

NAVACHETANA

CSR POLICY

SHAISHAVI PROJECT
CONSULTANTS

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CSR POLICY

1. INTRODUCTION

The CSR activity through which the company defines its relationship with the common stakeholders and the community for the social and the environmental good aims to work towards the elimination of all barriers for the social inclusion of disadvantaged groups – such as the poor, socially backward and financially excluded group of persons. CSR activities are carried out in an environment friendly manner. The company will give special preference to the local areas and areas where it operates for spending the amount that is earmarked by the CSR Committee. The CSR policy will serve as a guiding document and help the Company to identify, monitor and execute the CSR projects and keep it within the spirit of this policy. This policy has been framed in compliance of the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 and 2022, as may be amended from time to time.

Section 135 of Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules 2014, mandates every company having a Net Worth of 500 crores or more or having a turnover of Rs. 1000 crores or more or a Net Profit of Rs. 5 crores or more during the immediately preceding financial year to spend in every financial year at least 2% of its average net profits of immediately three preceding financial years. The company shall give preference to the local area and areas around it where it operates.

DEFINITION

1. "Act" means the Companies Act, 2013 (18 of 2013);
2. "Administrative overheads" means the expenses incurred by the company for 'general management and administration' of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme;
3. "Corporate Social Responsibility (CSR)" means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in these rules, but shall not include the following, namely: -
 - any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
 - contribution of any amount directly or indirectly to any political party under section 182 of the Act;

- activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);
 - activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
 - activities carried out for fulfilment of any other statutory obligations under any law in force in India;
4. "CSR Committee" means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act;
 5. "CSR Policy" means a statement containing the approach and direction given by the board of a company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan;
 6. "Net profit" means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely: -
 - any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and
 - any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act: Provided that in case of a foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section (1) of section 381, read with section 198 of the Act;
 7. Ongoing Project” means a multi-year project undertaken by a Company in fulfilment 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;

2. CSR COMMITTEE & ITS FUNCTIONS

The CSR committee has been constituted in compliance with the provisions of the Section 135 of Companies Act, 2013 read with Rule 5 of Companies (Corporate Social Responsibility Policy) Rules 2014 and Companies (Corporate Social Responsibility Policy) Amendment Rules 2021 and 2022. The Committee shall at all times consist of at least 3 directors of whom one shall be an independent director.

The Committee shall meet atleast once in a year and as frequently as circumstances require during a financial year. The functions of the committee shall be as follows:

1. To formulate and recommend to the Board the CSR policy;
2. To recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the following: -

- the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
 - the manner of execution of such projects or programmes viz either through itself or through an implementing agency;
 - the modalities of utilisation of funds and implementation schedules for the projects or programmes;
 - monitoring and reporting mechanism for the projects or programmes; and;
 - details of need and impact assessment, if any, for the projects undertaken by the company;
3. To recommend whether the project to be undertaken shall be an ongoing project or otherwise;
 4. To recommend the amount of expenditure to be incurred by the Company on any of the activities.
 5. To review the implementation of the CSR policy and performance;
 6. To review the CSR projects which are undertaken from time to time;
 7. To review compliance with the legal and regulatory provisions as prescribed for CSR;
 8. To review the reporting and communication of the CSR activities to stakeholders.

3. CSR DEPARTMENT

The department will undertake the following functions:

1. To formulate the Annual Action Plan for the CSR expenditure in compliance with the regulations and place the same for recommendation of the CSR committee;
2. Implement the CSR policy and annual action plan as recommended by Board;
3. Identify the key result areas and the performance indicators. Explore and recommend the proposals and the activities as described in Appendix-A and establish a mechanism and strategy to engage employees and the operation team;
4. To study the areas earmarked for CSR activities, explore CSR requirements and submit the report to the committee for formulation of annual action plan;
5. To design a work flow of the CSR initiative undertaken specifying the targets and the budget of the activity and ensure that the same is done within the respective time period;
6. Release the sanctioned fund;
7. Monitoring of CSR projects to establish effectiveness of CSR efforts;
8. Compilation of Information & Preparation of reports on CSR activities and maintain the record.

4. GUIDELINES FOR SELECTION OF BENEFICIARY & IMPLEMENTATION OF CSR ACTIVITIES

Need based assessment to be done for the villages near around the operational areas of the Company through its field personnel who are aware of the local needs in consultation with village panchayat / Local Administration.

After the required assessment the field personnel shall send the details to the Zonal Managers who will scrutinize and consolidate the same and shall forward the consolidated report to the CSR Department.

The department shall study each project and expenditure involved in the execution of the same. Once this is done the final report should be ready indicating the following: -

1. Location, where projects are to be undertaken
2. Detailed project wise CSR activity to be done
3. Expenditure involved in the execution of the same.

While finalizing the report the CSR department shall consider the following:

- Activities which create durable assets should be preferred;
- CSR activity should be undertaken in fewer number and concentrated efforts are to be made for their execution which shall have a lasting impact.

Keeping in mind the above points an Annual Action Plan shall be prepared by the CSR department for placing the same before the CSR committee which shall recommend the same to the Board for approval. Provided that Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

The Board shall ensure that the CSR activities are undertaken by the CSR department itself or through, –

- a company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company; or
- 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
- any entity established under an Act of Parliament or a State legislature; or
- a company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

The Board shall ensure that the entity through which the company executes or undertakes its CSR activities is registered with the Central Government in the manner provided in sub-rule 2 of Rule 4 of the Companies (Corporate Social Responsibility Policy) Rules 2014.

5. CSR BUDGET & EXPENDITURE

On the basis of the Annual Action Plan the CSR committee shall recommend the Budget for the CSR activities to the Board. The committee shall ensure that at least 2% of the average net profit of the company made during the three immediately preceding financial years, as prescribed in Section 135 of the Companies Act, 2013, is utilized for its CSR activities in pursuance of its Corporate Social Responsibility Policy.

In case the company ceases to meet the statutory limits of applicability in the preceding financial year there shall be no statutory obligation upon the company to incur CSR expenditure till such time it meets the criteria specified in sub-section (1) of section 135, and it shall be the discretion and decision of the Board to continue the CSR activities.

- The CSR expenditure must be strictly in conformity with action plan approved by the Board and should not relate to any other line of activities.
- The administrative overheads shall not exceed 5% of total CSR expenditure of the company for the financial year.
- Any excess amount may be set off against the requirement to spend up to immediate succeeding 3 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;
 - the Board of directors of the company approves the set-off of the excess amount by passing a resolution.

6. TRANSFER OF UNSPENT CSR AMOUNT

If the company fails to spend the amount earmarked for CSR, the Board shall specify the reasons for not spending the amount in the Board report and, unless the unspent amount relates to any ongoing project referred to in point no. 2 herein below, transfer such unspent amount to a Fund specified in Schedule VII of the Companies Act, 2013, within a period of six months of the expiry of the financial year.

Any unspent amount pertaining to any ongoing project, fulfilling conditions prescribed under sub-rule (1)(i) of Rule 2 of CSR Policy Rules 2014, undertaken by the company in pursuance of its CSR Policy, shall be transferred by the company within a period of 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 and such amount shall be spent by the company in

pursuance of its obligation towards the CSR Policy within a period of three financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII of the Companies Act, 2013, within a period of thirty days from the date of completion of the third financial year.

7. CSR PROJECTS & PROGRAMS

The projects and the annual action plan shall be designed keeping in view the activities specified in Annexure-I to the policy. The activities undertaken shall be strictly in accordance with the Schedule VII of the Companies Act 2013 and rules thereof. The company shall not carry out any activity which is in the negative list of activities as per the definition of Corporate Social Responsibility as per Rule 2 (1)(d) (i) of the Companies (Corporate Social Responsibility Policy) Amendment Rules 2021.

8. CSR MONITORING & REPORTING

The company shall ensure the strict monitoring of the CSR expenditure as per the Annual Action Plan approved by the Board. The CSR department shall send regular updates to the CSR committee highlighting therein the expenditure made during the period and confirming that the same is in accordance with the approved plan. Further a certificate from the internal auditors of the company and the CFO, who shall verify the CSR expenditure on half yearly basis, shall be placed before the CSR committee.

The company shall follow the 3-tier reporting system for the implementation of the CSR obligation:

- a. **Reporting to the CSR committee:** The CSR department shall regularly report the updates of the CSR expenditure made to the CSR committee as per the para (a) above.
- b. **Reporting on the website:** The website of the company shall contain the details of the composition of the CSR committee, the CSR policy of the company; The projects approved for expenditure under the head of CSR activity
- c. **Reporting in the Board Report :** The Board Report of the respective Financial year shall contain the “Annual Report on CSR Activities, and shall furnish a report on CSR in Form CSR-2 as an addendum to Form AOC-4 as per the requirements prescribed under the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Companies (Corporate Social Responsibility Policy) Amendment Rules 2021 and Companies (Accounts) Amendment Rules, 2022 as may be amended from time to time.

9. IMPACT ASSESSMENT OF CSR PROJECTS

If the average CSR obligation of the Company is ten crore rupees or more in the three immediately preceding financial years, then the Company shall undertake impact assessment of its CSR projects through an independent agency as per the provisions of the CSR Rules.

Impact assessment reports shall be placed before the Board and shall be annexed to the Annual Report on CSR.

Expenditure on impact assessments incurred during any year may be booked towards Corporate Social Responsibility expenses for that financial year, which shall not exceed 2% of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is higher.

The above policy has been approved in accordance with the applicable laws and rules of the Companies Act, 2013. Any regulatory amendment, in relation to CSR activities, contained in the Companies Act 2013 or any rules thereof shall have the effect of suo-moto amendment of the policy.

ANNEXURE 1- LIST OF PROJECGS & PROGRAMS as PER SCHEDULE VII of THE ACT

A) 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;

Activities covered under this head may be: -

- i. Construction of toilets, health centres and dispensaries.
- ii. Distribution of hygienic food on designated days.
- iii. Sponsoring Food at schools.
- iv. Establishing Hand pumps, water purifiers etc.
- v. Cleaning of the water storage and rivers, tube wells in the local areas to ensure that clean water is available for people.
- vi. Health camps and free medicine distribution.
- vii. Organizing Blood donation camps and setting blood storage units.
- viii. Facilitating for free ambulances.
- ix. Distribution of free medicines, food packets, first aid kits to the patients impacted by outbreak of epidemic.
- x. Donation for creation of health infrastructure, medical equipments viz. oxygen concentrators, ventilators or such other equipment for treatment of patients, to hospitals and medical institutions.
- xi. Any other activity which satisfies the criteria of point 1 mentioned as above.

B) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and differently abled and livelihood enhancement projects;

Activities covered under this head may be:-

- i. Child and women education programs.
- ii. Adult education centres.
- iii. Vocational and technical training programs for setting up small business and earn lively hood.
- iv. Constructing and providing infrastructural support to schools.
- v. Training programs for the farmer for the crop development and other scientific methods for irrigation and cultivation and creating market linkages for them.
- vi. Setting up skill development centres.
- vii. Setting weather reporting equipments in villages to facilitate the farmers for crop planning.
- viii. Any other activity which satisfies the criteria of point 2 mentioned as above.

C) 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 citizen and measures for reducing inequalities faced by socially and economically backward groups;

Activities which may be covered under this head are as follows:-

- i. Setting up and providing infrastructural support to old age homes.
- ii. Setting up and providing infrastructural support to orphanages.
- iii. Setting up and providing infrastructural support to working women hostels, day centers where they can leave their child and go.
- iv. Educating the women about their rights.
- v. Any other activity which satisfies the criteria of point 3 mentioned as above.

D) Ensuring the environmental sustainability, ecological balance, protection of flora and fauna animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and

- E)** Protection of national heritage, art and culture including restoration of the buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art & handicraft
- F)** Measures for the benefit of armed forces, veterans, war widows and their dependants, (Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows);
- G)** Training to promote the rural sports, nationally recognized sports, Paralympics and Olympic sports;
- H)** Contribution to the prime minister 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 Government for socio-economic development and relief and welfare of scheduled caste, the schedule tribes and the backward classes, minorities and women;
- I)** 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
- J)** 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).

K) Rural Development projects.

L) Slum area development.

M) Disaster management, including relief, rehabilitation and reconstruction activities.