

Vakrangee Limited

CORPORATE SOCIAL RESPONSIBILITY POLICY

1. CONCEPT AND VISION:

The company strongly believes that sustainable community development is essential for harmony between the community and the industry. It endeavours to make a positive contribution to the underprivileged communities by supporting a wide range of socio-economic, educational and health initiatives. Also, it is committed to integrate its business values and operations to meet the expectations of all its stakeholders.

In this regard, the Company has made this policy which encompasses the Company's philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large and is titled as the "CSR Policy" which is based as per The Companies (Corporate Social Responsibility Policy) Rules, 2014 initiated by the Central Government under the relevant provisions of Section 135 of the Companies Act, 2013 and Schedule VII of the said Act.

This CSR Policy shall apply to all corporate social responsibility initiatives and activities undertaken by the Company for the benefit of different segments of the society and for enhancement of the fields like education, health care, environment, employment, promoting gender equality and women empowerment etc. more particularly described below.

2. OBJECTIVES OF THE POLICY:

The objectives of this policy are to:

- i- Demonstrate commitment to the common good through responsible business practices and good governance
- ii- Actively support the state's development agenda to ensure sustainable change
- iii- Set high standards of quality in the delivery of services in the social sector by creating robust processes and replicable models

3. APPLICABILITY:

- i) The Company, CSR policy has been developed as per Section 135 of the Companies Act, 2013 (referred to as the Act in this policy) on CSR and in accordance with the CSR rules (hereby referred to as the Rules) notified by the Ministry of Corporate Affairs, Government of India in 2014.

ii) The Policy shall apply to all CSR projects/programmes undertaken by the Company in India as per Schedule VII (Activities which may be included by Companies in their Corporate Social Responsibilities Policies) of the Act.

iii) This policy shall be applicable to the Company including all its subsidiaries, and all their employees.

iv) CSR Policy is also in accordance with the various clarifications and notifications of MCA issued till date.

v) The CSR projects or programs or activities that benefit only the employees of the Company and their families shall not be considered as CSR activities in accordance with Section 135 of the Act.

vi) The contribution of any amount directly or indirectly to any political party under Section 182 of the Act shall not be considered as CSR activity.

4. CSR INITIATIVES AND ACTIVITIES:

The Company may adopt one or more of the following initiatives and activities under this CSR Policy:

i) Eradicating hunger, poverty and malnutrition, promoting health care 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) Contributing or collaborating with registered trust, voluntary organizations, academic institutes, government or a registered society or a company undertaking CSR activities;

iii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;

iv) 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;

v) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;

vi) Protection of natural 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;

vii) Measures for the benefit of arm forces veterans, war widows and their dependents;

viii) Training to promote rural sport, nationally recognized sports, Paralympic sport and Olympic sports;

ix) 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;

x) Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;

xi) Rural development projects;

xii) Slum area development.

Any of the aforesaid initiatives and the activities that may be undertaken by the Company will be referred to as "CSR Initiatives and Activities" hereinafter.

For the purpose of this item, the term "slum area" shall mean the area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

5. CSR BUDGET:

CSR Committee will recommend the annual budgeted expenditure project wise to the Board for its consideration and approval.

For achieving its CSR initiatives and activities through implementation of meaningful and sustainable CSR programmes, the Company will endeavor to allocate, in every financial year, at least 2% of the average net profits of the Company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy. For the purpose of the CSR Policy the 'net profit' of the Company shall mean the net profit as defined in the Gazette of Government of India vide its G.S.R. notification dated 27th February 2014.

"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 following, namely:-

- (i) Any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and
- (ii) Any dividend received from other companies in India, which are covered under and complying with the Provisions of Section 135 of the Act:

Provided that net profit in respect of a financial year for which the relevant financial Statements were prepared in accordance with the provisions of the Companies Act, 1956, (1of 1956) shall not be required to be re-calculated in accordance with the provisions of the Companies Act, 2013:

Provided further that in case of a foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section (l) of section 381 read with section 198 of the Act.

The Annual CSR Budget would also include:

- (a) 2% of the average net profits as defined above;
- (b) Any income arising therefrom; and
- (c) Surplus arising out of CSR Initiatives and Activities (any surplus arising out the CSR projects or programs or activities shall not be part of the business profits of the Company).

Salaries paid by the companies to the regular CSR staff as well as to the volunteers of the companies (in proportion to company's time/hours spent specifically on CSR) can be factored into CSR project cost as part of the CSR expenditure.

6. IMPLEMENTATION:

6.1 CSR Committee:

CSR Initiatives and Activities will be initiated by a committee comprising of 3 (Three) members – the Executive Chairman, the Executive Director and Independent Director of the Company ("**CSR Committee**"). The Corporate Social Responsibility Committee shall:

- (a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII;
- (b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- (c) monitor the Corporate Social Responsibility Policy of the company from time to time.

6.2 CSR Initiatives and Activities:

The company endeavors to make CSR a key business process for sustainable development. The Company strongly believes that the sustainable community development is essential for harmony between the community and the industry. It is committed that to integrate the its business values and operations to meet the expectations of all its stakeholders.

In pursuing its CSR activities, the Company may also 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.

The Company may build CSR capacities of its own personnel as well as those of its implementing agencies through institutions with established track records of at least three financial years but such expenditure shall not exceed 5% of the total CSR expenditure of the Company in one financial years.

The time period and/or the duration over which a particular CSR Initiative and Activity will be spread will depend on its nature, extent of coverage and the intended impact of the said initiative or activity which will be determined by the CSR Committee.

6.3 Guiding Principles:

To attain its CSR objectives in a professional manner and integrated manner, the company shall:

- Undertake proactive engagement with stakeholders to actively contribute to the socio-economic development of the periphery/community in which it operates.
- Using environment friendly and safe processes in production.
- Create a positive footprint within the society by creating inclusive and enabling infrastructure/environment for liveable communities.
- Ensure environmental sustainability by adopting best ecological practices and encouraging conservation/judicious use of natural resources.
- Work towards mainstreaming the marginalized segments of the society by striving towards providing equal opportunities and making meaningful difference in their lives.
- Focus on educating the girl child and the underprivileged by providing appropriate infrastructure, and groom them as future value creators.
- Assist in skill development by providing direction and technical expertise to the vulnerable thereby empowering them towards a dignified life.
- Emphasize on providing basic nutrition/health care facilities with special focus on establishing health centers for the mother and child as well as the elderly.
- Facilitate water conservation by reducing water consumption at the plants and taking up rain water harvesting projects.
- Create a business value chain which is sustainable – environmentally + socially + economically.
- Promote an inclusive work culture.
- Work towards generating awareness for creating public infrastructure that is barrier free, inclusive and enabling for all including the elderly and the disabled.
- Create positive awareness towards the need to adopt measures that lead towards reducing carbon footprints, dependence on fossil fuels and promote alternate energy approaches.

- Promoting the well-being and development of employees and their families through an inspiring corporate culture that engenders good values.
- Employee participation is an important part of developing responsible citizenship. Our company encourages and motivates employees to spend time volunteering on issues of their interest.
- At the time of national crisis, as a company it is imperative for us to respond to emergency situations & disasters by providing timely help to affected victims and their families.
- Promote economic, social, educational, infrastructural and health development by providing active support to local initiatives.
- Create significant difference in the lives of stakeholders by aligning initiatives with sustainable development.
- Optimum use of physical, financial and natural resources by collaborating with Government Organizations, community based organization, donor agencies, foundations, corporates and other development/likeminded partners.
- Ensure stakeholders participation in planning and execution of development initiatives to create ownership and accountability.
- Enhance capacity, skill and competence of employee, development partners, community and other stakeholders to enable them to involve in sustainable development initiatives.
- Organize local youths to promote Sports, Art and Culture and also create an opportunity for them so that they can represent their country.
- Ensure People/Community participation during execution of CSR activities.
- Environment conservation through sustainable initiatives.

6.4 Role of Board of Directors:

- Review the recommendations made by the CSR Committee.
- Approve the CSR policy of the Company
- Disclose the contents of the policy in the Company's report/website
- Ensure that the Company spends in the every financial year at least two(2) percent of the average net profits made during the three financial years of the Company on CSR activities pursuant to CSR policy of the Company.

7. SPECIALISED EXECUTING AGENCIES/PARTNERS AND CRITERION FOR

CSR Initiatives and Activities identified under this CSR Policy may also be implemented through specialized executing agencies/partners which could include – voluntary organizations, formal or informal elected local bodies such as Panchayats; Institutes/Academic Institutions; other Trusts; Self Help Groups; Government/Semi Government Agencies/autonomous organizations; Mahila Mandals; Professional Consultancy Organization etc.

The CSR Committee in its discretion may also decide to dovetail and synergize the Company's CSR Initiatives and Activities with the initiatives taken by the aforesaid specialized executing agencies/partners.

The Company may enter into an agreement with any of the Charitable Trusts registered under the provisions of Bombay Public Trusts Act, 1950 or Indian Trust Act, 1882 or a registered society or a company established under Section 8 of the Companies Act, 2013 and also with the implementing specialized executing agency/partner to lay down the manner of contribution made by the Company for its CSR Initiatives and Activities and enable the Company/CSR Committee to monitor the same so as to ensure that the allocation/contribution is spent for the intended purpose only.

In case of CSR Initiatives and Activities executed by any of the aforesaid specialized executing agencies like NGOs/Trusts/Voluntary organizations, the CSR Committee will ensure the following minimum criteria:

- (a) The NGO/Trust/Voluntary Organization has a permanent office/address in India;
- (b) The NGO/Trust/Voluntary organization is duly registered under the applicable laws;
- (c) The NGO/Trust/Voluntary organization has an established track record of at least three years in carrying out CSR Initiatives and Activities in related areas.
- (d) The NGO/Trust/Voluntary organization possess a valid Income-tax Exemption Certificate;
- (e) The antecedents of the NGO/Trust/Voluntary organization are verifiable/subject to confirmation.

8. AREA OF CSR INITIATIVES AND ACTIVITIES:

The CSR Committee shall while spending/contributing the Annual CSR Budget earmarked for the CSR Initiatives/ Activities shall give preference to the local areas and areas around it where the Company operates.

9. DISPLAY OF CSR ACTIVITIES:

Appropriate documentation and contents of the Company's CSR Policy, annual CSR Initiatives and activities undertaken with the approval of the CSR Committee through any Charitable Trust and/or specialized executing agencies/partners, and information on the CSR expenditure incurred will be available on the Company's website www.vakrangee.in.

Details on CSR as indicated below will also be reported in the Annual Report of the Company:-

- (a) A Brief outline of the CSR policy;

