



CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY
OF VASANTHA TOOL CRAFTS PRIVATE LIMITED (VTC)

a. CSR POLICY AND PHILOSOPHY:

The Company is dedicated to function and develop its Business in a socially responsible way with a vision to be environmental friendly. The Company firmly believes that to succeed, an Organisation must maintain highest standards of corporate behaviour towards its Investors, Stakeholders, Employees and Societies in which it operates. The Company would want to contribute in fulfilling the aspirations of many students from remote rural areas by helping them in their education.

b. PURPOSE OF THE CSR POLICY:

- To lay down Guidelines and framework for ensuring successful implementation of the CSR activities determined by the Company through appropriate procedure and reporting as prescribed by Law.
- To lay down the Projects, Activities and Programs that can be undertaken for CSR initiatives in terms of Schedule VII of the Companies Act, 2013.
- To act as a guiding document which will help execute and monitor CSR Projects.
- To elucidate the means by which the excess from CSR projects is to be treated.

c. DEFINITIONS:

In this Policy, unless the context otherwise requires:

- "Act" means the Companies Act, 2013;
- "Administrative overheads" means 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
- "Annexure" means the Annexure appended to these Rules;

- “Annual Plan” shall mean the annual planned CSR expenditure for the Financial Year;
- “Approved Budget” shall mean the total budget as approved by the Board of the Company, which is to be spent or utilized for CSR activities;
- “Board” shall mean the Board of Directors of the Company;
- “Company” shall mean Vasantha Tool Crafts Private Limited;
- “Corporate Social Responsibility (CSR)” means and includes but is not limited to:-
 - i. Projects or Programs relating to activities specified in Schedule VII to the Act; or;
 - ii. Projects or Programs relating to activities undertaken by the Board of Directors of a Company (Board) in pursuance of recommendations of the CSR Committee of the Board as per declared CSR Policy of the Company subject to the condition that such Policy will cover subjects enumerated in Schedule VII of the Act;
- “CSR Committee” means the Corporate Social Responsibility Committee of the Board referred to in Section 135 of the Act;
- “CSR Expenditure” shall mean all CSR expenditure as recommended by the CSR Committee and approved by Board of Directors including the following:
 - a. Contributions to CSR activities which shall be implemented and / or executed by the Company;
 - b. Contributions to CSR activities which may be implemented through any Trust / Society / Section 8 Companies / Agencies established / registered to carry on the CSR activities as defined under the Rules;
 - c. Contribution to the Corpus of a Trust / Society / Section 8 Companies etc., as long as they are created exclusively for undertaking CSR activities or where the corpus is created exclusively for the purpose directly relatable to a subject covered in Schedule VII of the Act;
 - d. Any other contributions covered under Schedule VII to the Act.
- “CSR Policy” relates to the Activities to be undertaken by the Company as specified in Schedule VII to the Act and the expenditure thereon, excluding activities undertaken in pursuance of normal course of Business of a Company;
- “Financial Year” shall mean the period beginning from 1st April of every year to 31st March of the succeeding year;
- “Group Companies” shall mean Holding, Subsidiaries, and Associates of the Company;
- “Net Profit” means the Net Profit of a 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;
- “Rules” shall mean the Companies (Corporate Social Responsibility) Rules, 2014, including any modifications, amendments or re-enactment thereof.
- “Thrust Areas” shall mean the areas or activities ascribed to them in this Policy, as amended by the CSR Committee, from time to time.

Words and expressions used and not defined in the Policy shall have the same meanings respectively assigned to them in the Act and / or Rules.

d. **SCOPE OF THE CSR POLICY:**

The Company has framed this CSR Policy in accordance with Section 135, Schedule VII of the Companies Act, 2013 and CSR Rules issued by the Ministry of Corporate Affairs (MCA).

The Scope of this CSR Policy shall encompass to Activities as specified under Schedule VII of the Companies Act, 2013.

The Scope of this CSR Policy shall also comprise of all the additional matters as may be notified by Ministry of Corporate Affairs (MCA) or such other Authorities.

e. **CONSTITUTION OF CSR COMMITTEE:**

Every Company to which CSR criteria is applicable shall constitute a Corporate Social Responsibility (CSR Committee).

In terms of Section 135 of the Companies Act, 2013 and the Rules made thereunder, the Company has constituted a CSR Committee and the following are its Members:

- a. Mr. Dayanand Reddy- Managing Director
- b. Mrs. Renuka Reddy- Director

f. **FUNCTIONS OF THE CSR COMMITTEE:**

The CSR Committee to, inter alia, carry out the following functions:

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 and the Rules made thereunder.
- To recommend the amount of expenditure to be incurred on the CSR activities.
- Draft the CSR Policy and recommend the same to the Board for approval.

- To monitor the implementation of framework of CSR Policy.
- Review and recommend any new CSR initiatives to be taken up by the Company.
- Review the progress of CSR Projects already undertaken by the Company and the utilization of Budgets for each such Projects.
- Review and recommend the CSR Report to be included in the Board's Report.
- Review and recommend any amendments to be made in the CSR Policy of the Company.
- To carry out any other function as mandated by the Board from time to time and / or enforced by any Statutory Notification, amendment or modification, as may be applicable, necessary or appropriate for performance of its duties.

g. MEETINGS OF THE COMMITTEE:

For smooth functioning of the Committee, the Members shall meet as below to discuss such matters and to take such decisions as may be necessary:

- The CSR Committee shall hold a minimum number of One Meeting in a Financial year.
- The Members of the Committee may mutually agree between them regarding time and place for the said Meetings.
- The quorum for the CSR Committee Meeting shall be one-third of its total strength (any fraction contained in that one-third be rounded off as one) or two Members, whichever is higher.
- The Members of the Committee may participate in the Meeting either in person or through Video conferencing or other Audio visual means as may be convenient.

h. ROLE OF BOARD OF DIRECTORS:

The role of the Board of Directors is explained below:

- After considering the recommendations made by the CSR Committee, the Board of Directors may approve the CSR policy of the Company.
- The Board must ensure only those activities must be undertaken which are mentioned in the Policy.
- The Board of Directors shall make sure that the Company spends in every Financial year, minimum 2% of the average Net Profits made during the 3 immediately preceding Financial years as per CSR Policy.

i. ANNUAL CSR PLAN:

- The Annual CSR Plan is a yearly plan of CSR activities that would be placed before the Board of Directors of the Company based on recommendation of its CSR Committee which outlines inter alia the following aspects of CSR initiatives of the Company:

- i. Project Proposals
- ii. Targeted Beneficiaries and their key needs
- iii. Alignment with Schedule VII of the Act
- iv. Project Goals and milestones
- v. Activities and Timelines including expected closure dates
- vi. CSR Budget with projections
- vii. Monitoring mechanism
- viii. Progress Reporting and frequency of Reports
- ix. Risks and mitigation Strategies
- x. Any other information as may be required by the CSR Committee

j. THRUST AREAS:

While the Company strives to undertake all or any suitable activity as specified in Schedule VII to the Act, currently, the Company focusses to support and implement the following activities as its thrust areas:

- i. To create, improve the basic Infrastructure in the rural schools for education, building libraries, providing training for the teachers and equipping the Schools with Sports Kits;
- ii. Providing School Furniture;
- iii. Construction and renovating of School Building;
- iv. To help give the Students access to quality Education and Professional Skills by providing Computer Systems to Schools and Educational Institutions;
- v. Providing free Note books and Text books and other Stationery items to Students, rewarding the meritorious with scholarships, building remedial centers and spreading awareness about the need for Computer Education in rural India;
- vi. Support to Technical /Vocational Institutions for their self - development. Academic education by way of financial assistance to Primary, Middle and Higher Secondary Schools;
- vii. Provide fees for a period of one year or more to the poor and meritorious, preferably girl students of the school in the operational area of the Company to enable them to get uninterrupted education;
- viii. Providing best of the training opportunities, equipment required for sports and infrastructure facilities, providing financial help to attend sports camps, conferences for promoting rural sports, nationally recognised sports, Paralympic sports and Olympic sports;
- ix. To obtain Medical Insurance for the less privileged families/ individuals in their own names from a Health Insurance Company in order to promote health care including preventive health care.

k. IDENTIFICATION OF ACTIVITIES/PROJECTS:

Out of approved CSR Activities, the Committee shall decide which Activity/Project should be given priority for the respective Financial year. The Committee shall record its findings and prioritise the CSR Activities.

l. EXCLUSION FROM CSR:

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

- Activities undertaken in normal course of Business;
- Any activity undertaken by the Company outside India;
- Contribution to any Political Party under Section 182 of the Act;
- Activities benefitting Employees of the Company as defined in Section 2(k) of the Code on Wages, 2019;
- Sponsorship activities supported by the Companies for deriving marketing benefits for its products or services;
- Activities carried out for fulfilment of any other statutory obligations under any Law in force in India.

m. IMPLEMENTATION OF CSR ACTIVITIES:

The CSR Committee will ascertain and recommend to the Board the CSR Activities including the thrust areas, Annual Budget, planned expenditure and implementation schedule etc. The CSR activities may be carried out by the Company on its own /be implemented, directly or indirectly, through any Trust / Society / Section 8 Companies / Agencies established / registered to carry on the CSR activities as defined under the Rules.

n. CSR SPEND/SOURCES OF FUNDING AND CSR EXPENSES:

The Company shall allocate the Budget for CSR activities. The minimum budgeted amount for a Financial year shall be 2% of the average Net Profit of three immediate preceding Financial years. The Company may allocate more funds/amount than the amount prescribed under section 135 of the Companies Act, 2013, for the CSR activities for any Financial year. The Committee shall calculate the total fund for the CSR activities and recommend to the Board for the approval. The Board shall approve the total fund to be utilized for CSR activity for respective Financial year. CSR Expenditure shall include all Expenditure including contribution to corpus for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee, but does not include any Expenditure on an item not in conformity or not in line with activities which fall within the approved CSR activities. Net

profit for the purpose of allocation towards CSR means profit more fully described under CSR Rules.

o. **MONITORING & REPORTING:**

The CSR Committee will be responsible for monitoring CSR activities and report to the Board from time to time. The CSR Committee shall meet at least once in a Financial year to monitor the implementation of CSR Plan and its activities. The Committee shall ensure that the CSR Policy, as amended from time to time, is displayed on the Company's website.

p. **CARRY FORWARD, SET OFF AND RESTRICTIONS ON CSR EXPENDITURE:**

The Provisions in respect of restrictions on CSR expenditure, set off and carry forward are as follows.

- **Restrictions on Administrative Overheads for CST Expenditure:**
The Board shall ensure that the Administrative Overheads shall not exceed 5% of total CSR expenditure of the Company for the Financial year .
- **Plough back of Surplus from CSR activities :**
Any Surplus arising out of the CSR activities shall not form part of the Business profit of a 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, within a period of six months of the expiry of the Financial year.
- **Carry forward of excess CSR expenditure and its set off:**
If Company spends amount in excess of requirements under Section 135(5), the Company may set off such excess amount against requirement to spend under Section 135(5) for such number of succeeding financial years and in such manner, as may be prescribed.
Where a Company spends an amount in excess of requirement provided under Section 135(5), such excess amount may be set off against the requirement to spend under Section 135(5) up to immediate succeeding three financial years subject to the conditions that - (i) the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, in pursuance of rule 7(2) of CSR Rules (ii) the Board of the company shall pass a resolution to that effect.
- **Transfer of unspent CSR amount to any fund as specified in Schedule VII:**
If CSR amount is not spent during a financial year, the Board report shall state reasons for not spending that amount, and unless the unspent amount relates to an ongoing project referred to in section 235(6), the

amount shall be transferred to any Fund specified in Schedule VII of Companies Act, 2013 within 6 months from expiry of financial year.

- **Transfer of unspent CSR amount to fund specified in Schedule VII :**
Until a fund is specified in Schedule VII for the purposes of sections 135(5) and 135(6) of the Companies Act, 2013, the unspent CSR amount, if any, shall be transferred by the company to any fund included in schedule VII of the Act.

Funds specified in Schedule VII are - Swachh Bharat Kosh, Clean Ganga Fund, Prime Minister's National Relief Fund and Funds for technology incubators which are approved by Central Government.

q. **TRANSFER OF FUNDS TO SEPARATE BANK ACCOUNT IN CASE OF ONGOING PROJECTS:**

In case of unspent amount in respect of ongoing projects, Company shall transfer such funds to a separate special account opened by Company within 30 days from end of financial year in any scheduled bank. The company shall spend that amount within three financial years towards CSR. Otherwise, the amount shall be transferred to any Fund specified in Schedule VII of Companies Act, 2013 within 30 days from completion of third Financial year.

r. **VOLUNTEERING OF EMPLOYEES FROM THE ORGANIZATION:**

The Company will encourage and recognize its Employees for volunteering with the spirit of serving and sharing with the Community. The Company shall endeavour to increase Employee participation at all levels in the Company, by encouraging Employees to participate in the Company's CSR activities.

s. **LIST OF PERMITTED ACTIVITIES TO BE INCLUDED IN ACCORDANCE WITH SCHEDULE VII OF THE COMPANIES ACT, 2013:**

The Board shall ensure that the activities included by a Company in its CSR Policy fall within the purview of the Activities included in Schedule VII. These activities are as follows:

- abolishing poverty, malnourishment and hunger, improvising health care which includes preventive health care and sanitation and making available safe drinking water;
- improvement in education which includes special education and employment strengthening vocation skills among children, women, elderly and the differently abled and livelihood enhancement projects;
- improving gender equality, setting up homes and hostels for women and orphans;
- introducing the measures for reducing inequalities faced by socially and economically backward groups;
- Safeguarding environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation

of natural resources and maintaining a quality of soil, air and water which also includes a contribution for rejuvenation of 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;
- areas for the advantage of skilled armed forces, war widows and their dependents;
- training to stimulate rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
- contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development providing relief and welfare of the Scheduled Castes, the Scheduled and backward classes, minorities and women;
- contributions or funds provided to technology incubators which are approved by the Central Government;
- rural development projects;
- disaster management, including relief, rehabilitation and reconstruction activities;
- slum area development where '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

t. **POLICY REVIEW AND FUTURE AMENDMENT:**

This CSR Policy shall be deemed to have amended or modified to the extent of any modification/ amendments or clarifications issued by the Central Government from time to time in relation to the CSR obligations of Companies and shall be interpreted accordingly.

The Company's Corporate Social Responsibility Policy conforms to the relevant Section of the Corporate Social Responsibility, Rules made under Companies Act, 2013 and amendment(s) to be made thereto in future.