

# **A V Processors Private Limited**

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

### **1. Objective**

With introduction of CSR regulations under the Companies Act, 2013 and corresponding Rules, corporates now have a legal mandate towards their social responsibility. The Company therefore is pledging itself for carrying out such activities as may from time to time be identified and approved within the corporate policy framework.

This Policy shall be read in line with Section 135 of the Companies Act, 2013, the Companies (Corporate Social Responsibility Policy) Rules, 2014 and such other rules, regulations, circulars and notifications (collectively referred hereinafter as 'Regulations') as may be issued from time to time and may, inter-alia, provide for the following:

- Establishing a guideline for compliance with provisions of the Regulations to dedicate a percentage of the Company's profits for social welfare projects.
- Ensuring implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting.

### **2. Definitions**

In this policy document unless the context otherwise requires:

- (a) 'Act' means the Companies Act, 2013 as amended from time to time;
- (b) 'Board' means the Company's Board of Directors;
- (c) 'Company' means A V processors Private Limited and its subsidiaries or associate companies;
- (d) 'Corporate Social Responsibility' means Corporate Social Responsibility (CSR) as defined in Section 135 of the Act and in the Companies (Corporate Social Responsibility Policy) Rules, 2014 (the Rules) as amended from time to time;
- (e) 'CSR Committee' means the Corporate Social Responsibility Committee of the Board referred to in Section 135 of the Act;
- (f) 'CSR Policy' means this policy, as amended from time to time;
- (g) 'Executives' shall mean such person or persons as may be authorised by the Board or the CSR Committee from time to time to execute the policies and activities in the field of Corporate Social Responsibility of the Company;
- (h) 'Ministry' means the Ministry of Corporate Affairs, Government of India, New Delhi;
- (i) 'Net Profit' means net profit as defined in Section 135 of the Act and in the Rules;
- (j) Words and expressions used in this CSR Policy and not defined herein but defined in the Act and or the Rules shall have the meaning respectively assigned to them therein.

### 3. CSR Activities

It is recognized that corporate social responsibility is not merely compliance; it is a commitment to support initiatives that measurably protect environment, spread/promote education, and improve the lives of the underprivileged. CSR Activities that may be undertaken by the Company shall include all the items or activities that are recognized as such under Section 135 of the Act and in Rules as amended from time to time. These are as follows as on today:

- i. Eradicating hunger, poverty & malnutrition, promoting healthcare including preventive health care and sanitation and making available safe drinking water;
- ii. Promoting education, including special education and employment enhancing vocational 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 other such 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;
- v. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up and helping public libraries/reading rooms, 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 sports;
- viii. Contribution to Prime Minister's National Relief Fund or any other fund set up by the Government for socio - economic development and relief and welfare of the displaced/distressed, people belonging to scheduled castes, scheduled tribes, other backward classes, minorities, women and others;
- ix. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- x. Rural development projects.

The above areas shall be liberally interpreted so as to capture the essence of the subjects enumerated herein. Clarifications/ notifications issued by the Ministry from time to time shall be used to determine whether any activity is covered under the approved activities.

CSR activities shall be undertaken as projects, programmes or activities excluding activities undertaken in pursuance of the normal course of business of the Company.

CSR projects or programs or activities undertaken in India only shall amount to CSR Expenditure. Further any activity that benefit only the employees of the Company and their families shall not be considered as CSR activities.

#### 4. **The Geographic 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 Corporate Social Responsibility. The Company will therefore give preference to conducting CSR activities in the States, where it has its operations. However, the Committee may identify such areas other than those stated above, as it may deem fit and recommend it to the Board for undertaking CSR Activities.

#### 5. **Annual spends**

The Company would spend not less than 2% of the average net profits of the Company made during the three immediately preceding financial years. The surplus arising out of CSR activity will not be part of business profits of the Company and it would be added back to the CSR spends.

The Company may have its own in-house team, which will work on various CSR activities in the areas where the Company operates. Salaries of all such personnel shall form part of the CSR expenditure but such expenditure shall not exceed 5% of the total CSR expenditure of the Company in any year.

The Company may utilise CSR capabilities of outside implementing agencies including a trust, society or company with established track record of at least three financial years.

#### 6. **Modalities**

The Company shall execute various CSR activities which are in line with Clause 3 of this policy

1. through its own CSR staff; or
2. through a registered trust or a registered society or a company established by the Company under Section 8 of the Act; or
3. by way of making contribution to a registered trust towards various activities carried out by such trust which are in conformity with areas / items mentioned under clause 3 of this policy; or
4. in collaboration with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees of the respective companies are in a position to report separately on such projects or programmes in accordance with the Rules; or
5. Otherwise, in any other manner as may be permitted under the Act and the Rules.

The Board shall from time to time approve the budget and the modalities of expenditure on any CSR activities which are in conformity with this Policy and are within the overall ceilings on the spend as may be specified/recommended by the CSR Committee.

## 7. **Monitoring**

The CSR Committee shall meet at least twice in a year to review the CSR activities undertaken by the Company.

At the beginning of every financial year, annual requirement of CSR spend shall be determined along with broad estimates of periodic spending and identified list of activities / areas with respective estimated spend. The balance of annual spends against which CSR activities are yet to be identified, shall be separately indicated for decision during the year.

A periodic review shall be taken by the Board, wherein it shall review -

1. Progress of various activities undertaken under this Policy;
2. Estimated CSR expenditure on identified activities and actual expenditure on the same;
3. New activities identified with estimated expenditure; and
4. Such other matters or aspects as the Board may from time to time identify.

The Executive shall, at every meeting of the CSR Committee, place a report based on the periodical review conducted by it. The CSR Committee shall review such reports and keep the Board apprised of the same.

## 8. **Reporting and Disclosures**

The Company shall provide, in formats as set out under the Rules, details of CSR initiatives and activities of the Company in its Annual Directors' Report.

## 9. **Amendments to the Policy**

Any or all provisions of this Policy would be subject to revision/amendment by the Board on its own or on the recommendations of the CSR Committee or else in accordance with the Regulations on the subject as may be made from time to time.

Any revision/amendment to the Policy as a result of such regulatory changes shall be carried out with approval of the Board.

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