



**GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LIMITED**

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**CORPORATE SOCIAL RESPONSIBILITY POLICY**

**THE COMPANY:**

GNFC is a joint sector enterprise promoted by Government of Gujarat and Gujarat State Fertilizers & Chemicals Limited. The Company has established itself firmly with diversified product portfolio from its initial Fertilizers business to Chemicals and then to Electronics, Information Technology business, etc. Its Fertilizers & Chemicals plants are located in Bharuch and its Information Technology segment is at Ahmedabad.

Over the years, GNFC has been an enthusiastic supporter of activities for the society in and around Gujarat. The Company recognizes social responsibility and accordingly in the year 1980, it established its CSR arm, Narmadanagar Rural Development Society (NARDES) a Trust. Over the period, NARDES has hired a pool of professionals from various reputed social and rural development colleges in India and it was restructured to be able to attend to larger projects of CSR of the Company. The Company also donates handsomely to Non-Government Organization in their social pursuits. Being associated with agriculture sector close communication with the rural society has been established, which has been helpful in carrying out CSR activities. Various programmes including helping to overcome effects of natural disaster have been undertaken by the Company.

The corporate strategy of the Company is inspired by the opportunity to contribute to a more secured and sustainable future. Our mission is to build a CSR model beneficial to the society while carrying out profitable business. We aim to increase the reach and improve the quality of education, health care, rural infrastructure, skill training, entrepreneurship development, youth engagement and agriculture in Gujarat with full involvement of our stake holders. We focus on development of people living in remote and rural areas and who are unable to improve their living standard. While carrying out activities relating to environment,

conservation of flora, fauna, and prevention, control of pollution and regeneration of degraded areas are given importance. Emphasis is also given on renewable energy resources.

The Company's CSR activities are participative in nature and not philanthropic by providing only donations. The local people are involved in income generating activities by forming groups and user groups. The programs are handed over to the communities after the benefits of the programs are realized by the communities and also after providing training and guidance for carrying the programs further.

The activities which are clearly mandated to be performed by the Government and/or for which Central/State Government's schemes have been sanctioned, are generally refrained, as it could result in unnecessary duplication. However, where supportive activities/ contributions are required, the Company undertakes such activities/ contributions.

#### **CSR ACTIVITIES:**

The Company will carry out CSR activities in consonance with the provisions of the Section 135 read with Schedule VII to the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, as amended from time to time. Schedule VII to the Act is attached as **Annexure A**.

This Policy will apply to CSR Activities approved by the Board of Directors, from time to time, and taken up for implementation in and around the villages / areas where GNFC Facilities (Plants / Works) are located including where its Marketing Offices/Depots and other business establishments are located within the territorial limits of India.

GNFC is committed to implement CSR Activities as prescribed under Schedule VII to the Act, for socio economic upliftment of all the stakeholders, on sustainable basis.

#### **APPROACH**

The Company's CSR Activities shall revolve around the following guiding principles – Impact, Affirmative Action, Communication and Innovation.

## **Guiding Principles for CSR**

**Impact** – All CSR initiatives will have well-defined Key Performance Indicators (KPIs) to measure impacts on target groups.

For high value CSR Activities with budgetary layout of Rs.1.00 Crore or more, independent, third-party assessment and feedback will be a key input for redesign and / or rollout of further initiatives. For such high value CSR Activities, involving creation of capital asset, to ensure its sustainability, Memorandum of Understanding (MoU) shall be executed with the implementing agency.

**Affirmative Action** – The Company will design targeted interventions for Women and Youths in PAAs to promote Education, Employability, Employment and Entrepreneurship. The Company will also work on promoting Ethnicity to preserve the cultural fabric of these communities.

**Communication** – The Company will have a two-way communication channel, so that the stakeholders' needs, expectations and aspirations can be mapped and their feedback and satisfaction levels can be obtained and assessed for the purpose of design and improvement of initiatives.

**Innovation** – The Company will endeavor to develop innovative solutions to solve seemingly intractable social issues. These will encompass technology, as well as models for sourcing, partnering and delivery of initiatives.

## **IMPLEMENTATION:**

The Company's CSR Activities will focus on interventions to improve the quality of life of the communities through empowerment of communities in rural areas in general and that of women in particular with the objective to change the socio-economic profile and eco system of the area. The Company shall ensure that the maximum benefit of CSR activities goes to the underprivileged sections of the society.

1. CSR Activities approved by the Board of Directors, from time to time, shall be taken up for implementation for the primary beneficiaries in the Project Affected Areas (PAAs) i.e. villages within the radius of about ten (10) kilometers of GNFC facilities located in Bharuch District. The Company has already identified eighteen villages in the PAAs

(List of villages is attached **Annexure B**). In addition to this, the Company shall undertake CSR Activities in and around the area where its Sales and Marketing Offices/Depots and other business establishments are located within the territorial limits of India.

2. The time period/duration over which a particular project will spread, will depend on its nature, extent of coverage and the intended impact of the project.
3. Whenever possible, initiatives of State Governments, District Administration, Local Administration as well as Central Government Departments Agencies, Self-Help Groups, etc., would be dovetailed and synergized with the initiatives of the Company.
4. The Company will take up its CSR Activities either through NARDES or through eligible entity as defined under the CSR Rule 4(1), as amended, reproduced hereunder-

**Eligible Entities- Rule 4(1):**

The CSR liabilities can be undertaken through the following eligible entities: –

(a) 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 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, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

5. The process for implementation of CSR Activities will involve the following steps:
  - a. Identification of project by means of any of the following:
    - i. Prioritize the CSR Activities to fill the gap between the level of available and required primary services / facilities i.e. need assessment /

- identification studies by in-house cross functional team / professional institutions / agencies, as may be deemed fit.
- ii. Receipt of proposals / requests from District Administration / local Govt. etc.
  - iii. Discussions and request with local representatives / Civic bodies / Citizen's forums / Voluntary Organizations.
  - iv. Proposals as identified by the company in any other manner.
- b. Project Based Approach: The Company will follow Activity based accountability approach to stress on the long term sustainability of CSR Activities, where its action plan will be distinguished as:
- € Short term: up to 1 year.
  - € Mid Term: 1 year to 2 years.
  - € Long Term: above 2 years.
- c. While identifying CSR Activities, all efforts shall be made, to the extent possible, to define the followings:
- i. Program objectives.
  - ii. Baseline survey to identify critical social economic, ecological and infrastructure related issues – It would give the basis on which the outcome of the Activities would be measured.
  - iii. Implementation schedules-based on gap assessment, proposals for CSR Activities will be placed before the CSR Committee with priority and timelines for milestones to be achieved, every six months, for the Activity, will be laid down.
  - iv. Responsibilities and Authorities.
  - v. Major results expected and measurable outcome.
  - vi. Review and evaluation of the Activities implementation / completion, on yearly basis, by in-house team of the Company.

The Company has constituted a CSR Committee of its Directors. The proposals of CSR recommended by the CSR Committee will be placed before the Board of Directors for its approval.

## **RESOURCES:**

### **Budget:**

The Company will allocate statutorily permissible at least 2% of average net profits of the company made during the three immediately preceding financial years and this would be the minimum overall Annual budget for CSR activities.

### **Utilization:**

- any unspent/unutilized CSR allocation of a particular year;
- any surplus arising out of CSR Activities shall not form part of the business profits of the Company; and
- any amount spent in excess of statutory requirement,

shall be dealt with as per the applicable provisions of the Act / Rules.

## **MONITORING, EVALUATION AND REPORTING:**

To ensure seamless implementation of CSR Activities, the company will introduce an in-house monitoring mechanism. CSR Section will conduct assessment of performance of CSR Activities, against the laid down milestones, on a half yearly basis, through independent professional institution, especially on the strategic and high value projects and place the details before the CSR Committee for inclusion of the same in the Annual Report of the Company. The Company may engage international organizations for designing, monitoring and evaluation of CSR Projects as per the CSR Policy as well as for capacity building of its own personnel for CSR.

## **RESPONSIBILITY:**

### **Board of Directors:**

- € To consider and approve CSR Policy, with or without modifications, as recommended by CSR Committee and ensure that the same is placed on the Website of the Company.
- € To disclose the contents of CSR Policy in the Board's Report.
- € To ensure that the Company spends 2% of average Net Profits of preceding three FYs on CSR Activities prescribed in the Schedule VII to the Act.
- € To report CSR Activities in the Board's Report and disclose reasons for Unspent

amount, if any, as against the prescribed minimum 2% CSR spend during FY.

- € In case of On-going Activities / Projects, to monitor its implementation with reference to approved time lines and year wise allocation with modifications, as may be deemed fit.

**CSR Committee:**

- € To formulate and recommend CSR Policy to the Board of Directors.
- € To ensure spending of CSR amount on approved Activities and put up progress of Activities to the Board of Directors.
- € To implement the CSR Policy and monitor progress of Activities on half yearly basis in the CSR Committee Meeting.
- € To formulate and recommend to the Board, Annual Action Plan / Budget as per the CSR Policy, including the followings:
  - § List of approved CSR Activities.
  - § Manner of execution of CSR Activities in line with the specified Rules.
  - § Modalities of utilization of funds and implementation of schedules of CSR Activities.
  - § Monitoring and reporting mechanism for the Activities; and
  - § Details of need and impact assessment, if any, for the Activities under taken by the Company.

Provided that the Board of Directors may alter such plan at any time during the FY, as may be recommended by CSR Committee based on reasonable justification to that effect.

**Managing Director:**

To give approval for CSR projects within the policy framework and monitor projects undertaken by CSR Section, from time to time.

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**(As amended by the Board of Directors on 17-05-2021)**

**SCHEDULE VII  
(Section 135 of the Companies Act, 2013.)**

Activities which may be included by companies in their Corporate Social Responsibility Policies  
Activities relating to:—

(i) Eradicating hunger, poverty and malnutrition, “promoting health care including preventive health care” and sanitation including contribution to the Swachh 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 art and handicrafts;

(vi) measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;

(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 govt. for socio economic development and relief and welfare of the schedule caste, 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.

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**List of Villages in Project Affected Areas of District Bharuch, Gujarat State.**

Taluka, Bharuch:

1. Vadadla
2. Nandevlav
3. Zadeshwar
4. Haldarva
5. Osara
6. Kavitha
7. Karmali
8. Chavaj
9. Paguthan
10. Rahadpur

Taluka, Vagra:

11. Rahiyad
12. Vadadla
13. Suva
14. Galenda
15. Samantpur
16. Koliyad
17. Akhod
18. Atali

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