
CORPORATE SOCIAL RESPONSIBILITY POLICY

I. BACKGROUND:

Corporate Social Responsibility (“CSR”) embodies the various initiatives and programs of the Company in the communities and environment in which Company operates. It represents the continuing commitment and actions of the Company to contribute towards economic and social development and growth.

II. OBJECTIVE:

The CSR Policy of the Company has been formulated and adopted in terms of Section 135 of the Companies Act, 2013 (“the Act”) and the Rules made thereunder. The Company will undertake CSR activities specified in Schedule VII to the Act.

III. CSR COMMITTEE AND ITS COMPOSITION:

The Corporate Social Responsibility Committee (‘CSR Committee’) of the Board shall consist of minimum two or such number of Directors as may be applicable to the Company pursuant to the provisions of Section 135 of the Companies Act, 2013 and Rules made thereunder.

An outgoing member of the CSR Committee may be replaced by any other member of the Board.

IV. CSR COMMITTEE MEETINGS:

The CSR Committee shall meet as and when required and its members deem necessary to perform the duties and responsibilities, subject to a minimum of one meeting every financial year.

V. IMPORTANT DEFINITIONS:

- 1) **“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;
- 2) **“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
- 3) **“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;

- 4) **“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.

Words and expressions used and not defined in these rules but defined in the Act shall have the same meanings respectively assigned to them in the Act.

VI. SCOPE:

Schedule VII to the Act (as amended from time to time) provides for the areas and activities which a Company may undertake for its CSR purposes.

The Board recommends that the Company’s CSR activities be focused on a few specific areas to create maximum impact and greater visibility.

The Board recommends that the Company may consider initiatives in the following areas:

- 1) Promotion of healthcare including preventive health care and sanitation.
- 2) Promotion of education.
- 3) Rural development projects and welfare activities of scheduled castes / scheduled tribes, other backward classes, women, and minorities.
- 4) Providing assistance during natural calamities.
- 5) Contribution to the fund / scheme setup by the Central Government.

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.

The following parameters should be observed while considering CSR activities of the Company:

- 1) Social impact
- 2) Visibility to the Company
- 3) Duration of the project / activity

In the event of the Company not succeeding in identifying and carrying out CSR projects based on activities enumerated above, it will be open for the Company to spend the amount on any of the projects/programs specified under the Act to ensure compliance.

VII. FORMULATION OF ANNUAL ACTION PLAN:

Every financial year, the CSR Committee shall recommend to the Board of Directors of the Company for its approval, an Annual Action Plan to, *inter-alia*, include the following:

- 1) list of CSR projects or programmes to be undertaken;
- 2) manner of execution of such projects or programmes;
- 3) direction for utilisation of funds and implementation schedule for the projects or programmes; and
- 4) monitoring and reporting mechanism for the projects or programmes.

The Board of Directors of the Company may alter such plan at any time during any financial year, based on the recommendation of the CSR Committee.

VIII. ANNUAL ALLOCATION FOR CSR ACTIVITIES:

The CSR Committee and the Board of Directors will note and record the amount of expenditure to be incurred by the Company on the CSR activities. The basis for such recommendation will be the profits of the Company and the percentage prescribed under the Act.

If for reasons explained to and noted by the CSR Committee, the funds allocated for spending as per the Annual Action Plan remain unspent, the fact and reasons for the gap in spending will be included in the report of the Board of Directors for the concerned financial year. The Company will also ensure that the applicable provisions of the Act and the Rules are followed in respect of use/transfer to specified account/s of such unspent funds.

IX. CSR IMPLEMENTATION:

The CSR activities shall be undertaken by the Company, as per its stated CSR Policy and the applicable provisions of the Act and Rules, as projects or programs or activities (either one time or ongoing), either directly or through –

- 1) 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
- 2) 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
- 3) any entity established under an Act of Parliament or a State legislature; or
- 4) 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.

Provided that the entity undertaking the CSR Activity is registered and has a unique CSR registration number as required under the provisions of the Act.

A Company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programmes in accordance with these rules.

The Board of a company shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.

In case of ongoing project, 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 modifications, if any, for smooth implementation of the project within the overall permissible time period.

X. CSR EXPENDITURE:**1) Administrative Overheads:**

The board shall ensure that the administrative overheads may be booked under the total CSR expenditure of the company for the financial year.

2) Excess CSR Spent:

In case of excess CSR spend in any year, such excess amount may be set-off against the requirement to spend up to immediate succeeding 3 financial years subject to:

- (i) The excess amount available for set-off will not include surplus arising from CSR activities;
- (ii) The Board to pass a resolution to that effect.

XI. MONITORING / OVERSEEING CSR ACTIVITIES / CSR PROJECTS:

The CSR Committee shall meet as and when required to review the progress of various CSR projects.

XII. CSR REPORTING:

The Board's Report of a company shall include an annual report on CSR activities in the format specified under the Act and the relevant rules thereunder and as amended from time to time.

XIII. DISPLAY OF CSR ACTIVITIES ON COMPANY'S WEBSITE:

The Board of Directors of the Company shall mandatorily disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on website, for public access.

XIV. REVIEW / AMENDMENT:

CSR Plan may be revised/modified/amended by the CSR Committee at such intervals as it may deem fit.

Any amendment in this Policy may be carried out with the approval of the Board of Directors of the Company, based on the recommendations of CSR Committee.

In case any amendment(s), clarification(s), circular(s) and guideline(s) issued by applicable regulatory authority (ies), that is not consistent with the requirements specified under this Policy, then the provisions of such amendment(s), clarification(s), circular(s) and the guideline(s) shall prevail upon the requirements hereunder and this Policy shall stand amended accordingly effective from the date as laid down under such amendment(s), clarification(s), circular(s) and guideline(s).

XV. DUTIES AND RESPONSIBILITIES:**a. Board of Directors**

The Board shall include in its Report the annual report on CSR Projects as per the format provided in the Annexure to the Rules.

b. CSR Committee

- i. The CSR Committee shall monitor the implementation of the CSR Policy and CSR Plan. For this purpose, the CSR Committee shall meet at least twice a year.

- ii. In discharge of CSR functions of the Company, the CSR Committee shall be directly responsible to the Board for any act that may be required to be done by the CSR Committee in furtherance of its statutory obligations, or as required by the Board.
- iii. The CSR Committee shall place before the Board the draft annual report as per the format in annexure to the Rules in Board meeting in April/May of the following year for Board review and finalization.
- iv. The CSR Committee shall place before the Board in April/May every year a responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with Page 14 of 14 CSR objectives and Policy of the company for inclusion in the Board's Report.
- v. The CSR Committee shall ensure that the CSR Policy is displayed on the Company's website.

By order of the Board
For Modi's Navnirman Limited

Sd/-
Mahek Modi
Whole-time director
DIN: 02808164