

## **Corporate Social Responsibility (CSR) Policy**

*(Reviewed and Approved by the Board of Directors on March 31, 2023)*

### **(A) INTRODUCTION**

Section 135 of the Companies Act (the "Act") read with Companies (Corporate Social Responsibility Policy) Rules, 2014 ("CSR Rules") provides for formulation of a Corporate Social Responsibility Policy ("CSR Policy") which shall indicate the activities to be undertaken by the company in areas or subject, specified in Schedule VII of the Act.

### **(B) DEFINITIONS**

- (i) **Administrative overheads** mean 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;
- (ii) **Board** means Board of Directors of KLM AXIVA Finvest Ltd;
- (iii) **Company** means KLM AXIVA Finvest Ltd;
- (iv) **CSR Activities** means the activities defined in the policy;
- (v) **CSR Committee** means the Corporate Social Responsibility Committee of the Board;
- (vi) **CSR Policy** means the 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;
- (vii) **Financial year** means the period ending on the 31st day of March every year;
- (viii) **Funds**: Until a fund is specified in Schedule VII of the Act, for the purposes of subsection (5) and (6) of section 135 of the Act, the unspent CSR amount, if any, shall be transferred by the company to any fund included in schedule VII of the Act;
- (ix) **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;
- (x) Words and expressions used and not defined above but defined in the policy shall have the same meanings respectively assigned to them in the Act.





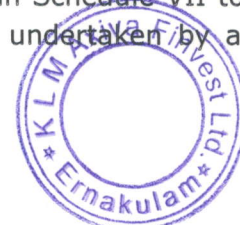
**(C) CSR COMMITTEE**

As per Section 135 (1) of the Act, 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 during the immediately preceding financial year shall constitute a CSR Committee of the Board consisting of three or more Directors, out of which at least one director shall be an independent director.

Accordingly, the Board has constituted a CSR Committee with 3 directors out of which one is an independent director. Any subsequent reconstitution to the Committee without violating the said criteria shall be made with the approval of the Board from time to time.

**(D) CSR ACTIVITIES:**

- (i) Promoting preventive and general health care, sanitation and provision of safe drinking water;
- (ii) Promoting education by providing financial assistance to deserving educational institutions, meritorious and needy students, including special education and employment enhancing vocation skills, especially among children, women, elderly and the differently abled; promoting livelihood enhancement projects and road safety projects with special emphasis on driver training programmes;
- (iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care Centre and such other facilities for senior citizens.
- (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;
- (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) Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- (vii) Contributing to rural development projects; and
- (viii) Such other activities, projects and funds covered in Schedule VII to the Act from time to time and shall not include the activities undertaken by a Company as expressly provided in Rule (2) (d) of CSR rules.





**(E) CSR EXPENDITURE:**

- (i) The company shall spend, in every financial year, at least two per cent. of the average net profits of the company made during the three (3) immediately preceding financial years in line with the CSR Policy.

For this purpose, "average net profit" shall be calculated in accordance with provisions of Section 198 of the Act.

- (ii) The Company shall give preference to the local area(s) in and around our offices in India.

**(iii) Unspent Amount**

If not relating to an ongoing project undertaken by the company in pursuance of its CSR Policy, shall:

- transfer such unspent amount to a Fund specified in Schedule VII of the Act, within a period of six months of the expiry of the financial year

In case, the company has any unspent amount in relation to any ongoing project which might be undertaken by the Company, then the criteria specified in Section 135 (6) shall be followed for the treatment of any unspent amount.

**(iv) Surplus, if any**

Any surplus generated out of the CSR activities not to be added to the normal 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 CSR policy and annual action plan of the company 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.

**(v) Set Off**

In case, the company spends an amount in excess of the requirements as mentioned above, the company may set off such excess amount against the requirement to spend 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, if any.
- the Board of the company shall pass a resolution to that effect.





**(F) GOVERNANCE AND REPORTING**

The CSR Committee is responsible for the implementation and monitoring of CSR Activities with respect to the CSR policy.

**Roles and Responsibilities****(i) The Board shall:**

- disclose the composition of the CSR Committee in its report under sub-section (3) of section 134 of the Act;
- after taking into account, the recommendations made by the CSR Committee, approve the CSR Policy for the company and disclose contents of such Policy in its report and also place it on the company's website;
- ensure that the company spends, in every financial year, at least two per cent. of the average net profits of the company made during the three (3) immediately preceding financial years in line with the CSR Policy.
- ensure that the activities as are included in CSR Policy of the company are undertaken by the company;
- 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;
- include an annual report on CSR containing particulars specified in the Annexure to the CSR rules;
- satisfy itself that the amounts disbursed for CSR activities have been utilized for the purposes and in the manner as approved by it;
- In case, at least 2% of average net profit of the last three (3) years is not spent in a financial year, reasons for the same to be specified in its report as per Section 134 of the Act;
- ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year;
- ensure that the CSR activities are undertaken by the company itself or through any entities or others specified under sub-rule (1) of Rule 4 of the CSR rules.

**(ii) The CSR Committee shall:**

- formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the company in areas or subject, specified in Schedule VII of the Act;
- recommend the amount of expenditure to be incurred on the activities referred above;
- monitor the CSR Policy of the company from time to time;
- formulate and recommend to the Board, an annual action plan in pursuance of its CSR Policy.





**(G) MODALITIES AND IMPLEMENTATION SCHEDULE FOR EXECUTION OF PROJECTS OR PROGRAMS OR CSR ACTIVITIES**

The CSR activities of the Company shall be undertaken by the company itself or through any entities or others specified under sub-rule (1) of Rule 4 of the CSR rules.

The Whole-time Director or the Chief Financial Officer of the Company shall certify that the amounts disbursed as stated above have been utilized for the purposes and in the manner as approved by the Board.

In case the Company undertakes any project (ongoing), the Board shall 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.

The implementation Schedule for CSR activities will be dependent on the availability of eligible projects.

**(H) WEBSITE DISCLOSURES**

The Company shall mandatorily disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on their website, if any, for public access.

**(I) AMENDMENTS/MODIFICATIONS OF POLICY**

The CSR policy of the company may be amended at any time by the board of the company on the recommendation of the CSR committee. This Policy is in conformity with the provisions of the Act. However, if, due to subsequent changes in the Act, a particular clause or any part thereof of the policy becomes inconsistent with the Act, the provisions of the Act shall prevail.

