

ANNEXURE – III

CORPORATE SOCIAL RESPONSIBILITY ("CSR") POLICY

1. INTRODUCTION:

Corporate Social Responsibility (CSR) is the Company's commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical. HYKON INDIA LIMITED is committed to undertake CSR activities in accordance with the provisions of Section 135 of the Indian Companies Act, 2013 and related Rules. HYKON INDIA LIMITED believes that corporate development has to be inclusive and every corporate has to be responsible for the development of a just and humane society that can build a national enterprise.

2. AIMS & OBJECTIVES

- (i) To develop a long-term vision and strategy for HYKON INDIA LIMITED's CSR objectives.
- (ii) Establish relevance of potential CSR activities to HYKON INDIA LIMITED's core business and create an overview of activities to be undertaken, in line with Schedule VII of the Companies Act, 2013.
- (iii) HYKON INDIA LIMITED shall promote projects that are :
 - (a) Sustainable and create a long term change;
 - (b) Have specific and measurable goals in alignment with HYKON INDIA LIMITED philosophy;
 - (c) Address the most deserving cause or beneficiaries.
- (iv) To establish process and mechanism for the implementation and monitoring of the CSR activities for HYKON INDIA LIMITED.

3. COMMITTEE COMPOSITION

The CSR Committee of the Board shall be composed of at least three (3) Directors. Members of the CSR Committee may be replaced by any other member of the Board.

4. COMMITTEE MEETINGS

The CSR Committee shall meet as often as its members deem necessary to perform the duties and responsibilities but not less than quarterly.

5. DUTIES & RESPONSIBILITIES OF CSR COMMITTEE

- (i) Review of the CSR activities to be undertaken by HYKON INDIA LIMITED. The CSR Committee shall be guided by the list of activities specified in Schedule VII to the Companies Act, 2013 and appended to this Policy as Appendix - 1. Appendix 1 may be revised in line with any amendments/inclusions made to Schedule VII of the Companies Act, 2014.
- (ii) Formulate and recommend to the Board the CSR activities/programs to be undertaken by HYKON INDIA LIMITED.
- (iii) Recommend the CSR Expenditure to be incurred on the CSR activities/programs.
- (iv) Institute a transparent mechanism for implementation of the CSR projects and activities. Effectively monitor the execution of the CSR activities.
- (v) Prepare an annual report of the CSR activities undertaken for HYKON INDIA LIMITED and submit such report to the Board.

6. RESPONSIBILITY OF THE BOARD

- (i) Approve the CSR Policy and the CSR Expenditure after taking into consideration the recommendations made by the CSR committee.
- (ii) Ensure the CSR spending every financial year of at least 2% of average net profits made during immediately preceding 3 financial years, in pursuance with the Policy.
- (iii) Ensure that CSR activities included in the CSR Policy are undertaken by HYKON INDIA LIMITED and that such activities are related to the activities specified in Schedule VII of the Companies Act.
- (iv) Ensure disclosure of the contents of the CSR Policy on the HYKON INDIA LIMITED website.
- (v) Directors' Report to include:
 - (a) Contents of the CSR Policy and Composition of the CSR committee;
 - (b) An annual report on the CSR in the prescribed format as per Appendix- 3;
 - (c) Reasons for failure (if any) to spend required amount on CSR activities.
- (vi) HYKON INDIA LIMITED shall undertake the CSR activities directly. The Board may, in the future, decide to undertake and implement its CSR activities through a registered trust or registered society or a Section 8 company (Non-profit entity) established by the HYKON INDIA LIMITED Group. In case the trust, society or a Section 8 company is not established by the company or its holding or subsidiary or associate company, then such an entity will need to have a 3 years track record of undertaking similar projects or program.

7. CSR EXPENDITURE

- (i) In every financial year, HYKON INDIA LIMITED shall spend a minimum of 2% of its average Net Profits in the immediately preceding three (3) financial years. Average Net profits shall mean the net profits of the Company as per the Profit & Loss Statement prepared in accordance with the Companies Act, 2013; Net Profits shall exclude
 - (a) profits arising from any overseas branch or branches of HYKON INDIA LIMITED (whether operated as a separate company or otherwise); or (b) dividend received from other companies in India.
- (ii) CSR Expenditure shall mean all expenditure incurred in respect of specific projects/programs relating to the approved CSR activities.
- (iii) CSR Expenditure shall not include expenditure on an item not in conformity or not in line with activities which fall within the purview of the CSR activities listed in Schedule VII.
- (iv) CSR Expenditure shall not include Projects or programs or activities undertaken outside India.
- (v) The surplus arising out of the CSR activities or projects shall not form part of the business profit of HYKON INDIA LIMITED.
- (vi) Contributions by other HYKON INDIA LIMITED affiliates or employees may also be received and utilized in respect of the CSR activities undertaken.

8. CSR ACTIVITIES - PROJECTS

- (i) HYKON INDIA LIMITED shall promote CSR activities/Projects in the field of :
 - A. Promotion of Education; including special education and employment enhancing vocation skills especially among children, woman, elderly and the differently-abled and livelihood enhancement projects; with special emphasis on the education of the girl child;
 - B. Environment: ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining of quality of soil, air and water.
 - C. Rural sports: Training to promote rural sports, nationally recognized sports, and para-olympic sports and Olympic sports
- (ii) HYKON INDIA LIMITED may also undertake other CSR activities in line with Schedule VII.
- (iii) The CSR activities shall be undertaken in locations within India. HYKON INDIA LIMITED shall give preference to the local areas and the areas around which HYKON INDIA LIMITED operates while considering the activities to be undertaken and spending the amount earmarked for CSR activities.

However, HYKON INDIA LIMITED has a multi-state presence and hence may be guided by the requirements of the specific CSR activity/program in determining the locations within India.

9. IMPLEMENTING CSR ACTIVITIES

- (ii) HYKON INDIA LIMITED shall undertake the CSR activities directly and also through various implementing agencies such as, NGO's, non-profit organizations, etc. Such implementing agencies shall have an established track record as prescribed under the law.
- (iii) Some of the initiatives taken up will facilitate the involvement of HYKON INDIA LIMITED employees as volunteers in ongoing projects and events, giving them an opportunity to engage in socially meaningful activities, thus, enabling them to realize their full potential and role as socially responsible citizens (Employee Volunteer Programs).
- (iv) The initiatives undertaken may be communicated to the employees through specific awareness campaigns, so as to enable maximum participation.
- (v) HYKON INDIA LIMITED may also collaborate or pool resources with other companies to undertake CSR activities in such a manner that each companies are in a position to report separately on such CSR projects
- (v) The following activities do not qualify as CSR Activities under the Companies Act, 2013:
 - (a) Projects or activities not falling within Schedule VII (Appendix 1);
 - (b) Activities undertaken in pursuance of normal course of business;
 - (c) Projects or programs or activities that benefit only the employees of HYKON INDIA LIMITED and their families
 - (d) Direct or indirect contribution to any political party.

10. CSR REPORTING

The Board in its Annual Report shall include the details of the CSR activities undertaken in the Financial Year. The particulars to be stated in the report shall be in the format prescribed in Appendix - 3.

The CSR Committee shall provide a responsibility statement on the implementation and monitoring of the CSR Policy and that it is in compliance with CSR objectives of HYKON INDIA LIMITED, which statement shall form part of the Board's Report.

11. WEBSITE DISPLAY

HYKON INDIA LIMITED shall display on its website (<https://www.hykonindia.com>) the contents of its CSR Policy and other information as may be required to be displayed.

12. REVIEW AND AUDIT

The CSR committee shall be apprised on the implementation of the CSR activities and the progress shall be monitored on a quarterly basis.

HYKON INDIA LIMITED shall through its internal controls, monitoring and evaluation systems implement, assess, document and report the impact of its CSR activities/projects.

Records relating to the CSR activities and the CSR Expenditure shall be meticulously maintained. The Records shall be submitted for reporting and audit.

The financial audits of the implementing agencies shall also be done through periodic audits. In this regard, HYKON INDIA LIMITED may appoint independent external consultants to carry out such audits.

13. AMENDMENTS

The Policy may be reviewed and amended from time to time.