

## CORPORATE SOCIAL RESPONSIBILITY POLICY

### 1. Background

Section 135 of the Companies Act, 2013 mandates the following companies to formulate and adopt a Corporate Social Responsibility (CSR) Policy and draw out a framework for CSR:

- a) Net worth of Rs. 500 Crore or more; or
- b) Turnover of Rs. 1000 Crore or more; or
- c) Net profit of Rs. 5 Crore or more

In accordance with the said mandate, since India Shelter qualifies on the criteria mentioned in point (c), it is required to formulate and adopt CSR Policy.

The objective of this Policy is to provide an overall CSR framework, which shall at all relevant times be closely aligned with the requirements of relevant provisions of the Companies Act, 2013 and India Shelter's ethos of Honesty,

### 2. Overview

India Shelter proposes to make a positive difference to society. The Company firmly believes that it has commitment to all its stakeholders - customers, employees and the community in which it operates and it can fulfil this commitment only by sustainable and inclusive growth. The company aims to improve quality of life through its positive intervention in the community.

India Shelter's key CSR initiatives will be undertaken with a long-term view. Initiatives that are sustainable, that have long-term benefits to the society at large and that have business linkage, but which do not result in business benefits, in the ordinary course of India Shelter's business, will be accorded priority.

### 3. CSR Governance

At India Shelter, the Board of Directors of the Company has established a CSR Committee which has been entrusted with formulating a CSR Policy and transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company. The Committee shall also

monitor the Corporate Social Responsibility Policy of the company from time to time.

#### **4. Policy**

The scope of activities which, the Company will usually undertake towards fulfilment of its CSR shall be in line with Schedule VII of the Companies Act, 2013. India Shelter proposes to lay focus on the following areas:

1. Promoting Education
2. Skilling - livelihood enhancement projects for Women

Apart from the above, India Shelter may choose to contribute to the society by undertaking any of the activities herein below:

1. Eradicating hunger, poverty and malnutrition, promoting healthcare including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
2. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans;
3. Setting up old age homes, day care centres and such other facilities for senior citizens; and
4. Measures for reducing inequalities faced by socially and economically backward groups;
5. 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;
6. Measures for the benefit of armed forces veterans, war widows and their dependents;
7. Training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports;
8. 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;

9. Contributions or funds provided to technology incubators located within academic institutions which are approved by the central government
10. Rural development projects;
11. Slum area development

The company shall give preference to the local area and/or areas in the vicinity, for spending the amount earmarked for CSR activities. The CSR projects or programs or activities that benefit only the employees of the company and their families shall not be considered as CSR. Further, the activities undertaken in pursuance of normal course of business of a company shall not be included in CSR.

Contribution of any amount directly or indirectly to any political party under section 182 of the Companies Act, 2013 shall not be considered as CSR activity.

## **5. Collaboration for CSR**

The CSR Committee after seeking approval from the Board of Directors of the Company may undertake its CSR activities either directly or through a registered trust or a registered society or a company established by the company or its holding or subsidiary or associate company under section 8 of the Companies Act, 2013. Further, the company may choose to collaborate with other companies for undertaking projects or programs 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 programs in accordance with Companies (Corporate Social Responsibility Policy) Rules, 2014 and amendments thereto.

## **6. CSR Budget**

The annual budget for India Shelter's CSR initiative shall be approved by the Board of Directors of the Company. The allocation of funds to specific projects/ programs will be as decided by the Committee.

## **7. CSR Expenditure:**

The company shall endeavour to spend, in every financial year, at least 2% of the average net profits made during the three immediately preceding financial years or as per regulatory guidelines, in pursuance of its CSR Policy and if the

company fails to spend such amount, the Board shall, in its report specify the reasons for not spending the amount.

The CSR projects or programs or activities undertaken only in India shall qualify as CSR Expenditure.

The CSR spending can be either revenue expenditure or capital expenditure or both. The CSR spending target for any financial year will be capable of being carried forward as well as carried backward. If, in any financial year, the Company spends more than 2% of its average net profits on CSR expenditure, it shall be permissible for the Company to carry back the target spending of any future year and take the same as having been spent in the year in which the Company spent more than 2% of its average net profits.

Likewise, in any financial year in which the Company could not spend 2% of its average net profits, the Company may carry forward such unspent amount with an intent to spend the same in any future year.

The expenditure can be in cash or kind as long as the company is spending as per the policy, on a project which is eligible for CSR spending. In case of any spending in kind, the amount spent should be based on the purchase cost of such material for the company.

The surplus arising out of the CSR projects or programs shall not form part of the business profit.

Any income arising of CSR Project shall be netted off from the CSR spend on that project and net amount will be reported as CSR expenditure.

(Note: "Average Net Profit" shall be calculated in accordance with the provisions of section 198 of the Companies Act, 2013)

## **8. Capacity Building:**

If the Company chooses to undertake CSR activities directly, it may resort to capacity building, which shall be the expenditure on training the CSR staff regarding the CSR project. However, as mandated by the provisions of the Companies Act, 2013, such expenditure including expenditure on administrative

overhead shall not exceed 5% of the total CSR expenditure of the Company in one financial year or such limits as may be prescribed under the legislation from time to time.

## **9. CSR Reporting:**

The CSR Committee shall forward a report to the Board on an annual basis containing following particulars:

- a. Average net profit of the company for last three financial years
- b. Prescribed CSR Expenditure
- c. Details of CSR spent during the financial year.
  - i. Total amount to be spent for the financial year;
  - ii. Amount unspent, if any;
- d. In case the company has failed to spend the 2% of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its report
- e. A responsibility statement by the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company

## **10. Monitoring and Feedback**

### **A. Purpose**

To ensure objectivity, it is critical that the monitoring of CSR activity is done by someone other than the people directly engaged in the project implementation.

Routine progress monitoring serves the following three important purposes:

- Determining mid-course corrections - It highlights any slippages and helps to determine a corrective action that may be taken, if needed

- Recommendations for future project designs - It provides an excellent opportunity for learning: what worked and what did not. This can then be immediately applied to other projects
- Regulatory Compliance - This is an essential part of the directors' report as per the CSR clause of the Companies Act, 2013

## **B. Monitoring and Reporting Framework and Communication**

The CSR Committee shall meet once in a quarter or as and when the need arises to review and guide the CSR activities of the Company. They shall meet *inter alio* to monitor the progress of CSR programs, CSR spending, and review if any changes are required.

The Company will incorporate the details of CSR activities, including a physical and financial process in the annual report of the Company. The CSR activities will also be reflected in the annual accounts of Company under the head 'Expenditure under CSR Activities' and will be mentioned in the Director's report. The minutes of the CSR Committee shall be presented to the Board for its review and scrutiny.

The Company may communicate its CSR efforts to all its employees and external stakeholders through emails, its own website, and other appropriate dissemination channels.

## **C. Following activities may be undertaken for monitoring of CSR:**

- Appropriate documentation of the CSR Policy, annual CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis and the same may be available in the public domain
- In order to closely monitor and manage the field action projects, the Audit team at the Corporate Office may conduct periodic field visits, impact studies and social audits on an annual basis, through independent professional third party institutions, especially on the strategic and high value programmes.
- CSR initiatives will also be reported in its Annual Report

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