

Corporate Social Responsibility Policy

FY 2023-24

N G INDUSTRIES LIMITED

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Base Document	:	Section 135 of Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014
Version		1.0
Governing Guideline/ Policy	:	Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014.

Our CSR Vision

Through sustainable measures, actively contribute to the Social, Economic and Environmental Development of the community in which we operate ensuring participation from the community and thereby create value for the nation.

Background and Objective:

Section 135 of the Companies Act, 2013 (the “Act, 2013”) mandates the following companies to formulate and adopt a Corporate Social Responsibility (CSR) Policy and draw out a framework for CSR:

- a) Net worth of Rs. 500 Crore or more; or
- b) Turnover of Rs. 1000 Crore or more; or
- c) Net profit of Rs. 5 Crore of more

In accordance with the said mandate, since the Company qualifies in the above criteria, it is required to formulate and adopt CSR Policy.

The objective of this Policy is to provide an overall CSR framework, which shall at all relevant times be closely aligned with the requirements of relevant provisions of the Act, 2013.

Definitions

For the purposes of this Policy references to the following shall be construed as:

1. "Company" refers to **N G Industries Limited** or any other name as may be approved by any competent authority.
2. "Corporate Social Responsibility" or "CSR" means and includes such programs and activities as specified in Schedule-VII of the Companies Act, 2013 which are undertaken by the Company in pursuance of the CSR Policy.
3. "Corporate Social Responsibility Committee" or "CSR Committee" shall mean a Committee constituted by the Board of Directors as per the provisions of Section 135 of the Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 consisting of at least three Directors, one of whom shall be an Independent Director. Where the amount to be spent by a company under these provisions does not exceed fifty lakh rupees, the requirement for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee, in such cases, be discharged by the Board of Directors of such company.
4. "CSR Policy" or "Policy" shall mean the contents herein including any amendments made by the CSR Committee and approved by the Board of Directors of the Company.
5. "Net Profits" shall mean the net profit before tax of the Company as per its financial statements prepared in accordance with the applicable provisions of the Companies Act, 2013 but shall not include the following, namely :-
 - a. any profit arising from any overseas branch or branches of the Company, whether operated as a separate company or otherwise; and
 - b. any dividend received from other companies in India, which are covered under and complying with the provisions of Section 135 of the Act, 2013.
6. "Priority Projects" shall mean such CSR projects which are selected by the CSR Committee to be pursued by the Company within the territory of India or any other place where the group company is situated.

7. "Total CSR Spend" shall mean 2% or higher percentage as may be decided of the average Net Profits of the last three immediately preceding financial years.

Guiding Principles:

The Company believes that it has commitment to all its stakeholders - customers, employees and the community in which it operates and it can fulfill this commitment only by sustainable and inclusive growth. The Company aims to improve quality of life through its positive intervention in the community.

The Company's key CSR initiatives will be undertaken with a long-term view. Initiatives that are sustainable having long-term benefits to the society at large and having business linkage but which do not result in business benefits in the ordinary course of Company's business will be accorded priority.

The objective of this Policy is not only to guide the Company and its people to indulge in social activities but also to integrate the business processes with social processes. The Company believes that CSR Policy is the Company's faith in socially inclusive and sustainable business as the way of doing business.

CSR Governance:

The Board of Directors of the Company has established a CSR Committee which has been entrusted with formulating a CSR Policy and transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company. The Committee shall also monitor the activities and expenses incurred in accordance with the Corporate Social Responsibility Policy of the Company from time to time.

Undertaking of CSR Activities

The Board of Directors of the Company will undertake its CSR activities approved by the CSR Committee by contributing to CSR registered entities for approved projects.

The expenses will be accounted directly under CSR Head and no specific trust/organisations is being formed.

The surplus arising out of the CSR activities, projects or programs shall not form part of the business profit of the Company.

Composition of CSR Committee

The functions of CSR Committee shall be carried out by Board of Directors, as the CSR liability is less than Rs. 50 lac.

Responsibilities of the Committee

The responsibilities of the CSR Committee includes:

- Formulating and recommending to the Board of Directors the CSR Policy and indicate activities undertaken.
- Recommending the amount of expenditure for the CSR activities, and
- Monitoring CSR activities from time to time.

CSR Priority Projects:

The scope of activities which the Company will usually undertake will be towards fulfillment of its CSR shall be in line with Schedule VII of the Companies Act, 2013 (Annexure B).

The Company shall give preference to the local area and/or areas in the vicinity for spending the amount earmarked for CSR activities. The CSR projects or programs or activities that benefit only the employees of the company and their families shall not be considered as CSR. Further, the activities undertaken in pursuance of normal course of business of a company shall not be included in CSR activity.

Contribution of any amount directly or indirectly to any political party under section 182 of the Act, 2013 shall not be considered as a CSR activity.

Manner of selection and execution of CSR Projects:

1. A CSR project may be selected by the CSR Committee based on its own discretion.
2. The CSR Committee after identifying and approving a CSR Project may fix a target spending and direct the CSR Team/executive to carry out the execution thereof
3. The CSR Committee shall periodically monitor and evaluate the performance of the projects and the achievement of targets.

Collaboration for CSR:

The CSR Committee may undertake its CSR activities either directly or through an external agency such as a registered trust or a registered society or a company established by the Company or its holding or subsidiary or associate company under section 8 of the Act, 2013. Further, the Company may choose to collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR Committees of respective companies are in a position to report separately on such projects or programs in accordance with Companies (Corporate Social Responsibility Policy) Rules, 2014 and amendments thereto.

Following guiding principles must be adhered to while spending through external implementing agencies:

1. The Agency must be eligible for carrying the CSR project, and must have track record in carrying similar project for a period to the satisfaction of the Committee, but not less than three years.
2. The Committee shall provide specific project agenda, targets, target spending, accomplishments, manner of execution etc. to the Agency, subject to discussions with the Agency and vice versa
3. The disbursement of funds to the Agency must be done on a progressive basis so as to align with the funding needs of the Project, and to permit the evaluation of the activity carried so far.
4. The Agency must provide periodically reports, to the satisfaction of the Committee, about execution of the Project.

CSR Expenditure:

1. The Company shall endeavor to spend, in every financial year, at least 2% of the average net profits made during the three immediately preceding financial years in pursuance of its CSR Policy and if the Company fails to spend such amount, the Board shall, in its report specify the reasons for not spending the amount. The CSR projects or programs or activities undertaken only in India shall qualify as CSR Expenditure.
2. The CSR spending can be either revenue expenditure or capital expenditure or both. The unspent amount on a particular project during a particular year shall be carried forward so as to give the cumulative figure on the project.

3. The expenditure can be in cash or kind as long as the Company is spending as per the policy, on a project which is eligible for CSR spending. In case of any spending in kind, the amount spent should be based on the purchase cost of such material for the Company.
4. The surplus arising out of the CSR projects or programs shall not form part of the business profit and shall be utilised in other / further CSR projects, programs and/or activities in accordance with this policy.
5. Any income arising out of the CSR Project shall be netted off from the CSR spend on that project and net amount will be reported as CSR expenditure.

(Note: "Average Net Profit" shall be calculated in accordance with the provisions of Section 198 of the Act, 2013)

Capacity Building:

If the Company chooses to undertake CSR activities directly, it may resort to capacity building which shall be the expenditure on training the CSR staff regarding the CSR project. However, as mandated by the provisions of the Act, 2013, such expenditure including expenditure on administrative overhead shall not exceed 5% of the total CSR expenditure of the Company in one financial year or such limits as may be prescribed under the legislation from time to time.

CSR Reporting:

The CSR Committee shall forward a report to the Board on an annual basis containing following particulars:

- a. Brief outline of Company's CSR Policy.
- b. Composition of CSR Committee
- c. Average net profit of the company for last three financial years.
- d. Prescribed CSR Expenditure
- e. Overview of the projects and programs undertaken for CSR expenditure.
- f. Details of CSR activities undertaken during the financial year.
 - i. Total amount to be spent for the financial year;
 - ii. Amount unspent, if any;
 - iii. Manner in which the amount spent during the financial year is to be disclosed.

- g. In case the company has failed to spend the 2% of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its report. If the company spends less than the amount required to be spent under their CSR obligation, Transfer unspent amount to any fund included in Schedule VII of the Act. Within 6 months from the end of the financial year.
- h.
- i. A responsibility statement by the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

Monitoring and review mechanism

The CSR activities will be driven by Company under the guidance and support of the CSR Committee and the Board or by the Committee itself. The CSR Committee will play a significant role in ensuring that the CSR policy is embedded across the operations and the CSR initiatives are in line with this policy.

The CSR Committee will be responsible for monitoring approved projects and fund disbursements for such projects. The CSR Committee will put in place a transparent monitoring and reporting mechanism for ensuring effective implementation of the projects, programs and activities proposed to be undertaken by the Company. Such monitoring mechanisms will include visits, meetings and progress/status reporting by the project teams.

Any or all provisions of this CSR policy may be amended by the Board based on the recommendations of the CSR Committee or in accordance with any statutory guidelines that may be issued from time to time.

Mandate as per the Act, 2013

1. As per section 135(1) of the Act, 2013, the provisions governing Corporate Social Responsibility shall be applicable to all companies meeting any of the following 3 criteria during the immediately preceding financial year:
 - a) Net worth of INR 500 cr or more; or
 - b) Turnover of INR 1,000 cr or more; or
 - c) Net profit of INR 5cr or more.

All such qualifying companies shall be required to spend, in every financial year, at least 2% of its average net profits made during the three immediately preceding financial years in pursuance of its Corporate Social Responsibility Policy.

2. The Board to monitor and ensure that the Company meets the CSR requirement in line with its policy;
3. A CSR Committee is to be formed with atleast 3 members out of which at least 1 should be an independent director. If the amount to be spent by a company under these provisions does not exceed fifty lakh rupees, the requirement for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee, in such cases, be discharged by the Board of Directors of the company. The Committee is to:
 - a. Frame the CSR Policy,
 - b. Recommend the amount of CSR Spend in the activities to be undertaken by the Company

- c. Monitor the CSR policy and closely monitor the spending on a 'project basis' regularly.
4. Board's report to disclose the following:
- a. Composition of the Committee
 - b. CSR Policy
 - c. Explanation in case of failure to spend such earmarked amount

Annexure B:

Activities mentioned in Schedule VII of the Act, 2013.

- i. Eradicating hunger, poverty and malnutrition, promoting healthcare including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
- 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 including contribution to Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
- 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 arts 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;
- viii. Contribution to the 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 govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;
- ix. (a) 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; and
(b) 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 Organisation (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).]
- x. Rural development projects
- xi. Slum area development.
- xii. disaster management, including relief, rehabilitation and reconstruction activities.