

AZAD ENGINEERING LIMITED

**CORPORATE SOCIAL RESPONSIBILITY
POLICY**

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1. Background and Objective

Azad Engineering Limited (“the Company”/ “Azad”) recognises its responsibility towards society and is committed to conducting its business in a socially responsible manner. In accordance with the provisions of Section 135 of the Companies Act, 2013 (“the Act”) read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time (“CSR Rules”), the Company has formulated this Corporate Social Responsibility (“CSR”) Policy, (hereinafter referred to as “Policy”) to serve as guidance for Corporate Social Responsibility activities (“CSR activities”) of the Company.

The objective of this Policy is to define the guiding principles, governance framework, focus areas, and implementation mechanism for the Company’s CSR initiatives, with the aim of contributing to inclusive and sustainable development of society.

2. CSR Vision and Philosophy

Vision: “To contribute to inclusive and sustainable development of society by supporting education as a key driver of social progress and by undertaking other need-based initiatives to improve the quality of life of communities, with particular emphasis on areas around the Company’s operations, in accordance with Schedule VII of the Companies Act, 2013.”

Philosophy: Azad believes that responsible corporate citizenship is integral to long-term value creation. The Company acknowledges that sustainable business growth is closely linked with the social and economic development of the communities in which it operates.

The Company’s CSR philosophy is centred on creating long-term and measurable social impact by promoting education as a primary area of intervention and by supporting holistic community development initiatives. While education remains the principal focus of the Company’s CSR efforts, the Company may also undertake programmes in the areas of health, environment, and employability, based on identified community needs and priorities.

The Company aims to implement its CSR initiatives in an inclusive, transparent, and sustainable manner, with preference given to local areas surrounding its operations, while ensuring full compliance with the provisions of and activities prescribed under Schedule VII of the Act and the CSR Rules.

3. Governance Structure

Pursuant to Section 135 of the Act and CSR Rules, the Board of Directors has constituted Corporate Social Responsibility Committee (“CSR Committee”). The CSR Committee shall consist of three or more Directors out of which at least one Director shall be an Independent Director. Where the Act/ CSR Rules is amended to prescribe a different constitution, the

Board of Directors shall reconstitute the CSR Committee in compliance with the Act/ CSR Rules.

The CSR Committee shall carry out the functions and responsibilities as prescribed under the Act, CSR Rules and by the Board, which shall include, *inter-alia*:

- i. Formulating and recommending the CSR Policy of the Company.
- ii. Formulating and recommending CSR Annual Action Plan to the Board for its consideration and approval.
- iii. Recommending the amount of expenditure to be incurred on CSR activities which shall in compliance with the applicable laws.
- iv. Monitoring the implementation of CSR activities and activities from time to time.
- v. Satisfy itself that the funds so disbursed have been utilized for the purposes and in the manner as approved by the Board.
- vi. Meet at least once annually to review progress made.

4. Focus Areas and Activities and exclusions from CSR activities

a. Focus Areas and Activities: In line with its CSR Vision and Philosophy and pursuant to Section 135 of the Act, the Company shall undertake CSR activities falling within the ambit of Schedule VII of the Act, with **education and skill development, health, environment and sustainability as the primary focus area**, as detailed below:

- i. Education and skill development:
 1. Promotion of education, including special education, skill development and vocational training programmes,
 2. Support for early childhood education and foundational learning,
 3. Infrastructure development and support to schools and educational institutions,
 4. Scholarships and educational assistance to underprivileged students,
 5. Promotion of digital education, vocational education, and skill-based learning,

6. Initiatives aimed at enhancing employability of youth and disadvantaged groups,
 7. Capacity-building programmes aligned with community and industry needs.
- ii. Health and well-being:
 1. Preventive healthcare initiatives and health awareness programmes,
 2. Medical camps and support for healthcare facilities,
 3. Initiatives relating to nutrition, sanitation, and hygiene.
 - iii. Environment and sustainability:
 1. Environmental sustainability initiatives,
 2. Conservation of natural resources and ecological balance,
 3. Afforestation, waste management, and climate-related initiatives.
 - iv. Other Schedule VII activities:
 1. Any other activities as may be prescribed under Schedule VII of the Act.
- b. Exclusions from CSR activities: The following activities will not be considered as CSR activities:
- 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 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,
- vii. activities which do not fall under the activities detailed in Schedule VII of the Act.

5. Geographical area of implementation

The Company shall give preference to undertaking CSR activities in the local areas and areas around its operations. However, this shall not preclude the Company from undertaking CSR activities in other parts of India, as may be deemed appropriate by the CSR Committee and the Board.

6. Implementation of CSR activities

- a. Mode of Implementation:
 - i. The Company shall carry out the CSR activities either directly or through an Implementing Agency which has registered with the Central Government and obtained a unique CSR Registration Number.
 - ii. An Implementing Agency can be a Section 8 Company under the Act, a registered public trust, a registered society or any other entity fulfilling the criteria as defined under rule 4 of the CSR Rules or other provisions of the Act/ CSR Rules.
 - iii. The Company may also collaborate with other Companies for carrying out CSR activities directly or indirectly through an Implementing Agency.
- b. The Company may engage consultants for identification, designing, monitoring and evaluation of the CSR activities.
- c. The Board of Directors on the recommendation of the CSR Committee shall approve the Annual CSR Action plan of the Company. The Annual CSR Action Plan shall include *inter alia* the list of CSR activities to be undertaken by the Company, mode of implementation, timeline of implementation, budget of the activity, any other matter as required to be provided under the Act and CSR rules.
- d. The Company shall carry out necessary due diligence while identifying the implementing agencies to carry out CSR activities to ascertain the credentials and creditability of the implementing agencies. The indicative information as mentioned in Annexure – 1 shall be obtained by the Company in this regard.

7. CSR Budget and Expenditure

- a. The CSR Budget of the Company shall be approved by the Board of Directors on the recommendation of the CSR Committee. The Company shall endeavour to spend on CSR activities in every financial year, two percent of its average net profit (as calculated under Section 198 of the Act) earned by the Company during the three immediately preceding financial years or such other limit/ period as prescribed under the Act.

The administrative overheads incurred by the Company for general management and administration of CSR functions shall not exceed five percent of the total CSR expenditure of the Company in a financial year, as prescribed under the CSR Rules.

- b. Where any amount is unspent as at the end of the financial year, except in case of On-Going Activities, such unspent amount shall be transferred to a fund specified in Schedule VII of the Act within a period of six months from end of financial year.
- c. Where the Company undertakes any On-Going activity and the amount relating to such activity remains unspent at the end of the financial year then the Company shall transfer the corresponding unspent amount within thirty days from the end of the financial year to a separate bank account to be opened by the Company and such amount shall be spent within a period of three financial years from the date of such transfer or such other period as may be prescribed by the Act, failing which such unspent amount shall be transferred to a fund specified in Schedule VII of the Act.
- d. Where any excess amount is spent on CSR activities in a financial year beyond the statutory CSR obligation, the Company may with the approval of the Board of Directors on recommendation o/f the CSR Committee, set-off the excess amount spent on CSR activities against the CSR obligations up to immediate succeeding three financial years or such other period as prescribed by the Act/ CSR Rules.
- e. Any surplus arising out of the CSR activities shall not form part of the business profit of a company and shall be ploughed back into the same activity or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the company or transfer such surplus amount to a Fund specified in Schedule VII of the Act, within a period of six months of the expiry of the financial year.
- f. The Company may carry out audit of the CSR activities through the employees or consultants or third-party auditors to track the expenditure on CSR activities.

8. Monitoring and Reporting

- a. The CSR Committee shall monitor the implementation of CSR activities and programmes on a periodic basis to ensure effective utilisation of funds and

achievement of intended objectives. The CSR Committee shall meet at least twice in a financial year and approve and review the CSR activities of the Company.

- b. The CSR activities shall be monitored by the Company through various means such as obtaining period updates on progress, audit of activity by third parties, field visits by employees/ consultants, or any other appropriate mechanisms.
- c. The Chief Financial Officer (“CFO”) of the Company or person in charge of CSR activities shall certify to the Board on an annual basis that the funds disbursed by the Company towards CSR activities have been utilised towards the same effect.
- d. Annual Report of the Company shall be reviewed and approved by the CSR Committee and shall form part of the Board’s Report of the Company.
- e. The details of the CSR Committee, CSR Policy, and the Annual CSR Action Plan approved by the Board shall be displayed on the website of the Company.

9. Impact Assessment

Where applicable, the Company shall undertake impact assessment of its CSR activities in accordance with the provisions of the Act and CSR Rules and shall disclose the same in the manner prescribed.

10. Review and Amendment

This CSR Policy shall be reviewed periodically by the CSR Committee and the Board to ensure continued relevance and compliance with applicable laws. The Board may amend this Policy from time to time based on statutory changes or organisational requirements.

Version History

Name of the Document	Corporate Social Responsibility Policy
Version	2
Prepared by	Secretarial and Legal Department
Approved by	Board of Directors
Date of Approval by the Board of Directors	Version 1: 14.04.2015 Version 2: 13.02.2026
Amended and Effective from	13.02.2026

Annexure – 1

The following information of the Implementing Agencies would be sought for consideration.

- Memorandum/ Articles of Association of the Company,
- Unique CSR Registration Number with Ministry of Corporate Affairs,
- PAN Card,
- Registration Certificate,
- Registration Certificate under Section 12 A of the Income Tax Act 1961,
- Audited Financial Statement of last three financial years,
- IT Exemption Certificate under Section 80G of the Income Tax Act 1961 (Lifetime Validity),
- IT Exemption Certificate under Section 35(i), if available,
- Last three years acknowledgement of Income Tax Return along with IT return filed,
- FCRA Certificate (if any) and latest copy of FCRA return FC-3, if available,
- Description of the projects currently being worked on,
- Any other information or documents as may be required by the Company or CSR Committee from time to time.