

Corporate Social Responsibility (“CSR”) Policy of Graphite India Limited

1. Preamble:

The Board of Directors (“Board”) of Graphite India Limited (“Company”) recognise that the Company can be a major positive influence on countless lives through its CSR activities and initiatives.

A CSR Committee as mandated under the provisions of the Companies Act 2013 (“Companies Act”) has been formed by the Board. The CSR Committee has formulated the CSR Policy, which has been approved by the Board, and has been amended with the approval of the Board from time to time.

This document contains the updated CSR Policy of the Company and provides the constitution of the CSR Committee. It is meant to provide direction to the CSR Committee, the Board and the Company, in order to ensure compliance with the provisions of Section 135 of the Companies Act, the Companies (Corporate Social Responsibility Policy) Rules 2014 (“CSR Rules”), other applicable provisions of the Companies Act and the rules made thereunder and any circular, notification, guideline, order, etc. issued under the Companies Act and the rules made thereunder (together, the “Applicable Law”).

It is further meant to ensure that the Company’s potential in terms of its contribution to the betterment of the society, country and community is fully realised.

Any terms utilised but not defined herein shall have the same meaning assigned to it under the Applicable Law. The contents of this document are in addition to what has been provided in the Applicable Law. In case of any conflict between the contents of this document and the Applicable Law, the Applicable Law shall prevail over the contents of this document.

2. CSR Committee:

As on 1 April 2020, the CSR Committee is composed of:

Mr. K. K. Bangur	Chairman
Mr. N. Venkataramani	Member
Mr. A. Dixit	Member

3. CSR projects / activities will be carried out by the Company in the following broad areas:

- a. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation, and making available safe drinking water.

- b. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- c. Rural development projects
- d. Any other activity as permitted under Schedule VII of the Companies Act read with the CSR Rules.

The Company shall not carry out any CSR activities which it is prohibited to undertake by virtue of Rule 2 (d) of the CSR Rules.

4. The CSR Committee shall:

- a. Recommend to the Board the amount to be spent by the Company pursuant to the provisions of the Companies Act and the rules made thereunder and in furtherance of the CSR Policy.
- b. Monitor the CSR Policy from time to time.
- c. 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 Companies Act;
 - ii. the manner of execution of such projects or programmes, whether by the Company itself, or through an implementing agency;
 - 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.

The Board may alter the annual action plan at any time during the financial year, as per the recommendation of the CSR Committee, based on the reasonable justification to that effect.

- d. In case of any CSR project or activity being carried out by an implementing agency, the CSR Committee shall obtain quarterly feedback from such implementing agency for the purpose of monitoring and ensuring that the activities are being carried out in accordance with the annual action plan, which shall be presented to the Board from time to time.

5. The Board shall:

- a. After taking into account the recommendations made by the CSR Committee, approve the CSR Policy for the company and disclose contents of the CSR Policy in its report and also place it on the company's website.
- b. Ensure that the activities as are included in CSR Policy of the company are undertaken by the Company.

- c. Ensure that the company spends, in every financial year, at least 2% (Two per cent) of the average net profits of the company ("**Proposed CSR Expenditure**") made during the 3 (Three) immediately preceding financial years in pursuance of the CSR Policy.
- d. Ensure that the Company gives preference to the local area and areas around it where it operates, for spending the Proposed CSR Expenditure.
- e. Ensure that CSR activities are undertaken by the Company itself or through:
 - i. a company established under Section 8 of the Companies Act ("**Section 8 Company**"), or a registered public trust or a registered society, registered under Sections 12 A and 80 G of the Income Tax Act 1961 ("**IT Act**"), established by the company, either singly or along with any other company;
 - ii. a Section 8 Company or a registered trust or a registered society, established by the Central Government or any State Government;
 - iii. any entity established under an Act of Parliament or a State legislature; or
 - iv. a Section 8 Company, or a registered public trust or a registered society, registered under Sections 12 A and 80 G of the IT Act, and having an established track record of at least 3 (Three) years in undertaking similar activities.
- f. Satisfy itself that the funds disbursed out of the Proposed CSR Expenditure have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer shall certify to the effect.
- g. In case of an ongoing project, monitor the implementation of the project with reference to the approved timelines and year – wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.
- h. Ensure that the administrative overheads shall not exceed 5% (Five per cent) of the total CSR expenditure of the company for the financial year.
- i. Mandatorily disclose the composition of the CSR Committee, and CSR Policy and projects approved by the Board on the website of the Company for public access.

6. The Company may:

- a. Engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per the CSR Policy as well as for capacity building of their own personnel for CSR.
- b. Collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees of the respective companies are in a position to report separately on such projects or programmes.

- 7. Excess spending by the Company:** If the company spends in a financial year an amount higher than the Proposed CSR Expenditure for such financial year, the excess amount spent may be set off against the Proposed CSR Expenditure for up to 3 (Three) succeeding financial years, subject to the conditions that the

excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, and a resolution approving such set off is passed by the Board.

8. **Creation or acquisition of capital asset:** The Proposed CSR Expenditure may be spent by the Company for creation or acquisition of a capital asset, which shall be held by:
 - a. A Section 8 Company, or a registered public trust or registered society, having charitable objects and CSR Registration Number under the CSR Rules;
 - b. beneficiaries of the concerned CSR project, in the form of self – help groups, collectives, entities; or a public authority.

9. **Unspent CSR Expenditure (as defined hereinafter):**
 - a. If the Company fails to spend any part of the Proposed CSR Expenditure allocated for any financial year (“**Unspent CSR Expenditure**”), the Board shall specify the reasons for not spending the amount in its report to the shareholders under Section 134 of the Companies Act and unless the unspent amount relates to any ongoing project, transfer the Unspent CSR Expenditure to a Fund¹ specified for this purpose in Schedule VII of the Companies Act, within a period of 6 (six) months of the expiry of the concerned financial year.
 - b. Any Unspent CSR Expenditure, allocated to an ongoing project², undertaken by the Company in pursuance of the CSR Policy, shall be transferred by the company within a period of 30 (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 (“**Unspent CSR Account**”), and such amount shall be spent by the company in pursuance of its obligation towards the CSR Policy within a period of 3 (Three) financial years from the date of such transfer, failing which, the Company shall transfer the same to a Fund specified for this purpose in Schedule VII, within a period of 30 (Thirty) days from the date of completion of the 3rd (Third) financial year.

10. 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 shall be transferred to the Unspent CSR Account for that financial

¹ Until a fund is specified in Schedule VII for such purpose, the Unspent CSR Expenditure shall be transferred by the Company to any fund included in Schedule VII of the Companies Act.

² The term “ongoing project” shall mean a multi – year project undertaken by a company in fulfilment of its CSR obligations having timelines not exceeding 3 (three) years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi – year project but whose duration has been extended beyond 1 (one) year by the board based on reasonable justification.

year and spent in pursuance of the CSR Policy and relevant annual action plan of the Company, or such surplus amount shall be transferred to a Fund specified in Schedule VII, within a period of 6 (Six) months of the expiry of the financial year.

11. The Board's Report of the Company pertaining to any financial year shall include an annual report on CSR containing particulars specified in Annexure II to the CSR Rules. The contents of the CSR Policy shall be disclosed in the Board Report containing particulars as specified in the aforesaid rules and shall be displayed on the Company's website.
12. If in any financial year, the Company has an average CSR obligation of INR 10,00,00,000 (Indian Rupees Ten crore) or more, in the 3 (Three) immediately preceding financial years, the Company shall undertake impact assessment, through an independent agency, of its CSR projects having outlays of INR 1,00,00,000 (Indian Rupees One crore only) or more, and which have completed not less than 1 (One) year before undertaking the impact study. The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR. The Company may book the expenditure with respect to such impact assessment towards the Proposed CSR Expenditure for that financial year, which shall not exceed 5 % (Five per cent) of the total CSR expenditure for that financial year or INR 50 lakhs (Indian Rupees Fifty lakhs), whichever is less.
13. The projects or activities being carried out by the Company through implementing agencies shall be audited every year by the CFO to ensure that such projects and activities have been carried out as per the annual action plan of the Company and the CFO shall prepare an audit report in relation to the audit carried out, which shall be submitted to the CSR Committee. The audit report will be studied by the CSR Committee and after vetting, the report shall be submitted to Board of Directors.

This policy document is approved by the Board on 24.03.2021 and can be amended / modified whenever necessary with its approval on the recommendation of the CSR Committee.