



DALMIA REFRACTORIES LIMITED

Regd. Office: Dalmiapuram – 621651, Dist: Tiruchirapalli, Tamil Nadu
[CIN: L24297TN1973PLC006372]

CORPORATE SOCIAL RESPONSIBILITY POLICY

1. PREAMBLE

1.1 The vision of our company, Dalmia Refractories Limited (“**Company**”) is to unleash the potential of everyone we touch. As we seek to do that, we aim at sustainable and inclusive growth, by making definitive triple bottom-line (social, economic and environmental) impact. While we have always had a strong commitment to comply with the law, we seldom hesitate to go beyond the limits laid under law and put in an extra effort to achieve the status of a responsible corporate citizen in tune with the Dalmia Group’s values. Aiming at creating shared values for all stakeholders, we seek to integrate corporate social responsibility (“**CSR**”) into our businesses processes.

1.2 In compliance with the provisions of section 135 of the Companies Act, 2013 (“**Act**”) including Schedule VII thereof, and the Companies (Corporate Social Responsibility Policy) Rules, 2014 (“**Rules**”), the Company shall undertake its CSR activities, projects, programmes (either new or ongoing) in a manner compliant with the Act and the Rules (“**Projects**”).

2. COMPANY’S CSR POLICY

This policy (“**Policy**”) spells out the Company’s philosophy towards its CSR and lays down the guidelines, framework and mechanism for effective planning, implementation and monitoring of its CSR initiatives.

3. COMPANY’S CSR VISION

To unleash the potential of everyone we touch.

4. COMPANY'S CSR MISSION

To facilitate social, economic and environmental progress through effective management and utilization of human and natural capital.

5. COMPANY'S CSR OBJECTIVES

5.1 Our approach towards CSR is based on our Company's core values, which include fostering inclusive growth by sharing some of the wealth we create with the society at large. CSR has always been and shall always be an integral and strategic part of our business process. It is a vital constituent of our Company's commitment to sustainability. True to the spirit of our vision, we strive to utilize the potential of human and natural capital around us in a manner that facilitates social, economic and environmental progress. The main objective of this Policy is to lay down guidelines for the Company to make CSR a key business process for sustainable development of the society. The Company aims to be a good corporate citizen by subscribing to the principles of integrating its economic, environmental and social objectives, and effectively utilizing its own resources towards improving the quality of life and building capacities of the local communities and society at large.

5.2 The units of the Company and its subsidiaries are located in the states of Tamil Nadu, Madhya Pradesh, Gujarat and Chhattisgarh. Efforts will be made to focus on CSR activities in areas around the units of the Company and its subsidiaries. However, CSR activities may also be undertaken in areas other than those specified above based on merits. In the aforesaid backdrop, the Policy is broadly framed to focus on undertaking the following:

- (i) socio-economic development of the society at large through social welfare measures or other charitable activities to ensure that the poor/weaker sections of the society derive the maximum benefits;
- (ii) eradicating hunger and malnutrition and promoting health care;
- (iii) promoting education including employment enhancing training and vocational skills especially to the socially and economically backward classes with the aim to create employability; and

- (iv) protection of the environment and maintaining an ecological balance.

6. APPLICABILITY OF THE POLICY

This Policy shall be applicable to all Projects undertaken by the Company in India in accordance with the provisions of Section 135 of the Act, Schedule VII of the Act and the Rules (as amended from time to time). For the purposes of this Policy, "Projects" shall include all Projects undertaken by the Company in pursuance of its vision, mission and objectives as stated herein above.

7. Exclusions

This Policy excludes:

- (i) Projects/activities undertaken by the Company in pursuance of the normal course of its business;
- (ii) Projects that solely benefit the employees of the Company and their families;
- (iii) contribution of any amount directly or indirectly to any political party under section 182 of the Act;
- (iv) expenses incurred by the Company for the fulfilment of any act, statute, regulation or any other law;
- (v) expenses incurred by the Company in one off events like marathon / awards / charitable contribution / advertisement/ sponsorship of TV programmes etc.; and
- (vi) Projects/programmes/activities undertaken outside of India.

- 8.** If the Company ceases to be covered under section 135(1) of the Act for 3 (three) consecutive financial years, then it shall not be required to (a) constitute a CSR Committee (*defined below*) and (b) comply with the provisions laid down under sections 135(2) to 135(5) of the Act, till such time it meets the criteria specified in section 135(1) of the Act.

9. CSR COMMITTEE

The CSR committee of the Company (“**CSR Committee**”) shall at all times be constituted in accordance with the provisions of the Act and the Rules. It shall comprise at least 3 (three) directors, out of which at least one director shall be an independent director. The CSR Committee shall elect one of the members as the Chairman of the CSR Committee. The report of the board of directors (“**Board**”) of the Company (“**Board’s Report**”) shall disclose the composition of the CSR Committee, the contents of this Policy and such other particulars as required by the Act and the Rules.

10. ROLE OF THE CSR COMMITTEE

The CSR Committee shall be responsible for:

- (i) formulating this Policy and making modifications, amendments, clarifications, deletions to the Policy, as and when considered necessary, in accordance with the provisions of the Act and Rules and recommending the same to the Board for its approval;
- (ii) recommending the budget and amount of expenditure to be incurred by the Company on Projects;
- (iii) identification and specification of Projects to be undertaken along with identification of the implementing agency for such Projects (as may be relevant);
- (iv) instituting a transparent monitoring mechanism for implementation of the Projects undertaken by the Company and proper utilization of funds;
- (v) monitoring the working of the CSR team and the Policy from time to time;
- (vi) periodically review the progress being made in the planned Projects;

- (vii) providing a responsibility statement in the Board's Report as to whether the implementation of the Projects and programmes is in compliance with and fulfils the objectives of this Policy; and
- (viii) any other activities / functions, as may be assigned by the Board.

11. PROJECTS

In light of the Company's vision and objectives as set out above, the Company will undertake Projects covering the following areas/activities:

- (i) eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to 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 especially among children, women, elderly, and the differently abled and livelihood enhancement project;
- (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 environmentally 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 for rejuvenation of river Ganga;
- (v) 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;

- (vi) rural development projects;
- (vii) slum area development; and
- (viii) any other activities as may be prescribed under the Act and Rules.

Identification of Projects will be based on (i) requirements identified from a baseline survey; (ii) activities/programmes to be undertaken; (iii) budgetary requirements; (iv) time-lines; (v) responsibilities and authorities defined; and (vi) results expected.

12. IMPLEMENTATION

The implementation of the Projects may be done by one or more of the following means:

- (i) the Company may take up the Projects on its own;
- (ii) the Company may collaborate with other companies including its holding, subsidiary associate and group companies for undertaking Projects in a manner such that the CSR Committee of the Company as well as the committees of such other companies are in a position to report separately on such Projects;
- (iii) the CSR Committee may decide to undertake Projects approved by the CSR Committee, through (a) a company established under section 8 of the Act or a registered trust, or a registered society, 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 any entity established under an Act of Parliament or a State legislature.

Provided that, if the CSR Committee decides to undertake its Projects, through a registered trust, registered society or company established under Section 8 of the Act, other than those specified in this sub-clause (iii), such company or trust or society shall have an established track record of 3 (three) years in undertaking similar Projects; and the Company shall specify the projects or programs to be undertaken, the modalities of utilization of funds of such projects and programs and the monitoring and reporting mechanism.

If required, suitable documents/agreements shall be entered into by the Company with other entities, societies, agencies or companies for the purposes of implementation of the Projects. The conditions of grant of amounts to such entities, societies, agencies or companies, the break-up of allocations and monitoring methodology shall be set out in such documents/ agreements and evaluated from time to time.

13. CSR EXPENDITURE, ALLOCATION AND DISBURSEMENT OF FUNDS

The CSR Committee shall recommend the amount of expenditure to be incurred on the Projects to be undertaken under this Policy, for the consideration and approval of the Board.

The Board shall strive to spend, in every financial year, a minimum of 2% (two percent) of the average net profits made during the 3 (three) immediately preceding financial years in compliance with the provisions of the Companies Act, 2013 as amended from time to time and in pursuance of this Policy. For this purpose, “net profit” and “average net profit” shall be calculated in accordance with the Act and the Rules. The overall CSR expenditure shall be approved by the Board based on the recommendations of the CSR Committee.

The Company may decide to build CSR capacities of its own personnel as well as those of their implementing agencies, if any, through institutions with established track records of at least 3 (three) financial years. However, the expenditure towards the same (including expenditure on administrative overheads) shall not exceed 5% (five percent) of the total CSR expenditure of the Company in one financial year.

Any surplus arising out of CSR Projects or activities shall not form part of the business profits of the Company.

14. MONITORING

- a) To ensure effective implementation of the CSR programmes undertaken, a monitoring mechanism will be put in place by the CSR Committee.
- b) The progress of CSR programmes under implementation will be reported to the Board on a regular basis.
- c) The report on progress on the CSR programme undertaken by the Company will be put forward to the CSR Committee with full details of cost incurred and results achieved on a regular basis.
- d) Appropriate documentation of the Company’s CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis.

15. REPORTING

The CSR Committee shall prepare an annual report on CSR, in the format prescribed under the Act and the Rules, and such report shall be included in the Board's Report made under clause (o) of sub-section (3) of section 134 of the Act. The report shall be signed by the Chairman of the CSR Committee and the Managing Director/CEO/Director of the Company.

In the event the Company fails to spend up to a minimum of 2% (two percent) of the average net profits of the 3 (three) immediately preceding financial years or such sum as may be prescribed or any part thereof on Projects, reasons for not spending such amount shall be disclosed in the Board's Report.

16. GENERAL

The Board reserves the right to modify or amend this Policy from time to time based on changing needs and aspirations of the target beneficiaries, or as deemed necessary by the Board, on the recommendations of the CSR Committee.

The decision of the Board on all matters, relating to this Policy, shall be final and binding upon all concerned. This Policy is subject to continuous review and updates as may be required from time to time.

Note: This policy was adopted by the Board of Directors of the Company at its meeting held on August 13, 2019.