



## Corporate Social Responsibility Policy

### 1) Introduction:

We at Nagarjuna Agrichem Limited (hereinafter referred to as “the Company”), act in accordance with the principles of responsible, care and sustainable development to safeguard our employees, customers, stockholders, society and environment. In doing so, we ensure compliance with globally accepted social and ethical standards and values.

As an organization, the Company is committed to operate in accordance with the demands of economy, ecology and society. Consequently, the Company makes decisions not only based on financial parameters, but also taking into consideration the social and environmental impact arising out of the actions of the Company. The resultant CSR policy guidelines are also prepared in line with our corporate strategy and our commitment to Corporate Social Responsibility.

The Company strongly believes that Corporate Social Responsibility (CSR) is connected with the principles of sustainability and recognizes that its business activities have wider impact on the society in which it operates. Therefore, the Company endeavors to make CSR a key business process for sustainable development, through its integration in the overall business approach.

The Company is committed to its stakeholders to conduct its business in an Accountable manner that creates a sustained positive impact on society and also believes that all CSR activities in the Company shall be linked to the core business activity and/or to the available expertise at the Company.

We further believe that our Corporate Social Responsibility lies in embracing core corporate values through commitment to grow in a socially and environmentally responsible way, while meeting the interests of all relevant stakeholders.

### 2) Legal Background:

Section 135 of the Companies Act, 2013 read with the (Corporate Social Responsibility Policy) Rules, 2014 provides that



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- a) Every Company having a net worth of Rupees Five Hundred Crores or more; or Turnover of Rupees One Thousand Crores or more; or a Net Profit of Rupees Five Crores or more during any financial year shall constitute a CSR Committee of the Board consisting of three or more Directors, out of which one Director shall be an Independent Director.
- b) The Board's report under sub-section (3) of section 134 shall disclose the composition of the CSR Committee.
- c) The CSR Committee shall:
  - i) formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII;
  - ii) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
  - iii) monitor the CSR Policy of the Company from time to time.
- d) The Board of every Company referred to in sub-section (1) shall :
  - i) after taking into account the recommendations made by the CSR Committee, approve the CSR Policy for the Company and disclose contents of such Policy in its report and also place it on the Company's website.
  - ii) ensure that the activities as are included in CSR Policy of the Company are undertaken by the Company.
- e) The Board of every Company referred to in sub-section (1), shall ensure that the Company spends, in every financial year, at least two percent of the average net profits of the Company made during the three immediately preceding financial years, in pursuance of its CSR Policy. The average net profit shall be calculated in accordance with the provisions of the Section 198 of the Companies Act, 2013.

Provided that the Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR activities:



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Provided further that if the Company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of Section 134, specify the reasons for not spending the amount.

### 3) Definitions:

- a) "Act" means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- b) "Board" means the Board of Directors of the Company
- c) "Company" means the "Nagarjuna Agrichem Limited."
- d) "Committee" means Corporate Social Responsibility Committee of the Company as constituted or reconstituted by the Board, from time to time.
- e) "Directors" mean the Directors of the Company.
- f) "Independent Director" means a Director as defined under Section 149(6) of the Companies Act, 2013 and /or under clause 49 of the Listing Agreement.
- g) "Policy or This Policy" means "Corporate Social Responsibility Policy."

### 4) Interpretation:

The terms that have not been defined in this policy shall have the same meaning assigned to them in the Companies Act, 2013, or Listing Agreement or any other Rules/ Regulation(s) as amended from time to time.

### 5) Effective Date:

The following policy has been formulated by the Corporate Social Responsibility Committee, and adopted by the Board of Directors. This policy shall be operational with effect from 01<sup>st</sup> October, 2014.

### 6) Objectives of CSR Policy:

The objectives of this policy are as follows:

- a) To demonstrate commitment to the common good through responsible business practices and placing high value on good corporate governance standards;



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- b) To actively support the national development initiatives to ensure sustainable change;
- c) To set high standards of quality in the delivery of services in the social sector by creating processes and replicable models;
- d) To engender a sense of empathy and equity among employees of the Company to motivate them to give back to the society.

### 7) Applicability:

- a) As per the provisions of the Section 135 of the Companies Act, 2013, the said Policy will be applicable to all the Companies whose net worth of Rupees Five Hundred Crores or more; or Turnover of Rupees One Thousand Crores of more; or a Net Profit of Rupees Five Crores or more during any financial year shall constitute CSR Committee, formulate CSR Policy and contribute at least 2% of their average net profits made during the immediately 3 preceding financial years.
- b) The Policy shall apply to all CSR projects/programmes undertaken by the Company in India as per Schedule VII of the Act.
- c) This policy shall be applicable to the Company only.

### 8) Areas focused:

For purposes of focusing its CSR efforts in a continued and effective manner, the Company has identified the following areas:

- a) 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;
- b) Rural Development Projects.
- c) Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
- d) Promotion of education including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;



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- e) Training to promote rural sports, nationally recognized sports, Para-Olympic sports and Olympic sports;
- f) 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;
- g) Measures for the benefit of armed forces veterans, war widows and their dependents;
- h) 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;
- i) Contribution to the Prime Minister 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, Scheduled Tribes, other backward classes, minorities and women;
- j) Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
- k) Such other CSR activities as may be prescribed under the provisions of the Section 135 of the Companies Act 2013 read with Schedule VII and the Rules made there under (including any statutory modifications or amendments re-enactment thereof from time to time).

These CSR programmes can be implemented through Non-Governmental Organizations (NGO's), Government bodies, institutions, municipalities, schools and agencies as may be approved by the CSR Committee from time to time.

### **9) Criteria for identifying third party Organizations for execution:**

It is the responsibility of the CSR Committee, while the implementation of a defined CSR project / program, to ensure that the external Organization,

which would execute the said project / program is clearly identified. In case the external Organization is a NGO or an Agency other than an NGO it shall meet the following criteria:

- a) Have a permanent office / address in India;
- b) Be a registered society under Societies' Registration Act; or Section 8 Company registered under the Companies Act, 2013
- c) Possess a valid Income-tax Exemption Certificate;
- d) Have verifiable antecedents, subject to confirmation;
- e) Have a track record of at least three financial years.

**10) Recommendation to the Board:**

The CSR Committee shall recommend to the Board of Directors, the CSR projects or programmes which the Company plans to undertake specifying the modalities of execution of such projects or programmes and implementation schedules for the same, and also the monitoring process of such projects. Such activities shall not include the activities undertaken in pursuance of normal course of business of the Company.

**11) CSR Budget:**

The CSR Committee shall recommend the annual budgeted expenditure project wise to the Board for its consideration and approval which shall not be less than 2% of the average Net Profit made during the preceding 3 financial years of the Company. The average net profit shall be calculated in accordance with the provisions of the Section 198 of the Companies Act, 2013.

Any income arising out of CSR projects or activities approved by the Board shall not form part of the business profit of the Company and shall only be allocated to future CSR projects or activities.

The Company's CSR programmes will be identified and implemented according to the Board's approved CSR policy.

The Company will set in place monitoring and evaluation mechanisms so as to ensure that every CSR programme has:

- a) clearly defined objectives, targets and time lines.
- b) A progress monitoring system, a reporting framework and system in alignment with the applicable Act and Rules.

**12) Monitoring and Reporting Framework:**

The Company's CSR Committee shall monitor the implementation of the CSR Policy through periodic reviews of the activities of the internal delegated persons / committee; external agencies or NGO's, whosoever entrusted the assignment, in compliance with the Act, and ensure that funds spent on CSR programmes are creating the desired impact.

**13) Responsibilities of the Board of Directors:**

The Board of Directors of the Company is responsible for:

- a) Forming a CSR Committee comprising of Directors.
- b) Approving the CSR policy after taking into account the recommendations made by the CSR Committee.
- c) Ensuring that if the Company makes profits, then the Company shall in each financial year spend at least 2% of the average net profit before taxation excluding profits arising from overseas branches made during the three immediate preceding financial years, as prescribed in the Act and Rules made thereunder.
- d) Ensuring that in every financial year, funds committed by the Company for CSR activities are utilized effectively and implementation is regularly monitored.
- e) Disclosing in its Report the names of CSR Committee members and ensure annual reporting of its CSR activities on the Company website.
- f) Ensuring annual reporting of the amount spent on CSR activities to the Ministry of Corporate Affairs, Government of India, as per the prescribed format.
- g) Ensuring that only the activities as included in CSR Policy of the Company are undertaken by the Company.

**14) CSR Committee:**



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The Board has constituted the Committee, vide a resolutions passed in its meeting held on 30<sup>th</sup> May, 2014 and also has the power to reconstitute the Committee from time to time in order to make it consistent with the Company's policy and applicable statutory requirement. At present, the CSR Committee comprises of the following Directors;

- a) Mr. D. Ranga Raju, Chairman
- b) Mr. Sudhakar Kudva, Member
- c) Mr. V. Vijay Shankar, Member
- d) Mr. N. Vijayaraghavan, Member

The Board has also approved the terms of reference of the said CSR Committee vide the said resolution passed in its meeting held on 30<sup>th</sup> May, 2014. The Terms of Reference (ToR) as approved by the Board shall inter-alia include the Committee's Membership, Meetings, Chairman, Attendance, Quorum, Proceedings, Functioning, Voting, Secretary, etc.,

**15) The Duties, Functions, Roles and Responsibilities** of the CSR Committee, as described in the aforesaid approved ToR includes the following:

- a) To formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy indicating activities to be undertaken by the Company in compliance with provisions of the Companies Act, 2013 and rules made there under. The CSR activities shall be undertaken by the Company, as per its stated CSR Policy, as projects or programs or activities (either new or ongoing), excluding activities undertaken in pursuance of its normal course of business.
- b) To oversee the implementation of those activities, monitor the implementation of the framework of the CSR Policy and also report to the Board from time to time. It shall be ensured that the Company's CSR programmes will be identified and implemented according to the Board's approved CSR policy;
- c) The CSR Committee has the powers to seek monitoring and implementation report from the Organizations receiving funds. In this



regard, the Committee may delegate designated Company official(s) to co-ordinate with the Organization receiving funds to inspect the activities undertaken and ensure information in a timely manner;

- d) To sub-delegate / empower the Managing Director or any of the Executives of the Company authorized by him to spend such amounts as they think appropriate for some other strategic CSR contingencies that may arise during any financial year. The amount so spent shall be put for ratification of the Committee at its next meeting and shall be reported to the Board accordingly.
- e) To recommend the annual budgeted expenditure project wise to the Board for its consideration and approval. The amounts sanctioned by the Board will have to be utilized for the projects / programs as specified by the CSR Committee. The unspent amount, if any, at the close of the financial year shall be retained in the manner as decided by the Committee and shall be spent only on specified projects / programs. Any income /surplus arising out of contributions for CSR projects or activities shall not form part of the business profit of the Company and shall only be allocated to future CSR projects or activities.
- f) To recommend to the Board of Directors, the CSR projects or programmes which the Company plans to undertake specifying the modalities of execution of such projects or programmes and implementation schedules for the same and also the monitoring process of such projects. Such activities shall not include the activities undertaken in pursuance of normal course of business of the Company.
- g) To carry out any other function / duties/ roles & responsibilities as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification as may be applicable or as may be necessary or appropriate for performance of its duties.

**16) Authority to investigate:**

- a) The CSR Committee is hereby authorized to investigate any matter at the expense of the Company. It is also authorized to seek any information that it requires from any employee in order to perform its duties, and all employees are directed to co-operate with any requests made by the CSR Committee;
- b) The CSR Committee is authorized to obtain external professional advice and to secure the attendance of third parties with relevant experience and expertise at meetings of the CSR Committee, if it considers necessary, at the expense of the Company;
- c) The CSR Committee shall have all authority necessary or implied in order to carry out its duties and responsibilities, without limitation to the generality of the foregoing, to engage (including authority to approve fees and other retention terms) and terminate the engagement of any Social Responsibility consulting firm engaged to provide data or recommendations with respect to Social Responsibility.

The Company shall provide and make available to the Committee, as it may determine, funds for undertaking CSR activities, to pay compensation to any advisers employed by the Committee or any other expenses (relating or ancillary or incidental to the CSR activities or its implementations) as may be recommended by the Committee, from out of the funds apportioned by the Company for the CSR purposes.

**17) Amendment:**

- a) In case of any subsequent changes in the provisions of the Companies Act, 2013, or any other regulations or Listing Agreement, which makes any of the provisions in the Policy inconsistent with the Act or regulations, the provisions of the Act or regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.
- b) This policy shall be reviewed by the CSR Committee as and when any



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changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee.

- c) Any changes or modification(s) in the policy as recommended by the Committee would be presented for approval of the Board of Directors.

### **18) Disclosure:**

The Policy shall be displayed on the website of the Company and the activities undertaken by the Company shall be disclosed in the Annual Report of the Company.

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