

**POLICY ON
CORPORATE SOCIAL RESPONSIBILITY**

FELIX INDUSTRIES LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

Preamble

Corporate Social Responsibility (“CSR”) is a sense of responsibility of the company towards the community and environment both ecological and social. It is a commitment of the company towards enriching lives of local community and the society at large in which it operates.

This Corporate Social Responsibility Policy (“**CSR Policy**”/“**Policy**”) comprises of the Company’s philosophy of operating its business in a socially responsible way and improving and developing the wealth of the business with the intention to improve the society in which it operates as well as the local community.

The CSR Policy is framed pursuant to the provisions of section 135, Schedule VII of the Companies Act, 2013 (“**Act**”) and the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 (“**CSR Amendment Rules**”), as amended from time to time.

*(Note: The Act and CSR Amendment Rules are collectively referred to as “**Applicable Laws**”)*

1. Objective

The CSR Policy is being documented with the objective of:

- a) To operate the business in an economically, socially, and environmentally sustainable manner with an intention to enhance the quality of life of the communities of the local area and areas in and around where our Company operates and society at large.
- b) To promote development in rural areas, promote education, eradicate hunger and poverty, promote gender equality and empowering women, promote health care and sanitization, ensuring environmental sustainability, employment enhancing vocational skills, and protecting natural heritage and culture and such other matters of common good as permitted under the Act.
- c) Contribution to the Prime Minister’s National Relief Fund or any other fund set up by the Central Government for social economic development, relief and rehabilitation of persons effected by natural calamities, funds for the welfare of scheduled caste and tribes and other backward classes, minority and women
- d) Any other activity as permitted under the Act.

2. Definitions

- a) “**Corporate Social Responsibility (CSR)**” means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in these 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 clause (k) of 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;

- b) **“CSR Committee”** means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act.
- c) **“CSR Policy”** means a statement containing the approach and direction given by the board of a company, considering the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan;

3. **Implementation**

The Company's CSR activities will be implemented by itself or through:

- (i) 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 (**“IT Act”**), established by the Company, either singly or along with any other Company, or
- (ii) 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;
- (iii) an entity established under an Act of Parliament or a State Legislature;
- (iv) 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 IT Act, and having an established track record of at least three (3) years in undertaking similar activities.

Further, the Company may also collaborate with other companies for undertaking CSR projects/ programmes or CSR activities. However, the CSR committees of the respective companies should be in a position to report separately on such projects / programmes / activities in accordance with the Applicable Laws.

4. **The responsibility of the Company and Board of Directors (“Board”)**

- a) Approving the CSR Policy, annual action plan, CSR activities and projects and the CSR expenditure after taking into consideration, the recommendations made by the CSR Committee or any modification there under and disclose contents of such Policy in its report and also place it on the company's website.
- b) The Board may alter annual action plan at any time during the financial year, as per the recommendation of CSR Committee, based on reasonable justification to that effect.
- c) Ensure the CSR spending for every financial year of at least 2% of average net profits made during immediately preceding 3 financial years, in pursuance with this CSR Policy. If the Company fails to spend the aforesaid amount then the Board's Report prepared under section 134 of the Act, shall specify the reasons for not spending the amount and transfer the same as specified under this Policy.
- d) Ensure that CSR activities included in the CSR Policy are undertaken by the Company and such activities are related to the activities specified in Companies Act.
- e) Ensure that the CSR activities are undertaken either by the Company itself or through agency, as permitted.
- f) In case of ongoing projects, monitoring the implementation of the project in line with the approved timelines and year – wise allocations and shall be further authorized to make modifications thereto if required subject to the same being within the overall permissible time period.
- g) Ensure the administrative overheads shall not exceed the limits specified under the Applicable Laws.
- h) Ensure, any surplus arising out of the CSR activities shall not form part of the business profit of the Company and shall be ploughed back into the same project or be transferred to the Unspent CSR Account of the Company and spent in pursuance of this CSR Policy and Annual Action Plan of the Company or transfer such surplus amount to the Fund specified in Schedule VII of the Companies Act within the stipulated period of time.
- i) Ensure that surplus or unspent amount earmarked for CSR in any financial year is given effect as required under the Act.

- j) Approve the set off of the excess amount of CSR spent in a financial year, against CSR spent of up to immediate next 3 financial years;
- k) Ensure that Directors' Report includes:
 - Contents of the CSR Policy and Composition of the CSR committee;
 - An annual report on the CSR in the prescribed format;
 - Reasons for failure (if any) to spend required amount on CSR Activities

5. CSR Committee

As per Section 135(1) of the Companies Act, 2013, the requirement to constitute a Corporate Social Responsibility (CSR) Committee is applicable to companies that meet certain financial thresholds; however, in accordance with the Companies (CSR Policy) Amendment Rules, 2021, if the amount required to be spent by a company on CSR activities does not exceed ₹50 lakh in a financial year, the constitution of a CSR Committee is not mandatory. In such cases, the functions of the CSR Committee shall be discharged by the Board of Directors of the company.

6. Role of the CSR Committee

The CSR Committee shall, carry out the following functions:

- a) 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 of the Companies Act;
- b) To identify corporate social responsibility policy partners and corporate social responsibility policy programmes;
- c) To review and recommend the amount of expenditure to be incurred for the corporate social responsibility activities and the distribution of the same to various corporate social responsibility programmes undertaken by the Company;
- d) To formulate and recommend to the Board, an annual action plan in pursuance to the Corporate Social Responsibility Policy, which shall include the following, namely:
 - i. the list of Corporate Social Responsibility projects or programmes that are approved to be undertaken in areas or subjects specified in the Schedule VII of the Companies Act, 2013;
 - ii. the manner of execution of such projects or programmes as specified in Rule 4 of the Companies (Corporate Social Responsibility Policy) Rules, 2014;
 - iii. the modalities of utilisation of funds and implementation schedules for the projects or programmes;
 - iv. monitoring and reporting mechanism for the projects or programmes; and
 - v. details of need and impact assessment, if any, for the projects undertaken by the company.

Provided that the Board may alter such plan at any time during the financial year, as per the recommendations of the Corporate Social Responsibility Committee, based on the reasonable justification to that effect.
- e) To delegate responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;
- f) To review and monitor the implementation of corporate social responsibility programmes and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes;
- g) To provide assistance to the Board to ensure that our Company spends towards the corporate social responsibility activities in every Fiscal, such percentage of average net profit/ amount as may be prescribed in the Companies Act;
- h) To provide explanation to the Board if the Company fails to spend the prescribed amount within the financial year; and
- i) To perform such other duties and functions as the Board may require the corporate social responsibility committee to undertake to promote the corporate social responsibility activities of the Company and exercise such other powers as may be conferred upon the CSR Committee in terms of the provisions of Section 135 of the Companies Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014 or other applicable law."

7. Unspent CSR Funds

- a) The Board shall ensure that any amount remaining unspent pursuant to any ongoing project, fulfilling such conditions as may be prescribed under the Applicable Laws, undertaken by the Company in pursuance of this CSR 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 is spent by the Company in pursuance of its obligation towards the CSR 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.
- b) To specify the reasons for not spending the requisite CSR amount as required under Section 135 of the Act in the Board's Report and unless the unspent amount relates to any ongoing project, transfer such unspent amount to a Fund as specified in Schedule VII, within a period of six months of the expiry of the financial year

8. CSR Expenditure

- a) The Board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.
- b) Any surplus which is arising out of the CSR activities of the Company shall not form part of the business profit of a company and shall be ploughed back into the same project or it shall be transferred to the Unspent CSR Account and spent in pursuance of this CSR Policy of the Company and annual action plan of the Company or such surplus amount shall be to a Fund which is specified in Schedule VII, within a period of six months of the expiry of the financial year.
- c) In case the Company spends an amount in excess of requirement provided under sub-section (5) of section 135 of the Companies Act 2013, such excess amount may be set off by the Company against the requirement to spend under sub-section (5) of section 135 up to immediate succeeding three financial years subject to the conditions that –
 - i. the excess amount available for set off shall not include the surplus arising out of the CSR activities of the Company, if any,
 - ii. the Board passes a resolution to that effect.
- d) The CSR amount may be spent by a 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 or,
 - ii. beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or,
 - iii. a public authority.

9. CSR Reporting

In order to ensure effective implementation of the CSR activities, the CSR Committee will conduct in-depth review of the CSR activities of the Company on a periodic basis.

The Board's Report of the Company shall include an Annual Report on CSR activities undertaken by the Company during the financial year.

10. Disclosures about CSR Policy and CSR Activities

The CSR Policy including CSR Committee and Projects approved by the Board of the Company shall be disclosed on the Company's website for the public to have access to it.

11. Meeting of CSR Committee

The meeting of the CSR Committee shall be held at such time and place as and when required.

12. Notice of Meeting

Notice of the CSR Committee meeting will be given to the members before 7 days of the meeting containing date, time, and place of the meeting along with list of business proposed to pass at the meeting.

Shorter notice may be given for meeting with the consent of all members.

13. Quorum for CSR Committee

Quorum for the meeting of CSR Committee shall be two members present during the meeting.

14. AMENDMENTS TO THE CSR POLICY

This Policy will be reviewed by the Board, on the recommendation of the CSR Committee, as and when deemed necessary.

In the event of any inconsistency between this Policy and the Applicable Laws, the Applicable Laws will prevail.
