

Corporate Social Responsibility (CSR) Policy

Shri Gang Industries and Allied Products Limited

This Corporate Social Responsibility (hereinafter referred to as 'CSR') Policy is framed in terms of the Companies Act, 2013 (hereinafter referred to as 'the Act') read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (hereinafter referred to as 'the CSR Rules'), as amended from time to time.

Philosophy

Recognizing that business enterprises are economic organs of society and draw on societal resources, it is Shri Gang Industries and Allied Products Limited (hereinafter referred to as 'SGIAPL') belief that a company's performance must be measured by its Triple Bottom Line contribution towards building economic, social and environmental capital. SGIAPL believes that in the strategic context of business, enterprises possess - beyond mere financial resources - the transformational capacity to create game-changing development models by unleashing their power of entrepreneurial vitality, innovation and creativity. In line with this belief, SGIAPL will continue crafting unique models which have a significant multiplier impact on sustainable livelihood creation and environmental replenishment. These initiatives are independent of the normal conduct of Company's businesses and are aligned to the activities listed in Schedule VII read with Section 135 of the Act and the CSR Rules.

Programmes, projects and activities (hereinafter collectively referred to as 'CSR Programmes') carried out in this regard are the subject matter of this Policy.

Vision Statement and Objective

1. The CSR Policy sets out company's commitment towards ensuring that our activities extend beyond business and include initiatives and endeavors for the benefit and development of the community and society. The CSR Policy lays down guidelines for undertaking programmes geared towards social welfare activities or initiatives.
2. In alignment with the above vision, company, through the CSR Activities, will endeavor to enhance value creation in the society and in the community, through its services, conduct and initiatives, so as to promote sustained growth for the society and community, in fulfilment of its role as a socially responsible corporate.
3. This Corporate Social Responsibility (hereinafter referred to as 'CSR') Policy is framed in terms of the Companies Act, 2013 (hereinafter referred to as 'the Act') read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (hereinafter referred to as 'the CSR Rules'), as amended from time to time.

Objective of this CSR Policy is to:

- i. Outline projects, programs and activities to be undertaken by company;

- ii. Specify the modalities of execution of such projects, programs and activities;
- iii. Monitor the process to be followed for such projects, programs and activities;
- iv. Take up programs that benefit the communities in and around its work place and results, over a period of time, in enhancing the quality of life and economic well-being of the local populace; and
- v. Generate community goodwill for company and help reinforce a positive and socially responsible image, through our CSR Activities.

CSR Activities

The Company is committed to support the CSR Activities undertaken in the following areas:

1. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water.
2. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
3. 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.
4. 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.
5. Measures for the benefit of armed forces veterans, war widows and their dependents.
6. Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports.
7. 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 government or any state government for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women.
8. (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 (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).

9. Rural development projects.
10. Slum area development.
11. Disaster management, including relief, rehabilitation and reconstruction activities.
12. Any activities or subjects specified in Schedule VII of the Act.

The Company shall undertake only such CSR Activities, identified as per above and as permitted under the Applicable Laws.

In undertaking CSR Activities, the Company shall give preference to the local areas wherein the Company operates or has its offices i.e. areas in the vicinity of its factory and depots.

Following shall not be considered as CSR Activities:

- a) Activities undertaken in pursuance of the normal course of business of the Company.
- b) Activities undertaken outside India except for training of Indian sports personnel representing any State or Union territory at national or international level.
- c) Contribution of any amount directly or indirectly to any political party.
- d) Activities benefitting employees of the Company as defined in clause (k) of section 2 of the Code on Wages, 2019.
- e) Activities supported on sponsorship basis for deriving marketing benefits for its products or services.
- f) Activities carried out for fulfillment of any statutory obligations under any law in force in India.

CSR Committee

The Company is not required to constitute the CSR Committee. Once applicable, the Company will constitute the CSR Committee in accordance with the provisions of the Act.

Governance

The CSR Projects/ Programme will be governed under authority of the following:

Board of Directors

The Board of the Company will be responsible for the following:

1. To approve the CSR Policy as formulated by the CSR Committee.
2. To ensure that the Company spends in every financial year at least 2% of the average net profits of the Company made during the three immediate preceding financial years.
3. To ensure that the activities undertaken by the Company are in compliance with the Act and Rules framed thereunder and CSR Policy of the Company.
4. To approve the Annual Action Plan on the recommendation of the CSR Committee and to update, alter, modify, amend, withdraw and replace the Annual Action Plan for justified reasons. The Annual Action Plan shall, inter alia, contain the following

information with respect to the CSR Activity proposed to be undertaken by the Company:

- a. list of CSR Activities to be undertaken in the relevant financial year;
 - b. local area where the CSR Activities are to be undertaken;
 - c. manner of execution;
 - d. modalities of utilization of funds;
 - e. implementation schedule;
 - f. monitoring and reporting mechanism; and
 - g. details of need and impact assessment, if any.
5. To review the status of implementation and fund utilization of the various projects and programme as per approved Annual Action Plan at least once in a year.
 6. To ensure that the funds so disbursed have been utilized for the purposes and in the manner as approved by the Board or the person responsible for financial management shall certify to the effect.
 7. In case of ongoing project, to monitor the implementation of the project with reference to the approved timelines and year-wise allocation and to make modifications, if any, for smooth implementation of the project within the overall permissible time period.
 8. To ensure that the administrative overheads shall not exceed 5% of the total CSR expenditure of the Company in one financial year.
 9. To disclose the content of the CSR Policy and annual reporting of its CSR activities in its Board's Report as per the prescribed form.
 10. To specify in its report the reasons for not spending the funds committed to CSR projects/ programme if the Company fails to spend such funds and treat the unspent amount as per the provisions of the Act and rules framed thereunder.
 11. To ensure that any excess amount spent as part of CSR obligation shall be treated in line with the provisions of the Act and rules framed thereunder.

CSR Expenditure and Allocation

In every Financial Year, the Company shall spend **at least 2 (two) per cent of the average Net Profits of the Company** (as calculated under section 198 of the Act) made during the three immediately preceding Financial Years, in pursuance of this Policy.

In case of average CSR obligation of Rupees Ten Crore or more in pursuance of sub-section 5 of Section 135 of the Act in the three immediately preceding financial years, impact assessment shall be undertaken through an independent agency of the CSR projects or programs having outlays of Rs. One Crore or more and which have been completed not less than one year before undertaking the impact study. In such case, the Company may book the expenditure towards CSR for that financial year which shall not exceed five percent of the total CSR expenditure for that financial year or Rs. 50 Lacs, whichever is less.

CSR amount may be spent for creation or acquisition of a capital asset to be held by:

- a. a company established under section 8 of the Act or a Registered Public Trust or Registered Society having charitable objects and CSR Registration Number; or
- b. beneficiaries of the said CSR project in the form of self-help groups, collectives, entities; or
- c. a public authority

Any surplus arising out of the CSR activities shall not form part of the Business Profit of the Company and shall be ploughed back into the same project/program or transferred to the Unspent CSR Account and spent in pursuance of this Policy and Annual Action Plan of the Company or transfer such surplus amount to a fund specified in Schedule VII of the Act within a period of six months of the expiry of the Financial Year.

If the Company fails to spend the stipulated CSR amount, the Board shall, in its Annual Report on CSR, specify the reasons for not spending the amount. Further, any unspent amount, other than unspent amount relating to an ongoing project, will be transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year. Further, unspent CSR funds of ongoing projects will be transferred within a period of 30 days from the end of the financial year to a special account opened by the company in any scheduled bank called the “Unspent Corporate Social Responsibility Account”. Such amount shall be spent by the company towards CSR within a period of 3 financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of 30 days from the date of completion of the third financial year.

Selection, Implementation, Monitoring

CSR programs will be undertaken at various locations i.e., Factory, Corporate office, units and other business places of the Company in India to the best possible extent within the defined ambit of the identified Project/ Program. The time period/duration over which a particular program will be spread, will depend on its nature, extent of coverage and the intended impact of the program.

Identification of projects / programs at various locations will be done by means of the following:

- (a) Need identification Studies by the Senior Management/ professional institutions/agencies.
- (b) Internal need assessment by cross-functional team at the local level.
- (c) Receipt of proposals/requests from charitable institutions and NGOs
- (d) Suggestions from the Board of Directors/senior management level.

The Board of the Company shall ensure that the CSR activities are undertaken by the Company itself or through -:

- a. a registered public trust or a registered society or a section 8 Company, registered under Section 12A and 80G of the Income Tax Act, 1961, established by the Company, either

singly or along with its holding or subsidiary or associate company of such other Company, or otherwise; or

- b. a registered trust or a registered society or a section 8 Company, established by the central or state government; or
- c. any entity established under an Act of Parliament or State legislature; or
- d. a registered public trust or a registered society or a section 8 Company, registered under Section 12A and 80G of the Income Tax Act, 1961, and having a track record of at least three years in undertaking similar activities.

Every entity covered under (a) to (d) as mentioned above, which intends to undertake CSR activity shall register itself with the Central Government by filing the form CSR-1 electronically with the Registrar and provide the unique CSR Registration Number to the company.

The Company may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR Committee of the respective companies is in a position to report separately on such projects or programs.

The CSR projects or programs or activities undertaken in India only shall amount to CSR Expenditure except as provided under the Act from time to time.

The Board of the Company shall institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company.

The Compliance with this Policy / CSR activities / projects will be continuously monitored by the Board and the Policy is subject to review by the Board of Directors of the Company, and the compliance will be reported to the stakeholders through the Board's Report.

Reporting and Communication

The Board's Report of the Company covered under section 134(3) of the Act shall include an Annual Report on CSR containing particulars as per prescribed format. In case of applicability of impact assessment as detailed hereinabove, the said impact Assessment Report shall also form part of the Board's Report of the Company.

General

1. If the Company feels the necessity of taking up new CSR activities or projects or programmes during the course of a year, which are in addition to the approved CSR Activities, the Board's approval of such additional CSR activities would be required for implementation of such activities/projects/programs.
2. In case the Company implements the CSR activities/projects as per the amendment in the Act and Rules made thereunder or directives of Ministries/Department of Govt. of India/State Government, the board approval of such CSR activities/projects/programs would be treated as amendment to the CSR policy.

3. The Board of Director may authorise any Director or Chief Financial Officer (CFO) of the company with the power to sanction/alter the funds earmarked for such activities.
4. If it is observed that any CSR Activity taken up for implementation is found not properly implemented, the CSR Committee may, with approval of the Board, may discontinue funding the project at any time during the course of implementation and use such funds for any other project.

Amendment

Any or all provisions of CSR policy would be subject to revision/amendment in accordance with the guidelines/directions on the subject as may be issued by Govt. of India, from time to time and would also form an integral part of this policy as and when they become applicable and the policy may be considered to be amended to that effect as such.

The Board of Directors of the Company shall have the powers to revise/modify/amend this Policy from time to time, as the Board may think fit.