



## **CORPORATE SOCIAL RESPONSIBILITY POLICY**

### **INTRODUCTION**

The Board of Directors (the “Board”) of Elgi Equipments Limited ( “Company”) has adopted the Corporate Social Responsibility policy (“Policy”) and procedures with regard to Corporate Social Responsibility in consonance to Section 135 of the Companies Act, 2013 (“Act”), the Companies (Corporate Social Responsibility Policy) Rules, 2014 (“CSR Rules”), Schedule VII of the Act and notifications/circulars issued by the Ministry of Corporate Affairs and the Government of India from time to time. The Policy is effective from October 1, 2014.

### **PHILOSOPHY**

The Company has a long history of implementing socially focused activities. Having established Coimbatore as its industrial base and headquarters, the Company has been engaged in education and community development projects in and around Coimbatore for the past many decades. The Company has always contributed its mite to enhancing societal sustainability along with economic and environmental sustainability. The Company always believed that serving the community around it in some form is one of the purposes of its business. Enhancing human excellence and improving quality of life is the Company’s endeavour. The Corporate Social Responsibility (“CSR”) activities of Company are independent of the normal conduct of the Company’s business. Going forward, CSR activities are expected to cover other areas too as below.

### **CSR ACTIVITIES**

The Committee shall, subject to approval of the Board of Directors, undertake one or more of the activities, listed in the Schedule VII of the Act as amended from time to time as its projects for CSR activity. The CSR programs of the Company should aim:

- a) To direct CSR programmes, amongst others, towards achieving one or more of the following- Providing Relief to the poor, Spreading of education, medical relief, sanitation, making available safe drinking water, advancement of any object for the physical, mental and spiritual well-being of the general public and advancement of any other object of general public utility.
- b) To establish, acquire, maintain, manage and/or support schools, colleges, vidyapiths, training institutes, balamandirs, study centres, universities, planetarium and other institutions for imparting education, vocational skills, livelihood enhancement projects and training to students.
- c) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
- d) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;
- e) Protection of National Heritage, art and culture including restoration of buildings and sites of historical importance and works of art; promotion and development of traditional arts and handicrafts;
- f) Measures for the benefit of armed forces veterans, war widows and their dependents.

- g) To establish and support professorships, fellowships, lectureship, scholarship and prizes at schools, colleges and other educational institutions.
- h) To contribute funds for technology incubators located within academic institutions which are approved by Central Government.
- i) Contribution to the Prime Ministers National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and woman
- j) To grant endowments at universities, research institutions and educational and scientific institutions, for spread of education and knowledge in all branches of knowledge.
- k) To assist in the promotion of research and development in various fields of higher education in its widest and most comprehensive sense. To assist students in pursuing their academic, professional and other studies, economically or otherwise.
- l) To promote music, drama, dance, sports, fine arts and to render assistance to institutions and students in these fields. To establish, support and maintain libraries, museums, reading rooms, auditorium for advancement of education, cultural activities and knowledge in general.
- m) To set up hospitals or other medical institutions and making donations to hospitals, charitable dispensaries, convalescent homes, asylums and other public institutions for administering medical relief to the poor.
- n) To render aid and relief to the poor and deserving persons at all times during epidemic, famine, floods, earthquake and unforeseen natural calamities.
- o) To help poor widows, aged persons, physically and mentally challenged persons and destitute persons, including setting up homes, orphanages and the like.
- p) To help working women by establishing, assisting and running hostels.
- q) To aid, assist, donate to societies, institutes, trusts and other funds whose objects are similar.
- r) To pursue CSR programmes in relevant local areas to fulfil commitments arising from requests by governmental/regulatory authorities and to spend monies through administrative bodies of the government and/or directly by way of developmental works in local areas around which Company operates.
- s) To provide equal opportunities to beneficiaries of Company's CSR programmes as vendors or employees on merit.
- t) To promote sustainability in partnership with industry associations, like the CII, FICCI, ASSOCHAM, MCCI, etc.
- u) To promote or aid Rural Development projects.

## **IMPLEMENTATION**

The CSR programmes will be implemented through Company's employees or through external implementing agencies or through registered trusts, foundations and charitable organisations as may be decided by the Company from time to time. In such cases, Company will specify the CSR programmes which may be undertaken by those trusts in accordance with their objects and administrative and accounting processes laid down in the respective trust deeds/memoranda and articles of association.



The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the following, namely: -

- a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- b) the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4 of the Rules;
- c) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
- d) monitoring and reporting mechanism for the projects or programmes; and
- e) details of need and impact assessment, if any, for the projects undertaken by the Company.

The Board of Directors based on the recommendations of the CSR Committee may alter such plan at any time during the financial year to include any unbudgeted expenditure, either on account of new project(s) or due to increase in the outlay for approved project(s) or supporting relief, rehabilitation or reconstruction activities arising out of natural calamity/ disaster as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

#### **GOVERNANCE**

- a) Every year, the CSR Committee will place for the Board's approval, a CSR plan delineating the CSR programmes to be carried out during the financial year and the specified budgets thereof. The Board will consider and approve the CSR plan with any modifications that may be deemed necessary.
- b) The CSR Committee will assign the task of implementation of the CSR plan within specified budgets and timeframes to such persons or bodies or agencies as it may deem fit.
- c) The persons/bodies/agencies to which the implementation is assigned will carry out such CSR programmes as determined by the CSR Committee within the specified budgets and timeframes and report back to the CSR Committee on the progress thereon at such frequency as the CSR committee may direct.
- d) The CSR Committee shall review the implementation of the CSR programmes once in a year or at such intervals, as may be required and issue necessary directions from time to time to ensure orderly and efficient execution of the CSR programmes in accordance with this policy.
- e) Once in six months or at such intervals as may be directed by the CSR Committee, such persons or bodies will provide a status update to the CSR Committee on the progress and implementation of the approved CSR programmes carried out during the six month period. It shall be the responsibility of the CSR Committee to review such reports and keep the Board apprised of the status of implementation of the same.
- f) At the end of every financial year, the CSR Committee will submit its report to the Board of Directors of the Company.



## **CSR EXPENDITURE**

The Company will necessarily allocate/spend the statutory requirement of 2% of its average net profits for the immediately preceding three financial years. The CSR expenditure will include all expenditure, direct or indirect, incurred by Company on CSR programmes undertaken in accordance with approved CSR plan.

The Board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year. Any surplus arising out of the CSR activities shall not form part of the business profit of a company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

The CSR amount may be spent by the Company for creation or acquisition of a capital asset, which shall be held by (a) a company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number under sub-rule (2) of rule 4; or (b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or (c) a public authority:

## **MONITORING**

The Committee shall through its members monitor the expenditure incurred vis-à-vis the budgets and monies provided to the CSR people/departments or through implementation agencies appointed in accordance with Rules, read with Section 135 of the Act. The Committee may also nominate one or two directors or senior managerial personnel to physically examine the CSR activities undertaken and to submit a report of activities undertaken and performed.

The Board of Directors of the Company shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer shall certify to the effect. In case of ongoing project, the Board shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

Impact assessment, to the extent applicable, will be carried out through an independent agency on such projects having such budget outlays as prescribed in the Rules. The report of such assessment shall be placed before the Board and shall also be annexed to the Annual Report on CSR.

## **REPORTING**



The Board's Report shall include an annual report on CSR containing particulars as specified in the format under the Act. Impact assessment, if any required, shall be annexed to the Report.

**PUBLICATION OF THE POLICY**

The CSR policy recommended by the Committee and approved by the Board will be hosted in the Company's website. Additionally, the Board of Directors of the Company shall disclose the composition of the CSR Committee and Projects approved by the Board on its website.

**AMENDMENT**

The Committee and the Board reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification shall be inconsistent with the applicable provisions of the Act, CSR Rules or any law for the time being in force.