

## RAJKUMAR FORGE LIMITED

<b>POLICIES AND PROCEDURE</b>		
Approved By: Board	<b>CORPORATE SOCIAL RESPONSIBILITY</b>	Approved in Board meeting Dated : 03 June 2021
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<b>CORPORATE SOCIAL RESPONSIBILITY POLICY</b>		

### **PREAMBLE**

Corporate Social Responsibility 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. In light of this statement, Rajkumar Forge Limited (“RFL/Company”) have always believed that the business activities of the Company do have a significant impact on the society in which it operates, and therefore an effective practice is required to give due consideration to the interests of its stakeholders including shareholders, customers, employees, suppliers, business partners, local communities, other organizations and society at large. RFL also believes that Corporate Social Responsibility (“CSR”) is the way through which a Company achieves a balance of Economic, Environmental and Social Imperatives, at the same time integrating its business values and operations to meet the expectations of the Shareholders, Stakeholders and Society at large.

RFL is vigilant in its enforcement towards corporate principles and is committed towards Sustainable Development and inclusive growth. The Company constantly strives to ensure strong corporate culture which emphasizes on integrating CSR values with Business Objective. It also pursues initiatives related to civic sense, environment preservation and social awareness.

This policy has been framed in compliance and accordance to the provisions of Section 135 read with Schedule VII of the Companies Act, 2013 (“Act”) and Companies (Corporate Social Responsibility Policy) Rules, 2014 (“CSR Rules”), as amended from time to time to undertake CSR Activities.

This policy shall apply to all the CSR Activities/works/schemes/Projects/Programmes (“CSR Activities”) that shall be undertaken by RFL as per liberal interpretation of activities listed in Schedule VII of the said Act, within the geographical limits of India alone.

## **PURPOSE**

The purpose of our CSR Policy is to lay down guidelines and mechanisms for selection, implementation and monitoring CSR Activities in alignment with the Companies Act, 2013 and to make known to all stakeholders our approach towards CSR. The Policy outlines our intentions to contribute to social development of Local as well as National Priorities. This Policy shall function as CSR Policy of the Company for the purpose of Section 135 of the Companies Act, 2013 and CSR Rules.

## **SCOPE OF CSR ACTIVITIES**

The scope of RFL’s CSR Activities would be as per the provisions made under the Companies Act, 2013, Rules made thereunder, and Government Guidelines and Circulars issued and amended from time to time. CSR activities that can be taken up by RFL as per existing Schedule-VII of the Act are given below:

1. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.
2. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and differently abled and livelihood enhancement projects. This shall also include extending support / services to appropriate existing 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. This shall also include extending support / services to appropriate existing projects.
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 including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.
5. 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;

6. 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;
7. Training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports;
8. 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 for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;
9.
  - 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 the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defense Research and Development Organization (DRDO), [Department of Biotechnology (DBT)], Department of Science and Technology (DST), Ministry of Electronics and Information Technology) engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).]
10. Rural development projects;
11. Slum area development.
12. Disaster management, including relief, rehabilitation and reconstruction activities

The above list of activities shall also include, exclude, modify such activities as may be notified by the Ministry of Corporate Affairs from time to time. The above list is broad based/ illustrative and must be interpreted liberally so as to capture the essence. The Company may also undertake such other activities as the Board may consider appropriate with reasonable justification and reason to the said activity.

## **GEOGRAPHIES**

RFL intent is to make a positive contributions to the society in which the Company lives and operates. Therefore, for implementation of majority of CSR activities, RFL will focus primarily in the city/town/district where its offices / plants are located. However, it does not limit the Company to undertake CSR projects anywhere in the country. Board may have discretion to decide on the geographies of any CSR activities taking into consideration the need and rationality to undertake the CSR activities.

## GOVERNANCE

1. In accordance with the provision of the Act, the Company currently is not required to constitute CSR Committee, as the amount to be spent by a company does not exceed Rs. 50 lakhs. and thus the CSR committee constituted previously shall be dismantled.

However, the Company to take appropriate actions to constitute a CSR Committee as and when the threshold limit prescribed by Act/Rules is surpassed/modified or at the discretion of the Board of Directors of the Company.

2. The functions of such Committee shall be discharged by the Board of Directors of the Company. **The Board of Directors shall:**
  - a. Formulate and approve the CSR Policy and the Board of Directors on its own can amend this policy, as and when required as deemed fit. Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the Regulations on the subject as may be issued from the relevant statutory authorities, from time to time
  - b. Approve areas under CSR activities that the company proposes to undertaken;
  - c. Develop Annual Action Plan and modalities of operations;
  - d. Monitor the CSR Policy from time to time and recommend for the amendments in the Policy, whenever required
  - e. approve the amount of expenses to be incurred in each CSR Activities in a financial year;
  - f. Identify and approve any CSR project as an “Ongoing Project” if it is a multi-year project undertaken by a Company in fulfilment of its CSR obligation, having timelines not exceeding 3 years excluding the financial year in which it was commenced. If the project is initially not approved as a multiyear project, it can still be considered as Ongoing Project if duration of the Project has been extended beyond one year by the Board based on reasonable justification;
  - g. Accord approval for undertaking CSR activities in partnership/collaboration with other companies/institutions/NGOs etc;
  - h. Ensure that the company spends, in every financial year, at least two per cent of the average net profits of the company made during the three preceding financial years, or as per the prevailing rules & regulations in pursuance of this policy;
  - i. If the company fails to spend such amount, ensure that a disclosure of the reasons for not spending the amount is provided in the annual report mentioned above;
  - j. The Board's Report issued under clause (o) of sub-section (3) of section 134 shall include an annual report on CSR containing particulars specified in Annexure to the CSR Rules

The Board will assign task of implementation of the CSR Policy within the stipulated budgets and timeframes to such person and bodies as it deems fit in pursuance to the provisions of the Act. The Board may invite employees and may also use services of others

or external experts for guiding the CSR activities and ensuring adherence to this policy document.

#### **ELIGIBILITY CRITERIA & GUIDING PRINCIPLES FOR CONTRIBUTION**

1. Discretion to be exercised judiciously to ensure that assistance is extended for worthy causes to entities with track record as may be prescribed under the Act, for socially oriented projects.
2. Request for donations from institutions having caste/ religious/ communal bias and /or political overtones will not to be considered.
3. Preference will be given to local areas or areas around which the Company operates, however, the Board may decide on the locations of the CSR activities in other geographies based on need of the communities.
4. CSR activities shall be undertaken in project / programme mode i.e. expenditure on one off events such as marathons, awards, advertisements, sponsorships of TV programmes etc. shall not be considered as CSR expenditure. Expenses incurred by the Company for fulfillment of any obligation under any other legislations or statute (such a labour laws, land acquisition etc.) would not count as CSR expenditure under the Act.
5. Endeavor be made that, donations are made to institutions/NGOs eligible for tax exemptions, i.e. institution/NGOs should have income-tax exemption certificate, so that Company can claim tax exemption or Section 8 Companies or Trusts or Societies which are exclusively created for undertaking CSR activities or where the corpus is created exclusively for a purpose directly relatable to a subject covered in Schedule VII of the Act.
6. The following activities shall not form part of the CSR activities:
7. any activity undertaken by the Company in pursuance of normal course of business of the Company;
  - a. any CSR activities that benefit only the employees of the Company and their families;
  - b. any contribution to any political party under section 182 of the Companies Act, 2013;
  - c. activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
  - d. activities carried out for fulfilment of any other statutory obligations under any law in force in India;
  - e. any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;

## CSR PLANNING AND PROCESSES

### 1. Annual Action Plan:

The Board shall formulate the annual action plan which shall include:

- a. the list of CSR projects or programmes that are approved to be undertaken
- b. the manner of execution of such projects or programmes;
- c. the modalities of utilization 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.

Provided that Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, whenever constituted, based on the reasonable justification to that effect.

### 2. Budget:

Subject to applicable provisions of the Act, the Company will spend at least two percent of its average net profits (calculated in terms of the applicable provision of the Act), or such sums as may be prescribed under the Act, made during the three immediately preceding financial years towards CSR activities in accordance with this Policy.

If the Company spends in excess of the minimum amount, the Company may set off such excess amount against the amount required to be spend in succeeding year (up to immediate succeeding three financial years), subject to following:

- i. the Board shall pass resolution to that effect and
- ii. the excess amount available for set off shall not include the surplus arising out of the CSR activities.

If the Company fails to spend the amount as stipulated in any financial year, the unspent amount shall be transferred to the prescribed Fund prescribed under the Act or the Unspent Corporate Social Responsibility Account to be opened by the company to be used in the manner prescribed in the Act and the reason(s) for not spending the same will be provided in the Directors' report of the Board.

If a Company is in default in complying with CSR provisions w.r.t. spending / transfer of unspent amount, the Company AND every officer of the Company who is in default shall be liable to a penalty as prescribed under the Act.

### 3. Implementation methodology:

The CSR activities / projects listed in the approved Annual Plan shall be implemented using internal resources or through collaborating with NGOs / specialized agencies / trusts / institutions / foundations / societies / Government bodies etc. in accordance with the

provision of Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014.

They may also be undertaken through agencies as defined at Section 4(2) and Section 4(3) of the Companies (CSR) Rules, 2014 subject to fulfillment of criteria's mentioned in the said rules.

**4. Monitoring and Accounting Methodology:**

- a. The Board shall have a transparent monitoring mechanism for implementation of CSR projects undertaken, utilization of funds donated and shall ensure end use of funds for the purpose for which they are sanctioned.
- b. Whole Time Director to be responsible for monitoring implementation of CSR Activities which shall include:
  - i. Review of Progress of each program vis-à-vis the timeline and budget
  - ii. Background verification including receipt of all the required registration certificates and documents as specified by Act and rules from the implementing agencies by Whole Time Director/Chief Financial Officer/Company Secretary.
  - iii. Ensure that CSR Activities have really reached the targeted beneficiaries which shall include taking end use certificates from the Implementing Agencies to whom donations/funds have been provided for specific CSR Activities, site visits and feedbacks from the targeted beneficiaries.
- c. The management will also present periodical report to the Board on the utilization of CSR money sanctioned, and other CSR related matters during the year.
- d. Any surplus arising out of CSR projects /programs / activities shall not form part of the business profit of the Company and will be redeployed for CSR activities or shall be transferred to the Unspent Corporate Social Responsibility Account and spent in the manner approved or to a Fund prescribed under the provisions of the Act.
- e. The Chief Financial Officer of the Company or person responsible for financial management shall ensure and certify that the funds are utilized as approved by the Board.
- f. In case of ongoing project, the Board of the Company shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

**REPORTING**

- a. The Directors' Report shall include an annual report on CSR activities providing the prescribed details in format as specified by the Act/Rules.
- b. Reporting will constitute an integral part of our CSR initiative as we remain committed to be transparent and accountable to our stakeholders. CSR policy will be displayed on the Company's website

**GENERAL**

RFL reserves the right to modify, cancel, and / or amend any of the provisions of this policy in accordance with the guidelines on the subject as may be issued by the Central Government or the Ministry of Corporate Affairs from time to time. This Policy may be amended only with the approval of the Board of the Company.

Notwithstanding any clause in this Policy, no action pertaining to CSR activities shall be taken in contravention of the provision of Section 135 of the Companies Act, 2013 and of the Companies (Corporate Social Responsibility Policy) Rules, 2014.

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