

MACHINT SOLUTIONS PRIVATE LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

I. MISSION

Discovering once again the social responsibility of developing economic, social and environmental capital towards sustainability, Machint Solutions Private Limited crafted CSR projects in achieving the mission. Machint Solutions Private Limited believes and strives hard in sustainable development of society in which the enterprise draws economic and natural resources by enriching its capacity in contributing to the significant positive change in the economy. As a responsible Corporate Citizen, the Company contributes towards inclusive growth by empowering communities and accelerating development.

Corporate Social Responsibility (CSR) is fundamentally a philosophy or a vision about the relationship of business and Society. The emerging concept of CSR goes beyond charity and requires the company to act beyond its legal obligations and to integrate social, environmental and ethical concerns into company's business process.

Pursuant to Section 135 of the Companies Act, 2013 and the rules made thereunder, which is effective from 1 April 2014, every company which meets the criteria as mentioned in the said Section shall constitute a CSR Committee of the Board for implementation of CSR projects or programs or activities undertaken by the Company.

This policy is designed to discharge the Company's responsibility as a corporate citizen and to lay down the guidelines and mechanism for carrying out socially useful activities / projects and programs for welfare & sustainable development of community at large.

The terms, rules and regulations mentioned in this policy are as per the Companies Act, 2013 and rules made thereunder.

II. DEFINITIONS:

- Board means Board of Directors of the Company.
- 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.
- Corporate Social Responsibility means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in these rules but shall not include the following, namely:
 - (i) activities undertaken in pursuance of normal course of business of the company: Provided

that any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22, 2022-23 subject to the conditions that-

- (a) such research and development activities shall be carried out in collaboration with any of the institutes or organizations mentioned in item (ix) of Schedule VII to the Act;
- (b) details of such activity shall be disclosed separately in the Annual report on CSR included in the Board's Report;
- (ii) any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
- (iii) contribution of any amount directly or indirectly to any political party under section 182 of the Act;
- (iv) activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019;
- (v) activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
- (vi) activities carried out for fulfillment of any other statutory obligations under any law in force in India;

• CSR Committee means Corporate Social Responsibility Committee constituted by the Board pursuant to Section 135 of the Companies Act, 2013

• Company means MACHINT SOLUTIONS PRIVATE LIMITED.

• “International Organisation” means an organisation notified by the Central Government as an international organisation under section 3 of the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), to which the provisions of the Schedule to the said Act apply;

• Net Profit means the net profit of the Company as per the financial statement prepared in accordance with the applicable provisions of the Companies Act, 2013, 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 Companies Act, 2013.

Provided that in case of a foreign company covered under these rules, net profit means the net

profit of such company as per profit and loss account prepared in terms of clause (a) of sub section (1) of section 381 read with section 198 of the Act.

- “Ongoing Project” 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;

Words and expressions used in this policy and not defined herein but defined under the Companies Act, 2013 shall have the meanings respectively assigned to them therein.

III. ROLE OF CSR COMMITTEE

The CSR Committee constituted in pursuance of Section 135 of the Companies Act, 2013 and the rules made thereunder shall carry out the following:

- a. 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 to the said Act;
- b. Recommend the amount of expenditure to be incurred on the activities to be undertaken by the Company; and
- c. Monitor the Corporate Social Responsibility Policy of the company from time to time.

IV. MEMBERSHIP & CHAIRMAN

- a. The Committee shall consist of three or more Directors, out of which at least one shall be an independent director.
- b. The members of the CSR Committee shall elect one of them as the Chairman of the Committee.
- c. The Committee may delegate its responsibility to any senior or key managerial person as and when deemed fit or a Sub-committee may be constituted by the Committee for implementation of CSR Programs.
- d. The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013 and applicable statutory requirements.
- e. The Committee shall meet as and when required.
- f. Composition of the Committee shall be disclosed in the Annual Report.

g. Term of the Committee shall be continued unless terminated by the Board of Directors.

V. CSR ACTIVITIES

The Company may undertake any of the following activities specified in Schedule VII to the Act as its CSR activities:

- (i) Eradicating hunger, poverty and malnutrition, “promoting health care including 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.
- (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 Clean Ganga 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 art and handicrafts;
- (vi) measures for the benefit 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;
- (vii) training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports.
- (viii) 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;
- (ix) (a) 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

(b) 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).engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).

(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.

(xii) disaster management, including relief, rehabilitation and reconstruction activities.

VI. AMOUNT OF EXPENDITURE TO BE INCURRED ON THE CSR ACTIVITIES:

• The Board of the Company shall ensure that the Company spends the following amounts for CSR activities in pursuance of this Policy:

i. 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. The “average net profits” shall be calculated in accordance with the provisions of section 198 of the Companies Act, 2013 and the rules made there under from time to time.

Provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities:

Provided further that if the company fails to spend such amount, the Board shall, in its report specify the reasons for not spending the amount and transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

Provided also that if the company spends an amount in excess of the requirements provided under this sub-section, such company may set off such excess amount against

the requirement to spend under this sub-section for such number of succeeding financial years and in such manner, as may be prescribed

- ii. Any income arising from the activities mentioned above.
- iii. Surplus arising out of CSR activities.

- Amount spent on CSR activities 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 will not include any expenditure on an item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Companies Act, 2013.
- Any surplus arising out of the CSR activity will not be part of the business profits of the 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.
- Administrative overheads should not exceed 5% of Total CSR expenditure.
- The CSR Committee will approve the expenditure on CSR activities within monetary limits sanctioned by the Board for such activities.
- The CSR amount may be spent by a company for creation or acquisition of a capital asset, which shall be held by –
 - (a) a company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number under sub-rule (2) of rule 4; or
 - (b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
 - (c) a public authority

VII. UNSPENT AMOUNT

Any amount remaining unspent 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 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.

VIII. NON – APPLICABILITY OF CONSTITUTION OF COMMITTEE

Where the amount to be spent by a company under sub-section (5) does not exceed fifty lakh rupees, the requirement under sub-section (1) for constitution of the Corporate Social Responsibility Committee 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 such company.

IX. ANNUAL ACTION PLAN

In order to comply with the CSR objectives and to achieve the CSR related goals, the Company shall formulate an Annual Action Plan, which would inter alia include the following:

- a. List of approved CSR projects in accordance with Schedule VII of the Companies Act, 2013
- b. the manner of execution of such projects, modalities of utilisation of funds and
- c. implementation schedules for the projects
- d. monitoring and reporting mechanism for the projects, and details of impact assessment, if any, undertaken by the Company

Provided that Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

X. MODALITIES OF EXECUTION AND IMPLEMENTATION:

• CSR activities may be initiated / implemented/executed:

- i. By the Company; or
- ii. Through:
 - a) The company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company; or
 - b) The 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
 - c) any entity established under an Act of Parliament or a State legislature; or

- d) The company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.
- e) The Company may engage International Organizations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.
- f) The Company may also collaborate with other companies for undertaking CSR projects or programs or activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programmes in accordance with these rules.
- g) An agreement / contract or any other written communication will be executed by the Company.

- CSR Committee shall have full discretion to specify or modify the modalities of execution of CSR projects or programs and to determine implementation schedules.
- The Company's CSR activities may focus on environmental sustainability and shall give preference to the local area and areas around, where it operates, for spending the amount earmarked for CSR activities.
- The CSR activities shall be undertaken within India.
- The CSR projects or programs or activities that benefit only the employees of the Company and their families or activities undertaken in pursuance of normal course of business of the Company shall not be considered as CSR activities in accordance with this policy or under Section 135 of the Companies Act, 2013.

XI. IMPACT ASSESSMENT:

- a) Every company having average CSR obligation of ten crore rupees or more in pursuance of subsection (5) of section 135 of the Act, in the three immediately preceding financial years, shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.
- (b) The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.
- (c) Company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed five percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less

XII. MONITORING OF THIS CSR POLICY:

- It will be the responsibility of the CSR Committee to monitor periodically the implementation of the projects / programs / activities under this CSR policy and to ensure compliance of the provisions related to CSR mentioned in the Companies Act, 2013 and rules made there under from time to time.
- The progress of CSR initiatives and activities will be reported to the Board on a regular basis.

XIII. ROLE OF THE BOARD:

The role and responsibility of the Board shall include:

- Approval of CSR policy after taking into account the recommendations of the CSR Committee.
- Ensure that the contents of the CSR policy in Board's report and are displayed on website of the Company in the manner prescribed under the applicable statute.
- Ensure that the CSR activities are undertaken and executed by the Company as per this CSR policy and the applicable laws.
- Specify in the Board's report, the reasons, if the required amount is not fully spent in CSR activities.
- In case of ongoing project, the Board of a Company shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period
- satisfy itself that the funds so disbursed have been utilized for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect

XIV. CSR REPORTING:

The Board's report shall include an annual report on CSR containing the following particulars:

- A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs;
- The composition of the CSR Committee;
- Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company

- Details of the amount available for set off and amount required for set off for the financial year, if any
- Average net profit of the company for last three financial years;
- Prescribed CSR Expenditure (2% of the amount of the net profit for the last 3 financial years);
- Surplus arising out of the CSR projects or programmes or activities of the previous financial years.
- Amount required to be set off for the financial year, if any
- Total CSR obligation for the financial year
- CSR amount spent or unspent for the financial year ;
- details relating to the asset so created or acquired through CSR spent in the financial year
- In case the company has failed to spend 2% of the average net profit of the last three financial years, reasons thereof;
- A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

XV. CONCLUSION

Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by Government, from time to time. The Board will review the policy from time to time based on changing needs and aspirations of the target beneficiaries and make suitable modifications, as may be necessary.