

**CORPORATE SOCIAL RESPONSIBILITY**

**(CSR)POLICY**

**HARTEK POWER PRIVATE LIMITED**

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## INTRODUCTION

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As per the Companies Act 2013 and rules made under clause 135 the CSR “ means and includes but is not limited to (i) Projects and program relating to activities specified in schedule VII to the Act or (ii) projects and programs relating to activities under taken by Board of Directors of the Company in pursuance of recommendations of the CSR Committee of the Board as per the declared CSR policy of the Company subject to the condition that such policy will cover subjects enumerated in schedule VII of the Act”.

### CSR ROADMAP

1. Develop meaningful and effective strategies for engaging with all stakeholders to produce an overall positive impact on society at large;
2. Check and prevent pollution; recycle, manage and reduce waste, manage natural resources in a sustainable manner;
3. Ensure efficient use of energy and environment friendly technologies;
4. Consult with local communities to identify effective and culturally appropriate developmental programmes depending on the needs;
5. Partner with credible organizations like trusts, foundations etc. including non-government organizations operating in the areas such as education, skill development, healthcare, environment;
6. Nurturing young minds and developing them into responsible citizens specially from the under privileged section of society;

### THE CSR EXPENDITURE

1. There is no maximum ceiling for CSR expenditure by the Company. However, as per section 135 of the Companies Act, 2013 the Company shall spend a minimum of 2% of average net profit of the preceding 3 years for CSR activities. The net profit means, the profit of the Company as per financial statements prepared in accordance with the applicable provision of the Act. The surplus, if any, arising out of CSR projects or programs or activities shall not form part of the business profits of the Company.

2. The expenditure for various projects, programs and activities are to be decided at the initial stage by the Company and such projects, programs and activities are to be approved by the CSR Committee of the Board (*if applicable*). Once these projects, programs are approved by the CSR Committee(*if applicable*), expenses for such activities may be permitted by the Company.

3. At the end of each financial year, the Company shall prepare an annual report on CSR activities undertaken by the Company.

4. However if the Company ceases to be covered under sub-section (1) of Section 135 of the Act for three financial years, then it shall not be required to, comply with the provisions laid down under sub-section (2) to (5) of the said section, till such time it meets the criteria specified in sub-section (1) of the Act.

### REPORTING FOR CSR

Rule 8 of the CSR Rules provides that the companies, upon which the CSR Rules are applicable on or after 1st April, 2014 shall be required to incorporate in its Board's report 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 (*if applicable*);
- 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);
- Details of CSR Spent during the financial year;
- In case the company has failed to spend the 2% of the average net profit of the last three financial year, reasons thereof;

### OBJECTIVES OF 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 sanitation, 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 OF CSR RULES

The CSR rules are applicable to Indian Companies or subsidiaries of Indian Companies and Foreign Companies operating in India and having net worth of Rs.500 Cr or more, turnover of Rs.1000 Cr or more, net profit of Rs.5 Cr or more during **the immediately preceding financial year**.

#### CONSTITUTION OF CSR COMMITTEE

1. The CSR committee of the Board should be constituted by the Board of Directors of the Company from time to time. The committee shall consist of at least three Directors out of whom, one is an independent Director. Other members of the Committee shall include the Managing Director and the Chairman of the Board of the Directors. The composition of the CSR Committee shall be disclosed in the Board report as per sub section (3) of section 134 of the Companies Act.

2. The Chairman of the CSR Committee may be any one of the independent Directors of the Company who is a member of the CSR Committee.

3. The CSR Committee shall hold its meeting at least twice in a year or such other convenient intervals as may be decided by the Chairman of the CSR Committee.

4. The CSR Committee shall ensure that the CSR activities in the Company are conducted as per the CSR policy and performance vis-a-vis the projections are placed before the Board of the Directors on half yearly basis as at Sept/ March.

However the spending of the company is Below Rs. 50 lakhs, Hence there is no mandatory requirement to constitute a CSR committee in the organization and the functions of the CSR Committee, in such cases, shall be discharged by the Board of Directors of the company.

#### FUNCTIONS OF CSR COMMITTEE

Keeping in line with Section 135 of the Companies Act, 2013 (hereinafter referred to as 'the Act'), the Board of Directors of the Company has formed a Corporate Social Responsibility Committee (hereinafter referred to as the 'CSR Committee') headed by the Chairman, to inter alia, carry out the following functions:

1. The CSR Committee of the Board shall formulate and recommend a CSR policy to the Board, indicating the activities to be under taken under CSR policy which is in tune with the Schedule VII of the Companies Act and any modifications made by the Govt. from time to time. The Committee shall also review the CSR policy from time to time / once in a year or such other periodical intervals as may be required.

2. The CSR Committee shall estimate, compute the amount of expenditure to be incurred on CSR activities on an annual basis or project to project basis. All the expenditure to be incurred towards CSR activities shall be reviewed by the Board, subject to such monitory ceilings as may be prescribed by the Company's Act. Unutilized CSR budget of a particular year to be permitted for carryover to the next financial year as per the provisions of the Act.

3. The CSR Committee of the Board to monitor the progress in implementation of CSR projects and programs and report to the Board.

#### CSR PROJECTS, PROGRAMS AND ACTIVITIES

In accordance with the specified activities under the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, and any amendment(s) thereof, the thrust areas identified under the CSR activities of the Company are as under:

- a) eradicating hunger, poverty and malnutrition, promoting healthcare including preventive healthcare and sanitation and making available safe drinking water

- b) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects
- c) 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
- d) 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.
- e) 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;
- f) measures for the benefit of armed forces veterans, war widows and their dependents; training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports.
- g) Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled castes, the Scheduled tribes, other backward classes, minorities and women;
- h) Contributions or funds provided to technology incubators located within academic institutions which are approved by Central Government.
- i) Rural development projects.

The above list is illustrative not exhaustive. All activities under the CSR activities should be environment friendly and socially acceptable to the local people and Society. Contribution towards C.M relief fund shall be a part of CSR activities above 2% of Net profit other than the activities mentioned above.

#### [THE GEOGRAPHIC REACH](#)

The Act provides 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. The Company will thus give preference to conducting CSR activities in the State herein the Company has/will have its operations. However, the Committee may identify such areas other

than stated above, as it may deem fit, and recommend it to the Board for undertaking CSR activities.

### SURPLUS OF CSR PROJECTS

The surplus, if any, arising out of the CSR projects or programmes or activities, shall not form part of the business profit of the Company and will be ploughed back into the CSR activities.

### ADMINISTRATION OF CSR PROJECTS

The Corporation can meet its CSR obligations by funneling its activities on its own or through a third party, such as a society, trust, foundation or Section 8 company (i.e., a company with charitable purposes) that has an established record of at least three years in CSR-like activities.

### FUNDING

1. As per the regulations the company will set aside, for annual CSR activities, an amount equal to at least 2% (two per cent) of the average net profits of the Company made during the three immediately preceding financial years. Any unutilized CSR allocation fund of a particular year, will be carried forward to the next financial year i.e. the CSR budget will be non-lapsable in nature.

2. The tax treatment of CSR spent will be in accordance with the Income Tax Act, 1961 as may be notified by the central board of Direct taxes.

### CAPACITY BUILDING

The Company may build CSR capacities of its own personnel by training its staff to think strategically about how and where the money is being spent, as well as how to effectively manage other organizations through which or in collaboration with which the Company undertakes/ may undertake CSR activities.

CSR expenditure including salaries of personnel (if any) who are engaged in CSR activities, spent on capacity building for the CSR team in the Company who have been especially entrusted the assignment to execute CSR projects and expenses incurred on their training etc. cannot make up more than 5% of the overall CSR spend for the year. Further, organization(s) providing the capacity building training, wherever engaged, must have a track record of more than three years in implementing such training.

### MONITORING AND REVIEW MECHANISM

The administration of the CSR Policy and the execution of identified CSR projects, programs and activities under it shall be carried out under the overall superintendence and guidance of an internal monitoring group to be formed for this purpose.

The internal monitoring group shall submit its report periodically to the Board of the company which shall monitor the CSR activities of the Company.

Further, any or all provisions of the CSR Policy would be subject to revision/ amendment by the Board of Directors of the Company based on the recommendations of the Board of the company or else in accordance with the guidelines on the subject as may be issued, from time to time.

### AMENDMENTS TO THE POLICY

The Board of Directors on its own can amend its policy as and when required deemed fit. Any or all provisions of CSR Policy would be subjected to revision/amendment in accordance with the regulations on the subject as may be issued from relevant statutory authorities, from time to time.

### DISPLAY OF CSR ACTIVITIES IN THE WEBSITE

The contents of the CSR policy of the Company as approved by the Board shall be displayed in the Companies official website.