



Apcotex Industries Limited

Corporate Social Responsibility Policy

VERSION HISTORY

Version	Adopted / Amended by	Date of Approval / Amendment
1	Board of Directors	February 5, 2015
2	Board of Directors	April 25, 2019
3	Board of Directors	May 6, 2021
4	Board of Directors	May 7, 2025

OBJECTIVES:

Apcotex Industries Limited ("AIL" or "Company") is committed to conduct its business in a socially responsible, ethical and environmentally friendly and legally compliant manner and to continuously work towards improving quality of life of the communities in its operational areas. The purpose of this policy is to establish the framework for Company's Corporate Social Responsibility program.

APPLICABILITY:

Section 135 of the Companies Act, 2013 states and provides that every company having net worth of Rupees Five Hundred Crore or more, or turnover of Rupees One Thousand Crore or more, or a net profit of Rupees Five Crore or more during the immediately preceding financial year shall constitute a Corporate Social Responsibility Committee. The Board of every company shall ensure that the company spends in, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial year or where the company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy.

CONSTITUTION AND STATEMENT OF PURPOSE OF CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

Keeping in line with provisions of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules 2014, as amended from time to time, the Board of Directors of the company shall form a **Corporate Social Responsibility Committee** (hereinafter referred to as the “CSR Committee”) comprising of three or more directors out of which at least one director shall be an independent director, to inter alia, carry out the following primary functions:

1. Formulate and approve revisions to the CSR Policy and recommend the same to the Board for its approval;
2. Formulate and recommend an Annual budget and Action Plan alongwith Budgeted CSR Expenditure (including any revisions thereto) to the Board for its approval;
3. Identify, review, fund and monitor projects of the Company as ‘CSR Projects’;
4. Review and approve unbudgeted CSR projects where the annual outlay is more than Rs. 1 Crore but not exceeding 10% of the total CSR budget for the financial year;
5. Review implementation of CSR activities of the Company within the applicable regulatory framework;
6. Chief Financial Officer (CFO) needs to certify to the Board of Directors that *“the funds disbursed have been utilized for the purposes and in the manner as approved by the Board”*.
7. Set monitoring mechanisms in place to track the progress of each project and track these projects at such intervals as may be required.
8. Nominate a CSR Internal Monitoring Group and advise the team for effective implementation of the CSR Programs.

CSR ACTIVITIES:

The CSR projects and programs to be undertaken by the Company shall include activities falling within the preview of schedule VII of Companies Act, 2013, read with the Companies (Corporate Social Responsibility Policy) Rules 2014, as amended from time to time. These programs will be executed by the Company and where appropriate in partnership with local government, various NGO partners, service providers and others.

The CSR projects of programs of the Company would broadly fall under 4 major themes – (1) Healthcare (2) Education & Vocational Skills and (3) Social Projects in the local area around our Taloja MIDC plant, Maharashtra and Valia plant, Gujarat (4) Contributions or funds provided to Technology Incubators located within academic institutions which are approved

by Central Government. The projects, programs and their implementation modalities may be modified from time to time, as per recommendations of the CSR Committee of the Company.

IMPLEMENTATION:

Subject to the provisions of the Companies Act, 2013 as applicable from time to time, the Company may carry out its CSR activities:

- (a) either by itself; or
- (b) through such Implementing Agencies permitted under the Companies Act, 2013; or
- (c) in collaboration with other Companies; or
- (d) any other mechanism allowed as per regulatory provisions.

CAPACITY BUILDING:

The Company may build CSR capabilities of its own personnel by training its staff to think strategically about how and where the money is being spent, as well as how to effectively manage other organizations through which or in collaboration with which the Company undertake the CSR activities. CSR expenditure, like salaries of personnel who are engaged in CSR activities, can be spent on the capacity building for the CSR team in the Company who have been especially entrusted with the assignment to execute CSR projects and expenses incurred on their training etc. However, as per Rule 7 (a) such amount spent on this can't be more than 5% of the overall CSR spend.

MONITORING OF THE CSR IMPLEMENTATION:

The administration of the CSR policy and the execution of identified CSR projects, programs and activities under it shall be carried out under the overall superintendence and guidance of an internal monitoring group formed for this purpose:

1	Chairman
2	Vice-Chairman & Managing Director
3	Executive Director
4	Chief Financial Officer
5	Company Secretary
6	Chief Human Resource Officer
7	Plant Head - Taloja Plant
8	Site Head – Valia Plant

The internal monitoring group will be responsible, inter alia for:

- Co-ordination with the business function/unit/location and the implementing agencies for successful implementation of the CSR Programs.
- Reporting the progress and impact of the CSR Programs at least on a yearly basis or at such interval as it deems fit, to the Chairman of the CSR Committee.

ANNUAL ACTION PLAN:

The CSR Committee of the Board of Directors of the Company shall meet as per the provision of the law, recommend an Annual Action Plan to the Board for its approval. The Annual Action Plan shall include:

- (a) the list of CSR projects or programs 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 programs;
- (c) the modalities of utilization of funds and implementation schedules for the projects or programs;
- (d) monitoring and reporting mechanism for the projects or programs; and
- (e) details of need and impact assessment, if any, for the projects undertaken by the company.

Further, the Board may during the year, at the recommendation of the CSR Committee, review / approve / alter such plans.

CSR EXPENDITURE & BUDGET:

1. CSR expenditure will include all amounts incurred/contributed by the Company towards its CSR Programs. CSR expenditure shall also include all direct and indirect expenditure incurred towards the CSR Programs as may be admissible under the regulatory framework.
2. In line with the requirements of the Companies Act, 2013 Administrative overheads i.e. all expenses towards 'General Management and Administration' of CSR activities of the Company shall be capped at a maximum of 5%.
3. The overall amount to be committed towards CSR will be approved by the Board of Directors as a part of its Annual Action Plan. Within the Budget the allocation towards specific CSR initiatives/projects will be approved by the CSR Committee of the Board. All projects undertaken by the Company shall be approved /ratified by the CSR Committee.
4. During any financial year, the Annual Action Plan of the Company may be modified to include any unbudgeted expenditure, either on account of new project(s) or due to

increase in the outlay for approved project(s), with the prior approval of the CSR Committee.

5. The surplus, if any, arising out of the CSR projects shall be ploughed back either to the same project from which such surplus arises or be spent in accordance with the Annual Action Plan or in compliance with the provisions applicable under the law.
6. Any amount remaining unspent at the end of the financial year, if any, except in case of an ongoing project, shall be transferred to a Fund to be specified in Schedule VII for this purpose, within a period of six months of the expiry of the relevant financial year.
7. Any amount remaining unspent, pursuant to any ongoing project, fulfilling such conditions and as per the CSR policy undertaken, 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 such amount shall be spent by the company 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.
8. Any amount spent in excess of requirement, such excess amount may be set off against the requirement to spend under sub-section (5) of section 135 of the Act up to immediate succeeding three financial years, subject to the condition that:
 - a. the excess amount available for set off shall not include the surplus arising out of the CSR activities; and
 - b. the Board of the company shall pass a resolution to that effect.

MONITORING & IMPACT ASSESSMENT:

The monitoring mechanism to ensure effective implementation of the CSR Programs shall be in the following manner:

1. For such projects having an outlay of Rs. 1 crore or more and a period of one year has elapsed since completion of such project, an Impact Assessment study shall be carried out by an independent agency. The report of such assessment shall be placed before the Board and shall also be annexed to the Annual Report on CSR.
2. The CSR initiatives / projects of the Company shall also be reported every year in the Annual Report of the Company.
3. The CFO of the Company 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.

DISCLOSURE:

The company shall disclose this Policy or such other information as required under section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules 2014, as amended from time to time and the CSR activities/projects conducted, every year in the Annual Report of the Company.

AMENDMENT:

The policy will be subject to review and amendment, as and when necessary, to ensure the same remains relevant and aligned with the evolving best practices and regulatory changes. In case of discrepancies in policy and applicable laws, applicable laws will prevail.