

Swaraj Engines Limited CSR Policy

1. CSR Philosophy

We at **SWARAJ ENGINES LIMITED (SEL)** recognise that basic purpose of our business is not only to deliver Commercial Objectives but also to act as a “Socially Responsible Corporate Citizen”. Therefore, we are committed to improve the quality of life for the Community and Society at large.

We strongly believe that Economic, Environmental & Social Performance hang together and blending passion for Corporate performance with compassion for Communities is central to SEL’s corporate philosophy and to pursue this, the Company endeavours to make CSR (Corporate Social Responsibility) a key Business Process for sustainable development.

2. Objective of the CSR Policy

The **objective** of this policy is to –

- Promote a unified and strategic approach to CSR across the Company by incorporating under one ‘Rise for Good’ umbrella the diverse range of its philanthropic giving, identifying select constituencies and causes to work with, thereby ensuring a high social impact.
- Ensure an increased commitment at all levels in the organisation, by encouraging employees to participate in the Company’s CSR and give back to society in an organised manner through the employee volunteering programme called ESOPs.

3. CSR Outlay

From April 1st, 2014 in line with the new Companies Act 2013 (the Act), Swaraj Engines pledges to 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 profit and average net profit shall be calculated in accordance with the provisions of section 198 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

While efforts will be to spend CSR allocation of a particular year in that period itself, any unspent / unutilised CSR allocation shall be non-lapsable in nature and will be carried forward.

4. CSR Thrust Areas

The Company will focus its efforts within the constituencies of girls, youth & rural people through programs designed in the domains of education, health and environment. The Company may also make contributions to its Associate Companies’ Corporate Foundations/Trusts towards its corpus for projects approved by the Board.

Our commitment to CSR will be manifested by investing resources in any of the following areas –

1. Eradicating hunger, poverty and malnutrition, promoting healthcare including preventive healthcare and sanitation & making available safe drinking water;
2. Promoting education, including special education and employment enhancing vocation skills especially among children, woman, elderly & the differently abled and livelihood enhancement projects;
3. Promoting gender equality, empowering women, setting up homes and hostels for women & orphans; setting up old age homes, day care centres, and such other facilities for senior citizens & measures for reducing inequalities faced by socially & economically backward groups;
4. Ensuring environmental sustainability, ecological balance, protection of flora & fauna, animal welfare, agroforestry, conservation of natural resources & maintaining quality of soil, air & water;
5. Protection of national heritage, art & culture including restoration of buildings & sites of historical importance & works of art; setting up of public libraries; promotion & development of traditional arts & handicrafts;
6. Measures for the benefit of armed forces veterans, war widows & their dependents;
7. Training to promote rural sports, nationally recognized sports, paralympic sports & 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 & relief & welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities & women;
9. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
10. Rural development projects

The surplus arising out of the CSR activities will not be considered as a part of the business profits of the company.

5. Implementation of CSR Initiatives

The Board level Corporate Social Responsibility Committee (CSR Committee) of the Company shall be responsible for monitoring the CSR Policy from time to time. The CSR Committee shall approve and recommend to the Board, the projects or programs to be undertaken, the modalities of execution and implementation schedule from time to time.

Further, CSR Council at Operational level, comprising SEL's Operation In-charge, Plant Head & HR Head will be responsible to implement the CSR activities which have been approved by the CSR Committee.

To ensure that there is focus and maximum impact the CSR Council will endeavor to work on selected projects over a longer period of time so as to ensure that the outcomes of the projects can be measured.

6. Monitoring / Review Mechanism

Effectiveness of CSR Initiatives will be assessed through a two-tier monitoring mechanism.

While CSR Council at Operational level will monitor progress on various CSR Activities / Projects on monthly basis, the CSR Committee of the Board will review the CSR initiatives / projects undertaken by operating team on periodical basis, suggests additional measures / areas and also update Board of Directors.

In order to ensure transparency and communication with all stakeholders, the CSR Policy will be uploaded on the Company website so that it is available in the public domain.

7. Executing Agency / Partners

CSR initiatives will be implemented by the Company either directly or through Govt. agencies & local bodies or through its ESOPs structure where the Company's employees will directly implement the CSR programs or through implementing partners which include NGO's having an established track record of at least 3 years in carrying on the specific activity.

The following minimum criteria will be ensured while selecting NGO's / voluntary organizations for program execution

- a) The NGO is a registered Society / Public Charitable Trust / Section 25 Not for Profit Organizations/ company established under section 8 of the Act etc.
- b) The NGO has a permanent office / address in India
- c) The NGO has a valid Income Tax Exemption Certificate
- d) The NGO has submitted a detailed project proposal and budget which has been approved by the CSR Council.

The Company may also collaborate with other companies to undertake CSR projects or programs, provided the CSR Committees of the respective companies are in a position to report separately on such projects or programs.

For CSR activities undertaken through other Executing Agency, the Company will specify the projects or programs to be undertaken through these agencies, the modalities of utilization of funds on such projects or programs.