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Corporate Social Responsibility Policy

TABLE OF CONTENTS

1 Introduction

2 Objective & Scope

3 Corporate Social Responsibility (CSR) Committee

4 CSR Budget/CSR Spend

5 CSR Initiatives

6 Publication of CSR Policy & Programs

7 Policy Review & Future Amendment

1. INTRODUCTION

The Company was set up in 1991 as a 60:40 joint venture between the MSR Group & John Brown Engineers & Constructors Ltd U.K. In 1996 Kvaerner ASA Norway acquires John Brown Constructors Ltd UK & John Brown Bangalore becomes a part of Kvaerner Group. In 1999 the MSR Group acquires Kvaerner equity in the company and Kvaerner Process India becomes wholly owned by MSR Group & in 2002 S & B engineers & Constructors Ltd U.S.A acquires equity in VALDEL Engineers & Constructors & the company becomes an Indo American venture. The company later in 2003 changes the name John Brown Technologies to Valdel Engineers & Constructors.

The Authorized Share Capital of the Company is Rs. 5,00,00,000 divided into 50,00,000 Equity Shares of Rs.10/- each, and paid up share capital is Rs. 2,60,00,000 divided into 2,60,000 equity shares of Rs. 10 each

The Main business of the Company are:

Comprehensive Range of services in disciplines such as Engineering, Project & Engineering Management, Procurement Engineering & supervision of construction services. Front End Engineering Design, Project execution & control & Auto CAD & State of the Art computer integrated engineering including oil & gas sectors. The company is an ISO 9001:2008 accredited with a customer focused and HSE-oriented approach. The innovative approach results in delivering engineering value to its clients, whether EPC contractors, plant owners or licensors. With a constant quest for quality, the company successfully executed several projects for a diverse range of customers in the domestic market and across USA, Europe, Middle East and Asia Pacific in the overseas markets.

1.2 CSR in India

CSR in India has traditionally been seen as a philanthropic activity. While the corporate houses have been traditionally engaged in doing CSR activities voluntarily, the new CSR provisions put formal and greater responsibility on companies to set out clear framework and process to ensure strict compliance.

The new Companies Act 2013 (hereinafter referred to as 'the Act'), has introduced the idea of CSR to the forefront and through its "Comply-or-Explain" mandate. It mandates qualifying companies to constitute Corporate Social Responsibility Committee to effectively monitor CSR activities of the Company. Further the Companies (Corporate Social Responsibility Policy) Rules, 2014 (hereinafter referred to as "CSR Rules") lays down the framework and modalities of carrying out CSR activities which are specified in Schedule VII of the Act.

CSR expenditure shall include all expenditure including contribution to corpus on projects or programs relating to CSR activities, approved by the Board on the recommendation of its CSR Committee, but does not include any expenditure on an item not in conformity or not in line with activities which fall within the purview of schedule VII of the act.

Company may meet CSR obligations by setting up a registered Trust, Section 8 Company or Society, Company may conduct CSR programmes through established section 8 company, Trust or society (with at least three years' experience), Activities exclusively for the benefit of employees and their families is not CSR, Activities undertaken in pursuance of the normal course of business of the company is not CSR, Only CSR activities within India will be taken into consideration.

In an annual CSR report, as per the template prescribed in the Rules, the company needs to report the CSR projects undertaken, the specific areas and also the amount spent on the individual projects Display the CSR policy on the company website

2. OBJECTIVE & SCOPE

The main objective of the CSR Policy is to lay down guidelines for Valdel Engineers & Constructors Private Limited (VEC) (hereinafter referred to as 'the Company') to make CSR as one of the key focus areas to adhere to VEC's strategy that focuses on making a positive contribution to society through high impact, sustainable programs.

This Policy covers current as well as proposed CSR activities to be undertaken by the Company and examining their alignment with Schedule VII of the Act as amended from time

to time. It covers the CSR activities which are being carried out in India only and includes strategy that defines plans for future CSR activities.

The Company proposes to implement its CSR activities in various sectors stated hereunder:

2.1 Targeted Sectors

- i. Eradicating hunger, poverty & malnutrition, promoting preventive health care & sanitation & making available safe drinking water;
- ii. Promoting education, including special education & employment enhancing vocation skills especially among children, women, elderly & the differently unable & livelihood enhancement projects;
- iii. Promoting gender equality, empowering women, setting up homes & hostels for women & orphans, setting up old age homes, day care centers & such other facilities for senior citizens & measures for reducing inequalities faced by socially & economically backward groups;
- iv. Reducing child mortality and improving maternal health by providing good hospital facilities and low cost medicines;
- v. Providing with hospital and dispensary facilities with more focus on clean and good sanitation so as to combat human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;
- vi. Ensuring environmental sustainability, ecological balance, protection of flora & fauna, animal welfare, agro forestry, conservation of natural resources & maintaining quality of soil, air & water;
- vii. Employment enhancing vocational skills
- viii. Protection of national heritage, art & culture including restoration of buildings & sites of historical importance & works of art; setting up public libraries; promotion & development of traditional arts & handicrafts;
- ix. Measures for the benefit of armed forces veterans, war widows & their dependents;
- x. Training to promote rural sports, nationally recognized sports, sports & Olympic sports;
- xi. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development & relief & welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities & women;
- xii. Contributions or funds provided to technology incubators located within academic institutions, which are approved by the Central Government;
- xiii. Rural development projects, etc
- xiv. 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.

Any other area as may be prescribed by Schedule VII amended from time to time.

The Company will review the sectors from time to time and make additions/deletions/clarifications to the above sectors.

3. CSR COMMITTEE

3.1 Constitution

Pursuant to the provisions of Section 135 of the Act, the Board of Directors shall constitute the Corporate Social Responsibility (CSR) Committee. The Members of CSR committee shall be appointed by the Board of Directors of the Company which must consist of at least two or more Directors.

3.2 Powers of the Committee

Following are the Powers of the CSR Committee:

1. Formulate CSR Policy and recommend the same to the Board of Directors of the Company for approval
2. Recommend CSR activities as stated under Schedule VII of the Act
3. Approve to undertake CSR activities in collaboration with ERA Foundation, Kaivara, Valdel Group companies/ other Companies/firms/NGOs etc. and to separately report the same in accordance with the CSR Rules
4. Recommend the CSR Budget
5. Spend the allocated CSR amount on the CSR activities once it is approved by the Board of Directors of the Company in accordance with the Act and the CSR Rules
6. Create transparent monitoring mechanism for implementation of CSR Initiatives in India
7. Submit the Reports to the Board in respect of the CSR activities undertaken by the Company
8. Monitor CSR Policy from time to time
9. Monitor activities/charter of Joint Working Group (JWG) who are authorized to ensure that the CSR activities of the Company are implemented effectively
10. Authorize executives of the Company to attend the CSR Committee Meetings

3.3 Frequency of the Meetings of the CSR Committee

The CSR Committee shall meet at least once in a quarter. Members of the CSR Committee can agree upon mutually regarding time and place for the said meetings. Quorum for the meeting should be two. The Members of the Committee may participate in the meeting either in person or through video conferencing or other audio visual means in accordance with the provisions of the Companies Act, 2013 and rules made thereunder from time to time. Other Members of the Senior Management may attend the CSR Committee Meetings as may be appropriate, subject to the approval of the CSR Committee. Minutes of the CSR Committee shall be placed before the Board for noting.

4. CSR BUDGET/CSR SPEND

The Act mandates companies meeting the qualification criteria to allocate certain portion of its annual net profits (before tax) during the three immediately preceding financial years to be spent on CSR Activities that fall under purview of Schedule VII of the Act.

4.1 CSR Expenditure:

Net profit means profit more fully described under Rule 2(f) of the CSR Rules. The CSR expenditure shall include all expenditure including contribution to corpus or on projects or programs relating to CSR activities approved by the Board of Directors on the recommendation of its CSR Committee but does not include any expenditure on an item not in conformity or not in line with activities stated under Schedule VII of the Act.

4.2 Expenditure on CSR capabilities

The Company may build CSR capabilities of their own personnel as well as of their Implementing Agencies and such expenditure shall not exceed 5% of the total CSR spend of the Company as stated in the Rules from time to time. Determination of whether a particular expenses fall within this 5% cap can be decided in consultation of the Chief Financial Officer of the Company based on the clarification available from time to time in this regard.

4.3 Failure to spend the CSR Money

In case the Company fails to spend the above targeted amount in that particular financial year, the Committee shall submit a report in writing to the Board of Directors specifying the reasons for not spending the amount which in turn shall be reported by the Board of Directors in their Directors' Report for that particular Financial Year. Surplus arising out of the CSR initiatives shall not form part of the business profits of the Company.

5. CSR INITIATIVES

In line with Schedule VII of the Act and the CSR Rules, the Company shall undertake CSR activities included in its Annual CSR Plan, as recommended by the CSR Committee at the beginning of each year. The Committee is authorized to approve any modification to the existing Annual CSR Plan or to propose any new program during the financial year under review.

5.1 Annual CSR Plan

The Annual CSR Plan is a yearly plan of CSR activities that would be placed before the Board of Directors of the Company based on recommendation of its CSR Committee which outlines the following aspects of CSR initiatives of the Company:

- Tailor-made CSR projects depending upon allocated spend and geographical presence
- Partnering agencies/companies/firms
- Process Owners
- Project Proposals
- Targeted Beneficiaries & their key needs
- Alignment with Schedule VII
- Project Goals and milestones
- Activities and Timelines including expected closure dates
- CSR Budget with projections
- Monitoring mechanism
- Progress reporting and frequency of reports
- Risks and mitigation strategies
- Any other information as may be required by the CSR Committee

5.2 Collaboration

The Company may collaborate with other Group & Affiliates or its subsidiaries or any other Company as may be approved by CSR Committee to implement CSR activities and the same shall form a part of the Annual CSR Plan. The Company may form trusts on its own to carry out CSR activities in accordance with the CSR Rules and to administer its CSR

activities. The Company may also collaborate its CSR activities with other Valdel Group Affiliates or its subsidiaries or any other Company as may be eligible and approved by the CSR Committee vis-à-vis the Board of Directors and towards this effort, the Company may jointly along with other Valdel Group Affiliates or its subsidiaries or any other Company form Trusts to administer the CSR activities.

5.3 Disqualifying Activities for CSR

The CSR Rules prohibit the CSR projects and programs that are implemented by the Company for benefit of the employees of the Company and their families. The CSR activities implemented outside India also fall outside the purview of the Rules and hence CSR expenditure on such activities will not be considered for inclusion in the CSR Report. Any amount directly or indirectly contributed towards any political party under Section 182 of the Act shall not be considered as CSR Spend. Activities that are undertaken by the Company in pursuance of its normal course of business will not be considered as CSR activities.

5.4 Monitoring Mechanism

A Joint Working Group (JWG) comprising of employees of the Company and representatives of entities with which the Company decides to collaborate for fulfilling its CSR obligations, will be created to ensure effective implementation and monitoring of the projects approved by the CSR Committee. The JWG will submit periodic reports to the CSR Committee of the Company on the progress of the various projects approved by the Committee and entrusted to the JWG for implementation and monitoring.

5.5 Reports

JWG shall assist the CSR Committee to prepare reports that are required to be placed before the Board.

6. PUBLICATION OF CSR POLICY & PROGRAMS

6.1 Publication of the CSR Policy

As per the CSR Rules, the contents of the CSR Policy shall be included in the Directors' Report and the same shall be displayed on the Company's website, if any.

7. POLICY REVIEW & FUTURE AMENDMENT

The Committee shall annually review its CSR Policy from time to time and make suitable changes as may be required and submit the same for the approval of the Board.