



CORPORATE SOCIAL RESPONSIBILITY POLICY (CSR POLICY)

NAGA LIMITED

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1. CONTEXT:

Naga Limited (herein after referred as "the Company") is a Company founded by Late Shri. K.Sreenivasan, who believes that community and society are also the reasons for the survival and existence of Business. The Company and its directors were and are doing so many philanthropy activities in different fields and now first time in India philanthropy activities has been guided by statutory force by section 135 of the Companies Act, 2013 (hereinafter referred as "the Act"). In case of our Company and its directors, who never lost their sight of commitment towards the Society and believes in giving back to the society.

2. APPLICABILITY:

The Company is governed by the provisions of the CSR Policy at all such time during which the Company fulfills the following requirements specified in Section 135(1) of the Act.

The provisions of Section 135(1) of the Act shall apply to every Company having;

- Net worth of Rupees Five Hundred Crore or more; or
- Turnover of Rupees One Thousand Crore or more; or
- Net profit of Rupees Five Crore or more.

during any of the three preceding financial year.

3. OBJECTIVES OF THE POLICY:

The Ministry of Corporate Affairs has formally introduced the concept of Corporate Social Responsibility in the Indian Corporate sphere by way of Section 135 of the Act., this Policy has been made in accordance with Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Schedule VII of the Act and such other rules, regulations, circulars, and notifications (collectively referred hereinafter as 'Regulations') as may be applicable and as amended from time to time and will, *inter-alia*, provide for the following:

- Establishing a guideline for compliance with the provisions of Regulations to dedicate a percentage of Company's profits for social projects.
- Ensuring the implementation of CSR initiatives in letter and spirit through appropriate procedures, reporting and monitoring process.
- Creating opportunities for employees to participate in socially responsible initiatives.

4. DEFINITIONS:

In this Policy unless the context otherwise requires:

- (a) 'Act' means the Companies Act, 2013;
- (b) 'Corporate Social Responsibility' means Corporate Social Responsibility (CSR) as defined in Section 135 of the Companies Act 2013 and Companies (Corporate Social Responsibility Policy) Rules 2014;
- (c) 'Net Profit' means net profit as defined in Section 135 of the Companies Act 2013 and Companies Corporate Social Responsibility Policy) Rules 2014 as set out below:

Net Profit as per financial statements 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.
- (d) "CSR Committee" means the Corporate Social Responsibility Committee of the Company set up in pursuance of the Section 135 of the Act.
- (e) "CSR Partners" means Trust, Societies, or Section 8 Companies operating in India, which is not set up by the Company.
- (f) Words and expressions used in this CSR Policy and not defined herein but defined in the Act shall have the meaning respectively assigned to them in the Act.

5. CONCEPT OF CSR:

Corporate Social Responsibility (CSR) is a medium to return to the society a part of the resources acquired from them and to create a sense of responsibility. CSR is a process with the aim to embrace responsibility for the actions of the Company and encourage a positive impact through its activities on the environment, society and in general all other members of the public.

Naga Limited believes growth of the business can be sustained through profit from the business, growth of the people around the business and distribution of the profit to its stakeholders and through the CSR activities some part of the growth can be distributed to its unseen stakeholders.

Vision Statement

Endeavour to serve the society and improve quality of life for all our communities through integrated and sustainable development in every possible way.

Mission Statement

Strive to improve the quality of life of the members of the society.

6. ACTIVITIES TO BE UNDERTAKEN:

6.1 ACTIVITIES

This policy recognises that corporate social responsibility is not merely compliance; it is a commitment to support initiative that measurably improve the lives of the underprivileged by ensuring the social well being of the communities in the vicinity of its business operations by one or more of the following focus areas as notified under section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

- i. eradicating hunger, poverty and malnutrition, promoting preventive health care and 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 centers 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, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;
- 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 recognized sports, Paralympics sports and Olympic sports;
- viii. Contribution to the Prime Minister's National Relief 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. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- x. Rural development projects.

CSR activities shall be undertaken as projects, programs of activities (either new or ongoing) excluding activities undertaken in pursuance of the normal course of business of the Company.

6.2 IMPLEMENTATION OF CSR ACTIVITIES:

The CSR Committee in consultation of the Board of Directors of the Company will identify suitable projects/programs for implementation in line with objectivities of this Policy and requirements laid down under the Regulations. The projects/programs would be executed directly by the Company and/or along with employee engagements and/or through CSR Partners(s).

The project may be divided into two main categories – Direct Project Funding and Employee Engagement, the CSR Committee along with CSR Partners will be assess followings:

- Project Objectives
- Baseline Survey for outcome of the Project will be measured.
- Implementation Schedules – Timeline for milestones of the Project will be prescribed and agreed.
- Responsibilities and authorities.
- Expected Result and Measurable Outcome.

The Indicative Partners and extent philanthropic initiatives are part of this policy. The Committee is authorised to add to these partners and projects / programs thereunder for undertaking CSR activities hereunder. However, such CSR Partners shall be bound to follow the instructions of the Company with respect to utilization of the Funds allocated to CSR by the Company and shall adhere to the monitoring and reporting mechanism of the Company, as may be prescribed by the Company from time to time.

A list of the CSR Project/Programs which the Company plans to undertake during the implementation year will be laid down before the Committee, specifying modalities of execution in the areas/sectors chosen and implementation schedules for the same.

The Board and CSR Committee shall ensure that the CSR activities shall not fall within purview of its ordinary course of its business.

6.3 CSR EXPENDITURE:

CSR Expenditure of the Company shall only include:

Expenditure towards projects and programs relating to CSR activities.

Contribution to Corpus for projects or programs relating to CSR activities.

Expenditure towards training the Company's personnel as well as the personnel of CSR Partners and Member of CSR Council through institutions with established track records of atleast three financial years provided that any such expenditure, including expenditure on administrative overheads, does not exceed 5% of the total CSR expenditure of the Company in any one financial year.

Tax treatment of CSR spend will be in accordance with the Income Tax Act, 1961 as may be notified by Central Board of Direct Taxes (CBDT).

Contribution of any amount directly or indirectly to any political party under section 182 of the Act, shall not be considered as CSR activity.

7. GEOGRAPHIC REACH:

The Act provides that the Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility. The Company has its presence in allover India. Thus will give preference to conducting CSR activities in as the Committee may identify such areas and recommend it to the Board for undertaking CSR activities.

8. FUNDING AND ALLOCATION:

8.1 The Company would spend not less than 2% of the average Net Profits of the Company made during the three immediately preceding financial years. The surplus arising out of the CSR activity will not be part of business profits of the Company. The Corpus would thus include the 2% of average net profits, as aforesaid, any income arising there from and surplus arising out of CSR activities.

8.2 The Company may build CSR capacities of its personnel and/or those of its implementing agencies through Institutions with established track records of at least three financial years but such expenditure shall not exceed five percent of total CSR expenditure of the Company in one financial year.

8.3 However, if the Company ceases to be covered under sub-section (1) of Section 135 of the Act for three financial years, then it shall not be required to, comply with the provisions laid down under sub-section (2) to (5) of the said section, till such time it meets the criteria specified in sub-section (1) of the Act.

8.4 The amount of expenditure that the Company must undertake on its CSR Activities shall be such as shall be recommended by the CSR Committee. All reasonable efforts will be made to ensure that the annual CSR allocation is fully utilized in the respective year, however if the Company fails to spend such amount, then the Board shall specify the reasons for the same in the Board's report.

9. CSR COMMITTEE

9.1 The Board of Directors of the Company has decided to constitute CSR Committee in following Manner. That is following Directors are being appointed as members of the CSR Committee:

Sr. No.	Names	Chairperson/Member
1.	Dr. K.Venkatachalam	Chairperson
2.	Smt. Mageswari Kannan	Member
3.	Sri. Sounder Kannan	Member

9.2 The Committee will meet atleast once in a year to discuss and review CSR activities and Policy. A quorum of two members is required to be present for the proceedings to take place. The Committee members may attend the meetings physically or via such audio-visual means as permitted under the Act.

9.3 The CSR Committee will recommend the amount of expenditure to be incurred on the activities of CSR enlisted in the CSR Policy and monitoring the CSR Policy of the Company from time to time.

9.4 A member of the CSR Committee may resign by a written notice stating the reasons for such resignation, addressed to the Board of Directors of the Company. The resignation shall be effective from the date of acceptance of the resignation in the meeting of the Board of Directors or after 30 days from the date of the resignation, whichever is earlier.

9.5 In case of the resignation of any member of the CSR Committee, the Board of Directors shall appoint a new member to fill the vacancy created as such within reasonable time. The new member shall be appointed in keeping with the constitution requirements of the CSR Committee.

9.6 The CSR Committee will review the philanthropic activities of the Company and will provide progress update to the Board of Directors every six months or such other intervals as deemed fit.

9.7 The CSR Committee shall prepare the transparent monitoring mechanism for ensuring implementation of the projects / programmes / activities proposed to be undertaken by the Company.

9.8 The CSR Committee shall have the authority to obtain professional advice from external sources and have full access to information contained in the records of the Company as well as the powers to call such employee(s), senior official(s), Representative of CSR Partners, external consultant or such other persons and for such purpose as may be deemed expedient for the purpose of accomplishments of overall CSR Objectives laid down under the Act.

10. MONITORING

9.1 Appropriate documentation and amendments of the CSR Policy, Annual CSR activities, reports on execution by CSR Partner(s) and expenditures will be undertaken on a regular basis and same will be available to the Board of Directors of the Company.

9.2 The CSR Committee is going to report in respect of the status and implantation of the programs / projects to its respective reporting authorities as stated in point 8 herein above.

9.3 Initiatives undertaken on the CSR front will be reported in the Annual Report of the Company.

9.4 The CSR Committee and External Professionals authorised by it, which will conduct due diligence checks on the current projects / partners on quarterly basis and report anomalies, if

any, immediately.

9.5 Based on the analysis of Current projects, carry out road map, planning for allocation of budget and selection of projects. The same will be done atleast once in a financial year.

9.6 Plan and publish annual calendar of major events so as strive for maximum participation of stakeholders.

11. AMENDMENTS

The Board of Directors on its own and/or as per the recommendations of CSR Committee can replace or amend this policy, as and when required as deemed fit. Any or all the provisions of the CSR Policy would be subject to revision/amendment in accordance with the Regulations on the subject as may be issued from relevant statutory authorities, from time to time.

12. MISCELLANEOUS

12.1 Any surplus which may arise in pursuance of the CSR Activities shall not form part of the business profit of the Company.

12.2 CSR projects or programs or activities undertaken outside India shall not form as CSR Activities.

12.3 CSR Projects or programs or activities that only benefit for the employees of the Company and their families shall not form as CSR Activities.

12.4 All the members of the CSR Committee, the CSR Council, the CSR Partners, Employees, External Professionals and other person connected and attached with this CSR Policy must follow norms of confidentiality, if and as applicable.

12.5 The Content of such Policy shall disclose in its report and the same shall be displayed on the Company's website.

13. CONCLUSION

In case of any doubt with regard to any provision(s) of the policy, a reference can be made to CSR Committee of Board of Directors. In all such matters, the interpretation & decision of the CSR committee of the Board of Directors shall be final.

Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by Government, from time to time.

The Board will review the policy from time to time based on changing needs and aspirations of the target beneficiaries and make suitable modifications, as may be necessary.