

**CORPORATE SOCIAL RESPONSIBILITY (CSR)  
POLICY  
OF  
SARIN TECHNOLOGIES INDIA PRIVATE LIMITED**

**[LAST REVISED ON March 22, 2021]**

## PHILOSOPHY

Sarin Technologies India Private Limited (hereinafter referred as “**the Company**”) believes that a key responsibility of a business is to actively contribute to the social and economic development of the communities in which it operates and to play a role of an enlightened corporate citizen. It is thus one of the Company’s aims to create social good thus making a difference in the livelihood of the people in its sphere of influence. The Company has always believed in giving back to society and transforming its environment into a better place to live by raising the standards of education, health and the quality of life of the people.

Section 135 of the Companies Act, 2013 (“**the Act**”) is applicable to every company in India, with a Net Worth of Rs.500 Crore or more, or a Turnover of Rs.1,000 Crore or more, or a Net Profit of Rs.5 Crore or more (“**CSR Criteria**”) during the immediately preceding financial year.

Under this section of the Act, in every financial year, such a company must spend at least 2% (two percent) of its Average Net Profits made during the 3 (three) immediately preceding financial years, or where the company has not completed the period of 3 (three) financial years since its incorporation, during such immediately preceding financial years. The aforesaid company must also constitute a CSR Committee, formulate a CSR Policy, recommend a CSR expenditure amount, monitor policies and activities, and report to the Board of Directors.

The Board must approve the CSR Policy and comply with disclosure requirements including a detailed CSR Report in its Annual Report.

Where the CSR Amount to be spent by the Company under the Act does not exceed Rs.50 Lakh, the requirement for the constitution of the CSR Committee under the Act shall not be applicable and the functions of the Committee provided in this CSR Policy, the Act and the Rules, in such cases shall be discharged by the Board of the Company.

The CSR Committee so constituted by the Board formulated a CSR Policy, which encompasses the Company’s philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare and sustainable development of the community at large. The CSR Committee has recommended the restated CSR Policy to the Board for its approval. The Board, by its resolution dated March 22, 2021, approved and adopted this CSR Policy with immediate effect, which replaces the existing CSR Policy of the Company.

The Board may, upon recommendation of the CSR Committee, amend and/or modify this CSR Policy as and when necessary.

## OBJECTIVE

This CSR Policy shall be read in line with Section 135 of the Act, the Rules and such other rules, regulations, circulars, and notifications (collectively referred hereinafter as “**CSR Regulations**”)

as may be applicable and as amended from time to time and will, inter-alia, provide for the following:

- a) establishing a guideline for compliance with the provisions of the CSR Regulations to dedicate a percentage of the Company's profits for CSR initiatives;
- b) ensuring that the CSR initiatives to be undertaken by the Company are conceived and implemented through a focused approach towards target beneficiaries for generating maximum impact;
- c) ensuring the implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting; and
- d) establishing guiding principles for selection, implementation and monitoring of activities as well as the formulation of the annual action plan for CSR initiatives.

### SCOPE

The Company will keep the CSR operations/initiatives limited to its core competency but will have the liberty of addressing more issues/concerns and other related areas that may directly or indirectly concern the Company.

The Company will bifurcate long term and short term CSR initiatives based on the dependence on the profit margins of the Company, its social goals under this CSR Policy, as well as the fulfillment of the current expenditure threshold of 2% (two percent) of Average Net Profit made during the 3 (three) immediately preceding financial years.

### KEY DEFINITIONS

1. **“Act”** means the Companies Act, 2013, as amended from time to time.
2. **“Average Net Profit”** means the profit calculated in accordance with the provisions of Section 198 of the Act.
3. **“Board”** means the board of directors of the Company, as constituted from time to time.
4. **“CSR Committee”** means the committee as constituted by the Board, from time to time, in compliance with Section 135 of the Act and the Rules.
5. **“CSR Policy”** means this policy made as per the Rules having a statement containing the approach and direction given by the Board, 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.

6. **“Eligible Agency / Entity”** means an entity or agency as prescribed under Rule 4 of the Rules.
7. **‘International Organisations’** means an organisation notified by the Central Government as an international organisation under section 3 of the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), to which the provisions of the Schedule to the said Act apply.
8. **“Net Profit”** as per the Rules means the net profit of the 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.
9. **“Net Worth”** as per the Act means the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.
10. **“Ongoing Project”** as per the Rules means a multi-year project undertaken by the Company in fulfilment of its CSR obligation having timelines not exceeding 3 (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 1 (one) year by the Board based on reasonable justification.
11. **“Rules”** mean the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time.
12. **“Turnover”** as per the Act means the gross amount of revenue recognised in the profit and loss account from the sale, supply, or distribution of goods or on account of services rendered, or both, by a company during a financial year.

Words and expressions used and not defined hereinabove but defined in the Act and / or Rules shall have the same meanings as assigned to them in the Act and / or Rules, as the case may be.

## **GUIDING PRINCIPLES FOR SELECTION, IMPLEMENTATION AND MONITORING OF ACTIVITIES**

The Company in its continuous efforts to positively affect society through social and economic development, has formulated policies for the selection, implementation and monitoring of CSR activities, which are based on the following guiding principles:

1. Relevance
  - Select projects, which are need-based, have positive affect on the community, bring inclusive growth and focus on sustainability, while also taking local issues into consideration.
2. Outcome-orientation
  - Design projects with clear objectives and planned outcomes, which result in long term social and economic impact
3. Implement CSR commitments:
  - Prepare and implement a CSR annual action plan;
  - Set measurable targets and identify performance measures;
  - Engage employees and others to whom CSR commitments apply;
  - Select Implementing partners, if required, after due assessment of their credibility, knowledge, domain expertise, local institutional relationships and their approach to sustainability;
  - Give due consideration to any material risk factors before selecting / initiating and during the implementation of the CSR projects. These risks should be duly mitigated and managed on a regular basis; and
  - Create internal and external communications plan.
4. Report on progress:
  - Measure performance through internal assessment as well as impact assessment through third parties, wherever applicable; and
  - Report on performance, internally and externally.
5. Evaluate and improve:
  - Evaluate performance; and
  - Identify opportunities for improvement.

## **CSR THRUST AREAS**

The CSR activities of the Company need to align with its business objective and global CSR policies and initiatives. This CSR Policy recognises that corporate social responsibility is not merely a compliance; it is a commitment to support the initiatives that measurably improve the lives of the underprivileged by one or more of the following focus areas as noted under Section 135 of the Act and the Rules.

In accordance with these primary objectives, the Company shall upon the recommendation of the CSR Committee and with the necessary approval of the Board, undertake CSR activities, which may include, but shall not be limited to, the following:

- Promoting education including special education and employment enhancing vocational skills to underserved children, men, women, elderly and the differently abled, and livelihood enhancement projects;
- Eradicating hunger, poverty, malnutrition, promoting health care including preventive health care and sanitation, including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation, and making available safe drinking water;
- Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care centers and such other facilities for senior citizens, and measures for reducing inequalities faced by socially and economically backward groups;
- 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 the Clean Ganga Fund set-up by the Central Government for rejuvenation of the river Ganga;
- 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;
- 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;
- Training to promote rural sports, nationally recognized sports, paralympics sports and olympic sports;
- Contribution to the Prime Minister's National Relief Fund or Prime Minister's Central 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 Schedule Tribes, other backward classes, minorities and women;
- 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;

- 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).
- Rural development projects;
- Slum development projects; and
- Disaster management, including relief, rehabilitation and reconstruction activities.

The above list is illustrative and must be interpreted liberally so as to capture the essence of CSR and the CSR Committee, duly constituted by the Board pursuant to Section 135 of the Act, is authorised to consider activities that may or may not fall in this list and also consider the activities which may be specified by the Ministry of Corporate Affairs from time to time under Schedule VII of the Act in exercise of its power under Section 135 of the Act.

The following activities shall not form part of the CSR activities of the Company:

- a. activities undertaken in pursuance of normal course of business of the Company;
- 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 or India at international level;
- c. contribution of any amount directly or indirectly to any political party or any funds directed towards political parties or political causes;
- d. activities benefitting only employees of the Company;
- e. activities supported on sponsorship basis for deriving marketing benefits; and
- f. activities carried out for fulfilment of any other statutory obligations under any law in force in India.

## THE GEOGRAPHICAL REACH

The Act provides that the company shall give preference to the local area and areas around where it operates, for spending the amount earmarked for CSR activities. The Company will thus give preference to conducting CSR activities in the State of Maharashtra, State of Gujarat, and such other state(s) in India wherein the Company has/will have its operations. However, the CSR Committee may identify such areas other than stated above, as it may deem fit, and recommend them to the Board for undertaking CSR activities.

## ANNUAL SPENDS/ ALLOCATION OF FUNDS

The Company may spend not less than 2% (two percent) of the Average Net Profits of the Company generated during the 3 (three) immediately preceding financial years (“**CSR Amount**”). The surplus arising out of the CSR activity will not be part of business profits of the Company and shall be ploughed back into the same project, or shall be transferred to the Unspent Corporate Social Responsibility Account and spent in pursuance of this CSR Policy and annual action plan of the Company, or the Company shall transfer such surplus amount to a Fund specified in Schedule VII of the Act, within a period of 6 (six) months of the expiry of the financial year.

If the Company fails to spend the CSR Amount, the Board shall, in its report under Section 134(3)(o) of the Act, shall specify the reasons for not spending the amount and unless the unspent amount relates to any Ongoing Project, the Company shall transfer such unspent amount to a Fund specified in Schedule VII of the Act, within a period of 6 (six) months of the expiry of the financial year.

Any amount remaining unspent, pursuant to any Ongoing Project, fulfilling such conditions as prescribed under the Act, undertaken by the Company in pursuance of this CSR Policy, shall be transferred by the Company within a period of 30 (thirty) days from the end of the financial year to a special account to be opened by the Company in that behalf for that financial year in any scheduled bank to be called the **Unspent Corporate Social Responsibility Account**, and such amount shall be spent by the Company in pursuance of its obligation towards the CSR Policy within a period of 3 (three) financial years from the date of such transfer, failing which, the Company shall transfer the same to a Fund specified in Schedule VII of the Act, within a period of 30 (thirty) days from the date of completion of the third financial year.

If the CSR Amount spent by the Company is in excess of the requirement as laid down under Section 135(5) of the Act, such excess amount may be set-off against the requirement of the CSR spending under Section 135(5) of the Act up to the immediate succeeding 3 (three) financial years, subject to the conditions that:

- a) the excess amount available for set-off shall not include the surplus arising out of the CSR activities; and



b) the Board shall pass a resolution to that effect.

In the event, the Company ceases to be covered under the CSR Criteria for 3 (three) consecutive financial years, then it shall not be required to comply with the CSR compliances prescribed under Section 135 of the Act, till such time it meets the CSR Criteria. However, the Company may voluntarily elect to engage in CSR activities per this CSR Policy.

The Board may approve the CSR Amount to be spent after the due approval of a project by the CSR Committee.

### **CAPITAL ASSET**

The Company can spend the CSR Amount for creation or acquisition of a capital asset, which shall be held by:

- a) a company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number under Rule 4(2) of the Rules; or
- b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
- c) a public authority;

Provided that any capital asset created by the Company, if any, prior to January 22, 2021, shall within a period of 180 (one hundred and eighty) days from the said date comply with the abovementioned paragraph, which may be extended by a further period of not more than 90 (ninety) days with the approval of the Board based on reasonable justification.

### **CSR COMMITTEE**

The CSR Committee is the governing body that will articulate the scope of CSR activities for the Company and ensure compliance with this CSR Policy. The CSR Committee shall consist of 2 (two) or more directors.

The CSR Committee shall:

- a) formulate and recommend to the Board, a CSR policy and activities to be undertaken by the Company in areas or subject, as specified in Schedule VII to the Act;
- b) review and recommend the amount of expenditure to be incurred on the activities; and
- c) monitor the CSR policy of the Company from time to time.

The CSR Committee shall also formulate and recommend to the Board, an annual action plan in pursuance of this CSR policy, which shall include the following:

- a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects as specified in Schedule VII of the Act;
- b) the manner of execution of CSR projects or programmes in accordance with Rule 4 (1) of the Rules;
- c) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
- d) monitoring and reporting mechanism for the projects or programmes; and
- e) need for impact assessment, if any, for the projects undertaken by the Company.

Further, the Board may alter such plan at any time during the financial year, as per the recommendation of the CSR Committee, based on the reasonable justification to that effect.

The CSR Committee shall meet as and when required to discuss and review CSR activities and this CSR Policy. A quorum of 2 (two) members is required to be present for the proceedings to take place. The CSR Committee members may attend the meeting physically or via such audio-visual means as permitted under the Act and the rules made thereunder. A resolution shall be valid and effective as if it has been passed at a meeting duly called and constituted, if it is passed by circulation by an affirmative majority vote of the members of the CSR Committee. The resolution passed by the circulation shall be recorded in the minutes of the subsequent meeting of the CSR Committee.

#### **SOURCE OF FUNDS**

Considering the requirement to spend as mandated by the Act, the CSR budget of the Company may change every year based on the Average Net Profit made during the 3 (three) immediately preceding financial years.

#### **IMPLEMENTATION AND MONITORING**

The CSR Committee may identify one or more Eligible Agencies / Entities, which will implement the proposed CSR initiatives on the ground or assist the Company, through training or otherwise, in implementing the same ("**CSR Partner(s)**").

The Company will implement all approved projects / programmes as per the directions of the CSR Committee, subject to the approval of the Board. These projects will be executed either directly by the Company and/or through CSR Partner(s).

## **I. Project Selection Criteria**

The following parameters shall be taken into consideration at the time of selecting programs/CSR Partners/projects for the Company.

1. *Alignment with this CSR Policy:* Does the program address at least one or more of the pre-determined focus areas of the Company?
2. *Community Impact:* Does the program benefit a vulnerable community in a positive way and help the community move towards sustainable social or economic independence?
3. *Financial Need:* Does the program proposal demonstrate that there exists a real need for financial assistance for the proposed project?
4. *Management Capability:* Does the current organisational structure of the Eligible Agency reflect integrity and capability in administering the proposed programme in a fair and transparent manner?
5. *Inclusive Growth:* Does the Eligible Agency promote inclusive growth?
6. *Innovative Solutions:* Is the project promoting innovative ways to provide long-term benefits?
7. *Measurable Results:* Does the project envisage producing measurable results, which are quantifiable and have feasible monitoring and evaluation indicators with the ability to be tracked?
8. *Sustainability:* Does the project showcase potential for replicability, scalability and sustainability?
9. *Exit:* Does the project have a clear exit strategy?

While the CSR Committee will have the primary responsibility to identify potential CSR projects/ CSR Partners, the Company employees in general are also encouraged to suggest/refer projects and CSR Partners to the CSR Committee.

## **II. Initial Screening**

The CSR Committee either directly or through concerned / appointed officers shall conduct an initial screening to establish minimum track record, general reputation, compliance status and alignment of proposed project to this CSR Policy and other internal policies and controls of the Company.

Once the initial checks are positive, the proposal will be sent to invite the Eligible Agency to make an application. An invitation to enter the formal application process does not imply that the project will be approved. This shall be made clear to the applying Eligible Agency.

## **III. Grant Application Process**

1. Project applications shall be made on a specified application form.
2. Each request for approval shall be made in a formal manner with original signatures and attachments for audit and record-keeping.

3. Each project shall have provisions for monitoring and impact valuation and shall provide periodic implementation reports.
4. Each project application shall be evaluated on its own merits and shall be required to be in compliance with the CSR Policy and its objectives.

#### **IV. Grant Appraisal Process**

1. The duly filled application shall be submitted to the CSR Committee.
2. The CSR Committee may request further information and documentation, as appropriate.
3. Due diligence checks and reviews on the Eligible Agency including field visits shall be performed to ensure that it meets the criteria of selection.
4. A thorough appraisal of the project design and objectives shall be performed to ensure its feasibility.
5. The CSR Committee may ask for meetings with the project representatives as part of its appraisal process.

#### **V. Grant Approval Process**

1. Once a project is identified and the selection criteria are fully met, the final project proposal will be discussed by the full CSR Committee.
2. The CSR Committee will review the project application and have the right to approve/ reject the proposal or ask for more information/amendments in the proposal.
3. Upon in-principal approval by the CSR Committee, subject to all internal controls being satisfied, the Company will enter into a Memorandum of Understanding (MoU) with the Eligible Agency for the project.
4. The proposed MoU shall be sent to legal, compliance, tax and any other department as required, for clearance. It shall then be sent to the CSR Committee for final approval before it is presented to the finance department for disbursement of grant/funds.
5. The CSR Committee shall follow up to obtain an original copy of receipt or acknowledgement of payment.

#### **VI. Project Implementation**

The CSR Committee shall determine the execution modality of a selected CSR program including the details relating to the time period / duration over which the particular program will be spread and, depending upon the nature of the program, the extent of coverage and the intended impact of the program. The execution modalities will be incorporated in the MoU signed between the Company and the grantee.

#### **VII. Project Monitoring and Evaluation**

The CSR Committee shall institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company. The monitoring process shall include the following:

1. Regular reports by the Eligible Agency – funds utilisation reports, beneficiary progress report, intermediate and final impact reports, audited annual reports, etc.
2. Annual monitoring visits
3. Project Evaluation Report
4. Project Impact Assessment – Subject to and in accordance with the terms set forth under the “Reporting and Disclosures” section below, the Eligible Agencies shall submit their audited reports to the Company.

### **VIII. Project Closure**

All CSR activities must be documented and in line with the requirements of this CSR Policy.

### **IX. Project Reporting**

Half-yearly updates and an annual review of CSR projects shall be sent to members of the CSR Committee and also furnished to the Board.

The Company may also engage International Organisations for designing, monitoring and evaluation of the CSR projects or programmes as per this CSR policy as well as for the 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 the Rules.

## **RESPONSIBILITIES OF THE BOARD AND CERTIFICATION**

The Board shall satisfy itself that the funds so disbursed for CSR activities have been utilised for the purposes and in the manner as approved by the Company and the Chief Financial Officer or the person responsible for financial management shall certify to that effect.

In case of Ongoing Project, the Board:

- a) shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation; and
- b) shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

If a project that was initially not approved as a multi-year project, extends beyond 1 (one) year, the Board may, based on reasonable justification, approve the extension of the said project which will thereafter be considered an Ongoing Project.

The Board shall ensure that the administrative overheads shall not exceed 5% (five percent) of the total CSR expenditure of the Company for the financial year. The tax treatment of CSR expenditures will be in accordance with the provisions of the Income-tax Act, 1961.

## **REPORTING AND DISCLOSURES**

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 1 (one) year before undertaking the impact study, or in the case where the Company has an average CSR spend of Rs.10 crores or more in pursuance of section 135(5) of the Act, in the 3 (three) immediately preceding financial years.

In case the Company undertakes impact assessment, the Company may book the cost of abovementioned agency towards CSR expenditure for that financial year, which shall not exceed 5% (five percent) of the total CSR expenditure for that financial year or Rs. 50 lakhs, whichever is less.

Apart from the reporting requirement as mentioned hereinabove in this CSR Policy, following regulatory disclosure requirements also need to be complied in relation to CSR activities of the Company.

- a) The Board shall mandatorily disclose the composition of the CSR Committee, CSR Policy and CSR projects approved by the Board on the Company's website, if any, for public access;
- b) The Board's report shall include an annual report on CSR activities in prescribed format containing specified particulars as prescribed in the CSR Rules, that is, a brief outline of this CSR Policy, its content, the Average Net Profit and the prescribed CSR expenditures, etc.;
- c) If the Company fails to spend the prescribed amount, the Board shall, in its report, specify the reasons for not spending the amount;
- d) The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR of the Company, if applicable; and
- e) The Company shall file with the Registrar of Companies an Annual Report of CSR activities undertaken along with the audited Financial Statements for the period under review.

The Company will follow the applicable accounting, auditing and reporting practices.

## **BREACH OF THIS CSR POLICY**

When there is evidence of a breach of this CSR Policy, the details of the breach shall be reported to the Chairman/Managing Director of the Company by the CSR Committee. The Board or an officer appointed by the Board shall then conduct an investigation to determine the circumstances and extent of the breach and report the same to the CSR Committee. The Board or an officer appointed by the Board shall make recommendations to the Chairman/ Managing Director to take such action/ remedial measure as decided by the Board or an officer appointed by the Board.

## **AMENDMENTS TO THIS CSR POLICY**

The Board, on its own and/or as per the recommendations of the CSR Committee, can amend this CSR Policy, as and when required as deemed fit. Any or all provisions of this CSR Policy would be subject to revision/amendment in accordance with the CSR Regulations as may be issued by relevant statutory authorities, from time to time.