

HIRECT LIMITED
(formerly known as Hind Rectifiers Limited)

CSR POLICY

Objective

The main objective of CSR policy is to make CSR a key business process for sustainable development of society. Hirect Limited (Formerly known as Hind Rectifiers Limited) as will act as a good corporate citizen and aims at supplementing the role of Government in enhancing the welfare measures of the society within the framework of its policy.

This Policy shall be read in line with Section 135 of the Companies Act, 2013, Companies (Corporate Social Responsibility Policy) Rules, 2014 and such other rules, regulations, circulars, and notifications as maybe applicable and as amended from time to time.

Measures

Policy on CSR of the Company is broadly framed taking into account the following measures:

The CSR activities shall be undertaken by the company, as stated in this Policy, as projects or programs or activities (either new or ongoing), excluding activities undertaken in pursuance of its normal course of business.

The CSR activities which are exclusively for the benefit of Company employees or their family members shall not be considered as CSR activities.

The following is the list of CSR projects or programs which the company plans to undertake pursuant to Schedule VII of the Companies Act, 2013:

1. 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;
2. Promoting of education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently-abled and livelihood enhancement projects;
3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, daycare centers, and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining the quality of soil, air, and water including contribution to the Clean Ganga Fund set up by the Central Government for the rejuvenation of river Ganga;
5. 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;

6. 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;
7. Training to promote rural sports, nationally recognized sports, Paralympics sports and Olympic sports;
8. Contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other 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;
9. (a) 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;

and

(b) 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 Defense Research and Development Organization (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);

10. Rural development projects;
11. Slum area development;
12. Disaster management, including relief, rehabilitation and reconstruction activities;
13. Any other measures with the approval of the Board of Directors on the recommendation of the CSR Committee subject to the provisions of Section 135 of Companies Act, 2013 and rules made thereunder.

The Geographic Area

The Act provides that the Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility.

However, the Committee may identify such areas other than stated above, as it may deem fit, and recommend it to the Board for undertaking CSR activities.

Ongoing Project

A multi-year project undertaken by a Company in fulfillment 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.

Allocation of Funds and Budgets

The company shall spend at least 2% of the average Net Profits of the Company made during the three immediately preceding financial years. The company may build CSR capacities of its personnel and/or those of its implementing agencies through institutions with established track records of at least three financial years but such expenditure shall not exceed five percent of total CSR expenditure of the Company in one financial year.

The CSR expenditure shall include all expenditure including contribution to the corpus, for projects or programs relating to CSR activities approved by the Board on the recommendation of the CSR Committee, but does not include any expenditure on any item not in conformity or not in line with activities that fall within the purview of Schedule VII of the Companies Act 2013.

The CSR projects or programs or activities undertaken in India only shall amount to CSR expenditure.

In case the Company fails to spend such amount, the Board shall specify in its report, the reasons for not spending the amount.

Treatment of Surplus arising out of CSR amount

Any Surplus arising out of the CSR activity shall not be a part of the business profit. Such surplus shall be used on the following within a period of six months of the expiry of the financial year.

- i. Ploughed back into the same project.
- ii. Transferred to the Unspent CSR Account; and
- iii. Spent in pursuance of the CSR policy and the annual action plan of policy.

Spending on Capital Assets

The CSR amount may be spent by a Company for the creation or acquisition of a capital asset.

- i. The CSR Assets to be held by a Section 8 Company, or a Registered Public Trust, or registered society with the charitable objects, having CSR registration number or
- ii. Beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities or
- iii. A public

Treatment of Unspent Amount

If the Company fails to spend 2% of the Average net profit, then the following shall be the treatment of the unspent amount.

If an unspent amount not relating to an ongoing project	Transfer such unspent amount to a fund specified in Schedule VII, within a period of six months of the expiry of the financial year
If an unspent amount relating to an ongoing project	The amount be transferred 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 (UCSRA).
If fails to spend on the ongoing project	If Company Fails to spend in three years, 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.

Tax treatment of CSR spent will be in accordance with the Income Tax Act as may be notified by CBDT.

The CSR Committee shall

1. Formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as specified in schedule VII of Companies Act, 2013;
2. Recommend the amount of expenditure to be incurred on the activities;
3. Monitor the CSR Policy and CSR Activities of the company; and any other matters as Board refer to it.

Implementation of CSR Spending

The CSR activities can be undertaken by the Company itself or through the followings implementing agencies:

- i. A company established under Section 8 of the Act; or
- ii. A Registered Public Trust;
- iii. A Registered society
 - Either singly or along with the other Company; or
 - Above entity established by the Central Government or State Government; or
 - Any of the above entity having a track record of at least 3 years in undertaking similar activities; or
 - Any of the above entity established under an Act of parliament or a State Legislature.

Implementing Agencies should be registered under Section 12A and 80G of the Income Tax Act, 1961. Registration of such entity shall be mandatory by filing form CSR 1.

Annual Action Plan

The committee shall formulate and recommend to the Board, an annual action plan in pursuance to this policy, which shall include the following:

- i. The list of CSR projects or programs that are approved to be undertaken in the area of Schedule VII

- ii. Manner of the execution of such projects
- iii. Modalities of utilization of funds and implementation of schedule for the projects
- iv. Monitoring and reporting mechanism for the projects or programs; and
- v. Details of need and impact assessment, if any, for the project undertaken by the Company.

Responsibilities of Board

- i. The Board shall satisfy itself that the funds so disbursed have been utilized for the purpose and in the manner as approved by it.
- ii. The CFO or the person responsible for the financial management shall certify to the effect.
- iii. In case of an ongoing project, the board shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any required.

CSR Reporting and Communication

The Board of the company shall after take into account the recommendations made by the CSR Committee, approve the policy for the company and disclose contents of such Policy in its Annual Report and also place it on the company's website.

The Board of Directors of the Company shall mandatorily disclose the followings on its website:

- i. Composition of CSR Committee
- ii. Projects approved by the Board

Update

The CSR Committee of Company will review and recommend the policy from time to time based on the changing needs and aspirations of the target beneficiaries and make suitable modifications as may be necessary.

In the event of any conflict between the provisions of this policy and of the Companies Act, 2013 or any other legal requirement ("Applicable Law"), the provisions of Applicable Law shall prevail over this policy.

Any subsequent amendment /modification to the Applicable Law shall automatically apply to this policy.

The Board may review and amend this policy from time to time, as may be deemed necessary.

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Approval by the Board on 02.03.2016	V1
Approval by the Board on 17.08.2020	V2
Approval by the Board on 10.02.2021	V3
Approval by the Board on 29.07.2025	V4
Approval by the Board on 28.07.2026	V5