



GROZ ENGINEERING TOOLS PRIVATE LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

Version 2.0

(As amended and adopted by the Board on 20th November 2024)



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1 INTRODUCTION

Corporate Social Responsibility (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 Companies Act 2013 (hereinafter referred to as 'the Act') 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.

The Companies (Corporate Social Responsibility) Rules, 2021 dated 22.02.2021 amended the law to be more explicit and provide for carrying forward of unspent amount, and penal provisions for its non-compliance.

The policy outlines the CSR framework for Groz Engineering Tools Private Limited ("**Company**") and details the procedure for effective implementation, monitoring and reporting of CSR activities.

2 DEFINITIONS

"Act" means the Companies Act 2013 as amended from time to time.

"Administrative overheads" means the expenses incurred by the Company for 'general management and administration' of CSR functions in the Company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular CSR project or program.

"Board of Directors" or "Board" means the collective Body of the directors of the Company.

"Company" means Groz Engineering Tools Private Limited and wherever the context requires, shall signify the Company acting through the Board.

"CSR" refers to and is short for Corporate Social Responsibility

"CSR Budget" shall mean the total budget as approved by the Board of the Company upon the recommendation of the CSR Committee, which is to be utilized for CSR activities, projects, or programs.

"CSR Committee" means Corporate Social Responsibility Committee constituted by the Board from time to time.

"CSR Policy" means CSR policy of Groz Engineering Tools Private Limited

"CSR Rules" means the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time

“Implementing Agency(ies)” refers to:

- a. A Company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961 (43 of 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, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

“International Organisation” means an organisation notified by the Central Government as an international organisation under section 3 of the United Nations (Privileges and Immunities) Act, 1947, to which the provisions of the Schedule to the said Act apply.

“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:

- a. any profit arising from any overseas branch or branches of the Company, whether operated as a separate Company or otherwise; and
- b. any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act

[Explanation.—For the purposes of CSR "net profit" shall not include such sums as may be prescribed, and shall be calculated in accordance with the provisions of [section 198](#).]

“Ongoing Project” means a multi-year project undertaken by a 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 but not defined in this Policy shall have the same meanings as defined in the Act, or other cognate statutes.

3 OBJECTIVE & SCOPE

The primary objective of the CSR Policy is to lay down clear guidelines for Company to integrate CSR into the Company's operations and contribute positively to society through impactful and sustainable programs/initiatives.

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.

3.1 Targeted Sectors

The Company's CSR initiatives will focus on the following 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 periodically review these sectors and may revise them based on evolving needs and priorities.

4 CSR COMMITTEE

4.1 Constitution

Pursuant to the provisions of Section 135 of the Act, the Board of Directors may constitute/re-constitute the Corporate Social Responsibility (CSR) Committee from time to time.



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.

CSR Committee may invite members of senior management, representatives of Company and any other persons as it deems necessary to the committee meetings.

4.2 Responsibilities of the Committee

The CSR Committee will have following responsibilities:

- (i) To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company in areas or subjects as specified in the Schedule VII of the Act to the Board of Directors of the Company for their approval.
- (ii) To review and recommend the amount of expenditure to be incurred on the CSR activities.
- (iii) To formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy
- (iv) To monitor the CSR policy of the Company and its implementation from time to time.
- (v) To submit the reports to the Board in respect of the CSR activities undertaken by the Company.
- (vi) To carry out any other function as mandated by the Board from time to time and/or enforced by any statutory notification, or modification as may be applicable or as may be necessary or appropriate for the performance of its duties.

4.3 Frequency of the Meetings of the CSR Committee

The CSR Committee shall meet as often as necessary. Members of the CSR Committee can mutually agree 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.

5 CSR EXPENDITURE AND ALLOCATION

5.1 Fund Allocation:

- a. The annual CSR budget would be approved by the Board on the recommendations of the CSR Committee, subject to the provisions of the Act and Rules made thereunder as amended from time to time.
- b. Based on the total approved budget, funds would be allocated for different projects on the basis of identified CSR plan on yearly basis.
- c. The average net profit for the purpose of determining the spending on CSR activities is to be computed in accordance with the provisions of section 198 of the Act and will also

be exclusive of the items given under rule 2(1)(h) of the Companies (CSR Policy) Rules, 2014.

- d. Section 198 of the Act specifies certain additions/deletions (adjustments) to be made while calculating the net profit of a Company (mainly it excludes capital payments / receipts, income tax, set-off of past losses).
- e. In pursuant to the provisions of Section 135(5) of the Act, the CSR Committee of the Company shall ensure that the Company spends in every financial year, at least two per cent of the average net profits of the Company made during the three immediately preceding financial years on the CSR activities of the Company specified under Schedule VII of the Act.
- f. Administrative overheads up to five percent of total CSR expenditure of the Company for the financial year is permitted.
- g. The CSR amount may be spent by the Company for creation or acquisition of a capital asset, which shall be held by -
 - (i) a company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number under sub-rule (2) of rule 4; or
 - (ii) Beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
 - (iii) a public authority:
- h. The expenditure incurred on Impact assessment shall be booked as per the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014, as may be amended from time to time.
- i. Subject to the provisions of the Act and CSR Rules, any amount remaining unspent on CSR shall be appropriated in such manner as may be decided by the CSR Committee and the Board from time to time in accordance with the provisions contained under the Act and CSR Rules.

5.2 Transfer of unspent CSR Amount

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 and such unspent amount shall be transferred to a Fund specified under Schedule VII within a period of six months of the expiry of the financial year.

Surplus arising out of the CSR initiatives shall not form part of the business profits of the Company and shall be ploughed back into the same project, or shall be transferred to the unspent CSR account and it should be spent in pursuance to this CSR policy and annual action plan of the Company, or the Company may transfer such surplus amount to a Fund specified in the Schedule VII of the Act, within a period of six months of the expiry of the financial year.

The unspent CSR funds of ongoing projects subject to fulfilling of prescribed conditions, will be transferred within a period of 30 days from the end of the respective financial year to a special account opened by the Company in any scheduled bank called the "Unspent Corporate Social Responsibility Account". Such amount shall be spent by the Company towards CSR within a period of 3 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 30 days from the date of completion of the third financial year.

5.3 Set off of Excess CSR Spent

If Company spends an amount in excess of requirement, such excess amount may be set off against the CSR spending requirement up to immediate succeeding three financial years subject to the conditions that:

- a. The excess amount available for set off shall not include the surplus arising out of the CSR activities.
- b. The Board of the Company shall pass a resolution to that effect.

6 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.

6.1 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

6.2 CSR Activities

CSR activities may be undertaken by the Company either itself or through Implementing Agencies, having valid CSR Registration Number allotted by Ministry of Corporate Affairs.

- a. The Company may undertake such activities which are broadly related to any of the following:
 - 1) Eradicating hunger, poverty, and malnutrition, promoting health care including preventive health care and sanitation.
 - 2) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.

- 3) 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) 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.
- 5) 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 art and handicrafts.
- 6) Measure 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) Training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports.
- 8) Rural development project.
- 9) Development of area declared as “slum area” by the Government or Competent Authority.
- 10) Disaster management, including relief, rehabilitation, and reconstruction activities.

b. The Company may also contribute to the following funds as part of CSR activities:

- 1) Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.
- 2) Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.
- 3) 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 schedule caste, tribes, other backward classes, minorities, and women.
- 4) 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.
- 5) 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 Defence 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).

The above areas as enumerated in Schedule VII to the Act and included in this policy aims to provide macro areas in which CSR projects should be undertaken by the Company.

6.3 Collaboration

- a. The Company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.
- b. 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 in a position to report separately on such projects or programmes in accordance with the CSR Rules.
- c. The Company may establish a company under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961, either singly or along with any other company to carry out CSR activities in accordance with the CSR Rules and to administer its CSR activities.

6.4 Disqualifying Activities for CSR

The following activities are specifically excluded from being considered as eligible CSR activity and shall not form part of the CSR activities of the Company:

- a. Any CSR activities undertaken in pursuance of normal course of business of a Company except research and development activity of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22, 2022-23 subject to the conditions;
- b. Any CSR activities which benefit only the employees of the Company and their families as defined in section 2(k) of the Code on Wages, 2019;
- c. Any CSR projects/programs undertaken outside India except for training of Indian sports personnel representing any State or Union Territory at national level or India at international level.
- d. A contribution of any amount directly or indirectly to any political party under section 182 of the Act or any funds directed towards political parties or political causes;
- e. Any sponsorship activities for deriving marketing benefits for products / services;
- f. Any activities for fulfilling statutory obligations under any law in force in India.

6.5 Monitoring Mechanism and Impact Assessment

- a. 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.
- b. The Board of Directors shall satisfy itself that the funds so disbursed have been utilized for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.
- c. If the Company achieves average CSR obligation of Rs.10 Crores (Rupees Ten crores) or more in pursuance of subsection (5) of section 135 of the Act, in the three immediately preceding financial years, the Company will undertake impact assessment (through an independent agency) for CSR projects that have outlays of Rs. 1 crore or more and have been completed at least one year before undertaking the impact study.

7 CSR REPORTING AND PUBLIC DISCLOSURES

7.1 The CSR Committee shall maintain proper minutes of all its meetings. The CSR Committee shall prepare an annual report on CSR with such information and particulars as may be required by the Act and such report shall be included in the Board Report annexed to the financial statement.

7.2 The Board's Report of the Company shall include an annual report on CSR containing particulars specified in format prescribed by the CSR Rules, as applicable, detailing its CSR activities, programs and spending.

7.3 The Board will be responsible to ensure that the statutory requirements as may be prescribed from time to time under the Act and CSR Rules are complied with.

7.4 The impact assessment reports, shall be placed before CSR Committee/Board, and annexed to the Board Report on CSR as may be required and applicable from time to time.

7.5 As per the CSR Rules, the composition of the CSR Committee, the CSR Policy and the annual action plan (i.e., the projects approved by the Board) shall be displayed on the Company's official website, i.e., <https://groz-tools.com/>

8 POLICY REVIEW & FUTURE AMENDMENT

The CSR Committee is empowered to amend or modify the CSR Policy and to periodically review its CSR Policy and propose any changes to the Board for its approval. The Board may subject to compliance with applicable law, at any time approve or alter, amend, or modify the CSR policy, as may deems fit to comply with the statutory obligation to undertake the CSR Activities.