

NILKAMAL LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

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CORPORATE SOCIAL RESPONSIBILITY POLICY

Introduction

Corporate Social Responsibility (CSR) at our Company goes beyond business and extends to the implementation of socially relevant activities for the benefit of society at large and aims to create shared value for all stakeholders through sustainable and responsible business practices.

This Policy is in keeping with the requirements of the Companies Act 2013 (“the Act”) and Companies (Corporate Social Responsibility Policy) Rules 2014 alongwith the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.

Preamble

Corporate Social Responsibility (CSR) is the Company’s contribution to social and economic development of the local community in which we operate and to society at large. Nilkamal Limited, as a good corporate citizen, has adopted CSR as strategic tool for sustainable growth and has decided to contribute to the development of the communities as a whole. In doing so the Company aims at building a better, sustainable and inclusive way of life for communities, while aligning CSR initiatives with national priorities and long-term business sustainability.

Scope & Applicability

This Policy shall be applicable to all CSR initiatives undertaken by the Company in pursuance of the requirements of Section 135 and Schedule VII of Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 (including any statutory modifications, amendments, or re-enactments of any of them for the time being in force). This Policy will be applicable to Nilkamal Limited including all its subsidiaries and Joint Venture Companies in India.

Definitions

- i. “**Act**” means the Companies Act, 2013 read with various rules, enactments, and amendments from time to time.
- ii. “**Administrative Overheads**” shall have the meaning assigned under Rule 2(1)(b) of CSR Rules.

- iii. **“Board of Directors”** or **“Board”** means the Collective body of the Directors of the Company.
- iv. **“Company”** means Nilkamal Limited.
- v. **“Corporate Social Responsibility”** (CSR) means and includes but is not limited to:
 - Projects or programs relating to activities specified in Schedule VII to the Act and applicable rules therein as amended from time to time and will include sustainable development projects or program; or
 - Projects or programs relating to activities undertaken by the Company in pursuance of the recommendations of the CSR Committee of the Board as per the declared CSR policy of the Company subject to the condition that such policy will cover subjects enumerated in Schedule VII of the Act.
- vi. **“CSR Committee”** means the Corporate Social Responsibility Committee of the Board constituted by the Board of Directors of the Company and has to perform the functions as referred to in section 135 of the Act.
- vii. **“CSR Policy”** means a statement containing the approach and direction given by the Board of a Company, considering the recommendations of its CSR Committee, and including guiding principles for the selection, implementation and monitoring of activities as well as formulation of the annual action plan.
- viii. **“CSR Expenditure”** shall include all expenditure incurred on CSR activities as approved by the Board.
- ix. **“Impact Assessment”** means assessment undertaken in accordance with Rule 8(3) of CSR Rules.
- x. **“Implementing Agency”** means any entity registered with the Ministry of Corporate Affairs for undertaking CSR Projects which is engaged by the Company to implement various projects in pursuance of CSR Policy.
- xi. **“Net Profits”** means the net profit of the Company as per its financial statement prepared in accordance with the applicable provisions of the Act subject to adjustment as per Section 135 of the Act and Rules made thereunder.

- xii. **“Ongoing Project”** means a multiyear 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 and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond 1 year by the board based on reasonable justification.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

Policy Guidelines

All CSR Projects must be aligned as prescribed in Schedule VII of the Companies Act, 2013.

- CSR activities shall be undertaken as per the Annual Action Plan approved by the Board on recommendation of the CSR Committee. CSR projects or programmes or interventions (except training of Indian Sports Personnel representing any State or Union territory at national level or India at international level) must be undertaken in India.
- CSR projects or programmes must not include the initiatives undertaken in pursuance of normal course of business of the Company.
- Projects or programmes or Interventions that benefit employees of the Company as defined in clause (k) of section 2 of the Code of Wages, 2019 (29 of 2019) shall not be considered as CSR.
- CSR interventions supported by Companies on sponsorship basis deriving marketing benefits for the company's products or services will not qualify as part of CSR expenditure.
- Contribution of any amount directly or indirectly to any political party shall not be considered as CSR.
- Activities carried out for fulfilment of any other statutory obligations under any law in force in India will not qualify towards CSR requirements.

Identification of programs for CSR

The Company has identified CSR thrust Areas for undertaking CSR Projects/ programs in India. which are in line with the areas specified in Schedule VII of the Companies Act, 2013. The Company shall give preference to the areas around which the Company operates and the areas with identified needs for CSR spending.

Thrust Areas

- **Education & Livelihood**
Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- **Health**
Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water.
- **Upliftment of Socially and Economically backward Class**
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.
- **Environment**
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.
- **Rural development projects**
- **Others**
From time to time, the Company may identify newer thrust Areas to the above list, in so far as such activities are as defined in Schedule VII of the Companies Act, 2013, as amended, from time to time.

Role of the Board of Directors

The roles and responsibilities of the Board of Directors towards CSR shall include:

- Provide recommendations and approval for the annual action plan formulated and presented by the CSR Committee for spending of the prescribed CSR budget.
- Alter the recommended annual action plan at any time during the financial year, if required, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect
- Ensure that the Company spends, 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.

- Ensure that the Company, treats the CSR Spends i.e. CSR surplus, excess expenditure and unspent CSR funds as per the modalities prescribed in the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.
- Ensure integration of CSR strategy with overall business objectives.
- Specify in its Report the reasons for not spending the amount if the Company fails to spend such amount.
- Disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on the Company's website, if any, for public access.

Composition of CSR Committee

A Committee of Board of Directors has been formed in line with the Section 135 of the Companies Act, 2013. The Nilkamal Limited CSR Committee comprises three Directors, including one Independent Director, as below:

1. Mr. Ashok Kumar Goel
2. Mr. Hiten V. Parekh
3. Mr. Nayan S. Parekh

The Board shall reconstitute the CSR Committee as and when required inter alia, to comply with the provisions of the Companies Act, 2013 and applicable statutory requirements.

The Committee shall be inter alia be responsible to:

- Formulate and recommend to the Board a CSR Policy which shall indicate the activities to be undertaken by the Company in accordance with the provisions of Schedule VII of the Companies Act, 2013.
- Formulate and recommend to the Board an Annual Action Plan in pursuance to the CSR Policy.
- Recommend to the Board the Amount of expenditure to be incurred on the activities referred to in the CSR policy.
- Monitor the CSR Policy and its implementation from time to time.

The Annual action plan should consist of list of approved projects or programs to be undertaken within the purview of Schedule VII of the Companies Act, 2013, manner of execution of such projects, modalities of fund utilization and implementation schedules, monitoring and reporting mechanism for the projects, and details of need and impact assessment, if any, for the projects to be undertaken.

Governance

The members of the CSR Committee shall be responsible for conducting all the CSR activities. It shall meet at such intervals as it may deem necessary.

However, the Committee may also form a CSR Team consisting of such number of persons who may either be employees of the Company or other external persons, as may be required, as its authorized representative for the purpose of implementing, reviewing and overseeing the overall CSR process, and the said Team shall report to the CSR Committee.

Funding and Allocation

For achieving the CSR objectives through implementation of meaningful and sustainable CSR Projects, the CSR Committee will allocate for its Annual CSR Budget, 2% of the average net profits of the Company made during the three immediately preceding financial years, calculated in accordance with Section 198 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.

The Company may also make contributions to Nilkamal Foundation – Section 8 Company, the Company's subsidiary, NGO partners, government bodies and social institutions, from time to time, qualifying the conditions prescribed under the Act, as amended from time to time for projects approved by the Board. The CSR Committee will recommend the CSR budget to the Board annually, for its approval.

The Company may spend up to 5% of the total CSR expenditure in one financial year on building CSR capabilities and other general and administrative overheads. The Company shall spend up to 2% of the total CSR expenditure in one financial year or 50 Lakh rupees, whichever is lesser, on undertaking impact assessment if applicable for any projects, as required by the law.

Any surplus arising out of the CSR Projects or Programs or activities shall not form part of the business profit of the Company and will be ploughed back into the project in the current Financial Year or be allocated for an ongoing project to be spent in any of the three succeeding financial years or will be transferred to a fund specified in Schedule VII of the Act, within six months of the expiry of the financial year.

The Company shall strive to spend the budgeted amount allocated for CSR activities/projects planned for each financial year, within that year. If for any reason,

any of the provisioned annual budget remains unutilized, the same will not lapse and will be treated in the following manner:

(I) In case of any ongoing project, the unspent amount shall be transferred to an account i.e., “Unspent CSR Account” within 30 days of the end of the financial year or within such other time period as may be specified in the Act or CSR Rules from time to time, and such sum shall be spent during the next three financial years from the date of transfer, in the manner prescribed under the Act read with CSR Rules, failing which, the Company shall treat the unspent amount in the manner prescribed under the Act read with CSR Rules.

(II) In case of activities/projects other than Ongoing Project, the same shall be transferred to funds specified in Schedule VII of the Act, or any such other fund(s) as may be specified under the Act or CSR Rules, within 6 months of the close of the financial year or within such other time period as may be specified from time to time.

(For explanation: “Ongoing Project” means a multi-year project undertaken by the Company in fulfilment 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, in accordance with Rule 2(1)(i) of the CSR Rules).

Any excess expenditure i.e., beyond the prescribed CSR budget will be disclosed in the Board’s CSR Report and shall be made available for set off against the CSR requirement to spend in any of the three succeeding financial years.

The Chief Financial Officer will certify to the Board that the funds so disbursed have been utilised for the purposes and in the manner as approved.

Implementation

- The CSR Committee shall provide guidance on the allocation of the CSR budget among the thrust areas on an annual basis and seek approval from the Board.
- The CSR Projects will be undertaken based on the annual action plan formulated and recommended by the CSR Committee and approved by the Board. The Board may alter the annual action plan at any time during the financial year, as per the recommendation of the CSR Committee based on reasonable justification to that effect.
- The Company has established Nilkamal Foundation, a Section 8 Company under the

Companies Act, 2013, to implement and support CSR initiatives of the Company, its subsidiaries, and joint venture companies.

- The Company may further engage with other NGO partners, government bodies and social institutions, from time to time, qualifying the conditions prescribed under the Act, as amended from time to time, which inter alia currently includes that our implementing partners are registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), having an established track record of at least three years in undertaking similar activities and shall register itself with the Central Government by filing the form CSR-1 electronically with the Ministry of Corporate Affairs;
- The Company may also collaborate with other companies to undertake CSR Projects or Programs, provided the CSR Committees of the respective companies are in a position to report separately on such projects or programs.
- Company may, however, also undertake CSR Projects/activities directly.

Monitoring, Review and Evaluation of CSR Projects

To ensure effective implementation of the CSR projects, a monitoring mechanism shall be put in place through which necessary corrective actions as may be required shall be taken from time to time.

- The CSR Committee will monitor and review on a regular basis or as and when required, the progress of CSR initiatives undertaken.
- The fund utilization made in projects as approved by the Board, will be certified by the Chief Financial Officer of the Company.
- Applicable projects, as required by the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, if applicable shall be subjected to an in depth impact study to assess the impact created through the project.
- In case of deviation in implementation as defined in the annual action plan, such changes will be approved by the CSR Committee and the Board of Directors of the Company.
- In order to ensure transparency and communication with all stakeholders, the CSR Policy and the list of approved projects will be uploaded on the Company's website and made available in the public domain.

Budgeting and spend

The management will present to the CSR Committee the calculation for the CSR spent and on the basis of the same the CSR Committee will approve the CSR Budget for the respective financial year.

For each financial year, the minimum amount available for CSR spending will be as per the calculation of 2% of the average net profits calculated as per Section 198 of the Companies Act, 2013, based on financial statements of the three preceding financial years as defined in accordance with the applicable provisions of the statute, and as amended from time to time.

Reporting and disclosure

The Company shall disclose CSR details in its Board's Report and on its website in accordance with applicable laws. CSR initiatives may also form part of Business Responsibility and Sustainability Reporting (BRSR) as applicable.

Closing Notes

The Company shall endeavour to contribute towards sustainable development and the welfare of society through its CSR initiatives.

The Board reserves the right to amend, modify, or revise any provision of this Policy based on the recommendations of the CSR Committee and in accordance with applicable statutory provisions from time to time.

In the event of any amendment(s), clarification(s), circular(s), or notification(s) issued by the relevant authorities which are inconsistent with the provisions of this Policy, such amendment(s), clarification(s), circular(s), or notification(s) shall prevail, and this Policy shall be deemed to have been modified accordingly with effect from the date of such changes.