

Corporate Social Responsibility Policy of Nitco Limited

1. PREAMBLE

Nitco Limited (the “Company”) recognizes that its growth and success are inseparably linked to the well-being of the society and environment in which it operates. As a responsible corporate citizen, the Company is committed to operating its business in a manner that generates sustainable value for all stakeholders – shareholders, employees, communities, and the environment – while contributing meaningfully to the socio-economic development of the areas in which it operates.

This Corporate Social Responsibility (“CSR”) Policy has been formulated in accordance with Section 135 of the Companies Act, 2013 (“the Act”), read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (“CSR rules”), as amended from time to time, and sets out the Company’s approach.

2. FOCUS AREAS

The Company may undertake CSR activities as decided by the board of directors from time to time, in any areas or subjects in accordance with the requirements under the Act and the rules framed thereunder and circulars / clarifications issued thereunder, CSR activities, within the ambit of Schedule VII of the Act ; amongst others, will focus on:

- Education and skills development to enable sustained livelihoods
- Health care including preventive health
- Environmental sustainability and ecological balance
- Gender equality and empowerment of women

3. OBJECTIVES OF THE CSR POLICY

The main objective of the CSR Policy is to guide the Company's efforts in contributing to society and the environment in a meaningful way. It helps the Company plan and carry out CSR activities that improve the quality of life of communities while supporting sustainable development. The policy also ensures that all CSR initiatives are carried out in accordance with Section 135 of the Act.

4. CONSTITUTION OF CSR COMMITTEE

As per section 135 (9) of the Act, where the CSR expenditure does not exceed fifty lakh rupees, the requirement for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee in such case, be discharged by the Board of Directors of such Company, Thus CSR obligations will be discharged by the Board of Directors of the Company, until and unless CSR committee is formed.

5. BUDGET

Pursuant to Section 135(5) of the Act, the Company shall, in every financial year, spend at least two per cent (2%) of the average net profits made during the three immediately

preceding financial years, calculated in accordance with Section 198 of the Act, towards CSR activities as specified in this Policy.

For the financial year 2025-2026, since the average net profit of the Company for the preceding three financial years is negative, the CSR spending obligation for the year stands at NIL

Administrative overheads incurred for general management and administration of CSR functions shall not exceed five per cent (5%) of the total CSR expenditure for the financial year, in line with CSR rules.

Any surplus arising out of CSR activities shall not form part of the business profits of the Company and shall be ploughed back into the same project or transferred to the Unspent CSR Account/Fund specified in Schedule VII of the Act, as applicable.

Where the Company spends an amount in excess of the requirement under Section 135(5) of the Act, such excess may be carry forward and set off against the requirement to spend for such number of succeeding financial years as permitted under the CSR Rules.

6. ACTIVITIES THAT THE COMPANY CAN UNDERTAKE

The Company shall undertake CSR activities in alignment of Schedule VII of Act read with relevant rules thereunder, which includes:

- (i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation.
- (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.
- (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.
- (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.
- (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.

(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

(x) Rural development projects.

(xi) Slum area development.

(xii) Disaster management, including relief, rehabilitation and reconstruction activities.

7. IMPLEMENTATION OF CSR ACTIVITIES

The Company shall while implementing CSR activities, either by itself or through any other permitted entity(ies), shall give preference to the local areas and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities. However, Board of Directors may identify other areas for implementation of CSR activities, from time to time.

Further, the CSR activities will not include the following activities:

1. Any activity in pursuance of normal course of business of the Company;
2. Any activity exclusively for the benefit of its employees and their family members;
3. Any activity outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
4. Contribution of any amount directly or indirectly to any political party under Section 182 of the Act;
5. Any activity to be supported on sponsorship basis for deriving marketing benefits for the Company's products or services;
6. Any activity for fulfilment of any other statutory obligations under any law in force in India.

8. CSR INITIATIVES

The CSR activities will be executed through one or more of the following modes:

a) By directly through the Company; or

b) By a Company established under Section 8 of the Act, or a registered public trust or a registered society, registered under Sections 12A and 80 G of the Income Tax Act, 1961, established by the Company, either singly or along with any other Company, and having an established track record of at least three years in undertaking similar activities.

Provided that every entity, mentioned above, who intends to undertake any CSR activity, shall register itself with the Central Government by filing the form CSR-1 electronically with the Registrar of Companies.

9. CSR EXPENDITURE

The Company shall comply with the provisions regarding the carry forward and set-off of excess spent from regulatory requirement and transfers into specific accounts for unspent CSR amount as specified in the Act read with the CSR Rules.

If the Company spends an amount in excess of its CSR obligation

, such excess amount may be carry forward and set-off against the CSR obligations up to immediate succeeding three financial years subject to the conditions that:

1. The excess amount available for set off shall not include the surplus arising out of the CSR activities, if any; and
2. The Board will pass a resolution to that effect.

10. IMPACT ASSESSMENT

Pursuant to Rule 8 of CSR Rules, Company having an average CSR obligation of Rs. 10 crores or more or as may further be prescribed under the Act read with the CSR Rules, in the three immediately preceding financial years, then Company is required to undertake impact assessment, through an independent agency, of its CSR activities having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.

On order to undertake impact assessment, the Company may incur an amount up to 2% of the total CSR expenditure for that financial year or ₹ 50,00,000, whichever is higher and the same shall be considered as CSR expenditure for that financial year.

11. AMENDMENT

The CSR Committee is empowered to recommend amendments or modifications to the CSR Policy including Annual Action Plan and such changes shall be placed before the Board for approval.

Where the CSR Policy including Annual Action Plan is in variance with the requirements of the Act, the provision of the Act shall prevail.