



# **Corporate Social Responsibility Policy**

**GROZ ENGINEERING TOOLS PRIVATE  
LIMITED**



## **TABLE OF CONTENTS**

**1 Introduction**

**2 Objective & Scope**

**3 Corporate Social Responsibility (CSR) Committee**

**4 CSR Budget/CSR Spend**

**5 CSR Initiatives**

**6 Publication of CSR Policy & Programs**

**7 Policy Review & Future Amendment**



# 1 INTRODUCTION

CSR in India has traditionally been seen as a philanthropic activity. While the corporate houses have been traditionally engaged in doing CSR activities voluntarily, the new CSR provisions put formal and greater responsibility on companies to set out clear framework and process to ensure strict compliance.

The new Companies Act 2013 (hereinafter referred to as 'the Act'), has introduced the idea of CSR to the forefront and through its "Comply-or-Explain" mandate. It mandates qualifying companies to constitute Corporate Social Responsibility Committee to effectively monitor CSR activities of the Company. Further the Companies (Corporate Social Responsibility Policy) Rules, 2014 (hereinafter referred to as "CSR Rules") lays down the framework and modalities of carrying out CSR activities which are specified in Schedule VII of the Act.

## 2 OBJECTIVE & SCOPE

The main objective of the CSR Policy is to lay down guidelines for *Groz Engineering Tools Private Limited* (hereinafter referred to as 'the Company') to make CSR as one of the key focus areas and making a positive contribution to society through high impact, sustainable programs.

This Policy covers current as well as proposed CSR activities to be undertaken by the Company and examining their alignment with Schedule VII of the Act as amended from time to time. It covers the CSR activities which are being carried out in India only and includes strategy that defines plans for future CSR activities.

The Company proposes to implement its CSR activities in various sectors stated hereunder:

### 2.1 Targeted Sectors

- ❖ Healthcare
- ❖ Sanitation
- ❖ Drinking Water
- ❖ Education
- ❖ Rural Development
- ❖ Vocational Skills
- ❖ Entrepreneurship Skills

- ❖ Employment Opportunities
- ❖ Facilities for Senior Citizens
- ❖ Medical Aid
- ❖ Old Aged Homes
- ❖ Women Hostels
- ❖ Special Employment Opportunities for Women
- ❖ Environment Protection
- ❖ Animal Welfare
- ❖ Conservation of Natural Resources
- ❖ Protection of National Heritage
- ❖ Promoting and development of Art and Culture
- ❖ Public Libraries
- ❖ Promotion and development of traditional arts and handicrafts
- ❖ Measures for armed forced veterans, war widows and their dependents
- ❖ Promotion and development of rural sports and National Games
- ❖ Contribution to funds set by the Central or State Government for development and welfare of Scheduled Castes, Scheduled Tribes and minorities
- ❖ Rural Development Projects
- ❖ Contribution to technology incubators located within academic institutions
- ❖ Go Green Initiatives
- ❖ Human Rights
- ❖ Any other area as may be prescribed by Schedule VII amended from time to time

The Company will review the sectors from time to time and make additions/deletions/clarifications to the above sectors.

### **3 CSR COMMITTEE**

#### **3.1 Constitution**

Pursuant to the provisions of Section 135 of the Act, the Board of Directors shall constitute the Corporate Social Responsibility (CSR) Committee. The Members of CSR shall be appointed by the Board of Directors of the Company which must consist of at least two or more Directors.

#### **3.2 Powers of the Committee**



Following are the Powers of the CSR Committee:

- (i) Formulate CSR Policy and recommend the same to the Board of Directors of the Company for approval
- (ii) Recommend CSR activities as stated under Schedule VII of the Act
- (iii) Approve to undertake CSR activities in collaboration with HP Group companies/ other Companies/firms/NGOs etc. and to separately report the same in accordance with the CSR Rules
- (iv) Recommend the CSR Budget
- (v) Spend the allocated CSR amount on the CSR activities once it is approved by the Board of Directors of the Company in accordance with the Act and the CSR Rules
- (vi) Create transparent monitoring mechanism for implementation of CSR Initiatives in India
- (vii) Submit the Reports to the Board in respect of the CSR activities undertaken by the Company
- (viii) Monitor CSR Policy from time to time
- (ix) Monitor activities/charter of Joint Working Group (JWG) who are authorized to ensure that the CSR activities of the Company are implemented effectively
- (x) Authorize executives of the Company to attend the CSR Committee Meetings

### **3.3 Frequency of the Meetings of the CSR Committee**

The CSR Committee shall meet atleast once in a quarter. Members of the CSR Committee can agree upon mutually regarding time and place for the said meetings. Quorum for the meeting should be two. The Members of the Committee may participate in the meeting either in person or through video conferencing or other audio visual means in accordance with the provisions of the Companies Act, 2013 and rules made thereunder from time to time. Other Members of the Senior Management may attend the CSR Committee Meetings as may be appropriate, subject to the approval of the CSR Committee.

## **4 CSR BUDGET/CSR SPEND**

The Act mandates companies meeting the qualification criteria to allocate certain portion (two percent) of its average net profits during the three immediately preceding financial years to be spent on CSR Activities that fall



under purview of Schedule VII of the Act.

#### **4.1 CSR Expenditure:**

Net profit means profit more fully described under Rule 2(f) of the CSR Rules. The CSR expenditure shall include all expenditure including contribution to corpus or on projects or programs relating to CSR activities approved by the Board of Directors on the recommendation of its CSR Committee but does not include any expenditure on an item not in conformity or not in line with activities stated under Schedule VII of the Act.

#### **4.2 Failure to spend the CSR Money**

In case the Company fails to spend the above targeted amount in that particular financial year, the reasons for not spending the amount shall be reported by the Board of Directors in their Directors' Report for that particular Financial Year. Surplus arising out of the CSR initiatives shall not form part of the business profits of the Company.

### **5 CSR INITIATIVES**

In line with Schedule VII of the Act and the CSR Rules, the Company shall undertake CSR activities included in its CSR Programs. The Committee is authorized to approve any modification to the existing Annual CSR Programs or to propose any new programs during the financial year under review.

#### **5.1 CSR Plan**

The CSR Programs outlines the following aspects of CSR initiatives of the Company:

- ❖ Tailor-made CSR projects depending upon allocated spend and geographical presence
- ❖ Partnering agencies/companies/firms
- ❖ Process Owners
- ❖ Project Proposals
- ❖ Targeted Beneficiaries & their key needs
- ❖ Alignment with Schedule VII
- ❖ Project Goals and milestones
- ❖ Activities and Timelines including expected closure dates
- ❖ CSR Budget with projections



- ❖ Monitoring mechanism
- ❖ Progress reporting and frequency of reports
- ❖ Risks and mitigation strategies
- ❖ Any other information as may be required by the CSR Committee

## **5.2 Collaboration**

The Company may collaborate with other Affiliates or its subsidiaries or any other Company as may be approved by CSR Committee to implement CSR activities and the same shall form a part of the CSR Program. The Company may form trusts on its own to carry out CSR activities in accordance with the CSR Rules and to administer its CSR activities.

## **5.3 Disqualifying Activities for CSR**

The CSR Rules prohibit the CSR projects and programs that are implemented by the Company for benefit of the employees of the Company and their families. The CSR activities implemented outside India also fall outside the purview of the Rules and hence CSR expenditure on such activities will not be considered for inclusion in the CSR Report. Any amount directly or indirectly contributed towards any political party under Section 182 of the Act shall not be considered as CSR Spend. Activities that are undertaken by the Company in pursuance of its normal course of business will not be considered as CSR activities.

## **5.4 Monitoring Mechanism**

The CSR Committee of the Company will periodically monitor the progress of the various CSR projects approved by the Committee and submit reports, as and when necessary, to the board.

## **5.5 Reports**

The format of the CSR Report shall be the format prescribed under the CSR Rules.

# **6 PUBLICATION OF CSR POLICY & PROGRAMS**

## **6.1 Publication of the CSR Policy**

As per the CSR Rules, the contents of the CSR Policy shall be included in the



directors' Report and the same shall be displayed on the Company's website, if any.

## **7 POLICY REVIEW & FUTURE AMENDMENT**

The Committee shall annually review its CSR Policy from time to time and make suitable changes as may be required and submit the same for the approval of the Board.