

Corporate Social Responsibility (CSR) Policy

PARKASH DYECHEM PRIVATE LIMITED

CIN: (U51909DL2011PTC215939)

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OBJECTIVE OF THE COMPANY'S CSR POLICY

The main objective of Corporate Social Responsibility Policy (“**CSR**” Policy) is to make CSR a key business process for sustainable development of the society. Parkash Dyechem Private Limited will act as a good corporate citizen and aims at supplementing the role of Government in enhancing the welfare measures of the society within the framework of its policy.

APPLICABILITY OF CSR POLICY

“CSR Policy” relates to the activities to be undertaken by the company as specified in Schedule VII to the Companies Act, 2013 (“**the Act**”) (as amended) and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of a Company.

VALIDITY OF CSR POLICY

The Company CSR Policy has been approved by the Board and is amended from time to time as per the requirement of the Act.

MAINTENANCE OF CSR POLICY

The CSR policy will be maintained by the Board. Further, the CSR policy will be reviewed by the Board on time to time.

BUDGET FOR CSR

- (i) The Board of Directors of the Company shall ensure that in each financial year the Company spends at least 2% of the average Net Profit made during the three immediate preceding financial years.
- (ii) “Net profit” means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely:
 - Any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and
 - Any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act.
- (iii) As per Section 135 of the Act, the Company will report reasons for under spending of the allocated CSR budget of the current financial year in the template provided by the Ministry of Corporate Affairs. This reporting will be done Annual Report and signed off by the Managing Director & Whole-time Director of the Company.
- (iv) In case of any surplus arising out of CSR projects, the same shall not form

part of business profits of the Company.

MEASURES AND ACTIVITIES

The CSR policy of Parkash Dyechem Private Limited is broadly framed taking into account the following measures:

The CSR activities shall be undertaken by Parkash Dyechem Private Limited as stated in this Policy either directly or through its Trust or through any qualified and recognized agency, as projects or programs or activities (either new or ongoing), excluding activities undertaken in pursuance of its normal course of business.

The CSR activities which are exclusively for the benefit of the employees of Parkash Dyechem Private Limited or their family members shall not be considered as CSR activity.

The CSR Policy mandates that the surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of a company. The CSR projects or programs or activities undertaken in India only shall amount to CSR expenditure.

CSR expenditure shall include all expenditure including contribution to corpus, for projects or programs relating to CSR activities approved by the Board, but does not include any expenditure on any item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Companies Act, 2013.

Parkash Dyechem Private Limited shall give preference to the local area or areas around it where it operates, for carrying out the CSR activities.

The Board of Parkash Dyechem Private Limited may decide to undertake its CSR activities, through a registered trust or a registered society or a company established by it or its holding or subsidiary or associate company pursuant to Section 135 of the Companies Act, 2013 and rules made there-under.

PROJECTS OR PROGRAMS

The following is the list of CSR projects or programs which to be undertake pursuant to Schedule VII of the Companies Act, 2013:

1. **Hunger, Poverty, Malnutrition and Health:** eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
2. **Education:** promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
3. **Gender Equality and Empowerment of women:** 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;

4. **Environmental Sustainability:** 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 set-up by the Central Government for rejuvenation of river Ganga;
5. **National Heritage, Art and Culture:** 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;
6. **The Benefit of Armed Forces Veterans:** 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;
7. **Promote Rural Sports:** training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
8. **Contribution to Fund:** contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen 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;
9. **Contribution to Incubators or Research and Development Projects:**
 - (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 Homeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agriculture 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).

10. Rural development projects;

11. Slum area development;

Explanation – For the purpose of this item, the term ‘slum area’ shall mean any area declared as such by the Central Government or any State Government or and other competent authority under ant law for time being in force.

12. Disaster Management: Disaster Management, including relief, rehabilitation and reconstruction activities;

13. Any other activities in relation of the above and all other activities which forms part of CSR as per schedule VII of the Act, 2013 (the “Act”) as amended from time to time.

CSR COMMITTEE AND RESPONSIBILITIES

Corporate Social Responsibility Committee

As per Section 135(9) of the Act as introduced by the Companies (Amendment Act), 2020 provides for an exemption from the requirement to constitute a CSR Committee where the amount to be spent by the company under section 135 (5) of the Act does not exceed Rs. 50 lakh in financial year. In such cases, the functions of CSR Committee as provided under section 135 of the Act shall be discharged by the Board of Directors of such company.

Accordingly, the company is not required to constitute CSR Committee. Therefore, functions of CSR Committee shall be discharged by the Board of Directors of the Company.

Functions & Roles of Board

The Board shall undertake the following functions:

1. To formulate and recommend, a CSR Policy on the basis of the approach and directions, which shall indicate the activities to be undertaken by the company in areas or subject, specified in Schedule VII to the Act and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan; [section 135(3)(a) of the Act read with rule 2(f) of CSR Rules]
2. Recommend the amount of expenditure to be incurred on the activities referred to in clause (a) by way of formulating and recommending to the company, an annual action plan in pursuance of CSR Policy of the company including the following:

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

3. Monitor the CSR Policy of the company from time to time. [Section 135(3)(c) of the Act]

The Board of the Company shall after taking into account the recommendations if any, approve the policy for the Company and disclose contents of such Policy in its report and also place it on the company's website and ensure that activities as are included in the CSR Policy of the company are undertaken by the Company.

Parkash Dyechem Private Limited provides the vision under the leadership of Mr. Naresh Arora, Director.

At the Company, Mr. Naresh Arora Director takes on the role of the mentor, while the onus for the successful and time bound implementation of the CSR activities/projects is on the HR Head and CSR teams.

The Board will decide on the locations for CSR activities.

BOARD'S RESPONSIBILITIES TOWARDS CSR:

The Board of Directors shall:

- (a) after taking into account the recommendations, approve the approach and directions for CSR and the CSR Policy for the company and disclose contents of such policy in its report.

Disclose about the CSR Policy and projects approved by the Board on the website of the company, if any, for public access; [section 135(4)(a) of the Act read with rule 9 of CSR Rules]

- (b) Approve the annual action plan and amendment thereto during the financial year, if any, based on reasonable justification to that effect; [rule 5(2) of CSR Rules]
- (c) Ensure that the activities as are included in CSR Policy of the company are undertaken by the company; [section 135(4)(b) of the Act]

- (d) Approve a project as on-going multi-year project and extend the duration for spending beyond one year based on reasonable justification [rule 2(i) of CSR Rules]
- (e) monitor the implementation of on-going projects with reference to the approved timelines and year-wise allocation and make modifications, if any, for smooth implementation of the project within the overall permissible time period.

Such modification may include extension of duration of on-going projects which might initially not be approved as multi-year projects, beyond the year in which CSR spending was proposed based on reasonable justification; [rule 4(6) and rule 2(i) of CSR Rules]

- (f) Ensure that the company spends, in every financial year, at least 2% of the average net profits of the company made during the three immediately preceding financial years.

Where the company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years, in pursuance of its CSR Policy. The company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR activities [section 135(5) of the Act]

It is clear that CSR obligation under section 135(5) of the Act needs to be complied with by companies which have not completed 3 years from the date of incorporation.

- (g) Satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and to seek certification to this effect from the Chief Financial Officer or the person responsible for financial management. [rule 4(5) of CSR Rules]
- (h) Ensure that the administrative overheads do not exceed 5% of total CSR expenditure of the company for the financial year; [rule 7(1) of CSR Rules]
- (i) In case the company is unable to spend the earmarked amount for CSR activities during a particular financial year, specify reasons for non-spending in its report under section 134 of the Act and transfer the unspent amount in following manner:-
- In case of on-going projects, to transfer such unspent amount, within a period of 30 days from the end of 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 CSR account; [section 135(5) & (6) of the Act and rule 10 of CSR Rules]
 - In case there is no on-going project, it has to transfer such unspent amount, within 6 months of the expiry of the financial year, to any of the funds mentioned in Schedule VII to the Act. [section 135(5) of the Act read with rule 10 of CSR Rules]
- (j) In case there is excess amount spent towards CSR beyond the statutory obligation specified in section 135(5) of the Act during any financial year, to approve the set-off of such excess amount spent, during one or more of

the three succeeding financial years. However such excess amount should not be a surplus arising out of the CSR activities; [third proviso to section 135(5) of the Act read with rule 7(3) of CSR Rules]

- (k) To ensure that any surplus arising out of the CSR activities is ploughed back into the same project or transferred to the unspent CSR Account and spent in pursuance of CSR Policy and annual action plan of company or transfer such surplus amount to a fund specified in Schedule VII to the Act, within a period of 6 months of the expiry of the financial year [rule 7(3) of CSR Rules]
- (l) if any capital asset is created or acquired as a part of CSR, to ensure that it is held by a company established under section 8 of the Act, or a registered public trust or registered society, having charitable objects and CSR registration number provided by the Ministry of Corporate Affairs (MCA); or beneficiaries of the said CSR project, in the form of selfhelp groups, collectives, entities; or a public authority.

In case of capital assets created or acquired before the commencement of the Companies (CSR Policy) Amendment Rules, 2021, i.e., before 22nd January 2021, to ensure that this requirement is complied within 180 days from 22nd January 2021, or further extend the same for additional 90 days based on reasonable justification [rule 7(4) of CSR Rules].

After 22nd January 2021, all capital assets created or acquired as a part of CSR shall be held only in the name of entities as stated above and not in the name of the company.

- (m) ensure that impact assessment is undertaken, wherever applicable, through an independent agency and to review the impact assessment reports placed before the Board and to annex the same to the annual report on CSR. [rule 8(3) of CSR Rules] It would be good practice to identify the need for the project before approving its implementation. The identification of the need for the project will ensure that it acts as a basic parameter while carrying out impact assessment.

COLLABORATION / PARTNERSHIP

Collaborative partnerships are formed with, the village panchayats, NGOs and other like-minded stakeholders. This helps in widening the Company's reach and leverage upon the collective expertise, wisdom and experience that these partnerships bring before the Company.

GUIDING PRINCIPLES FOR PROJECT SELECTION AND IMPLEMENTATION

- (i) For effective implementation, long term CSR plans will be broken down into medium term and short-term plans.
- (ii) Each plan recommended by the Board should specify the CSR activities planned to be undertaken for each year, the budget required for the same, define the responsibilities of the designated authorities to be engaged in the said task, and also prescribe the measurable and the expected outcome and social/ environmental impact of the CSR activity.

- (iii) The Company recognizes that the period of implementation of its long-term CSR projects can extend over several years depending upon the expected outcome/ impact thereof. While planning for such long-term projects the Board should estimate the total cost of each project and that the Company should commit such amount for long term expenditure till completion of the said project.

FUNDING AND MONITORING PROCESS

The allocation for CSR activities and spending on CSR activities shall not be less than 2% of the average net profits of the Company made during the three immediately preceding financial years, in pursuance of this policy. In case Company fails to spend such amount, the Board shall specify the reasons for not spending the amount.

Approving & monitoring authority for the CSR amount to be spent, would be Board or any person authorized by the Board, who authorized by the Board, after due approval of the Board of Directors of the Company.

Tax treatment of CSR spent will be in accordance with the Income Tax Act.

ANNUAL ACTION PLAN

As per rule 5(2) of the CSR Rules, the Board shall formulate an annual action plan in pursuance of its CSR Policy, which shall include the following:

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

All CSR projects or activities are required to be approved in annual action plan. If company proposes to undertake any project / activity which is not approved in annual action plan, it requires approval of Board with proper justification.

CSR ACTIVITIES/ PROJECTS / PROGRAMS

CSR activities have been covered in the definition of 'CSR' prescribed under rule 2(d) of CSR Rules.

CSR IMPLEMENTATION

(1) As per rule 4(1) of CSR Rules, the Board shall ensure that the CSR activities are undertaken by the company itself or through-

(a) 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 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.

These entities are generally referred to as 'Implementing Agencies', though this term has not been used in the CSR Rules. The CSR activities can be carried out by the company either directly or through any of these Implementing Agencies or through a combination of both methods.

MANAGEMENT COMMITMENT

The Board of Directors, Management and the Employees of the Company subscribe to the philosophy of compassion and generosity and act with enthusiasm and commitment for the cause of the society.

AMENDMENT

The Board will review the policy from time to time based on the changing needs and aspirations of the beneficiaries and make suitable modifications / amendments as may be necessary.

COMPLIANCE WITH COMPANIES ACT, 2013

The Corporate Social Responsibility policy of the Company has been prepared in conformity with the requirements of Section 135 of the Companies Act, 2013.
