

CSR POLICY

A. Preamble:-

The concept of Corporate Social Responsibility (CSR) has gained prominence from all avenues. Organizations have realized that Government alone will not be able to get success in its endeavor to uplift the under privileged part of the society. With rapidly changing corporate environment, more functional autonomy, operational freedom etc. our company has adopted CSR as a strategic tool for sustainable growth.

This policy shall apply to all CSR initiatives and activities taken up by the Company for the benefit of different segments of the society, specifically the deprived, underprivileged and differently able persons. Menon Bearings Ltd. (MBL), undertakes its responsibility towards the society in general. The Company's CSR initiatives will play pivotal role in improving the lives of the communities and society at large and in & around our operations. This has also enabled us to fulfil our commitment to be a socially responsible corporate citizen.

B. Objective:-

The main objective of MBL's CSR policy is,

- To lay down guidelines to make CSR a key business process for sustainable development of the society.
- To directly/indirectly undertake projects/programs which will enhance the quality of life and economic well-being of the communities in and around our plant and society at large.
- To create identity as a socially responsible corporate citizen and recognition among all stake holders of the company.
- Contributing to sustainable development in areas of strategic interest through initiatives designed in a manner that addresses the challenges faced by the Indian society.
- Collaborating with communities and institutions to contribute to the national mission of eradicating poverty and hunger, especially in rural areas, through agricultural research and knowledge sharing, conservation and development of forest resources, empowering women economically, supplementing primary education and such other initiatives.

C. Our Responsibilities:-

- Towards our communities at large:-

We will involve communities surrounding our operations to bring about a positive change in their lives through holistic, sustainable and integrated development.

- Towards our esteemed Customers:-

We will build strong trust with the customers to understand their needs and provide right product and service solutions. We will adopt and actively encourage the best and fair business practices and shall positively set aim to build solid bonds with them.

- Towards our Business Partners:-

We will support our suppliers to adopt ethical and fair business practices and give preference over other to those who follow this. We always stick with our commitments.

- As a Corporate Citizen:-

We reaffirm our commitment to conduct our business with environmental accountability. We will continuously try to adopt environment-friendly technologies and energy efficiency in our operations while continuously monitoring and reducing emissions causing degradation of environment.

- Responsibilities toward our Employees:-

We have work culture with high ethical principles and standards and encourage our employees to perform with total integrity, commitment and ownership. We will always support their professional growth and recognize high achievers.

We recognize that our employees and contractors deserve to work in safe and healthy work environment and will make it our responsibility to ensure risk free work environments to people.

D. Vision & Mission:-

To be a corporate with its strategies, policies and actions aligned with wider social concerns, through initiatives in education, health, environment and socially relevant matters.

In alignment with vision of the company, Menon Bearings Limited, through its CSR initiatives, will enhance value creation in the society and in the community in which it operate, through its services, conduct & initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as a Socially Responsible Corporate, with environmental concern.

The Company aims at spending a defined portion of its net profit for the betterment of Indian society through its CSR activities:

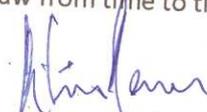
CSR Activities:-

The scope of the CSR activities of the Company will cover the following areas but not limited to the same and may extend to other specific projects/ programs as permitted under the law from time to time.



REGD. OFFICE & WORKS :
MIDC, GOKUL SHIRGAON, KOLHAPUR - 416 234. INDIA
Phones : + 91 231 26 72 279 / 533 / 487 Fax : + 91 231 267 22 78




E-mail : admin@menonbearings.in
Visit us at : http : // www.menonbearings.in
CIN : L29130PN1991PLC062352

To direct MBL's CSR Programmes, inter alia, towards achieving one or more of the following –

1. enhancing environmental and natural capital; Plantation, supporting rural development; promoting education; providing preventive healthcare, providing sanitation and drinking water; creating livelihoods for people, especially those from underprivileged section of the society, in rural and urban India, Rehabilitation program for displaced, physically disabled and mentally challenged people & community.
2. To develop the required capability and self-reliance of beneficiaries at the grass roots, especially of women, in the belief that these are prerequisites for social and economic development through Institute for development of skills/ arts including local arts and culture for economically underprivileged people.
3. To engage in affirmative action interventions such as skill building and vocational training, to enhance employability and generate livelihoods for persons from disadvantaged sections of society by teaching fine skills like dying arts etc.
4. To provide training to promote rural sports, nationally recognized sports , Paralympic sports and Olympic sports
5. To pursue CSR Programmes primarily in areas that fall within the economic vicinity of the Company's operations to enable close supervision and ensure maximum development impact.

E. Planning & Implementation:-

1. Identification of Thrust Areas and Strategic Initiatives:

For purposes of focusing Company's CSR efforts in a continued and effective manner, the following five Thrust Areas have been identified:

- i. Environment Protection and Horticulture
- ii. Drinking water and Sanitation
- iii. Healthcare and Medical facility
- iv. Education and Literacy Enhancement
- v. Skill Development
- vi. Training to promote sports

In addition to the above thrust areas, the Company may also expend towards other activities / areas as may be specified in Schedule VII to the Companies Act, 2013 and Rules made thereunder; however, following activities shall not be included in CSR projects:

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- i. activities undertaken in pursuance of normal course of business of the company;
- ii. any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
- iii. contribution of any amount directly or indirectly to any political party under section 182 of the Act;
- iv. activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);
- v. activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
- vi. activities carried out for fulfilment of any other statutory obligations under any law in force in India;

2. Execution:

The following guidelines/modalities shall be followed while executing / undertaking CSR activities:

- i. This CSR Policy is an approach and direction given by the Board of the Company taking into account recommendations of its CSR Committee for selection, implementation and monitoring of activities as well as formulation of the annual action plan. At the beginning of every financial year, CSR Committee will design an Annual Action Plan for the projects / activities to be undertaken during that financial year in pursuance of this CSR policy, which shall include the following, namely:
 - a) the list of CSR projects or programmes that are approved to be undertaken as CSR activities for the financial year;
 - b) the manner of execution of such projects or programmes;
 - 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;
- ii. The Board may alter such plan at any time during the financial year, as per the recommendation of the CSR Committee, based on the reasonable justification to that effect.

3. Implementation:

- i. The CSR activities may be undertaken as follows:

a) Self-implementation:

CSR activities can be undertaken by the Company itself.



b) Implementation through organizations established by the Company or jointly with one or more other companies:

CSR activities can be undertaken through by establishing another a company registered under section 8 of the Companies Act, 2013, 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 companies)

c) Implementation through eligible implementing agencies:

CSR activities can be undertaken through eligible implementing agencies as mentioned below:

- i. through a Companies established under section 8 of the Act, or a registered public trust or a registered society, established by the Central Government or State Government; or
- ii. a Company established under an Act of Parliament or a State legislature; or
- iii. 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 or any entity established under an Act of Parliament or a State legislature or 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
- ii. The Board and the CSR Committee shall ensure that the entities through whom the CSR activities are undertaken, are registered with the Central Government as required under Rule 4(2) of the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended.
- iii. The Board of the Company shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and shall be certified by the Chief Financial Officer or the person responsible for financial management of the Company.

4. Ongoing Projects and their monitoring :-

“Ongoing Project” means a multi-year project undertaken by a Company in fulfilment of its CSR obligations 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.

In case of ongoing project, the Board of the Company shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and it can make modifications, if any, for smooth implementation of the project within the overall permissible time period.




If any amount remained unspent pursuant to any ongoing project, such shortfall shall be transferred within a period of 30 days from the end of the financial year to a special account to be called 'the Unspent Corporate Social Responsibility Account', and such amount shall be spent by the Company within a period of three financial years from the date of such transfer. If such amount is not spent within 3 financial years from the date of transfer, such amount shall be transferred to a Fund as may be specified for the purpose.

5. Constitution of CSR Committee:-

CSR Committee is formed as per the applicable laws and the committee shall be responsible for the implementation/monitoring and review of this policy and various projects/activities undertaken under the policy. The CSR Committee shall submit periodical reports to the board of directors. The CSR Committee would comprise of at least three directors, out of which at least one director will be an independent director.

6. Determination of CSR budget and allocation of funds:

The CSR Committee will determine the amount to be allocated for each activity on yearly basis and recommend the Board of Directors, subject to minimum 2% of average net profits before tax for three immediately preceding financial years. 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, as amended.

In any financial year where excess amount is spent towards CSR (excluding surplus arising out of the CSR activities), such excess amount shall be available for set off towards CSR obligations upto 3 succeeding financial years, subject to the approval of the Board of Directors of the Company in this regard.

The administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year.

Any surplus arising out of the CSR activities shall not form part of the business profits of the Company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of this CSR policy and annual action plan of the Company or such surplus amount shall be transferred to a Fund to be specified by the Central Government, within a period of six months of the expiry of the financial year.

7. Creation or acquisition of a capital asset:-

The CSR amount may be spent by the Company for creation or acquisition of capital asset in accordance with the provisions of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, however such capital asset 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 such CSR project, in the form of self-help groups, collectives, entities; or
- c) a public authority.

8. General:

In case of any doubt with regard to any provision of this policy and in respect of matters not covered herein, a reference to be made to the CSR Committee of the Company. In all such matters, the interpretation and decision of the CSR Committee shall be final.

9. Governance, Measuring, Monitoring, Reporting framework, Outcome and Impact:

To ensure effective implementation of the CSR programmes undertaken by specialized agencies, a monitoring & evaluation mechanism shall be put in place by the CSR Committee for measuring the impact and outcome of programmes. The Committee shall be responsible for the decision making with respect to the Company's CSR Policy and its routine program monitoring to track key operational strategies. The progress of CSR programmes under implementation shall be reported to the Board of Directors by the CSR Committee on a periodic basis.

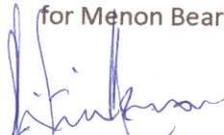
Every year CFO will certify to the Board of Directors to the effect that the funds disbursed for CSR have been utilised for the purpose and in the manner as approved by the Board of Directors of the company.

10. Communication & information dissemination:-

The CSR initiatives taken by the Company will be reported in the Board's Report of the Company and the composition of the CSR Committee, CSR Policy and projects / programmes approved by the Board shall be disseminated on Company's website viz. www.menonbearings.in

Date: 27.01.2021
Place: KOLHAPUR



for Menon Bearings Ltd.

Authorized Signatory

