



**McNALLY BHARAT ENGINEERING  
COMPANY LTD (MBECL)**

***CORPORATE SOCIAL  
RESPONSIBILITY POLICY***

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee shall consist of three or more Directors amongst which one shall be an Independent Director.

The Committee shall hold meetings as and when required, to discuss various issues on implementation of the CSR Policy of MBECL.

The CSR Committee shall :

- (a) Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by MBECL as specified in Schedule VII of the Companies Act 2013 (the Act);
- (b) Recommend the amount of expenditure to be incurred on the activities referred to in clause (a) in a financial year;
- (c) Monitor the Corporate Social Responsibility Policy of MBECL from time to time.
- (d) Any other matter as may be considered expedient in furtherance of and to comply with the CSR Policy of MBECL.

## CSR ACTIVITIES

MBECL shall identify any one or more of the following areas for its CSR activities:

- Eradication of hunger and poverty;
- Promotion of education;
- Promotion of gender equality and empowerment of women;
- Reducing child mortality and improving maternal health;
- Combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;
- Ensuring environmental sustainability;
- Employment enhancing vocational skills;
- Social business projects;
- Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women.
- **The activity/list of activities identified by MBECL from time to time from the above items shall form part of this CSR Policy. Since this is the first year of formal CSR activity to be undertaken by MBECL under the provisions of Companies Act, 2013, the specific modalities of execution of CSR Project/Program and its Implementation Schedule is being developed by the Committee for recommending to the Board of Directors.**

Preference shall be given to local area and areas around MBECL for spending the amount earmarked for CSR.

The Board of Directors shall, after taking into account the recommendations made by the CSR committee, approve the CSR policy for MBECL and disclose its contents in their report and also

publish the details on MBECL's website, if any, in such manner laid down in the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The Board of Directors shall ensure that MBECL spends at least 2% of the average net profits of MBECL made during the 3 immediately preceding financial years in pursuance of its CSR Policy.

The Board of Directors may decide to undertake its CSR activities recommended by the CSR Committee, through a registered Trust or a registered society or a company established by MBECL under section 8 of the Act. – Provided that –

- If such trust, society or company is not established by MBECL or its holding or subsidiary or associate company, it shall have an established track record of three years in undertaking similar programs or projects;
- MBECL shall specify the project or programs to be undertaken through these entities, modalities of utilization of funds on such projects and programmes and the monitoring and reporting mechanism.

MBECL may also collaborate with other Companies for undertaking projects or programs for CSR activities in such a manner that the CSR Committees of the respective Companies are in a position to report separately on such projects or programmes.

MBECL may build CSR capacities of their own personnel as well as of their implementing agencies through Institutions with established track records of at least three financial years but such expenditure shall not exceed 5 (five) percentage of the total CSR expenditure of MBECL in a financial year.

## **CSR EXPENDITURE**

For achieving its CSR objectives through implementation of meaningful & sustainable CSR programmes, MBECL will allocate 2% of its average net profits made during the 3 immediately preceding financial years as its Annual CSR Budget.

The Annual CSR Budget shall be spent on activities laid down as abovementioned.

CSR projects or programs or activities undertaken in India only shall amount to CSR Expenditure.

Any unspent/unutilised CSR allocation of a particular year, will be carried forward to the following year, that is, the CSR Budget will be non-lapsable in nature.

CSR expenditure shall include all expenditure including contribution to corpus, for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee, but does not include any expenditure on an item not in conformity with the CSR Policy.

## **EXCLUSIONS**

The CSR activities shall be undertaken by MBECL, (either new or ongoing), excluding activities undertaken in pursuance of its normal course of business.

Any Contribution of any amount directly or indirectly to any political party under section 182 of the Act, by MBECL shall not be considered as CSR activity.

The CSR projects or programs or activities that benefit only the employees of MBECL and their families shall not be considered as CSR activities in accordance with section 135 of the Act. Any surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of EILMBECL.

## **IMPLEMENTATION**

CSR programmes will be undertaken by various work centres/locations of MBECL to the best possible extent within the defined ambit of the identified Project/ Program.

The time period/duration over which a particular programme will be spread, will depend on its nature, extent of coverage and the intended impact of the programme.

By and large, it may be ensured that the CSR programmes shall be executed in and around the areas adjoining Company's workplace and factories/ Project sites/ work centres.

## **POWERS FOR APPROVAL**

CSR programmes as may be identified by each work centre/corporate office will be required to be put up to the CSR Committee of the Board at the beginning of each financial year.

## **MONITORING AND FEEDBACK**

To ensure effective implementation of the CSR programmes undertaken at each work centre, a monitoring mechanism will be put in place by the work centre head. The progress of CSR programmes under implementation at work centre will be reported to corporate office on a monthly/quarterly basis.

The CSR Committee at the corporate office will conduct *impact studies* on a periodic basis, through independent professional third parties/professional institutions, especially on the strategic and high value programmes.

Work centres and locations will also try to obtain feedback from beneficiaries about the programmes.

Appropriate documentation of MBECL's CSR Policy, annual CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis.

CSR initiatives of MBECL will be reported in the Annual Report of MBECL & the Board's Report in compliance with Section 135 and rules made thereunder.

## **GENERAL**

In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference to be made to CSR Committee. In all such matters, the interpretation

& decision of the Committee shall be final.

Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the guidelines on the subject as may be issued from Government, from time to time.

MBECL reserves the right to modify, add, or amend any of these Policy Rules/Guidelines.