

**Corporate Social Responsibility Policy**

**Avendus Capital Private Limited**

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**CIN:- U99999MH1999PTC123358**

**Website:- <http://www.avendus.com/>**

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**Recommending Authority:- CSR Committee**

**Approving Authority:- Board of Directors**

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**I. PREAMBLE**

The Ministry of Corporate Affairs (“MCA”) introduced the concept Corporate Social Responsibility (“CSR”) in the Companies Act, 2013.

Avendus Capital Private Limited (ACPL/ the Company) has formulated and adopted this Corporate Social Responsibility Policy in terms of Section 135 of the Companies Act, 2013 (“Act”) read with Schedule VII of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014 (including any statutory modifications, amendments or re-enactments of any of them for the time being in force) (hereinafter mention as “Policy”).

**II. OBJECTIVE**

Corporate Social Responsibility is a Company’s sense of responsibility towards the community and environment in which it operates. It is a continuous commitment by business to behave ethically and contribute to economic development of the society at large and building capacity for sustainable livelihoods.

The main objective of this CSR Policy is to lay down guidelines to make CSR a key business process for sustainable development of the society and the environment in which it operates. The Company aims to bring about an overall positive impact on the community and environment where it operates and also fulfills its social objectives.

**III. GOVERNANCE STRUCTURE**

The Company has a well-defined and robust governance structure to oversee the implementation of the CSR Policy, in compliance with the requirements of Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

- A. Board of Directors
- B. CSR Committee
- C. CSR Implementation Team

**A. ROLE OF BOARD OF DIRECTORS**

The role and responsibility of the Board of Directors towards CSR shall include the following:

- a) Constitute a CSR Committee in accordance with the Act;

- b) Approve the CSR Policy for the Company, as recommended by the CSR Committee and amendments thereto from time to time and disclose contents of such Policy in the Board Report and also place it on the company's website;
- c) Ensure that the activities as are included in the CSR Policy of the company are undertaken by the company;
- d) Provide recommendations and approval for the annual action plan formulated and presented by the CSR Committee for spending of the prescribed CSR budget;
- e) Alter the recommended annual action plan at any time during the financial year, if required, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect;
- f) Ensure that the Company spends, in every financial year, at least 2% of the average net profits made during the three immediately preceding financial years, in pursuance, of its CSR Policy and ensure that the funds disbursed for the CSR Projects as part of the Company's obligation for each financial year have been utilized for the purpose and in the manner allocated and approved by it, before the end of the financial year;
- g) Approve projects / Implementing Agencies to be partnered or associated with;
- h) Ensure that the Company, treats the CSR spends i.e. the CSR surplus, excess expenditure and unspent CSR funds as per the modalities prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014;
- i) Monitor the implementation of the ongoing projects with reference to the approved timelines and year-wise allocation and ensure that impact assessment is undertaken as per the provisions of the Act;
- j) Specify in its Report the reasons for not spending the amount if the Company fails to spend such amount;
- k) Disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on the Company's website.

## **B. COMPOSITION AND ROLE OF CSR COMMITTEE**

The Company has formed a Committee known as the Corporate Social Responsibility Committee ("the Committee") of Directors.

As per the provisions of the Act, the Committee of the Board on Corporate Social Responsibility shall comprise of three or more Directors and the details of the Committee shall be disclosed by the Board of Directors of the Company in its report.

The CSR Committee will play the following role in fulfilling the Company's CSR objectives:

- i. Formulate and recommend to the Board, the CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act;
- ii. Review CSR Policy;
- iii. Recommend the amount of expenditure to be incurred on the CSR activities;
- iv. Formulate and recommend to the Board an Annual Action Plan consisting of list of approved projects or programs to be undertaken within the purview of Schedule VII of the Companies Act, 2013, manner of execution of such projects, modalities of fund utilization and implementation schedules, monitoring and reporting mechanism for the projects, and details of need and impact assessment, if any, for the projects to be undertaken;
- v. Any amendment to the Annual Action Plan during the year shall be recommended by the CSR Committee and approved by the Board;
- vi. Monitor and implement this Policy from time to time;
- vii. Report to the Board from time to time, the status of the CSR activities and contributions made by the Company;
- viii. Any other matter as may be considered expedient in furtherance of and to comply with the applicable provisions of the Act, rules and CSR Policy of the Company.

### **C. ROLE OF CSR IMPELMENTATION TEAM**

The CSR Team shall:

- i. Assist the CSR Committee in fulfilling the CSR Committee obligations and the Company's CSR objectives;

- ii. Formulate and propose to the CSR Committee an annual action plan consisting of list of projects or programs to be undertaken by the Company, manner of execution of such projects, modalities of fund utilization and implementation schedules, monitoring and reporting mechanism for the projects, maintaining supporting documents and details, impact assessment, if any, for the projects to be undertaken;
- iii. Recommendation to the CSR Committee of the amount of expenditure to be incurred on the CSR activities;
- iv. Identify the cause and recommend the NGOs to the Committee, the Company can partner with for the CSR activities;
- v. Report to the CSR Committee periodically for its approval / ratification and carry out such other functions as may be delegated to it.

#### **IV. CSR AMOUNT - FUNDING AND ALLOCATION**

The Company shall ensure that it spends/ contributes, in every financial year, at least 2% of its average net profits (as determined in accordance with the provisions of Section 198 of the Act) made during the 3 immediately preceding financial years, in pursuance of its corporate social responsibility and subject to Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The Company may spend up to 5% of the total CSR expenditure in one financial year on building CSR capabilities and other general and administrative overheads. The Company may make contributions to Non-Government Organisation (NGOs) towards its corpus for projects approved by the Board. The CSR Committee will recommend the CSR budget to the Board annually, for its approval and guide the CSR Implementation Team for effective execution.

The Company may spend up to 5% of the total CSR expenditure in one financial year or Rs. 50 lakh, whichever is lesser, on undertaking impact assessment for the applicable projects, as required by the law.

For an ongoing project, if any amount budgeted to be spent for the year remains unspent, then such an unspent amount will be allocated towards such ongoing project for spending in any of the three succeeding financial years and will be

transferred to the Unspent Corporate Social Responsibility account opened with a scheduled bank by the Company within 30 days from the end of the financial year. For other projects, such amount will be transferred to a fund specified in Schedule VII within 6 months of the expiry of the financial year.

Any surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of the Company and will be ploughed back into the project in the current Financial Year or be allocated for an ongoing project to be spent in any of the three succeeding financial years or will be transferred to a fund specified in Schedule VII.

Any excess expenditure i.e., beyond the prescribed CSR budget, subject to passing Board resolution, will be disclosed in the Board's CSR Report and such excess amount, excluding surplus arising, shall be made available for set off against the CSR requirement to spend in any of the three succeeding financial years, pursuant to the provisions of Companies (Corporate Social Responsibility) Rules, 2014.

The Board of Directors will satisfy itself that the funds so disbursed have been utilized for the purposes and in the manner as approved by it and the Chief Financial Officer will certify the same to that effect.

Any income arising from the contribution received and surplus arising out of the CSR activities will be used for CSR only.

## **V. IMPLEMENTATION**

The CSR Committee shall provide guidance on the allocation of the CSR budget among the thrust areas on an annual basis and recommend to the Board for its approval.

The CSR Projects will be undertaken based on the annual action plan formulated and recommended by the CSR Committee and approved by the Board. The Board may alter the annual action plan at any time during the financial year, as per the recommendation of the CSR Committee based on reasonable justification to that effect.

The Company may contribute / spend towards the CSR activities either directly or through partnering organization or by way of donation in the approved fund(s). The

Company may also form a separate legal entity registered under Section 8 of the Companies Act, 2013 to promote and support CSR initiatives of the Company and group companies.

#### **VI. MONITORING PROCESS OF CSR IMPLEMENTATION**

- i. To ensure effective implementation of the CSR intervention, a monitoring mechanism has been established by the CSR Implementation Team to maintain a regular connect with the implementing partner and take corrective actions at the right time;
- ii. The implementing partners will report on a periodical basis the progress of the project activities, the utilization of funds disbursed and plans for sustainability of the project;
- iii. The CSR Committee will monitor and review on a regular basis or as and when required, the progress of CSR initiatives undertaken;
- iv. The fund utilization made in projects as approved by the Board, will be certified by the Chief Financial Officer of the Company;
- v. Applicable projects, as required by the Companies (Corporate Social Responsibility Policy) Rules, 2014, shall be subjected to an in-depth impact study to assess the impact created through the project;
- vi. In case of deviation in implementation as defined in the annual action plan, the changes shall be approved by the CSR Committee and the Board of Directors of the Company;
- vii. In order to ensure transparency and communication with all stakeholders, the CSR Policy and the list of approved projects shall be uploaded on the Company's website.

#### **VII. CSR ACTIVITIES / PROJECTS**

The Company's initiatives for CSR activities will continue to revolve around the following as provided in the Schedule VII of the Companies Act, 2013:

- i. Eradicating hunger, poverty and malnutrition, promoting healthcare including preventive health care and sanitation including the contribution to Swachh 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, agro forestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the 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 recognized 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 Caste, 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
- xi. Development of any area which is declared as slum by the Central Government or any state government or any other competent authority under any law for the time being in force.
- xii. disaster management, including relief, rehabilitation and reconstruction activities;
- xiii. Any other activities as may be notified by the Government from time to time

Considering the goals and objectives of the Company for CSR, the Company currently plans to support, partner and assist all the CSR activities mentioned above and as may be decided by the Committee.

The Company shall give preference to the local area and areas around it where it operates for spending the amount earmarked CSR activities.

The Company may take help of International Organizations in designing, monitoring, and evaluating its CSR Projects, and in assisting with capacity building of its personnel. However, it is clarified that such organizations cannot take the responsibility of actual implementation of the CSR initiatives.

**The CSR Activities shall not include the following: -**

- i. Activities undertaken in pursuance of normal course of business of the Company;
- ii. Activities that benefit only the employees of the company and their families;
- iii. Any contribution to any political party;
- iv. The contribution made outside India (except training of Indian Sports Personnel representing any State or Union territory at national level or India at international level);

- v. CSR interventions should be in project / programme mode. One-off events such as marathons / awards / charitable contribution / advertisement / sponsorship of TV programmes etc. and any other sponsorship activity deriving marketing benefits for the company's products or services will not qualify as part of CSR expenditure;
- vi. Activities carried out for fulfilment of any other statutory obligations under any law in force in India will not qualify towards CSR requirements.

**VIII. PARTNERING ORGANISATIONS/ CONTRIBUTION TO FUND**

CSR initiatives will be implemented either directly by the Company or through implementing agencies (NGOs).

1. The implementing agencies being considered for a partnership will need to comply with the following criteria:
  - a) The NGO can be a company established by the Company either singly or along with any other company and can be a company established under Section 8 of the Companies Act, 2013 / Registered Public Trust / Registered Society with a registration under Section 12A and Section 80G of the Income Tax Act, 1961, or
  - b) The NGO can be a company registered under Section 8 of the Companies Act, 2013 / Registered Public Trust / Registered Society with a registration under Section 12A and Section 80G of the Income Tax Act, 1961 and with an established track record of at least 3 years, or
  - c) The NGO can be an entity established under the act of Parliament or State Legislature, or
  - d) The NGO can be an entity established by the Central or State Government,
2. The NGO / Agency will need to have a permanent office in India;
3. All implementing partners sufficing any of the above-mentioned conditions, will need to register themselves with the Central Government by filing e-form CSR-1 electronically with effect from April 01, 2021 and obtain a unique CSR Registration Number from the MCA;

4. The Company may also collaborate with other companies to undertake CSR Projects or Programs, provided the CSR Committees of the respective companies are in a position to report separately on such projects or programs.

While partnering with NGO for CSR activities, the following procedure is required to be adhered to:-

- Formulating and recommending a letter of contribution for undertaking CSR Activities through Partnering NGO's along with the project plan submitted by the foundation.
- Wherever required, execution of memorandum of understanding which would detail the key roles and responsibilities of each of the parties.
- The contribution would be for a particular project or projects identified by the Company.
- The disbursement will be made only upon receipt of request specifying the amount that is required and the activity for which it is required.
- The Company while making any contribution may specify the activities for which it is made and the said amount and any interest earned on such amount shall be utilized towards such activities only.

#### **IX. DISSEMINATION OF INFORMATION**

The CSR Committee shall report to the Board of the Company, at least on an annual basis, the status of the CSR projects/ activities undertaken by the Company along with the report on impact created by such projects/ activities.

The Company shall also upload this Policy on its website [www.avendus.com](http://www.avendus.com).

Further, a detailed status report on the CSR activities carried out by the Company would be disclosed every year as part of the Directors' Report in the Annual Report as required under Act. The said information would also be uploaded on the website of the Company as required under Act.

The CSR Committee will also make a responsibility statement in the Annual Report stating that the CSR Policy implementation and monitoring thereof is, in letter and spirit, in compliance with its CSR objectives.

X. AMENDMENT

The Committee in consultation with Board or the Board reserves its right to amend or modify the Policy in whole or in part, so long as it is not inconsistent with the provision of the Act and Rules.