

CORPORATE SOCIAL RESPONSIBILITY POLICY
MEMCO ENGINEERING PRIVATE LIMITED
CIN: U29199MH2006PTC162658

1. PREAMBLE

Corporate Social Responsibility (“**CSR**”) is the commitment of companies to provide resources and support activities focused on enhancing economic and social development. It is the effort made by companies to improve the living conditions of the local area in which they operate and the society at large. The activities taken up as a part of corporate social responsibility reflect the intent to create a positive impact on society without seeking any commensurate monetary benefits.

This Corporate Social Responsibility Policy (“**Policy**”) sets out the framework guiding the Company’s CSR activities in compliance of as per Section 135 of the Companies Act, 2013 (the Act) and rules made thereunder.

This Policy is approved by the Board of Directors at its meeting held on **9th November 2022** shall be effective from that date.

2. PURPOSE

The Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least 2% of the average net profits of the company made during the 3 immediately preceding financial years or where the company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years.

Provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities:

MEMCO is committed to operate in an economically, socially and environmentally sustainable manner while recognizing the interests of its stakeholders. CSR would be used in promoting the well-being of human resources, skill development, providing education, health and safety to the marginalized sections of society and for the protection of the environment.

3. DEFINITION(S)

(a). "**Act**" means the Companies Act, 2013 (18 of 2013);

(b). "**Administrative overheads**" means the expenses incurred by the company for ‘general management and administration’ of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme;

(c). "**Annexure**" means the Annexure appended to these rules;

(d). "**CSR Committee**" means the Corporate Social Responsibility Committee of the Board referred to in

section 135 of the Act;

(e). **"CSR Policy"** means a statement containing the approach and direction given by the board of a company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan;

(f). **"International Organisation"** means an organisation notified by the Central Government as an international organisation under section 3 of the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), to which the provisions of the Schedule to the said Act apply;

(g). **"Net profit"** means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely: -

(i) any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and

(ii) any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act:

Provided that in case of a foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section (1) of section 381, read with section 198 of the Act;

(h). **"Ongoing Project"** means a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification;

(i). **"Public Authority"** means 'Public Authority' as defined in clause (h) of section 2 of the Right to Information Act, 2005 (22 of 2005);

(j). **"section"** means a section of the Act.

(k). **"Rules"** means Companies (Corporate Social Responsibility Policy) Rules, 2014 amended from time to time.

Words and expressions used and not defined in this policy but defined in the Act or Rules shall have the same meanings respectively assigned to them in the Act and Rules.

4. SCOPE OF THE POLICY

The Policy would pertain to all activities undertaken by Company towards fulfilling its corporate social responsibility objectives. The Policy would also ensure compliance with section 135 of the Companies Act, 2013 ("**Companies Act**"), read with Schedule VII of the Companies Act and Companies (Corporate Social Responsibility Policy) Rules, 2014 ("**CSR Rules**"), as amended from time to time and the notifications and circulars issued by the Ministry of Corporate Affairs from time to time. In the event of any inconsistency or discrepancy between this Policy and the Act, the provisions of the Act shall prevail.

5. CSR COMMITTEE

- a. The CSR Committee shall consist of two or more directors. The Board may change the composition of the CSR Committee from time to time in such manner as it thinks fit and as required under the CSR Regulations.
- b. Pursuant to section 135 (9) of the Act it is stated that *"Where the amount to be spent by a company under the Companies Act does not exceed Rupees Fifty Lakh, or such amount as may be prescribed/amended from time to time, the requirement for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee provided under the Companies Act shall, in such cases, be discharged by the Board of Directors of such company."*

Currently, as the amount required to be spent on CSR activities does not exceed Rupees Fifty Lakhs, the Board of Directors have decided to discharge the functions of CSR Committee and it may constitute CSR Committee in future as and when necessary.

6. GOVERNANCE STRUCTURE

The Board of Directors ("the board") of the Company is the governing body that will define the scope of CSR activities for Company and ensure compliance with the Policy.

The Board shall:

- a. Formulate the Policy and any amendments thereto,
- b. Prepare Annual Plan,
- c. Indicate the activities to be undertaken by Company as specified in the Companies Act,
- d. Review the amount of expenditure to be incurred on the activities to be undertaken by the Company,
- e. Monitor the CSR activities and compliance with the Policy from time to time; and
- f. Review and implement, if required, any other matter related to CSR initiatives.

7. OPERATING FRAMEWORK

- a. CSR activities will be undertaken in areas identified by the Board of Directors pursuant to Section 135 and Schedule VII of the Act.

Activities undertaken by Company may be implemented directly by the Company or through a company established under Section 8 of the Act or as by not-for-profit entities. Such entities and

projects shall be supported after ascertaining the credibility of the agency and its track record in implementing projects. The entity shall generally have a track record of three years in implementing such projects.

- b. Funds would be disbursed either in tranches or as one-time payment. The terms, conditions and timing of disbursement would be conditional upon the nature and requirement of the CSR project or programme.

8. CSR IMPLEMENTATION

- a. The Board shall ensure that the Company undertakes the CSR activities itself or through-

(i). A Company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other Company; or

(ii). A Company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or

(ii). Any entity established under an Act of Parliament or a State legislature; or

(iv). A Company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities,

- b. The Company may also collaborate with other Companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programmes in accordance with these rules.

- c. The Board shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the board of directors of the Company or the person responsible for financial management shall certify to the effect.

- d. 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.

- e. The Board shall formulate, an annual action plan in pursuance of its Policy, which shall include the following, namely:

- the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Comp Act;
- the manner of execution of such projects or programmes as specified in the CSR Rules;

- the modalities of utilisation of funds and implementation schedules for the projects or programmes;
- monitoring and reporting mechanism for the projects or programmes; and
- details of need and impact assessment, if any, for the projects undertaken by the company,

9. CSR EXPENDITURE

- a. The board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.
- b. 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.
- c. Where the Company spends an amount in excess of requirement provided under sub-section (5) of section 135, such excess amount may be set off against the requirement to spend under sub-section (5) of section 135 up to immediate succeeding three financial years subject to the conditions that –
 1. the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, in pursuance of sub-rule (2) of this rule.
 2. the Board of the company shall pass a resolution to that effect.
- d. The CSR amount may be spent by a company for creation or acquisition of a capital asset, which shall be held by –
 - 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
 - beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
 - a public authority:

10. CSR REPORTING

- a. The Board's Report of a company covered under these rules pertaining to any financial year shall include an annual report on CSR containing particulars in prescribed format, as applicable.
- b. Company having average CSR obligation of Rupees 10 crore or more in pursuance of subsection (5) of section 135 of the Act, in the 3 immediately preceding financial years, shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of Rupees 1 crore or more, and which have been completed not less than 1 year before undertaking the impact study. The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.
- c. A Company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed 5% of the total CSR expenditure for that financial year or Rs 50 lakh, whichever is less

11. TRANSFER OF UNSPENT CSR AMOUNT

Until a fund is specified in Schedule VII for the purposes of subsection (5) and (6) of section 135 of the Act, the unspent CSR amount, if any, shall be transferred by the company to any fund included in schedule VII of the Act.

12. DISPLAY OF CSR ACTIVITIES ON ITS WEBSITE

The Board of Directors of the Company shall mandatorily disclose the CSR Policy and Projects approved by the Board on their website, if any, for public access.

13. CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

The projects or programmes to be undertaken by Company as CSR in India will be considered and approved by the board of Company.

Any project or programme that is exclusively for the benefit of Company's employees would not be considered as CSR.

The Company will carry out the CSR activities as covered under Schedule VII of the Companies Act.