

CORPORATE SOCIAL RESPONSIBILITY POLICY

A. INTRODUCTION

The concept and need for Corporate Social Responsibility (CSR) has gained prominence from all avenues. The Government as well as regulators has framed various guidelines pertaining to responsibilities of business as well as the mandatory Corporate Social Responsibility provisions under the Companies Act, 2013 and Rules made thereunder ("Act"). The Board of Directors has constituted the CSR Committee in its meeting held on February 05, 2016.

It is recognized that integrating social, environmental and ethical responsibilities into the governance of businesses ensures their long term success, competitiveness and sustainability.

This approach also reaffirms the view that businesses are an integral part of society, and have a critical and active role to play in the sustenance and improvement of society and in upholding the essentials of ethical practices and good governance. This policy, encompasses the company's philosophy for giving back to society as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for the welfare & sustainable development of the society at large.

The CSR Committee so constituted formulated Policy on Corporate Social Responsibility (CSR Policy) and recommended the same to the Board of Directors of the Company ('Board') for its approval. The Board vide its resolution dated February 12, 2016 approved and adopted the CSR Policy with immediate effect.

However, the functions of CSR committee will be discharged by the Board of Directors of company as per the Companies (Amendment) Act, 2020 vide its notification dated September 28, 2020 effective from January 22, 2021 w.e.f March 24,2021.

Our CSR Policy aims to develop and implement a long-term vision and strategy for Company's CSR initiatives including formulating , relevant potential CSR activities, their timely and expeditious implementation and establishing an overview mechanism of the activities undertaken / to be undertaken, in synchronization with the various eligible activities prescribed under Schedule VII of the Act.

B. PURPOSE

To lay down guidelines to make CSR a key business process for sustainable development of the society. Ensuring the implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting.

To directly/indirectly undertake projects/programs which will enhance the quality of life and economic well-being of the communities in and around our facilities across country and society at large

Establishing a guideline for compliance with the provisions of Regulations to dedicate a percentage of Company's profits for social projects

To generate goodwill and recognition among all stake holders of the company Words and expressions used in this CSR Policy and not defined herein but defined in the Act shall have the meaning respectively assigned to them in the Act

C. FOCUS AREAS

The Policy recognises that Corporate Social Responsibility is not merely compliance; it is a commitment to support initiatives that measurably improve the lives by one or more of the focus areas as notified under Section 135 read with Schedule VII of the Companies Act 2013 and the Companies (Corporate Social Responsibility Policy) Rules 2014 as amended from time to time, and as appended to this Policy as Appendix-1 .

The said Appendix 1 may be revised in line with any amendments/inclusions/exclusions made to Schedule VII of the Act by the Government from time to time.

CSR activities shall be undertaken as projects, programs of activities (either new or ongoing) excluding activities undertaken in pursuance of the normal course of business of the Company.

D. EXCLUSIONS FROM CSR

The following activities shall not form part of the CSR activities of the Company:-

- ❖ The activities undertaken in pursuance of the normal course of business of the Company;

Provided that any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22, 2022-23 subject to the conditions that:

(a) such research and development activities shall be carried out in collaboration with any of the institutes or organisations mentioned in item (ix) of Schedule VII to the Act;

(b) details of such activity shall be disclosed separately in the Annual report on CSR included in the Board's Report;

- ❖ CSR projects/programs or activities that benefit only the employees of the Company and their families;
- ❖ contribution of any amount directly or indirectly to any political party under section 182 of the Act
- ❖ Any CSR projects/programs or activities undertaken outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
- ❖ 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;

E. CSR EXPENDITURE

CSR expenditure shall include all expenditure including contribution to corpus for projects/programs related to CSR activities approved by the Board within the purview of Annexure 1 attached to the policy.

The Board shall endeavor to spend at least 2% of the average net profit of the Company made during the 3 immediately preceding financial years on CSR activities, projects and programs as mentioned in Appendix 1. For this purpose, "average net profit" shall mean the net profits of the Company as defined under section 135 of the Companies Act, 2013 and Rules made thereunder. Any unspent amount in a particular year shall be carried forward to the subsequent year(s), to be spent only on the approved CSR activities, projects and programs. No part of it shall form part of the business profit of the Company.

The board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year

"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;

Further, the surplus arising out of the CSR projects or programs or 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 and spent in pursuance of CSR policy and annual action plan of the company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

Until a fund is specified in Schedule VII for the purposes of subsection (5) and(6) of section 135 of the Act, the unspent CSR amount, if any, shall be transferred by the company to any fund included in schedule VII of the Act.

The CSR amount may be spent by a company for creation or acquisition of a capital asset, which shall be held by –

- (a) a company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number
- (b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities;
- (c) a public authority:

The Company would abide by this.

E1: ANNUAL ACTION PLAN

The Board shall formulate an annual action plan in pursuance of its CSR policy, which shall include the following, namely:-

- (a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;

- (b) the manner of execution of such projects or programmes
- (c) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
- (d) monitoring and reporting mechanism for the projects or programmes; and
- (e) details of need and impact assessment, if any, for the projects undertaken by the

F. CSR COMMITTEE

The functions of CSR committee will be discharged by the Board of Directors of company as per the Companies (Amendment) Act, 2020 vide its notification dated September 28, 2020 effective from January 22, 2021.

G. RESPONSIBILITIES OF BOARD

The responsibilities of the Board include:

- ❖ Formulating and recommending to the Board of Directors the CSR Policy and indicating the activities to be undertaken by the Company in any year / block of years;
- ❖ Recommending the amount of expenditure to be spent on the CSR activities to be undertaken by the Company in any year / block of years;
- ❖ Formulating the annual CSR Budget and obtaining Board's approval thereto;
- ❖ Monitoring and reporting of the CSR activities to the Board from time to time;

H. IMPLEMENTATION:

The time period/duration of project(s)/program(s) shall depend on its nature, extent of coverage and intended impact of such activity

The approved CSR activities, as projects, or programs, or activities shall on a case to case basis, be carried out through the Company or one or more of the following instrumentalities:

- 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 (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 public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, 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, 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.

I. MONITORING AND REPORTING:

- Appropriate documentation and amendments of the CSR Policy, annual CSR activities, reports on execution and expenditures will be undertaken on a regular basis and same will be available to the Board of Directors of the Company.
- Initiatives undertaken on the CSR front will be reported in the Annual Report of the Company.
- Based on analysis of projects, the Board will carry out roadmap planning for allocation of budget and selection of projects. The same will be done at least once in a financial year.

The Company will report, in the prescribed format as per the Act, the details of CSR initiatives and activities of the Company in the Directors' Report and on the website of the Company, as required under the Regulations.

J. CSR SPEND

The Board shall endeavor to spend, in every financial year, at least 2% of the average net profit of the Company made during the 3 immediately preceding financial years on CSR activities, projects and programs as mentioned in Appendix 1.

For this purpose, "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: -

- (i) any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and
- (ii) 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;

K. AMENDMENTS TO THE POLICY

The Board of Directors can amend this Policy, as and when required as deemed fit. Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the Act on the subject as may be issued from relevant statutory authorities, from time to time

Appendix 1

- i. Eradicating hunger, poverty and malnutrition,“promoting health care including preventinve 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. 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
- x. 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).]

xi. rural development projects

xii. 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.

xiii. disaster management, including relief, rehabilitation and reconstruction activities.

NOTE:

In undertaking any CSR projects/programs/activities, the Company shall ensure to give preference to the area and areas around which it operates.