



CORPORATE SOCIAL RESPONSIBILITY POLICY OF AIR WORKS INDIA (ENGINEERING) PVT. LTD.

I. Preamble

The concept of Corporate Social Responsibility ('CSR') has gained prominence from all the avenues. With the rapidly changing corporate and social environment, Air Works India (Engineering) Pvt. Ltd. ('the Company') has adopted CSR as a strategic tool not only for its sustained growth as an organization but also for social, cultural and economic development of the society and its welfare.

This CSR Policy ('Policy') aims at laying down the process for implementing CSR activities and monitoring the progress thereof.

II. Definitions

In this Policy, unless the context otherwise requires:

- a) 'Act' means Companies Act, 2013;
- b) 'Corporate Social Responsibility' means Corporate Social Responsibility as described in Section 135 of the Companies Act, 2013 and defined in the Companies (Corporate Social Responsibility) Rules, 2014;
- c) 'Net Profit' means net profit as defined in Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility) Rules, 2014.

Words and expressions used in this CSR policy and not defined herein but defined in the Act shall have the meaning respectively assigned to them in the Act.

III. Scope

The Company will endeavor to spend the amount allocated as CSR expenditure on projects or programs or activities (either new or ongoing) carrying out any one or more of the following activities:

- a) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to Swach Bharat Kosh set up by the Central Government for the promotion of sanitation and making available safe drinking water.
- b) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.
- c) 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.
- d) 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).

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- e) 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 and handicrafts.
- f) Measures for the benefit of armed forces veterans, war widows and their dependents.
- g) Training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports.
- h) 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.
- i) Contribution or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
- j) Rural development projects.
- k) Slum area development.

Explanation: For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

The above CSR activities are illustrative and are not exhaustive. Further programs and/or activities can be identified through review, evaluation and assessment by the CSR Committee from time to time. The Company shall give preference to the local areas and the areas around where it operates for spending the amount earmarked for CSR activities.

These CSR activities would specifically exclude activities undertaken in pursuance of the Company's normal course of business.

IV. Monitoring and Surveillance

- a) The CSR Committee of the Board of Directors shall be responsible for executing and monitoring the CSR activities, for review of the Policy and the implementation of the same.
- b) The CSR expenditure and reports regarding physical and financial progress of the projects undertaken shall be bound for review at intervals of not more than 6 months by the Board of Directors of the Company.
- c) An annual report on contents of the Policy, overview of the CSR activities undertaken and amount of expenditure and composition of the CSR Committee shall form part of the Directors' Report of every financial year.

V. Annual spends and allocation of funds

- a) The Company will, in every financial year, endeavour to spend not less than 2% of the average Net Profits of the Company made during the three immediately preceding financial years or such other amount as may be required to be spent in terms of the provisions of the Act, as amended from time to time. The surplus arising out of the CSR programmes or projects shall not form part of the business profits of the Company.
- b) The "average net profit" as mentioned above will be calculated in accordance with the provisions of Section 198 of the Act.
- c) The Company may build CSR capacities of its personnel as well as those of its implementing agencies through institutions with established track records of at least three financial years but such expenditure (including expenditure on administrative overheads) shall not exceed 5% of total CSR expenditure of the Company in one financial year.
- d) The CSR projects or programs or activities undertaken in India only would amount to CSR expenditure.

- e) However, if the Company ceases to be covered under sub-section (1) of Section 135 of the Act for three financial years, then it shall not be required to comply with the provisions laid down under sub-section (2) to (5) of the said section, till such time it meets the criteria specified in sub-section (1) of the Act.

VI. Governance Structure

A robust and transparent governance structure to oversee the implementation of the Policy, in compliance with the requirements of Section 135 of the Act has been put in place. The Company's CSR governance structure will be headed by the CSR Committee and this Committee will be ultimately responsible for CSR projects undertaken/ to be undertaken. This Committee will report to the Board of Directors of the Company.

Following are members of the CSR Committee¹:

- (i) Lt. Gen. Ajay Kumar Singh (Retd.)
- (ii) Mr. Anand Bhaskar Dhanyamraju
- (iii) Mr. Ravi S. Menon

Physical meetings of this Committee may be held, if required by the Chairman of the Committee. The quorum for such meetings shall be 1/3rd of its total strength or 2 members personally present, whichever is higher. In accordance with the provisions of the Companies Act, 2013 and the Rules and Regulations made thereunder, the Committee members may pass Resolutions by Circulation or hold its meetings through video conferencing or other audio visual means in accordance with the applicable provisions of the Companies (Meetings of Board and Its Powers) Rules, 2014.

Minutes of the CSR Committee meetings:

- a) A distinct Minutes Book to record proceedings of meetings of the Committee shall be maintained.
- b) A separate attendance register for the meetings of the Committee shall be maintained at the Corporate Office of the Company in the custody of the Company Secretary.
- c) Within fifteen days from the date of the conclusion of each meeting of the Committee, the draft Minutes thereof shall be circulated by hand or by speed post or by registered post or by courier or by e-mail or by any other recognised electronic means to all the members of the Committee for their comments and approval.
- d) Minutes of the Meetings of Committee shall be noted at a meeting of the Board held immediately following the date of entry of such Minutes in the Minutes Book of the Committee.

The CSR expenditure and reports regarding physical and financial progress of the projects undertaken shall be bound for review at intervals of not more than 6 months by the Board of Directors of the Company.

The CSR policy recommended by the CSR Committee and approved by the Board shall be displayed on the Company's website.

Responsibilities of the Committee:

- a) Formulate and update the Policy, which will be approved by the Board of Directors.
- b) Suggest areas of improvement and intervention to the Board.
- c) Approve the projects as specified in Para III of the Policy.

¹The Committee was re-constituted by the Board of Directors on 19th November 2020.

- d) Put the monitoring mechanisms in place to track the progress of each project.
- e) Recommend the CSR expenditure to the Board of the Company, which will approve it.
- f) Meet at least twice a year to review the progress made.

VII. General Policy Guidelines

- a) The CSR programs and / or activities so selected / identified may be carried out by the Company through its officials, employees, representatives, any relevant forum / platform / organization, etc as may be decided by the CSR Committee.
- b) The Company may collaborate or pool resources with other companies to undertake CSR activities and any expenditure incurred on these collaborative efforts would qualify for computing statutory CSR spending.
- c) The Company can also conduct its CSR activity through registered Trusts, registered Societies or Companies formed for charitable purposes, operating in India and having established track record of at least three years in undertaking similar programmes or projects.
- d) Any of the Stakeholders can interact, communicate with / to the CSR Committee Members forwarding their recommendations / suggestions, for consideration of the CSR Committee.
- e) Contribution of any amount, directly or indirectly, to any political party under Section 182 of the Act shall not be considered as CSR activity.

Date of approval by the Board of Directors: 28th January 2016