

## 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
- Implementing Agency means any entity registered with Ministry of Corporate Affairs for undertaking CSR projects, which is engaged by the company to implement various projects in pursuance of CSR Policy
- Net profit means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, 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

Words and expressions used in this policy and not defined herein but defined under the Companies Act, 2013 and CSR Rules 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.
- Formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the following, namely:
  - the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
  - the manner of execution of such projects or programmes as specified in sub-rule (1) of Rule 4;
  - the modalities of utilization of funds and implementation schedules for the projects or programmes;
  - monitoring and reporting mechanism for the projects or programmes; and details of need and impact assessment, if any, for the projects undertaken by the company
- 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.
- Meet at least once a year to review the progress made

### **CSR Budget and Utilization**

Company shall undertake CSR activities for development of the society and the environment, particularly in the vicinity of the areas where the facilities of the company are located.

### **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 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
- monitoring the implementation of ongoing projects and shall have a power to make modifications in such projects to ensure smooth implementation of the project within permissible time period
- reviewing and approving the Annual Action Plan in pursuance of the CSR Policy of the Company as recommended by the CSR Committee
- 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;

- A. The Company shall undertake such activities which are broadly related to any of the following:**
- i. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation
  - ii. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects
  - iii. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups
  - iv. ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water
  - v. 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 art and handicrafts
  - vi. 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
  - vii. training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports 110 Guidance Note on Corporate Social Responsibility
  - viii. Rural development projects
  - ix. Development of area declared as "slum area" by the Government or Competent Authority
  - x. Disaster management, including relief, rehabilitation and reconstruction activities
- B. The Company may also contribute to the following funds as part of CSR activities:**
- i. Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water
  - ii. Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga
  - iii. 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 schedule caste, tribes, other backward classes, minorities and women
  - iv. 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
  - v. 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).

### **Annual Action Plan**

The CSR Committee shall formulate and recommend to the Board, an annual action plan which shall include the following:

- a) the list of CSR projects or programmes that are approved and to be undertaken by the company
- 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.
- f) The Board of Directors are empowered to alter the annual action plan during the financial year, if so recommended by the CSR Committee, based on the reasonable justification for such change.

### **CSR Spending**

The company shall endeavor to achieve the objectives of CSR Policy and allocate every year:

- a) Minimum 2% of its average net profits made during the three immediately preceding financial years
- b) Any income or surplus arising out of the CSR activities, projects or programs shall not form part of the business profit of the company and the same shall be ploughed back for use in CSR activities.

All the expenditure relating to CSR shall be pre-approved by the CSR Committee. The CFO shall monitor the utilization of funds for the purposes set forth and certify to this effect.

Unspent CSR amount, if any, shall be transferred to separate account in accordance with the applicable CSR Rules from time to time.

### **Mode of implementation**

CSR programs, projects or activities of the company should be implemented through following methods:

- i. Directly by the company;
- ii. Implementing Agencies;
- iii. Any foundation or body incorporated by the company and eligible to undertake such CSR projects.
- iv. In collaboration with other organizations/group companies

While the company can engage suitable Implementing Agencies to undertake approved CSR projects. The company can also partner with local governance bodies, such as Gram Panchayats, Civic Bodies, Municipality to directly undertake approved CSR projects with the help and support of these bodies.

### **Monitoring and Reporting Framework**

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.
- Periodic review of each project by the CSR Committee and by the Board.

#### **Need and Impact Assessment**

- CSR activities undertaken should be in the interest of the society and the local population where the company operates. Before undertaking any project or activities the company shall conduct need assessment for the project and its utility in the demography where project is proposed.
- After one year of completion of CSR project, the company should consider to conduct an impact assessment of the project so completed and place a report for consideration of the Board.



A summary of impact assessment outcome shall be disclosed in the Board's Report.

### **Reporting**

The CSR Committee will prepare the annual CSR report and the same shall be place 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

### **Capital Assets**

Capital asset acquired or created by CSR projects should be held by the beneficiaries of the said CSR project or a trust or a public authority for the benefits of all. The company should take appropriate measure to ensure that such assets are utilized for the purpose it was meant for and should not be transferred or disposed off without prior permission of the company.

### **Information dissemination**

CSR Policy and activities undertaken shall be disseminated on website for public access and shall be published in the Annual Report of the company in the format prescribed under the Act and CSR Rules.