

# NATIONAL ENGINEERING INDUSTRIES LIMITED

## CORPORATE SOCIAL RESPONSIBILITY POLICY

### I **Introduction**

Corporate Social Responsibility (CSR) at National Engineering Industries Limited (“NEI”) goes beyond business and extends to the implementation of socially relevant activities for the benefit of society at large. This is the core responsibility of NEI to practice its corporate values through its commitment to grow socially and environmentally in a responsible way.

This Policy is in accordance with the requirements of the Companies Act, 2013 (“the Act”) and Companies (Corporate Social Responsibility Policy) Rules, 2014 (“the Rules”) and any amendment thereto.

### II **Vision and Policy Statement**

Corporate Social Responsibility (CSR) is NEI’s contribution to social and economic development of the local community in which we operate and to society at large. In every financial year, we commit to spend around 2% of the average net profits for the immediately preceding three financial years on CSR activities. The Board of Directors of the Company (“the Board”) through its CSR Committee will plan and monitor the expenditure of CSR activities.

The CSR Committee will annually recommend the CSR activities and projects to the Board for its approval. The activities undertaken in the normal course of business will not be a part of CSR activities.

### III **Applicability**

This CSR Policy has been formulated in consonance with Section 135 of the Act read with the Rules. This Policy shall apply to all CSR projects / programmes undertaken by NEI in India as per Schedule VII of the Act.

This Policy has been adopted by the Board of Directors at its meeting held on 20<sup>th</sup> October, 2014 at New Delhi.

#### IV **Expenditure on CSR**

In every financial year, the CSR Committee will plan CSR activities / projects to be undertaken during the financial year and make an estimate for the expenditure to be incurred on such CSR activities / projects. The estimate will be based on profitability of the Company and the requirement of applicable laws. The estimate for CSR activities / projects as recommended by the CSR Committee will be placed before the Board for its consideration and approval. NEI will spend the amount on CSR activities / projects in accordance with estimate as approved by the Board.

In addition to the above, CSR Committee may also recommend to the Board from time to time new CSR activities / projects for consideration and approval of the Board.

The actual annual expenditure on CSR activities / projects will be reviewed by CSR Committee and will be reported to the Board. Any deviation in expenditure on CSR activities / projects may also be approved by the Board based on the recommendation of the CSR Committee.

#### V **CSR Programmes and Projects**

a) NEI will adopt one or more of the following CSR activities as prescribed by applicable laws, including Schedule VII of the Company's Act, 2013, as amended from time to time. NEI will also adopt CSR activities as may be permitted from time to time under the applicable laws.

- i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water;
- ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly,

and the differently abled and livelihood enhancement projects;

- iii) 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;
- iv) 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;
- v) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- vi) measures for the benefit of armed forces veterans, war widows and their dependents;
- vii) training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports;
- viii) contribution to the Prime Minister's 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, Scheduled Tribes, other backward classes, minorities and women;
- ix) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- x) rural development projects; and
- xi) slum area development.

- xii) Such other activities as may be permitted under applicable laws, including Schedule VII of the Companies Act, 2013, as amended from time to time.
- b) The CSR activities shall be undertaken within the territory of India.
- c) NEI's CSR projects and programmes will be undertaken by NEI by itself or with joint and collaborative efforts of other companies.
- d) The CSR projects and programmes may also be implemented through registered public charitable trust, not-for-profit companies set up under Section 25 of the Companies Act, 1956 (corresponding to Section 8 of the Companies Act, 2013) through recognized and reputed NGOs and similar entities.

## VI **Implementation**

NEI's CSR programmes will be identified and implemented according to the Board's approved CSR Policy.

## VII **CSR Committee**

### a) **Composition:**

The CSR Committee shall comprise three or more Directors out of which at least one Director shall be an independent Director.

The present composition of CSR Committee is as follows:

Smt. Amita Birla, Chairman (Non-Independent Director)

Shri M. L. Pachisia, Member (Independent Director)

Shri Ashwin Bishnoi, Member (Independent Director)

b) **Roles and Responsibilities:**

The Committee shall:

- i) Formulate and update the CSR Policy which will be approved by the Board;
- ii) Decide the CSR activities to be taken up by NEI in accordance with this Policy;
- iii) Decide the amount to be allocated for each project or activity;
- iv) Oversee and monitor the progress of the initiatives rolled out under this Policy; and
- v) Submit a report to the Board on all CSR activities undertaken during the financial year which shall duly be displayed on NEI's website at [www.nbcbearings.com](http://www.nbcbearings.com)

c) **Frequency of Meetings:**

The Committee may meet as and when required

VIII **Reporting, Evaluation and Documentation**

- a) The Budget for CSR initiatives shall be prepared in accordance with Section 135 of the Act or other statutory enactments.
- b) CSR Projects will be undertaken based to the best possible extent on the recommendation of the CSR Committee within the defined thrust areas.
- c) Project support will depend on the scale of the project and its feasibility. The CSR Committee will evaluate the project progress.

- d) All the identified activities will undergo pre-& post -analysis. The CSR report shall also be included in the Board's report as required by the Act.
- e) The surplus arising out of CSR activity, if any, will not form part of business profits of NEI.
- f) The corpus of the CSR Policy would include:
  - i) 2% of the average net profits of 3 immediately preceding financial years.
  - ii) Any income arising therefrom.
  - iii) Surplus arising out of the above activities.
- g) The Company may pool its resources and CSR spending with other groups or associate companies on such collaborative efforts which qualifies for computing the CSR spending.
- h) All CSR activities covered under this Policy shall be carried out within India.

#### IX **Review of the Policy**

The CSR Committee shall review the CSR Policy periodically and make revisions to the same with the approval of the Board.

*In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.*

Date : October 20, 2014  
Place: New Delhi