

Policy on Corporate Social Responsibility



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i. Introduction.

This policy is framed in compliance with the provisions of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules 2014, as amended from time to time.

ii. Legal Framework

Section 135 of the Companies Act 2013 (hereinafter referred to as “the Act”), read with the Companies (Corporate Social Responsibility Policy) Rules 2014 (hereinafter referred to as “the Rules”), as amended from time to time, lays down the legal framework for the CSR policy of the Company.

iii. Corporate Vision and Objective of the Policy.

The Company desires to make a meaningful contribution for the improvement of those people who are at the bottom of the social pyramid, and thereby act as socially conscious, well governed, and successful corporate citizen of the country, maintaining highest standards of corporate governance with the cooperation and involvement of its employees, constituents, society, shareholders, and other stakeholders including the Government.

The Company would ensure compliance with the legal/regulatory provisions in letter and spirit while discharging the CSR obligations.

iv. Scope.

This policy will be applicable to all projects/programs undertaken as part of the Corporate Social Responsibility activities of the Company under Section 135 of the Act and will be reviewed by the Board of Directors on an annual basis.

The CSR activities will be carried out only in India and preference would be given to the locality in which the Company operates.

v. Executing Authority

The Act prescribes the setting up of a CSR Committee for administering the functions stipulated by the Act and Rules as stated below if the Company comes under the ambit of CSR. However, as per section 135(9), if the amount to be spent by the Company in a year towards CSR does not exceed Rs. Fifty Lakhs, the requirement to constitute the Committee can be done away with. Also, if the Company has any amount remaining unspent in its Unspent CSR Account as per section 135(6) of the Act shall also constitute a CSR Committee. In Companies where the constitution of CSR Committee is not mandated by the Act and Rules, its functions as stated below can be discharged directly by the Board of Directors.

vi. Functions of the CSR Committee / Board of Directors.

The Board of the Company shall perform the following functions.

- Formulation of the CSR policy and goals and revision thereof, as may be required.
- Formulation of an Annual Action Plan pursuant to the CSR Policy.
- Identification of the areas of CSR activities as prescribed in Schedule VII of the Companies Act, 2013 and amendments thereof, and approval of the amount of expenditure to be incurred on such CSR activities/projects within the overall CSR Budget.
- Monitoring of the CSR activities and performance from time to time to ensure that the Company meets the mandatory CSR compliance requirement.

- Review of the CSR projects /initiatives from time to time and make any alteration in annual action plan, if any.

In addition to the above, the Board shall have the following responsibilities:

- The Board shall ensure impact assessment, if any, for the projects with outlay of ₹1.00Cr or more.
- The Board shall ensure legal and regulatory compliance from a CSR viewpoint.
- The Board shall ensure reporting, communication, and appropriate disclosures to stakeholders on the CSR projects/initiatives.
- The Board shall ensure that the surplus arising of the CSR projects or programs, or activities do not form part of the business profit of the Company.
- The Board shall satisfy itself that the CSR funds disbursed are in alignment to the CSR Policy of the Company and have been utilized for the purposes and in the manner approved by it. The CFO, or in his absence, the appropriate authority responsible for financial management in the Company shall certify the same to the effect.
- The Board shall also ensure appropriate disclosures pursuant to the Act and amendments thereof in the Annual Reports and Company's website in prescribed formats.
- In case of on-going project, as defined under Rule 2(1) (i) of the Rules, the Board of a Company shall monitor the implementation of the project with reference to the approved timelines and year wise allocation and shall be competent to make modification, if any, for smooth implementation of the project within the overall permissible time period.

vii. CSR Budget.

The Company shall ensure that at least 2% of average net profit before tax from the immediately three preceding financial years is spent on CSR initiatives undertaken by it. The overall amount to be committed to CSR activities will be approved by the Board through its Annual Action Plan carrying list of CSR projects or programs.

The following guiding principles are to be adhered to in terms of CSR Budget outlay & Expenditure:

- The administrative overheads shall not exceed five percent (5%) of the total CSR expenditure of the Company for the financial year.
- Any surplus generated from CSR activities shall not form part of the business profit of the Company and may be:
 - a. Ploughed back into the same project.
 - b. Transferred to a designated unspent CSR Account and spent in pursuance of CSR Policy and Annual Action Plan of the Company.
 - c. Transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.
- Any unspent amount shall be reported by the Board under clause(o) of subsection (3) of section 134 in its report specifying the reasons for not spending the amount and transfer the unspent CSR amount as per provisions of section 135(5) and 135(6) of the Act.
- CSR amount may be spent for creation/acquisition of a capital asset which shall be held by the beneficiaries of the said CSR project or a trust or a public authority for the

benefit of all. The Company shall take appropriate measures to ensure that such assets are utilized for the purpose it was meant for and shall not be transferred or disposed of without prior permission of the Board of the Company.

viii. Administrative Overheads

Administrative overheads are the expenses incurred by the Company for general management and administration of CSR functions. However, the expenses which are directly incurred for the designing, implementation, monitoring, shall not be included in the administrative overheads.

Administrative overheads comprise of items such as employee costs, utilities, office supplies, legal expenses etc. However, expenses which are attributed to the project implementation shall be included in project cost only.

The maximum permissible limit for administrative overheads is five per cent of the total CSR expenditure of the Company for the financial year.

ix. A) Excess CSR Spending if any, during any financial year.

If the Company spends an amount in excess of the requirements under section 135 of the act, the Company may set off such excess amount against the requirement to spend under section 135(5) for a period of three succeeding financial years subject to the conditions that –

- i. the excess amount available for set off shall not include the surplus arising out of the CSR activities, surplus being the income generated from the spend on CSR activities such as interest income earned on CSR funds, revenue received from CSR projects, disposals/sale of materials used in CSR projects or other similar income sources.
- ii. the Board of the Company shall pass a resolution to that effect.

B) Use of Surplus Funds

If any surplus has arisen from the CSR activities of the Company, it shall not form part of the business profits of the Company, and shall be utilized in any of the following manner:

- i. plough back into the same CSR project;
- ii. transfer to Unspent CSR Account and spend in pursuance to CSR Policy and the Annual Action Plan
- iii. Transfer to Schedule VII Fund within the prescribed time limits.

x. Disbursement.

The disbursal of funds will be either in tranches/stages or as one-time payment depending on the nature and requirement of the project.

xi. Reporting.

Appropriate disclosures and reporting on all CSR activities and assessments done by the Company will be provided as part of the Board's Report and Official website of the Company in the prescribed formats under the provisions of the Act. The Annual Report of the Company shall include a report on CSR, incorporating the particulars specified in the Annexure I or Annexure II of the CSR rules.

xii. Preference to the Local Areas.

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 activities.

xiii. Spending for ongoing projects and its utilization mechanism.

“On-going Project” is defined as a multi-year project undertaken by the Company in fulfillment of its CSR obligation having timelines not exceeding 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 one year by the board based on reasonable justification.

Any amount remaining unspent under section 135(5), pursuant to any on-going project undertaken by the Company will be transferred by the Company within a period of thirty days from the end of the financial year to a special account –Unspent CSR Account opened by the Company in that behalf for that financial year.

This amount will be spent by the Company within a period of three financial years from the date of such transfer in pursuance of its obligation towards the Corporate Social Responsibility Policy, failing which, the Company will transfer the same to a fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.

xiv. Guiding Principles on formulation of the Annual Action Plan to initiate CSR projects.

- i. The programs/projects shall be within the areas recommended/listed in the schedule VII of the Act and mentioned in the Policy.
- ii. The programs/projects shall be implemented within the country and 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 activities.
- iii. Programs/Projects should not be exclusively for the benefit of employees of the company or their family members or those that are conducted/undertaken exclusively in pursuance of the normal course of business.
- iii. The programs/projects should exclude activities that are to be supported on sponsorship basis for deriving marketing benefits for products or services of the Company.
- iv. The activity should not comprise of contribution of any amount directly or indirectly to any political party under section 182 of the Act.
- v. The programs/projects should exclude activities carried out for fulfillment of any statutory obligations under any law in force in India.

xv. Selection, Implementation and Monitoring of CSR projects.

The Board/CSR Committee, as the case may be, may constitute a “Working Group on CSR” which shall be responsible for selection, implementation and monitoring of the CSR projects/initiatives. The selected projects/initiatives shall fall within any of the categories mentioned in the CSR policy/Annual Action plan and the expenditure shall be within the overall budget for the respective category. The composition of the Working Group on CSR will be as follows.

- a) Any Non-Executive Director-Chairman of the Committee
- b) President of the Company-Member
- c) Head-HR-Member
- d) Company Secretary-Member
- e) Chief Financial Officer-Member

The Board of the Company will have the authority to constitute/re-constitute the Working Group on CSR.

The Working Group on CSR shall report to the Board on a half yearly basis regarding the CSR projects selected and the progress of CSR activities of the Company.

xvi. Guiding Principles for initiating CSR Programs/ Projects.

To provide a focused and structured approach to the program, the Company will focus its support and CSR spends on specific pre-determined causes and areas of intervention as outlined in the policy.

The Board shall formulate an annual action plan in pursuance of this CSR policy which includes the following.

- i. the list of CSR projects or programs 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 programs.
- iii. the modalities of utilization of funds and implementation schedules for the projects or programs.
- iv. monitoring and reporting mechanism for the projects or programs and
- v. details of need and impact assessment, if any, for the projects undertaken by the company.

xvii. Impact Assessment for projects above ₹1.00Crore.

The act mandates that every entity having average CSR obligation of ten crore rupees or more in pursuance of subsection (5) of section 135 of the act, in the three immediately preceding financial years, shall undertake impact assessment through an independent agency, of their CSR projects having outlay of ₹1.00 Crore or more which have been completed not less than one year before undertaking the impact study.

Whenever the above-mentioned provisions become applicable to the company the Company shall carry out the impact assessment with the help of an independent agency and such reports shall be placed before the Board. The same shall also be annexed to the annual report on CSR.

xviii. CSR initiatives covered by the Policy.

In accordance with the corporate philosophy outlined above, and the framework of the Companies Act 2013, as amended from time to time, the thrust areas of CSR activities of the Company would be:

1. **Poverty Alleviation:** Eradicating hunger, poverty and malnutrition, Providing safe drinking water, Housing to economically backward sections of society, Healthcare including preventive healthcare and Trauma-care in high-ways, Improved sanitation and hygiene and other measures for reducing inequalities faced by socially and economically backward sections of society including contribution to funds set up by Central Government for promotion of sanitation, supporting Swachh Bharat Kosh by constructing toilets for the poor, e-toilets at public places, support for re-cycling of plastic, e-waste etc., awareness and public outreach on cancer care program under preventive health care.**(UNSDG-No Poverty).**
2. **Education and skill development:** Promoting education including but not limited to special education and vocational education including skill development for children, women, and differently abled and livelihood enhancement projects, creating awareness against Child abuse and other activities within the overall objective of promoting education,

youth engagement activities, awareness, and public outreach on cancer care program under promoting education. **(UNSDG-Quality Education)**.

3. **Gender equality and welfare of Senior citizens:** Undertaking activities for gender equality and welfare of Senior citizens including but not limited for empowerment of women, self-help groups and similar organizations, setting up homes and hostels for women and orphans, setting up old age homes, day care centers and such other facilities for Senior citizens. **(UNSDG-Gender Equality, No Poverty)**.
4. **Ensuring environmental sustainability and ecological balance:** Undertaking activities with the overall objective of ensuring environmental sustainability and ecological balance, protection of flora and fauna, planting of trees, animal welfare, Agro-forestry, conservation of natural resources including maintaining quality of soil, air and water, renewable energy and other activities within this overall objective of environmental sustainability including contributions to funds set up by Central Government for rejuvenation of river Ganga.**(UNSDG -Climate Action, Affordable and Clean energy, Clean Water & Sanitation)**.
5. **Protection of national heritage:** Providing 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.
6. **Benefit of armed forces veterans:** Taking up projects or activities intended for providing benefit of armed forces veterans, war widows and their dependents. **(UNSDG-Sustainable Cities & Communities)**.
7. **Promote rural, nationally recognized, Paralympic and Olympic sports** by supporting training for attaining excellence in all areas of sports. **(UNSDG Good Health & Wellbeing)**.
8. **Contribution to the Prime Ministers National Relief Fund or any other Funds** 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. **(UNSDG Partnership for the Goals)**.
9. **Contribution to** a) technology incubators/research and development projects in the field of science, technology, engineering, and medicine funded by Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government.
b)**Contributions** to public funded universities, IITs, National Laboratories and Autonomous Bodies(established under Indian Council of Agricultural Research(ICAR),Indian Council of Medical Research(ICMR),Council of Scientific and Industrial Research (CSIR),Department of Atomic Energy(DAE),Defense Research Development Organization(DRDO),Department of Bio technology(DBT),Department of Science and Technology(DST),Ministry of Electronics and Information Technology conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals(SDGs).**(UNSDG Quality Education, Industry Innovation & Infrastructure)**.
10. **Development projects** for rural areas and areas declared by the Government as slum areas. **(UNSDG -Sustainable cities & communities, Reduced inequalities)**
11. **Disaster Management:** Disaster management includes relief, rehabilitation, and reconstruction activities, awareness, and public outreach on Cancer Care Program and Covid relief measures. **(UNSDG -Good Health & Wellbeing)**.

12. Promotion of Digital Payments: In line with Government of India's move towards promoting cash less economy providing seamless digital payment to all, focusing rural and semi urban areas.

The above objectives are broad-based and will be construed in a liberal manner within the framework of the Act.

The CSR activities will be in compliance with the CSR Policy of the Company and Regulatory requirements covered under the Act and the Rules.

xix. Default in Compliance

If the Company is in default in complying with the provisions of sub-section (5) or sub-section (6) of Section 135 of the Act,

- i. the Company shall be liable to a penalty of twice the unspent amount required to be transferred by the Company to the Fund specified in Schedule VII or the Unspent Corporate Social Responsibility Account or one crore rupees, whichever is less.
- ii. And every officer of the company who is in default shall be liable to a penalty of one-tenth of the amount required to be transferred by the Company to such Fund specified in Schedule VII, or the Unspent Corporate Social Responsibility Account, as the case may be, or two lakh rupees, whichever is less.

xx. Review of the policy

This policy shall be reviewed by the Board on an annual basis so as to align the policy with the changes in the regulatory requirements.
