

## **HOSCH EQUIPMENT (INDIA) LIMITED**

### **CORPORATE SOCIAL RESPONSIBILITY POLICY**

#### **BACKGROUND AND CSR VISION**

Corporate Social Responsibility (“CSR”) is a kind of social responsibility integrated into a business model. CSR goes beyond compliance and engages in actions that does some social good, beyond the interests of the Company and those which are required by law. CSR aims to embrace the responsibilities for the business actions and encourage a positive impact through its activities on the environment, communities and in general on the wellbeing of society at large.

At Hosch Equipment (India) Limited (the “Company”), we are committed to economic, social, environmental and cultural growth of the underprivileged in an equitable and sustainable manner. The Company aims to work towards the enrichment of lives across these communities by creating sustainable livelihoods, promoting education, sanitation, etc.

Our vision for CSR is “to contribute for bringing social and economic change to the underprivileged sections of the society in an equitable and sustainable manner and to contribute for livelihood enhancement initiatives for the weaker sections of the society. In doing so, we believe that we are contributing to develop the quality of human life and making a better India.”

Our Board of Directors, the Company Management and all our employees are being encouraged to internalize our CSR philosophy of going beyond profit seeking. We stand committed to all the necessary resources required to meet the goals of Corporate Social Responsibility.

#### **LEGAL REQUIREMENTS**

Since the amount to be spent by the Company does not exceed fifty lakh rupees, the requirement for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee shall be discharged by the Board of Directors of the Company.

Pursuant to Section 135 of the Companies Act, 2013 (as amended) (“Act”) read with the Companies (Corporate Social Responsibility) Rules, 2014, (as amended) (“Rules”), the Board of Directors (“Board”) is required to formulate a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken as specified in Schedule VII of the Act and the expenditure to be incurred thereon. Additionally, the objective of this Policy is to provide an overall framework, principles and guidelines to conduct CSR activities in line with Section 135 of the Act and the Rules and other applicable laws and regulations, as amended from time to time.

## **DEFINITIONS**

1. “Act” means the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) for the time being in force).
2. “Corporate Social Responsibility” (“CSR”) means the activities undertaken in pursuance of statutory obligation laid down in Section 135 of the Act and includes, but is not limited to projects or programs relating to activities specified in Schedule VII of the Act, but shall not include-
  - (i) business done by the Company in its normal course;
  - (ii) activities done 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 directly or indirectly to the political party;
  - (iv) activities only for the benefit of employees;
  - (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.
3. Net Profit means the net profit of the Company as per its financial statement prepared in accordance with the applicable provisions of the Act (i.e. section 198), but shall not include the following, namely:
  - (a) any profit arising from any overseas branch or branches of the Company, whether operated as a separate company or otherwise; and
  - (b) any dividend received from other companies in India, which are covered under and complying with the provisions of Section 135 of the Act.
4. CSR Expenditure shall include all expenditure including contribution to corpus, or on projects or programs relating to CSR activities specified in this policy as approved by the Board.

## **ROLE OF THE BOARD**

- a) Formulation of the Policy as well as an Annual Action Plan;
- b) Recommend specific projects, either new or ongoing, in pursuance of the Focus Areas outlined in this Policy or such other activity as listed under Schedule VII of the Act;
- c) Approve the amount of expenditure to be incurred on the CSR activities in a financial year and the amount to be transferred in case of ongoing projects and unspent amounts, if any;
- d) Review the progress of CSR initiatives undertaken by the Company;
- e) Monitor the CSR Policy of the Company from time to time;

- f) Approve the Annual Report on CSR, included in the Board's Report;
- g) Undertake such activities and carry out such functions as may be provided under section 135 of the Act and the Rules.

## **FOCUS AREAS**

The scope of activities which the Company will undertake towards fulfillment of its CSR shall be in line with Schedule VII of the Act. The Company shall focus on the following key areas for its CSR activities:

- a) Promoting education, including special education and employment enhancing vocation skills;
- b) Promoting health, including preventive health care and sanitation;
- c) Rural development and transformation;
- d) Environment sustainability and climate change

Besides above, the Board may approve such other CSR activities as permissible under Schedule VII of the Act.

The CSR initiatives would be identified as per the requirement in the community and the local area from where the Company operates.

## **IMPLEMENTATION**

Subject to the provisions of the Act, the Company will undertake the CSR Activities either –

- (i) directly; or
- (ii) through a registered trust or registered society or registered company (under Section 8 of the Act), registered under section 12A and 80G of the Income Tax Act, 1961, established by it either singly or along with any other company; or
- (iii) through a registered trust or registered society or registered company (under Section 8 of the Act), established by the Central Government or State Government; or
- (iv) through a registered trust or registered society or registered company (under Section 8 of the Act), 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; or
- (v) through any entity established under an Act of Parliament or a State legislature;
- (vi) through any other Implementing Agency.

Provided that all the entities mentioned above shall register itself with the Central Government by filing the form CSR-1 electronically with the Registrar and is in possession of unique CSR Registration Number.

## **CSR EXPENDITURE**

As mandated under Section 135 of the Act read with the CSR Rules, expenditure on CSR Activities in any financial year shall be 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 Board of Directors of the Company.

The Board shall ensure that the administrative overheads shall not exceed five percent of total CSR

expenditure of the Company for the financial year.

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 project or shall be transferred to the Unspent CSR Account and spent in pursuance of the CSR Policy and annual action plan of the Company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

If the Company fails to spend the minimum allocation of CSR, the reasons for not spending the amount shall be specified in the Board's Report prepared under Section 134(3)(o) of the Act.

The Company shall deal with the unspent amount, if any, in the following manner:

- a) Where the unspent amount is related to an Ongoing Project, such unspent amount shall be transferred to the CSR Unspent Account within a period of 30 days from the end of the financial year and the same shall be spent in the manner as prescribed in section 135(6) of the Act and the CSR Rules; and
- b) Where the unspent amount is not related to an Ongoing Project, such unspent amount shall be transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year or such other time period as permissible under the Act.

Where the Company spends an amount in excess of requirement provided under sub-section (5) of Section 135, such excess amount may be set off against the requirement to spend under sub-section (5) of section 135 up to immediate succeeding three financial years subject to the conditions that-

- a) the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, in pursuance of sub-rule (2) of this rule; and
- b) the Board of the Company shall pass a resolution to that effect.

### **ANNUAL ACTION PLAN**

The Board of Directors shall formulate an Annual Action Plan in pursuance of this Policy, which shall include focus areas for the year, the list of Projects to be undertaken, if any, manner of execution, fund utilization, monitoring mechanism, etc.

The Board of Directors may approve the Annual Action Plan with such further conditions as it deems fit and may alter Annual Action Plan at any time during the financial year, based on the reasonable justification to that effect.

### **CSR MONITORING FRAMEWORK**

In compliance with the Act and to ensure funds spent on CSR Activities are creating the desired impact on the ground, a comprehensive Monitoring and Reporting framework has been put in place.

The Board shall monitor the implementation of the CSR Policy through periodic reviews of the CSR activities.

The respective CSR personnel will provide a report, along with the list of approved CSR activities conducted by the Company to the Board together with the progress made from time to time, on a quarterly basis, as a part of the evaluation process under the monitoring mechanism.

#### **INFORMATION DISSEMINATION**

The CSR policy approved by the Board shall be uploaded on the website of the Company. An Annual CSR Report will be included in the Board's Report of the Company.

#### **AMENDMENTS TO THE POLICY**

This policy shall be updated from time to time, by the Company in accordance with the amendments, if any, to the Companies Act, 2013, rules made thereunder or any other applicable enactment for the time being in force.

#### **INTERPRETATION**

In case of any conflict between the provisions of this Policy and provisions of any applicable law, the provisions of the applicable law shall prevail over this Policy. Any subsequent amendments/modifications in the provisions of applicable law shall automatically apply to this Policy.

Policy last revised on 16th May, 2023 as approved by the Board of Directors of the Company at their meeting held on 16th May, 2023.