

# DHABRIYA POLYWOOD LIMITED

## CORPORATE SOCIAL RESPONSIBILITY POLICY

[In terms of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014]

### I. PREAMBLE

A socially conscious business obtains the pre-eminent position and it always displays the highest standard of corporate citizenry. Apart from continuously fulfilling all its regulatory requirements related to the society at large, the Company believes in a well-structured Corporate Social Responsibility (CSR) culture that specifically focuses on communities in the vicinity of operating areas and manufacturing plants of the Company.

“Corporate Social Responsibility” (CSR) is a concept whereby Companies integrate social and economic concerns in their business operations and in their interaction with their stakeholders, and in particular, the communities and the areas in which and with which they work.

The CSR policy of the Company takes account of its economic and social impact in the way it operates as a business. By demonstrating our commitment to CSR, the Company aims to align its business values, purpose and strategy with the needs of our societal upgradation, while embedding such responsible and ethical principles into everything it does. Through its various initiatives, the Company endeavors to play a relevant role by serving communities and projects that address gaps in basic societal requirements. An endeavor is made to ensure that all initiatives undertaken by the Company have an impact on the beneficiaries in improving their lives.

### II. OBJECTIVE

The key objective of the CSR Policy is to:

- ❖ Define what CSR means to us as corporate citizen and the approach adopted towards that.
- ❖ Define the kind of Projects and Activities that will come under the ambit of CSR,
- ❖ Lay down the guidelines and principles to identify the areas in which the Company will undertake projects and activities.
- ❖ Serve as guiding document and principles to help in executing and monitoring CSR projects and activities.
- ❖ To define and layout down guiding principles for Annual Action Plan to achieve the above said objectives.

The CSR Policy shall be implemented in accordance with the provisions of Section 135 of the Companies Act, 2013 and the Rules made thereunder. It shall apply to all the CSR Activities undertaken by the Company in India as per Schedule VII of the Act and any amendments or modifications thereto. The CSR

activities shall not include activities undertaken by the Company in pursuance of the normal course of its business. Further, projects, programs or activities that solely benefit the employees of the Company and their families shall not be considered as CSR Activities under this CSR Policy.

### III. DEFINITIONS

“Act” shall mean the Companies Act, 2013 including any modifications, amendments or re-enactment thereof;

“Administrative overheads” means the expenses incurred by the company for ‘general management and administration’ of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme.

‘Annual Action Plan’ means a plan formulated by the CSR Committee and recommend to the Board, in pursuance of the CSR Policy, which shall include the following:

- (i) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII to the Act;
- (ii) the manner of execution of such projects or programmes as specified in the Rules;
- (iii) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
- (iv) monitoring and reporting mechanism for the projects or programmes; and
- (v) details of need and impact assessment, if any, for the projects undertaken by the Company.

“Board” means the Board of Directors of the Company.

‘Corporate Social Responsibility’ or ‘CSR’ means the activities undertaken by a Company in pursuance of its statutory obligation laid down in Section 135 of the Act but shall not include the following:

- i) activities undertaken in pursuance of normal course of business of the Company;
- ii) 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;
- iii) contribution of any amount directly or indirectly to any political party under Section 182 of the Act;
- iv) activities benefitting employees of the Company as defined in Section 2(k) of the Code on Wages, 2019;
- v) activities supported by the Company on sponsorship basis for deriving marketing benefits for its products or services; and
- vi) activities carried out for fulfillment of any other statutory obligations under any law in force in India.

“CSR Committee” means the Corporate Social Responsibility Committee of the Board constituted under Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time.

“CSR Policy” means this document or statement made in due compliance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time, duly approved by the Board of the Company on the recommendation of the CSR Committee.

“Company” shall mean Dhabriya Polywood Limited or DPL validly existing under the provisions of Companies Act, 1956;

“International Organisation” means an organisation notified by the Central Government as an international organisation under Section 3 of the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), to which the provisions of the Schedule to the said Act apply;

“Net Profit” means Net profit as defined in the Act.

“Ongoing Project” means a multi-year project undertaken by a Company in fulfillment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi- year project but whose duration has been extended beyond one year by the Board based on reasonable justification;

‘Rules’ mean the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time.

‘Stakeholder’ means and includes:

- ✓ local community;
- ✓ employees;
- ✓ shareholders;
- ✓ suppliers/vendors/consultants;
- ✓ contractors;
- ✓ service providers;
- ✓ Any other person including workers involved in construction and allied activities of the Company or category of persons, as may be prescribed in the Act and/or by the CSR Committee including society at large.

Words and expressions used and not defined in this Policy but defined in the Act shall have the same meanings respectively assigned to them in the Act.

#### **IV. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:**

In accordance with the provisions of Section 135(9) of the Act, where the amount to be spent by a Company on CSR activities does not exceed Rs. 50 Lakh, the requirement for constitution of the CSR Committee shall not be applicable.

The requirement for constitution of CSR Committee is not applicable on the Company, however the management has constituted the same to adhere the regulatory requirements and to fulfill the sustainability goals of the Company, and therefore, the committee constituted by the Board of Directors

of the Company shall discharge the functions of CSR Committee including the following directly or to make recommendation to the board as the case may be:

- a) The committee shall govern and review the CSR initiatives of the Company from time to time.
- b) Formulate the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- c) Recommend to the board for update and monitor the CSR Policy.
- d) Approval of the Annual CSR obligation and Annual action plan for undertaking the CSR activities.
- e) Evaluate and approve the amount of expenditure to be incurred on the CSR activities.
- f) Work with management to establish, develop and give guidelines on the Company's strategic framework and objectives with respect to CSR matters;
- g) Put monitoring and reporting mechanisms in place.
- h) Receiving reports/ certificate from management on current and future projects and activities to ensure compliance with the CSR policy and obligations.
- i) Reviewing the Company's disclosure of CSR matters in the Company's continuous disclosure documents and any annual social responsibility report.
- j) Details of need and impact assessment, if any and applicable, undertaken by the Company and.
- k) Any other activity necessary to ensure achievement of Company's CSR objectives.

The Board shall take necessary steps for reconstitution of CSR Committee, as and when required.

#### **V. APPROVED CSR PROJECTS /PROGRAMMES/ACTIVITIES AND ANNUAL ACTION PLAN THEREOF**

The Company's initiatives and all its CSR programs will be focused to include all or any of the following activities:-

- a. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to Swachh Bharat Kosh set-up by the Central Government for the promotion of Sanitation and making available safe drinking water.
- b. Promotion of education including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects,
- c. 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 citizen and measures for reducing inequalities faced by socially and economically backward groups;
- d. 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 (including contribution to the Clean Ganga Fund set up by the Central govt. for rejuvenation of river Ganga);

- e. 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;
- f. 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];
- g. Training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports.
- h. 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 Schedules Castes, the Scheduled Tribes, other backward classes, minorities and women;
- i. contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by Central Government or State Government or or Public Sector Undertaking or any agency of the Central Government or State Government; and 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).
- j. Rural Development Projects.
- k. Slum Area development.
- l. Disaster management, including relief, rehabilitation and reconstruction activities.

In order to carry out all or any of the above said activities, the Company will make an Annual Action Plan which will be approved by the Board, such annual plan will inter alia define :-

- i. the manner of execution of such projects or programs;
- ii. the modalities of utilization of funds and implementation schedules for the projects or programmes;

- iii. monitoring and reporting mechanism for the projects or programmes; and
- iv. details of need and impact assessment, if any and applicable, for the projects undertaken by the Company.

Provided that the Board may alter approved Annual Action Plan at any time during the financial year.

The Company may also acquire capital assets for the purpose of carrying out various activities as mentioned herein before in order to achieve its objectives subject to the fulfillment of the conditions as prescribed in the Act.

## **VI. IMPLEMENTATION STRATEGY**

The Company may undertake and fulfill its CSR activities and obligations either directly and/ or through any of the following implementing agency :-

- a. A Company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961 (43 of 1961), established by the Company, either singly or along with any other Company, or
- b. A Company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
- c. Any entity established under an Act of Parliament or a State legislature; or
- d. A Company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

Provided that such implementing agencies are registered with the Central Government as may be required by the Law.

The Company may collaborate with other companies for undertaking CSR Projects or programs or activities in such a manner that the CSR Committee of the Company is in a position to report separately on such projects or programs in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time.

- a) The Company may also engage international organizations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.
- b) The Board shall review the followings while giving preference to the area of Company's operations while executing the CSR program :-
  - i) Amount spent/ contributed by the Company under this Policy directly or through any of the above Implementing Agency.

- ii) Compliance /Execution status.

## **VII. MONITORING FRAMEWORK**

- a. The Board will approve the Annual Action Plan.
- b. The Board will satisfy itself that the funds so disbursed have been utilized for the purposes and in the manner as approved by it. The Board will obtain a certificate from Chief Financial Officer, if any or the person responsible for financial management who will certify the same in this regard.
- c. The Board shall monitor the implementation of the on-going project with reference to the approved timelines and year-wise allocation and if required make modification for smooth implementation of the project within the overall permissible time period.

## **VIII. OVERHEADS/SURPLUS/CARRY FORWARD**

- a. To ensure that minimum of 2% of average net profits of the Company made during the three immediately preceding financial years is spent on CSR activities undertaken by the Company as per its annual action plan.
- b. The Committee/ Board shall ensure that the administrative overheads incurred in pursuance of sub-section (4) (b) of section 135 of the Act shall not exceed five percent of total CSR expenditure of the Company for the financial year.
- c. All expenditure towards the programs/ activities to be diligently documented.
- d. Any surplus arising out of the CSR projects or programmes or activities shall not form part of the business profit of the Company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of this policy and annual action plan or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

If the Company has spent any excess amount, it may set off the excess amount spent i.e., amount spent more than required as per Section 135(5) of the Act, excluding surplus arising out of CSR activities, against its obligation to be spent up to immediate succeeding three financial years, subject to approval of the Board

## **IX. DISCLOSURE / REPORTING/COMPLIANCE FRAMEWORK :**

- a. The Board shall disclose contents of this Policy in Board report and if required, also place it on the Company's website, in such manner as prescribed in the Act.
- b. The Company will report CSR performance in its Board report as per the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time.

- c. In case at least 2% of average net profits of the Company made during the three immediately preceding financial years is not spent in a financial year, reasons for the same to be specified in the Board report and unless the unspent amount relates to any Ongoing Project, transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.
- d. In case the unspent amount relates to an On-going project, the said amount shall be transferred within a period of thirty days from the end of the financial year to a special account to be opened by the Company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account.
- e. If the Company fails to spend the above said amount within a period of three financial years from the date of such transfer, the Company shall transfer the same to a fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.

The Company shall disseminate the CSR Policy adopted by the Company on its website, disclose the CSR activities being undertaken by it and the amount spent on CSR Activities in its Annual Report/Board's Report.

**X. POLICY REVIEW AND AMENDMENT:**

The Board may amend, abrogate, modify or revise any or all clauses of this Policy, on recommendation of the CSR Committee and in accordance with the Act and the CSR Rules framed thereunder. Any amendments in the Act or Rules or any applicable law including any clarifications/ circulars of relevant regulator, if mandatory, shall be read in conjunction with this Policy such that the Policy shall automatically reflect the contemporaneous applicable law at the time of its implementation.