

CORPORATE SOCIAL RESPONSIBILITY 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.

AARTI DISTILLERIES PRIVATE 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.

The Company's CSR policy has been framed in accordance with Section 135 of the Companies Act, 2013 and the rules framed thereunder & is effective from July 15, 2024 as amended from time to time.

This policy lays down the guidelines and mechanism for undertaking socially useful programs for welfare and sustainable development of the community at large. 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.

The Policy shall be applicable to all the CSR projects undertaken by the Company, whether such project is executed in collaboration with any other company or on its own.

2. DEFINITIONS

(a) "Act" means Companies Act, 2013 including any Statutory modification or re- enactment thereof.

(b) "Board" means Board of Directors of the AARTI DISTILLERIES PRIVATE LIMITED.

(c) "Company" means AARTI DISTILLERIES PRIVATE LIMITED.

(d) "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.

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

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

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

(h) “CSR Policy/ Policy” means a statement containing the approach and direction given by the board of a company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan.

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

(j) “CSR Expenditure” means the amount recommended by the CSR Committee to be incurred on the CSR Activities in India in terms of the Act and the CSR Rules as approved by the Board from time to time.

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

(l) “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.

(m) “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.

(n) “Net Profits” means the net profit of the Company as per its financial statement prepared in accordance with the applicable provisions of the Act (or the provisions of the Companies Act, 1956, if then applicable), but shall not include (i) any profit arising from any overseas branch or branches of the Company (whether operated as a separate company or otherwise); and (ii) any dividend received from other companies in India, which are covered under and complying with the provisions of Section 135 of the Act.

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.

3. CSR COMMITTEE

i. Purpose:

- The Corporate Social Responsibility (CSR) Committee of the Company will be formed by the Board of Directors of the Company to assist the Board in carrying out its responsibilities as per the CSR Policy of the Company.

ii. Composition of the CSR Committee:

- The CSR Committee should consist of three or more directors, out of which at least one director must be an independent director.
- An unlisted public company or a private company shall have its CSR Committee without any independent director if an independent director is not required.
- A private company having only two directors on its Board shall constitute its CSR Committee with two directors.
- In the case of a foreign company, the CSR Committee shall comprise of at least two persons of which one person shall be a person resident in India authorised to accept on behalf of the foreign company – the services of notices and other documents. Also, the other person shall be nominated by the foreign company.
- A company having any amount in its Unspent Corporate Social Responsibility Account shall constitute a CSR Committee and comply with the CSR provisions.
- The Board shall at its sole discretion, have the power to appoint any Director, remove any such Director so appointed and appoint another in his place. Any such appointment and/or removal shall be made by a resolution of the Board.
- The Chairperson of the Committee shall be designated by the Board from among the Committee members.
- The Company Secretary of the Company shall act as Secretary to the Committee.
- The Board will have the power to reconstitute CSR Committee as and when required from time to time.

iii. Meetings:

- The CSR committee may meet as and when required. The CSR Committee shall be entitled to invite any person to attend its meetings and participate in the discussion and deliberations if it so thinks fit.

iv. Quorum:

- The quorum necessary for the transaction of business of CSR Committee shall be 2 members or 1/3rd of the total Committee members, whichever is higher. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee as provided herein and delegated by the Board from time to time.

v. Roles:

The CSR Committee shall ensure the following:

- a. formulation of CSR policy in accordance with section 135 of Act read with CSR Rules, and recommend the same to the Board for approval and adoption.

- b.** formulates and recommend to the Board, an annual action plan in pursuance of CSR policy, which shall include the following, namely: -
 - (a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
 - (b) the manner of execution of such projects or programmes;
 - (c) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
 - (d) monitoring and reporting mechanism for the projects or programmes; and
 - (e) details of need and impact assessment, if any, for the projects undertaken by the company:

Provided that Board may alter such plan at any time during the financial year, as per the recommendation of CSR Committee, based on the reasonable justification to that effect.

c. The CSR Committee shall identify the CSR activities along with the geographical area to be undertaken by the Company based on the detailed study & research. The study encompasses various parameters such as – health indicators, literacy levels, sustainable livelihood processes, population data – below the poverty line and above the poverty line, state of infrastructure, environment, among others.

d. The Board shall review the proposal of the CSR Committee and if deems fit may approve the recommendation of the Committee with any modification that may be deemed necessary.

e. On determination of the modalities, every year the CSR Committee shall present a detailed proposal before the Board containing:

- i. List of CSR activities to be under taken.
- ii. Geographical areas wherein such CSR activities are to be undertaken.
- iii. Defined objectives (developed out of existing societal needs determined through baselines / studies / research).
- iv. Defined expected timelines, outcomes, outputs and inputs.
- v. Budget.
- vi. Implementation source, either directly or through some trust, society, company or otherwise.
- vii. Monitoring system.

f. Recommendation to the Board for modification(s) to the CSR policy as and when required.

g. Establish a transparent monitoring mechanism for implementation of the CSR activities undertaken by the Company.

h. Perform all functions as may be delegated by the Board from time to time.

4. CSR ACTIVITIES

1. The Board shall ensure that the CSR Activities that are undertaken by the Company should be within the scope of the following activities:

- (i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water;
- (ii) Promoting education, including special education and employment enhancing vocation skills especially among children, woman, 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, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically back ward groups;
- (iv) 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;
- (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;
- (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 set up by the Central Government for social-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- (ix) Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- (x) Rural development projects;
- (xi) Such other activities as may be specified under the Act or the CSR Rules from time to time.

2. The CSR Activities will be carried out in a manner that the preference is to undertake the CSR Activities in and around the local areas where the Company operates.

3. Based on the scope of activities set out in paragraph 1 above, the CSR Committee shall provide recommendations to the Board with respect to specific CSR Activities that may be undertaken by the Company.

4. The Board shall ensure that appropriate designated staff or personnel provide adequate assistance (viz. data collection, survey, quotations and costs involved etc.) to the CSR Committee to enable it to make necessary recommendations to the Board. For this purpose, the CSR Committee may also approach external consultants for necessary assistance as it may deem fit at such costs as may be approved by the Board.

5. The following details of any CSR Activities to be undertaken by the Company shall be presented to the Board by the CSR Committee along with its recommendations:

- (i) The objectives and expected results of the CSR Activity;
- (ii) The relevant sector and the nature of the CSR Activity;
- (iii) The focus area/ location for implementation of the CSR Activity;
- (iv) The amount to be allocated towards the CSR Activity;
- (v) The indicative timelines for completion of the CSR Activity;
- (vi) Whether the CSR Activity should be undertaken by the Implementation Group or any Implementing Agency or in collaboration with any other company; and
- (vii) Such other details as it may deem necessary.

6. In case any of the CSR Activities to be undertaken are anticipated to be long term, then a detailed estimate on implementation schedule or milestones should be submitted by the CSR Committee to the Board.

7. Based on the recommendations of the CSR Committee, the Board shall approve the following:

- (i) The specific CSR Activities that should be undertaken by the Company from time to time;
- (ii) The amount that should be deployed towards such CSR Activity;
- (iii) Whether the CSR Activities will be undertaken directly by the Company or through an Implementing Agency or in collaboration with any other companies [and record reasons for the same].

5. CSR EXPENDITURE

- For every financial year, minimum CSR spending of the Company shall be as per the provisions of section 135 of the Act read with CSR Rules including all modifications and amendment thereof.
- The Board shall ensure that the administrative overheads shall not exceed 5% 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 a Company and shall be ploughed back into the same project 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.

- Where a Company spends an amount in excess of requirement, 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.
 - (b) the Board of the company shall pass a resolution to that effect.
- The CSR amount may be spent by a Company for creation or acquisition of a capital asset, which shall be held by –
 - (a) 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
 - (b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
 - (c) a public authority:

6. CSR IMPLEMENTATION

- 1- The Board shall ensure that the CSR activities are undertaken by the Company itself or through:
 - (a) 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 (43 of 1961), established by the company, either singly or along with any other company, or
 - (b) 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
 - (c) any entity established under an Act of Parliament or a State legislature; or
 - (d) 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. Monitoring the implementation of the CSR policy through the CSR Committee in accordance with this Policy.
- c. Ensuring 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
- d. 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 make

modifications, if any, for smooth implementation of the project within the overall permissible time period.

- e. Disclosing in Board's report, the annual report on CSR as per the format as prescribed under the Act read with CSR Rules.

7. REPORTING AND RECORD KEEPING

- The CSR Committee shall maintain proper minutes of all its meetings.
- The Board will be responsible to ensure that:
 - (i) The report of the Board includes the annual report on CSR Activities of the Company and sets out the requisite information in terms of the Act and the Rules;
 - (ii) The contents of the latest and updated version of the CSR Policy is included in the report of the Board;
 - (iii) The contents of such policy are also made available on the website (if any) of the Company as per the particulars specified in the Annexure A.
 - (iv) In case of failure to ensure the minimum CSR Expenditure, detailed reasons for the same are adequately disclosed in the Board Report.

8. AMENDMENT

The Board of the Company or on recommendation of CSR Committee may, subject to compliance with applicable law, at any time alter, amend or modify the CSR Policy as it deems fit to comply with the statutory obligation of the Company to undertake the CSR Activities.