



MILESTONE GEARS LIMITED

(Formerly known as Milestone Gears Private Limited)

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

PREAMBLE:

Milestone Gears Limited (“the Company”) has been at forefront with regard to Corporate Social Responsibility (“CSR”) initiatives. Along with sustained economic performance, environmental and social stewardship is also a key factor for holistic business growth. The Company had decided to undertake corporate social responsibility work through an established NGO in order to fulfil its CSR commitments (“CSR Implementing Agencies”).

The Company’s focus has always been to contribute to the sustainable development of society and the environment, and to make our planet more livable for the future generations.

DEFINITIONS:

“**Act**” shall mean the Companies Act, 2013 and shall include any modifications, amendments or re-enactment thereof.

“**Administrative Overheads**” means the expenses incurred by the Company for ‘general management and administration’ of Corporate Social Responsibility functions in the Company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme.

“**Agency (or Agencies)**” means any Section 8 Company or a registered trust / society / NGO / institution, performing social services for the benefit of the society and excluding a registered trust/society/ NGO/institution/ Section 8 Company which is formed by the Company or its holding or subsidiary Company/companies.

“**Approved Budget**” shall mean the total budget as approved by the Board of the Company upon the recommendation of the CSR Committee, which is to be utilized for CSR Projects.

“**Average Net Profit**” shall be net profit of the Company calculated in accordance with the provisions of section 198 of the Companies Act, 2013.



“Board” means Board of Directors of Milestone Gears Limited.

“Corporate Social Responsibility Committee” or **“CSR Committee”** or **“Committee”** shall mean a Committee of the Board of Directors of the Company constituted under provisions of Listing Regulations and Companies Act, 2013 read with Rules thereto constituted for the purpose of undertaking CSR Projects in accordance with Applicable Law.

“Company” shall mean Milestone Gears Limited, wherever it is referred to in the policy.

“CSR Annual Plan” shall mean the annual plan detailing the CSR Projects and expenditure towards the respective projects during any financial year.

“CSR Projects” or **“Projects”** means Corporate Social Responsibility projects / activities / programs/ initiatives, instituted in India, either new or Ongoing Projects, and includes, but is not limited to those undertaken by the Board in pursuance of recommendations of the CSR Committee as per the declared CSR Policy of the Company.

“Minimum Spending Requirement” shall mean the minimum amount to be spent on CSR activities as prescribed under section 135 of the Companies Act 2013, and the rules made thereunder.

“Ongoing Project” means a multi-year project undertaken by the Company in fulfilment of CSR obligations 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 the multi-year project but whose duration has been extended beyond one year by the Board based on reasonable justification.

“CSR Policy” or **“Policy”** shall mean the Policy on Corporate Social Responsibility of the Company framed under the Rules. **“Rules”** shall mean the Companies (Corporate Social Responsibility Policy) Rules, 2014 and shall include any amendments made thereto.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE” OR “CSR COMMITTEE”:

Pursuant to the provisions of Section 135 of the Act, the Board of Directors shall constitute the Corporate Social Responsibility Committee (**“CSR Committee”**). The members of the CSR Committee shall consist of three or more Directors amongst whom at least one shall be an Independent Director.



The Company Secretary shall act as the Secretary to the Committee."

FOCUS AREAS

The Company undertakes various Corporate Social Responsibility (CSR) activities which the Corporate Social Responsibility Committee ("CSR Committee") of the Board decides, from time to time, in accordance with the requirements of Section 135 of the Companies Act, 2013 (the "Act") and the Companies (Corporate Social Responsibility Policy) Rules, 2014 framed thereunder as amended from time to time, and the circulars / clarifications issued thereunder (collectively, "Applicable Law"), the Company's CSR activities, amongst others, will focus on the following areas:

- Empowerment of the disadvantaged sections of the society through education, access to and awareness about financial services and the like.
- Provision of access to basic necessities like healthcare, drinking water & sanitation and the like to underprivileged.
- Work towards eradicating hunger and poverty, through livelihood generation and skill development. Supporting environmental and ecological balance through afforestation, soil conservation, rainwater harvesting, conservation of flora & fauna, and similar programme.
- Promotion of sports through training of sportspersons.
- Undertake rural development projects.
- Slum area development;

Explanation: For the purpose of this item the term 'slum area' shall mean any area declared as such by Central/State Govt. or any other competent authority under any law for the time being in force.

Any other programme that falls under CSR Policy and which are aimed at the empowerment of disadvantaged sections of the society

ROLE OF CSR COMMITTEE

- a) To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 (as amended from time to time).
- b) To recommend the amount of expenditure to be incurred on the activities in a financial year.



- c) To monitor the Corporate Social Responsibility Policy of the company from time to time.
- d) Any other matter thing as may be considered relevant or significant by the Members of the Committee in furtherance of and to comply with the CSR Policy of the Company.

In view of above mentioned legal position, the Board has a duly constituted CSR Committee

RESPONSIBILITIES OF THE BOARD:

The Board shall:

- a. After taking into account the recommendations made by the CSR Committee, approve the CSR Policy for the Company.
- b. Disclose contents of the CSR Policy in its report.
- c. Ensure that as and to the extent applicable, in each financial year the Company spends at least 2% of the Average Net Profits of the Company made during the three immediately preceding financial years, calculated in accordance with Section 198 of the Act, in pursuance of its CSR policy.
- d. Satisfy itself regarding the utilization of the disbursed CSR fund.

MEETING OF CSR COMMITTEE

Meetings shall be held at such times as the CSR Committee deems appropriate, and in any event shall be held not less than twice a year. In case any act, law or provisions, rules, regulations or provisions applicable to the Company require for a greater minimum frequency of the meetings, that minimum numbers of the meetings shall be held in a financial year.

QUORUM

A quorum shall be two members.

The Committee shall meet as and when required and recommend to the Board the activities/programs/projects undertaken or to be undertaken and amount of expenditures required for such policy activities of the Company.

The Board after considering the recommendations of the Committee shall take the appropriate decision and shall ensure compliance with prescribed provisions of law.

The Committee shall monitor implementation status of such activities/programs/projects and expenses incurred thereon through internal audit department of the Company by way of quarterly/annual status reports.



UNDERTAKING CSR ACTIVITIES

The Company will undertake its CSR activities (being projects / programs / other permitted activities) through CSR Implementing Agencies or in collaboration with other companies, as approved by the CSR Committee, in accordance with the requirements of applicable Laws and regulations. Identification and implementation of multi-year CSR projects / programs (ongoing projects) will be monitored by the CSR Committee and the Board of Directors of the Company ("Board"), as required under Applicable Law.

QUANTUM OF CSR EXPENSES

The Company shall strive to spend in every financial year at least 2% (two percent) of the average net profits of the Company made during the three immediately preceding financial years. The average net profits shall be calculated in accordance with section 198 of the Companies Act, 2013.

a. Unspent CSR amount

Any CSR amount lying unspent at the end of the financial year shall be transferred to a Fund specified in Schedule VII, within a period of 6 months of the expiry of the financial year.

b. Unspent CSR amount- On going Project

Any amount remaining unspent pursuant to any ongoing project shall be transferred within a period of 30 days from the end of the financial year to a special account called the 'Unspent Corporate Social Responsibility Account', and such amount shall be spent by the company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of 3 financial years from the date of such transfer, failing which the amount remaining unspent at the end of the 3 financial years in 'Unspent Corporate Social Responsibility Account' shall be transferred to a Fund specified in Schedule VII, within a period of 30 days from the date of completion of the third financial year

c. Surplus arising out of CSR

Any surplus arising out of CSR activities shall not form part of business profits of the Company. The Surplus amount shall be ploughed back into the same project or shall be transferred to the Unspent Corporate Social Responsibility Account and spent in pursuance to this policy and annual action plan or such surplus amount shall be transferred to the Fund specified in Schedule VII of the Companies Act 2013 within six months of the expiry of the financial year.



d. Excess CSR Spend

In case the Company spends an amount in excess of the requirement under Section 135 of the Companies Act, 2013, such excess amount may be set off against the future CSR Spend up to immediate succeeding three financial years subject to the conditions prescribed under the Rules.

EXCLUSIONS

- a. The activities undertaken by Company in pursuance of its normal course of business shall not be considered as CSR activities.
- b. Any Contribution of any amount directly or indirectly to any political party under Section 182 of the Act, by Company shall not be considered as CSR activity.
- c. The CSR projects or programs or activities that benefit only the employees of Company and their families shall not be considered as CSR activities.
- d. CSR projects or programs or activities undertaken outside India shall not be considered as CSR activities

IMPLEMENTATION

Projects will be undertaken either-in-house or through trust or Company formed by the Company for this purpose or in partnership with the recognized NGO's, trusts, Companies, entities or other accredited agencies.

MONITORING

The person responsible for implementing the CSR project will provide regular progress report to the CSR Committee of the board which include achievement since last progress report in term of coverage compared to the target and reason of variance.

Regular review by the CSR Committee and reporting to the Board on the amount spent on each activity and achievement against objective.

The Board of Directors will review the implementation of the CSR Policy on half yearly basis.

In case the Company fails to spend the statutory minimum limit of 2% of average net profits of the immediately preceding three years, in any given financial year, the Board shall specify the reasons for the same in its report in terms of clause (o) of sub-section (3) of section 134.

The Company may also engage international organizations for designing, monitoring and evaluation of the CSR projects or programmes, as well as for capacity building of their own personnel for CSR.



The Chief Financial Officer or the person responsible for financial management shall certify that the CSR funds disbursed have been utilised for the purposes and in the manner as approved by the Board/CSR Committee.

FUNDING, SELECTION AND MONITORING PROCESS

The Company's CSR Committee will evaluate proposals received for CSR projects, from implementing entities inter alia based on Company's focus areas, assessment of potential impact of such proposals and any other criteria as may be determined by the CSR Committee and approve funding for any proposals for implementation at its discretion.

The implementing / collaborating entity will work closely with and support the Board and the CSR Committee in carrying out the CSR activities of the Company. The implementing agency / collaborating entity will assist the CSR Committee in identifying the areas of CSR activities and execution of initiatives in such manner as may be mutually agreed. The Implementing Agency or such other entity will also assist the Board and the CSR Committee in reporting the progress of deployed initiatives and in making appropriate disclosures (internal / external) on a periodic basis.

The implementing Agency will collaborate with the relevant implementing entity to monitor the status and utilization of funds for each project and will report its findings to the CSR Committee, the Board and the chief financial officer (CFO) of the Company periodically to enable them to meet their reporting, monitoring and other legal obligations. In any year, where the Company has spent in excess of its CSR obligation, such excess spending shall be available for set off against the Company's CSR obligations for up to the next three financial years in accordance with Applicable Law, and the Board shall be competent to pass a resolution in this regard.

DISCLOSURES

The Board's Report of the Company shall include the annual report on CSR containing particulars as specified under the Act and Rules.

- If any CSR amount is lying unspent at the end of any financial year, both for ongoing projects or otherwise, the Board's Report shall specify the reasons for not spending such amount.
- If the average CSR obligation is ten crore rupees or more in the three immediately preceding financial years, the Company shall undertake an impact assessment through an independent agency, of the projects having outlay of one crore rupees



or more, and which have been completed not less than one year before undertaking the impact study. The impact assessment report shall be placed before the Board and annexed to the Annual report on CSR.

- The composition of the CSR Committee, CSR Policy of the Company and Projects approved by the Board shall be displayed on the Company's website.

LIMITATION, REVIEW AND AMENDMENT

In the event of any conflict between the provisions of this Policy and of the 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 CSR Committee may review this Policy periodically and recommend amendments for the Board's approval from time to time, as may be deemed necessary.
