ACTION CONSTRUCTION EQUIPMENT LIMITED

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"Corporate Social Responsibility (CSR) Policy"

Under Section 135 of the Companies Act, 2013 read with Companies (CSR Policy) Rules 2014 (amended from time to time)

Updation as per Companies (Corporate Social Responsibility Policy) Amendment Rules 2021: This revised policy has been approved by the Board of Directors of the Company at their meeting held on 28th May 2021.

I. **SHORT TITLE:** This policy in relation to the Corporate Social Responsibility **("CSR")** of Action Construction Equipment Limited is titled as the **"CSR Policy"** and shall include any alterations, amendments or modifications hereto from time to time.

II. OBJECTIVE AND APPLICABILITY

1. The CSR Policy sets out our commitment to ensuring that our activities extend beyond business and include initiatives and endeavours for the benefit and development of the community and society. The CSR Policy lays down the guidelines for undertaking programmes geared towards social welfare activities or initiatives.

2. This CSR Policy has been framed in accordance with the applicable provisions of the Companies Act, 2013 **("Act")** and the rules issued thereunder.

III. DEFINITION AND INTERPRETATION

1. "**Board**" means the Board of Directors of the Company.

2. "**Company**" means Action Construction Equipment Limited.

3. "**CSR Activities**" means such programs and projects as may be approved by the CSR Committee or Board in terms of this CSR Policy.

4. "**CSR Committee**" means a committee constituted by the Board of Directors in terms of Section 135 of the Act and the CSR Rules.

5. **"Act"** means Companies Act, 2013, as amended from time to time.

6. "**CSR Rules**" means the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time.

7. "**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.

8. "**Director**" means a member of the Board of the Company.

9. "**Net Profits**" means the net profit of the Company as per its financial statement prepared in accordance with the applicable provisions of the Act, 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.

10. "**Society**" means a society registered under the Societies Registration Act, 1860 or any other applicable law in India.

11. "**Trust**" means a public charitable trust registered under the Indian Trusts Act, 1882 or any other applicable law in India.

Any term not defined above, shall have the meaning assigned to it under the Act or the CSR Rules as may be applicable.

IV. IMPLEMENTATION OF THE CSR POLICY

1. The Board shall be responsible for implementing the mandate of the CSR Policy and shall ensure that the CSR Activities are carried out in accordance with the CSR Policy read with the Act and CSR Rules and the annual action plan formulated and recommended by the CSR Committee.

2. Mode of Implementation: The CSR Activities may be undertaken by the Company directly as approved by the CSR Committee / Board or through any of the following entities as "**Implementation Agency**" being duly registered with the Central Government and having a unique CSR Registration Number (with effect from 1 April 2021):

    (i) Company established under section 8 of Indian Companies Act 2013, or Trust, or Society registered under section 12-A and 80-G of the Income Tax Act 1961, being established by the Company, either singly or along with any other company;

    (ii) Company established under section 8 of Indian Companies Act 2013, or Trust, or Society, being established by (Indian) Central Government or (Indian) State Government;

    (iii) Company established under section 8 of Indian Companies Act 2013, or Trust, or Society registered under section 12-A and 80-G of the (Indian) Income Tax Act 1961, and having an established track record of at least three years in undertaking similar CSR activities; or

    (iv) Any entity established under an act of (Indian) Parliament or a (Indian) State Legislature.

Company has established **"ACE EMERGENCY RESPONSE SERVICE TRUST"** under Section 12A of the Income Tax Act, 1961. Currently most of the CSR Activities are carried out by this implementation Agency.

V. CSR COMMITTEE

1. The CSR Committee shall be responsible for providing recommendations to the Board with respect to CSR Activities that may be undertaken by the Company in accordance with the CSR Policy as well as the Act and the CSR Rules.

2. Without prejudice to the generality of the foregoing, the CSR Committee shall be responsible for the following activities:

    (i) Formulation and recommendation to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company in areas or subject, specified in Schedule VII;

    (ii) Recommend the amount of expenditure;

    (iii) Monitor CSR policy of the company from time to time; and

(iv) Formulate annual action plan in pursuance of the CSR policy in accordance with the applicable law, and inclusive of the following items:

(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.

3. The CSR Committee shall be constituted/re-constituted as per section 135 of the Companies Act, 2013 and rules made thereunder (CSR Rules). The number of members of the CSR Committee and their powers, meetings and functions can be held, specified, varied, altered or modified from time to time by the Board, subject to the provisions of the applicable law.

VI. CSR EXPENDITURE

1. The Company shall spend at least 2% (two percent) of average Net Profits of the Company made during the three immediately preceding financial years in accordance with the Act and the Rules and the CSR Policy.

2. The CSR Committee shall recommend the manner in which the CSR Expenditure shall be incurred in a year, in accordance with the Act and the Rules and the CSR Policy.

3. Any surplus arising out of the CSR Activities shall not form part of the business profit of the Company and may only be re-allocated to the CSR Activities being undertaken in terms of this CSR Policy and the annual action plan for the financial year in which such surplus has arisen.

4. The Board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year.

VII. CSR ACTIVITIES

1. The Board shall ensure that the CSR Activities that are undertaken by the Company should be within the scope as given in schedule VII of the Company (amended 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, the CSR Committee shall provide recommendations to the Board with respect to specific CSR Activities that may be undertaken by the Company;

4. In case any of the CSR Activities to be undertaken are anticipated to be long term i.e. an ongoing project being of a term of 3 (three) years excluding the financial year in which it was commenced, then a detailed estimate on implementation schedule or milestones etc. shall be submitted by the CSR Committee to the Board.

5. Based on the recommendations of the CSR Committee, the Board shall approve the CSR activities of the Company for a given financial year.

VIII. MONITORING PROCESS

1. To ensure that the objectives of CSR Policy are being met in an efficient and effective manner, the utilisation of the amount sanctioned towards CSR Activities should be reported to the Board as well the CSR Committee on a yearly basis.

2. In the event any of the CSR Activities are undertaken through an Implementing Agency, the Implementing Agency shall ensure that the progress on such CSR Activity is submitted to the Board as well the CSR Committee on a yearly basis.

3. If deemed necessary for the purposes of monitoring, the CSR Committee or any member/officer authorised by the Committee/Board may carry out inspections as and when required.

IX. REPORTING AND RECORD KEEPING

1. The CSR Committee shall maintain proper minutes of all its meetings.

2. The Board's report of the Company shall include an annual report on CSR containing the particulars set out in Annexure(s) of CSR Rules (as amended from time to time) and such other details as may be prescribed from time to time under the Act and the CSR Rules.

3. In respect of the reporting, 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 CSR Policy along with composition of the CSR committee approved by the Board are also made available on the website (if any) of the Company.

   (iii) In case of failure to ensure the minimum CSR Expenditure, detailed reasons for the same are adequately disclosed in the Board Report.

X. AMENDMENT

1. The Board of the Company 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.

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