



Spray Engineering Devices Limited

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

I. INTRODUCTION

Corporate Social Responsibility (CSR) is a company's commitment to operate in an economically, socially and environmentally sustainable manner whilst balancing the interests of diverse stakeholders. It generally means operating a business in a manner which meets or excels the ethical, legal, commercial and public expectations that a society has from the business. The activities taken up as part of corporate social responsibility reflect the intent to create a positive impact on society without seeking any commensurate monetary benefits.

Being a responsible corporate citizen, "**Spray Engineering Devices Limited**" hereinafter called "**SEDL**" or "**Company**" is coming forward to contribute for social and environmental causes on a regular basis. We believe that, to become successful, a Company must show high level of responsibility towards the society, its employees & consumers.

SEDL is committed to operate and grow its business in a socially responsible way.

II. EFFECTIVE DATE

This Policy will be effective from the date of adoption/review by the Board.

III. DEFINITIONS

- a) "**Act**" means the Companies Act, 2013;
- b) "**Board of Directors**" or "**Board**", in relation to a company, means the collective body of the directors of the company;
- c) "**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 the CSR Rules.
- d) "**CSR Rules**" means the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time.
- e) "**CSR Committee**" means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act.

- f) **"CSR Policy"** means a statement containing the approach and direction given by the board of a company, taking into account 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;
- g) **"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: -
 - (i) any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and
 - (ii) any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act:

Provided that in case of a foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section (1) of section 381, read with section 198 of the Act;
- h) **"Director"** means a director appointed to the Board of a company;
- i) **"Administrative overheads"** means the expenses incurred by the company for 'general management and administration' of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme.

IV. OBJECTIVE

- a) The main objective of CSR policy is to lay down guidelines to make CSR a key business process for sustainable development of the society.
- b) To directly/indirectly undertake projects/programs which will enhance the quality of life and economic well-being of the communities in and around our plant and society at large
- c) To generate goodwill and recognition among all stakeholders of the company.

V. CSR VISION & MISSION

We would strive to grow our business in a socially responsible and ethical manner, protecting the environment and promoting the enrichment of the society as a whole by actively engaging in philanthropic programs.

VI. CONSTITUTION OF CSR COMMITTEE

Pursuant to the provisions of Section 135 of the Act, the Board of Directors has constituted the Corporate Social Responsibility (CSR) Committee. The members of CSR shall be appointed by the Board of Directors of the Company, from time to time, which must consist of at least three directors, out of which at least one shall be an independent director.

At present, the CSR Committee of the Company comprises of the following members:

- i. Mr. Vivek Verma, Managing Director
- ii. Ms. Niveta Rampaul Sharma, Independent Director
- iii. Ms. Arshdeep Kaur, Independent Director
- iv. Rinkal Goyal, Company Secretary

VII. FUNCTIONS OF CSR COMMITTEE

Following are the functions of the CSR Committee:

- a) To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company [in areas or subject, specified in Schedule VII];
- b) To review and recommend the amount of expenditure to be incurred on the CSR related activities to be undertaken by the Company;
- c) To monitor the Corporate Social Responsibility Policy of the company from time to time.
- d) To formulate and recommend to the Board, an annual action plan in pursuance of its CSR Policy, which shall include the following, namely: -
 - (i) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
 - (ii) the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4 of CSR Rules;
 - (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 Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.”

- e) Any other matter the CSR Committee may deem appropriate after approval of the Board of Directors.

VIII. SCOPE OF CSR ACTIVITIES

The Company shall undertake the activities as recommended by CSR Committee and approved by the Board in accordance with the provisions of Section 135 of the Companies Act, 2013 read with Schedule VII and Companies (CSR Policy) Rules, 2014, along with its amendments. The activities which may be **included** relating to: —

- (i) Eradicating hunger, poverty and malnutrition, [promoting health care including preventive health] and sanitation [including contribution to the 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 projects;
- (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 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];
- (v) 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;
- (vi) Measures for the benefit of armed forces veterans, war widows and their dependents;
- (vii) Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
- (viii) 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;

- (ix) (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 Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense 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)
- (x) Rural development projects.
- (xi) Slum area development.
Explanation. — For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.
- (xii) Disaster management, including relief, rehabilitation and reconstruction activities.

The following will **not be included** as a CSR activity –

- Activities undertaken in pursuance of normal course of business of the Company; Provided that any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccines, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22, 2022-23: subject that
 - (a) such research and development activities shall be carried out in collaboration with any of the institutes or organisations mentioned in item (ix) of Schedule VII to the Act;
 - (b) details of such activity shall be disclosed separately in the Annual report on CSR included in the Board's Report;

- Activities undertaken outside India except for training of Indian Sports personnel representing State or Union Territory at National Level or India at International Level;
- Contribution of any amount, directly or indirectly, to any political party under section 182 of the Act;
- Activities benefitting employees of the company as defined in clause(k) of the Section 2 of the Code on Wages, 2019 (29 of 2019);
- Activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
- Activities carried out for fulfilment of any other statutory obligations under any law in force in India.

IX. REPORTING AND DISCLOSURE:

The Composition of CSR Committee, CSR Policy and Projects approved by the Board shall be disseminated on website (<https://www.sprayengineering.com>) for public access and shall be published in the Annual Report of the company in the format prescribed under the Act and CSR Rules.

X. MODE OF IMPLEMENTATION

CSR programs, projects or activities of the company should be implemented through following methods:

- 1) 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, 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.

Explanation. - For the purpose of clause (c), the term “entity” shall mean a statutory body constituted under an Act of Parliament or State legislature to undertake activities covered in Schedule VII of the Act.

- 2) A 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.
- 3) A 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 these rules.

XI. CSR EXPENDITURE

The company shall endeavor to achieve the objectives of CSR Policy and allocate every year:

- a. Minimum 2% of its average net profits made during the three immediately preceding financial years.
- b. Any income or surplus arising out of the CSR activities, projects or programs shall not form part of the business profit of the company and the same shall be ploughed back for use in CSR activities.
- c. Administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.

XII. MONITORING MECHANISM

To ensure effective implementation of the CSR programs outlined in the CSR Policy and execution of the identified CSR Projects, the Committee shall monitor periodically the implementation of the projects / activities undertaken by the Company.

The progress of CSR programs under implementation will be reported to the Board of Directors on a regular basis. The Board of a company shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it

Reports of the impact of the CSR activities done by the Company shall be submitted to the Board of Directors to determine the status and if required, the effectiveness of CSR activities of the Company.

XIII. LIMITATION, REVIEW AND AMENDMENT

In the event of any conflict between the provisions of this Policy and of the Applicable Law, the provisions of Applicable Law shall prevail over this Policy. Any subsequent amendment / modification to the Applicable Law shall automatically apply to this Policy.

The Board of Directors on its own and/or as per the recommendations of CSR Committee can amend this policy, as deemed fit from time to time.
