

# **AURO IMPEX & CHEMICALS LIMITED**

**CORPORATE SOCIAL RESPONSIBILITY (CSR POLICY)**

# AURO IMPEX & CHEMICALS LIMITED

## CORPORATE SOCIAL RESPONSIBILITY (CSR POLICY)

### INTRODUCTION

Section 135 of the Companies Act 2013 has made CSR as a mandatory provision for the prescribed companies to add a sense of responsibility and contribution among corporates. The said section has to be read along with the Rules prescribed by the Act for implementation of CSR.

The provisions of **CSR apply to every company** fulfilling any of the following conditions in the preceding financial year: -

- Net worth of more than Rs 500 Crore or
- Turnover of more than Rs 1000 Crore or
- Net profit of more than Rs 5 Crore

The Board of Directors of every company for which the CSR provisions apply must ensure that the company spends in every financial year **at least 2% of its average net profits** made during the **immediately preceding three financial years**. If the company has not completed three financial years since its incorporation, it must spend 2% of its average net profits made during the immediately preceding financial years. Besides, the Companies Act, 2013 has made it mandatory for-profit making Companies to constitute the CSR Committee in case where the amount to be spent by a company under these provisions exceed Fifty Lakh Rupees.

Where the amount to be spent by a company under these provisions does not exceed Fifty Lakh rupees, the requirement for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee, in such cases, be discharged by the Board of Directors of such company.

Accordingly, the Company has decided to carry out programmes, projects and activities (collectively known as "CSR Activities") in this regard as the subject matter of this Policy, as specified in the Companies Act, 2013 and Rules relating thereto.

#### **CONSTITUTION -**

Since the amount to be spent by a company under these provisions does not exceed Fifty Lakh rupees, the requirement for constitution of the Corporate Social Responsibility Committee shall not be applicable in case of our Company and the functions of such Committee, in such cases, be discharged by the Board of Directors of such company and there is no requirement of Forming Corporate Social Responsibility Committee.

In case of no Corporate Social Responsibility Committee, the Board of Directors of the Company authorizes Mr. Madhusudan Goenka, Managing Director as well as Mr. Praveen Kumar Goenka, Whole Time Director to discharge all duties and take necessary actions in respect of CSR Activities/Policies effectively.

#### **CSR POLICY/ACTIVITIES -**

Activities which may be included by companies in their Corporate Social Responsibility Policies Activities relating to: —

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

- 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 setup by the Central Government for rejuvenation of river Ganga;
- 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;
- Measure for the benefit of armed force veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;
- Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympics sports;
- Contribution to the Prime Minister's National Relief Fund or Prime Minister's Central 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 Scheduled Castes, the Schedule Tribes, other backward classes, minorities and women;
- 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).
- Rural development projects.

- Slum area development.

Explanation. - For the purposes of this item, the term 'slum area' shall mean any 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.

- Disaster management, including relief, rehabilitation and reconstruction activities.

The Company can pursue any of the above-mentioned activities as its social, economic and environmental responsibility.

**EXCLUSION:**

- i) CSR activity shall not include any activity undertaken in normal course of business of the Company
- ii) The Company shall not make any payment directly or indirectly to any Political Party(ies) for any CSR Activity.
- iii) CSR Projects or Programs or activities that benefit only the Company employees of the Company or their families shall not be considered as CSR Activities.

**IMPLEMENTATION:**

The Implementation of the CSR activities of the Company will be governed by the Board of the Directors of the Company. The Company may also carry out its CSR Activities through any of the followings:

1. Any other registered trust or a registered society or a Company established by the Company itself or its holding or subsidiary or associate Company under section 8 of the Companies Act, 2013 or otherwise.
2. Any registered trust or a registered society or section 8 Company having a track record of three years in undertaking similar projects, programs or activities, if the same is not established by the Company itself or its holding or subsidiary or associate Company.
3. The Company should ensure foregoing Trust or Society is registered with Ministry of Corporate Affairs before making contribution on or after 1st April, 2021.

4. The Company may also collaborate with other Companies for undertaking CSR project or programs or activities.

#### **SCOPE & TERMS OF REFERENCE OF THE BOARD OF DIRECTORS:**

The terms of reference are as follows:

1. To formulate a Corporate Social Responsibility (CSR) Policy related to the CSR activities to be undertaken by the Company as provided in the Schedule VII and any other related provisions, if any, of the Companies Act, 2013 and the rules made there under.
2. To institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company.
3. To recommend the amount of expenditure to be incurred on the CSR activities as per the requirement of the Companies Act, 2013 and the rules made there under.
4. To carry out such other functions as may from time to time, be authorized by the Board and/or required by any Statutory Authority, by the way of amendment and/or otherwise, as the case may be.

#### **RESPONSIBILITY/ROLE OF THE BOARD:**

- i. The Board shall constitute CSR policy which shall include a list of CSR projects or programs which a company plans to undertake falling only within the purview of the Schedule VII of the Act, specifying modalities of execution of such project or programs and implementation schedules for the same and;
- ii. Monitoring process of such projects or programs.
- iii. To ensure and undertake the activities as per its CSR policy.

#### **GOVERNANCE/REPORTING**

1. The Company shall specify the projects/programmes to be undertaken by such an organization, modalities for utilizing funds provided by it.
2. The Company shall establish a monitoring mechanism to ensure that the allocation is spent for the intended purpose only and shall periodically monitor and evaluate the performance of the Projects and the achievement of targets.

3. The Board shall review the implementation of the CSR Programmes from time to time and issue necessary directions to ensure orderly and efficient execution of the CSR Programmes in accordance with this Policy.
4. The Board of a company shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.
5. In case of ongoing project, the Board of a 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.”
6. Every year, an annual CSR Action Plan (hereinafter referred to as 'CSR Plan') delineating the CSR Programmes to be carried out during the financial year shall be placed before the Board, including the budgets thereof, their manner of execution, implementation schedules, modalities of utilisation of funds, and monitoring & reporting mechanism for the CSR Programmes. The Board will consider and approve the CSR Plan with such modification that may be deemed necessary; the CSR Plan may also be modified by the Board during the financial year, as the case may be.
7. At the end of every financial year, the Board of Directors will consider an Annual Report on CSR activities as prescribed in the Companies Act, 2013 and recommend the same for the approval of the Board. The said Report will be disclosed as part of the Report of the Board of Directors.
8. The Company shall display the CSR Policy & Projects approved by the Board on its website, when in place.

#### **UNSPENT CSR MONEY / EXCESS CSR EXPENDITURE**

1. CSR expenditure will include all expenditure, direct and indirect, incurred by the Company on CSR Programmes undertaken in accordance with the approved CSR Plan.
2. Any income arising from CSR Programmes will be netted off from the CSR expenditure and if in case any surplus arises, such amount will be reported as CSR surplus and used for CSR purpose only.
3. If CSR expenditure in a financial year exceeds the statutory limit, such excess may be set-off against CSR expenditure within next three financial years with the approval of the Board.com
4. In case the Company is not able to spend the money earmarked for CSR expenditure and any income/surplus arising out of the CSR activities, it shall transfer such fund as may be notified in Schedule VII in the following manner –

- i. where the unspent amount is related to an Ongoing Project, such unspent amount shall be transferred to the 'Unspent Corporate Social Responsibility Account' within a period of 30 days from the end of the financial year and the same shall be spent within a period of three financial years from the date of such transfer in the manner as prescribed in section 135(6) of the Act and the Rules, failing which, 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.; and
- ii. Where the unspent amount is not related to an Ongoing Project, such unspent amount shall be transferred to a Fund as may be specified in Schedule VII, within a period of six months of the expiry of the financial year or such other time period as permissible under the Applicable Law.

5. The board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.

**Review of the Policy:**

The Board of Directors are empowered to review this policy periodically and may amend or modify the Policy accordingly, from time to time.