

# **Corporate Social Responsibility Policy of ITL Industries Limited**

## **Corporate Social Responsibility (CSR) Philosophy & Concept)**

Corporate Social Responsibility is not a new concept in India. However, the Ministry of Corporate Affairs, Government of India, has recently notified Section 135 of the Companies Act, 2013, along with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (hereinafter referred to as CSR Rules) and other related notifications, which make it mandatory (effective from 1st April 2014) for certain companies that fulfill the criteria mentioned under Sub-section 1 of Section 135 to comply with the provisions relevant to Corporate Social Responsibility. As stated by the United Nations Industrial Development Organization (UNIDO), CSR is generally understood as the way through which a company achieves a balance of economic, environmental, and social imperatives ("Triple-Bottom-Line Approach"), while also addressing the expectations of shareholders and stakeholders.

### **1. Preamble**

Promoters of the Company are already involved in various social activities and actively contributing towards society especially in following areas:-

- Education
- Health care
- Medical
- Woman Empowerment
- Child Care
- Skill Development
- Environment & Community Development

Now, the Companies Act, 2013 has brought the concept of CSR to the forefront and, through its 'disclose or explain' mandate, is promoting greater transparency and disclosure. Schedule VII of the Companies Act, 2013, which lists the CSR activities, suggests that communities be the focal point. On the other hand, it discusses a company's relationship with its stakeholders and integrates CSR into its core operations.

### **2. Scope**

This Policy shall apply to all the CSR projects undertaken by the Company, whether such project is executed in collaboration with any other company or on its own.

### **3. Applicability**

#### **The Companies Act, 2013**

In India, the concept of CSR is governed by section 135 of the Companies Act, 2013 along with rules made thereunder. The CSR provisions within the Act are applicable to the Companies having:

- Turnover of Rs. 1000 Crore or more OR
- Net worth of Rs. 500 Crore or more OR
- Net Profit of Rs. 5 Crore or More

The Companies on which CSR is applicable they required to constitute CSR committee consisting three or more directors out of which at least one director shall be an Independent Director.

The Act lists a set of activities eligible under CSR. Companies may implement these activities, by giving preference to local area and area around it where it operates, after seeking board approval. The indicative activities that can be undertaken by a company under CSR are specified in Schedule VII of the Companies Act

#### **4. Composition of the CSR Committee**

ITL Industries Limited has formed a CSR Committee. The Committee will be responsible for decision making with respect to CSR Policy. The Board level committee to meet at least twice a year to review the implementation of CSR projects/programmes and give directions.

- Meeting: The CSR Committee shall meet at least twice a year.
- Quorum: The quorum of the meeting of CSR committee shall be one third of the total strength or two director, whichever is higher.
- Sitting Fee : No sitting fee will be given for attending the meeting
- The CSR committee may invite Executives, Advisers, Representatives of Social Organizations, Auditors of the Company and such other person (s) as it may consider necessary attend the meeting.

The constitution and composition of CSR committee is required to be disclosed in the Board Report (part of the Annual Report of the Company)

#### **5. Role of CSR Committee**

The Corporate Social Responsibility Committee of the Company shall:

- a. Formulate / make changes from time to time and recommend to the Board for its approval, a CSR Policy which shall indicate the activities to be undertaken by the Company in areas or subject, specified in Schedule VII to the Act.
- b. Recommend the amount of expenditure to be incurred on the CSR activities to be undertaken by the Company.
- c. Monitor the CSR Policy of the Company from time to time.
- d. Formulate and recommend to the Board for its approval, an Annual Action Plan in pursuance of this CSR policy; and
- e. Make recommendation to the Board for alteration of Annual Action Plan if required at any time during the financial year based on reasonable justification.

#### **6. Reporting And Monitoring**

- a. The Board of the Company or its CSR Committee shall monitor the implementation of the CSR projects as required under the Companies Act 2013 and examine whether the funds provided by the Company are utilized in accordance with the approved plans and report to the Board of Directors or its committee. The management shall provide a detailed report of CSR activities carried out as well as budgets utilized in the prescribed format to the Company's Board or its committee.

- b. In case of ongoing project, the Board 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 period.
- c. The annual action plan of the Company would include the manner of execution of CSR projects or programmes to be undertaken by the Company, the modalities of utilization of funds and implementation schedules for the projects or programmes, and monitoring and reporting mechanism for the projects or programmes and details of need & impact assessment, if any, for the projects undertaken by the Company.

## **7. CSR Activities**

Activities which may be included by companies in their Corporate Social Responsibility Policies in accordance with Schedule VII of Companies Act are as follows:

- a. eradicating hunger, poverty and malnutrition
- b. promoting 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
- d. ensuring environmental sustainability
- e. protection of national heritage, art and culture
- f. measures for the benefit of armed forces veterans, war widows and their dependents
- g. training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports
- h. contribution to the Prime Minister's 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, the Scheduled Tribes, other backward classes, minorities and women;
- i. Contribution to incubators or research and development projects
- j. Contributions to public funded Universities; Indian Institute of Technology (IITs); Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); 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)
- k. rural development projects
- l. slum area development
- m. disaster management, including relief, rehabilitation and reconstruction activities.

## **8. Prohibited Activities under CSR**

Under the Companies Act, 2013, Schedule VII specifies the activities that are eligible for CSR (Corporate Social Responsibility). However, the Act does not explicitly list prohibited activities for CSR. The following are some general activities that **cannot** be considered CSR as per the Companies (Corporate Social Responsibility Policy) Rules, 2014, which is an extension of the Companies Act, 2013:

1. **Employee-related activities:** CSR funds cannot be used for the benefit of employees or their families.
2. **Political contributions:** Donations to political parties are not eligible for CSR.
3. **Normal business operations:** Activities related to the company's regular business or statutory obligations (e.g., safety or environmental compliance) are not CSR.
4. **Event sponsorship:** Merely sponsoring events without broader social impact is not CSR.
5. **Core business expenses:** Advertising, branding, or other business promotion costs cannot be counted as CSR.
6. **In-house training:** Training programs aimed solely at improving employee skills or business performance are not CSR.
7. **Charitable contributions to individuals:** Donations to individuals or families do not qualify as CSR.
8. **Foreign donations:** CSR activities involving foreign donations must comply with the Foreign Contribution (Regulation) Act, 2010.
9. **Non-India activities:** CSR must be conducted in India unless specific government guidelines allow otherwise.

## **9. Implementation of CSR Activities**

- a. The Board shall ensure that the CSR Activities are undertaken by the Company itself or through any of the following implementing agencies –
  - a company established under section 8 of the Act, or a registered public trust a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the Company, either singly or along with any other company; or
  - 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
  - any entity established under an Act of Parliament or a State legislature; or
  - 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.
- b. The implementation modalities may be modified from time to time.
- c. The Company may also engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per this CSR policy as well as for capacity building of its own personnel for CSR.
- d. The project may define the beneficiary group as per the goal and the needs assessment / baseline study.
- e. The Company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR Committees of respective companies (wherever Committees are been constituted as per the provisions of the Act read with CSR Rules) are in a position to report separately on such projects or programmes in accordance with the CSR Rules.

## **10. CSR Expenditure**

- The Company is required to spend, in every financial year, at least 2 % of the average net profit of the Company made during the three immediately preceding financial year.
- At the time of CSR expenditure preference will be given to the Local area and the area around it where it operates.
- Average Net Profit shall be calculated in accordance with provisions of Section 198 of the Companies Act, 2013.

## **11. CSR Reporting**

The Board's report of the Company shall include an annual report on CSR activities as in prescribed form from time to time under the Act and the CSR Rules.

The Board will be responsible to ensure that:

- The report of the Board includes the annual report on CSR Activities of the Company and sets out the requisite information in terms of the Act and the Rules;
- The contents of the latest and updated CSR Policy is included in the report of the Board;
- The contents of such policy are also made available on the website of the Company i.e. [www.itl.co.in](http://www.itl.co.in).
- In case of failure to ensure the minimum CSR Expenditure, detailed reasons for the same are adequately disclosed in the Board Report.

## **12. Amendment to the Policy**

In accordance with the powers vested in the Board, this Policy has been amended with effect from 27<sup>th</sup> September 2024. The Board reserves the right to amend any provisions of this Policy substitute any existing provisions with new ones, or replace this Policy entirely with a new Policy as deemed necessary.