

# AVRO INDIA LIMITED

## CORPORATE SOCIAL RESPONSIBILITY POLICY

### PURPOSE

This policy is being framed in accordance with the requirements of Section 135 and other applicable sections of the Companies Act 2013 (**"the Act"**) (as may be amended from time to time), rules notified thereunder and any other applicable statutory provision(s) (collectively referred to hereinafter as **"CSR Provisions"**). All CSR programmes of the Company shall be carried out in accordance with this policy.

### PHILOSOPHY

Recognizing that business enterprises are economic organs of society and draw on societal resources, it is **"Avro India Limited"** (**"Company"**) belief that a Company's performance must be measured by its Triple Bottom Line contribution to building economic, social and environmental capital towards enhancing societal sustainability. Company believes that in the strategic context of business, enterprises possess, beyond mere financial resources, the transformational capacity to create game-changing development models by unleashing their power of entrepreneurial vitality, innovation and creativity. In line with this belief, Company will continue crafting unique models to generate livelihoods and environmental capital. Such Corporate social responsibility (**"CSR"**) projects are far more replicable, scalable and sustainable, with a significant multiplier impact on sustainable livelihood creation and environmental replenishment. These initiatives are independent of the normal conduct of Company's business. Programmes, Projects and activities (collectively **"CSR Programmes"**) carried out in this regard are the subject matter of this policy.

### PREAMBLE

Company seeks to be a good corporate citizen in all aspects of its operations and activities. It is the Company's intent to make a positive difference to society. The focus of CSR efforts would be to do fewer projects with greater impact in the local areas and areas around which the Company operates. The Company may also undertake projects within India in other areas where it deems fit or where societal needs are high. We not only acknowledge but firmly believe in the fact of giving back to the society.

### VISION AND COMMITMENTS

Our vision is to drive "holistic empowerment" of the community through implementation of sustainable initiative which will have maximum societal impact by identifying the critical needs and gaps.

We shall remain committed to the following operating principles-

- Conducting business in a socially responsible and ethical manner;
- Protecting the environment and the safety of the people;
- Supporting human rights; and

- Engaging, learning from, respecting and supporting the local communities and cultures with which we work.

### **TITLE, SCOPE AND OBJECTIVE OF THE POLICY**

This Policy shall be called the “Corporate Social Responsibility Policy” or “CSR Policy” of the Company which is developed and implemented in accordance with the provisions of Section 135 of the Act read with the CSR Rules framed thereunder. The policy will outline the Company’s philosophy and responsibility and lays down the guidelines and mechanism for undertaking socially impactful programs towards welfare and sustainable development of the community around the area of its operations and other parts of the country. The policy shall be applicable to all CSR Activities taken up by Company at various locations in India for the benefit of different segments of the society at large, specifically the deprived and underprivileged segment.

### **DEFINITIONS**

- a) **“Act”** means the Companies Act, 2013;
- b) **“Board”** means Board of Directors of the Company
- c) **“Company”** means Avro India Limited
- d) **“CSR Activities”** means such programs and projects as may be recommended by the CSR Committee and approved by the Board in terms of CSR Policy, from time to time in pursuance of its statutory obligation laid down in Section 135 of the Act in accordance with the provisions contained in the rules as amended from time to time
- e) **“CSR Expenditure Budgeted”** means the amount recommended by the CSR Committee and approved by the Board from time to time, to be incurred on the CSR Activities in India in a financial year in terms of Section 135 of the Companies Act, 2013 (Act) and the rules framed thereunder. CSR expenditure will include all expenditure incurred by the Company on CSR Programmes undertaken in accordance with the approved Annual Action plan.
- f) **“CSR Committee”** means the Corporate Social Responsibility Committee of the Board referred to in Section 135 of the Act.
- g) **“Annual Actual Plan”** will include the list of CSR projects or programmes that are to be approved to be undertaken in areas or subjects specified in Schedule VII to the Act, the manner of execution of such projects or programmes, modalities of utilization of the CSR funds and implementation schedules for the projects or programmes, monitoring and reporting mechanism for the projects or programmes and details of need and impact assessment, if any, for the projects undertaken by the Company. CSR Committee would recommend the Annual Action Plan to the Board. In case there is any alteration in the Annual Action plan at any time during the financial year, the Board may alter such plan as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.
- h) **“Ongoing Projects”** means a multi-year project undertaken by a Company in fulfillment 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;

Any term used but not defined in this CSR policy shall have the same meaning assigned to it under the Act or the CSR Rules.

## **CSR COMMITTEE**

### **a) Formation:**

- The Board shall form a Corporate Social Responsibility Committee consisting of such number of directors as are required to be member of such Committee under the extent provisions of Companies Act, 2013;
- The Board shall be empowered to modify the composition of CSR committee, provided that there shall always be at least one independent director as a part of CSR Committee or such other composition as may be prescribed under applicable laws from time to time;
- The Committee can call any further invitees who are expert in the field of CSR activities or are involved in implementing the CSR policy of the Company;
- CSR Initiatives of the Company must be aligned with business strategy and CSR Strategy must clearly define objective, milestones and payback;
- The Secretary to the Board shall act as Secretary to the Committee.

### **b) Terms of Reference:** The Terms of reference of the Committee shall include the following:

- Formulate and recommend to the Board CSR Policy which shall indicate the activities to be undertaken by the Company in areas or subject specified in Schedule VII of the Companies Act, 2013;
- Identify and recommend to the Board, from time to time, the activities/projects in line with such CSR policy;
- To recommend the expenditure that can be incurred for CSR;
- Formulate and recommend to the Board an annual action plan which will include
  - the CSR project/programme which will be undertaken by the Company in the relevant financial year and the manner of execution of such CSR project/programmes;
  - the modalities of utilisation of funds and implementation schedules for such CSR project/programmes;
- To prepare a transparent monitoring mechanism for ensuring implantation of the projects/programs/activities proposed to be undertaken by the Company;
- To ensure that all kind of income/surplus accrued to the Company by way of CSR activities should be credited back to the community or CSR corpus and shall not form part of the business profit of a Company.

## **MEETINGS OF THE COMMITTEE**

- a) A meeting of the Committee may be called by its Chairman or any member as and when required to review to review policies, discuss the budget and strategy, review project progress and set the

direction for the time. Minutes of its meetings will be approved by the Committee and signed by the Chairman of the same meeting or if the same is not available then by the Chairman of the next committee meeting.

- b) The minutes of the Committee shall be placed for noting at the Board meeting held next after the Committee meeting.
- c) Other members of the Senior Management may attend the CSR Committee meetings as may be appropriate, subject to the approval of the CSR Committee.

## **POWERS OF BOARD**

The Board shall after taking into account the recommendations made by CSR Committee:

- a) 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.
- b) Ensure that the activities as are included in CSR policy of the Company are undertaken by the Company.
- c) Ensure that the Company spend in every financial year such amount as is required to be spent under the extant provisions of Companies Act, 2013 read with Rules and regulations for the same
- d) If the Company fails to spend such amount, the Board shall in its report specify the reason for not spending the requisite amount.
- e) The Board may at all times amend this Policy and/or revoke any powers granted by it to the Corporate Social Responsibility Committee, if the substance of the Committee for which it was formed it not happening the way it should, as required under law.

## **SCOPE OF ACTIVITIES**

The Company shall undertake such CSR activities as recommended by the CSR Committee and approved by the Board from time to time pursuant to Schedule VII and Section 135 of the Act read with CSR Rules framed thereunder.

The CSR Activities shall include the following:

- Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
- Promoting education, especially vocational education among children, women, elderly, and the different abled, to enhance their livelihoods;
- 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;
- Ensuring environmentally 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 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 art 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 (CMPF) veterans and their dependents including widows;
- Training to promote rural sports, nationality recognized sports, paralympic sports and Olympic sports
- Contribution to the Prime minister's national relief fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, 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; and
- Contributions to public funded Universities; Indian Institute of Technology (Its); 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 Homeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agriculture 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 (SDCGs).
- Rural Development Projects
- Slum Area development
 

Explanation- For the purpose 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.
- Disaster management, including relief, rehabilitation and reconstruction activities
- Such other areas as may be included in Schedule VII of the Companies Act, 2013 from time to time.

The Projects/Programmes in the aforementioned identified areas would be of a continual nature requiring long term commitment from the Company for which fixed implementation schedules cannot be specified.

The Projects/Programmes may be undertaken by the Implementation Agency or the Company directly provided that such projects/programmes are in line with the activities enumerated in Schedule VII of the Companies Act, 2013.

The CSR Committee, while formulating the Annual Action Plan and recommending to the Board, will accord priority to projects in the specific areas of the Company as mentioned above. The CSR activities specified under this Policy would be undertaken only in India and the preference shall be given to the local area and/or areas in the vicinity, where the company operates, for spending the amount

earmarked for CSR activities.

## **OTHER PROVISIONS**

- a) The Company may collaborate with any other Company as may be approved by CSR Committee to implement CSR activities and the same shall form a part of the Annual CSR plan. The Company may form trusts on its own to carry out CSR activities in accordance with the CSR Rules and to administer its CSR activities.
- b) The Company may also build CSR capacities of their own personnel as well as their implementing agencies through institutions while complying with respective provisions and amendments, if any, under the Companies Act, 2013.
- c) The CSR initiatives of the Company shall focus areas surrounding its plant locations or where the Company has its offices;

## **MONITORING PROCESS**

- a) The CSR Committee shall monitor all CSR activities, including utilization of funds to ensure their effective implementation in accordance with the Section 135 of the Act read with CSR Rules framed thereunder.
- b) The progress of CSR programmes under implementation will be reported to the CSR Committee.
- c) Broadly, the following procedure will be adopted by the CSR Committee for implementing and monitoring the CSR Activities:
  - i. The CSR Annual Action Plan
    - The list of CSR Projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act,
    - The manner of execution of such projects or programmes,
    - The modalities of utilization of funds and implementation schedules for the projects or programmes,
    - Monitoring and reporting mechanism for the projects or programmes and
    - Details of need and impact assessment, if any, for the projects undertaken by the Company.

## **CSR BUDGET/EXPENDITURE**

The total budget for the CSR activities/projects will be recommended by the CSR Committee and shall be approved by the Board of Directors of the Company. The minimum CSR budget shall be in accordance with the CSR Provisions, as may be amended from time to time. However, the CSR Committee and Board shall have power to approve the CSR budget in excess of minimum requirements prescribed under CSR Provisions on voluntary basis also.

If the company fails to spend minimum CSR expenditure in accordance with applicable CSR provisions, then the Board, in its Board report shall specify the reasons for not spending the amount and, unless

the unspent amount relates to any ongoing project, transfer such unspent amount to a Fund specified under CSR Provisions, within a period of six months of the expiry of the financial year.

Any unspent CSR amount pursuant to any ongoing project, shall be transferred by the company within a period of thirty days from the end of the financial year to a special bank account to be opened by the company in that behalf 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 Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in CSR Provisions, within a period of thirty days from the date of completion of the third financial year.

The CSR activities undertaken by the Company are not expected to lead to any additional surplus beyond what would accrue to the Company in the course of normal operations. However, surplus if any arising out of the CSR Projects or Programs shall not form part of the business profit of the Company and shall be dealt with in accordance with the applicable CSR Provisions. Likewise, any excess amount spent on CSR activities may be set off against the requirement to spend in the succeeding financial years in accordance with the applicable CSR Provisions. In the event the Company creates or acquires capital asset out of the CSR spend, such capital asset will be dealt within terms of the applicable CSR Provisions.

### **CSR REPORTING**

The Company will make a full report of its CSR projects/programmes undertaken during the previous year in the format prescribed for the “Annual Report on CSR Activities to be included in the Board’s Report” in the Companies (Corporate Social Responsibility Policy) Rules which is in consonance with Section 134(3)(o) of the Act.

### **WEBSITE DISCLOSURE**

The CSR Policy along with details of all CSR Projects undertaken by the Company shall be displayed on the website of the Company.

### **IMPACT ASSESSMENT**

If the Company is having average CSR obligation of Rs. 10 Crores or more in pursuance of subsection 5 of Section 135 of the Act, in three immediately preceding financial years, shall undertake impact assessment through an independent agency of their CSR projects having outlays of Rs. 1 crores or more, and which have been completed not less than 1 year before undertaking the impact study.

The impact assessment reports shall be placed before the Board and shall be annexed to annual report on CSR.

The expenditure of impact assessment is booked towards Corporate Social Responsibility for that financial year as per the Act. The expenditure doesn’t exceed 5% of the total CSR expenditure for that financial year or Rs. 50 lakhs, whichever is less.

### **POLICY REVIEW AND AMENDMENT**

The Board may amend, abrogate, modify or revise any or all clauses of this policy, on recommendation of CSR Committee and in accordance with the Act and the CSR Rules framed thereunder. Any amendments in the Act or Rules or any applicable law including any clarifications/circulars of relevant regulator, if mandatory shall be read in conjunction with this Policy such that Policy shall automatically reflect the contemporaneous applicable law at the time of its implementation.