



ESCORTS LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

I. PREAMBLE

After the introduction of the concept of Corporate Social Responsibility (CSR) in the Companies Act, 2013, Corporate Social Responsibility has gained prominence from all avenues. Organizations also accepted and realized that Government alone will not be able to get success in its endeavour to uplift the society. With the rapidly changing corporate environment, more functional autonomy, operational freedom etc., Escorts Limited (Escorts) has adopted CSR as a strategic tool for overall sustainable growth.

Much before the issue of CSR became a global concern, Escorts had been aware of its CSR and was fulfilling the aspiration of the society through various social initiatives and charity. This has resulted into a harmonious relationship between Escorts and its peripheral communities.

In the aforesaid backdrop, Escorts framed its CSR Policy taking into account the following measures: -

- a. Welfare measures for the community at large so as to ensure the poorer and underprivileged section of the society derive the maximum benefits.
- b. Contribution to the society at large by way of social and cultural development, imparting education, skill development training and social awareness specially with regard to the economically backward class for their development through generation of income and employment.
- c. Environment Protection, safeguard and maintaining ecological balance.

II. OBJECTIVE

The main objective of CSR Policy is to lay down guidelines for the Company to make CSR a key business process for sustainable development of the society. It aims at

enhancing welfare measures of the society based on the immediate and long term social & environmental consequences of its activities.

III. OUR APPROACH TO IMPLEMENTATION

- The investment in CSR will be project based and time framed periodic milestones for every project will be finalized at the outset.
- Project activities identified under CSR shall be implemented by the Company, incorporated Trusts, Section 8 Companies under Companies Act, 2013 or other recognized Association of Persons including NGO's. Such agencies could be made to work singly or in tandem with other agencies.

IV. CSR FUNDS

The corpus for the purpose of carrying on the aforesaid activities shall include the following:

- 2% of the average Net Profits of the Company during immediately preceding three financial years.
- Surplus arising out of CSR activities carried out by the Company and such surplus will not be part of business profit of the Company.

V. ALLOCATION OF FUNDS

The fund for the CSR will be allocated based on the provisions under the Companies Act, 2013 and rules made thereunder {including any statutory modification(s) or re-enactment thereof for the time being in force} [hereinafter referred to as "the Act"]. Out of the total CSR funds, the CSR Committee will be authorised to allocate funds for the activities mentioned herein.

VI. CSR THRUST AREAS

The commitment of the Company will be manifested by investing resources in any of the following areas:

- eradicating hunger, poverty and malnutrition, promoting 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;

- promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- 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;
- 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;
- 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;
- measures for the benefit of armed forces veterans, war widows and their dependents;
- training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
- 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;
- contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- rural development projects;
- slum area development;
- and any other activity as may be notified by the relevant Authority under Schedule VII of the Act.

VII. MONITORING

a. Governance Structure

In compliance with the requirements of Section 135 of the Act, the Company has constituted a robust and transparent governance structure to oversee the implementation of its CSR Policy.

b. Board-level CSR Committee

At Escorts, the CSR governance structure will be headed by its Board Level CSR Committee which will be ultimately responsible for the CSR projects undertaken. The Committee will report to the Board of Directors of Escorts.

c. Constitution of CSR Committee

1. Mr. Nikhil Nanda
2. Mr. Hardeep Singh
3. Mrs. Vibha Paul Rishi
4. Mr. G.B. Mathur

The Company Secretary of the Company will act as Secretary of the Committee.

The Board of Directors may nominate/ substitute any of its members to the Committee.

d. Responsibilities of the CSR Committee

- Formulate and update the CSR Policy to the Board of Directors of Escorts for approval.
- Suggest areas of intervention to the Board of Escorts.
- Approve projects that are in line with the CSR Policy.
- Formulate, review and align monitoring mechanisms to track the progress of each project.
- Recommend the CSR expenditure to the Board of Directors of Escorts for approval.
- Such other responsibility as may be assigned under the Act.

e. Progress report on CSR activities

The CSR Committee shall be provided periodic progress report indicating:

- Achievement since last progress report in terms of coverage compared to the target and reasons for variance, if any.
- Year-to-date achievements in terms of coverage compared to the target, plans to overcome shortfalls, if any and support required from the CSR Committee/ Board to overcome the shortfalls.
- Actual year-to-date spends compared to the approved CSR allocation and reasons for variance.
- In respect of activities undertaken through Section 8 Company/ Trust/ Society/ NGO's/ other recognized Association of Persons etc. periodic reporting mechanism of progress on each such activity and the amount incurred thereon.

f. Review Mechanism

The Board of Directors of Escorts will review the CSR implementation every year.

Escorts shall include in its Annual Report the CSR activities/ project undertaken by the Company including the progress thereof.

The CSR Committee may require Project Appraisal of its CSR projects to be carried out by External Agencies/ Third party Agency, if required.

Utilization Certificate along with statement of expenditure duly certified by the respective Statutory Auditor will be submitted by the organization/ Institution to whom CSR fund is allocated.

To undertake the above activities Committee may delegate the power of execution to persons/ officers of the Company.

VIII. UPKEEP AND MAINTENANCE OF ASSETS CREATED

Maintenance of assets created under CSR would be the Responsibility of the concerned Section 8 Company/ Trust/ Society/ NGO's/ other recognized Association of Persons etc. implementing the CSR activities.

IX. REFLECTION OF CSR ACTIVITIES

The CSR activities will be reflected in the Board's Report and Annual Accounts of Escorts.

X. EFFECTIVE DATE

The effective date of the policy shall be February 11, 2015.

XI. CONCLUSION

The above guidelines would form the framework around which the CSR activities would be undertaken.

The Board of Directors of Escorts will review the policy from time to time based on changing needs and aspirations of the target beneficiaries and make suitable modifications, as may be necessary.

ESCORTS LIMITED

Corporate Secretariat

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