

CORPORATE SOCIAL RESPONSIBILITY

POLICY

PREAMBLE:

The Board of Directors (the "Board") of R J Shah & Company Limited (the "Company") has adopted the following policy and procedures with regard to Corporate Social Responsibility as below. The Board may review and amend this policy from time to time. This Policy is in terms of Section 135 of the Companies Act 2013.

PHILOSOPHY:

R J SHAH is committed to operate and grow its business in a socially responsible way with a vision to be an environmental friendly corporate citizen. The company has always contributed its might to enhancing societal sustainability along with economic and environmental sustainability. Company always believed that serving the community around it in some form is one of the purposes of its business. Enhancing human excellence and improving quality of life is Company's endeavour. Corporate Social Responsibility ("CSR") activities of Company are independent of the normal conduct of Company's business. Going forward, CSR activities are expected to cover other areas too.

DEFINITIONS:

1. Act means the Companies Act, 2013 (18 of 2013);
2. Rules means Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time;
3. CSR Committee means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Companies Act, 2013;
4. Net profit means the net profit of the company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely: -
 - i) any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and
 - ii) any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act.
5. Corporate Social Responsibility or CSR means the activities undertaken by the Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in the rules, but shall not include the following, namely:

- (i) activities undertaken in pursuance of normal course of business of the company;
- (ii) any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
- (iii) contribution of any amount directly or indirectly to any political party under section 182 of the Act;
- (iv) activities benefitting employees of the company as defined in section 2 of the Code on Wages, 2019 (29 of 2019);
- (v) activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
- (vi) activities carried out for fulfilment of any other statutory obligations under any law in force in India;

6. CSR expenditure means the amount spent by the Company on CSR activities in Clause 5 above.

7. 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.

Words and expressions used herein and not defined in this policy shall have the meanings respectively assigned to them in the Companies Act, 2013 and Rules made thereunder.

SCOPE

Scope of CSR policy is to lay down the guiding principles to enable the CSR Committee and the Board of Directors to determine the amount of money to be earmarked for the CSR Expenditure in any financial year, the projects / programmes / activities for which the amount has to be spent and allocation of funds among various heads of CSR expenditure the geographical areas where the CSR activities are to be undertaken, priority for certain CSR activities over other CSR activities, timing of the expenditure, periodicity of reporting and to undertake any other activity required for due compliance of the provisions of the Act and the Rules.

CSR ACTIVITIES TO BE COVERED

CSR activity to be undertaken shall be one or more of the projects / programmes / activities specified under the Schedule VII of the Act. The CSR committee shall formulate and recommend to the Board of Directors, an annual action plan in pursuance of this policy,

which shall include the following, namely;

- (a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- (b) the manner of execution of the projects or programmes as specified in sub-rule (1) of rule 4;
- (c) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
- (d) monitoring and reporting mechanism for the projects or programmes; and
- (e) details of need and impact assessment, if any, for the projects undertaken by the company.

The CSR committee is at liberty to identify the projects / programmes / activities based on the needs of the society. The Administration Department / Public Relations Department / Unit Heads of the Company may submit to the Chairman of the CSR Committee the nature of CSR activities to be pursued from time to time based on the requirements of the area in which the factories / establishments of the Company are situated.

PERMITTED CSR ACTIVITIES

- (i) 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;
- (ii) Promoting education, including special education and employment enhancing vocation skills specially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- (iii) 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;
- (iv) 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 Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.
- (v) 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;
- (vi) Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;

(vii) Training to promote rural sports, nationally recognized sports, para-Olympic sports and Olympic sports;

(viii) 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 Scheduled Tribes, other backward classes, minorities and women;

(ix) (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and

(b) 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);

(x) Rural development projects;

(xi) Slum area development;

(xii) Disaster management, including relief, rehabilitation and reconstruction activity(ies) and

(xiii) Any other activity as may be specified in Schedule VII of the Act from time to time.

GEOGRAPHICAL AREA

R J SHAH may undertake CSR activities anywhere in India and abroad as allowed under the Act; however preference may be accorded for the geographical locations (district, city / town or village) where the Company's operations are being carried out.

AMOUNT TO BE SPENT

During every financial year the CSR Committee shall arrange to spend for the specified CSR activities, an amount which is not less than 2% of the average net profits of the immediately preceding three financial years. However, if in any financial year, for any reason, the company is unable to spend an amount as stated above, the Company shall provide suitable explanation stating the reasons therefor to the Board of Directors and the Board shall include the same in the Directors' Report of the

Company. Further, the Company shall transfer such unspent amount (unless the unspent amount relates to an ongoing project) pertaining to that financial year to a fund as specified in Schedule VII of the Act within a period of six months of the expiry of the financial year.

Any amount which is remaining unspent pursuant to any ongoing project, undertaken by a company in pursuance of this Policy, shall be transferred by the company within a period of thirty days from the end of the financial year to a special account to be opened by the company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the company in pursuance of its obligation under this Policy within a period of three financial years from the date of such transfer, 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.

Further, any surplus arising out of the CSR activities shall not form part of the business profit of a company and shall be ploughed back into the same project or shall be transferred to the unspent CSR Account and spent in pursuance of this policy and annual action plan of the company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

Subject to the provisions of the Rules, excess CSR amount spend by the Company in excess of the statutory requirement may be set off against the requirements to spend up to immediate succeeding three financial years subject to the following conditions:

- a. The excess amount available for set off shall not include the surplus arising out of the CSR activities as mentioned above.
- b. The Board of Directors shall pass a resolution to this effect.

The CSR amount may be spent by a company for creation or acquisition of a capital asset which shall be held by

- a. A company established under Section 8 of the Act or a Registered Public Trust or Registered Public Society having charitable objects and "CSR Registration Number" or
- b. Beneficiaries of the said CSR project in the form of self-help groups, collectives, entities or
- c. A public authority as defined under Rule 2(j) of Companies (Corporate Social Responsibility Policy) Rules, 2014

CSR EXPENDITURE BUDGET

A CSR expenditure budget (budget) for every financial year shall be prepared and submitted to the CSR committee for recommendation. The budget shall provide details as required for annual action plan. The CSR Committee after deliberations may

recommend with or without modification to the Board of Directors for approval at its first meeting to be held in each financial year. Then the company shall allocate funds as per the Board's approval.

METHOD OF CSR EXPENDITURE

The Company may undertake the CSR activities directly by itself or by contributing to the following Implementing Agencies as may be recommended by the CSR Committee and approved by the Board:

- (a) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961, established by the company, either singly or along with any other company, or
- (b) 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
- (c) any entity established under an Act of Parliament or a State legislature; or
- (d) a 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.

Where contributions are made to an implementing agencies, the company shall ensure that the implementing agency has a valid "CSR Registration Number" and also shall obtain a Fund.

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 are able to report separately on such projects or programmes.

Utilization Certificate duly certified by an independent Chartered Accountant and submitted to the CSR Committee.

For ongoing projects, extending beyond the financial year, the Board shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation.

MONITORING CSR ACTIVITIES

The CSR Committee shall meet at reasonable intervals and review the progress on the CSR activities. The Committee shall take steps to check whether the activities are progressing as per guidelines of the CSR policy and the Act/Rules and shall initiate corrective actions wherever necessary.

The Chief Financial Officer shall certify to the Board that the funds disbursed for CSR have been utilised for the said purpose.

CSR REPORTING

The Company shall submit to the CSR Committee the details of projects / programmes / activities undertaken periodically at reasonable intervals. The CSR committee shall forward a report on CSR projects / programmes / activities of the Company to the Board of Directors once in a year. The Board shall provide a report in the prescribed format on CSR activities of the Company in its Report to shareholders every year.

The Company shall post on its website the contents of the CSR Policy, composition of CSR Committee, Projects approved by the Board and the report of the Board of Directors of the Company on the CSR activities in the prescribed format.

POLICY OPERATION AND REVIEW

The Managing Director of the Company is authorized to make minor modifications to this Policy which will remove ambiguities, enhance clarity on the provisions in relation to implementation of this policy, etc.

In case of any major changes to the Policy, the Board of Directors shall amend this policy, as may be required to be in line with the changes, amendments and modifications if any in the Companies Act, 2013 and the Rules made thereunder, on recommendation of the CSR Committee.

Further, in case of any amendment, clarification, circular, notification etc., issued by a competent authority, which is not consistent with the provisions laid down under this Policy, the provisions of such amendment, clarification, circular, notification, etc., shall prevail and this policy shall stand amended accordingly, without any further action, on and from the date on which such amendment, clarification, circular, notification comes into effect.

Further, the Board also reserves the right to amend the Policy on the recommendation of the CSR Committee as it may deem necessary.