
CORPORATE SOCIAL RESPONSIBILITY POLICY

CAPCHEM ELECTRICALS LIMITED

08.08.2025

CORPORATE SOCIAL RESPONSIBILITY POLICY

1. PREAMBLE

We, at Capchem Eletricals Limited (the “**Company**”), believe that corporate social responsibility is a sense of responsibility of the Company towards the community and environment at both ecological and social levels. It is the commitment of the Company towards enriching lives of local communities and the society at large in which it operates.

This CSR Policy comprises of the Company’s philosophy of operating its business in a socially responsible way and improving and developing the wealth of the business with the intention to improve the society in which it operates as well as the local community.

2. CORPORATE SOCIAL RESPONSIBILITY PROGRAMS AND PROJECTS

In compliance with the prescribed legal framework of section 135 read with schedule VII of the Companies Act and The Companies (Corporate Social Responsibility Policy) Rules, 2014 (“**CSR Rules**”) each as amended from time to time and the notifications and circulars issued by the Ministry of Corporate Affairs from time to time and the rules framed thereunder (“**CSR Regulations**”), the CSR Policy is being documented with the objective of:

- a) The Company will carry on its CSR activities in areas or subjects as prescribed under Schedule VII of the Act, as amended from time to time. An illustrative list of such areas or subjects is outlined below:
 - (i) 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.
 - (ii) promoting education, including special education and employment enhancing vocation skills, especially among children, women, elderly, and the differently abled and livelihood enhancement projects.
 - (iii) promoting gender equality empowering women, setting up homes and hostels for women and orphans; setting up old age homes, daycare centers, and other facilities for senior citizens, and measures for reducing inequalities faced by socially and economically backward groups.
 - (iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources, and maintaining quality of soil, air, and water including contribution to Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.
 - (v) 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.
 - (vi) 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.
 - (vii) training to promote rural sports, nationally recognized sports, Paralympic sports, and Olympic sports.
 - (viii) contribution to the Prime Minister's National Relief Fund or any other fund including Prime Minister’s Citizen Assistance and Relief in Emergency Situations Fund (PM CARES 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.

(ix) 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.

(x) 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 Defence Research and Development Organisation (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).

(xi) rural development projects.

(xii) slum area development.

(xiii) disaster management, including relief, rehabilitation, and reconstruction activities.

(xiv) Any other activity as may be specified under the Act or the CSR Rules from time to time.

b) The Company's CSR projects and programs will be undertaken by the Company either by itself or jointly with other organizations.

3. DEFINITIONS

a) **“Act” or “Companies Act”** means the Companies Act, 2013, along with the relevant rules, regulations, clarifications, circulars and notifications issued thereunder.

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

- activities undertaken in pursuance of normal course of business of the company;
- 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;
- contribution of any amount directly or indirectly to any political party under section 182 of the Act;
- activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019;
- activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services; and
- activities carried out for fulfilment of any other statutory obligations under any law in force in India.

- c) **“CSR Committee”** means the Corporate Social Responsibility Committee, if any of the Board of a Company referred to in section 135 of the Act.
- d) **“Board”** means board of directors of Capchem Electricals Limited.
- e) **“CSR Policy”** would entail the approach and direction given by the board of a company, considering the recommendations of its CSR Committee, if any and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan.

Words and phrases used in this CSR Policy and not defined herein shall derive their meaning from the Act.

4. THE RESPONSIBILITY OF THE COMPANY AND BOARD

- a) Approving the CSR Policy, annual action plan, CSR activities and projects and the CSR expenditure after taking into consideration, the recommendations made by the CSR Committee, any or any modification there under and disclose contents of such policy in its report and also place it on the company's website.
- b) The Board may alter annual action plan at any time during the financial year, as per the recommendation of CSR Committee, if any based on reasonable justification to that effect.
- c) Ensuring the CSR spending for every financial year of at least 2% of the average net profits made during the immediately preceding three financial years, in pursuance with this CSR Policy. If the Company fails to spend the aforesaid amount, then the Board's Report prepared under section 134 of the Companies Act, shall specify the reasons for not spending the amount and transfer the same as specified under this CSR Policy.
- d) Ensuring that the CSR activities included in the CSR Policy are undertaken by the Company and such activities are related to the activities specified in the Act.
- e) Ensuring that the CSR activities are undertaken either by the Company itself or through agency, as permitted.
- f) In case of ongoing projects, monitoring the implementation of the project in line with the approved timelines and year – wise allocations and shall further be authorized to make modifications thereto if required subject to the same being within the overall permissible time period.
- g) Ensuring that the administrative overheads shall not exceed the limits specified under the Act.
- h) Ensuring that the surplus or unspent amount earmarked for CSR in any financial year is given effect as required under the Act.
- i) . Ensuring that the directors' report includes:

- Contents of the CSR Policy;
- An annual report on the CSR in the prescribed format specifying the activities undertaken by the Company during the financial year; and
- Reasons for failure (if any) to spend the required amount on CSR activities

5. CSR COMMITTEE

The provisions relating to the constitution of a CSR Committee under Section 135 of the Companies Act, 2013 are **not applicable** to the Company, as the CSR obligation does not exceed ₹50 lakh.

Accordingly, the functions of the CSR Committee shall be discharged by **the Board of Directors** of the Company.

6. CSR GOVERNANCE / ROLE OF THE BOARD

The Board shall, carry out the following functions:

- a) Formulate a CSR Policy which shall indicate the activities to be undertaken by the Company as specified in schedule VII of the Act;
- b) Identify the CSR Policy partners and the corporate social responsibility policy programmes;
- c) Review and recommend the expenditure to be incurred for the Corporate Social Responsibility activities and the distribution for the same towards the various Corporate Social Responsibility programmes undertaken by the Company;
- d) Formulate an annual action plan in pursuance to the CSR Policy, which shall include the following, namely:
 - the list of Corporate Social Responsibility projects or programmes that are approved to be undertaken in areas or subjects specified in the schedule VII of the Act;
 - the manner of execution of such projects or programmes as specified in Rule 4 of the Companies (Corporate Social Responsibility Policy) Rules, 2014;
 - the modalities of utilisation of funds and implementation schedules for the projects or programmes;
 - the monitoring and reporting mechanism for the projects or programmes; and
 - details pertaining to the impact assessment under Rule 8 of the CSR Rules and take note of the impact assessment reports which are mandatorily required to be placed before it if any, for the projects undertaken by the company and mandatorily disclose the composition of the CSR Committee, if any, and CSR Policy and projects approved by the Board on website of the Company for public access.

Provided that the Board may alter such plan at any time during the financial year, based on the reasonable justification to that effect.

- e) To delegate responsibilities to the Corporate Social Responsibility team and supervise proper execution of all the delegated responsibilities;

- f) To review and monitor the implementation of Corporate Social Responsibility programmes and issuing necessary directions as required for proper implementation and timely completion of Corporate Social Responsibility programmes;
- g) To provide assistance to the Board in ensuring that the Company spends towards the corporate social responsibility activities in every Fiscal, such percentage of average net profit/ amount as may be prescribed in the Act;
- h) To provide explanation to the Board if the Company fails to spend the prescribed amount within the financial year; and
- i) Discharge such other functions as the Board may deem fit to promote the Corporate social Responsibility activities of the Company and exercise such other powers in terms of the provisions of section 135 of the Act, as amended.

7. CSR ACTIVITIES AND STRATEGIES

- a. The Board of the Company shall ensure that the CSR activities are undertaken by the Company itself or through any of the following implementing agencies registered with Central Government by filing the Form CSR-1:
 - 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 (via) of clause (23C) of section 10 or registered under section 12A and 80 G of the Income Tax Act, 1961, established by the company, either singly or along with any other company; or
 - 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
 - any entity established under an act of parliament or a state legislature; or
 - a 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.
- b. The implementation modalities may be modified from time to time.
- c. 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.
- d. 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.
- e. 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.

- f. 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.

8. UNSPENT CSR FUNDS

The Board shall ensure that any amount which remains unspent under sub-section (5) of section 135 pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by a company in pursuance of this CSR 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 it should be ensured that such amount is 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 of the Act, within a period of thirty days from the date of completion of the third financial year.

9. 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 12A and 80G of the Income Tax Act, 1961. Potential partner NGOs will undergo comprehensive due diligence and will be checked to ensure that they fulfil the criteria listed in section 135 of the Act read with CSR Rules.

10. CSR EXPENDITURE

- a) The board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.
- b) Any surplus which is arising out of the CSR activities of the Company shall not form part of the business profit of a company and shall be ploughed back into the same project or it shall be transferred to the unspent CSR Account and spent in pursuance of this CSR Policy of the Company and annual action plan of the company or such surplus amount shall be to a fund which is specified in schedule VII of the Act, within a period of six months of the expiry of the financial year.
- c) In case the company spends an amount in excess of requirement provided under sub-section (5) of section 135 of the Act, such excess amount may be set off by the Company against the requirement to spend under sub-section (5) of section 135 up to immediate succeeding three financial years subject to the conditions that –
 - i. the excess amount available for set off shall not include the surplus arising out of the CSR activities of the Company, if any.
 - ii. the Board of Directors passes a resolution to that effect.

- d) The CSR amount may be spent by a company for creation or acquisition of a capital asset, which shall be held by –
- a company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number or,
 - beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
 - a public authority.

11. CSR REPORTING AND MONITORING

- a. In order to ensure effective implementation of the CSR activities, if any or Board will conduct in-depth review of the CSR activities of the Company on a periodic basis.
- b. 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 and impact assessment, if any, for the projects undertaken by the Company.
- c. The Board's Report of the Company shall include an Annual Report on CSR activities undertaken by the Company during the financial year.
- d. The Board /the CSR Committee, if any shall monitor the CSR Policy from time to time.
- e. The Board /The CSR Committee shall ensure that the activities as are included in the CSR Policy of the Company are undertaken by the Company.
- f. The Board of a 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

12. DISCLOSURES ABOUT CSR POLICY AND CSR ACTIVITIES

The CSR Policy including CSR Committee, if any and projects approved by the Board of Directors of the Company shall be disclosed on the Company's website for the public to have access to it.

13. AMENDMENTS TO CSR POLICY

The CSR Policy shall be updated from time to time, by the Company in accordance with the amendments, if any, to the Companies Act, rules made there under as may be issued by relevant statutory authorities from time to time.

14. MEETING OF CSR COMMITTEE

The meeting of the CSR Committee, if any shall be held at such time and place as and when required.

15. NOTICE OF MEETING

Notice of the CSR Committee meeting will be given to the members seven days prior to the date of the meeting and the same shall specify the date, time, and place of the meeting along with list of business proposed to pass at the meeting.

Shorter notice may be given for meeting with the consent of all members.

16. QUORUM FOR CSR COMMITTEE

Quorum for the meeting of the CSR Committee shall be two members.

17. EFFECTIVE DATE

The CSR Policy is approved by the Board of Directors of the Company on 08TH August,2025 respectively.

Date: 08TH August,2025

Place: Mumbai