



# **CORPORATE SOCIAL RESPONSIBILITY**

## **POLICY**

### **Version 1.0**

#### Version History

Sr. No.	Version	Prepared By	Approved By	Effective Date
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## **CONTEXT**

Recognizing that business enterprises are economic organs of society and draw on societal resources, it is AVIOM India Housing Finance Private Limited ('AVIOM' or 'the Company') belief 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, AVIOM 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 AVIOM's business. Programs, projects and activities (collectively "CSR Programs") carried out in this regard are the subject matter of this Policy. The Company's focus has always been to contribute to the sustainable development of the society, environment, and to make our planet a better place for future generations.

## **OBJECTIVES OF THE CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY**

1. The objectives of the CSR policy is to promote socio economic development in rural areas, improve education, eradicate extreme hunger and poverty, promote gender equality and empowering women, reducing child mortality and improving maternal health, health care and sanitization, ensuring environmental sustainability, employment enhancing vocational skills, social business projects, promoting and protecting natural heritage and culture and such other matters of common good.
2. Contribution to the prime Ministers National relief fund or any other fund set up by Central Govt. or State Govt. for social economic development, relief and rehabilitation of persons effected by natural calamities, funds for the welfare of schedule Caste and Schedule Tribes and other backward classes, minority and women.
3. Promotion and Financing any other activities to be advised by the Govt. or approved by the Board from time to time.
4. Promote eligible Trusts and Societies and/or encourage eligible trusts and societies or other implementing agencies, registered under section 8 of the Companies Act, who are engaged in promoting the above objectives solely with our company or jointly with any other companies.

## **APPLICABILITY**

As per Section 135(1) of the Companies Act, 2013, Every company having :

- Net worth of INR 500 crore or more; or
- Turnover of INR 1000 crore or more; or
- Net Profit of INR 5 crore or more

during the immediately preceding financial year - shall be required to constitute a Corporate Social Responsibility Committee of the Board ("hereinafter **CSR Committee**").

The above provision requires every company having such prescribed Net worth or Turnover or Net Profit shall be covered within the ambit of CSR provisions.

## **CSR OBLIGATION, IF APPLICABLE**

As per **Section 135 (5)** of the Companies Act 2013, All such companies which are covered under the ambit of CSR, shall spend, in every financial year, at least two percent of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate

Social Responsibility Policy. It has been clarified that the average net profits shall be calculated in accordance with the provisions of Section 198 of the Companies Act, 2013.

### **CSR COMMITTEE**

As provided under **Section 135 (1)** itself, the companies shall be required to constitute Corporate Social Responsibility Committee of the Board "**hereinafter CSR Committee**". The CSR committee of the Board shall be constituted by the Board of Directors of the Company from time to time. The CSR Committee shall comprise of **3 or more directors**, out of which at least **one director** shall be an **independent director**.

*[Provided that where a company is not required to appoint an independent director under sub-section (4) of section 149, it shall have in its Corporate Social Responsibility Committee two or more Directors.]*

However, As per **Section 135 (9)** of the Companies Act, 2013, where the amount to be spent by a company under CSR obligation does not exceed INR 50 Lakh (Indian Rupees Fifty Lakh), the requirement for constitution of the Corporate Social Responsibility Committee as specified under sub-section 135(1) shall not be applicable and the functions of such Committee provided under this section shall, in such cases, be discharged by the Board of Directors of the Company.

### **ROLE AND FUNCTIONS OF CSR COMMITTEE**

The Corporate Social Responsibility Committee shall –

- (a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company in areas or subject, specified in Schedule VII.
- (b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- (c) monitor the Corporate Social Responsibility Policy of the company from time to time.

### **ROLE AND FUNCTIONS OF THE BOARD**

The Board shall:

- a) after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company.
- b) ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.
- c) 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 immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy:

### **DISCLOSURE IN THE BOARD'S REPORT**

The Board shall disclose the following in its Report under Section 134 (3):

- the composition of the CSR Committee
- the contents of the CSR Policy

### **CSR ACTIVITIES**

1. The CSR policy should exclude the normal business activities of the Company. As per the CSR policy the activities included by the Company are to be related to the activities included in schedule VII of the Companies Act. The CSR activities may be either independent projects and programs or activities, either new or ongoing, but will not include the activities that are undertaken in pursuance to the normal course of the business. Similarly, contribution of any amount directly or indirectly made to any political party shall not be considered as CSR activity. While, taking up any CSR activities and for spending the amount year marked for CSR activities, preference shall be given to local areas and areas in and around where the branches operate.
2. The gist of the activities for which the Company will spend the targeted amount which specified in the objectives of the CSR policy, the Company may cover all or any of the following activities under the CSR undertaken in India. In other words, expenditure incurred in CSR projects or programs or activities undertaken outside India are not eligible to be covered under CSR expenditure. The CSR policy of the company shall include the following activities which has been specified under Schedule VII:
  - 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, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects
  - Scholarship to the students , trainees etc., introduction of earn while you learn scheme to the poor students.
  - Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
  - Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, 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 building and sites of historical importance and works of arts and setting up public libraries; promotion and development of traditional art and handicrafts;
  - Measure for benefits of armed forces veterans war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows];
  - Training to promote rural sports, nationally recognised sports, Paralympics sports and Olympic sports.
  - Contribution to the Prime Ministers 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 SC, ST and 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 (IITs); 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 Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies,

namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural 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 (SDGs).

- rural development projects
- slum area development
- Disaster management and activities including those related to amelioration and mitigation.

### **CSR IMPLEMENTATION**

The strategy for implementation of the CSR activities will be reviewed from time to time,

The Board may decide to undertake the CSR activities approved by the CSR committee either itself or through

- a registered trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961 (43 of 1961), established by the Company either singly or along with any other company; or
- a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
- any entity established under an Act of Parliament or a State legislature; or
- company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities..

### **FAILURE TO SPEND THE CSR AMOUNT**

If the company fails to spend CSR amount under Section 135 (5), the Board shall, in its report made under sub-section (3) of section 134, specify the reasons for not spending the amount and, unless the unspent amount relates to any ongoing project\*, the same shall be transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

However, As per **Section 135 (6)** any CSR amount remaining unspent which related to any ongoing project\* undertaken by a company in pursuance of its Corporate Social Responsibility Policy, shall be transferred by the company within a period of thirty days from the end of the financial year to a special account to be opened by the company in that behalf for that financial year 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 Schedule VII, within a period of thirty days from the date of completion of the third financial year.

### **DEFAULT IN COMPLYING WITH SECTION 135(5) AND 135(6)**

If a company makes any default in complying with the provisions of sub-section (5) or sub-section (6) of Section 135, the company shall be liable to a penalty of **twice** the amount required to be transferred by the company to the Fund specified in Schedule VII or the Unspent Corporate Social Responsibility Account, as the case may be, or **one crore rupees**, whichever is **less**,

and

Every officer of the company who is in default shall be liable to a penalty of **one-tenth** of the amount required to be transferred by the company to such Fund specified in Schedule VII, or the Unspent Corporate Social Responsibility Account, as the case may be, or two lakh rupees, whichever is less.

#### **SET OFF IN CASE OF EXCESS CSR SPEND**

In case, the company spends an amount in excess of the CSR obligation as calculated under Section 135(5), such company may set off such excess amount 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; and
- (ii) the Board of the company shall pass a resolution to that effect.

#### **MONITORING THE CSR ACTIVITIES**

Various CSR activities, projects and programs are to be monitored by the Company and progress is to be reported to the CSR committee of the Board/ Board as the case may be.

#### **DISPLAY OF CSR POLICY ON THE WEBSITE**

The contents of the CSR policy of the Company as approved by the Board and the composition of CSR Committee, if any shall be mandatorily displayed by the Board of Directors on the Companies official website.