



MUNJAL AUTO INDUSTRIES LIMITED

Regd. Office: 187, GIDC Industrial Estate, Waghodia, Vadodara – 391760

CIN No. L34100GJ1985PLC007958, www.munjalaauto.com,

Tel No. (02668)262421-22, Fax No. (02668)262427

Corporate Social Responsibility Charter

Munjali Auto Industries Limited ('the Company') is a Public limited Company incorporated under the Companies Act, 1956, listed with BSE and NSE. Section 135 Schedule VII of Companies Act, 2013 provides a mandatory requirement for all the listed companies to establish a mechanism called Corporate Social Responsibility Policy.

I. Preamble

i. Objectives:

Corporate Social Responsibility is now accepted as a means to achieve sustainable development of an organization. They have to be socially responsible corporate citizens and also contribute to the social good. CSR is about integrating economic, environmental and social objectives with a Company's operations and growth.

In this backdrop, the Company proposes to have CSR policy on the premises of following broad objectives:

- Building economic, social and environmental capital towards enhancing societal sustainability
- Demonstrate commitment to the common good through responsible business practices and good governance
- Actively support the state's development agenda to ensure sustainable change
- Set high standards of quality in the delivery of services in the social sector by creating robust processes and replicable models
- crafting unique models to generate livelihoods and create a better society
- Sustainable livelihood creation and working for a cause of humanity.

ii. Legal Requirements:

In terms of Section 135 and Schedule VII of the Companies Act, 2013 ('the Act') read with the Companies (Corporate Social Responsibility Policy) Rules, 2014('the Rules'), every company falling in any of the following criteria is required to constitute Corporate Social Responsibility Committee :



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- (i) Having net worth of Rs. 500 crores or more
- (ii) Having turnover of Rs. 1000 crores or more
- (iii) Having a Net profit of Rs. 5 crore or more.

Accordingly, the Board of Directors of the Company ('the Board') is required to constitute Corporate Social Responsibility Committee comprised of 3 or more directors out of which at least one director should be an Independent director.

iii. Approval of the Board:

Corporate Social Responsibility Charter is initially approved by the Board at its meeting held on 19th May, 2014 and can be amended from time to time by the Board.

II. Composition of the Committee:

Corporate Social Responsibility ('the CSR committee') is initially constituted by the Board at its meeting held on 19th May, 2014 comprised of the following members:

1. Shri Vikram Shah - Chairman
2. Shri Naresh Chawla
3. Shri Sudhir Kumar Munjal
4. Smt. Anju Munjal
5. Shri Anuj Munjal

III. Corporate Social Responsibility Policy:

Corporate Social Responsibility Policy as recommended by the CSR committee and approved by the Board is as per Annexure-A.

ANNEXURE-A

CORPORATE SOCIAL RESPONSIBILITY POLICY (CSR Policy)

1. Constitution of CSR Policy:

Corporate Social Responsibility Policy ('CSR Policy') shall be as recommended by the CSR Committee and approved by the Board from time to time.



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2. INTERPRETATION:

For the purposes of this Policy references to the following shall be construed as :

1. "The Act" shall mean the Companies Act, 2013.
2. "Corporate Social Responsibility" or "CSR" shall mean the activities intended to be taken up as mentioned herein to achieve and further the Company's vision.
3. "Corporate Social Responsibility Committee" or "CSR Committee" shall mean a Committee consisting of Shri Vikram Shah as Chairman and Shri Naresh Chawla, Shri Sudhir Kumar Munjal, Smt. Anju Munjal and Shri Anuj Munjal as members of the Committee and as reconstituted by the Board of Directors of the Company from time to time.
4. "CSR Policy" shall mean the contents herein, including any amendments made by the Board of Directors of the Company.
5. "Net Profits" shall mean the net profit before tax of the Company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following namely :
 - a. Any profit arising from any overseas branch or branches of the Company, whether operated as a separate company or otherwise ; and
 - b. Any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Companies Act, 2013.
6. "Priority Projects" shall mean such CSR projects which are selected by the CSR Committee to be pursued by the Company.
7. "Total CSR Spend" shall mean [2%] of the average Net Profits of the last three financial years in relation to the financial year in question.

3. GUIDING PRINCIPLES

Munjal Auto Industries Limited (hereinafter referred "the Company") and its people are committed to society, ecology and environment. The Company also realizes that caring for the society, country and the planet is not philanthropy or generosity – it is the very way of doing sustainable business. The Company realizes that the Company is not being generous by following the CSR Policy – it is only being relevant and meaningful to the society of which we are a corporate citizen.



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Vision :The CSR Committee's Vision is "changing lives in pursuit of collective development and environmental sustainability". This vision should encompass all CSR activities of the Company.

Mission : The CSR Committee's mission is primarily to pursue initiatives directed towards enhancing welfare measures of the society based on long term social and environmental consequences of the CSR activities. Within the above mission, the CSR Committee will choose Priority Projects from time to time.

The objective of this Policy is not only to guide the Company and its people to indulge in social activities but also to integrate the business processes with social processes. The Company believes that CSR Policy is the Company's faith in socially inclusive and sustainable business as the way of doing business.

4. GENERAL POLICIES

The Company recognizes that good CSR embraces all aspects of sustainable development and the way the Company affects people through its business operations. The Company recognises that CSR is not all about spending – it is orientation of the Company and its people to larger social causes. The Company encourages its people to contribute to its CSR efforts in every possible way.

The Policies to be pursued by the CSR Committee are as follows:

5. General business policies

1.The Company realizes that one of the most important parameters for a socially responsible corporate citizen is to carry business in accordance with principles of sustainability, balance

and equity. The Company will always strive to align its business interests with those of the society in general, ecology and environment. The Company further encourages any stakeholder or any member of the public to make thoughtful suggestions, addresses to chairperson of the CSR Committee, for sustainable business practices.

2. The Company shall strive to enhance corporate values while achieving a stable and long-term growth for the benefit of stakeholders.

3.The Company respects and honour the human rights of people involved in its business and in particular, does not use or tolerate any form of forced or child labour.

6. CSR Projects

1. The Company will encourage voluntary efforts of its directors and employees to CSR Projects. The Company also encourages its directors and employees to recommend to



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the CSR Committee meaningful projects in accordance with the Guiding Principles that may be taken up by the Company, under the supervision of the CSR Committee.

2. In addition to Projects that may be taken up by the Company directly, the Company may also collaborate with other companies or entities, including its group companies, to carry out any CSR Projects, in accordance with this Policy.
3. The investment in CSR projects should preferably be project-based with specific timeframes.
4. As far as possible, the Company shall strive to create self-sustainability in its CSR efforts, that is to say, over a long run, a CSR Project should be able to generate sufficient resources, whether by way of profits reinvested or by way of a regular flow of contributions, so that it does not have to depend on the Company's contribution on a regular basis.
5. The progress of all CSR Projects, including the spending thereon, shall be periodically reviewed by the CSR Committee.

7. Manner of selection and execution of CSR Projects

1. A CSR Project may be selected by the CSR Committee, either based on its own discretion, or based on recommendations by any stakeholder as mentioned above. The CSR Committee will accord priority to projects in the areas covered by Priority Projects.
2. The CSR Committee, after identifying and approving a CSR Project, may fix a target spending and direct the CSR Cell to carry out the execution thereof.
3. The CSR Committee shall periodically monitor and evaluate the performance of the Projects and the achievement of targets.

8. Focus Areas

The Company will undertake its CSR Activities approved by the CSR Committee in line with section 135 of the Act with Rules and Circulars. The List of activities that may be taken up by the Company as their Priority Projects:-

- i. Eradicating hunger, poverty and malnutrition by
 - a) Supplementing of Govt. Schemes like mid-day meal by Company through additional nutrition.



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- b) Disaster Relief:-Food Supply can be covered under Eradicating hunger, poverty and malnutrition.
- ii. Promoting preventive health care and sanitation and making available safe drinking water by:
 - a) Provision for aids and appliances to differently-able persons.
 - b) Enabling access to or improving the delivery of, public health systems.
 - c) Trauma Care around Highways in case of Road Accidents.
 - d) Disaster Relief: - Medical aid under Disaster Relief can be covered under Health Care.
 - e) Disaster Relief:-Supply of clean water under Sanitation and making available safe drinking water.
- iii. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects by:
 - a) Promotion of Road safety through:
 - (i) Educating the Masses and Promotion of Road Safety awareness in all facets of road usage, Drivers' training, Training to enforcement personnel.
 - (ii) Safety traffic engineering and awareness through print, audio and visual media.
 - b) Donation to IIM [A] for conservation of buildings and renovation of classrooms.
 - c) Non Academic Techno Park TBI not located within an academic Institution but approved and supported by Department of Science and Technology.
 - d) Research and studies in the areas specified in schedule vii
- iv. 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;



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- a) Enabling access to or improving the delivery of, public health systems.
 - b) Slum re-development or EWS housing as declared by Central/State Govt or any other Competent Authority.
 - c) Enabling access to, or improving the delivery of, public health systems.
- v. 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 by:
- a) Doing own research on the field for individual crops to find out the most cost optimum and Agrieological sustainable farm practices.
 - b) To do Product Life Cycle analysis from soil conservation point of view.
 - c) Renewable Energy Projects.
- vi. 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 by
- a) Donation to IIMA for conservation of buildings and renovation of classrooms.
- vii. Measures for the benefit of armed forces veterans, war widows and their dependents;
- viii. Training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports;
- ix. 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;
- x. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- xi. Rural development projects; (A) Any Project meant for the development of rural India will be covered under this;
- xii. Expenses Covered as part of CSR Project:-
- a) Salaries paid by companies to regular staff as well as to volunteers of the Companies can be factored into CSR Project as part of CSR expenditure.



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- xiii. Any other measures with the approval of Board of Directors on the recommendation of CSR Committee subject to the provisions of Section 135 of Companies Act, 2013 and rules made thereunder.

9. Carrying out of CSR Projects through external agencies

In case the CSR Committee decides to execute a CSR Project through an external agency, such as a trust, society or NGO ("Agency"), it would adhere to the following guiding principles:

- The Agency must be eligible for carrying the CSR Project, and must have track record in carrying similar project for a period to the satisfaction of the Committee, but not less than 3 years. Subject to the above, any director of the Company may be associated / affiliated as a trustee, governing body member or in any other manner with the Agency, provided that no personal benefit, directly or indirectly, should flow from such Agency to any such director.
- The Committee shall provide specific Project agenda, targets, target spending, accomplishments, manner of execution etc to the Agency, subject to discussions with the Agency.
- The disbursement of funds to the Agency must be done on a progressive basis so as to align with the funding needs of the Project, and to permit the evaluation of the activity carried so far. The Agency must provide periodically reports, to the satisfaction of the Committee, about execution of the Project.

10. CSR Cell

1. The Company, along with pursuing CSR projects at its own, will also constitute a CSR Cell consisting of a specified number of whole time employees of the Company, who, in addition to their regular duties, will come forward to contribute to the Company's CSR initiatives.
2. The CSR Cell would further be actively involved in implementation of projects in accordance with the Guiding Principles and General Policies as consented by the CSR Committee.
3. The CSR Cell may work singly or in partnership with any eligible trust(s), NGO(s) or other organization(s) as approved by the CSR Committee.

11. MONITORING AND EVALUATION

1. The Committee shall seek financial statements and reports from the CSR Cell on each project on a Six Month basis. (*discretion of the Company*)



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2. The Committee shall discuss the progress of each project undertaken and make any decision with respect to the project which it thinks fit.
3. At least one member of the Committee shall have financial knowledge and ability to read financial statements.
4. Where, after the adoption of this Policy by the Board of the Company, the Committee requires further funds for undertaking any new CSR project, the committee shall request the Board of the Company to approve such higher amount.
5. Where there is any surplus lying in the “Expenditure for CSR Account” (which need not be a separate fund, but merely an accounting reserve), the same shall not be considered a part of the business profits of the Company. Such surplus shall be carried forward to the next financial year.
6. Where the CSR Cell has failed to spend the allocated amount or failed to meet the timeline for execution of its projects, the CSR Committee shall furnish to the Board the reasons for the same.
7. The Company will review the Policy from time to time based on changing requirements of the target beneficiaries and make such modification(s), as may be necessary.

12. Dissemination of Information:

The CSR Committee shall report to the Board of the Company, at least on annual basis, the status of the CSR Projects/activities undertaken along with the report on the impact created by such projects/activities in compliance with the law.

The Company shall also upload this Policy on its website. Further, a detailed status report on the CSR activities carried out by the Company would be disclosed every year as part of the Board's Report in the Annual Report. The said information would also be uploaded on the website of the Company.