



## **CORPORATE SOCIAL RESPONSIBILITY POLICY**

**VEDAVAAG SYSTEMS LIMITED**

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### **1. Short title & Applicability:**

- i. This policy, which encompasses the Company's philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare and sustainable development of Community at large, is titled as the **"VEDAVAAG SYSTEMS LIMITED CSR POLICY"**
- ii. This policy shall apply to all CSR initiatives and activities taken up by Vedavaag Systems Limited (the Company), for the benefit of different segments of the society.

### **2. CSR Vision Statement & Objective**

#### **Vision Statement:**

- i. The guiding principle of Vedavaag Systems Limited is to grow and let's grow. The Corporate Social Responsibility continues to be the integral part of business journey of Company. The Company developed its own sustainability model focusing on CSR activities. The leadership team is supportive, sensitive and encourages the team to work for implementing CSR activities.
- ii. The Company under its CSR policy, affirms its commitment of seamless integration of marketplace, workplace, environment and community concerns with business operations.

#### **OBJECTIVE:**

- a. To Organise or help organize through business association/ social worker/ educational institution, health camps/ awareness, literacy or education programmes / sponsorships or such other awareness/initiative in the locality, villages etc that are deprived of such facilities.
- b. To take measures for optimum utilization of resources, pollution control and adopting cleaner environment/ environment friendly technologies and spread awareness of the same amongst employees and others.
- c. To create fund over a period of time for the purpose of helping or giving grants or donation either directly or through agency to the underprivileged or to those distressed in the event of natural calamity or major mishaps.

- d. To undertake the activities of animal welfare and other associated activities of animal husbandry.
- e. To undertake such initiatives/ projects or participate in any events as the CSR Committee / Board may consider appropriate.
- f. To contribute to the 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.

### **3. Definitions:**

- (a) "Act" means the Companies Act, 2013;
- (b) "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
- (c) "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, but shall not include the following, namely: -
  - i. activities undertaken in pursuance of normal course of business of the company;
  - ii. 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;
  - iii. contribution of any amount directly or indirectly to any political party under section 182 of the Act;
  - iv. activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019;
  - v. activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services; and
  - vi. activities carried out for fulfilment of any other statutory obligations under any law in force in India.
- (d) "CSR Committee" means the Corporate Social Responsibility Committee of the Board;

- (e) "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;
- (f) "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.

Net Profit shall not include such sums as may be prescribed, and shall be calculated in accordance with the provisions of Section 198 of the Act.

- (g) "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.

#### **4. RESOURCES/UTILISATION**

- i. It will be the Company's endeavour to spend in every financial year, two percent of its average net profits (or such other limit as may be prescribed under the Act) during the three immediately preceding financial years or such other periodicity as may be notified, on CSR programmes in pursuance of this Policy, as per approved Annual CSR Action Plan.
- ii. If the CSR expenditure in a financial year exceeds the statutory limit, such excess may be set-off against CSR expenditure for the next three financial years or such other periodicity as may be notified, with the approval of the Board, on the recommendation of the CSR Committee.
- iii. Any amount remaining unspent at the end of the financial year, if any, except in case of an ongoing project, shall be transferred to a Fund specified in Schedule VII of the Act for this purpose, within a period of six months of the expiry of the relevant financial year (or such other period as may be prescribed under the Act and the rules made thereunder).

- iv. In case the Company undertakes any ongoing project, any amount remaining unspent and earmarked for the ongoing project, shall be transferred within a period of thirty days from the end of the financial year to a special account to be opened by the Company for that financial year in any scheduled bank to be called as 'Unspent Corporate Social Responsibility Account', and such amount shall be spent within a period of three financial years from the date of such transfer, failing which, the unspent amount shall be transferred to the Fund as specified in Schedule VII for this purpose, within a period of thirty days from the date of completion of the third financial year (or such other period as may be specified in the Act and rules made thereunder).
- v. The surplus arising out of the CSR activities, projects or programmes will not form part of the business profits 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 CSR action plan of the company or transfer such surplus amount to a Fund specified in Schedule VII of the Act, within a period of six months of the expiry of the financial year.
- vi. 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; or
  - (b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
  - (c) a public authority.

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

## **5. KEY FOCUS AREAS**

- i) Eradicating hunger, poverty and malnutrition, promoting sanitation and making available safe drinking water;
- ii) Providing health care, maintaining of hospitals, Ambulances and conducting medical camps;

- iii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- iv) 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;
- v) 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;
- vi) 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;
- vii) Measures for the benefit of armed forces veterans, war widows and their dependents;
- viii) Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
- ix) Contribution to the Prime Minister's National Relief Fund or any other fund 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;
- x) Contributions or funds provided to technology, incubators located within academic institutions which are approved by the Central Movement; and
- xi) Rural development projects.
- xii) Slum Area Development Projects.
- xiii) Disaster Management, including relief, rehabilitation and reconstruction activities.

The Company may identify activities apart from the aforementioned activities for carrying out the CSR activities and those identified activities need to be approved by the CSR Committee or Board of Directors.

## **6. IMPLEMENTATION**

- i. CSR programmes will be undertaken to the best possible extent within the defined ambit of the identified areas and as per the Annual Action Plan.

- ii. The time period/duration over which a particular programme will be spread, will depend on its nature, extent of coverage and the intended impact of the programme.
- iii. Project activities identified under CSR are to be implemented by the CSR Committee and employees of the Company nominated for the purpose and if found necessary by the specialized agencies.
- iv. The Company will incur the amount towards the Key Focus Areas
- v. The Company shall ensure that the CSR activities are undertaken by the company itself or through:
  - a) a Company established under section 8 of the Act (or under Section 25 of the Companies Act, 1956), 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 Charitable Institutions; and Agencies involved in community development programme;
  - b) 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
  - c) any entity established under an Act of Parliament or a State legislature; or
  - d) 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.
- vi. The Entity mentioned in Point no. v (a to d) above, who intends to undertake any CSR Activity, shall register itself with the Central government by filing Form CSR — I with the registrar of Companies and obtain a unique CSR Registration number.

## **7. CONSTITUTION OF CSR COMMITTEE**

The Company shall constitute a Committee of Directors named as CSR Committee with at least three Directors out of which at least one Director shall be an Independent Director.

The CSR Committee shall institute a transparent monitoring mechanism for implementation of the CSR Projects or programmes or activities undertaken by the Company.

The functions of the CSR Committee shall be as follows:

- i. Identification of Key Focus Areas for undertaking CSR activities;

- ii. Goal setting;
- iii. Allocations of funds;
- iv. Approving Expenditure;
- v. Taking expert advice from outside consultants;
- vi. Monitoring the implementation of CSR Programmes; and
- vii. To formulate and recommend to the Board Annual Action Plan in pursuance of CSR Policy, which shall include:
  - a. List of approved CSR projects and programmes;
  - b. Manner of execution of such projects or programmes;
  - c. Modalities of utilisation of funds and implementation schedules;
  - d. Monitoring and reporting mechanism; and
  - e. Details of need and impact assessment if any, for the projects undertaken by the company.

## **8. POWERS FOR APPROVAL**

- i. CSR programmes as may be identified by each internal team, Functional People, work center / corporate office will be required to be put up to the CSR Committee of the Board as and when required.
- ii. Any allocation of expenditure on CSR activities needs to be approved by the Board of Directors followed by the CSR Committee.

## **9. REPORTING/MONITORING AND FEEDBACK**

- i. To ensure effective implementation of the CSR programmes undertaken, a monitoring mechanism will be put in place by the CSR Committee. The progress of CSR programmes under implementation will be reported to CSR Committee from time to time.
- ii. Designated employees will also try to obtain feedback from beneficiaries about the programmes.
- iii. Appropriate documentation of the Company's CSR Policy, annual CSR activities, executing partners and expenditure entailed will be undertaken on a regular basis.

- iv. CSR initiatives of the Company will also be reported in the Annual Report of the Company.
- v. Annual report on CSR Activities shall be included in the Board's Report forming part of Company's Annual Report.
- vi. The composition of the CSR Committee, and CSR Policy and Projects approved by the Board shall be displayed on the website of the Company.
- vii. The Board shall ensure that the funds so disbursed have been utilised for the purposes and in the manner as approved by it.
- viii. In case of ongoing project, the Board 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.
- ix. The Company shall undertake Impact assessment from an Independent Agency, if the average CSR obligation of the Company is ten crore rupees or more in pursuance of subsection (5) of section 135 of the Act, in the three immediately preceding financial years for the projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.

## **10. GENERAL**

- i) In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference to be made to CSR Committee. In all such matters, the interpretation & decision of the CSR Committee shall be final.
- ii) Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the guidelines on the subject by the Regulators.
- iii) Surplus arising out of the CSR Projects or Programs or activities shall not form of the business profit of the Company.
- iv) The Company reserves the right to modify, cancel, add, or amend any of these Rules.
- v) In case any matter is not specifically mentioned in the policy, the provisions of the Companies Act, 2013 and rules made there under will apply.

- vi) In case of inconsistency between the policy and the provisions of the Companies Act, 2013, the provisions of the Companies Act, 2013 shall prevail.