

26. CORPORATE SOCIAL RESPONSIBILITY POLICY

Introduction

Corporate Social Responsibility (CSR) is strongly connected with the principles of Sustainability; an organisation should make decisions based not only on financial factors, but also considering the social and environmental consequences. As a Corporate Citizen receiving various benefits out of society, it is our co-extensive responsibility to pay back in return to the society in terms of helping needy people by providing foods, clothes, etc., keeping the environment clean and safe for the society by adhering to the best industrial practices and adopting best technologies, and so on. It is the Company's intent to make a positive contribution to the society in which the Company operates.

CSR and Legal Framework in India

The new Companies Act 2013, (hereinafter referred to as 'the Act'), has introduced the idea of CSR to the forefront and through its "Comply-or-Explain" mandate. It mandates qualifying Companies to constitute Corporate Social Responsibility Committee to effectively monitor CSR activities of the Company. Further the Companies (Corporate Social Responsibility Policy) Rules, 2014, (hereinafter referred to as "CSR Rules") lay down the framework and modalities of carrying out CSR activities which are specified in Schedule VII of the Act

Scope and Objective

This CSR Policy covers current as well as proposed activities to be undertaken by the Company. It covers the CSR activities which are being carried out in India only and includes strategy that defines plans for future CSR activities.

The CSR Policy focuses on addressing social, environmental and economic needs of the underprivileged sections of the society. The Policy is aimed at benefitting the communities at large and creating social and environmental impact.

The Company would like to carry out its CSR activities in different areas, such as;

Healthcare, Sanitation, Drinking Water, Education, Rural Development, Vocational Skills, Entrepreneurship Skills, Employment Opportunities, Medical Aid, Special Employment Opportunities for Women, Environment Protection, Conservation of Natural Resources, Contributions to funds set up by the Central or State Governments for Development and Welfare of Scheduled Castes, Scheduled Tribes and minorities, Rural Development Projects, Contribution to Technology, Incubators located within Academic Institutions, Go Green Initiatives and / or any other area as may be prescribed by Schedule VII as may be amended from time to time.

The Company will review the sectors from time to time and make additions / deletions / modifications to the above sectors.

Constitution of CSR Committee

CSR Committee

- i. **Composition:** The CSR Committee shall consist of three or more directors, out of which at least one shall be an Independent Director.
- ii. **Role:** The Committee, referred above, shall:
 - a) Formulate and recommend to the Board the CSR Policy and any amendments thereto which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act 2013;
 - b) Recommend the amount of expenditure to be incurred on the activities, as per CSR Policy;
 - c) Be responsible for implementation and monitoring of CSR projects or programs or activities of the Company.

d) Any other matter / thing as may be considered expedient by the Members in furtherance of and to comply with the CSR Policy of the Company.

iii. **Meetings:** The CSR Committee shall meet at least twice a year and as and when deemed necessary.

iv. **Sitting Fees:** The Sitting Fees for attending the meeting shall be payable to the members of the Committee as determined from time to time by the Board of Directors.

v. **Quorum:** Quorum of meeting of CSR Committee shall be one third of the total strength or two Directors, whichever is higher. The CSR Committee may invite Executives, Advisors, representatives of Social Organisations, Auditors of the Company and such other person(s) as it may consider necessary to attend the meeting.

Powers of CSR committee

Following are the Powers of the CSR Committee:

(i) To review CSR Policy from time to time and recommend the same to the Board of Directors of the Company for approval.

(ii) Recommend CSR activities as stated under Schedule VII of the Act.

(iii) Approve to undertake CSR activities in collaboration with other Companies / Firms / NGOs etc. and to separately report the same in accordance with the CSR Rules.

(iv) Recommend the CSR Budget.

(v) Spend the allocated CSR amount on the CSR activities once it is approved by the Board of Directors of the Company in accordance with the Act and the CSR Rules.

(vi) To create transparent monitoring mechanism for implementation of CSR Initiatives in India, particularly in and around where the Company's plants are located.

(vii) Submit the Reports to the Board in respect of the CSR activities undertaken by the Company.

(viii) Monitor activities / charter of Joint Working Group (JWG) who are authorised to ensure that the CSR activities of the Company are implemented effectively.

(ix) Authorise executives of the Company to attend the CSR Committee Meetings

CSR Budget

The total budget for the CSR projects will be recommended by (decided by) the CSR Committee to the Board for approval. The Act mandates that the Company would allocate average of 2% of its average annual net profits (before tax) during the three immediately three preceding Financial Years to be spent on CSR Activities that fall under purview of Schedule VII of the Act.

CSR Expenditure

Net Profit means Profit more fully described under Rule 2(f) of the CSR Rules. The CSR expenditure shall include all expenditure including contribution to corpus or on projects or programmes relating to CSR activities approved by the Board of Directors on the recommendation of its CSR Committee but does not include any expenditure on an item not in conformity or not in line with activities stated under Schedule VII of the Act.

Failure to spend CSR money

In case the Company fails to spend the above targeted amount in that particular Financial Year, the Committee shall submit a report in writing to the Board of Directors specifying the reasons for not spending the amount which in turn shall be reported by the Board of Directors in their Directors' Report for that particular Financial Year. Any surplus generated from CSR projects undertaken by the Company will be tracked and channelized into the CSR corpus. These funds will be further used in development of the CSR projects and will not be added to the normal business profits.

CSR Initiatives

In line with Schedule VII of the Act, the Company shall undertake CSR activities included in its Annual CSR Plan, as recommended by the CSR Committee at the beginning of each year. The Committee is authorised to approve any modification to the existing Annual CSR Plan or to propose any new programme during the Financial Year under review.

CSR Plan

The CSR Plan is a yearly plan of CSR activities that would be placed before the Board of Directors of the Company based on the recommendation of its CSR Committee which outlines the following aspects of CSR initiatives of the Company:

- Tailor-made CSR projects depending upon allocated spend and geographical presence
- Partnering Agencies / Companies / Firms
- Project Proposals
- Targeted Beneficiaries and their needs
- Alignment with Schedule VII of the Act
- Project Goals and milestones
- Activities and Timelines including expected closure dates
- CSR Budget with projections
- Monitoring mechanism
- Progress reporting and frequency of reports
- Risks and mitigation strategies
- Any other information as may be required by the CSR Committee

Monitoring Mechanism

A Joint Working Group (JWG) comprising officials of the of the Company and representatives of entities with which the Company decides to collaborate for fulfilling its CSR obligations, may be created to ensure effective implementation and monitoring of the projects approved by the CSR Committee. The JWG will submit periodic reports to the CSR

Committee of the Company on the progress of the various projects approved by the Committee, entrusted to the JWG for implementation, and monitoring.

Reports

JWG shall assist the CSR Committee to prepare reports that are required to be placed before the Board. The format of the Report shall be the format prescribed under the CSR Rules stated hereunder:

CSR Project or Activity Identified	Sector which the project is covered	Project 1) Local Areas, 2) Specify the state and district where projects was undertaken	Budget	Amount spent on Project	Cumulative Expenditure	Amount Spent Direct or through Agency	Target Date & Status

Publication of CSR Report

As per the CSR Rules, the contents of the CSR Policy shall be included in the Directors' Report and the same shall be displayed on the Company's website.