

Nirlon Limited's Corporate Social Responsibility Committee (CSRC) and  
Corporate Social Responsibility (CSR) Policy

**(Effective from March 29,2016)\***

**I. Background, Introduction of LODR, 2015 by SEBI, Amendment & Adoption of the CSR Policy**

I. Background

The Corporate Social Responsibility Committee (**CSRC**) of Nirlon Limited ("**the Company**" or "**NL**") was formed on September 23, 2014, in compliance with Section 135 of the Companies Act, 2013 (**the Act**) and Clause 55 of the BSE Listing Agreement.

The Board of Directors ("**the Board**") of NL adopted the Corporate Social Responsibility (CSR) Policy on September 23, 2014.

II. Introduction of LODR, 2015 by SEBI

SEBI introduced Listing Obligations & Disclosure Requirements Regulations, 2015 (**LODR, 2015**) effective from December 1, 2015. LODR, 2015 provide, inter alia, various regulations, annexures and schedules, and all listed companies are required to comply with the provisions of the LODR, 2015. With the introduction of the LODR 2015, the BSE Listing Agreement comes to an end.

III. Amendment to the CSR policy

The LODR, 2015 do not provide specific regulations with regard to Corporate Social Responsibility and hence, the CSR Policy originally adopted by the Board is required to be amended suitably by deleting the reference of clause 55 of the BSE Listing Agreement as the same is repealed.

IV. Adoption of the CSR Policy

The Directors on March 29, 2016 approved the revised CSR Policy in compliance with the Act.

## **II. Objectives**

**CSRC** and **CSR** Policy are both in compliance, and in agreement with Section 135 of the Act, i.e.

1. To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII to the Act.
2. To recommend the amount of expenditure to be incurred on CSR activities.
3. To monitor the CSR Policy.
4. To ensure that the Company spends in every financial year, at least 2 (two) % of the average net profits of the Company made during the 3 (three) preceding financial years.

## **III. Definitions**

- i. **"Act"** means Companies Act, 2013 any modifications and/ or re-enactment thereof;
- ii. **"Corporate Social Responsibility (CSR)"** means and includes but is not limited to:-
  - a. Projects or programs relating to activities specified in Schedule VII to the Act; or
  - b. Projects or programs relating to activities undertaken by the Board of Directors of the Company in pursuance of recommendations of the CSR Committee of the Board according to the CSR Policy of the Company, subject to the condition that such policy will cover subjects enumerated in Schedule VII to the Act;
- iii. **"CSR Committee"** means the existing Corporate Social Responsibility Committee of the Board as constituted under Section 135 of the Act and any reconstitution of the same from time to time;
- iv. **"Board"** means the Board of Directors of the Company from time to time;
- v. **"SEBI (LODR) Regulations, 2015"/"LODR,2015 "** means Listing Obligations and Disclosure Requirements Regulations, 2015 as notified by the Securities and Exchange Board of India on September 02, 2015 effective from December 01, 2015 and any modification and amendment thereto.

#### **IV. Constitution**

1. The CSRC shall always consist of at least three (3) directors, out of which at least one (1) director shall be an independent director.
2. Membership of the CSRC shall be disclosed in the Annual Report.
3. The Company Secretary of the Company shall act as the Secretary of the CSRC.

#### **V. Roles and Responsibilities**

1. To disclose the composition of the CSRC in the Board's Report;
2. To formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII to the Act;
3. To recommend the amount of expenditure to be incurred on CSR activities;
4. To monitor the CSR Policy of the Company from time to time;
5. To disclose contents of the CSR Policy in its report and also place it on the Company's website, if any, in such manner as may be prescribed;
6. To ensure that the activities as included in the CSR Policy of the Company are undertaken by the Company;
7. To ensure that the Company spends, in every financial year, at least 2 (two) % of the average net profits of the Company made during the three immediately preceding financial years, in pursuance of its CSR Policy;

**Provided that** the Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR activities.

**Provided further that** if the Company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134 of the Act, specify the reasons for not spending the amount.

#### **Activities which may be included in the CSR Policy**

Activities relating to:

- i. Eradicating extreme hunger and poverty;
- ii. Promotion of education;
- iii. Promoting gender equality and empowering women;
- iv. Reducing child mortality and improving maternal health;
- v. Combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;
- vi. Ensuring environmental sustainability;
- vii. Employment enhancing vocational skills;
- viii. Social business projects;

- ix. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development, and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women; and
- x. Such other matters as may be prescribed.

#### **VI. Power to Remove Difficulties**

If any difficulties arise in giving effect to the provisions of the CSR Policy, the Chairman of the CSRC in consultation with the Board, may by an order make such provisions as it appears to be necessary or expedient for removing the difficulty, by suitably amending/ modifying, such provisions and such amendment/ modification shall be displayed on the website of the Company.

This is always provided that such amendment/modifications shall in no event be inconsistent with the provision of the Act.

#### **VII Overriding Effects**

The CSR Policy shall not override the Act, and any amendment and/or modification to the Act shall prevail over the CSR Policy.

Any provision contained in the CSR Policy to the extent to which it is inconsistent or repugnant to the provisions of the Act shall become or be void, as the case may be.

**\* POST INTRODUCTION OF LODR, 2015 BY THE SEBI**