

ARIHANT INDUSTRIAL CORPORATION LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

(11th February, 2025)

Policy that defines Company's philosophy for delineating its responsibility as a Corporate Citizen and lays down the guidelines and mechanism for undertaking socially useful programmers for sustainable development and welfare of the community at large.

CORPORATE AND SOCIAL RESPONSIBILITY POLICY
OF
ARIHANT INDUSTRIAL CORPORATION LIMITED

Corporate Social Responsibility (“CSR”) is defined as the integration of business operations and values, whereby the interests of all stakeholders including investors, customers, employees, the community and the environment are reflected in the company's policies and actions.

Any Organization operates in Social Environment and the Corporate Social Responsibility (“CSR”) is the ways and means through which the Corporate can repay the Obligations which the Society has made by contributing the resources in its various forms as required for the efficient operation of the Business. Corporate Social Responsibility is strongly connected with the principles of Sustainability and Social Welfare. An organization should make decisions based not only on financial factors, but also on the social and environmental consequences. Therefore, it is the core corporate responsibility of **ARIHANT INDUSTRIAL CORPORATION LIMITED** to practice its corporate values through its commitment to grow in a socially and environmentally responsible way, while meeting the interests of its stakeholders.

This Statement demonstrates commitment of **ARIHANT INDUSTRIAL CORPORATION LIMITED** to Corporate Social Responsibility through which the company aim to align business values, purpose and strategy with the needs of the society as a whole in which the Company operates, whilst embedding such responsible and ethical principles into everything the Company do.

Guiding Principles:

“**ARIHANT INDUSTRIAL CORPORATION LIMITED**” is vigilant in its enforcement towards corporate principles which the Government of India has mandated through Companies (Corporate Social Responsibility) Policy, 2014 and is committed towards sustainable development. The company endeavors to make CSR a key business process for sustainable development. It constantly strives to ensure strong corporate culture which emphasizes on integrating CSR values with business objective. It also pursues initiatives related to quality management, environment preservation and social awareness.

Definitions:

- “**Act**” means the Companies Act, 2013
- “**Administrative overheads**” means the expenses incurred by the company for general management and administration of Corporate Social Responsibility functions in the

company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme;

- **“Board”** means Board of Directors of the Company.
- **“Corporate Social Responsibility” “(CSR)”** means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in the Companies (Corporate Social Responsibility Policy) Rules, 2014, but shall not include the following, namely:-
 - (i) activities undertaken in pursuance of normal course of business of the company: Provided that any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22, 2022-23 subject to the conditions that-
 - (a) such research and development activities shall be carried out in collaboration with any of the institutes or organisations mentioned in item (ix) of Schedule VII to the Act;
 - (b) details of such activity shall be disclosed separately in the Annual report on CSR included in the Boards Report;
 - (ii) any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
 - (iii) contribution of any amount directly or indirectly to any political party under section 182 of the Act;
 - (iv) activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);
 - (v) activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
 - (vi) activities carried out for fulfilment of any other statutory obligations under any law in force in India.
- **“CSR Committee”** means Corporate Social Responsibility Committee constituted by the Board pursuant to section 135 of the Companies Act, 2013 and rules made there under.
- **“Company”** means ARIHANT INDUSTRIAL CORPORATION LIMITED.

- **“Net Profit”** means the net profit of the Company as per its financial statement prepared in accordance with the section 198 of the Companies Act, 2013 and other applicable provisions, but shall not include the followings, namely:-

- 1) Any profit arising from any overseas branch or branches of the Company, whether operated as a separate company or otherwise, and
- 2) Any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Companies Act, 2013.

- **“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;
- **“Rules”** means the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time.

Words and expressions used in this policy and not defined herein but defined under the Companies Act, 2013 or rules made there under as amended from time to time shall have the same meanings respectively assigned to them.

Commitment:

The Company is committed to:

- ❖ Continuous improvement in our Corporate and Social Responsibility (CSR) strategy.
- ❖ Encouraging our business partners to strive for matching performance.
- ❖ Acting in a socially responsible way.
- ❖ Supporting a number of local communities and social / charitable causes.
- ❖ Continually improving our performance and meeting all relevant legislation.
- ❖ Encouraging our staff to be mindful of the effect of their actions on any natural resource.

Purpose and Aims:

- The purpose of the policy is to make clear to all stakeholders what we mean by CSR and how we propose to work towards achieving it. The CSR policy applies throughout all the activities undertaken in the organization and governs our approach to all our activities.

- In implementing this policy we aim to:

- ❖ Be responsible.
- ❖ Be an exemplar of good practice.

Eligible Areas of CSR under the Companies Act, 2013:

- ✓ Eradicating hunger, poverty and malnutrition, promoting health care including 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 livelihood enhancement projects and employment enhancing vocation skills especially among children, women and elderly.
- ✓ Promoting Gender Equality, empowering Women, setting up Homes and Hostels for Women and Orphans, setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
- ✓ 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.
- ✓ Ensuring environmental sustainability ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set up by Central Government for rejuvenation of River Ganga.
- ✓ Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows.
- ✓ Training to promote rural sports, nationally recognized sports, Paralympics sports and Olympic sports.
- ✓ Contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES 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.
- ✓ Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government.

- ✓ Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organization (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs)
- ✓ Rural development projects,
- ✓ Slum area Development (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)
- ✓ Disaster management, including relief, rehabilitation and reconstruction activities.
- ✓ To contribute such other cause as may be permitted under Provisions of Companies Act, 2013 and rules made there under from time to time.

Also, the CSR activities undertaken in India only will be taken into consideration, in order to satisfy the requirement of section 135 of the Companies Act 2013.

Implementation process:

Stage I: Constitution and composition of the CSR Committee:

The CSR initiatives/activities of the Company will be identified and initiated by the CSR Committee comprising of 3 (**Three**) or more members of Board. In case, the CSR Liability of the Company is less than Rs. 50,00,000/- (Rupees Fifty Lacs Only), then the Board of Directors of the Company can perform all the roles and responsibilities of the CSR Committee as defined herein below.

The members of the CSR Committee shall elect one of them as the Chairman of the Committee. The CSR Committee shall recommend to the Board the amount of expenditure to be incurred by the Company on CSR activities and the Board will ensure that the activities as are included in the CSR Policy are undertaken by the Company subject to and in accordance with the provisions of section 135 of the Companies Act, 2013 and rules made there under (as amended from time to time). The composition of CSR Committee shall be disclosed in the Board's report.

Stage II: Scope of the CSR Committee:

The CSR Committee has been set up to:

- Formulate and recommend to the Board CSR Policy which shall indicate the activities to be undertaken by the Company as detailed in the Section 135 read with Schedule VII to the Act and rules made there under from time to time.
- Recommend the amount of expenditure to be incurred on the activities referred to in the CSR Policy.
- Formulate and recommend to the Board an Annual Action Plan in pursuance of the CSR Rules as amended from time to time;
- Monitor the CSR Policy and CSR Sustainability from time to time by any mode including but not limited to:
 - Seeking periodical Monitoring and Implementation Reports from the organizations receiving funds from the Company;
 - Delegating its representatives to co-ordinate with the organizations receiving funds from the Company and to inspect the CSR activities undertaken by them and ensuring information in a timely manner;
- institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company;
- carrying out any other functions as authorized by the Board from time to time or as enforced by statutory/ regulatory authorities.

Stage III: Corpus of Funds:

- The Company may constitute Corpus of Funds or earmark amount to be spent on CSR activities which will be utilized for the Eligible CSR Activities under the Supervision and Guidance of CSR Committee of the Board of Directors of the Company.
- The Company will contribute and spend at least 2% of the Average Net profits of the Company made during the three immediately preceding Financial Years or such higher amount as may be recommended by the CSR Committee from time to time in such projects / activities as may be determined by the CSR Committee in pursuance of this Policy Statement. If the Company contribute / Spend less amount, the company reserve right to spend more in subsequent year/s or to explain / report in the Directors Report.
- If the Company creates separate corpus, till the time of Actual Utilization of the Funds lying the Corpus, if any, the same may be parked in such profitable avenues as may be decided by the CSR Committee from time to time.

- Any Surplus arising out of the CSR Projects / programs / activities or on Parking of CSR Funds in such profitable avenues as may be determined by the CSR Committee as aforesaid will not be merged with the Business profits of the Company and shall be exclusively used for the Eligible CSR Activities.

Treatment of CSR Expenditure:

i) Treatment of excess CSR amount spent:

If a Company spent on CSR in excess of the requirement (i.e. 2%), such excess amount may be set off against the requirement of the CSR Spending u/s 135(5) upto the immediate succeeding 3 financial year subject to the conditions that:

- The excess amount available for set off shall not include the surplus arising out of the CSR Activities, if any, in pursuance of the rules.
- The Board of Directors shall pass a resolution to that effect.

ii) Administration Over Heads:

The administration over head shall not exceed 5% of total CSR Expenditure of the Company for the financial year.

iii) Treatment of surplus arising out of CSR amount:

Any surplus arising out of the CSR activity shall not be a part of the business profit. Such surplus shall be used on the following within a period of 6 months of the expiry of the financial year.

- Ploughed back into the same project.
- Transferred to the Unspent CSR Account, and
- Spent in pursuance of the CSR policy and the annual action plan of policy.

iv) Spending on Capital Assets:

The CSR amount may be spent by a Company for the creation or acquisition of a capital asset, which shall be held by:

- a Section 8 Company, or a Registered Public Trust, or registered Society with the charitable objects, having CSR registration number or
- Beneficiaries of the said CSR Project, in the form of self-help groups, collectives or entities.
- A Public Authority.

v) Treatment of Unspent Amount:

If the Company fails to spend 2% of the Average net profit, then the following shall be the treatment of the unspent amount.

i) If Unspent Amount Not Relating to an Ongoing Project:

The Board shall, in its report, specify the reasons for not spending the amount; and unless the unspent amount relates to any ongoing project then, transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

ii) If Unspent Amount Relating to an Ongoing Project:

The amount be transferred 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 (UCSRA).

iii) If Fails to Spend on the Ongoing Project:

If Company Fails to spend in 3 years, the company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.

Stage IV: Modalities of execution of CSR Projects and Utilization of Funds:

The modalities of the execution of the CSR projects or programs and their implementation along with the monitoring process of such projects or programs will be as decided by the CSR Committee / Board. Broadly the CSR Activities can be undertaken by the Company through any of the following mode:

- By undertaking CSR Activities directly by the Company;
- By Contributing to the Registered Trust or the Registered Society having an established track record of the preceding three financial years for Undertaking the Eligible CSR Activities as provided under the Rules;
- By Contributing to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES 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;

- By Contributing to Swachh Bharat Kosh set up by the Central Government for the promotion of Sanitation or by making contribution to the Clean Ganga Fund set up by Central Government for rejuvenation of River Ganga;
- Through the Company established for the Charitable and such other purposes under Section 25 of the Companies Act, 1956 or Section 8 of the Companies Act, 2013;
- By Collaborating with such other Companies which is undertaking the same or similar CSR Activities as may be decided by the CSR Committee of the Company from time to time for the purpose of having synergy of resources for the better social upliftment of the Society.

Stage V: Implementation Schedule:

- Each CSR contribution / activities / Projects / Spent will be undertaken in the Supervision and Guidance of CSR Committee of the Board.
- Unless the Contribution be made in the Prime Minister's National Relief Fund, Swachh Bharat Kosh, the Clean Ganga Fund or such other recognized Funds of Central Government or State Government, the CSR Activities / Projects will be undertaken in the phased manner as may be determined by the CSR Committee from time to time considering the nature of activity to be undertaken at the relevant point of time.
- The CSR Committee will identify the CSR activities including the focus areas, annual budget, planned expenditure and implementation schedule etc. and will present the Annual Action Plan to the Board for its approval.

An Annual Action Plan shall be formulated and recommend by the CSR Committee to the Board every year. This shall inter alia include the following among other things:

Stage VI: Compliance, Monitoring and Reporting:

- Each Director or CSR Committee member is responsible for ensuring that the principles set out in this policy are communicated to understood and observed by all employees and for ensuring compliance in their area of responsibility.
- When the CSR projects are undertaken by contributing the CSR Funds in the Registered Society or through Registered Trust or by undertaking a joined projects with any other Organization carrying on the same / similar CSR Activities, then the periodical follow up measures and /or periodical visit to such sites supported by the progress report as received from the said Society / Trust be placed before the CSR Committee;

- The report of the Board of Directors of the Company shall include CSR activities in the prescribed format and the Company shall also display the CSR policy on its official website, if any.

Stage VII: Guiding Principles for Formulation of Annual Action Plan:

- The CSR Committee shall formulate and recommend to the Board every year an Annual Action Plan (AAP) in pursuance of this Policy.
- The AAP will list down the CSR projects or programmes to be undertaken by the Company in the areas or subjects mentioned in Schedule VII of the Act.
- Execution of such projects or programmes shall be done directly or through any of the entities specified in the applicable Rules.
- AAP will contain provisions regarding the modalities of utilization of funds and implementation schedules for the projects or programmes.
- AAP will contain details of need and impact assessment, if any as may be considered necessary for the projects to be undertaken by the Company and as per applicable laws.
- AAP will be subject to review and revision from time to time by the CSR Committee or Board, based on reasonable justification for the same.

Stage VIII: Compliance with Law

For all such matters as may not be specifically mentioned in this Policy, the Company shall comply with the applicable provisions of the Act and the notifications, circulars, guidelines, etc. issued thereunder. Provisions contained in the Act, rules, regulations, notifications, circulars, guidelines shall prevail over anything contained in this Policy to the extent latter is contrary to the former. Words and expressions used in this Policy shall have the same meanings assigned to them in the Act and Rules thereto.

The constitution, composition, quorum requirements, frequency of meetings, terms of reference, role, powers, rights, authority and obligations of the 'Corporate Social Responsibility Committee' shall always be in conformity with the provisions of the Act (including amendments thereof from time to time) and any amendments in the aforesaid Act, Rules, listing agreement, etc. shall be deemed to form part of this CSR Policy.

--- XXX --- XXX ---