

Aurangabad Electricals Limited

Corporate Social Responsibility (CSR) Policy

I. Introduction:

Aurangabad Electricals Ltd. ('AEL' or 'the Company') is the flagship Company of Bagla Group incorporated in September 1985. AEL is one of the leading auto component manufacturing companies in India. AEL is in the business of manufacturing High Pressure & Gravity Die Casting products, auto electrical components and high tensile fasteners. It has manufacturing facilities in Pune and Aurangabad in Maharashtra and Pantnagar in Uttarakhand.

AEL has undertaken and shall continue to undertake appropriate Corporate Social Responsibility (CSR) measures having direct, measurable and positive economic, social, and environmental impact on the community with particular emphasis on the local area and areas around its plants.

AEL's mission is to contribute towards improving the quality of life of the communities living in local areas. We believe that our success in operating the organization is critically dependent on following participatory development-oriented approach that strengthens our bond with society in general.

II. Preamble

The CSR Policy outlines the Company's responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking activities for welfare and sustainable development of the community at large.

The core elements of CSR is the continuing commitment by business to ethical principles, care for the environment, protection of human rights while improving the quality of life of all the stakeholders including the local community and society at large.

III. Applicability

This CSR Policy is applicable to AEL, which is mandated with the CSR expenditure obligations as per Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time.

This Policy shall apply to all CSR initiatives and activities taken up at the various plants and locations of the Company for the benefit of different segments of the society, specifically the deprived, under privileged and differently abled persons.

IV. Scope / List of CSR Activities:

AEL will undertake the CSR activities to do overall good to the community with special emphasis on activities for the benefit of the poor and needy sections of the society. AEL will give preference to the local areas around the locations where it operates in India for spending the amount earmarked for CSR activities.

In particular, AEL will undertake CSR activities as specified in Schedule VII of The Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time. These primarily fall as under:

- 1) eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swachh Bharat Kosh set up by the Central Govt. for the promotion of sanitation and making available safe drinking water;
- 2) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- 3) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- 4) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set up by the Central Govt. for rejuvenation of river Ganga;
- 5) 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;
- 6) measures for the benefit of armed forces veterans, war widows and their dependents;
- 7) training to promote rural sports, nationally recognized sports, para-olympic sports and Olympic sports;
- 8) 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, the Scheduled Tribes, other backward classes, minorities and women;
- 9) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;

- 10) rural development projects;
- 11) Slum area development;
- 12) Other activities as may be prescribed from time to time under Companies Act 2013.

Without prejudice to the above, following activities, by way of illustration, may also be carried out by the company, if it deems fit :-

1. To participate in building a healthy community through continuing initiatives in several areas of healthcare.
2. Promotion of education including girl child education
3. Disaster management activities and relief to victims of natural calamities.
4. Literacy / Awareness programmes and activities in various social & well-being areas.
5. Restoration & beautification of a city, town, village, museum, gardens, parks, public recreation centres, historical places etc.
6. Curative health care, surgery, blood donation activities, eyes check-up camps, therapy camps, dental camps, acupressure camps, cataract camps etc.
7. Supporting/ conducting activities for promotion of performing art
8. Infrastructure activities, essentially for helping the poor & the needy.
9. Promotion of nationally recognised sports (not only training).
10. Hostels and boarding rooms, reading rooms, Convalescence / asylum rooms for poor and the needy.
11. Activities relating to irrigation, wells, dams etc. for improving livelihood of farmers & agriculturists.
12. Furtherance and promotion of practice of alternative Indian traditional medical practice such as homeopathy, Ayurveda, siddha, naturopathy & yoga therapies for the benefit of community at large.
13. Research activities, economic, industrial, social research, research professorships etc.

V. What is not CSR

CSR activities will not, however, include the following:-

- a) Activities undertaken in pursuance of the Company's normal course of business;
- b) Activities which benefit only the employees of the Company and their families;
- c) Contribution directly or indirectly to any political party;
- d) Activities undertaken outside the country.

VI. Total Outlay:

From 1st April, 2014 in line with the requirement of the Companies Act, 2013 AEL will contribute at least 2% of the average net profits of the Company made during the 3 immediately preceding financial years specifically towards CSR initiatives. For this purpose, the net profits shall be calculated in accordance with the provisions of section 198 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The Company may spend upto 5% of total CSR expenditure in one financial year on building CSR capabilities.

VII. Modalities & Execution of Projects / Programs:

a) CSR Committee:

AEL has constituted a CSR Committee of the Board consisting of Mr. Ulhas Gaoli, Mr. Rishi Kumar Bagla and Mr. Anant Kandoi. Mr. Ulhas Gaoli shall act as Chairman of CSR Committee and Company Secretary of Company shall act as Secretary to CSR Committee.

b) CSR Vehicle:

- 1) CSR activity will be under taken either by the Company or through any other entity e.g. Registered Trust / Section 8 Company (under the Companies Act, 2013).
- 2) If any donation / contribution are to be given to any other entity for CSR activity, preference shall be given to such entities / Trusts having track record in undertaking similar programs as specifies above.
- 3) Further in such a case, the Company will specify the project or programs to be undertaken through these entities, the modalities of utilization of funds on such projects or programs and the monitoring and reporting mechanism.
- 4) The Company may also collaborate with other companies for undertaking projects or program in such a manner that CSR Committees of respective companies are in such a position to report separately on such projects or programs in accordance with the prescribed CSR Rules.
- 5) The Company may establish CSR capacities of its own personnel as well as those of the implementing agencies through institution with established track records, subject to the prescribed rules.

c) CSR Conduct:

- 1) The conduct of CSR activity shall be implemented by CSR Committee of AEL.
- 2) The CSR Committee shall be responsible for activities to be undertaken under CSR policy and shall report at periodic intervals to Board of Directors.
- 3) Implementation will be done as per requirement of the project or the program which is envisaged.
- 4) The CSR Committee may also work with any NGO's or institution to design and implement innovative projects independently or through partnership between such NGO, institution/trust.
- 5) The time period / duration over which a particular program will be spread, will depend on its nature, extent of coverage and the intended impact of the program.
- 6) The process of implementation of CSR program will involve the identification of programs, area of CSR activities, project based approach, time period, cost of the projects etc.
- 7) All proposals of CSR activity shall be discussed & decided by CSR Committee either in its meeting or through electronic means of communication such as mails, teleconference, videoconference etc.
- 8) The CSR Committee would recommend the proposal of CSR and the amount of expenditure to be incurred on the same to the Board for its approval.
- 9) Voluntary participation by employees of AEL who are not members of CSR Operational Teams at project /plant sites, and family members of such employees, shall be encouraged in the implementation of CSR activities.

VIII. Monitoring & Assessment :

a) Release of Funds for CSR projects / program:

The amount sanctioned for a CSR project or program will be released in stages or installments as per progress, as may be determined by the CSR Committee. CSR Committee may design the procedure / guidelines applicable from time to time and release of funds to any projects in a year shall be as per guidelines finalized by CSR Committee.

b) Review by Board / CSR Committee:

The Board of Directors / CSR Committee will review the implementation of CSR activities from time to time.

c) Utilization certificate:

Fund released / to be released to the implementing agency would be based on the satisfactory utilization certificate duly certified by an authorized officer / principle officer of donee entity and satisfactory performance report submitted by the said person, as may be decided by the CSR Committee.

d) External Agency Assessment:

If CSR Committee deems fit, the impact assessment / evaluation of major projects may be carried out by an external agency to critically assess the fulfillment of project objectives.

e) Audit:

The amount spent on CSR by the Company will be subject to audit.

f) Reporting in the Annual report of the Company:-

CSR Policy and initiatives of the Company will be reported in the Annual Report of the Company in the manner prescribed under the CSR Rules. CSR policy will be posted on the company's web-site.

IX. General:

- a) The CSR Policy referred to above is to be read in conjunction with Companies Act, 2013 and The Companies (Corporate Social Responsibility Policy) Rules, 2014 and any further amendments, notifications, circulars, etc as may be prescribed by Ministry of Corporate Affairs in this regard.
- b) Any or all the provisions of the CSR policy would be subject to revision / amendment in accordance with the guidelines on the subject as may be issued from the government from time to time or as decided by the Board of Directors of the Company.
- c) The above policy guidelines are subject to review at suitable intervals and subject to revision accordingly.

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