

CORPORATE SOCIAL RESPONSIBILITY POLICY

Version 4.0

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India InfraDebt Limited

INDEX

1. Preamble.....	3
2. Purpose	3
3. Definitions	3
4. CSR Activities/ Implementation	5
5. Governance.....	5
5.1. Board level committee.....	5
6. CSR expenditure.....	6
7. CSR monitoring	7
8. CSR Reporting.....	7

1. Preamble

India Infradebt Limited (Infradebt) is committed to maintaining high standards of corporate social responsibility (CSR) in its business activities. The CSR refers to organisation's commitment to operate in such a manner that integrates economic, social and environment requirements into their activities.

The provisions relating to CSR are governed by Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time.

This CSR Policy focuses on addressing critical social, environmental and economic needs of the marginalized/underprivileged sections of the society with an approach to integrate the solutions to these problems to benefit the communities at large and create social and environmental impact.

2. Purpose

The key purpose of this policy is to:

1. define the kind of projects that will come under the ambit of CSR.
2. define the guiding principles for formulation of an annual action plan.
3. define the guiding principles for selection of CSR Projects and CSR entities.
4. specify modalities of execution of such CSR projects.
5. specify implementation schedule of the CSR projects.
6. serve as guiding document to monitor the CSR projects.
7. explain the manner in which the surpluses from CSR projects will be treated.

3. 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) **“Corporate Social Responsibility (CSR)”** means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Companies Act, 2013 (“Act”) in accordance with the provisions contained in these rules, but shall not include the following, namely:-
 - (i) activities undertaken in pursuance of 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;
- (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 (29 of 2019);
 - (v) activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
 - (vi) activities carried out for fulfilment of any other statutory obligations under any law in force in India;
- (3) **"CSR Committee"** means the Corporate Social Responsibility Committee of the Board referred to in Section 135 of the Act.
- (4) **"Corporate Social Responsibility Policy" or "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;
- (5) **"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;

Any other term used and not defined herein shall have the same meaning as defined in the Companies Act, 2013, rules framed thereunder, including any statutory modification or re-enactment thereto, as the case may be or any other applicable law or regulation. In the event of any conflict between this policy and the applicable laws, the applicable laws shall prevail.

4. CSR Activities/ Implementation [Rule 4 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 (CSR Rules)]

Infradebt will include only those projects/ activities as part of its CSR Plan that are over and above the normal course of business and which are undertaken/ to be undertaken in India. Infradebt will adhere to rule 2 (d) of the Companies (Corporate Social Responsibility

Policy) Rules, 2014 and will exclude the projects/ activities mentioned therein.

The normal course of business of Infradebt is to finance debt of infrastructure projects (or such other projects that may be permitted by the Reserve Bank of India from time to time) in accordance with applicable law.

Infradebt will undertake such CSR projects that are under the ambit of activities mentioned in Schedule VII to the Companies Act, 2013 and as amended from time to time. The activities mentioned in Schedule VII to the Companies Act, 2013 are given as an Annexure. The CSR projects or activities that benefit only the employees of Infradebt and their families shall not be considered as CSR activities.

The implementation of Infradebt's CSR projects will be either through Infradebt personnel or through external implementing agency as permitted under rule 4 of the Companies (Corporate Social Responsibility Policy) Rules, 2014. The external agency would be engaged based on the following criteria:

- (i) The entity should be falling under the categories defined under rule 4 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and shall have a unique CSR Registration Number.
- (ii) The entity would be engaged after ascertaining the credibility of the agency and its track record in implementing projects. The entity shall have an established track record of three years in implementing such projects.

Annual action plan: Infradebt will identify the CSR Projects and the implementing agencies in line with the criteria mentioned above. Infradebt will accordingly present an Annual action plan / CSR Plan for approval of the Board in the beginning of the year. The annual action plan / CSR Plan will also include the modalities of utilization of funds and the monitoring and reporting mechanism.

5. Governance

5.1 Board level committee

In terms of the provisions of Section 135(1) of the Companies Act, 2013, the Board of Infradebt at its Meeting held on April 15, 2014 constituted the CSR Committee. The CSR governance structure will be headed by the CSR Committee that will be responsible for the CSR projects undertaken as per the annual action plan approved by the Board. The CSR Committee will report to the Board of Directors of Infradebt.

The powers delegated to the CSR Committee are:

1. To formulate and recommend to the Board of Directors, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by Infradebt as specified in Schedule VII to the Companies Act, 2013;
2. To formulate and recommend to the Board, an annual action plan in pursuance of Corporate Social Responsibility Policy, which shall include the following, namely:-
 - i. the amount of expenditure to be incurred on the activities referred to in clause 1 above

- ii. the list of Corporate Social Responsibility projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- iii. the manner of execution of such projects or programmes as specified in sub- rule (1) of rule 4;
- iv. the modalities of utilisation of funds and implementation schedules for the projects or programmes;
- v. monitoring and reporting mechanism for the projects or programmes; and
- vi. details of need and impact assessment, if any, for the projects undertaken by the company:

The Board may alter such plan at any time during the financial year, as per the recommendation of its Corporate Social Responsibility Committee, based on the reasonable justification to that effect.

- 3. To monitor the Corporate Social Responsibility Policy of Infradebt from time to time;
- 4. To institute a transparent monitoring mechanism for implementation of the Corporate Social Responsibility projects or programs or activities undertaken by Infradebt;
- 5. To review and recommend to the Board, an annual report on Corporate Social Responsibility for the financial year; and
- 6. To review and recommend the appointment of independent agency to conduct impact assessment of Corporate Social Responsibility projects (as applicable).

6. CSR expenditure [Rule 7 of the CSR Rules]

The CSR expenditure will include all expenditure, direct and indirect, incurred by Infradebt on the CSR projects undertaken in accordance with the approved CSR Policy. The administrative overheads of the project to be undertaken shall not exceed five percent of total CSR expenditure of the Company for the financial year. Infradebt will rely upon the independent Chartered Accountant certificate to be provided by the external CSR implementing agency confirming that the administrative overheads of the project funded does not exceed five percent of total CSR expenditure/ fund disbursed for that programme.

Moreover, any surplus arising out of the CSR projects or activities shall not form part of the business profit of Infradebt 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 Infradebt 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.

Where a company spends an amount in excess of requirement provided under section 135(5) of the Companies Act, 2013, such excess amount may be set off against the requirement to spend under section 135(5) upto immediate succeeding three financial years subject to the conditions that –

- (i) the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, in pursuance of rule 7(2) of the Companies (Corporate Social Responsibility Policy) Rules, 2014.

- (ii) the Board of Infradebt shall pass a resolution to that effect.

The CSR amount may be spent by a company for creation or acquisition of a capital asset, which shall be held by any CSR implementing agency having CSR registration number or beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or public authority.

7. CSR monitoring

Infradebt personnel or the external agency will report to the CSR Committee on progress of all the CSR projects undertaken. The Board of Directors will review the progress of the CSR activities annually.

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.

Impact Assessment:

Infradebt shall undertake impact assessment, through an independent agency, of its CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study, whenever its average CSR obligation, in the three immediately preceding financial years, is ten crore rupees or more.

The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

Infradebt may book the expenditure of Impact assessment towards Corporate Social Responsibility for that financial year, which shall not exceed two percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is higher.

8. CSR Reporting (Rule 8 of the CSR Rules)

The annual report on CSR activities will be included as a part of Board's Report, commencing from the financial year ending March 31, 2015. Such annual report on CSR activities will cover the information as prescribed in the CSR Rules and should be in the format provided in the CSR Rules.

9. Disclosures

The composition of the CSR Committee, CSR Policy and projects approved by the Board shall be displayed on the Company's website and a web link thereto shall be provided in the annual report of the Company.

10. Review and Amendment

The CSR Committee shall review the Policy on Corporate Social Responsibility of the Company at least once in a year and recommend the necessary changes, if required to the Board for its approval.

This Policy may be amended, modified or supplemented from time to time to ensure

compliance with any modification, amendment or supplementation to the Act or changes as may be otherwise prescribed by the CSR Committee or Board, from time to time. Any subsequent amendment/modification in the Act and/or other applicable laws in this regard shall automatically apply to this Policy.

Annexure – 1

**Activities mentioned under Schedule VII of the Companies Act, 2013
(amended from time to time)**

- (i) eradicating hunger, poverty and malnutrition, promoting health care 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;
- (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 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 arts 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 Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled 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 Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and 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;
- (xi) slum area development;
- (xii) disaster management, including relief, rehabilitation and reconstruction activities.