



ARDEE ENGINEERING LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY (“CSR
POLICY”)

1. INTRODUCTION

The objective of Corporate Social Responsibility (“**CSR**”) is to benefit the society by improving the quality of individuals, their families and local community at large. Ardee Engineering Limited (hereinafter to be referred as “**the Company**”) through its CSR activities intends to participate in the overall development of the society and encourage alignment with Social Development Goals (SDGs) related to gender sensitivity, skill enhancement, entrepreneurship development, research in education, Hygiene & Water etc.

This policy lays down the guidelines and mechanism for undertaking socially useful programs for welfare and sustainable development of the community at large. The Company’s CSR policy has been framed in accordance with Section 135 of the Companies Act, 2013 read along with Schedule VII and the rules framed thereunder. This Policy covers all the internal dimensions of the CSR structure and further captures and sets out the process of implementation of the CSR related activities.

2. SCOPE

This Policy shall apply to all the CSR projects undertaken by the Company or through any trust or NGO and society, whether such project is executed in collaboration with any other company or on its own.

3. DEFINITIONS

(a) “**Act**” means Companies Act, 2013 including any statutory modification or re- enactment thereof.

(b) “**Board**” means Board of Directors of the Company.

(c) “**Corporate Social Responsibility**” (CSR) means the activities undertaken by the Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in the CSR Rules, but shall not include the following, namely:

(i) Activities undertaken in pursuance of normal course of business of the Company.

(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 Company 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.

(d) “**CSR Rules**” means the Companies (Corporate Social Responsibility Policy) Rules, 2014.

(e) “**Chairperson**” means Chairperson of CSR Committee, if any.

(f) “**CSR Committee**” means Corporate Social Responsibility Committee of the Board, if any.

(g) “**CSR Policy/ Policy**” means Corporate Social Responsibility Policy of Company.

(h) “**CSR Activities**” means the activities to be undertaken by Company in areas or subject specified in Schedule VII to the Act and specified under this Policy.

(i) “**Employee**” means employee of Company (whether working in India or abroad).

(j) “**International Organization**” means an organization notified by the Central Government as an international organization under section 3 of the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), to which the provisions of the Schedule to the said Act apply.

(k) “**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. Words and expressions used and not defined in this Policy but defined in the Act and CSR Rules shall have the same meanings respectively assigned to them in the Act and the CSR Rules.

4. APPROACH

The approach of CSR will be revolving around following principles- Honesty, focus upon impact, Strengthening the relationship between communities and companies, Employee engagement, Innovation, Team building, Transparency and accountability with a holistic approach for development.

5. CSR ACTIVITIES

The Company may undertake / fund projects, programs or activities of the following nature and also undertake such other activities as may be approved by the Board as per Schedule VII of the Companies Act, 2013.

5.1 Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water and dwelling units for poor.

5.2 Promoting education, including special education and employment, enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.

5.3 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.

5.4 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.

5.5 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 art and handicrafts.

5.6 Measures for the benefit of Armed Force veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Force (CPMF) veterans, and their dependents including widows.

5.7 Contribution to “Swachh Bharat Kosh” and “Clean Ganga Fund” as set up by the Central Government for the promotion of sanitation and rejuvenation of river Ganga.

5.8 Training to promote rural sports, Paralympic sports, Olympic sports, and nationally recognised sports.

5.9 Contribution to the Prime Minister's National Relief Fund or Prime Minister's Central 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 Caste, Scheduled Tribes, other backward classes, minorities and women.

5.10 Contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, and contribution towards Public Funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development Organization (DRDO), Department of Biotechnology (DBT), Department of Science and Technology (DST), Ministry of Electronics and Information Technology) engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).

5.11 Rural development projects.

5.12 Slum area development.

5.13 Disaster Relief Extending relief measures during the time of natural disaster, anywhere in the country.

6. PROJECT SELECTION AND IMPLEMENTATION

6.1 Project Selection Projects shall be selected on the basis of need identification studies, internal need assessment or receipt of proposals. Projects shall be evaluated against goals and milestones defined for the project together with the implementing agency (if any).

6.2 Project Implementation

6.2.1 The Board shall ensure that the CSR Activities are undertaken by the Company itself or through any of the following implementing agencies –

(i) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the Company, either singly or along with any other company; or

(ii) 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; or

(iii) Any entity established under an Act of Parliament or a State legislature; or

(iv) company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

6.2.2 The implementation modalities may be modified from time to time.

6.2.3 The Company may also engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per this CSR policy as well as for capacity building of its own personnel for CSR.

6.2.4 All projects will have Key Performance Indicators (KPIs) to measure progress toward those goals and objectives set at the time of project definition. Based on the nature of the project, the KPIs will be defined and measured across various stages such as Inputs, Outputs, Outcome and Impact.

6.2.5 The project may define the beneficiary group as per the goal and the needs assessment / baseline study.

6.2.6 The Company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR Committees of respective companies (wherever Committees are been constituted as per the provisions of the Act read with CSR Rules) are in a position to report separately on such projects or programmes in accordance with the CSR Rules.

6.2.7 The annual action plan of the Company would include the manner of execution of CSR projects or programmes to be undertaken by the Company and the modalities of utilisation of funds and implementation schedules for the projects or programmes.

6.3 Partner Qualifications and Due Diligence If Company enrolling an implementation agency, Company shall undertake measures to ensure that projects are awarded to certified implementation agencies, be its vocational training institutes, registered trusts, societies, or Section 8 Companies operating in India.

The Company shall ensure that the implementation agencies have a clearly explained mission/vision and an established track record of three years in undertaking similar projects or programs. They should be able to produce their latest audit, annual reports, and registration forms according to Section 80G/12A. Potential partner NGOs will undergo comprehensive due diligence and will be checked to ensure that they fulfil the criteria listed in Section 135 read with CSR Rules.

7. FINANCE FOR CSR PROJECTS

The Company shall present to its Board or its CSR Committee the Annual Plan of activities along with budgets at beginning of every financial year. Management shall present to the Board the details of the projects & budgets approved. The Company shall submit a half yearly progress and status report on the activities and budgets utilized in line with the CSR requirements under the Companies Act to the Board. The Company may engage an external evaluator (either CA or any other professional firm) to evaluate the project achievements and verify & confirm utilization of the budgets on an annual basis at its own cost. Overhead expenditure incurred shall not exceed five percent of the total CSR contribution made by the Company in the respective financial year or such other percentage as may be permitted from time to time.

8. MONITORING

8.1 The Companies Act, 2013 provides for CSR under section 135. Companies are required to spend a minimum of 2% of their net profit over the preceding three years as CSR

8.2 The Board of the Company or its CSR Committee shall monitor the implementation of the CSR projects as required under the Companies Act 2013 and examine whether the funds provided by the Company are utilized in accordance with the approved plans and report to the Board of Directors or its committee. The management shall provide a detailed report of CSR activities carried out as well as budgets utilized in the prescribed format to the Company's Board or its committee.

8.3 In case of ongoing project, the Board shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible period.

8.4 The annual action plan of the Company would include the manner of execution of CSR projects or programmes to be undertaken by the Company, the modalities of utilization of funds and implementation schedules for the projects or programmes, and monitoring and reporting mechanism for the projects or programmes and details of need & impact assessment, if any, for the projects undertaken by the Company.

8.5 If for any reason, the Company is unable to utilize the entire funds provided by the Company, such. Unutilized funds shall be treated in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as may be amended from time to time.

9. ANNUAL ACTION PLAN

The Board of the Company or its CSR Committee shall formulate an Annual Action Plan in pursuance of this CSR policy every financial year as per the needs and opportunities available for the CSR expenditure. The Board may alter such plan at any time during the financial year, as per the recommendation of the CSR Committee, based on the reasonable justification to that effect.

10. ROLE OF THE CSR COMMITTEE WITH RESPECT TO UNDERTAKING THE CSR ACTIVITIES

The CSR Committee of the Company shall:

- (i) Formulate / make changes from time to time and recommend to the Board for its approval, a CSR Policy which shall indicate the activities to be undertaken by the Company in areas or subject, specified in Schedule VII to the Act.
- (ii) Recommend the amount of expenditure to be incurred on the CSR activities to be undertaken by the Company.
- (iii) Monitor the CSR Policy of the Company from time to time.
- (iv) Formulate and recommend to the Board for its approval, an Annual Action Plan in pursuance of this CSR policy; and
- (v) Make recommendation to the Board for alteration of Annual Action Plan if required at any time during the financial year based on reasonable justification.

Where the amount to be spent by the Company under sub-section (5) of section 135 does not exceed fifty lakh rupees, the Board is not required to constitute the CSR Committee of the Company and in such situation, the functions of such Committee, as required under that section read with the CSR Rules, will be discharged by the Board.

11. ROLE OF THE BOARD WITH RESPECT TO UNDERTAKING THE CSR ACTIVITIES

The Board of the Company shall:

- i. Constitute a CSR Committee of the Board, if applicable and required under the Act.
- ii. Disclose the composition of the CSR Committee in the Board's report, if any.
- iii. Approve the CSR Policy for the company and disclose contents of such Policy in its report and also place it on the company's website, if any.
- iv. Ensure that the activities as are included in CSR Policy of the company are undertaken by the Company.

- v. Ensure that the Company spends, in every financial year, at least two per cent of the average net profits of the Company made during the three immediately preceding financial years, in pursuance of this CSR Policy.
- vi. if the Company fails to spend such amount as specified above, then in its report made under clause (o) of sub-section (3) of section 134 of the Act, specify the reasons for not spending the amount and, unless the unspent amount relates to any ongoing project referred to in sub-section (6) of section 135 of the Act, transfer such unspent amount to a Fund specified in Schedule VII to the Act, within a period of six months of the expiry of the financial year.
- vii. if any amount remaining unspent under sub-section (5) of section 135 pursuant to any ongoing project, transfer 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 CSR 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 specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.
- viii. discharge the functions of the CSR Committee in case it is not required to be constituted or dissolved owing to the amount to be spent by the Company under sub-section (5) of section 135 not exceeding fifty lakh rupees.
- ix. Satisfy itself that the CSR funds 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.
- x. In case of ongoing project, monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period;
- xi. Approve the Annual Action Plan, as recommended by the CSR Committee, if any.
- xii. Alter the Annual Action Plan at any time during the financial year, as per the recommendation of its CSR Committee, if any, based on the reasonable justification to that effect.
- xiii. Ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year.
- xiv. Pass a resolution for setting off the CSR amount spent in excess of requirement provided under sub-section (5) of section 135, against the requirement to spend under sub-section (5) of section 135 up to immediate succeeding three financial years.
- xv. Make disclosures in the Board's Report as required under Rule 8 of the CSR Rules.
- xvi. Undertake impact assessment as required under Rule 8 of the CSR Rules and take note of the impact assessment reports which are mandatorily required to be placed before it; and

11. Reporting and Disclosure

The Company shall mandatorily disclose the following on website of the Company for public access:

1. Composition of the CSR Committee,
2. CSR Policy
3. Projects approved by the Board.

12. Review / Amendment

12.1 All CSR activities and expenses made thereon will be subject to audit.

12.2 Company reserves the right to modify, cancel, add, or amend any of the above rules/guidelines.

12.3 Any or all provisions of the CSR policy shall be subject to revision/amendment in accordance with the applicable laws/rules/ guidelines on the subject, from time to time.

12.4 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 CSR Committee. In all such matters, the interpretation and decision of the CSR Committee shall be final.