

SEW-EURODRIVE INDIA PRIVATE LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

(CSR POLICY)

(Adopted on February 5, 2015)

I. PREAMBLE

Building a society, which provides equal access to opportunities, negates disparities and is a collective responsibility of the nation. SEW-EURODRIVE India Private Limited (“**Company**”) being successful as a global power transmission and drive automation supplier is committed to develop conceptual framework for setting up of knowledge and adopting activities that involves participation in initiatives that benefit the society.

II. VISION AND OBJECTIVE

Company’s Corporate Social Responsibility Policy (“**CSR Policy**”) encompasses the Company’s philosophy for delivering its responsibilities as a corporate citizen. The CSR Policy lays down the guidelines and mechanism for undertaking socially useful programmes for welfare and sustainable development of the community and to ensure that it is committed to operate its business in an economically, socially and environmentally sustainable manner while recognising the interest of all its stakeholders.

III. CSR POLICY

Company’s CSR Policy has been framed in conformity and compliance with the provisions of Section 135 of the Companies Act, 2013 and in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

This CSR Policy shall apply to all CSR initiatives and activities taken up by the Company in any part of India for the advantage of the society. These initiatives are independent of the normal conduct of the Company’s business.

IV. VALIDITY OF CSR POLICY

The Company’s CSR Policy has been approved by the Board on February 5, 2015 and shall be amended as and when required by the Board.

V. MAINTENANCE OF CSR POLICY

The CSR policy will be maintained by the CSR Committee constituted by the Board of Directors. Further, the CSR policy will be reviewed by the Board annually.

VI. CSR COMMITTEE

Composition:

The members of the CSR Committee shall consist of,

- i) Mr. Srinivasan Vasudevan, Managing Director,
- ii) Mr. Sameer Oberoi, Independent Director

Meetings

CSR Committee shall hold meetings as and when required, to discuss various issues on execution and implementation of the CSR Policy. The members shall ensure to hold at least two meetings in a financial year to discuss and review CSR activities and the CSR Policy.

The Chairman of the meeting will be elected unanimously in every meeting of the CSR Committee.

CSR Committee shall be responsible to keep the Board apprised of the status of the implementation and progress of the CSR activities.

Quorum

Quorum for a meeting of the CSR Committee shall be one-third of its total strength (any fraction contained in that one-third being rounded off as one), or two members, whichever is higher. In the event of inability of any member to attend the Committee meeting, he would be entitled to appoint an alternate/proxy to attend the meeting in his absence.

Roles and Responsibilities

The CSR Committee will play the following role in fulfilling the Company's CSR objectives:

- i) Formulation and review of the CSR Policy indicating the activities to be undertaken by the Company towards CSR initiatives;
- ii) Recommendation of the amount of expenditure to be incurred on the CSR activities;
- iii) Formulation of a transparent monitoring mechanism for ensuring implementation of the projects/ programmes/ activities proposed to be undertaken by the Company or the end use of the amount spent by it towards CSR activities.
- iv) Monitor and implement this Policy from time to time
- v) Annually report to the Board, the status of the CSR activities and contributions made by the Company
- vi) Any other requirements mandated under the Act and Rules issued thereto

VII. CSR ACTIVITIES

Company's CSR activities shall include one or more of the items covered under Schedule VII of the Companies Act, 2013 or any announcement made in this regard by the Central Government or the Ministry of Corporate Affairs from time to time. Out of the current list from Schedule VII, the Company will focus on any one or more amongst the following areas:

- 1) *promoting education, including special education and employment enhancing vocation skills and livelihood enhancement projects in the field of enhancing technical skills which is ancillary to the Company's activities.*
- 2) *eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water.*
- 3) *ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air & water.*
- 4) *contribution or funds provided to technology incubators located within academic institutions which are approved by the Central Government.*

VIII. CSR AMOUNT

The Company shall ensure that each year it spends under its CSR programme, at least 2% of its average net profits made during the three immediately preceding financial years in compliance to section 135 of the Companies Act, 2013 and the Rules made there under.

Net profits shall be as defined under the provisions of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014.

For the purpose of this Policy, the first CSR spending financial year would be 2015-16 and the Net Profit shall mean average of the annual net profits as defined aforesaid for the financial years 2012-13, 2013-14 and 2014-15.

IX. CSR EXPENDITURE

The total budget and expenditure for the CSR activities will be decided by the CSR Committee from time to time.

X. IMPLEMENTATION OF CSR ACTIVITIES

Identification of Project/s

The CSR activities will be driven by a dedicated team under the guidance and support of the CSR Committee and supervision of the Board of Directors. A list of CSR activities which the company plans to undertake during the implementation year will be laid down before the CSR Committee at the beginning of each year, specifying

modalities of execution in the areas/sectors chosen and implementation schedules for the same.

The CSR Committee will play a significant role in ensuring that the CSR initiatives are in line with this CSR Policy.

Monitoring of Project/s

The CSR Committee may appoint a sub-committee of the Company's employees to closely monitor the approved activities/projects and report to the CSR Committee. Such sub-committee shall be constituted on year-to-year basis.

The CSR Committee will be overall responsible for monitoring approved activities/projects and grants for such activities/projects. The CSR Committee will put in place a transparent monitoring and reporting mechanism for ensuring effective implementation of the projects, programs and activities proposed to be undertaken by the Company. Such monitoring mechanisms will include visits, meetings and progress and status reporting by the project teams. The CSR Committee and persons /entities authorised by it, will conduct due diligence checks on the current projects/partners on a regular basis and report anomalies, if any, immediately to the Board.

Partnerships for implementation

The Company may undertake CSR projects and activities on its own or form collaborative partnerships with the any Government Agencies, the village Panchayats, NGOs and other likeminded organisations and stakeholders, as may be deemed appropriate by the CSR Committee from time to time. This shall help widen the Company's reach and leverage upon the collective expertise, wisdom and experience that these partnerships bring to the table.

XI. DISSEMINATION OF INFORMATION

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

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 Directors' Report in the Annual Report. The CSR Committee will also make a statement in the Annual Report stating that the CSR Policy implementation and monitoring thereof is, in letter and spirit, in compliance with its CSR objectives.

XII. MISCELLANEOUS

Any surplus arising out of CSR projects or programmes or activities shall not form part of the business profit of the Company.

The Company reserves the right to modify, cancel, add, or amend this CSR Policy in order to adopt the best practices in the Industry and in the interest of the stakeholders and society.

Any or all provisions of this CSR Policy may be revised/amended by the Board based on the recommendations of the CSR Committee or in accordance with any statutory guidelines that may be issued from time to time.
