

CORPORATE SOCIAL RESPONSIBILITY POLICY

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is a Company's sense of responsibility towards social environment in which it operates. CSR is a self-regulation business model through which corporate entities achieve balance on economic, environmental and social imperatives with their operations and development. It is a step towards organizations to become socially responsible corporate citizens and creates positive impact on the environment, communities and societies.

CSR VISION

The vision is to contribute to the social and economic development of the community where we operate. To accomplish passionate commitment to the social obligation towards social, financial and educational upliftment of people belonging to economically weaker sections of the society. To directly or indirectly take up programmes that benefit the society by making sustained positive contribution to the welfare of society at large.

CONSITUTION OF CSR COMMITTEE

Pursuant to Section 135 (1) of the Companies Act, 2013, and the Companies (Corporate Social Responsibility Policy) Rules, 2014, both of which came into force on April 01, 2014, every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more shall constitute a Corporate Social Responsibility Committee of the Board.

DEFINATION

- (i) **“Act”** means the Companies Act, 2013.
- (ii) **“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.
- (iii) **“Corporate Social Responsibility (CSR)”** means the activities undertaken by a Company in pursuance of its statutory obligation laid down under section 135 of the Act in accordance with the provisions contained in CSR rules, but shall not include the following, namely:

- (a) 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 –

(1) 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; and

(2) details of such activity shall be disclosed separately in the Annual report on CSR included in the Board's Report.

(b) any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at National level India or at International level;

(c) contribution of any amount directly or indirectly to any political party under section 182 of the Act;

(d) activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019;

(e) activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services; and

(f) activities carried out for fulfilment of any other statutory obligations under any law in force in India.

(iv) **“CSR Committee”** means the Corporate Social Responsibility Committee of the Board of Deepak Builders & Engineers India Private Limited referred to in section 135 of the Act.

(v) **“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.

(vi) **“International Organisation”** means an organisation notified by the Central Government as an International organisation under section 3 of the United Nations (Privileges and Immunities) Act, 1947, to which the provisions of the Schedule to the said Act apply.

(vii) **“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: -

(a) any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and

(b) any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act.

(viii) **“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.

- (ix) **“Public Authority”** means ‘Public Authority’ as defined in clause (h) of section 2 of the Right to Information Act, 2005.

ROLE OF THE CSR COMMITTEE

- (i) Formulate and recommend to the Board, a Corporate Social Responsibility Policy in compliance with the provisions of Section 135 of the Companies Act, 2013.
- (ii) Formulate and recommend to the Board, an annual action plan in pursuance of the CSR policy, which shall include the following, namely:-
 - (a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
 - (b) the manner of execution of such projects or programmes as specified in the Act and Rules made thereunder;
 - (c) the modalities of utilization of funds and implementation schedules for the projects or programmes;
 - (d) monitoring and reporting mechanism for the projects or programmes; and
 - (e) details of need and impact assessment, if any, for the projects undertaken by the Company:

Provided that Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.
- (iii) Recommending the CSR expenditure to be incurred by the Company to the Board for its approval.
- (iv) Any other functions as may be assigned by the Board.

ROLE OF THE BOARD

- (i) After taking into account the recommendations made by the CSR Committee, the Board shall approve the CSR Policy for the Company
- (ii) The Board shall ensure that the CSR activities included in this Corporate Social Responsibility Policy are undertaken by the Company.
- (iii) The Board 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 a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company; or

(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, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961 and having an established track record of at least three years in undertaking similar activities.

The entities through which the Company shall undertake CSR activities should be compliant with the applicable provisions of the Act and the Rules made thereunder.

- (iv) The Board shall ensure that in each financial year the Company spends at least the prescribed percentage of the average net profits of the Company made during the three immediate preceding financial years or such other period as prescribed under the Act from time to time, calculated in accordance with Section 198 of the Act, in pursuance of its CSR policy. Further, while spending the amount earmarked for CSR activities, preference should be given to local areas and areas around the Company where it operates,
- (v) The Board shall, as per Section 135 of the Act, specify the reasons for under spending the CSR amount in the Board's Report.
- (vi) The Board shall, in case of ongoing project, 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.

CSR ACTIVITIES FOR IMPLEMENTATION

The CSR Activities would be chosen for implementation by the Company in compliance with the provisions of Section 135 and Rules made thereunder read together with Schedule VII of the Companies Act, 2013.

The Company may engage International organizations for designing, monitoring and evaluation of the CSR projects or programmes as per this Policy as well as for capacity building of their own personnel for CSR.

The Company 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.

The Board of a company shall satisfy itself that the funds so disbursed have been utilized for the purposes and in the manner as approved by it.

FOCUS AREAS

While the company may undertake CSR activities in any areas listed above, the focus areas of CSR activities shall be on the following aspects:

- (i) Healthcare services
- (ii) Environment conservation
- (iii) Education
- (iv) Rural Transformation
- (v) Safe Drinking Water
- (vi) Public welfare

CSR MONITORING

The CSR committee will be responsible for the monitoring of various CSR Projects, Programs or Activities undertaken by the Company directly or indirectly. The Committee shall ensure that-

- (i) CSR Projects, Programs or Activities are undertaken as provided in the CSR policy.
- (ii) Are implemented as approved by the Board.
- (iii) The budget allocated is utilized as per the approved plans.
- (iv) The objectives are achieved in consonance with this policy.

CSR EXPENDITURE

The CSR activities undertaken in India only shall amount to CSR Expenditure.

CSR Expenditure shall include all expenditure including contribution to corpus for CSR activities approved by the Board on the recommendation of the CSR Committee but does not include any expenditure on an item not in conformity with activities within the purview of Schedule VII of the Act.

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

Any surplus arising out of CSR activities shall be prohibited to form part of 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 the CSR policy 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.

If the Company spends an amount in excess of requirement, such excess amount may be set off against the CSR spending requirement up to immediate succeeding three financial years subject to the conditions that the excess amount available for set off shall not include the surplus arising out of the CSR activities.

CSR REPORTING

The Board Report of the Company shall include an Annual Report on CSR containing particulars specified in the applicable Annexures prescribed under the CSR Rules.

FREQUENCY AND QUORUM OF MEETINGS

The meetings of the CSR Committee could be held at such periodic intervals as may be required with holding of at least one meeting in a financial year.

ANNUAL ACTION PLAN

The CSR Committee shall formulate and recommend to the Board, an annual action plan which shall include the following:

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

The Board of Directors are empowered to alter the annual action plan at any time during the financial year, as per the recommendation of the CSR Committee.

IMPACT ASSESSMENT

In case of the Company having average CSR obligation of Rs. 10 Crore or more in the three immediately preceding financial years, the Company shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of Rs. 1 Crore or more, and which have been completed not less than one year before undertaking the impact study, in pursuance of sub-section (5) of Section 135 of the Act.

The Impact Assessment Reports, if any shall be placed before the Board and shall be annexed to the Annual Report on CSR.

If the Company undertakes impact assessment, it may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed 2% of the total CSR expenditure for that financial year or Rs.50 lakh rupees, whichever is less.

CAPITAL ASSET

The CSR amount may be spent by the Company for creation or acquisition of a capital asset, which shall be held by –

- (i) A company established under Section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number.
- (ii) Beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
- (iii) A public authority

Provided that any capital asset created by the Company prior to the commencement of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, shall within a period of one hundred and eighty days from such commencement comply with this requirement, which may be extended by a further period of not more than ninety days with the approval of the Board based on reasonable justification.

MISCELLEANOUS

This Policy shall be updated from time to time, by the Company in accordance with the amendments, if any, to the Companies Act, 2013, rules made thereunder or any other applicable enactment for the time being in force.