use of renewable energy	Environmental Performance	30
	Businesses should develop Environment Management Systems (EMS) and contingency plans and processes that help them in preventing, mitigating and controlling environmental damages and disasters, which may be caused due to their operations or that of a member of its value chain	Environmental Performance	30
	Businesses should report their environmental performance, including the assessment of potential environmental risks associated with their operations, to the stakeholders in a fair and transparent manner.	Environmental Performance Vendors /Suppliers	30,17
	Businesses should proactively persuade and support its value chain to adopt this principle	Stakeholder Engagement	17



Principle 7 : Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner	Businesses, while pursuing policy advocacy, must ensure that their advocacy positions are consistent with the Principles and Core Elements contained in these Guidelines.	Memberships with associations and/or national/international advocacy organizations	12
	To the extent possible, businesses should utilize the trade and industry chambers and associations and other such collective platforms to undertake such policy advocacy.	Memberships with associations and/or national/international advocacy organizations	12
Principle 8 : Businesses should support inclusive growth and equitable development	Businesses should understand their impact on social and economic development, and respond through appropriate action to minimise the negative impacts.	Social engagement	49
	Businesses should innovate and invest in products, technologies and processes that promote the wellbeing of society.	Company has developed products like Solar pumping system, LLC pumps	51
		Product Responsibility	
	Businesses should make efforts to complement and support the development priorities at local and national levels, and assure appropriate resettlement and rehabilitation of communities who have been displaced owing to their business operations.	Not applicable (All our operation are in Government approved industrial area, hence no communities have been displaced)	---
	Businesses operating in regions that are underdeveloped should be especially sensitive to local concerns.	Social engagement	49



Principle 9 : Businesses should engage with and provide value to their customers and consumers in a responsible manner	Businesses, while serving the needs of their customers, should take into account the overall wellbeing of the customers and that of society.	Customer Engagement Society Engagement	17
	Businesses should ensure that they do not restrict the freedom of choice and free competition in any manner while designing, promoting and selling their products.	Human rights Product Responsibility	47,51
	Businesses should disclose all information truthfully and factually, through labelling and other means, including the risks to the individual, to society and to the planet from the use of the products, so that the customers can exercise their freedom to consume in a responsible manner. Where required, businesses should also educate their customers on the safe and responsible usage of their products and services.	Labeling of product and service	51
	Businesses should promote and advertise their products in ways that do not mislead or confuse the consumers or violate any of the principles in these Guidelines.	51	65
	Businesses should exercise due care and caution while providing goods and services that result in over exploitation of natural resources or lead to excessive conspicuous consumption.	Environment Performance	30
	Businesses should provide adequate grievance handling mechanisms to address customer concerns and feedback.	Customer Engagement	17





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### Independent Assurance Statement

The Board of Directors and Management  
Kirkoskar Brothers Limited  
Pune, India

Ernst & Young LLP (EY) was retained by Kirkoskar Brothers Limited (the 'Company') to provide independent assurance to its annual Sustainability Report (the 'Report') for the Financial Year 2015-16.

The development of the Report is based on the Global Reporting Initiative (GRI) G4 Guidelines (2013); its content and presentation is the sole responsibility of the management of the Company. EY's responsibility, as agreed with the management of the Company, is to provide independent assurance on the report content as described in the scope of assurance. Our responsibility in performing our assurance activities is to the management of the Company only and in accordance with the terms of reference agreed with the Company. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. Any dependence that any such third party may place on the Report is entirely at its own risk. The assurance report should not be taken as a basis for interpreting the Company's overall performance, except for the aspects mentioned in the scope below.

#### Scope of Assurance

The scope of assurance covers the following aspects of the Report:

- Data and information related to the Company's sustainability performance for the period 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016;
- The Company's internal protocols, processes, and controls related to the collection and collation of sustainability performance data;
- Review of information on sample GRI G4 (2013) disclosures through desktop audits, covering the Company's Corporate Office at Pune and following manufacturing sites:
  1. Dewas, Madhya Pradesh;
  2. Kaniyur, Tamil Nadu;
  3. Kirkoskarvadi, Maharashtra;
  4. Kondhapuri, Maharashtra;
  5. Sanand, Gujarat.

#### Limitations of our review

The assurance scope excludes:

- Operations of the Company other than those mentioned in the 'Scope of Assurance';
- Aspects of the Report and data/information other than those mentioned above;
- Data and information outside the defined reporting period i.e. 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016;





- The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim or future intention provided by the Company;
- Data and information on economic and financial performance of the Company.

#### Assurance criteria

The assurance engagement was planned and performed in accordance with the International Federation of Accountants' International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) and the second edition of AccountAbility's AA1000 Assurance Standard 2008 (AA1000 AS). Our evidence-gathering procedures were designed to obtain a "limited" level of assurance (as set out in ISAE 3000) on reporting principles and a "Type 1 Moderate" level of assurance (as per AA1000 AS), as well as conformance of sustainability performance disclosures as per GRI G4 (2013) Guidelines.

#### What we did to form our conclusions

In order to form our conclusions we undertook the following key steps:

- Interviews with select key personnel and the core team responsible for the preparation of the Report to understand the Company's sustainability vision, mechanism for management of sustainability issues and engagement with key stakeholders;
- Interactions with the key personnel at the Company's manufacturing plants through video conferencing in order to understand and review the current processes in place for capturing sustainability performance data;
- Desktop audits of the Company's corporate office and five manufacturing sites (through video conference) as mentioned in the 'Scope of Assurance' above on an annual basis;
- Review of relevant documents and systems for gathering, analyzing and aggregating sustainability performance data in the reporting period;
- Review of selected qualitative statements and sample case studies in various sections of the Report.

#### Our Observations

The Company undertook a materiality identification and prioritization exercise in the reporting period, which was carried out through a survey of senior management personnel of the Company and select suppliers. Views of other external stakeholders, as captured through existing engagement mechanisms, were considered in this assessment. Going forward, the Company may consider engaging with key stakeholder groups specifically for defining sustainability report content.

#### Our Conclusions

On the basis of our review scope and methodology, our conclusions are as follows:

- **Inclusiveness:**  
The Company has described its stakeholder engagement approach and activities in the Sustainability Report. We are not aware of any matter that would lead us to conclude that the Company has not applied the principle of inclusivity in engaging with the key stakeholder groups identified in the Report.





- **Materiality:**  
The Company has identified key issues material to its sustainability performance and described the process for materiality analysis in the Sustainability Report. Nothing has come to our attention that causes us to believe that material issues so identified have been excluded from sustainability reporting by the Company.
- **Responsiveness:**  
We are not aware of any matter that would lead us to believe that the Company has not applied the responsiveness principle in its engagement with stakeholders identified in the Report on material aspects covering its sustainability performance.
- **Reliability of performance information:**  
We reviewed the accuracy and completeness of sustainability information in the Report. Nothing has come to our attention that causes us not to believe that the data has been presented fairly, in material respects, in keeping with the GRI G4 guidelines and the Company's reporting principles and criteria. Some data pertaining to key performance disclosures underwent change as part of our assurance process. There is scope to further expand reporting on certain disclosures which are currently partially reported (e.g. reduction of energy consumption, reduction in energy requirement of products and services, total environmental protection expenditures and investments, etc.)

#### Our assurance team and independence

Our assurance team, comprising of multidisciplinary professionals, has been drawn from our climate change and sustainability network and undertakes similar engagements with a number of significant Indian and international businesses. As an assurance provider, EY is required to comply with the independence requirements set out in International Federation of Accountants (IFAC) Code of Ethics<sup>1</sup> for Professional Accountants. EY's independence policies and procedures ensure compliance with the Code.

for Ernst & Young LLP

Sudipta Das  
Partner  
12 July 2016  
Kolkata



**AA1000**  
Licensed Assurance Provider  
000-43

<sup>1</sup> International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants. This Code establishes ethical requirements for professional accountants. The guidance related to network firms was updated in July 2006.



# ABOUT KBL

Kirloskar Brothers Limited (KBL) is a world class pump manufacturing company with expertise in engineering and manufacture of systems for fluid management. Established in 1888 and incorporated in 1920, KBL is the flagship company of the \$ 2.1 billion Kirloskar Group. KBL, a market leader, provides complete fluid management solutions for large infrastructure projects in the areas of water supply, power plants, irrigation, oil & gas and marine & defence. We engineer and manufacture industrial, agriculture and domestic pumps, valves and hydro turbines.

In 2003, KBL acquired SPP Pumps, United Kingdom and established SPP INC, Atlanta, USA, as a wholly owned subsidiary of SPP, UK to expand its international presence. In 2007, Kirloskar Brothers International B.V., The Netherlands and Kirloskar Brothers (Thailand) Ltd., a wholly owned subsidiary in Thailand, were incorporated. In 2008, KBL incorporated Kirloskar Brothers Europe B.V. (Kirloskar Pompen B.V. since June 2014), a joint venture between Kirloskar International B.V. and Industrial Pump Group, The Netherlands. In 2010, KBL further consolidated its global position by acquiring Braybar Pumps, South Africa. SPP MENA was established in Egypt in 2012. In 2014, KBL acquired SyncroFlo Inc., the largest independent fabricator of commercial and municipal domestic water booster pumps.

To further strengthen its global position, in 2015, Kirloskar Pompen B.V. acquired Rodelta Pumps International, The Netherlands.

KBL has joint venture cooperation with Ebara, Japan since 1988 for the manufacture of API 610 standard pumps. Kirloskar Corrocoat Private Limited is a joint venture cooperation with Corrocoat, UK since 2006. KBL acquired The Kolhapur Steel Limited in 2007 and Hematic Motors in 2010.

KBL has eight manufacturing facilities in India at Kirloskarvadi, Dewas, Kondhapuri, Shirwal, Sanand, Kaniyur, Kolhapur and Karad. In addition, KBL has global manufacturing and packaging facilities in Egypt, South Africa, Thailand, The Netherlands, United Arab Emirates, United Kingdom and United States of America. KBL has 12,700 channel partners in India and 80 overseas and is supported by best-in-class network of Authorised Centres and Authorised Refurbishment Centres across the country.

All the manufacturing facilities at KBL are certified for ISO 9001, ISO 14001, ISO 50001, BS OHSAS 18001 and SA8000. In addition, the Kirloskarvadi plant is also certified for N & NPT Stamp. KBL's corporate office in Pune is certified for ISO 9001 & Sa8000.

The factories deploy Total Quality Management tools using European Foundation for Quality Management (EFQM) model. The Kirloskarvadi plant of KBL is a state-of-the-art integrated manufacturing facility having Asia's largest hydraulic research centre with testing facility upto 5000 kW and 50,000 m<sup>3</sup>/hr.

KBL is the ninth pump manufacturing company in the world to be accredited with the N and NPT certification by American Society of Mechanical Engineers (ASME).

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## Pumps | Valves | Hydro Turbines | Turnkey Projects

Water Resource Management | Irrigation | Power | Industry | Oil & Gas | Marine & Defence | Building & Construction | |  
Distribution (Small Pumps) | Valves | Customer Service & Spares

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## KIRLOSKAR BROTHERS LIMITED

A Kirloskar Group Company

Established 1888

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### OUR COMPANIES



United Kingdom



U.S.A.



South Africa



India



The Netherlands

