

CORPORATE SOCIAL RESPONSIBILITY POLICY



PREAMBLE

At **AGGCON EQUIPMENTS INTERNATIONAL LIMITED (Company)**, we recognize that our activities must not only benefit our clients, stakeholders and employees but also benefit those who live in the surrounding areas of our business operations.

The Company has always endeavored to conduct its business responsibly, mindful of its social accountability, respecting applicable laws and with regard to human dignity. Our long-term CSR objective is “to improve the quality of life of the communities we serve through long-term value creation for all stakeholders”.

We have developed our Corporate Social Responsibility (CSR) Policy in accordance with section 135 of the Companies Act, 2013 (“Act”) read with Companies (Corporate Social Responsibility Policy) Rules, 2014 (“CSR Rules”).

We are committed to keeping the Company at the forefront of sustainable measures, delivering leading best practices, and progressing industry-wide adoption of sustainability.

VISION AND MISSION

- To utilize our resources to create a positive impact in society.
- To interact and engage with local communities in order to understand their issues and help improve their quality of life.

OBJECTIVES OF CSR POLICY

This Policy aims to:

1. Seamlessly integrate business processes with social responsibility;
2. Provide guidance for the Company and its personnel in engaging with social activities.

ROLE OF CSR COMMITTEE-

In compliance with the requirements of section 135 of the Act, the Company shall at all times have a duly constituted CSR Committee of the Board.

The composition of the CSR Committee of the Board is as below:

1. Managing Director, Member and Chairman of the CSR Committee
2. One Independent Director as Member of the CSR Committee
3. Any one other Director as a Member of the CSR Committee

The CSR Committee will play the following roles in fulfilling the Company’s CSR objectives:

1. Identify activities to be undertaken as per Schedule VII of the Companies Act, 2013 towards CSR initiatives;
2. Formulate CSR Policy;
3. Recommend the CSR Policy or amendment thereto to the Board of Directors of the Company for its approval;
4. Formulate and recommend to the Board, an annual action plan 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 in areas or subjects specified in Schedule VII of the Act;
 - b. The manner of execution of such projects or programmes;
 - c. The modalities of utilization 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.

5. To recommend any alteration in the annual action plan to the Board along with reasoned justifications.
6. Recommend the CSR expenditure/CSR Budget to be incurred on the CSR activities;
7. Spend the allocated CSR budget, on CSR activities in accordance with the Act and the CSR Rules;
8. Formulation of a transparent monitoring mechanism for ensuring the effective implementation of the projects/ programmes/ activities proposed to be undertaken by the Company as part of its CSR initiatives;
9. Monitoring the end use of the amount spent towards CSR activities;
10. To facilitate impact assessment of the CSR projects, if required;
11. Regularly monitor the implementation of the CSR Policy from time to time;
12. Report to the Board, the status of the CSR activities and the contributions made by the Company;
13. Review the Policy from time to time;
14. Carry out any other functions as may be necessary and expedient to the functioning of the Committee to meet the requirements mandated under the Act and Rules framed thereunder;
15. To adhere and comply with the general or specific directions / orders issued by the Central Government for compliance with the provisions of law.

ROLE OF BOARD OF DIRECTORS

1. Approve CSR Policy;
2. Approve CSR Annual Action Plan on the recommendations of the Committee.
3. Approve the amount of expenditure to be incurred on CSR activities in a financial year;
4. Verify proper utilization of disbursed CSR funds;
5. Modify the Annual Action Plan based on CSR Committee recommendations;
6. Ensure transfer of the unspent amount relating to CSR as per the Act;
7. Oversee project progress and impact assessments as required by the Act;
8. Ensure disclosure of CSR Policy and reports as per legal requirements;
9. Any other matter/thing as may be considered expedient by the members in furtherance of and to comply with the CSR Policy of the Company.

FOCUSED GEOGRAPHIC SPREAD

Company's focus areas for developmental activities will be in urban as well as rural areas in the states/ territory in which it is located or may be located in future. While we will ensure that all communities benefit from our CSR activities, we will focus on those groups which are socially and economically marginalized, especially women and girl children amongst all others.

Further, any amount remaining unutilized in one location shall be interchangeably utilized in other locations for any approved activities.

FOCUS AREAS OF ACTIVITIES

In accordance with the requirements under the Act the rules/ regulations framed thereunder, and circulars/ clarifications issued thereunder (collectively, "Applicable Law"), Company CSR activities, amongst others, will focus broadly on:

- Education;
- Gender Equality and Women Empowerment;
- Health and Sanitation (including Poverty, Malnutrition and Hunger);
- Rural Development;
- Environmental Sustainability;
- Skill Development;

The Company shall aim to utilize the total CSR budget towards projects under each category in a rational and equated manner. The implementation strategy shall largely be as follows:

Sl No.	Focus Area/Category	Implementation Strategy
1.	Education	Work directly or partner with non-profit organizations; primary, secondary, and higher educational institutions including schools, colleges, and universities to encourage efforts in a wide range of areas including training, provision of funding for continued education, skilling and re-skilling initiatives, offline and online education, research, infrastructure development and capacity building.
2.	Gender Equality and Women Empowerment	Work directly or partner with the NGOs to reach out to underprivileged and socially disadvantaged persons including women and children. Such projects will be towards the cause of gender equality and empowerment. These may include awareness activities, training, support for livelihood related efforts, infrastructure development, etc.
3.	Healthcare and Sanitation including Hunger, Poverty, Malnutrition	Work directly or partner with the non-profit organizations at infrastructure and/or operational level to support meal or nutrition related programs in schools and other institutions across India. Work with medical and health related organizations for projects in preventive healthcare, short term and long-term care and treatments.
4.	Rural Development and Environmental Sustainability	Work directly or partner with government and NGOs to support projects related to Rural Development including rehabilitating disaster- affected victims in rural areas, etc.
5.	Skill Development	Work directly or partner with the non-profit organizations/governmental organizations to promote skill development in rural or urban areas.

"It is clarified that while the Company has identified the above focus areas for CSR spending, it may undertake any other CSR activity as specified under Schedule VII of Companies Act, 2013, as per the decision of the Board / CSR Committee."

EXCLUSIONS

The following activities will not be considered as CSR activities, in accordance with the provisions of the Act and the Rules -

1. Any CSR projects and programmes that are implemented by the Company for benefit of the employees of the Company, workers ;
2. Any CSR activities implemented outside India, except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
3. Any amount contributed, directly or indirectly, to any political party or for any political purpose;
4. Activities that are undertaken by the Company in pursuance of its normal course of business;
5. Activities supported by the Company on sponsorship basis for deriving marketing benefits for its products or services;
6. Activities carried out for fulfillment of any other statutory obligations under any law in force in India.

DELIVERY MECHANISM

The Board, through the CSR Committee, shall ensure that the CSR activities shall be undertaken/ executed/ implemented either by the Company itself and/ or through Implementing Agencies (IAs).

Following may act as (IAs)-

- a) A company established under Section 8 of the Act or a registered public trust or a registered society registered under Sections 12A and approved under 80G of the Income Tax Act, 1961, established by the Company, either singly or along with any other Company, or
- b) 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,
- c) any entity established under an Act of Parliament or a State legislature, or
- d) a company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (vi-a) of clause (23-C) of Section 10 or registered under Section 12-A and approved under 80-G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities, or
- e) any other permitted entity under the Act and CSR Rules as amended from time to time.

The Company shall ensure that the IAs engaged by the Company are duly registered with the Ministry of Corporate Affairs to bring accountability and transparency in the implementation of CSR activities and thereby strengthen the CSR eco-system.

The Company shall endeavor to undertake appropriate documentation of the CSR activities, its executing partners, and expenditure on a regular basis. MoUs/agreements may be executed with IAs qualified to undertake CSR activities under the Act with clear project outlines, deliverables, timelines and budget.

Whilst, a large part of the CSR efforts of Company will be implemented by an in-house CSR department/Foundation and through societies promoted by the Company, the Company may also partner with credible organizations – individually or as a member of consortiums – to design, fund, implement and review projects.

The Company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as well as for capacity building of their own personnel for CSR.

USAGE OF CSR FUNDS/ CSR EXPENDITURE

The Company shall spend at least 2% of its average net profits during 3 (three) immediately preceding financial years ('Mandatory Allocation') calculated as per section 198 of the Act, to undertake CSR activities as determined pursuant to this Policy and the Annual Action Plan. The net profit so calculated shall not include the following-

- Any profit arising from any overseas branch(es) of the Company, whether operated as separate company or otherwise; and
- Any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act.

Based on its consultative process of needs assessment as well as other criteria for identifying social initiatives, necessary budget allocation exercise shall be carried out at the start of the relevant financial year. The budget shall include details of activities / projects planned to be covered during the financial year.

The Company shall endeavor to give preference to local areas and the areas around which it operates for spending the amount earmarked for CSR activities.

The CSR amount spent by Company for creation or acquisition of a capital asset, if any, shall be held by a company established under section 8 of the Act, or a registered public trust or registered society, having CSR registration number, or beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities, or a public authority.

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 the Chief Financial Officer or the person responsible

for financial management shall certify to the effect.

The Board shall ensure that the administrative overheads shall not exceed 5% of total CSR expenditure of the Company or any amount as specified in the Companies Act, 2013 for the financial year.

TREATMENT OF UNSPENT AMOUNT

a) If it relates to ongoing project-

Ongoing project means a multi-year project undertaken by a Company in fulfilment of its CSR obligation 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. Identification of ongoing projects shall be done by the CSR Committee while its implementation shall be monitored by both, the Committee and the Board of Directors.

Any amount remaining unspent as mentioned above pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by the Company in pursuance of this Policy shall be transferred by the Company within a period of thirty days from the end of the financial year to a special account to be opened by the Company in that behalf for that financial year in any scheduled bank to be called the 'Unspent Corporate Social Responsibility Account', and such amount shall be spent by the Company in pursuance of its obligation towards the Policy within a period of three financial years from the date of such transfer, failing which, the Company shall transfer the same to a fund as specified in Schedule VII of the Act, within a period of thirty days from the date of completion of the third financial year.

b) If it relates to a project other than ongoing project-

The Company shall transfer such an amount to a fund specified in Schedule VII within a period of 6 months from the end of the financial year. Company shall not use this fund for meeting its CSR expenditure within the said period of six months.

The Board of Directors shall specify the reason for not spending the amount in its board report.

TREATMENT OF THE AMOUNT WHICH IS SPENT IN EXCESS OF MANDATORY ALLOCATION

If the CSR expenditure in a financial year exceeds the statutory limit, then such excess amount spent may be set-off against the CSR expenditure of the Company for the next three financial years with the approval of the Board by way of a resolution, on the recommendation of the CSR Committee. Such an excess amount available for set off shall not include the surplus arising out of the CSR activities.

SURPLUS ARISING FROM CSR ACTIVITIES

Any surplus arising out of the CSR activities shall not form part of the business profit of the Company and shall be :

- ploughed back into the same CSR project; or
- transferred to the Unspent CSR Account and spent in pursuance of the CSR Policy and annual action plan of the Company; or
- transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year in which the surplus is generated.

IMPACT ASSESSMENT

The Company shall undertake impact assessment, through an independent agency, of its CSR projects having outlays as prescribed under the Companies Act, 2013.

The impact assessment shall be done by an independent external agency appointed by the Board.

The impact assessment report(s), if any, shall be placed before the Board and shall be annexed to the annual report on CSR as per the provisions of law.

The Company may, for undertaking the impact assessment, book the expenditure towards CSR for that financial year, which shall not exceed two percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is higher.

OPERATIONAL GUIDELINES

Any CSR projects/commitments to be undertaken by the Company's Board of Directors at any point of time should be in accordance with the annual action plan approved by the CSR Committee at the beginning of each year.

The CSR Committee shall conduct meetings pursuant to the Act to perform its duties and responsibilities in compliance of the applicable law.

AMENDMENTS TO THE CSR POLICY

Any amendment in this Policy may be carried out with the approval of the Board of Directors of the Company. In case any amendments, clarifications, circulars, and guidelines as issued by the regulatory body(ies)/authority(ies) and such amendments, clarifications, circulars and guidelines are not consistent with the requirements specified under this Policy, then the provisions of such amendments, clarifications, circulars and the guidelines shall prevail and accordingly this Policy shall stand amended effective from the date as laid down under such amendments, clarifications, circulars and guidelines.

INTERPRETATION

Words and expressions used but not defined in this Policy shall have the same meaning assigned to them in the Act, Companies (Corporate Social Responsibility Policy) Rules, 2014 and other rules made thereunder or each as amended. This Policy shall also be subject to such clarifications and FAQs as may be issued by the Ministry of Corporate Affairs from time to time. In case of any doubt with regard to any provision of the Policy and also in respect of matters not covered herein, a reference should be made to the Company Secretary. In all such matters, the interpretation & decision of the CSR Committee shall be final. Any or all provisions of the Policy would be subject to revision/ amendment in accordance with the guidelines on the subject as may be issued from the Government, from time to time.

WEBSITE DISCLOSURE

The Board of Directors of the Company need to mandatorily disclose the composition of the CSR Committee, the Policy and projects approved by the Board on their website for public access. The same shall also be disclosed in the Board Report.
