



MANGAL ELECTRICAL INDUSTRIES LIMITED

(Formerly known as Mangal Electrical Industries Private Limited)

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

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1. INTRODUCTION

Corporate Social Responsibility (**CSR**) is the Company's commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical.

MEIL in India is committed to undertake CSR activities in accordance with the provisions of Section 135 of the Indian Companies Act, 2013 ("**the Act**") and the Companies (Corporate Social Responsibility Policy) Rules, 2014 ("**CSR Rules**"), as amended from time to time.

MEIL believes that corporate development has to be inclusive and every corporate has to be responsible for the development of a just and humane society that can build a national enterprise. MEIL commits itself to contribute to the society in ways possible for the organization, through its core CSR team, as a means for fulfilling this commitment.

2. AIMS & OBJECTIVES

- i) To develop a long-term vision and strategy for MEIL's CSR objectives.
- ii) Establish relevance of potential CSR activities to MEIL's core business and create an overview of activities to be undertaken, in line with Schedule VII of the Companies Act, 2013.
- iii) MEIL shall promote projects that are:
 - a) Sustainable and create a long term change;
 - b) Have specific and measurable goals in alignment with MEIL philosophy;
 - c) Address the most deserving cause or beneficiaries.
- iv) To establish process and mechanism for the implementation and monitoring of the CSR activities for MEIL.

3. DEFINITION DUTIES & RESPONSIBILITIES OF BOARD

- i) Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company in areas or subject, specified in Schedule VII.
- ii) Recommend the amount of expenditure to be incurred on the CSR activities
- iii) Monitor the Corporate Social Responsibility Policy of the company from time to time.
- iv) Prepare an annual report of the CSR activities undertaken for MEIL and submit such report to the Board.
- v) Board shall recommend Annual Action Plan in pursuance of its CSR policy, which shall include the following, namely-
 - a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act; and appended to this Policy as Appendix-1, which may be revised in line with any amendments/inclusions made to Schedule VII of the Act.
 - b) the manner of execution of such projects or programmes as specified in sub- rule (1) of Rule 4 of the CSR Rules

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

4. RESPONSIBILITY OF THE BOARD

- i) Approve the CSR Policy and the CSR Expenditure after taking into consideration the recommendations made by the Board.
- ii) Ensure the CSR spending every financial year of at least 2% of average net profits made during immediately preceding 3 financial years, in pursuance with the Policy.
- iii) Ensure that CSR activities included in the CSR Policy are undertaken by MEIL and that such activities are related to the activities specified in Schedule VII of the Act.
- iv) Ensure disclosure on the MEIL website details as required under the Act and CSR Rules.
- v) Ensure that Directors' Report shall include:
 - a) Contents of the CSR Policy,
 - b) An annual report on the CSR in the prescribed format as per Appendix- 2; as notified under the amended Act,
 - c) Reasons for failure (if any) to spend required amount on CSR activities.
- vi) Ensure that MEIL shall undertake the CSR activities through itself or through specified entities as explained in point 10 of this Policy.
- vii) Ensure:
 - a) That the funds are utilized for approved purpose and shall be certified by Chief Financial Officer (CFO)
 - b) To monitor ongoing CSR projects and modify the same as required
 - c) To approve annual action plan
 - d) To monitor administrative expenses/overheads and restrict the same to 5% of total CSR spend of the Company for the financial year
 - e) In case of excess spend in any given year, set-off the amount in the succeeding years as mentioned in pt. 7(ii) of the Policy.
 - f) To undertake Impact Assessment through an Independent Agency for projects of 1 crore or more which have been completed not less than 1 year before undertaking the impact study.

5. CSR EXPENDITURE

- i) In every financial year, MEIL shall spend a minimum of 2% of its average Net Profit in the immediately preceding three (3) financial years. Net profit shall mean the net profit of the Company as per its financial statement prepared in accordance with the Act but shall not include (a) profits arising from any overseas branch or branches of MEIL (whether operated as a separate company or otherwise); or (b) dividend received from other companies in India, which are covered under and complying with the provisions of the Act.
- ii) CSR expenditure in excess of the requirement (i.e. 2%), may be set-off against the requirement of the CSR spending u/s 135(5) of the Act upto the immediate succeeding three financial years' subject to

the conditions that:

- a) 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 Rule 7 of the CSR Rules
 - b) The Board of Directors shall pass a resolution to that effect.
- iii) CSR Expenditure shall mean all expenditure incurred in respect of specific projects/programs relating to the approved CSR activities. If any amount unspent pertaining to an ongoing project, the unspent amount will be transferred within a period of thirty days from the end of the financial year to a special account to be opened by the company in that behalf for that financial year in any scheduled bank to be called “Unspent Corporate Social Responsibility Account” and such amount shall be spent by MEIL in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, MEIL shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.
- iv) Unless the unspent amount relates to any ongoing project (as mentioned in pt. (iii) above), transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.
- v) CSR Expenditure shall not include expenditure on an item not in conformity or not in line with activities which fall within the purview of the CSR activities listed in Schedule VII.
- vi) CSR Expenditure shall not include Projects or programs or activities undertaken outside India except for training of Indian sports personnel representing any State or Union Territory at National level or India at international level.
- vii) The surplus arising out of the CSR activities or projects shall not form part of the business profit of MEIL.
- viii) The CSR amount may be spent by MEIL for creation or acquisition of a capital asset, which shall be held by:
- a) 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
 - b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
 - c) a public authority:

Provided that any capital asset created by MEIL prior to the commencement of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, shall within a period of one hundred and eighty days from such commencement comply with the requirement of this rule, which may be extended by a further period of not more than ninety days with the approval of the Board based on reasonable justification.

6. CSR ACTIVITIES - PROJECTS

- i) MEIL may undertake multi-year project in order to fulfil 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.
- ii) MEIL shall promote CSR activities/Projects in the field of:
 - a) Promotion of Education; including special education and employment enhancing vocation skills especially among children, woman, elderly and the differently- abled and livelihood

- enhancement projects; with special emphasis on the education of the girl child;
- b) Environment: ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining of quality of soil, air and water.
 - c) Health in the area of preventive, curative and promotive health for communities
 - d) Disaster relief and rehabilitation
- iii) MEIL may also undertake other CSR activities in line with Schedule VII.
- iv) The CSR activities shall be undertaken in locations within India. MEIL shall give preference to the local areas and the areas around which MEIL operates while considering the activities to be undertaken and spending the amount earmarked for CSR activities. However, MEIL has a multi-state presence and hence may be guided by the requirements of the specific CSR activity/program in determining the locations within India.

7. IMPLEMENTING CSR ACTIVITIES

- i) The day to day implementation and execution of the CSR activities/projects shall be carried out through the CSR Unit.
- ii) MEIL shall undertake the CSR activities directly and also through various implementing agencies as specified in pt. 10 of the Policy.
- iii) The initiatives undertaken may be communicated to the employees through specific awareness campaigns, so as to enable maximum participation.
- iv) MEIL may also collaborate or pool resources with other companies to undertake CSR activities in such a manner that each companies are in a position to report separately on such CSR projects
- v) The following activities do not qualify as CSR Activities under the Act:
 - a) Projects or activities not falling within Schedule VII (Appendix 1);
 - b) Activities undertaken in pursuance of normal course of business;
 - c) Projects or programs or activities that benefit only the employees of MEIL and their families
 - d) Direct or indirect contribution to any political party.
 - e) Activities carried out for fulfilment of any other statutory obligations under any law in force in India
 - f) Activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services

8. IMPLEMENTATION OF CORPORATE SOCIAL RESPONSIBILITY

- i) The Board shall ensure that the CSR activities are undertaken by the company itself or through:
 - a) 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(b) 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
 - b) any entity established under an Act of Parliament or a State legislature; or

- c) 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.
- ii) The Board to ensure that every entity who intends to undertake any CSR activity, shall register itself with the Central Government by filing the form CSR-1 electronically with the Registrar, with effect from the 01st day of April 2021.

9. CSR REPORTING

The Board in its Annual Report shall include the details of the CSR activities undertaken in the Financial Year. The particulars to be stated in the report shall be in the format prescribed in Appendix - 2.

Board shall provide a responsibility statement on the implementation and monitoring of the CSR Policy and that it is in compliance with CSR objectives of MEIL, which statement shall form part of the Boards' Report.

10. WEBSITE DISPLAY

MEIL shall display on its website <https://www.mangals.com> the contents of its CSR Policy and other information as may be required to be displayed.

The Board of Directors of the Company shall mandatorily disclose the followings on its website (if any):

- a) CSR Policy
- b) Projects approved by the Board on their website

11. REVIEW AND AUDIT

- i) MEIL shall through its internal controls, monitoring and evaluation systems implement, assess, document and report the impact of its CSR activities/projects.
- ii) Records relating to the CSR activities and the CSR Expenditure shall be meticulously maintained. The Records shall be submitted for reporting and audit.
- iii) The financial audits of the implementing agencies shall also be done through periodic audits. Implementing agencies would be required to submit spend certificates
- iv) annually and at any duration on request. In this regard, MEIL may appoint independent external consultants for carrying out such audits.
- vi) As per the Act, Companies having the obligation of spending average CSR amount of Rs 10 Crore or more in the three immediately preceding financial years in pursuance of Section 135(5) of the Act, shall undertake impact assessment, through an independent agency Impact assessment to be done by an independent agency. Impact assessment to be done in respect of CSR projects having outlays of one crore rupees or more, and which have been completed not less than one 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. Impact assessment expenditure for a financial year shall not exceed five percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less.

12. AMENDMENTS

This policy may be reviewed and amended from time to time.

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Appendix 1

CSR Activities Listed in Schedule VII of the Companies Act, 2013

CSR shall focus on social, economic and environmental impact rather than mere output and outcome. Activities which are ad hoc and philanthropic in nature shall be avoided. Various activities that can be undertaken in general under CSR are outlined below:

1. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government 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 centres 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, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government 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 art and handicrafts;
6. Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;
7. Training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports
8. Contribution to the prime minister's national relief fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)] or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;
9. (a). Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and
(b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).
10. Rural development projects
11. Slum area development.