

## CSR POLICY

### Corporate Social Responsibility (CSR) of N. R. Agarwal Industries Limited (NRAIL)

#### Concept and Vision

CSR is strongly connected with the principles of Sustainability; an organization should make decisions based not only on financial factors, but also on the social and environmental consequences. Therefore, it is the core corporate responsibility of NRAIL to practice its corporate values through its commitment to grow in a socially and environmentally responsible way, while meeting the interests of its stakeholders.

NRAIL intends to make a positive difference to society and contribute its share towards the social cause of betterment of society and area in which Company operates. NRAIL recognizes that its business activities have wide impact on the societies in which it operates and therefore an effective practice is required giving due consideration to the interests of its stakeholders including shareholders, customers, employees, suppliers, business partners, local communities and other organizations. The Company endeavors to make CSR a key business process for sustainable development.

#### Definitions

- Board means Board of Directors of the Company.
- CSR means and includes but is not limited to projects or programs relating to activities specified under Schedule VII to the Companies Act, 2013 and Rules made thereunder but also the projects or programs relating to activities undertaken by the Board of Directors of the Company in pursuance of the recommendation of the CSR Committee and approved by the Board as per this policy.
- CSR Committee means Corporate Social Responsibility Committee constituted by the Board pursuant to section 135 of the Companies Act, 2013.
- Company means N. R. Agarwal Industries Limited.
- Net Profit means the net profit of the Company as per its financial statement prepared in accordance with the applicable provisions of the Companies Act, 2013, but shall not include the followings, namely:-
  - 1) Any profit arising from any overseas branch or branches of the Company, whether operated as a separate company or otherwise, and
  - 2) Any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Companies Act, 2013.

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Provided that net profit in respect of financial year for which the relevant financial statements were prepared in accordance with the provisions of the Companies act 1956 shall not be required to be re-calculated in accordance with the provisions of the Companies Act 2013.

Words and expressions used in this policy and not defined herein but defined under the Companies Act, 2013 shall have the same meanings respectively assigned to them.

### **Purpose**

The key purpose of this policy is to

- Define what CSR means to us and the approach adopted to achieve our goals.
- Define the kind of projects that will come under the ambit of CSR
- Identify broad areas of intervention in which the Company will undertake projects
- Serve as a guiding document to help execute and monitor CSR projects

### **Constitution, Composition and Scope of CSR Committee.**

Composition of the CSR Committee: consists of three or more directors of which, at least one will be an independent director. The members of the CSR Committee shall elect one of them as the Chairman of the Committee.

The CSR Committee of the Company is responsible for:

- Formulating and recommending to the Board the CSR policy which shall indicate activities to be undertaken in line with Section 135 read with Schedule VII of the Act.
- Recommending to the Board the CSR projects/activities to be undertaken by the Company.
- Recommending to the Board the CSR expenditure to be incurred.
- Recommending to the Board, modifications to the CSR policy as and when required.
- Regularly monitoring the implementation of the CSR policy and reporting to the Board.
- Meet atleast once a year to review the progress made

### **CSR Budget and utilization**

CSR Committee will recommend the annual budgeted expenditure for each project initially for the development of Sarigam to the Board for its consideration and approval and shall be utilized on approved projects in accordance with the CSR Policy.

### **Responsibility of the Board of Directors**

The Board is responsible for:

- approving the CSR policy as formulated by the CSR Committee, subject to necessary changes/modifications as the Board may deem fit.
- ensuring that in each financial year the Company spends at least 2% of the average net profit before taxation excluding profits arising from overseas

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branches made during the three immediate preceding financial years in accordance with the provisions of section 135 of the Act and the Rules notified thereunder.

- ensuring that every financial year funds committed by the Company for CSR activities are utilized effectively.
- disclosing in its Annual Report the names of CSR Committee members, the content of the CSR policy and ensure annual reporting of its CSR activities on the Company website. Any other acts, deeds and things as may be required under law from time to time.

#### **Project identification and selection criteria**

- Projects to be undertaken shall be in line with Section 135 read with Schedule VII of the Act and the Rules made thereunder.
- For selection of any project, the scope, vicinity of Company operations/projects, environmental impact, cost, timelines, sustainability, visibility of the Company and other relevant factors needs to be evaluated.
- CSR Officer shall submit a detailed proposal before the CSR Committee for consideration regarding the projects. The CSR Committee, after due evaluation of the projects will take the decision regarding the recommendation to be made to the Board.

The Company shall upon the recommendation of its CSR Committee and with necessary approval of the Board, undertake any one or more of the following activities, as part of its corporate social responsibility initiative, at Sarigam and Vapi which are defined in Schedule VII of the Companies Act 2013;

1. Promoting and improving health care including preventive, maternal health care and sanitation and making available safe drinking water;
2. Promoting education, including special education;
3. Providing employment, enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
4. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
5. Promote and development of sports and sporting activities including for the physically challenged or differently abled;

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6. Contribution to the Prime Minister's National Relief 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;
7. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
8. Rural development projects.

### **Monitoring and Reporting Framework**

- Company's CSR Committee shall monitor the implementation of the CSR Policy through periodic reviews of the approved projects. The annual budget and list of CSR projects, and activities shall be presented to the CSR Committee for its approval. The CSR Committee will in turn recommend this to the Board for its final approval.
- In compliance with the Act and to ensure funds spent on CSR projects and activities are creating the desired impact on the ground, a comprehensive Monitoring and Reporting framework would be followed in compliance with the provisions of the Act. The monitoring and reporting mechanism for each project will be divided into following three areas:

### **Project Monitoring**

- Project monitoring mechanism will ensure:
- The CSR policy is implemented as per the Act and the Rules.
- The CSR policy is implemented ensuring that all projects as budgeted are duly carried out.
- CSR spends will be closely monitored. Project monitoring may include periodic field visits, comprehensive documentation, and if required interaction with beneficiary communities.
- CSR spends will be audited in an accountable and transparent manner.
- Six monthly review of report of each project by the CSR Committee and by the Board.

### **Evaluation**

- Management Information System (MIS) monitoring mechanism and evaluation plan will be put in place.

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- In case of need, third parties will be engaged to ensure objective assessment across baseline and end line parameters of CSR projects.

### **Reporting**

The CSR Committee will prepare the annual CSR report to be filed by the Company on approval of the Board. This report will ensure:

- CSR projects are being properly documented.
- An MIS is maintained on expenditure
- Responsibility is fixed at each level of CSR process and implementation