

## **CORPORATE SOCIAL RESPONSIBILITY POLICY**

### **1. BACKGROUND**

When Usha Martin Ltd. (“Usha Martin”) commenced business in 1962, the Founders vision was to be a global company and a world leader in manufacturing wire ropes. Amongst many challenges that lay in the pathway of achieving that vision, was awareness that it would not succeed as a global company and world leader by just being an island of prosperity in a sea of poverty and discontent outside its factory gates in Jharkhand.

For several years the Founders of Usha Martin searched for answers to achieve inclusive growth that eliminates discontent in a manner that could be sustained over generations and scalable across as wide a population that our capabilities would allow. It is a long-standing observation that India is essentially two countries – one fuelling the drive for urbanization in India’s burgeoning cities and another striving for development in the vast rural landscape of Bharat.

It is indeed a great divide, and one that has seemed to widen over the past four decades. Pursuing inclusive growth to bridge this gap was one of the reasons why the Founders of Usha Martin set up Krishi Gram Vikas Kendra (“KGVK”) as a registered society under the Societies Registration Act, 1860, in Jharkhand in 1977. For KGVK the Founders vision was that it would deliver the social development and economic growth commitment of Usha Martin to rural Jharkhand. To do so it was envisaged that KGVK perform its activities and to start with, in near and adjacent areas of Usha Martin’s plants and operations. However, to make a real and sustainable difference to rural Jharkhand, KGVK would perform activities across as many geographical areas as its resources and capabilities would allow. Accordingly, mobilizing the community and its available resources, we sought to find a way to ensure sustainable development in the region. In the intervening years, we have achieved some of the goals we had set for ourselves. And a lot remains to be done. In the beginning Usha Martin’s corporate social responsibilities (“CSR”) had attributes of pure philanthropy, and contributed to other non-government organizations (“NGOs”) to implement various CSR projects. The results were a mixed success until the early 1990s when KGVK became more project-oriented engaging with various institutions to understand the felt needs of rural communities that would make a real measurable difference in their lives.

KGVK’s philosophy is market-based bottom-up approach of integrated interventions that are multi-disciplinary and integrated to effectively deliver the impact on poverty reduction strategies.

KGVK’s model is conscious about abdication of personal financial gain and tends to support social entrepreneurship among the communities by advocating effective use of resources and available capital which is in sharp contrast with the conventional charity approach. Decades of government-led and entitlement-based

approach to charity towards the local communities of Jharkhand yielded poor results. Human Development Index (HDI), per capita income, per capita consumption and other socio-economic indicators for the local community was abysmally low. Secondary data from different official reports and websites provided enough material to preliminarily analyze the broader trends of socio-economic conditions of local communities.

The needs were many and were basic in nature. While others take these for granted but the reality is that we cannot deliver on rural development unless we develop water infrastructure for drinking and agriculture; provide access to energy; stabilize the domestic environment by tending to the health needs of the mother and child and deliver education; empower women towards an earnings based vocation; build capacity through training and create market linkages to enable an opportunity to increase income.

KGVK drew relevance from its core expertise where multiple skills in diverse domains were brought together in a unifying methodology. In 2008, this culminated into the Founders of Usha Martin and KGVK developing an integrated approach through Total Village Management model (“TVM”). The TVM model is a distillation of the experience with the various disciplines of Total Quality Management which at its core requires looking at solutions systemically and holistically. Today and long before the CSR norms of the Companies Act 2013 were introduced, TVM is Usha Martin’s CSR Philosophy and Policy executed on its behalf with the domain expertise developed in KGVK. The model is depicted in **Annexure [A]**.

KGVK’s delivery model of TVM is based on strong business principles adapted to the rural setting. It focuses on eight key areas: natural resources management, education, renewable energy, livelihood, women's empowerment, capacity building, resource mobilization, infrastructure development, and health, nutrition and sanitation.

The TVM model in Annexure A represents the tangible components of the focus of CSR areas. However an inherently complex multi-dimensional CSR effort is uncommon amongst most corporates in India and its success requires the building of many values, mindsets and enablers. Included in Annexure [A-1] is a document prepared by Professor Shoji Shiba of Japan (after visiting KGVK’s Villages), an internationally reputed authority on Total Quality Management and a recipient of the Individual Deming Award. Annexure [A-1] is a rendition of the enablers of TVM – the soft and intangible attributes of KGVK built over 40 years of dedicated work. An endeavor such as TVM requires the measurement of impact. Annexure [A-2] contains a depiction of the method of measuring impact through KGVKs pioneering development of the system of measuring the Social Return on Interventions (SROI). It is an integral part of the TVM model. This enables Usha Martin to measure the impact of its CSR contributions.

Usha Martin's CSR policy is steeped in a 40-year history and experience of different pathways explored long before CSR became a regulatory requirement.

## **2. GENERAL INTRODUCTION**

The value underpinning all business and social actions at Usha Martin and KGVK is to serve the society, ensuring that all its programs integrate economic, environmental and social performance drivers. Usha Martin's focus remains steadfast on the efficient deployment and utilization of resources - people, processes and materials whilst its operations and presence lead to an improvement in the quality of life of the communities it serves. An enduring legacy of sustainability, this focus is articulated in the two components of its vision – value creation and corporate citizenship.

Usha Martin operates pan-India, and sustainability initiatives and programs are implemented according to the specific needs of diverse groups. Usha Martin, through KGVK has always sought to address the social, economic and environmental concerns for inclusive growth and capacity building measures for all its stakeholders through its CSR activities.

Usha Martin has major customer relationships worldwide. It has a significant number of international customers material to the company's revenues, who are committed to sustainability initiatives regulated in the jurisdictions of their home countries. Consequently, a majority of international customers have a 'responsible supplier policy'. Accordingly, a strategic business objective in serving its international customers is enabled by its CSR policy and Usha Martin's commitment to being evaluated and classified as a 'responsible global supplier'.

The CSR Policy has been framed keeping in mind the philosophies of the Company in Doing Good in its area of operations and its strategic customer relationship management business objective of being a 'Responsible Global Supplier'.

## **3. CSR MISSION& STRATEGY**

To achieve inclusive growth in our areas of operations and neighboring communities through integrated community and rural development that is sustainable, scalable and adaptable by transforming beneficiaries to become producers, entrepreneurs and customers. This is also the mission of TVM as executed by KGVK.

## **4. GUIDING PRINCIPLES**

By meaningfully engaging in socio-economic development through active expansion of liberal market, Usha Martin has continuously strived to protect, respect and provide remedy to social, ethical and environmental issues involved in the conduct of business.

Usha Martin's CSR Policy outlined hereunder covers the objectives and reasons behind framing a robust policy. The content and substance of CSR in the business context and the relationship of ethics to concepts of corporate or enterprise social responsibility is, however, difficult to define. The purpose of this CSR Policy is to look at these concepts, primarily as manifested in Companies Act, 2013 ("Companies Act") and regulation, with a focus on governance requirements relating to administration and execution of CSR activities.

Additionally, it also provides insights into the governance model of the CSR Policy, identifies certain key building blocks for initiating and executing CSR policies. The structure and composition of the CSR Committee, its policies and execution has been discussed at length in the CSR Policy and due care has been taken, at the time of drafting the CSR Policy, to make it all-inclusive and consistent with the CSR provisions as contained in the Companies Act.

The objective of Usha Martin's CSR Policy is to ensure that the levels of economic, legal, ethical and discretionary activities of Usha Martin is in line with the values as set out under Section 135 of the Companies Act, Companies (Corporate Social Responsibility) Rules, 2014 ("CSR Rules") and Schedule VII of the Companies Act ("Schedule VII") marked as Annexure-B.

For Usha Martin, CSR is the commitment of its businesses to contribute to sustainable economic development by working with civil society organizations, local community and society at large to improve their lives in ways that are good for business and development. Thus, implicit in Usha Martin's understanding of CSR is the recognition of the importance of sustainable behavior where it consistently operates in a manner that increases the social impact to society and stakeholders concerned, and at the same time adheres to the CSR mandate as contained in the Companies Act.

Usha Martin is committed to the establishment and maintenance of best practices in CSR that are designed to achieve Millennium Development Goals ("MDGs") by engaging with its employees, and communities at large.

Usha Martin strives to use corporate image and efforts to engage and comply more meaningfully with CSR laws and regulations, as prescribed under the Companies Act. Any system can be as good as the people who run it; and Usha Martin is blessed with talented human capital. It is Usha Martin's belief that engaging into CSR activities could be profound as it follows a robust CSR Policy and programs.

## **5. CSR PROCESS**

Usha Martin's CSR process contemplates following the TVM model which balances social development with economic growth and environmental sustainability. The key assumption to TVM is that social development and economic growth are not mutually exclusive, and that CSR mission is achieved only when both the

components work together in harmony. An integrated development process is inherently complex to plan, execute and sustain. KGVKs role in providing Usha Martin CSR services is enabled by being specially skilled and accomplished in delivering the objectives of TVM.

An essential part of Usha Martin's CSR funding process is the leveraging of Usha Martin's contributions with the contributions of government agencies, private foundations and the recipient community in a partnership model. To execute this objective, KGVK implements a P4 model of public, private, people in partnership.

The P4 model acts as a force multiplier by enabling KGVK to extend TVM across multiple districts and villages. In this manner it executes the vision of the Founders of Usha Martin that they and the company would strive to contribute to the social development and economic growth of rural Jharkhand. It also helps secure Usha Martin's reputation as a 'responsible global supplier' by extending its commitment through KGVK to the wider community.

## **6. INTERPRETATION**

- i. "Corporate Social Responsibility Committee" or "CSR Committee" shall mean a committee constituted by the Board of Directors as per the provisions of Section 135 of the Companies Act read with the CSR Rules, 2014.
- ii. "CSR activities" relates to activities enumerated in Schedule VII of the Companies Act.
- iii. "CSR Policy" relates to the activities to be undertaken by Usha Martin as specified in the Schedule VII to the Companies Act and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of a company.
- iv. "Net Profits" means net profit before tax as per books of accounts, computed as per section 198 of the Companies Act and shall not include profits arising from branches outside India.
- v. "CSR Projects" shall mean such CSR projects which are selected by the CSR Committee to be pursued by the Company within the territory of India.
- vi. "CSR Spend" shall mean 2% or higher percentage as may be decided of the average Net Profits of the last three financial years in relation to the financial year in question. In case no profit was made during the aforesaid period, such CSR Spend shall be the amount as decided by the Board.
- vii. "CSR Funds" shall mean expenditure incurred to carry out CSR projects.

## **7. POLICY STATEMENT**

This CSR Policy lays down a detailed CSR framework and commitments for Usha Martin and sets forth the policies and procedures developed by Usha Martin pursuant to the CSR Rules, 2014, notified by the Central Government of India under the Companies Act and effective as of April 1, 2014, and as amended or supplemented from time to time.

### **Usha Martin's involvement in CSR activities**

Usha Martin shall make every endeavor to carry out CSR activities as enumerated under Annexure- B to this policy. While planning to undertake activities under CSR and/or during actual execution of CSR projects, either on its own or through any specialized agency/(ies), Usha Martin shall make every endeavor to focus on the local areas in and around where the company operates, but may also choose to implement CSR Projects or make contributions that might have benefits on a national scale as well. The CSR spend shall equal to at least two per cent (2%) of the average net profits made by Usha Martin during the immediately preceding three financial years, as reported on Usha Martin's annual report in each year, provided that, in determining "net profit"(as defined above) for any given year, any dividend income received from another Indian company or any profits arising out of its offices, subsidiaries or affiliates located outside of India, should be excluded.

## **8. FORMATION OF CSR COMMITTEE**

Usha Martin has established a Corporate Social Responsibility Committee ("CSR Committee") to report to the Company's Board of Directors ("Board"), which is responsible for upholding the CSR Policy and executing the related procedures outlined herein. The CSR Committee comprises of the following members:

- [insert name] and [insert name].
- [insert name] shall act as the Chairman of the CSR Committee.

### **8.1. Governance, Monitoring and Evaluation**

Usha Martin will require KGVK to report quarterly on the usage of CSR Funds. KGVKs statutory audits maybe supplemented through other independent verification and audits. Usha Martin will also require KGVK to setup, implement and report on the Impact of CSR funds as evidence of its effectiveness in executing TVM objectives.

Usha Martin reserves the right to appoint members from its Board of Directors to the Governing body of KGVK. As of March 31, 2015 the following members of the Board of Directors of Usha Martin include the Founders are also members of the Governing Board of KGVK:

- i. Mr. Basant Kumar Jhawar (Founder and Chairman Emeritus of Usha Martin and President of KGVK)

- ii. Mr. Brij Kishore Jhawar (Founder and Director of Usha Martin and Vice President of KGVK)
- iii. Mr. Prashant Jhawar (Chairman of Usha Martin and Member of the Governing Board of KGVK)
- iv. Mr. Rajeev Jhawar (Managing Director of Usha Martin and Member of the Governing Board of KGVK)
- v. Ms. Ramni Nirula (Director of Usha Martin and member of the Governing Board of KGVK)

## **8.2. CSR Funds Usage**

Usha Martin shall allocate its CSR funds to KGVK each financial year in accordance with the CSR Rules, and shall retain no such amounts for its own use or in its own accounts. For the avoidance of doubt, in the event that any budget surplus does arise out of any CSR Projects or remain after all expenditures of CSR Funds have been completed in any financial year, such surplus shall not form part of the business profits of Usha Martin.

For the avoidance of doubt, the CSR activities of Usha Martin shall not include: (i) direct or indirect contributions of any of the CSR funds to any political party; (ii) any CSR activities or CSR projects otherwise conducted in the ordinary course of business of Usha Martin; (iii) any CSR activities or CSR Projects conducted solely for the benefit of employees or their families; or (iv) any CSR activities or CSR Projects conducted or intended to benefit persons outside India.

If the CSR Committee decides in any year that it wishes to recommend to the Board that Usha Martin implement and run a CSR Project in its own direct capacity, without the use or assistance of KGVK, then CSR Committee shall revise the CSR Policy so as to reflect any additional requirements of the Companies Act that may apply to such CSR Project, and shall provide the Board with a detailed report on all ethical, social, legal, economic and other issues to be considered in connection therewith including a comparative analysis of reasons for preferring a third party other than KGVK.

## **8.3. Annual Fund Allocation Procedures**

Before the first quarter of every fiscal year, KGVK shall submit to its 2 Year (1+1 Tentative) plans for the upcoming fiscal year to the CSR Committee for approval. The CSR Committee, after consideration, shall seek approval of the Board of Directors of Usha Martin towards the CSR expenditure for the fiscal year.

In addition, any year the CSR Committee may choose the Prime Minister's National Relief Fund, or any similar fund set up by the Central / State Governments for a part of its CSR fund allocation keeping in view long term

initiatives being implemented by KGVK.

In any financial year if the CSR expenditure norms are not met on account of an inadequacy of profits, the CSR Committee may evaluate the risks and benefits of reducing its CSR expenditure and its recommendation to the Board of Directors for the related fiscal year will be presented accordingly. Such recommendations may include a consideration to retain but not increase, reduce but not totally eliminate existing CSR expenditure levels. This aspect of the policy recognizes that whereas a decline in operational results are reversible and short term, the unplanned and abrupt discontinuance of long term community service programs implicit in Usha Martin's CSR strategy would prove detrimental to its long term business interests of remaining as a qualified 'responsible global supplier' to its international customers.

These recommendations shall be signed by the Chairman of the CSR Committee.

8.3.1. KGVK is strictly prohibited to use any part of the CSR funds to provide money or gifts, or any other things of value directly or indirectly to anyone in order to improperly influence any act or decision relating to any CSR activities including by assisting any party to secure an improper advantage.

8.3.2. All the parties shall comply with all anti-corruption laws, rules and regulations of India.

#### **8.4. ANNUAL REPORT**

For every financial year, Usha Martin shall prepare an annual report on the CSR Activities in the format set forth in Annexure-C hereto. Such report shall include, at a minimum: (i) a brief outline of the CSR Policy; (ii) the composition of the CSR Committee;(iii) the average net profit of Usha Martin for the three (3)immediately preceding financial years; and (iv)CSR funds available for such financial year, calculated in accordance with the CSR Rules. Usha Martin has been unable to spend the entire CSR funds on CSR activities or CSR Projects as envisaged under the Companies Act or CSR Rules, the report shall specify the reasons therefor. Also, if in any year Usha Martin's CSR contribution exceeds the levels required in compliance with the Companies Act 2013, disclosure of the same along with material reasons for the same will be disclosed in the annual report of Usha Martin and the company's website.

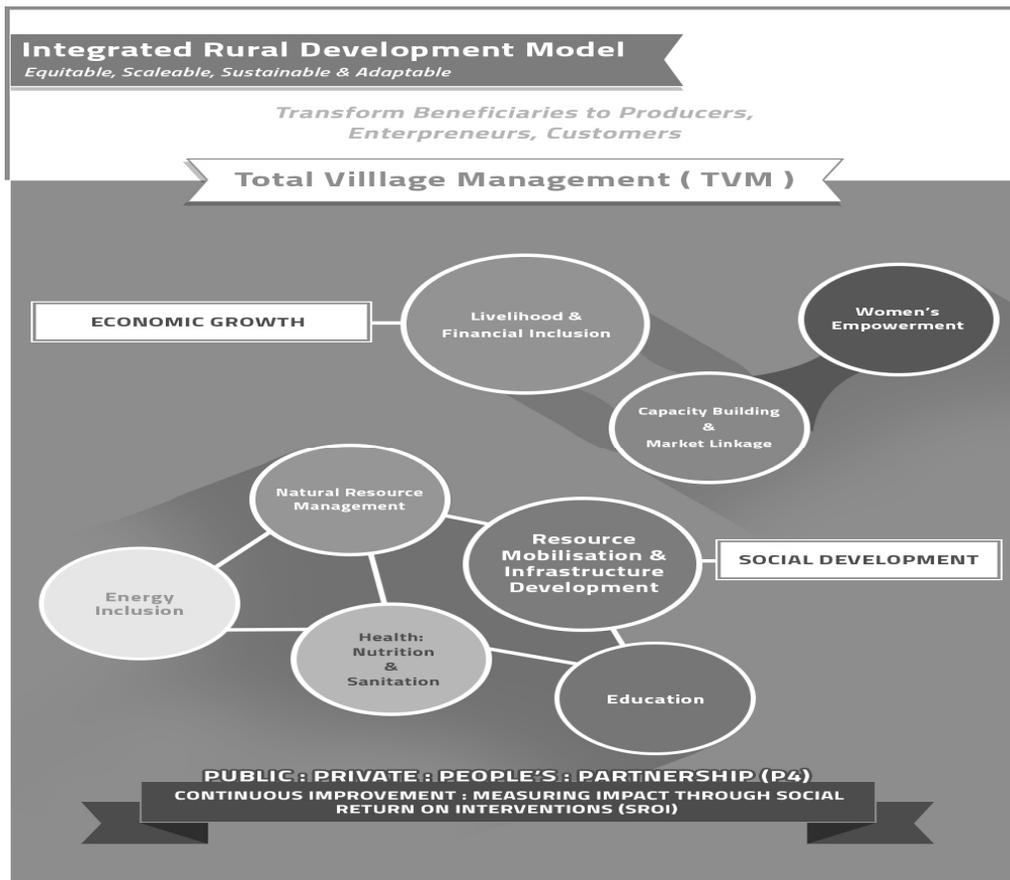
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This Policy is in supersession of the CSR Policy earlier adopted by the Board of Directors on 30<sup>th</sup> January 2015.

The CSR Policy shall at all times be subject to the approval of the Board and Usha Martin shall display the CSR Policy on Usha Martin's website. If you have any questions on this Policy, please contact a member of the CSR Committee.

**Total Village Management (TVM) Model**

Rural development is a complex issue as it involves interdisciplinary and inter-institutional efforts, as through which the desired comprehensive rural development models can be evolved. Such interdisciplinary and inter-institutional efforts fall broadly under three major areas, namely, the natural resources, physical resources and the economic resources. The natural resources form the basis for all rural development. Again a hierarchy of resources like minerals, metals, oil, water, soil, forest and biomass and ecosystems, which obviously involve inputs from a large number of departments and agencies. Similarly, the physical resources / facilities / infrastructure related to rural development include issues like education, health, women empowerment, irrigation, drinking water, power, civil supply, transported which needs to be taken care of. Again, such physical resources too involve a large number of departments. As far as the economic resources are concerned, they involve a huge number of variables including demography, socio-economics, population distribution and status of literacy.



Usha Martin's Integrated rural development/ TVM model is an ongoing process involving outside intervention and local aspirations; aiming to attain the betterment of

groups of people living in rural areas and to sustain and improve rural values; through the redistribution of central resources, reducing comparative disadvantages for competition and finding new ways to reinforce and utilise rural resources.

**The TVM Model is a diagrammatic representation of KGVKs Theory of Change.**

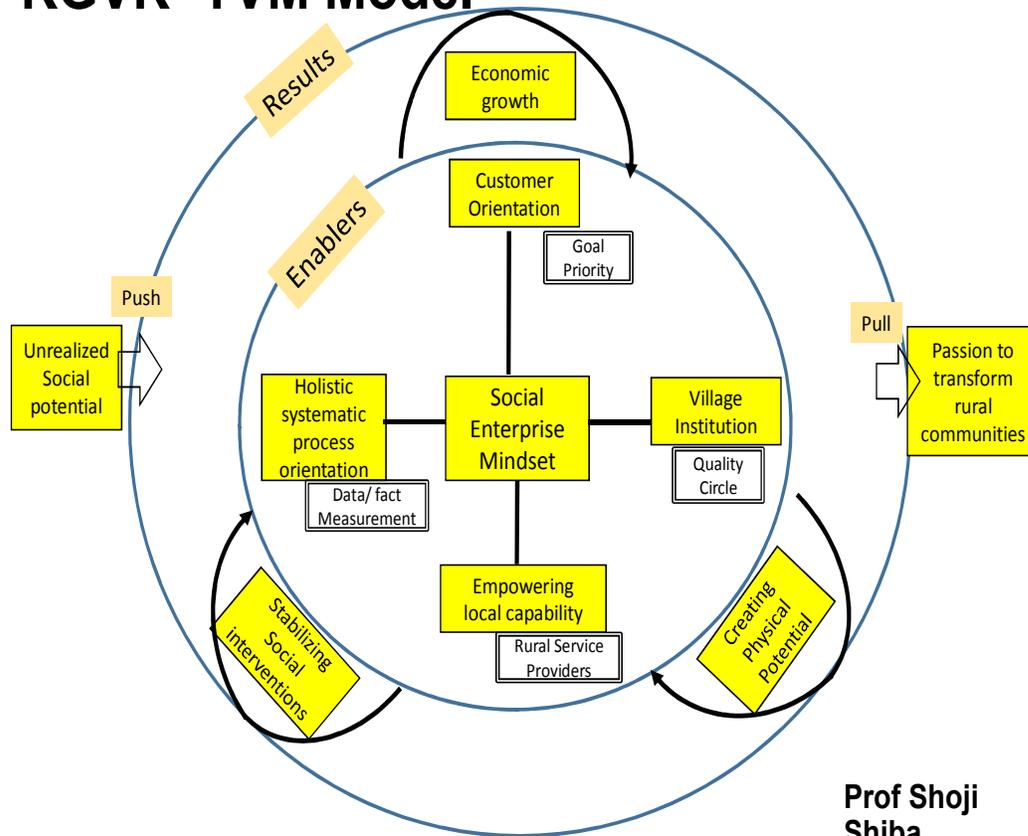
The table below maps the TVM model to the six elements of the Theory of Change.

Theory of Change Elements	Total Village Management Model	What is the Payoff for Usha Martin
Final Goal – What is KGVK accountable for?	Transform Beneficiaries to Producers, Entrepreneurs & Customers.	Long term measurable transformation in its area of operations and beyond through an Integrated Rural Development Model that is Equitable, Scalable, Sustainable & Adaptable.
Intermediate Outcomes – what are the changes that will be experienced before achieving the Final Goal	Measuring Impact Through Social Return on Interventions (SROI) - refer to Exhibit-A1 for more details on intermediate outcomes that create potential and capacity and meet social challenges	Line of Transparency into the progress of funding efforts of Usha Martin and other funding partners that contribute to TVM implementation.
Activities – what are the activities or domain areas that will achieve outcomes	Balancing Social Development with Economic Growth – multiple activities as indicated in the graphic above.	The activities are all listed and in compliance with Section 135 of the Companies Act. All activities have measurable impact in the short-term and link logically to the long- term goal.
Assumptions	The key assumption is that social development and economic growth are not mutually exclusive. The Final Goal is achieved only when both components work together in harmony.	As a mature business so too in the social space Usha Martin’s CSR is perceived as taking a holistic view to achieving measurable results over the long term.
Enablers - what are the internal and external	The P4 model creates a partnership of public and private resources and	The external enablers ensure that Usha Martin is not alone in the mission of

<p>enablers that will achieve the outcomes</p>	<p>ownership of the people at whom TVM is targeted - it is a ‘force multiplier’ as an external enabler. The key internal enablers are the development of RSPs (Rural Service Providers), infusing business practices such as Quality Circles in village communities, data driven mindsets and a culture of continuous improvement in KGVK.</p>	<p>integrated rural development. The internal enablers reflect a transposition of its business practices that have their genesis in the quality movement.</p>
<p>Final Outcomes and Evidence</p>	<p>The Final Outcome is a measurable transformation in the livelihoods of rural communities through a sustainable increase and diversification of income, scalable with new opportunities and resources. Refer Measurement of Social Return on Interventions (SROI) Exhibit 2 for details</p>	<p>Validation of its approach to integrated rural development creates prosperity and an improvement in social conditions in its areas of operations in Jharkhand and beyond. Meeting the social development obligations of a responsible supplier in the global supply chain for steel and value added products worldwide.</p>

**ANNEXURE – A-1**

# KGVK- TVM Model



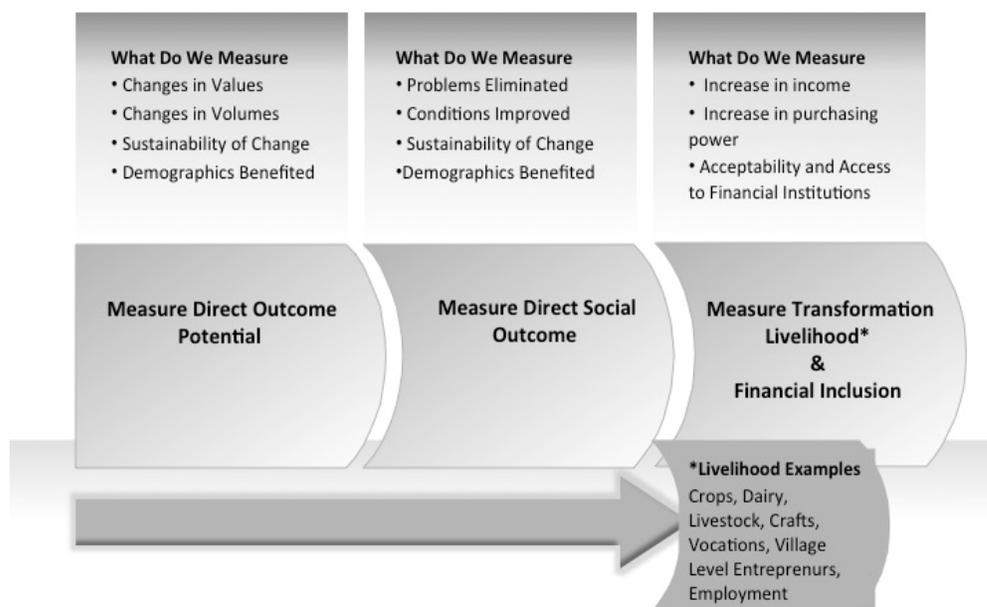
Prof Shoji Shiba

## ANNEXURE : A-2

### Measurement of Social Return at KGVK

Social Return on Interventions (“SROI”) is an innovative way to measure and account for the value you create with your work. The methodology is relatively new to India, but it is attracting considerable interest from third sector organizations, government, funders and funders because of its ability to tell a compelling story of change. As well as helping organizations account for their achievements and attract funding, SROI can also help organizations maximize their social impact and improve the lives of the people they work with.

**SROI – Social Return on Interventions - The Measurement Path Illustration**



Social Return on Interventions (SROI) is a copyright of KGVK Development Foundation

***'We Measure, Because It Matters'***

The following table illustrates how one of the more common rural interventions related to water management follow the measurement path at KGVK. The linkage between social development interventions and economic growth are demonstrated.

<b>Intervention Example</b>	<b>Direct Outcome Potential</b>	<b>Direct Social Outcome</b>	<b>Transformation of Livelihood</b>
Water shed structures for irrigation and clean drinking water	<ul style="list-style-type: none"> <li>• Eliminating Dependency on rain fed irrigation increases farmers income potential from one crop cycle to two or three crop cycles</li> <li>• Water table increased by two feet improves easy access to water</li> <li>• Multiple households develop capacity</li> </ul>	<ul style="list-style-type: none"> <li>• Water pumps, water filtration and elimination ground water pollution creates clean drinking water on availability and prevents onset of water borne diseases.</li> <li>• Keeps households healthy and able to engage in productive work in their farms</li> </ul>	<ul style="list-style-type: none"> <li>• Occurs as farmer moves from one crop cycle mainly consumed in food security to multiple crop cycles that enable increasing income</li> <li>• Farmer becomes important linkage in rural supply chain through buy back agreements</li> </ul>

	<p>for income increase</p> <ul style="list-style-type: none"> <li>• Irrigation makes crop cycle increase sustainability</li> <li>• Creates platforms for farmers to become entrepreneurial- by diversifying crops for shorter crop to cash crop</li> </ul> <p>(Note: at this stage, resources have been mobilized, the capabilities created lead to potential income gains; but these have to be realized)</p>	<ul style="list-style-type: none"> <li>• Farmers see potential to increase earnings- become interested in new crops and techniques</li> <li>• Women become more empowered to take initiatives through their SHGs (Self Help Groups)</li> </ul> <p>(Note: Water related health problems when eliminated create the ability to fulfill the increased income potential that is created)</p>	<p>with producers seeking contract farmers</p> <ul style="list-style-type: none"> <li>• Pays down or avoids rural debt</li> <li>• More disposable income for health, education and non-discretionary spending</li> </ul> <p>(Note: Livelihood transformations also require additional interventions specifically agricultural e.g. seeds, soil testing, tools or market linkages with crop advice – but they would not succeed until potential was created and social problems dealt with successfully)</p>
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**ANNEXURE-B**

**SCHEDULE VII**

The Companies Act specifies that the requirements of the CSR Rules may be fulfilled through implementing programs or projects, or making contributions to certain third parties, focused on:

- (i) eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swach Bharat Kosh (“Clean India Fund”) 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, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Ganga Clean 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;
- (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 any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- (ix) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- (x) rural development projects ;
- (xi) slum area development

Explanation.— For the purposes of this item, the term ‘slum area’ shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

#### ANNEXURE- C

### **FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD’S REPORT**

1. A brief overview of CSR activities proposed to be undertaken. The Company’s CSR Policy shall be attached to the Board’s Report.
2. The composition of the CSR Committee shall be described in the CSR Policy.
3. Average net profit of the Company for last three financial years
4. Prescribed CSR Funds (two per cent of the amount in item 3 above)
5. Details of funds spent on CSR activities during the financial year.
  - a. Total amount to be spent for the financial year;
  - b. Amount budgeted for CSR activities unspent, if any;
  - c. Manner in which the funds were spent during the financial year as detailed below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
No.	CSR Activity	Sector in which the CSR Activity is covered	Projects or programs: (1) Local area or other (2) The State and district where the CSR Activity was undertaken	Budget for CSR Activity	Amount actually spent on CSR Activity (2) Direct expenditure (3) Overhead	Cumulative expenditure on CSR Activity during the reporting period	Total amount spent (either directly or through an implementing agency*)
1							
2							
3							
	<b>TOTAL</b>						

\* Give details of the implementing agency, if applicable: \_\_\_\_\_

\_\_\_\_\_

6. In case the Company has failed to spend the entire amount of available CSR funds, the Company shall provide the reasons for not spending the amount in its Board report.
7. A responsibility statement from the CSR Committee that the implementation and monitoring of the CSR Policy is in compliance with the CSR Policy.

The signature of a Board Member and the Chairman of the CSR Committee.