

Corporate Social Responsibility (CSR) Policy

(Updated as per Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021)

1. INTRODUCTION

Ministry of Corporate Affairs, Government of India has notified the Section 135 of the Companies Act, 2013 which makes it mandatory (with effect from 1st April, 2014) for certain companies which fulfil the criteria as mentioned under Section 135 (1) of Companies Act, 2013 to comply with the provisions relevant to Corporate Social Responsibility. CSR is generally understood as being the way through which a Company achieves a balance of economic, environmental and social imperatives while at the same time creating goodwill for the Company among the public and addressing the expectations of shareholders and stakeholders.

The term "Corporate Social Responsibility (CSR)" refers to as corporate initiative to assess and take responsibility for the company's effects on the environment and impact on social welfare. The term generally applies to company's efforts that go beyond what may be required by regulators or environmental protection groups. Corporate Social responsibility may also be referred to as "corporate citizenship" and can involve incurring short-term costs that do not provide an immediate financial benefit to the Company, but instead promote positive social and environmental change.

Ministry of Corporate Affairs, Government of India had notified the Companies (Corporate Social Responsibility Policy) Rules, 2014 for implementation of Corporate Social Responsibility provisions of Companies Act, 2013 and has subsequently amended some of the rules vide Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 notified on 22nd January 2021. Corporate Social Responsibility Policy of the Company has since been revised taking into account the aforesaid amendments.

2. COMPANIES RESPONSIBLE FOR CSR ACTIVITIES

As per Section 135(1) of the Companies Act, 2013. companies having Net worth of Rupees 500 crore or more; or Turnover of Rupees 1000 crore or more; or Net Profit of Rupees 5 crore or more during the immediately preceding financial year shall be responsible for carrying out CSR activity.

3. CSR COMMITTEE

Every Company coming under the provisions of the CSR activity is required to constitute a Corporate Social Responsibility Committee of the Board (CSR Committee), which shall:-

- a) Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII to the Companies Act, 2013.
- b) Recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- c) Monitor the Corporate Social Responsibility Policy of the company from time to time.

4. CONSTITUTION OF CSR COMMITTEE

The CSR committee of the Board shall consist of minimum three Directors out of which at least one shall be an Independent Director. For Committee Meeting the quorum shall be two members. The members of the Committee shall be appointed by the Board of Directors.

5. THE OBJECTIVES OF THE CSR POLICY

Defining CCIL's Corporate Social Responsibility (CSR) approach in alignment with Section 135 of the Companies Act, 2013 read with applicable rules and reaching out to underprivileged and underserved communities to address fundamental challenges of our society are the objectives of this policy.

6. CSR ACTIVITIES

The Policy recognizes that Corporate Social Responsibility is not merely compliance; it is a commitment to support initiatives that measurably improve the lives of underprivileged by one or more of the following focus areas as notified under Schedule VII of the Companies Act, 2013 for CSR activity under Section 135 of the Companies Act 2013 and Companies (Corporate Social Responsibility Policy) Rules 2014 as amended by Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 shall be selected by Company's CSR Committee for implementation of its CSR activities.

- i. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and 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 unable 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, agro forestry, conservation of natural resources and maintaining quality of soil, air and water; (Including contribution to the Clean Ganga Fund set up 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 arts and handicrafts;
- vi. Measures for the benefit of armed forces veterans, war widows and their dependents;
- vii. Training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports;
- viii. 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;
- ix. (a) 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
(b) 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).

- x. Rural development projects, etc.
- xi. Slum area development.

Board of Directors will approve the CSR activities to be undertaken by the Company from among the activities stated above.

7. ALLOCATION OF FUNDS

I. The Company would spend not less than 2% of the average Net Profits of the Company made during the three immediately preceding financial years.

II. Net profit means the net profit as per the financial statement of the Company prepared in accordance with the applicable provisions of the Act, but shall not include the following:

- (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.

III. As per Section 135 of the Companies Act, if the Company fails to spend the allocated CSR amount, the Board shall, in its report made under clause (o) of sub section (3) of Section 134 specify the reasons for not spending the amount.

IV. 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.

V. In case of any surplus arising out of CSR projects the same shall not form part of business profits of the Company.

VI. CCIL 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.

VII. The Board 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.

8. ADMINISTRATION OF CSR PROJECTS

CCIL can meet its CSR obligations by funnelling its activities on its own or through a third party, such as a company registered under section 8 of the Act (i.e., a company with charitable purposes) or society or trust 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. In the present circumstances CCIL will carry out CSR activities on its own or through an established agency which can be identified based on Rules contained in Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended by Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.

9. REPORTING FOR CSR

Rule 8 of the CSR Rules provides that the companies, upon which the CSR Rules are applicable shall be required to incorporate in its Boards Annual Report on CSR activities containing the following particulars:

1. A brief outline of the Company's CSR Policy,
2. The composition of the CSR Committee;
3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company,

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report),
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any,
6. Average net profit of the Company as per Section 135(5)
7. (a) Two percent of average net profit of the company as per section 135(5)
(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.
(c) Amount required to be set off for the financial year, if any
(d) Total CSR obligation for the financial year (7a+7b-7c).
8. (a) CSR amount spent or unspent for the financial year:
(b) Details of CSR amount spent against ongoing projects for the financial year:
(c) Details of CSR amount spent against other than ongoing projects for the financial year
(d) Amount spent in Administrative Overheads
(e) Amount spent on Impact Assessment, if applicable
(f) Total amount spent for the Financial Year (8b+8c+8d+8e)
(g) Excess amount for set off, if any
9. Details of Unspent CSR amount for the preceding three financial years
10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).
(a) Date of creation or acquisition of the capital asset(s).
(b) Amount of CSR spent for creation or acquisition of capital asset
(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).

10. DISPLAY OF CSR ACTIVITIES ON 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 their website, if any, for public access.

11. AMENDMENTS TO THE POLICY

The Board of Directors on its own and/or on the recommendation of CSR Committee can amend its policy as and when required deemed fit. Any or all provisions of CSR Policy would be subjected to revision/amendment in accordance with the regulations on the subject as may be notified by the relevant statutory authorities, from time to time.