



MAGNA ELECTRO CASTINGS LIMITED

Reg. Ofc: 43, Balasundaram Road, Coimbatore-641018

(CIN: L31103TZ990PLC02836)

(As adopted by the Board of Directors of the Company)

CORPORATE SOCIAL RESPONSIBILITY POLICY

PREAMBLE:

As a responsible Corporate Citizen, Magna believes the shared value model is based on the idea that corporate success and social welfare are interdependent. With due respect to society at large, every business decisions of Magna are taken not only considering the interest of its stakeholders but also the society at large.

Magna has long history of spending reasonable amount toward social welfare activities especially in healthcare activities even before mandating corporate social responsibility activities of the Company by statutory authorities.

The Board of Directors of Magna Electro Castings Limited has adopted the following policy and procedures towards Corporate Social Responsibility activities of the Company in line with the Companies Act, 2013 and on recommendation of CSR Committee of Board.

CORPORATE SOCIAL RESPONSIBILITY POLICY:

The Corporate Social Responsibility Policy of the Company includes:

1. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.
2. promoting education, includes providing scholarships for higher education, infrastructure facilities in schools, 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. Helping differently abled children for their health, education and other activities for their well being.
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

5. measures for the benefit of armed forces veterans, war widows and their dependents;
6. contribution to the prime minister's national relief fund 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;
7. Rural Development projects, Slum area development and disaster management, including relief, rehabilitation and reconstruction activities.

Apart from the activities specified above, the Corporate Social Responsibility Committee shall consider all the other activities prescribed in Section 135 read with Schedule VII of the Companies Act, 2013 while spending towards CSR Activities and recommend the same for Board's approval as and when required.

CSR EXPENDITURE

- The Company shall, in every financial year, spend at least two percent of the Average Net profits of the company made during the three immediately preceding financial years towards any of the CSR activities in accordance with the Policy.
- In any financial year, if the company spends an amount in excess of the requirements provided under Section 135(5) of the Act, such excess amount may be set off against the requirement to spend under Section 135(5) of the Act up to immediate succeeding three financial years subject to the conditions that:-
 - i. the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, in pursuance of Rule 7(2);
 - ii. the Board of the company shall pass a resolution to that effect.
- CSR expenditures will include all expenditures, direct or indirect, incurred by the Company on CSR programmes undertaken in accordance with the approved CSR Annual Action Plan. The administrative overheads shall not exceed five percent of the total CSR expenditure of the company for the relevant financial year.
- The CSR amount may be spent by a company 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:
- Any surplus arising out of any of the CSR projects / activities shall not form part of the business profits of the company and it shall be:
 - (a) ploughed back into the same CSR project / activity (or)
 - (b) transferred to the Unspent CSR Account and spent in pursuance of this CSR policy and annual action plan of the company (or)

- (c) transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

SELECTION OF CSR PROJECT / ACTIVITY

- The CSR Committee of the Company shall formulate and recommend to the Board of Directors and the Board of Directors may approve, an Annual Action Plan for every financial year, effective from 1st April, 2021, in pursuance of this 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;
 - (b) the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4;
 - (c) the modalities of utilisation 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:
- While formulating the Annual Action Plan, the CSR Committee shall give preference to the local area and areas around it where it operates, for identification of CSR projects / activities and spending the amount earmarked for such projects / activities.
- The Board may alter such plan at any time during the relevant financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

EXECUTION AND IMPLEMENTATION

- The CSR activities may be 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
 - (c) any entity established under an Act of Parliament or a State legislature; or
 - (d) 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.
- Any CSR activities to be undertaken by the Company on or after 1st April, 2021 through any of the entity covered under clause (a) to (d) above, then such entity should have been duly registered with the Central Government by filing the prescribed Form CSR-1 with the Registrar of Companies, Ministry of Corporate Affairs.
- The company may also engage any international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per this policy as well as for its capacity building for CSR.

- The company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR Committees of such respective companies are in a position to report separately on such projects or programmes in accordance with the rules.
- The Chief Financial Officer / Financial Controller of the Company shall submit a certificate to the Board of Directors that the CSR funds so disbursed have been utilised for the purposes and in the manner as approved by the Board of Directors.

MONITORING

- The CSR Committee shall be responsible to monitor the Corporate Responsibility Policy of the Company from time to time and recommend amendments or revisions whenever required in accordance with the Act;
- In case of ongoing project, the Board of Directors shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall time period as permitted under the Act and the Rules.

UNSPENT CSR AMOUNT

- Any CSR amount which remains unspent (unless the unspent amount relates to an ongoing project) pertaining to that financial year shall be transferred to any of the Fund specified in Schedule VII of the Act within a period of six months from the date of the expiry of every financial year or to such fund as may be prescribed in the Rules from time to time.
- If the unspent CSR amount relates to any ongoing project, which is being undertaken by the Company in pursuance of this policy, shall be transferred to a special account to be opened by the company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account by the company within a period of thirty days from the end of the financial year.
- The amount so transferred shall be spent by the company in pursuance of its Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII of the Act, within a period of thirty days from the date of completion of the third financial year.

CSR REPORTING

- In every financial year, an annual report on the CSR containing the particulars as specified in the Act and the Rules shall be included in the report of the Board of Directors submitted to the Shareholders under Section 134 of the Act.
- When the company's average CSR obligation is Rs.10 crore or more in pursuance of Section 135(5) of the Act, in the three immediately preceding financial years, the Company shall undertake impact assessment, through an independent agency, of its CSR projects/activities having outlays of Rs.1 crore 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 of Directors and shall be annexed to the annual report on CSR.

- When an impact assessment is undertaken, the Company may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed five percent of the total CSR expenditure for that financial year or Rs.50 lakhs, whichever is less.

GOVERNANCE

- The CSR committee will assign the task of implementation of the CSR plan within specified budgets and timeframes to such persons, entities or bodies as it may deem fit in accordance with this policy.
- The persons/entities/bodies to which the implementation is assigned will carry out such CSR programmes as determined by the CSR committee within the specified budgets and timeframes and provide feedback to the CSR committee on the progress thereon.
- The CSR committee shall review the implementation of CSR programmes and issue necessary directions from time to time to ensure orderly and efficient execution of these programmes in accordance with this policy.
- At the end of every financial year, the CSR committee will submit its report to the board.
- The CSR committee shall review this CSR Policy on a regular basis, propose suitable changes as necessary and submit for the board's approval.
- The Board of Directors shall disclose the composition of the CSR Committee, and CSR Policy and Projects, as approved by it, on the website of the Company, if any.

Amendment to the Policy

The Board on its own and/or on the recommendations of the Corporate Social Responsibility Committee can amend this policy, as and it deems fit.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the competent authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail and this policy shall stand amended accordingly without any further action, from the effective date as laid down under such amendment(s), clarification(s),circular(s) etc.

Amended policy as approved by the Board of Directors of the Company at their meeting held on 29th March, 2021.