

**PROLIFICS CORPORATION PRIVATE LIMITED**  
**CORPORATE SOCIAL RESPONSIBILITY POLICY**

## Table of Contents

<b>Sl. No.</b>	<b>Particulars</b>	<b>Page No.</b>
1	Definitions and Abbreviations	3
2	Introduction to CSR policy	4
3	Vision Statement	4
4	Areas of Focus	4
4	CSR Committee	5
6	Roles and Responsibilities	5
7	Identification of projects	6
8	Implementation	6
9	Monitoring and reporting	7
10	Formulation of Annual Action Plan	7
11	CSR Budget / Expenditure	8
12	Treatment of Unspent CSR amount	8
13	Governance	9

## 1. DEFINITIONS AND ABBREVIATIONS

In this Policy, unless the context otherwise requires or if something is not defined, the following words, term, expressions and derivations therefrom shall have the meanings assigned to them in the Companies Act, 2013:

- 1.1. The 'Act' means the Companies Act, 2013 as amended from time to time.
- 1.2. 'Board' means the Board of Directors of the Company.
- 1.3. 'The Company' means "Prolifics Corporation Private Limited".
- 1.4. 'CSR' or 'Corporate Social Responsibility' means the activities undertaken by the Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in the Rules, but shall not include the following, namely:-
  - (i) activities undertaken in pursuance of normal course of business of the Company;
  - (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 Company 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.
- 1.5. 'Implementing Agency' refers to any of the following entities having such qualifications as may be prescribed in this regard and assisting the Company, in undertaking its CSR activities:
  - a) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 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, 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.
- 1.6. 'Rules' refers to the Companies (Corporate Social Responsibility Policy) Rules, 2014, including any statutory amendments thereof.
- 1.7. 'The Policy' or 'this Policy' or 'CSR Policy' means this Policy and is a statement containing the approach and direction given by the Board of the 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.
- 1.8. 'Administrative overheads' means the expenses incurred by the Company for 'general management and administration' of the CSR functions in the Company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular CSR project or programme.
- 1.9. "CSR Committee" means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act.

- 1.10. "Net profit" means the net profit of the Company as per its financial statements 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.
- 1.11. "Ongoing Project" means a multi-year project undertaken by the 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.
- 1.12. 'Schedule VII' refers to Schedule VII of the Companies Act, 2013.

## **2. INTRODUCTION**

- 2.1. This CSR Policy has been framed in accordance with the applicable provisions of the Act and the CSR Rules notified thereunder and the Board will be responsible to ensure that the statutory requirements as may be prescribed from time to time under the Act and the CSR Rules are complied with.
- 2.2. This Policy encompasses the Company's philosophy for social responsibilities and lays down the guidelines and mechanism for undertaking projects, programs and activities towards such responsibilities.

## **3. VISION STATEMENT**

- 3.1. The CSR Policy sets out the Company's commitment towards ensuring that the activities extend beyond business and include initiatives and endeavours for the benefit and development of the community and society. The CSR Policy lays down guidelines for undertaking programmes geared towards social welfare activities or initiatives.
- 3.2. In alignment with the above vision, the Company will endeavor to enhance value creation in the society and in the community, through its services, conduct and initiatives, so as to promote sustained growth for the society and community, in fulfilment of its role as a socially responsible corporate.

## **4. AREAS OF FOCUS**

- 4.1. **Education:** Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.
- 4.2. **Health:** Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation 4[including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation] and making available safe drinking water.
- 4.3. **Environment & Sustainability:** 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; 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.
- 4.4. **Equality:** 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.

- 4.5. **National Heritage:** 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 art and handicrafts.
- 4.6. **Sports:** training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports.
- 4.7. **Benefits:** 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.
- 4.8. **Disaster management,** including relief, rehabilitation and reconstruction activities.

The Company may also contribute to any Fund specified in Schedule VII of the Act or undertake any other CSR activities in areas specified in Schedule VII, as amended from time to time.

## 5. CSR COMMITTEE

### Constitution and Reconstitution of the CSR Committee

- 5.1. The CSR Committee shall be constituted by the Board in accordance with the provisions of the Act comprising at least 3 (three) Directors or such number of Directors as may be prescribed and applicable under the Act or Rules. Where the Company has only 2 Directors, the Committee shall have only 2 Directors.
- 5.2. In case the number of the members of Committee falls below 3 (three) or such number as prescribed, the Board shall nominate any Director to be member of the Committee.

The following are the members of the CSR Committee

1. Mr. Venkata Penmetsa Subbaraju – Chairman
2. Mr Satyanarayana Bolli – Member
3. Mr. Duvvuru Nageshwar Reddy - Member

### Meetings of the CSR Committee

- 5.3. The CSR Committee may hold meetings for the consideration of business, adjourn and otherwise regulate its meetings, as it thinks fit, provided that a meeting of the Committee shall be held at least two times in a financial year.
- 5.4. The meeting can be held through audio-visual electronic communication facilities provided that the number of members required to form a valid quorum participate at the meeting.
- 5.5. The Board shall nominate the Chairperson of the CSR Committee. In the event that Board does not nominate the Chairman, the members of the Committee may appoint the Chairperson and determine his term.
- 5.6. In the event that the Chairperson is not present for any meeting, the members of the Committee shall nominate a Chairperson from amongst themselves.
- 5.7. The quorum for a meeting of the Committee shall be 2 (two) directors. The quorum shall be present throughout the meeting.

- 5.8. Minutes of the meetings shall be prepared and circulated to the members within a period of 15 days from the date of the meeting and shall be finalised and entered in the Minutes book within 30 days from the date of the meeting.
- 5.9. The CSR Committee may also pass circular resolutions for approval of matters in accordance with the Act.

## **6. ROLES AND RESPONSIBILITIES**

The roles and responsibilities of the Board of Directors and the Committees are as follows:

### **Board of Directors:**

- ▶ Ensure that the Company spends at least 2 (two) percent of the average net profits of the preceding 3 (three) financial years as its CSR obligation for the financial year;
- ▶ Approve the annual action plan and CSR framework (including annual budget);
- ▶ Approve CSR policy and amendments thereto from time to time;
- ▶ Approve projects / NGOs to be partnered or associated with;
- ▶ Ensure that the funds disbursed for the CSR Projects as part of the Company's obligation for each financial year have been utilised for the purpose and in the manner allocated and approved by it, within the same financial year;
- ▶ Ensure that the administrative overheads shall not exceed 5 (five) percent of total CSR expenditure of the Company for the financial year or such other limit as may be prescribed under the Act;
- ▶ Monitor the implementation of the ongoing projects with reference to the approved timelines and year-wise allocation;
- ▶ Suggest modifications, if required, for smooth implementation of the CSR project within the overall permissible time period under the Act.

### **CSR Committee:**

- ▶ Formulate and recommend to the Board of Directors, the CSR Policy and framework to be undertaken;
- ▶ Identify CSR projects/activities in line with the focus areas and Schedule VII of Act;
- ▶ Recommend the amount of expenditure for the CSR activities;
- ▶ Review the outcome of the CSR projects/activities and make recommendations to the Board of Directors;
- ▶ Monitor the CSR activities of the Company;
- ▶ Decide whether CSR activities are to be undertaken directly or through an Implementing Agency or in collaboration with any other companies;
- ▶ Formulate/finalise and recommend to the Board the following matters with respect to the CSR projects/activities:
  - ▶ Annual action plan;
  - ▶ Annual budget;
  - ▶ Time required for project implementation, with clear identification of Ongoing Projects; and
  - ▶ Prospective outcome of the project/activity

### **CSR Implementing Committee:**

The Company may set-up a CSR Implementing Committee which will closely work with the CSR Committee so as to enable it discharge its roles and responsibilities effectively. The roles and responsibilities of the CSR Implementing Committee will inter-alia include the following:

- ▶ Assist the CSR Committee in evaluating NGO partners;
- ▶ Assist the CSR Committee in identifying CSR projects/activities in line with the focus areas and Schedule VII of the Act;

- ▶ Assist the CSR Committee in creating an effective due diligence and monitoring mechanism for implementation of the approved CSR projects/ activities.

## **7. IDENTIFICATION OF PROJECTS**

The Company, on the recommendation of the CSR Committee, will identify indicative projects/activities in line with the focus areas of the Company amongst areas/activities covered under Schedule VII of the Act.

## **8. IMPLEMENTATION**

- 8.1. The Company will undertake its CSR activities, approved by the Board of Directors and CSR Committee.
- 8.2. CSR projects will be implemented through Implementing Agencies satisfying the conditions prescribed under the Act, as amended from time to time, which inter alia currently includes that our Implementing Agencies should be registered under sections 12A and 80 G of the Income Tax Act, 1961 (subject to any amendments to these sections from time to time) and with the Ministry of Corporate Affairs, by filing eForm CSR 1, as required and have a 3 (three) year track record in undertaking similar activities. The qualifying conditions also need to be satisfied by any step-down Implementing Agencies that are engaged by the Company's primary Implementing Agency;
- 8.3. The Company may also establish an Implementing Agency in the form of a registered public trust or registered society or Section 8 company, and undertake CSR activities through such agency, subject to the agency obtaining the necessary registrations.
- 8.4. In all cases where Implementing Agencies are engaged, the Company will execute formal documentation with such agencies and ensure coverage of key terms that will enable the Company remain in compliance with its obligations under the Act;
- 8.5. The Company may, however, also undertake CSR projects/ activities directly or directly contribute to any of the Funds prescribed in Schedule VII of the Act, to fulfil its annual obligation;
- 8.6. Need based assessments may be conducted, on a case to case basis, before the commencement of the CSR Projects.

## **9. MONITORING AND REPORTING**

- 9.1. The Company will establish suitable mechanisms for monitoring and reporting on implementation of projects or programs either directly undertaken by the Implementing Agency or through any step-down Implementing Agency. This will include review of project / program timelines and fund allocations and real time reporting of likely project / program delays and underspend to the Company.
- 9.2. The CSR Committee of the Company shall take on the role of the mentor, while the ultimate responsibility of ensuring successful and time bound implementation of the CSR projects will remain with the Board of Directors of the Company.
- 9.3. The CSR Committee, may appoint such professionals, firms, agencies etc., as it may deem fit, for effective monitoring/ evaluation/ implementation/ designing of the programs and projects of the Company, including appointing an agency that would carry out an impact assessment study of the projects, if so required, under the Act or deemed necessary by the Committee.
- 9.4. The Chief Financial Officer (CFO) / person responsible for the financial management of the Company shall certify that the funds allocated for meeting the CSR obligation of the Company have been administered in the areas or projects as approved by the Board of the Company and in accordance with the Act. Such certification will be based on the utilisation report as received from

the Implementing Agencies (wherever the CSR projects are being implemented through such agencies) and/or a certificate issued by the implementing agencies' Auditor or an independent Chartered Accountant.

- 9.5. The Company will make necessary disclosures in the CSR Annual Report and the website as prescribed in the Act.

#### **10. FORMULATION OF ANNUAL ACTION PLAN**

The CSR Committee shall formulate the annual action plan, for each financial year and recommend the same to the Board. The CSR Committee and the Board shall adhere to the following guidelines while formulating/ approving the annual action plan for each financial year:

- 10.1. *Evaluation of CSR activities of the preceding financial year:* The achievements and drawbacks of the CSR projects/ activities undertaken in the previous financial year shall be considered and the annual action plan shall be prepared accordingly.
- 10.2. *Identifying projects/activities for the current financial year:* The CSR Committee will be responsible for identifying suitable CSR initiatives which are in line with the overall objectives of the organisation.
- 10.3. The CSR Committee shall endeavour to formulate and approve the annual action plan based on projected financials and finalise the same and recommend it for the Board's approval before the end of the first quarter in every financial year. Any delay in preparation and approval of the action plan can be ratified by the Board.
- 10.4. The CSR Committee shall include a description of the identified activities and the sequence in which they will be undertaken by taking into consideration organizational readiness, strategies, financial and procurement management, etc., disbursement and utilization plans for the unspent amounts from previous years during the current financial year and disbursement and utilization plan for funds for the relevant (concerned) financial year.
- 10.5. Any amendment to the annual action plan shall be recommended by the CSR Committee and approved by the Board of Directors.

#### **11. CSR BUDGET/ EXPENDITURE**

- 11.1. The annual budget for all CSR projects/ activities will be presented by the CSR Committee and will be approved by the Board of Directors of the Company.
- 11.2. During each financial year, the Company will spend at least 2 (two) percent of the average net profits of the preceding 3 (three) financial years as its CSR obligation for the financial year.
- 11.3. CSR related disbursements by the Company will be treated as spent during the financial year, only if the same have, in turn, been spent by the Company's Implementing Agency or step-down Implementing Agency, if any.
- 11.4. Where the Company spends an amount in excess of its CSR obligation under the Act, subject to passing of the Board resolution, such excess amount, excluding surplus arising, can be set-off against the CSR spends up to immediate succeeding 3 (three) financial years.

#### **12. TREATMENT OF UNSPENT CSR AMOUNT**

- 12.1. The unspent CSR amount pertaining to an annual CSR project shall be transferred to any fund included in Schedule VII of the Act such as Prime Minister's National Relief Fund, Swachh Bharat

Kosh or any other fund specified by Central Government in this regard under the Act, within 6 (six) months from the end of the concerned financial year.

- 12.2. If the unspent CSR amount pertains to an Ongoing CSR Project, the amount has to be transferred to a separate bank account to be called as "Unspent CSR Account" within 30 (thirty) days of the end of the concerned financial year and is to be spent on CSR obligations as per this CSR Policy within a period of 3 (three) financial years.
- 12.3. In case the Company is unable to spend the CSR obligation on the Ongoing CSR project within the prescribed period of 3 (three) financial years, it would be required to transfer the amount so unspent to any fund included in Schedule VII of the Act within 30 (thirty) days of the end of the concerned 3<sup>rd</sup> financial year.
- 12.4. Wherever funds disbursed by the Company remain unspent at the financial year end and are lying with the Implementing Agency, the Company may either request the Implementing Agency to return the same directly to its Unspent CSR Account / other bank account OR treat the same as an advance to be utilized by the Implementing Agency, to meet the spend for the next financial year. In the latter case, the Company will separately meet its obligation to transfer the unspent funds either into an Unspent CSR Account or to a prescribed Fund.

### **13. GOVERNANCE**

#### **13.1. Review and Approval**

This Policy will be periodically reviewed (at least once a year) and updated in line with the relevant codes of legislation and best practices that can be adopted. Any or all provisions of this CSR Policy would be subject to revision/amendment in accordance with the guidelines on the subject as may be issued from the Central Government, from time to time.

The Company reserves the right to modify, cancel, add, or amend any of the provisions of this CSR Policy. The Policy Owner is responsible for the review and approval of this policy.

In case of any inconsistency between the Act/ Rules and this Policy at any time, the provisions of the Act/ Rules shall prevail.

#### **13.2. Administration**

The Policy Owner is responsible for determining the appropriate oversight and infrastructure for administering this policy.

#### **13.3. Exceptions**

Any exceptions for CSR initiatives to be conducted outside the centrally defined structure needs to be routed through the Policy Owner for approvals. The Policy owner will get the necessary approvals from the CSR Governance Committee where appropriate.